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PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—*Tuesday, May 5, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, L.L.D., offered the following prayer:

Let us pray.

Our Father in heaven, we thank Thee for the beautiful differences in the human family—for its varied shapes and sizes, its features and colors, its abilities and talents. We thank Thee for Democrats and Republicans and Independents. We thank Thee for liberals and conservatives, for moderates and radicals. Deliver us from the forces which would destroy our unity by eliminating our diversity.

Help us to appreciate the glorious tapestry of life—the harmonious symphony which we are together. Help us to respect and love each other, to listen and understand each other. Grant us the grace to work together in the strategic mix that is the United States of America.

We ask this in the name of the Lord of life and history. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection. it is so ordered.

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that following on after the disposition of the time allocated to the two leaders under the standing order and the time allocated to the Senator from Nebraska (Mr. ZORINSKY) under the special order there be a period for the transaction of routine morning business not to exceed 30 minutes in length in which Senators may speak for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, is there an order for the Senate to go into executive session this afternoon?

The PRESIDENT pro tempore. There is, at 2:45 p.m. today.

Mr. BAKER. Mr. President, I advise the Senate that a rollcall vote has already been ordered on the seven nominations which will be considered en bloc at that time.

ORDER FOR THE RECOGNITION OF SENATOR DOMENICI TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the Senate convenes on tomorrow and following the time allocated to the two leaders under the standing order there be a special order in favor of the distinguished Senator from New Mexico (Mr. DOMENICI) not to exceed 15 minutes in length.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no need for my time remaining under the standing order and I am prepared to yield it to the distinguished minority leader or to any Senator as his needs may dictate.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I have no need for my time. I am glad to yield such time as I may have under the standing order to Mr. ZORINSKY if he needs it, and I do so yield.

Mr. ZORINSKY. I thank the minority leader.

Mr. ROBERT C. BYRD. Otherwise, I yield it back.

Mr. BAKER. Mr. President, I yield back my time.

RECOGNITION OF SENATOR ZORINSKY

The PRESIDENT pro tempore. The Senator from Nebraska is recognized.

Mr. ZORINSKY. Thank you, Mr. President.

S. 1106—REFORMATION OF THE INSANITY DEFENSE

Mr. ZORINSKY. Mr. President, Congress has been trying for several years now to find better ways of dealing with one of the most serious problems facing our society today, the steady increase in crime, especially violent crime.

The recent efforts to revise the Criminal Code have examined some critical areas, including bail procedures, sentencing, parole, white-collar crime, and many others. In this new session of Congress we have already seen bills introduced, and I have cosponsored some, on bail reform, mandatory sentencing for the use of a gun in the commission of a felony, and capital punishment.

Mr. President, the people of this Nation have strong reservations about the ability of our courts to deal effectively with the problem, and I share this concern. It is precisely that concern that brings me here today to introduce, along with the distinguished chairman of the Judiciary Committee, Senator STROM THURMOND, a bill that addresses one more very difficult problem, the handling of mentally ill persons charged with committing Federal crimes.

The current procedures, based upon hundreds of years of common law development, have in my opinion, proved inadequate and unsuccessful. Under the Federal Rules of Criminal Procedure now in effect, a defendant pleads not guilty, and then gives notice of an intention to use a defense of insanity. If the jury, or a judge in a non-jury trial, agrees and finds the defendant not guilty by reason of insanity, we start what turns out to be a very haphazard road of jurisdiction, supervision, and treatment.

Once the defendant is acquitted by reason of insanity in Federal court, it is up to the State to initiate involuntary confinement proceedings against the defendant.

If the State goes ahead and has the

person committed for treatment, termination of this treatment and release to the general population is left up to the doctors, without any input from the Government attorney, or review by the court.

To me, the system is inefficient and an unacceptable method to deal with a very grave situation. I am sure that we are all familiar with cases where a person is released by the doctors, only to go out and commit another crime.

Mr. President, the legislation I am introducing today will change three basic aspects for dealing with crimes committed by the mentally ill. The first area of change is in the pleadings to be used. Under my bill, three pleadings would be available; not guilty, guilty, or guilty but insane.

A new standard for a finding of insanity is the second area of change. An accused would plead guilty but insane if his actions constituted all the necessary elements of the offense charged other than the requisite state of mind, and he lacked the requisite state of mind as a result of mental disease or defect. We would then go the old M'Naghten rule, the so-called right-wrong test. If the defendant knew the actions were wrong, but could not control his behavior, he would not be considered insane.

The jury, or the judge in a nonjury trial, could accept or reject the insanity plea based on the evidence submitted at the trial. If the verdict is guilty but sane, the judge would continue as now toward sentencing. The judge may take into consideration the defendant's current mental condition, as well as his or her condition at the time of the crime in extenuation and mitigation in sentencing.

The third area of change is when the verdict is guilty but insane and this is the part I consider most important. Under my proposal, after a finding of guilty but insane, the defendant would remain under the jurisdiction of the Federal court for sentencing and treatment. Based upon a presentencing examination and hearing, plus the testimony during the trial, the judge may prescribe hospitalization and treatment as necessary.

However, before release from any hospital is granted, a hearing shall be held before the trial judge, with the participation of the Government attorney. The judge shall have the final say as to whether or not the person shall be released. This continued jurisdiction and supervision by the Federal courts and the U.S. Attorney's office should help prevent premature release of individuals who might still pose a threat to society.

Mr. President, I realize that there are some unusual and controversial aspects to this legislation, but I hope that after review and consideration, those doubts can be put to rest.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

S. 1106

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of paragraph (a) of rule 12 of the Federal Rules of Criminal Procedure is amended by adding after "guilty" the following: ", guilty but insane".

(b) Rule 12 is amended by adding at the end thereof the following new paragraph:

"(i) The plea of guilty but insane shall be entered pursuant to Rule 12.2.".

SEC. 2. Rule 12.2 of the Federal Rules of Criminal Procedure is amended to read as follows:

"Rule 12.2.—Notice of Plea of Guilty But Insane

"(a) If a defendant intends to rely upon the plea of guilty but insane, he shall, within the time provided for the filing of pretrial motions or at such later time as the court may direct, notify the attorney for the Government in writing of such intention and file a copy of such notice with the clerk. If there is a failure to comply with the requirements of this paragraph, the plea of guilty but insane may not be entered. The court may for cause shown allow late filing of the notice or grant additional time to the parties to prepare for trial or make such other order as may be appropriate.

"(b) If a defendant intends to introduce expert testimony relating to a mental disease, defect, or other condition bearing upon the issue of whether he had the state of mind required for the offense charged, he shall, within the time provided for the filing of pretrial motions or at such later time as the court may direct, notify the attorney for the Government in writing of such intention and file a copy of such notice with the clerk. The court may for cause shown allow late filing of the notice or grant additional time to the parties to prepare for trial or make such other order as may be appropriate.

"(c) In an appropriate case the court may, upon motion of the attorney for the Government, order the defendant to submit to a psychiatric examination as provided by 18 U.S.C. 4242 by at least two qualified psychiatrists designated for this purpose in the order of the court. No statement made by the accused in the course of any examination provided for by this rule, whether the examination shall be with or without the consent of the accused, shall be admitted in evidence against the accused on the issue of guilt in any criminal proceeding.

"(d) If there is a failure to give notice when required by paragraph (b) or to submit to an examination when ordered under paragraph (c), the court may exclude the testimony of any expert witness offered by the defendant on the issue of his state of mind.

"(e) A defendant is guilty but insane if his actions constitute all necessary elements of the offense charged other than the requisite state of mind, and he lacked the requisite state of mind as a result of mental disease or defect.".

SEC. 3. Chapter 313 of title 18, United States Code, is amended to read as follows:

"Chapter 313—OFFENDERS WITH MENTAL DISEASE OR DEFECT

"Sec.

"4241. Determination of mental competency to stand trial.

"4242. Determination of the existence of insanity at the time of the offense.

"4243. Hospitalization of a person found guilty but insane.

"4244. Hospitalization of a convicted person suffering from mental disease or defect.

"4245. Hospitalization of an imprisoned person suffering from mental disease or defect.

"4246. Hospitalization of a person due for release but suffering from mental disease or defect.

"4247 General provisions for chapter 313.

"§ 4241. Determination of mental competency to stand trial.

"(a) MOTION TO DETERMINE COMPETENCY OF DEFENDANT.—At any time after the commencement of a prosecution for an offense and prior to the sentencing of the defendant, the defendant or the attorney for the government may file a motion for a hearing to determine the mental competency of the defendant. The court shall grant the motion, or shall order such a hearing on its own motion, if there is reasonable cause to believe that the defendant may presently be suffering from a mental disease or defect rendering him mentally incompetent to the extent that he is unable to understand the nature and consequences of the proceedings against him or to assist properly in his defense.

"(b) PSYCHIATRIC EXAMINATION AND REPORT.—Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) HEARING.—The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) DETERMINATION AND DISPOSITION.—If, after the hearing, the court finds by a preponderance of the evidence that the defendant is presently suffering from a mental disease or defect rendering him mentally incompetent to the extent that he is unable to understand the nature and consequences of the proceedings against him or to assist properly in his defense, the court shall commit the defendant to the custody of the Attorney General. The Attorney General shall hospitalize the defendant for treatment in a suitable mental hospital, or in another facility designated by the court as suitable—

"(1) for such a reasonable period of time as is necessary to determine whether there is a substantial probability that in the foreseeable future he will attain the capacity to permit the trial to proceed; and

"(2) for an additional reasonable period of time until—

"(A) his mental condition is so improved that trial may proceed; or

"(B) the pending charges against him are disposed of according to law.

If a defendant's mental condition is determined to be such that there is not substantial probability that in the foreseeable future he will attain the capacity to permit the trial to proceed, the defendant is subject to the provisions of section 4246.

"(e) DISCHARGE FROM MENTAL HOSPITAL.—When the director of the facility in which a defendant is hospitalized pursuant to subsection (d) determines that the defendant has recovered to such an extent that he is able to understand the nature and consequences of the proceedings against him and to assist properly in his defense, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the defendant's counsel and to the attorney for the government. The court shall hold a hearing, conducted pursuant to the provisions of section 4247 (d), to determine the competency of the defendant. If, after the hearing, the court finds by a preponderance of the evidence that the defendant has recovered to such an extent that he is able to understand the nature and consequences of the proceedings against him and to assist properly in his defense, the court shall order his immediate discharge from the facility in which he is hospitalized and shall set the date for trial.

"(f) ADMISSIBILITY OF FINDING OF COMPETENCY.—A finding by the court that the defendant is mentally competent to stand trial shall not prejudice the defendant in raising the issue of his insanity as a defense to the offense charged, and shall not be

admissible as evidence in a trial for the offense charged.

"§ 4242. Determination of the existence of insanity at the time of the offense

"(a) MOTION FOR PRETRIAL PSYCHIATRIC EXAMINATION.—Upon the filing of a notice, as provided in rule 12.2 of the Federal Rules of Criminal Procedure, the court, upon motion of the attorney for the Government, may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(b) SPECIAL VERDICT.—If the issue of insanity is raised by notice as provided in rule 12.2 of the Federal Rules of Criminal Procedure on motion of the defendant or of the attorney for the Government, or on the court's own motion, the jury shall be instructed to find, or, in the event of a nonjury trial, the court shall find, the defendant—

"(1) guilty;

"(2) not guilty; or

"(3) guilty but insane.

"§ 4243. Hospitalization of a person found guilty but insane

"(a) DETERMINATION OF PRESENT MENTAL CONDITION OF CONVICTED PERSON.—If a person is found guilty but insane, the court shall order a hearing to determine whether the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another. The court may make any order reasonably necessary to secure the appearance of the person at the hearing.

"(b) PSYCHIATRIC EXAMINATION AND REPORT.—Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) HEARING.—The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) DETERMINATION AND DISPOSITION.—If, after the hearing, the court finds by a preponderance of the evidence that a person found guilty but insane is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another, the court shall commit the person to the custody of the Attorney General. The Attorney General shall release the person to the appropriate official of the State in which the person is domiciled if such State will assume responsibility for his care, custody, and treatment. If such State will not then assume such responsibility, the Attorney General shall hospitalize the person for treatment in a suitable mental hospital, or in another facility designated by the court as suitable, until such State will assume such responsibility or until the person's mental condition is so improved that his release would not create a substantial danger to himself or to the person or property of another.

"(e) DISCHARGE FROM MENTAL HOSPITAL.—When the director of the facility in which a person found guilty but insane is hospitalized pursuant to subsection (d) determines that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the person's counsel and to the attorney for the government. The court shall order the discharge of the person or, on the motion of the attorney for the government or on its own motion, shall hold a hearing, conducted pursuant to the provisions of section 4247 (d), to determine whether he should be released. If, after the hearing, the court finds by a preponderance of the evidence that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, the court shall order his immediate discharge.

"§ 4244. Hospitalization of a convicted person suffering from mental disease or defect

"(a) MOTION TO DETERMINE PRESENT MENTAL CONDITION OF CONVICTED DEFENDANT.—A defendant found guilty of an offense, or the attorney for the government, may, within ten days after the defendant is found guilty, file a motion for a hearing on the present mental condition of the defendant. The court shall grant the motion, or at any time prior to the sentencing of the defendant shall order such a hearing on its own motion, if there is reasonable cause to believe that the defendant may presently be suffering from a mental disease or defect for the treatment of which he is in need of custody, care, or treatment in a mental hospital.

"(b) PSYCHIATRIC EXAMINATION AND REPORT.—Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c) In addition to the information required to be included in the psychiatric report pursuant to the provisions of section 4247(c), if the report includes an opinion by the psychiatrists that the defendant is presently suffering from a mental disease or defect but that it is not such as to require his custody, care, or treatment in a mental hospital, the report shall also include an opinion by the psychiatrists concerning the sentencing alternatives that could best accord the defendant the kind of treatment he does need.

"(c) HEARING.—The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) DETERMINATION AND DISPOSITION.—If, after the hearing, the court is of the opinion that the defendant is presently suffering from a mental disease or defect and that he should, in lieu of being sentenced to probation or imprisonment, be committed to a mental hospital for custody, care, or treatment, the court shall commit the defendant to the custody of the Attorney General. The Attorney General shall hospitalize the defendant for treatment in a suitable mental hospital, or in another facility designated by the court as suitable. Such a commitment constitutes a provisional sentence to the maximum term authorized for the offense of which the defendant was found guilty.

"(e) DISCHARGE FROM MENTAL HOSPITAL.—When the director of the facility in which the defendant is hospitalized pursuant to subsection (d) determines that the defendant has recovered from his mental disease or defect to such an extent that he is no longer in need of custody, care, or treatment in a mental hospital, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the defendant's counsel and to the attorney for the government. If, at the time of the filing of the certificate, the provisional sentence imposed pursuant to subsection (d) has not expired, the court shall hold a hearing, conducted pursuant to the provisions of section 4247(d), to determine whether the provisional sentence should be reduced. After the hearing, the court may order that the defendant be released, be placed on probation, or be imprisoned for the remainder of the sentence or for any lesser term.

"§ 4245. Hospitalization of an imprisoned person suffering from mental disease or defect

"(a) MOTION TO DETERMINE PRESENT MENTAL CONDITION OF IMPRISONED DEFENDANT.—A defendant serving a sentence of imprisonment, or an attorney for the government at the request of the director of the facility in which the defendant is imprisoned may file a motion with the court for the district in which the facility is located for a hearing on the present mental condition of the defendant. The court shall grant the motion if there is reasonable cause to believe that the defendant may presently be suffering from a mental disease or defect for the treatment of which he is in need of custody, care, or treatment in a mental hospital. A motion filed under this subsection shall stay the release of the defendant pending completion of procedures contained in this section.

"(b) PSYCHIATRIC EXAMINATION AND REPORT.—Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) HEARING.—The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) DETERMINATION AND DISPOSITION.—If, after the hearing, the court is of the opinion that the defendant is presently suffering from a mental disease or defect for the treatment of which he is in need of custody, care, or treatment in a mental hospital, the court shall commit the defendant to the custody of the Attorney General. The Attorney General shall hospitalize the defendant for treatment in a suitable mental hospital, or in another facility designated by the court as suitable, until he is no longer in need of custody, care, or treatment in a mental hospital or until the expiration of his sentence of imprisonment.

"(e) DISCHARGE MENTAL HOSPITAL.—When the director of the facility in which the defendant is hospitalized pursuant to subsection (d) determines that the defendant has recovered from his mental disease or defect to such an extent that he is no longer in need of custody, care, or treatment in a mental hospital, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the defendant's counsel and to the attorney for the government. If, at the time of the filing of the certificate, the sentence imposed upon the defendant has not expired, the court shall order that the defendant be reimprisoned.

"§ 4246. Hospitalization of a person due for release but suffering from mental disease or defect

"(a) INSTITUTION OF PROCEEDING.—If the director of a facility in which a person is hospitalized pursuant to this chapter certifies that a person whose sentence is about to expire, or who has been committed to the custody of the Attorney General pursuant to section 4241(d), or against whom all criminal charges have been dropped, is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another, and that suitable arrangements for the custody and care of the person are not otherwise available, he shall transmit the certificate to the clerk of attorney for the government, and, if the person is confined. The clerk shall send a copy

of the certificate to the person, and to the attorney for the government, and, if the person was committed pursuant to section 4241 (d), to the clerk of the court that ordered the commitment. The court shall order a hearing to determine whether the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another. A certificate filed under this subsection shall stay the release of the person pending completion of procedures contained in this section.

"(b) PSYCHIATRIC EXAMINATION AND REPORT.—Prior to the date of the hearing, the court may order that, a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) HEARING.—The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) DETERMINATION AND DISPOSITION.—If, after the hearing, the court finds by a preponderance of the evidence that the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another, the court shall commit the person to the custody of the Attorney General. The Attorney General shall release the person to the appropriate official of the the person to the appropriate official of the state in which the person is domiciled if such state will assume responsibility for his care, custody, and treatment. If such state will not then assume such responsibility, the Attorney General shall hospitalize the person for treatment in a suitable mental hospital, or in another facility designated by the court as suitable, until such state will assume such responsibility or until the person's mental condition is so improved that his release would not create a substantial danger to himself or to the person or property of another.

"(e) DISCHARGE FROM MENTAL HOSPITAL.—When the director of the facility in which a person is hospitalized pursuant to subsection (d) determines that the person has received from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the person's counsel and to the attorney for the government. The court shall order the discharge of the person or, on the motion of the attorney for the government or on its own motion, shall hold a hearing, conducted pursuant to the provisions of section 4247 (d), to determine whether he should be released. If, after the hearing, the court finds by the preponderance of the evidence that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, the court shall order his immediate discharge.

"§ 4247. General provisions for chapter 313

"(a) DEFINITION.—As used in this chapter, 'insanity' means a mental disease or defect as a result of which a person lacked the state of mind required as an element of the offense charged.

"(b) PSYCHIATRIC EXAMINATIONS.—A psychiatric examination ordered pursuant to this chapter shall be conducted by at least two qualified psychiatrists. The psychiatrists shall be—

"(1) designated by the court if the examination is ordered under section 4241, 4242, 4243, or 4244; or

"(2) designated by the court, and shall include one psychiatrist selected by the defendant, if the examination is ordered under section 4245 or 4246.

For the purpose of an examination pursuant to an order under section 4241, 4242, 4243, or 4244, the court may commit the person to be examined for a reasonable period, but not more than sixty days, to the custody of the Attorney General for placement in a suitable mental hospital or another facility designated by the court as suitable.

"(c) PSYCHIATRIC REPORTS.—A psychiatric report ordered pursuant to this chapter shall be prepared by the psychiatrists designated to conduct the psychiatric examination, shall be filed with the court with copies provided to the counsel for the person examined and to the attorney for the Government, and shall include—

"(1) the person's history and present symptoms;

"(2) a description of the psychological and medical tests employed and their results;

"(3) the psychiatrists' findings; and

"(4) the psychiatrists' opinions as to diagnosis, prognosis, and—

"(A) if the examination is ordered under section 4241, whether the person is presently suffering from a mental disease or defect rendering him mentally incompetent to the extent that he is unable to understand the nature and consequences of the proceedings against him or to assist properly in his defense;

"(B) if the examination is ordered under section 4242, whether the person was insane at the time of the offense charged;

"(C) if the examination is ordered under section 4243 or 4246, whether the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another; or

"(D) if the examination is ordered under section 4244 or 4245, whether the person is presently suffering from a mental disease or defect as a result of which he is in need of custody, care, or treatment in a mental hospital.

"(d) HEARING.—At a hearing ordered pursuant to this chapter the person whose mental condition is the subject of the hearing shall be represented by counsel and, if he is financially unable to obtain adequate representation, counsel shall be appointed for him. The person shall be afforded an opportunity to testify, to present evidence, to subpena witnesses on his behalf, and to confront and cross-examine witnesses who appear at the hearing.

"(e) PERIODIC REPORTS BY MENTAL HOSPITAL.—The director of the facility in which a person is hospitalized pursuant to—

"(1) section 4241 shall prepare semiannual reports; or

"(2) section 4243, 4244, 4245, or 4246 shall prepare annual reports;

concerning the mental condition of the person and recommendations concerning his continued hospitalization. The reports shall be submitted to the court that ordered the person's commitment to the facility and copies of the reports shall be submitted to such other persons as the court may direct.

"(f) ADMISSIBILITY OF A DEFENDANT'S STATEMENTS AT TRIAL.—A statement made by the defendant during the course of a psychiatric examination pursuant to section 4241 or 4242 is not admissible as evidence against the accused on the issue of guilt in any criminal proceeding.

"(g) HABEAS CORPUS UNIMPAIRED.—Nothing contained in section 4243 or 4246 precludes a person who is committed under either of such sections from establishing by writ of habeas corpus his eligibility for release under such sections.

"(h) AUTHORITY AND RESPONSIBILITY OF THE ATTORNEY GENERAL.—The Attorney General—

"(1) may contract with a state, a locality, or a private agency for the confinement, hospitalization, care or treatment of, or the provision of services to, a person committed to his custody pursuant to this chapter;

"(2) may apply for the civil commitment, pursuant to State law, of a person committed to his custody pursuant to section 4243 or 4246; and

"(3) shall consult with the Secretary of the Department of Health and Human Services in the general implementation of the provisions of ths chapter.".

Mr. ZORINSKY. I thank the Chair. I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. DENTON). The Senate will now be in a period for the transaction of routine morning business.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I wish to inquire of the distinguished minority leader if either of the two items I identified yesterday is in a position where we might proceed to consider them, whether either has been cleared on his side of the aisle?

Mr. ROBERT C. BYRD. Mr. President, clearance on this side of the aisle has been given to me with respect to Calendar Order No. 54, S. 1002.

Mr. BAKER. I thank the minority leader, and in view of that statement I ask that the Senate proceed to the consideration of S. 1002, Calendar Order No. 54.

AUTHORIZATION OF APPROPRIATIONS FOR THE NATIONAL CLIMATE PROGRAM

The bill (S. 1002) to amend the National Climate Program Act to extend the authorization for appropriations for fiscal year 1982, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the National Climate Program Act (15 U.S.C. 2906) is amended by striking "January 30" and inserting in lieu thereof "March 1".

SEC. 2. Section 9 of the National Climate Program Act (15 U.S.C. 2908) is amended—

(1) by striking all after "Act," through "1980, and"; and

(2) by inserting immediately after "1981," the following: "and not to exceed $26,000,000 for the fiscal year ending September 30, 1982,".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I am pleased, of course, that the bill turned out to be noncontroversial and was able to negotiate its way through the Senate without amendments. I had thought it might take more time than that, and I express my gratitude to Members on both sides of the aisle for making it possible to dispose of the measure in this manner.

CROP INSURANCE

Mr. BAKER. May I inquire of the minority leader, Mr. President, if there is some chance today to proceed with the crop insurance bill?

Mr. ROBERT C. BYRD. May I say to the majority leader, Mr. President, that we are working on that matter on this side of the aisle. Prospects for action later today are at least good, and I would like to advise the majority leader when I am able to clear the matter.

Mr. BAKER. I thank the minority leader.

I might say there are some indications that there may be the possibility of at least one vote on that measure when we get to it.

In view of the statement just made by the minority leader, it will be my intention to wait until later today to ask unanimous consent of the Senate before proceeding to the consideration of that measure. I will shortly suggest the absence of a quorum, and I may later, if the minority leader has no objection, place the Senate in recess briefly, because meetings are being held on both sides of the aisle of an important nature. While we confer on that point, for the moment I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR KASTEN TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the special order previously granted to the Senator from New Mexico on tomorrow, there be another special order in favor of the Senator from Wisconsin (Mr. KASTEN) not to exceed 15 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, might I inquire of the distinguished minority leader if he can advise me of the status of Executive Calendar Nos. 129 and 130 on his side?

Mr. ROBERT C. BYRD. Mr. President, those two calendar numbers are cleared on this side of the aisle.

Mr. BAKER. Mr. President, I thank the distinguished minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering Calendar Nos. 129 and 130 on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STAFFORD. Mr. President, as chairman of the Committee on Environment and Public Works, I recommend that the Senate advise and consent to the President's nominations of Anne McGill Gorsuch to be Administrator of the Environmental Protection Agency and John W. Hernandez, Jr., to be Deputy Administrator. Yesterday, the committee voted unanimously to report to the Senate with the recommendation that these nominations be confirmed.

On Friday, May 1, the committee conducted a day-long hearing on the nomination of Mrs. Gorsuch, taking testimony from the nominee and other witnesses. At that time, the nominee responded to questioning from committee members for several hours; subsequently, she responded promptly to nearly 100 questions put to her in writing. In the case of Dr. Hernandez, the committee conducted a hearing on Monday, May 4. Both nominations were considered in a business meeting of the committee following that hearing. I would like to note that both nominees expressed their willingness to respond to requests to appear and testify before any duly constituted committee of the Senate.

I am gratified that the Senate is proceeding expeditiously on these nominees. We have known since February 21 of the President's intention to nominate Mrs. Anne Gorsuch and Dr. John Hernandez to these posts. But their nominations were not received in the Senate until April 3 and May 4 respectively, due to the lengthy executive clearance process. As soon as the nominations were received, the Environment and Public Works Committee scheduled hearings for the earliest available dates.

I believe I can speak for the entire committee in expressing a desire to confirm these nominees with dispatch, so they can proceed with the enormous tasks facing the Environmental Protection Agency, notably, the reauthorization of the Clean Air Act, reforming the multibillion dollar municipal wastewater treatment construction program and implementing the hazardous substances response and compensation program enacted last December. These tasks would be a challenge under any circumstances, but especially when compounded by the delay and uncertainty that accompany a transition from one administration to another.

I believe, based on our hearings and on my personal contact with both Anne M. Gorsuch and John W. Hernandez, that they are equal to these challenges. They are intelligent, accomplished, energetic individuals who will be a credit to President Reagan.

Mr. President, I ask unanimous consent that opening remarks made by me, as chairman of the committee, at the confirmation hearing for Mrs. Gorsuch be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

NOMINATION HEARING OF ANNE M. GORSUCH TO BE ADMINISTRATOR OF EPA, MAY 1, 1981

There are obligations which run with an office, regardless of who occupies it. Robert Stafford is not the senior Senator from Vermont; he merely occupies that office for a period in time.

The terms of occupants pass, fading into time. But an office and its obligations continue unabated. The office of the Administrator of the Environmental Protection Agency is relatively new. Nevertheless, it has a special tradition, in part because it is unique.

The Office demands special persons and special qualities.

Often the Administrator must stand alone among other political appointees.

Others are charged with protecting the interests of potent political forces. The Administrator protects the elderly, the poor, or the infirm.

Other appointees deal with tangibles like money or hardware. The Administrator deals with qualities like health or pristine waters.

What these groups lack in power, the Administrator must supply. And what they lack in definition, the Administration must provide.

The obligation to speak for the Nation's elderly and infirm and to protect the air and water is a moral one. But it is also more than that.

The obligation does not flow merely from some abstract sense of justice and morality. It flows from the law. And that is no accident. Nor, at least in the judgment of this Senator, is it a mistake.

There are laws in the United States which say that money is not to be considered in making certain decisions. Dollars are not to be weighed against health, and the Administrator who does so violates the law.

There are laws which say that a decision to protect health is to be made by the occupant of the office of the Administrator, and none other. A person who relinquishes such a decision violates the law.

Those laws have been written carefully. They are crafted to assure that of all officials in the government at least one will speak out when others remain silent. That is not an obligation of the person, it is a duty of the office.

Ms. Gorsuch will succeed Douglas Costle. As Administrator, Mr. Costle demanded and was granted regular access to the President. He sought persistently to reduce the unnecessary regulatory burdens imposed by governmental regulations. But he never allowed that goal to compromise the requirements of the environmental laws. Mr. Costle was un-

flinching in his willingness to make decisions which made him unpopular with vested interests.

Mr. Costle's predecessor was Russell Train. He guided the Agency out of infancy into its maturity. He assured that laws which were tough were also fair. He invested his own personal respect and ability in assuring that old laws were not compromised and new ones were not sabotaged. He was willing to force industries and cities to clean up when and where the law required. It was Russell Train's integrity and independence which laid the groundwork for Mr. Costle's record of progress. But then Mr. Train was fortunate in having inherited a tradition from the first Administrator of the Environmental Protection Agency.

Mr. Train's predecessor was William Ruckelshaus. He too adhered faithfully to his obligation to implement the laws protecting air and water quality in the United States. Although an appointee of the President, he never became merely a servant of the Presidency. Instead, he served the American people and the laws of the Nation.

Many will remember that when he moved on to another position in the government Mr. Ruckelshaus was forced to a choice. Compelled to choose between serving the people or serving the President who appointed him, he chose the people.

None of this is to say that the next Administrator must mirror the attitudes and actions of the previous Administrators.

The office demands innovation, not imitation.

But it also demands an unwaivering independence and loyalty to the law.

Within the bounds set by law, the Administrator of the Environmental Protection Agency may choose to take any one of several roads. But the choice of a road must be made by the Administrator, not another. The road must be chosen for reasons permitted by the law, not reasons which are prohibited.

Where the choice is entrusted to the Administrator and the Administrator alone, the decision should remain undisturbed and sometimes even unexamined by others, including the President.

For that reason, the Administrator must enjoy the confidence of the President. Environmental decisions generate enormous political pressures, often from extremely powerful and influential groups. The Administrator will be accused of extremism, ignorance, and incompetence. The temptation for the President to accede to these pressures will be great. It can be overcome only by the personal relationship of trust and respect which access builds.

Courage, integrity, loyalty, self sacrifice, and independence are absolute prerequisites to faithfully discharging the duties of the Administrator of the Environmental Protection Agency. The trust of the American peoples resides in the occupant of that office. It could not be taken lightly.

I have spoken at length with Anne Gorsuch. I have reviewed her record. She has told me of her ambitions and goals. I am confident that she possesses the qualities which this job demands and believe she will be confirmed.

ENVIRONMENTAL PROTECTION AGENCY

The legislative clerk read the nomination of Ann McGill Gorsuch, of Colorado, to be Administrator of the Environmental Protection Agency.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The legislative clerk read the nomination of John Whitlock Hernandez, Jr., of New Mexico, to be Deputy Administrator of the Environmental Protection Agency.

● Mr. DOMENICI. Mr. President, it is with great enthusiasm that I pronounce my full support for the nomination of Dr. John W. Hernandez, Jr., to serve as Deputy Administrator of the Environmental Protection Agency.

Dr. Hernandez is a fellow New Mexican and has been an active participant in environmental research, both on the State level and the national level. His work has made him nationally known and respected in his field.

His educational background stands on its own—a BS in civil engineering from the University of New Mexico, MS in sanitary engineering from Purdue, MS in environmental engineering from Harvard and a Ph. D. in water resources from Harvard.

For the last 5 years he has been dean of engineering at New Mexico State University. During that time he has been involved in some consulting work, active in the Navy Reserve, and has served on professional societies.

I laud the President for this fine appointment and urge this body to support him for the post of Deputy Administrator.●

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask that the President be immediately notified that the Senate has granted its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection it is so ordered.

ANNUAL REPORT OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD

Mr. THURMOND. Mr. President, as the President pro tempore of the Senate I have received the 1980 annual report of the District of Columbia Retirement Board. It is available for review by my colleagues in the Office of the President Pro Tempore.

ANNUAL REPORT OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SERVICES

Mr. THURMOND. Mr. President, as the President pro tempore of the Senate, I have received the annual report of the National Commission on Libraries and Information Services. It is available for review by my colleagues in the Office of the President Pro Tempore.

FIRST ANNIVERSARY OF DEDICATION OF NATIONAL RIGHT TO WORK HEADQUARTERS

Mr. THURMOND. Mr. President, this May 8 marks the first anniversary of the National Right to Work Committee's move into its new national headquarters building in Springfield, Va.

The move to the new facility, coupled with the outstanding work that the committee continues to do, is significant in a special sense because the National Right to Work Committee and its legal defense foundation are housed in a building named for two natives of my home State—Wofford "Bill" and Louise Phifer Camp.

On this anniversary of the Camp building, and the organization that it houses, it is good to reflect on these two individuals who have done so much to support the principle of freedom of choice regarding unionism.

Bill Camp, a South Carolinian who moved to California during the 1930's, played a major role in the development of that State's cotton industry. It was as a farmer and a businessman that he vigorously fought to protect his workers from coercion by union bosses determined to impose compulsory unionism on his employees—regardless of whether they wanted to join a union or not.

Louise Camp, who as chairman of the board of Limestone College, S.C., guided that institution through some difficult years, stood shoulder to shoulder with her husband on the issue of voluntary unionism. Along with her devotion to other worthwhile charitable, church and civic causes, she devoted many long hours of work with the National Right to Work Legal Defense Foundation because of her love for the average working man and woman.

On this, the first anniversary of the Camp building, it is an honor for me to pay tribute to the work of these two tireless advocates of freedom. They are an example to all who believe in fairness and dignity in the labor sector of this country.

GEORGE HALAS DAY

Mr. PERCY. Mr. President, on May 13, the Hemophilia Foundation of Illinois will honor the legendary father of professional football, George S. Halas. Many distinguished Illinoisans, including Senator ALAN DIXON, and Gov. Jim Thompson, will join in celebrating May 13, 1981 as "George S. Halas Day" in our State. At this time I wish to add my own good wishes for this great occasion.

A few months ago I saluted the grand old man of football in this Chamber after the 1981 Superbowl. I spoke of him as a winner; the founder of an American institution; an inspiration to American sports enthusiasts; and a man who

has brought much happiness to Chicago Bears fans.

Halas, born on February 2, 1895, and raised on Chicago's West Side, attended Crane Tech High School and later earned a B.S. degree in engineering from the University of Illinois. In 1918, he joined the U.S. Navy and served his country in World War I and II. He was decorated with the Bronze Star while serving under Adm. Chester W. Nimitz, and was later awarded the Distinguished Citizens Award—the highest honor the Navy can bestow on a civilian.

But George Halas is better remembered for his coaching excellence. Founder of the Chicago Bears, and for 40 years its head coach, Halas is the "winningest" coach of all time. During his tenure, the Bears won an unprecedented eight NFL championships and 326 games. In the last years of his coaching career, the Associated Press, the Sporting News, and the United Press International named him coach of the year after the 1963 and 1965 seasons.

At age 85, he is still active in the Bears organization. Presently, he is the president, chairman of the board, and the chief executive officer of the Chicago Bears Football Club. The grand old man takes great pride in letting people know how active he still is. An example of his hectic pace was reported by Ron Rapoport, a Chicago reporter, in the article, "Papa Bear Remembers When Pro Football Wasn't So Super." When Halas viewed a new employee arriving in the Bears office, he laughed and said:

I've worn one secretary out. So now for the first time I'm going to have two.

Mr. President, I consider George Halas an inspiration to us all. My only regret is that I cannot be in Illinois to participate in honoring Papa Bear on May 13. I am sure my colleagues will join me in a salute to George S. Halas, the pioneer of professional football.

JAPANESE-AMERICAN RELATIONS

Mr. PERCY. Mr. President, a very important conference took place last month in Hawaii. It brought together parliamentarians and congressional experts from Japan and the United States to discuss the U.S. Congress and the Japanese Diet. Senator BIDEN participated in the conference to provide a U.S. Senate perspective. Parliamentary Vice Minister for Foreign Affairs, Kazuo Aichi, addressed the conference and discussed some of the differences and similarities between our two legislative bodies. Obviously, American understanding of the Japanese political system is essential because our partnership with Japan is the keystone of U.S. policy in Asia. But, even more important, is the need for communication between our two legislative bodies which are increasingly, in both countries, having an impact on United States-Japanese relations.

Mr. Aichi, in his opening speech, eloquently outlined both the need for communication and some of the similarities in our systems which should enhance understanding. I ask unanimous consent that Mr. Aichi's speech be printed in the RECORD at this point.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE ROLE OF THE TWO PARLIAMENTS IN JAPAN-UNITED STATES RELATIONS

(By Kazuo Aichi)

LADIES AND GENTLEMEN. In Japan, we are often concerned about the so-called "attention gap" with the United States. Our nationally circulated newspapers contain a good deal of information about your country, but much less is reported in the United States mass media about Japan. Often what is reported reinforces existing stereotypes. This is why I am especially appreciative that Members of Congress and former members would take time out of their schedules to learn more about our political system.

I want to congratulate the East-West Culture Learning Institute the Association of Former Members of Congress, the Japan Center for International Exchange, and the U.S.-Japan Friendship Commission for sponsoring this conference and the background studies on the Congress and the Diet. I believe that studies such as these can help improve the understanding that parliamentarians of each of our two great countries have of the political and parliamentary processes of the other country, and I am very much looking forward to the handbook that will be the eventual outcome of your efforts.

In today's increasingly interdependent world, more mutual understanding is very much needed. Perhaps at one time, it was sufficient that a few specialists in embassies or foreign ministries were very knowledgeable about foreign countries. But that is no longer the case. Decisions made by the Congress can be vitally important to Japan, and decisions made by the Japanese Diet and Cabinet can greatly affect the United States.

Let me illustrate this interdependence with a couple of examples. I believe that many American farmers realize that Japan is the U.S.'s best customer for agricultural exports. What is perhaps less well-known is that Japan depends on the United States for a quarter of its total caloric intake. For this reason, American farm and agricultural trade policies can have a very substantial effect on Japan, and this is why the soybean embargo of 1973 was a matter of such great concern to us.

Or consider the field of energy. The United States and Japan together account for fully half the consumption of crude petroleum trading on world markets—approximately 30 percent for the United States and 20 percent for Japan. Since both of us are such large factors in the world market, our energy policies and related foreign policies cannot help but affect each other. Each of us has a significant stake in the other's energy conservation program. Each of us can benefit from the R and D effort of the other. Each of us is concerned about the Middle East policies of the other. Effective solution to energy problems requires the utmost cooperation of both countries.

And what is true of agriculture and energy is true of many other aspects of U.S.-Japan relations. We have become increasingly affected by policy-making in the other country that was once of interest almost exclusively to our domestic constituents. Thus, the United States government has on recent occasions tried to influence the Japanese government economic growth targets and strategies. And I am told, there are hearings in your Congress where a very substantial part of the audience represents Japanese businesses or government. Certainly at this time, we are very much interested in the policies your government and Congress adopt toward the Chrysler Corporation and other American automobile companies, and you are very interested in the production figures and investment strategies of the Japanese automobile companies. We no longer negotiate just about tariffs, but about inspection procedures, product standard requirements, and the like.

What does this interdependence imply for parliamentary bodies? Well, perhaps it makes us all a little hostage to events we cannot control. There may be a correlation, for example, between the amount to which OPEC raises the price of oil and the number of members of the Congress and Diet who lose in the following election. But aside from this, the growth in interdependence has come at a time when there has also been a growth in importance of legislative bodies in the policy-making of both countries.

Parliaments today play a crucial role in policy-making, either directly—as may be more the case in the United States—by amendments and law-making, or indirectly—as may be more the case of Japan—by establishing the political parameters of policy-making and through informal input in the decision-making process, often channelled through political party organs. Legislators, therefore, must increasingly become aware of the broader international ramifications of their decisions; they are in much more responsible positions than in the past. And yet, as in the past, they are still elected by local constituents. The demands of their contituency interests and those of national or international interests are often difficult to reconcile.

I believe, however, that the better our understanding of international realities, the easier it is to explain to our constituents how our votes and actions are necessary in terms of their broader and long-term interests. It is essential, therefore, if we are to be statesmen, that we have a good grasp of what these international realities are. One of the realities involves the interests, politics, and political processes of those countries important to us.

For Japan, there is no single country more important than the United States. Although we have been and are continuing to diversify our markets and sources of supply, the United States remains our largest customer and supplier. We continue to have very close political and security ties with the United States. In fact, the United States is the only country with which Japan has a security treaty.

This is not to say that our interests and yours are identical. But the fact remains that we share a common perspective on the kind of world that is good for us both. This is a world where national sovereignty is respected as well as the international trade rules and agreements that have developed over the years.

We in Japan, of course, have been accustomed to watching rather closely what goes on in the United States. In the United States, I find that interest in Japan has been growing. Already there is a relatively healthy amount of travel back and forth between Congressional and Diet leaders despite the absence of any official parliamentary exchange programs. Organizations, such as the Japan Center for International Exchange and the Japan Society, have been engaged in sponsoring private seminars for parliamentarians, and there is also travel by committee and party delegations. You may—or may not—be surprised to know that during your December-January recess, some 30 of your fellow Congressmen visited our country.

In general, I believe that these exchanges have been very beneficial and have improved our understanding of each other's country. Through the years, meetings between members of the two legislative bodies have become more and more substantive. This is an achievement, but is also represents a challenge. It is a challenge to us to derive even

more out of our opportunities to get to knew each other better.

How much do we know already? In Japan, we are quite aware of the enhanced role of Congress in American policy-making. Our Embassy officials spend quite a large proportion of their time keeping track of Congressional activities and improving their contacts with members of Congress and their staffs. Our newspapers carry reports of speeches by Members of Congress, of hearings related to Japan, of the passage of certain bills.

Nevertheless, in many respects, our knowledge is quite superficial. We often find it difficult to evaluate the significance of an action, to keep track of all the procedural hurdles before a bill becomes a law, or to distinguish between budget proposals, authorizations, and appropriations. Often our newspapers report only those actions of significance to Japan, and this tends to distort our understanding of American politics.

In this context, I would like to refer to one of the recommendations of the Japan-U.S. Economic Relations Group, known as the "Wisemen's Group" for short. The Wisemen recommended that we learn more about each other's domestic politics. They go on to say that Japanese government officials, media, and other leaders need to help their countrymen put specific U.S. events in a broader perspective. They also say, and here I quote, "Not every Congressional speech matters; not every criticism of Japan reflects a broadly or deeply held view."

This sounds very wise, but it also sounds very difficult to distinguish between those viewpoints which matter and those which don't. If I ask one of my friends from the Congress, he might say to me: "My speeches matter, and the speeches of those who agree with me reflect broadly held views. Don't listen to anyone else!"

Despite these difficulties, I do not think that we need to become more sophisticated about the political processes in the United States, and especially those within the Congress. Too often we fail to recognize actions that could seriously affect U.S.-Japan relations and take them into account in our own policy-making, and other times we exaggerate the significance of events and statements of little lasting value or made primarily for domestic consumption.

It is also very important for American legislators to better understand the nature and demands of the Japanese political system and the role of the Diet in it. Our Diet is in some ways more powerful than the Congress, and in other ways, less powerful. We can, through a vote of no-confidence, bring down the Cabinet. Also unlike the United States, virtually all our national leaders of standing are members of the Diet, while you have other centers of political power such as the Presidency and governorships of important states. Our Diet, however, is less active legislatively and interferes less, I believe, in day-to-day policy-making, although in some ways, this situation is changing.

The most important point to understand, however, is that the Diet, like the U.S. Congress, is at the center of many contending political and economic pressures. Some even quite sophisticated Americans appear to believe in the myth of "Japan, Inc.," that our political system is somehow much easier to manage, our government can exercise almost dictatorial powers over our private sector, and we can make sharp changes of policy at little political cost.

Let me emphasize that Japan's political system and its economy are both highly competitive. This competitive system begins in the Diet. Members of the U.S. Congress rarely run against each other—only occasionally when there is redistricting after a census or when a member of the lower House runs for a seat in the upper House. In contrast, in the Diet we run in multi-member, medium-sized districts, except for those members of the House of Councillors who are elected from the nation-at-large. Since the top vote-getters in each district win, we are in a sense not only running against newcomers, but also against Diet members from the same constituency, even from our own party.

Economic interest groups in Japan are highly organized. As in the case of the United States, they can provide organizational support, campaign contributions, and help get out the vote. Our exporters, importers, farmers, and so on know how we vote. Farmers in Japan, for example, are no more inclined to have their interests sacrificed for the sake of manufacturing industries than farmers in the United States. And thus our politics, like yours, is the art of compromise; we also move incrementally toward certain goals.

I make these points because American politicians often stress the political difficulties they face because of trade and other problems in the U.S.-Japan relationship and fail to adequately appreciate our political constraints.

Both sides need to develop a better appreciation for the political realities of the other country. As members of the Diet and the Congress, we have very important roles to play in this process. Who should be in a better position to understand the political difficulties that unemployment in the automobile industry causes in the United States than Members of the Diet? And who should be better able to appreciate the attachment of the Japanese people to the family farm and what that means in a political sense than the members of Congress who have farm constituencies? Our Foreign Ministry and State Department personnel can understand some of these problems in an abstract way, but I doubt if they could ever develop the "feel" for the political realities that we can.

What else can we learn from these studies? I think that there may be lessons that each of us can draw from the other's experience with representative democracy. The basic framework of both systems is established by their Constitutions, and I do not expect any fundamental changes, despite a current debate in Japan on Constitutional revisions and despite the speculative articles by Americans we see from time to time advocating the adoption of a parliamentary form of government. But aside from larger structural changes, both parliaments and political systems are in course of evolution. We have, for example, followed your model in establishing a research component in our National Diet Library. You may be interested in some of our election rules, such as allowing free television and radio time for candidates, may be relevant to your debates on campaign financing. We will be interested in your staff system. Both of us may also learn some lessons to avoid in examining each other's parliamentary experiences.

In closing, let me mention some other considerations which you might keep in mind during the course of your deliberations here.

First, although the papers are primarily about the procedures and structures of each legislative body, we should bear in mind that these procedures are part of a broader political and social environment. To understand each other better, we need to look beyond Constitutions. We also need to examine and learn about political cultures of each country.

Second, we should try to draw out the implications of these studies for our mutual responsibilities, while the United States will are going to interact more, not less, with each other in the coming decade, and this will clearly place even greater demands on our partnership. Each country will have to face some difficult adjustments. Japan will have to assume broader international responsibilities, while the United States will have to learn how better to share its responsibilities with its major allies. Dimcult adjustments increase the danger of misunderstandings and tensions. Those of us in the two parliaments can play a constructive role in facilitating adjustments in a way that strengthens our partnership and minimizes any tensions.

Third, we should give careful consideration to innovative means of improving parliament-to-parliament cooperation. Too often, the various organizations that bring legislators together—such as the International Parliamentary Union—fail to deal with issues in concrete, pragmatic terms. How can we increase the opportunities for valuable interchange?

It has, for example, been suggested that there be an official parliamentary exchange program between Japan and the United States. How would we ensure that it supplements and not substitutes for the very useful private programs already available? How do we ensure that it become more than an annual social gathering? We would be very interested in learning what you think of the value of your current programs of this sort with Canada and Mexico.

Perhaps there could be, on an informal basis, some joint hearings between committees of the Diet and the Congress on issues of mutual concern, such as energy, trade issues, and international monetary issues. This would give members of both parliaments some common basis of information and allow us to draw insights from each other's experts and interest groups.

Or perhaps we should experiment with programs for exchange of legislative staff on a longer term basis. I think it might be very useful to have someone working for the Diet who understands from first-hand experience how the Congress works or someone working for the Congress with similar information about the Diet.

Let me close, then, by once again congratulating the sponsoring organizations, by thanking our scholars and paperwriters, and by thanking all of the participants for their time. I think that we can all learn from this conference, and that this kind of "culture learning" can be very valuable for the future relationship not just of our legislative bodies but for both societies as a whole.

HONORING THOSE WHO ASSISTED IN FREEING OUR HOSTAGES FROM IRAN

Mr. PERCY. Mr. President, Senator PELL and I recently hosted a luncheon to honor those who contributed so much to the release of our diplomatic representatives from captivity in Iran. We were joined by our colleagues Senators THURMOND, HELMS, LUGAR, GLENN, SARBANES, ZORINSKY, CRANSTON, and DODD.

We gathered to honor Secretary Edmund S. Muskie and Deputy Secretary Warren Christopher, both of whom devoted most of the past year to seeking to liberate their fellow citizens. We also honored our allies who supported us throughout the entire ordeal.

Senator Muskie assumed the awesome responsibility of Secretary of State at our darkest hour in the Iranian crisis. Eight American lives had just been lost in the Iranian desert during the aborted rescue attempt. Senator Muskie pursued this issue diligently throughout his short tenure until the hostages were released.

Secretary Warren Christopher was honored by all for his vital role. His

demonstrated skill, intellect, and determination ultimately led to the successful release of the 52 Americans. Lesser men would have given up in despair or run short of patience and new ideas.

On this occasion we also expressed our appreciation to our allies who assisted the United States in this most difficult time. His Excellency Peter M. Towe, Ambassador of Canada; His Excellency Sir Nicholas Henderson, Ambassador of Great Britain; His Excellency Redha Malek, Ambassador of the Republic of Algeria; His Excellency Peter Hermes, Ambassador of the Federal Republic of Germany; and His Excellency Anton Hegner, Ambassador of Switzerland, represented their respective nations. Each of these states in their own special way contributed to the release of our fellow citizens.

The Swiss valiantly represented our interest in Iran throughout the crisis. Ambassador Lang in Tehran played an important coordinating role in the early stages of gaining the release of the hostages. His insightful comments on events in Iran were of extreme importance.

Our British, German, and Canadian allies supported us fully throughout the crisis. They took the lead in imposing sanctions. The British, through the Bank of England, played a vital role in working out the agreement. The German Government played a most helpful role in the early stages of the final negotiations. Without personal risk and sacrifice by Canadian Ambassador Taylor and his staff, six Americans would not have escaped to freedom in February 1980. Each also assisted in numerous other ways.

We particularly took note of the assistance from the Algerian Government and its very able representatives in Tehran and here in Washington. They played an instrumental role in negotiating the release of the hostages. Without Algerian assistance our diplomats might well still be in Iran.

ALITALIA RESUMES CHICAGO-MILAN-ROME SERVICE

Mr. PERCY. Mr. President, on March 31, Alitalia, the international airline of Italy, resumed service from Chicago's O'Hare International Airport to the Malpensa Airport in Milan and the Leonardo da Vinci Airport in Rome. Alitalia had formerly suspended service from Chicago to Rome for a period of some 7 years. The initiation of this service will reestablish a vital link between Italy and the United States, and this important event should not go unrecognized.

Alitalia has outlined an ambitious program for the coming year, during which time the airline hopes to achieve a record 15.4-percent jump in traffic by discounting fares on selected routes for limited periods and by expanding service. Alitalia's planes include an investment of $500 million to purchase 11 new planes for its fleet, including 3 American-manufactured Boeing 727's and 5 Boeing 747's. I applaud Alitalia on these and other recent efforts to expand its service.

An important element of Alitalia's ambitious program for the coming year is the airline's decision to resume wide-bodied nonstop service between Chicago and Milan. Specifically, this new service will encourage direct contact between the industrial interests of Italy's North and similar interests in America's Midwest. I am tremendously excited by the potential that is offered by this new service for greater interaction between the vital industrial centers of Italy and the United States.

One of Chicago's most characteristic features is the strength of its Italian American population and the important cultural significance that this group holds for the city. The Chicago-Milan-Rome service will reconfirm this strong link between the Italian American population of Chicago and their ancestral homeland.

At this point, it is appropriate for me to mention the great contributions that have been made to our Nation by hundreds of Italian Americans from all walks of life. Among these men and women there have been many great surgeons, judges, lawyers, and businessmen, whose important contributions have been deeply appreciated by our Nation.

For all of these reasons, I would like to take this opportunity to applaud Alitalia on its decision to resume this service, and to wish the airline luck during the year to come in its attempts to expand its international airline service.

DEATH OF BOBBY SANDS

Mr. KENNEDY. Mr. President, I am deeply saddened by the death of Bobby Sands, and I send my heartfelt prayers to all the members of his family.

His death is a sad day for Ireland and for all who seek peace in Northern Ireland and an end to the violence that has claimed so many lives and has scarred so many more in recent years.

At this time of heightened tension, I urge all sides in Northern Ireland to resist calls for further violence. It will only compound this latest tragedy if, out of reactions of desperation or motives of vengeance, the death of Bobby Sands sparks a new round of senseless killing and destruction.

Each new death in Northern Ireland is another death too many. More than 2,000 citizens have lost their lives in the present round of violence and terror that have plagued the province since 1969.

If the painful end of this tragic hunger strike is to have any hopeful or lasting meaning, surely it is the lesson that too many people have died. The time has come for all those of good will on both sides of the community in Northern Ireland—the vast majority of Protestants and Catholics—to denounce the voices of bigotry, to renounce the path of terrorism and extremism, and to join together now in a new and more dedicated search for a common peaceful future.

I commend the many persons who worked so hard in recent days in Northern Ireland and in many other lands in the search for a peaceful and humanitarian resolution of this hunger strike. I regret very much the brave intercession of the Holy Father and the hopeful initiative by the members of the European Commission on Human Rights did not succeed.

In the distress of the moment, we must not ignore the fact that three other prisoners in Northern Ireland are nearing a critical phase in their own hunger strikes. We must not yield to terrorism. But we also must not yield to impulses of intransigence that can only fan the flames of greater terrorism.

I urge the British Government, which has clear responsibility for prison administration in Northern Ireland, to act on an urgent basis to end its posture of inflexibility, and to implement reasonable reforms capable of achieving a humanitarian settlement of the other hunger strikes, so that the tragedy of Bobby Sands is not repeated.

The death of Bobby Sands is a symptom of a deeper crisis—a crisis that will go on and on and on in Northern Ireland, until the Government of Great Britain, the Government of Ireland, and all who truly seek an end to violence care enough to speak and work for peace.

ORDER FOR RECESS UNTIL 2 P.M. TODAY

Mr. BAKER. Mr. President, I understand that the distinguished Senator from Wyoming (Mr. SIMPSON) is on his way to the floor to speak as in morning business.

I ask unanimous consent that, following on after the speech by the distinguished Senator from Wyoming, the Senate stand in recess without further intervening business until the hour of 2 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1080—REGULATORY REFORM

Mr. SIMPSON. Mr. President, I am pleased to join with Senator LAXALT in cosponsoring a most important piece of regulatory reform legislation, S. 1080.

Coupled with the legislative veto bill being studied by Senator GRASSLEY, and the venue-changing legislation that I am introducing today. these three bills comprise the initial effort in our drive to simplify the regulatory burdens that the Federal Government imposes upon both the private sector and upon State and local governments.

For too long now, it has come to appear that the people and industries that were subject to governmental regulation existed in large measure for the purpose of justifying the existence of those who sought to regulate them. Little heed appeared to be given to the need for the proposed regulations, and the economic

burden that those regulations were imposing, not only upon industry but upon consumers, in the form of higher prices and decreased access to goods and services.

Similarly, it has appeared that little thought, far too little thought, has been given by regulatory agencies to the negative impact that their programs were having on the ability of American manufacturers to compete in both foreign and domestic markets with products that were produced abroad under far less stringent regulatory standards.

Agencies have appeared unwilling to assess the costs that proposed regulations were having in relation to the benefits that these regulations were allegedly going to achieve. They similarly have not been willing to consider that the regulations that have been issued by one agency have ofttimes conflicted with the polices and regulations of other agencies, who seem to be working at cross-purposes with one another.

Just a few years ago, we observed that the Occupational Safety and Health Administration was seeking to impose severe economic burdens on an already depressed textile industry, in the form of onerous cotton dust regulations, while at the same time the Council of Economic Advisers was pleading that the regulations not be imposed because they were deemed to be excessively inflationary, at a time when American textile manufacturers were already facing severe difficulties in competing with the far less regulated industries in other countries.

Our domestic steel industry, already economically depressed, and facing a chronic shortage of capital, is similarly faced with the twin imperatives of producing greater quantities of steel, at lower prices, in order to meet the demands of those agencies charged with fighting inflation, while at the same time the Environmental Protection Agency seeks ever more stringent rules controlling stack gas and particulate matter emissions.

In the West, we are all far too familiar with the inanities of mindless overregulation. On the one hand the Energy Department demands increased coal production—so as to free us from dependence on imported crude oil—while EPA and the Interior Department have, until the recent change in administrations, promulgated rule after rule that vastly increased the difficulty in obtaining that desperately needed western coal.

At other times we have found particular manufacturers and industries whipsawed by a single agency running out of control. A few years ago, the Consumer Product Safety Commission demanded that textile manufacturers impregnate children's sleepwear with "Tris" so as to make that clothing less of a fire hazard. Now no one can quarrel with that regulatory goal. But would it not have been far wiser for the CPSC to have performed some extensive field tests on "Tris," before manufacturers spent millions of dollars to comply with the rule, only to be subsequently told by that same agency to remove the "Tris" treated clothing from the market because that very same agency had now decided that "Tris" caused cancer?

Assuming that fact had been known to the CPSC prior to the issuance of that particular rule, would not some form of a cost/benefit analysis that would have accompanied the rule's promulgation, have possibly enabled all parties concerned to weigh the relative risks of death or injury by fire with those of contracting cancer, before the textile producers had gone to the enormous expense of complying with that particular rule?

Finally, Mr. President, we have, in the past few years also witnessed the unedifying spectacle of some regulatory agency's running amuck, deciding, that, literally, they should be a "national nanny" for us all because they alone knew what was truly good for us. I am speaking specifically of the Federal Trade Commission, which seems to have an undying penchant for doing that which will attract the most attention and accomplish the least good at the greatest expense to all parties concerned.

Was it truly necessary for the FTC to attempt to ban advertising on all children's television programs? Think of the millions of dollars in legal fees that were spent in that effort. What of the hours of corporate time and effort—time and effort that could have been devoted to useful pursuits such as developing new products at lower prices—that were wasted because once the FTC decided to play its regulatory game one had no choice; you could not pick up your bat and ball and play with someone else. If the FTC says "play ball"—you play ball with them. And the costs of "playing" are enormous, even if you ultimately win the game.

This bill, S. 1080, which I wholeheartedly support, is not going to bring about a utopia in Government regulation. The ultimate effort at regulatory reform will come when Congress is finally willing to undertake a statute-by-statute and agency-by-agency review of all that has accumulated in this Government since the New Deal. Only then may we be able to truly assess what needs to be done in the cause of "getting the Government off the backs of the people."

Several major steps have already been taken in that direction. Airline and trucking deregulation are significant steps toward that goal, as is the communications deregulation legislation that has recently been introduced. Deregulation of the banking industry is another hopeful sign that we, at the Federal level, are finally coming to grips with the fact that all Government regulation is not intrinsically beneficial, and all attempts at private enterprise and profit are not inherently suspect.

I congratulate Senators LAXALT and LEAHY, and all other of my colleagues on the Judiciary Committee who have worked so long and so diligently to bring about this bipartisan legislative effort.

It is one whose time has surely come, and I trust that it will be promptly considered by all Members of the Senate.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m.

Thereupon, the Senate, at 11:38 a.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. PERCY).

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, at 2:45 p.m. there is an order to proceed to the consideration of seven nominations under the Department of State appearing on the Executive Calendar.

Until Members are able to reach the Chamber following this recess of the Senate in order to commence the debate on those nominations, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

RECESS UNTIL 2:40 P.M.

Mr. BAKER. Mr. President, it would appear that it is not possible to arrange debate on these nominations at this time. I am advised there are certain caucuses and meetings going on now off the floor on both sides of the aisle that promise to be useful in terms of future legislative activity. In any event, I think it is worth the time and the effort of the Senate to provide an opportunity for those meetings to continue.

Therefore, I ask unanimous consent that the Senate stand in recess until the hour of 2:40 p.m.

There being no objection, the Senate, at 2:12 p.m. recessed until 2:40 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. RUDMAN).

EXECUTIVE SESSION

DEPARTMENT OF STATE

The PRESIDING OFFICER. The time of 2:45 having arrived, under the previous order the Senate will now go into executive session and proceed to the consideration of seven nominations, Calendar Nos. 110 through 116, en bloc.

The Senate proceeded to consider nominations in the Department of State, Calendar Nos. 110 through 116, as follows:

Leonore Annenberg, of Pennsylvania, for the rank of Ambassador during her tenure of service as Chief of Protocol for the White House;

John J. Louis, Jr., of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Kingdom of Great Britain and Northern Ireland;

Arthur H. Woodruff, of Florida, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Central African Republic;

John A. Burroughs, Jr., of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Malawi;

John A. Gavin, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico;

Elliott Abrams, of the District of Columbia, to be an Assistant Secretary of State; and

Robert D. Hormats, of Maryland, to be an Assistant Secretary of State.

Mr. PERCY. Mr. President, the Senate today will vote on confirmation of seven State Department nominees who have been favorably reported to the Senate by the Foreign Relations Committee. Each nominee will bring outstanding professional experience to his or her post and will certainly help the President and Secretary Haig develop an effective foreign policy.

It is encouraging to note that with the confirmation of these nominees the Foreign Relations Committee will have approved all but five nominees pending before the committee.

In other words, of 40 nominations we have received from the President, we will have acted upon 35 of them and have only 5 remaining for committee action.

The average period of time for the consideration of the nominees has been about 10 days, including the 6-day committee rule waiting period and including also weekends, holidays, and recesses.

It is our intention to move quickly on the pending nominees and coordinate nominations in every way possible with the administration.

The Senate should, therefore, expect to be voting with increasing frequency during the next month on nominees whose positions fall within the jurisdiction of the Foreign Relations Committee.

Mr. President, though there have been press comments to the effect that there have been holdups by some members of the committee, at no time has any member held up any nominations from a vote by the committee when we were ready for a vote. The members have cooperated completely with the chairman in this regard, and I think the record speaks for itself.

Mr. President, I take particular pride in having before the Senate today John J. Louis, Jr., a distinguished citizen from Illinois, who has been nominated by the President to be Ambassador to the Court of St. James, to the Kingdom of Great Britain and Northern Ireland. He is an outstanding man, and we know he will do great credit to the President of the United States.

In addition to commending the President on his nomination of Mr. Louis and all other nominees before the Senate today, I point with great pride, also, to the nomination of Leonore Annenberg, of Pennsylvania, to the rank of Ambassador during her tenure as Chief of Protocol for the White House. She particularly is to be commended for outstanding work with her husband, Ambassador Annenberg, when he was Minister to the Court of St. James, Ambassador to Great Britain and Northern Ireland. She already has done a tremendous job, on behalf of the President, with her competence, her capacity, her capability, and her great charm. The world leaders are coming to Washington, D.C., to see President Reagan and the new administration, and she has done an outstanding job.

NOMINATION OF ELLIOTT ABRAMS

Mr. MOYNIHAN. Mr. President, among the distinguished Presidential nominees to senior positions in the Department of State whom the Senate is confirming today, there is one who holds a very special place in my esteem and my affection. Elliott Abrams, nominated to be Assistant Secretary for International Organization Affairs, was my associate from 1976 through 1979. During 2 of those years he was my administrative assistant and chief of staff. He remains a close friend. The youngest Assistant Secretary in the Department's history, he is also one of the most talented Americans of his generation. An intellectual and author. A fine attorney. A diplomat. A superb administrator. A brilliant social policy critic. An authority on foreign policy. An immensely energetic yet invariably gracious man.

It was my good fortune—and Senator JACKSON's before me—to have the counsel and assistance of Elliott Abrams. It is President Reagan's and Secretary Haig's good fortune to have it now. And it is the Nation's good fortune that Elliott Abrams will be participating in the formulation and execution of American foreign policy, particularly in that singularly complex and important domain of foreign policy occupied by the United Nations and other international organizations in which the United States participates.

It is with deep pride and satisfaction that I cast my vote to confirm the nomination of Elliott Abrams.

Mr. BAKER. Mr. President, I know of no further debate on this side with respect to the nominations, and I believe we are prepared to vote.

Is there an order to vote on the nominations en bloc?

The PRESIDING OFFICER. The Senator is correct. The yeas and nays have been ordered on Calendar Nos. 110 through 116 on the Executive Calendar.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nominations en bloc? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alaska (Mr. MURKOWSKI) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI, and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 89 Ex.]

YEAS—96

Abdnor	Glenn	Mitchell
Andrews	Goldwater	Moynihan
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Bentsen	Hatch	Pell
Biden	Hatfield	Percy
Boren	Hawkins	Pressler
Boschwitz	Hayakawa	Proxmire
Bradley	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Riegle
Byrd, Robert C.	Huddleston	Roth
Cannon	Humphrey	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stennis
Denton	Lautenberg	Stevens
Dixon	Leahy	Symms
Dodd	Levin	Thurmond
Dole	Long	Tower
Domenici	Lugar	Tsongas
Durenberger	Mathias	Wallop
Eagleton	Matsunaga	Warner
East	Mattingly	Weicker
Exon	McClure	Zorinsky
Ford	Melcher	
Garn	Metzenbaum	

NOT VOTING—4

Bumpers	Murkowski	Williams
DeConcini		

So the nominations in the Department of State, Calendar Nos. 110 through 116, were confirmed en bloc, as follows:

Leonore Annenberg, of Pennsylvania, for the rank of Ambassador during her tenure of service as Chief of Protocol for the White House;

John L. Louis, Jr., of Illionis, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Kingdom of Great Britain and Northern Ireland;

Arthur H. Woodruff, of Florida, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Central African Republic;

John A. Burroughs, Jr., of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Malawi;

John A. Gavin, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico;

Elliott Abrams, of the District of Columbia, to be an Assistant Secretary of State; and

Robert D. Hormats, of Maryland, to be an Assistant Secretary of State.

Mr. BAKER. Mr. President, I move to reconsider the vote by which these nominations were confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now

return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I inquire of my colleague, the distinguished minority leader, of the status of Calendar Order No. 50 on the Calendar of General Orders as to whether or not he is in position to agree to proceed to the consideration of that item at this time?

Mr. ROBERT C. BYRD. Mr. President, there is no objection to proceeding at this time to the consideration of Calendar Order No. 50.

Mr. BAKER. Mr. President, I thank the minority leader. In view of that, I ask unanimous consent that the Senate proceed now to the consideration of Calendar Order No. 50, S. 730, the crop insurance bill.

FUNDS FOR IMPLEMENTING FEDERAL CROP INSURANCE ACT OF 1980

There being no objection the Senate proceeded to consider the bill (S. 730) to provide for the emergency use of funds of the Commodity Credit Corporation in implementing the Federal Crop Insurance Act of 1980, which had been reported from the Committee on Agriculture, Nutrition, and Forestry with an amendment to strike out all after the enacting clause and insert the following:

That section 516(a) of the Federal Crop Insurance Act (7 U.S.C. 1516(a)) is amended by—

(1) inserting "(1)" immediately after the subsection designation; and

(2) adding a new paragraph (2) as follows:

"(2) To ensure the timely implementation of the Federal Crop Insurance Act of 1980, the Corporation may use funds otherwise available for the payment of indemnities to pay administrative and operating expenses of the Corporation incurred during the fiscal year ending September 30, 1981.".

Mr. BAKER. Mr. President, while we arrange, I presume on both sides, I know on this side, to find the Senators who will manage the bill, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DURENBERGER). Without objection, the Senate will proceed to the immediate consideration of the bill.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR STAR PRINT OF COMMITTEE REPORT ON SENATE CONCURRENT RESOLUTION 19

Mr. BAKER. Mr. President, I am about to propound a unanimous-consent request in connection with wh'ch I have consulted the minority leader.

I ask unanimous consent that the report on the first concurrent resolution on the budget (report No. 97–49) be star-printed without any consequences under the rules of the Senate.

Mr. ROBERT C. BYRD. Mr. President, reserving the r.ght to object—and I will not object—I think the distinguished majority leader is proceeding in the proper fashion in this matter. A star print can only be ordered by action of the Senate.

I do not feel that there will be any objection on this side of the aisle to proceed'ng with the consideration of the budget resolution on Thursday. That matter has been discussed in our caucus today, and may I suggest to the distinguished Senator if he wishes he can include that in his request, that the Senate proceed on Thursday to take up the budget resolution.

Mr. BAKER. Mr. President, I am most grateful to the minority leader and I amend my request. I ask unanimous consent that after the conclusion of the consideration of the two nom'nations previously ordered, that the Senate return to legislative session and immediately proceed to the consideration of the first concurrent budget resolution, Senate Concurrent Resolution 19.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object—and, of course, I will not object—I just want to state for the record that whether or not the publishing of the star print of the committee report would in itself, upon the availability of that star print to Senators, start the 3-day rule again running, I do not choose to make any point of that here nor do I wish that the acquiescence of the minority in this instance to taking up the resolution on Thursday be interpreted as meaning anything with reference to the 3-day rule, in this set of circumstances.

So it is for that reason that I suggested to the distinguished majority leader that he proceed to lock in the taking up of the resolution on Thursday by order of the Senate so that it will not constitute a precedent one way or the other with respect to the 3-day rule insofar as the rule might or might not be otherwise impacted upon the printing of a star print.

Mr. BAKER. Mr. President, I thank the Senator. I agree with him that what we are doing now is not precedential, and at some point it may be we will wish to establish a precedent on this point, but I am grateful to the minority leader for his point of view and that the Democratic caucus will not choose this issue at this time to do that.

Has the request been granted?

Mr. ROBERT C. BYRD. I, therefore, have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair, the minority leader, and all Senators.

FUNDS FOR IMPLEMENTING FEDERAL CROP INSURANCE ACT OF 1980

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, is the pending business before the Senate, S. 730, the crop insurance bill?

The PRESIDING OFFICER. The majority leader is correct.

Mr. BAKER. I observe the distinguished chairman of the Committee on Agriculture is here, Senator HELMS, so I now yield the floor that he may manage that measure.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the distinguished majority leader, and I thank the Chair for recognizing me.

S. 730, as amended by the committee, would provide temporary emergency authority for the Federal Crop Insurance Corporation to pay its administrative and operating expenses out of funds set aside for payment of indemnities. The need for such legislation derives from the urgent need to cover the Corporation's administrative and operating expenses for fiscal year 1981, which were not adequately funded in the most recent agriculture appropriations bill.

Between May 15 and May 22, the funds apportioned to FCIC on a deficiency basis will probably be exhausted. It is highly unlikely that a supplemental appropriation can be enacted into law before the Corporation's funds run out.

Without additional funding, the Corporation will be forced to suspend activities. Sales, loss adjustments, and payment of claims to farmers who have suffered losses will have to be suspended until funds can be made available to continue activities.

The interruption of service to insured farmers will breach contractual commitments farmers have entered into with the Corporation in good faith and will imperil successful implementation of the new all-risk crop insurance program. As I speak these words, FCIC is formulating its plans to close down shop, as required by the Office of Management and Budget.

Under the provisions of S. 730, premiums collected from farmers and funds already transferred from the Commodity Credit Corporation for the emergency payment of indemnities could be used temporarily to provide funds for the Corporation's administrative and operating expenses. Such authority would be applicable only to those administrative and operating expenses incurred during fiscal year 1981.

There is precedent for the authority provided by S. 730, as amended by the committee. Prior to the enactment of the Federal Crop Insurance Act of 1980, the Corporation was authorized to use premium income for administrative and operating expenses.

Thus, the effect of S. 730, as amended by the committee, is simply to restore for this fiscal year only authority to use certain funds for administrative and operating expenses of the Corporation that existed prior to the enactment of the Federal Crop Insurance Act of 1980. The committee expects that the authority contained in S. 730 will be exercised only to the extent necessary to carry out the implementation of the new all-risk crop insurance program. The appropriation committees of Congress will, of course, continue to exercise their

oversight responsibilities in the case of any funds expended by the Federal Crop Insurance Corporation.

The committee finds that it is in the national interest to provide the interim emergency funding authorized by S. 730, as amended, and thereby avoid possible interruption of the Federal Crop Insurance Corporation's activities, which are so vital to the economic well-being of millions of American farmers.

I yield to the distinguished ranking Democrat on the Committee on Agriculture.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I thank the distinguished chairman of the Committee on Agriculture for yielding.

Mr. President, I urge my colleagues to join me in voting to approve S. 730 today.

S. 730, as amended by the Committee on Agriculture, Nutrition, and Forestry, will authorize the Federal Crop Insurance Corporation to use funds otherwise available for the payment of indemnities to cover administrative and operating expenses of the Corporation incurred during the current fiscal year.

If FCIC's current spending level is maintained, it will—in the absence of congressional action—run out of administrative and operating funds within the next several days. A shortage of operating funds at this time will seriously jeopardize the crop insurance program. Spring is traditionally a period of increased program activity as farmers purchase insurance before planting. Moreover, the Department of Agriculture is just beginning to implement the Federal Crop Insurance Act of 1980.

Congress worked long and hard in the 96th Congress to develop a crop insurance bill that would be helpful to farmers and minimize the cost of Federal disaster assistance programs. The access to funds, as provided in this bill, is needed to implement the legislative initiative taken in 1980.

I would note that the Committee on Agriculture, Nutrition, and Forestry, in its report on S. 730, found that it is in the national interest to provide the interim emergency funding authorized by S. 730. I understand that Senator DOMENICI, the distinguished chairman of the Committee on the Budget, will shortly offer an amendment to S. 730, limiting the amount of funds that may be used under the bill to $14 million.

Officials of the Department of Agriculture have informed me that $14 million should be sufficient to cover the administrative and operating expenses of the Corporation through the month of June. By that time, a supplemental appropriations bill should have passed Congress providing the additional operating and administrative expenses the Federal Crop Insurance Corporation will need during the remainder of the 1981 fiscal year.

On that basis, I have agreed with Senator HELMS to accept Senator DOMENICI's amendment. Moreover, I am heartened by the understanding we have that Senator DOMENICI will work with us to assure that the Federal Crop Insurance Corporation has the necessary operating funds to implement the Federal Crop Insurance Act of 1980.

It would be tragic if the Corporation's activities were interrupted due to a shortage of operating funds. These activities are vital to the economic well-being of the Nation's farmers.

I have this additional comment: The crop insurance program we have initiated is a very significant program for the agricultural producers of the country and for the Federal Government. This program enables producers to cope with disaster situations where, after large investments in time and money have been made, something occurs that is totally out of the control of the producer but brings about a considerable loss. The program allows the disasters to be addressed in an economical, logical, and business-like way.

We have been operating under a disaster payments program that has not been comprehensive. It has been very expensive to the Government, and has, in fact, covered a relatively few number of producers and a very small number of crops.

The protection offered in the crop insurance program which this committee amendment addresses itself to is broad coverage. It is available and will be available throughout the entire country covering a wide variety of crops, covering losses that may be brought about by any kind of disaster.

So it is a program that deserves to be implemented in a very effective and efficient manner, and should be expedited to the fullest extent possible.

What this committee amendment does is to make it possible to continue to implement the crop insurance program so that these protections will be available to the agricultural producers of the country.

I support it wholeheartedly and ask that the Members of the body do likewise.

Mr. HATFIELD. Mr. President, the bill we have before us to day is urgently needed to address the imminent termination of operations of the Federal Crop Insurance Corporation.

I recognize that unless this bill is enacted very soon, farmers and ranchers who have been counting on indemnity payments for losses covered by valid crop insurance contracts, will find that their claims cannot be honored.

Perhaps as serious, implementation of the new subsidized, all-risk, nationwide crop insurance will be halted, and along with it, any hope that the existing disaster payments program will be replaced at a substantial savings to the taxpayers.

A unique set of circumstances has forced those concerned with the crop insurance program into this extraordinary solution to the problem. The Federal Crop Insurance Act was passed in September of last year. The request for increased funding for the Corporation, necessary because of the new all-risk program, was not received in time to be included in the Agriculture appropriations bill for fiscal year 1981. The conferees, however, recognized the need for increased funding, and the conference report specifically anticipates a fiscal year 1981 supplemental. Responding to this indication, OMB subsequently authorized a deficiency apportionment.

Hence, funds to operate the Corporation will be depleted in a very few days, prior to the time that the budget ceiling can be raised and the supplemental appropriation bill considered. An emergency supplemental for the FCIC has not been brought to the floor because the unrealistically low ceiling in the most recent budget resolution has made it impossible to fund this program in the conventional manner, despite its widespread support in the Congress.

The Carter administration request for $49.2 million in supplemental funds has been endorsed by the Reagan administration. A slightly lesser sum has been included in the House Appropriations Committee supplemental appropriation bill for fiscal year 1981. I believe the request for a fiscal year 1981 supplemental for the FCIC has the overwhelming support of the Senate Appropriations Committee and that additional funding will be included in the bill to be passed next month. Hence, S. 730 is merely a stop gap measure.

The distinguished chairman of the Agriculture Appropriations Subcommittee, the Senator from Mississippi, worked hand in hand with the Agriculture Committee to report S. 730. Both of us are concerned that failure of the crop insurance program will once again bring about the need for millions or billions in disaster payments.

Despite the many compelling reasons to pass this measure, and the unique circumstances surrounding it, I am very concerned about the method used in the bill to stave off termination of the crop insurance program.

In effect S. 730, through a change in the authorization of the Federal Crop Insurance Corporation, displaces the immediate need for an appropriation that the administration has already sent to Congress. It is a form of "back-door" financing—the very type of legislatively authorized spending that now consumes such a large part of the Federal budget. The type of spending that so severely restricts our ability to annually set, and hold to, spending targets.

Mr. President, I raise this issue because as chairman of the Appropriations Committee I am committed and determined to hold down Federal expenditures; but as more and more of the Federal budget is insulated from annual appropriations control, the goal of a balanced budget becomes all the more distant.

The most recent estimates of annually controllable Federal spending for fiscal year 1982 is less than 25 percent of the budget. We must act to control those programs which now escape annual review and funding if we are to reduce and eventually eliminate our present horrendous budget deficits.

The people have mandated a cut in Federal spending, and they demand of me as a Senator and as chairman of the Appropriations Committee, that I reduce Federal expenditures as much as is possible. The failure of crop insurance would greatly increase expenditures, thus S. 730 is essential. While I reluctantly

support it, I intend to insist that, in the future, normal procedures, that is direct appropriations be followed.

Mr. HELMS. Mr. President, I well appreciate the statement of the distinguished Senator from Oregon. His points are right on the mark. We are confronted with an emergency, and we have precious few alternatives to resolve this problem.

It was over 7 months ago that the Crop Insurance Act Amendments of 1980 were enacted into law. The former administration delayed almost 3 months in preparing and sending to the Congress a budget amendment to provide funding to implement the provisions of that act.

This delay left Congress too little time to include the item in the regular fiscal year 1981 appropriations bill, and while the conference report on that appropriations bill directed the implementation of the new crop insurance program, funds were not appropriated to cover the costs of the program.

We knew then, as we know now, that without additional financing, the Federal Crop Insurance Corporation will run out of funds before the end of the fiscal year. What has become clear, however, is that the date of this termination is before we can consider another appropriations bill under the constraints of the Congressional Budget Act.

Mr. President, I should make clear that I am not critical of the budgetary constraints of the Budget Act. Indeed, if we are to ever gain control over the runaway Federal budget we need the discipline of the budget procedures, just as we need to respect and closely adhere to the deliniations of committee jurisdiction. We must all work together, each contributing, within our respective committee responsibilities, all that we can to eliminate wasteful and unnecessary spending, and providing only that which is absolutely necessary to maintain worthwhile programs.

Mr. President, this is an ambitious goal, but it is an absolutely necessary one if we are to restore our Nation to economic health. The Senator from Oregon has an especially heavy responsibility, in that as chairman of the Senate Appropriations Committee he will be the point man in demonstrating the Federal spending can be cut, without the loss of needed Federal services.

He needs our support, as I hope I can count on his support as we undertake the very difficult task of moving forward with the President's economic reform program.

Again, I fully appreciate the concerns of the Senator, and I assure him that we have acted in this manner only because we had no alternative to meeting this emergency need. The authority we recommend is as limited and confined as possible. We have reaffirmed in the report accompanying this bill, the Appropriations Committee's oversight responsibility with respect to the expenditure of any funds by the Corporation.

I thank the Senator from Oregon for raising these issues, I agree with his concerns, and I pledge my cooperation in the future to working with him, in addressing these critical budgetary issues confronting our Nation.

Mr. HUDDLESTON. Mr. President, the distinguished chairman of the Committee on Appropriations raises a very important point. As a member of that committee and a member of the Committee on Agriculture, Nutrition, and Forestry, I share his conviction that too much of the Federal budget is outside annual appropriations control.

However, like him, I realize that the extraordinary and critical nature of the need for additional financing confronting the Federal Crop Insurance Corporation demands our immediate attention.

As the chairman has pointed out, the administration has requested a supplemental appropriation to expand the operations of the Federal Crop Insurance Corporation, as directed in the conference report to the regular fiscal year 1981 Department of Agriculture Appropriations Act.

Unfortunately, we now find ourselves in a position that under the existing constraints of the second concurrent budget resolution, no supplemental appropriations bill may be considered by either the House or the Senate.

This prohibition left us with no recourse, short of suspending title III of the Congressional Budget Act, of addressing the funding needs of FCIC except through the approach employed in S. 730. I recognize that this is an unusual solution. I would hope that we are never confronted with a similar situation so that we may maintain the regular procedures and clear jurisdictional lines existing between the authorizing and appropriating committees of the Senate.

But as I said previously, the program to be financed by this bill was fully supported in the conference report accompanying the 1981 Appropriations Act. Moreover, there is full justification to expect that the action we take today will ultimately reduce future year costs in the Federal budget.

Mr. President, again may I say that I am in full accord with the concerns expressed by the Senator from Oregon. I sincerely hope that we will never again be confronted with such unusual and extraordinary circumstances.

Mr. COCHRAN. Mr. President, as chairman of the Appropriations Subcommittee on Agriculture, and as cosponsor of this measure, I would like to associate myself with the remarks of the Senator from Kentucky, the Senator from North Carolina, and the Senator from Oregon. They have fully discussed the compelling circumstances which gave rise to the unusual approach employed in this bill.

For want of a more reasonable ceiling to budgetary expenditures for the current fiscal year, we are forced to utilize this vehicle to secure adequate financing for a program we all support and know will yield far greater budgetary savings in the future. Because of these budget constraints which the Budget Committees are now working on revising, we were prevented from considering an appropriations bill which would have allowed farmers and ranchers to receive timely payment on claims which are fully supported by valid contracts with the Federal Government.

The Federal Crop Insurance Corporation informed us months ago that they would have to cease operations at the end of this month unless additional resources were made available. But since no appropriations bill could be considered, only this legislative alternative was available to us. I worked with the Agriculture Committee to assure that it was made clear that the activities and expenditures of the Federal Crop Insurance Corporation would remain under the continuing oversight of the Appropriations Committee.

Additionally, in the next few days, the Appropriations Committee will be considering the regular supplemental for this fiscal year. In that measure the Appropriations Committee will again review the financing needs of the Corporation and will be able to exercise its full judgment over the operations of the agency during the remaining months of this fiscal year.

Mr. President, I would also like to add that I worked with the Agriculture Committee to assure that the authority granted by this bill is as narrowly and tightly drawn as possible to meet only the extraordinary circumstances confronting us today. The authority is limited to only those expenses incurred in the balance of this fiscal year.

Furthermore, this authority is only a partial restoration of similar authority which was available to the Corporation until last year when Congress authorized the implementation of the new subsidized crop insurance program.

This new program will ultimately reduce the need for other entitlement disaster payment programs, and henceforth, appropriations will have to be made to administer and properly finance the operations of the crop insurance program. For these reasons, I see this measure as a necessary step which will yield not only budgetary savings but perhaps more importantly, it will ultimately increase control of Federal programing.

UP AMENDMENT NO. 66

(Purpose: To establish a limit on the amount of funds, otherwise available for the payment of Federal Crop Insurance Corporation indemnities, that may be used to pay administrative and operating expenses)

Mr. DOMENICI. Mr. President, I have an unprinted amendment to Senate bill 730 which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 66:

On page 3, line 3, insert immediately after the first period a new sentence as follows: "However, the total amount of funds used by the Corporation under this paragraph shall not exceed $14,000,000.".

Mr. DOMENICI. Mr. President, I first want to compliment the distinguished chairman and ranking minority member of the Committee on Agriculture for the concern they have shown in this re-

gard. The Senator from New Mexico shares their concern.

However, my amendment would specifically limit the amount of money that can be transferred for administrative and operating expenses for crop insurance. These expenses will be financed, in effect, by a loan from the Commodity Credit Corporation. My amendment limits this loan to $14 million. The amendment and that amount have been checked with the Department of Agriculture, with the distinguished chairman, Senator HELMS, and with the ranking minority member, Senator HUDDLESTON, and it is adequate to take care of the needs of the Federal Crop Insurance Corporation.

Well, obviously, this is the kind of measure that should be part of the normal appropriations process, and I do not think there is any argument about that. We have an emergency. So what I have proposed in my amendment is that we allow adequate funds to keep the program operating. I hope that this is acceptable to the distinguished Senators who have jurisdiction in this regard. I am here in my capacity as a member of the Budget Committee and because I am concerned that we not use this kind of funding unless absolutely necessary. We all contemplate that there will be an appropriation bill reported soon. We are going to have a supplemental; we are going to have a major appropriation bill to take the place of the continuing resolution; and, hopefully, these will contain the Presidential rescissions. So we are taking as a timeframe for using the $14 million, the best estimate that we have of when that kind of appropriation bill should be completed in both bodies, and then we have added some extra time. This should carry it completely through the month of June.

In that case, the Appropriations Committees will take their normal action. This fund, the money that will be borrowed, will be replaced in that appropriations bill. We will have provided for $14 million for this emergency and, hopefully, in the future appropriations will be made in a more timely manner. So we would not have the problem we had at the end of last year. I am sure the distinguished chairman of the committee, Senator HELMS, would agree that this would be a much more appropriate way.

Mr. President, the bill, as reported by the Agriculture Committee, in effect would transfer an unspecified amount of budget authority from the Commodity Credit Corporation to the Federal Crop Insurance Corporation. Normally, this type of spending would be considered as part of the regular budget and appropriations process. I know the distinguished chairman of the Appropriations Committee also has reservations about the method of funding in this bill. However, I recognize the emergency nature of this situation.

As we have reported to the Senate Parliamentarian, the ceilings for budget authority and outlays under the second budget resolution for fiscal year 1981 have already been exceeded by $19.6 billion in budget authority and $27.5 billion in outlays. Clearly, the budget situation is sufficiently dismal as to heighten our concern about any practice which could further exacerbate the problem.

The Federal Crop Insurance Corporation will be forced to close its doors within the next 2 weeks without additional funding. This would prevent the timely implementation of the expanded crop insurance program enacted last year. This program was designed to reduce the long-term Federal costs of crop disaster assistance and received the strong endorsement of the Budget Committee last year.

The revised second budget resolution for fiscal year 1981, as reported by the Budget Committee, would allow for the full supplemental appropriation request for the crop insurance program. Nonetheless, final action on the budget resolution is unlikely in time to assure uninterrupted funding for the Federal Crop Insurance Corporation.

The purpose of my amendment would be to provide $14 million to keep the crop insurance program in operation for a time sufficient to allow the Congress to consider fully this spending priority in the context of the budget resolution. If adequate allowance for the crop insurance program is provided for in the revised second budget resolution for fiscal year 1981 then the remaining funds requested for this fiscal year could be appropriated in the normal fashion. It is also my intent and my understanding that the Appropriations Committee, in the supplemental appropriations bill, will reimburse the Commodity Credit Corporation for the $14 million transferred under my amendment.

According to the Office of Management and Budget the $14 million provided for in my amendment should be sufficient to continue the crop insurance program for 2 months. This should allow more than adequate time for the completion of congressional action on both the budget resolution and the supplemental appropriations bill.

Mr. President, my amendment would allow the uninterrupted operation of the crop insurance program and would assure further scrutiny of this program after completion of congressional action on the spending priorities for fiscal year 1981.

I urge that the sponsors concur in my amendment which limits the loan and ultimate utilization to $14 million on an interim basis. I ask that it be accepted and be adopted as part of this measure.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, my friend from New Mexico is absolutely correct. We have conferred. I want to thank him publicly for not only his concern about the necessity of this legislation, but his willingness to cooperate in bringing it to fulfillment.

I do want to ask him one question, just for the record.

If the $14 million which his amendment would permit the FCIC to spend for administrative and operating expenses turns out not to be enough to cover the cost incurred before the Congress approves the supplemental appropriation bill, I am sure I am correct in saying that the distinguished Senator from New Mexico will work with Senator HUDDLESTON and me to attain additional legislative relief for FCIC.

Mr. DOMENICI. The Senator will have my full cooperation.

It is not my intention to deny the continuation of this crop insurance program. Both Senators know I am a staunch advocate of it. I do not like what I see down the line as options to it. I like this personally. Crop insurance is a much better approach. And I want to see it work. I would not want to see the program run out of money, so that those who have heretofore said that it will not work, and those who have said we ought to continue with some of the other programs of disaster relief that we are trying to phase out and use crop insurance in lieu thereof, will prevail by default. I do not want to see that happen. So the Senator will have my full cooperation.

Mr. HELMS. Mr. President, I thank the Senator. He has given us that assurance in private and, indeed, he has worked diligently to reach a solution.

Mr. HUDDLESTON. Mr. President, I concur in what the distinguished chairman has indicated. As I stated earlier, my concerns have only been whether or not this specific amount would allow the program to continue at its present pace, and whether we can be assured that if, by the end of June, during which time this amount will cover the Corporation's financial needs, we find ourselves in a similar situation, we will try to find some method at that time to again alleviate the situation. Of course, by then, we have a strong likelihood of having our supplemental here and perhaps already passed and that would take care of the problem.

But, with the assurances of the distinguished Senator from New Mexico, the chairman of the Budget Committee, I think this amendment is entirely acceptable. I move that we do adopt it.

Mr. DOMENICI. Mr. President, I move the adoption of my amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment offered by the Senator from New Mexico (Mr. DOMENICI.)

The amendment (UP No. 66) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MITCHELL. Mr. President, as the Senate acts to assure the continued operation of the Federal Crop Insurance Corporation, I would like to take the opportunity to urge the Department of Agriculture to use its authority under the law to extend eligibility for FCIC coverage to the State of Maine.

When Congress revised the former Federal farm insurance program to eliminate the inequities and shortcomings in coverage, it intended to make FCIC coverage available to all agricultural enterprises.

In the absence of this coverage, farmers in States like Maine, which are not now eligible for FCIC participation, are forced to rely on the emergency loan program operated by the Farmers Home Administration, or the disaster program operated by the Agricultural Stabilization and Conservation Service.

In addition to the inherent limitation of an emergency loan program, which does not go into operation unless a Presidentially declared natural disaster is designated, the important goal of reducing Federal demands on the Nation's credit markets is an added reason to limit reliance on this program.

Typically, of course, the climatic extremes against which crop insurance coverage are needed are neither so widespread or so devastating as to be disasters in any true sense of the word. Severe weather that can destroy a crop frequently inflicts no serious or lasting damage to an area.

The other program Maine farmers have used, the disaster program operated by ASCS, is to be terminated on September 30, and will not be available for future planting years.

It is therefore important to the agricultural producers of Maine that FCIC coverage be made available to them promptly.

Although Maine is renowned for its potato crop, the growers of apples, blueberries, corn, and oats, as well as other food crops, would also benefit if they were able to participate in FCIC insurance.

Extension of eligibility does not require congressional action. It is an authority contained in the law, and may be exercised by the Secretary of Agriculture. I have, accordingly, written Secretary Block urging him to take the appropriate action to designate Maine for participation in the program. I shall ask that the text of this letter appear in the RECORD following my remarks.

I have also urged the Department to move promptly to extend the insurance coverage to forest growth. In Maine, 43 percent of the total annual value of the State's manufactured goods derives from the forestry resource of the State. The importance of covering this resource against damage or loss is evident.

The legislation to permit the continued uninterrupted operations of FCIC is essential to the efficient operation of agricultural activities in the 39 States now covered by FCIC insurance. I am glad to support the bill. I hope the benefits of the program will soon be made available to Maine's farmers as well.

The letter follows:

U.S. SENATE,
Washington, D.C., May 1, 1981.

Hon. JOHN BLOCK,
Secretary, U.S. Department of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: I am writing on behalf of several members of Maine's agricultural community who again have expressed their longstanding desire to have their crops insured under the Federal Crop Insurance Corporation (FCIC).

Without FCIC protection, Maine farmers have been required to rely on the Farmers Home Administration's Emergency Loan Program or the Disaster Program administered by the Agricultural Stabilization and Conservation Service, a program that will be terminated on September 30th. As you know, eligibility for the FmHA program depends upon a Presidential declaration that a natural disaster has occurred. Typically, however, storms, floods, and other natural crop destroying forces, are not sufficiently widespread or severe to warrant that designation. Most agricultural states have been eligible for FCIC for years and they have been served by both programs.

Although this request for Crop Insurance Corporation eligibility is made with special reference to Maine's potato growers, coverage would be welcomed also by the state's growers of apples, blueberries, corn, oats, and other food crops.

It is my understanding that FCIC coverage, in the future, may be extended to forest growths. If so, that step would also benefit Maine greatly because about 43 percent of the total annual value of the State's manufactured goods are derived from Maine's extensive forests.

Additional states, in the near future, will be added to the thirty-nine which are eligible for participation in the Federal Crop Insurance Corporation. I would appreciate it if you would consider fully Maine's request for inclusion at the earliest opportunity.

Thank you for your time and attention.

Sincerely,

GEORGE J. MITCHELL,
U.S. Senator.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the committee amendment in the nature of a substitute was agreed to.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 730

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 516(a) of the Federal Crop Insurance Act (7 U.S.C. 1516(a)) is amended by—

(1) inserting "(1)" immediately after the subsection designation; and

(2) adding a new paragraph (2) as follows:

"(2) To ensure the timely implementation of the Federal Crop Insurance Act of 1980, the Corporation may use funds otherwise available for the payment of indemnities to pay administrative and operating expenses of the Corporation incurred during the fiscal year ending September 30, 1981. However, the total amount of funds used by the Corporation under this paragraph shall not exceed $14,000,000.".

Mr. HELMS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COCHRAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HAYAKAWA). Without objection, it is so ordered.

DREAMS AND DYNAMISM OF EARLY AVIATION PIONEERS LED TO SPACE: SAMUEL PIERPONT LANGLEY HONORED AT MUSEUM THEATER DEDICATION

Mr. RANDOLPH. Mr. President, there are historic events that often take place in the hurly-burly of the Nation's Capitol which understandably go unnoticed.

Mr. President, it is not widely known that the world's most popular museum is located within a short distance of the Nation's Capitol. Some time this year, it is anticipated that the 50 millionth visitor will enter the National Air and Space Museum. It was formally opened on July 4, 1976.

On Monday, it was my privilege to attend a ceremony renaming the museum's theater in honor of the third secretary of the Smithsonian Institution, Samuel Pierpont Langley, who made almost astonishing, sometimes unbelievable contributions to flight by a man-controlled aircraft, but he never lived to see it actually take place.

Secretary S. Dillon Ripley, Museum Director Noel W. Hinners, historian emeritus Paul Garber and a number of members of the Smithsonian's board of regents participated.

My aviation-leader colleague, Senator BARRY GOLDWATER, a regent of the Smithsonian, officiated at the ceremony. Current recipients of the Langley Medal, Charles Stark Draper and Robert T. Jones, were applauded for their accomplishments. The medal was established in 1908 and is presented for "especially meritorius investigations in the field of aerospace science."

Draper's honor recognizes his contributions to the development of inertial guidance systems, and Jones was honored for his work in theoretical aerodynamics.

A bronze bust of Langley, as astronomer, physicist, and inventor, will be placed on display in the museum theater's lobby, according to Walter J. Boyne, assistant director for operations.

The 483-seat theater is one of the few in the world using an IMAX 70mm motion picture projection system. Two air and space-related films, "To Fly" and "Living Planet," are projected on a screen 50 feet high and 75 feet wide. Since the theater opened, more than 7 million visitors have attended performances.

Mr. President, I have shared, since 1946, with many others this living memorial to flight. I am gratified that it exhibits the achievements of the pioneers of flying and space exploration. Senator GOLDWATER gave a moving tribute to the accomplishments of Sam Langley, and to two leaders who shared

the vision which led to the development of the National Air and Space Museum, James Webb and William Burden. Both men were present.

And I feel that not only will those of us who served with him in this body, but hopefully that there may be thousands, I will hope tens of thousands, who will read the remarks of Senator GOLDWATER and through those rémarks have a better understanding of the pioneering spirit not only of Langley, but of all those men and women, including the Wright brothers, who helped, in a sense, to place a second story on this world in which we live.

I ask unanimous consent that that address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR GOLDWATER

We meet here to dedicate the theatre of the National Air and Space Museum to the memory of Samuel Pierpont Langley, the third secretary of the Smithsonian Institution. Secretary Langley died in 1906 never having seen a manned airplane fly. Few of his contemporaries shared Langley's firm belief in the possibility of heavier-than-air flight. One of my less farsighted predecessors in Congress, a Democrat I might add, remarked in 1904, that Langley was nothing more than "a professor wandering in his dreams of flight, given to building castles in the air." I can imagine how this gentleman would have reacted to the notion that mankind might someday venture beyond the atmosphere to explore the limitless reaches of space. That such wonders might be achieved in less than 75 years would simply have been inconceivable to him.

Yet the magnificent accomplishments that we commemorate in this building would not have come as a surprise to Samuel Langley. He was a man of vision who worked for over half a century to unravel the mysteries of the heavens and to pave the way for our conquest of the skies.

A pioneer of space science, Langley developed precise astrophysical instruments that enabled him to probe the secrets of the sun's enormous energy and to better understand the way in which that energy affects life on our planet.

The Smithsonian Astrophysical Observatory that he founded remains as the most fitting monument to the secretary's fierce determination to expand our knowledge of the cosmos.

Nor was he content to hoard his knowledge. James Smithson's injunction that the institution founded in his name should undertake the increase and diffusion of knowledge was a very serious matter for Samuel Langley. He communicated his enthusiasm for astronomy through books and articles aimed at the general public. He transformed the Smithsonian from a place of dusty cases to an exciting center where the wonders of science were made accessible to all citizens. Surely no one would be more pleased by the sight of the thousands of young people who annually troop through this building than Samuel Langley. In his own time he had created a "children's room" with specially prepared labels and low display cases.

Important as his contributions to science were, Langley was far more than a passive observer and teacher. Firmly convinced that mechanical flight was possible, he devoted the final decades of his life to the search for a practical airplane. His efforts were rewarded in the spring and fall of 1896 when two of his large, steam-powered flying model aircraft made successful flights for distances of up to three-quarters of a mile.

While Langley's attempts to produce a full-scale, man-carrying aircraft were ultimately unsuccessful, his work in this field did much to inspire those pioneers who would take the final steps toward the invention of the airplane.

Certainly the Wright Brothers recognized the important inspirational role that Langley had played during the years before 1903. Writing at the time of the secretary's death Wilbur Wright remarked: "The fact that the great scientist Professor Langley believed in flying machines was one thing that encouraged us to begin our studies. It was he who recommended to us (the proper books to read) and thus started us in the right direction at the beginning. His honorable course . . . also commended him to us."

Samuel Langley exemplifies a tradition of service to the Smithsonian and to the Nation that is far from dead. In honoring his name this morning, I think that it is only appropriate to call attention to the contributions of two other men who, following this honored tradition, played major roles in the creation of the National Air and Space Museum. This museum has been fortunate to have the interests of many persons of competence and achievement, but never more so than in the persons of William Burden and James Webb.

These two gentlemen are the quintessence of what is best about Washington, where even great ambitions like the National Air and Space Museum need experienced guidance to reach fruition.

William Burden was one of the most supremely qualified to aid in this process. Deeply versed in the intricacies of commercial aviation finance, Mr. Burden had a distinguished career serving aviation in Government as well, as Assistant Secretary of Commerce for Air. Over his long career his advice was sought by leading aeronautic and space personalities on countless occasions. And as advisor to Presidents, when he championed the cause of the National Air and Space Museum, he was listened to. His close personal ties with leaders of every facet of aviation provided a lens which brought the new museum into focus, with the amazing results we have seen and enjoyed with 45,000,000 other Americans for the last five years.

In a similar manner, Jim Webb has provided the vision and political acumen necessary to help bring the museum into being while he was at the same time, shaping the enormously successful space program which placed a man on the Moon. Mr. Webb's unparalleled knowledge of the intricacies of Government and business is based upon dramatic achievements in both arenas. He knows the executive, legislative and legal sides of Government intimately, and has an uncanny sense for whom to approach and how to approach them to achieve the great visionary accomplishments that might otherwise be lost in the day to day pressures of Washington, D.C.

Thanks to these two men, and to others like them, a great new national institution was born, one which inspires as it teaches, just as they have done all of their long, full and immensely productive lives.

DEATH OF BOBBY SANDS

Mr. DODD. Mr. President, I am deeply saddened by the death yesterday of Bobby Sands after a 66-day hunger strike. I extend my heartfelt sympathies to his family and to his friends.

Bobby Sands' death is a tragedy for those who loved him and for those who knew him well. However, I sincerely hope that his death will not turn into a tragedy for both of the communities of Northern Ireland. The people of Northern Ireland have suffered greatly over the past 12 years. It is understandable that emotions are running high today in Northern Ireland, but we must recognize that further violence will only serve to separate the communities of Northern Ireland further and reduce the chances for peace.

I urge all sides in Ireland and here in the United States not to let Bobby Sands' death serve as a catalyst for further death and destruction. Too many people have already died. Bobby Sands is just the latest victim of the atmosphere of political and sectarian hatred and violence. Thousands have died before him; his death should not serve as an excuse for more killing.

We must recognize that there are those in Northern Ireland who would use Sands' death for their own purposes. And their purposes are not to further the cause of peace.

In times of tension, it is easy to listen to men of violence. But Northern Ireland has had enough of violence. Now is the time to reflect on what this violence has brought to the north. And to turn our energies away from violence and toward creating an atmosphere of understanding and cooperation.

Unfortunately, we in the United States often are only aware of the proponents of violence in Northern Ireland. A majority of the people in both communities reject those who preach hatred and violence. It is time we gave support to the average person in Northern Ireland who has seen enough killing and terrorism, and who seeks to work toward a peaceful resolution of the conflict.

I am grateful for the efforts of all of those who tried to find an acceptable end to the hunger strike. I would especially commend Pope John Paul II for sending the Reverend John Magee to attempt to end Sands' hunger strike. I regret that his personal intervention did not succeed.

In the emotion following Bobby Sands' death, we should not forget the fact that three other prisoners in Northern Ireland are in the second month of another hunger strike.

I call on the British Government to abandon its complacent attitude toward the hunger strikers and seek a compromise as soon as possible to avert any more deaths.

We have a responsibility to speak out in support of a peaceful resolution, not only to the current hunger strike, but also to the entire conflict in Northern Ireland. If we do not speak out, our silence may be taken as acquiescence to the violence of the extremists on both sides.

THE REGULATORY REFORM ACT OF 1981

Mr. STEVENS. Mr. President, I am pleased today to join with so many of my colleagues to cosponsor the Regulatory Reform Act of 1981. This historic piece of legislation heralds a fundamental change which I believe is taking place in the attitude of Government toward business.

In too many ways, the Federal Government, whether it is in the late payment of its bills or in the focus and philosophy guiding its regulatory apparatus, has grown unresponsive to the needs of private business.

This administration has already taken a number of steps designed not only to reduce the economic burden of Government regulation, but to replace the adversarial nature of the present approach with a recognition that business and Government must work in concert. The trouble with many regulations today is that they are preventatives only. Often focused on only one goal, like environmental standards or occupational safety, they do not allow the administering agency to consider other important factors, such as economic concerns.

Clearly we need to enlarge the perspective of our Federal Government. The administration's campaign on regulatory reform and this important legislation will do that. The rulemaking provisions of this bill, particularly with regard to the "major rule" category it establishes, require the consideration of economic as well as social costs and benefits, and a full determination that a rule is the most cost effective solution. Its provision for periodic review of major rules will insure that they do not outlive their justifications.

I hope that through the efforts of the administration and the passage of this legislation we will begin to instill a more balanced regulatory philosophy, one that acknowledges that clearly desirable benefits do not exist in isolation.

DEATH OF JULES STEIN

Mr. KENNEDY. Mr. President, the death of Jules Stein at the age of 85 in Los Angeles last week has deprived the Nation of one of its most creative geniuses in the entertainment industry and one of its greatest philanthropists.

In the early 1920's, Jules Stein left a promising medical practice in opthalmology and founded a small talent agency in Chicago called the Music Corporation of America. Under Jules Stein's brilliant leadership, the agency prospered with almost unparalleled success. In half a century of incredible achievement, MCA rose to a position of true preeminence in the entertainment industry, earning national and international renown.

Jules Stein's accomplishments at MCA were accompanied by a deep and life.ong dedication to philanthropy, especially in the field of eye research. As he once said:

If I am remembered for anything, it will not be for anything I did in show business, but for what I did to prevent blindness.

The Eye Institute that he founded at the University of California in Los Angeles and that bears his name is famous throughout the world for the excellence of its eye research and its success in treating eye disease. Because of Jules Stein and the efforts he undertook, a National Eye Institute was created as part of the National Institutes of Health. Countless other vital causes have prospered over the years because of the remarkable generosity and extraordinary compassion and encouragement of Jules Stein.

A brilliant career has ended, a career worthy of the best in the American dream. All of us who knew Jules Stein felt the strength and the vitality of his character. Everything he touched, he left better than he found it. The causes he endowed are now living memorials to one of the true giants of 20th century American life.

Mr. President, I was proud to know Jules Stein and to be his friend. At this difficult time, I extend my deepest sympathy to his wife Doris, his daughters Jean and Susan, and to all the other members of this remarkable American family. I ask unanimous consent that the obituaries on Jules Stein which appeared in the Los Angeles Times and the New York Times may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Apr. 30, 1981]

JULES C. STEIN, 85, FOUNDER OF MCA, DIES

(By Peter Kihss)

Jules C. Stein, who built a band booking agency with $1,000 capital into MCA Inc., a billion-dollar force in the world of mass entertainment, died yesterday of heart failure in the University of California at Los Angeles Medical Center. He was 85 years old.

President Reagan, who was president of the Screen Actors Guild and Governor of California in dealings with Mr. Stein and his organization, heads a list of 25 honorary pallbearers named late yesterday.

Mr. Stein had been a promising eye surgeon—Dr. Julian Caesar Stein—when he started what he called the Music Corporation of America in 1924. In 1960, recovering from cancer, he used his organizing abilities to found Research to Prevent Blindness Inc. in New York.

One result was to stimulate the building of five eye research centers across the country, including an institute at the University of California at Los Angeles, which the Regents named after him. He channeled more than $19 million into eye research and led a successful campaign for a National Eye Institute set up by the Federal Government.

"If I am remembered for anything, it will not be for anything I did in show business, but for what I did to prevent blindness," he told friends.

A DIVERSIFIED CORPORATION

MCA Inc. calls itself the world's largest producer of film entertainment. It produces and distributes television programs, distributes motion pictures, produces phonograph records and tape cartridges and publishes works of music. It also has a mail-order business, retail stores and other businesses. Revenues crossed the billion-dollar mark in 1978.

Mr. Stein was born in South Bend, Ind., and graduated from the University of Chicago before he was 19, and from its Rush Medical College in 1921. After postgraduate studies at the University of Vienna, he became chief resident in ophthalmology at Cook County Hospital, Chicago. A treatise he wrote in 1924 on "Telescopic Spectacles and Magnifiers as Aids to Poor Vision" became a definitive manual.

He had played the violin and saxophone to help finance his studies, and his success in arranging band dates led to his move from medicine to show business. He arranged one-night stands, instead of having bands seek engagements for whole seasons; signed up Guy Lombardo and other top bands, and started package deals for complete shows for hotels and radio broadcasting.

Spreading from the one-man start to bases in New York, Los Angeles, Dallas and Cleveland, Mr. Stein's organization by the mid-1930's represented more than half the nation's major bands, including those of Ted Weems, Isham Jones and Benny Goodman.

AGENT FOR HOLLYWOOD STARS

Invading Hollywood in 1937, it became the agent for such stars as Bette Davis, Betty Grable, Joan Crawford, Greta Garbo, Eddie Cantor, Ingrid Bergman, Frank Sinatra and Jack Benny—perhaps half of the movie industry's stars—by the mid-1940's.

The organization began being called "the octopus." In 1958, it acquired the 430-acre Universal Studios. And when it moved into producing television programs and motion pictures while still representing talent clients, it ran into criticisms of potential conflicts of interest.

A Federal antitrust suit was started against it in 1962, and MCA—the name adopted in 1969 when its stock went public—withdrew from its worldwide talent agency business, releasing a large roster of stars in various fields in what Mr. Stein called the most difficult decision in his company's history.

Mr. Stein had been sole owner of the organization until 1954, when he voluntarily distributed 53 percent of his interest to key executives and employees, with 10 percent of the stock placed in an innovative MCA profit-sharing trust.

Mr. Stein served as president of MCA until 1948, when he made Lew R. Wasserman his successor as chief executive. He continued as chairman of the board until 1973 and remained a director thereafter. At the start of last year, he still owned or controlled more than 19 percent of the stock.

His return to eye programs came, in part, when Johns Hopkins University representatives told him they wanted to expand a then small ophthalmology department. Instead, Mr. Stein urged them to put up a new building. He went on with his wife, Doris, and a New York lawyer, Robert E. McCormick, to start his research foundation.

Mr. Stein started a national survey of eye research facilities and programs to overcome inadequacies, with grants to more than 45 medical institutions. He and his wife directed the planning and equipping of the institute at Los Angeles, contributing $2.5 million and directing a $6 million fund-raising campaign.

When that center was dedicated, Mr. Stein said that, "for those who have achieved an unusual measure of material success, there is a tendency to leave fulfillment of one's obligation to mankind" to administrators of estates and foundations after their deaths.

Doing so, he said, would "write off one of life's great experiences." Movements to advance science and medicine, he said, "need the time, the effort and the ability of those men and women who have learned to move the immovable mountain."

Mr. Stein is survived by his wife, whom he married in 1928; two daughters, Jean vanden Heuvel and Susan Shiva, both of New York, and four grandchildren.

A private funeral service will be held. On Sunday at 3 P.M., a memorial service is to be held at the Jules Stein Eye Institute in Los Angeles.

[From the Los Angeles Times, Apr. 30, 1981]

JULES STEIN, PHILANTHROPIST, DOCTOR, FILM MOGUL, DIES

(By Jerry Belcher)

Dr. Jules Stein, physician, philanthropist and creator of a billion-dollar entertainment

empire, died early Wednesday of a massive heart attack.

Death came at 12:20 a.m. at UCLA Medical Center, where he gave millions of dollars to establish a world-renowned eye institute that bears his name.

Stein, an ophthalmologist who left medicine 57 years ago to found the show business colossus now known as MCA Inc., celebrated his 85th birthday on Sunday.

Although not as well known or flamboyant as such Hollywood moguls as Sam Goldwyn and Louis B. Mayer, Stein was considered one of show business' shrewdest minds, and as powerful and influential as any of the more publicized figures in the industry.

His death came a few hours after what a UCLA spokesman called "an uneventful" gall bladder surgery.

Stein had been taken to the medical center from his Beverly Hills home at 5 p.m. Tuesday suffering from an acutely inflamed gall bladder.

To the general public, the corporate structure established and built by Stein and his proteges is best known through its enormously successful subsidiary, Universal Pictures.

The motion picture and television production film is so big that it is headquartered in its own community of skyscrapers, Universal City, now both a production facility and a popular tourist attraction.

MCA, parent firm of the movie company that produced the epic "Jaws", also controls a string of other firms so powerful and influential that its critics call it "the octopus."

As of last Dec. 31, MCA had revenues of $1.3 billion and Stein, who retired in 1973, owned 16 percent of its stock.

Other subsidiaries of MCA, now headed by Stein protege Lew Wasserman, manufacture and distribute records and tapes, market video tapes, operate retail and mail order gift outlets, publish books and music and even operate the concessions at Yosemite National Park.

But if Stein himself, was known to the general public at all it was in his role as a philanthropist.

That, of itself, was a huge role.

MILLIONS TO CHARITIES

Beyond the millions of dollars he gave—and the millions more he persuaded friends and associates to contribute—to found and continue the world famous Jules Stein Eye Institute at UCLA and the Research Center to Prevent Blindness in New York City, Stein donated so many millions to so many other charities and institutions that both family and colleagues could not estimate the total.

Jules Caesar Stein was born in South Bend, Ind., April 26, 1896, the son of storekeeper Louis and Rosa Cohen Stein.

A 1915 graduate of the University of Chicago, he earned his MD from Rush Medical College in 1921, did postgraduate study in ophthalmology at the University of Vienna and went into private practice in Chicago in 1923.

A violinist and saxophone player, he worked his way through school playing in and leading dance bands in and around Chicago.

"Playing schmaltz," he once told an interviewer.

But he was more talented as a promotor, organizer and booker of bands.

In 1924 he formed Music Corporation of America in a tiny office in Chicago.

As a booker of talent, Stein introduced a new practice on the music scene and, incidentally, a new phrase into the American vernacular. He began booking bands for one night only instead of for whole seasons—hence the "one night stand."

His agency was an almost immediate success—so successful that Chicago gangsters tried to move in and demanded a share of the action.

Stein made no concessions to the mobsters except to take out a $75,000 insurance policy against kidnaping.

In 1928, Stein signed Guy Lombardo and his Orchestra. By the mid 1930s, MCA represented more than half of the major big bands in the country—and that was the big band era.

In the late 30s MCA moved into Hollywood as a talent agency, originally signing Bette Davis, Betty Grable, Jane Wyman and John Garfield.

To come were Frederic March, Fred Astaire, Greta Garbo, Myrna Loy and Henry Fonda.

By the middle 1940s, according to some industry sources, MCA represented at least one-third of the stars in Hollywood, including a handsome young man named Ronald Reagan.

During World War II Stein not only headed his burgeoning talent agency, but also served as business manager of the Hollywood Canteen.

After the war as television challenged the movies, MCA tried to encourage motion picture directors and producers to get into the new medium. Failing, MCA went into television production on its own, and later into movies.

Among its productions: "Wagon Train," "Alfred Hitchcock Presents," "Leave It to Beaver," "The Jack Benny Show" and "Ozzie and Harriet."

DIVESTITURE ORDERED

Stein gave up the presidency of Music Corp. of America in 1946 (it became MCA in 1959) moved up to chairman of the board and remained active and decisive in the business until his retirement. He continued as a director of the corporation until his death.

Eventually, MCA became so large and powerful—"If MCA isn't God," an actor once said, "then nobody in the company knows it"—that entertainers complained they could not get work unless they signed exclusive contracts with the firm.

In 1962, MCA was ordered by the Justice Department to divest itself of either its production or its talent agency roles. The company chose to stay in the production end of the business.

In the years since then, MCA has produced such box office bonanzas as "Airport," "Jesus Christ Superstar," "American Graffitti," "The Sting," and a series of "Jaws" pictures.

Wasserman, current MCA chairman called Stein "a singular being" and said his death left him "bereft . . . in ways that defy the power of language to express. He was my mentor, my partner and my closest personal friend for more than 45 years."

Stein is survived by his wife of 52 years, Doris; and their two daughters, Jean vanden Heuvel and Susan Shiva.

A memorial service will be held at 3 p.m. Sunday on the UCLA campus.

The diversity of the professional lives touched by Stein was reflected in the list of honorary pall bearers announced after his death.

Among them were James C. Petrillo, founder of the American Musicians Union; film magnates Mervyn Leroy and Hal Wallis; actors Jimmy Stewart and Gary Grant, agent Irving Lazar and a former film personality now preoccupied elsewhere, Ronald Reagan.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 3:29 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill in which it requests the concurrence of the Senate:

H.R. 3132. An act to amend the Truth in Lending Act to encourage cash discounts.

HOUSE BILL HELD AT DESK

The following bill was ordered held at the desk:

H.R. 3132. An act to amend the Truth in Lending Act to encourage cash discounts.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 50. Joint resolution designating July 17, 1981, as "National P.O.W.-M.I.A. Recognition Day".

EXECUTIVE REPORTS OF COMMITTEES FILED DURING THE RECESS

Under the authority of the order of the Senate of May 4, 1981, the following executive reports of committees were filed on May 4, 1981, during the recess of the Senate:

By Mr. PERCY, from the Committee on Foreign Relations:

Myer Rashish, of the District of Columbia, to be Under Secretary of State for Economic Affairs.

Chester A. Crocker, of the District of Columbia, to be an Assistant Secretary of State.

(The above nominations, reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services:

Richard D. DeLauer, of California, to be Under Secretary of Defense for Research and Engineering.

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

Garrey Edward Carruthers, of New Mexico, to be an Assistant Secretary of the Interior.

Robert F. Burford, of Colorado, to be Director of the Bureau of Land Management.

William H. Coldiron, of Montana, to be Solicitor of the Department of the Interior.

G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife, Department of the Interior.

(The above nominations reported from the Committee on Energy and Nat-

ural Resources with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. ROTH, from the Committee on Governmental Affairs:

Gerald P. Carmen, of New Hampshire, to be Administrator of General Services.

THE NOMINATION OF GERALD P. CARMEN

The Committee on Governmental Affairs, to which was referred the nomination of Mr. Gerald P. Carmen, of Manchester, New Hampshire, to be the Administrator of the General Services Administration, having considered the same, reports favorably thereon and recommends that the nomination be confirmed subject to the nominee's commitment to respond favorably to requests to appear and testify before any duly constituted committee of the Congress.

SUBMISSION OF NOMINATION

The Senate formally received the nomination of Gerald P. Carmen, of Manchester, New Hampshire, to be the Administrator of the General Services Administration on March 27, 1981. The nomination was subsequently referred to the Committee on Governmental Affairs.

TRAINING, EDUCATION AND EXPERIENCE OF MR. CARMEN

Mr. Carmen was born in Quincy, Massachusetts on July 8, 1930. He spent his high school years at Central High School in Manchester, New Hampshire from September 1944 through June 1948. He then studied at the University of New Hampshire in Durham from September 1948 through June 1952. He received a B.A. degree with a major in Government on June 8, 1952.

Mr. Carmen began working at Carmen Automotive Stores, Inc. in Manchester, New Hampshire as soon as he started high school in 1944, and he continued working there until 1959. He progressed through all phases of the business from the entry level position he held as a high school student, to a position as an executive officer. In 1959, he left Carmen Automotive Stores to start his own business. The business was called Car-Go Home and Auto Centers, Inc. Mr. Carmen owned this business, which was located in Manchester, New Hampshire from 1959 until 1979. In 1979, he joined MACH I, Inc., also in Manchester, New Hampshire, a consulting and real estate business, and he has been working with them since that time. While at MACH I, he also served as Senior Consultant for the Reagan for President Campaign in 1979 and as the Director of Political Programs and Analysis for the Reagan-Bush Committee in 1980. Since the election, Mr. Carmen has served as the transition team leader for HUD, and then after the inauguration, he became a White House Consultant.

COMMITTEE ACTION

Under procedures established by the Committee for considering nominations, a detailed biographical and financial information questionnaire was submitted to Mr. Carmen. The Committee also requested that the nominee respond to the pre-hearing questions in writing. These questions concerned both substantive policy matters relating to the mission of the General Services Administration and specific actions Mr. Carmen intends to take as Administrator of that agency. Both the biographical information and the responses to the prehearing questions are appendices to this report. It is the policy of the Committee that a nominee's financial disclosure statement is not reproduced or published as a part of the hearing record. However, this information is retained in the Committee offices for inspection by the public.

Committee procedures call for an independent review of a nominee's background. This includes a review of any investigative reports compiled concerning the nominee, including the Federal Bureau of Investigation's summary report on the background of the nominee and an interview with the nominee. All of these requirements were met during the Committee's investigation, and a confidential staff report, which concluded that no further investigation is necessary, was filed with the Chairman and the Ranking Minority Member and made available to all other Members of the Committee.

On April 8, 1981, Mr. Carmen appeared before the Committee on Governmental Affairs to testify on his appointment to be Administrator of the General Services Administration. Mr. Carmen was introduced to the Committee by the Senior Senator from New Hampshire, Senator Humphrey, the Junior Senator from New Hampshire, Senator Rudman, and the Representative from the 2nd District of New Hampshire, Congressman Gregg.

COMMITTEE RECOMMENDATION

Based on its review of the nominee's responses to the biographical and financial questionnaire, the FBI investigative report, the responses to the prehearing questions, personal interview with the nominee, and the testimony and responses to questions at the hearing itself, the Committee believes that Mr. Carmen is well qualified by reason of training, education, experience and integrity to be the Administrator of the General Services Administration.

ROLLCALL VOTE IN COMMITTEE

On May 5th, the Chairman took a vote to recommend that the nomination of Gerald P. Carmen to be Administrator of the General Services Administration be confirmed. The response was as follows:

Yeas: Senator Roth, Senator Stevens, Senator Danforth, Senator Cohen, Senator Mattingly, Senator Rudman, Senator Eagleton, Senator Sasser, Senator Pryor, Senator Levin.

Nays: None.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ZORINSKY:

S. 1106. A bill to reform the insanity defense; to the Committee on the Judiciary.

By Mr. SIMPSON (for himself, Mr. LAXALT, Mr. THURMOND, Mr. DOLE, and Mr. HATCH):

S. 1107. A bill to amend certain provisions of title 28, United States Code, relating to venue in cases of a local or regional nature which involve the United States as a party; to the Committee on the Judiciary.

By Mr. STAFFORD:

S. 1108. A bill to amend title IV of the Higher Education Act of 1965, to emphasize the element of need in the guaranteed student loan program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. STAFFORD (by request):

S. 1109. A bill to make certain amendments to the Higher Education Act of 1965; to the Committee on Labor and Human Resources.

S. 1110. A bill to make certain amendments to the Act of September 30, 1950 (P.L. 874, Eighty-first Congress) and P.L. 93-380; to the Committee on Labor and Human Resources.

By Mr. ARMSTRONG:

S. 1111. A bill to stop retroactive application of IRS Letter Ruling 80-19120; to the Committee on Finance.

By Mr. HEINZ:

S. 1112. A bill to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mrs. HAWKINS:

S. 1113. A bill to amend the Food Stamp Act of 1977 to reduce fraud and other illegal activities in connection with the administration of the food stamp program, to provide for mandatory sentences for certain offenses committed under such Act, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CHILES:

S. 1114. A bill to authorize the Corps of Engineers to acquire land for water related public use; to the Committee on Environment and Public Works.

S. 1115. A bill to authorize extended dredging of bendways and interconnecting waterways in connection with a project for the Apalachicola-Chattahoochee-Flint Rivers, Georgia and Florida; to the Committee on Environment and Public Works.

By Mr. HEINZ:

S. 1116. A bill to authorize appropriations for the international affairs functions of the Department of the Treasury for fiscal year 1982; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CRANSTON:

S. 1117. A bill to designate certain lands in the Shasta Trinity National Forest, California, as the Mt. Shasta Wilderness; to the Committee on Energy and Natural Resources.

S. 1118. A bill to designate certain lands in the Angeles and San Bernardino National Forests, California, as the Sheep-Mountain Wilderness; to the Committee on Energy and Natural Resources.

By Mr. ARMSTRONG:

S.J. Res. 77. Joint resolution to require a balanced federal budget; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ZORINSKY:

S. 1106. A bill to reform the insanity defense; to the Committee on the Judiciary.

(The remarks of Mr. ZORINSKY on this legislation appear earlier in today's RECORD.)

By Mr. SIMPSON (for himself, Mr. LAXALT, Mr. THURMOND, Mr. DOLE, and Mr. HATCH):

S. 1107. A bill to amend certain provisions of title 28, United States Code, relating to venue in cases of a local or regional nature which involve the United States as a party; to the Committee on the Judiciary.

AMENDING FEDERAL VENUE STATUTES

Mr. SIMPSON. Mr. President, on behalf of myself and Senators LAXALT, THURMOND, DOLE, and HATCH, I am today introducing legislation that will amend title 28 of the United States Code, as it relates to venue. This may not be the most dramatic of legislative issues, but the need to resolve the problems that have necessitated the drafting of this legislation are of enormous importance to every Member of the Senate, to the State that he or she represents and to the maintenance of our Federal judicial system.

Today, the people of Wyoming and of many other States, not only in the Rocky

Mountain region, but in other regions as well, have come to regard the Federal Government in general, and the Federal courts in particular, not as an ally, but as an adversary. One citizen of Texas put it most succinctly, in the context of commenting on the F-15 airplane sale: "Texas, like Saudi Arabia, seeks better relations with the U.S. Government." That small anecdote is but one example of this feeling of hostility; the Sagebrush Rebellion is another.

There are many causes for this mistrust. One of them is the fact that decisions critical to the economic and social well-being of distant States and regions are often being made, not by elected officials but by unelected Federal judges sitting in Washington, D.C.

It is tough enough when a single judge can halt, for nearly 7 years, construction of the Trans-Alaska Pipeline, or ban boating on a lake in Nevada, or stop coal production on Federal lands in Wyoming, but it is a far worse situation when that judge is one who has absolutely no familiarity with the region, or its problems, since he is sitting not in Anchorage, Alaska, or Las Vegas, Nev., or Cheyenne, Wyo., but here in the District of Columbia.

This problem occurs only because current Federal law allows cases that are purely a local or regional nature to be filed in the District of Columbia, instead of requiring that they be filed in the locality or region in which the decision will have its principal impact.

It is an acknowledged fact that rabid environmentalists seek out the Federal courts in Washington since they feel certain they will receive a far more sympathetic hearing here than they would if forced to bring their cases in the States that would be most affected by the outcome of the litigation. This is not just a novel belief of mine. It is an admission, made by an attorney for the native American rights fund, writing in the Ecology Law Quarterly when he stated:

> Publicity is an important element in all environmental campaigns. Often the lawsuit is of secondary importance . . . a suit in Washington is certain to receive far more extensive media coverage than one in Utah. . . . Environmental lawyers are often handicapped when a trial is held in a rural area. Few circuits as understanding of the conservationist cause . . . as the D.C. circuit. Many conservation battlegrounds lie in the 9th circuit, a court which has, so far, been distinctly unsympathetic to environmental concerns.

What that young attorney was really stating is what many of us in the U.S. Senate already know too well from careful observation over these past years: That is, that the District of Columbia circuit is often a "stacked deck" loaded up with judges who are wholly unknowledgeable and often uncaring as to the problems unique to other regions of the United States. These judges have never been "on the ground" in the regions that are so deeply affected by their decisions. In addition, there seems to be a theme of decisions that indicate an aversion to economic growth and planned and sensible development of our vast resources. It becomes very apparent that the Federal courts in the District of Columbia seem interested primarily in accommodating and embracing those self-proclaimed defenders of the "public interest."

The Ruby Lake, Nev. case is worth commentary in that regard. Boating was banned at that facility in a case filed just prior to a July 4 weekend. The case was filed here in the District of Columbia. You may be assured that the judge that issued the permanent injunction did not consider the public interest of the people of Nevada. In fact, he had never even visited the State. He was concerned only with the ideological interests of the legal Lochinvars who had filed the case—which is precisely why it was filed here instead of where it should have been filed—there, in the Federal district court in Las Vegas, Nev.

The purpose of this legislation is to prevent such "forum shopping" from continuing in the future. This bill requires that cases that are of a purely local or regional nature be filed in the States or regions in which the subject of the suit is found, and not as is presently the case, in the District of Columbia. Please keep in mind, however, that this bill has no force or effect in any litigation relating to civil rights issues.

Section (f)(1) of this bill requires that the bill's provision will be applicable if either a single State, or no more than 10 contiguous States, will be affected by the outcome of the action, or if the plaintiff is a non-Federal real party at interest.

For purposes of this bill a non-Federal real party at interest is defined as "any party who is not an officer or employee of the United States acting in his official capacity," and also includes, "an intervening party who will be directly affected by the Federal action, or failure to take action, that is being challenged."

Being directly affected is defined as the bearing by a State or local government, or private enterprise, "of the principal portion of the financial cost of compliance" with the proposed Federal agency action. In other words, if the Sierra Club sues the Environmental Protection Agency, in an effort to direct it to compel the city of Denver to establish an auto emission exhaust control program, then the city of Denver, and not the Sierra Club, will be treated as the non-Federal real party at interest that would be directly affected by the proposed agency action. As the city and taxpayers of Denver would bear the principal portion of the financial cost of the EPA's losing the case, the case would be litigated in Federal court in Denver, and not in Washington, D.C.

The same result would hold true if a union wished to sue OSHA in order to compel OSHA to force a private employer to install new safety devices in a factory in Houston. Since the real party has to bear the cost of complying with whatever orders OSHA might ultimately be required to issue, the case would have to be litigated in Houston, and not in Washington, D.C. The same result would occur if OSHA had sued the employer directly. The same general result would be required in cases of a regional nature, that is cases affecting no more than 10 contiguous States.

Thus, if litigation arose over the applicability of Office of Surface Mining rules to the mining of coal in the Rocky Mountain States, the case would have to be filed in one of those States. The plaintiff would still have the option of "shopping" from among those States, but it could only select from among them. Again, the case could not be filed in Washington.

The same pattern would apply in cases in which rules or decisions of the independent regulatory agencies were being challenged. If the impact of those decisions or rules were of a local or regional nature—as opposed to being of a national nature—the appeal would have to be litigated in the circuit court of appeals that has jurisdiction in that region. If the States in that region were in more than one circuit, then the case could be litigated in either circuit.

Legislating the jurisdictional disputes in the manner I have indicated is not a new or a novel concept. The Internal Revenue Service is not permitted to file suit against a taxpayer in Washington, D.C., simply because this is where the IRS is headquartered; the IRS must sue the taxpayer in the district in which he or she lives or transacts business.

The Antitrust Division of the Justice Department is even more sensitive to this issue of "forum shopping". Although the Sherman and Clayton Acts provide for nationwide service of process, and allow for the filing of antitrust cases in any district in which the defendant resides or transacts business, the Justice Department has a policy of not taking advantage of these provisions. Instead, it will only file these cases in the district in which the defendant is headquartered, or has its principal corporate facilities.

This is a far different attitude than the one enunciated by the public interest attorney quoted a few moments ago—that the District of Columbia circuit should be sought out, because it was "sympathetic" to the plaintiff's cause, and I emphasize he stated the plaintiff's cause, and not the plaintiff's case.

This legislation will bring about a different attitude, and it is one that is far preferable to the present one. This bill will bring about a long overdue reform in our Federal court system. It is just, fair, and equitable, to all parties concerned, and I urge that it be speedily approved.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1107

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That Section 1391 of title 28, United States Code, is amended—

(1) by redesignating subsection (f) as subsection (g);

(2) in subsection (e)—

(A) by striking 'A civil action' and inserting in lieu thereof the following: "Except

as provided in subsection (f) and as otherwise provided by law, a civil action"; and

(b) by striking ", except as otherwise provided by law,"; and

(3) by inserting immediately after subsection (e) the following new subsection:

"(f)(1) The provisions of paragraphs (2) and (3) shall be applicable if—

"(A) the action is brought by the United States or any agency thereof to compel a defendant to take, or refrain from taking any action that will have a direct effect within a single state or group of not more than 10 contiguous states; or

"(B) the action is brought by any party being a non-federal real party in interest to compel the United States, or any agency thereof, to take or refrain from taking any action, the enforcement of which will have a direct effect within a single state or group of not more than 10 contiguous states.

"(f)(2) A civil action of a local nature as defined in paragraph (7) of this subsection shall only be litigated in the district or circuit (A) in which the non-federal real party in interest maintains the facilities or conducts the activities which are the subject of this action, or (B) in which the federal action being sought or challenged will affect the use of any public or private property within that state. If the non-federal real party in interest is a State or local government, the action shall be brought in the district or circuit in which the State capital is located.

"(f)(3) A civil action of a regional nature as defined in paragraph (7) of this subsection shall only be brought in a district or circuit (A) in one of the states within that region in which the non-federal real party in interest maintains the facilities or conducts the activities which are subject of the action, or (B) in one of the States within the region in which the federal action being sought or challenged will affect the use of any public or private property.

"(f)(4) For purposes of this section, an action shall be deemed to be of a local or regional nature if the criteria set forth in subparagraph (C) or (D), respectively, of paragraph (7) are found to exist by the court on the motion of any party.

"(f)(5) Additional parties may be joined in any such action in accordance with the Federal Rules of Civil Procedure, but the joinder of any such party shall not affect the venue of any suit brought pursuant to paragraph (2) or (3).

"(f)(6) A copy of the summons and complaint in such actions shall be served on the Attorney General of each State in which the action could have been brought under this section. Failure to comply with the provisions of this paragraph may be cause, in the discretion of the court, for appropriate sanctions to be imposed, including a dismissal of the action without prejudice.

"(f)(7) Nothing in this section shall be construed as changing the venue for any civil action filed to enforce any provision of any civil rights laws of the United States.

"(f)(8) For purposes of this subsection—

"(A) 'non-Federal real party in interest' shall mean any party who is not an officer or employee of the United States or any agency thereof acting in his official capacity or under color of legal authority, or not an agency of the United States, or not the United States, including an intervening or third party, who will be directly affected by the Federal action, or failure to take action, that is being challenged;

"(B) 'enterprise' shall mean any sole proprietorship, partnership, corporation, or association, whether organized for profit, or otherwise;

"(C) 'of a local nature' shall mean reference to a single State, or political subdivision thereof, or enterprises doing business within that State which will be directly affected by the outcome of the action; and

"(D) 'of a regional nature' or 'region' shall mean reference to not more than 10 contiguous States, or any number of political subdivisions thereof, or any number of enterprises doing business within those States, which will be directly affected by the outcome of the action;

"(E) 'direct effect' or 'directly affected' shall mean (a) that a State or local government, or enterprise, shall be required to bear the principal portion of the financial cost of complying with any Federal action, whether that action was initiated by that agency on its own motion or in response to a civil action filed against it, or (b) that the public or private property that is the subject of the Federal action is located within that State or region, whether that action was initiated by that agency on its own motion or in response to a civil action filed against it.

"(F) 'State' shall include the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

● Mr. LAXALT. Mr. President, today I am joining my distinguished colleague from the State of Wyoming (Mr. SIMPSON) in introducing legislation which would amend the Federal venue statutes to require cases in which the Federal Government is a party to be brought in the district or circuit where the impact of the decision will have the greatest effect. I have introduced similar legislation in the 95th and 96th sessions of Congress. I believe that this legislation is of critical importance, not only in the western region of our country, but to people in every State.

Presently most cases involving the Federal Government as a party are filed in Washington, D.C. These cases often involve environmental issues, and the decision in the case will have tremendous impact on the use of land or on the activities of a business thousands of miles away from the court where that decision is being made. In many cases the only tie to Washington is the fact that the Federal Government, and perhaps a public interest law firm plaintiff, are located here. But a Washington, D.C. court hears the case with a Washington Government attorney on one side and a Washington public interest lawyer on the other. At issue will be a dam in Oregon, a water project in Montana, or a Federal wildlife refuge in Nevada.

Commonsense tells me that such cases should be tried in the district or circuit where the major impact or injury occurs. Then the judge trying the case might have a greater familiarity with the subject of the case, and a better understanding of the ultimate effect of the court's decision. The Government lawyer in this situation would be the U.S. attorney for that district, or an attorney from the regional office of the agency involved. The representative of any public interest group involved would at least have to travel to the district affected by the outcome of the suit and might develop a greater awareness of local problems and concerns. Those people who will be faced with complying with the decision, the people most affected, will have the advantage of being able to fully participate as witnesses and interested parties without incurring enormous travel costs.

The bill provides the same standard for appeals from agency decisions, many of which are now routinely filed in Washington, D.C. Usually, the established law in a circuit reflects the local customs, local laws, and special local considerations, whereas the precedent in the District of Columbia circuit mirrors the attitudes of the Federal Government.

In short, this bill, if passed, would be a significant step toward making the Federal Government more responsive to and understanding of the concerns of local interests in the States.

The unfairness of the current situation was brought forcefully to my attention when a permanent injunction was issued by the district court in Washington, D.C., enjoining the Department of the Interior from issuing permissive regulations governing the use of the Ruby Marsh in Nevada. In that case, the Defenders of Wildlife sued Secretary Andrus here in Washington to enjoin boating on the Ruby Marsh Wildlife Refuge. The Ruby Marsh is a Federal wildlife refuge which has been used for many years as a recreational lake by Nevadans. In fact, the Ruby Marsh is the only publicly owned recreational area within 125 miles of northeast Nevada's primary population centers. Yet, Nevada was not made a party to the action until the attorney general of the State inadventantly heard of the case and intervened on behalf of the State on the day of the hearing before the District of Columbia court.

The case was brought in the District of Columbia by a Washington plaintiff against the Federal Government to be decided by a District of Columbia judge, although the subject matter of the suit was the use of land and water 3,000 miles away. This case should have been tried in Nevada, by a Nevada judge, with the full and fair participation by the State of Nevada, and permitting Nevada residents, who are the primary users of the lake, at least an opportunity to sit in on the hearing.

The bill Mr. SIMPSON is introducing today, and which I am proud to cosponsor, would change the current law dramatically. It would require local cases to be brought in local courts. The case involving use of the Ruby Marsh, and hundreds of others like it, would be heard in courts in the area most affected by the outcome of the decision. The positive result would be two-fold: Better decisions, based on a greater understanding of the complete effect of the decision, would be reached; and the Federal Government would acquire an increased awareness of the concerns and considerations facing people outside Washington, D.C.

In summary, this bill returns a part of Government to the people by insuring that local problems and limitations will not be overlooked because a distant Federal court without firsthand knowledge made a decision in a legal vacuum.●

By Mr. STAFFORD:

S. 1108. A bill to amend title IV of the Higher Education Act of 1965, to em-

phasize the element of need in the guaranteed student loan program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. STAFFORD (by request):

S. 1109. A bill to make certain amendments to the Higher Education Act of 1965; to the Committee on Labor and Human Resources.

S. 1110. A bill to make certain amendments, to the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), and Public Law 93-380; to the Committee on Labor and Human Resources.

LEGISLATION RELATING TO STUDENT LOAN PROGRAMS

● Mr. STAFFORD. Mr. President, as the Chairman of the Subcommittee on Education, Arts, and Humanities, I am introducing today three bills. The first is my own proposal, necessitated by the Senate's adoption of Senate Concurrent Resolution 9 last month, to restrain the growth of the Pell grant and guaranteed student loan programs in accordance with the savings targets for these programs established under that reconciliation resolution. The second bill is one proposed by the administration to reduce the cost of those two student aid programs, and the third is also an administration measure to modify the school assistance in federally affected areas program, otherwise known as impact aid. These latter two bills are being introduced at the request of Secretary of Education Terrel Bell.

Mr. President, I offer my bill rather reluctantly, as I believe the student aid provisions of the Education Amendments of 1980, Public Law 96-375, provide an optimal framework for Federal assistance for students participating in higher education. The 1980 amendments were carefully crafted to help students meet costs of higher education which rise often beyond the rate of inflation and to afford, for the first time, equitable treatment for older, independent, and part-time students, who constitute a large and increasing proportion of the college-going population.

Nevertheless, Mr. President, events have interceded, in the form of the reconciliation instruction adopted by the Senate, to require the Labor and Human Resources Committee to modify the student aid programs to achieve savings of $711 million in budget authority in the Pell grant program and $566 million in budget authority in guaranteed student loans in fiscal year 1982. It is imperative that such changes be fashioned in a manner which affords the neediest students maximum opportunity for access to higher education through the Pell grant program, and retains a viable system of student loans.

I am concerned with the administration's proposals, which would require substantially increased family and self-help contributions for all students in the Pell grant program while college costs are skyrocketing, and would require all students, regardless of financial need, to pay interest for the period of attendance at college. Nonpayment of the in-school interest subsidy could result in unreasonable debt burdens, particularly for those who proceed from undergraduate to graduate study.

My bill meets the reconciliation targets in the following ways: First, by limiting eligibility for guaranteed student loans to students from families with adjusted gross income at or below $25,000 and to students from families incomes above $25,000 who have remaining assessed financial need; second, by changing the determination of financial need under the Pell grant program to allow the Secretary of Education to establish assessment rates on discretionary income, in accordance with the mandated congressional review procedure, by redefining social security and veterans benefits as student aid, by changing the treatment of independent students and family assets, by redefining the cost of college attendance, and by applying this needs analysis system for GSL eligibility above the $25,000 income level; third by limiting the borrowing levels for independent students to those established for dependent students; and fourth, by raising the interest rate on the new parental loan to 14 percent from 9 percent. The interest payment currently made on the student's behalf while in school is retained. Initial estimates of this proposal by the Congressional Budget Office indicate that it meets the reconciliation targets for GSL and Pell grants.

What this bill does, Mr. President, is to essentially nullify many of the important changes in student aid programs accomplished so painstakingly over the past few years, yet I consider it to be a substantial improvement, given the savings requirements imposed upon us by the budget process, over the administration's proposal.

In the guaranteed student loan program, while imposing an income threshold above which eligibility is needs-tested, it retains the critically needed in-school interest subsidy for all students. It eliminates the past abuse of convenience borrowing, but enables middle-income families with high college costs to still have recourse to guaranteed student loans based on their need. It also alleviates the problem of two forms of loans, subsidized and unsubsidized, caused by the income eligibility ceiling in effect prior to 1978. Respecting the Pell grant program, the bill allows the Secretary to establish a series of progressive assessment rates on discretionary income, subject to the congressional review process, which would be more equitable to the lowest income students than the flat rates currently in effect.

Mr. President, the Education Subcommittee has scheduled hearings on this legislation for Monday, May 11. I hope that this, and other possible alternatives which meet the reconciliation targets, will be fully considered at that time, so that we may formulate judiciously a policy of student financial assistance which is equitable for all students and enable us to continue to provide the finest possible higher education for our future national leaders.

Mr. President, I ask unanimous consent that the text of my bill, editorials from the Boston Globe and the Burlington Free Press concerning student aid programs, and the administration's student aid and impact aid proposals with section-by-section analyses, respectively, be printed in the RECORD.

There being no objection, the bills and analyses were ordered to be printed in the RECORD, as follows:

S. 1108

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Student Assistance Amendments of 1981.".

NEEDS BASIS FOR FEDERAL PAYMENTS TO REDUCED STUDENT INTEREST COSTS

SEC. 2. Section 428(a)(2) of the Higher Education Act of 1965 is amended to read as follows:

"(2)(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

"(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance in making satisfactory progress (as determined by such institution), which—

"(I) sets forth such student's estimated cost of attendance; and

"(II) sets forth such student's estimated financial assistance; and

"(ii) meet the requirements of subparagraph (B).

"(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if such student's adjusted family income—

"(i) is less than or equal to $25,000; or

"(ii) is greater than $25,000, and the eligible institution has provided the lender with a statement evidencing a determination of need and recommending a loan in the amount of such need.

"(C) For the purpose of paragraph (1) and this paragraph—

"(i) a student's estimated cost of attendance means, for the period for which the loan is sought, the tuition and fees applicable to such student together with the institution's estimate of other expenses reasonably related to attendance at such institution, including, but not limited to, the cost of room and board, reasonable transportation costs, and costs for books and supplies, pursuant to regulations prescribed by the Secretary;

"(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subparts 1 and 2 of part A, and parts C and E of this title, any amount paid under the Social Security Act to, on the account of the student which would not be paid if he were not a student, and any amount paid the student under chapters 34 and 35 of title 38, United States Code, plus other scholarship, grant, or loan assistance; and

"(iii) the determination of need and the amount of a loan recommended by an eligible institution under subparagraph (B)(ii) with respect to a student shall be determined by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any other resources or student financial assistance reasonably available to such student.".

INTEREST RATE ON PARENTAL LOANS

SEC. 3. Section 428B(c)(3) of the Higher Education Act of 1965 is amended by striking out "9 per centum" and inserting in lieu thereof "14 per centum".

NEEDS ANALYSIS AMENDMENTS

SEC. 4. (a) Section 482(b)(3) of the Higher Education Act of 1965 is amended by striking out "one-half".

(b) Section 482(b)(4) of such Act is amended to read as follows:

"(4) In determining the expected family contribution under this section for any academic year after academic year 1980–1981, the Secretary shall set a series of assessment rates to be applied to parental discretionary income.".

(c) Section 482(b)(5) of such Act is amended by—

(1) striking out clause (A);

(2) redesignating clause (B) as clause (A); and

(3) striking out "$10,000" in clause (A) (as redesignated by this subsection) and inserting in lieu thereof "$25,000".

(d) The third sentence of section 482(c) of such Act is repealed.

(e) Section 482(d) is amended to read as follows:

"(d) For the purpose of this title, the term 'cost of attendance' means for the period for which the loan is sought, the tuition and fees applicable to such student together with the institution's estimate of other expenses reasonably related to attendance at such institution, including, but not limited to, the cost of room and board, reasonable transportation costs, and costs for books and supplies.".

REMOVAL OF SEPARATE BORROWING LIMIT FOR INDEPENDENT STUDENTS

SEC. 5. (a)(1) Section 425(a)(1) of the Higher Education Act of 1965 is amended by striking out clause (A), and by redesignating clauses (B), (C), and (D) of such paragraph as clauses (A), (B), and (C), respectively.

(2) Section 425(a)(2) of such Act is amended—

(A) by striking out "(other than an independent student)", and

(B) by striking out "$15,000 in the case of any independent student who has not successfully completed a program of undergraduate education,".

(b)(1) Section 428(b)(1)(A) of such Act is amended—

(A) by striking out "(other than an independent student)", and

(B) by striking out "or not more than $3,000 in the case of an independent student (defined in accordance with section 482(c)(2)) who has not successfully completed a program of undergraduate education,".

(2) Section 428(b)(1)(B) of such Act is amended—

(A) by striking out "(other than an independent student)", and

(B) by striking out "$15,000 in the case of any independent student who has not successfully completed a program of undergraduate education,".

(c) Section 428A(a)(1)(A) of such Act is amended—

(A) by striking out ", other than an independent student,",

(B) by striking out "$3,000 (in the case of an independent student (as defined in section 482(c)(2)) who has not successfully completed a program of undergraduate education),",

(C) by striking out "(other than an independent student)", and

(D) by striking out "$15.000 in the case of any independent student who has not successfully completed a program of undergraduate education,".

EFFECTIVE DATE

SEC. 6. The amendments by this Act shall take effect July 1, 1981.

SECTION-BY-SECTION ANALYSIS OF THE BILL

Section 2. Section 2 of the bill would limit guaranteed student loan amounts to a student's "remaining need"—that is, educational costs minus all other aid and expected family contribution. Section 2 would further allow the family to meet the expected contribution for a dependent undergraduate student through a parent loan.

Section 3. Section 3 of the bill would eliminate the in-school, grace, deferment and post-deferment period interest subsidy on guaranteed student loans. Section 3 would also eliminate institutional administrative cost allowances for the Guaranteed Student Loan and Parent Loan programs.

Section 4. Section 4 of the bill would provide that parent borrowers pay interest at a rate negotiated with the lender up to a limit reflecting the yield on Treasury securities of comparable maturities plus a percentage determined by the Secretary of Education. Section 4 would also change the statutory maximum repayment period for parent loans from 10 to 20 years and would eliminate the Federal special allowance for parent loans.

Section 5. Section 5 of the bill would authorize the Secretary to require a guaranty agency to assign to the Secretary any defaulted loan on which the Secretary had said a reinsurance claim if the Secretary determines this action is necessary to protect the Federal fiscal interest.

Section 6. Section 6 of the bill would provide that a student's grant aid under subpart 1 of part A could not exceed the difference between the student's cost of attendance and the sum of the student's expected family contribution and an amount of expected self-help to be determined by the Secretary. This section would also provide that a student meet a self-help requirement for purposes of determining the amount of grant aid under subpart 2 of part A.

Section 7. Section 7 of the bill would eliminate the deduction for State and local taxes from adjusted family income for purposes of determining a student's need for aid under title IV. Section 7 would also authorize the Secretary to determine the assessment rate on parental discretionary income.

Section 8. Section 8 of the bill would authorize the Secret to determine certain living allowances for purposes of the Pell Grant program. Section 8 would also authorize the Secretary to determine allowances for books, supplies, transportation, room and board costs for students engaged in a correspondence program, the costs of study abroad, child care expenses, and the expenses of handicapped students.

Section 9. Section 9 of the bill would eliminate institutional administrative allowances for the Pell Grant program.

Section 10. Section 10 of the bill would authorize the use of the funds in the revolving account of the College Housing Loan Program to pay participation sales insufficiencies to the Government National Mortgage Association.

[From the Boston Globe, Mar. 29, 1981]

RETHINKING STUDENT AID

If President Reagan's program to revamp student aid programs passes Congress largely intact, it—maybe more than any other single budget-cutting initiative by the Administration—may have a profound effect on the Massachusetts economy. That would be enough for considerable concern in these parts. On a less parochial note, however, the Reagan proposals could dramatically affect decisions by students about whether to pursue higher education and reverse a 20-year federal effort to make available the widest range of college and university opportunities for students desiring them.

The President has proposed changes in the major government programs of student grants and student loans aimed at reducing expenditures in the next fiscal year by $1 billion. That would constitute a startling reversal in the trend that has seen the cost of government assistance grow from $585 million to $5.6 billion in the last 11 years.

The proposed changes, because they contain no "grandfathering" for the currently enrolled, could well force students to abandon college careers now in progress. They pose a particular threat to the educational plans of lower income students, but families of moderate, middle- and even upper-middle incomes may well have second thoughts about their children pursuing college educations. They seem altogether likely to make the pursuit of graduate education an opportunity available only to students of means; that prospect is only heightened by the Administration's plans to reduce government financing of research upon which many graduate students rely.

Finally, the proposed changes seem likely to force out of business a number of smaller colleges that rely heavily on tuitions for their operating income and often serve students of poor families who rely on government assistance to pay tuition. The general consensus is that black colleges would be the hardest hit. On average, 90.2 percent of the students in the 41 colleges which are members of the United Negro College Fund received financial assistance in the 1978–79 school year, according to a survey by the fund.

All of this is not to say that the Reagan proposals are wholly without merit; nor is it to ignore the fact that a number of the changes in government tuition assistance plans advocated by the Administration were first proposed to the Congress by President Carter in his last budget message. It is to suggest, however, that the impact of the pending proposals could be substantial and negative and that Congress ought to be very chary of giving full embrace to the Reagan package.

To address parochial concerns first, it is noteworthy that 122,000 students in Massachusetts borrowed $253 million last year through the government's tuition loan program. Officials concerned with financial aid estimate that the Reagan package could lower student aid coming into Massachusetts by $100 million annually. Interestingly, the largest number of borrowers from a private college, 6247, were from Northeastern, a university justly famed for its student-work program; that fact alone should put to rest the myth that if students just worked, they wouldn't need aid. In the public sector, U. Mass.-Amherst had the largest number of borrowers; that should put to rest another myth, that the primary beneficiaries of government programs are students at elite, top-dollar institutions.

The Reagan proposals affect most notably two government assistance programs—the so-called Pell grants (formerly "basic education opportunity grants") and the Guaranteed Students Loan program (GSL).

Eligibility for the Pell grants is based on a complicated formula designed to determine need. Under the Reagan plan, the maximum value of the grants, which in any event cannot cover more than half of college costs, would remain at $1750 next year; it had been scheduled to rise to $1900.

Further, under the Reagan plan, most students would be required to put up $750 toward tuition. At high tuition schools, such a requirement is virtually meaningless; Harvard, with its $10,000 annual bill, starts with the premise that the typical student will contribute at least $3000. However, in low-cost schools, the $750 requirement could pose a new hurdle, and because those schools—typically junior colleges—often serve students from low-income families, it could be a rather high hurdle. Finally, the Administration proposes to increase the percentage of a family's "discretionary income" it will be expected to spend on tuition. That in turn will lower the amount of the average grant and,

once again, raise the costs of college to families at the lower end of the income scale.

The most dramatic change proposed in the GSL program, a change initially recommended by Carter, is an alteration in the payback provisions of GSL loans, loans that can total $2500 annually for undergraduates and $5000 for graduate students. The money is borrowed from a bank at a 9 percent interest rate. The government pays the bank the difference between the 9 percent rate and the prevailing market rate for borrowing and adds a premium for the bank to cover administration. Currently, the government also pays the interest during the time the student is in college (and, under certain circumstances—when the student enters the military or the Peace Corps following graduation—for a longer period of time).

The principal change proposed by Carter and now Reagan is that repayment of the interest on the loans begin immediately. Since many students will not have the money to repay immediately, the most likely consequence is that they will seek to capitalize accrued interest rather than pay it while in school. A student who borrows the maximum $2500 a year for four undergraduate years could graduate with a $12,695 debt. If he or she then chose to go to graduate school and borrowed another $5000 annually for three years, the whole process would be compounded. The total debt would exceed $51,000 and monthly payments for principal and interest of $425 for 10 years would result. As Joseph M. Cronin, president of the Massachusetts Higher Education Assistance Corporation, told a recent congressioinal hearing: "The unfortunate student with such a debt, who happens to fall in love with a similar student, faces an almost insurmountable financial burden."

There are other wrinkles in the Reagan package. For instance, a program which began on Jan. 1, allowing parents to borrow for their children's education at the 9 percent rate but with immediate repayment would be drastically altered. The Administration would continue to have government guarantees of such loans but at market rates. Cronin told Congress that such a change "will kill participation in the . . . program."

Does all this mean no changes are in order? No. Until 1978 there was a family-income limit for borrowing through the GSL program. It was $25,000. It might be reinstituted at some higher level. By some estimates, establishing a $35,000 limit—with gradations to take into account a family's particular financial burden and with changes in the payback schedule—could save $226 million next year. Social Security and veterans benefits could be counted as student aid in calculating eligibility for Pell grants; they are not now. That could save $260 million in 1982, according to one estimate. Finally, six-month deferments of payments following graduation, which are now allowed even if the borrower is employed, could save another $6 million. Taken together, these are substantial savings.

They would give the President half a loaf. They would not, however, fundamentally reverse one of the most intrinsically valuable and economically beneficial governmental efforts of the last 20 years. It is the effort to expand the opportunities of all students, regardles of income, to attend the college of their choice if it will have them and to pursue education as far as their talents permit—for their personal satisfaction and for the good of society as a whole.

[From the Burlington Free Press, Apr. 22, 1981]

STUDENT LOAN PROGRAM GUARANTEES COUNTRY A RESEARCH OF TALENT

In an ideal society, no one would be denied an education for want of money.

The talented would be recognized for their gifts and would be given the opportunity to hone their intellectual skills in colleges and universities so that their ability could be put to use for the good of the country. The people and their governments would agree that qualified young people with training are a nation's most precious resource in facing the technical and social challenges of the coming years. And education would be appreciated for its contributions to a person's mental well being.

Because reality is some distance from the ideal in our imperfect world, college students and their families now must make substantial sacrifices in pursuit of a higher education. Rising tuition costs and fees, reflecting an inflation that besets other elements of society, already have created hardships for millions of students in the nation's colleges and universities. Without help from the government, it is doubtful whether many of them could bear the financial burden. For children of low-income families, federal grants provide the necessary assistance to lift them out of the slums and ghettoes into a new world of expanded horizons. There can be little doubt about the merit of such programs for the hope they bring to those who might otherwise be condemned to live in misery and squalor.

But the Reagan administration's decision to tighten eligibility requirements for the millions of students who are recipients of guaranteed loans could create serious problems for the nation's private colleges and universities. Without the loans, many middle-class students could be priced out of the educational market. Their families simply cannot afford to pick up the additional costs of their schooling. Some officials estimate that between 750,000 and 1 million students will be affected by the changes in the guaranteed loan program. Many will either be forced to drop out of school or transfer to state colleges and universities where costs are lower, according to financial aid officials.

Small private institutions without substantial endowments are bound to be hit hard by the new rules on student loans. Some may even be forced to close their doors.

What appears to have been overlooked by administration officials is the fact that college graduates not only make contributions to the well being of society by offering new ideas for the solution of old problems but also pay more taxes on the higher salaries they command as a result of their training. They are indeed a precious asset that the country can ill afford to lose.

Unless ways are found to continue the guaranteed student loan program in an acceptable form, the nation will not have access to a reservoir of talent that will be needed to face the challenges of the coming decades. That seems to be a high price to pay in the interests of meeting short-term goals.

S. 1109

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Amendments of 1981".

SEC. 2. (a) Section 425(a)(1) of the Higher Education Act of 1965 (hereafter referred to as "the Act") is amended by inserting at the beginning thereof the following new sentences:

"The amount of any loan made after June 30, 1981 which may be covered by Federal loan insurance under this part shall be limited to the student's financial need for the period of instruction to be covered by the loan. For purposes of this section, the term "financial need" means the estimated cost of attendance less estimated financial assistance and the expected family contribution. The eligible institution at which the student has been accepted for enrollment or at which he is in attendance shall determine the student's financial need in accordance with the provisions of section 482 of this title."

(b) Section 428(b)(1)(A) of the Act is amended by inserting before the words "authorizes the insurance" the following: "limits the amount of any loan made after June 30, 1981 to the student's financial need, as defined in section 425(a)(1), for the period of instruction to be covered by the loan by requiring the eligible institution at which the student has been accepted for enrollment or at which he is in attendance to determine the student's financial need in accordance with the provisions of section 482 of this title;".

(c) Section 439B of the Act is repealed.

(d) Section 482(a)(1) of the Act is amended by striking out "and under part B".

(e) Section 428B(b)(3) of the Act is amended by striking out "No" and inserting instead the following:

"Any loan under this section may be counted as part of the student's expected family contribution in the determination of need under this title, but no".

SEC. 3. Section 428 of the Act is amended—

(a) in subsection (a)(1)(A) by inserting before the semicolon the following: "prior to July 1, 1981", and

(b) by amending paragraph (5) of subsection (a) to read as follows:

"(5) The period referred to in subparagraphs (B) and (C) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of June 30, 1981.", and

(c) by repealing subsection (e).

SEC. 4. Section 428B of the Act is further amended—

(a) in subsection (c)(1) by inserting before the end thereof a comma and the following: "and shall be made over a period of not more than twenty years",

(b) by amending paragraph (3) of subsection (c) to read as follows:

"(3) The rate of interest on a loan made after June 30, 1981 pursuant to this section shall be set by the lender at a rate not to exceeed a rate provided by the Secretary of the Treasury after taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturity plus an allowance determined by the Secretary of Education.", and (c) in subsection (c) by inserting at the end thereof the following new paragraph:

"(4) No special allowance shall be paid to lenders pursuant to section 438 of this part on any loans made under this section after June 30, 1981."

SEC. 5. Section 428(c) of the Act is amended—

(a) in paragraph (2)(D) by striking out after the word "thereof" the comma and the words: "but shall not otherwise provide for subrogation of the United States to rights of any insurance beneficiary", and

(b) by adding at the end thereof the following new paragraph:

"(8) Where the Secretary has made a determination that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan for which the Secretary has made payment under a guaranty agreement pursuant to paragraph (1) of this subsection."

SEC. 6. (a) Section 411(a)(2)(B)(ii) of the Act is amended to read as follows:

"(ii) No basic grant under this subpart shall exceed the difference between the cost of attendance at the institution at which the student is an attendance and the sum of the expected family contribution for the student and an amount of expected self-help as determined by the Secretary. If with respect to any student, it is determined that the amount of the basic grant plus the ex-

pected family contribution and the amount of expected self-help for that student exceeds the cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of the expected family contribution, expected self-help and the amount of the basic grant does not exceed the cost of attendance at such institution."

(b) Section 413(a)(2)(A) of the Act is amended by inserting after the word "institution," the following: "less an amount equal to the amount of expected self-help as determined by the Secretary,".

SEC. 7. Section 482(b) of the Act is amended—

(a) in paragraph (3) by striking out after the word "Federal" the comma and the words "State and local", and

(b) by amending paragraph (4) to read as follows:

"(4) In determining the expected family contribution under this section for any academic year, the Secretary may set an assessment rate or a series of assessment rates to be applied to parental discretionary income."

SEC. 8. Section 482(d) of the Act is amended—

(a) in paragraph (2) by inserting before the semicolon at the end thereof the following words: "as determined by the Secretary",

(b) by amending paragraph (4) to read as follows:

"(4) for a student engaged in a program of study by correspondence, only tuition and fees and an allowance, as determined by the Secretary, for required books and supplies and travel and room and board costs incurred specifically in fulfilling a required period of residential training;",

(c) by amending paragraph (5) to read as follows:

"(5) for a student enrolled in an academic program which normally includes a formal program of study abroad, an allowance for reasonable costs as determined by the Secretary;",

(d) by amending paragraph (6) to read as follows:

"(6) for a student with dependent children, an allowance for child care expenses as determined by the Secretary;",

(e) by amending paragraph (7) to read as follows:

"(7) for a handicapped student, an allowance as determined by the Secretary for those expenses related to the handicap, including special services, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies.", and

(f) in subparagraphs (A), (C), and (D) of paragraph (3) by inserting before the semicolon at the end thereof a comma and the following: "except that for the purposes of subpart 1 of part A this allowance shall be determined by the Secretary".

SEC. 9. Section 489(a) of the Act is amended by striking out the first sentence and the words "In addition, an" and inserting instead the word "An".

SEC. 10. Paragraph (2) of section 401(d) of the Housing Act of 1950 is amended by inserting before the period at the end thereof the following: "and for expenses and payments of the Secretary in connection with the sale, under section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this section."

SEC. 11. (a) This Act and the amendments made by this Act shall take effect on the date this Act is enacted except as provided in subsection (b).

(b) The amendments made by subsections (c), (d), and (e) of section 2, subsection (a) of section 4, and section 6 shall take effect on July 1, 1981. The amendments made by subsection (c) of section 3 and section 9 shall be effective October 1, 1980.

SECTION-BY-SECTION ANALYSIS

Section 2. Section 2 of the bill would eliminate payments to school districts for children whose parents either live or work on Federal property or are in the uniformed services. Section 2 would limit payments for children who reside on Federal property with a parent who works on Federal property or who is on active duty in the uniformed services to those school districts in which the number of these children is equal to or greater than 20 per cent of total attendance. Section 2 would also eliminate phase-out entitlements to school districts losing a substantial number of children due to a decrease or cessation of Federal activities.

Section 3. Section 3 of the bill would repeal section 4(d) of the Act, which provides an adjustment for certain decreases in Federal activities. Section 3 would also repeal sections 4 (a), (b), and (c) of the Act, which authorize assistance for sudden and substantial increases in attendance resulting from activities carried on by the Federal government.

Section 4. Section 4 of the bill would amend the tier structure established by section 5(c) of the Act to require the Secretary to pay 100 per cent of entitlements under section 2 and 90 per cent of entitlements under section 3(a), except in the case of children who live in low-rent housing. Payments for children in low-rent housing would be limited to 20 percent of entitlement. Section 4 would also amend section 5(b)(2) to limit preliminary payments to 75 per cent of the amount an agency is estimated to be entitled to for the current year.

Section 5. Section 5 of the bill would eliminate certain hold harmless provisions which were designed to offset the effect of decreased military activities that occurred in 1974 and 1975 and to phase in the reforms made by P.L. 93-380 in 1974.

Section 6. Section 6 of the bill would change the threshold eligibility for major disaster assistance to $10,000 or 5 per cent of the district's operating expenditures during the fiscal year preceding the one in which the disaster occurred, whichever is less.

S. 1110

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Impact Aid Amendments of 1981".

SEC. 2. Section 3 of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress) (hereafter referred to as "the Act") is amended—

(a) by repealing subsection (b),

(b) by amending subsection (c) to read as follows:

"3(c) No local educational agency shall be entitled to receive a payment for any fiscal year with respect to a number of children determined under subsection (a) unless the number of children so determined constitutes at least 20 per centum of the total number of children who were in average daily attendance at the schools of such agency and for whom such agency, during such fiscal year, provided free public education.",

(c) by amending subsection (d)(1) to read as follows:

"3(d)(1) Except as is provided in paragraph (2), the amount to which a local educational agency shall be entitled under this section for any fiscal year shall be an amount equal to 100 per centum of the local contribution rate multiplied by the number of children determined for such fiscal year with respect to such agency.",

(d) in subsection (d)(2)(B) by striking out "either subsection (a) or subsection (b), or both" wherever it appears and inserting instead of the words "subsection (a)",

(e) in subsection (d)(2)(C) by striking out the words "or (b)(3)", and

(f) by repealing subsection (e).

SEC. 3. Section 4 of the Act is repealed.

SEC. 4. Section 5 of the Act is amended—

(a) in subsection (a) and (b) by striking out the words "2, 3, or 4" and inserting instead the following: "2 or 3",

(b) in subsection (b)(2) by striking out "such agency received during such preceding fiscal year" and inserting instead the following: "it is estimated such agency will receive in the current fiscal year",

(c) by amending subsection (c) to read as follows:

"(c) If the sums appropriated for any fiscal year for making payments on the basis of entitlements established under sections 2 or 3 for that year are not sufficient to pay in full the total amounts which the Secretary estimates all local educational agencies are entitled to receive under such sections for such year, the Secretary shall first allocate to each local educational agency which is entitled to a payment under section 2 an amount equal to 100 per centum of the amount to which it is entitled as computed under that section for such fiscal year and he shall further allocate to each local educational agency which is entitled to a payment under section 3(a) an amount equal to 90 per centum of the amount to which it is entitled as computed under section 3(d) for such fiscal year, except that he shall allocate to each local educational agency which is entitled to a payment for children, who while in attendance at such agency, resided on Federal property which is described in clause (c) of section 403(1), an amount equal to 20 per centum of the amount to which it is entitled as computed under section 3(d) for such fiscal year.", and

(d) by repealing subsection (e).

SEC. 5. Paragraphs (B) and (C) of the second paragraph of section 305(b)(2) of Public Law 93-380 are repealed.

SEC. 6. Section 7(a)(3) of the Act is amended by striking out "$1,000 or one-half of 1 per centum" and inserting instead "$10,000 or 5 per centum".●

By Mr. ARMSTRONG:

S. 1111. A bill to stop retroactive application of IRS letter ruling 80-19120; to the Committee on Finance.

LEGISLATION RELATED TO IRS LETTER RULING

● Mr. ARMSTRONG. Mr. President, today I am introducing legislation to stop the retroactive application of the IRS letter ruling 80-19120 which overturned what had been the tax practice of auto lease agreements for the past two decades.

At issue is whether an auto lease is, for tax purposes, a lease, or whether it is a conditional sale. For the past two decades, auto dealers and their customers held—without challenge by IRS—that for tax purposes that an auto lease was that—a lease.

But on December 20, 1979, IRS issued 80-19120 which held that such lease agreements were conditional sales, and would be taxed accordingly. Worse, IRS applied its definition to all lease agreements consumated in recent years.

Many thoughtful people question the wisdom of this IRS interpretation. In fact, the Tax Court in a suit filed on this issue just held that the IRS ruling was invalid.

Mr. President, the bill I introduce prevents the IRS from applying its new position retroactively of letter ruling 80-

19120. The bill is eminently fair, and I urge its quick enactment.●

BY Mr. HEINZ:

S. 1112. A bill to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

REAUTHORIZATION OF EXPORT ADMINISTRATION ACT

● Mr. HEINZ. Mr. President, I am introducing a bill to authorize the Export Administration Act for fiscal years 1982 and 1983. This authorization contains three amendments to the act which I believe to be noncontroversial in nature. They would strengthen the deterrent effect of the act and increase cooperation among all the agencies of Government concerned with enforcement and oversight of the act. This bill also reflects my continuing commitment to keep the cost of Government to the minimum while still providing sufficient funds for vital functions such as the administration of export licenses and controls. The Banking Committee plans to mark up this bill on May 8.●

By Mrs. HAWKINS:

S. 1113. A bill to amend the Food Stamp Act of 1977 to reduce fraud and other illegal activities in connection with the administration of the food stamp program, to provide for mandatory sentences for certain offenses committed under such act, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

AMENDMENT OF FOOD STAMP ACT

Mrs. HAWKINS. Mr. President, I rise today to introduce a bill entitled "The Food Stamp Program Amendments of 1981." The food stamp program had its genesis in the laudable desire to erase the blight of hunger from our Nation. An allotment plan, based on a carefully designed nutritional program, was put into effect, with food stamps exchangeable for groceries at thousands of stores. No one can doubt that the food stamp program has provided a necessary supplement for millions of lower income Americans.

But the integrity of the food stamp program is now threatened because of widespread fraud and abuse. Recent hearings before the Senate Agriculture Committee provided evidence of a shocking black-market traffic in food stamps. Evidence before the Agriculture Committee, of which I am a member, has demonstrated that in many instances, food stamps are used as a second currency. Food stamps are now used for purchase of items ranging from stereos and automobiles to marihuana and funerals. On the black market, food stamps are sold at a cut rate, and resold for a profit. This illegal network is so extensive that its participants know that contacts can easily be found. Food stamps thus become equivalent to money in many transactions.

Estimates of the total fraud in the system vary as widely as ways to perpetrate fraud. Some estimates exceed $2 billion a year. Food stamp fraud taints the entire program, casting unwarranted aspersions on even honest recipients.

The food stamp program is uniquely susceptible to abuse, and to bolster it against being undermined further, reform is urgently needed. Last week, I was pleased to join with Senator DOLE in introducing the Food Stamp Accountability Act of 1981, which contains many desirable provisions. The Accountability Act goes a long way toward making food stamp abuse more difficult.

Nevertheless, I believe that additional legislation is required to deter and punish known abuse of the system. Accordingly, I am proposing that the present penalty provisions be amended to provide for stiffer sentences upon conviction for intentional abuse.

For individual recipients, a felony conviction—that is, illegal use involving at least 100 dollars' or more worth of stamps—would be subject to a 6-month minimum sentence. The court would have the option to order the violator to perform approved work to provide restitution for losses.

In the case of the grocer or trafficker who participates in fraud by presenting for payment or redemption unlawfully acquired stamps, felony conviction would carry a 1-year minimum prison sentence.

Since enforcement of the food stamp law rests to a large extent with State and local officials, it is essential that they have the tools to investigate and prosecute violations. Accordingly, my bill statutorily overrules the regulations which prevent State and local investigators from examining food stamp applications. Testimony before the Agriculture Committee, and my own inquiries indicate that this single investigative reform would reduce food stamp fraud by quantum proportions.

Furthermore, applicants should be put on notice that their applications are subject to verification by appropriate officials, and that providing false information will expose them to criminal penalties. When applicants know that their representations will not be simply swallowed whole and forgotten by the bureaucracy, fraud is sure to decline. Honest applicants have nothing to fear from such a provision. Coupled with the Food Stamp Accountability Act's financial incentives to State and local investigations, my bill will provide a strong deterrent.

My bill is simple and to the point. It will not unduly penalize the minor violator, since it will leave the judge broad discretion in misdemeanor cases. It will not require an entirely new bureaucracy to be effective. And it will restore integrity to the food stamp program, removing the taint of fraud from honest participants.

I want to commend Senator DOLE, Chairman HELMS, and other members of the Agriculture Committee for their longstanding commitment to providing food for the truly needy by cutting out fraud and abuse in th's program. I especially want to applaud Senator DOLE's comprehensive approach to enhance program management, combat fraud, and close loopholes in the food stamp program.

On behalf of the people of Florida, I want to thank Senator HELMS and my other colleagues on the Agriculture Committee for extending a warm welcome to the three Floridians whose testimony about abuse in the program stunned us all and alarmed the public about the critical need for speedy and effective reform. Although Florida testimony at the food stamp hearings focused attention on the staggering proportions of food stamp abuse in our State, I believe the problem is a national one.

I join newspaper editors throughout Florida and the Nation who have called for a concerted nationwide effort to root out corruption. As the Tallahassee Democrat stated recently:

> Not only are the taxpayers being cheated, so are those who need more help but get less because of rip-offs in the system.

I agree with those who have concluded that "when Florida officials develop 1,584 probable food stamp fraud cases in the same time 24 States make no cases at all and 12 other States make fewer than 10 cases, you know something is wrong."

This legislation when enacted will go a long way toward righting the wrongs that have plagued the existing program and will address the serious concerns that law enforcement officials have expressed to the Agriculture Committee.

Food stamps are a necessary part of our overall program to provide basic nutrition to the truly needy. I believe that my bill will bolster the food stamp program, and increase the funds available for deserving Americans. I urge my colleagues to join me in supporting this measure.

Mr. President, I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1113

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food Stamp Program Amendments of 1981".

NOTICE OF INFORMATION CHECK

SEC. 2. Section 11(e)(2) of the Food Stamp Act of 1977 (7. U.S.C. 2020) is amended by inserting after the first period the following new sentence: "Each application form shall contain in understandable terms and in prominent and bold face lettering a statement that the information provided by the applicant in connection with his application for a coupon allotment will be subject to verification by Federal, State and local officials to determine if such information is factual and that if any part of such information is incorrect food stamps may be denied to the applicant, and that the applicant may be subjected to criminal prosecution for knowingly providing incorrect information.".

REMOVAL OF PROHIBITION AGAINST DISCLOSURE OF INFORMATION TO STATE AND LOCAL LAW ENFORCEMENT OFFICIALS

SEC. 3. Clause (8) of section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by striking out the semicolon at the end of such clause and inserting in lieu thereof a comma and the following: "except that, notwithstanding any other provision of law, the foregoing provisions of this clause shall not be construed to prohibit access to or the disclosure of such information to State and local law enforcement officials for

the purpose of investigating possible or alleged violations of this Act or regulations issued thereunder;".

MINIMUM MANDATORY COURT SENTENCES FOR CRIMINAL OFFENSES; WORK RESTITUTION PROGRAM

SEC. 4. (a) Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by striking out "Any" at the beginning of such section and inserting in lieu thereof "Subject to the provisions of section 15(c)(2) of this Act, any".

(b) Subsections (b) and (c) of section 15 of such Act (7 U.S.C. 2024 (b) and (c)) are amended to read as follows:

"(b)(1) Subject to the provisions of paragraph (2) of this subsection, whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization cards are of a value of $100 or more, be guilty of a felony and upon conviction thereof, shall be imprisoned for not less than six months nor more than five years and may also be fined not more than $10,000, or, if such coupons or authorization cards are of a value of less than $100, shall be guilty of a misdemeanor and, upon conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than $1,000.

"(2) In the case of any individual convicted of an offense under paragraph (1) of this subsection, the court may permit such individual to perform work approved by the court for the purpose of providing restitution for losses incurred by the United States and the State agency as a result of the offense for which such individual was convicted. If the court permits such individual to perform such work and such individual agrees thereto, the court shall withhold the imposition of the sentence on the condition that such individual perform the assigned work. Upon the successful completion of the assigned work the court shall suspend such sentence.

"(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of $100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act shall be guilty of a felony and, upon conviction thereof, shall be imprisoned for not less than one year nor more than five years and may also be fined not more than $10,000, or, if such coupons are of a value of less than $100, shall be guilty of a misdemeanor and, upon conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than $1,000.".

FOOD STAMP PROGRAM AMENDMENTS OF 1981
SECTION-BY-SECTION ANALYSIS

Section 1.—Title: "Food Stamp Program Amendments of 1981."

Section 2.—Warning to applicants regarding verification and penalty: Provides that each food stamp application form shall contain a conspicuous warning that the information provided by the applicant will be subject to verification by Federal, State and local officials, and that the applicant will be subject to prosecution for knowingly providing incorrect information.

Section 3.—Provision for access by State and local officials to applications: Removes the administrative prohibition against disclosing information in applications to State and local officials investigating possible violations of the Act and its related regulations.

Section 4.—Minimum mandatory sentences for offenses; work restitution: Provides for a six-month minimum sentence for felony violations involving the use, transfer, acquisition, alteration or possession of food stamps. Court has the option to order any individual convicted to perform work to provide restitution for losses incurred by agencies as a result of the violation. With respect to felony offenses involving presenting coupons or redemption, a one-year minimum mandatory sentence is provided for.

By Mr. HEINZ:

S. 1116. A bill to authorize appropriations for the international affairs functions of the Department of the Treasury for fiscal year 1982; to the Committee on Banking, Housing, and Urban Affairs.

AUTHORIZATION OF INTERNATIONAL AFFAIRS FUNCTIONS OF TREASURY

● Mr. HEINZ. Mr. President, I am introducing a bill to authorize the international affairs functions of the Treasury for fiscal year 1982. This authorization, as requested by the administration, represents a $900,000 reduction in authorization from the previous fiscal year and hence reflects the continuing commitment of the new administration to reduction in the cost of Government. The Banking Committee plans to mark up this bill on May. 8.●

By Mr. CRANSTON:

S. 1117. A bill to designate certain lands in the Shasta Trinity National Forest, Calif., as the Mount Shasta Wilderness; to the Committee on Energy and Natural Resources.

S. 1118. A bill to designate certain lands in the Angeles and San Bernardino National Forests, Calif., as the Sheep-Mountain Wilderness; to the Committee on Energy and Natural Resources.

LEGISLATION ESTABLISHING MOUNT SHASTA WILDERNESS AREA AND SHEEP MOUNTAIN WILDERESS AREA I CALIFORNIA

Mr. CRANSTON. Mr. President, today I am introducing legislation to designate two wilderness areas in California—the Mount Shasta Wilderness in the Shasta-Trinity National Forest and the Sheep Mountain Wilderness in the Angeles and San Bernardino National Forests. I previously sponsored both bills in the 96th Congress.

I am reintroducing this legislation to emphasize my continued support for the establishment of the Mount Shasta and Sheep Mountain Wilderness areas. In each case, legislation is needed to finalize RARE II wilderness recommendations so that proposed ski development can go forward. I would very much like to retain new opportunities for skiing at Mount Shasta and Mount Baldy, near Sheep Mountain, and have carefully drawn the boundaries so that the areas proposed for development are entirely outside the wilderness areas.

Mt. Shasta is renowned as one of the most beautiful mountains in California. Rising more than 14,000 feet in elevation and snow capped year round, Mount Shasta is a dominant awe-inspiring feature that can be seen from many parts of northern California and southern Oregon. It is noted as the largest volcano in the continental United States and as the locale for the distinctive Mount Shasta red fir. This bill designates 37,000 acres at Mount Shasta as wilderness.

In 1978 an avalanche destroyed five towers of the existing ski lift on Mount Shasta. Since that time, there has been no replacement of facilities for downhill skiing on the mountain, in large part because the permittee has wanted to relocate to lands proposed by some groups for wilderness designation and recommended as wilderness in RARE II. The Forest Service needs to know what the final boundaries will be and what lands are available for ski development before the agency can issue a use permit. Thus, it is extremely important that Congress move forward with Mount Shasta Wilderness legislation at an early date.

The Sheep Mountain area offers a wilderness experience within an hour's drive of the 10 million people living in the Los Angeles Basin. The area, rugged and precipitous with five dominating peaks, is important as the habitat of the Nelson bighorn sheep, now considered vulnerable to extinction. The bill I am introducing today would provide for a 44,400-acre Sheep Mountain wilderness.

There is an existing ski area at Mount Baldy just outside the proposed wilderness with a capacity to handle over 3,300 skiers at one time. The Forest Service has issued a new permit for the Mount Baldy ski area which includes the Stockton Flats area within the ski permit boundary. Expansion into Stockton Flats could provide ski opportunities for an additional 1,750 skiers. In addition, the permittee has a continuing interest in expansion of the Mount Baldy ski area to the northeast of Mount San Antonio. I feel that the proposed expansion should not be foreclosed and thus have excluded both Stockton Flats and the northeast face of Mount San Antonio from the wilderness area.

I am aware that there is an omnibus California wilderness bill pending in the House of Representatives which includes Mount Shasta and Sheep Mountains. I am very pleased that that legislation (H.R. 859) provides for the same Mount Shasta and Sheep Mountains boundaries as are contained in my bills. It is my great hope that the California RARE II issues—both wilderness and nonwilderness—can be resolved in this 97th Congress so that important projects like the Mount Shasta and Mount Baldy ski developments can proceed.

Mr. President, I ask unanimous consent that the texts of both bills be printed at this point in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1117

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in furtherance of the purpose of the Wilderness Act of September 3, 1964 (78 Stat. 890, 892, 16 U.S.C. 1132), certain lands in the Shasta Trinity National Forest, California, which comprise approximately 37,000 acres, as generally depicted on a map entitled "Mt. Shasta Wilderness—Proposed", are hereby designated as the Mt. Shasta Wilderness.

SEC. 2. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map of the wilderness area and a legal description of its boundaries

with the Energy and Natural Resources Committee of the United States Senate and the Interior and Insular Affairs Committee of the House of Representatives, and such map and description shall have the same force and effect as if included in the Act: *Provided, however,* That correction of clerical and typographical errors in such legal description and map may be made. The map and description of the boundaries of such lands shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

SEC. 3. The wilderness designated by this Act shall be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness.

S. 1118

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in furtherance of the purpose of the Wilderness Act of September 3, 1964 (78 Stat. 890, 892; 16 U.S.C. 1132) certain lands in the Angeles and San Bernardino National Forests, California, which comprise approximately 44,400 acres, as generally depicted on a map entitled "Sheep Mountain Wilderness—Proposed," are hereby designated as the Sheep Mountain Wilderness.

SEC. 2. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map of the wilderness area and a legal description of its boundaries with the Energy and Natural Resources Committee of the United States Senate and the Interior and Insular Affairs Committee of the House of Representatives, and such map and description shall have the same force and effect as if included in the Act: *Provided, however,* That correction of clerical and typographical errors in such legal description and map may be made. The map and description of the boundaries of such lands shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

SEC. 3. The wilderness designated by this Act shall be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness.

By Mr. ARMSTRONG:

S.J. Res. 77. A joint resolution to require a balanced Federal budget; to the Committee on the Judiciary.

BALANCING THE FEDERAL BUDGET

● Mr. ARMSTRONG. Mr. President, 200 years ago a balanced Federal budget was the presumption and general agreement of our Founding Fathers. It was an unwritten doctrine that the Government should not and would not spend more than it collected in revenues.

In recent decades this doctrine has changed. Where temporary deficits once were used in emergency situations, they are now commonplace. In 8 years the debt ceiling has been increased 20 times, and each time the same tired arguments have been trotted out to justify doing something which in our hearts we knew was not good for the future of this country. Clearly, it is time that we renew the unwritten doctrine of our forefathers and establish a constitutional constraint on the budget.

Today I am introducing in the Senate a proposal which was suggested by the distinguished Representative JOHN ROUSSELOT. This legislation addresses the issue of balancing the Federal budget along with reducing taxes to offset the effects of inflation.

In particular, this amendment:

Requires a balanced Federal budget except when the Nation is at war or when the amendment is suspended by a three-fifths vote in both Houses and signed by the President, or, if not signed by the President, a vote of two-thirds of both Houses.

Reduces the rates of taxes, duties, imports, and excises to offset the effects of inflation.

Establishes a procedure whereby any bill or joint resolution having the effect of increasing taxes must be approved by a three-fifths vote of both Houses and signed by the President, or, if not signed by the President, a two-thirds vote in both Houses.

Requires a majority vote in both Houses and the President's signature to reduce taxes, or, failing the President's signature, a two-thirds vote in both Houses.

By requiring a supermajority of both Houses it is harder to raise taxes and unbalance the budget. Tax rate reductions are encouraged by needing the approval of only a simple majority to be enacted, and the effects of inflation on taxes are overcome by requiring Congress to reduce the tax rates.

The time has indeed come to recognize the necessity of a balanced budget. We can no longer yield to an increasing national debt. No better example can be given than that of the 30 States that have now joined in support of a constitutional convention to draft a balanced budget amendment. The legislation I am offering today is an idea worthy of consideration, and I compliment my good friend JOHN ROUSSELOT for this legislative inspiration. I agree with him that it is important that Congress act to more firmly establish the unwritten budget discipline of our forefathers as a constitutional amendment.●

ADDITIONAL COSPONSORS

S. 20

At the request of Mr. SASSER, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 20, a bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy.

S. 170

At the request of Mr. MOYNIHAN, the Senator from Ohio (Mr. GLENN), the Senator from Georgia (Mr. MATTINGLY), and the Senator from Ohio (Mr. METZENBAUM) were added as cosponsors of S. 170, a bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions.

S. 270

At the request of Mr. SCHMITT, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 270, a bill to amend the Communications Act of 1934 in order to encourage and develop marketplace competition in the provision of certain radio services and to provide certain deregulation of such radio services, and for other purposes.

S. 293

At the request of Mr. THURMOND, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 293, a bill to amend the Food Stamp Act of 1977 to prohibit any household from participating in the food stamp program if such household has one or more members on strike as a result of a labor dispute.

S. 360

At the request of Mr. DURENBERGER, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 360, a bill to amend the Internal Revenue Code of 1954 to improve productivity and employment by promoting capital investment in small business, and for other purposes.

S. 396

At the request of Mr. DANFORTH, the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of S. 396, a bill to impose quotas on the importation of automobiles from Japan during 1981, 1982, and 1983.

S. 398

At the request of Mr. ARMSTRONG, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 398, a bill to amend the Walsh-Healey Act and the Contract Work Hours Standards Act to permit certain employees to work a 10-hour day in the case of a 4-day workweek, and for other purposes.

S. 443

At the request of Mr. DANFORTH, the Senator from Delaware (Mr. ROTH) was added as a cosponsor of S. 443, a bill to clarify the limits of the authority of the Department of Education.

S. 502

At the request of Mr. MOYNIHAN, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 502, a bill to amend the Internal Revenue Code to permit foreign pension plans to invest in the United States on a nontaxable basis.

S. 568

At the request of Mr. ARMSTRONG, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 568, a bill to amend the Federal Mine Safety and Health Act of 1977.

S. 578

At the request of Mr. MOYNIHAN, the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. EAST), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Montana (Mr. BAUCUS), and the Senator from Montana (Mr. MELCHER) were added as cosponsors of S. 578, a bill to amend the Internal Revenue Code to change certain accounting rules related to inventory.

S. 602

At the request of Mr. RIEGLE, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 602, a bill to amend the investment credit provisions of the Internal Revenue Code of 1954 to provide for refundability of currently earned investment credits after the close of the year in which earned and for refundability of any previously earned but unused investment credit after the

close of the last year to which the unused credit may be carried.

S. 626

At the request of Mr. MOYNIHAN, the Senator from Montana (Mr. BAUCUS), the Senator from Ohio (Mr. METZENBAUM), the Senator from Maryland (Mr. SARBANES), and the Senator from Maine (Mr. MITCHELL) were added as cosponsors of S. 626, a bill to the Internal Revenue Code with respect to offsetting positions in personal property, and for other purposes.

S. 771

At the request of Mr. MOYNIHAN, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 771, a bill to amend the Internal Revenue Code to increase the dependent and child care credit and to make it refundable.

S. 790

At the request of Mr. RIEGLE, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 790, a bill to amend section 44 of the Internal Revenue Code of 1954 to allow a credit against tax for the purchase of certain new principal residences, and for other purposes.

S. 922

At the request of Mr. BOREN, the Senator from California (Mr. HAYAKAWA), the Senator from Louisiana (Mr. JOHNSTON), the Senator from South Carolina (Mr. THURMOND), the Senator from Iowa (Mr. JEPSEN), the Senator from Idaho (Mr. MCCLURE), and the Senator from Arizona (Mr. GOLDWATER) were added as cosponsors of S. 922, a bill to amend the Farm Labor Contractor Registration Act of 1963, as amended, and for other purposes.

S. 992

At the request of Mr. SASSER, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 992, a bill to amend Title 11 of the United States Code.

S. 1015

At the request of Mr. CRANSTON, the Senator from Michigan (Mr. LEVIN), the Senator from Colorado (Mr. HART), and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of S. 1015, a bill to separate the Peace Corps from the ACTION Agency.

S. 1072

At the request of Mr. BOREN, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of S. 1072, a bill to amend the Internal Revenue Code of 1954 to provide an exclusion from gross income of interest earned on qualified housing savings certificates.

S. 1080

At the request of Mr. ROTH, the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 1080, a bill to amend the Administrative Procedures Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs; to provide for a periodic review of resolutions; and for other purposes.

SENATE JOINT RESOLUTION 29

At the request of Mr. HEINZ, the Senator from Wyoming (Mr. WALLOP), and the Senator from Kentucky (Mr. FORD) were added as cosponsors of Senate Joint Resolution 29, a joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with the first Sunday in June of each year as "National Garden Week."

SENATE JOINT RESOLUTION 31

At the request of Mr. GOLDWATER, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Joint Resolution 31, a joint resolution to establish procedures regarding the termination of, or withdrawal from, treaties of military alliance, defense, or national security by the United States, and for other purposes.

SENATE JOINT RESOLUTION 51

At the request of Mr. DOLE, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of Senate Joint Resolution 51, a joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Inc.), and designating May 10 to 16, 1981, as "CARE week."

SENATE JOINT RESOLUTION 65

At the request of Mr. PELL, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of Senate Joint Resolution 65, a joint resolution proclaiming Raoul Wallenberg to be an honorary citizen of the United States, and requesting the President to ascertain from the Soviet Union the whereabouts of Raoul Wallenberg and to secure his return to freedom.

SENATE JOINT RESOLUTION 66

At the request of PRYOR, the Senator from Indiana (Mr. LUGAR), the Senator from Louisiana (Mr. LONG), and the Senator from Maine (Mr. COHEN) were added as cosponsors of Senate Joint Resolution 66, a joint resolution designating May 6, 1981, as "National Nursing Home Residents Day."

SENATE CONCURRENT RESOLUTION 14

At the request of Mr. HEINZ, the Senator from Missouri (Mr. DANFORTH) was added as a cosponsor of Senate Concurrent Resolution 14, a concurrent resolution expressing support for a further extension of our footwear orderly marketing agreements with Taiwan and Korea.

SENATE CONCURRENT RESOLUTION 18

At the request of Mr. GOLDWATER, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Senate Concurrent Resolution 18, a concurrent resolution 18, a concurrent resolution relating to the free exercise of religion in the Ukraine.

SENATE RESOLUTION 65

At the request of Mr. DURENBERGER, the Senator from Iowa (Mr. JEPSEN), the Senator from Delaware (Mr. ROTH), the Senator from South Dakota (Mr. ABDNOR), the Senator from Maine (Mr. MITCHELL), and the Senator from Michigan (Mr. RIEGLE) were added as cosponsors of Senate Resolution 65, a resolution to promote alternative nonanimal testing procedures.

SENATE RESOLUTION 116

At the request of Mr. LONG, the Senator from Colorado (Mr. HART) was added as a cosponsor of Senate Resolution 116, a resolution to urge the Civil Aeronautics Board to refrain from extraordinary action with regard to the proposed merger between Texas International Airlines and Continental Airlines.

AMENDMENT NO. 38

At the request of Mr. CRANSTON, the Senator from Colorado (Mr. HART), the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of amendment No. 38 intended to be proposed to S. 848, a bill to authorize appropriations for the Peace Corps, and for other purposes.

SENATE RESOLUTION 120—RESOLUTION DISAPPROVING THE PROPOSED DEFERRAL OF CERTAIN VETERANS' BUDGET AUTHORITY

Mr. CHILES (for himself, Mr. HUDDLESTON, Mr. CRANSTON, Mr. KASTEN, Mr. DECONCINI, Mr. EXON, Mr. SASSER, Mr. BENTSEN, Mr. RANDOLPH, and Mr. MATSUNAGA) submitted the following resolution; which, pursuant to the order of January 30, 1975, was referred jointly, to the Committee on Appropriations, the Committee on the Budget, and the Committee on Veterans' Affairs:

S. RES. 120

Whereas, the provision of medical care for veterans remains a top national priority, even during periods of fiscal restraint, and

Whereas, efficient and effective provision of medical care by the Veterans' Administration requires a full complement of physicians, nurses, other health professionals and support staff, and

Whereas, section 5010(a)(4) of title 38, United States Code, requires the Director of the Office of Management and Budget, in each fiscal year, to provide the Veterans' Administration the full personnel ceiling for which the Congress has appropriated funds, and those funds, in three specified Veterans' Administration appropriation accounts (the medical care, medical and prosthetic research, and medical administration and miscellaneous operating expense accounts), and

Whereas, the Comptroller General, in opinion B-198108, dated February 19, 1981, has held that the Impoundment Control Act of 1974, 31 U.S.C. 1400 *et seq.*, may not be used to deny to the Veterans' Administration such ceiling and funds mandated to be made available in a given fiscal year pursuant to such section 5010(a)(4) and thereby defeat the mandate of that section, and

Whereas, notwithstanding the foregoing, the Director of the Office of Management and Budget continues to withhold, by virtue of the deferral proposals which are the subject of this resolution (D81-95 and D81-96), such personnel ceiling and funds for two of the Veterans' Administration appropriation accounts involved, the medical care and the medical and prosthetic research accounts (including ceiling and funds expressly intended by Congress to improve and expand readjustment counseling services for Vietnam-era veterans in the Vet Centers program), and

Whereas, the Comptroller General has determined that rather than temporarily deferring expenditure of these funds until the fourth quarter of fiscal year 1981, it is intended to use these funds for other purposes and leave the positions unfunded for the entire fiscal year; avoiding such diversion of appropriated funds away from medical care staffing to other purposes was the intent of Congress in enacting section 5010(a)(4), and

Whereas, in light of that action, the Senate in adopting this resolution of disapproval of such proposed deferral is not, and

should not be deemed to be, disagreeing with the opinion of the Comptroller General, or condoning the unlawful withholding of the Director of the Office of Management and Budget, but rather is taking all feasible steps to assert its view that the Veterans' Administration must be provided all personnel ceilings in each fiscal year for which funds are appropriated in the specified accounts,

Therefore, be it resolved that the Senate disapproves the proposed deferrals, D81-95 and D81-96, which would defer the amounts of $29,389,000 and $1,690,000 of budget authority for the Veterans' Administration, as set forth in the message transmitted by the President to the Congress on March 10, 1981, under section 1013 of the Impoundment Control Act of 1974.

VETERANS' DEFERRAL

● Mr. CHILES. Mr. President, I am submitting this resolution on behalf of myself and Senators HUDDLESTON, CRANSTON, KASTEN, DECONCINI, EXON, SASSER, BENTSEN, RANDOLPH, and MATSUNAGA.

Mr. President, this resolution would disapprove the proposed deferral of $31 million of medical care staffing funds for the Veterans' Administration. We believe that maintaining an adequate level of staffing at VA hospitals and clinics is one of those basic protections for the disadvantaged that should not be cut back to achieve fiscal restraint.

No one has argued that these facilities are overstaffed, or even that they are adequate to meet the current demand for services. The administration's proposal shows a reduction in hospital days of service and a reduction in outpatient clinic visits. Yet the need for service is growing, not declining.

The administration argues that it is not cutting back on doctors and nurses, only on support staff. In medical facilities, support staff are not some kind of excess paper pusher. They are the technicians, the nurses' aides, the caseworkers who enable the physicans to perform their job efficiently. If you cut back on support staff, each physician will be able to treat fewer patients. If you cut back on laboratory technicians, physicians will not be able to get X-rays or diagnostic tests performed in a timely fashion. The result will be, simply, less medical care for the veteran.

Mr. President, in addition to the substantive problem of cutting back services, we have a procedural problem with this deferral. Congress has frequently had problems with the Office of Management and Budget withholding funds for congressionally mandated staffing.

This is an institutional problem, not a partisan one: OMB acts the same whether the President is a Democrat or a Republican. I strongly support the President's position that he wants to streamline the bureaucracy and reduce the size of Government.

This deferral resolution does not speak to the constitutional question of whether the President's authority to manage the executive branch includes the power to determine staffing levels.

Rather, we are dealing with a limited situation in which Congress has examined a certain need, the need for veterans' medical care, and determined that a minimum level of staffing is required to serve that need. In the last session of Congress, we passed a law (Public Law 96-151) which mandated that OMB provide the Veterans' Administration with the full personnel ceiling for which Congress has appropriated funds.

Despite this legislation, OMB has refused to grant the VA an exemption from the President's hiring freeze. Instead, they have submitted this proposed deferral of funds for the two affected appropriation accounts.

Mr. President, the Budget and Impoundment Control Act of 1974 was written to resolve procedural disputes of this sort. That act gives the Comptroller General the responsibility to rule on the appropriateness of proposed actions to withhold funds. We have submitted this situation to the Comptroller General, and he has ruled that the deferral is an illegal action circumventing the law that mandates the hiring of staff for which funds are appropriated.

Let me quote the final paragraphs from the Comptroller General's letter of February 10, 1981.

In light of the provisions of section 1001 it is our view that the Impoundment Control Act may not be used to deny to VA the funds and related positions mandated to be available by paragraph 5010(a)(4). In this connection, and in the context of paragraph 5010(a)(4), we see no distinction between a congressional mandate to spend and a mandate to allot positions and make funds available to fill them.

We conclude that 38 U.S.C. 5010(a)(4) precludes the administration from using the President's hiring freeze, as implemented by OMB Bulletin No. 81-6, to reduce congressionally funded VA employment levels. We also hold that all the funds appropriated for the designated positions in the medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses accounts for fiscal year 1981 must continue to be available to fill those positions.

The Comptroller General followed this finding with the following conclusion in his April 13, 1981, letter to the President of the Senate:

In the first two cases, deferrals D81-95 and D81-96 would reduce the funded personnel levels 1,280 and 49 below the mandated levels established by Congress. . . . Consequently, we believe that deferrals D81-95 and D81-96 are unauthorized to the extent they result in a reduction in the personnel levels below those mandated by Congress. . . .

Based on the foregoing, we recommend the adaption of an impoundment resolution disapproving deferrals D81-90 and D81-96 on the basis that they are unauthorized under the Impoundment Control Act. This action would require the administration to make the funds available to fund the position mandated by the Congress.

Mr. President, I ask unanimous consent that a complete set of correspondence with the Comptroller General and his letter to the President of the Senate appear in the RECORD at this point.

Mr. President, let me state for the RECORD that by introducing this resolution we are not conceding the legality of the proposed deferral. That is also made clear in the text of the resolution. Rather, we are taking the most expeditious action available to correct OMB's mistake and allow the medical staff to be hired.

Mr. President, under the terms of the Budget Act, this resolution will be referred to the Budget and Appropriating Committees. Those committees must report the resolution back to the Senate with their recommendations in more than 25 days. I hope those committees, of which I am a member, will report quickly, and that the full Senate will then act to disapprove this improper withholding of funds. Far beyond any legal niceties regarding budget procedure, passing this resolution will allow the VA to hire at least the minimum staff it needs to operate its medical facilities. Certainly we can afford to provide medical service to those veterans who have already provided military service to our country.

Mr. President, before I close I would like to especially compliment Senator CRANSTON, who has taken the lead in this area as ranking member of the Veterans' Affairs Committee. As chairman of the Veterans' Committee he pioneered the legislation which mandated the hiring of medical staff for whom funds are appropriated. As shown by the correspondence with the Comptroller General, he has not slackened in his efforts to see that these critical services are provided. He is a true friend of the veteran.

Mr. President, I ask unanimous consent that certain correspondence relating to this matter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., April 13, 1981.

To the President of the Senate and the Speaker of the House of Representatives.

On March 10, 1981, the President's sixth special message for fiscal year 1981 was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. The special message proposes three new rescissions of budget authority totalling $128.0 million; 24 new deferrals totalling $825.5 million and revisions to five previously-reported deferrals increasing the amount deferred by $876.4 million as follows:

DEPARTMENT OF THE INTERIOR

R81-35—Office of the Solicitor and Office of the Secretary, Youth Conservation Corps, 1410109.

NATIONAL CONSUMER COOPERATIVE BANK

R81-36—Investment in National Consumer Cooperative Bank, 201/21866, 200/11866.

R81-37—Self-Help Development and Technical Assistance, 280/10201, 281/20201.

Our comments on the legal aspects of rescission proposals R81-36 and R81-37 are contained in Enclosure I to this report.

In Enclosure I, we conclude that funds proposed for rescission in R81-36 may not be withheld pending congressional consideration of the proposal. Based on the current legislative calendar, the 45-day period of continuous session during which the funds may be withheld pending congressional consideration of a rescission bill will end on May 10, 1981, for rescission proposals R81-35 and R81-37.

D81-89—Federal Highway Administration, Trust Fund Share of Other Highway Programs, 69X8009.

Our comments on deferral proposal D81-89 are contained in Enclosure II to this report.

D81-90—Federal Railroad Administration, Railroad Research and Development, 69X0745.

D81-91—Federal Railroad Administration, Rail Service Assistance, 69X0122.

D81-92—Federal Railroad Administration, Northeast Corridor Improvement Program, 69X0123.

We are not in a position to assess the merits of this deferral from a fiscal policy viewpoint. However, it should be noted that GAO issued a report (CED-81-23, October 31, 1980) on

the impact of work cutbacks similar to those affected by this deferral. The report showed that work cutbacks could result in reduced ontime reliability, reduced passenger comfort, reduced safety for passengers and crew members, and increases in future maintenance costs.

D81-93—Urban Mass Transportation Administration, Urban Mass Transportation Fund, (Urban Discretionary Grants), 69X1119, 691/41119.

D81-94—Research and Special Programs Administration, Research and Special Programs, 6910104, 69X0104.

VETERANS ADMINISTRATION

D81-95—Medical Care, 3610160.

D81-96—Medical and Prosthetic Research, 360/10161, 361/20161, 36X0161.

D81-97—Medical Administration and Miscellaneous Operating Expenses, 3610152.

The deferral message D81-95 states that "this deferral action reflects a decision to defer funds for non-direct case staffing of 1,280 full-time equivalents until the fourth quarter." Similar statements are made in deferral messages D81-96 and D81-97 concerning 74 and 14 full-time equivalents, respectively. Agency officials told us, and we agree, that these statements are misleading because they imply that the positions will be funded in the fourth quarter. However, these funds are planned to help offset pay increases and reduce the agency's need for a supplemental appropriation. Consequently, it is likely that the deferrals will result in all or part of these positions going unfunded for the rest of fiscal year 1981.

These deferrals pose a legal issue which GAO addressed in a letter to the Chairman of the Senate Committee on Veterans' Affairs, dated February 19, 1981, (Enclosure III). We concluded that 38 U.S.C. 5010(a)(4) requires the Director of the Office of Management and Budget, in each fiscal year, to provide to the Veterans' Administration the full funded personnel ceiling for which the Congress has appropriated funds for the year in three specified accounts. Consequently, we concluded that the funds needed to fill these positions could not be deferred or otherwise withheld during fiscal year 1981 even on the basis of a Government-wide hiring freeze. Deferrals D81-95, D81-96, and D81-97 involve the accounts covered by 38 U.S.C. 5010(a)(4). In the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, Pub. L. No. 96-524, 94 Stat. 3045, 3059, the Congress appropriated approximately $6 billion, $132 million, and $51 million, respectively for "Medical Care." "Medical and Prosthetic Research," and "Medical Administration and Miscellaneous Operating Expenses." The committee reports accompanying the Act, when read with President Carter's budget requests, indicate the following mandated health-care positions under the three accounts:

Medical Care	185,848
Medical and Prosthetic Research	4,418
Medical Administration and Miscellaneous Operating Expenses	832

As required by law, the Director of OMB certified in letters to the Chairman of the House and Senate Veterans' Affairs Committees, dated January 15, 1981, that the following health care positions had be made available:

Medical Care [1]	185,848
Medical and Prosthetic Research	4,443
Medical Administration and Miscellaneous Operating Expenses	853

[1] Deferral message D81-95 states that 185,869 positions are involved. The additional 21 positions are funded from sources other than the appropriation involved here. Because our discussion concerns the use of funds appropriated to the Medical Care account, the number of positions relevant to our analysis is 185,848. As required by 31 U.S.C. 5010(a)(4)(C), we reported in letters to the Chairmen of the House and Senate Appropriations and Veterans' Affairs Committees that the Director of OMB had complied with 31 U.S.C. 5010(a)(4) by releasing at least the required number of positions to VA. B-198103, February 3, 1981. However, the letter cautioned that any determination that the Director was in compliance with the law would turn on the application of the presidential hiring freeze to such positions.

The effect of the President's deferrals would be to reduce the funded positions from the levels previously released by OMB to the following levels:

Medical Care	184,568
Medical and Prosthetic Research	4,369
Medical Administration and Miscellaneous Operating Expenses	839

In the first two cases, deferrals D81-95 and D81-93 would reduce the funded personnel levels 1,280 and 49 below the mandated levels established by Congress. The level resulting from deferral D81-97 still would be above the mandated level of 832 for Medical Administration * * * by Congress. Consequently, we believe that deferrals D81-95 and D81-96 are unauthorized to the extent they result in a reduction in the personnel levels below those mandated by Congress. In the case of D81-95, the entire reduction is unauthorized, and in the case of D81-96, the reduction of 49 positions of the 74 proposed by the President is unauthorized. No similar problem exists with regard to D81-97.

In our February 19, 1981, decision, we noted that OMB officials informally advised us of their view that the required certification did not limit application to these positions of a Government-wide hiring freeze and that a deferral report would satisfy the certification requirement. Subsequently, OMB informally advised us that section 5010(a)(4) is not a mandate which limits the President's authority to propose a deferral under the Impoundment Control Act. Our decision is to the contrary.

Based on the foregoing, we recommend the adoption of an impoundment resolution disapproving deferrals D81-95 and D81-96 on the basis that they are unauthorized under the Impoundment Control Act. This action would require the Administration to make the funds available to fund the positions mandated by the Congress.

D81-98—Construction, Major Projects, 36X0110.

GENERAL SERVICES ADMINISTRATION

D81-99—Office of Inspector General, 4710108.

D81-100—Allowances and office staff for former Presidents, 4710105.

D81-101—Consumer Information Center, 4710104.

SMALL BUSINESS ADMINISTRATION

D81-41A—Business Loans and Investment Fund, 73X4154.

We commented on the effects of a deferral of funds for SBA's direct loan program in our report on D81-41, propcsed by President Carter in the third special message for fiscal year * * *.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., February 19, 1981.

Hon. ALAN CRANSTON,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate.

DEAR SENATOR CRANSTON: This is in response to your concern as to whether the hiring freeze imposed by President Reagan on January 20, 1981, violates section 5010(a)(4) of title 38 of the United States Code. That section requires the Director of the Office of Management and Budget, in each fiscal year, to provide to the Veterans' Administration the full funded personnel ceiling for which the Congress has appropriated funds for the year in three specified accounts. The hiring freeze, on the other hand, with some exceptions, precludes all Executive branch agencies from hiring any employees after January 20, 1981.

As is our usual practice, we requested the views of the concerned agencies—in this instance, the Office of Management and Budget (OMB) and the Veterans' Administration (VA). We have not yet received the formal written comments of OMB. However, we have been told informally that it is OMB's position that: 1. The Director of OMB has already complied with the statute; 2. the temporary hiring freeze is not inconsistent with the full-time employee equivalent (FTE) certification because the VA could use all available staff years after the freeze is lifted; 3. the required certification does not limit the President's authority to impose a Government-wide hiring freeze; and 4. the certification requirement would be satisfied with a deferral report to the Congress delaying availability of some of the funds appropriated for medical care staffing, to be used later on to partially offset the need for a supplemental appropriation to cover the October 1, 1980, pay raise.

In its response to our inquiry the VA takes the position that 38 U.S.C. § 5010(a)(4) is an absolute mandate to OMB to allow VA to fill all positions for which Congress has appropriated funds, and that the President does not have legal authority to prevent VA from hiring to fill those positions.

We agree with the Veterans Administration. For the reasons indicated below, it is our opinion that the presidential hiring freeze is not applicable to the positions which the Congress has required to be released for fiscal year 1981. We also hold that the funds needed to fill these positions may not be deferred or otherwise withheld during fiscal year 1981.

THE STATUTE

As is relevant to this decision, 38 U.S.C. § 5010(a)(4) provides:

"(A) With respect to each lawmaking appropriations for the Veterans' Administration, there shall be provided to the Veterans' Administration the funded personnel ceiling defined in subparagraph (D) of this paragraph and the funds appropriated therefore.

"(B) In order to carry out the provisions of subparagraph (A) of this paragraph, the Director of the Office of Management and Budget shall with respect to each such law (i) provide to the Veterans' Administration for the fiscal year concerned such funded personnel ceiling and the funds necessary to achieve such ceiling * * *.

* * * * *

"(D) For the purposes of this paragraph, the term 'funded personnel ceiling' means, with respect to any fiscal year, the authorization by the Director of the Office of Management and Budget to employ (under the appropriation accounts for medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses) not less than the number of employees for the employment of which appropriations have been made for such fiscal year."

This provision was passed by the Congress in response to actions by the Administration blocking VA from hiring all the health-care employees for which Congress had appropriated funds. The statute was intended to insure that VA was staffed at the level specified by the Congress by preventing the Administration from withholding funded personnel positions from VA. Thus, in the explanatory statement accompanying the compromise bill which contained paragraph 5010(a)(4), the House and Senate Committees on Veterans' Affairs jointly stated:

"The compromise agreement requires the Director of OMB to provide to the VA the personnel ceiling for VA health-care staffing for which appropriations are made * * *.

"The Committees believe that it is essen-

tial that when the Congress appropriates funds specifically designated for VA personnel levels, OMB not thwart the will of Congress by requiring the VA to use the funds so appropriated for other purposes (as occurred in fiscal year 1979 when funds appropriated for additional personnel were diverted, at OMB's direction, to cover in part the VA's cost of the Federal Government pay raise)." 125 Cong. Rec. 34865 (December 6, 1979).

Also, in explaining the compromise bill to the House, Representative Hammerschmidt, Ranking Minority Member of the Subcommittee on Medical Facilities and Benefits, Committee on Veterans' Affairs, said:

"Another provision is aimed at preventing the recurrence of a situation that generated widespread outrage earlier this year. The Office of Management and Budget directed the Veterans' Administration to use funds appropriated by the Congress to prevent the planned closing of hospital beds within the VA medical system for another purpose. The appropriated funds were used, instead, to absorb the Federal pay raise for VA employees and the bed closings went ahead as planned.

"The Director of OMB is required by the bill before us to allocate funds to the VA for the health care staffing Congress intends, * * *" 125 Cong. Rec. 34870 (December 6, 1979).

See also the statements of Representative Satterfield, Chairman, Subcommittee on Medical Facilities and Benefits (125 Cong. Rec. 34862 (December 6, 1979)), and your statement (125 Cong. Rec. 34984 (December 6, 1979)).

By its terms, the statute requires the Director of OMB to make available to the VA the funds appropriated by the Congress for personnel and to authorize VA to employ at least the number of employees for which funds were appropriated in the three specified accounts. The means for determining the personnel ceiling intended by the Congress was specified in the compromise agreement explanatory statement referred to above:

"The term 'for which appropriations have been made for . . . [a particular] fiscal year' in subparagraph (D) of new paragraph (4) of section 5010(a), as used with respect to an appropriation Act, means the appropriations amount that is identified unequivocally in the legislative history of such Act (including the President's budget submissions for the appropriations account involved) as intended to support a specified employment level." 125 Cong. Rec. 34865 (December 6, 1979).

In the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, Pub. L. No. 96-526, 94 Stat 3045, 3059, the Congress appropriated approximately $6 billion, $132 million, and $51 million respectively for "Medical Care", "Medical and Prosthetic Research," and "Medical Administration and Miscellaneous Operating Expenses." The committee reports accompanying the Act, when read with the President's budget requests, indicate the following mandated health-care positions under the three accounts:

Medical care	185,848
Medical and Prosthetic Research	4,418
Medical Administration and Miscellaneous Operating Expenses	832

Under 38 U.S.C. § 5010(a)(4) the Director of OMB is required to authorize VA to fill at least this number of positions, and must make available sufficient funds to pay their salaries.

Subparagraph (C) of paragraph 5010(a)(4) requires the Comptroller General to verify that the Director of OMB has complied with the statute. By letters of February 3, 1981, HR1-63 (B-198103), the Comptroller General reported to the Chairmen of the House and Senate Appropriations and Veterans Affairs committees that the Director had released at least the required number of positions to VA. However, the letters cautioned that any determination that the Director was in compliance with the law would turn on the application of the presidential hiring freeze to the VA.

THE HIRING FREEZE

On January 20, 1981, President Reagan issued to the Heads of Executive Departments and Agencies a Memorandum announcing "a strict freeze on the hiring of Federal civilian employees to be applied across the board in the executive branch." *See* 46 Fed. Reg. 9907. The Memorandum indicated that the Director of OMB would issue detailed instructions concerning the freeze. The President delegated to the Director of OMB the authority to grant exemptions from the freeze in special circumstances. Thus the Director of OMB is administering the freeze and it is by his directions that Executive Branch agencies are not hiring.

On January 24, 1981, OMB issued Bulletin No. 81-6 providing "for an immediate and total freeze on the hiring of Federal civilian personnel as directed by the President * * *." The Bulletin directs all Executive Branch departments and establishments to stop all hiring immediately. The Bulletin provides for exemptions from the freeze including "situations where medical, hospital or health care is furnished directly * * *."

In response to our inquiry we have been informally notified by OMB that the Director of OMB granted a blanket exemption from the freeze to VA with respect to positions delivering direct health-care services (doctors, nurses, dentists, etc.). However the Director denied a blanket exemption for VA administrative and other positions funded under the three specified appropriation accounts. The Director indicated that he would consider requests for exemptions for these positions on a facility by facility basis.

Because all three accounts contain appropriations for personnel other than direct health-care personnel, the Director's decision not to exempt these positions amounts to an impoundment of funds which were made immediately available for obligation by 38 U.S.C. § 5010(a)(4). In this respect, we see no difference in the application of a Government-wide hiring freeze to the VA, or a freeze imposed only on the VA. Both types of actions would prevent the use of budget authority otherwise made immediately available for obligation and therefore constitute impoundments, even though no formal impoundment message has been transmitted to the Congress to date.

CONTENTIONS OF OMB STAFF[1]

OMB, however, contends that the Director has already complied with the requirements of paragraph 5010(a)(4) by releasing funds and the Congressionally-directed employment ceiling to VA. It apparently is OMB's position that paragraph 5010(a)(4) does not impose a continuing obligation on the Director to maintain the funded VA personnel ceiling throughout the entire fiscal year.

OMB's interpretation of paragraph 5010(a)(4) would completely defeat the intent of the Congress and we must reject it. As we have indicated, paragraph 5010(a)(4) was enacted specifically to prevent OMB from reducing VA staffing below the congressionally-funded level. It was the intent of the Congress that VA be free to fill all of the positions for which the Congress made annual appropriations. To interpret 5010(a)(4) as allowing the Director to withdraw the personnel ceiling after he had initially granted it would clearly thwart the will of the Congress.

OMB next argues that 5010(a)(4) merely requires the Director to release the positions; it is not a mandate to the VA to actually hire to the full employment ceiling. Therefore, the hiring freeze, which does not actually reduce the ceiling, does not violate the language of the statute.

Certainly, OMB is correct that by its terms 5010(a)(4) does not compel the VA to fill all the positions funded by the Congress. However, the paragraph does require that the Administration not deprive the Administrator of Veterans' Affairs of the authority to fill all the positions should he choose to do so. Clearly it was the intent of the Congress to remove by statute the power of the Administration to reduce VA employment ceilings below the congressionally authorized level. As we have indicated 5010(a)(4) was enacted by the Congress specifically in response to Administration action which prevented the VA from filling congressionally funded health care positions in fiscal year 1979. In reporting the compromise language which became 5010(a)(4) the House and Senate Veterans' Affairs Committees made it clear that the statute would force OMB to release all congressionally funded positions to VA

Interpreting 5010(a)(4) to allow OMB to control hiring by means of a hiring freeze would be as much contrary to the intent of the Congress as allowing OMB to actually withhold the positions from VA. The OMB Bulletin which implements the freeze purports to deprive the Administrator of Veterans' Affairs of the power to fill the congressionally funded positions, which is not permitted by paragraph 5010(a)(4).

OMB next contends that 5010(a)(4) does not deprive the President of his power to manage the Executive Branch of the Government.

The President's power to manage the Government derives from his constitutional designation as Chief Executive and his responsibility to see that the laws are faithfully executed. However, the President may not use his powers to prevent the law from being fulfilled. *See Kendall* v. *United States*, 12 Pet. (37 U.S.) 524, 613 (1838); *National Treasury Employees Ass'n* v. *Nixon*, 492 F.2d 587, 604 (D.C. Cir. 1974); *Haring* v. *Blumenthal*, 471 F.Supp. 1172, 1179 (D.D.C. 1979). A presidential order may not supersede contradictory statutory provisions or policies. *Marks* v. *Central Intelligence Agency*, 590 F.2d 997, 1003 (D.C. Cir. 1978); *Weber* v. *Kaiser Aluminum & Chemical Corp.*, 563 F.2d 216, 227 (5th Cir. 1977), *rev'd on other grounds, United Steelworkers* v. *Weber*, 443 U.S. 193 (1979).

Clearly paragraph 5010(a)(4) directs the Executive not to withhold from the VA the authority to fill the congressionally-funded personnel ceiling. The President cannot use his executive powers to defeat this statute. Rather he has a constitutional obligation to see that it is fulfilled.

OMB contends that to the extent that 5010(a)(4) deprives the President of his executive powers it is contrary to the Constitution. This Office will not consider the constitutionality of congressional enactments in ruling on the legality of Federal agency actions. We consider every Federal law to be valid until such time as a Federal court of competent jurisdiction declares it to be unconstitutional.

OMB finally argues that 5010(a)(4) does not preclude the Administration from using the provisions of the Impoundment Control Act of 1974, 31 U.S.C. § 1400 *et seq.*, to attempt to control Federal expenditures. OMB indicates that it intends to propose a deferral of budget authority for the VA positions not filled and to instruct VA to use this budget authority later in the fiscal year in lieu of a supplemental to cover the costs of the Federal pay increase. We do not think the

[1] As we have indicated, we have not received any formal written comments from OMB. For the remainder of this decision when we refer to OMB positions or contentions we are referring to the views of OMB staff informally communicated to us.

President's impoundment authority is available, however, to defeat a clear congressional mandate that certain funds be made immediately available for obligation.

On April 16, 1980, the President proposed a deferral (D80–65) of funds available for the Federal-Aid Highways Program. Several district courts held that the fourth disclaimer in the Impoundment Control Act, 31 U.S.C. § 1400(4), precluded the President from impounding funds by reducing the obligational ceiling established by Congress and, thereby, reducing the allotment to the states.[2] The courts held that the fourth disclaimer exempts from the application of the Impoundment Control Act any law "which requires the obligation of budget authority or the making of outlays thereunder." The statute involved in the Highway cases requires the Secretary of Transportation to allot funds to the states by formula, subject to an obligational ceiling. Reducing the obligational ceiling would have had the effect of reducing the states' allotments, and, therefore, the amount that could be obligated to and expended by the states. Though the fourth disclaimer speaks in terms of obligations and outlays and the Federal Highway Act's mandatory requirement is in terms of the apportionments to the states, the courts still held that the President was precluded by the fourth disclaimer from impounding funds under the Impoundment Control Act.

The situation involved here is analogous to the Highways cases. Both section 5010(a) and the Federal Highway Act require a type of allotment but neither statute requires the recipient of the funds to spend them. In both situations, some further action must occur after the allotment and before funds are actually obligated and spent. In the case of section 5010(a), VA determines that positions need to be filled, finds qualified individuals, and hires them. In the case of the Federal-Aid Highways Program, a state determines it needs the funds, submits a program plan and obtains Department of Transportation approval. Furthermore, the reduction of available positions in contravention of section 5010(a) and the reduction of the obligational ceiling in contravention of the Federal-Aid Highways Act have the same effect—the amount of funds available for obligation and expenditure are reduced. Since the Impoundment Control Act was not available in the Highway cases, it should not be available to OMB to reduce the positions allocated to VA and, thereby, reduce the funds available to it.

Section 1001 of the Impoundment Control Act, 31 U.S.C. § 1400, provides:

"Nothing contained in this Act, or in any amendments made by this Act, shall be construed as—

* * * * *

(4) superseding any provision of law which requires the obligation of budget authority or the making of outlays thereunder."

In light of the provisions of section 1001 it is our view that the Impoundment Control Act may not be used to deny to VA the funds and related positions mandated to be available by paragraph 5010(a)(4). In this connection, and in the context of paragraph 5010(a)(4), we see no distinction between a Congressional mandate to spend and a mandate to allot positions and make funds available to fill them.

We conclude that 38 U.S.C. § 5010(a)(4) precludes the administration from using the President's hiring freeze, as implemented by OMB Bulletin No. 81–6, to reduce congressionally funded VA employment levels. We also hold that all the funds appropriated for the designated positions in the Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expenses accounts for fiscal year 1981 must continue to be available to fill those positions.

Sincerely yours,

MILTON J. SOCOLAR,
Acting Comptroller General of the United States.

CONGRESS OF THE UNITED STATES,
Washington, D.C., April 8, 1981.

MILTON J. SOCOLAR, Esquire,
Acting Comptroller General of the United States, General Accounting Office, Washington, D.C.

DEAR MR. SOCOLAR: We are writing to ask your opinion as to whether the Director of the Office of Management and Budget is currently in compliance with section 5010(a)(4) of title 38, United States Code. The provisions of that section require him to provide the Veterans' Administration with the authority to employ the numbers of personnel for which Congress has appropriated funds in the VA's medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses accounts.

Previously, in a letter dated February 19, 1981, then Comptroller General Staats concluded that section 5010(a)(4) "precludes the administration from using the President's hiring freeze . . . to reduce congressionally funded VA employment levels in those accounts."

On or about March 10 that freeze was terminated, and the VA has now been provided with reduced fiscal year 1981 ceilings for the three accounts involved as follows: medical care—183,188 FTEE's; medical and prosthetic research—4,354 FTEE's; and MAM OE—828 FTEE's. Each ceiling is below the level, as determined in Mr. Staats' February 19 letter, for which Congress has appropriated funds in the account involved.

Moreover, it clearly appears from the VA's revised FY 1982 budget documents that funds appropriated for employment of the numbers of employees intended by the Congress is now being applied to offset a substantial part of the need for a supplemental appropriation to pay for the costs of the October 1980 Federal civilian pay raise. It would be most ironic for the Administration to consider such action to be consistent with the provisions of section 5010(a)(4) because, as the legislative history (set forth, in part, in Mr. Staats' letter, pages 2–3) clearly shows, it was precisely that type of action—the divergence of funds appropriated for certain numbers of VA health-care personnel to help defray the costs of the October 1978 civilian pay raise—that led to the enactment of section 5010(a)(4).

We would greatly appreciate your responding to our request as expeditiously as possible.

Sincerely,

G. V. MONTGOMERY,
Chairman.
JOHN PAUL HAMMERSCHMIDT,
Ranking Minority Member, House Committee on Veterans' Affairs.
ALAN CRANSTON,
Ranking Minority Member, Senate Committee on Veterans' Affairs.

CONGRESS OF THE UNITED STATES,
Washington, D.C., January 23, 1981.

Hon. ELMER B. STAATS,
Comptroller General of the United States, Washington, D.C.

DEAR MR. COMPTROLLER GENERAL: As you will recall, in a letter dated July 29, 1980, to Senator Cranston (a copy of which is enclosed for your convenience), you addressed the question of whether a non-statutory Executive Branch limitation on hiring imposed on the Department of Medicine and Surgery of the Veterans' Administration would constitute a violation of section 5010(a)(4) of title 38 (as added by section 301 of the Veterans' Health Programs Extension and Improvement Act of 1979, Public Law 96–151). Under section 5010(a)(4), the Director of the Office of Management and Budget must provide the VA with the authorization to employ under the VA's medical care and two other related accounts not less than the numbers of employees for which appropriations have been made for the fiscal year concerned.

In your letter, you indicated that, if a non-statutory limitation on hiring decreased employment authorizations for the three VA appropriation accounts involved, the statutory requirement would prevail, and thus suggested that such a limitation would constitute a violation of law. You noted, however, that you would have to review the specifics of any future limitation in order to assess it appropriately in terms of section 5010(a)(4).

In light of that earlier analysis, we would appreciate receiving, as soon as possible, an opinion from you on whether the "strict freeze on the hiring of Federal civilian employees" ordered by President Reagan on January 20, 1981, violates section 5010(a)(4) of title 38. (A copy of the memorandum imposing that freeze is enclosed.)

We note that, under Public Law 96–526, the Department of Housing and Urban Development-Independent Agencies Appropriations Act of 1981, signed into law on December 15, 1980, Congress has appropriated funds for the employment of, according to advice from the Appropriations Committees, a total of 191,108 full-time employee equivalents (FTEE's) under the accounts in question in fiscal year 1981. Thus, section 5010(a)(4) requires the Director of OMB to provide the VA with the authorization to employ that number of employees under those accounts, and the "freeze" directive raises the question whether it has the effect of decreasing below that number the authorizations for the accounts involved. In this connection we also note that, in the directive, the President has delegated to the Director of OMB "the authority to grant exemptions in those rare and unusual circumstances where exemptions are necessary for the delivery of essential services", and we ask that you also determine whether it is lawful under section 5010(a)(4)—in light of the fact that the aforementioned appropriations have been made for FTEE's (staff years)—for VA hiring under these accounts to be "frozen" during the time that would be required for the making of an application for an exemption.

In view of the obvious time constraints entailed in this request and the enormous adverse impact that even a short-term freeze can have on the provision of health care by the VA, we would appreciate receiving your opinion on these issues at your very earliest convenience.

We would also note that the 30-day deadline, set forth in section 5010(a)(4)(B), for the Director of OMB to provide you and the appropriate committees of the Congress with certification that the employment authorizations have been provided to the VA has once again been violated—this time with respect to Public Law 96–526—and we look forward to receiving the report that you will be filing under section 5010(a)(4)(C) with respect to Public Law 96–526.

Sincerely,

Alan K. Simpson, Chairman, Alan Cranston, Ranking Minority Member, Senate Committee on Veterans' Affairs, G. V. Montgomery, Chairman, John Paul Hammerschmidt, Ranking Minority Member, House Committee on Veterans' Affairs.

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[2] In the 1980 Supplemental Appropriations and Rescissions Act, the Congress rendered the question of the legality of deferral D80–65 moot. Accordingly, in cases pending before courts of appeals, the district courts' rulings were vacated. However, we believe the analysis contained in many of these cases is useful and provides guidance in the situation before us.

COMPTROLLER OF THE UNITED STATES,
Washington, D.C., July 29, 1980.

Hon. ALAN CRANSTON,
Chairman, Committee on Veterans' Affairs, U.S. Senate.

DEAR Mr. CHAIRMAN: As required by section 301 of Public Law 96–151, we reviewed the Office of Management and Budget's (OMB) certification of the apportionment of funded personnel ceilings and funds to the Veterans' Administration's (VA) Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expenses appropriations for fiscal year 1980. On March 17, 1980, we certified that the Director, OMB, had complied with the section 301 requirements and had provided VA the funded personnel ceilings and funds made available in the fiscal year 1980 HUD-Independent Agencies Appropriations Act (Public Law 96–103).

This was the first time that we had to interpret OMB's responsibility under section 301 to "provide" to the VA the funded personnel ceiling specified in the legislative history of the appropriation. The Committee staff has expressed concern over our initial interpretation of the statute.

In the instant case, our review showed that OMB was willing to apportion to the VA all full-time equivalent employees (FTEEs) specified in the legislative history of the appropriation. The VA, however, chose to delay implementation of the Pilot Preventative Health Care Program authorized by Public Law 96–22, and on July 13, 1979, it notified OMB that it was decreasing its request for authorized personnel by 104 FTEEs. Accordingly, OMB's personnel authorization for Public Law 96–22 programs was 104 FTEEs less than that provided for by the appropriation.[1]

We initially interpreted the responsibility assigned to the OMB by section 301 of Public Law 96–151 with a view toward the statutory purpose of preventing OMB interference in VA's staffing needs. Our certification was based on the fact that by making available to the VA as much of the appropriated staff as the VA wished to apply for, the OMB was not interfering in the VA staffing process, and was therefore "providing" to the VA the funded personnel ceiling as appropriated by Congress.

Because the Comptroller General's certification responsibilities under section 301 of Public Law 96–151 are of a continuing nature, and in light of subsequent discussions with the Committee staff, we have given serious reconsideration to our initial interpretation of this section. We continue to question whether, in the instant case, the purposes of Public Law 96–151 would have been furthered by requiring OMB to apportion to the VA 104 FTEE positions which the VA had already informed OMB it had no intention of filling. Our reexamination of section 301 and its legislative history has, however, led us to the conclusion that were the term "provide" to be interpreted in the manner suggested by the Committee staff, it would minimize any possibility of OMB interference in the VA's staffing needs, in keeping with the statutory purpose of section 301. This interpretation recognizes that section 301 of Public Law 96–151 requires OMB to authorize the personnel ceilings identified in the legislative history of the appropriation regardless of whether the VA chooses to formally apply to OMB for such positions, so long as funds sufficient to pay for the positions are appropriated. In the future, therefore, our review of OMB compliance with section 301 will examine whether OMB actually authorizes the funded personnel ceilings appropriated by Congress, as opposed to whether OMB makes such positions available to the VA for release upon request.

The Committee staff also requested our opinion as to the effect of section 301 of Public Law 96–151 on any future hiring freeze imposed by the executive branch. It is clear to us that the statute would prevail over any non-statutory OMB-imposed limitation on hiring which would have the effect of decreasing employment authorizations for the three VA accounts specified in the statute below the personnel levels specified by Congress. Of course, we would have to review the specifics of any future OMB limitation in order to assess its impact in terms of section 301.

We hope that this letter clarifies any misunderstanding which may have arisen concerning our initial certification of OMB's compliance with section 301 and our understanding of congressional intent in this matter.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

[1] OMB's personnel authorization for another VA account, Medical Administration and Miscellaneous Operating Expenses (MAMOE), was also less than that specified in the appropriation. Two FTEEs were removed from that account through a VA reprogramming request. After the request was denied by the OMB, the VA failed to request that the two FTEEs be restored to the MAMOE account. OMB has expressed its readiness to restore the FTEEs upon proper application by the VA.

THE WHITE HOUSE,
Washington, D.C., January 30, 1981.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

Subject: Hiring freeze.

I am ordering today a strict freeze on the hiring of Federal civilian employees to be applied across the board in the executive branch.

This action is necessary because the national budget is out of control. Estimates of Federal spending for fiscal years 1981 and 1982 have—in a single year—increased by $100 billion.

Last July, during my campaign for the Presidency, I pledged that we would take this action as a first step towards controlling the growth and size of government and stopping the drain on the economy by the public sector.

Imposing a freeze now can eventually lead to a significant reduction in the size of the Federal work force. This begins the process of restoring our economic strength and returning the Nation to prosperity.

The Director of the Office of Management and Budget will issue detailed instructions concerning this freeze. I am delegating to him authority to grant exemptions in those rare and unusual circumstances where exemptions are necessary for the delivery of essential services.

I ask that in carrying out this directive you insure the smallest impact possible on those areas of your agencies' operations that vitally affect the public, such as the processing of social security claims and the payment of veterans and retirement benefits. You should seek efficient use of personnel and funds by making reallocations within your respective agencies to meet highest priority needs and to assure that essential services are not interrupted.

Obviously, contracting with firms and institutions outside the government to circumvent the intent of this directive must not be permitted.

This begins the process of revising and reducing the 1981 and 1982 budgets, a project that will occupy much of our time during the coming weeks and months.

This will be a demanding period for all of us; it is also a time of challenge and an unusual opportunity to serve our Nation well. I am relying upon you for strict implementation of this directive.

RONALD REAGAN.

OFFICE OF THE PRESS SECRETARY,
January 20, 1981.

FACT SHEET—HIRING FREEZE

Summary: President Reagan today imposed a freeze on the hiring of civilian employees by all Executive Departments and Agencies.

BACKGROUND

During the campaign, President Reagan pledged that he would impose a freeze on civilian hiring by Executive departments and agencies. This would be one step in reducing the size, cost, and intrusion of government in the lives and activities of all Americans. That pledge has taken on increasing importance as it has become clear that Federal government spending is out of control. Federal spending has increased by more than $100 billion over the past year.

Compensation and benefits for Federal civilian workers comprise a major part of the Federal budget, totaling more than $56.5 billion during the current year, according to the budget recently submitted by the Carter Administration.

President Carter has imposed limitations on the hiring of civilian employees, but those limits permitted hiring of one employee for each two that departed and the limits applied only to full-time, permanent employees.

FREEZE ORDERED BY PRESIDENT REAGAN

President Reagan imposed an immediate freeze on hiring of civilian employees in an order addressed to the heads of Executive departments and agencies and signed shortly after he took the Oath of Office. After imposing the freeze, the President:

Directed heads of agencies to ensure the smallest impact possible on vital operations affecting the public, and to reallocate personnel and funds within agencies to meet highest priority needs.

Indicated that contracting must not be used as a means to circumvent the civilian employment freeze order.

Delegated to the Director of the Office of Management and Budget (OMB) the responsibility for issuing detailed instructions to implement the freeze, and to grant exemptions in rare and unusual circumstances.

The President's order contemplates that tight new personnel ceilings for 1981 and 1982 will be set for all agencies at the time a revised budget is submitted to the Congress, within the next two months.

EXPECTED EFFECTS

The net reduction in Federal civilian employment as a result of the order cannot be predicted with confidence at this time since it will depend upon retirements and other departures from government employment, upon reductions in programs and funding proposed in the revised budget for fiscal year 1981 and 1982, and on the action of the Congress on the revised budget that will be submitted by President Reagan.

PERTINENT DATA

As of September 30, 1980, total civilian employment in the Executive branch, excluding the Postal Service, stood at 2,154,000, or approximately 37,800 employees above the level prevailing in January 1977. During this same period, full-time permanent employment (excluding part-time and temporary employees) decreased by about 45,000 employees, reaching a level of 1,866,773 in September 1986.●

● Mr. CRANSTON. Mr. President, as the ranking minority member on the Veterans' Affairs Committee and as chairman of that committee during the 95th and 96th Congresses. I strongly support the impoundment resolution being submitted by my distinguished colleague from Florida (Mr. CHILES), and in which I and many other of our colleagues join as cosponsors. This resolution would disapprove the proposed deferrals, D81–95

and D81–96. Under those deferrals, a total of $31.1 million for 1,329 VA health-care personnel positions would be deferred—$29.4 million for 1,280 personnel in the VA's medical care account and $1.7 million for 49 personnel in its medical and prosthetic research account. The Acting Comptroller General, pursuant to his responsibility under section 1014(b) of the Impoundment Control Act of 1974 to inform the Congress as to whether "in his judgment" proposed deferrals are "in accordance with existing statutory authority," submitted on April 13, 1981, an opinion in which he concluded that these proposed deferrals are unauthorized and recommended that an impoundment resolution such as this be passed.

Mr. President, it is extremely important from the standpoint of the ability of the VA health-care system to provide quality services responsive to the needs of veterans that these funds and the authority to hire the personnel in question be made available to the VA without delay. Therefore, I strongly urge that this resolution be acted upon quickly in order to minimize the adverse impact of this uncertain staffing situation upon VA health-care facilities.

I would note for my colleagues that the basis for the Acting Comptroller General's judgment that these deferrals are unauthorized is section 5010(a)(4) of title 38, United States Code, which requires the Director of the Office of Management and Budget to provide the VA with at least the personnel ceilings, and the funds therefor, for which Congress has appropriated funds in the VA's medical care and research accounts and a third, related account not at issue. As a result of these proposed deferrals, OMB Director Stockman is, as the Comptroller General has also found, in violation of section 5010(a)(4).

Because I feel so strongly that the well-being of our Nation's veterans requires that these personnel be made available to the VA and that an end be put to Mr. Stockman's repeated and persistent flouting of section 5010(a)(4), I filed suit on April 23, together with seven Members of the House and others, against Mr. Stockman in the U.S. district court for the District of Columbia to force him to comply with the law.

Mr. President, I have previously inserted in the RECORD, on April 27, 1981, at pages 7451 through 7455 a copy of the Comptroller General's opinion that I have just mentioned and the complaint in the lawsuit, and would refer those who wish to have more information on those subjects to those pages.

Although the purpose of the lawsuit is to achieve a definitive resolution—both specifically and for the future—with respect to the OMB Director's disregard of section 5010(a)(4) of title 38 and his misuse of personnel freezes and of the deferral process, the importance of the staffing in question for the health of many sick and disabled veterans requires quicker action than would appear to be possible in that forum.

And, since a more timely remedy is available under the Impoundment Control Act of 1974 to provide an immediate solution to this particular situation by either the House or the Senate approving a resolution expressly denying the deferral or deferrals in questions, I join Senator CHILES in urging my colleagues to support this resolution and stop these unlawful deferrals right now. Nevertheless, regardless of the outcome of this resolution, I will continue to press ahead with the lawsuit which involves more and larger issues than the ones involved in those deferrals. And, as the resolution itself expressly declares, we are not in any way conceding by submitting this resolution, the propriety or lawfulness of Mr. Stockman's proposed deferrals in the VA medical care and research accounts.●

AMENDMENTS SUBMITTED FOR PRINTING

AMENDMENT TO ADMINISTRATION FOOD STAMP BILL

AMENDMENT NO. 40

(Ordered to be printed and referred to the Committee on Agriculture, Nutrition, and Forestry.)

Mr. DOLE (for himself, Mr. LEAHY, and Mr. ANDREWS) submitted an amendment intended to be proposed by them to the bill (S. 1007) to amend the Food Stamp Act of 1977 to restrain food stamp program spending, to increase State agency flexibility to focus benefits toward the most needy, to extend appropriations authority, to amend the Agriculture and Consumer Protection Act of 1973, and to extend and improve the commodity distribution programs, and for other purposes.

● Mr. DOLE. Mr. President, today, with Senators LEAHY and ANDREWS, I am introducing several amendments to S. 1007, the food stamp bill introduced on behalf of the Reagan administration. With these amendments, I am providing an alternative method to reach the total savings proposed for the food stamp program in the President's budget and assumed in the Senate-passed budget reconciliation resolution. In fact, the total package of savings I am proposing for fiscal year 1982 exceeds the amount in the President's budget and the amount assumed by the Senate by over $100 million.

Let me make clear that I am supporting the President's approach on food stamps. I believe the administration has done an outstanding job in its preparation of comprehensive legislation to reauthorize the food stamp program. I am in complete agreement with the vast majority of the provisions in the administration bill and will support most of the savings proposals it includes. However, there are a few areas where I think savings can be achieved in ways which would have a less harmful effect on low-income Americans.

I would add that my approach is entirely consistent with the food stamp position of the National Governors Association. The Governors agree with me that there should be no reduction in food stamp benefits due to school lunch participation. They oppose placing a permanent freeze on the standard and shelter deductions. And, they agree that the food stamp "cap" should be eliminated, saying that:

(T)he inevitable effect of the food stamp "cap" is chaos for state administering agencies, the U.S. Department of Agriculture, and recipients.

SCHOOL LUNCH-FOOD STAMP OFFSET

Perhaps the most important change I am proposing is deletion of the proposal to count school lunches against food stamp benefits. This proposal could have most serious implications for many of the poorest families in the country—mainly mothers with children. With food stamp benefits averaging only 44 cents per person per meal, I cannot accept the argument that the school lunch program and the food stamp program provide duplicate benefits. I believe that the current benefits of both programs are needed to assure that an adequate level of assistance is provided to our young people during their critical developmental years.

In addition, the school lunch-food stamp offset has been widely criticized by State and local food stamp administrators across the country as a proposal that will add significantly to administrative cost, complexity, and error rates. Despite attempts to simplify the design of this proposal, the State and local experts continue to contend that it will be difficult to administer at the grassroots level. In addition, the Reagan administration has admitted that its attempts to simplify the design of this proposal would lead to inequities because it assumes that children receive free lunches in many instances when they do not.

FOOD STAMPS FOR RESIDENTS OF CERTAIN INSTITUTIONS

I am proposing deletion of the administration's proposal to eliminate food stamps for residents of group homes for the blind and disabled, shelters for battered women and children, and certain drug and alcoholic rehabilitation centers. These persons are certainly among the truly needy of our society. It is not sufficient to provide these centers with commodities only. The commodities available are of limited and unpredictable variety. In many instances, commodities are available only in quantities which are wholly inappropriate for the small institutions which need them.

FREEZING THE STANDARD AND SHELTER DEDUCTIONS

In several other areas, I am proposing that the administration's proposals be somewhat modified. The administration has proposed a permanent freeze on the standard shelter deductions. Freezing the standard deduction would result in across-the-board benefit reductions for 86 percent of all food stamp households. Freezing the shelter deduction would reduce benefits for 31 percent of the nonelderly and nondisabled caseload nationwide and would have a particularly adverse effect on the many participants in colder States whose shelter costs far exceed the allowance provided by the current shelter cap. If both the standard and shelter deductions are frozen permanently, there would be no mechanism in the food stamp program to reflect the fact that participants have less disposable income left for food due to sharply rising costs in other areas, such as energy and health care.

I believe that the standard and shelter deductions must continue to be adjusted in the future. However, to address the argument that these deductions are currently overadjusted due to the home-

ownership distortion in the Consumer Price Index, I propose that these deductions be frozen until July 1, 1983. From that time on, these deductions would be adjusted by an inflation factor which more accurately reflects the true rate of inflation. Thus, I am proposing that the standard and shelter deductions be frozen for a period of 2½ years and then be inflated at a lesser rate than they otherwise would have been. This proposal would achieve permanent savings in the program that would expand over time.

PRORATING BENEFITS IN INITIAL MONTH

Another administration proposal that I would modify is the prorating of benefits in the initial month of eligibility. Rather than the administration proposal to prorate on a semimonthly basis, I suggest the approach included in S. 884, the bill introduced by Chairman HELMS. This approach would prorate benefits in the initial month on a day-to-day basis, and would more than double the savings achieved by the administration's proposal in this area.

PUERTO RICO

The last proposal of the Reagan budget I would modify pertains to Puerto Rico. The President proposes conversion of the food stamp program—and other feeding programs—in Puerto Rico to a block grant effective in fiscal year 1982 at 75 percent of the funding that these programs would have otherwise received. No formal proposal to achieve this has yet been transmitted to Congress.

Because of the unlikelihood that such a proposal could be enacted before this summer, I do not believe the block grant approach is feasible in fiscal year 1982. With the food stamp program providing benefits to nearly 60 percent of the population in Puerto Rico, conversion to a new program, particularly one set at 75 percent funding, will require sufficient leadtime for careful planning. For this reason, I propose that the block grant in Puerto Rico be deferred until fiscal year 1983. I will not propose specific legislation to institute the block grant in fiscal year 1983 until I have had a chance to study the administration's proposal. However, my savings package should be assumed to achieve the same fiscal year 1983 savings in Puerto Rico as provided for in the Reagon budget.

To immediately address the issue of food stamp participation in Puerto Rico, I am proposing a tightening of the income eligibility limits, effective in fiscal year 1982. My proposal would reduce the proportion of all Puerto Ricans participating in the program by about 10 percent, for a fiscal year 1982 savings of about $75 million. I believe this proposal will be a useful first step toward proper targeting of the block grant in fiscal year 1983.

THRIFTY FOOD PLAN ADJUSTMENTS

The final piece of my savings package is a new proposal which affects the timing of food stamp cost-of-living increases. Currently, cost-of-living adjustments—or adjustments in the thrifty food plan—are provided once a year on January 1. I propose instead that food stamp cost-of-living increases be provided each July 1, as is done in other Federal programs like social security and SSI.

I would make the switch from January 1 to July 1 over a 2-year period. In fiscal year 1982, I would provide the cost-of-living increase on April 1, 1982, based upon the cost of the thrifty food plan through December 1981. In fiscal year 1983, the adjustment would be made July 1, 1983, based upon the cost of the thrifty food plan through March 1983. In each succeeding year, the adjustment would occur on July 1 based on the cost of the thrifty food plan through the preceding March. If, however, Congress should adopt a proposal now pending to move cost-of-living increases in other Federal programs to October 1, I would propose, at the appropriate time, to move food stamp inflation adjustments to October 1 as well. Thus, it is conceivable that additional savings would be achieved in fiscal year 1984 by delaying the food stamp cost-of-living adjustment from July 1, 1984, to October 1, 1984. October 1 adjustments would be based on the cost of the thrifty food plan through the preceding June.

There are at least two important reasons why food stamp cost-of-living adjustments should coincide with adjustments in other programs. The first is administrative. If all benefit adjustments are made at the same time, food stamp administrators will have to make mass changes in benefit levels only once a year, rather than twice.

Currently, benefit increases must be implemented each January 1 to reflect inflation adjustments in food stamp allotments. And, each July 1, food stamp allotments must be adjusted downward for millions of recipients to reflect increased social security and SSI benefits. By making adjustments in all of these programs at the same time, a significant amount of administrative cost, inconvenience, and error would be avoided.

A second benefit of making this change is that recipients will receive a more stable and predictable level of benefits, with major adjustments made only once a year. By providing food stamp inflation adjustments on July 1, elderly and disabled beneficiaries would be cushioned against the loss of food stamps which ordinarily occurs when SSI and social security benefits rise. These people would be spared the dispiriting experience of seeing a significant portion of their cash benefit increases being offset by food stamp reductions.

I have proposed a 2-year phasein of this idea to minimize the loss of purchasing power that food stamp recipients would experience in any one year. With food stamp benefits already running 3 to 15 months behind the actual costs of the thrifty food plan, I think it is important not to add more than 3 months additional delay in any one year. Given the continuing rapid use in food price inflation, any delay in benefit adjustments results in a significant loss in purchasing power for low-income Americans.

SUMMARY

In summary, I am proposing a series of food stamp benefit reductions which would achieve nearly $1.6 billion in savings in fiscal year 1982 and increasing amounts in future years. My package would achieve greater food stamp savings than are assumed in the Senate-passed budget reconciliation resolution.

In addition to the modifications to the Reagan budget I have described above, my package includes the other savings proposed by the President. Among them are: setting a gross income eligibility limit of 130 percent of the poverty line; canceling a series of benefit liberalizations scheduled to take effect October 1, 1981; eliminating boarders; revising the household definition; recouping nonfraud overissuance; and implementing retrospective accounting and periodic reporting. I would like one minor change in the periodic reporting requirement to exempt all households which have no earned income and are composed exclusively of individuals over 60 years of age or blind or disabled recipients of SSI.

The President's budget is intended to be a balanced package which does not place a disproportionate burden on any segment of the population. I know from my responsibilities in the finance committee that many food stamp recipients also face reductions in the AFDC program, social services, and low income energy assistance. To reduce food stamp benefits beyond the level recommended by the President would ask too much of a sacrifice from low-income Americans.

I hope that my colleagues will join me in what I consider a responsible approach to the food stamp program. In addition to the savings proposals expressed here, I intend to move in committee a series of proposals from a bill I introduced last week, S. 1016, the Food Stamp Accountability Act of 1981. I believe that bill represents the most comprehensive piece of legislation introduced this year to address fraud, abuse, and loopholes in the food stamp program. And finally, I intend to move that the food stamp spending ceiling be eliminated.

Especially with the proposals that I expect to be enacted this year. The food stamp program will be targeted on the "truly needy." If the spending ceiling is eliminated, Congress will still have the budget and appropriations processes to insure that food stamp expenditures stay within reasonable limits.●

● Mr. LEAHY. Mr. President, I am pleased to cosponsor this measure with Senator DOLE, which offers, I believe, a reasonable alternative budget proposal for the food stamp program. The most important aspect of this proposal is that it meets and even exceeds the total savings assumed for food stamps in fiscal year 1982 and fiscal year 1983 in our recently passed reconciliation bill. We are supporting the President's budget goals and complying with budget reconciliation.

Frankly, there are parts of the administration's bill which I think go too far. I am concerned about the cuts in the food stamp program. I am concerned about the people in Vermont who rely upon food stamps to meet their nutritional needs. To support a cut this deep in the food stamp program is difficult for me. I believe in the program and its goals.

But, given the budget restraints which we all feel, I am determined to make the cuts that must be made, while at

the same time preserving the program itself.

The package that is proposed here is part of my overall determination to see that the food stamp program is well run, free from abuse, and targeted to meet those in need. To improve the administration of the program, Senator DOLE and I, along with Senators COCHRAN, HAWKINS, MELCHER, PRYOR, and ZORINSKY, introduced the Food Stamp Accountability Act of 1981 which is aimed at cutting down on fraud, tightening penalties for abuse, and providing for improved citizen reporting of the food stamp abuse.

Today, in this measure, I hope to direct the budget cuts along reasonable and practical lines. As ranking minority member of the nutrition subcommittee, I feel strongly that the administration's bill represents a major redirection in the food stamp program. And while I support many of the changes in the program, I cannot endorse the following provisions:

The school lunch/food stamp offset.

Eliminating food stamp eligibility for residents of certain institutions for battered women, rehabilitation homes, and other specialized institutions.

Freezing the shelter deduction.

The proposal being presented today would eliminate the school lunch/food stamp offset, provide food stamps for those in institutions, modify the standard and shelter deduction freeze by adjusting them according to a different inflation factor. The proposal would also delay the Puerto Rico block grant until 1983 and lower the eligibility level in Puerto Rico in fiscal year 1982 below that proposed for the rest of the country. Finally, this package would prorate food stamp benefits on a daily basis.

This package, when amended to the President's bill, seems to me, to be a sound proposal. It achieves substantial savings and meets our reconciliation goals. It makes responsible cuts where they must be made in the program. And, hopefully, it will insure, in conjunction with the Food Stamp Accountability Act, that the food stamp program merits the support of my colleagues and the American people as a whole.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee will meet to mark up S. 807, a bill to reform the laws relating to the provision of Federal assistance in order to simplify and coordinate the management of Federal assistance programs and requirements, provide assistance recipients with greater flexibility, and minimize the administrative burden and adverse economic impact of such programs and requirements. The session will begin at 3:03 p.m. in room 6202 of the Dirksen Senate Office Building, on May 6, 1981.

For more information, contact Pam Hess of the subcommittee staff at 224–7837.

Mr. President I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee will hold an oversight hearing on Federal allocation formulae and fiscal disparities. The hearing will be conducted at 1:30 p.m. in room 235 of the Russell Senate Office Building, on May 13, 1981. Those wishing to submit written statements to be included in the printed record of the hearing should send five copies to Ruth Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507 Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearing, you may contact Jimmie Powell of the subcommittee staff at 224–6854.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mrs. HAWKINS. Mr. President, I wish to announce that the Subcommittee on Agricultural Credit and Rural Electrification has postponed its hearing on the proposed changes in the Rural Electrification Administration's programs. This delay was necessary in order to complete the full committee's markup of the 1981 farm bill. The subcommittee hearing has been rescheduled for Thursday, May 14, at 9:30 a.m., in room 324, Russell Building.

The subcommittee has invited representatives of the U.S. Department of Agriculture and the rural electric and telephone industries to testify.

Anyone wishing further information should contact Keith Weatherly or Denise Alexander of the Agriculture Committee staff at 224–2035.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH AND RULES

Mr. DANFORTH. Mr. President, the Subcommittee on Federal Expenditures, Research and Rules of the Senate Committee on Governmental Affairs will hold a hearing Friday, May 15, 1981, at 10 a.m. in room 3302 of the Dirksen Senate Office Building. The hearing is intended to identify current major concerns respecting the operation of the procurement system. The subcommittee will hear from the public contract law section of the American Bar Association and from member companies of the National Security Industrial Association. This hearing was previously scheduled for April 30.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HELMS. Mr. President, I advise the Senate that the Committee on Agriculture, Nutrition, and Forestry has scheduled confirmation hearings on Frank Naylor, Mary Jarrat, James Barnes, and Kenneth Gilles, all of whom have been nominated for positions at the U.S. Department of Agriculture. The hearings will be held on Tuesday, May 12, at 10 a.m. in room 324, Russell Senate Office Building.

Mr. Naylor has been nominated for the position of Under Secretary for Small Community and Rural Development; Miss Jarrat for the position of Assistant Secretary of Agriculture for Food and Consumer Services; Mr. Barnes for General Counsel of the U.S. Department of Agriculture; and, Kenneth A. Gilles for the position of Administrator of the Federal Grain Inspection Service.

Anyone wishing further information should contact Denise Alexander of the Agriculture Committee staff at 224–2035.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON THE CONSTITUTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate Judiciary Subcommittee on the Constitution be authorized to hold hearings beginning at 2 on May 6 on municipal liability.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON SMALL BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Small Business be authorized to meet during the session of the Senate today to discuss SBA size proposals.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NOMINATION OF THOMAS PAUKEN

● Mr. CRANSTON. Mr. President, on Thursday at 11 a.m. the Senate will vote on the nomination of Thomas Pauken to serve as the Director of the ACTION agency. I ask that several articles relating to this nomination, specifically an editorial from the Washington Post dated April 28, 1981, an article which appeared in the Washington Post on May 1, 1981, and a letter which I wrote to the editor of the Washington Star which appeared on May 1, 1981, along with a letter to the editor written by John Dellenback, a former Republican Congressman from Oregon and Director of the Peace Corps under President Ford, be printed in the RECORD at the conclusion of these remarks.

Mr. President, the letter from John Dellenback, who served as the Director of the Peace Corps between 1975 and 1977, stated the issue with respect to the problem posed by the nomination of Mr. Pauken quite succinctly:

> While, under a combination of statute and executive order, the Peace Corps is operationally predominantly autonomous, there remains enough structural linkage between Peace Corps and ACTION, however, that, if Mr. Pauken is confirmed as ACTION director, there can no longer be a successful refutation in the field of a charge that a linkage of some sort exists between Peace Corps and U.S. intelligence agencies. There are certainly equally responsible positions in our government where his military and intelligence background would be a positive asset. That would not be so as director of ACTION.
>
> The appointment of Mr. Pauken as ACTION director may well entail the paying of a fearsome price by the nation, by the Peace Corps, and most importantly of all by our volunteers in the field.
>
> Some of those volunteers could well become sitting ducks, and that would be tragic.

Mr. President, the information contained in the article published in the Washington Post suggests a higher degree and level of involvement in field intelligence work than many Senators may have concluded from first reports.

The material submitted for printing in the RECORD is as follows:

[From the Washington Post, Apr. 28, 1981]

A MATTER OF INTELLIGENCE

The otherwise routine nomination of Thomas Pauken to be director of ACTION, the federal agency that oversees volunteer programs, including the Peace Corps, is in trouble. A Texas lawyer and twice-defeated congressional condidate, Mr. Pauken seemed a shoo-in. One issue has held up his confirmation: whether his stint as a military intelligence officer in Vietnam in the 1960s disqualifies him from overseeing the Peace Corps.

Some of his backers are disturbed that the issue should be raised at all. They suggest that to question his intelligence background is to question the legitimacy of intelligence. Others suggest that to object to him on grounds connected to his service in Vietnam is to disparage both military service and, by extension, the worth of Vietnam veterans. But there is a certain unreal quality to these suggestions. We don't see anyone disparaging either intelligence or the military or those who served in Vietnam. That would be stupid and indefensible.

There is another, more substantial reason why the question comes up. The Peace Corps works in Third World situations in which a suspected intelligence connection can damage efforts by its volunteers to win the local acceptance they need to work effectively. Volunteers are knowledgeable, and fervent, on the subject. For that reason, the Peace Corps, through all its 20 years, has insisted that its volunteers and staff keep a certain distance from intelligence. Mr. Pauken has said he accepts this policy. Under it, however, he evidently could not be hired as a volunteer or staff member. It takes little imagining to understand how his appointment could be used, unfairly, against the Peace Corps.

[From the Washington Post, May 1, 1981]

NOMINATION OF PAUKEN AS DIRECTOR OF ACTION IS POSTPONED IN SENATE

(By Scott Armstrong)

Senate action on President Reagan's controversial nomination of Thomas W. Pauken to head ACTION, the federal volunteer agency, has been postponed until next week because of a dispute over Pauken's service as a military intelligence agent during the Vietnam war.

The controversy pivots on the long-standing policy of the Peace Corps, a branch of ACTION, of rejecting anyone with certain intelligence backgrounds in order to protect its personnel abroad from allegations of spying.

Pauken argues that the policy is irrelevant since under a two-year-old executive order the director of Action has virtually no control over Peace Corps policy or operations; ACTION has control over Peace Corps recruiting, which is at the heart of Pauken's opponents' concern. He also testified in his confirmation hearings that his "principal work in the [Mekong] Delta was involved as an analyst."

However, The Washington Post has learned, and Pauken now acknowledges, that in Vietnam Pauken was "a case officer" assigned to run a network of South Vienamese agents. These new details come as Congress is moving to consider legislation completely separating the Peace Corps from ACTION before further considering Pauken's nomination.

In interviews with The Post, two of Pauken's former colleagues in the Delta who also served as province intelligence officers at the time painted a different picture than Pauken did in his testimony.

David G. Wilson, now a Washington lawyer and a friend of Pauken's, and another former colleague of Pauken who insists on anonymity say that a province intelligence officer was really a "case officer" or "an agent handler," whose duties would include managing and training a several-tiered network of agents who would report back information on Vietcong troop movements and plans.

"In practice, we were handling the people doing the spying," Wilson said.

"Our duties included reviewing agent assets, dispatching agents or intelligence gathering missions, recovering the agents after the mission, debriefing them and reporting back their intelligence to operational units," the other colleague said.

Several officers who served with Pauken including one of his former commanders, Col. Thomas S. Mayberry (ret.), said that a province intelligence officer's duties would include contact with other U.S. intelligence agencies operating in the province, including regular contact with the CIA agent in the area, and passing on information to the local representative of the Phoenix program.

In an interview, Pauken continued to insist that he had no contact with the CIA in the Delta, but acknowledged that for his first three days in the field he was assigned to a program to train Vietnamese case officers to manage networks of intelligenec agents before the program was abruptly terminated. He was then assigned to another province to operate his own network of informers, with whom he dealt through an interpreter.

Pauken says, however, that his first act was to shut down the operation of a paid Vietnamese informant who "had been around long enough to con us out of enough money to start a chicken farm."

His duties were covert, he says, only in that the Vietnamese civilians did not want it known that they were reporting Vietcong movemens to Pauken's interpreter in return for occasional cash payments.

Pauken says he appreciates the concern of Peace Corps volunteers that these are precisely the sort of activities of which they are often falsely accused. But he does not feel that his own background constitutes a bar even if he were nominated to be director of the Peace Corps, rather than Action.

A self-described 1960s activist who organized college demonstrations supporting U.S. involvement in Vietnam, Pauken served for three years in Army Intelligence. He then moved along the periphery of Republican politics as a former deputy director of the White House Fellows program, a two-time losing candidate for a Dallas congressional seat, and the narrator of a conservative film attacking the "leftist" political designs of Jane Fonda and Tom Hayden.

"If I were a leftist, given what they have done to me—pulling my military records without my permission, what would civil libertarians say then?" he asks.

"They" are Senate minority whip Alan Cranston (D-Calif.) and his staff, and "what they have done," according to Pauken, is to persecute him for his record of military service in Vietnam. Leftist McCarthyism, Pauken calls it.

"Mr. Pauken's complaints are red herrings," Cranston responded. "The sole and only issue is that his intelligence background could jeopardize the lives and work of the Peace Corps volunteers and staff overseas and undermine the effectiveness of the entire program."

Cranston wants to remove even the appearance that the Peace Corps is under the control of a former intelligence officer, which he considers as dangerous to volunteers as the reality. On Wednesday, he secured an agreement in the Senate postponing consideration of Pauken's nomination until next week by which time the Senate Foreign Relations Committee will have taken up a Cranston-sponsored bill to separate the Peace Corps totally from its parent agency, Action.

The House is expected to consider a similar bill next week to be sponsored by Rep. Clement J. Zablocki (D-Wis.), chairman of the House Foreign Affairs Committee. Two years ago the House, led by conservative Republicans, voted overwhelmingly to separate Action from the Peace Corps. If the bill clears both houses alues to Cranston said yesterday that he would drop his opposition.

Now the White House feels it cannot bow to Cranston's challenge. According to two administration sources, the White House will oppose Cranston's bill and push for Pauken's confirmation.

[From the Washington Star, May 1, 1981]

SEPARATING "SPIES" FROM PEACE CORPS

(By ALAN CRANSTON)

Your editorial, "The ACTION Nominee" (April 22), misses the point. Twice.

You note that Thomas W. Pauken, President Reagan's nominee to head ACTION—the parent agency for the Peace Corps—was an Army officer in Vietnam "whose military specialty was intelligence." You point out that "there is fear that the Peace Corps could be compromised by having as its head a person with an intelligence background." And you grant that "the concern is legitimate" that "there must be not even a tenuous connection between Peace Corps activities and U.S. intelligence gathering activities."

Yet, surprisingly, you never explain why this "legitimate" concern exists.

Your own Mary McGrory supplied the answer only a week earlier: She wrote that Peace Corps volunteers "have labored from the beginning under the shadow of suspicion that under the guise of digging sewers, teaching English and planting fields, they were doing the work of the CIA."

It is widely feared, by present and former volunteers that the appointment of a former intelligence officer to direct the Peace Corps would appear to confirm officially the accusations of our enemies and adversaries in the Third World, and the suspicions even of our friends, that the Corps is nothing but a front organization for American spies. Once that wall of separation between spying and the Corps is breached, to quote Ms. McCrory again, "the health and safety of the volunteers" could be imperiled.

Or, as Robert M. McNamara Jr. stated in a letter to Congress as general counsel for the Peace Corps, "the primary reason for this dichotomy is the heightened concern for the safety and security of the volunteers and staff overseas, especially in countries where even the suspicion—albeit totally unfounded—of participation in intelligence activities could seriously jeopardize . . . the lives of these persons . . ."

". . . Our concern . . . has increased in recent years as terrorist and guerrilla organizations have looked upon hostage-taking as a standard operating procedure to effect short-term domestic and international political gains. The possibility and the fear that our volunteers or staff could be used as pawns in such a situation is not speculative. In recent times two of our volunteers have been held hostage: one for three years and another for 10 days.

"Consequently, since most of our volunteers operate outside of capital cities, oftentimes at great distances in rural villages, the Peace Corps has strictly applied the intelligence policy. . . ."

Mr. McNamara noted that the Peace Corps policy of keeping intelligence activities at arm's length should bar Mr. Pauken from any "Washington policy position" with the Corps—which, of course, he would have as head of ACTION.

You miss a second point, too, when you conclude that "it strikes us as strained to think that a stint in military intelligence could be construed as violating the traditional separation of the Peace Corps and intelligence-gathering."

"Construed" by whom? By me? I don't for a moment believe Mr. Pauken will convert the Peace Corps into an arm of the CIA. But what I believe—or what you believe—doesn't matter. What matters is how Mr. Pauken's

appointment may be perceived by the inhabitants of the mountains of Nepal or of the barrios of Colombia or of isolated areas of Sierra Leone or of any of the scores of remote places around the world where Corps volunteers live and work in almost total physical dependence on the goodwill of largely rural, unsophisticated people.

How will they "construe" Mr. Pauken's appointment? That's the point. I very much doubt that they will trouble themselves over subtle distinctions between "basic military work" and CIA-type espionage, for example. To them, I fear, intelligence is intelligence and intelligence is spying. And they will want none of it, or of the people they believe are doing it.

That is solely why I oppose Mr. Pauken's confirmation and a major reason why I have introduced legislation to separate the Peace Corps from ACTION.

As for your allusions to "rancor" and "bitter dispute," there is certainly no rancor or bitterness on my part. I have nothing personal against Mr. Pauken. It's unfortunate that President Reagan chose him for this rather than any number of other posts for which he may be better qualified. But that was the president's prerogative. He has his responsibility; I have mine.

I have stated publicly that I would offer no objection to Mr. Pauken's nomination as director of ACTION if the Peace Corps is separated from the agency. That is still my position.

Protecting the lives of Americans abroad—not ridiculous diversionary charges that those who oppose the Pauken nomination are anti-soldier or anti-Vietnam veteran or anti-intelligence or even anti-Pauken—is the only issue here.

[From the Washington Star, May 1, 1981]

SEPARATING "SPIES" FROM PEACE CORPS

(By John R. Dellenback)

For the sake of our present and potential future Peace Corps volunteers all over the world and their families, as well as for the Peace Corps itself, I deeply regretted your April 22 editorial on the ACTION nominee.

As a former member of the Congress from Oregon I must share the blame for the present unfortunate situation. It was the Congress that at the time of Mr. Nixon's presidency, saw fit to take some domestic volunteer programs and couple them with the Peace Corps in the new agency called ACTION. However much those programs look alike on the surface, below the surface they are very considerably different and I think that experience has demonstrated that the attempt to combine all these programs in a single agency was a legislative error.

During my two years as director of the Peace Corps during Mr. Ford's presidency we gave high priority to making as absolutely certain as we could that there existed neither fact nor impression of any connection between the Peace Corps and any intelligence service of the government. Our first reason was to keep our volunteers safe from any counter-intelligence operations in any foreign country. Our second reason was to maximize their effectiveness as communicators between our country and the land in which they were serving and to make their road there as smooth as possible in that regard. Our third reason was to assist the fulfilling of the Peace Corps mandate of promoting world peace and friendship, assisting by eliminating as effectively as possible any suspicion that our volunteers were intelligence agents.

Periodically the charge would be raised that our people were really intelligence agents, most particularly CIA. We would immediately jump on the accusation and challenge the spreader of any such charge or rumor to cite specifics. During my full two-year tenure in the Peace Corps there was no successful challenge to our claim that no such links existed.

Mr. Pauken is very possibly and even probably an extremely fine and competent person. So far as the domestic side of ACTION is concerned, he might well make an excellent administrator. While, under a combination of statute and executive order, the Peace Corps is operationally predominantly autonomous, there remains enough structural linkage between Peace Corps and ACTION, however, that, if Mr. Pauken is confirmed as ACTION director, there can no longer be a successful refutation in the field of a charge that a linkage of some sort exists between Peace Corps and U.S. Intelligence agencies. There are certainly equally responsible positions in our government where his military and intelligence background would be a positive asset. That would not be so as director of ACTION.

I spent four years as an officer in the U.S. Navy during World War II and am proud of that service and of our nation's military. I am strongly supporting our nation's properly conducted intelligence services. But the record of the Peace Corps and its 80,000-plus volunteers in service to our country and to some of the neediest parts of the world is extraordinary. The appointment of Mr. Pauken as ACTION director may well entail the paying of a fearsome price by the nation, by the Peace Corps, and most importantly of all by our volunteers in the field.

Some of those volunteers could well become sitting ducks, and that would be tragic.●

ORANGE MARKETING ORDER PROTECTS FAMILY FARMER

● Mr. GOLDWATER. Mr. President, some misinformation has appeared in the press leaving the false impression that orange growers are deliberately destroying vast amounts of fresh oranges that might be sold cheaply to consumers.

The truth is that American housewives have never had such an enormous selection of fresh oranges on the market. Prices of small sized oranges are about the same today as they were 10 years ago.

In fact, shipments of navel oranges to the domestic market will be higher this year than in any previous year in history. Over 51 percent of the total California and Arizona navel orange crop will be shipped to grocery stores and food outlets for fresh consumption; 6 percent will be exported; and 33 percent will be converted to juice products. That is 90 percent of production going directly to the public.

Of the remaining 10 percent, the fruit is not suitable for eating or juice and it is being diverted to cattle feed high in nutrients. In it some of this fruit, laying out to dry, that the media mistakenly thought was left to rot. A very small amount cannot be used at all, which is normal in any production year.

Mr. President, this issue arises out of an all out attack by some big corporate growers on the orange marketing order. The marketing order is designed to provide a steady, fairly priced supply of fresh navel oranges. Without the order, large corporate growers could glut the domestic market, forcing small growers out of business.

One grower, who has put the marketing order discussion into its proper context, is Fred Lo Bue, Jr., of Lindsay, Calif., who is in partnership with other small growers, most of whom are third and fourth generation family farmers averaging only 36 acres each.

Mr. Lo Bue has prepared a statement for Congress which clearly explains the financial difficulty of small growers and rebuts the charge that growers are getting rich because of the marketing order.

Mr. President, I ask that the statement of Mr. Lo Bue and a related press interview he gave on this subject be printed in the RECORD.

The material follows:

STATEMENT BY FRED LO BUE, JR.

This statement is offered as background to those stories currently being circulated in the media regarding California's oversupply of oranges and how they are being handled. Due to ideal weather conditions last spring, the largest crop in history was set, some 22 percent greater than the previour year, also an all-time record crop.

Because the trees are so loaded with fruit, the oranges did not size up in the normal manner, as only so much water and nutrients are available for growth. Subsequently, there are so many oranges of such small size, 2.3 inches or less in diameter, that they are totally unmerchantable at a price that will even return harvesting and packing costs, let alone farming expenses. These small ones, along with others that are badly scarred, hail damaged, soft, etc., go to juice plants for processing into the juice markets. Here is where the next problem lies. All the juice plants in California are at maximum capacity, working 24 hours a day, seven days a week. The fruit that cannot be handled here must be sold to our alternate customers, primarily dairies and feedlots.

This fruit overflow could be given away at this point to anyone who is willing to "come and get it, where is, as is." It would be very unrealistic to ask a farmer, who is already losing great sums of money, to prepare for market or even deliver these to a point any distance away. Some of those charitable farmers who are supposedly "giving away" their excess fruit are in reality selling it, recovering harvesting, packing and hauling costs, thus in effect lowering their overhead to make the other fruit they are selling at regular prices more profitable.

The Federal Marketing Order, which has been used for many years to provide an orderly flow of oranges to the consumer throughout the entire season, is being blamed daily in the media for causing this situation. It is the sheer economics of over-supply versus demand at a realistic price that is the real problem.

The Marketing Order has helped maintain subsistence income levels (usually well below parity) to small as well as large growers. Small growers have historically been able to produce better quality and high yields thus being able to compete against the larger corporate entities. These are mostly family farmers, many in their third and fourth generations, who market their fruits through grower co-operatives or small commercial packers. It is this large grower base, in excess of 5,000, averaging 38 acres each, which has kept the consumer supplied with more than ample quantities of fresh oranges and juice products. This base of well-managed farms has also provided an excellent quality product at a reasonable price. The Marketing Order also helps maintain year-round supplies of fruit to the consumer, week in, week out, with very little fluctuation in price. Nowhere else in the world can a consumer walk into a store and know there will be quality oranges available at a price which is reasonable when compared to most other fruit.

Thermination of the Marketing Order as some in the industry are urging would result in chaotic marketing conditions, low prices for several years, unreliable supplies and very poor returns to the growers. Even most of those who advocate elimination of the Orders agree this would happen. A great many growers mentioned above would not have

the financial resources to survive for very long under such conditions. They would pull out their trees (which take seven years and about $6,000.00 per acre to bring into production) or sell out to others, either larger companies or absentee investors. Production and marketing would become concentrated in the hands of a few strong survivors.

At this point, some facts should be interjected which are not widely known outside the citrus industry. In recent years a number of large companies have quietly been buying or contracting to farm and market large blocks of citrus acreage in Central California. Among these are a number of large oil companies and families with oil backgrounds, plus firms from other such fields as construction, real estate development and jet-manufacturing. These firms are growing, packing and marketing citrus from large acreages, the majority in the several thousands of acres. It is from among these organizations that the loudest cry to terminate (or, in some cases, advocate subversion of) the Marketing Orders is originating.

Who would have the financial resources to survive a three-to-five year "shake out" of the industry if the Marketing Orders were terminated? The 38-year family farmer who is likely carrying a mortgage and crop loans, or those corporate giants with control of the crop from production to the chain store?

In conclusion, one should look beyond the rhetoric being published berating California orange growers and their Marketing Order, and look at the motives behind those who have more to gain in the long run by terminating something that has served the consumer and grower so well for so many years.

[From the Visalia (Calif.) Times-Delta, Apr. 9, 1981]

ORANGE MARKETING ORDER GETTING BAD RAP?

(By Richard Pestorich)

LINDSAY.—Fred Lo Bue, a local orange grower and packer, thinks a lot of people are misinformed about the navel orange marketing order.

A record size crop and battle between the United States Department of Agriculture and Exeter Orange Co. has given plenty of publicity to the order—most of it bad, Lo Bue said.

While he didn't mention Exeter Orange by name, he said "those people who wanted to undermine the order probably would have tried this year under any circumstance. But there would not have been the public outcry in a normal year."

The USDA has forecast the crop at 75,800 carlots in California and Arizona, 13 percent above the previous record set in 1979–80 season and 76 percent greater than the 1978–79 season crop.

While the sheer volume of the crop has been greater than ever, there has been a major problem with small fruit size. Lo Bue said that while only about 50 percent of the crop will go to domestic fresh markets, there will be more navel oranges in stores than ever before.

"There has been a lot of talk and publicity about dumping oranges, but that isn't happening. While about 50 percent will go to domestic fresh, 40 percent will be going to exports and for juice. About 4 percent are rots and splits, and the rest is going to cattle feed," Lo Bue said.

Lo Bue disputed claims that the marketing order was "a welfare system for farmers" and said the greatest advantages went to consumers.

He said the order keeps a steady supply of oranges going to the market and keeps prices from wild fluctuations.

By using the order, Lo Bue said, consumers can find navel oranges in the produce section from November to May and valencias from April to October.

Marketing orders and agreements were authorized under the Agricultural Marketing Agreement Act of 1937. Producers decide in a referendum whether an order should be issued. The Secretary of Agriculture is charged with the responsibility for administering agreements and orders and the authority to issue regulations. He appoints an industry administrative committee which carries out the regulations of each order.

Among the items decided by the committees are the regulation of quality and, most controversially, the regulation of quantity. This is done through handler allotments, which restrict the amount of the commodity that handlers may ship during a given period. Supporters of the marketing order say this keeps an orderly flow going to market and opponents say it creates a cartel situation.

There are 49 federal marketing order and agreement programs for a wide variety of fruits, vegetables and speciality crops. Nearly all of the nation's fresh citrus fruits are under marketing orders.

Lo Bue said elimination of the order would drive small farmers out of business. And he said that's what the attacks on the order are all about.

"The oil companies and big conglomerates are buying up orange groves 3–4,000 acres at a time. They want to dominate the market by going into an area like Detroit, offering fruit at low prices, and once they have the market, raise the prices. But they can't do that now when they only can have a certain percentage of the market each week," he said.

At the Lo Bue Brothers packing house in Lindsay, oranges for 157 growers from Terra Bella to Orange Cove are shipped. He said those groves average about 35 acres each, and most make their living from their orange business. He owns 60 acres and his family controls a total of 400 acres.

"We could compete against the big guys for awhile, but not for long. In tough years the oil company farms have sources of capital to keep running and offering low prices. Small growers just wouldn't survive," he said.

Lo Bue said opponents of the order have been pointing to an abandoned airport near Bakersfield as proof that farmers are dumping good oranges to keep them off the market and drive up prices. The truth, he said, is that the oranges are being purchased to be dried and used for cattle feed. The oranges are not from those earmarked for the fresh market, but extras from juice processing plants that can't keep up with the volume.

"The media has been really hoodwinked. I read Time magazine and the New York Times and they aren't looking at the motives behind the anti-order people. My faith in the media is being destroyed. I just wonder how they can all be so misled," Lo Bue said.

He said the media is quick to point out that an orange might be selling for 70 cents in New York, but doesn't add that the grower's share is only about one or two cents.

Lo Bue said consumers can tell the difference between crops under marketing orders and those that aren't. He said unregulated crops are high priced one week, low priced another week and not available at all the next. Regulated crops, he said, are usually available on a regular basis and at a consistent price.

An issue brought up in a notice of violation served on Exeter Orange Co. was the distributing of fruit to charitable groups. Lo Bue said contributions to such groups is a non-issue.

"We've been giving away fruit for 4–5 years with no fanfare. But the marketing order says you can't sell them, or even just recover your costs. They have to be a gift, and the group can't re-sell them, because if they do sell them, you're cutting into someone's market share," Lo Bue said.

Lo Bue said he thought there could be a few administrative changes in the order to help the grower, but said now is not the time to make any decisions.

"There has been a lot of publicity, but the industry needs to do something so both sides can be heard. The politicans need to do something so both sides can be heard. The politicians should wait for things tc settle down before making any decisions. If they do that, I'm sure we'll get a fair hearing," Lo Bue said.●

BLOCK GRANT HEALTH LEGISLATION

● Mr. PELL. Mr. President, I am delighted to cosponsor the block grant health legislation introduced yesterday by my colleague, the distinguished senior Senator from Massachusetts.

This legislation will consolidate into one block grant a number of community health programs that are currently being administered at the State level, including genetic counseling services, hypertension screening, and emergency medical services. The value and impact of these programs is well known, and it is my hope that combining these programs into one grant to States and eliminating burdensome Federal regulations will lead to better targeting of resources and a reduction in program overlap and inefficiency.

This legislation is a well-reasoned alternative to those proposals which would consolidate all State and local programs into one massive block grant. In this time of scarce Federal resources, our approach is designed to maximize the benefits of these programs. However, it does not place an excessive or unreasonable burden on the administrative capacity of States, nor does it usurp from community organizations the administrative responsibility for those programs that receive funding directly from the Federal Government, such as community health centers and community mental health services.

Almost two decades ago Congress passed the community health centers and mental health services legislation in response to needs that were not being met at the State level. These programs have been commended for their administrative efficiency and cost effectiveness. If they were included into a block grant, States would have to create a new bureaucracy, hire new employees. and develop their own regulations to administer these community-based programs. This would only add an unnecessary layer of bureaucracy to a system which most agree is responding well to local needs.

If block grants are to work, there must be a similarity of programs folded into them and the States must have the administrative capacity to take on these additional burdens so that no citizen is left without the health care services that he or she needs. The legislation that I am cosponsoring today is based upon these principles. It is well balanced and conservatively designed to minimize State administrative costs, increase program flexibility and yet not disrupt the community programs that are providing primary health care services to those who need it.●

THE SOVIET GRAIN EMBARGO: A WINDFALL FOR OUR COMPETITORS

● Mr. DOLE. Mr. President, I shall submit for the RECORD the text of an article that appeared in the Monday, May 4,

1981, edition of the New York Times entitled "End of Grain Curb Worries Argentina." The article points out the enormous growth of Argentine exports of grain and oilseeds to the Soviet Union during the 15-month duration of the Soviet grain embargo. From a level of about 2 million tons in the 1979–80 marketing year, Argentine sales of wheat, coarse grains, and soybeans increased to 7.6 million tons in 1980–81 and are expected to reach nearly 15 million tons this year.

CHANGE IN TRADE PATTERNS MAY BE PERMANENT

The article, by Edward Schumacher, makes clear that Argentine Grain Board officials intend to make an all-out effort to retain their rising share of the Soviet grain import market, as well as to supply other countries which were regular customers before the embargo. Mr. Schumacher indicates that, in addition to an agreement under which Argentina is selling at least 4.5 million tons of feedgrains per year to the U.S.S.R., they have signed agreements with the People's Republic of China for 1 million tons of wheat and soybeans annually and with Mexico for 1 million tons of grain sorghum and soybeans per year. Combined with increased commitments from Canada, Australia, and the European Community, it is becoming clear that the embargo has had a severe and perhaps permanent effect on the level of U.S. agricultural exports to the Soviet Union. Unless we can regain pre-embargo export growth, it is entirely possible that the high United States and world grain production forecast for this year will again push farm prices to unacceptably low levels.

PROGRESS ON A NEW SOVIET LONG-TERM AGREEMENT

I would certainly applaud the initiative of Agriculture Secretary Block in moving quickly to begin discussions with Soviet officials leading to the consultations required before a new long-term agreement can be put in place. This negotiation process will undoubtedly entail concessions by both sides in order to arrive at an agreement that meets the trade requirements of both countries in time for implementation on October 1. Considering the growing competition for the Soviet grain import market, as well as for other major importers, pointed out by Mr. Schumacher's article, I would strongly support an aggressive export policy to regain and defend our pre-embargo share of the world grain trade.

The article follows:

END OF GRAIN CURB WORRIES ARGENTINA

(By Edward Schumacher)

BUENOS AIRES, May 3.—It is now autumn in the Southern Hemisphere and Argentine farmers are just completing the largest harvest in their country's history: some 35 million metric tons of corn, wheat and other grains.

The ports here are backed up for weeks as ships stream in to carry away the valuable food cargo from the world's third-largest grain exporter.

Argentina has benefited tremendously from its decision 15 months ago to ignore an appeal by the United States to join in a curtailment of grain shipments to the Soviet Union. But President Reagan's decision last week to end the grain curb casts a shadow of apprehension over the booming ports.

INCREASED SALES SHARPLY

"We have to wait and see what is going to happen on the Chicago futures market and what the Russians are going to do," said Carlos P. Chevallier-Boutell, chief economist at the Argentine Grain Board.

Argentina last year sold 7.6 million metric tons of grain to the Soviet Union, about four times as much as the year before. This year, it expected to sell the Soviet Union up to 15 million tons, or almost 80 percent of its total grain exports.

Argentine grain suppliers largely stepped into the breach created by the grain curb, an opportunism that United States officials charged largely undermined the American action. The Argentines say, however, that the Soviet trade was crucial to their economy last year. They say it prevented a poor year of zero growth from turning into a disaster. Moreover, they say, they were not consulted before the curtailment was imposed and they had predicted that it would be futile anyway.

President Reagan's announcement ending the curb was met with some smugness here. "Politics has a lot to say in international economic affairs," said one grain trader. "If I were the Russians, I would now teach the Americans a lesson and not buy from them."

But the Argentines are not the Russians and they now face new competition for the lucrative Soviet market from the United States and from Canada, Australia and other Western countries that joined the grain curb. France has announced that it would sell 600,000 tons of grains to the Soviet Union.

But if American farmers are pleased with the lifting of the curb, they will find that the Argentines have been preparing for a fight. Argentina concluded a five-year agreement with the Soviet Union last year to provide a minimum of 4.5 million tons of feed grains a year. Argentina has already sold that much plus 2.2 million tons more in wheat to the Soviet Union so far this year, Mr. Chevallier-Boutell said.

The Argentines, however, are relying on selling much more to the Soviet Union, and the Russians are not buying as much as the Argentines had hoped. This year's huge harvest adds to the fear that the country could be stuck with a glut of grains that it may have to sell at low prices.

"It's all part of the risks you have to run in this business," said Carlos Guietz, trade manager of Bunge y Born, one of the big five grain trading companies here that have prospered as a result of the grain curb.

The leading grain trading companies are the Continental Grain Company, Cargill Inc., Dreyfus, Bunge y Born and La Plata. Because they are privately held, no revenues or profits figures are available, and it is difficult to determine how the companies rank in relation to each other.

Argentine traders say they still expect the Soviet Union to buy the bulk of their harvest and that the Russians are going slow in order to judge the size of their own projected large harvest this year. The Argentines, nonetheless, are anxiously waiting to see what new agreement the United States will negotiate with the Soviet Union to replace the one that expires in September.

Argentina has a disadvantage of being far from the major world markets, creating a transportation cost that is aggravated by poor port facilities, creating the current logjam.

Argentina traditionally sells its grains at a little below world prices to make up for the transportation. Last year, it forced the Soviet Union to pay well above world prices, but already Argentine prices have fallen to their old relative levels. The Soviet Union is buying Argentine corn, for example, at roughly $10 a ton below world prices, forcing the Argentine Grain Board to step in and set a floor price of roughly $110 a ton.

Despite last year's boom, farmers have been hurt by interest rates of up to 150 percent a year that reflect the country's virulent inflation. Almost three-fourths of the nation's export earnings are from agriculture, and the country ended last year with a balance-of-payments deficit of almost $5 million. A 30 percent currency devaluation to help increase exports was announced last month.

The Government also has renewed a grain export agreement with China for one million tons of wheat and soybeans a year and signed an agreement with Mexico for one million tons of sorghum and soybeans a year. Last week, it announced a five-year agreement to export up to 100,000 tons of beef a year to the Soviet Union, an agreement that could bring in as much as $1 billion.

The Government hopes that these measures—and attempts to recapture some smaller markets that it dropped to sell to the Soviet Union—will help it overcome the re-entry of the United States into Soviet grain trade.●

THE SPACE SHUTTLE COLUMBIA

● Mr. SCHMITT. Mr. President, in his address to a joint session of Congress last Tuesday, President Reagan said:

The Space Shuttle did more than prove our technological abilities, it raised our expectations once more; it started us dreaming again.

The President's words are so true. I should like to cite an example of this. The Honorable RONNIE G. FLIPPO, U.S. Representative from the Fifth District of Alabama, and Mrs. Manuel (Jean) Lujan, the lovely wife of my distinguished New Mexico colleague, the Honorable MANUEL LUJAN, U.S. Representative from the First District of New Mexico, were so inspired by the flight of the *Columbia* that they combined their talents and composed a song, commemorating that flight. I request that the words of that song be included in the RECORD.

The text follows:

SALUTE TO SPACE SHUTTLE COLUMBIA'S MAIDEN VOYAGE

(By Hon. RONNIE G. FLIPPO)

O'Lord my name is Columbia
And I'm perfect in every way
I can't wait to get back to America
Cause she gets better looking each day.
To know me is to love me.
Oh, I must be a hell of a plane.
O'Lord it's hard to be humble.
But I'm doing the best that I can.
There are those who say I'm not worthy
But as you can see on TV
My spirit is the same as America's
The home of the brave and the free.
I'll fly up there for our future,
For all of the World to see.
I'm Columbia, the son of a great people
And God keep America free.
And now that I'm so damn beautiful
And gained many admires along the way,
Some remember when I was an ugly duckling,
My friends were Winn and Fuqua.
When I glide back to earth in my glory
With brave Crippen and Young guiding me
I can't help expressing my feelings
That this triumph is one for the free!
*O'Lord but it's hard to be humble
Thru grumblings of funding and such
I've proved myself worthy and able
Columbia's era has punch.
I've started my journey at Kennedy
And orbited far far above.
I circled two days and six hours
And returned to the land that I love.

*And now I am ready to labor
For the benefit of all mankind
The future looks brighter than ever
For me and for others behind.
O'Lord but it's hard to be humble
And it's only my mission to search,
To serve, to be there for the asking,
I salute all mankind down on earth.●

ADDRESS BY JESSE M. PIKE, PRESIDENT OF THE NATIONAL ASSOCIATION OF RETAIL DRUGGISTS

● Mr. EAST. Mr. President, yesterday Mr. Jesse M. Pike, Sr. of Concord, N.C., spoke to the annual conference of the National Association of Retail Druggists here in Washington, D.C. Mr. Pike is the president of NARD and the owner of Pike's Drug Store in Concord.

Mr. Pike's remarks illustrate the popularity of President Reagan's economic plan. Small businessmen need relief from overregulation. I am committed to providing that relief.

Following are pertinent portions of Mr. Pike's address:

ADDRESS BY JESSE M. PIKE

As you know, we have a new President, a Republican Administration, a Republican Senate, and a House that is still Democratic but conservative enough to work comfortably with the Republican leadership in the Senate and the government. This marks a new beginning for our nation and for us in health care.

I think we can look forward to a close working relationship with the Republican Administration. We knew the Republicans were coming. The National Association of Retail Druggists Journal, in fact, was first to predict the election outcome in two Presidential preference polls of NARD members. Both polls predicted a landslide majority for Governor Reagan. Our polls outperformed even the professional pollsters.

I am not implying that Pharmacy has gone Republican, only that at least this time most of us did seem to favor a change.

I believe it's a good change. We can now look forward to a return to the old American virtues of free enterprise, free market wisdom, and respect for individual initiative and personal integrity.

NARD was fully prepared for the change in Administration. And as soon as the election results were out, your leaders set out to build bridges with the incoming team. I am happy to report that NARD now has direct, friendly and effective access to the Republican topside—in the Administration, in the Congress, and in the Federal Regulatory agencies.

We lost no time in letting Gov. Reagan know about our feelings. I wrote a personal letter to Gov. Reagan to congratulate him and to welcome his call for a moratorium on Federal Regulations.

I took the opportunity to suggest that the Food and Drug Administration's PPI regulations were an ideal candidate for such a moratorium. Without a Presidential review, I wrote, the FDA could mandate a program whose costs could substantially outweigh any hypothetical benefits; this, in spite of the fact that the FDA lacks specific statutory authority to mandate such a program.

I pointed out that pharmacists, especially owners of independent pharmacies, can do a better job at lower costs than an inflexible, unproven, and costly Federal program.

I also stressed that intervention in the daily business decisions of our constituents impedes and limits competition in the free market. When the forces of intervention overwhelm the free market decision areas of our constituency, drug distribution will become the mismanaged province of a bureaucratic government.

I also offered NARD's full cooperation to the new Administration saying that NARD stands ready to meet with you or assist you and those you designate in whatever manner we can in achieving our mutual goals.

In a statement issued on behalf of its officers and members, NARD also identified these as the major concerns of independent retail pharmacies; inflation, a balanced Federal budget, energy, national economy, and limiting Federal regulatory agency power.

"We are encouraged," our statement said, "by signs that an atmosphere of cooperation with independent retail pharmacists and other small business owners will prevail throughout our nation during your term in office."

The statement went on to assure that as an advocate for the independent retail pharmacy component of our free-enterprise system, NARD anticipates a relationship of mutual respect and cooperation with you, your staff and appointees.

Finally, we expressed the hope that the Reagan Administration will strictly enforce the Regulatory Flexibility Act so as to eliminate those countless rules and regulations that are particularly burdensome to owners of independent pharmacies.

I expect more openness at the Department of Health and Human Services. Gone will be the suspicion and combative confrontation that we have experienced in dealings with the Nation's health bureaucracies. Our views will be solicited. We will be asked to work with the Administration, not at cross-purposes with it. To put it simply, we will be given every opportunity possible to show how pharmacy, other health professions, and the drug industry can manage the Nation's health delivery system without too many regulations.

I am also much encouraged by the dramatic shifts in power in the 97th Congress. Consider for instance that:

Instead of having two Democrats to one Republican in the House Committee, we now have four Democrats to three Republicans. This will greatly reduce the single vote margin of health bills.

The House, because of Republican and conservative Democrat coalitions, is now under control of conservatives.

The House Ways and Means Committee has a new Chairman, Rep. Dan Rostenkowski of Illinois.

The Senate, controlled by the Republicans for the first time in 26 years, is much more conservative and anti-regulatory than the Democratic Senate.

Senator Robert Dole of Kansas will chair the Senate Finance Committee and will become the major force in health care financing legislation. As Chairman of the Senate Labor and Human Resources Committee, Senator Orrin Hatch of Utah will have a powerful influence in shaping health delivery and planning policies.

Pro-competition health bills will be receiving more attention in the 97th Congress than before.

As I see it, the new Administration backed by a conservative Congress, will offer us plenty of opportunities for de-regulation in health care. All we need to do is to work with the Administration and suggest mutually acceptable ways to keep health costs under control.

I think we are in for an exciting time in the next four years.●

COAST GUARD OPERATIONS REDUCED

● Mr. PELL. Mr. President, I call to the attention of my colleagues the disturbing fact that, as of last Friday, Coast Guard operations in both the Atlantic and the Pacific were severely cut back, due to the lack of funding.

The Coast Guard's inability to meet its vastly expanded responsibilities has been one of the most neglected problems in Government for quite some time. Now, as a result of a shortfall in operating funds, the Coast Guard has been forced to sharply curtail important services. As of last Friday, drug enforcement in the Pacific region was cut back by 90 percent. The important environmental work of patrolling for oil spills has been eliminated entirely. Cutbacks in the Atlantic region have been equally severe. According to the Coast Guard, fisheries enforcement patrols under the 200-mile limit have been reduced by 60 percent. Commercial vessel safety inspections, environmental protection, and boating safety functions have each been reduced by 70 percent.

These cutbacks will produce serious problems along both coasts within a short time. The Coast Guard has been heavily involved in the crackdown on drug smuggling over the past several years, working with the Federal Customs Service, the Drug Enforcement Administration, and the National Marine Fisheries Service. Last year, the Coast Guard seized marihuana with a street value of over $1 billion. And yet this amount was estimated by the Commandant as representing only 20 percent of the total smuggling traffic in marihuana. The sharp increase in drug trafficking in the past few years has imposed a tremendous burden on the Coast Guard's limited resources, but the administration and the Congress have failed to provide the Coast Guard with the manpower and funding support it must have to do the job.

The Coast Guard's problems, illustrated by the severe cutbacks in operations effective last week, have been overlooked for many years. To a great extent, this is because the Coast Guard has performed its mission so well and projects an optimistic "can do" attitude toward its many responsibilities. Today, the Coast Guard's availability for all kinds of duty can no longer be taken for granted. Because we have failed to adequately support the Coast Guard, we must face reduced enforcement of regulations on foreign fishing fleets, reduced efforts to combat drug smuggling, and a diminished capacity to protect our offshore assets from oil spills and other forms of marine pollution.

I hope each of my colleagues will regard the cutback in operations as an opportunity to reexamine the Coast Guard's important role, and conclude that we need to give our "second navy" the resources necessary to perform the many tasks we have assigned to it.●

A TRIBUTE TO RAY PEZZULLO

● Mr. PELL. Mr. President, we all are increasingly aware, because of escalating crime rates, of the importance of the men and women who serve in our State and local police departments in the front lines of the war against criminal activity.

Today, I pay tribute to one such police officer, Ray Pezzullo, who will be retiring from the Providence Police Department this year after 40 years of service to the community as a police officer.

*Added by Mrs. Manuel (Jean) Lujan. Words sung to the tune of: "O Lord It's Hard To Be Humble."

Ray Pezzullo has been an outstanding and diligent police officer. He is, in more ways than one, a police officer's policeman. He recognized early in his career that effective police forces depend heavily on good morale and working conditions for members of the police force, and upon strong community support for the work of the police force.

Because of this recognition he devoted countless hours of work and years of service to the Rhode Island State Lodge of the Fraternal Order of Police, serving both as State legislative chairman, and as a national trustee of the FOP.

Ray Pezzullo did an outstanding and highly effective job of making known the needs of the police officers of Rhode Island in terms of both State and national legislation. For the Rhode Island members of the FOP he has been a strong and persistent advocate of legislation to help police officers and their families, and to help the public through more effective anticrime legislation.

Through his retirement, the Providence Police Department loses an excellent policeman, and policemen throughout the State will miss his legislative work for the FOP.

I am delighted to join with his many friends in wishing Ray Pezzullo a long, happy, and fulfilling retirement.●

ORDER TO HOLD H.R. 3132 AT THE DESK

Mr. BAKER. Mr. President, it has come to my attention that a House-passed bill, H.R. 3132 is at the desk. Might I inquire of the Chair, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, I ask unanimous consent that that measure be held at the desk pending further disposition not later than the close of business tomorrow without altering or changing the status quo.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT REFERRAL OF INTELLIGENCE AUTHORIZATION ACT

Mr. BAKER. Mr. President, I ask unanimous consent that once the Select Committee on Intelligence reports the Intelligence Authorization Act for fiscal year 1982, it be referred jointly to the Committees on Armed Services, Government Affairs, and Judiciary for the 30-day time period provided in section 3(b) of Senate Resolution 400, 94th Congress, provided that the Committee on Governmental Affairs be restricted to the consideration of title VI and that the Committee on the Judiciary be restricted to the consideration of sections 509 and 510. If any of said committees fails to report said bill within the 30-day time limit, such committee shall be automatically discharged from further consideration of said bill in accordance with section 3(b) of Senate Resolution 400, 94th Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL ORDERS FOR WEDNESDAY

Mr. BAKER. Mr. President, I inquire of the Chair if there are any special orders for the recognition of Senators on tomorrow.

The PRESIDING OFFICER. There are two special orders for Senator DOMENICI and Senator KASTEN.

RECORD OPEN UNTIL 5 P.M. TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that the record be held open today until the hour of 5 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, it is clear that we are not going to be able to proceed to the consideration of Calendar Order No. 62, S. 533, the Public Buildings Act this afternoon. I had thought for a brief time that we might be able to turn to the consideration of that bill and perhaps even complete it today. But that appears unlikely at the moment.

I announce that when the Senate convenes at noon tomorrow, and after the recognition of the two leaders under the standing order and the special orders just identified and the transaction of routine morning business, as will be provided for in the morning, it is the intention of the leadership on this side to ask the Senate to proceed to the consideration of the Public Buildings Act, Calendar Order No. 62, S. 533.

I hope that in the course of this afternoon or this evening it might be possible to arrive at a time agreement for the consideration of that bill and to dispose of that measure during the afternoon on tomorrow.

THURSDAY

On Thursday, Mr. President, we have two orders, one for the consideration of the nomination of Mr. Pauken to be Director of ACTION and the other for Mrs. Ruppe to be Director of the Peace Corps. After that, it is the intention of the leadership to proceed, indeed, we now have a unanimous-consent order to proceed immediately to the consideration of the first concurrent budget resolution. I expect that there will be at least one rollcall vote tomrorow, perhaps more. There will be a number of rollcall votes on Thursday. It is also anticipated that Thursday will be a long day, well into the evening.

FRIDAY

The Senate will be in session on Friday. I expect rollcall votes on Friday. I hope that it might be possible to complete consideration of the budget resolution on Friday. If it is not, then the Senate will go over either until Saturday or Monday next and continue until we have completed the debate on that measure and its final disposition.

RECESS

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 12 noon tomorrow.

The motion was agreed to, and, at 4:42 p.m., the Senate recessed until Wednesday, May 6, 1981, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate May 5, 1981:

DEPARTMENT OF STATE

Carleton S. Coon, Jr., of New Hampshire, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Nepal.

DEPARTMENT OF JUSTICE

Robert A. McConnell, of Arizona, to be an Assistant Attorney General, vice Alan A. Parker, resigned.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Richard P. Kusserow, of Illinois, to be Inspector General, Department of Health and Human Services, vice Thomas D. Morris, resigned.

INTERSTATE COMMERCE COMMISSION

Reese H. Taylor, Jr., of Nevada, to be a Member of the Interstate Commerce Commission for the term of 7 years from January 1, 1977, vice Robert J. Corber.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 5, 1981:

EXECUTIVE OFFICE OF THE PRESIDENT

Leonore Annenberg, of Pennsylvania, for the rank of Ambassador during her tenure of service as Chief of Protocol for the White House.

DEPARTMENT OF STATE

Elliott Abrams, of the District of Columbia, to be an Assistant Secretary of State, vice Richard Lee McCall, Jr., resigned.

Robert D. Hormats, of Maryland, to be an Assistant Secretary of State, vice Deane R. Hinton.

John J. Louis, Jr., of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Kingdom of Great Britain and Northern Ireland.

Arthur H. Woodruff, of Florida, a Foreign Service officer of class 2 to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Central African Republic.

John A. Burroughs, Jr., of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Malawi.

John A. Gavin, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico.

ENVIRONMENTAL PROTECTION AGENCY

Ann McGill Gorsuch, of Colorado, to be Administrator of the Environmental Protection Agency, vice Douglas M. Costle, resigned.

John Whitlock Hernandez, Jr., of New Mexico, to be Deputy Administrator of the Environmental Protection Agency, vice Barbara Blum, resigned.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Tuesday, May 5, 1981*

The House met at 12 o'clock noon.

Dr. William L. Fischer, Unity School of Christianity, Unity Village, Mo., offered the following prayer:

Our God and our Father:

As we come together for this time of deliberation and decisionmaking, help us to know that we deal with the soul of the world. Let us be mindful that, as each of us is a particle that makes up this soul, it is our responsibility to keep the soul healthy. Let us know that a healthy world-soul is one that reflects peace and harmony, equity and justice, and good will among people everywhere. Where the soul of the world bears illness, may all nations cooperate for the cause of healing. Brighten our minds and condition our hearts that all we do may become a soothing balm to all fellow members of the human family. We go forth this day rich in the knowledge that our responsibility is a sacred one. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

DR. WILLIAM L. FISCHER

(Mr. SKELTON asked and we given permission to address the House for 1 minute.)

Mr. SKELTON. Mr. Speaker, today we are honored to welcome Dr. William L. Fischer of Unity Village, Mo., as guest chaplain for the U.S. House of Representatives. In addition to offering high-quality religious education and the worldwide dissemination of the word of God, Unity Village is also noted for its inspirational television and radio messages.

Dr. William L. Fischer has spent nearly 20 years as a pulpit minister. He has served 10 years as director of the Unity Ministerial School and he has been director of radio and TV for the ministerial school. Dr. William L. Fischer is the author of two books: "The Mastercraft of Living" and "Alternatives."

We are indeed honored to have Dr. William L. Fischer offer today's opening prayer in the U.S. House of Representatives.

THE DEATH OF BOBBY SANDS

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, last night at 8:17 Bobby Sands passed away after 66 days on a hunger strike. The intransigence of the British Government throughout this matter is to be condemned. They have displayed arrogance in their spurning of world pleas. These include appeals made by the Pope who sent his personal envoy, Rev. John Magee, to see Sands. Further, I and 50 Members of the Ad Hoc Congressional Committee for Irish Affairs sent an urgent telegram to Mrs. Thatcher on April 30 urging her to commence negotiations between her Government, representatives of the prisoners and religious leaders in Northern Ireland, for the sole purpose of averting the death of Bobby Sands. These pleas fell on deaf and insensitive ears.

The British Government's failure to even attempt to work for a humanitarian resolution reflects the moral bankruptcy of their policies in Northern Ireland. It is my hope that the call of Bobby Sands' mother for nonviolence will be followed so that the British Government can suffer the glare of a much deserved negative world reaction.

PEOPLE OF SOUTH DAKOTA WANT BUDGET BALANCED NOW

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DASCHLE. Mr. Speaker, there has been a great deal of discussion during this budget debate about whose budget truly represents the will of the people.

Like most Members I have spent a great deal of time in my State in recent days. I can assure this Chamber that none of the major budget alternatives we are considering reflects what the people of South Dakota would do if they could vote on this issue.

What the people of my State want is a balanced Federal budget. They do not want a balanced budget in 1983 or 1984 or whenever we happen to get around to it. They want a balanced budget now.

They are not interested in the fine points of whether it is better to have a $50 billion White House deficit or a $25 billion congressional deficit. They are interested in whether we have the political guts to balance the budget. I think they are right.

Since the day I came here we have specialized in promises. It is time now to deliver and the way to deliver is by writing a budget with adequate defense spending, sharp budget cuts, sharp cuts in tax expenditures, and tax cuts only to the extent possible without creating another big deficit.

The budget alternatives we have before us fall short of these goals. None should receive our approval until we deliver the balanced budget the Nation wants and deserves to have this year.

VOCATIONAL EDUCATION AND JOB TRAINING

(Mr. RAHALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RAHALL. Mr. Speaker, last Friday evening I had the opportunity to attend the 10th-year anniversary of a program that has provided countless benefits to a five-county region in southern West Virginia.

Since 1971, the Tristate Opportunities Industrialization Center has met the needs of those who required job training and placement in a worthwhile job. They have given the unemployed, the underemployed, the unskilled, the semiskilled, and economically disadvantaged a marketable skill—the ability to work.

This is not the only program of its kind in southern West Virginia, but it is the one I would briefly like to discuss with my colleagues, because it is relative to the budget proposals we are debating today.

The administration proposed to make cuts totaling nearly $10 billion in job creation, training, and unemployment support for fiscal year 1982. Of this total, more than $6 billion would make come out of employment training.

Mr. Speaker, I am greatly concerned about this proposal, because the need for vocational training has increased substantially in the last 10 years, when the number of jobs not requiring either a skill or educational competency has dropped from 34 percent to 8 percent.

The serious shortage of skilled labor in many trades will be multiplied by the cut in Federal funding for vocational education. By reducing such funds, the administration will be undercutting its own program of encour-

aging business investment and "putting America back to work." Many businesses, especially small businesses, will not be able to afford the money and time required to train workers on their own. The Government, however, is more than repaid for vocational education funding in subsequent increased tax revenues.

The impact of the President's plan will be the loss of over 1.75 million jobs; 314,000 jobs will be lost due to the elimination of the CETA program.

Mr. Speaker, job training and vocational education has been an investment in this Nation's future. As we look to the present, we cannot overlook the future.

The need for these programs is great, and I hope my colleagues realize the negatives effects that will result if they are abolished by this administration's coldhearted meat cleaver.

SLASHING EDUCATION FUNDING IS GRAVE THREAT TO DEFENSE

(Mr. HERTEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HERTEL. Mr. Speaker, as a member of the Armed Services Committee, it is my obligation to voice my commitment to improve the quality of our national defense. The best insurance of our national security is an educated citizenry.

The Armed Forces of the United States has the most sophisticated weapons system in the entire world to protect our Nation. Yet the testing of our recruits is at an alltime low.

America is threatened with a permanent loss of our technological superiority in defense and industry. This loss results from a lack of better trained personnel. I am reminded of the massive effort this Congress made when the Soviets launched the Sputnik satellite into space. Science education was made a national priority. The investment paid off in many ways, including the fact that the Americans were the first to land on the Moon.

The solution to our Nation's educational problems is not a 25-percent cut in Federal aid to education. Massive increases in defense spending for new, high technology weapons while slashing education funding is a grave threat to the future defense and economic revitalization of our country.

THE PRESIDENT IS NOT RIGHT ALL THE TIME

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, I am receiving a lot of mail from citizens about the President's economic recovery program. The President is a good man, and I admire him in many ways.

But, there are those who tell me that I must follow his every step, even if it is a misstep, and I am just not going to do that. The President is like every other public official. Sometimes he is right, and sometimes he is wrong.

When the President says that we should balance the budget, he is right, but when he proposes a 1982 budget with a nearly $45 billion deficit, I say he is wrong. When the President calls for a tax cut I think he is right, but when he sends 80 percent of his business tax cuts to business corporations, with $200 million or more in assets, I say he is shortchanging smaller businesses, and is wrong.

In this great budget debate we are talking about dollars, programs, lives, futures, and we just cannot afford to be wrong. This is not economic faith healing; it is our generation trying to define our tomorrow. The only intent I have is to support budgets that represent the best interests of this country's future, and I think that is a test for all of us who serve in Congress.

WALL STREET VOTED YESTERDAY ON PRESIDENT'S BUDGET

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, there is joy in the White House and in some parts of Congress over the imminent passage of President Reagan's budget.

Wall Street, however, voted yesterday. The Dow Jones average plummeted 16.48 points, the largest single drop since the day Reagan was inaugurated and the major banks raised the prime rate a full point. The free market has a lot of intuition. I think we should weigh what this Nation's business and economic experts think. We were sent to use our best judgment not be be windsocks.

If the Reagan program is so marvelous why is Wall Street not tapdancing?

THE BUDGET EXPECTATIONS: MARKET DOWN, INTEREST RATES UP

(Mr. ST GERMAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ST GERMAIN. Mr. Speaker, I want to call to the attention of the House four headlines in this morning's Washington Post: "Democrats Lack Votes for Their Budget Plan"; "Fed Increases Discount Rate From 13 Percent to 14 Percent"; "Major Banks Boost Their Prime to 19 Percent"; "Stock Prices Sink Along Broad Front."

The expectations that the administration's budget plan will be adopted are doing wonders for the economy.

REPUBLICAN BUDGET IGNORES ENERGY PROBLEMS

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, despite our continued vulnerability to shocks from foreign pricing decisions or supply disruptions, proponents of the Republican substitute ignore all energy problems and dismantle key elements of efforts to increase energy independence.

The Republican budget effectively abandons responsibility for filling the strategic petroleum reserve at an acceptable rate.

The Republican budget slashes the budget recommendation for conservation programs by 80 percent.

The Republican budget abandons our commitment to development of solar energy with a two-thirds cut.

The Republican budget eliminates the Department of Energy's commercial demonstration synthetic fuel plants.

Mr. Speaker, the Republican budget is a threat to our national security. It promises higher energy prices, increased unemployment, and continued inflation. It leaves this Nation dangerously vulnerable to oil supply and pricing decisions made by foreign governments, decisions which pose as much of a danger to our security as armed action but against which all the Pentagon's new hardware is impotent.

In contrast, Mr. Speaker, the Democratic budget contains the same commitment to military preparedness, but recognizes that energy independence is an equally important ingredient in a real program of national defense.

The Democratic budget recognizes and acts to meet this vital national security threat; the Republican budget does not.

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INTEREST RATES AND DEFICIT SPENDING

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, the increase in the prime rate from 18 to 19 percent following publication of the latest money supply figures underscores the need for this House to pass the Latta-Gramm substitute budget resolution this week. The rapid increase in the money supply is not only a response to continuing Federal deficits but a warning to investors that,

unless dramatic action is taken by the Congress to cut spending, inflation will get worse.

In this context, it is vital to note that the Latta-Gramm substitute resolution contains $36.6 billion worth of cuts in its reconciliation instructions compared to only $15.8 billion in the resolution reported by the House Budget Committee. If we are serious about cutting spending, and counteracting inflationary expectations, the way to do it is to make the changes in the law required to effect the kind of spending cuts the administration has proposed—now. Relying on subsequent reductions in appropriations is simply not adequate and I urge my colleagues to recognize this fact and support the Latta-Gramm substitute when it is offered later in the week.

SQUARES—THE BEST AMERICANS

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, every time I come back from Texas, I am impressed with how many squares we have down there in my hometown. I like squares and I am proud that so many of the squares are my neighbors.

Squares build a better America. With more squares, we would have a balanced budget, lower inflation, and less government. It makes you want to point with pride to say that a person is a square.

Think of the excellent qualities that a square possesses.

First. A square is four equal sides representing complete equality.

Second. A square in math is the power of a quantity that multiplies itself.

Third. Square represents the truth as we say, "it is on the square."

Fourth. Square to set a table is neatness and perfect balance, as we "square the cloth."

Fifth. Square for a sailor is when he prepares himself for a trip to sea so he arranges the sails and is "squared away" to move out fast with the wind behind him.

Sixth. Square for tennis means for the player who is behind to move up and "square the game."

Seventh. Square gives you an even break, as a person who is a square shooter gives you a square deal and has squared his debts.

Square describes a person who is honest, straightforward, and a straight arrow. I like squares. I like to have square people as my friends and neighbors. What America needs are more squares.

VIRGIN ISLANDERS MAY ADOPT NEBRASKA IDEA—A UNICAMERAL LEGISLATURE

(Mr. DAUB asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAUB. Mr. Speaker, today we will be considering a proposal which will, if agreed to by the people of the Virgin Islands, sanction a continuation of a legislative arrangement long familiar to the people of Nebraska. Since the mid-1930's Nebraska has been the only State in the Union with a unicameral or one-house State legislature.

There are a number of reasons Nebraskans are fond of this arrangement. In an age of skyrocketing governmental costs and increased frustration with bureaucratic tangles, the unicameral system provides welcomed cost savings and efficiency. In terms of accountability in government, the unicameral option again scores high marks. By virtue of having a single legislator for the citizen to follow, the representative is necessarily more accountable.

I would point out that not only are the people of Nebraska satisfied with a unicameral structure, so are the experts. A 1971 study[1] ranked the Nebraska State Legislature ninth among the 50 States in overall legislative capability and first in accountability.

I want to voice my support for House Joint Resolution 238, and particularly its provisions to retain a single House legislative structure.

ANNOUNCEMENT OF SPECIAL ORDER EULOGIZING THE LATE HONORABLE TENNYSON GUYER

(Mr. LATTA asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, I have asked for this time to announce to the House that on next Tuesday, May 12, we will have a special order so that Members will have an opportunity to eulogize our friend, the late Honorable Tennyson Guyer. That is next Tuesday, May 12.

APPROVING A CONSTITUTION FOR THE U.S. VIRGIN ISLANDS

Mr. WON PAT. Mr. Speaker, I move that the House suspend the rules and pass the joint resolution (H.J. Res. 238) to approve a constitution for the U.S. Virgin Islands.

H.J. Res. 238

Whereas the Congress, recognizing the basic democratic principle of government by the consent of the governed, enacted Public Law 94-584 authorizing the peoples of the Virgin Islands to organize a government pursuant to a constitution of their own adoption; and

Whereas a constitution to provide for local self-government for the peoples of the United States Virgin Islands has been submitted to the Congress pursuant to the provisions of Public Law 94-584; and

Whereas, on April 24, 1981, the Virgin Islands Constitutional Convention recommended certain amendments to said proposed constitution: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Constitution for the United States Virgin Islands is approved as follows:

PREAMBLE

We the people of the United States Virgin Islands, grateful to Almighty God for our creation, preservation, and freedom, assuming the responsibilities of self-government in political union with the United States, and in order to promote more unity among our islands for ourselves and our posterity, promote the general welfare, protect the fundamental rights and freedoms of the individual, ensure political, social and economic justice, maintain a representative democratic government, protect our culture and natural resources, and preserve the identity of the Virgin Islands, do ordain and establish this Constitution.

ARTICLE I. BILL OF RIGHTS

FUNDAMENTAL RIGHTS

SECTION 1. The dignity of the human being is inviolable. No person shall be deprived of life, liberty or property without the process of law or be denied the equal protection of the laws. No person shall be discriminated against on account of race, color, sex, place of birth, social origin, or political or religious belief.

FREEDOM OF RELIGION, SPEECH, PRESS, ASSEMBLY AND PETITION

SECTION 2. No law shall be enacted respecting an establishment of religion, or prohibiting the free exercise thereof, or abridging the freedom of speech or of the press, or the right of the people peaceably to assemble, and to petition the Government for the redress of grievances.

RIGHT OF PRIVACY

SECTION 3. The right of the people to privacy in the conduct of their personal affairs is recognized and shall not be infringed.

RIGHT TO KNOW

SECTION 4. A person may examine any public document or observe the deliberations of any agency of Government, subject to reasonable limitation as may be provided by law, including protection of the right of privacy.

SEARCHES AND SEIZURES

SECTION 5. The right of the people to be secure in their persons, houses, papers, and other possessions against unreasonable searches and seizures and against invasions of privacy shall not be violated. No warrant for arrest or search shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, thing to be seized, or person to be arrested. Interception of communications by eavesdropping devices or other means is prohibited, unless authorized by warrant issued under terms and conditions provided by law. Evidence obtained in violation of the rights of the accused as set forth in this section shall not be admissible

[1] Citizens Conference on State Legislatures, "The Sometime Governments", Bantam Books, 1971.

as affirmative evidence against the accused in a criminal trial.

RIGHTS OF THE ACCUSED

SECTION 6. (a) In all criminal prosecutions, the accused shall be presumed innocent until proven guilty beyond a reasonable doubt, shall have the right to a speedy and public trial, and where the penalty may be imprisonment for more than six months, the right to trial by an impartial jury; to be informed of the nature and cause of the accusation; to have the assistance of counsel, and where the accused may be imprisoned, the assistance of counsel at public expense if necessary; to have compulsory process for obtaining witnesses, and to be confronted by the witnesses against him.

(b) Any person who is subjected to a custodial police interrogation shall, before he is questioned, be advised that he has a right to remain silent, that any statement that he makes may be used as evidence against him, and that he has the right to the presence of an attorney, either retained or appointed.

(c) Excessive bail shall not be required, nor excessive fines imposed, nor cruel or unusual punishment inflicted. All persons shall be presumed to be bailable, and such presumption shall be overcome only by a preponderance of the evidence, established by the Government, that the accused may flee the jurisdiction or that the granting of bail would constitute a hazard to the community.

(d) No person shall be twice put in jeopardy for the same offense or be compelled in any criminal case to be a witness against himself. The failure of an accused to testify shall not be taken into consideration or commented upon to the detriment of the accused.

(e) All civil rights shall be restored to a person convicted of an offense upon the completion of any sentence served, which shall include any period of probation or parole.

PROHIBITION OF SLAVERY

SECTION 7. Slavery and involuntary servitude are prohibited, except in the latter case as a punishment for crime after the accused has been duly convicted.

NO IMPRISONMENT FOR DEBT

SECTION 8. No person shall be imprisoned or suffer forced labor for debt.

HABEAS CORPUS

SECTION 9. All persons have the right to the writ of habeas corpus.

LABOR

SECTION 10. (a) All persons shall have the right to organize and bargain collectively, to strike and to picket, and to engage in other lawful concerted activities subject to reasonable limitations to protect the health, welfare, and safety as may be provided by law.

(b) Public employees engaged in services essential to the public health or safety may have the right to strike in accordance with law.

(c) All public employees and all employees of an individual private employer shall have the right to equal pay for equal work: *Provided, however,* That the phrase equal pay for equal work shall not be construed as requiring the equality of salaries, compensation, or benefits between public employees doing substantially equal work represented by different labor organizations.

(d) All employees shall have the right to reasonable protection against injuries in work or employment.

(e) The employment of children in any occupation injurious to their health, morals, or general welfare, or which places them in jeopardy of life or limb is prohibited.

PROTECTION OF PROPERTY

SECTION 11. Private property shall not be taken for public use without the payment of just compensation.

RESTRICTIONS ON LEGISLATION

SECTION 12. No ex post facto law, bill of attainder, or law impairing the obligation of contracts shall be enacted.

QUARTERING OF SOLDIERS

SECTION 13. No soldier, in time of peace, shall be quartered in any house without the consent of the owner, nor in time of war, except as provided by law.

TRIAL BY JURY

SECTION 14. Trial by jury shall be preserved, but the Senate by law may authorize the trial of civil causes by a jury of no less than six persons.

RESERVATION AND IMPLEMENTATION OF RIGHTS

SECTION 15. The preceding enumeration of rights shall not be construed restrictively nor shall it be construed to deny or disparage other rights retained by the people. The Senate shall provide by law for the implementation and enforcement of this Article.

ARTICLE II. PRINCIPLES OF GOVERNMENT

REPUBLICAN FORM OF GOVERNMENT

SECTION 1. The Government of the Virgin Islands shall be republican in form and shall consist of three branches: legislative, executive, and judicial.

ETHICAL STANDARDS

SECTION 2. Officers and employees of the Government shall be devoted to serving the public interest and shall observe and maintain the highest ethical standards. A code of ethics applicable to all public officers and employees shall be established by law.

CAPITAL

SECTION 3. The capital of the Virgin Islands shall be Charlotte Amalie, St. Thomas.

ANTHEM, FLAG, AND SYMBOLS

SECTION 4. An anthem, flag, seal, bird, flower, fish, and tree of the Virgin Islands, each of which shall symbolize the history and culture of the people, shall be provided by law. Within one year of the effective date of this Constitution, the Senate shall provide for the implementation of this section. Once established by law, the anthem, flag, seal, bird, flower, fish, and tree, shall be incorporated and considered a part of this Constitution.

ARTICLE III. CITIZENSHIP

DEFINITION OF A VIRGIN ISLANDER

SECTION 1. A Virgin Islander is—

(a) a person born in the Virgin Islands, or

(b) a person who is a descendent of at least one parent who was born in the Virgin Islands.

CITIZENSHIP

SECTION 2. Citizens of the Virgin Islands are—

(a) all persons born in the Virgin Islands and subject to the jurisdiction thereof; or

(b) all persons born outside of the Virgin Islands who are citizens of the United States, and who have been domiciled in the Virgin Islands for at least one year; or

(c) all former Danish citizens who, on January 17, 1917, resided in the Virgin Islands of the United States, and were residing in those islands or in the United States or Puerto Rico on February 25, 1927, and who did not make the declaration required to preserve their Danish citizenship by Article 6 of the treaty entered into on August 4, 1916, between the United States and Demark, or who, having made such a declaration, have heretofore renounced or may hereafter renounce it by a declaration before a court of record, or

(d) subject to the enactment of appropriate Federal legislation, all persons born in the Virgin Islands residing outside of the United States, its territories, and possessions between January 17, 1917, and June 28, 1932, and not subject to the jurisdiction of the United States, and who are not citizens or subjects of any foreign country.

ARTICLE IV. SUFFRAGE AND ELECTIONS

RIGHT TO VOTE

SECTION 1. Every citizen of the United States and the Virgin Islands eighteen years of age or older and registered to vote in the Virgin Islands shall have the right to vote. No property, language, literacy, or income qualifications may be imposed, but a minimum period of residency in the Virgin Islands may be required by law. Persons who are adjudged mentally incompetent, or serving a sentence after conviction of a felony may be disqualified from voting by law.

REGULAR GENERAL ELECTION

SECTION 2. The regular general election of the Virgin Islands shall be held on the first Tuesday following the first Monday of November in each even numbered year. The Governor, Lieutenant Governor, and members of the Senate shall be elected at a regular general election. Other elections, initiative, referenda, and matters with respect to election procedures shall be as provided by law.

DATE OF TAKING OFFICE

SECTION 3. The Governor and Lieutenant Governor elected at a regular general election shall take office on the first Tuesday following the first Monday in January following the election. All other public officials elected at a regular general election shall take office as provided by law.

OATH OR AFFIRMATION

SECTION 4. No political or religious test, other than an oath or affirmation to support the Constitution and laws of the Virgin Islands and the Constitution and laws of the United States applicable to the Virgin Islands, shall be required as a qualification for public office.

COMPENSATION

SECTION 5. Elected officials shall receive compensation as provided by law.

ARTICLE V. LEGISLATIVE BRANCH

LEGISLATIVE POWER

SECTION 1. The legislative power of the Virgin Islands is vested in a unicameral body designated the Senate of the Virgin Islands and shall extend to all subjects of legislation consistent with this Constitution and the Constitution and laws of the United States applicable to the Virgin Islands. To the extent not inconsistent with the Constitution and laws of the United States, this Constitution and laws of the Virgin Islands enacted under it shall be the supreme law of the Virgin Islands.

COMPOSITION OF THE SENATE

SECTION 2. The Senate shall consist of fifteen members to be known as Senators. The Senate shall provide for district and at-large Senators in accordance with law: *Provided,* That there shall be no more than four at-large Senators and the legislative districts of St. Croix, St. John, and St. Thomas each

shall be represented. District Senators shall be elected for a term of two years, and at-large Senators for a term of four years.

REAPPORTIONMENT

SECTION 3. (a) At least once every ten years and within one hundred and twenty days of publication of an official census, the Senate shall be reapportioned by law as required by changes in the distribution of residents on each island. A reapportionment plan may divide a legislative district and shall provide for representation by each Senator of approximately the same number of residents, while ensuring representation for each island.

(b) If the Senate fails to reapportion, the appellate court shall have original and exclusive jurisdiction to promulgate a reapportionment plan.

QUALIFICATIONS OF SENATORS

SECTION 4. A Senator shall be—

(a) a citizen of the United States,

(b) a citizen of the Virgin Islands,

(c) a qualified voter of the Virgin Islands for at least three years,

(d) at least twenty-one years of age,

(e) a domiciliary of the Virgin Islands for at least five years immediately preceding the date of taking office, and

(f) if a district Senator, a domiciliary of the legislative district from which elected for at least thirty days immediately preceding the date of filing for office.

COMPENSATION

SECTION 5. No law increasing the compensation of Senators shall take effect during the term of the Senate that enacts the law.

RESTRICTION OF ACTIVITIES

SECTION 6. A Senator may not hold any other public position while in office. Within one year of ceasing to serve, a Senator may neither be appointed to any salaried public position which was created by the Senate nor benefit from any compensation which was increased by the Senate during the Senator's last term of office.

VACANCIES

SECTION 7. If a vacancy occurs in the Senate and one year or more remains in the unexpired term of office, the vacancy shall be filled by a special election within sixty days. If less than one year remains in the unexpired term of office when a vacancy occurs, the President of the Senate shall, within thirty days, appoint the next available person from among those candidates considered in order of the highest number of votes received. If there is no available candidate, the vacancy will be filled as provided by law.

LEGISLATIVE IMMUNITY

SECTION 8. A Senator may not be held to answer in any place except the Senate for a statement made in any Senate proceeding. A Senator shall, except in cases of treason, felony, or breach of the peace, be privileged from arrest during attendance at a session of the Senate and in going to and returning from same.

ORGANIZATION AND PROCEDURE

SECTION 9. A majority of the Senate shall constitute a quorum. The Senate shall have all authority inherent in a legislative assembly; shall be the sole judge of the election and qualifications of its members, and shall have the power to institute and conduct investigations, issue subpoenas, and administer oaths. The Senate, upon the vote of three-fourths of its members, may discipline any member for cause. The Senate shall keep a daily journal of its proceedings, which shall include a record of all votes and shall be published within thirty days.

REGULAR AND SPECIAL SESSIONS

SECTION 10. (a) Regular sessions of the Senate shall be held in the capital of the Virgin Islands beginning on the first Monday following the first Tuesday in January of each year.

(b) A special session of the Senate may be called by the Governor or by the President of the Senate upon request of one-third of its members. Until the business specified in the call has been acted upon, no other business shall be considered at a special session.

(c) All sessions of the Senate shall be open to the public.

ENACTMENT OF LAWS

SECTION 11. (a) A law may be enacted only by bill, and a bill shall not be enacted unless it is written, read, and passed by a majority of the members present and voting on the question.

(b) Each bill passed by the Senate shall be presented to the Governor. If the Governor signs or fails to return a bill within ten working days of presentation, it shall become law. If the Governor vetoes a bill, it shall be returned to the Senate within ten working days of its presentation with a statement of reasons for the veto. The Governor may veto an item of an appropriation bill and sign the remainder of the bill, in which event the vetoed item shall be returned to the Senate within ten working days of its presentation with reasons for the veto.

(c) A bill or item of an appropriation bill vetoed by the Governor may be considered by the Senate upon the motion of any Senator within thirty days of its return and shall become law as originally passed upon a vote of two-thirds of the members of the Senate.

IMPEACHMENT

SECTION 12. The Senate may impeach any elected official for cause upon a vote of two-thirds of its members. The appellate court shall determine, by a two-thirds vote, whether to remove from office an elected public official impeached by the Senate, and a person so removed shall not be immune from criminal charges or civil action.

ARTICLE VI. EXECUTIVE BRANCH

EXECUTIVE POWER

SECTION 1. The executive power of the Virgin Islands is vested in the Governor.

ELECTION OF GOVERNOR AND LIEUTENANT GOVERNOR

SECTION 2. The Governor and Lieutenant Governor shall be elected by the qualified voters of the Virgin Islands and shall serve for a term of four years. Each qualified voter shall cast a single vote for Governor and Lieutenant Governor, who shall be elected upon receiving a majority of the votes cast. Runoff elections shall be as provided by law. A Governor may not serve more than two successive full terms and may not serve as Lieutenant Governor immediately following two successive full terms.

QUALIFICATIONS FOR GOVERNOR AND LIEUTENANT GOVERNOR

SECTION 3. The Governor and Lieutenant Governor each shall be—

(a) a United States citizen,

(b) a Virgin Islands citizen,

(c) a qualified voter of the Virgin Islands,

(d) at least thirty-five years of age, and

(e) a domiciliary of the Virgin Islands for fifteen years, five of which must immediately precede the date of taking office.

POWERS AND DUTIES OF THE GOVERNOR

SECTION 4. (a) The Governor shall supervise the executive branch and shall be responsible for the faithful execution of the laws of the Virgin Islands.

(b) The Governor shall appoint, with the advice and consent of the Senate, and may remove the heads of all executive branch departments. The Governor shall appoint and may remove all other employees of the executive branch subject to law.

(c) The Governor shall report annually to the Senate on the state of Virgin Islands affairs and, at any time, may recommend bills or other measures.

(d) The Governor shall prepare and submit to the Senate, at a time prescribed by law, a budget for the ensuing fiscal year. The budget shall state the estimated funds available for appropriation and the estimated receipts, expenditures, and obligations for every department, agency, and Government instrumentality. The budget shall state the public debt and contingent liabilities and shall include other information as may be required by law.

(e) The Governor shall have the power to issue executive orders consistent with law.

(f) Except in cases of impeachment, the Governor shall have the power to grant reprieves, commutations, pardons, and to remit fines and forfeitures. Each exercise of this power shall be reported to the Senate.

(g) In the event of a natural disaster, invasion, or insurrection, or imminent danger thereof, the Governor may call out the militia or, when the public safety requires, proclaim martial law. Upon such proclamation, the Senate shall meet forthwith and may, upon the affirmative vote of two-thirds of its members, revoke the proclamation of martial law then or at any other time. During an emergency, the Governor may order the executive branch to be moved temporarily.

POWERS AND DUTIES OF THE LIEUTENANT GOVERNOR

SECTION 5. The Lieutenant Governor shall have custody of the seal of the Virgin Islands, shall countersign and affix the seal to official documents, shall record and preserve the laws of the Virgin Islands, and shall have additional duties as may be assigned by the Governor or provided by law.

OFFICIAL RESIDENCE

SECTION 6. The official residence of the Governor shall be in the capital of the Virgin Islands. The Governor and Lieutenant Governor shall be provided appropriate rent-free residences.

RESTRICTIONS ON ACTIVITIES

SECTION 7. The Governor and Lieutenant Governor shall devote full time to their duties. While in office, neither shall practice a trade or profession for profit or, unless authorized by law, hold any public position.

ORDER OF SUCCESSION

SECTION 8. The order of succession to the office of Governor and to the office of Lieutenant Governor shall be: the President of the Senate, Vice-President of the Senate, and such other public official of the Virgin Islands as may be designated by law.

DISABILITY OF THE GOVERNOR OR LIEUTENANT GOVERNOR

SECTION 9. (a) The Governor or Lieutenant Governor shall declare a disability to discharge the duties of office by transmitting to the Senate a written declaration of disability. In the event of the temporary dis-

ability of the Governor, the Lieutenant Governor shall act as Governor. If the Lieutenant Governor is unable to act as Governor, the next available person in the order of succession shall act as Governor. In the event of the temporary disability of the Lieutenant Governor, the next available person in the order of succession shall act as Lieutenant Governor. The Governor or Lieutenant Governor shall resume office upon submitting a written declaration of termination of the disability.

(b) Upon the affirmative vote of two-thirds of its members, the Senate may raise the question of the temporary or permanent disability of the Governor or Lieutenant Governor. The appellate court shall determine all questions raised by the Senate or otherwise raised, as provided by law, with respect to the temporary or permanent disability of the Governor or Lieutenant Governor. If the Governor or Lieutenant Governor is determined by the appellate court to be permanently disabled, the office shall be declared vacant.

(c) In the event of a permanent disability of the Governor-elect, the office shall be declared vacant and the vacancy shall be filled by a special election to be held within sixty days of the declaration of the disability.

(d) In the event of the permanent disability of the Lieutenant Governor-elect the office shall be declared vacant, and the Governor, with the advice and consent of the Senate, shall appoint a qualified person to fill the vacancy.

PERMANENT VACANCY IN THE OFFICE OF GOVERNOR OR LIEUTENANT GOVERNOR

SECTION 10. (a) In the event of a permanent vacancy in the office of Governor, the Lieutenant Governor shall become Governor.

(b) In the event of a permanent vacancy in the office of Lieutenant Governor, the Governor shall appoint a qualified person within forty-five days who, upon confirmation by the Senate, shall become Lieutenant Governor. Until such a permanent appointment is made and confirmed, the next available person in the order of succession shall act as Lieutenant Governor.

(c) If simultaneous vacancies occur in the offices of Governor and Lieutenant Governor and more than one year remains in the unexpired term of office, a special election shall be held within sixty days to fill both offices. Between the occurrence of the vacancies and the election of successors, the offices of Governor and Lieutenant Governor respectively shall be filled by the next two available persons in the order of succession.

(d) If vacancies occur in the positions of both Governor-elect and Lieutenant Governor-elect, a special election shall be held within sixty days to fill both vacancies. The incumbent Governor and Lieutenant Governor shall remain in office until such election is held in accordance with law.

EXECUTIVE BRANCH DEPARTMENTS

SECTION 11. (a) The functions, powers, and duties of the executive branch offices, agencies, and instrumentalities shall be as provided by law. These shall be organized, as far as practicable, in departments according to major purposes. Independent, regulatory, quasi-judicial, and temporary offices, agencies, and instrumentalities need not be attached to a department.

(b) The Governor by executive order may make such changes in the functions, powers, and duties of offices, agencies, and instrumentalities as are considered necessary for efficient administration. Any changes that are inconsistent with law shall be presented to the Senate and, unless modified or disapproved by a majority of the members, shall become effective sixty days after presentation.

(c) The head of the department of law shall be the Attorney General, who shall prosecute all violations of laws in the name of the people of the Virgin Islands. The Attorney General shall be a citizen of the United States and the Virgin Islands and licensed to practice law in the Virgin Islands for at least five years.

ARTICLE VII. JUDICIAL BRANCH

JUDICIAL POWER

SECTION 1. The judicial power of the Virgin Islands shall be vested in an appellate court and in such lower courts as may be created by law.

APPELLATE COURT

SECTION 2. The appellate court shall consist of not less than three judges, and shall have appellate jurisdiction over all cases arising under this Constitution and such other appellate and original jurisdiction as may be provided by law. Decisions of the appellate court on questions arising under this Constitution and the laws of the Virgin Islands shall be final, except as Federal law may provide for review of such decisions by the United States Supreme Court. Decisions of the appellate court on questions arising under the United States Constitution or laws or treaties of the United States may be appealed to the United States Court of Appeals for the Third Circuit, unless otherwise provided by the Congress of the United States.

JUDICIAL NOMINATING COMMITTEE

SECTION 3. There shall be a Judicial Nominating Committee established by law whose members shall be nominated by the Governor with the advice and consent of the Senate. All judges shall be appointed by the Governor with the advice and consent of the Senate, but no person shall be appointed as a judge who has not been nominated by the Judicial Nominating Committee.

JUDICIAL MISCONDUCT AND DISABILITY

SECTION 4. There shall be a judicial commission established by law with the power to discipline, censure, suspend, remove for misconduct, or retire for disability any judge of any court established by law. Any decision of the judicial commission shall be appealable in a manner as provided by law. The position of any judge suffering permanent disability shall be filled in accordance with law.

TERM

SECTION 5. The regular term of a judge of any court of the Virgin Islands shall be eight years.

QUALIFICATIONS

SECTION 6. A judge shall—

(a) be a citizen of the United States and the Virgin Islands;

(b) be a domiciliary of the Virgin Islands for not less than five years immediately preceding his appointment;

(c) have been licensed to practice law in the Virgin Islands for not less than four years immediately preceding his appointment; and

(d) for appointment to the appellate court of the Virgin Islands, have practiced law for not less than ten years, and for appointment to any lower court, have practiced law for not less than five years.

COMPENSATION

SECTION 7. The salary and allowances of a judge shall be provided by law, and may not be decreased during his tenure.

RESTRICTION ON ACTIVITIES

SECTION 8. No person who holds a judicial office in the Virgin Islands shall hold any other paid office, engage in the practice of law, or in the pursuit of business. Any judge who files or announces his candidacy for elective office shall thereby forfeit his judicial office.

RULEMAKING POWER

SECTION 9. The appellate court shall adopt rules with respect to judicial matters, including temporary disability, civil and criminal procedure, judicial ethics, and admission to, governance of and expulsion from the practice of law.

ADMINISTRATION

SECTION 10. The chief judge of the appellate court of the Virgin Islands shall be responsible for the administration of that court. Administration of any lower court shall be as provided by law.

ARTICLE VIII. LOCAL GOVERNMENT

POLITICAL SUBDIVISIONS; CREATION, POWERS

SECTION 1. The Senate may create political subdivisions within the Virgin Islands and provide for the government thereof. The Senate may create a political subdivision embodying each major island, but may not create a political subdivision within any of the islands, except with the approval of a majority of the voters voting on the question on the island which is to be subdivided. Each political subdivision shall have and exercise such powers as shall be conferred by law.

LOCAL SELF-GOVERNMENT; CHARTER

SECTION 2. Each political subdivision shall have the power to frame and adopt a charter for its own self-government within such limits and under such procedures as may be provided by law.

TAXATION AND FINANCE

SECTION 3. (a) The power to tax shall be reserved to the Senate, but a political subdivision may petition the Senate to impose a tax to be utilized by said political subdivision.

(b) The Senate shall have the power to apportion revenues among the political subdivisions.

MANDATES, ACCRUED CLAIMS

SECTION 4. No law shall be passed mandating any political subdivision to pay any previously accrued claim.

GENERAL LAWS

SECTION 5. This Article shall not limit the power of the Senate to enact laws of general concern, and no political subdivision may infringe upon this power.

ARTICLE IX. EDUCATION

EDUCATIONAL PHILOSOPHY

SECTION 1. (a) The Government of the Virgin Islands shall provide for the education of its people and establish a system of elementary, secondary, and higher education which embodies the principle of essential human equality and includes programs that respond to the needs, interests, and abilities of its people.

(b) Elementary and secondary education shall be compulsory for all persons as provided by law. Attendance at a public or an accredited nonpublic school shall satisfy this requirement. Public elementary and

secondary education shall be essentially free.

SCHOOL BOARDS

SECTION 2. (a) A Virgin Islands Board of Education shall be established by law and shall have such power and duties as may be provided by law.

(b) Other school boards, subordinate to the Virgin Islands Board of Education, may be provided by law.

ARTICLE X. PROTECTION OF CULTURE AND ENVIRONMENT

CULTURAL DEVELOPMENT

SECTION 1. No law shall be passed abridging the preservation and development of Virgin Islands culture, language, traditions or customs. Study of Virgin Islands culture, including but not limited to language, traditions, history, music, and art, shall be an integral part of the public education system.

COMMISSION ON CULTURE

SECTION 2. A commission shall be established by law to study, promote, and preserve the history, culture, and traditions of the Virgin Islands.

HISTORICAL PLACES AND ARTIFACTS

SECTION 3. Places, artifacts, documents, and objects of cultural or historical significance to the people of the Virgin Islands shall be protected and preserved, and public access to such places and artifacts shall be maintained as provided by law.

AGRICULTURE AND LAND COMMISSION

SECTION 4. A commission shall be established by law to acquire land for redistribution by lease to the people of the Virgin Islands for agriculture, homestead, or other public purposes as provided by law. The commission may acquire land only by transfer from the Government of the Virgin Islands or by purchase.

ENVIRONMENTAL PROTECTION

SECTION 5. The policy of the Virgin Islands shall be to preserve its natural resources, protect its air, land, and water, and to provide for the enjoyment of its natural beauty.

OPEN BEACHES

SECTION 6. All beaches and shorelines of the Virgin Islands shall be public and open to public access. Where not available, public access may be provided by law.

RIGHT TO A HEALTHFUL ENVIRONMENT

SECTION 7. Every person has the right to a healthful environment subject to reasonable limitations as may be provided by law. Each person may enforce this right against any party subject to reasonable limitations as may be provided by law.

ARTICLE XI. TAXATION AND FINANCE

TAX AUTHORITY

SECTION 1. All taxes shall be levied by law, and the Senate may not surrender, suspend, or contract away its power to initiate tax legislation except as provided by this Constitution. A tax may be levied or an appropriation of public money made only for a public purpose.

INCOME TAX

SECTION 2. Laws shall be enacted to administer and enforce the income tax and the Federal tax laws applicable to the Virgin Islands.

PUBLIC DEBT LIMITATION

SECTION 3. (a) The Senate by law may cause bonds or other obligations to be issued on behalf of the Government either for (i) a public improvement or public undertaking or (ii) other projects nominally and/or beneficially privately owned which will promote the public interest through economic development. Such bonds or obligations shall be payable solely from the revenues directly derived from and attributable to such public improvement, public undertaking, or other project. Such bonds shall not constitute a general obligation of the Virgin Islands or of the United States.

(b) The Senate, as authorized by law, may cause to be issued such negotiable general obligation bonds or other evidence of indebtedness as it may deem necessary and advisable to achieve or further a public purpose: *Provided,* That no public indebtedness of the Virgin Islands shall be incurred in excess of 10 percent of the assessed valuation of the taxable real property in the Virgin Islands.

(c) Bonds issued pursuant to this section may bear such dates, may be in such denominations, may mature in such amounts and at such time or times, not exceeding thirty years from the date thereof, may be payable at such place or places, may be sold at either public or private sale, may be redeemable (either with or without premium) or nonredeemable, may carry such registration privileges as to either principal and interest, or principal only, and may be executed by such officers and in such manner as shall be provided by law. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signature, whether manual or facsimile, shall nevertheless be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery. The bonds so issued shall bear interest at a rate not to exceed that specified by law and be payable at such time or times specified by law.

All such bonds shall be sold for not less than the principal amount thereof plus accrued interest. All bonds issued by the Government of the Virgin Islands, specifically including interest thereon, shall be exempt from taxation by the Government of the United States; by the Government of the Virgin Islands or any political subdivision thereof; by any State, territory or possession or any political subdivision thereof, or by the District of Columbia.

(d) The proceeds of the bond issue or other obligation herein authorized shall be expended only for public purposes as set forth in this section or for the reduction of the debt created by such bond issue or obligation.

(e) For purposes of this section bonds shall mean bonds, notes, or other obligations and shall be deemed to include bonds to refund any bonds, notes, or other obligations.

(f) Aggregate bonds issued in support of a single project pursuant to section (b) above, which exceed 20 percent of the average Government revenue for the previous three years, shall be approved by a majority of the qualified voters of the Virgin Islands voting on the question at a referendum.

(g) Bonds may not be issued for the operating expenses of the Government of the Virgin Islands, except that short-term bonds which are required to be repaid within one year may be issued by law to meet appropriations for any fiscal period in anticipation of the collection of revenue for that period or to meet casual deficits.

AUDITOR GENERAL

SECTION 4. (a) There shall be an Auditor General, who shall be appointed by the Governor with the advice and consent of the Senate and shall serve for a term of six years.

(b) The Auditor General shall be a United States citizen, a Virgin Islands citizen, a qualified voter of the Virgin Islands, a domiciliary of the Virgin Islands for at least five years, and shall have such other qualifications as may be provided by law.

(c) The Auditor General shall audit all revenues, accounts, expenditures, and programs of the Government, its departments, offices, agencies, and instrumentalities; shall make a public annual report and any special reports that may be required by the Governor or the Senate, and shall perform other duties as may be provided by law. In the performance of official duties, the Auditor General shall have the authority to administer oaths, take evidence, compel the attendance of witnesses and the production of books, letters, papers, records, and all other necessary articles.

(d) The Auditor General may not hold any other public position while in office, nor engage in any activity that would conflict with official duties and responsibilities. The salary of the Auditor General may not be decreased during a term of office.

(e) The Auditor General may be removed from office for cause by the Governor, with the advice and consent of the Senate, or by impeachment.

ARTICLE XII. INITIATIVE, REFERENDUM AND RECALL

All political power is inherent in the people, who reserve the power to propose, adopt, or reject laws, and also the power to adopt or reject any act or section of any act passed by the Senate.

INITIATIVE AND REFERENDUM

SECTION 1. (a) Initiative and referendum is the power of the electors to propose the enactment, amendment, or repeal of laws of the Virgin Islands, except public exigency laws and laws involving operating expenses. An initiative shall be instituted by a petition containing the full text of the proposal, and be signed by at least 10 percent of the qualified voters of each legislative district or by 41 percent of the qualified voters of the Virgin Islands.

(b) An initiative petition shall be filed with the Senate. If adopted by the Senate within thirty days of the filing of the petition, the proposal contained in the petition shall take effect in accordance with its terms. If the Senate fails to act within thirty days, the proposal shall be submitted to the voters at the next general election or at a special election held before the next general election.

(c) An initiative shall take effect upon the affirmative vote of a majority of the qualified voters of the Virgin Islands voting on the question. An initiative may not be vetoed by the Governor, and when adopted by the people may not be amended or repealed by the Senate in office when the petition was filed.

RECALL

SECTION 2. (a) Elected public officials of the Virgin Islands may be recalled by the qualified voters. A recall petition shall identify the official to be recalled by name and office, and be signed by at least 30 percent of the persons qualified to vote for that office. The petition shall state the reasons for recall.

(b) A special recall election shall be held within sixty days of the filing of the recall petition. An official shall be recalled upon

the affirmative vote of two-thirds of those voting on the question.

(c) A recall petition may not be filed during the first year of the first term of office of an elected official, and not less than three months before a general election; nor more than once a year except for cause.

ARTICLE XIII. CONSTITUTIONAL AMENDMENT

PROPOSAL OF AMENDMENTS

SECTION 1. Amendments to this Constitution shall maintain the principles of a republican form of government and may be proposed by initiative, a constitutional convention, or the Senate.

GENERAL CONSTITUTIONAL CONVENTION

SECTION 2. (a) The Senate, by the affirmative vote of two-thirds of its members, may submit to the qualified voters of the Virgin Islands at a regular general election the question, "Shall there be a constitutional convention to propose amendments to the Constitution?" This question shall be submitted by the Senate to the qualified voters of the Virgin Islands within ten years after the effective date of this Constitution and at least once every ten years thereafter.

(b) An initiative petition may submit to the qualified voters of the Virgin Islands the question, "Shall there be a constitutional convention to propose amendments to the Constitution?" The petition shall be signed by at least 15 percent of the qualified voters of each legislative district of the Virgin Islands or by 51 percent of the qualified voters of the Virgin Islands. The question shall be submitted to the voters at the first regular election held not less than ninety days after filing of the initiative petition.

(c) If a majority of those voting on the question of a constitutional convention favors holding such a convention, the Senate shall convene a convention within one hundred and twenty days after approval of the petition.

(d) Delegates to a constitutional convention shall be elected on a nonpartisan ballot as provided by law. A constitutional convention may propose an amendment to the Constitution only upon the affirmative vote of two-thirds of its members.

LEGISLATIVE PROPOSAL

SECTION 3. The Senate may propose an amendment to this Constitution upon the affirmative vote of two-thirds of its members.

INITIATIVE

SECTION 4. The people may propose an amendment to this Constitution by initiative. An initiative petition shall contain the full text of the proposed amendment and shall be signed by 15 percent of the qualified voters of each legislative district of the Virgin Islands or by 51 percent of the qualified voters of the Virgin Islands.

LIMITED CONSTITUTIONAL CONVENTION

SECTION 5. A constitutional amendment proposed by the Senate or by initiative may provide, in accordance with its terms, for direct ratification by the qualified voters of the Virgin Islands or for the convening of a constitutional convention limited to the issues raised by the proposed amendment. If a majority of those voting on the question of a limited constitutional convention favors holding such a convention, the Senate shall convene a limited constitutional convention within one hundred and twenty days, subject to the same restrictions on membership and adoption of any proposed amendment as those imposed on a general constitutional convention.

CONSTITUTIONAL REVIEW COMMISSION

SECTION 6. Within five years after the effective date of this Constitution and at least once every ten years thereafter, a constitutional review commission shall be established by law. The commission shall, within one hundred and twenty days of its establishment, make a public report to the Senate with its proposals, if any, for revision of the Constitution. Members of the commission shall be qualified voters of the Virgin Islands.

RATIFICATION OF AMENDMENTS

SECTION 7. Each proposed amendment to this Constitution shall be submitted to the qualified voters of the Virgin Islands for ratification at the first regular general election or at a special election called by the Senate. A proposed amendment shall take effect in accordance with its terms upon the affirmative vote of a majority of those voting on the amendment.

TRANSITIONAL SCHEDULE

RATIFICATION AND EFFECTIVE DATE OF THE CONSTITUTION

SECTION 1. This Constitution, as finally approved or modified by the Congress of the United States under Section 5 of Public Law 94-584 (October 12, 1976), shall be submitted to the qualified voters of the Virgin Islands and shall be ratified upon the affirmative vote of a majority of those voting on the question. The Constitution shall take effect one hundred and twenty days after ratification, except as provided in Sections 2 and 5 of this Transitional Schedule.

ELECTIONS

SECTION 2. Notwithstanding any other provision of this Constitution, all elected officials shall be elected in accordance with this Constitution at the first general election after the effective date of this Constitution.

CONTINUITY OF LAWS

SECTION 3. Laws, executive orders, and regulations in force in the Virgin Islands on the effective date of this Constitution that are consistent with this Constitution shall continue in force until they expire, are amended, or repealed. Laws, executive orders, and regulations that have been enacted or issued by the Senate of the Virgin Islands or by local executive authorities, respectively that are inconsistent with this Constitution shall be void to the extent of such inconsistency.

CONTINUITY OF GOVERNMENT EMPLOYMENT AND OPERATIONS

SECTION 4. Employees of the Government of the Virgin Islands on the effective date of this Constitution shall be employees of the constitutional government on the same terms and conditions of employment as were in effect and enforceable previously, unless otherwise provided by law. Employees of the Government of the Virgin Islands shall have the same functions and duties after becoming employees of the constitutional government unless otherwise provided by law.

CONTINUITY OF JUDICIAL MATTERS

SECTION 5. Until the Senate otherwise provides, the appellate court created by Section 1 of Article VII shall consist of the two United States District Court judges for the Virgin Islands and one judge appointed in accordance with the provisions of Section 3 and Section 6 of Article VIII of this Constitution. The judge so appointed shall serve as the chief judge of the appellate court until the appellate court created by Section 1 is fully implemented.

The Territorial Court of the Virgin Islands shall continue as a trial court of original jurisdiction in the same manner as existed prior to the date of adoption of this Constitution until and unless changed by law. The qualifications for judges set forth in this Constitution shall not be retroactively applied to any sitting judge of the Territorial Court. All rules of the judicial system consistent with this Constitution and in effect upon the adoption of this Constitution shall continue or may be modified or terminated in the same manner as existed prior to the adoption of this Constitution until and unless changed by law.

PROSPECTIVE OPERATION OF RIGHTS

SECTION 6. All rights or obligations, procedural or substantive, created for the first time by this Constitution shall be prospective and not retroactive.

SUCCESSION

SECTION 7. The constitutional government of the Virgin Islands shall succeed to all rights and obligations of the Government of the Virgin Islands that existed prior to the effective date of this Constitution. The validity of all public and private bonds, debts, and contracts, and of all claims, actions, and causes of action shall continue as if no change had taken place.

Signed and Witnessed by the Delegates to the Fourth Constitutional Convention of the Virgin Islands, at Charlotte Amalie, St. Thomas, United States Virgin Islands, on this 1st day of August, 1980.

Rupert W. Ross, Jr., President
Ruth H. Beagles, Secretary
Toya Andrew, Assistant Secretary
Clarice Bryan
Cecil Benjamin
Dorene E. Carter
Otis Felix
Henry Feuerzeig
Kwame Garcia
Cyprian Gardine
Rufus Graham
Geraldo Guirty
Stedmann Hodge
John James
Wilfrid James
Bent Lawaetz
Sidney Lee
Lucien Moolenaar
Alva McFarlane
Thyra Hodge Smith
Clement Sackey, 2d Vice President
Llewellyn Sewer, Sergeant at Arms
Ruby Simmonds, Vice President
Yvonne Tharpes
Charles Turnbull
Mario Watlington

SEC. 2. Notwithstanding the time limitations for congressional review provided in Public Law 94-584 (90 Stat. 2899), the Constitution of the Virgin Islands, as approved by section 1 of this resolution, shall be submitted to the qualified voters of the Virgin Islands for acceptance or rejection as provided in section 5 of said Act.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from Guam (Mr. WON PAT) will be recognized for 20 minutes, and the gentleman from California (Mr. LAGOMARSINO) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Guam (Mr. WON PAT).

Mr. WON PAT. Mr. Speaker, I yield myself such time as I may consume within the allotted time authorized.

Mr. Speaker, it is with great pleasure and personal pride that I, as chairman of the Subcommittee on Insular Affairs, today ask the House of Representatives to join me in support of House Joint Resolution 238, legislation to endorse the new constitution of the U.S. Virgin Islands.

The joint resolution before us recognizes and approves the proposed new constitution which was drafted by the people of the Virgin Islands. The proposed constitution establishes a republican form of government, consisting of a unicameral legislature, an executive branch, and an independent judicial branch. If this measure is approved by the Congress, the proposed constitution will then be presented to the voters of the Virgin Islands for their review prior to its implementation.

This resolution was approved by unanimous consent by the House Committee on Interior and Insular Affairs. And I note for the record that the concept of a new constitution for the Virgin Islands has enjoyed bipartisan support since its inception nearly 5 years ago.

I congratulate my fellow Delegate and colleague from the Virgin Islands, Mr. RON DE LUGO, for his diligent efforts to help the committee arrive at a timely process for reviewing this legislation.

I also applaud the delegates to the Virgin Islands Constitutional Convention for the outstanding work and the persistence they showed in drafting the proposed new constitution.

Being an islander, I can say without hesitation that the new constitution will have an important role in bringing increased local self-government to the Virgin Islands. It is also a striking example of American democracy at work, and my colleagues on the Interior Committee are to be congratulated for their own efforts to review the constitution and give it their approval quickly.

In 1976, Congress passed legislation, Public Law 94-584, giving the peoples of the Virgin Islands and Guam the authority to write their own local constitutions. The legislation now before us is a product of the 1976 legislation and is clear evidence of the desire of the peoples of the Virgin Islands to redefine their local government in a manner consistent with their own beliefs and requirements.

I am certain that I speak for all of my colleagues on the Interior Committee in extending congratulations to the Virgin Islanders for their fine work on the proposed new constitution and wishing them great success in forming their own local government. Self-determination is a noble process and the resolution before us today will provide this body with the opportunity to advance the cause of democracy even further.

Thank you.

Mr. LAGOMARSINO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I congratulate the delegate from Guam, Mr. TONY WON PAT, chairman of the Subcommittee on Insular Affairs, on the occasion of managing his first bill in that capacity.

Mr. Speaker, I rise in support of House Joint Resolution 238. Under Public Law 94-584, Congress authorized the Virgin Islands to hold conventions in order to draw up its own constitution. House Joint Resolution 238 is the product of that effort, which—upon attaining congressional approval—will be returned to the islands for the people's decision in a constitutional referendum.

Congress has reserved the right to approve, disapprove or modify the proposed constitution. But this discretion must be used with great care or run the risk of substituting Washington's judgment for that of a duly elected constitutional convention. Although I do not personally favor some of the provisions of the proposed constitution, I defer to the decision of the Virgin Islanders, who are in the best position to determine how they should be locally governed.

I am satisfied that the proposed constitution establishes a republican form of government, guarantees basic individual rights and preserves the supremacy of the U.S. Constitution and laws stemming therefrom. Accordingly, the authority of the Virgin Islands government to administer Federal tax law continues to be derived from congressional initiative, and nothing in the proposed constitution will alter this prerogative. Similarly, the tax exempt status afforded bonded indebtedness is a matter of Federal law and cannot be affected by local governmental decision.

As for the residency requirement for citizenship and the domiciliary qualification for the Governor and Lieutenant Governor, Congress is in no position to comment on the merits of these provisions. Rather, it is a decision for the islanders themselves to make, and perhaps, for the courts at some later date.

Lastly, to implement the Virgin Islands' constitution, further congressional legislation will be required in order to aline Federal statutes with certain provisions of House Joint Resolution 238. The Subcommittee on Insular Affairs is fully aware of this enabling requirement and intends to act in a timely manner to meet the expressed wishes of the Virgin Islanders.

Mr. Speaker, House Joint Resolution 238 acknowledges the right of self-government for the people of the Virgin Islands. It is fully in conformance with the republican principles of this Nation and marks progress in the attainment of complete justice for all Americans residing in the offshore areas. I, therefore, urge my colleagues to lend their unanimous support in its passage.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. CLAUSEN).

□ 1230

Mr. CLAUSEN. Mr. Speaker, I rise in support of House Joint Resolution 238, which approves the constitution of the Virgin Islands as amended by the constitutional convention on April 24, 1981. This marks the end of a long road started in 1976 when the Congress decided that U.S. citizens residing in the Virgin Islands should have the benefit of local constitutional government. Once approved by the Congress, the document which is before us today will be submitted to the people of the Virgin Islands for their decision in local referrendum.

One month ago, the Subcommittee on Insular Affairs met with members of the Virgin Islands Constitutional Convention to discuss recommended amendments to the Virgin Islands constitution by the administration. It was the subcommittee's view that it was more appropriate for the Virgin Islanders, themselves, to amend their own constitution than to have these amendments imposed upon them by the Federal Government. Accordingly, the constitutional convention reconvened and submitted to the Congress their comments which have been incorporated into House Joint Resolution 238.

Although all of the administration's recommendations have not been included in the revised constitution before us, a supremacy clause was inserted by the islanders into the text which eliminates any doubt as to the relationship between the U.S. Constitution and laws stemming therefrom and the Virgin Islands Constitution. Other issues of a U.S. constitutional nature must be left to the decision of the Virgin Islanders and perhaps, at a later date, to the courts. In this manner, therefore the administration's recommendations have been accommodated.

House Joint Resolution 238 represents one more step in assuring equity in the treatment of Americans living in the off shore areas and in extending Republican principles of government to the territories. Accordingly, I recommend its unanimous passage.

Mr. LAGOMARSINO. Mr. Speaker, I reserve the balance of my time.

Mr. WON PAT. Mr. Speaker, I yield as much time as he may consume within the time allotted to the distinguished gentleman from the Virgin Islands (Mr. DE LUGO).

Mr. DE LUGO. Mr. Speaker, I, too, would like to join in commending the chairman of our subcommittee on this historic day, the delegate from Guam managing his first bill, and it is a very important one for the people of another U.S. territory, the U.S. Virgin Islands.

Mr. Speaker, I rise today in support of House Joint Resolution 238, to approve the proposed constitution of the U.S. Virgin Islands, which I submitted on April 28, 1981. This resolution was passed, in an unanimous vote, by the full Interior Committee last Wednesday. It is cosponsored by the Honorable ANTONIO WON PAT, chairman of the Insular Affairs Subcommittee; the Honorable ROBERT LAGOMARSINO, ranking minority, member; the Honorable PHILLIP BURTON; the Honorable DON CLAUSEN; the Honorable AUSTIN MURPHY; and the Honorable DALE KILDEE.

The proposed constitution is the result of a process authorized by Congress through H.R. 9460, which provides for the people of the Virgin Islands to call a constitutional convention for the purpose of drafting a constitution establishing a republican form of government and a bill of rights. I introduced H.R. 9460 in September 1975. Many of you will recall that the bill received tremendous support in the House, with 102 bipartisan cosponsors; it was passed on an unanimous vote by the Interior Committee; and it passed on an unanimous vote of the entire House on October 6, 1975. The bill became Public Law 94-584 on October 21, 1975.

The people of the Virgin Islands have not taken the opportunity to demonstrate their political maturity provided by Public Law 94-584 lightly. This is evidenced by the fact that this is the fourth constitution drafted. The proposed constitution reflects the efforts of the delegates elected to the Fourth Constitutional Convention, who have created a document which provides a sound basis for self-government, while recognizing our position as part of these United States.

House Joint Resolution 238 is the product of the bipartisan efforts of members of the Insular Affairs Subcommittee. Minority and majority members took a constructive approach to review of the constitution submitted by the Fourth Constitutional Convention. In a hearing held by the subcommittee on April 7, Chairman ANTONIO WON PAT, and members ROBERT LAGOMARSINO, PHILLIP BURTON, DENNY SMITH, DOUGLAS BEREUTER, and myself met with the president of the Fourth Constitutional Convention, Mr. Ruppert Rose, convention delegate, Judge Henry Feuerzeig and Senator Bet Laweatz, and with the Honorable Alexander Farrelly, counsel to the convention.

Approval of House Joint Resolution 238, as submitted, would be consistent with established congressional policy to provide ever-increasing self-government for this U.S. territory, and to allow the people of the Virgin Islands to exercise their basic right to self determination. This policy has been evidenced by bills providing for gubernatorial elections and an elected delegate to Congress. A constitution created and endorsed by the people is clearly the next step. Furthermore, a constitution establishes a blueprint for what is otherwise a governmental structure eked out of the Organic Act and other Federal legislation.

I believe, as do the members of the Interior Committee, that this constitution is a document worthy of submission to the people of the Virgin Islands. The constitution, as presented to us, represents the superb efforts of members of the Fourth Constitutional Convention. I would particularly like to commend the efforts of convention president, Ruppert Ross; Alexander Farrelly, counsel to the convention; and convention member, Judge Henry Feuerzeig who are all here in the Nation's Capital to assist in presenting this document to Congress.

As I have said the result of the convention members' labors is a document worthy of presentation to the people of the Virgin Islands for them to complete this process by exercising their judgment in referendum.

For this reason, I urge the House of Representatives to pass House Joint Resolution 238.

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. DE LUGO. I would be happy to yield to the gentleman from California.

Mr. PHILLIP BURTON. I would like to commend the gentleman in the well, our distinguished colleague, the representative from the U.S. Virgin Islands, Mr. RON DE LUGO, for his continuing efforts and leadership in the Congress and most particularly and to the point his leadership in making it possible to bring this matter to the floor of the House in its present form.

This is another, in my view, very important step to maximize home rule for our fellow Americans living in the Virgin Islands. It does not seem all that long ago that the Governor of the Virgin Islands was appointed by the President of the United States. We since changed the law with respect to that and for some period of time now the people of the Virgin Islands have been electing their own Governor, as should be the case. It has been almost a decade now since the Congress very wisely extended, in my opinion, to the people of the Virgin Islands an opportunity to have a voice and a presence here in the Congress of the United States. I think that was another very crucial development in terms of extending to all Virgin Islanders access in a very meaningful way to our political processes.

I think it worthy of note, as my colleagues have mentioned, that we have managing the bill our distinguished colleague from Guam, ANTONIO B. WON PAT. This being the first bill he has managed as chairman of the Subcommittee on Insular Affairs, I think it is very noteworthy because to my knowledge Mr. WON PAT is the first insular area representative ever to chair a subcommittee in the history of the United States.

Therefore, there is a certain symmetry to the occasion that he is the bill manager on an item affecting an insular area.

This certainly must be a high point in Mr. WON PAT's political career, and he is to be commended for producing as his first bill, not one to benefit the area from which he hails, but one which extends democracy to our fellow Americans in the U.S. Virgin Islands. This is certainly a sign of the evenhandedness and fairness with which he will handle all of the insular areas within his jurisdiction.

Finally, I would like to associate myself fully with the remarks of my colleague, Mr. DE LUGO, and what he said about the effective leadership and insight that have been demonstrated by the Virgin Islands' political leadership and the delegates to the constitutional convention. This is an enormously significant step to authorize the people of the Virgin Islands to have within their own authority the capacity to amend their own ground rules, so to speak, and they are to be congratulated on their success to date.

Finally, I think it wise to observe once again but for the fact these insular areas have always been the subject of bipartisan support, concern, and interest and have not been haunted by some of the potentially devisive qualities that partisanship can produce, this resolution would not be before us today. But because of the leadership of our colleagues on the other side of the aisle, the gentleman from California (Mr. LAGOMARSINO), the gentleman from California (Mr. CLAUSEN), and others, as well as the assistance received on this side of the aisle, a bipartisan spirit has prevailed. Once again I think the U.S. Congress, or at least the House, has demonstrated its desire to be as supportive and cooperative as we can be in striving to eliminate in all respects any inequities that may still exist for our fellow Americans living in the offshore areas.

Mr. DE LUGO. Mr. Speaker, I thank the gentleman from California for his remarks.

I would also like to state that on behalf of the people in the Virgin Islands that the gentleman from California has been one of the best friends

that we have had and a leader in bringing more self-government to not only the Virgin Islands, but to the other offshore areas. I would like to commend him and also the gentleman from California (Mr. LAGOMARSINO), and the gentleman from California, Mr. DON CLAUSEN, and those on both sides of the aisle who have helped so much in this undertaking.

● Mr. CORRADA. Mr. Speaker, I rise in support of House Joint Resolution 238, to approve a constitution for the U.S. Virgin Islands.

This resolution will implement the provisions of Public Law 94-584 by approving the constitution which has been drawn up by the Virgin Islands Constitutional Convention. Under the provisions of that law, the goal was sought to allow the residents of the Virgin Islands to develop a constitution providing for a government framework responsive to their needs and aspirations. The process was completed last year and forwarded by the President to the Congress in October.

The constitution which the Representative of the people of the Virgin Islands has presented to the Congress is the product of several years of conscientious effort to achieve a document which they can present to the islanders. After the Congress approves this joint resolution, the constitution will be presented to the qualified voters of the Virgin Islands for acceptance or rejection.

I urge my colleagues to enable the completion of this process by approving House Joint Resolution 238.●

● Mrs. COLLINS of Illinois. Mr. Speaker, it is with great pride that I rise today in support of H.R. 238, legislation recognizing the proposed constitution of the Virgin Islands and providing for its consideration by Virgin Islander voters.

H.R. 238 establishes a republican form of government, which is made up of a unicameral legislature, an executive branch, and an independent judicial branch.

In 1976, legislation was signed into law authorizing Guam and the Virgin Islands to develop their own constitution. After convening constitutional conventions, whose purpose was to come up with a draft constitution, the constitution was then submitted to Congress and the President for review.

Accordingly, today we in the Congress are being called upon to recognize and approve the constitution which has been drawn up and submitted. I call upon my colleagues to show their support for H.R. 238 and vote for its passage.●

Mr. WON PAT. Mr. Speaker, since there are no further requests for time, I offer my special appreciation to several of my colleagues here today for their support on behalf of this bill.

I deeply appreciate the ranking member of the Committee on Interior and Insular Affairs, Mr. LAGOMARSINO, for his very gracious statement, and also the gentleman from California, Mr. DON CLAUSEN, for his timely comments. These two gentlemen are bona fide friends of Guam. They have long been instrumental in the passage of legislation affecting the territories and we are most fortunate to have them working with us on this measure.

I also want to recognize my distinguished colleague and former chairman of the Subcommittee on Insular Affairs, the gentleman from California, Mr. PHILLIP BURTON. It is well know that Mr. BURTON is a great champion of the underdog. He has long been in the forefront of legislation to benefit the territories and today is certainly no different. I appreciate his kind words and thank him for his continued support.

A word of deep appreciation is also due my good friend, Representative UDALL of Arizona, the chairman of the Interior Committee. He is also a true friend of the territories and we are here today with his full support. Finally, I extend my thanks to the members of my subcommittee for their diligence and hard work on this measure.

Mr. Speaker, I have no further need for time. I ask that the resolution do pass.

Mr. LAGOMARSINO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. RAHALL). The question is on the motion offered by the Delegate from Guam (Mr. WON PAT) that the House suspend the rules and pass the joint resolution (H.J. Res. 238).

The question was taken.

Mr. McKINNEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 408, nays 0, not voting 23, as follows:

[Roll No. 29]

YEAS—408

Addabbo	Benjamin	Brown (CO)	Collins (TX)	Guarini	Michel
Akaka	Bennett	Brown (OH)	Conable	Gunderson	Mikulski
Albosta	Bereuter	Broyhill	Conte	Hagedorn	Miller (CA)
Alexander	Bethune	Burgener	Conyers	Hall (OH)	Miller (OH)
Anderson	Bevill	Burton, John	Corcoran	Hall, Ralph	Mineta
Andrews	Biaggi	Burton, Phillip	Coughlin	Hall, Sam	Minish
Annunzio	Bingham	Butler	Courter	Hamilton	Mitchell (MD)
Anthony	Blanchard	Byron	Coyne, James	Hammerschmidt	Mitchell (NY)
Applegate	Bliley	Campbell	Coyne, William	Hance	Moakley
Archer	Boggs	Carman	Craig	Hansen (ID)	Moffett
Ashbrook	Bolling	Carney	Crane, Daniel	Hansen (UT)	Molinari
Aspin	Boner	Chappell	Crane, Philip	Harkin	Mollohan
Atkinson	Bonior	Chappie	D'Amours	Hartnett	Montgomery
Badham	Bonker	Cheney	Daniel, Dan	Hatcher	Moore
Bafalis	Bouquard	Chisholm	Daniel, R. W.	Hawkins	Moorhead
Bailey (MO)	Bowen	Clausen	Danielson	Heckler	Morrison
Bailey (PA)	Breaux	Clay	Dannemeyer	Hefner	Mottl
Barnes	Brinkley	Clinger	Daschle	Heftel	Murphy
Beard	Brodhead	Coats	Daub	Hendon	Murtha
Bedell	Brooks	Coelho	Davis	Hertel	Myers
Beilenson	Broomfield	Coleman	de la Garza	Hightower	Napier
Benedict	Brown (CA)	Collins (IL)	Deckard	Hiler	Natcher
			Dellums	Hillis	Neal
			DeNardis	Holland	Nelligan
			Derrick	Hollenbeck	Nelson
			Derwinski	Holt	Nichols
			Dickinson	Hopkins	Nowak
			Dicks	Horton	O'Brien
			Dingell	Howard	Oakar
			Dixon	Hubbard	Oberstar
			Donnelly	Hughes	Obey
			Dorgan	Hunter	Ottinger
			Dornan	Hutto	Panetta
			Dougherty	Hyde	Parris
			Downey	Jacobs	Pashayan
			Dreier	Jeffords	Patman
			Duncan	Jeffries	Paul
			Dunn	Jenkins	Pease
			Dwyer	Johnston	Pepper
			Dymally	Jones (NC)	Perkins
			Dyson	Jones (OK)	Petri
			Early	Jones (TN)	Peyser
			Eckart	Kastenmeier	Pickle
			Edgar	Kazen	Porter
			Edwards (AL)	Kemp	Price
			Edwards (CA)	Kildee	Pritchard
			Edwards (OK)	Kindness	Pursell
			Emerson	Kogovsek	Quillen
			Emery	Kramer	Rahall
			Erdahl	LaFalce	Railsback
			Erlenborn	Lagomarsino	Rangel
			Ertel	Lantos	Ratchford
			Evans (DE)	Latta	Regula
			Evans (GA)	Leach	Richmond
			Evans (IA)	Leath	Rinaldo
			Evans (IN)	LeBoutillier	Ritter
			Fary	Lee	Roberts (KS)
			Fascell	Lehman	Robinson
			Fenwick	Leland	Rodino
			Ferraro	Lent	Roe
			Fiedler	Levitas	Rogers
			Fields	Lewis	Rose
			Findley	Livingston	Rosenthal
			Fish	Loeffler	Rostenkowski
			Fithian	Long (LA)	Roth
			Flippo	Long (MD)	Roukema
			Florio	Lott	Rousselot
			Foley	Lowery	Roybal
			Ford (MI)	Lowry	Rudd
			Ford (TN)	Lujan	Russo
			Forsythe	Luken	Sabo
			Fountain	Lundine	Santini
			Fowler	Lungren	Savage
			Frank	Madigan	Sawyer
			Frenzel	Markey	Scheuer
			Frost	Marks	Schneider
			Fuqua	Marlenee	Schroeder
			Garcia	Marriott	Schulze
			Gaydos	Martin (IL)	Schumer
			Gejdenson	Martin (NC)	Seiberling
			Gephardt	Martin (NY)	Sensenbrenner
			Gibbons	Matsui	Shamansky
			Gilman	Mattox	Shannon
			Gingrich	Mavroules	Sharp
			Ginn	Mazzoli	Shaw
			Glickman	McClory	Shelby
			Goldwater	McCloskey	Shumway
			Gonzalez	McCollum	Shuster
			Goodling	McCurdy	Siljander
			Gore	McDade	Skeen
			Gradison	McDonald	Smith (AL)
			Gramm	McEwen	Smith (IA)
			Gray	McGrath	Smith (NE)
			Green	McHugh	Smith (NJ)
			Gregg	McKinney	Smith (OR)
			Grisham	Mica	Snowe

Snyder	Thomas	Whitten
Solarz	Traxler	Williams (MT)
Solomon	Trible	Williams (OH)
Spence	Udall	Wilson
St Germain	Vento	Winn
Stangeland	Volkmer	Wolf
Stanton	Walgren	Wolpe
Stark	Walker	Wortley
Staton	Washington	Wright
Stenholm	Waxman	Wyden
Stokes	Weaver	Wylie
Stratton	Weber (MN)	Yates
Studds	Weber (OH)	Yatron
Stump	Weiss	Young (AK)
Swift	White	Young (FL)
Synar	Whitehurst	Young (MO)
Tauke	Whitley	Zablocki
Taylor	Whittaker	Zeferetti

NOT VOTING—23

AuCoin	Huckaby	Simon
Barnard	Ireland	Skelton
Boland	Lederer	Tauzin
Cotter	Patterson	Vander Jagt
Crockett	Reuss	Wampler
English	Rhodes	Watkins
Fazio	Roberts (SD)	Wirth
Foglietta	Roemer	

□ 1245

The Clerk announced the following pairs:

Mr. Skelton with Mr. Vander Jagt.
Mr. AuCoin with Mr. Rhodes.
Mr. Boland with Mr. Wampler.
Mr. Foglietta with Mr. Roberts of South Dakota.
Mr. Reuss with Mr. Roemer.
Mr. Tauzin with Mr. Wirth.
Mr. Simon with Mr. Watkins.
Mr. English with Mr. Crockett.
Mr. Fazio with Mr. Huckaby.
Mr. Patterson with Mr. Barnard.
Mr. Ireland with Mr. Cotter.

So (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1300

GENERAL LEAVE

Mr. WON PAT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolution (H.J. Res. 238), just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was no objection.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1982

Mr. JONES of Oklahoma. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oklahoma (Mr. JONES).

The question was taken; and on a division (demanded by Mr. WALKER) there were—ayes 126, noes 10.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 379, nays 3, present 3, not voting 46, as follows:

[Roll No. 30]

YEAS—379

Addabbo	Crane, Daniel	Glickman
Akaka	Crane, Philip	Goldwater
Albosta	Crockett	Gonzalez
Alexander	D'Amours	Goodling
Anderson	Daniel, R. W.	Gore
Andrews	Danielson	Gradison
Annunzio	Dannemeyer	Gramm
Applegate	Daschle	Gray
Archer	Daub	Green
Ashbrook	Davis	Gregg
Aspin	Deckard	Grisham
Atkinson	Dellums	Gunderson
Badham	DeNardis	Hagedorn
Bafalis	Derrick	Hall, Sam
Bailey (PA)	Derwinski	Hamilton
Barnes	Dingell	Hammerschmidt
Bedell	Dixon	Hance
Benedict	Donnelly	Hansen (ID)
Benjamin	Dorgan	Harkin
Bennett	Dornan	Hartnett
Bereuter	Dougherty	Hatcher
Bethune	Downey	Hawkins
Bevill	Dreier	Heckler
Biaggi	Duncan	Hefner
Bingham	Dwyer	Heftel
Blanchard	Dymally	Hendon
Bliley	Dyson	Hertel
Boggs	Early	Hiler
Boland	Eckart	Hillis
Boner	Edgar	Holland
Bonior	Edwards (AL)	Hollenbeck
Bowen	Edwards (CA)	Holt
Breaux	Edwards (OK)	Hopkins
Brinkley	Emerson	Horton
Brodhead	Emery	Howard
Brooks	English	Hubbard
Broomfield	Erdahl	Hughes
Brown (CA)	Ertel	Hunter
Brown (CO)	Evans (DE)	Hutto
Brown (OH)	Evans (GA)	Hyde
Broyhill	Evans (IN)	Jacobs
Burgener	Fary	Jeffords
Burton, John	Fascell	Jeffries
Burton, Phillip	Fenwick	Jenkins
Butler	Ferraro	Johnston
Byron	Fiedler	Jones (NC)
Campbell	Fields	Jones (OK)
Carman	Findley	Jones (TN)
Carney	Fish	Kazen
Chappell	Fithian	Kemp
Cheney	Flippo	Kildee
Clausen	Florio	Kindness
Clay	Foley	Kogovsek
Clinger	Ford (MI)	Kramer
Coats	Ford (TN)	LaFalce
Coelho	Fountain	Lagomarsino
Coleman	Fowler	Lantos
Collins (IL)	Frank	Latta
Collins (TX)	Frenzel	Leach
Conable	Frost	Leath
Conte	Fuqua	LeBoutillier
Conyers	Garcia	Lee
Corcoran	Gaydos	Lehman
Coughlin	Gejdenson	Leland
Courter	Gibbons	Lent
Coyne, James	Gilman	Levitas
Coyne, William	Gingrich	Lewis
Craig	Ginn	Livingston
Loeffler	Obey	Smith (NJ)
Long (MD)	Panetta	Smith (OR)
Lott	Parris	Snowe
Lowery	Pashayan	Snyder
Lowry	Patman	Solarz
Lujan	Paul	Solomon
Luken	Pease	Spence
Lundine	Pepper	St Germain
Lungren	Perkins	Stangeland
Madigan	Petri	Stanton
Markey	Peyser	Stark
Marks	Pickle	Staton
Marlenee	Porter	Stenholm
Marriott	Price	Stokes
Martin (IL)	Pritchard	Stratton
Martin (NC)	Pursell	Studds
Martin (NY)	Quillen	Stump
Matsui	Rahall	Swift
Mattox	Railsback	Synar
Mavroules	Rangel	Tauke
Mazzoli	Ratchford	Taylor
McClory	Regula	Thomas
McCloskey	Rhodes	Traxler
McCollum	Richmond	Trible
McCurdy	Rinaldo	Udall
McDade	Ritter	Vento
McDonald	Roberts (KS)	Volkmer
McEwen	Roberts (SD)	Walgren
McGrath	Robinson	Walker
McHugh	Rodino	Watkins
Mica	Roe	Waxman
Michel	Rogers	Weaver
Mikulski	Rose	Weber (MN)
Miller (CA)	Rosenthal	Weber (OH)
Miller (OH)	Rostenkowski	Weiss
Mineta	Roth	White
Minish	Rousselot	Whitehurst
Mitchell (NY)	Rudd	Whitley
Moakley	Russo	Whittaker
Moffett	Santini	Whitten
Molinari	Sawyer	Williams (MT)
Mollohan	Scheuer	Williams (OH)
Moore	Schneider	Wilson
Moorhead	Schroeder	Winn
Morrison	Schulze	Wolf
Mottl	Schumer	Wolpe
Murphy	Seiberling	Wortley
Murtha	Sensenbrenner	Wright
Myers	Shannon	Wyden
Napier	Sharp	Wylie
Natcher	Shaw	Yates
Neal	Shelby	Yatron
Nelligan	Shumway	Young (AK)
Nelson	Shuster	Young (FL)
Nichols	Siljander	Young (MO)
Nowak	Skeen	Zablocki
O'Brien	Smith (AL)	Zeferetti
Oakar	Smith (IA)	
Oberstar	Smith (NE)	

NAYS—3

Evans (IA)	Kastenmeier	Mitchell (MD)

ANSWERED "PRESENT"—3

Dunn	Gephardt	Ottinger

NOT VOTING—46

Anthony	Erlenborn	Reuss
AuCoin	Fazio	Roemer
Bailey (MO)	Foglietta	Roukema
Barnard	Forsythe	Roybal
Beard	Guarini	Sabo
Beilenson	Hall (OH)	Savage
Bolling	Hall, Ralph	Shamansky
Bonker	Hansen (UT)	Simon
Bouquard	Hightower	Skelton
Chappie	Huckaby	Tauzin
Chisholm	Ireland	Vander Jagt
Cotter	Lederer	Wampler
Daniel, Dan	Long (LA)	Washington
de la Garza	McKinney	Wirth
Dickinson	Montgomery	
Dicks	Patterson	

□ 1315

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the

Union for the further consideration of the concurrent resolution (H. Con. Res. 115) with Mr. FROST in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee of the Whole rose on Monday, May 4, 1981, all time for general debate on the concurrent resolution had expired.

Pursuant to clause 8 of rule XXIII, the concurrent resolution is considered as having been read for amendment.

Pursuant to House Resolution 134, no amendments are in order except the following amendments, which shall be considered only in the following order, if offered, which shall all be in order even if the previous amendment to the same portion of the concurrent resolution is adopted, and which shall not be subject to amendment except pro forma amendments for the purpose of debate: First, an amendment printed in the CONGRESSIONAL RECORD of April 29, 1981 by, and if offered by, Representative HEFNER of North Carolina; second, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD of April 29, 1981 by, and if offered by, Delegate FAUNTROY of the District of Columbia; third, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD of April 29, 1981 by, and if offered by, Representative OBEY of Wisconsin; and fourth, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD of April 29, 1981 by, and if offered by, Representative LATTA of Ohio.

The concurrent resolution reads as follows:

Resolved by the House of Representatives (the Senate concurring), That—

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1981

SEC. 101. The provisions of this title shall supersede the figures set forth in the first section and section 2 of H. Con. Res. 448 of the Ninety-sixth Congress for the fiscal year beginning on October 1, 1980.

SEC. 102. (a)(1) The recommended level of Federal revenues is $610,900,000,000, and the net amount by which the aggregate level of Federal revenues should be decreased is $2,000,000,000.

(2) The appropriate level of total new budget authority is $723,000,000,000.

(3) The appropriate level of total budget outlays is $662,400,000,000.

(4) The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is −$51,500,000,000.

(5) The appropriate level of the public debt is $994,100,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $9,100,000,000.

(6) The appropriate level of total gross obligations for the principal amount of direct loans is $73,500,000,000, the appropriate level of total new primary commitments to guarantee loan principal is $85,200,000,000, and the appropriate level of total new secondary commitments to guarantee loan principal is $66,200,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1980, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $180,250,000,000;
(B) Outlays, $162,050,000,000.
(2) International Affairs (150):
(A) New budget authority, $23,000,000,000;
(B) Outlays, $10,900,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $6,450,000,000;
(B) Outlays, $6,200,000,000.
(4) Energy (270):
(A) New budget authority, $7,700,000,000;
(B) Outlays, $9,700,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $10,850,000,000;
(B) Outlays, $13,600,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,600,000,000;
(B) Outlays, $2,700,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,350,000,000;
(B) Outlays, $3,050,000,000.
(8) Transportation (400):
(A) New budget authority, $25,100,000,000;
(B) Outlays, $23,800,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $9,500,000,000;
(B) Outlays, $12,200,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $32,200,000,000;
(B) Outlays, $32,150,000,000.
(11) Health (550):
(A) New budget authority, $72,250,000,000;
(B) Outlays, $66,850,000,000.
(12) Income Security (600):
(A) New budget authority, $252,200,000,000;
(B) Outlays, $227,450,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $23,000,000,000;
(B) Outlays, $22,600,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,250,000,000;
(B) Outlays, $4,550,000,000.
(15) General Government (800):
(A) New budget authority, $5,200,000,000;
(B) Outlays, $4,900,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,200,000,000;
(B) Outlays, $6,800,000,000.
(17) Interest (900):
(A) New budget authority, $80,600,000,000;
(B) Outlays, $80,600,000,000.
(18) Allowances (920):
(A) New budget authority, $1,200,000,000;
(B) Outlays, $1,200,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$28,900,000,000;
(B) Outlays, −$28,900,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1982, 1983, AND 1984

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1981—

(1) the recommended level of Federal revenues is $688,950,000,000, and the net amount by which the aggregate level of Federal revenues should be decreased is $30,450,000,000;

(2) the appropriate level of total new budget authority is $787,650,000,000;

(3) the appropriate level of total budget outlays is $714,550,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is −$25,600,000,000; and

(5) the appropriate level of the public debt is $1,060,000,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $65,900,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $219,600,000,000;
(B) Outlays, $189,750,000,000.
(2) International Affairs (150):
(A) New budget authority, $17,250,000,000;
(B) Outlays, $11,200,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $7,250,000,000;
(B) Outlays, $7,050,000,000.
(4) Energy (270):
(A) New budget authority, $6,300,000,000;
(B) Outlays, $6,850,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $8,050,000,000;
(B) Outlays, $12,350,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,450,000,000;
(B) Outlays, $5,100,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $7,250,000,000;
(B) Outlays, $4,300,000,000.
(8) Transportation (400):
(A) New budget authority, $21,350,000,000;
(B) Outlays, $21,100,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $7,150,000,000;
(B) Outlays, $9,500,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $28,150,000,000;
(B) Outlays, $29,400,000,000.
(11) Health (550):
(A) New budget authority, $84,650,000,000;
(B) Outlays, $74,450,000,000.
(12) Income Security (600):

(A) New budget authority, $278,400,000,000;
(B) Outlays, $247,650,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $24,800,000,000;
(B) Outlays, $24,050,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,350,000,000;
(B) Outlays, $4,550,000,000.
(15) General Government (800):
(A) New budget authority, $5,350,000,000;
(B) Outlays, $4,900,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,050,000,000;
(B) Outlays, $6,150,000,000.
(17) Interest (900):
(A) New budget authority, $90,100,000,000;
(B) Outlays, $90,100,000,000.
(18) Allowances (920):
(A) New budget authority, $750,000,000;
(B) Outlays, $700,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$34,600,000,000;
(B) Outlays, −$34,600,000,000.

SEC. 203. (a) There is established a congressional Federal credit budget for fiscal year 1982 of which the appropriate levels of total Federal credit activity for fiscal year 1982 are—

(1) new direct loan obligations, $56,850,000,000;

(2) new primary loan guarantee commitments, $87,750,000,000; and

(3) new secondary loan guarantee commitments, $68,750,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $50,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(2) International Affairs (150):
(A) New direct loan obligations, $8,400,000,000;
(B) New primary loan guarantee commitments, $9,500,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(3) General Science, Space and Technology (250):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, −$150,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(4) Energy (270):
(A) New direct loan obligations, $750,000,000;
(B) New primary loan guarantee commitments, $1,800,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(5) Natural Resources and Environment (300):
(A) New direct loan obligations, $50,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(6) Agriculture (350):
(A) New direct loan obligations, $9,100,000,000;
(B) New primary loan guarantee commitments, $2,200,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(7) Commerce and Housing Credit (370):
(A) New direct loan obligations, $12,650,000,000;
(B) New primary loan guarantee commitments, $42,300,000,000;
(C) New secondary loan guarantee commitments, $68,200,000,000.
(8) Transportation (400):
(A) New direct loan obligations, $150,000,000;
(B) New primary loan guarantee commitments, $1,150,000,000;
(C) New secondary loan guarantee commitments, $50,000,000.
(9) Community and Regional Development (450):
(A) New direct loan obligations, $900,000,000;
(B) New primary loan guarantee commitments, $400,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New direct loan obligations, $900,000,000;
(B) New primary loan guarantee commitments, $5,200,000,000;
(C) New secondary loan guarantee commitments, $500,000,000.
(11) Health (550):
(A) New direct loan obligations, $100,000,000;
(B) New primary loan guarantee commitments, $100,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(12) Income Security (600):
(A) New direct loan obligations, $300,000,000;
(B) New primary loan guarantee commitments, $17,050,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(13) Veterans Benefits and Services (700):
(A) New direct loan obligations, $600,000,000;
(B) New primary loan guarantee commitments, $7,400,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(14) Administration of Justice (750):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(15) General Government (800):
(A) New direct loan obligations, $22,800,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New direct loan obligations, $150,000,000;
(B) New primary loan guarantee commitments, $750,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(17) Interest (900):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(18) Allowances (920):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $23,700,000,000, the on-budget lending activity to a level not to exceed $33,150,000,000, new primary loan guarantee commitments to a level not to exceed $87,750,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,750,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1983 and 1984—

(1) the recommended level of Federal revenues is as follows:
Fiscal year 1983: $778,250,000,000;
Fiscal year 1984: $864,850,000,000;
and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:
Fiscal year 1983: $000,000,000,000;
Fiscal year 1984: $000,000,000,000;

(2) the appropriate level of total new budget authority is as follows:
Fiscal year 1983: $865,550,000,000;
Fiscal year 1984: $923,250,000,000;

(3) the appropriate level of total budget outlays is as follows:
Fiscal year 1983: $779,500,000,000;
Fiscal year 1984: $839,050,000,000;

(4) the amount of the surplus or deficit in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:
Fiscal year 1983: −$1,250,000,000;
Fiscal year 1984: +$25,800,000,000;

(5) the appropriate level of the public debt is as follows:
Fiscal year 1983: $1,094,850,000,000;
Fiscal year 1984: $1,096,650,000,000;
and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:
Fiscal year 1983: $34,850,000,000;
Fiscal year 1984: $1,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1983 and 1984 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):
Fiscal year 1983:
(A) New budget authority, $225,550,000,000;
(B) Outlays, $225,800,000,000.
Fiscal year 1984:
(A) New budget authority, $291,550,000,000;
(B) Outlays, $260,450,000,000.
(2) International Affairs (150):
Fiscal year 1983:
(A) New budget authority, $17,350,000,000;

(B) Outlays, $11,650,000,000.
Fiscal year 1984:
(A) New budget authority, $17,000,000,000;
(B) Outlays, $12,400,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1983:
(A) New budget authority, $7,700,000,000;
(B) Outlays, $7,450,000,000.
Fiscal year 1984:
(A) New budget authority, $7,200,000,000;
(B) Outlays, $7,300,000,000.
(4) Energy (270):
Fiscal year 1983:
(A) New budget authority, $7,350,000,000;
(B) Outlays, $7,550,000,000.
Fiscal year 1984:
(A) New budget authority, $5,800,000,000;
(B) Outlays, $5,950,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1983:
(A) New budget authority, $11,250,000,000;
(B) Outlays, $12,150,000,000.
Fiscal year 1984:
(A) New budget authority, $11,200,000,000;
(B) Outlays, $11,500,000,000.
(6) Agriculture (350):
Fiscal year 1983:
(A) New budget authority, $6,600,000,000;
(B) Outlays, $5,050,000,000.
Fiscal year 1984:
(A) New budget authority, $6,050,000,000;
(B) Outlays, $4,900,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1983:
(A) New budget authority, $6,600,000,000;
(B) Outlays, $2,800,000,000.
Fiscal year 1984:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $3,350,000,000.
(8) Transportation (400):
Fiscal year 1983:
(A) New budget authority, $22,650,000,000;
(B) Outlays, $21,750,000,000.
Fiscal year 1984:
(A) New budget authority, $23,250,000,000;
(B) Outlays, $22,500,000,000.
(9) Community and Regional Development (450):
Fiscal year 1983:
(A) New budget authority, $7,900,000,000;
(B) Outlays, $8,100,000,000.
Fiscal year 1984:
(A) New budget authority, $8,050,000,000;
(B) Outlays, $7,650,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1983:
(A) New budget authority, $28,800,000,000;
(B) Outlays, $28,300,000,000.
Fiscal year 1984:
(A) New budget authority, $28,200,000,000;
(B) Outlays, $27,900,000,000.
(11) Health (550):
Fiscal year 1983:
(A) New budget authority, $93,200,000,000;
(B) Outlays, $84,200,000,000.
Fiscal year 1984:
(A) New budget authority, $102,100,000,000;
(B) Outlays, $93,500,000,000.
(12) Income Security (600):
Fiscal year 1983:
(A) New budget authority, $306,650,000,000;
(B) Outlays, $271,900,000,000.
Fiscal year 1984:
(A) New budget authority, $328,200,000,000;
(B) Outlays, $295,400,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1983:
(A) New budget authority, $26,250,000,000;
(B) Outlays, $25,450,000,000.
Fiscal year 1984:
(A) New budget authority, $28,500,000,000;
(B) Outlays, $27,150,000,000.
(14) Administration of Justice (750):
Fiscal year 1983:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $4,450,000,000.
Fiscal year 1984:
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
Fiscal year 1983:
(A) New budget authority, $5,500,000,000;
(B) Outlays, $5,200,000,000.
Fiscal year 1984:
(A) New budget authority, $5,500,000,000;
(B) Outlays, $5,500,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1983:
(A) New budget authority, $6,100,000,000;
(B) Outlays, $6,100,000,000.
Fiscal year 1984:
(A) New budget authority, $6,250,000,000;
(B) Outlays, $6,250,000,000.
(17) Interest (900):
Fiscal year 1983:
(A) New budget authority, $90,650,000,000;
(B) Outlays, $90,650,000,000.
Fiscal year 1984:
(A) New budget authority, $87,100,000,000;
(B) Outlays, $87,100,000,000.
(18) Allowances (920):
Fiscal year 1983:
(A) New budget authority, $1,250,000,000;
(B) Outlays, $1,150,000,000.
Fiscal year 1984:
(A) New budget authority, $1,300,000,000;
(B) Outlays, $1,250,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1983:
(A) New budget authority, −$40,200,000,000;
(B) Outlays, −$40,200,000,000.
Fiscal year 1984:
(A) New budget authority, −$45,600,000,000;
(B) Outlays, −$45,600,000,000.

SEC. 206. The question of indexing is a central part of developing Federal fiscal policy. About half the Federal budget is subject to indexing either explicitly or implicitly. Because of the importance of the indexing question and its implication for the process of Federal budgeting, it is the sense of the Congress that the leadership of both parties should form a bipartisan effort to make a recommendation on indexing reform to be implemented no later than fiscal year 1984.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(1) the House Committee on Agriculture shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $48,000,000 in budget authority and $374,000,000 in outlays, to reduce spending for the fiscal year 1983 by $48,000,000 in budget authority and $357,000,000 in outlays, and to reduce spending for fiscal year 1984 by $274,000,000 in budget authority and $486,000,000 in outlays;

(2) the House Committee on Armed Services shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,029,000,000 in budget authority and $1,029,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,056,000,000 in budget authority and $1,056,000,000 in outlays, and to reduce spending for fiscal year 1984 by $686,000,000 in budget authority and $686,000,000 in outlays;

(3) the House Committee on Education and Labor shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $2,020,000,000 in budget authority and $1,810,000,000 in outlays, to reduce spending for the fiscal year 1983 by $2,414,000,000 in budget authority and $2,408,000,000 in outlays, and to reduce spending for fiscal year 1984 by $3,331,000,000 in budget authority and $3,116,000,000 in outlays;

(4) the House Committee on Energy and Commerce shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $949,000,000 in budget authority and $829,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,200,000,000 in budget authority and $1,070,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,610,000,000 in budget authority and $1,480,000,000 in outlays;

(5) the House Committee on Foreign Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,000,000 in outlays, to reduce spending for the fiscal year 1983 by $4,000,000 in outlays, and to reduce spending for fiscal year 1984 by $3,000,000 in outlays;

(6) the House Committee on Government Operations shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $340,000,000 in budget authority and $255,000,000 in outlays, to reduce spending for the fiscal year 1983 by $340,000,000 in budget authority and $340,000,000 in outlays, and to reduce spending for fiscal year 1984 by $340,000,000 in budget authority and $340,000,000 in outlays;

(7) the House Committee on Interior and Insular Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $200,000,000 in budget authority and $200,000,000 in outlays, to reduce spending for the fiscal year 1983 by $200,000,000 in budget authority and $200,000,000 in outlays, and to reduce spending for fiscal year 1984 by $300,000,000 in budget authority and $300,000,000 in outlays;

(8) the House Committee on Merchant Marine and Fisheries shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $99,000,000 in budget authority and $99,000,000 in outlays, to reduce spending for the fiscal year 1983 by $150,000,000 in budget authority and $150,000,000 in outlays, and to reduce spending for fiscal year 1984 by $160,000,000 in budget authority and $160,000,000 in outlays;

(9) the House Committee on Post Office and Civil Service shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,430,000,000 in budget authority and $5,524,000,000 in outlays, to reduce spending for the fiscal year 1983 by $7,869,000,000 in budget authority and $8,026,000,000 in outlays, and to reduce spending for fiscal year 1984 by $9,496,000,000 in budget authority and $9,742,000,000 in outlays;

(10) the House Committee on Public Works and Transportation shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982

by $123,000,000 in budget authority and $31,000,000 in outlays, to reduce spending for the fiscal year 1983 by $31,000,000 in outlays, and to reduce spending for fiscal year 1984 by $31,000,000 in outlays;

(11) the House Committee on Science and Technology shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $200,000,000 in budget authority and $200,000,000 in outlays, to reduce spending for the fiscal year 1983 by $200,000,000 in budget authority and $200,000,000 in outlays, and to reduce spending for fiscal year 1984 by $300,000,000 in budget authority and $300,000,000 in outlays;

(12) the House Committee on Small Business shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $118,000,000 in budget authority and $71,000,000 in outlays, to reduce spending for the fiscal year 1983 by $152,000,000 in budget authority and $144,000,000 in outlays, and to reduce spending for fiscal year 1984 by $211,000,000 in budget authority and $192,000,000 in outlays;

(13) the House Committee on Veterans' Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $110,000,000 in budget authority and $110,000,000 in outlays, to reduce spending for the fiscal year 1983 by $108,000,000 in budget authority and $108,000,000 in outlays, and to reduce spending for fiscal year 1984 by $106,000,000 in budget authority and $106,000,000 in outlays;

(14) the House Committee on Ways and Means shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $2,885,000,000 in budget authority and $5,785,000,000 in outlays, to reduce spending for the fiscal year 1983 by $2,240,000,000 in budget authority and $7,140,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,825,000,000 in budget authority and $8,625,000,000 in outlays.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(1) the Senate Committee on Agriculture, Nutrition, and Forestry shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,048,000,000 in budget authority and $1,374,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,398,000,000 in budget authority and $1,657,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,974,000,000 in budget authority and $2,136,000,000 in outlays;

(2) the Senate Committee on Armed Services shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,029,000,000 in budget authority and $1,029,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,056,000,000 in budget authority and $1,056,000,000 in outlays, and to reduce spending for fiscal year 1984 by $686,000,000 in budget authority and $686,000,000 in outlays;

(3) the Senate Committee on Energy and Natural Resources shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $200,000,000 in budget authority and $200,000,000 in outlays, to reduce spending for the fiscal year 1983 by $200,000,000 in budget authority and $200,000,000 in outlays, and to reduce spending for fiscal year 1984 by $300,000,000 in budget authority and $300,000,000 in outlays;

(4) the Senate Committee on Finance shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $3,385,000,000 in budget authority and $6,235,000,000 in outlays, to reduce spending for the fiscal year 1983 by $2,940,000,000 in budget authority and $7,740,000,000 in outlays, and to reduce spending for fiscal year 1984 by $2,825,000,000 in budget authority and $9,525,000,000 in outlays;

(5) the Senate Committee on Foreign Relations shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,000,000 in outlays, to reduce spending for the fiscal year 1983 by $4,000,000 in outlays, and to reduce spending for fiscal year 1984 by $3,000,000 in outlays;

(6) the Senate Committee on Governmental Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,770,000,000 in budget authority and $5,779,000,000 in outlays, to reduce spending for the fiscal year 1983 by $8,209,000,000 in budget authority and $8,366,000,000 in outlays, and to reduce spending for fiscal year 1984 by $9,836,000,000 in budget authority and $10,082,000,000 in outlays;

(7) the Senate Committee on Labor and Human Resources shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,269,000,000 in budget authority and $989,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,364,000,000 in budget authority and $1,378,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,941,000,000 in budget authority and $1,746,000,000 in outlays;

(8) the Senate Committee on Public Works and Environment shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $123,000,000 in budget authority and $31,000,000 in outlays, to reduce spending for the fiscal year 1983 by $31,000,000 in outlays, and to reduce spending for fiscal year 1984 by $31,000,000 in outlays;

(9) the Senate Committee on Small Business shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $118,000,000 in budget authority and $71,000,000 in outlays, to reduce spending for the fiscal year 1983 by $152,000,000 in budget authority and $144,000,000 in outlays, and to reduce spending for fiscal year 1984 by $211,000,000 in budget authority and $192,000,000 in outlays;

(10) the Senate Committee on Veterans' Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $110,000,000 in budget authority and $110,000,000 in outlays, to reduce spending for the fiscal year 1983 by $108,000,000 in budget authority and $108,000,000 in outlays, and to reduce spending for fiscal year 1984 by $106,000,000 in budget authority and $106,000,000 in outlays;

SEC. 303. Not later than June 15, 1981, the committees named in sections 301 and 302 shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by such sections. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

PART B—ENFORCEMENT MEASURES

SEC. 311. (a) No bill or resolution providing—

(1) new budget authority for fiscal year 1982, or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1982—

which exceeds the appropriate allocation or subdivision made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act, and on any reconciliation legislation required by such resolution.

(b) Subsection (a) shall not apply to bills and resolutions for which a conference report has been filed in either House prior to final adoption by both Houses of this resolution.

PART C—IMPROVED ADMINISTRATIVE PROCEDURES

SEC. 321. Whereas the results of surveys of the Offices of the Inspectors General and hearings with the Comptroller General of the United States and the Inspectors General of the Cabinet departments indicate mismanagement, indifference, and occasional abuse of public trust in the financial administration of Federal programs; whereas the General Accounting Office indicates that, with improved management in the executive branch, and in some cases, the enactment of legislation needed to provide stronger administrative procedures, net savings from the President's budget of $4,850,000,000 are achievable for fiscal year 1982 and additional savings of $6,150,000,000 are achievable for fiscal years 1983 and 1984, it is the sense of the Congress, that the newly created Council on Integrity and Efficiency should prepare comprehensive, long-term plans encompassing at a minimum debt collection, procurement procedures, resolution of audit findings, and the other areas of possible budget savings through improved administrative procedures covered by the General Accounting Office report to the House Committee on the Budget, and that necessary legislation to implement these plans be submitted to Congress no later than June 1, 1981.

AMENDMENT OFFERED BY MR. HEFNER

Mr. HEFNER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will inquire of the gentlemen if this is the amendment printed in the RECORD.

Mr. HEFNER. Yes, Mr. Chairman, it is.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HEFNER: Page 6, line 8, strike out "$787,650,000,000" and insert in lieu thereof the following: "$794,300,000,000";

Page 6, line 10, strike out "$714,550,000,000" and insert in lieu thereof the following: "$713,650,000,000";

Page 6, line 13, strike out "−$25,600,000,000" and insert in lieu thereof the following: "−$24,700,000,000";

Page 7, line 4, strike out "$219,600,000,000" and insert in lieu thereof the following: "$226,250,000,000";

Page 7, line 5, strike out "$189,750,000,000" and insert in lieu thereof the following: "$188,850,000,000";

Page 15, line 21, strike out "$865,550,000,000" and insert in lieu thereof the following: "$869,650,000,000";
Page 15, line 22, strike out "$923,250,000,000" and insert in lieu thereof the following: "$926,550,000,000";
Page 15, line 25, strike out "$779,500,000,000" and insert in lieu thereof the following: "$779,750,000,000";
Page 16, line 1, strike out "$839,050,000,000" and insert in lieu thereof the following: "$834,200,000,000";
Page 16, line 5, strike out "−$1,250,000,000" and insert in lieu thereof the following: "−$1,500,000,000";
Page 16, line 6, strike out "+$25,800,000,000" and insert in lieu thereof the following: "+$30,650,000,000";
Page 16, line 9, strike out "$1,094,850,000,000" and insert in lieu thereof the following: "$1,094,200,000,000";
Page 16, line 10, strike out "$1,096,650,000,000" and insert in lieu thereof the following: "$1,091,150,000,000";
Page 16, line 12, after "increase" insert "or decreased";
Page 16, line 14, strike out "$34,850,000,000" and insert in lieu thereof the following: "$35,100,000,000";
Page 16, line 15, strike out "$1,800,000,000" and insert in lieu thereof the following: "−$3,050,000,000";
Page 16, line 25, strike out "$255,550,000,000" and insert in lieu thereof the following: "$259,650,000,000";
Page 17, line 1, strike out $225,800,000,000" and insert in lieu thereof the following: "$226,050,000,000";
Page 17, line 4, strike out "$291,550,000,000" and insert in lieu thereof the following: "$294,850,000,000"; and
Page 17, line 5, strike out "$260,450,000,000" and insert in lieu thereof the following: "$255,600,000,000".

Mr. HEFNER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HEFNER. Mr. Chairman, I rise today to offer an amendment to the House Concurrent Resolution 115, the first concurrent resolution on the budget.

My amendment is to function 050 of the budget, national defense, and is cosponsored by the gentleman from New York (Mr. STRATTON); the gentleman from Florida (Mr. NELSON); and the gentleman from Arkansas (Mr. ANTHONY).

The House Budget Committee, of which I am a member, has worked very long and very hard over the past months and has reported to this House what I believe to be a sound and a reasonable budget resolution. I supported the committee's recommendations in our full committee markup and will support its passage here on the floor.

However, there is one area which has troubled me over the past weeks and which causes me to rise today to offer this amendment and that is the area of our national defense.

During my tenure in the House I have consistently spoken for and voted for a strong national defense. Mr. Chairman, like many of my colleagues, including my cosponsors, the gentleman from New York (Mr. STRATTON); the gentleman from Florida (Mr. NELSON); and the gentleman from Arkansas (Mr. ANTHONY); I have watched with dismay the gradual erosion of our military strength and the resultant lack of confidence in the United States among our partners in the Western Alliance and around the world.

Without an adequate defense, we cannot meet our international responsibilities, nor protect our international interests. I feel that a revitalization of our military strength is absolutely mandatory. While such beliefs are shared my many of the other members of the Budget Committee, my cosponsors and I do not feel that the committee's final recommendation goes quite far enough in the accomplishment of these goals.

Thus this amendment will restore to the budget resolution before us for consideration the aggregate budget figures in both budget authority and outlays as proposed by President Reagan in his budget submission of March 10.

My amendment would substitute the budget authority figure of $226.25 billion in fiscal 1981, and the outlay figure would be $188.85 billion. This is an increase in budget authority of $6.65 billion, and the outlay numbers are identical to the requests of the administration.

The resultant new deficit number for the entire budget would be $24.7 billion. In fiscal years 1983 and 1984, my amendment will substitute in lieu of the committee's recommended numbers for budget authority and outlays those from the administration.

With regard to budget authority, this change represents an increase of 25.2 percent over 1981 funding levels and a 55-percent increase over 1980 actual levels. These increases will be directed at all areas of our military structure.

After exhaustive study, the gentleman from New York (Mr. STRATTON), the gentleman from Florida (Mr. NELSON), and the gentleman from Arkansas (Mr. ANTHONY) and myself believe such increases are prudent and necessary to begin the process of rebuilding our national defense posture. In offering this amendment my cosponsors and I are mindful of the need to manage the money in a fiscally responsible manner. In simple English, even the Defense Department has examples of waste and poor administration which, if corrected, could result in savings to the American taxpayer.

We therefore urge the Secretary of Defense to engage in old-fashioned belt tightening. In this way we are sure this country can attain a strong peacetime defense commitment and that the Nation can continue its march to fiscal sanity.

I take this opportunity to urge my colleagues on both sides of the aisle to support this change and to support the budget resolution as amended. As a package, in my opinion, it goes a long way in putting our house in order and to restore our international prominence. I strongly urge my colleagues to give strong consideration and to join me in voting "aye" for this amendment to strengthen our national defense.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. HEFNER. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I thank the gentleman for yielding.

I want to compliment the gentleman for both offering this amendment and the patience and the work that he has put into this. I must say that originally I felt that this was an overkill really on the defense budget, that this was not necessary.

However, after listening to the gentleman and having a number of discussions on this issue, I am going to be urging other moderate Democrats and liberal Democrats at this time to support the gentleman in this effort. I hope also that this will bring about those members of the Democratic Party who have chosen at this time to support the Latta amendment to recognize that the Jones budget now, with the gentleman's amendment successfully passed, will accomplish more for the American people and still do what should be done for defense.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. HEFNER) has expired.

(At the request of Mr. GINN and by unanimous consent, Mr. HEFNER was allowed to proceed for 2 additional minutes.)

Mr. GINN. Mr. Chairman, will the gentleman yield?

Mr. HEFNER. I yield to the gentleman from Georgia.

Mr. GINN. Mr. Chairman, I rise to compliment the gentleman from North Carolina for offering this amendment. I serve with him on the Subcommittee on Military Construction of the Committee on Appropriations and the Subcommittee on Defense and I am well aware of his devotion and dedication to national defense. In fact, I think his amendment is so sound I fail to understand how anyone in this body who believes in improving our national defense could seriously think about voting against it.

I compliment the gentleman for offering it.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. HEFNER. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I have one or two questions.

Each time that we debate this issue I always like to be brought up to date on where we are with moneys that have already been authorized and appropriated for.

□ 1330

Could the gentleman tell me approximately how much money is now in the military which has not been either expended or obligated to any given program?

Mr. HEFNER. I would have to yield to someone more knowledgeable on unexpended funds than I am. Perhaps Mr. JONES, the chairman of the Budget Committee, could have some figures as the aggregate figures for 1982 and 1984, which my amendment goes to. On unexpended funds, I would not have those figures.

Mr. JONES of Oklahoma. If the gentleman would yield, starting in 1980 the total funding for the Department of Defense was $139.3 billion, and unobligated balances of $24.2 billion. In 1981, that moved to $178 billion——

Mr. MITCHELL of Maryland. In unobligated?

Mr. JONES of Oklahoma. Total funding, and $26 billion in unobligated balances. In 1982, $222.2 billion in total funding, with $34.3 billion in unobligated balances.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(At the request of Mr. MITCHELL of Maryland and by unanimous consent, Mr. HEFNER was allowed to proceed for 2 additional minutes.)

Mr. MITCHELL of Maryland. If the gentleman will yield further, the point that I am trying to make is whether or not we have an enormous stockpile of money that the military has not yet been able to obligate or expend, whether we are talking about a billion dollars, perhaps, or more. Now, I understand that much of that goes into research, but we get into the very, very fundamental problem of how much more can the military absorb. With this add-on and with as much as we have got in unobligated and unexpended—and I know the procedure is to spend over a 5-year period—but really, can we absorb that increase in funding?

Mr. HEFNER. We have had Mr. Weinberger before our committee, and the people from the Pentagon, and we strongly urged that they show prudence in spending the taxpayers' money. We hope there is going to be some strong oversight. Certainly, I am going to exercise that, being on the Defense Subcommittee for Appropriations, to save as much money as we possibly can and get a bang for our buck. The gentleman has my commitment.

Mr. MITCHELL of Maryland. I am not really addressing the problem of wasteful spending or abuse, anything like that. I am talking about putting money that goes into research and development, that is assigned to a given project. It may be obligated, it may be unobligated, it may be unexpended. Normally, as I understand from my friend from New York, it takes about 5 years to get that process of expenditure out of the way. Therefore, my specific question is, if we give them more money, can they indeed spend it out in any reasonable period of time?

Mr. HEFNER. I am hoping that Mr. Weinberger, who has been known for cutting the budget, I hope that he will be very conscientious and find some for us, and the gentleman can believe that we will ask this question time and time again from our Defense Subcommittee.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. HEFNER. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, my friend from Maryland is a very ingenious debater, and of course he already knows the answer to his question because he just stated it.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(At the request of Mr. STRATTON and by unanimous consent, Mr. HEFNER was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. But he knows perfectly well that when the House last year, for example, voted for another nuclear carrier, it takes 6 or 7 years for a nuclear carrier to be completed. That money the Congress appropriates is provided to the Pentagon, but until the actual contract is entered into, it has not been obligated; and until the contract is completed, it has not been expended, rather it is obligated in bits and pieces just as a prudent parent puts money into the bank without any strings attached, but intended for his children's college education; it too is not obligated or expended. If the house burned down, he can take it out to fix up the house. But it is intended for that educational purpose; and so it is "earmarked." And all of these funds that the gentleman likes to play with are specifically earmarked for some purpose.

The amendment of the gentleman from North Carolina (Mr. HEFNER) increases the total obligational authority for defense in the Jones budget. That means those funds are not going to be spent in fiscal year 1982. They are going to be spent in later years, because we are going to be getting into a number of long-range expenditures, such as other aircraft carriers and the MX system. The moneys for these systems are going to be spent in future years. They will be "unexpended" for a time, but they are not available for any other purpose.

Mr. OTTINGER. Mr. Chairman, would the gentleman yield?

Mr. HEFNER. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I recognize that the gentleman has been a strong and consistent supporter of increased funds for defense, and I respect that position. I would like to advise the gentleman and this body that I am prepared to support him, even though I have been a strong and consistent opponent of unwarranted increases in defense spending, and as a matter of fact, feel that the increases represented in the President's budget are uncalled for, unsound, and even dangerous.

I think these spending increases will embark us on a new arms race with the Russians, particularly in the strategic weapons area, that is going to leave us less secure than we are today. This program is going to be wildly inflationary and is exceedingly unwise.

The method of arriving at the administration's defense figures are certainly ludicrous. The administration apparently determined simply that the Russians are spending more on defense, so we must, too, and asks for an unprecedented increase without first determining the need or the projects on which it should be spent. No sound businessman would conduct his affairs in such a manner.

I am deeply concerned about the administration's abandonment of the SALT II treaty and reluctance to enter arms control negotiations at the same time it is pouring this huge amount of our National Treasury into new weapons systems. The old arguments about having to increase our position vis-a-vis the Russians before negotiating and having more bargaining chips to put on the table are being revived. As with MIRV, this can only lead to another arms race in which both we and the Russians will pour billions into armaments and end up slightly less secure than before because the new systems will be more difficult to detect and control.

I am concerned, too, that we are abandoning our constructive outreach to the less developed countries, even contemplating welching on our international commitments to the World Bank, the International Development Bank, and other international lending institutions through which the rest of the free world participates with us in helping the poor countries of the world become self-sufficient. Replacing constructive efforts to help the millions of people who live on the border of starvation with provisions of weapons and military personnel is a dangerous policy. It vastly increases

the chances that we will have to resort to military force in these countries. Furthermore, siding with the right-wing dictators of the world in suppression of their own people's aspiration for a better life hands the future of these countries to the Communists who claim, albeit falsely, to champion their desires for change and improvement. We cannot look at the rest of the world down the barrel of a gun.

I have supported increased military spending to upgrade the qualifications of our military forces, provide them with better educational and training incentives and improve our mobile task force capabilities. There is a real need for upgrading in these areas. But in strategic nuclear capability, we can already kill every Russian 10 times over. That is enough and that is where the big money is consumed.

I would like to point out to this body that the action of the gentleman from North Carolina (Mr. HEFNER) reduces outlays and increases authority, and does so in a manner that merely sets a higher ceiling for budget authority which, in our wisdom in later actions, we can decrease. On the other hand, the damage that is done by Gramm-Latta, in terms of reducing money for programs that I think are essential to the health of this country, is such that if Gramm-Latta passes, we will not have an opportunity later to correct that action in any way. I so strongly believe that the Gramm-Latta alternative tears apart the social and economic fabric of this country, that I think we ought to support the gentleman's amendment, solely in order to improve the opportunity to defeat Gramm-Latta.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(At the request of Mr. OTTINGER and by unanimous consent, Mr. HEFNER was allowed to proceed for 2 additional minutes.)

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. HEFNER. I yield to the gentleman from Texas.

Mr. GRAMM. Mr. Chairman, I would just like to say that when this amendment was offered in committee I voted for the amendment. Had the gentleman in the well and others supported it in committee, it would have already been in the bill. I intend to support this amendment because I think it is needed. I think the defense is needed, but I think it is imperative that people on the floor note that the numbers in this budget are like a balloon. When you push in on one side by adding funds back, they make it balloon out on the other side. The action taken here raises budget authority in fiscal year 1981 revisions and in 1982 $40 billion above Gramm-Latta. I thank the gentleman for yielding.

Mr. HEFNER. Well, I am happy to yield to the gentleman. I do not know—we have heard an awful lot of figures here and an awful lot of assumptions; Budget Committee's assumptions against the President's assumptions; our assumptions against Gramm-Latta assumptions. There are an awful lot of assumptions, but my concern is, we have the numbers.

I would like to make my position perfectly clear. It has been indicated that I am a Johnny-come-lately to supporting national defense, and this was an afterthought. I have been absolutely consistent in my support of national defense and speaking to every group that I have spoken to, it was my concern that the numbers in defense were not at the level that the administration suggested.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(By unanimous consent, Mr. HEFNER was allowed to proceed for 3 additional minutes.)

Mr. HEFNER. I would like to say for the record, since it probably will be brought up, that I did miss a vote that offered to put this money back into defense, as I missed other votes on the subcommittee, but from day one my position has been that the defense appropriation outlays and budget authority had to be on par with the administration's, and I think any of my friends in the conservation forum will back me up on this assumption. So, I want to make it perfectly clear that this is not a Johnny-come-lately or sweetener for the pot to try to get extra votes for the committee resolution.

Mr. FLIPPO. Mr. Chairman, will the gentleman yield?

Mr. HEFNER. I yield to the gentleman from Alabama.

Mr. FLIPPO. Mr. Chairman, I would like to commend the gentleman for offering this amendment and to state that on every occasion I have talked to the gentleman he has been steady and foursquare in his approach to this. He has remained consistent in his position throughout the entire discussion of the budget, and I commend the gentleman.

Mr. HEFNER. I thank the gentleman for that. I urge my colleagues to give very serious consideration, and ask for an aye vote on my amendment when it comes to a vote.

Ms. FIEDLER. Mr. Chairman, I move to strike the last word.

I would like to address several questions to the author of the amendment, the gentleman from North Carolina. I was particularly interested in the dialog with Congressman GRAMM regarding the vote. You and I sit across from one another in the Budget Committee. It was my observation that during the course of the discussion on the defense budget which would have restored these very funds to the Jones budget, that you were there and you left only shortly before the vote. Had you actually cast a vote at that time, we would have had those dollars restored to the defense budget. However, of course, it would have increased the overall deficit on the part of the Jones budget, and I raise serious question as to whether you should have indeed cast the deciding vote in a 14-to-14 vote at that time as opposed to bringing it to the floor where it leaves it in question.

Mr. HEFNER. Is the gentlelady suggesting that I took a walk to avoid voting? Is that what the gentlelady is suggesting?

Ms. FIEDLER. You can draw your own conclusions.

Mr. HEFNER. I hope the gentlelady is not suggesting that. I serve on other committees in the House, I have other obligations. I missed some of the votes on the Budget Committee, as possibly did the lady. If we want to get into the political—if we want to get into impugning someone's character, I would like to mention to the lady that when my amendment came up to restore the funds for the Veterans' Administration, which our Budget Committee took out, for 5,500 jobs in the medical field, which the administration was totally opposed to, one of the distinguished members on the committee sitting there voted present and did not bother to vote to restore the veterans money. If we want to get into a thing that would impugn my character, I entirely resent that the lady would infer that I did not take on my responsibility. Had I been there, I would have voted——

Ms. FIEDLER. Since it is my time, I am going to resume my time. Whoever it is you are talking about, it is not in reference to me. We are talking about this particular amendment, which is a critical amendment to the people of this country in the event there would be a total vote for the Jones amendment. I am simply raising the issue that it appears questionable. You were at the committee——

Mr. HEFNER. Would the gentlelady yield?

Ms. FIEDLER. As to why you would have brought it to the floor.

Mr. HEFNER. Would the gentlelady yield?

Ms. FIEDLER. I yield back the balance of my time.

Mr. FOLEY. Mr. Chairman, I move to strike the necessary number of words.

It seems very strange to me, Mr. Chairman, that someone who voted for these funds in the Budget Committee, such as the gentlewoman from California, is now suggesting, when there is an opportunity to have that vote reconsidered on the floor of the House, that it should not be adopted. I

would suggest to the gentlewoman from California that if the vote was so crucial to the defense of this country, surely all those who voted for it in the committee should now vote for the Hefner amendment which makes it possible to restore those funds. On the other hand, if there is now some thought on the part of the Budget Committee members who originally voted for additional funds that the tactics in this budget fight are more important than its substance that would be an extraordinary situation. Surely, all of us should seek an opportunity within the limits of our conviction to eliminate arguments over defense levels. One of the things that has been said in this Congress time and time again is that we need a bipartisan foreign and defense policy, that we need to stand together as Democrats and Republicans in support of the defense of the Nation.

Now, I call on all Members on both sides of the aisle who believe that these additional defense funds are needed to vote that way. If you truly do not believe we should add greater budget authority in this area, that would be an excuse for voting against this amendment. However, if you believe that additional funding is necessary, what possible excuse can be offered? This gentleman has courageously offered this amendment giving Members on both sides of the aisle a chance to stand together on defense by removing any differences in the area of funding. The committee's budget resolution actually has more outlays in its present form than does the substitute Gramm-Latta.

□ 1345

The Gramm-Latta substitute by contrast provides higher budget authority for fiscal 1982. We would simply bring those approaches together and identify them without any change so that the American people would know that whatever position we take, we stand together on the defense outlays.

Now, I think it is time that every Member of Congress who believes that defense is necessary explain why he or she does not support this amendment when, before the American people, a recorded vote is taken in this House.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from North Carolina.

(On request of Mr. HEFNER, and by unanimous consent, Mr. FOLEY was allowed to proceed for 2 additional minutes.)

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) is extended by 2 additional minutes.

Mr. HEFNER. Mr. Chairman, in all fairness—and I had hoped that we would not get into personalities and insinuations—if we want to talk about the political proportions of this bill, in our original bill in the Budget Committee it had cut 5,500 positions from the medical facilities in the VA. The administration had taken a hard position and cut 5,500 positions in the VA.

The gentleman from Ohio (Mr. LATTA) opposed reinstating these numbers into the VA money, and now this substitute, Gramm-Latta, also puts that back.

If we want to talk about sweetening the pot to make it political, the VA money was put back into the substitute.

I would hope that we would not stoop to these kinds of tactics and make it political and make the presentation of amendments a political process with this budget.

I support the amendment, and I support the budget, and I would hope that we would not get into a public political squabble at this time.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

I do think, in light of the gentleman's remarks, that it would be worthwhile to point out that there is some new information that has come to light since the time the Budget Committee did vote on this particular type of amendment, and that is that the Secretary of Defense has himself written a letter in which he says that he is deeply concerned about "the reduction in the administration's revised fiscal year 1981 Department of Defense budget as contained in the Jones proposal adopted by the House Budget Committee."

He goes on to say: "Regrettably, the proposed Hefner amendment fails to correct this serious deficiency."

So there is a substantive reason, I would say to the gentleman, for opposing the particular language.

Mr. FOLEY. Mr. Chairman, to get back to the issue, the Hefner amendment clearly and vigorously provides more budget authority than does the committee resolution, and that is the reason the gentleman from North Carolina (Mr. HEFNER) has offered it.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, first of all, I had seen this letter from Secretary Weinberger, and after having read the letter, I cannot imagine how he could possibly support the Gramm-Latta substitute, if that is the reason that he states for opposing the committee resolution, because in the fiscal year 1981, at this stage of the fiscal year, we have to look at the aggregate totals.

The Gramm-Latta substitute is $2.4 billion below the committee resolution in outlays and $3.5 billion below the committee resolution in budget authority.

Now, what does that mean in practical terms? What that means in practical terms is that if the Gramm-Latta substitute should pass and should be the controlling ceiling, then at this stage the appropriations supplemental bill is already $500 million over the budget ceiling, and that does not even contemplate other spending that we anticipate for the rest of this year, such as $185 million for defense fuel, $44 million for defense claims, $168 million for veterans' readjustment benefits, and $780 million for disaster relief.

Now, when we count up what we are anticipating spending, plus what the Committee on Appropriations already has, we are $1.7 billion over the Gramm-Latta substitute ceilings.

So when we are talking about defense for 1981, let us quit playing games and using the Secretary of Defense to do it. The committee resolution accommodates that $450 million. The Defense Secretary knows that; he should know it very well. This Gramm-Latta substitute does not accommodate it.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(By unanimous consent, Mr. FOLEY was allowed to proceed for 2 additional minutes.)

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from North Carolina.

Mr. HEFNER. Mr. Chairman, if we want to take it one step further, in our supplemental markup in the Defense Subcommittee the other day, at the end, when we solved the issue at the end, we added, because some of the members of the subcommittee thought the administration's assumptions were too low on inflation, just to sweeten the pot, $500 million onto the supplemental. So we are not being skimpy on defense.

Actually, this gentleman from North Carolina in this portion is trying to accommodate the Members, if they want to be completely fair.

Mr. Chairman, I will ask unanimous consent that in 1981 we go to the figures that the Secretary has asked for. I ask unanimous consent that in my amendment the figures be changed to reflect in 1981 the figures of the administration. I make that as a unanimous-consent request.

The CHAIRMAN. The Clerk will report the modification as presented by the gentleman from North Carolina (Mr. HEFNER).

The Clerk read as follows:

Modification to the amendment offered by Mr. HEFNER: Insert the following language at the beginning of the amendment,

page 3, line 13, strike out "$180,250,000,000" and insert in lieu thereof "$180,700,000,000".

Page 3, line 14, strike out "$162,050,000,000." and insert in lieu thereof "$162,100,000,00".

Adjust the aggregates for fiscal year 1981, except revenues, accordingly.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina (Mr. HEFNER) that the amendment be modified?

Mr. WALKER. Mr. Chairman, reserving the right to object, can the gentleman from North Carolina (Mr. HEFNER) tell us what the economic ramifications of his proposal would be?

We are making considerable changes now in the assumptions that had been placed in this particular budget proposal, and could the gentleman detail for the House what the economic ramifications of this are going to be? He has made a proposal on the floor that no one has had a chance to consider in detail.

Mr. Chairman, I would yield to the gentleman for an explanation.

Mr. HEFNER. Mr. Chairman, it seems only elementary to me that if we add whatever the figures are, if there is some deficit, we add that much in deficits, and if we add whatever the figures are on spending, we add that much in spending. It does not seem to me to be a complicated thing, and I might ask the gentleman from Oklahoma (Mr. JONES) to explain it.

Mr. WALKER. Mr. Chairman, I control the time, and I will yield to the chairman of the Budget Committee for an explanation.

Mr. JONES of Oklahoma. Mr. Chairman, I thank the gentleman for yielding.

In answer to the gentleman's question, first of all, on economic assumptions, this has been somewhat of a sore point with me, because we have been trying to get the economic assumptions that are the foundation of the Gramm-Latta substitute. To this point the House Budget Committee staff tells me they have not furnished it to us, nor have they furnished to us the assumptions in their reconciliation process.

However, I can tell the gentleman that all this unanimous-consent request does is to answer the concern that he stated earlier that the Hefner amendment does not provide for $450 million in budget authority in 1981. That is what it does.

Now, there is a technical adjustment because the committee resolution does allow for the additional $450 million that was recently passed by the Committee on Appropriations, and I would assume that if the gentleman has a technical objection to this $450 million not being specifically stated in the Hefner amendment, he would certainly have no objection to this unanimous-consent request.

Mr. WALKER. Mr. Chairman, further reserving the right to object, it seems to me, however, that we today are considering both the Hefner amendment and the Jones budget and now this amendment is adding a considerable amount to the budget that we have heard debated for the last 12 hours on the floor as being a lower spending level than what Gramm-Latta is. It seems to me we are changing to some extent the economic assumptions the gentleman has used himself.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WALKER. And so my concern arises from the standpoint that the gentleman is making a substantial change in the overall figures.

Mr. Chairman, I would be glad to yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, I am trying to figure out what the gentleman's concern is, whether his concern is that stated by Secretary Weinberger or whether his concern is that we are somehow changing economic assumptions.

The fact of the matter is that the House Budget Committee's 1981 resolution accommodates the Hefner amendment, as modified under the unanimous-consent request, or unamended. We are talking about a technical point, and I do not understand why the gentleman is concerned.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. WALKER. Further reserving the right to object, Mr. Chairman, I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, let me ask my friend, the gentleman from North Carolina (Mr. HEFNER), this question: What the gentleman is attempting to do is make the 1981 figures coincide with our numbers; is that correct?

Mr. HEFNER. Absolutely. Mr. Chairman, if the gentleman will yield, what we are trying to do, for the defense of this Nation, is to do what the Secretary of the Army wants. It is as simple as that. If the gentleman wants to object to that, all right.

Mr. LATTA. Mr. Chairman, the answer to my question is, "Yes".

Mr. HEFNER. Yes.

Mr. LATTA. Mr. Chairman, under the rule, we were supposed to have all amendments printed in the RECORD. There is no question in my mind that this is a substantial change, but I certainly will not object and I would urge my friend, the gentleman from Pennsylvania (Mr. WALKER), not to object.

Mr. WALKER. Mr. Chairman, further reserving the right to object, may I ask the gentleman from Ohio (Mr. LATTA) a question?

Mr. LATTA. Yes.

Mr. WALKER. Does this not, though, change the levels of the budget we have been talking about over the last several days here on the floor when we have been comparing our tax program with their tax program and our spending program with their spending program and our deficit with their deficit? Does this not now make some changes in some of those?

Mr. LATTA. It makes some changes in the 1981 numbers, but this will not be significant. As I say to the gentleman, the gentleman is attempting to make the numbers correspond with ours, and I would hope the gentleman would not object.

Mr. GRAMM. Mr Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Texas.

Mr. GRAMM. Mr. Chairman, I would just like to clarify what I see to be the issue here.

The gentleman from North Carolina (Mr. HEFNER) has asked to put back in money for national defense that the committee rejected. In doing so, he raises the difference in budget authority as measured through the normal process of substration, which some people would like to refute here on the floor of the House, from the total budget authority by over $40 billion above Gramm-Latta. The gentleman, in his effort to put the money back into defense, inadvertently said, for the fiscal year 1981. The Secretary of Defense upon my request wrote me a letter stating there was a difference in 1981. The gentleman, through his unanimous-consent request, has asked to put the money back in for 1981, and I ask the gentleman now not to object so that we can vote on the issue that is before the country.

Do we want budget authority of $40 billion above Gramm-Latta for fiscal year 1981 revisions and in 1982? That is a clear issue, and I think the House has a clear answer on that issue.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. WALKER) object to the unanimous-consent request?

Mr. WALKER. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina (Mr. HEFNER) that the amendment be modified?

There was no objection.

The CHAIRMAN. The modification is accepted.

The Chair will state that the gentleman from Washington (Mr. FOLEY) has 1 minute remaining.

Mr. FOLEY. Mr. Chairman, with the 1981 problem apparently resolved, it is my understanding that the Hefner amendment, as modified, exactly tracks the provisions on defense outlays in budget authority contained in the so-called Gramm-Latta substitute.

That being the case, there is no reason in my judgment for anyone who favors more budget authority for military expenditures in fiscal year 1981 to vote against this amendment. Indeed, those members of the committee, like the gentlewoman from California, who were among the 14 who voted for it should now welcome the chance to see that both versions of the principal alternatives here—the committee resolution and the Gramm-Latta substitute—are the same as far as military expenditures are concerned.

There seems to me no conceivable reason for concern. The question the gentleman from Texas (Mr. GRAMM) has raised about additional budget authority is one that was decided on the main issue, not on the Hefner amendment.

Mr. TRIBLE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the substance of this amendment was considered by the House Budget Committee just 4 weeks ago. At that time those of us who judged the Jones numbers on defense to be dangerously deficient tried to improve the chairman's bill by substituting the spending revenue identified as necessary for our defense. We were unsuccessful in that effort, falling short by a single vote.

Mr. Chairman, we believed in that amendment in committee, we fought for it, and we believe in it today. We believe it is necessary for this Nation to do more to provide for our national defense. We must do substantially more for men and material and research and development in defense of peace and freedom. But the Hefner amendment was deficient. It did include less moneys than required by this Nation in fiscal year 1981. Now, in a last-gasp move, we have seen that full funding restored.

I still oppose the Hefner amendment. I oppose it on two grounds. First, it is wrong to hold the defense of this great Nation hostage to petty political purposes, whatever they might be. Are these funds really being sought to strengthen our Nation's defense or to strengthen the prospects for passage of the Jones budget proposal?

□ 1400

The flawed approach of the majority cannot be saved. It ought not to be saved.

Another point, an important one; my friends, we cannot hope to provide for a strong national defense in a declining economic situation. We can only hope to rebuild America's defenses in the context of a healthy, vibrant economy. That is why we must support full defense spending requested by the President, but support that request in the context of a bipartisan budget, a proposal that will bring us a revitalized American economy.

Mr. Chairman, I urge defeat of the Hefner amendment, the defeat of the Jones-O'Neill budget and adoption of the Gramm-Latta bipartisan substitute.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. Yes; I would be happy to yield to my friend, the gentleman from North Carolina.

Mr. HEFNER. I would just like to repeat, did the gentleman refer to this as cheap, petty politics, is that what the gentleman said? I am just curious.

Mr. TRIBLE. Those were not my words, but I said that I questioned whether today's effort was dictated by a requirement to save this flawed package. I believe it is obvious from the maneuvers of the last few minutes where the gentleman's amendment was once again changed. It is a last-ditch effort to save this flawed program, a program that will not be saved, a program that will not generate the economic growth and recovery so vital to this land, a program that cannot support the substantial increases in defense spending required in the context of this dangerous world.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I would be happy to yield to my friend.

Mr. HEFNER. Well, is the gentleman suggesting that I deliberately—that the gentlewoman from California has suggested earlier, it kind of makes me feel a little bit bad when the gentleman would insinuate that I would deliberately miss a vote, had I been there, I would have voted for the gentleman, that I have no strong desires for defense spending and this is a last minute ploy on the gentleman from North Carolina?

Mr. TRIBLE. At no time did I suggest the motives of my friend, the gentleman from North Carolina. The gentleman is in a far better position to speak for his intentions than I am.

Mr. HEFNER. I am the author of the amendment.

Mr. TRIBLE. I will take back my time.

PARLIAMENTARY INQUIRY

Mr. MITCHELL of Maryland. Mr. Chairman, a point of inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MITCHELL of Maryland. I, too, thought I heard some words spoken that might constitute a personal attack on the motives of a Member. I would not like to proceed until such time as we have had a clarification of what those words were. Is that possible?

The CHAIRMAN. Is the gentleman asking that words be taken down?

POINT OF ORDER

Mr. BETHUNE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman from Arkansas.

Mr. BETHUNE. Mr. Chairman, the gentleman from Arkansas makes a point of order that the gentleman's parliamentary inquiry and his question comes too late.

The CHAIRMAN. Debate has intervened. The point is well taken.

Does a member of the Budget Committee on the majority side seek recognition at this time, a member of the committee?

If not, does the gentleman from Arkansas, a member of the committee, seek recognition?

Mr. BETHUNE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as a member of the Budget Committee, I have followed the proceedings there very closely all year. As the distinguished chairman knows, my attendance has been very good. I have tried to listen attentively as the witnesses have come before us.

I listened most carefully all through the months of February and March, as we listened to one economist after another, with contradictory assumptions about what is going to happen in this country or what is not going to happen.

Then we listened to defense witnesses and we heard from the various members on the Budget Committee, as we have heard here today.

You know, it occurs to me, Mr. Chairman, that we are not talking about economics. We are not really talking about defense, because there have been Members come here pledging to vote for this particular proposition who never ever vote to support national defense, but they have announced that they are voting for it because it will enhance the chance for passage of the Jones resolution.

So we are not talking economics. We are not talking defense. We are, in fact, talking politics, just like we have been talking politics all year long out in the Budget Committee; just as the gentleman from Virginia said, just as the gentlewoman from California pointed out, what this really is, and let us face it, I mean, every Member on the floor knows it; I think the people in the gallery know it; I think all the attendants know it; I think the people in the Press Gallery know it; what we are talking about is a last-ditch effort, modified once again after we get to the floor here, the fifth proposal coming from that side of the aisle trying to draw all the diverse sections of your party together. That is really what we are talking about.

Now, the people of this country last November 4 said that they wanted a change, not just a change, but a fundamentally different course of action

for the country and the President has proposed such a course of action and it has caught on like wildfire. It is contagious out there. The people want it. Everyone in this Chamber knows it. You are feeling that as you have been out there among your people. They want this.

There is a revolution in process out there, and like any other revolution, it is based on the hope and on the faith of the people. They want this fundamentally different course of action and they want a change.

Now, the pure and simple fact is that the Jones resolution is an effort to chip away at the hope and the optimism that the people have about the President's proposal. The Jones resolution is an attempt to slow down the process, because both of those are necessary in the course of defeating the President's economic recovery program, make no mistake about it.

Now, what we have got here, as I said, is an attempt by the gentleman from North Carolina to brace up the Jones resolution and at the last minute hopefully reach out and bring the factions together; but when you clear all the clutter away from it and you get down to brass tacks, what we are talking about here is an effort by that side to prevail and to slow down the President's economic recovery proposal and that is all it is. That is why I urge my colleagues, those who really want to see the President's proposal go, to support the President's proposal and to reject the gentleman's amendment.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. Absolutely.

Mr. HEFNER. I would just like to remind the gentleman, there seems to continue to be some inference on the gentleman from North Carolina, my name—they do not come out and say the gentleman took a walk and abrogated his responsibility, but continue to insinuate.

If the gentleman will remember, the gentleman from Florida (Mr. NELSON), myself, and the gentleman from Arkansas (Mr. ANTHONY) at the end of the vote when we voted the proposal out, we personally said that we reserved the right to try to reinstate the money in the defense area. Am I right?

Mr. BETHUNE. Well, the only thing, if I can respond, the only thing I know is that had the gentleman voted for it or has he authorized the committee chairman to use his proxy, then it would have passed in the committee and we would not have gone through this entire process, but he did not do that.

As a matter of fact, it was reserved. It was saved back to use at this particular moment.

Mr. HEFNER. So the gentleman is saying that the gentleman from North Carolina abrogated his responsibility. The chairman had my proxy. He voted it on other occasions.

Mr. BETHUNE. Yes; I know; but he did not. He did not vote it. That is the critical point I make to the gentleman from North Carolina. Had he voted it, had the chairman exercised that prerogative at that moment, we would not even be talking about this at this moment.

I would make this point. I think this. The gentleman knows what his motives were. I am only suggesting this, that the facts are the facts and people can draw whatever inference they choose from them.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WRIGHT. Mr. Chairman, I rise in support of the Hefner amendment.

This debate has reached a point which is distressing to me. I regret that it may have degenerated to a suggestion of impugning the honor or the integrity or the intentions of a Member.

I happen to know as a matter of personal observation that the gentleman from North Carolina (Mr. HEFNER) has consistently, actively, and in every circumstance sought in every way available to him to raise defense levels, to support defense expenditures and to make certain that this Nation has an adequate defense policy.

I think it unfortunate in the extreme that anyone would suggest, intimate or infer otherwise.

With your indulgence, I would like to reminisce briefly of an occurrence which was to me, I guess, one of the most memorable events of the time when I first came to Congress. We were here for the first state of the Union message that I ever witnessed. All the pageantry that we have seen occur, the announcements by the Doorkeeper of the various groups as they came in, the opening of the door in the President's Gallery and Mrs. Eisenhower coming in and sitting in the chair reserved for the First Lady were deeply impressive to me. Then Fishbait Miller, the Doorkeeper, announced in his loud stentorian voice, "Mr. Speaker, the President of the United States." There was something electric about those words. I have felt the same sensation ever since. With five other Presidents of both political parties, it has been identically the same.

On that day, January 6, 1955, President Eisenhower entered, the glow of ruddy health on his face, took his place at the microphone. It seemed like the audience applauded for 2 or 3 minutes. He grinned that famous Eisenhower grin. You could not tell a Democrat from a Republican, unless you knew who sat on what side of the aisle. The ovation was wholly bipartisan.

Then in the beginning of his address, President Eisenhower departed from his prepared script long enough to note that it was January 6, the 72d birthday of Speaker of the House Sam Rayburn, and to wish for Mr. Sam many happy returns of the day. Once again the crowd was on its feet, stamping, cheering, and whistling. Once again, you could not tell a Democrat from a Republican. One ovation matched the other. Finally the Speaker blushed, a little embarrassed by the show of affection that had greeted the mention of his name, and hammered the gavel to restore order.

I have thought so many times since, what a wonderful thing to be able to live in a country where these two men who represented different parties in our Government and different branches of the Government, nevertheless could be men who respected one another professionally, and liked one another personally.

That same year another thing occurred. There was a very tight, close, hard-fought debate on an amendment to a tariff bill, a trade bill. Cleve Bailey of West Virginia was very much opposed to the amendment, because he felt that the products of his State were being threatened by opening up trade.

Chet Holifield came in. In those days we answered to our names as they were called and the Clerk verbally called the roll twice by alphabetical order. The rule was that, if you were in the Chamber and your voice was not heard or you did not hear your name called, you could come down in the well and vote at the end of the rollcall. The vote was very close. It teetered back and forth, one vote this way and one vote the other way. Chet Holifield stood in the well of the House and voted for the amendment; at which point Cleve Bailey of West Virginia rose and made a point of order. He said, "Mr. Speaker, I make a point of order that the gentleman from California is not entitled to vote because he was not in the Chamber at the time his name was called and under the rules he is not entitled to have his vote counted."

I thought the Speaker was going to have an attack. His face grew tomato red. I thought he was going to break the gavel as he hammered it. He said, "The Chair always takes the word of a Member."

Then, because I was sitting behind Cleve Bailey, I noticed as different Members came and remonstrated with him since he had brought into question the word, the integrity or the honor of a colleague. Still others came and said, "Oh, now, wait a minute, Cleve. You are off base. We were standing back there behind the rail and Chet answered but because of the

hubbub in the Chamber, his answer was not heard."

So Bailey came down here to the microphone and very abjectly, literally with tears in his eyes, apologized to the membership for having been so wrought up over the outcome that he brought into question the honor, the intentions or the integrity of a fellow Member.

Now, you may think that a little sticky, a little sentimental. You can laugh at it if you want to. Maybe it is a little sticky and sentimental; but I think it is something very valuable in this Chamber of ours, this mutual assumption of honor.

A related and equally vital value is the tradition of a bipartisan national defense policy. If we allow defense to become a bone of partisan contention, we could do grave harm to the country. I have been here when we have had Republican Presidents, and I have stood up for them. I happen to be one of those who stood up with Mr. Nixon all the way through his efforts to conduct a successful conclusion to the Vietnam war. I happened to be one of those who authored a resolution supporting the President of the United States in the conduct of that war and in his efforts to negotiate an acceptable resolution of that conflict based upon ballots rather than bullets.

When we let that question become a matter of partisan disagreement, America was the loser.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 5 additional minutes.)

Mr. WRIGHT. So I think I understand what it is to take a little heat. I think I understand what it is to put patriotism ahead of party. I think I understand what it is to uphold the President, and if you cannot uphold him, at least not to undermine him. What it boils down to is whether we have still the will and the resolve to put the country first. Or is it more important to us to jockey around here for position?

Well, of course, we are trying to perfect and improve and make more attractive the Jones bill, and I am for it. Is there any dishonor in that? Please do not bring into question the honor or the intergrity or the intentions of the gentleman from North Carolina.

Is there anything wrong with perfecting that bill? Is there anything wrong with perfecting either alternative to the point that we shall have the best possible choice on both sides?

□ 1415

Surely there can be nothing wrong with that if what we want is the best for America. If you believe in more defense, how can you consistently vote against this amendment? Or how can you bring into question the motive of the gentleman who offers the amendment?

Do we or do we not believe in more money for defense? If you do not, fine, that is all right; but if you do, please do not be so cynical as to vote against something that would make more attractive and better from your own point of view a position that you just want to defeat for a tactical or partisan purpose.

I suggest to you that such an attitude would be hardly worthy of what we are trying to do. What are we trying to do? Among other things, we are trying to restore this Nation to a pinnacle of respect throughout the world. We are trying to demonstrate to any would-be aggressor or adventurer in the world that when the President of the United States speaks for us in the councils of the world, he speaks for a nation united in purpose. Our allies throughout the world are entitled to know that we are one nation and not torn apart nor eaten away by the corrosive acids of internal political division.

So let us put first things first. Let us vote for this amendment, however, you intend to vote on the Gramm-Latta substitute. I understand that some of my friends on the other side of the aisle tend to support the Gramm-Latta amendment. Perhaps they feel that they have reason to do so. I think there are reasons not to do it. To argue that point, however, is not my purpose here. That is not under discussion at this point. What is under discussion now is whether or not we make a demonstration to the world that both sides in that broader dispute, identically with the same figures on defense, come to the world with a united front and say, "This is where we stand as a people."

So I ask you, please, let us put patriotism above partisanship, and let us show both parties to be responsible, with the capacity to be constructive enough that we will support this amendment, the purpose of which almost all of us really favor.

Mr. NELSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like for the purposes of the gentleman from Arkansas (Mr. BETHUNE), to recall the discussions that occurred within the committee in which it was stated on several occasions in the committee that the gentleman from Arkansas (Mr. ANTHONY) and the gentleman from North Carolina (Mr. HEFNER), and I all favored the increase in defense. That was our position and we were seeking the opportunity and had the assurances that we would offer an amendment to increase the budget authority in function 050, which is defense. I would like the record to be very clear on that intention stated in the Budget Committee with regard to Mr. ANTHONY, and myself, as well as Mr. HEFNER. We felt that the President could best articulate what would be the level of need for defense spending. Thus, by offering this amendment today, we have had that commitment fulfilled, thanks to the chairman of our Budget Committee, the gentleman from Oklahoma (Mr. JONES). This is the spirit in which this amendment is being offered, and this is the spirit in which I think that it will be adopted by this House.

Mr. OBEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will only take 1 minute, and I direct these remarks to the gentlewoman from California (Ms. FIEDLER) and the gentleman from Arkansas (Mr. BETHUNE), both of whom made at least indirect references to the good faith of the gentleman from North Carolina (Mr. HEFNER) who is offering this amendment. I just want to remind the Members of the House that this is not campaign time. We are not running 30-second television ads in campaigns. Innuendo does not go down very well here. It may do very well on television, but innuendo does not go down very well here, and I would hope that anyone who wants to contribute to the debate here in a constructive way would remember that when they are addressing the motions and the motives of other Members of the House.

As long as we are going to name names, let me suggest that if we take a look at the rollcall which occurred April 9, 1981, at 4:35 p.m., at 210 Cannon House Office Building on the Hefner amendment, which added $600 million in budget authority and outlays for veterans, I note at that time, absent: BETHUNE; absent: KEMP; absent: SMITH. I did not hear anyone on this side of the aisle suggest or even indirectly and slyly imply that the reason that those Members were absent was because they were trying to duck a difficult vote.

I would suggest that that game can be played if that side of the aisle wants us to, but I do not think it does much honor on each side of the aisle if we go down that road.

Mr. BETHUNE. Will the gentleman yield?

Mr. OBEY. Absolutely.

Mr. BETHUNE. I remember distinctly the veterans vote. I remember being present, and I remember voting against it.

Mr. OBEY. I am sorry; the gentleman is correct. I misread it. Absent was Mr. LATTA. The gentleman is correct. There were not BETHUNE, SMITH, and KEMP absent. They voted no. They voted against the add-on for veterans. The absent Member on that side of the aisle was LATTA, Mr. LATTA, the ranking member.

We are going to have some very clear choices to make here today. Why

do we not just make them, treat each other civilly, and not try to make a few partisan points that may look good on the television tonight, if the networks are silly enough to run those kinds of statements. Why do we not just deal with the issues at hand? We will have plenty of time after filing date to deal with each other in a more personal way.

Mr. PEYSER. Mr. Chairman, will the gentleman yield for a minute?

Mr. OBEY. I yield to the gentleman from New York.

Mr. PEYSER. I thank the gentleman for yielding. The gentleman from Arkansas (Mr. BETHUNE) made the statement that people were getting up on the floor and supporting the Hefner amendment who never voted for defense budgets. That was, I believe, a very accurate statement of what he said. Of course, I was the gentleman that got up and rose in support of the Hefner amendment, and I would like to call to the gentleman's attention that in the five terms that I have been in this Congress—and some people have criticized me for it—I have never voted against a defense appropriation legislation.

So I would just like the record to be clear that this is typically what happens when people start seeking ways of innuendo and finding methods to take political digs at people. They suddenly get overboard, and they make statements that just are not true. So I hope, as the gentleman from Wisconsin (Mr. OBEY) has said, that we can put this to rest and go on with the debate on the subject.

I yield back the balance of my time.

Mr. STRATTON. Mr. Chairman, I move to strike the last word.

I feel a little bit like a naive, well-intentioned little boy coming from Sunday school who stops in at the corner candy store to buy a lollipop and ends up in the middle of a floating crap game. I had intended, as one whose credentials in support of defense in this Chamber on a bipartisan basis I think are well known, to spend a little time commenting on the substance of the Hefner amendment and urging my colleagues who share my views with respect to defense—and they are becoming much more popular under the Reagan administration than they certainly were under the Carter administration—to support the Hefner amendment. But I think perhaps I ought instead to give a little personal history. It might help to throw a little light on some of the issues that are causing so much heat here today.

I represent a district in the State of New York, as you are all aware. As a matter of fact, although I look very young, of course, I have been here long enough to become the dean, the senior member of the New York congressional delegation, even though we New Yorkers do not always agree on defense matters or some other matters.

But as a New Yorker representing an area, an important city, one of our older cities, the capital of the Empire State, I looked carefully at these various proposals by our distinguished President, as well as the proposal offered by the Committee on the Budget.

I saw that the Gramm-Latta substitute, which eliminated money for Conrail and Amtrak, that eliminated money for the Export-Import Bank, eliminated money for EDA, eliminated money for UDAG—all of these things—would seriously damage my district. In fact, these are all programs that have been producing jobs in my district and have been generating substantial economic activity. I knew that if I were to support it, even at the urging of a very eloquent President, whose views on defense I fully share, that I would probably be ridden out of my district on a rail, and would even lose my seniority as dean of the New York delegation.

The majority leader, who very generously and effectively courts every vote in the Chamber, invited me before the recess to a luncheon in his office with several other members of the Committee on Armed Services and said, "Look, we have come up with a new substitute here. JIM JONES has worked hard. He has come up with a fine compromise. And we would like to have you guys go along with it."

And then Mr. JONES listed some of the things in the compromise and said, "We only cut about $4 billion out of defense." Well, that, of course, was the sort of thing that gets the hackles of my back up. I said, "JIM, you simply cannot cut $4 billion out of defense without jeopardizing the security of our country." I said, "I like your proposal because it has got money in there for Conrail, Amtrak, and the Export-Import Bank, and EDA, and these other things that are important to my district and which my constituents have been talking about." But I said I would not be true to myself if I were to go out and vote for something that would cut $4 billion out of defense.

I know JIM was not very happy about my remarks. But I talked to Mr. WRIGHT; I talked to the Speaker. I said to them I do not think it is very smart for our party to constantly be cutting money out of defense and putting it into social programs.

When I went back into my district during the recess, I noticed the headlines: "Democrats Cut Defense, Add Money to Social Programs."

Indeed, if you were listening, as I am sure we all were the other evening, when the President of the United States addressed us, on three separate occasions he insisted that the Jones substitute was cutting money out of defense. That, I believe, is contrary to what our party ought to be doing. We ought not to be weak on defense.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. STRATTON was allowed to proceed for 2 additional minutes.)

Mr. STRATTON. I said if you really want to get some support—not just my vote but other votes as well—I think you might pick up a few other votes if you put some money back in for defense.

□ 1430

And then I learned a member of the Conservative Democratic Forum, BILL HEFNER, who had also been down in his district in North Carolina, also had the idea of putting money back in for defense. And I knew, as the circumstances this afternoon have demonstrated, that as a nonmember of the Budget Committee I would never get recognized in the Rules Committee to offer an amendment, so I joined with BILL and said, "You have got the right idea; I will go along with you."

As a matter of fact, we went together to the Rules Committee, when the rule was being requested. Mr. JONES, the chairman of the Budget Committee, testified he wanted the opportunity to offer a single amendment of his own. It was either going to be for defense or possibly for something else. And the gentleman from Ohio (Mr. LATTA) said, "I thought it was going to be for defense." But JIM indicated that he had not decided just how the single amendment should be directed.

So when the gentleman from North Carolina (Mr. HEFNER) and I appeared in defense of a rule providing for that one amendment, I specifically said, "I think as Democrats—there is still a majority of Democrats on the Rules Committee—we ought not be second best in defense to anybody else; we ought to put one amendment into exactly duplicate the Republican bill in terms of defense."

The next day, I am told that the Rules Committee, with the overwhelming support of the Republican and Democratic members, including the gentleman from Mississippi (Mr. LOTT) and the gentleman from Ohio (Mr. LATTA), who approved that amendment.

So all this fuss really came from the little boy who just wanted to get a lollipop in the corner store and ran into a crap game. But I hope that the gentleman from North Carolina (Mr. HEFNER) picks up all the chips when the game is over.

Mr. MARTIN of North Carolina. Mr. Chairman, I move to strike the first, third, and fifth words.

Mr. Chairman, I express the pleasure that was mine in waiving such privilege

as I had as a member of the committee so that our distinguished colleague, the gentleman from New York, could speak. I commend him for getting us back onto the subject at hand, instead of bleeding all over the floor in front of one another, which I think is very unseemly for Members of the House.

I was quite amused by our colleague, the gentleman from Wisconsin, in his interest on behalf of my distinguished neighbor and friend from North Carolina, from an adjoining district. The gentleman from Wisconsin was able to demonstrate how simultaneously you can condemn rank partisanship on the one hand, while indulging the beast to bite someone else's reputation at the same time.

It is important for us to get back to what the nature of the substitute before us is and what its merits are and what its relative demerits are, and I would like to comment on that.

I would observe that, in my opinion, it has, as has been described, the limited advantage of restoring to the committee resolution the defense budget numbers that are recommended by President Reagan, and I think that is a worthwhile objective. I commend the gentleman for seeking to do that. But at the same time we have to recognize that, in addition to its possibility of providing a vehicle for holding the line so that we could end up with one of those straight party-line votes once again, the primary shortcoming of the substitute is that it accepts all of the other features of the Budget Committee resolution; that is, it increases spending and outlays for all of the other programs of Government, the social programs of the Federal Government, by $25 billion relative to the version that will be offered by our colleagues from Texas and Ohio, Mr. GRAMM and Mr. LATTA, 25 additional billions of dollars in outlays for these programs to keep the "Great Society" alive in that way.

Even so, it proposes a smaller deficit, and you have to raise a question: How can you simultaneously——

Mr. HEFNER. Mr Chairman, will the gentleman yield?

Mr. MARTIN of North Carolina. I will yield to my friend and colleague in just a moment, after I have made such observations as I choose to make.

You have to raise the question: How, in relation to the resolution to be offered by the gentleman from Ohio (Mr. LATTA) and the gentleman from Texas (Mr. GRAMM), can you simultaneously reduce the deficit while increasing outlays? How can you do that? How can you spend more but end up borrowing less?

And the answer to that question is: You tax more. You defer—as the committee resolution proposes—you defer relief for personal income taxes for the beleaguered taxpayers of this country into a later year, saying that "Maybe we will provide you with some relief after inflation has ratcheted you into higher and higher tax brackets. After you have seen your spendable income, your disposable income, the buying power of your income, reduced further by inflation, putting you into higher tax brackets, then some day we will give you some tax relief."

It is that deferral of personal income tax relief that produces the additional $31 billion in revenue relative to the resolution that will be offered by the gentleman from Texas and the gentleman from Ohio.

So I think that has to be borne in mind. It is a worthwhile objective to make our defenses strong, second to none, as the gentleman from New York has said, but let us be very careful also to note that that is only half of what we are here to do; the other half is to provide some badly needed relief for beleaguered taxpayers in this country. They have been lofted into higher and higher tax brackets, but not because the Congress has ever voted in the last 10 years to raise personal income taxes. We did not vote to raise those income taxes on our people; but by our silence, by our neglect, we allowed the income tax burden to become heavier and heavier and heavier year after year because of inflation.

So I would hope that the Members would keep this in mind. Yes, we must have strong defenses; yes, we must cut back on spending and the growth in Government; and, yes, we must provide badly needed and overdue relief for the tax burden that has fallen on our people.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of North Carolina. I am very pleased to yield to my friend and neighbor, the gentleman from North Carolina.

Mr. HEFNER. Mr. Chairman, I just want to correct one thing. I do not think the gentleman would want to leave this assumption, that my amendment does all of these things. All my amendment does is deal with defense. If this proposal, entire package, passes, the gentleman is saying that is what it costs. But not my amendment, certainly not my amendment does that. My amendment does not do that.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. MARTIN) has expired.

(At the request of Mr. HEFNER, and by unanimous consent, Mr. MARTIN of North Carolina was allowed to proceed for 2 additional minutes.)

Mr. MARTIN of North Carolina. Mr. Chairman, I appreciate the gentleman's securing for me 2 additional minutes, and I would be pleased to yield to him.

Mr. HEFNER. My amendment deals only with defense, and actually on budget authority. But actually on outlays, from where we were, we do not increase outlays at all with my amendment, either the unanimous consent or my increase in outlays, because we were $900 million over the outlay figure. But certainly my amendment does not do all of the bad things that the gentleman said. I think he would admit that my one amendment does not do all of these terrible things.

Mr. MARTIN of North Carolina. Mr. Chairman, I thank my colleague for his very badly needed clarification, after I butchered up his amendment.

Nevertheless—if my colleague will not wander to far from the sound of my voice here—if his amendment is adopted, and if it enables the committee resolution to pick up the extra votes which it needs to provide that extra $25 billion in social spending and the extra $31 billion in taxes on top of what already is going to happen, the gentleman will see that what I said in my analysis is quite correct. It will be the same outcome, regardless of the technical distinction which my learned colleague has pointed out to us here today.

Mr. HEFNER. Quit while we are ahead.

Mr. MOFFETT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think that we are back on track now, thanks to the last couple of speakers, in discussing this very important amendment on its merits. I think that it is clear that an honest vote on this amendment in this body would pass overwhelmingly. I think we should be clear about that. I think we should acknowledge that. And that is precisely what I would like to discuss.

I think that we are shoveling money at defense without thinking about it. My view may not coincide with that of the majority of Members, but I think it is important. I do not think that the debate on defense in this body is on the level in this respect. I think the members of the committees are serious about it, but I do not think it is on the level in terms of a serious analysis of what we need and what we do not need.

The author of the amendment stated, with a great deal of sincerity, in his opening remarks, that this amendment is directed at all areas of our military structure.

Well, that is precisely the problem. We are not picking and choosing. We are not setting priorities. We are not doing the necessary oversight.

If we want to look at what is really important in defense, that is one thing. I voted last year for the amendment by the gentleman from Texas (Mr. WHITE) for $100 million additional for recruitment and so forth. I thought that was important.

We are not doing that this year. It is not anybody's fault on a personal level, but it is a fact: We are not making the important choices and decisions. Too many of us are driven by a need to vote more and more dollars for defense, and I am not sure we are buying anything for it. We are not getting the most out of our defense dollars.

More importantly, as Lester Thurow has pointed out in a recent article called "How To Wreck the Economy," the defense levels envisioned in the Reagan budget and now in the amendment offered by the gentleman from North Carolina will be devasting in terms of their economic impact. And I think we ought to deal with that. How do we handle a $181 billion increase over 5 years in defense, coupled with $196 billion in tax cuts if the President has his way? Even if he has his way on every single budget cut, for a total of somewhere in the neighborhood of $136 billion or $138 billion, no matter how much of a supply sider you are, it is hard to envision how we will ever pay for the defense spending increases—the numbers just do not jibe.

Because of this fact, People like Peter Petersen and institutions like Merrill Lynch and many, many other Wall Street people and learned economists and Repubican economists and conservative economists are expressing a great deal of concern, to put it mildly, over the economic impact,—the inflationary impact—of the defense budget.

The reason that there is such and argument about how much of a change the Hefner amendment makes is that it is not that much different from where the Jones amendment put us in the first place. The Jones amendment was not that much different, really, form the Reagan budget proposal.

So what we are seeing here is a group of very well-intentioned people, in one Member's view falling into the old L. B. J. trap of trying to build a wartime economy without the slightest idea of how we are going to pay for it. It is going to create a fantastic bidding war among private investors for consumer goods. It is going to drive the price of those consumer goods up, and is going to spur inflation. And, let us face it, today's strategy is to try and bring back some of our more conservative Democrats into the fold. I do not think that is the strategy of the gentleman from North Carolina. I think he is sincere. And, as he said, he would vote this way on any day, on any amendment like this, and I applaud him for his consistency. But a lot of us who are more liberal, more progressive—and we have respect for everyone's ideology here—we have said we would support the Jones amendment. We have swallowed hard, and accepted it despite the devastating effect it will have on many regions of the country. We have gone along, we have tried to be good team players, and now we are asked to vote for the very thing that we have been criticizing: Bringing the levels back to Reagan-Gramm-Latta. The Democratic Party is saying "let us count on the good old liberals and progressives to bail us out once again."

I say to my friend, the gentleman from Ohio, who commented on this earlier in another discussion, that I think it is wrong for us to run back in and embrace what we consider to be an obscene and insane level of defense expenditures for dubious strategic reasons.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Ohio.

Mr. SEIBERLING. The gentleman has made a very important point, and the most important part is that the Budget Committee is not the committee that is in a position to evaluate the defense program.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. MOFFETT) has expired.

(By unanimous consent, Mr. MOFFETT was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. If the gentleman will yield further, the Budget Committee is not in a position to evaluate the defense programs, or any other programs in depth, for that matter, and if we adopt the Gramm-Latta substitute we are creating a super legislature of 30 Members in the House, and I do not know how many in the Senate, and they are going to be telling us how to do all of our legislation, authorizing as well as appropriations.

I intend to support the Hefner amendment because that does not lock us into any specific amount. It leaves us free through the Appropriations Committees and the authorizing committees to do the fine tuning that we need to do. But if we do not pass the Jones committee substitute, we will on all other programs be reduced to simply dealing with——

Mr. MOFFETT. If I might reclaim my time, I thank the gentleman for his contribution.

I am all for Jones, and I am going to vote for Jones, and I said that before the ink was dry on the Jones proposal. I was not happy with it, but at least it embraces some real world assumptions. But to take the point of view that we ought to do virtually anything in the defense area that will somehow make Jones more palatable is something that I am simply not going to embrace.

The Budget Committee is considered smart enough to know that we can cut food stamps and we can cut people off at the checkout counter, and we can cut old ladies off of nutritional programs. But then you say, "Well, they really do not know about defense, we will have to leave that until later."

I do not buy that. I think they have done fine work, but this is going too far and it is economically devastating, in this gentleman's view.

□ 1445

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

Does the gentleman not understand that as long as the increase in on the upside we have not foreclosed ourselves from making cuts, but once we are on the downside we are out of business?

Mr. MOFFETT. The gentleman has to come back to the real world, if the gentleman would beg my pardon for saying that.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. MOFFETT) has expired.

(By unanimous consent, Mr. MOFFETT was allowed to proceed for 1 additional minute.)

Mr. MOFFETT. Anything that has defense written on it—with the exception of where there is a tactical consideration such as this amendment—is going to pass in this body. That is the real world in which we live.

So the idea that we can come back and make cuts later on does not square with reality nor does it square with what the authors and strongest proponents of this amendment are saying that it will do.

Mr. SEIBERLING. If the gentleman will yield further, the real world is that if we do not pass the Jones amendment we are out of business as far as these human resources programs.

Mr. MOFFETT. I think we ought to wrap up Gramm-Latta with a big "R" on it for Republican and a big "R" on it for Reagan and ship it out there to the folks. We have done our best, folks. We came up with an alternative. But we are not going to go to what we consider to be an outrageous level on defense spending.

Mr. SEIBERLING. I agree. I would like to see the Republicans run over the cliff like lemmings which is what they are in the process of doing, but we have to think of the interests of the people of this country in all respects, not just the defense program.

Mr. LATTA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me say that I was not surprised by the amendment offered by the gentleman from North Carolina. We made provision for this amendment in the rule. One of the last things that we did before we adjourned after getting ready to report

this matter was to provide for one amendment on defense. So, I was not surprised at all by the gentleman's amendment.

I know his strong feelings on this and certainly by his amendment he makes the question about defense figures moot in this debate because the majority will be accepting our figures.

So I would hope, Mr. Chairman, that we could dispose of this matter as rapidly as possible and get on with the other amendments.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I am happy to yield to the chairman of the Budget Committee, the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

Is the gentleman suggesting that he accepts this amendment?

Mr. LATTA. We accept it, yes.

Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I would like to join several of my colleagues who have already spoken today suggesting that the amendment that we currently have under consideration has little or nothing to do with the appropriate level of defense expenditures in this country.

It is interesting to note that in the supplemental views on the budget, the majority side has indicated that the defense targets should enable us to undertake vast improvements in our readiness capabilities and substantially upgrade our military forces.

Now at the same time, just a couple of days later, they come back to us and tell us we have to increase the figures for defense.

Then if we look on the side of the minority views, we will see that they say that the Jones proposal gives lip service to the need for significantly increasing this Nation's defense program. But they are not for that level today. They are going to be for it tomorrow when it is proposed in Gramm-Latta.

Many of the Democrats were not for it yesterday, but they are for it today.

I suggest that that is politics. I suggest that this amendment is for nothing more than an ill-disguised effort to garner a couple of votes for the Jones proposal.

So what we have is a last minute effort to invent some defense figures on the theory that this House traditionally has voted for anything in the name of defense on the theory that, if those figures are adopted, it will be more comfortable for certain people to vote for the budget resolution. People who were supporting the committee's position just a couple of days ago in this report said that the level was adequate. Now, either the Budget Committee has done its work or it has not. If we cannot believe their figures on defense a few days ago, then we cannot believe the figures in the rest of this report.

I think it is very important this point should be made.

The majority leader suggested that this is somehow a litmus test on how we would vote on defense. This is no such thing. This is a question of whether we are going to help the leadership rearrange the chairs on the *Titanic*. I think we ought to recognize that this amendment has nothing to do with the defense of this country but is simply an attempt to try to garner one or two votes. Unfortunately, the leadership finds itself in a position where they need 30 to 40 votes.

So we ought to dispose of this charade and go up or down on the Jones amendment or up or down on the Gramm-Latta amendment because then we can see the cost of this amendment. Let us not pretend, as some people on the democratic side have that we can vote for this amendment without costs. Find out tomorrow and the next day what the cost is.

I suggest that we vote against this amendment and tomorrow we pick our medicine. We can vote for Jones or we can vote for Gramm-Latta. This amendment is really present to some extent in the Gramm-Latta proposal. Then we can see the cost on the social side of the ledger. We can see that we are going to be asked to cut $11 billion under Gramm-Latta from the Education and Labor Committee's budget. We are going to see that we are going to be required to cut critical items far beyond our expectations. If that is what we want to do to make room for this kind of defense expenditure, fine.

As the President said when he stood here the other night, he is not truly cutting the Federal budget. He is slowing its growth and he is rearranging where those expenditures are going to be. What is going on here is a massive shift to the defense side. But do not buy it in the abstract, buy it in the specific when we see it tomorrow and we have to vote for Gramm-Latta, if that is what we are disposed to do, because then we will find out the true cost of this amendment. So I suggest we reject the politics of this last minute effort to garner votes for the Jones proposal which was hammered out under the very, very hard work of this committee and the leadership of the gentleman from Oklahoma (Mr. JONES) for months. I am not happy with the way it came out, but I think it is the best we can do and the best in the interest of the country, and we ought to support it. We ought not to now start trying to doll it all up in order to bring a few wayward people back to the fold because the cost of this amendment is too hard. This country cannot stand to pay the price for those 20 to 30 votes.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from New York.

Mr. WEISS. I thank the gentleman for yielding.

I want to associate myself with the gentleman's remarks.

Mr. Chairman, I oppose the amendment. President Reagan's proposal for massive increases in military spending over the next 5 years threatens the security of the entire world. If approved by Congress, these proposals would destabilize our economy, erode our defense alliances, and accelerate the arms race.

The President's defense budget is founded on the unrealistic assumption that an ever more powerful preemptive military force is the key to a secure defense. This policy can only lead us toward war.

I believe that national security and world peace depend on economic strength, nuclear disarmament and conventional arms limitations, and cooperative international defense agreements. The President's program would undermine these objectives, and thus threaten our real national security.

Our Nation's Armed Forces must be fully equipped, well-trained, and thoroughly prepared, and I would support a defense budget which would insure this. But the President's proposal greatly exceeds what is needed to maintain such a force. He suggests funding for unreasonably expensive nuclear weapons programs, such as the MX missile program; for unreliable and unproven equipment, such as the XM-1 tank; and for nuclear weapons that would increase the potential for a nuclear conflict, such as the Pershing and cruise II missiles. The President's defense budget wastes badly needed Federal revenue on a dangerous policy of military buildup.

The President hopes to more than double military expenditures from $173.9 billion in 1981 to $374.3 billion in 1986, a jump in defense allotments from 24.7 to 37.6 percent of the total Federal budget. In fiscal 1982 alone, he plans a 15-percent increase over 1981 to an estimated total obligational authority of $222.2 billion.

Defense spending will be significantly higher still, according to the Congressional Budget Office, which found the President's inflation estimates for the 4 outyears to be low. CBO determined that defense will cost $6.4 billion more in fiscal year 1982 that the President projects. For 1986, defense spending would shoot up to at least $50 billion above the figure the President projects, CBO estimates. These unanticipated costs would have to be absorbed by the Pentagon, forcing cuts in programs.

The President's proposals clearly exhibit poor economic planning. In-

creased dependence on the military budget will force inflation up rapidly, and make it vitually impossible for our civilian economy to recover. This impact will couple with the President's proposed tax cuts to worsen our current economic instability. I want to remind my colleagues that a similar policy of steeply increased military outlays together with unwillingness to raise tax rates during the Vietnam war is primarily responsible for our current runaway inflation.

Abroad, the administration is urging our allies to adopt similar policies of expanded military might. The President's stated intention to embark on massive military stockpiling as well as the State Department's growing pressure on allies to undertake simultaneous buildups already is beginning to strain U.S. relations with several nations. This policy is raising the risks involved in all international conflicts which might develop, no matter how small.

The damage to our civilian economy which the President's proposals would do poses a serious threat to national security, by weakening the Nation's fiscal and economic role in the world. Under his plan, we would be caught in a whirlpool of military spending that would drain our economy of its ability to provide social, fiscal, and military security. If we are to be successful at bringing about an economic recovery, we must reprogram some of these increases in defense spending toward human services an other civilian activities.

In the Reagan military budget, 75 percent of the planned defense increases above President Carter's proposals for 1982 are targeted for procurement of new weapons systems. This would mean that a total of $68.5 billion will be committed to procurement contracts in fiscal year 1982, but much of that money will not actually be spent until 1984 or later, when those contracts take effect. This large-scale lockup of funds will cause a sudden inflation jump by limiting available funds without producing consumable commodities.

A strong domestic economy cannot be achieved until the economy is made substantially less reliant on military expenditures. Military spending is a relatively poor stimulus for creating jobs and adds to inflation rather than helping to control it.

One billion dollars spent on mass transportation would create approximately 26,000 more jobs than the same amount spent on the MX missile system, according to the Council on Economic Priorities. About the same advantage exists for money spent to create teaching jobs as compared to using it to generate military production. This negative effect of military outlays is worsened by the fact that many of the jobs generated by military spending are short-term, temporary positions that actually interfere with long-term resolution of our current employment problems.

The demands which large-scale military spending put on competition for scarce resources, such as highly skilled technicians and engineers, and its upward impact on inflation will prevent the civilian sector from obtaining the resources it sorely needs for growth. An artificial competitive advantage is created for military-related industries in obtaining scarce resources by the dominant role Pentagon expenditures play in our economy. Yet a disproportionately small quantity of commodities returns to our civilian economy.

Military increases come at the cost of vital Federal programs that serve basic human needs. Programs that feed people, for example, will be cut by almost $5 billion, and funds for public service employment would be eliminated to save $4.8 billion. The inequity of these budget priorities cannot be overlooked.

Macroeconomic studies support the examples I have given of how the President's military budget proposals would undermine efforts to improve the economy. The World Bank and the U.S. Arms Control Agency, for example, compiled data which showed that stepped-up military spending tends to weaken national economies.

The study compared the percent of GNP used for military purposes to the growth in manufacturing productivity in seven industrialized nations for the years 1960–77. Those nations which used relatively large portions of their GNP for defense, such as the United States, generally had low-growth rates.

Japan, for example, gave the lowest GNP percentage to defense, nine-tenths of 1 percent, and had by far the highest annual growth rate, 8.8 percent. At the other end of the scale, the United States put 7.6 percent of its GNP toward defense and had the second lowest growth rate, at only 3.4 percent annually. I believe the United States faces continued severe economic stagnation as a result of growing military spending.

Historically, the policy of the United States has been to develop cooperative defense strategies with its allies to insure international and domestic security. We currently are involved in some 29 formal agreements, the NATO alliance most prominent among them. The NATO alliance provides the democratic world with a significant margin of international security both in number of strategic weapons and in strategic planning capability.

NATO countries outspent Warsaw Pact nations during the 1970's by $207 billion on military goods and possess 3,200 more strategic nuclear weapons. A renewed commitment to NATO-provided security by the United States and our European allies would create a cheaper and less dangerous world situation than would a U.S.-initiated worldwide arms buildup.

Arms control measures and disarmanent agreements offer an important long-term approach to mutual security and international peace. The SALT II process brought us close to a reasonable check against further nuclear expansion. This agreement should be ratified. It is a necessary step toward disarmament, although SALT II itself falls far short of real disarmament.

Negotiations for reductions in European Theater Nuclear Forces merit strong U.S. support. West German Chancellor Helmut Schmidt recently proposed a freeze on the deployment of our European-based Pershing II and cruise missiles, pending negotiations for mutual reductions among NATO and Warsaw Pact nations. These missiles clearly increase the risk of a nuclear attack on Europe.

Both Soviet and U.S. officials already have give attention to a comprehensive test ban for nuclear weapons that would open a direct avenue to a nuclear weapons freeze. Negotiations on such a ban should be continued.

Substantial reductions can be made in the President's proposals for the military budget in five areas without weakening U.S. defense: Funding for programs that increase our nuclear weapons stockpile; those which simply generate repetitive weaponry; weapons which the administration plans to produce even though testing on them is either incomplete or indicates significant problems; the tremendously expensive MX missile system; and, generally, the elimination of widespread waste in defense programs.

Production of the Trident submarine, America's most expensive nuclear weapon in production at a projected 1982 cost of $1.6 billion, is one of the unnecessary weapons in the President's budget. The Tomahawk cruise missile, which threatens to undermine future arms control measures, could be eliminated at a savings of $391 million for fiscal 1982. As well, the European Theater Nuclear Forces, which I mentioned earlier, are budgeted for $932 million for 1982. These missile systems would create a substantial offensive nuclear threat to the Soviet Union and further polarize the already-tense European situation. Antiballistic missiles, which would violate SALT I, could be eliminated and thus save $438 million without reducing U.S. security.

There are several cases of repetitive weaponry in the current military budget. These include:

The C–X airlift planes, which the administration plans to begin development of at a cost of $250 million for

fiscal year 1982, even though the similar C-5 transport is not yet fully operational due to production and operating problems.

F-14 and F-15 fighter planes, which last year received a higher authorization from Congress than the Pentagon requested, are scheduled to receive an additional $2.4 billion, but these planes would provide no significant new capabilities.

The extremely costly, and controversial, XM-1 battle tank is prematurely budgeted for production at $2 billion in the Reagan 1982 budget. The reliability and durability of the XM-1 was called into serious question both by a Department of Defense appointed panel of technical experts and by a GAO study. Both investigations expressed doubt that the tank was ready for production.

The MX missile system is probably the greatest boondoggle of the military budget. Estimated for fiscal 1982 at $2.9 billion, this controversial weapons system is likely to cost more than $100 billion before it is finished, possibly as soon as 1986. Military experts, many citizens, and several Members of Congress have questioned the feasibility and advisability of the proposed land-basing mode for the MX and no alternatives have yet been seriously explored. Yet the President is actively pursuing deployment of the MX. Of equally great concern is the direct threat the MX would create to Soviet security, forcing escalation of the arms race, undermining arms limitation talks, and substantially increasing world tensions.

If the President were truly interested in eliminating waste from the Government, no department deserves closer scrutiny than the Defense Department. OMB Director David Stockman recently told a congressional committee that Pentagon waste was widespread, but the administration has thus far avoided making cuts there.

Several investigations documented waste in the Pentagon in eight major areas. One recent investigation of Pentagon waste found that, "A minimum estimate of the cost of military waste is put at $15 billion a year." The sources of waste are in many areas of the military and the problem clearly is pervasive.

Needless purchases of goods already in stock, performance of unnecessary operations, and poor supervision contribute several billion dollars of waste of materials, equipment, and fuel, one study found.

A complicated, overlapping management system among the four branches of the armed services causes costly repetition of equipment maintenance, base supervision, and other services generating massive amounts of waste.

The GAO estimates that use of military aircraft for unjustified purposes has cost taxpayers approximately $6.9 billion in recent years.

Waste and inefficiency appear in "mind-boggling proportions" in military procurement activities, a U.S. News & World Report concluded. A recent Pentagon report to Congress conceded that the cost of 47 major military programs soared by $47 billion in the last 3 months of 1980 alone. Much of these increases resulted from a chronic tendency of military planners to underestimate the impact of inflation.

Fraud, embezzlement, and theft have been responsible for billions of dollars of losses, the Defense Department admits.

Repair of inexpensive parts that could have been replaced at less cost by parts already in stock causes $18 million in waste each year.

Pentagon interest in state-of-the-art equipment leads to what is called gold-plating, where millions are spent on technical improvements that provide no real military advantages.

Unnecessary military bases are kept open, usually for political reasons. These bases could be converted to useful civilian purposes.

The rescissions I have suggested could provide the transfer of as much as $20 billion in funds to civilian and human service programs in fiscal 1982 alone. The job-creating potential and the basic needs which would be met by such a transfer would contribute to a strengthened economy. As such, cutting back on the increases in the defense budget is essential to national security.

It is a dangerous mistake to seek security by stepping up military spending. We should not allocate billions of dollars to weapons systems that undermine our foreign policy goals, nor should we adopt a policy which pushes our allies and our enemies to build up their arsenals. As I have said, we can best strengthen and secure our Nation by improving the economy, leading efforts for nuclear disarmament and conventional arms limitations, and pursuing cooperative defense alliances.

The peacetime military buildup President Reagan is proposing is an invitation to war. I urge my colleagues to carefully rethink an increased national commitment to a massive arms stockpiling.

The role we in Congress set for U.S. military spending in the coming fiscal year will set the course of our economy for decades to come. For if we fail to redistribute funding away from the Pentagon and toward civilian programs, we are moving toward an economic, social, and military disaster.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, clearly there are tactical considerations in the offering of this amendment. We all understand that. It would seem to me it serves no useful purpose to dwell continually on that matter. The policy implications of this military budget are so extraordinary that to reduce it to a consideration of the behavior of one of the individuals in this body is an insult to our intellect, to our person and to our politics.

So, I choose not to do that.

What is important is to focus upon what is really being suggested. What is being suggested by this amendment is that the budget authority for the next fiscal year equal the budget authority proposed by the President of the United States to the tune of $226.3 billion.

It would seem to me that we should focus our discussion on the policy implications and ramifications to the Nation and the world of embarking upon a course that leads us to the expenditure of $226.3 billion.

Now, in order to do that, I would like to take many of my colleagues back a few years ago in a discussion on the budget very similar to this moment when a number of my colleagues had offered an amendment to restore approximately $4 billion back to this particular item in the budget.

A number of my colleagues on both sides of the aisle were attempting to suggest that we desperately needed to include this $4 billion because it was terribly important that we scare the Soviets. So this gentleman took the well on that particular day and in an effort to use humor as a way of trying to point up the absurdity of that argument, this gentleman took the well and said, "If anyone on this floor believes that $4 billion is going to frighten the Soviets, is either a fool or a knave."

Then I suggested to my colleagues, particularly the more conservative colleagues, that if they truly wanted to frighten the Soviets, then do not play around with adding $4 billion back into the budget. Why do we not add about $150 billion or $200 billion into the budget in order to frighten the Soviets. As a matter of fact, let us take all of the money out of all the other budgetary categories and in 1 year, let us take all of our money and say the purpose of this Congress is to frighten the Soviets because if we frighten them, we will bring them to the table, we will negotiate a SALT treaty, we will negotiate MBFR, we will negotiate peace and tranquility to the world.

So, let us say to the poor, to the children or to the veterans, or what have you, we are busy scaring the Soviets this year so we cannot solve your problems.

Well, I thought that proposal was absurd, but I simply offered it to try to say in some jest and humor, look how ridiculous this argument is that we are going to frighten the Soviets

with $4 billion. But here we are in May of 1981 and my wildest fears are being realized, because we are embarking upon a course that virtually gives all of our resources to frighten the Soviets.

This leads us to the argument that I choose to make here. What is being suggested by a military budget of $226.3 billion is a rapid, substantial, sustained growth in America's military budget, rapid in that we are talking about moving over the next few years from the military budget being roughly 24 or 25 percent of the total budget to the military budget being approximately 37 or 38 percent of the overall budget in future years, a rapid increase; substantial in that year we spend $173 billion in budget authority. This year what is being proposed by this amendment and what is being proposed by the Gramm-Latta and the Republican administration is a $53.3 billion increase in budget obligations—a substantial increase; sustained in that this administration and these committees are not suggesting an increase for this year, next year or the year after, but many years into the future.

As a matter of fact, this administration's budget assumptions assume a military budget of $367 billion by fiscal year 1986. So we are talking about a rapid increase to 38 percent of the budget, a substantial increase in that 1 year of $53.3 billion increase, by 1985 or 1986 we have almost doubled the military budget and substantial in that we are talking about a long-term thing.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Thank you, Mr. Chairman.

To go back, $173 billion we spent last year and we are talking about a $53.3 billion increase in the military budget this year. We are talking about almost doubling it in the year 1986.

To shock the Members in a different way: In the decade of the 1970's this country, and many of us served in the House during the seventies, we spent $1 trillion on the military function. In the first 5 years of the 1980's we are anticipating spending between $1.3 to $1.5 trillion. With cost overruns and what have you, it is conceivable in the first 5 years of the 1980's our military budget expenditure could exceed $2 trillion.

If we project that out to the year 1990, it is clear by most conservative figures that this country will be spending between $2½ trillion and maybe $2.7 trillion or $2.8 trillion.

□ 1500

So, in a 10-year period we are talking about more than doubling, close to tripling, the military budget. Now, the question that the average citizen in this country ought to be asking is, how do you finance this large, substantial, sustained increase in the military budget?

Mr. Chairman, members of the committee, there are really only three ways you can do it. Either you go to the American people and you say that the nature of the world is so frightening, so dangerous, so unstable that we must now ask the American people for new taxes in order to finance this incredible burden, but not one politician in this body, the other body, or down at the other end of Pennsylvania Avenue is actually advocating levying new taxes to finance this increase. So, let us throw that out as an option.

The second, alternative is to engage in substantial budget deficit spending, but this administration has trapped itself in the rhetoric of the balanced budget. It cannot insult my intellect nor the intellect of the American people by suggesting that a Democratic Party budget deficit is inflationary and a Republican Party deficit is not inflationary. We know that is absurd. So, to engage in deficit spending is a travesty. They have to show by the next election that they had moved toward a balanced budget or they have lost credibility. So, they cannot engage in deficit spending for any substantial period of time to finance this incredible increase in this military budget to $367 billion by fiscal year 1986.

So, what is the third alternative? The third alternative is to reach into the nonmilitary side of the budget and engage in substantial cuts in order to finance this incredible increase in the military budget, and that is the assertion that I make on the floor this afternoon. This administration suggested a budget authority cut of $48.4 billion on the nonmilitary side, and led the American people to believe that we are reducing Federal expenditures. A couple of weeks later, you make a budget schedule that increases the military budget by $53.3 billion. That has to be a wash.

The argument that I assert aggressively is that these budget cuts are not designed to fight inflation. Our own Congressional Budget Office indicated that cutting $25 billion from the budget would only reduce the inflation rate by between 0.1 and 0.2 of 1 percent. So, what is this all about? It is about financing an increase in the military budget which becomes the least politically risky and the safest way to do it because levying taxes has political implications; engaging in continued budget deficits has political implications, but ripping off the poor, ripping off working-class people, ripping off senior citizens, ripping off the children and middle-income citizens of America is becoming the safest way to engage in financing military budgets.

The American people need to desperately understand that is what this is all about. So the question then becomes, is there a rationale for the expenditures and for this incredible amount of money?

I do not believe so, and later in this debate we will be making a significant argument that challenges the assumptions of those who perceive the problems of the world as being military problems that can be solved in a military fashion. There are those of us in this body who frankly and legitimately believe that the problem of the 1980's bring new imperatives, call for new policies. There are 160 nations in the world, many of them eager for freedom, and to simply look through the narrow confines of the parochial prism of United States-Soviet ideological relations is an absurdity. We have to begin to look at the economic, social, and political realities of human misery in the world, and that does not dictate this incredible expenditure of the military budget.

To rip off millions of human beings who have a right in a free and open democratic society to believe that their Government would not abandon them, should not be the people upon whose back we build an incredible military machine.

There have been a number of economists who have pointed out that there are really only two ramifications for going down this road; either we bankrupt this Nation by moving more and more of its resources into a smaller and smaller segment of economy, and the bottom drops out from the sheer weight of this.

The CHAIRMAN. The time of the gentleman from California has again expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 1 additional minute.)

Mr. DELLUMS. Mr. Chairman, members of the committee, either the bottom drops out of this economy from the sheer weight of the bloated, unnecessary, wasteful, and dangerous military budget, or at some point we achieve a level of military technology that very well may get beyond our social institutions' ability to control. As a member of the Armed Services Committee, I would say to you that I think we are frighteningly near that point at this moment.

Go back 30 minutes to the debate on this floor, where we were not discussing the implications of policy, but each other's personality, to let you know where we are in terms of the debate. We are talking about a level of technology that could destroy the world. That fact, Mr. Chairman, requires that we function as rational

human beings. I am not in the well speaking from a partisan perspective or an ideological perspective. I am trying to transcend that. What I am suggesting is a degree of sanity and rationality.

Mr. Chairman and members of the committee, when a society of people develop the capability to destroy itself and all life, it is a moral imperative, Mr. Chairman, members of the committee, that we explore the issues and the implications with a degree of sanity and rationale that speaks to the future of this Nation and in the world.

Mr. JONES of Oklahoma. Mr. Chairman, I ask unanimous consent that debate on the Hefner amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. MOFFETT. Mr. Chairman, reserving the right to object, could we get an idea of how many Members there are who would like to speak who have not yet spoken before we agree to that?

The CHAIRMAN. There are at least two Members on their feet on the majority side and one on the minority side.

Is there objection to the request of the gentleman from Oklahoma?

Mr. CONYERS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. CONYERS. Mr Chairman, I move to strike the last word.

Mr. Chairman, this is always an unfortunate part of our debate process on the floor. When considering a mere $7 billion worth, we decide to limit the debate. I want to serve notice on my esteemed colleague, the chairman of the committee, that I am going to object each and every time he tries to stifle debate. I hope that we do not engage in any limitation of debate during the budget discussion that is under consideration this week. I strongly urge that upon the esteemed chairman of the committee.

First of all, Mr. Chairman, I think it should be easily admitted by everyone here that this is a political consideration that brings us to the Hefner amendment. There may be a soul of such innocence that he cannot perceive why it is necessary that we at this point add $7 billion to the Jones budget. It is obvious. I will not dwell on it. I sympathize with the necessities that brings us to this consideration. It has already been accepted by the leaders on the other side of the hall, and as the minority leader controlling this measure, the gentleman from Ohio, just stated, there should not be any debate because we all agree. Let us just add $7 billion and skip on to the next section of the budget study, which he is even now anxious to do.

But, I suggest that there may be Representatives in the House of Representatives representing millions of American citizens who might just happen to take some exception to the largest increase in peacetime history in the United States of America. I happen to be one such representative who happens to represent a considerable number of Americans who share that view, and this is the point in time that we must discuss it.

Now, it seems to me, Mr. Chairman, that this amendment, an increase of this magnitude, will be more money added to the Pentagon pipeline than they can possibly spend; more money than we can possibly ever give the Pentagon, and the Congress, of course, is well known for giving the Pentagon even moneys that they did not request.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield on that point?

Mr. CONYERS. Surely.

Mr. MOFFETT. It is not only the gentleman from Michigan who is surmising that, or the gentleman from California or the gentleman from Connecticut. The Defense Science Board, the founder of TRW, a big defense contractor, Simon Ramo, says that you cannot rebuild your industrial domestic capacity and do this on defense at the same time. I do not think I am misquoting him, I think that is basically what he had to say. But, all sorts of experts across this land, conservatives, analyzed this defense budget and say we cannot possibly absorb this kind of money in a productive way.

Mr. CONYERS. I thank my colleague.

Now, my other dear friend from Ohio, whom I respect and with whom I work on many committee assignments, time and time again he has shared his concern about excessive defense spending, raises a very important point. He says:

> Very well, I agree with you that this is useless money, that it is not targeted, but that under the exigencies of the moment, to get the Jones budget through the House, we had to take away the one thing that may lose us votes, and that is the fact that our defense budget presently, or our item in the budget presently is lower than the Reagan budget. So, let us make it even and maybe we will pick up some votes.

Now, I am not unsympathetic to that position as a tactic. The only thing is that my principles intervene, and to me as one who has never voted an increase in defense budgets, cannot even for the sake of passing Jones, as badly as I want Jones to pass, as desperately as I want the Latta-Gramm budget to go down, I can never rationalize to anybody in this country why I voted a $7 billion increase, the highest increase in peacetime history. It will not wash. I cannot explain to them that we were picking up conservative votes because the truth of the matter is, Mr. Chairman, we do not know if we are picking up any votes or not.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent Mr. CONYERS was allowed to proceed for 5 additional minutes.)

Mr. CONYERS. If I had some assurances I might even risk considering voting for this incredible proposition that has been brought to the floor. But, we do not know that. We have lectured our Democrats; we prayed with them; we pleaded with them. We have done everything but talk about disciplining them. That, of course, is verboten on this side of the aisle. This is a very democratic, democratic group over here. In other words, everybody does precisely what is necessary to get re-elected, and the considerations of the defense is secondary, or at least if not secondary, it is purely political.

So, I offer this as a necessity to explain to the leadership on my side of the aisle that, although I may support Jones, I cannot take this extra step to increase an already incredibly high budget.

Now, what are the facts in the Pentagon? The facts are that they are wasting money, and that there is mismanagement and even fraud of at least $15 billion annually. My colleague from California says it is $25, but this is an estimate. It may be considerably more than that, and so the facts of the matter are that if we really wanted to get down to business, we could tighten the defense budget in the area where there is greater mismanagement than any other place in the U.S. Government.

Imagine a domestic program having the track record of inefficiency and waste that the Pentagon has? It is unmatched, unparalleled, and it is a mild scandel. So, I say for those reasons, Mr. Chairman, I urge my colleagues not just to vote with me against this unconscionable amendment, but to help articulate to our leadership and to the American people that there are Members in the Congress who are sincere about national security. There is no way that we can continue month after month and hypocritically talk about add-ons and increases in the defense budget when we know that there is enough money in the pipeline already for the Pentagon to run at least for 12 months if we never gave than an additional dime.

□ 1515

So, Mr. Chairman, I urge in the name of efficient government, fiscal soundness, and national security that this amendment be rejected.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, if I thought that I were arguing to increase the defense

budget in supporting the Hefner amendment, then I would not be here on the floor right now. But I remember when I was a boy and I was learning carpentry, I learned one thing the hard way, and that is that if you are sawing a board and you saw it and it is a little too long, you can always saw it again to get it to the right size, but if you saw it off and it is a little too short, that board is finished as far as using it for the purpose you wanted.

That is the situation we are in with this defense amendment. If we put less into the budget resolution, then we really will not have enough for defense—and I agree with all the criticism as to the waste in the defense budget, and if the Members do not believe me, they can read some of the stuff I have put in the RECORD in the last couple of weeks—but if there is a little bit more and we are on the upside, then we have two shots at it, first when the authorization bills come through and then when the appropriation bills come through.

But if, as in all the other programs on the civilian side of our budget in the Gramm-Latta substitute we end up with the Gramm-Latta substitute, they are all too small and they are on the downside, then we have no further opportunity to correct the situation. The Jones committee resolution permits us to save those programs, and if we have the Hefner amendment and thereby make it possible to pass the Jones resolution, then we have the opportunity to correct it if it is on the upside, but we do not have the opportunity to correct the mistakes of the Gramm-Latta substitute, if that is adopted.

Mr. Chairman, very simply, that is my point. I am a dove, but I have no trouble at all voting for the Hefner amendment.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Chairman, I thank the gentleman for yielding.

We share fierce opposition to Gramm-Latta and support for the Jones resolution, but does the gentleman know of any reasonably significant number of Members who are going to be persuaded to vote for Jones if Hefner passes?

Mr. SEIBERLING. How do we know what is significant until we see how the vote turns out?

Mr. MOFFETT. We are dealing with a finite group of Members here, and it seems to me that we have a whip operation, and so forth,

Has the gentleman seen any list that indicates that we buy anything with this? We know one thing that we are buying. We are chipping away at the principles on which our party is built. Is there anything else? Are we buying anything else?

Mr. SEIBERLING. Well, as I pointed out, I do not think we are going to chip away at any principles if we are on the high side. If we are on the low side, we are.

Mr. MOFFETT. I understand that. I know that the gentleman has been most responsible and constructive on the subject of defense waste, there is no question about that.

But, as the gentleman from Michigan (Mr. CONYERS) indicated, if we could get 303, we will sign up right now and we will be in the well when the bells ring, and we could do pairs with our more conservative colleagues on our side, and anybody else for that matter who is going to support Gramm-Latta and who is now persuaded to vote for Gramm-Latta. We can pair up—and I am sure many of them will do that—and we could vote for Hefner on that basis. But that is not what will happen.

Mr. SEIBERLING. We know of at least two votes, the gentleman from North Carolina (Mr. HEFNER) and the gentleman from New York (Mr. STRATTON), who stood right up in this place and said he would vote for the Budget Committee resolution if Hefner passes. There are two votes.

Mr. MOFFETT. How many more do we need, though?

Mr. SEIBERLING. How can we say in a close contest how many votes we need? Nobody really knows. We have not penetrated the innermost minds of our colleagues.

So I can only say this: That if the Members believe, as I do, that the Gramm-Latta substitute and the Reagan economic program, without modification, means a disaster for this country, if it means interest rates going up almost to the 30-percent range, if it means inflation continuing at double-digit numbers, and we wonder how on Earth our colleagues on the other side of the aisle could have let themselves be painted into this corner, they still have a responsibility to the country, and that responsibility is not to support any move such as that and to support all moves that will prevent that economic disaster.

So, Mr. Chairman, all I can say is that this is a very simple problem. I do not understand why the appearance is more important than the substance. That is all we are talking about.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

(On request of Mr. MOFFETT, and by unanimous consent, Mr. SEIBERLING was allowed to proceed for 1 additional minute.)

Mr. MOFFETT. Mr. Chairman, will the gentleman yield again briefly?

Mr. SEIBERLING. I yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Chairman, I will not take a minute for this; I will not even take 15 seconds.

What we are going to get here in the name of going out of our way to try to prevent this horrible thing from happening—and I agree it is horrible, Gramm-Latta—is we will get both. That is the problem with the gentleman's logic.

Mr. SEIBERLING. Mr. Chairman, we cannot get both, because if we have Gramm-Latta, we have got the same level of defense and a whole lot lower level on everything else.

Mr. JONES of Oklahoma. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Hefner amendment.

Mr. Chairman, this debate has sometimes strayed from the amendment at hand. Charges and countercharges have been made as to the reasons for offering this amendment.

Charges have been made as to what the committee resolution does do and what it does not do. For example, it has been stated that the committee resolution will spend $25 billion more than the Gramm-Latta substitute, which, of course, is not true. We will get to that particular debate when we get to the Gramm-Latta substitute.

What we have before us, however, is the amendment offered by the gentleman from North Carolina (Mr. HEFNER) to basically adopt the President's figures in both budget authority and outlays for defense in fiscal years 1981 and 1982.

I might point out that from the very beginning the majority of Democrats and Republicans on the Budget Committee have adhered to the proposition that we should have a defense force second to none. In that quest to find out what the proper funding for defense should be, the committee initially recommended more defense spending next year than the President recommended, but providing less in budget authority in 1982 than the President recommended.

After debate in the Budget Committee and after receiving different communications from the administration, including various officials of the Department of Defense, it was decided that what the President had recommended in budget authority and outlays were the numbers that should provide the national security for the United States.

That is precisely what the gentleman from North Carolina (Mr. HEFNER) is presenting to this body today. I want to applaud the gentleman for his continuous support of a defense force second to none. This has been true in his work on the Committee on Appropriations as well as in his work on the Budget Committee.

So I would hope that the Members on both sides of the aisle could sup-

port the Hefner amendment, and that we could put aside this issue of how much will be spent on defense and take that out of the partisan rhetoric. Let us get on with the more substantive economic decisions that have to be made with the remaining three substitutes.

Mr. Chairman, I am delighted that the ranking Republican Member, the gentleman from Ohio (Mr. LATTA), has no objection to the Hefner amendment and also endorses it.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I think the committee chairman has put this in proper perspective. At a time when we do face what I think is a significant international challenge from our principal adversary, to see that there would be bipartisan support in the Congress on the question of defense spending is, in my judgment, the right signal to send the world.

At the same time I think that the gentleman has presented a good, constructive alternative to the Gramm-Latta proposal which is worthy of support, and I think we ought to remove the issue of defense spending. Democrats are just as concerned about support for defense as are Republicans.

I believe the Defense Appropriations Subcommittee, on which I serve, will vigorously attack waste, fraud, and abuse at the Pentagon. We are not going to throw money at the problem. We need a bipartisan approach to insure that we get real increases in defense capabilities.

Mr. Chairman, I support your efforts and am delighted that he supports this amendment.

Mr. JONES of Oklahoma. Mr. Chairman, I thank the gentleman from Washington (Mr. DICKS).

Mr. Chairman, I ask for adoption of the Hefner amendment.

Mr. LELAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I keep hearing all these presumptions or assumptions that there is some kind of an international threat. I ask the question, if in fact we are talking about adding this amendment to the Jones proposal: Are we truly suffering now from some kind of an impending threat from the Soviet Union?

I understand by the gentleman's previous comment that in fact we are. I challenge that in principle, because I know that we have not heard from the Soviet Union that they have declared war. As a matter of fact, the implication by the administration itself is that by way of the President's lifting the embargo against the wheat sales to the Soviet Union, we are in peacetime, and that we are as a matter of fact engaging in some kind of formal relationships with the Soviet Union.

So why is it that we continue on this road of dealing with an adversary that is nonexistent? If in fact we are declaring war on the Soviet Union at this moment in our history, why is it not stated that we are doing just that? Why is it that we do not say that on the floor of this Congress?

We are in fact making a nebulous argument on behalf of the Hefner amendment, and it seems rather hypocritical on the part of your people on this vote.

Mr. Chairman, I ask the question and I beg an answer to the question of my colleagues.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. LELAND. I am glad to yield to my colleague, the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I am glad that my colleague, the gentleman from Texas (Mr. LELAND), raised that question of the imminence of war, because I would like to point out that we are now operating, in our support of this amendment, based on three theories.

First, we have the send-them-a-signal theory. That is the theory that the Soviet Union sees that we have the guts to add on $7 billion and they know we are not fooling around. I mean that is going to be clear.

But there is another theory that is also operative in support of this amendment, and that is the more-is-less theory. That is the theory that if we raise the authority now, it will give us more time to take money out and we have more to cut back from defense to give to the domestic services which we are so concerned about. Now, I have not found too many Members who are voting for this amendment who are seriously getting ready to set the stage for them to have less money authorized.

Then we have the third theory, which is extremely critical to our understanding, and that is the theory that we are only doing what the administration wanted us to do. The Budget Committee blew it at first, and now they come and tell us on reflection, "Let us add $7 billion more," and this is after the report, after the study, and after the testimony. They say they were wrong at first, but now the administration is right.

And so, Mr. Chairman, I say to my colleague that he can take his choice among those three theories.

Mr. LELAND. Mr. Chairman, if I may reclaim the last part of my time, I would like to also suggest to this body that our allies in the West have decided to have less defense spending—particularly, Margaret Thatcher, when she realized that unemployment was escalating. Nobody is as diametrically opposed to additional military spending in her country, and she is a conservative. A Conservative can go along more with the ideological foundation that is found in the Conservative Party over there, and still a Conservative is saying that she is not going to increase her defense spending.

West Germany is not going to spend more on defense, Japan is not going to increase its defense spending, and here we are in this madness and in our hypocrisy saying that we want to increase defense at the expense of the poor people in this country.

The CHAIRMAN. Are there additional Members seeking recognition?

If not, the question is on the amendment offered by the gentleman from North Carolina (Mr. HEFNER), as modified.

The question was taken, and the Chairman announced that the ayes appeared to have it.

Mr. CONYERS. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment, as modified, was agreed to.

□ 1530

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FAUNTROY

Mr. FAUNTROY. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. Is the gentleman's amendment printed in the RECORD?

Mr. FAUNTROY. The amendment is printed in the RECORD.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. FAUNTROY: Strike all after the resolving clause and insert in lieu thereof the following:

That the provisions of section 2 of this resolution shall supersede the amounts set forth in House Concurrent Resolution 448 of the Ninety-sixth Congress for the fiscal year beginning on October 1, 1980.

SEC. 2. (a)(1) The recommended level of Federal revenues is $609,200,000,000, and the amount by which the aggregate level of Federal revenues should be increased is $4,100,000,000.

(2) The appropriate level of total new budget authority is $725,000,000,000.

(3) The appropriate level of total budget outlays is $662,300,000,000.

(4) The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $53,200,000,000.

(5) The appropriate level of the public debt is $994,100,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $9,100,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section, the Congress hereby determines and declares pursuant to section 304 of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1980,

the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $175,800,000,000;
(B) Outlays, $161,000,000,000.
(2) International Affairs (150):
(A) New budget authority, $24,000,000,000;
(B) Outlays, $11,400,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $6,500,000;
(B) Outlays, $6,200,000,000.
(4) Energy (270):
(A) New budget authority, $7,100,000,000;
(B) Outlays, $10,400,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $12,200,000,000;
(B) Outlays, $13,800,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,600,000,000;
(B) Outlays, $1,300,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $7,300,000,000;
(B) Outlays, $3,800,000,000.
(8) Transportation (400):
(A) New budget authority, $25,900,000,000;
(B) Outlays, $24,100,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $9,500,000,000;
(B) Outlays, $11,700,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $32,600,000,000;
(B) Outlays, $32,000,000,000.
(11) Health (550):
(A) New budget authority, $72,200,000,000;
(B) Outlays, $69,000,000,000.
(12) Income Security (600):
(A) New budget authority, $255,800,000,000;
(B) Outlays, $230,500,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $23,000,000,000;
(B) Outlays, $22,400,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,800,000,000.
(15) General Government (800):
(A) New budget authority, $5,400,000,000;
(B) Outlays, $5,100,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,200,000,000;
(B) Outlays, $6,800,000,000.
(17) Interest (900):
(A) New budget authority, $77,200,000,000;
(B) Outlays, $77,200,000,000.
(18) Allowances (920):
(A) New budget authority, $000,000,000;
(B) Outlays, $000,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$29,300,000,000;
(B) Outlays, −$29,300,000,000.

SEC. 3. (a) The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1981—

(1) the recommended level of Federal revenues is $717,700,000,000;

(2) the appropriate level of total new budget authority is $777,900,000,000;

(3) the appropriate level of total budget outlays is $709,850,000,000;

(4) the amount of the surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is $7,850,000,000; and

(5) the appropriate level of the public debt is $1,060,000,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $65,900,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a), the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $196,900,000,000;
(B) Outlays, $186,600,000,000.
(2) International Affairs (150):
(A) New budget authority, $16,850,000,000;
(B) Outlays, $10,700,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $7,300,000,000;
(B) Outlays, $6,900,000,000.
(4) Energy (270):
(A) New budget authority, $5,400,000,000;
(B) Outlays, $6,000,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $10,250,000,000;
(B) Outlays, $11,100,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,300,000,000;
(B) Outlays, $5,150,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $11,700,000,000;
(B) Outlays, $4,800,000,000.
(8) Transportation (400):
(A) New budget authority, $20,350,000,000;
(B) Outlays, $18,850,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,250,000,000;
(B) Outlays, $10,450,000,000.
Education, Training, Employment and Social Services (500):
(A) New budget authority, $37,250,000,000;
(B) Outlays, $34,400,000,000.
(11) Health (550):
(A) New budget authority, $84,850,000,000;
(B) Outlays, $75,100,000,000.
(12) Income Security (600):
(A) New budget authority, $281,800,000,000;
(B) Outlays, $249,550,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $24,400,000,000;
(B) Outlays, $23,500,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,650,000,000;
(B) Outlays, $4,750,000,000.
(15) General Government (800):
(A) New budget authority, $5,000,000,000;
(B) Outlays, $4,900,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,400,000,000;
(B) Outlays, $6,450,000,000.
(17) Interest (900):
(A) New budget authority, $89,000,000,000;
(B) Outlays, $89,000,000,000.
(18) Allowances (920):
(A) New budget authority, $2,450,000,000;
(B) Outlays, $1,800,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$40,200,000,000;
(B) Outlays, −$40,200,000,000.

Mr. FAUNTROY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from the District of Columbia?

There was no objection.

(By unanimous consent, Mr. FAUNTROY was allowed to proceed for an additional 15 minutes.)

The CHAIRMAN. The gentleman from the District of Columbia is recognized for 20 minutes.

Mr. FAUNTROY. Mr. Chairman and my colleagues in the House of Representatives, we begin now consideration of the first of four budget resolutions made in order by the rule governing House Concurrent Resolution 115—the first concurrent resolution on the budget for fiscal year 1982. The Fauntroy amendment in the nature of a substitute is the constructive alternative budget resolution fashioned by the 18 members of the Congressional Black Caucus of the House of Representatives. It is the one budget resolution among the four to be considered by the House which responds most succinctly and directly to the mandate given the Congress and the President by the American people on November 4, 1980. Of the four alternatives before us, it does the best job of eliminating deficit spending, reducing the level of Federal spending, providing tax relief to the American people, and spurring jobs and economic recovery for American businesses and American workers.

The 18 members of the Congressional Black Caucus are now about to detail for your consideration and debate a resolution that balances the budget in fiscal year 1982, which indeed offers the American people a $7.85 billion surplus instead of the $50.4 deficit that the Reagan-Stockman proposal imposes upon us. It is a budget that spends $7.95 billion less than does the Reagan-Stockman proposal. It is a budget resolution that offers the American people $56.4 billion in tax cuts, nearly $2 billion more in tax relief than does the Reagan-Stockman proposal. And we do it in a fashion that will not concentrate 80 percent of the business and industry tax incentives among the major corporations, while providing only 20 percent of the tax relief to the small businesses of the Nation which account for 48 percent of private sector gross national products and employ 80 percent of the working people of the country.

Mr. Chairman, I want you to pay particular attention to the presentations of Representative RANGEL and Representative FORD on the tax package that is part of this resolution. For it goes to the heart of why we are able to respond best to the mandate of the American people. The American people want a new beginning, but not a new beginning that is business as

usual. What good is a so-called tax cut that does not deal with bracket creep that keeps throwing American workers into higher and higher tax brackets with no real increase in income? The Reagan proposal continues business as usual in this regard; the Congressional Black Caucus budget resolution—alone among the alternatives—gives us a new beginning by correcting bracket creep, and returning $17 billion to the American people in tax relief.

The Reagan-Stockman proposal gives the American taxpayers business as usual when it fails to take into account the increased social security payments that American wage earners and businesses will have to pay this year; the CBC budget gives the American taxpayer and small businesses a new beginning: a 10-percent tax credit on social security payments that returns $10.8 billion to the American employee, and another $7.2 billion to the businesses of our country.

The 10-percent a year, across-the-board tax cut proposal of the Reagan administration is more of the same old thing. It will have the average worker earning $15,000 a year paying $93 more in Federal taxes by 1984 while the two-tenths of 1 percent of the people who earn $200,000 a year will have the Government return nearly $20,000 a year to them.

Mr. Chairman, the American people voted for a New Beginning, not more of the same old thing with respect to the budget and tax policies of this Nation. They voted for a balanced budget, and reduced Federal spending and tax relief; not for a legalized raid on the Treasury by rich individuals and multinational corporations that will rob the people of $220 billion a year in tax revenues by 1986. They voted for a strong America, not an America weekened by throwing 1.1 million people out of work which the Reagan human needs budget cuts alone would do in fiscal year 1982 and the Fauntroy amendment gives them that. They voted for a just and compassionate America, not a callous America that would deny a $1.5 billion free lunch to hungry children while continuing a $3 billion free lunch program for the rich that we call the "three martini lunch" deduction. The Fauntroy amendment gives the American people what they voted for. It is living proof that the budget can be balanced, Government spending decreased, and tax relief given without necessarily cutting back.

Before yielding to my colleagues in the Congressional Black Caucus to provide you more of the details of our constructive alternative budget resolution, let me say three things about this budget resolution that the Democratic Study Group described as the substitute "that takes the boldest step of any proposal being offered to the House to deal with the Federal deficit," that "offers the largest and fairest tax cut of any of the proposals before the House," and that "accomplishes all of this without hurting other important national programs."

The first is that, while the Fauntroy amendment in the nature of a substitute is authored by black legislators, it is not a program for black people only. The most serious problems confronting this Nation just happen to be reflected most acutely in the black experience. This is a program for all Americans. The elderly on limited income, most of whom are white; the struggling young couples all over the Nation who want but cannot find affordable housing anywhere, most of whom are white; the coal miners whose black lung benefits are being threatened, most of whom are white; young people from low- and middle-income families who would be denied guaranteed student loans and basic opportunity grants for higher education, most of whom are white; the sick, the cold, the hungry, the handicapped, most of whom are white and all of whose burdens will be made heavier by the Gramm-Latta budget proposal.

Thus, the solutions we seek are not for black people only but solutions that will benefit all Americans black and white together, young and old together, rich and poor together, Protestant, Catholic, Jew, and gentile together.

The second thing I want to point out is that our constructive alternative budget is based on a different assessment of the root cause of the problem we are experiencing in our domestic economy and the arena of world affairs than that of the Reagan administration.

In the area of the economy, we maintain that inflation, unemployment, and low-economic growth are not caused by Government spending, Government taxation and Government regulation, as the administration would have us believe. Imprudence in each of these areas contributes to our economic woes, and we are as determined as President Reagan to sort out waste, fraud, and abuse at all levels of Government expenditures. But the fact is that our economic woes have nothing to do with the fact that we provide food stamps for the hungry, medicaid for the sick, housing for the poor, and public service employment for the jobless.

Our economic difficulties are rooted in the fact that other people are making better mousetraps now-a-days. Our difficulties are rooted in the fact that over the past 15 years or more, we have had a steady decline in economic performance: In manufacturing output, in product design and in productivity. In sector after sector we are producing insufficient quantities of poorly designed products at too high a price. When you do that not only does the world not buy what we make, but we do not buy what we make.

This is best illustrated by an experience which I had a few months ago looking for a Christmas gift for my young son, Marvin. He said he wanted a portable radio for Christmas. I went to one of our local department stores and saw on the shelf, a portable radio by RCA: AM-FM, $87. I was about to purchase it when I noticed on another shelf something called Sanyo. It said AM-FM radio, three speakers and tape recorder, $47. Now I love America, and I have sense enough to know that when I purchase American made products I am sustaining jobs for Americans. But when I saw something better for less, I must candidly admit that I bought the Sanyo. And I did it, not because I like strange sounding names, but because it was a better mousetrap.

The problem with our economy is that most Americans are doing just what I did. We are buying Datson, Toyota, Kawasaki, Suzuki, Honda, Yamaha, Panasonic, Sony, Seiko, Nikon, and Pentax. That is our problem. And it will not be solved by denying students basic opportunity grants, or poor children free lunch, or the elderly poor medicaid. The problem is that we are losing market shares in the world at large as well as at home. The consequence is rising unemployment, inadequate profits, and therefore reduced investments, still worse productivity, a falling dollar and still worse inflation.

Our goal, therefore, must be to restore productivity, the competitiveness of U.S. industry and our other major economic sectors, in both domestic and world markets. To do this, we must undertake the most fundamental reassessment of our economic structure since 1932—or perhaps, of all time. As our colleague Representative AUGUSTUS HAWKINS has repeatedly pointed out and will do so again today, to remedy that problem we must begin to implement the policies called for in the Humphrey-Hawkins Full Employment and Balanced Growth Act.

The third thing I should like to say is that the Congressional Black Caucus makes a different assessment of what our problems are in the areas of world affairs. Our view is that our problems in international affairs do not lend themselves to military solution. They are social, economic, and political in nature, and thus we have emphasized a strong national economy, and food and technical assistance as the primary weapons in the arsenal for our confrontation with Soviet Russia. We favor improved national security but without wasteful military spending. Our budget, as Representative DELLUMS will point out today, calls for defense of our Nation, not domination of the world.

Our emphasis on the area of foreign affairs must be, for example, upon development aid and technical assistance to nations like Zimbabwe so that Mr. Mugabe may build roads from the chromium mines to the sea where we can buy it, sail it to Detroit and make a K-Car that goes a longer way to empty than does Datsun. That is what we need to be doing!

Finally, Mr. Chairman, our Speaker of the House, THOMAS "TIP" O'NEILL has prominently displayed on a desk in his office in the Capitol a quote from Hubert Humphrey's last speech on Capitol Hill on November 17, 1977. I think that quote summarizes the choices we must make this week on our budget resolutions.

He said:

> The moral test of government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy and the handicapped.

The three other choices before you this week fail the moral test of government; the Fauntroy Amendment in the nature of a substitute which we now detail for you passes that test with flying colors.

I yield for the distinguished gentleman from New York (Mr. RANGEL) to open our presentation of the details of our proposal.

Mr. RANGEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

It is interesting this afternoon, Mr. Chairman, as the Congressional Black Caucus comes forward with their ideas and their options to improve the economy, that we find that the general thrust of the direction in which we would like to go concerns itself beyond the scope of the color of American skin but deals with the dreams and concerns of so many poor and working Americans who somehow have been left out of the option that is before this body today.

It is really surprising how Americans who are elected to serve, Republicans and Democrats, liberals and conservatives, can agree that in order for any American to really be secure, we have to improve our economy; we have to make America strong; and we have to be able to protect the advances that we have been able to make as a nation. Yet we know that so much that we have today is because those who preceded us were able to dream and aspire that the quality of life would be improved for us, and their dreams were not cut off, and have been able to conquer diseases; we have been able to do a variety of things to improve the quality of life of all Americans and, indeed, of people throughout the world.

Through research and development we have extended the length of life, but, more importantly, we have extended the quality of life. As we have sent people to the Moon, as we have attempted to conquer space, I think one of the most wonderful things about this Nation is that we have never curtailed the ability for people to dream and to improve their lives and the lives of their families. Today it seems as though some type of a revolution is taking place where no matter how much we aspire to provide leadership in space, that those basic qualities that we found as a part of that American dream—to send our kids to college, perhaps to one day buy a home, to have a job opportunity, and to improve the opportunities on those jobs, to make certain that no American, no matter what walk of life they have, would be denied medical care because of their inability to have it—today somehow those dreams are being challenged, and they are being challenged by the very same people who have been the beneficiaries of Government intervention and Government support.

I just cannot conceive how so many Americans who were the beneficiaries of the GI bill can today say we cannot afford to do things like we have in the past, so many people who have raised their families on Government-supported mortgages can say that we cannot afford to get the building industry spurred again. And I cannot believe that America now can just identify politically who are the truly needy. I say "politically" because somehow the administration has a list. If you make the list, you are truly needy. If you do not make the list, then you do not want Government support.

I just wonder how political a list can be when we do not take into consideration the indexing of the cost of living. We do not take into consideration those broad numbers of Americans who automatically are able to make more money in retirement than those people can make even on the job. But there are groups of Americans that you certainly do not touch. Those are the social security beneficiaries, because they are included in the truly needy list. And, God knows, you dare not touch the compensation that we disabled veterans receive, regardless of our incomes, becomes we, too, are on the truly needy list.

So we find that at a time that we believe our national security is being jeopardized, that we feel that in order to meet our defense needs we have to look for some list of people, some group of Americans, where at this stage of our Nation's development we are going to say that this country has moved too far with its limited resources and we can no longer attempt to provide those services.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. RANGEL was allowed to proceed for 5 additional minutes.)

Mr. RANGEL. We do not believe that our gender is black. We believe that it is American, that it is fair, and that it is more equitable. We believe that we can improve our defense posture and at the same time have a more fair equitable distribution not only of our resources but certainly in terms of providing tax benefits to our citizens. We believe it is not necessary to discontinue or to cut back our food stamp programs, our school lunch programs, and not take a hard look at the business lunch programs which allow so many benefits to Americans who have not yet made sacrifices. We believe that it is not necessary to say that we can no longer afford to provide some assistance in the extraordinary fuel bills that our aged are facing and at the same time provide financial tax credit assistance to the ever profit-bloated oil industry.

We believe that you just cannot cut back in funds for our Federal IRS investigators, funds for our consumer advocate commissions, funds in order to provide the necessary regulation to protect the consumers, and at the same time say that our great Nation can no longer afford to have those basic legal services for our poor.

We believe that if we are going to really cut back in CETA jobs, housing, health, day care, services to our most senior citizens, services to our sick, if we are going to say that this great Nation of ours can no longer support those dreams that we had thought were just a part of the American way of life, we in the Congressional Black Caucus have analyzed the Tax Code, and we believe that if people are supposed to make sacrifices, then certainly our corporate structure should join in those sacrifices.

We believe if you are going to allow people to get a greater share of the moneys that they earned and not to have the taxes taken in by the Federal Government, that there is a more equitable way to do this. We believe that 60 percent of the American people who work use the standard deduction, and that certainly if you wanted to be fair, you do not say it is across the board, but you try to take Government off of the backs of people by increasing that standard deduction for singles from $2,300 to $2,800, for couples from $3,400 to $4,300. What you are seeing is that you are providing incentives for the working poor.

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We believe, further, that if you want a stronger America, a productive America, that it is just not enough to provide jobs, but you also ought to be able to give incentives to make certain that it makes more sense to work than

it does not to work. You can do this by increasing the earned income tax credit from 10 to 15 percent on the first $5,000 and phasing out upward from $8,000 to $13,000.

Everyone knows the heavy burden on employers and employees alike that inadvertently has been put on Americans by an increase in the social security taxes. What could be more fair, what could be more equitable, to say that we in the Congress are going to give a 10-percent tax credit for this heavy burden?

We believe, further, that everyone in the Congress knows somebody that received an increase in pay only to be penalized by the Internal Revenue Code.

We can provide fairness, we can provide equity by indexing that earned income tax credit.

There are some that believe that the only way to provide capital to the private sector is to throw money at the private sector. They believe that a 10-5-3 investment tax credit is the only solution in order to get capital. We believe that it should be targeted. But certainly if you are going to give a credit, give a credit in the year that the dollar was spent for the value that that dollar has had, by allowing the industry or the company to recover that credit in the year that the investment was made.

We know that some of these things are costly, and we know that we not only have to balance the budget but provide surpluses. We know that in order to have a strong country you have to have a strong defense. We know that during economic hard times that we all have to be prepared to make sacrifices. And we are asking that the entire Congress study the tax proposals that we made, to take a look at the $44.3 billion that we will provide in increased revenues by closing tax loopholes and by raising $6.5 billion in taxes that we can get on user fees, alcohol, cigarettes, and what is most important, improved tax collection.

The CHAIRMAN. The time of the gentleman from New York (Mr. RANGEL) has expired.

(By unanimous consent, Mr. RANGEL was allowed to proceed for 1 additional minute.)

Mr. RANGEL. All we are talking about is fairness and equity, fairness and equity for our poor, for our working poor, and for our middle-income Americans who are carrying so much of the burden.

You and I know that, no matter what budget is passed, there are certain groups of Americans who are not only not going to make sacrifices, but would not be the least bit inconvenienced by any proposal that is before us.

We in the Congressional Black Caucus believe that the income of controlled foreign corporations, the domestic and international sale corporations, our oil industry, the way we treat capital gains, the way we treat mortgage interest, these are luxuries, these are privileges that we can take a look at and say, "America, when we say sacrifice, we are not talking about our aged, we are not talking about our sick, and we are not just talking about our poor and politically powerless; we mean all Americans pitch in."

Study this proposal, study the options before you, and vote with us.

Mr. PANETTA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, for the information of the Members, the leadership has indicated to me that we will continue until 5 o'clock this evening, and then return tomorrow at 1 o'clock to continue the business on the budget resolution.

Mr. SAVAGE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I feel like I am at the end of the high end of a radio dial. You see, in Chicago, blacks were given radio stations after whites had gotten all of the stations they wanted, so the black stations are on the high end of the dial. So you have to get up into the high numbers before you hear blacks. And, as I have sat here and heard the remarks, I feel as though I am on the high end of the dial.

I only wish that because of the present racial makeup of those in attendance, that they could call for a vote suddenly. I believe that such a vote might be in the interest of all Americans regardless of color or creed.

Now, I rise to speak in support of the Congressional Black Caucus' "constructive alternative" to the other budget proposals, although I wonder if even our alternative could not have been more constructive, because I wonder whether or not the economic crisis facing America is a matter that requires more than juggling or debating what proportions go for defense or what proportions go for domestic purposes.

I suspect that it is not a matter of proportion as much as a need to look at our very system of production, because I am convinced that inflation is not mainly caused by Government spending, and that industrial stagnation is not mainly caused by Government regulation. Instead, these two serious ills which presently afflict our lives reflect the strange compulsion of our system toward short-term profit maximization and the concurrent requirement of maximizing ownership concentration for the purpose of market domination.

But, of course, no alternative budget proposal now before this House is based upon full recognition of this—and if such a proposal were before us, I have no doubt it would suffer, a sadder fate than might the one that is before us.

Therefore, the reason I stand in support of the Congressional Black Caucus' constructive alternative is because I am thoroughly convinced that it is the only constructive alternative before us, the only constructive alternative to the Republican-proposed rape of the needy to satisfy the lust of the greedy. I believe that it is the only constructive alternative, also, to the Democratic-controlled Budget Committee's desire to save the needy from being shot to death by stabbing them to death first.

Now, I really believe that if the Black Caucus alternative is not adopted we will be left with no budget proposal in the true interest of the majority of Americans. And when the full negative impact is felt, by whites as well as blacks, the mass expressions of dissatisfaction may prove more frightening to some of my white colleagues, who vote for what measure is finally passed today, than the threats of the so-called moral majority.

In fact, the negative impact of the Gramm-Latta budget resolution which probably will be adopted today could provoke riots in the streets of our Nation more threatening than we have ever before known.

Mr. FORD of Tennessee. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Fauntroy amendment.

Mr. Chairman, first, I, too, would like to associate myself with the remarks made by the sponsor of the amendment, the gentleman from the District of Columbia (Mr. FAUNTROY), as well as those remarks made by my colleague, the gentleman from New York (Mr. RANGEL). We have spent now some 10 hours on general debate on this budget resolution, as well as the 4 hours on the Humphrey-Hawkins provision. Mr. Chairman, I think there has been a lot of talk, and we have disposed now of the first amendment, and we are also taking up at this time the first substitute, which is the constructive alternative which is offered by the Congressional Black Caucus.

I want to spend the few minutes that I have to talk about the issue of tax expenditures. The resolution reported by the Budget Committee and all of the amendments being proposed to that resolution, with the exception of the Fauntroy resolution, really only address two-thirds of the total budget. Tax expenditures, which will total over $266 billion in 1982, have been completely ignored by the administration.

The Congressional Budget Act defines tax expenditures as "those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduc-

tion from gross income or which provide a special credit, a preferential rate of tax or a deferral of tax liability."

These provisions, Mr. Chairman, have been enacted to provide incentives for the private sector of the economy or tax relief to particular types of taxpayers. Tax expenditures can be compared to direct spending programs of the Federal Government. Direct spending programs are designed to assist a particular group or further a particular goal, and tax expenditures are designed to do the same thing. They should be examined with the same vigor that we use in examining direct spending programs.

Do they continue to serve the purpose for which they were enacted? Are they the most efficient way of serving that purpose? Are they fair to the American taxpayers? Tax expenditures have grown faster than direct spending programs, yet the administration has failed to ask the questions.

The administration is fond of saying that it has the best plan for providing tax relief for middle-income Americans. Yet, it has refused to examine tax expenditures to see if they are increasing the tax burden on all Americans.

Our tax system is based on the fair and equitable taxation of income. To the extent that any law excludes a portion of income from taxation or defers payment of taxes on that income or taxes certain income at a preferential rate, it shrinks the total tax base.

What then happens? The rates of taxation within that tax base have to be increased.

The administration expresses sympathy for the increasing tax rates of middle-income Americans, but it does not have the political courage to examine tax expenditures, which is one of the causes of that increase.

Many tax expenditures do serve a worthwhile purpose and serve it in an efficient way. Others do not. The Fauntroy amendment addresses several of these items that are outdated and are nothing more than a Government subsidy being financed by the average taxpayer in America.

The Fauntroy amendment would eliminate several tax expenditures which total $22 billion in subsidies for special classes of taxpayers. In addition, it would cut the remaining pretax deductions in exempting 10 percent across the board. If this body can pass a 25-percent cut in social programs, it can cut at least 10 percent from the tax expenditures.

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. FORD) has expired.

(By unanimous consent, Mr. FORD of Tennessee was allowed to proceed for 5 additional minutes.)

Mr. FORD of Tennessee. Mr. Chairman, if we can vote to reduce school lunches and child nutrition programs, why can we not reduce business lunch deductions to 50 percent of the cost of the meal?

With the decontrol of domestic oil prices and a tax cut which substantially accelerates the depreciation on the equipment and machinery of all companies, why can we not rid ourselves of the oil depletion allowance and the expensing of intangible drilling costs? If we are concerned about productivity, why do we continue to allow favorable capital gains treatment for unproductive and speculative ventures?

□ 1615

If we are truly concerned about a complete and honest examination of the Federal budget, if we are truly concerned about fairness in our tax laws, why can we not pass an across-the-board tax cut in tax expenditures?

The answer, Mr. Chairman, is that we can eliminate unproductive tax expenditures, we can restore equity to our tax laws and we can take an honest step in examining the whole budget process. We can do this today by acting on the Fauntroy amendment and bringing into reality what this Congress and what this Government is all about.

I go on record associating myself not only with the remarks made by my colleagues today, but I support the Fauntroy amendment and I urge all of my colleagues to take a long, close, and hard look at this substitute and to act on this substitute in a fashion that will give us equity in the budget process. And I would say to this administration as well as to the American people that once and for all we have adopted a budget resolution that will respond to the human needs of all people of America.

I urge my colleagues to vote for the passage of the Fauntroy amendment.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. I am happy to yield to the gentleman from New York.

Mr. WEISS. I thank the distinguished gentleman for yielding to me. I want to commend him for the tremendous amount of work that he has done on this issue from the very beginning. I remember at the earliest stages of the consideration of the upcoming budget that he circularized a "Dear Colleague" letter to all of us in which he outlined in detail exactly the areas in which these tax expenditures could be cut back without doing any harm at all to the body politic and indeed make it a more democratic society for all of us.

With his having done that so early and with such detail and precision as to why in fact it was not found acceptable in the consideration of the budget to include some of those very provisions so that in fact the American people could feel that this Congress considered not just the defenseless in the budget cutbacks, but also those who can more than adequately take care of themselves, I wonder what the gentleman's experience was as he attempted to impose these cutbacks in tax expenditures.

Mr. FORD of Tennessee. As one member of the Committee on Ways and Means and as one who testified before the committee and with the early "Dear Colleague" letter to my colleagues, it amazes me to watch the administration talk about all of the spending cuts and the budget cuts that have now been proposed and will no doubt be implemented in this Congress.

I cannot respond as to why, but it really bothers me to know that the administration would find the spending cuts in every department and every agency throughout this Government but not one tax expenditure was submitted to the Congress, not one submitted to the Budget Committee, nor do we have one other than I think in the substitute of the gentleman from Wisconsin (Mr. OBEY) which will follow the substitute offered by the gentleman from the District of Columbia (Mr. FAUNTROY).

The "Dear Colleague" letter went out early. The administration has failed to acknowledge the fact that in order to offset this huge tax cut that they are proposing, we need some tax expenditures so that we do not shift all of the budget-cutting responsibility and burden on the backs of the aged and the children of this country. We feel it is high time for the Congress to send a message to the White House that we will adopt a budget resolution that will address those critical issues by eliminating some the tax expenditures that are envisioned.

Mr. WEISS. The gentlemen has performed a great public service.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman from Wisconsin.

Mr. OBEY. While I do not agree with everything in the Black Caucus amendment and while I am not certain that I understand all of the tax items that the caucus is suggesting——

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. FORD) has expired.

(At the request of Mr. OBEY and by unanimous consent, Mr. FORD of Tennessee was allowed to proceed for 1 additional minute.)

Mr. OBEY. If the gentleman will continue to yield, I would simply like to suggest that I guess the reason that the caucus did not have more success in obtaining support for at least more items in its amendment was simply

that they seemed to have the maddening tendency to expect reason to penetrate legislative debate and as we know that has not happened around here for quite some time.

Mrs. CHISHOLM. Mr. Chairman, I move to strike the requisite number of words.

Mrs. CHISHOLM. Mr. Chairman, we have been engaging in debate for a number of hours now and I think that it is important to put a few things in proper perspective.

First of all, when the President of these United States laid down the challenge in February and then it was followed by his address, his second address in March, he indicated quite clearly that if indeed there was some kind of alternative, that this alternative should be raised and there should be some kind of consideration because all he was attempting to do was to restructure, rejuvenate, and bring about an economy which would be much more meaningful and not as inflationary as heretofore.

The Congressional Black Caucus was the first group that responded to that specific challenge and the caucus immediately went to work and in terms of research and analysis came up with a constructive alternative that dealt in the area of equitability across the board and every other group in this country actually getting its just share of the entire budget. We even had difficulty getting that budget alternative that we put together in the press. You could not even get it in the newspapers because after all it was brought forth by the 18 black Members in the U.S. House of Representatives and that alternative did not get the proper light of day in spite of the work that we put into this constructive alternative because we were not discussing a budget that dealt only with black people and poor people in this country. We were trying to discuss an alternative that affected the quality of life of many Americans of whom some are black and some are white.

If anyone took the time during those early days as we attempted to do thusly, one would have found that there are many, many positive arguments that could be put forth on behalf of that budget. It was only during the later days that people began to realize that we were indeed quite serious about what we were doing, that other persons began to come up with other budgets. Because if indeed we are concerned about the people in this country, we would have recognized that the middle-income citizens of this country also at this very moment are in deep trouble in terms of both budgets that are moving across this House floor.

It just angers me, it makes me somewhat disillusioned that it is very difficult for us to get an audience to hear what we have to say when there is so little time of day set aside for us because we had so much difficulty from the inception to even get the budget on the floor.

I want to speak to my colleagues a little bit about education because that is my area. The Congressional Black Caucus budget recognizes that education is the basis for developing the country's greatest resource and that is her people.

Unlike the other substitutes which we will have before us, our resolution supplements current funding levels by an average of 9 percent. The caucus generally rejects the principle of block granting for social service and education programs proposed by the administration.

Now let me tell my colleagues why: In the education area we have a very particular concern that block grants would result in the potential competition for funds with other disadvantaged groups. For example, the provisions of Public Law 94-142, the Education for the Handicapped Act, requires that every handicapped child must be provided with a free public education. This legal standard which is in the law, this legal standard means that a successful lawsuit could possibly be brought against a local educational agency to spend 94-142 funds for the education of handicapped children.

Without a change in the law, title I children in particular would be at a distinct disadvantage.

The CHAIRMAN. The time of the gentlewoman from New York (Mrs. CHISHOLM) has expired.

(By unanimous consent, Mrs. CHISHOLM was allowed to proceed for 5 additional minutes.)

Mrs. CHISHOLM. Without a change in the law title I children would be at a distinct disadvantage in the competition for block grant money since there is no Federal or State law requiring that disadvantaged children receive a free appropriate public school education.

The same situation would occur in those States which mandate bilingual education.

Now the caucus does not support a weakening of the legal protections for the handicapped child or the child with limited English proficiency. However, we view the potential competition between these children and the disadvantaged children as harmful to public education and to the children themselves and therefore to public policy.

Consequently, we believe that this problem is a further illustration that the block grant proposal is just bad public policy.

Now, for these reasons the Congressional Black Caucus maintains the separate identity of each of the elementary and secondary education programs targeted for consolidation. The reason that we have to have targeted educational proposals from the inception is precisely because we could not rely on the morality or the authority of persons in power on the State level to do that which is right with respect to the funds, so we had to target for those populations whom we know would be left at the bottom of the scale every time.

Now here we are coming, talking about these block grants with no kind of real stipulations, the money to be funded out to the States and our agencies, and we do not have any type of mandates on this.

In the area of student financial assistance, the administration has tried to characterize its proposals for reducing the cost of the guaranteed student loan program as an indication that middle-income families will share the burden of budget cutting along with all other groups.

It is quite clear to the Congressional Black Caucus that the administration will seriously threaten the future of the guaranteed student loan program for all students. College costs today make higher education prohibitive for many students without the availability of college loans. So the caucus believes that parents must receive—I am not talking about black parents or Puerto Rican parents, we are talking about parents in this country across the board—must receive Federal support to help to put their children through college.

It is very interesting to me that when so many of us returned from our Easter vacation, as I listened to the gentlemen in the well of the House, they returned and they said that, "My people back home said that we must support the adminstration's proposal and therefore we have to move in that direction."

I do not question whether or not they have a pipeline or sensitivity or attunement to what their people want and desire, but it is also very strange to me that in talking to so many middle-income white peoploe of this country they are asking me and a lot of other people, "What is the administration doing to us in terms of the potential destruction of our quality of life."

□ 1630

So, I do not know who is listening to whom, or what people are saying what thing, but I do know that the administration's proposal across the board is destroying the quality of life for most American people at this point in time.

Mr. WEISS. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to my colleague from New York.

Mr. WEISS. Mr. Chairman, I thank the gentlewoman for yielding. Just on the issue, the very critical issue she raises on middle-income American

families looking to provide an opportunity for their children to attend college, I have the same experience that the gentlewoman does. There are constituents by the hundreds now who have approached me wanting to know what will be the status of their children's financing for this coming college year.

Those students who have been applying for entry to colleges this year are getting back notifications from the universities and colleges that they have applied to, telling them that everything is on hold, that they cannot tell them they can come to college or on what basis they can come in as far as financing is concerned until Congress has completed its deliberations. I predict, with the gentlewoman, that there is going to be such an outcry when in fact the Gramm-Latta proposal is adopted, if it were to be adopted, I do not think that they understand what a whirlwind they are bringing down upon their heads because it will be politically active, savvy, influential middle-income Americans who will be demanding to know why the Republicans have denied their children the opportunity to attend college.

I thank the gentlewoman for yielding.

The CHAIRMAN. The time of the gentlewoman from New York has expired.

(At the request of Mr. WEISS and by unanimous consent, Mrs. CHISHOLM was allowed to proceed for 5 additional minutes.)

Mrs. CHISHOLM. I would like to say further that one of the things that constantly happens, of course, is that the people in our Nation do not always really understand fully the ramifications of some of the thing that we do here. They have to have a certain trust and faith in us as the legislators who are going to make and determine certain things that would affect their lives in the future. But, a most wonderful thing is really happening. In the very beginning, it was felt that the administration would get the entire economy back on some type of even keel, and so long as the arrangements, if you will, were not hurting many of these middle-income persons in terms of tapping them at their front doorsteps, everything was moving fairly well. But, slowly and surely, they are beginning to awaken to one basic fact which always causes the citizens in this country to react differently, and that basic fact is that they are beginning to realize that their pocketbooks are going to be affected in a most adverse fashion if we permit these policies to continue.

So, we find large numbers of the people who are now beginning to awaken to what the ramifications of these policies are really going to mean in terms of their own lives now and in terms of the potential destruction of the futures of their children for whom we, as the adults, must have the responsibility of bequeathing some kind of legacy. I can go on and on, and I will be saying something tomorrow on another issue, but all I want to say at this point is that the administration's ecomomic masterpiece, as it has been termed in some quarters, may very well be disaster pieces for many people in this Nation—black, white, and brown.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair will remind all persons in the galleries that they are here as guests of the House, and that any manifestations of approval or disapproval of the proceedings is in violations of the rules of the House.

Mr. CROCKETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman and my colleagues, this is my first opportunity to address the Congress. I have sat here now for 6 months trying to understand the legislative process, and I find that I am far less comfortable than I was the 13 years prior to that time when I presided over one of America's largest criminal courts. The big difference is that, as a judge one sees what justice requires and goes on and does it without the necessity of convincing anyone else. Now, I find that it is necessary that I at least try to convince others why I am supporting the Fauntroy amendment to House Concurrent Resolution 115.

I do so because I believe that that resolution is a callous piece of legislation. It takes the lives of millions of our citizens in its grip and throws them to the economic wolves in the name of "defense" and "less government." Both the Reagan administration's request and the Gramm/Latta substitute bill seek to forsake the responsibility we have to the people of this Nation.

The compassion and concern which led to the Federal Government's involvement in the well-being of every individual of this country were not temporary aberrations. They have given direction to American domestic policy for more than half a century. Now, in the wake of the Republican tide, that compassion seems to have faded; and the men, women, and children who will suffer are left with nothing more than platitudes about supply-side economics and strategic balances.

Mr. Chairman, I invite each of my colleagues here in this Chamber to come with me to my district, in the heart of Detroit, and walk any street with me, and look into the faces of my constitutents, and tell them you cut their food stamps because the Department of Defense needed another submarine, or you cut their education funding because Mr. Stockman thought it was expendable.

When President Reagan talks about the "truly deserving needy," he is not talking about abstractions. He is talking about your constituents—and mine. My district contains a microcosm of the economic nightmare we face: Inflation and recession devouring the families, the workers, the small businesses. You have the same problems in each of your districts, but nowhere in this country is another district so devastated by our economic situation than the 13th District of Michigan. In my district, more than a quarter of the work force is unemployed today. Among blacks, unemployment is almost 50 percent. Among black young people, three out of four cannot find work. Unemployment benefits, meant to assist during time of economic downturn, are running out. And the automobile industry is in the biggest decline in its history. If the Federal Government turns its back now, where are we to go?

Our city and State governments cannot possibly absorb the tremendous cost of caring for the needs of these unemployed and disadvantaged citizens. The retreat of the Federal Government from its commitment to Detroit and its people could literally mean a death blow to one of America's greatest cities.

The Reagan budget we now debate would mean massive cuts in Federal funding for the cities.

In my congressional district, which contains much of the city of Detroit, such cuts will be devastating.

In addition to the unemployment figures I cited above, another figure dominates our economic picture: Three out of four workers are now on some form of social aid. Many depend on food stamps, medicaid, and trade adjustment assistance to meet their daily needs; many others, whose jobs have been terminated, count on unemployment assistance and other Federal programs for their income. They depend on education funding to teach their children with special needs; they count on school lunch programs for nutrition; and they need CETA public service jobs to maintain city services and income for marginal families.

Detroit, of course, is not the only city which will bear the losses of the Reagan program if it is enacted. But our city will be particularly devastated, since so much of our economy is now in a recession.

I would like to share with my colleagues some of the very tangible results the Reagan budget would have on the 13th District and the city of Detroit:

EMPLOYMENT AND SERVICES

The loss of CETA funding will pose a double threat to Detroit—not only the loss of income for thousands of citizens, but also the loss of services being provided by CETA employees in

the city's education and social service departments. At the end of March, 1,600 CETA workers lost their jobs. Community-based organizations with CETA workers, serving youth, senior citizens, handicapped, substance abusers in rehabilitation programs, and offenders, are in jeopardy. These services, under the Reagan budget, are not expected to be carried out after September 1981. And the effect of these job losses is cumulative: The State of Michigan projects that there will be a $31 million increase in social service costs to the State due to CETA layoffs alone.

SOCIAL SERVICES

Congressional Quarterly, in referring to the Reagan proposals for social service cuts, calls them a blueprint for a radical redirection of the size and scope of Federal social programs. For instance, welfare services to Detroit would be reduced, and the needs of dependent children, the elderly, and disadvantaged would be ignored or given token recognition. It is estimated by the State of Michigan that one in every five families in our State now receiving aid to dependent children would be eliminated from the rolls or receive reduced benefits under the Reagan budget. In January 1981, United Community Services of Detroit cited 122,339 AFDC cases in Detroit that were serviced that month, with 242,882 cases in the State. Under the Reagan plan, Michigan would lose $30 million in general social services funding, and 6,300 children will be denied day care service, while 10,000 elderly and disabled residents would not receive home care services. The loss of $7 million in rehabilitation services for the disabled would result in 1,900 people being cut from the rolls. Child welfare and foster care programs would be sharply reduced, and the low-income energy assistance program would lose $25 million.

HEALTH CARE

The Reagan administration proposes to eliminate many categorical programs in health services, and combine their functions, with decreased funding, into two block grants—one for the delivery of health services, the other for preventive services. Overall fiscal impact of a 20 percent reduction in funding, which is also proposed, was estimated by the Michigan Department of Public Health to mean a loss of close to $11 million to the State of Michigan.

The administration's proposed 5-percent cap on Federal contributions to medicaid, which provides medical assistance to the truly needy, will, according to the U.S. Conference of Mayors, "shift the burden of financial responsibility to the cities and States. Confronted with escalating costs and declining revenues, local and State governments will be forced to make cutbacks in vital eligibility, services, or both. Particularly hard hit will be already-troubled public and community hospitals, upon which enormous new caseloads will be 'dumped,' and local health departments."

The Reagan plan also seeks to drastically reduce health professions education, public health service hospitals, drug and alcohol abuse programs, and health maintenance organization funding.

FOOD STAMPS

The Reagan budget proposes a $1.8 billion cut on food stamps, a 15 percent cut in the total program. Such a cut would affect Michigan more severely than most other States, given our present economic situation. For the first 3 months of this fiscal year, Michigan has averaged more than 360,000 families participating in the Federal food stamp program. This means a total of 900,000 individuals receiving food stamp aid. A total of $25 million per month is injected into the Michigan food stores by the food stamps program. Under the Reagan plan, 5 percent of households presently receiving food stamps would be eliminated entirely and 35 percent of the remaining households will lose more than $5 per month in benefits. In Detroit, where 198,352 households received food stamps in January of 1981, this would mean that 10,000 households will lose their benefits entirely, and 70,000 would lose substantial benefits.

LOW-INCOME ENERGY ASSISTANCE

As part of the "frostbelt," Michigan poor suffer disproportionately during the winter months. The Home Energy Assistance Act of 1980 provided Michigan with $96.5 million for low-income energy assistance program funds, with which the State funded three different energy relief programs.

The Reagan administration has proposed an energy assistance block grant, with Federal funding decreased by 25 percent. It is unclear whether each State would absorb a 25-percent funding cut, or whether a new formula for State funding would be worked out. In any case, Michigan would receive far less funding for these programs in the future.

EDUCATION

It is estimated by the State of Michigan that the State's losses under the Reagan education budget would be more than $172 million—$35 million in Detroit alone. Programs which would be directly affected include public school funding, school lunch and child nutrition, and funding for the State department of education. Vocational education would be cut by $20.6 million. Special educational needs of urban disadvantaged children and adults would compete with all other programs in the block grants proposed to encompass education programs at the Federal level. Under the Reagan formula, all of Michigan's efforts to meet special needs in education and to equalize the revenue-raising abilities of school districts would be destroyed. Funds that previously went directly into programs for handicapped children, underachieving children, disadvantaged children, and others most in need would end up going in equal amounts to wealth "out-of-formula" districts and low-tax-base districts alike.

HOUSING

The Federal Government, through the Department of Housing and Urban Development, owns more property in Detroit than any other entity. The Detroit Housing Department currently operates 11,000 housing units, 9,000 of which are occupied. The administration's cuts of $10.1 billion in assisted housing and public housing programs would result in a national reduction of 34 percent of subsidized housing assistance.

The Reagan budget also calls for a phase-in increase in the percentage of income a family would have to contribute toward assisted section 8 rental housing. The maximum contribution level would be increased from 25 percent to 30 percent of the family's income. The administration's proposals would reduce the number of subsidized housing units in only 2 years from 250,000 to 175,000, seriously impairing the ability of the public housing agencies to build and maintain adequate housing for the truly needy.

TRANSPORTATION

Reagan planners would eliminate most Amtrak funding, which would cripple the State of Michigan's efforts to establish an aggressive rail passenger development program. In 1981, it is estimated that 625,000 passengers will be served by Michigan's rail system. In addition, funding for Detroit's people mover and subway systems, long planned and now in engineering phases, would be placed in jeopardy by the Reagan budget.

The litany is endless—program after program proposed for elimination or drastic reduction under the Reagan budget.

More importantly, the list of people who would suffer under the Reagan proposals grows—the poor, the children, the elderly, the handicapped, the educationally impaired, the unemployed, the underemployed, the public service worker, the city dweller, and on and on.

Mr. Chairman, can we really afford to discard those segments of our society in the name of budgetary quick fixes and Pentagon toys? I think not.

I ask my colleagues to carefully consider their votes in the coming days, and reject the administration's budget.

□ 1645

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. CROCKETT. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, it is my real pleasure, first of all, to congratulate my colleague and friend of many, many years, the gentleman from Michigan (Mr. CROCKETT), on his first official remarks in the House.

Everything that the gentleman said could have equally applied to that district contiguous to his, namely the First District of Michigan. The gentleman's thoughtful, careful, and perceptive remarks seems to me to reflect those qualities that distinguished his career at the bar and on the bench. The gentleman's contribution brings credit not only to the Congressional Black Caucus but upon this body, and I am very pleased to associate myself with his remarks.

Mr. CROCKETT. Mr. Chairman, I thank my colleague, the gentleman from the First Congressional District of Michigan (Mr. CONYERS).

Mr. KEMP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to speak before the House specifically within the parameters of the debate over the Congressional Black Caucus budget. This is a vital debate over economic policy and I commend the caucus for addressing these issues and raising the consciousness of this body as to the need for economic growth.

I was here last Thursday during the very eloquent debate over the Humphrey-Hawkins goals for budget-making policy in this country. I have sat here today and listened to the many eloquent speeches of Members sincerely concerned about the plight of black Americans and poor American particularly in light of the adverse impact of inflation and recession on the lives and futures of the American people. My friend, the gentleman from New York (Mr. RANGEL), eloquently talked about the inability of out national economy to provide hope and fulfillment so that the American dream can come true for all people.

I think the American dream, not only for blacks but for millions of Americans, has been to a large extent extinguished or at least compromised by economic policies in this country in the last several years.

The gentlewoman from New York (Mrs. CHISHOLM), the previous speaker, the gentleman from Michigan (Mr. CROCKETT), and those who spoke last week about the Humphrey-Hawkins goals, specifically the gentleman from California (Mr. HAWKINS), have all, I think, helped to refocus the attention of the Congress and the American people on the absolute necessity to get this country's economy moving again and put people back to work. And, as I heard the gentleman from Michigan say a little bit earlier, the plight of the unemployed in Michigan and in his district, perhaps unmatched in the country, is equally intolerable in my community and my State.

But wherever there is unemployment, as far as this gentleman or this speaker is concerned, it is inflationary. I said last week that I thought unemployment in and of itself was a cause of inflation or a part of the cause of inflation, because it reduced people's potential to contribute, not only to the economy of their own lives and their own families, but also to the economy of the country.

Now, maybe coming from this speaker, it sounds strange, but I think we need to take some radical steps to get America moving again and I frankly think that the President agrees and is absolutely committed to getting this country back to work. I think the budget ideas advanced by the administration have been helpful in at least focusing attention on what it is that encourages economic growth in a non-inflationary way. All of us agree, more work, more jobs, more output, savings and investment are desperately needed.

I also want to congratulate the Black Caucus and particularly the Delegate from the District of Columbia (Mr. FAUNTROY), the gentleman from New York (Mr. RANGEL), and the gentleman from Maryland, (Mr. MITCHELL) for their contribution to this debate over the tax, spending and interest rates and monetary policy, for America.

The gentleman from New York (Mr. RANGEL) has advanced an idea of tax reform to encourage economic growth with which I agree. I do not want to get into a debate over tax policy or tax expenditures at this point. There is going to be a very healthy debate on that subject in the gentleman's committee.

But the idea of putting indexing of tax rates into the tax reform measure of the Congressional Black Caucus, should be applauded. I want to tell him personally that I admire many of the things I have seen in the congressional budget of the Black Caucus and the revenue proposal.

I want to be very careful that I do not go too far because there are several things with which I do not agree. But indexing of the tax rates and providing a 10-percent nonrefundable social security tax credit at least, I would say to my friends on the Republican side of the aisle, attempts to deal with the severe problem that the payroll tax imposes not only on employers but on employees. Frankly, I am convinced that for small businessmen and women in this country the payroll tax is probably a greater deterrent to hiring unemployed workers and teenagers, black or white, than any other single thing I can think of and the caucus is to be commended for bringing this to the attention of the Congress. I just wish my friends in the caucus had not seen fit to raise taxes so heavily on everyone else in the country and introduce so many zero-sum tradeoffs by pitting one class of taxpayer against another. What we need is more equity for all Americans and less pitting classes of people against each other. Let us get back to the idea of one country, one people and the sense of putting together a social and economic system in which all can get ahead based on merit and talent and industriousness.

That way we could help the poor by making the Nation's economy expand again.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has expired.

(On request of Mr. LELAND, and by unanimous consent, Mr. KEMP was allowed to proceed for 1 additional minute.)

Mr. LELAND. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I am glad to yield to the gentleman from Texas.

Mr. LELAND. Mr. Chairman, do I take it that, with the commendations the gentleman is rendering or imparting to these Members of Congress, he is endorsing the Congressional Black Caucus budget?

Mr. KEMP. No, Mr. Chairman, I just rose as a Member of the minority party to praise the dialog that has been taking place and say that there are some members of the Republican Party who want to show some solidarity with the goals of the Humphrey-Hawkins legislation, not necessarily the means to those goals, but at least the goals. I personally do believe that this country is not going to stop inflation until it puts every single American back to work and restores an honest and sound monetary system.

Mr. LELAND. Mr. Chairman, I certainly appreciate the gentleman's contribution.

Mr. KEMP. I was also trying to say, if the gentleman would allow me to continue, that I thought the Congressional Black Caucus has advanced some thoughtful tax reform measures on which I also wanted to congratulate them. And I would say that at another time, in another debate, in another Congress we may find that those radical Members of Congress on both sides of the aisle who really do believe in full employment without inflation will get closer together and find themselves supporting each other instead of debating each other.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has again expired.

(By unanimous consent, Mr. KEMP was allowed to proceed for 3 additional minutes.)

Mr. KEMP. Mr. Chairman, I want to predict here that at another time, on another day, we may find ourselves getting closer and closer together to the solutions to putting this country in such a period of economic expansion that we can truly say we have contributed to bringing about full employment without inflation. That is my goal, I want to say to my friends.

I believe that the single greatest obstacle to opportunity and advancement we as a nation face is the notion that our economic life is a zero-sum game. According to this view, there are only so many jobs to go around. There is a fixed amount of prosperity and a fixed amount of poverty. And so it is the Government's job to divide up these fixed amounts until somehow the sum of prosperity—a plus—and poverty—a minus—comes to zero.

Defeating this kind of factionalism and forging a sense of common purpose has always been the central task of American political leadership. And the leaders we revere are those who revealed their greatness as they struggled to overcome divisiveness. The Founding Fathers, almost by sheer force of argument, broke down the rising political and economic barriers between the bickering "Confederate States" to create the Union. Abraham Lincoln preserved it by fighting for the principle that "in giving freedom to the slave, we assure freedom for the free." Franklin Roosevelt brought the industrial North and the agricultural South together in a long-lasting coalition for economic growth, while President John Kennedy successfully appealed to national unity with the epigram "a rising tide lifts all boats." President Reagan agrees and is committed to getting America moving again.

We have sorely missed such political leadership in recent years. Instead, politics dwindled into the art of pitting one interest group, or uneasy coalition of interest groups, against another. The belief that blacks and whites have a common interest in strong, nationwide economic growth—so strikingly confirmed by the too brief period in the midsixties when black and white incomes at last began to converge—gave way to assertions that the interests of most blacks were somehow different from the interests of most whites. Consumers were pitted against consumers, and farmers against city dwellers.

As the economic pie shrank, it was inevitable, I suppose, that different regions of the country would once more begin fighting over the pieces. Bumper stickers in the Southwest say "Freeze a Yankee," while some Northeastern politicians have kidded themselves into thinking that stagnation in their States is caused by too much economic growth and prosperity in the South and West. The Northeast-Midwest Coalition organized to make sure New York got more than Texas, and now the Sunbelt Council has organized to make sure that Texas gets more than New York.

But no real program for economic recovery can possibly emerge from this tug-of-war approach to our national budget. The truth is, the problems facing my own community of Buffalo, and the entire Northeast, differ only in degree from those facing the rest of the country. My State, and especially its urban areas, feels the pain of a contracting economy first and most sharply. There is no question in my mind that the first priority for the Northeast, as for the Nation, must be new economic policies designed to create jobs and to bring about full employment without inflation. New York, having fallen the farthest in the past 15 years, stands to gain the most from the policy of overall economic expansion and fiscal, regulatory, and monetary reform outlined in the President's program and this bipartisan budget.

The problem with the raging debate over which group, or region, benefits most from the budget is that most of the analysis is static. It is not much help to calculate just where each cut will fall—such calculations are notoriously unreliable anyway—assuming that nothing else is going to change. The bipartisan budget is itself a strategy for change, and its effects must be considered from a dynamic, not a static, perspective.

It helps if we reverse the usual order, and consider tax policy before spending policy. No area in the country has been harder hit by the impact of high inflation on our progressive tax system than New York. Just compare New York's 1978 per capita income with North Carolina's. Before taxes: New York, $7,547; North Carolina, $5,935. But with higher income, and a progressive tax system, New Yorkers are also in higher tax brackets. In addition, like most Northeasterners, they pay far higher State and local taxes. As a result a comparison of real, aftertax income tells a very different story: New York, $3,979; North Carolina, $4,509.

Here is the real reason why New York and the Northeast fare so poorly in the Federal spending game: Federal tax policies, and inflation. How long can we afford to ignore the Federal sleight of hand which gives spending programs to the Northeast with the right hand even as it takes back even more in taxes from the left. We cannot win this game—especially at a time when, if anything, the Northeast is losing political clout.

At the same time, the higher nominal incomes in the Northeast insure that our region benefits most of all from the personal income tax reduction. The Northeast, from 1981 to 1984, would under the bipartisan budget receive $1,188 per capita in tax reductions; the South would receive $910. Spending reductions per capita are much smaller—$170 and $169 per capita, respectively, and also virtually equal from region to region. If anything, because of the greater tax reduction, the Northeast comes out ahead in the budget.

The collision of inflation with a tax code designed for a nation with a stable currency is also largely responsible for the growing obsolescence of the Northeast's industrial base. The steel, the auto, and other heavy Northeastern industries desperately need to retool their plants. Yet under our current tax system, business assets are written off against profits at their historical cost, over some estimated useful life. Today, inflation has made this historical cost irrelevant and, as a result, the cost of doing business is understated while taxable profits are overstated. Even the most conservative estimates put the extra tax cost at $15 billion a year—much if not most of it borne by the industrial Northeast and Midwest.

To make matters even worse, our major industrial competitors have much more generous capital depreciation allowances. The Canadian steel plants just an hour from Buffalo write off their new investment in 1½ years, compared to 14 years in the United States. Is it any wonder that the Canadians are better able to modernize their plants and can undersell Buffalo steel even in Buffalo?

Finally, the current treatment of capital depreciation creates a bias in favor of short-term assets, while the Northeast's physical plant represents a long-term investment. Because accelerated depreciation would encourage longer term investments, the Department of the Treasury estimates that primary metals, utilities, railroads, and shipping would benefit most from the budget's proposed accelerated depreciation package. All of these industries are vital to Buffalo, and the entire Northeast.

Yes, but—I hear countered—will not any advantage be outweighed by the loss of programs designed to create jobs in the Northeast? What about EDA and UDAG and CETA?

The issue in western New York, and the Northeast, is jobs. So I would like to pose the simple question: Where do jobs come from?

By their very nature, Federal programs usually give one of two answers. The Federal Government creates jobs directly or indirectly through the businesses it gives development aid. This is not really a criticism of Government; it is the inevitable result of its size and bureaucratic organization. When HUD, for instance, is looking for projects to give grant money, it faces im-

mense pressure to help build an industrial park, or a hotel. These projects are tangible, they are politically popular, and they usually succeed.

The trouble is, this kind of program is probably not creating very many new jobs. Recent empirical studies by the Massachusetts Institute of Technology's program on neighborhood and regional change indicate that two-thirds of all new jobs come from small businesses employing 20 persons or fewer. What is more, the greater the economic problems of a city or region, the more it relies on these smaller businesses to restore growth and vitality. In the Northeast 100 percent of the net new jobs come from these smaller businesses.

This poses a real problem for Government policy. As Dr. David Birch, who headed the MIT study, has pointed out:

> The job generating firm tends to be small. It tends to be dynamic (or unstable, depending on your viewpoint), the kind of firm that banks feel very uncomfortable about. It tends to be young. In short, the firms that can and do generate the most jobs are the ones most difficult to reach through conventional policy initiatives.

A better approach, it seems to me, is to improve the overall climate for entrepreneurship, especially in the hard-hit areas of the Northeast. This means tax rate reduction, regulatory reform, and monetary restraint: in short, the major ingredients, along with reduced spending, of the President's economic recovery program. Far from being a strategy that will hurt the Northeast, it is the only strategy which offers a real, long-term hope of restoring full employment without inflation to communities like my own community of Buffalo in western New York.

Above all, as a region and as a Nation, we must stay clear of the mean-spirited, divisive politics which inevitably arise from zero-sum thinking. Our leadership will be judged, as American political leadership has always been judged, on our proven ability to forge a common purpose and move this Nation forward together. The 1980 election revealed not a regional dispute, but a nationwide consensus that we need to think less about how we are spreading the wealth around and more about how we can create it. This bipartisan budget provides a strategy for nationwide economic growth and the only hope for our beleaguered economy of the Northeast.

I believe in full employment without inflation and I deeply appreciate the comments last week by my colleague and friend, Mr. HAWKINS of California. He and I reject the tradeoff between jobs and inflation. He and I agree we will never stop inflation until we get all Americans back to work. I am convinced President Reagan agrees and is courageously changing the Nation's economic agenda to get us moving again toward that goal.

Mr. LELAND. Mr. Chairman, will the gentleman yield further?

Mr. KEMP. I yield to the gentleman from Texas.

Mr. LELAND. Mr. Chairman, I certainly hope that the gentleman, in his wisdom and in his capacity, when we do debate a matter of this magnitude and complexity, will carry the message to the White House on our behalf that we should indeed be heard by the administration. We tried that before. The administration served us jellybeans and turned us away.

Mr. KEMP. Mr. Chairman, I thank the gentleman from Texas (Mr. LELAND) for his comments. I want him to know that I will take a back seat to no one in the Congress in trying to advance such a policy, and the goal of noninflationary economic growth.

I share the goal that the gentleman from California (Mr. HAWKINS) outlined for the Congress in the debate on Thursday. I am convinced that this country is not going to create the conditions for social justice that all of us on both sides of the aisle want until we implement full employment policies for this country and make the dollar honest.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Mr. Chairman, I am just delighted to hear that the gentleman does not only endorse the goal of full employment but also the specifics of indexing such as the Congressional Black Caucus has recommended which will return some $17 billion to the American people in tax relief. I am also pleased that he has also indicated that he supports the 10-percent tax credit on social security payments.

Mr. KEMP. Now, do not put words in my mouth, I say to my friend.

Mr. FAUNTROY. Oh, the gentleman does not support that amendment? Let me understand this. Does the gentleman support giving the American workers $10.8 billion back through income tax credits on social security payments?

Mr. KEMP. Mr. Chairman, does the gentleman really want to debate how much I would like to give back to the American workers? If he does, I would be very happy to discuss my bill to reduce tax rates by 30 percent and give back to American workers a major share of their earnings.

Mr. FAUNTROY. We are going from a general discussion to the specific terms of indexing.

Mr. KEMP. If the gentleman will give me some more time, I will be glad to answer.

Mr. FAUNTROY. Mr. Chairman, as soon as the gentleman's time runs out, I will ask unanimous consent that his time be extended for 2 additional minutes.

Mr. KEMP. Mr. Chairman, I thank the gentleman for his courtesy.

The CHAIRMAN. Is there objection to the request of the gentleman from the District of Columbia?

If not, the time of the gentleman from New York (Mr. KEMP) is extended for 2 additional minutes.

Mr. KEMP. Mr. Chairman, let me say to my friend that I will try to clarify it for him.

I totally agree with the idea of indexing. Believe it or not, indexing is part of the dangerous voodoo economic scheme we advanced 4 years ago in our Kemp-Roth bill. So in one way the gentleman is getting closer to those of us who have worked for years to stop taxflation.

□ 1700

In fact, I would say to my friend, if the gentleman would index the tax brackets of all the American people since 1965, we would either have to cut everyone's tax rates right now by 50 or 55 percent or raise the thresholds, the point at which people reach the bracket, by 140 percent or more.

So I would be happy to engage in a dialog with the gentleman about how much money I would like to give back to the working men and women of America.

Mr. FAUNTROY. If the gentleman would yield further, however, I am not asking for dialog. I am asking for support for a specific measure that will provide $17 billion to the taxpayers about whom the gentleman is so concerned. I am asking for specific support.

Mr. KEMP. One man's dialog is another man's argument; but I would say to my friend, if I could get my time back, I was trying to praise the Congressional Black Caucus for advancing ideas that would help reduce the wedge in America that exists between labor and business. It is a crime to keep unemployed blacks and whites in the cities of this country at levels of unemployment rates of 40, 50, and 60 percent.

It is actually barbaric, as far as I am concerned, to have a nation with the potential that this Nation has to be unable to have a steel and auto and housing and small business at levels of output and growth that would make this Nation truly reach full production and employment.

I was trying to suggest to the gentleman from the District of Columbia that the Congressional Black Caucus, as well as in the debate over Humphrey-Hawkins, has had a very positive impact upon the consciousness not only of the Congress, but of the American people, and if we do not subscribe to each and every dotted "i" and crossed "t," do not turn us off by sug-

gesting that maybe somehow we are just interested in rhetoric. We really are concerned about getting this country back to a high level of prosperity.

Mr. FAUNTROY. As are we.

Mr. KEMP. I think the gentleman is, I know he is but so are we.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(By unanimous consent, Mr. KEMP was allowed to proceed for 2 additional minutes.)

Mr. KEMP. What I am afraid of, I would say to my friends on the other side of the aisle, is that life not only for black Americans, but many Americans in the last 10 years has really become a zero sum game. In effect, one person is gaining at the expense of someone else. One person's profit has to come at the expense of someone else's loss. One job compromises someone else's job.

It is not only economically disastrous for this country, it is socially disastrous for this country and the Congressional Black Caucus, I think, is absolutely right in challenging this Congress and the administration to come up with policies that will solve this problem.

Let me say to my friends on both sides of the aisle that until we get interest rates down, until we get inflation rates down, until we get the tax burdens off the backs of the American people, however we do it, until we reduce some of the counter productive regulatory morass, I do not think we can possibly achieve the goals that are not only that of the Congressional Black Caucus, but also that of the minority party and President Reagan.

I am convinced that the debate has been healthy. It ought to continue but in a spirit of bipartisanship.

My greatest concern is with the Federal Reserve System. The purpose of whatever we do, be it the Congressional Black Caucus or the Jones budget or the Reagan budget, must be to support any effort by the Fed to abandon all targets but one—a stable dollar at home and abroad, that is, an end to inflation. As long as it pursued that goal, the Fed should be free from political pressure to do otherwise. My concern is that the Federal Reserve System may be pointlessly following an erratic course of monetary policy by pursuing other or even alternating goals. If so, that is going to undercut the positive efforts of this Congress, if any, to get the financial markets and credit markets under control so we can restore a healthy investment and savings climate in this country and bring down the rate of inflation and the high interest rates that are squeezing all the American people black and white, rich and poor.

I am convinced that there are now more Members of Congress who agree on the need to pursue the single goal of a stable dollar. It is now time for all of us in a bipartisan way to get the Chairman of the Federal Reserve to start thinking in terms of the only way of bringing down interest rates and helping get America growing again—by halting the creation of money until prices stabilize.

Mr. KASTENMEIER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as the House prepares to act on the first concurrent resolution on the fiscal year 1982 budget, we find ourselves with a number of opportunities to vote, but no real choices.

On the face of it, we appear to have several alternatives. There is the Budget Committee proposal, the Hefner amendment, the Obey and Fauntroy substitutes, and the Latta-Gramm substitute which has the official blessing of the Reagan administration.

But while the Latta-Gramm proposal is the only one to claim White House endorsement, all of these budget plans are based on the President's budget priorities, which they merely modify in certain respects.

I believe the basic premises of the President's budget are unsound, and I am reluctant to vote for any proposal which uses the administration's program as its starting point. In my view, we could best serve the American people by rejecting all the budget proposals before us today, extending the deadline for completing action on the first budget resolution, and ordering the Budget Committee to start over.

The primary flaw of the Reagan budget is that rather than actually reducing Federal spending or balancing the budget, it provides for a massive shift of resources from the civilian sector to the military. This will have serious implications for our economy and our society.

In January, President Carter sent to the Congress a 1982 budget which increased military spending by $26 billion in budget authority and $23 billion in outlays over 1981 levels. The Reagan administration, to demonstrate a deeper commitment to national defense, added another $26 billion in budget authority and $4.4 billion in outlays to the Carter military budget while slashing $48.4 billion in outlays from other areas of Government spending. In fact, if the Congress adopts the White House budget, defense outlays in fiscal 1982 will rise by $53 billion over the amount we spent in the fiscal year which just ended last October.

The sponsors of each of the budget substitutes have attempted to place their marks on the President's proposal. Some funding has been added for social services and other domestic spending. The President's tax cut package has been altered or delayed. In some cases, there has even been a slight decrease in the White House targets for military outlays. But despite Mr. Reagan's protestations to the contrary, whichever budget proposal we support will be a vote for the Reagan budget.

It is extremely unfortunate that the House of Representatives has not been able to formulate a real alternative, because the White House budget will certainly not bring us closer to our national goals.

First, the unprecedented peacetime military buildup will not enhance our national security. Rather, huge new defense outlays will almost certainly spark a resumption of the arms race, which threatens the security of the United States and the entire world.

Second, by literally throwing money at the Defense Department, we are adding to the problems of wasteful Government spending. Study after study has revealed extensive abuse of taxpayer dollars by the military establishment. We can only assume that a large percentage of the additional funding appropriated will be soaked up by cost overruns, obsolete weapons systems, and general mismanagement.

Third, the Reagan approach will make inflation worse, not better. Mr. Reagan campaigned against budget deficits, which he claims are the primary cause of inflation. Yet his budget includes a huge deficit which promises to grow in the years ahead. Some of the substitutes before us today lower or eliminate the deficit, but only at the expense of the tax cut.

Furthermore, because military spending is among the most inflationary of all Government expenditures, this budget's impact on the economy will be even worse.

Finally, the cuts in domestic spending will seriously harm our long-term prospects of economic recovery. As we abandon education and training programs, child nutrition, aid to the poor and handicapped and other human services, we reduce the opportunities for many in our society to lead useful, productive lives.

As we abandon our cities, allow our transportation networks to deteriorate, and permit the general neglect of the facilities which have traditionally been the Government's responsibility, we limit the potential for future economic growth.

Mr. Chairman, I wish that the Budget Committee had come up with its own budget, one that provides for rational increases in defense spending, a reduction of waste, fraud, and abuse throughout the Government, careful pruning of our domestic programs, and a progressive tax cut. Unfortunately, what we have before us are a series of variations on the Reagan economic program.

In the years ahead, when we have dismantled our major domestic programs, pumped up the Military Establishment, allowed the Federal deficit to soar, and face rising inflation and interest rates, we Democrats will wish that we had at least offered the American people a better option.

Mr. DYMALLY. Mr. Chairman, as a former member of the California State Senate, I probably have the dubious distinction of having witnessed more debates about the Reagan budgets than any other Member of this House. Accordingly, I suffer no delusions about influencing the outcome. Nevertheless, as a matter of principle and as a representative of the many residents of the 31st District in California who have expressed to me their emphatic support for one particular budget proposal, I am compelled to make a few observations.

I believe we are witnesssing a drastic and dangerous change in the course of our social history. For over 200 years, since the American Revolution and the framing of our Constitution, this Nation has proclaimed itself a champion of "liberty and justice for all." Indeed, these very words are enshrined in our pledge of allegiance to the flag of the United States of America.

We have now a President who asserts that social change is not the proper business of Government. Yet, it is difficult to identify one area of American social life that has not been altered by the policies of Government. Certainly the establishment of the land-grant colleges, the passage of the GI bills, and the funding of science programs in response to sputnik have changed the course of history, to cite but one example.

What we have in the administration proposals is not an effort to balance the budget, but a radical attempt to unbalance it. Since I myself am not a radical, I have some problems with this approach. What we are doing, in the simplest terms, is shifting money from the poor to the rich.

In addressing the proposals which are before us, it is proper that we should be eloquent; it is proper that we should be political; however, let us not be sanctimonious; let us not be self-righteous about the proposal for which we will vote.

For in truth, they are not really ideal proposals. The proposal of the Congressional Black Caucus has the distinction of being the more humane and the more reasoned.

This proposal, more than any of the others, represents an attempt to say yes to national security, but no to a foolhardy arms race at the expense of the poor, the children, the elderly, the disenfranchised; yes to fiscal solvency, but no to wealth and security for the few and hopelessness for the many.

Accordingly, the proposal of the Congressional Black Caucus commends itself to me as the best alternative we have before us and I urge my colleagues from California and the other side of the aisle to join me in this very constructive alternative.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. Yes, I do.

Mr. BINGHAM. Mr. Chairman, I salute the Black Caucus for this amendment, which is a humane one.

Mr. Chairman, I am going to vote for this amendment. It offers us a chance to vote for fiscal restraint, tax relief, and increased funds for defense but without gouging funds out of vital social programs. The members of the Congressional Black Caucus have drawn up this alternative to the Reagan budget after listening carefully to their constituents in cities around the country, and they have heard the same kind of message that I heard during countless meetings with hundreds of people in the Bronx last month. This budget alternative is more humane than any other which has been proposed, but it also recognizes the widespread demand for restraining Government spending by proposing to limit total budget authority to $777.9 billion, which is only about $5 billion more than the Reagan budget proposes. At the same time, however, it would restore most of the most damaging spending cuts that the administration proposed, and offset these by other savings such as a smaller rise in defense spending and closing a wide variety of tax loopholes that have for years prevented the Federal Government from collecting as much in tax revenues from businesses and wealthy individuals as it should. For example, the Black Caucus alternative budget would take away almost $7 billion in tax breaks from oil companies, whose profits have never been higher, and reduce by 50 percent the deductions businesses are allowed to take for paying for executive lunches and entertainment. I find this kind of economizing far more sensible than closing senior citizen centers or denying people food stamps.

Here are some of the changes in the Reagan proposals which this amendment would make:

It would restore $800 million for mass transit and drop the plan to cut off all operating subsidies by 1985.

It would put back $500 million for the urban development action grant program and keep it separate from the community development block grant program. The Reagan administration wants to combine the two and cut the total funding for both programs by about 10 percent the first year and more later. This would be a crippling blow in New York which depends on these funds for almost all the neighborhood revitalization that is presently underway in the city. This amendment would also restore $800 million for the Economic Development Administration, and $100 million for housing rehabilitation loans. It would put back funds for 75,000 units of section 8 subsidized housing, which is the only kind of new construction and substantial rehabilitation going on in many areas of the country, and the only kind of decent housing being built which the poor and near-poor can afford to live in.

This amendment would add $11.8 billion to the Reagan budget for education, employment, and social services programs. It rejects the Reagan cuts in assistance for elementary and secondary education through title I. It reverses the Reagan proposal to cut $1.5 billion from student financial assistance and $6.4 billion for CETA jobs and training. It also rejects the proposal for cuts in services to the elderly and the block grant which would cut a whole variety of social services programs back sharply.

This amendment would restore $1.4 billion for medicaid, $1.1 billion for health services, $2.3 billion for food stamps, $600 million for aid to families with dependent children and $300 million for legal services.

I remind my colleagues that none of these cuts which the Stockman plan proposes to make and which this amendment would block are necessary to balance the budget. That can be done just as well through tax reform, by being less wasteful in the way we spend money on defense programs, by rejecting tax cutting schemes like the Kemp-Roth 3-year tax cut that would help the wealthy and not the poor, and by slowing the rate of growth of some social programs. Hacking away at social programs which are designed to help people escape from poverty, or to provide a minimally decent life for those who through no fault of their own cannot escape, is not the only way to slow Federal spending and it is certainly not the best way. I wish my colleagues who seem to think that the only good Federal expenditure is a crop subsidy or a water project would realize that social programs are not wasteful ripoffs of the taxpayer. They are the only hope for millions of Americans for a better life.

Mr. LELAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is an extreme pleasure and a privilege for me to stand before this body to support the Congressional Black Caucus constructive alternative to the Reagan budget, or the Gramm-Latta amendment to the Jones budget.

Mr. Chairman, I am concerned that the Members of this House to some degree have rather been somewhat presumptuous about what the con-

structive alternative of the Congressional Black Caucus really means.

Mr. Chairman, we do not offer this constructive alternative budget as a matter of being cavalier, but rather as a matter of being sincere and devoted to the cause of supporting the interest of all Americans, and not just black people.

Mr. Chairman, in light of the fact that other people did not come forward at the time the President himself challenged the Congressional Black Caucus on presenting to this body and to him an alternative to his principles and economics, we determined that we were going to step forward and fight for the interests of the American people. We recognized then, as we recognize today, Mr. Chairman, that as a matter of history we will make this statement in what is called our constructive alternative in order that people in the future will read that the members of the Congressional Black Caucus at least stood up and fought for the interests of the American people when they felt that the other alternatives to the budget were wrong, when they knew that the people of America were going to suffer tremendously as the result of Mr. Reagan's budget.

Mr. Chairman, we are not cavalier as we stand here and fight for the interests of the American people, but rather substantial Members of this body and we have joined forces of a caucus only as a matter of convenience, because no one else would stand with us at the time.

Mr. KEMP in his words of wisdom so adequately put it and in the words of those people we hope are many on the other side of the aisle who we know feel and even the Members of the Congress on this side of the aisle who we know feel that what the Congressional Black Caucus is doing is proper, just, and right. What he has said to this Congress is that we no longer will accept that the Congressional Black Caucus is offering something that should not be listened to by the American people, but here again we need to wait. Black people in this country have waited for years and years to realize justice, to realize equality, to realize what it is that is appropriate for their freedom and their citizenship in this country; so we made some little progress through the civil rights movement, though the voters rights act and through adequate and proper participation in this body as the 18 members put forth this constructive alternative, and few ears listened to us, Mr. Chairman.

So now what Mr. Reagan is asking us to do again is to take aback, to step aside and to wait just a few more years. We cannot, Mr. Chairman and my colleagues, wait any longer. People have already rioted in Miami and Tallahassee.

Historically when we in the urban communities of this country realize all kinds of frustration and human misery, we exhaust our emotions by way of conflict because we are so frustrated. What the Reagan budget is going to do to us once it has passed through the manifestation of the gentleman from Texas (Mr. GRAMM), a person who sits on this side of the aisle, and the gentleman from Ohio (Mr. LATTA) who sits on the other side of the aisle is to destroy any real hope by those disenfranchised, those distressed and depressed people of America who have never realized the true dream that opportunity is available to them in this country.

So I am concerned, Mr. Chairman, I am concerned that the Nation in the fight, the so-called fight against inflation, is going to be wrought with polarization again, that black people, the Hispanics and Native Americans and Asians and, yes, the sons and daughters of the people from Appalachia, are going to rise up in this Nation in frustration and depression, and even the senior citizens, because they are going to suffer from what this budget, this Gramm-Latta proposal has to offer.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. LELAND was allowed to proceed for an additional 5 minutes.)

Mr. LELAND. Mr. Chairman, I commend my chairman, the Delegate from the District of Columbia (Mr. FAUNTROY) for bringing forward a constructive alternative to this budget, to the Jones proposal, and lest we forget, there are other alternatives that have been proposed and yet we have heard very little mention of the Congressional Black Caucus constructive alternative.

Mr. FAUNTROY, the chairman of the Congressional Black Caucus, has already pointed out to you that we offer the only budget that is in surplus, encourages increased jobs and productivity, and relieves the American people of a growing tax burden. Above all, the budget the CBC proposes shares the burden of "austerity" among the rich as well as the poor, and it does so without necessarily cutting back vital social programs.

I note as an additional recommendation, the analysis of the democratic study group, which says that this budget "takes the boldest step of any proposals being offered to the House to deal with the Federal deficit." As to the CBC tax proposal—which many have said provides no tax relief at all—the DSG report says that it "offers the largest and fairest tax cut of any proposal before the House."

This is indeed a strong recommendation, since this is accomplished while at the same time providing for increased defense spending and for those vital programs from energy conservation to community development to income security: Programs which the administration proposals would sacrifice, but without which the communities we represent would not survive.

I want to draw your attention in particular to the functions of the CBC budget that deal with energy: One of the most critical considerations of the Nation as a whole, and one that most seriously affects the poor of this Nation. It seems to me that this is one aspect of the "social safety network" which the administration purports to preserve and guarantee, but which has been grievously overlooked.

The Reagan administration's energy budget proposals are a complete reorientation of the Federal Government's role in energy programs, as described by the House Budget Committee's summary and analysis, the Reagan budget would "suggest a near total dependence on market forces for making societal transitions from an inexpensive-energy past to a very expensive-energy future." This approach leaves unanswered two important questions: To what extent must market forces be supplemented to bring about the development of new energy supplies and conservation techniques; and to what extent should the Federal Government assist citizens—particularly those with low incomes—with conservation and weatherization to adapt to higher energy costs.

The contradictions become clear. The administration exalts virtues of unconstrained market forces. And yet it was under the free play of market forces in the past that the Nation became vulnerable to the oil threat of OPEC nations—with its derivative adverse effects. It was the free play of market forces that made it possible for only those large and rich firms, with easy access to capital, to develop alternative energy technologies and supplies—closing off the field to innovative and competitive small businesses (and in fact, the budgets endorsed by the administration clearly favor big business at the expense of small—even though there are not necessarily economies of scale, and it is small business that will generate the most employment). Above all, under the free play of market forces, families with low incomes had no recourse—through conservation and weatherization assistance to adapt to higher energy costs, which were thrust upon them. These are flagrant contradictions to what the administration budget purports to do, to its allegation that it is preserving the "safety net," that it is minding the best interests of the Nation. Most flagrant of these contradictions, while the poor are sacrificed to untrammeled market forces, special

interest groups would preserve their agricultural subsidies.

Addressing these concerns, the Congressional Black Caucus budget proposal focuses on alternate energy development and conservation. It specifically restores funds to the energy areas which would encourage the development and research for alternate fuel sources, thereby lessening our dependence on OPEC oil. The CBC budget, goes forward with a program of energy conservation, which is both practical and humane, and allows for protection against the elements for those who can least afford to fend off the ravages of winter. Where the Reagan budget would remove the low-income weatherization program from the Department of Energy and drop it into a community development block grant somewhere in HUD, which is funded at a $466 million reduced budget authority; the CBC restores full funding for this program. And, where the Reagan budget would eliminate more than half of the funding of the economic regulatory administration, the Congressional Black Caucus budget restores funding to this agency to allow it to collect the $3 billion in petroleum overcharges which would go uncollected under the Reagan budget.

By item, the CBC budget restores $0.7 billion in budget authority and $0.4 billion in outlays in fiscal year 1982 for energy conservation. CBC restores $0.1 billion in budget authority and $0.1 billion in outlays in cuts to the solar bank which would allow for loan supplements for solar residential use primarily. CBC would restore $0.7 billion in budget authority and $0.8 billion in outlays to the nonfossil energy supply such as geothermal, energy impact assistance, environmental and hydro power programs.

It must be remembered that the CBC energy budget is reduced even greater than the Reagan proposed budget. Some of the major reductions which CBC made to the Reagan proposal were of $0.3 billion in budget authority by delaying the gaseous centrifuge uranium enrichment plant. CBC's budget calls for DOE charging "fair value" prices for uranium enrichment thereby saving $0.2 billion in budget authority and $0.2 billion in outlays.

The CBC budget further identified $1.5 billion saved in budget authority and $1.5 billion in outlays by reducing the strategic petroleum reserve funding, and allowing for private funding in an instance when it is far more valid. Finally, cancellation of the Clinch River breeder reactor is a budgetary salvation of $0.3 billion in outlays.

The Congressional Black Caucus's total energy budget equals $5.4 billion in budget authority and $6.0 billion in outlays. The Congressional Black Caucus energy budget comes in $3.5 billion less than Reagan's in budget authority and $3.5 billion less than Reagan's in budget outlays.

We have identified for you programs which would serve to rescue America from the brink of the ugly future with which this administration and its followers would harness us. This administration has targeted for elimination or severe reductions those programs, and thus those people who have no grand lobbyists to waive their flag, who have no gargantuan sums of money to keep their concerns in front of you. Though these concerns may often be a real matter of life and death, such as in the weatherization and low-income fuel assistance programs which, CBC would fund fully. The CBC would speak for those people who have no voice, like the small businessman who had relied on this Government's promise to fund his small alcohol fuels plant, but now faces losing his home and all he owns because this Government has not come through with the promised funds to match those which he had mortgaged his home to get for initial expenses.

The people created the Government to serve the people. The people created the Government to look out for those too weak, too young, too old to look out for themselves. The people created the Government to protect all facets of the society, not just the rich, and the strong, but also the mediocre and the disabled. The people created the Government, not just for the large corporations, but also for the small mom and pop businesses and the solo enterprises.

The Government must now live up to the covenant of trust with which the people have entrusted it. The Congressional Black Caucus comes now, not as a Moses, but like Moses, to lead this Government from this abyss of conservative insensitivity upon which it now perches: To a peak of commitment to fight for the good of the people. Though we whisper in a hurricane, and our words are not heard—surely, surely they will be felt. Mercy.

□ 1715

Mr. OTTINGER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from the District of Columbia (Mr. FAUNTROY) because I think that it offers us the greatest opportunity and latitude within the budget process to do what needs to be done for the country.

There are parts of the amendment, as there are with all of the limited budget alternatives with which we are confronted, that I probably could not support. I think the 20-percent reduction of tax deductions across the board, for example, will create some serious inequities, for example; but I do not think that that is really what is important, because we will have an opportunity to address ourselves to those particulars when specific legislation is presented on the floor.

What is important is that this is the only amendment that allows us to make the investments that are needed in human productivity and in the productivity of American industry. I really think that is what this country needs.

I do not want to see a shrinking, shriveling Government that is unable to cope with the problems facing America. I just do not understand it. If we jeopardize the educational system of the country, as the Gramm-Latta amendment does, we will be taking a step backward into the dark ages. What advanced country in the world does not support, to the extent that it can, the education of its children?

What advanced country of this world can take pride in seeing its people out of work and unproductive, and seeing its cities decay—and the Gramm-Latta-Reagan budget does war on the cities to an extent you just cannot imagine and will throw 1¾ million Americans out of work.

If you talk to any mayors, they are just as distressed as they can be because they do not have the resources within the cities to be able to meet the problems of deteriorating housing and of schools that cannot educate properly, of services that they simply cannot provide, of trying to attract more business to try and raise the tax base for their citizens to be able to do the things that those citizens want.

Take, for example, child nutrition and school lunches. What advanced country would deprive its children of the opportunity to be able to participate fully in its society?

Take these drastic cuts in mass transportation. Are we really going to become the only advanced nation in the world that does not have a national railroad system? How can we solve our energy problems if we do not have mass transportation, if we cut out all of our efforts at conservation and bringing on renewable energy? I do not understand it.

The Japanese, the Germans, and the other European countries are getting way ahead of the United States. They are putting all their resources into increasing productivity and making their societies better than ours. And here we are saying that our Government ought to withdraw from those efforts.

For sure, the Government had made some mistakes in its efforts, and we must correct those mistakes. But we must not have the government withdraw from the efforts to try to make this a better society.

It is the Black Caucus budget that provides us with more opportunities than any of the other budgets before

us to make the necessary changes that will permit us to increase productivity. The caucus depreciation proposal adopts the method that has been touted by many of the most conservative economists in terms of allowing depreciation to be taken in the first year of an asset. That is provided in this budget.

We cannot afford to tear apart the social and economic fabric of this Nation, which is what Gramm-Latta does. I think the Black Caucus has by far the best alternative, and I am very proud to support it.

Mr. DE LUGO. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I will be glad to yield to the gentleman from the Virgin Islands.

Mr. DE LUGO. I thank the gentleman for yielding, and I would like to associate myself with the remarks of the gentleman from New York. I would also like to commend the chairman of the Black Caucus, the Delegate from the District of Columbia (Mr. FAUNTROY) for an outstanding job of leadership and for this very responsible alternative budget that he and the Black Caucus have proposed to the House today, and I support him.

Mr. RODINO. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I yield to the gentleman from New Jersey.

Mr. RODINO. I thank the gentleman for yielding. I want to associate myself with the remarks of the gentleman from New York (Mr. OTTINGER).

Mr. Chairman, the constructive alternative budget resolution deserves a fair hearing by this body and serious consideration.

This proposal is the product of the hard work of our 18 colleagues on the Congressional Black Caucus. It represents the dedicated efforts of these colleagues to balance the budget. It is a thoughtful attempt to reduce Government spending, to provide equitable tax relief, and to insure adequate money for the national defense—all without decimating the valuable social programs that have been the foundation of Democratic Party goals and priorities for decades—programs which have been responsible for tremendous progress in our society.

Mr. Chairman, this budget proposal seeks to distribute the weight of our economic burdens fairly. It includes a constructive and targeted tax policy with the aim of increasing jobs and productivity. It maintains spending for social programs at a realistic level, while reducing total outlays below other proposed levels. It increases spending for our national defense, although not as much as other resolutions. And it projects a modest surplus.

In my first term in Congress in 1949, we wrote into law the Housing Act. We called it "A promise for decent housing for all Americans." We were somewhat successful in fulfilling that promise of 32 years ago to ease the housing crunch after World War II, although new and different housing needs today are still unmet. And we have fallen short of the promise.

In 1978, we made another promise to the American people, one that has not been kept and cannot be, if we follow the course the administration has set. The Humphrey-Hawkins Act held out the hope of a job for every American. Three years have passed, and unemployment remains above 6 percent. In my congressional district, the city of Newark is facing 14 percent unemployment. In East Orange, the figure is 10 percent. And the blacks and minorities and the youth have felt the adverse effects of this high rate of unemployment most keenly.

We cannot ignore the plight of these jobless citizens without recognizing the enormous social and economic costs to our country.

This budget proposal of the Congressional Black Caucus has not forgotten that promise of 3 years ago. It seeks to create the jobs so many millions of our fellow citizens seek. And it asserts clearly that the elderly and needy do have a right to a helping hand from their Government in job training, housing, health care, nutrition, and legal services. It is a budget proposal which has compassion for the less fortunate and disadvantaged among us, a sense of fairness and humaneness so that all our citizens have a chance to become productive members of society. It is a budget proposal which recognizes that an investment in human and social services is indeed an investment in a more productive and healthier society.

It is a proposal worthy of support.

The CHAIRMAN. The time of the gentleman from New York (Mr. OTTINGER) has expired.

(By unanimous consent, Mr. OTTINGER was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I will be glad to yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding. I, too, am fascinated by the suggestions especially in the tax reduction of my colleague from the District of Columbia, because he includes in his package indexing of the income tax. Does the gentleman from New York (Mr. OTTINGER) support that?

Mr. OTTINGER. No, I do not.

Mr. ROUSSELOT. I see. I thought if the gentleman did support that, we could talk about it a little bit. But I am surprised he does not support it. I thought it was an important part of the package.

Mr. OTTINGER. There are a number of things in the package. Overall, I think it presents us with the best available alternative. The thing that bothers me about indexing is that those countries which have indexing have found that the indexing accelerates the inflationary process. You try to index taxes and index wages, and index prices. It sounds like everything ought to keep up with everything else, but the actual experience with indexing is that it fuels inflation and produces economic disaster.

Mr. ROUSSELOT. We have already indexed, as the gentleman knows, pension benefits and social security.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. OTTINGER was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. If the gentleman will continue to yield, pension benefits for Federal employees. We have indexed all kinds of things. Some of us feel maybe it is time to index it for personal income tax, which the 97 million working people in this country pay for rather substantially. So I was delighted to see my colleague from Washington, D.C., include this in his package. I am fascinated by it, but I am sorry to hear the gentleman from New York does not support him.

Mr. OTTINGER. I would support an effort to try and correct the Income Tax Code so that people do not continually get bracketed up into higher levels. I think that the gap between those levels can be adjusted so that this kind of penalty does not continually occur.

Mr. ROUSSELOT. How would the gentleman do that if he does not do indexing?

Mr. OTTINGER. You can lengthen out the space between the jumps.

Mr. ROUSSELOT. The brackets, the gentleman means?

Mr. OTTINGER. That is right.

Mr. ROUSSELOT. I see. Would the gentleman support our colleague, the gentleman from California, Mr. PANETTA, who says reduce it to five or six brackets? Would the gentleman from New York support that?

Mr. OTTINGER. I would support something along those lines.

Mr. ROUSSELOT. All right, I am glad to hear that.

Mr. OTTINGER. I do think that there is a substantial problem here and I am worried. I think that indexing social security benefits for the elderly, who are really dependent on keeping up with the cost of living, is an important thing we have done. It is quite something different however, to say that we ought to index everything, and that is what concerns me about that particular aspect of the proposal.

□ 1730

Most especially, however, I am concerned about the implications of the Gramm-Latta substitute and the Presidents proposal which denigrate the role of our Government in resolving the grave problems that confronts us.

I would like to point out that in Japan and in the European countries, government intervenes very actively. Indeed, there is a compact between business, labor, and management in Japan; they sit down every year in each factory and try to see to it that their country does take advantage of its opportunities. I think we have a great Government and only through full use of the public sector, in cooperation with the private sector, can we see a healthy America in the future. We must not destroy the Government with the Gramm-Latta substitute.

● Mr. BROWN of Ohio. Mr. Chairman, President Reagan's economic program represents a major change in both political philosophy and economic policy. From the days of the New Deal, whenever economic ills arose, the solution has been to set up new Federal programs, sometimes financed by increased Federal deficits, sometimes by increased taxes. In other words, the Government has played an ever-increasing role in our lives, from the cradle to the grave.

Here is what has happened: In 1933, Federal spending as a percent of gross national product was 7 percent. By 1980, it was 23 percent. In 1933, Federal taxes took 7 percent of national income. By 1980, the share was 25 percent. If you include State and local taxes, government is now absorbing 39 percent of national income and the average American works from January 1 until May 12 before he starts earning his keep.

President Reagan proposes an about-face. The Government's share of economic activity will be curtailed and the private sector will be allowed to increase.

This economic and political policy switch will take place through three devices—reduced Federal spending, reduced Federal taxes and reduced Federal regulation. In addition, monetary policy will be put on a noninflationary course.

The Reagan economic program will increase productivity and economic growth, reduce unemployment and Federal deficits, fight inflation and improve the standard of living for all Americans.

The Latta substitute embodying the President's program is built on supply-side principles that will give us strong economic growth. Admittedly, the budget deficit is slightly higher under the Latta substitute than under the Budget committee proposal. But the foundation for long-term economic growth and prosperity is much more solid under the Reagan plan than in the budget Committee version.

The core of the debate is the difference in tax policy. The spending totals are larger under the Budget Committee proposal, but the personal tax cuts are considerably smaller, and the economic benefits are thus greatly watered down.

There seems to be little controversy over the business depreciation provisions. Almost everyone agreees that these tax revisions must come, and the overwhelming cosponsorship of the so-called 10-5-3 proposal in both the House and Senate assures that they will come.

But the more controversial personal tax cuts are equally important.

In the mid-1970's the Republican members of the Joint Economic Committee began to worry mightily about a sickening trend in the U.S. economy. For a decade and half, inflation and unemployment in the United States have been fluctuating together—not as offsets to each other, but as unholy companions—rising together on a roller coaster of higher and higher peaks and troughs—with each peak and each trough higher than the last one. The result has been a gradual stifling of real economic growth and a decline in real wages for Americans; and a new economic label has become a household word—stagflation.

Giving rise to this sorry economic performance has been an economic policy that has been based for 45 years on Keynesian demand management. The economy has been juiced up or slowed down by stop-and-go Federal fiscal policy, primarily by increasing or decreasing Federal budget deficits.

The Joint Economic Committee Republicans decided it was time to launch out into brandnew policy directions. The old policy prescriptions simply were not working. The JEC Republicans began to embrace, develop, and refine so-called supply-side economics. We were joined in this effort in the 1979 and 1980 JEC reports by the Democrats, under the leadership of Senator LLOYD BENTSEN.

The program called for moderately tight monetary policy, Federal spending restraint, reduced tax burdens on both businesses and individuals, and reduced regulatory burdens. If the package sounds familiar, you are perceptive, because those are the exact planks of the Reagan program for economic recovery.

The Reagan administration has picked up the supply-side banner and has sallied forth with the policy prescriptions the Joint Economic Committee has been advancing for several years now.

The major analytical breakthrough in the Joint Economic Committee reports and in the Reagan program is that taxes affect decisions to work and save and invest by affecting rates of return on capital and labor by altering incentives.

In Keynesian analysis, it is the flow of funds in the spending stream that is important. In supply-side analysis, it is after tax rates of return and their impact on incentives to work, save, and invest that matter.

Supply-side economics is the economics of growth. Tax cuts of the right kind first lead to changes in supplies of labor and capital plant and equipment and then to output. Stepped-up output hits at both sides of the stagflation cycle—it increases economic growth and employment, and it helps fight inflation by putting more goods on the shelves.

Looking only at ways to inject money into the system, Federal spending is viewed by Keynesians as more stimulative than tax reduction because part of a tax cut is saved. Saving is considered by Keynesians to be a drag on the economy. Yet saving is essential to investment and growth. The Keynesian models focus on the short run, not looking far enough ahead to the way saving would be borrowed and invested to enlarge capacity, remove inflationary bottlenecks, and reduce costs.

In Keynesian policy development, all policy variables are either placed on stop or go—everything moving in the same direction either to slow down demand or stimulate demand. If unemployment is rising, all policy tools are set to expand demand. If inflation is rising—and unemployment is falling—all policy tools are set to slow down demand.

An important concept not used by demand-oriented Keynesian economists is that fiscal policy can be split. It is not just one weapon. It can be two or more weapons. A gradual reduction in the rate of growth of the money supply and a tight Federal spending posture can be used to attack inflation. At the same time, tax cuts, carefully drafted to stimulate work effort, saving and investment, can be used to fight unemployment.

I realize there is public concern and concern in this body about the possible inflationary effects of the 3-year 10 percent personal tax cuts. When presented on its own merits, the polls show overwhelming public support for the tax cut program by a margin of better than 2 to 1. But when coupled with the question of a balanced Federal budget, the results are 2 to 1 the other way. To the question, "if you had to choose between balancing the Federal budget and cutting your Federal income taxes, which would you choose?", a recent NBC/Associated Press poll showed 64 percent favored a balanced Federal budget and 29 percent favored a cut in taxes. The problem is, the pollsters are asking a loaded question.

The question ought to read something like this: Would you prefer persistent and long-run deficits caused by unemployment and a sluggish economy, or would you prefer short-run deficits caused by tax cuts, but followed by strong economic growth, rising employment, and balanced budgets?

I realize the latter question is more complicated and difficult to grasp. But it is the more appropriate question, and there is sound economic basis for it.

Federal deficits are caused to a considerable extent by economic conditions—unemployment and inflation. Under the onslaught of these two economic forces, the Federal budget dispenses remedial aid with almost reckless abandon. As the economy softens and unemployment rises, automatic stabilizers come into play to produce outlay spasms throughout the budget. And on the other side of the stagflation coin, with increased inflation come increased outlays for indexed entitlement programs.

For example, during the last 6 months of 1980, Federal expenditures rose by $36 billion, from a $613 billion annual rate to $639 billion; $26 billion of this increase was due to automatic budget responses to sluggish economic conditions and inflation, the two things the Reagan program is designed to correct. There was a $9 billion increase in programs tied to unemployment—unemployment insurance benefits, assistance payments, medicaid and food stamps. Also, when private sector orders soften, Federal defense and brick and mortar contractors tend to speed up delivery on contract work. This added $8 billion to the budget.

On the inflation front, nearly $6 billion in added Federal costs arose last year due to indexed social security and pension benefits and due to price reestimates for food assistance, medicaid and defense fuel costs. Another $3 billion came from interest rates—caused by inflation—and their impact on the Federal debt, FSLIC outlays, and student loans.

We cannot really hope to have balanced budgets in the long run without vigorous economic growth. The full personal tax cut package is crucial to that vigorous economic growth. We will have to absorb some short-run deficits while the tax cuts do their work. But with patience, by 1984 and beyond, we will reap the benefits of this courageous economic program. We will have budget surpluses and vigorous economic growth at the same time.

Let me illustrate to you how potent a little more economic growth can be. If U.S. real GNP had grown only 1½ percentage points faster each year since 1950, today we would have a $3¾ trillion economy instead of a $2.6 trillion economy. With an economy that size, we would have $200 billion more in Federal revenues, balanced budgets, stable prices, 50 percent higher living standards, millions more jobs, a solvent social security system, a productive economy three times the size of the Soviet Union's instead of twice their size, and unquestioned military superiority. Economic growth of this magnitude is not unrealistic—it was achieved by our industrial competitors in Europe during this period.

I want to make two more important points regarding the tax cuts.

Even if short-term budget deficits result from tax cuts, the savings that the tax cuts will generate in the private sector will help to finance the deficits and thus ease the burdens on the credit markets in a noninflationary way. In other words, deficits are not inherently inflationary. Witness the situation in both Japan and West Germany. In both countries, deficits over the years have been larger relative to gross national product than in the United States, but the inflation rate has been much lower. Why? The answer lies in the higher rate of national saving in those countries relative to ours, a savings rate in the private sector sufficiently large to offset the very high rate of dissaving in the public sector.

Accelerated depreciation will increase business saving. And across-the-board tax cuts stimulate saving both directly by increasing disposable income available for saving and indirectly by changing the relative prices of saving versus consumption. More specifically, the after-tax rate of return on each additional dollar saved would increase—thereby giving a boost to the incentive to save.

Regardless of the economic rationale for the 3-year 10-percent personal tax cuts, the American public deserves the cuts.

When you come right down to it, the Reagan proposal is not a tax cut at all. It is only a return to the public of the results of taxflation. For every 1-percent increase in inflation and the accompanying wage increases, there is a 1.7-percent increase in Federal revenue as taxpayers are pushed into higher tax brackets. Unless the Reagan personal tax cuts are enacted, the median-income family, which is in the 24-percent bracket today, will be in the 32-percent bracket by 1984.

Without any changes whatever in existing tax laws, social security taxes and income taxes will rise dramatically over the next 5 years. For example, in fiscal year 1982 social security taxes will rise by $18 billion and income taxes by $37 billion, a total of $55 billion. The 10-percent tax cut proposed for the first year will reduce taxes by $51 billion—a net tax increase of $4 billion in 1982. This does not take into account any feedback effects from the tax cut as economic activity is stimulated.

It is my hope that if there are any alterations in the President's tax proposals they can be restricted to those which sharpen and refine its incentive-oriented supply-side thrust and which focus even more intensively on savings and investment aimed at economic growth.

The Reagan budget package, represented in the Latta substitute, is a blueprint for economic growth, rising employment, and reduced inflation. The Budget Committee proposal, on the other hand, still clings to the outmoded Keynesian approach, which has given us 15 years of frustrating stagflation.

It is time for a new approach. Government tax policy, budget policy, monetary policy, and the regulatory policy which make up the Reagan program will give us the results we are seeking. Let us get on with it.●

● Mr. FOGLIETTA. Mr. Chairman, I am supporting the budget amendment of the Congressional Black Caucus because I believe that it is the most responsive to the economic needs of this Nation and the priorities of the American people.

When I first took office last January, I set two goals for myself: To serve my constituents and to be an effective and compassionate legislator. The criteria which I established are as follows: The essential interests of the older cities such as Philadelphia must not be compromised; the rights of the poor to live in dignity must be assured; the opportunity for families to own their own homes and to send their children to good schools must be protected; and the rights guaranteed to all under the U.S. Constitution must be defended.

I am in agreement with President Reagan's analysis that all of these concerns depend in large measure upon our ability as a Nation to bring inflation under control. I also share the President's belief that we must balance the Federal budget in order to reduce inflation. Unfortunately, the President has not offered us a balanced budget. The Congressional Black Caucus budget is in balance. It achieves the necessary reduction in Federal spending by cutting waste and closing tax loopholes for the wealthy. At the same time, it provides tax reduction for low- and moderate-income taxpayers, and reduces business taxes to offset the increase in the social security tax. The Congressional Black Caucus budget also addresses the inflationary impact of foreign oil imports by supporting energy self-sufficiency, and conservation.

Equally important, the budget proposed by the Congressional Black Caucus, unlike the administration proposal, provides support for the pro-

grams which have been established by Congress over the years to respond to the needs of the older cities, the poor, and the disadvantaged. In his last appearance before Congress that great American Hubert Humphrey stated:

> The moral test of government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy and the handicapped.

While the President pays lipservice to these ideals, the massive cuts in social programs the administration has endorsed create gaping holes in the so-called safety net for the poor which he has promised to maintain. Cuts in medicaid, food stamps, and legal services belie the assertion that the "truly needy" will not be affected. Most directly affected, however, are the programs which provide our disadvantaged citizens with the opportunity to become self-sufficient; that is, aid to education, rehabilitation for the handicapped, job training, and employment. In the long run, these cuts would not save money, but would only increase the public burden by imposing dependency upon individuals who could, with appropriate assistance, become productive members of society.

The cuts which the administration proposes in mass transit and support for revitalizing our older cities also represents false economy. Our economy is in a decline because we have invested too little, rather than too much, in maintaining our industrial base and the public infrastructure essential to industry. We have only to consider the sorry state of our once great mass transit system, and the decline of our major cities, to be convinced that we have failed miserably in preserving the rich heritage which was entrusted to us.

The prosperity of this Nation, which was until lately the envy of the world, was built around an extensive system of waterways and railroads, which carried raw materials to industrial plants and goods to markets. Our cities were established as compact, energy efficient centers of trade, industry and culture at the crossroads of these transportation networks. In the last several decades we have virtually abandoned this system of mass transit in favor of highway construction. We have neglected our major cities to promote urban sprawl. Most regrettable of all, we have rejected out own people, as we have encouraged industry to permit plants in older cities to deteriorate and close, as it reinvests its capital in more remote areas and, to an ever increasing degree, in foreign countries.

This policy of industrial divestiture and neglect of our urban infrastructure has been encouraged by Federal subsidies and favorable tax treatment. It has also been fueled by cheap energy, which we optimistically expected would last forever. Now we are paying the price. Now we must recognize that the wasteful use of imported oil poses a major theat to our economy, as well as to our national defense.

The Reagan economic program is totally unresponsive to these critical issues which confront us as a nation. Instead of encouraging energy conservation, it cuts operating subsidies for mass transit, endangering the very existance of our rail and local mass transit systems. Instead of revitalizing our older cities, it eliminates programs like UDAG, which have proved effective in attracting private capital to invest in the cities. Instead of promoting employment, it eliminates programs which create jobs and casts willing workers into a so-called safety net of permanent dependency. Instead of stimulating the renewal of our industrial base, it gives a blank check to the wealthy to export capital which is sorely needed here, and move more jobs out of the country.

I agree with the Congressional Black Caucus. This is not a time for laissez-faire economics. This is a time to rebuild our mass transit system, so that we are no longer dependent upon foreign oil. It is a time to revitalize the lifeblood of our major cities. It is a time to give jobs to our workers, and useful skills to our young people. This is the time to reinvest in our country, and reaffirm our commitment to preserving the heritage which has made this Nation great.●

Mr. JONES of Oklahoma. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MURTHA) having assumed the chair, Mr. FROST, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, had come to no resolution thereon.

GENERAL LEAVE

Mr. ROEMER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of the special order today by the gentleman from Alabama (Mr. FLIPPO).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

REAGAN BUDGET UNRESPONSIVE TO ELDERLY

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I rise today to speak out for our Nation's 25 million elderly who see their Government losing hold on an inflation-stricken health care system at their expense, and as unresponsive to their special needs.

It is no small wonder why retirement years for many older Americans are years of anxiety and fear. Despite our efforts over the years, Mr. Speaker, to expand coverage, the elderly now pay more for health care than when medicare was enacted 15 years ago. In fact, the average health care bill has reached $2,026 a year when over 60 percent of the elderly living alone make less than $4,999.

While I wholeheartedly endorse efforts to curtail Federal spending, I am afraid that the approach of the Reagan administration as presented in the Gramm-Latta substitute preys too heavily upon the elderly and will have the unfortunate effect of forcing increased numbers of elderly to accept the indignities of public support. Yes we must act responsibly, but we must also avoid short-sighted and illogical budget cuts that undermine efforts in recent years to provide the least costly and most humane setting for meeting the special chronic health care needs of the elderly—in the home.

It is sheer folly to accept the Gramm-Latta notion that its health care proposals—particularly its medicaid cap and the rescission of important medicare expansions approved overwhelmingly by the Congress last year—represent cost savings to the taxpayer. The facts are that any gains from the increased flexibility granted to the States will be more than offset by the combined impact on the medicaid program alone of the proposed medicaid cap, curtailment of medicare home health expansions, and the many serious human service program cuts we can expect the result of the administration's block grant proposals.

Accepting these changes would be to rob the States of any ability to deal with real medicaid cost containment issues, particularly rampant fraud and abuse and its clear bias toward more expensive and often inappropriate institutional care. In fact, recent studies show us that as many as 40 percent of nursing home residents need not be there at all. With nursing home costs expected to reach $42.4 billion by 1985, or three and one-half times what they were in 1977, we should be fostering greater independence not dependence on Government support.

We must reject the Gramm-Latta substitute which cuts deeply into the

funding of community-based medical and social services which are critical components of the kind of support network that enables the disabled and the elderly to remain in their own homes and out of institutions. The proposed social services block grant with a 25-percent cut in Federal funding would result in the senseless curtailment of services in many States for elderly transportation and nutrition programs, community mental health centers, alcohol detoxification programs, home health, and adult day care, vocational rehabilitation, and many other group home and social service programs. Coupled with its other proposals restrict food stamp and fuel assistance funding, and to rescind medicare improvements enacted last year, the Gramm-Latta substitute will result in significantly higher not lower medicaid expenditures and provide for an even greater institutional bias to our health care system.

Together we can affirm our promise to the elderly of this Nation that they will indeed have the opportunity to live their remaining years in decency and dignity. together we can meet short-term objectives to curtail Federal spending, but we can only do this in a fashion sensitive and responsive to the special needs of our elderly by adopting the Budget Committee resolution as offered by its distinguished chairman, Mr. JONES. Thank you, Mr. Speaker.

LEGAL SERVICES CORPORATION

(Mr. SENSENBRENNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SENSENBRENNER Mr. Speaker, on May 1, the Comptroller General of the United States concluded that the Legal Services Corporation "has itself engaged in and allowed its grant recipients to engage in lobbying activities prohibited by Federal law." The Comptroller General also concluded the Legal Services Corporation failed to implement a series of steps it recommended in an earlier opinion to Congressman BEN GILMAN.

The Comptroller General based his opinion on the contents of several LSC memoranda outlining a program of grassroots lobbying activity being conducted by the Corporation, and its grant recepients.

Mr. Speaker, What is most distrubing to me is that the antilobbying prohibitions adopted by Congress in both the Legal Services Corporation Act and the Moorhead amendment which has been contained in all appropriations acts since 1972 has been virtually ignored. The arrogance of certain LSC staff demonstrates these individuals feel they are above the law. This type of conduct makes it exceedingly difficult for me to justify continuation of this program. This attitude also makes it very difficult to draft corrective legislation, because it will probably be ignored.

Mr. Speaker, I include at this point the Comptroller General's opinion, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington D.C., May 1, 1981.

Hon. F. JAMES SENSENBRENNER, Jr.,
House of Representatives.

DEAR MR. SENSENBRENNER: This is in response to your request that this Office investigate the possible misuse of appropriated funds by the Legal Services Corporation (LSC) for lobbying and political activities. In support of your allegations, you provided us with copies of a number of LSC memoranda covering the period from March 1980 until March 1981. After reviewing this material we have concluded that LSC has itself engaged and allowed its grant recipients to engage in lobbying activities prohibited by Federal law. However, we did not find that LSC had engaged in prohibited political activities.

The LSC memoranda indicate that LSC developed a detailed plan designed to urge members of the public interested in its legal assistance programs to contact Members of Congress and communicate their support for LSC reauthorization legislation and LSC appropriations measures being considered by the Congress. Over the years, LSC has encouraged groups interested in legal assistance at the local, regional, and state levels to support its legislative program. The organizations include such groups as LSC fund recipients; clients' councils; the National Legal Aid and Defense Association (NLADA), an organization of poverty lawyers; the National Organization of Legal Services Workers, an employee organization of legal assistance workers; migrant farm worker groups, bar associations; and similar groups. The effectiveness of the organization depends heavily on a State Coordinator to serve as link between LSC headquarters and the State organization. Normally, the State Coordinator is an employee or official or a recipient organization, as opposed to being an employee of the LSC itself. Officials of LSC's Office of Government Relations communicate frequently with State Coordinators and develop strategy about how local members of the State's Congressional delegation can best be approached, how the local support base can be increased, and how certain methods have proven successful in other states. In addition to serving as a communications link and coordinating the activities of local groups, State Coordinators are also responsible for reporting information back to LSC headquarters.

Early in 1980, LSC formed a coalition with the Project Advisory Group (PAG), a national organization of legal services programs, to direct a lobbying campaign in support of LSC reauthorization and appropriation legislation being considered by the Congress. In April 1980, Dan J. Bradley, President, LSC, and Charles H. Dorsey, Chairperson, PAG, sent a joint letter to Legal Services Project Directors, the heads of recipient organizations, initiating the lobbying efforts as follows:

"The Legal Services Corporation and the Project Advisory Group are engaged in a joint effort to protect the interests of legal services programs and clients in current Congressional consideration of the Legal Services Corporation Act and appropriations for fiscal year 1981. We are sending this letter to bring you up to date on this pending legislation and to inform you particularly of the serious efforts in Congress to impose further restrictions on legal services work and to limit our appropriation.

"On the issue of funding, a major threat is posed by the general budget-cutting pressures on Congress and the Administration. Even strong supporters of legal services have agreed to a balanced budget in 1981. This means that both the House and Senate Budget Committees are looking more critically at funding for legal services than ever before, and could restrict the Appropriations Committees' ability to adequately fund the program for next year. You will recall that the Corporation requested $353 million for 1981. PAG is urging $403 million. The White House is supporting $321 million. Some members of the House Budget Committee proposed termination of legal services. That was not seriously debated, but a subsequent effort to reduce funds to $278 million lost narrowly by a vote of 11 to 14.

"At the time of this writing, resolutions from both the House and Senate Budget Committees would permit appropriations of as much as $321 million. It is certain, however, that further efforts to cut the budget will be made on the floor of both the House and the Senate. Such proposed cuts could be specific to legal services or could be across-the-board reductions for all spending. The budget resolutions will be debated on the floor in late April or early May.

"The House and Senate Appropriations Committees will set the actual 1981 appropriations figure for legal services once Congress has adopted the budget resolution setting the outer limits. Markup on appropriations bills will probably occur in mid to late May.

"The House Judiciary Committee and the Senate Labor and Human Resources Committee are considering bills to extend the Legal Services Corporation Act. The leaders of both Committees want a simple extension of the law, with no amendments—a position supported by both the Corporation and PAG. The House Bill, H.R. 6386, is a three-year authorization. The Senate bill, S. 2337, is a two-year bill. Both have been reported from the appropriate subcommittee and will be considered by the respective full committees hopefully before the end of April.

"We have clear indications that a number of crippling amendments will be proposed—either in full Committee or on the floor of the House and Senate. Among those now being discussed are further restrictions on legislative representation, representation in certain abortion cases, representation of aliens, and recovery of attorneys' fees. None of these are easy issues. All of them are important to effective legal services work. We must not underestimate the risk that such amendments present this year.

"Both the Corporation and PAG have added temporary personnel in Washington to better assure that the interests of legal services programs and clients are heard as these issues are debated in the coming weeks and months. * * *"

On April 3, 1980, LSC sent out a packet of materials addressed to: "Persons Coordinating Congressional Relations" that included instructions on effective lobbying of members of Congress at the local level for LSC legislation. The materials provided were as follows:

"1. A statement of 'what needs to be done' and 'what to send us.'

"2. A Legislative update of April 3, 1980, from Anh Tu.

"3. Fact sheets and background information on the LSC reauthorization and appropriation, including membership lists of the appropriate House and Senate Committees.

"4. One page fact sheet/handouts on possible restrictive amendments.

"5. Examples of supportive Bar letters and resolutions.

"6. Examples of favorable editorials.

"7. Examples of supportive letters from public officials.

"8. A list of state coordinators for the legislative effort. (State coordinators will also receive materials, excerpted from the Congressional Staff Directory, indicating the Washington and local office addresses and phone numbers, and the key staff of each member of their state's Congressional delegation.)

"Note: Please be in touch with your state coordinator before initiating Congressional contacts, editorials, or support from other suggested sources so that efforts can be coordinated among the various legal service supporters in your state."

The "what needs to be done" brochure gives specific and detailed guidance to local lobbyists. The brochure reads as follows:

"1. Visiting Members of Congress. During the Congressional recess, April 4–14, many members of Congress will be in their districts and can be approached by constituents supportive of legal services. For example, visits on behalf of legal services might be made by delegations of bar and law school leaders, public officials, prominent figures in the party of the member, heads of major contributing organizations (e.g. labor unions), heads of broad-based constituent organizations (e.g. council of churches, League of Women Voters, Common Cause) and individual campaign contributors.

"Note: It is important to consider which of the above will be more influential with respect to a given member of Congress. Many members will want to hear from legal services staff themselves, but in most cases, it is better to rely on your supporters in the bar and other constituent groups to make Congressional contacts. (Instructions attached)

"2. Securing Local and State Bar Support. Supportive resolutions of local and state bar association and contacts by bar leaders with members of Congress are effective means of indicating concern to Congress.

"3. Obtaining Supportive Editorials. Seek editorial support in local papers.

"4. Alerting Constituents. Many Congressional constituents will be concerned about legal services if they are alerted to the problems we face. These include: local and state labor organizations; businesses and business organizations; church groups including local council of churches or statewide conferences, such as the statewide Catholic conference which exists in most states; broad-based constituent organizations (such as the League of Women Voters, Common Cause); civil rights organizations; antihunger coalitions; social service organizations (most states have some organization involved in the delivery of human resources); and individual campaign contributors.

"Also, client and poor people's organizations, such as the National Clients Council chapters, blockclubs, community economic development corporations, should be informed.

"5. Alerting Public Officials. State legislators, governors local legislators, and prominent individuals in the political party of the Representative or Senator may be concerned about legal services if they are alerted to the problems our clients will face if LSC's budget is cut or our services are restricted.

"6. Informing Us of Problems. Finally, it is important to determine if members of Congress or their staff have heard allegations of wrong-doing by a legal services program, and promptly provide a memorandum of fact to us along with as much supporting evidence as possible."

LSC also instructed local lobbyists in the "what to send us" brochure that they were responsible for providing LSC with after-action reports of their lobbying efforts. The data desired were as follows:

"Please provide State Coordinators and the LSC Office of Government Relations with all actual products of your efforts, including editorials, communications by individuals and organizations, and other information.

"Specifically, with regard to all House and Senate contacts please provide us with a report of:

"(1) the member of Congress (and staff) contacted,

"(2) persons (and their positions) making the contacts,

"(3) the Member's (and staff's) attitude toward

"(a) Legal services in general, and

"(b) any specific provisions of the legislation or amendments discussed, and

"(4) materials or information we should deliver to the member's Washington office."

The packet contained instructions on the preparation which supporters of LSC legislation should make before visiting their Congressmen or Senators. Lobbyists were advised to familiarize themselves with the background of the Member and select highly respected persons from the district to accompany the visiting delegation. The delegation was to familiarize itself with LSC reauthorization and appropriation issues and emphasize the significance of these issues to the Member.

The packet also included background information on the LSC reauthorization and appropriation issues. This material urged support for H.R. 6386 without amendment in the House and S. 2337 as reported out of the Senate Subcommittee on Employment, Poverty and Migratory Labor. The background information also urged opposition to any amendment that would (1) restrict legislative representation, (2) restrict the ability of legal services programs to represent aliens, (3) restrict the right of a legal services program to receive court-awarded fees upon successful completion of litigation, (4) limit the right of employees of legal services programs to join labor unions, (5) limit legal services representation in abortion proceedings, or (6) require legal services attorneys to negotiate prior to the initiation of litigation.

The packet included several examples of support for LSC reauthorization and appropriations in the form of editorials, local and State bar association letters, and letters from public officials. It was pointed out that such items had been helpful in demonstrating to Members of Congress the support for LSC in the local area.

Similar packets were sent out from the LSC Office of Government Relations and PAG to State Coordinators about once each month. These subsequent packets contained specific guidance, depending on the then-current status of LSC legislation, as to the lobbying efforts that were needed at the local level.

There is little question that the communications set forth in detail above constitute "lobbying", as the term is used in the applicable restrictive legislation and construed in our decisions. "Lobbying" activities are prohibited by provisions of the Legal Services Corporation Act of 1974, as amended (42 U.S.C. § 2996 et seq.) and restrictions contained in various appropriation Acts applicable to Federal funds expended by the Corporation. (See later discussions of these statutes.)

Under the provisions of 42 U.S.C. § 2996e(c), the Corporation itself, as distinguished from recipients of funding through the Corporation, is prohibited from attempting to influence the passage or defeat of any legislation before the Congress, except that Corporation personnel "* * * may testify or make other *appropriate* communication (A) when formally requested to do so by a legislative body, a committee, or a member thereof or (B) in connection with legislation or appropriations directly affecting the activities of the Corporation." (Emphasis added.)

In construing the exception, we think the phrase "* * * testify or make other appropriate communication * * *" is significant. Clearly, Congress did not intend the statutory prohibition against lobbying to preclude Corporation personnel from testifying before that body nor do we think that the Congress meant to preclude the Corporation from providing to the Congress the kind of data that Executive agencies and Departments normally supply when requested to do so or when they desire to express their views on legislative proposals. In construing other statutory restrictions against lobbying by officials of Executive agencies and departments (for example, § 607(a) of the Treasury, Postal Service, and General Government Appropriation Act, discussed infra), we have consistently recognized that these officials have a legitimate interest in communicating with the public and with legislators regarding their policies and activities. When their policies or activities are affected by pending or proposed legislation, discussion by officials of that policy or activity will necessarily, either explicitly or by implication, refer to such legislation and will presumably be either in support of or in opposition to it. Accordingly, we have always construed other anti-lobbying restrictions as permitting officials to express their views on pending or proposed legislation as it affects their policies and activities directly to Congress or to the public. 56 Comp. Gen. 889 (1977); B–128938 July 12, 1976.

On the other hand, we have construed these other statutory anti-lobbying restrictions as prohibiting agency and department officials from engaging in "grass roots" lobbying, involving appeals addressed to the public at large or to selected individuals suggesting that they contact their elected representatives and indicate their support of or opposition to legislation being considered by the Congress. 50 Comp. Gen. 115 (1979). In other words, direct communication of its views by Corporation personnel to Members or Committees of the Congress is permissible; drumming up support for the same purpose outside the Corporation is not.

Accordingly, we do not think that the efforts by Corporation officials or employees to appeal to members of the public or the legal assistance community to contact their elected representatives in the Congress on

behalf of legislative positions of the Corporation constitute "other appropriate communication."

LSC has broadly construed the exception in 42 U.S.C. § 2996e(c)(2), which reads "* * * except that personnel of the Corporation may testify or make other appropriate communication * * * in connection with legislation or appropriations directly affecting the activities of the Corporation", contending that this exception authorizes Corporation personnel to engage in all activities necessary to influence legislation and appropriation measures that directly affect the Corporation, including grass roots lobbying activities. We are unaware of any support for such a broad construction in the legislative history of this provision or elsewhere.

Indeed, the Conference Report to accompany H.R. 7824, the Legal Services Corporation Act of 1974 (S. Rep. No. 93-845, 92d Cong., 2d Sess. 22), supports our construction of the exception. The report states:

"Both the House bill and the Senate amendment prohibit the Corporation from undertaking to influence the passage or defeat of any legislation by the Congress or by any State or local legislative body. The Senate amendment allowed the Corporation to testify *and make appropriate comment in connection with legislation or appropriations directly affecting the activity of the Corporation.* The house bill contained no comparable provision. The House recedes." (Emphasis added.)

As can be seen from the Conference Report, the exception was understood to allow only testimony and appropriate comment on legislation affecting the Corporation, which is consistent with our construction.

With regard to the use of funds by recipients of LSC assistance, under the provisions of 42 U.S.C. § 2996f(a)(5), the Corporation is charged with the responsibility of insuring that recipients do not use appropriated funds to influence the passage or defeat of legislation pending before the Congress except when representing a client or when:

"(B) a governmental agency, legislative body, a committee, or a member thereof

"(i) requests personnel of the recipient to testify, draft, or review measures or to make representations to such agency, body, committee, or member, or

"(ii) is considering a measure directly affecting the activities under this title of the recipient or the Corporation."

The exception in 42 U.S.C. § 2996f(a)(B)(ii), quoted above, should be given the same construction as the similar provision applicable to LSC personnel in 42 U.S.C. § 2996e(c)(2)(B), discussed above. That is, it should be construed so as to preclude expenditures of appropriated funds by recipients for grass roots lobbying. Here again, the Corporation has erroneously construed this exception broadly to permit recipients to expend appropriated funds to solicit others to contact their congressmen in connection with legislation affecting the recipient or the Corporation. For the reasons outlined above, we believe the Corporation's construction is improper. LSC has, however, promulgated regulations in 45 CFR § 1612.4 that implement its erroneous interpretation of this statutory provision as follows:

"(a) No funds made available to a recipient by the Corporation shall be used, directly or indirectly, to support activities intended to influence the issuance, amendment, or revocation of any executive or administrative order or regulation of a Federal, State or local agency, or to influence the passage or defeat of any legislation by the Congress of the United States or by any State or local legislative body or State proposals by initiative petition."

* * * * *

"(3) An employee may engage in such activities if a government agency, legislative body, committee, or member thereof is considering a measure directly affecting the activities under the Act of the recipient or the Corporation."

As currently worded, these regulations authorize LSC fund recipients to expend appropriated funds for grass roots lobbying campaigns in support of legislation or appropriation measures that directly affect the activities of the recipient or the Corporation. In our opinion, to Representative Gilman, B-163762, November 24, 1980, (copy enclosed), we noted certain deficiencies in these regulations and wrote to the President of the Corporation recommending that he take appropriate action to amend the regulations to implement adequately the statutory restrictions on lobbying. The Corporation has not, however, acted on our recommendations.

In addition to the limitations on lobbying activities in the above cited statutory provisions, annual appropriation act restrictions have, throughout the existence of the legal assistance program, also curtailed such activities. Section 607(a) of the Treasury, Postal Service, and General Government Appropriation Act, the language of which has been included in the Act every year since 1972, provides as follows:

"No part of any appropriation contained in this *or any other Act, or of the funds available for expenditure by any corporation* or agency, shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress." (Emphasis added)

We have construed section 607(a) as prohibiting the expenditure of Federal funds by Executive agencies and Government corporations for activities involving appeals addressed to members of the public suggesting that they contact Members of Congress and indicate support of or opposition to legislation pending before Congress, or that they urge their congressional representatives to vote in a particular manner. 56 Comp. Gen. 889, supra.

We understand from discussions with the LSC General Counsel that LSC does not consider the restriction against lobbying activities contained in § 607(a) to be applicable to its appropriations because, when § 607(a) was first enacted in 1972, the Legal Services Corporation Act of 1974 (42 U.S.C. § 2996 et seq.) had not been enacted into law. The fallacy in LSC's argument is that appropriation Acts are enacted annually and restrictions in them apply to the use of funds for the fiscal year for which the appropriation was made. An appropriation restriction may forbid the use of funds by an agency even for some activity authorized in its organic legislation. In such a case, the restriction takes precedence over the organic legislation; that is, the agency would have substantive authority to carry on a certain activity but would have no funds available to spend on it. Section 607(a) has been enacted in the same form each year since 1972 and is, by its terms applicable to appropriations contained in all appropriation acts. The § 607(a) restriction against the use of Federal funds for lobbying has thus been applicable to each annual appropriation the LSC has received.

Apparently LSC's interpretation that § 607(a) was not applicable to its appropriations and aggressive legislative representation by program personnel at the State level led the Congress to enact a provision similar to § 607(a), but expanded to cover State legislatures as well as the Congress, as proviso to fiscal year 1979 appropriations provided for LSC in the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1979 (Pub. L. 95-431, October 10, 1978, 92 Stat. 1021). This proviso, known as the Moorhead Amendment, reads as follows:

"* * * *Provided*, No part of this appropriation shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress or any State legislature."

The Moorhead amendment has been applicable to the Corporation's appropriations each year since it was first introduced and enacted in 1978. Under this restriction, appropriated funds may not be used by recipients to appeal to members of the public to urge their elected representatives to support or defeat legislation pending in the Congress or in any State legislature. LSC has also failed to implement this restriction.

In summary, through the use of recipient organizations and their contacts at the State and local level, LSC has developed an extensive lobbying campaign to support reauthorization legislation for the corporation and related appropriation measures being considered by the Congress. This activity violates the anti-lobbying statutory and appropriation restrictions described above.

Because LSC's regulations and current policies appear to authorize recipients to expend appropriated funds for prohibited lobbying activities in derogation of the above-cited restrictions, we do not think, as a practical matter, that the Government would be successful in attempting to recover the illegally expended sums from the recipients. Also, because we are not authorized to settle the accounts of the Corporation, we are unable to take exception to these illegal payments. We have however, written the President of the Corporation informing him that we are advising both the Senate and House Appropriations and Judiciary Committees that the Corporation is expending Federal funds in violation of the above cited statutory and appropriations restrictions. In that same letter, we reiterate the recommendations in our opinion, B-163762, November 24, 1980.

We also reviewed the memoranda that you gave us for possible violations of restrictions on political activities contained in 42 U.S.C. § 2996e(e) and 42 U.S.C. § 2996f(a) by employees of either the Corporation or recipients. These restrictions are primarily designed to prohibit the Corporation or its recipients from assisting a political party or a candidate for public office. Our review did not uncover any evidence of such violations.

We trust this opinion is responsive to your request. If we can be of further assistance, please call on us.

Sincerely yours,

MILTON J. SOCLAR,
Acting Comptroller General of the United States.

KANSAS SCHOLARSHIP WINNER NIXES "ME" GENERATION

(Mr. ROBERTS of Kansas asked and was given permission to address the House for 1 minute and to revise

and extend his remarks and include extraneous matter.)

Mr. ROBERTS of Kansas. Mr. Speaker, today, as we address the economic problems of our country, I would like to bring to the attention of my colleagues, a speech by Virgil Wiebe of Garden City, Kans.

Virgil is a young man whose remarks were selected by the Veterans of Foreign Wars in Kansas in its 1980-81 voice of democracy scholarship program.

Virgil, a high school senior, points out that in the last decade special interests have nearly taken over our Nation's Capitol. He speaks of putting to rest the "me" generation, replacing that with a "we" generation. It is his advice that we strive to end the attitude born in the sixties to "do your own thing and forget about anyone else."

Mr. Speaker, it is refreshing to see this attitude of self-reliance and opportunity among our young people. It gives special meaning and impetus to our budget considerations today.

1980-81 V.F.W. VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM—KANSAS WINNER, VIRGIL WIEBE

Along with millions of other Americans, I sometimes find myself becoming disillusioned with many of the problems which face us each day. Problems which include moral decay, family strife, and runaway government.

As these problems increase, my and all Americans' commitments to our country must be strengthened and firmly established. In the Sixties and Seventies, the attitude of "do your own thing and forget about anyone else" was deeply entrenched in our society. This attitude must be reversed to keep America strong. It is time to end the "Me" generation and begin the "We" generation.

In helping to reach this goal, my commitment to my country falls into three basic areas; commitment to my family, commitment to my fellow citizens, and commitment to my government.

The family is society's most basic and necessary unit. When the family falls, society and government fall. Mencius, a great Chinese philosopher, recognized the importance of the family when he said, "The root of the state is in the family."

Of late, our society seems to be attempting suicide by way of outright attacks on the family. Television encourages extramarital affairs and stresses that scoring sexually is the ultimate achievement for a single person. "Living together" has become, and excuse the pun, a household word.

My part in stopping this death race is by committing myself to my family by respecting my parents and relatives and learning from them. Japan, as an excellent example, has become a powerful industrial nation because of strong family ties.

The second basic area mentioned was my commitment to my fellow citizens. Once again this goes against the grain. The recent bestseller, Looking Out for Number One, promotes selfgain over friendship and family. What it misses is the gratification and unity that can be found by developing friendships and serving others. In working as a helper in a local Bible club for grade school children, I have gained one of the best bargains obtainable. Spending only two hours a week, I come away with the priceless rewards of learning leadership abilities and cooperation skills. In working with these children, myself and my fellow workers are communicating the fact that cooperation and participation are not only beneficial to one's self, but also to one's community and nation.

I can expand on this area of commitment by increasing my role in the community and by multiplying my friendships across racial and ethnic ties. My own narrow views can be broadened and enriched as my friendships increase.

Allegiance to my government is the final link in being committed to my country.

Exercising my right to vote is, of course, the most obvious and easiest method of commitment under this area. Being only sixteen, I cannot as yet vote in local, state, or national elections, but I can and do take part in the selection of student government.

In addition to voting, the area second in importance under this commitment I feel is overlooked by many citizens. That area is voicing one's opinion and giving constructive criticism about one's government. In the last decade, special interests have practically taken over our nation's capitol. Sending letters to and talking with students, local, and national leaders are all involved in my commitment to my government. If I can loosen the grip of special interests on our officials just a little bit, I will have accomplished my goal.

In these past few minutes, I have presented my pledge of allegiance to my nation. In doing so, I have reestablished my hope and concern for the present and future generations of our great country. I have come to the inescapable conclusion that committed individuals, working together, make our republic what it is.

There is no doubt in my mind and heart that America, even in the midst of ever present turmoil, will remain the strong anchor by and for the people of her lands and of the world.

PILOTAGE ADVISORY COMMITTEE LEGISLATION

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, I am today introducing legislation to establish a Pilotage Regulatory Advisory Committee.

Maritime pilotage is as geographically and operationally diverse as it is technically complex and exacting. The establishment of national standards is an extremely complicated and difficult task, particularly since pilotage services are essentially local in nature.

In November 1980, the Coast Guard published proposed amendments to the current regulations governing the licensing of pilots.

Those proposed amendments drew extensive opposition, not only from the pilots themselves, but from vessel operators, port directors and shipmasters.

After reviewing the many detailed comments presented in writing and at four public hearings this winter, the Coast Guard has withdrawn the proposed amendments. That action is a tribute to the Coast Guard because it showed not many listened. They understood, and they were willing to back away from an obvious mistake: The public review system worked.

From that experience, an important lesson can be learned: and consultation with the individuals who are most familiar with the technical operations of the pilotage industry should have preceded the formal publication of proposed amendments.

Congress should establish a mechanism to facilitate consultation among the industry, the Coast Guard, the Secretary of Transportation, vessel operators, and port authorities. The legislation I am introducing would accomplish this goal. The bill would establish a 28-member committee composed of four representatives from each of the following groups: Licensed working pilots, licensed shipmasters, port authorities, pilot commissions, shippers, barge and towing operators, and deep-sea vessel operators.

The Secretary of Transportation is to appoint the members who will serve without compensation or reimbursement. Not only will this legislation not cost the Federal Government any money, it will actually save Government the expense incurred when unworkable regulations are proposed and then withdrawn.

The legislation authorizes no staff and establishes a procedure for the termination of the committee.

I would ask that my colleagues who are interested in maritime safety and pilotage consider joining me in sponsoring this legislation.

ROBERT K. DAWSON TAKES NEW RESPONSIBILITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. FLIPPO) is recognized for 30 minutes.

● Mr. FLIPPO. Mr. Speaker, as a member of the Committee on Public Works and Transportation, may I take this opportunity to pay tribute to an outstanding public servant who has left the committee to go on to additional opportunities of service in the administration.

Robert K. Dawson was recently appointed Deputy Assistant Secretary of the Army for Civil Works, a position in which his superb ability, unique experience, and dedication will be put to work for the entire Nation.

From 1974, until just recently, Mr. Dawson was administrator for the Committee on Public Works and Transportation. It will be extremely difficult, if not impossible, to replace him in that role.

This highly qualified gentleman is a native of Scottsboro, Ala., which is located in the district I represent. I should also point out that he worked with another distinguished Alabamian in that post, when the Honorable Robert E. Jones served the House as chairman of Public Works and Transportation.

Earlier, Mr. Dawson also served still another distinguished Alabamian, the Honorable JACK EDWARDS of Mobile, as legislative assistant for 2 years.

So, Mr. Speaker, this gentleman has served equally well on both sides of the aisle, and will be missed by members of both parties.

All who know Bob Dawson respect him as a competent, conscientious and dedicated worker and as a southern gentleman whose expertise we shall all miss. Bob has my most sincere commendations for a job well done in the House of Representatives.

I offer my heartiest congratulations to Mr. Dawson and wish him good luck, good health and Godspeed in the days ahead.

Mr. Speaker, several of my colleagues have indicated they want to join in the observations about Robert K. Dawson's service to the Congress: Hon. JAMES J. HOWARD of New Jersey; Hon. JACK EDWARDS of Alabama; Hon. GLENN ANDERSON of California; Hon. WILLIAM BONER of Tennessee; Hon. JOHN B. BREAUX of Louisiana; Hon. JAMES L. OBERSTAR of Minnesota; Hon. BOB EDGAR of Pennsylvania; Hon. ROBERT A. YOUNG of Missouri; Hon. GENE SNYDER of Kentucky; Hon. DON CLAUSEN of California.●

● Mr. SNYDER. Mr. Speaker, it is a distinct pleasure for me to bring to the attention of the House the appointment of Mr. Robert K. Dawson as Deputy Assistant Secretary of the Army for Civil Works.

Bob is no stranger to the Members of the House. For the last 7 years he has served as administrator for the Committee on Public Works and Transportation and prior to that he served as a legislative assistant to our colleague from Alabama, Congressman JACK EDWARDS.

We on the Public Works and Transportation Committee know Bob Dawson as an able and efficient staff member who is able to work with all Members on both sides of the aisle. We regret that he is leaving the committee but I must say that our new Republican administration certainly gains from our loss.

I might point out that I am heartened by the selection of Bob Dawson to be the Deputy Assistant Secretary because it signals that the Reagan administration recognizes the need for competent, qualified individuals to run our Government programs. During the 4 years of the Carter administration there was a confrontation between that administration and the Congress over water policy. In part, this was due to the fact that President Carter selected individuals for key positions who had little understanding of the water resources program. The selection of Bob Dawson as well as his boss, Assistant Secretary-Designate William Gianelli, demonstrates that President Reagan is selecting competent and knowledgeable officials who bring with them to their new jobs the leadership and ability necessary to manage and implement these important programs. Bob's extensive background in programs under the jurisdiction of the Public Works and Transportation Committee, including his staff initiatives on behalf of the Tennessee Valley Authority programs, will serve him well in his new position. I can honestly say that I am looking forward to working with him, not only on matters affecting the Public Works Committee but also on issues relating to Merchant Marine and Fisheries where I serve as the ranking minority member.

I would remiss if I did not observe that Bob Dawson came to the Public Works Committee during the chairmanship of former Congressman Robert E. Jones, our dear colleague from Scottsboro, Ala. Bob Jones is a very dear friend of mine and I miss his leadership. However, his legacy lives on and part of that legacy is Bob Dawson's service. I believe that Bob has learned ably at the knee of the master and his graciousness and ability reflect the obvious influence of his former next door neighbor, chairman Bob Jones.

In closing, I would like to observe that we will miss Bob as a dedicated staff member but we look forward to working with him in his new capacity. I congratulate him and wish every success to Bob and his lovely wife, Susan.●

● Mr. YOUNG of Missouri. Mr. Speaker, I take this opportunity to record my congratulations to Robert K. Dawson who has just left us as administrator of the Committee on Public Works and Transportation to join the administration as Deputy Assistant Secretary of the Army for Civil Works. Bob has been a true credit to this House and to the concept of "professional staff," and I know that every member of the committee shall sorely miss his leadership and fine example.

For almost 7 years, Bob handled the basic requirements of the committee's organization and operations, and he did so faultlessly. Since my very first days here in the Congress, I came to rely heavily on Bob whenever I needed to know something about my responsibilities and activities with the Committee on Public Works and Transportation. A master of the rules and procedures of the committee and of the House, you could always rely upon his calm, helpful, and straightforward response to any problem whether it be great or small. If it is true that a mark of a gentleman is his ability to treat all persons equally, then Bob surely qualifies as one of the finest young gentlemen associated with this body.

In addition to being a strong family man, Bob has remained active in his church, in athletics, and in volunteer social work as the leader of an accomplished group of folk Gospel singers. I congratulate Bob on his new position and consider his selection by the Reagan administration a harbinger of even better relations between the civil works functions of the Army and the Congress.●

● Mr. CLAUSEN. Mr. Speaker, it is my pleasure and privilege to take part in this opportunity to honor our distinguished public works and transportation administrator. Bob Dawson has truly been a cohesive force behind the successful operation of the Public Works and Transportation Committee and we are sorry to lose his expertise on the committee, but wish him every success in his position as Deputy Assistant Secretary of the Army for Civil Works.

As a veteran of the Public Works and Transportation Committee, I have seen quite a few changes in the development of the committee over my 18 years, but few changes have been as favorable as Bob's leadership over the past 7 years. His cooperation and efficiency in coordinating the Public Works and Transportation Committee has been most helpful. Each of us on the committee has enjoyed a special relationship with Bob and regard him most highly for his congenial and responsive attitude toward all members of the committee and the staff.

We regret the loss of such a fine gentleman from our ranks but we are sincere in our congratulations to Bob on his new position and we wish him much continued success in all future endeavors.●

● Mr. EDWARDS of Alabama. Mr. Speaker, I would like to take this opportunity to commend a young man—Robert K. (Bob) Dawson—who served as administrator of the House Committee on Public Works and Transportation from 1975 until recently when he accepted a post at the Pentagon, as a Deputy Assistant Secretary of the Army for Civil Works.

He served on my staff as a legislative assistant from 1972 to 1974.

Bob is one of the best lawyers I have known on Capitol Hill.

He is thorough, intelligent, and innovative and his integrity and loyalty are the highest caliber. His legal abilities are coupled with his experience during the last 6 years, managing a large congressional staff with a $3 million per year operating budget.

Because of Bob's experience in my office and on the Public Works Com-

mittee which has jurisdiction over the Army Corps of Engineers, he is imminently qualified to serve in his newly appointed position.

Bob is a graduate of the Cumberland School of Law at Samford University in Birmingham, Ala., and he is married and the father of two lovely children, Amy and Steve.

His professional abilities are exceeded only by his athletic prowess, being a former standout for Tulane University in football; and his singing talent, "He's Just A Scientist," being one of his most memorable renditions.

I extend best wishes to Bob in his new post with the administration.●

RAIL PASSENGER SERVICE REAUTHORIZATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LENT) is recognized for 5 minutes.

● Mr. LENT. Mr. Speaker, today, I am introducing by request the administration's bill to reauthorize the National Railroad Passenger Corporation (Amtrak).

First, this bill would authorize funds to be appropriated for Amtrak as follows: $613,000,000 for fiscal year 1982; $532,000,000 for fiscal year 1983; $417,000,000 for fiscal year 1984; $357,000,000 for fiscal year 1985; and $350,000,000 for fiscal year 1986

While these figures represent a gradual reduction in the level of financial support provided to Amtrak by the Federal Government, they are necessary, as the administration points, out, to reduce the Federal operating and capital grants which have grown so dramatically in recent years. Secretary of Transportation Drew Lewis points out in his letter of transmittal to the Congress that "[t]hrough fiscal 1980, Amtrak has received more than $4.2 billion in Federal grants." He also notes that presently "Federal subsidies cover approximately 60 percent of Amtrak's operating costs and 100 percent of its capital costs while passenger fares cover only approximately 40 percent of Amtrak's operating costs." He concludes by stating that such high levels of Federal support can no longer be sustained by the Federal budget.

Second, this bill would amend the Rail Passenger Service Act in several respects. First, it would require Amtrack beginning in fiscal year 1982 to price its services so that revenues would cover at least 50 percent of its total costs excluding capital costs. It would also increase the State's contribution to passenger rail service under section 403(b) of the act to 50 percent of the fully allocated cost of the operation and 100 percent of the associated capital costs for the entire period service is operated. Currently a State's share of the costs of operating such service is 20 percent of the solely related costs in the first year of operation, 35 percent in the second year, and 50 percent thereafter. The bill also makes several changes in the financial structure of Amtrak. Specifically, it requires: First, the issuance of preferred stock to the Secretary of Transportation equal in value to the amount of Federal funds provided to Amtrak for capital acquisitions and improvements; second, the establishment of a mandatory sinking fund for retirement of the preferred stock; and third, if Amtrak is in arrears on dividend or sinking fund payments, the three Board directors elected by the common shareholders would be replaced by directors elected by the preferred stockholders—the Secretary.

Finally, the bill provides that appropriated sums are to be applied solely to the purposes for which they are respectively made and prohibits the commitment of funds in advance of, or in excess of, their appropriation.●

INCENTIVES TO FARMERS FOR SOIL CONSERVATION PRACTICES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

● Mr. TAUKE. Mr. Speaker, reducing soil erosion has been an important goal of the Department of Agriculture since the 1930's. However, erosion is still as severe in some parts of the country today as it was then. In fact, Anson Bertrand, USDA Director of Scientific Education, has predicted that "soil and water resources will surpass energy as the crisis issue before the end of the century."

Cropping marginal lands, monoculture farming, discontinuance of some of the established conservation practices to accommodate new innovations in farming techniques, and more intensive farming to meet high food and fiber demands have increased pressure on soil and water resources. In Iowa, for example, more than 60 percent of the farmland is in need of protection.

Traditionally, conservation programs have focused on efforts to alleviate soil loss. However, soil toxicity caused by pollution from fertilizers, herbicides, and pesticides, increases in stream salinity, and competing demands for water have broadened in scope of conservation policy to include programs concerned with the quality, as well as the quantity, of our soil and water resources.

Various efforts to assist farmers with soil and water conservation have come under some scrutiny because various program evaluations indicate that many programs are not effective in providing incentives to induce farmers to introduce conservation measures.

Fortunately, in my home State of Iowa, there is a good program. Several counties provide a $7.50/acre payment for no-till or conservation-till farming. Soil conservationists have indicated that this has been a very successful tool, although some additional incentive is still required. I believe that we in Congress would be well-advised to follow up on the Iowa approach. Secretary of Agriculture Block has already indicated that the administration supports soil and water conservation efforts.

Therefore, I am introducing legislation today that will provide a tax credit for farmers who engage in conservation practices that do not involve money for permanent practices. The credit for no-till, minimum-till, and similar conservation practices would be given over a 3-year period. The tax credit available would be $10/acre for the first 200 acres; $8/acre for the next 200 acres; and $5/acre for all land thereafter. The program could be administered by the local ASCS office. Conversion to such soil conservation practices would be particularly adaptable on farms growing corn, sorghum, soybeans, and other small grains.

I urge my colleagues to review this legislation and join with me in cosponsoring it. It will go a long way in providing the needed incentives to farmers to reduce soil erosion.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 5 minutes.

● Mr. GILMAN. Mr. Speaker, yesterday, May 4, 1981, I was unable to attend the meeting of the House due to prior commitments in my congressional district.

The two votes that I missed yesterday included rollcall No. 27 which was on the passage, under the suspension of the rules, of H.R. 3132, the Cash Discount Act, to encourage cash discounts and for other purposes. This bill passed by a vote of 296 to 43. Had I been present, I would have voted "aye."

I also was absent for a procedural vote on a motion to resolve into the Committee of the Whole House to consider the House budget resolution. Rollcall No. 28, on this question, was passed by a vote of 334 to 2. Had I been present, I would have voted "aye."●

INTRODUCTION OF MARITIME AUTHORIZATION BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. SNYDER) is recognized for 5 minutes.

● Mr. SNYDER. Mr. Speaker, today I am introducing, at the request of the administration, the Maritime Administration authorization bill for fiscal year 1982.

This authorization bill represents a significant commitment by the Reagan administration to developing a strong U.S. merchant marine. Already, this administration has formed an interagency task force to study the problems facing the maritime industry and to develop policy directives which will make our merchant marine stronger and more competitive. I understand that this study will also focus on developing possible alternatives to the existing subsidy system. I wholeheartedly support the development of such alternatives.

There are two slight differences between the bill which I am introducing today and the administration's version.

The first difference is that I have dropped a provision which would have allowed the Appropriations Committee rather than the authorizing committee to establish a ceiling for the title XI loan guarantee program. I think this would be a serious mistake and an abrogation of the role of the authorizing committee.

The other difference appears in section 5 of the bill. I have added this provision because, as the ranking minority member on the Merchant Marine Subcommittee, and now as the ranking minority member on the full committee, I have learned that something is obviously wrong with the operating differential subsidy (ODS) system. The subsidy program has too many strings attached. The restrictions on the operators actually prevent them from going out into the market and competing for cargo.

In an effort to provide the subsidized operators with more operating flexibility, I added an amendment 2 years ago to the maritime authorization bill for fiscal year 1980. That amendment allowed subsidized operators to give up their subsidy in exchange for dropping the operating restrictions on those vessels they took off subsidy. If the operator, unencumbered by Government redtape, could then compete, make money and stay off subsidy, it would be relieved of its vessel replacement obligation. But if the operator found it could not make money without subsidy, it could reinstate its subsidy contract, with all restrictions, including the replacement obligation.

In fact, one subsidized operator has expressed an interest in going off of ODS in exchange for this additional operating flexibility. Even if only one vessel used this provision for only 1 year, the Government would nevertheless save approximately $2 million. I think this is consistent with the administration's approach and I look forward to working with them in developing other alternatives to the subsidy system.●

BOB DAWSON—A FIRST-RATE ADMINISTRATOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. OBERSTAR) is recognized for 5 minutes.

Mr. OBERSTAR. The staff of Members' offices and of congressional committees are the unsung heroes of the U.S. Congress. Day after day they attend to the operational details, the legislative technicalities, and the substantive specifics of the legislative process without fanfare and, all too often, without adequate appreciation.

Congressional staff are highly motivated people, stirred by a commitment to public service and dedicated in the pursuit of that goal.

Bob Dawson, the administrator of the House Committee on Public Works and Transportation, typifies that spirit of public service.

I have asked for this special order to pay tribute to Bob Dawson, who today is retiring from the service of the House Public Works and Transportation Committee.

I held that position once myself, and I know from experience how professionally demanding a position it is. In directing the daily operations of the committee, the administrator carries out a wide range of duties from the most serious to the very mundane. And they involve several important functions. Facilitating and directing communications is one. Members must be kept informed of committee activities and developments. Staff have to be advised of current duties and kept aware of changing requirements of a committee such as this which has broad jurisdiction. The committee must keep the public informed, as well. Letters and phone calls have to be answered courteously and promptly. Serving the public, after all, is the reason for the committee's existence.

Another important administrative function is setting and maintaining consistently high standards in the written product of the committee's work.

Still another important function of the administrator is keeping the chairman and the committee leadership accurately informed of the requirements of the committee's rules and their various procedures.

Bob Dawson has carried out all of these functions extremely well. I believe that it is fair to say, and no exaggeration, that Bob Dawson epitomized what a congressional staff member should be.

In recent years a number of articles and at least one book have been written, somewhat critical of congressional staff, attempting to point out or assert that staff members have taken over roles in the legislative branch that are more properly left to the elected Representatives. Whether or not that is in fact correct, I believe Bob Dawson has correctly and properly carried out and personified the role of a staff member serving this body.

Others have sought a relative degree of high visibility and perhaps entrepreneurial approach in the carrying out their committee staff work. But Bob Dawson went about his job in a businesslike way, always getting the most difficult staff work done quietly, efficiently and effectively, and always recognized and kept the proper perspective that it is the Members and not the staff who make and set and keep the policy.

Franklin D. Roosevelt's outstanding White House staff generated the phrase "passion for anonymity." They worked behind the scenes, backstage, but they all read from the same script. Bob Dawson kept that kind of low profile. He had that passion for anonymity, and he read from the same script as the members of the Public Works Committee.

During the 6¾ years that Bob served as administrator of the Public Works and Transportation Committee, he gave an outstanding example of dedication to public service, of loyalty to the chairman and the members, and a strong commitment to high professional standards. Perhaps his greatest contribution was in the area of personnel, which he handled very successfully, very skillfully.

In addition to coordinating the committee's day-to-day operations, Bob was responsible for a staff or more than 80 people and fully half of the present staff of this committee was hired during his tenure as administrator. He has always been calm and poised and very skillful in showing his leadership ability. He was innovative and he was creative. He was at the vanguard of word processing computer activities in our committee. But above all, he possessed that rare and priceless quality of integrity. We shall miss him greatly, but we wish him well in his future endeavors.

Mr. ANDERSON. Mr. Speaker, will the gentleman yield?

Mr. OBERSTAR. I am happy to yield to the gentleman from California.

Mr. ANDERSON. Mr. Speaker, I, too, am very sad that Bob is leaving us, on one hand, but I am happy on the other, because I know that when he leaves us in Public Works he is going to a much greater position, his new position as Deputy Assistant Secretary of the Army for Civil Works, and I know he is going to do a great job there. I want to congratulate the President for selecting him because I

think he has selected a man of top skills.

Mr. Speaker, one of the problems with forming friendly relationships with staff members on Capitol Hill is that often, those whom you like and admire the most, generally seem to move on to greater things. And one of the finest staff people I have been associated with in my 13 years of service in the House, Bob Dawson, has left us.

It is difficult, of course, to be too upset, because I know that Bob is pleased with his new position as Deputy Assistant Secretary of the Army for Civil Works. I heartily commend President Reagan for his recognition of Bob's many skills and attributes that make him ideal for this job.

Bob Dawson has served as administrator of the House Public Works and Transportation Committee for nearly 7 years. There he had the opportunity to display to us almost daily his comprehensive knowledge and understanding of public works programs. And, of course, anyone who has ever looked at the organization and functioning of the committee has recognized almost immediately his keen administrative ability. The House Public Works and Transportation Committee has become one of the most effective and efficient committees on the Hill. Under our former chairman, the Honorable Harold T. (Bizz) Johnson, the committee trimmed a great deal of fat from its operation, somehow managing to avoid cutting into its muscle. While it was Bizz who unquestionably provided the impetus for these efforts, it was Bob who was instrumental in their implementation.

Let me also say this, and say it without hesitation. As good as Bob was at his job, and he was excellent, we cannot allow that to overshadow the fact that he is also one of the finest men in the city. He works hard, but he seems to have time for everyone. In his position as committee administrator, he worked with people who represent the whole gamut of individuals that we see up here every day, from powerful committee chairmen to young interns. And he treated them all the way they should be treated; with care and respect and understanding.

I will miss having Bob downstairs. He was someone I always knew I could turn to for advice, guidance, or just a friendly word or two. It is comforting to know that he will still be across the Potomac at the Pentagon, just a phone call away.

My wife, Lee and I, and members of my personal staff who have known Bob through the years, would all like to wish him well as he begins work in his challenging new position, and we wish him, his wife Susan Lee, and their two children Steve and Amy only the best in the years ahead.

"WHERE DOES THE ADMINISTRATION STAND ON ACID RAIN?"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 10 minutes.

● Mr. LAFALCE. Mr. Speaker, on Saturday, May 2, 1981, the State University of New York at Buffalo sponsored an international conference on acid rain. The Conference was attended by Dr. Mark MacGuigan, Canadian External Affairs Minister, and Dr. Keith C. Norton, Ontario's Environmental Minister. Both Ministers called upon the Reagan administration to negotiate a solution to the longstanding acid rain problem that afflicts not only Canada, but the Northeastern United States as well.

Conspicuous in their absence were representatives of the Reagan administration. A scheduled appearance at the Conference by Frederick N. Khedouri, Associate Director of OMB for Natural Resources, Energy and Science, was canceled at the last minute and replaced with a short message from Deputy Secretary of State William Clark reiterating a commitment made by President Reagan to resolve "the phenomenon known as acid rain."

Mr. Speaker, acid rain may be a phenomenon, but in the dialog of environmental and international affairs, acid rain is a problem that must be solved.

Throughout the recent election campaign, I was asked if I could support a Reagan administration's environmental policies. Time and time again I responded that Candidate Reagan had not made clear his position on such issues as acid rain, hazardous waste disposal, and air, water and land protection programs of the Environmental Protection Agency.

Mr. Speaker, I believe that the Congress and the American public should ask why the administration was not represented at the SUNY Buffalo Conference. Evidence continues to mount linking the sulfuric and nitric acids that are turning the Canadian rains sour, to pollution sources in the United States. The "death" of hundreds of lakes in New York State's Adirondack Mountains region demonstrates the hazard that we are exporting to our neighbors to the north. Yet the Reagan administration passed on an opportunity to meet and openly discuss the problem with officials of the Canadian Government.

As the Congress begins its review and reauthorization of the Clean Air Act, several highly technical and controversial proposals will be put before the body. Several of our colleagues have introduced amendments to the 1970 act. The National Commission on Air Quality has issued a lengthy analysis of the act's operation. Interest groups have put forward proposals to loosen or tighten emissions standards and compliance deadlines. However, we have yet to receive the administration's proposals. Perhaps this awaits the Senate's confirmation of Anne Gorsuch, the President's nominee to head the EPA. However, by failing to participate in this past weekend's international conference, the administration passed on an opportunity to debate the definition, parameters, and potential liabilities associated with the "phenomenon."

Mr. Speaker, we have learned much about the environmental position of the Reagan administration through its budget proposals. However, to my constituents who ask me where the administration stands on acid rain, and the long-range transport of pollutants to the skies of their friends and neighbors in Canada I must still respond with my own query: "Where does the administration stand on acid rain?" I urge the Reagan administration to make its commitment to the control of emissions that are transported through the atmosphere to Canada and the Northeastern United States known to Ministers MacGuigan and Norton, and the people of the United States and Canada.●

NATIONAL POLL SHOWS AMERICANS WANT CO-OPS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 10 minutes.

● Mr. ST GERMAIN. Mr. Speaker, in 1978 the Congress created the National Consumer Cooperative Bank on the belief that there were millions of Americans who wanted to organize and operate cooperatives, but lacked sufficient sources of credit.

This has been borne out by the hundreds of millions of dollars of loan applications that have poured into the Consumer Bank from all parts of the Nation.

Now comes additional evidence of the demand for cooperatives in the form of a national public opinion poll. The poll, conducted by Public Opinion Market Research of White Plains, N.Y., showed widespread interest in consumer cooperatives. Many of the respondents to the survey indicated their desire to participate in a consumer cooperative but noted the lack of such self-help organizations in their immediate areas. Once again, this demonstrates the need for the credit facilities of the National Consumer Cooperative Bank.

Mr. Speaker, I place in the RECORD a copy of a news release describing the highlights of this survey:

NATIONAL POLL SHOWS AMERICANS WANT MORE CONSUMER CO-OPS

Americans say they would like to join and patronize consumer co-ops because they think they would save money. There is only one problem.

They can't seem to find any co-ops nearby.

This is the finding of a nationwide public opinion poll recently commissioned by the federally chartered National Consumer Cooperative Bank. The Bank makes loans and provides technical assistance to cooperatives ranging from food and housing to health care and energy.

Saving money and lower prices were cited by the majority of more than 12,000 respondents as the main attraction of co-ops. When asked what kinds of co-ops they would be most interested in joining, the response in order of preference was food, health care, housing, energy, auto repair and child care. Interest in health care co-ops spanned all age and income groups, with slightly higher interest among low income respondents.

The national survey carried out by the firm of Public Opinion/Market Research, White Plains, N.Y., found that 25 percent of the households polled had at least one family member who belonged to a co-op. In the West, fully 41 percent of the households had a member or members in a co-op.

When asked to list one or two reasons why they or members of their families did not belong to a consumer co-op, 46 percent of those polled gave the lack of a co-op in their area as the reason and only 15 percent said they didn't know enough about them.

The findings suggest that although people want to take advantage of the lower costs and improved services of co-ops, relatively few are able to benefit from them. This fact was the basis for the creation of the Co-op Bank.

Cooperatives are set up just like other businesses, but are owned and controlled by their consumer-members. Earnings are reinvested in the business or returned to members on the basis of their patronage.

The National Consumer Cooperative Bank was created by Congress in 1978 to serve consumer co-ops. It is also authorized to provide loans and technical assistance to producer or worker-owned co-ops. Since it opened its doors for business in March 1980, the Bank has committed more than $100 million in loans to about 150 co-ops throughout the country and has provided technical assistance to many more. In its first year of operation, the Co-op Bank received loan applications of close to half a billion dollars.

More information about the Bank may be secured from any one of its regional offices in Boston, New York, Seattle, Minneapolis, Forth Worth, Charleston, S.C., and Oakland, Calif., or from the Bank's Office of Public Information, (202) 673-4320.●

IMPACT OF GRAMM-LATTA ON THE ELDERLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 10 minutes.

● Mr. PEPPER. Mr. Speaker, I wonder if the Members of this House who have generally been so supportive of the cause of the elderly in America are fully aware of the tragic impact that the administration resolution—the Gramm-Latta resolution—will have upon the elderly of our land.

I have prepared a brief summary of some of the most severe cuts upon the elderly nationwide and I submit it herewith in the RECORD following my remarks:

SUMMARY OF PROPOSED ADMINISTRATION BUDGET CUTS AND THEIR IMPACT ON THE ELDERLY NATIONWIDE

MEDICAID

Five million low income elderly persons (20% of the elderly) currently receive Medicaid. The program covers those older persons on SSI (incomes below $258 per month) and the "medically needy" aged in 33 states (those with high health costs and incomes slightly above SSI levels).

The Administration proposes that Federal spending for this program be "capped" at $17.2 billion in 1982 rather than having the Federal government match the expenditures by states for health care for the needy.

The final result will depend on what actions states take to reduce their spending, but critics charge they will be unable to absorb these costs and will be forced to cut benefits.

FOOD STAMPS

2.5 million individuals over 60 currently receive food stamps. Maximum benefits are set at $70 for an individual and $128 for a couple. An individual at the poverty line ($359 per month) gets $10 in food stamps, a couple (income of $474 per month) gets $11.

The Administration proposes a $1.8 billion reduction in food stamps which would be accomplished by removing 400,000 persons with incomes over 130% of the poverty level and freezing the deductions used to calculate benefit levels (e.g. not allowing the Congressionally mandated increase in the health care deduction which benefits the elderly). In addition, eligibility would be determined on the basis of retrospective, rather than prospective income.

125,000 older persons would lose their food stamp benefits completely. Another 920,000 elderly and disabled persons will continue to receive benefits but would not receive a small increase they are now scheduled to receive to offset their high health costs.

SOCIAL SECURITY

A. *Minimum Benefit.*—3.1 million Social Security recipients currently receive the minimum benefit of $122 per month. The Administration would eliminate the benefit as of July 1981. 2 million persons would lose benefits outright. An additional 520,000 who now receive SSI would have the cut offset by increased SSI payments. 580,000 more persons would become eligible for SSI because of the cut, although OMB estimates that only 145,000 would apply.

B. *Student Benefits.*—830,000 college students between 18 and 22 who are children of retired, disabled, or deceased workers, currently receive an average of $2,073 in Social Security benefits. 64% of these persons are from households with incomes below $15,000.

The Administration proposes to cut the benefits of the 700,000 students who are expected to be enrolled as of August 1981 by 25% each year. An additional 500,000 students who would have otherwise become eligible for benefits in 1982 will receive no assistance.

C. *Disability Benefits.*—The Administration proposes to deny benefits to disabled workers who have not worked 6 of the last 13 quarters. 55,000 disabled individuals will lose their benefits because of this cut. An additional 10,000 persons will have their benefits cut by a "mega-cap" which keeps the total of Federal, state, or local benefits below 80% of a worker's pre-disability income.

D. *Death Benefit.*—Under current law, a $255 payment is made to cover the burial expenses of insured deceased workers. The Administration proposes to limit this payment to instances where there is a surviving spouse or children. This means that no payments would be made in 590,000 cases annually.

TITLE XX

The Federal government currently provides $2.9 billion per year to states for their use in providing social services. One million older persons receive these services including 400,000 who are on SSI.

The Administration proposes to cut social service funding by 25% and transfer the program to a new Social Services block grant that would replace Title XX and 7 other programs.

Because of the 25% cut, 86,804 elderly and disabled individuals could face the loss of homemaker chore services which allow them to remain in their own homes instead of nursing homes.

ENERGY ASSISTANCE

In 1981, the Federal government made $1.8 billion available to the states for their use in assisting low-income individuals with their fuel bills. 45% of beneficiaries were over 65.

The Administration proposes to reduce funding by 25% and transfer this program to a new Energy and Emergency block grant.

The recent decontrol of oil will add to the 279% increase in household fuel costs since 1973 and create even more need for this program.

HOUSING

Currently, the elderly live in 36% of all substandard housing. The Administration is proposing cuts in housing programs which will mean that 727,340 elderly subsidized housing tenants will have to pay an average of $202 more in rent and 52,477 older persons will be denied the opportunity to live in decent affordable housing under the Section 8 program, 1150 housing units for the rural elderly will also be cut as will all funds for congregate housing and the number of units built under the Section 202 housing program for the elderly.

LEGAL SERVICES CORPORATION

In 1981, the Legal Services Corporation spent $321 million providing legal services to 1.5 million individuals. 187,000 of these were older persons. All had incomes below 125 percent of the poverty line.

The Administration has proposed the elimination of all funding for the legal service program.

CETA

50,000 older workers were employed under the CETA program in 1980. By law these individuals had incomes below $3,360 ($5,600 for elderly couples). Under the Administration proposal to cut CETA by $4.7 billion, 26,000 older workers would lose their jobs

immediately. In addition, as many as 270,000 elderly people may lose services currently performed or made possible by CETA public service employees.

OLDER AMERICANS ACT

The Administration has proposed that funding be increased by $95.5 million (in the form of commodities transfer from the Department of Agriculture) for the nutrition program. In addition, these funds together with those currently available for social services and senior centers would be consolidated into a single aging block grant program. The Administration is also recommending that 4 other existing OAA programs be consolidated into two categories: training and education ($8.2 million) and research and discretionary projects ($15 million). This cut of $23.2 million below the 1981 levels could result in training programs being cut in half and the termination of 50% of ongoing model projects.

SUPPLEMENTARY SECURITY INCOME

SSI provides a guaranteed level of cash income to 4.1 million needy aged, blind, and disabled persons. 1.8 million of these are over 65. Benefits cannot exceed $238 per month for an individual or $357 per month for a couple. If SSI recipients also receive Social Security or any other pension income, these amounts are reduced on a dollar for dollar basis.

The Administration proposes that SSI benefits be calculated for new recipients on a retrospective rather than prospective basis. In addition, the IRS will be used to identify the existence of outside income of SSI recipients.

MEDICARE

25.5 million elder persons will receive medical insurance under the Medicare program in 1982. Currently, Medicare only pays an average of 38% of the total per capita health care costs of the elderly.

The Administration proposes that home health benefits be denied to 3100 older persons who have reached the recently suspended limit of 100 home health visits. In addition, nursing homes would be inspected less frequently, reimbursement for nursing care would be cut, and a reimbursement will not be provided for a vaccine that was expected to save 5,000 lives over the next five years (the pneumococcal vaccine).

CIVIL SERVICE RETIREMENT BENEFITS

Virtually all Federal civilian employees are covered by the Civil Service Retirement System. As of October, 1979, 1.6 million persons received Federal pensions. Benefits are currently adjusted twice a year to compensate for increases in the cost-of-living. In contrast, Social Security recipients only receive one adjustment each year.

The Administration proposes to switch from a semi-annual to an annual cost-of-living adjustment. Had this proposal been in effect the last two years, the typical annuitant would have lost $540 over that period.

HOME HEALTH DEMONSTRATION AND TRAINING PROGRAM

Some 345 non-profit entities have received grants from the Public Health Service to develop home health agencies and train individuals who will work in home health agencies. All but one of these agencies continues to provide services although their Federal project grant support has terminated.

The Administration proposes to eliminate this program and transfer 75% of its funding to a new Health Services Block Grant program.

HIGH BLOOD PRESSURE PROJECT GRANTS

Through the Public Health Service, states received $20 million last year for hypertension screening and prevention programs. 40% of those persons over 65 have borderline or definite hypertension.

The Administration proposes to eliminate this program and transfer 75% of its funding to a new Preventive Health Services Block Grant program.

Mr. Speaker, I have also had prepared a brief summary of the effect that the cuts of the administration resolution—the Gramm-Latta resolution—would have upon the elderly in my State of Florida.

I ask that it, too, be incorporated in the RECORD following my remarks:

IMPACT OF BUDGET CUTS ON THE ELDERLY IN FLORIDA

MEDICAID

The proposed cap on Federal Medicaid expenditures would have a severe impact on Florida. The state estimates that costs for the Medicaid program will increase by at least 19% between 1981 and 1982. Yet the Federal government would limit the increase in its Medicaid spending to 5% leaving Florida to absorb the difference (approximately $50 million), cut benefits, or find some other means to contain costs.

It is important to keep in mind that even before these possible cuts, Florida has one of the most restrictive Medicaid programs in the country. It is 49th among the states in per capita Medicaid expenditures. Few "optional services" are provided (e.g. eyeglasses, hearing aids, and dentures were only added last year), and no elderly person with an income over $258 per month can receive any benefits.

FOOD STAMPS

There are approximately 132,300 persons over 60 who receive food stamps in Florida. We estimate that the Administration's national cutback would bar approximately 6500 of them from receiving any benefits and an additional 47,840 from receiving a small increase in benefits approved by Congress last year to offset their high health expenses.

TITLE XX SOCIAL SERVICES

The 25% cut in social service funding that the Administration is seeking would result in a $28.5 million decrease in the amount of money made available to Florida for this purpose. Assuming that the state therefore decided to reduce each of the services now made available by 25%, 4,100 elderly or disabled Floridians would lose the homemaker chore services which are now available by the state and which, in many cases, allow them to remain in their own homes instead of nursing homes.

LOW-INCOME ENERGY ASSISTANCE

The 25% cut in this program recommended by OMB would result in a $6.2 million decrease in the level of funding available to Florida for this purpose. Last year, Florida limited benefits to individuals with incomes below $316 income per month and couples below $418 per month. Both of these figures are well below the poverty line. Approximately 325,000 households received some assistance (with heating bills or cooling expenses if a doctor certified that because of a medical condition, cooling was necessary), and the maximum payment was $325.

HOUSING

The Administration is proposing a total cut of 125,000 Section 8 units for 1981 and 1982. Miami City Manager Richard Fosmoen reports that Miami would lose 20% of its units in 1981 and 40% in 1982—a cut from the current 500 units to 300. In addition, he indicates that because of changes in Urban Development Action Grants and the Community Development Program, "the City could lose the equivalent of 18% of its HUD funding." The federal rehabilitation loan program (Section 312) would be eliminated. Last year Miami received $665,000 from that program.

LEGAL SERVICES

The Administration proposes to eliminate all funds now available for legal services. In the first six months of last year, 2160 low income persons (1000 of them elderly) were represented by the Miami Beach Legal Services staff. That office's most significant achievement involved a landmark Supreme Court ruling that debtors had to have the opportunity to be heard in court before chattels could be taken from their possession. The case involved a Mrs. Fuentes of Miami Beach whose new stove was removed from her home without any notice when she had stopped making payments.

OTHER RESPONSES FROM LOCAL OFFICIALS

MIAMI.—City Manager Richard Fosmoen was concerned about the housing cuts (see above) as well as the cuts in the Economic Development Administration, CETA, and the Departments of Education and Interior. The EDA cut would cost the city's economic planning unit $100,000—15% of its budget. An additional $5 million in funds to assist riot areas would be lost along with some of the funds for the Pantry Pride rehabilitation project in Liberty City.

Miami would lose 954 CETA jobs and the job skill center in the riot area would be closed. It would also lose $44,000 in Education Department money and $1.6 million in Interior Department money for park rehabilitation.

SURFSIDE.—Mayor Mitchell Kinzer wrote you that "any cuts in the Federal budget that will affect any services will result in either our municipality, the County, or State picking up the price tag, will put a heavy burden on those older Americans who reside in Surfside and live on a fixed income." The specific cut that he mentioned was the elimination of CETA Public Service Employment which he said would impair the town's ability to clean the streets. In addition, he mentioned the need for assistance with the cost of the "influx of refugees."

HIALEAH.—Director Richard Gross listed the cuts that concerns Hialeah (e.g. Section 8 housing, home health care, Title XX, food stamps, and SSI) saying that these cuts would "adversely affect Hialeah's elderly population."

MIAMI BEACH.—City Manager Harold Toal writes, "We are concerned that the already deteriorated plight of our elderly will worsen" and that "we would like some assurance that they will, at the very least, stay even with the inflation rate."

BAL HARBOUR VILLAGE.—Mayor Hale Printup wrote you to object "on moral grounds" to the cuts in Medicaid and Energy Assistance funding.

FLORIDA COUNCIL OF SENIOR CITIZENS

Max Serchuk sent you a copy of Bill Hutton's testimony for the National Council before the Senate Committee on Aging. That testimony objects to cuts in Medicaid, housing, energy assistance, and food stamps.

CATHOLIC SERVICE BUREAU

Project Director Peter O'Connor wrote you to object to any cuts in food stamps, Medicare, or Medicaid.

FAMILY HEALTH CENTER

Executive Director Jessie Trice wrote in opposition to the health cuts. For example, she points out "Cuts in community health center will force people to seek care in emergency rooms, where costs are 50% higher, or postpone treatment until hospitalization occurs, where costs are 500% higher. Medicare and Medicaid will have to absorb this. These programs serve those without insurance, reduce hospitalization, and save Medicare and Medicaid money." The Family Health Center serves 40,000 predominately poor people who do not qualify for Medicaid. Last year, the Federal government provided $2.4 million. If the proposed 25% cut is adopted, more patients will have to go to already overburdened Jackson Memorial.

PUBLIC HEALTH SERVICE

Mr. Michael Bernstein who directs the PHS outpatient clinic in Miami is concerned about the proposed elimination of PHS hospitals and clinics. He contends that while these facilities were originally founded to care for American Seamen, they now care for active duty personnel of the Uniformed Services, Federal retirees, their dependents, and others. The Miami clinic is in the same Federal building as your office. In 1980, an average of 171 patients were treated per day (43,330 visits per year). 17% of visits were made by Cuban and Haitian refugees.●

RAIL SERVICE IMPROVEMENT ACT OF 1981

(Mr. BROYHILL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BROYHILL. Mr. Speaker, I am today introducing H.R. 3448, the "Rail Service Improvement Act of 1981," which is the administration's Consolidated Rail Corporation (Conrail) proposal. The principal objectives of this bill are to:

Transfer the commuter service responsibilities of Conrail to one or more entities devoted exclusively to the transportation of people;

Authorize the transfer of Conrail's freight properties and service responsibilities to private sector rail systems; and

Provide reasonable protection for employees affected by the transfer of services.

Conrail was established by the Railroad Revitalization and Regulatory Reform Act in 1976 and commenced operations on April 1 of that year. The consolidation of seven bankrupt carriers in the Northeast, the largest among them the Penn Central, formed the basis for Conrail.

Recognizing that continued freight service to the area previously served by the seven railroads was a necessity, Congress authorized a Federal subsidy for Conrail, with the clear intent that the new railroad would become self-supporting within a reasonable timespan.

Unfortunately, such not been the case. Conrail has been financially beleaguered from its very creation. In fact, it has operated at a deficit since its start. To date, we have spent $3.3 billion in Federal funds for the capital and operating expenses of Conrail. We have paid $2.1 billion in Federal funds to Penn Central for property taken during the establishment of Conrail. and, we have spent $310 million to date in labor protection costs.

Clearly, it is in the best interests of the American taxpayer, and, indeed, those who are served by Conrail, for us to take steps to put Conrail on a sound financial footing.

As the Secretary of Transportation noted in his March 31, 1981, report to the Congress on Conrail, if we simply continue our past approach to making Conrail viable, we will perpetuate a "marginal operation, isolated in the Northeast, owned by the Government, and consuming hundreds of millions of Federal dollars." The Secretary has stated—and I share his philosophy—that the best means of insuring a high quality rail service in the present Conrail service area, with the important proviso that it be self-sustaining, would be to integrate Conrail lines into the privately-owned national rail system.

That is the basis for the legislation I have introduced today.

Let me describe the most important provisions of this legislation.

COMMUTER SERVICE

It is generally recognized that commuter service is a burden that no freight railroad operating in the Northeast can carry. H.R. —— would require that Conrail commuter service responsibilities be transferred to the particular commuter authority that has contracted for the service. Or, if the commuter authority is unable to provide the service directly, this function would be transferred to the National Railroad Passenger Corporation (Amtrak). The initial commuter service transfer would be accomplished within 1 year of the effective date of the legislation.

If Amtrak is the transferee, its obligation to provide commuter service will be contingent upon payment of the fully allocated cost of the services by the commuter authority. Each commuter authority would retain the option of assuming the operational responsibility for the services that it funds when it develops the necessary capability.

The legislation authorizes $50 million to be spent between 1982 and 1986 as a temporary measure to ease the adjustments that will be necessary with the commuter service transfer.

FREIGHT SERVICE

The legislation suggests a system for an orderly implementation of agreements which will become necessary in transferring Conrail freight service responsibilities and rail properties to the acquiring railroads. The approach embodied in this concept combines serious negotiations between Conrail, the acquiring railroads, and the Department of Transportation, with opportunity for public participation and with safeguards to permit continued service on light density lines.

The benefit of this approach is that it will insure that the critical decisions concerning the future of the Northeast rail system are made on the basis of sound business judgments. Concurrently, acquiring railroads will have the incentive to undertake service responsibilities reasonably commensurate with the benefits they will enjoy.

LABOR PROTECTION (TITLE V OF THE REGIONAL RAIL REORGANIZATION ACT)

Because several thousand employees are on furlough status from Conrail, this program is currently costing the Federal Government about $5 million per month. The administration feels that any serious attempt to reduce Conrail labor costs will double or triple that amount.

The approach taken in H.R. —— is to continue the labor protection program through the end of this fiscal year, with the burden of Title V as presently written ultimately being borne by Conrail and other employers of protected employees.

The bill would repeal Title V and substitute instead an affordable and reasonable program providing:

Separation allowances;

Moving expense benefits;

New career training assistance;

Continuation of medical insurance coverage; and

Significant assistance from the Railroad Retirement Board to help unemployed workers find new positions in the rail industry.

The bill would authorize $400 million for these purposes.

TERMS OF LABOR ASSUMPTION

Present Conrail employees will have first claim on new positions created as a result of service transfers. The legislation specifies the procedures under which employees will be offered employment by the acquiring railroads, to include new operators of commuter service, and provides for the protection of those transferred employees.

For the most part, Conrail employees employed in commuter operations that are transferred to Amtrak would be employed by Amtrak. Employees engaged in operations transferred to a commuter authority would be chosen by the commuter authority in order of seniority. Amtrak or the commuter authority, whichever the case may be, would undertake Conrail's obigations pursuant to the applicable Conrail collective bargaining agreements, but would be allowed to renegotiate those agreements under the Railway Labor Act. The transfer of the collective bar-

gaining agreements would be necessary because neither Amtrak (in the case of operating employees) nor the commuter authorities (in the case of all rail crafts) have existing agreements that could be applied. Commuter employees will be afforded the same post-transfer protection as freight employees.

To assure an equitable transfer process, the rights and obligations of employees and the acquiring railroads and commuter authorities are addressed quite directly. The acquiring railroads and recognized employee representatives would be directed to enter into agreements providing for employee selection and protection. If, and only if, the parties are unable to come to agreement, the specific provisions of the bill would govern.

UNITED STATES RAILWAY ASSOCIATION

The bill would transfer the nonlitigation functions of the USRA to the Department of Transportation. It is evident that if a well-coordinated and successful transfer of service responsibilities in the Northeast is to be achieved, we must give a single Government entity the authority to carry out the mandate of the legislation. The primary function of the USRA was to develop what is called the final system plan for the creation of Conrail; this principal function having been fulfilled, the remaining nonlitigation functions should be integrated into DOT.

In summation, I feel that it is time for the Government to get itself out of the railroad business and refocus its activities toward aiding Conrail integrate into the privately owned national rail system. This is the thrust of the legislation I have introduced today, and I commend the bill to my colleagues for their consideration.

SECTION-BY-SECTION ANALYSIS

TITLE I—GENERAL PROVISIONS

This title of the bill sets forth Congressional findings, describes the purpose of the legislation, and defines key terms.

TITLE II—TRANSFER OF RAIL SERVICE RESPONSIBILITIES

This title provides for the transfer of Conrail rail properties and service responsibilities. Subtitle A authorizes the transfer of Conrail's responsibility for operating commuter service to Amtrak or to any commuter authority that wishes to provide that service directly. Subtitle B authorizes the transfer of Conrail freight properties to railroads and other entities.

SUBTITLE A—TRANSFER OF CONRAIL COMMUTER SERVICES

END OF CONRAIL OBLIGATION

Section 201 relieves Conrail of any legal obligation to operate commuter service one year after the effective date of the Act.

TRANSFER

Section 202 permits a commuter authority, as defined in section 103, or a State, local, or regional transportation authority to initiate negotiations with Conrail for the transfer of commuter services directly to the commuter authority from Conrail. If a commuter authority and Conrail negotiate over the transfer of commuter service in the Northeast Corridor, but fail to sign an agreement within eight months after the effective date of the Act, then the commuter service would be transferred to Amtrak. If Conrail and Amtrak do not sign an agreement for transfer of commuter services in the Northeast Corridor within ten months after the effective date of the Act, then the Secretary would determine which rail properties will be transferred to Amtrak and would establish the terms and conditions of the transfer of rail properties and commuter service to Amtrak. This sequence of deadlines permits negotiations to proceed in an orderly manner that will assure transfer or termination of all commuter service operated by Conrail one year after the effective date of the Act. If a commuter authority later wants Amtrak to transfer commuter service provided for the commuter authority to it, Amtrak is required to do so. If Amtrak and the commuter authority do not sign an agreement for the transfer, either party may appeal to the Secretary for a determination of the properties to be transferred and the terms and conditions of the transfer. Commuter service outside the Northeast Corridor not transferred directly to a State, local, or regional transportation authority would cease to be operated one year after the effective date of the Act.

REGULATORY APPROVAL

Section 203 exempts transfers under section 202 from compliance with subtitle IV of title 49 United States Code (the Interstate Commerce Act).

COMMUTER SERVICE; AUTHORIZATION FOR APPROPRIATIONS

Section 204 requires Amtrak to operate commuter service in the Northeast Corridor if requested to do so by a commuter authority upon the lapse of outstanding agreements inherited from Conrail. Amtrak would be reimbursed for the fully allocated cost of providing the service. If Amtrak and the commuter authority do not agree on terms and conditions for operation of the commuter service, either party may petition the Interstate Commerce Commission to establish just and reasonable terms and conditions, based on compensation equal to the fully allocated cost, for the operation of the commuter service. Amtrak may stop operating a commuter service if the commuter authority fails to pay Amtrak promptly. Section 204 would also authorize, beginning in Fiscal Year 1982, not to exceed $50 million to be appropriated to facilitate the transfer of commuter services from Conrail to other operators. The Secretary would establish priorities for use of these funds under the rulemaking authority provided by section 609.

SUBTITLE B—TRANSFER OF FREIGHT SERVICE RESPONSIBILITIES

TRANSFER AGREEMENT

Section 251 directs the Secretary to utilize his authority to initiate conferences and negotiations with respect to rail restructuring[1] to promote the development of agreements between Conrail and financially responsible persons for the transfer of Conrail's freight properties and service responsibilities. The object of this process would be the integration of Conrail lines into the emerging system of interregional carriers capable of providing high quality service at minimum cost to consumers.

Negotiation under the auspices of the Secretary is the only practicable method for reconciling the public interest in continued rail service in the Northeast with the need of private sector businesses to discuss confidential data and explore alternate system configurations. Conrail management will play a key role in the negotiations, providing technical support to the Secretary and applying its business expertise to the design and evaluation of proposed transfer agreements. Final agreements will be signed by Conrail as owner of the properties and obligated person under service contracts. Purchase price will be paid to Conrail.

Subsection (c) addresses the problem of switching and terminal services in the Northeast Corridor, where traffic densities and interference among intercity passenger, commuter, and freight operations make operations particularly difficult. If potential acquiring railroads are unwilling to undertake terminal operations individually, the Secretary is authorized to promote the formation of neutral terminal companies owned by several railroads in the area to provide the necessary services.

PUBLIC COMMENT AND CONGRESSIONAL NOTIFICATION

Section 252 sets forth procedures for public participation and notification of the Congress.

Subsection (a) provides for public comment on any agreement for the transfer of freight rail properties (transfer agreement) and on the Secretary's proposed determination of approval.

Subsection (b) permits the Secretary, after consideration of public comment, to grant final approval to a transfer agreement or, with the approval of the acquiring railroad, to modify the agreement and grant final approval to the agreement as modified. In the event the acquiring railroad and the Secretary do not agree on appropriate modifications, negotiations could be reopened and new proposals developed. Once final approval has been granted by the Secretary, that determination would not be subject to judicial review. This is consistent with the approach of section 209 of the Regional Rail Reorganization Act of 1973 (3R Act), under which Conrail was created. Permitting challenges to the implementation of transfer agreements in the courts or before regulatory bodies could result in extensive delays threatening the continuation of rail service in the region. The threat of piecemeal litigation of agreements could also deter purchasers from participating in the transfer process in the first instance.

Subsection (c) requires the Secretary to include in his determination of approval (whether preliminary or final) a designation of "associated properties" not specified for transfer in the agreement. The final determination of the Secretary approving transfer of the principal properties would authorize discontinuance of service on the "associated properties". This approach, which is also analogous to the 3R Act process, will relieve Conrail of service responsibilities for identified branch lines and similar properties that cannot be operated as a part of the

[1] So-called "401" powers, after the section of the Rail Revitalization and Regulatory Reform Act of 1976 (4R Act) that added a new section 5 to the Department of Transportation Act authorizing the Secretary to initiate and conduct such conferences.

acquiring railroad's system on a self-sustaining basis.

Subsection (d) requires the Secretary to transmit a transfer agreement to the Congress, together with his determination of approval. The agreement would not take effect for at least thirty days following transmittal to the Congress.

PERFORMANCE UNDER AGREEMENTS; EFFECT

Section 253 authorizes performance under a transfer agreement and excepts the operation of the agreement from any other approval process. The issuance of securities to the United States or Conrail for the financing of a transaction would be exempt from the securities laws, since the Government and Conrail will have adequate means to determine the worth of those securities. Finally, the discontinuance of rail service on associated properties would be authorized.

LIGHT DENSITY RAIL SERVICE

Section 254 provides mechanisms for the continuation of essential rail services. Subsection (a) requires the Secretary to promote the inclusion, in the properties designated for transfer, of associated branch lines to which a Conrail main line provides exclusive access.

Subsection (b) permits the transfer of branch lines that are not acquired by a rail carrier to a shipper, shipper association, State, or similar entity for operation as a private railroad exempt from Federal regulation. If the Secretary agrees to the transfer, Conrail is required to convey the property.

OTHER TRANSACTIONS

Section 255 permits Conrail to dispose of remaining rail properties on which service has been discontinued, unless the Secretary disapproves.

TITLE III—PROTECTION FOR CONRAIL EMPLOYEES

This title provides protection for Conrail employees who lose their jobs as a result of transactions authorized by the bill, while title IV defines the rights of employees hired by acquiring railroads. Together, the two titles replace the extremely costly protective scheme set forth in title V of the Regional Rail Reorganization Act of 1973.

SEPARATION ALLOWANCE

Section 301 provides for separation allowances for employees of Conrail who do not receive offers of employment from acquiring railroads. The amount of an allowance would be determined by the number of years the particular employee had been employed by Conrail and its predecessor railroads, as of the date of separation. For example, an employee who had served on the New York Central, the Penn Central, and then Conrail would be credited with the individual's service under all three corporate entities.

The maximum allowance would be $30,000. The schedule for computation is graduated to provide greater protection for individuals who have invested significant periods in service to Conrail and its predecessors. The schedule also recognizes the greater difficulty and hardship associated with retraining and relocation of employees who are older and have deeper roots in their communities.

Subsection (d) preserves the eligibility of employees deprived of employment to railroad unemployment insurance. Under a peculiarity of the Railroad Unemployment Insurance Act, for purposes of establishing eligibility for future coverage a separation allowance is treated as income only on the day it is paid. However, an employee is disallowed from receiving unemployment benefits for a period determined by dividing the allowance by the employee's straight time wage for a two-week period. (For instance, an employee whose allowance is $30,000 and whose straight time wage per two-week pay period is $1,000 would be disallowed unemployment compensation for 30 pay periods, or over one year). In some cases, this can result in an employee receiving no unemployment benefits or very limited benefits, even if he remains unemployed through no fault of his own for an extended period. This is because the employee is "earning" no new entitlement to benefits during the period the employee is disallowed from receiving benefits. The bill would disallow eligibility for benefits immediately after payment of the allowance but would treat the allowance as if it had been paid as regular wages for purposes of establishing future eligibility. This protection may be required by some employees affected by service transfers because of the concentration of persons who will be seeking new employment at the same time in specific areas. The provision also eliminates an anomalous situation whereby an employee's entitlement to unemployment insurance following the disqualification period may depend upon the date on which he was separated.

PREFERENTIAL HIRING

Section 302 provides to Conrail employees who fail to receive offers from acquiring railroads the same right to be hired by other railroads on a priority basis that was afforded to dismissed Rock Island and Milwaukee Road employees. This priority is strengthened by deletion of the phrase "unless found to be less qualified than other applicants," and substitution of language that qualifies the hiring preference on the more objective basis of experience in the class and craft of employment.

CENTRAL REGISTER OF RAILROAD EMPLOYMENT

Section 303 creates a central register of railroad employment, building on the system of job placement created for Rock Island and Milwaukee employees by the Railroad Retirement Board. The Board would actively promote the placement of Conrail employees and other displaced railroad employees. All railroads would be required to provide notice of vacancies that they are unable to fill from their existing rosters, and the Board would act as an agent for former railroad employees entitled to statutory preference by filing applications for employment. Under section 308 discussed below, the Board would have authority to issue any regulations necessary to assure that hiring preferences are effectuated.

The purposes sought to be achieved by these provisions could be accomplished more effectively if the railroads unite with rail labor organizations to establish voluntary mechanisms to place unemployed railroad workers. While the poor placement results of the Rock Island and Milwaukee experiences were due in part to the reluctance of railroad employees to move from their communities, there may also be a problem of insufficient effort within the industry to preserve the industry's most important asset—trained and experienced personnel.

The central register and related requirements and administrative mechanisms would be maintained for a period of five years after the transfer date.

MOVING EXPENSES

Section 304 provides for moving expense benefits for former Conrail employees who are forced to move to obtain employment with another railroad. Under section 452(b)(3), discussed below, this benefit would extend to a Conrail employee offered a position with an acquiring railroad that requires a change of residence.

The types of costs for which payment is authorized would be similar to those allowed under other protective conditions. The maximum benefit for any individual would be $5,000, reduced by any retraining benefit paid under section 305.

NEW CAREER TRAINING ASSISTANCE

Section 305 authorizes the payment of new career training expenses for former Conrail employees who are not offered employment with an acquiring railroad. The maximum benefit would be $5,000 reduced by the amount of any moving expense benefit paid to the individual.

MEDICAL INSURANCE

Section 306 provides for the continuation of group medical insurance coverage for former Conrail employees who are not offered employment by an acquiring railroad. The maximum period of coverage is six months from the date of separation. In the event an employee comes under the coverage of another comprehensive group policy as a result of re-employment prior to the expiration of six months, coverage lapses immediately.

COMMUTER EMPLOYEES

Section 307 extends the benefits of title III to any Conrail employee who is transferred to Amtrak and who, thereafter, is deprived of gainful employment as a result of a transfer of commuter service responsibilities from Amtrak to a commuter authority. The employee would be required to resign his or her seniority with Amtrak to qualify.

AUTHORITY OF THE BOARD AND THE SECRETARY

Section 308 prescribes the powers of the Railroad Retirement Board in administering the provisions of sections 302 (Preferential Hiring), 303 (Central Register of Railroad Employment), 304 (Moving Expenses), 305 (New Career Training Assistance) and 306 (Medical Insurance). The Secretary is required to transfer to the Board funds appropriated for employee protection. The Board would allocate funds needed for separation allowances to Conrail and Amtrak (as successor to Conrail as an employer of commuter service employees), and the remaining funds would be available for the Board-administered provisions of this title, such as moving expenses, medical insurance, and retraining. In addition, the Secretary is authorized to assist the Board in developing programs under this title.

RELATIONSHIPS TO OTHER LAWS; REPEALS

Section 309 defines the relationship of this legislation to other provisions of law.

Subsection (a) repeals all provisions of Title V of the Regional Rail Reorganization Act of 1973, except those necessary to the continued functions of Conrail prior to service transfer. Title V is the source of labor protection provisions that have proved to be excessively costly to the taxpayer, as described in the April reports of Conrail, USRA, and the Department, as well as the Conrail March 15 report on labor. Retention of Title V, particularly the provisions concerning monthly displacement allowances, constitutes a virtually absolute bar to service transfer, since acquiring railroads would not be willing to assume these obligations. The bill terminates this entitlement program as of October 1, 1981. However, em-

ployees who performed service through September of 1981, or held themselves available for service, would be paid any benefits due on October 1, 1981, if timely claimed under present law.

Subsection (b)(1) is a clause of limitation that makes clear that the employee protection provisions of the bill are the exclusive protection for employees affected by service transfers under the bill. The waiver provision of paragraph (2) is a technical provision intended to bar an employee from accepting the protections of the bill while challenging its exclusivity in the courts.

Subsection (c) repeals provisions of the Milwaukee Railroad Restructuring Act and Rock Island Transition and Employee Assistance Act relating to the maintenance by the Railroad Retirement Board of lists of dismissed employees, since those lists would be incorporated into the central register established by section 303 of the bill.

AUTHORIZATION FOR APPROPRIATIONS

Section 310 authorizes the appropriation of not more than $400 million for employee protection under this title.

TITLE IV—TERMS OF LABOR ASSUMPTION

This title provides for the definition of rights and responsibilities of employees "transferred" from Conrail to acquiring railroads and the establishment of fair and equitable protections for those employees. This title also identifies the responsibilities of acquiring railroads.

Subtitle A establishes the basic arrangements for transfer of commuter service employees directly to Amtrak or to a commuter authority, whether directly or through Amtrak. A transfer to Amtrak is not treated as a transaction for employee protection purposes, since all employees associated with the service would be transferred subject to their existing collective bargaining agreements and no adverse impacts would be created. In the case of a transfer to a commuter authority, the authority would select the number of employees it deemed necessary to provide the service and would be required to provide protection for those employees transferred under the transaction. Employees deprived of employment as a result of a transfer would be entitled to benefits under title III.

The subtitle also provides for the transfer to Amtrak of Conrail employees associated with the operation of Amtrak trains in the Northeast Corridor.

Subtitle B consists of two major components. The first is a requirement that acquiring carriers and employee representatives endeavor to negotiate the terms upon which employees will be selected for transfer and initial agreements concerning rates of pay, work rules, and similar issues. The second component is a set of "last resort" provisions for automatic application in the event the parties are unable to resolve their differences in a prompt fashion. These provisions will permit the execution of orderly service transfers under the bill even if voluntary agreements are not achieved. This second component is necessitated by the difficulties experienced in achieving labor-management agreements over the last few years in the context of northeast rail restructuring. In particular, initial proposals for restructuring of the northeast rail system under the Regional Rail Reorganization Act of 1973 (3R Act) had to be rejected in favor of a single carrier (Conrail) solution because the Chessie System and Southern Railway were unable to achieve labor agreements. Since the commencement of Conrail service on April 1, 1976, five years have past without several major unions entering into the "single implementing agreements" designed to bring order and rationality to Conrail labor relations, even though section 504 of the 3R Act specifically mandates those agreements and requires mandatory arbitration to assure that they will be achieved.

Labor-management relations should be the responsibility of rail unions and rail managers; and, even if the mandatory provisions of the bill were to be invoked as a basis upon which transfers could be accomplished, the bill permits subsequent bargaining under normal Railway Labor Act processes. However, the certainty that reasonable work rules and labor protective provisions will obtain on the transfer date is critical to participation by profitable railroads and to the establishment of self-sustaining rail service in the Northeast region.

SUBTITLE A—PASSENGER EMPLOYEES

TRANSFER OF PASSENGER SERVICE EMPLOYEES TO AMTRAK

Section 401 governs the transfer of Conrail commuter and Northeast Corridor passenger employees to Amtrak. Subsection (a) requires Conrail and Amtrak to estimate the number of positions (by full-time equivalent positions) devoted to the commuter services to be transferred to Amtrak and the support services contract under which Conrail provides personnel for the operation of Amtrak intercity passenger trains on the Northeast Corridor. On the transfer date, Amtrak would establish a like number of positions to continue these functions. Under subsection (b), Conrail is directed to transfer to Amtrak a sufficient number of employees to fill the new Amtrak positions. The employees are to be selected first from among employees engaged in the subject commuter service on a representative date prior to introduction of the bill. Any additional personnel needed because of attrition would be selected first from senior employees permitted to refuse transfer without prejudice to future benefits and second from junior employees.

Subsection (c) relieves Conrail of its contractual obligation to provide operating personnel for Amtrak Northeast Corridor trains, since the requisite personnel will be permanently transferred to Amtrak under this section.

Subsection (d) provides that, pending any subsequent transfer of commuter service responsibilities to a commuter authority, Amtrak shall retain transferred employees on its employment rolls, subject to normal attrition and adjustments in work force consistent with collective bargaining agreements.

Subsection (e) effects a severance of the transferred employees' relationship with Conrail. However, since Amtrak will take all employees engaged in commuter service subject to collective bargaining agreements, such employees are not considered to be deprived of employment for purposes of title III of the bill.

CONTINUATION OF COLLECTIVE BARGAINING AGREEMENTS

Section 402 makes Amtrak or a commuter authority subject to those Conrail collective bargaining agreements applicable to transferred employees. Neither Amtrak nor the commuter authorities presently have equivalent agreements in place for all of the relevant crafts of employees. This continuation of agreements, subject to renegotiation at the instance of management or labor under the Railway Labor Act, will help to ensure that essential transportation service is continued without interruption. Any dispute concerning the applicability of an agreement in light of changed circumstances related to the transfer would be subject to arbitration.

TRANSFER OF COMMUTER SERVICE EMPLOYEES TO A COMMUTER AUTHORITY

Section 403 incorporates by reference the labor assumption provisions of subtitle B and makes them applicable to the transfer of commuter employees to a commuter authority, whether from Conrail or Amtrak. This incorporation is subject to two substantive exceptions. First, selection of employees to be transferred (but not the number of employees to be transferred) would be made in the same manner prescribed for employees designated for transfer to Amtrak from Conrail. Second, the applicability of collective bargaining agreements is controlled by section 402, discussed above, rather than section 453. A commuter authority taking over the operation of trains would be considered a rail carrier for purposes of the applicability of Federal laws providing protection for railroad employees.

SUBTITLE B—FREIGHT EMPLOYEES

LABOR TRANSFER AGREEMENTS

Section 451 requires acquiring railroads and representatives of Conrail and acquiring railroad employees, to make every reasonable effort to achieve a pre-transfer agreement. The agreement would determine how new positions on an acquiring railroad would be filled, Conrail employees would be selected for transfer, and seniority rights would be determined. The agreement would also deal with compensation, rules, working conditions and fringe benefits applicable to transferred employees, as well as protection of any transferred or acquiring railroad employee adversely affected by service transfer.

The bill permits, and the Department would encourage, a uniform agreement covering multiple acquiring railroads (similar in scope to the agreement covering former Milwaukee and Rock Island operations, known as the "Miami Accords").

SELECTION OF EMPLOYEES

Section 452 is the first of the provisions that would take effect only in the absence of an agreement by the parties. The section would accomplish two major objectives. First, it would provide a method for determining the number of new positions on the acquiring railroad that would be filled from the ranks of former Conrail employees ("transferred employees") and the number of positions that could be filled from the acquiring railroad's previous rosters. In general, Conrail employees would be given first bid on new positions. However, if acquisition of a line from Conrail occasions the abolishment of a position due to coordination or consolidation of service, the acquiring railroad employee affected by the transaction would have first bid on any new position the acceptance of which would not require a change in residence.

Second, in selecting Conrail employees for new positions the acquiring railroad would be required to respect class and craft distinctions common in the industry and to favor persons senior in service over those with less time in service.

Third, the section would provide a method for selecting Conrail employees on a geographic basis. If an insufficient number of Conrail employees are available on the

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transferred line segment, other employees available to accept positions without change of residence would receive offers. If additional personnel were required, offers would be made at increasingly distant Conrail reporting points.

COLLECTIVE BARGAINING AGREEMENTS

Section 453 governs basic matters of compensation, work rules, and fringe benefits in the event agreement is not reached under section 451. The approach of this section is to assure transferred employees the same pay and basic quality of working conditions afforded other employees of the acquiring railroad, while avoiding the imposition of unrealistic constraints rooted in the past.

Conrail has failed at least in part because of the legislated imposition of rules and local agreements that derived from the six bankrupt railroads that preceded Conrail in the service area. Those constraints resulted in a balkanization of Conrail labor relations and the perpetuation of artificial barriers to efficient use of personnel. Prospective acquiring railroads will not be willing to accept similar constraints; nor can consumers of rail service afford to support such inefficiencies.

Therefore, section 453 would make clear than an acquiring railroad will not be bound by any contract, schedule, or agreement in effect on Conrail. If labor and the management of an acquiring railroad wished to bargain for similar (or even identical) provisions, they would be free to do so; but no inference could be derived from the bill that an acquiring carrier would be bound by prior agreements.

SENIORITY RIGHTS

Section 454 assures that a transferred employee's prior service would be respected in determining the employee's relative seniority on the acquiring railroad. The section recognizes that a precise definition of the relative seniority of transferred employees will necessarily await implementing agreements. The Department believes that both employee representatives and management will have significant incentives to achieve such agreements.

LABOR PROTECTION OBLIGATIONS OF ACQUIRING RAILROADS

Section 455 requires the Secretary to impose protection for transferred employees and employees of an acquiring railroad who may be adversely affected by a service transfer, in the event no agreement is reached under section 451. The protection referenced in this section is principally income protection, since most other issues relating to employee rights and responsibilities are treated in sections 452, 453, and 454. The protection imposed would be similar to that adopted by the parties to midwest rail restructuring in the "March 4 Agreeement," sometimes known as the "Miami Accords."

Acquiring railroads would be required to provide a quarantee of 80 percent of former straight time wages for up to three years, depending on the employee's length of service.

ARBITRATION OF DISPUTES

Section 456 requires that any minor dispute or claim arising under this title shall be subject to binding arbitration under normal Railway Labor Act processes. Resolution of disputes under agreements referenced in this title are already within the purview of the Railway Labor Act and no special provision is required in the bill. This section would make clear that, even if a labor transfer agreement is not reached under section 451, the parties would be free to interpret and apply the provisions of this title by agreement; and any subsequent minor dispute or claim would be resolved in accordance with the guidance provided by such agreement.

DEFINITION

Section 457 restricts the applicability of title IV by defining "acquiring railroad," in the freight context, to mean a Class I or Class II acquiring railroad or a neutral terminal company established under title II. Thus, short line railroads would not be covered by title IV; and, under the definition of "deprived of employment" in section 103, Conrail employees who failed to receive a firm offer of employment from a Class I, Class II, or neutral terminal railroad would be entitled to receive the benefits of title III.

TITLE V—TRANSFER OF THE NON-LITIGATION FUNCTIONS OF THE UNITED STATES RAILWAY ASSOCIATION

Title V of the Act provides for an orderly transfer of the non-litigation functions and related resources of the United States Railway Association (USRA) and its Finance Committee to the Secretary of Transportation.

DEFINITIONS

Section 501 adds a definition of successor authority to those contained in the 3R Act, and one of the existing definitions is redesignated to accommodate the new definition. "Successor authority" is defined to mean the Secretary of Transportation, with respect to USRA functions that are being transferred in accordance with section 502 of this Act.

FORMATION AND STRUCTURE

Section 502 amends section 201 of the 3R Act to effect the transfer of USRA's non-litigation functions to the Secretary not later than January 1, 1982. The Association would transfer to the Secretary, or as otherwise designated by the Secretary, property and budget resources which are primarily related to and support the conduct of the non-litigation functions. This transfer of authority in no way limits USRA's authority to conduct the valuation litigation under sections 303(c) and 306 of the 3R Act, including related administrative functions. Any litigation associated with the functions, powers and duties assumed by the Secretary under this subsection would be the responsibility of the Attorney General.

Upon assuming the new functions, the Secretary is directed to assume the financial obligations of USRA issued under sections 210, 211, and 216 of the 3R Act and to adopt appropriate USRA regulations governing non-litigation matters until the Secretary has had the opportunity to re-promulgate such regulations in appropriate form. Paragraph (5) makes provision for the continuation of non-litigation contracts and loans following the transfer. Paragraph (6) governs the status of USRA employees transferred to the Department.

AUTHORIZATIONS

Section 503, in view of the substantially increased responsibilities that the Secretary would assume under the 3R Act, deletes the existing $12.5 million limit on authorizations.

SUCCESSOR AUTHORITY TO USRA

Section 504 amends the remainder of the 3R Act to substitute the Secretary for USRA and its Finance Committee with regard to their non-litigation responsibilities and authorities. This is accomplished by adding "or successor authority" as appropriate wherever "the Association" or "the Finance Committee" appears. This technique allows the 3R Act to be amended to effectuate the transfer without rewriting that could inadvertently or otherwise revise present authority.

TECHNICAL AMENDMENTS

Section 505 modifies the heading and section analysis of the 3R Act dealing with USRA authority to refer both to USRA and its successor authority.

DEPARTMENT OF TRANSPORTATION ACT

Section 506 amends section 4 of the DOT Act to reflect the new powers, duties, and functions transferred to the Secretary under Title V of this Act.

TITLE VI—MISCELLANEOUS PROVISIONS

JUDICIAL REVIEW

Section 601 establishes mechanisms for judicial review of actions taken under the bill and challenges to the legislation itself. The Special Court created by section 209 of the 3R Act would have exclusive original jurisdiction over specified classes of suits, including any challenge to the validity of any provisions of the legislation. It is intended that all litigation directly relating to the Act be concentrated in the Special Court which has developed great expertise in Northeast rail matters. A decision of the Special Court would be subject to review only upon petition for a writ of certiorari to the Supreme Court, except an order or judgment of the Special Court enjoining the enforcement of the legislation or questioning its constitutionality would be reviewed on direct appeal to the Supreme Court. Administrative action taken under the legislation would be subject to review to determine if the Secretary had a reasonable basis for the contested determination, with the exception that, under section 252, no review is provided for the Secretary's approval of a transfer agreement or the implementation of that agreement. The provision, which is consistent with section 209 of the 3R Act, is necessary to assure continuity of rail operations and an orderly transfer process.

TECHNICAL AMENDMENTS

Section 602 effects certain technical amendments. Subsection (a) amends section 303 of the 3R Act to eliminate Conrail securities as a payment medium in the valuation proceedings before the Special Court. This amendment is necessitated by section 607, which provides that the Secretary shall receive, and may vote, such securities. Any remaining obligations of the United States under the 3R Act will be satisfied in cash, as has been the case with the initial settlements in the valuation proceedings.

Subsection (b) provides that securities conveyed to the Secretary under section 607 shall be deemed to be without value, unless the Special Court determines otherwise. The intent of this subsection is to insure that no transferor under the Regional Rail Reorganization Act of 1973 receives more than the constitutional minimum value of the properties conveyed.

REHABILITATION ASSISTANCE

Section 603 amends the definition of "restructuring" in section 501(8) of the Rail-

road Revitalization and Regulatory Reform Act of 1976 (4R Act) to expand the pre-existing definition of "restructuring" to include railroads or a financially responsible person's acquisition for common carrier rail service of ownership or operating rights on a rail line owned or operated by Conrail where the Secretary determines that the acquisition will provide needed transportation benefits and that the line will not likely require further Federal subsidy.

Section 505(b)(2)(F) of the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act) requires the Secretary to consider the availability of funds from other sources except if the Secretary determines that the project will provide significant railroad restructuring. Thus the Secretary will be able to provide section 505 assistance to purchasers of Conrail lines regardless of the availability of funds to such purchasers from other sources where the acquisition will provide needed transportation benefits and no further Federal subsidy will likely be required thereafter.

Section 603 also amends section 505(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 to make the transferee of a Conrail line an eligible applicant for section 505 financial assistance. Section 505(b)(2)(C) of the 4R Act requires the Secretary to consider the public benefits and costs of a proposed project. This section would be revised to provide that where an application relates to a rail line owned and operated by Conrail immediately prior to its acquisition, for common carrier rail service by a railroad or a financially responsible person, the Secretary shall instead consider whether the financial assistance sought will further the public interest in the transfer of rail lines from Conrail to the private sector and whether it will likely avoid the need for further Federal subsidy.

Finally, section 603 amends section 509 of the 4R Act of 1976 to provide that not more than half of the funds received by the Secretary of Transportation from the sale of Securities to the Secretary of the Treasury shall be reserved to provide rehabilitation and improvement assistance for facilities transferred from Conrail.

TRANSFER TAXES AND FEES; RECORDATION

Section 604 exempts the transfers or conveyances of rail property made under this Act and the recording of all deeds, bills of sale, and other instruments incident to such transfers, from the payment of any taxes, imposts, or other levies imposed by the United States or any State or political subdivision thereof. The exemption would apply to the transfer of any interest in rail property including real, personal and mixed. The transferors and transferees of rail property would be entitled to record deeds, bills of sale, easements and others such instruments, and to record the release or removal of any pre-existing liens or encumberances with respect to transfers of property, upon payment of any appropriate and generally applicable charges to compensate for the cost of the service performed. This provision is not intended to affect the Federal income tax liability of Conrail or acquiring railroads.

This section also provides that transfer of designated rail property under section 205 of the Act is to have the same effect for purposes of rights and priorities with respect to the property as recordation on the transfer date of deeds, or other appropriate instruments, in offices appointed under State law for such recordation. Acquiring railroads would, however, be required to proffer such deeds or other instruments for recordation within thirty-six months after the transfer date as condition of preserving such rights and priorities beyond the expiration of that period. Conrail would be required to cooperate with the acquiring railroad in preparing the necessary recordation documents.

APPLICABILITY OF OTHER LAWS

Section 605 excepts actions taken under the authority of the bill from the application of several laws which were not designed with the subject matter of the bill in mind, or the literal application of which would necessitate extensive delays in the transfer process. For instance, exception from the Administrative Procedure Act is necessary to permit prompt action, assure confidentiality of initial discussions over terms of sale, and avoid legal pitfalls associated with alleged procedural defects.

An exception to the National Environment Policy Act of 1969 (NEPA) is also necessary and appropriate. It is the objective of the bill to provide for the continuation of rail service in the northeast and the prevention of significant diversion of traffic to the highways which may have a direct adverse impact on the human environment in the region. On the other hand, formal compliance with requirements for impact statements, with incident procedures and judicial review, would greatly lengthen the transfer process, discourage prospective purchasers, and could result in serious deterioration of traffic levels as funding is exhausted and service levels deteriorate. Thus, in this case observance of the NEPA procedures would promote a result inconsistent with its purposes.

CONRAIL JOINT RATES

Section 606 assures Conrail and any railroad acquiring Conrail lines the opportunity, during 24-month period that begins on enactment of the bill, unilaterally to cancel existing joint rates that now favor the railroads connecting with Conrail. this provisions has two major benefits. First, it would strongly encourage those railroads that presently connect with Conrail and enjoy beneficial divisions to enter into serious negotiations for takeover of such lines. Those railroads would know that Conrail, or any successor to Conrail other than itself, would be free to establish local or proportional rates that no longer favored the connecting carrier. Second, any prospective purchaser of Conrail lines could bid with the certainty that it would not be forced to adopt the existing divisions that burden Conrail. It is noted that the present authority to surcharge joint rates under the Staggers Rail Act of 1980, and the alternative to negotiate new joint rates instead of using local or proportional rates, both remain available to Conrail and its successors under this provision.

The Department notes that the Interstate Commerce Commission already enjoys considerable latitude under the Staggers Act to provide the rate flexibility intended to be effectuated by this provision. The proposal of this provision is not intended as a commentary on existing law.

TRANSFER OF SECURITIES

Section 607 requires the Clerk of the Special Court to convey to the Secretary, within ten days after the effective date of the legislation, the common stock and series B preferred stock of Conrail which are on deposit with the clerk. These securities were orginally intended to serve as partial compensation for the properties conveyed under the Regional Rail Reorganization Act of 1973 (3R Act) to Conrail. However, as result of Conrail's poor financial performance those securities are without value. The rights of the transferor railroads with respect to compensation for the assets which they conveyed to Conrail are adequately secured by certificates of value. Any claim against the United States resulting from the conveyance of Conrail securities to the Secretary under this section would be litigated in the Special Court in accordance with secion 601 of the bill.

Subsection (b) authorizes the Secretary to exercise voting rights with respect to the securities obtained under subsection (a) or by other means, such as settling the claims of transferors arising from the transfer of rail properties to Conrail in 1976.

SATISFACTION OF CLAIMS

Section 608 requires Conrail to satisfy all valid claims against the corporation, or make provision for their satisfaction, before making any distribution of assets to the United States. The effect of this provision is to relinquish any priority of payment to which the Conrail debentures and series A preferred stock may be entitled on liquidation or otherwise.

REGULATIONS

Section 609 authorizes the Secretary to issue regulations to implement this legislation.

SEPARABILITY

Section 610 provides that, even if a portion of the bill were to be held invalid as applied, the remainder of the bill would continue to operate.

EFFECTIVE DATE

Section 611 provides that the bill would become effective on enactment.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LOWERY of California) to revise and extend their remarks and include extraneous material:)

Mr. LENT, for 5 minutes, today.

Mr. TAUKE, for 5 minutes, today.

Mr. GILMAN, for 5 minutes, today.

Mr. SNYDER, for 5 minutes, today.

Mr. LATTA, for 60 minutes, May 12.

(The following Members (at the request of Mr. ROEMER) to revise and extend their remarks and include extraneous material:

Mr. OBERSTAR, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. LAFALCE, for 10 minutes, today.

Mr. ST GERMAIN, for 10 minutes, today.

Mr. PEPPER, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DOWNEY, and to include extraneous matter, on House Concurrent Res-

olution 115, in the Committee of the Whole.

Mr. BROYHILL, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,400.

(The following Members (at the request of Mr. LOWERY of California) and to include extraneous matter:)

Mr. YOUNG of Alaska.
Mr. PETRI.
Mr. FORSYTHE.
Mr. LEBOUTILLIER.
Mr. GOODLING.
Mr. CLINGER.
Mrs. SCHNEIDER.
Mr. GUNDERSON.
Mr. KEMP.
Mr. DANIEL B. CRANE in two instances.
Mr. NAPIER.
Mr. WOLF in two instances.
Mr. BROWN of Ohio in two instances.
Mr. CLAUSEN.
Mr. DUNN.
Mr. BLILEY.
Mr. ERDAHL.
Mr. HOPKINS.
Mr. BEREUTER.
Mr. RUDD.
Mr. LAGOMARSINO.
Mr. WILLIAMS of Ohio.

(The following Members (at the request of Mr. ROEMER) and to include extraneous matter:)

Mr. RAHALL.
Mr. MCCURDY.
Mr. COELHO.
Mr. FAZIO.
Mr. LONG of Louisiana.
Mr. GARCIA.
Mr. MCHUGH.
Mr. MCDONALD in five instances.
Mr. RANGEL.
Mr. OBEY.
Mr. ROYBAL.
Mr. ZEFERETTI.
Mr. LONG of Maryland.
Mr. ECKART.
Mr. HAMILTON.
Mr. LANTOS.
Mr. DANIELSON.
Mr. SCHUMER.
Mr. CONYERS.
Mr. EDWARDS of California.
Mr. GAYDOS.
Mr. ANDREWS.
Mr. TAUZIN.

ADJOURNMENT

Mr. ROEMER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, May 6, 1981, at 1 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1265. A letter from the Acting Assistant Secretary of Agriculture for Governmental and Public Affairs, transmitting part one of the annual report of the Secretary of Agriculture; to the Committee on Agriculture.

1266. A letter from the Chairman, National Agricultural Research and Extension Users Advisory board, transmitting the Board's appraisal of the President's proposed budget for food and agricultural research and extension for the fiscal year 1982, pursuant to section 1408 of Public Law 95-113; to the Committee on Agriculture.

1267. A letter from the Assistant Secretary of Defense (Comptroller), transmitting notice that deficiencies have been authorized to be incurred for the necessities of the current year in various appropriations for operations and maintenance, pursuant to section 3732(b) of the Revised Statutes, as amended; to the Committee on Appropriations.

1268. A letter from the Secretary of the Army, transmitting a draft of proposed legislation to provide authority for additional nominations for consideration for appointment to the U.S. Military, Naval, and Air Force Academies; to the Committee on Armed Services.

1269. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to repeal the requirement to solicit suggestions from certain military and civilian retirees for methods to improve procurement procedures; to the Committee on Armed Services.

1270. A letter from the Director, Legislative Liaison, Department of the Air Force, transmitting the annual report for calendar year 1980 on the progress of the Air Force Reserve Officers' Training Corps flight program, pursuant to 10 U.S.C. 2110(b); to the Committee on Armed Services.

1271. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment and services to Australia (Transmittal No. 81-47), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

1272. A letter from the Chairman, District of Columbia Law Revision Commission, transmitting the sixth annual report of the Commission, covering the year ended March 31, 1981, pursuant to section 4(a) of Public Law 93-379; to the Committee on the District of Columbia.

1273. A letter from the Acting General Counsel, Department of Energy, transmitting notice of vairous meetings relating to the International Energy Program to be held in Paris, France, on May 4, 5, and 6; to the Committee on Energy and Commerce.

1274. A letter from the Secretary, Railroad Retirement Board, transmitting the third semiannual report on the Board's activities under the Milwaukee Railroad Restructuring Act, pursuant to section 21(b) of the act; to the Committee on Energy and Commerce.

1275. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment and services to Australia (Transmittal No. 81-47), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1276. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 USC 112b(a); to the Committee on Foreign Affairs.

1277. A letter from the Deputy Assistant Secretary for Administration, Department of Housing and Urban Development, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1278. A letter from the Director of Administration, Department of Energy, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1279. A letter from the Senior Associate General Counsel, Federal Home Loan Bank Board, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1280. A letter from the Acting Chairman, Securities and Exchange Commission, transmitting a report on the Commission's activities under the Government in the Sunshine act during calendar year 1980, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

1281. A letter from the Acting Deputy Assistant Secretary of the Interior for Indian Affairs, transmitting a proposed plan for the use and distribution of the Fort Peck Assiniboine and Sioux Tribes judgment funds in docket No. 184 before the U.S. Court of Claims, pursuant to sections 2(a) and 4 of Public Law 93k-134; to the Committee on Interior and Insular Affairs.

1282. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice transmitting copies of orders suspending deportation under the authority of section 244(a)(1) of the Immigration and Nationality Act, together with a list of the persons involved, pursuant to section 244(c) of the act; to the Committee on the Judiciary.

1283. A letter from the Deputy Executive Director, American Chemical Society, transmitting the annual report and audit of the organization for calendar year 1980, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

1284. A letter from the Federal and State Cochairmen, Southwest Border Regional Commission, transmitting the annual report of the Commission for fiscal year 1980, pursuant to section 510 of the Public Works and Economic Development Act of 1965, as amended; to the Committee on Public Works and Transportation.

1285. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend the Social Security Act to increase the effectiveness and improve the administration of certain programs under the act, and for other purposes; to the Committee on Ways and Means.

1286. A letter from the Acting Comptroller General of the United States, transmitting a report on implementation of previous GAO recommendations on Environmental Protection Agency programs (CED-81-92, May 5, 1981); jointly, to the Committees on Government Operations, Energy and Commerce, and Public Works and Transportation.

1287. A letter from the Secretary of Commerce, transmitting the annual report for the year ended March 31, 1980, on research studies on salmon stocks and the problems of incidental taking of marine mammals in the Japanese High Seas Salmon Fishery,

pursuant to section 14(d) of the U.S. North Pacific Fisheries Act of 1954, as amended; jointly, to the Committees on Merchant Marine and Fisheries, and Foreign Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON (for himself, Mr. SHUSTER, Mr. SHARP, and Mr. BROWN of Ohio):

H.R. 3420. A bill to authorize appropriations for fiscal year 1982 for carrying out the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979, and for other purposes; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

By Mr. PHILIP M. CRANE:

H.R. 3421. A bill to amend the Internal Revenue Code of 1954 to provide for cost-of-living adjustments in the individual tax rates and in the amount of personal exemptions; to the Committee on Ways and Means.

By Mr. DOWNEY:

H.R. 3422. A bill to extend the authorization of appropriations in section 212(B) of the Merchant Marine Act of 1936, relating to mobile trade fairs; to the Committee on Merchant Marine and Fisheries.

By Mr. EDGAR (for himself, Mr. MONTGOMERY, Mr. HAMMERSCHMIDT, and Mr. DASCHLE):

H.R. 3423. A bill to amend title 38, United States Code, to provide vocational education and training opportunities for certain Vietnam-era veterans, to establish a small business loan program for Vietnam-era veterans and disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. EDWARDS of Oklahoma:

H.R. 3424. A bill to amend the Internal Revenue Code of 1954 to repeal the treatment of intangible drilling costs as an item of tax preference; to the Committee on Ways and Means.

H.R. 3425. A bill to amend the Internal Revenue Code of 1954 to waive, for purposes of enabling members of the uniformed services assigned to duty outside the United States to be eligible for the earned income credit, the requirement that the principal place of abode of such member must be in the United States; to the Committee on Ways and Means.

H.R. 3426. A bill to amend the Internal Revenue Code of 1954 to repeal the provision which limits the deduction for percentage depletion in the case of oil and gas wells to 65 percent of taxable income; to the Committee on Ways and Means.

H.R. 3427. A bill to amend the Internal Revenue Code of 1954 to provide that the special valuation of certain farm, et cetera, real property for estate tax purposes shall apply to certain property acquired as a result of an involuntary conversion occurring within 5 years before the decedent's death; to the Committee on Ways and Means.

H.R. 3428. A bill to repeal the windfall profit tax on domestic crude oil; to the Committee on Ways and Means.

By Mr. FORSYTHE (for himself and Mr. BREAUX):

H.R. 3429. A bill to provide additional funds to the States for carrying out wildlife restoration projects and programs, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries and Ways and Means.

By Mr. HAMMERSCHMIDT:

H.R. 3430. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income a certain amount of interest earned on the All Saver Certificate offered only at savings institutions; to the Committee on Ways and Means.

H.R. 3431. A bill to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to provide that a person who gives or donates real property for a program or project to which such Act applies may waive the right to an appraisal of such property; to the Committee on Public Works and Transportation.

By Mr. HOWARD (for himself, Mr. CLAUSEN, Mr. ROE, and Mr. HAMMERSCHMIDT):

H.R. 3432. A bill to amend the Water Resources Development Act of 1974 relating to planning and evaluating water resources projects, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. KOGOVSEK:

H.R. 3433. A bill to modify the boundaries of the San Juan and San Isabel National Forests in the State of Colorado, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KOGOVSEK (by request):

H.R. 3434. A bill to amend the Internal Revenue Code of 1954 to modify certain requirements relating to the issuance of mortgage subsidy bonds; to the Committee on Ways and Means.

By Mr. LENT (by request):

H.R. 3435. A bill to amend the Rail Passenger Service Act to authorize additional appropriations for the National Railroad Passenger Corporation, and for other purposes; to the Committee on Energy and Commerce.

By Mr. McHUGH (for himself, Mr. BEILENSON, Mr. STUDDS, Mr. EDGAR, Mrs. CHISHOLM, Mr. FLORIO, Mr. BONKER, Mr. VENTO, Mr. MOFFETT, Mr. BEDELL, Mr. SEIBERLING, Mr. RUSSO, Mr. PEASE, Mr. BONIOR of Michigan, Mr. PATTERSON, Mr. LUNDINE, Mr. SIMON, Mr. BINGHAM, Mr. LAFALCE, Mr. STARK, Mr. CONYERS):

H.R. 3436. A bill to provide for limitations on congressional campaign expenditures and for partial public financing of congressional primary and general elections; to the Committee on House Administration.

By Mr. MADIGAN (for himself and Mr. BROYHILL):

H.R. 3437. A bill to provide for more equitable treatment of health maintenance organizations, and for other purposes; to the Committee on Energy and Commerce.

By Mr. OBERSTAR:

H.R. 3438. A bill to establish a Pilotage Regulatory Advisory Committee; to the Committee on Merchant Marine and Fisheries.

By Mr. PATTERSON (for himself, Mr. HYDE, Mr. LAFALCE, Ms. OAKAR, Mr. NEAL, Mr. REUSS, Mr. LOWRY of Washington, Mr. EVANS of Delaware, Mr. STANTON of Ohio, and Mr. JAMES K. COYNE):

H.R. 3439. A bill to provide for continung U.S. participation in the International Bank for Reconstruction and Development and the International Develoment Association, to provide for U.S. participation in the African Development Bank, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. RAILSBACK:

H.R. 3440. A bill to amend the Rail Passenger Service Act to provide that the free or reduced-rate transportation made available to railroad employees under section 405 of such act shall also be available to employees of a bankrupt rail carrier while they are separated from their employment; to the Committee on Energy and Commerce.

By Mr. RITTER (for himself, Mr. FUQUA, and Mr. BROWN of California):

H.R. 3441. A bill to establish a coordinated program under the direction of the Office of Science and Technology Policy for improving and facilitating the use of risk analysis by those Federal agencies concerned with scientific and technological decisions related to human life, health, and protection of the environment; to the Committee on Science and Technology.

By Mr. SAWYER:

H.R. 3442. A bill to establish a Webless Migratory Game Bird Research Fund and to require a Federal permit for the taking of any webless migratory game bird; to the Committee on Merchant Marine and Fisheries.

By Mr. SHANNON (for himself, Mr. GIBBONS, Mr. MATSUI, Mr. STARK, Mr. FORD of Tennessee, and Mr. DOWNEY):

H.R. 3443. A bill to amend the Internal Revenue Code of 1954 to provide a capital cost recovery method which combines the investment credit with the depreciation deduction in a first-year allowance; to the Committee on Ways and Means.

By Mr. SNYDER:

H.R. 3444. A bill to authorize appropriations for the fiscal years 1982 and 1983 for certain maritime programs of the Department of Commerce, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TAUKE:

H.R. 3445. A bill to amend the Internal Revenue Code of 1954 to provide farmers a refundable income tax credit for acreage with respect to which the farmer uses conservation tillage practices; to the Committee on Ways and Means.

By Mr. FUQUA (for himself, Mr. DINGELL, and Mr. UDALL) (by request):

H.R. 3446. A bill repealing title III of the Energy Security Act; to the Committee on Energy and Commerce.

H.R. 3447. A bill to authorize appropriations to the Department of Energy for civilian programs for fiscal year 1982 and fiscal year 1983, and for other purposes; jointly, to the Committees on: title I to Science and Technology, titles II and III to Energy and Commerce, title IV to Interior and Insular Affairs, title V to Energy and Commerce and Interior and Insular Affairs, titles VI, VII, VIII, IX, X, to Energy and Commerce, Interior and Insular Affairs, and Science and Technology.

By Mr. BROYHILL:

H.R. 3448. A bill to improve rail service in the Northeast region of the United States, and for other purposes; to the Committee on Energy and Commerce.

By Mr. EDWARDS of Oklahoma:

H.J. Res. 247. Joint resolution designating the week beginning July 14, 1981 as "National Softball Week"; to the Committee on Post Office and Civil Service.

By Mr. APPLEGATE:

H. Con. Res. 125. Concurrent resolution expressing the sense of the Congress that a

6-month congressional investigation be undertaken to study the Conrail System for the purpose of retaining Conrail on a cost-effective basis; jointly, to the Committees on Rules and Energy and Commerce.

By Mr. FARY:

H. Con. Res. 126. Concurrent resolution expressing the sense of the Congress relating to films and broadcasts which defame, stereotype, ridicule, demean, or degrade ethnic, racial, and religious groups; to the Committee on Energy and Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

58. By the SPEAKER: A memorial of the Legislature of the State of Hawaii, relative to Federal regulations which adversely affect marketing of meat and poultry products; to the Committee on Agriculture.

59. Also, a memorial of the Legislature of the State of Hawaii, relative to adoption of measures to reduce the environmental impact of accidental releases of radioactivity; to the Committee on Armed Services.

60. Also, a memorial of the Legislature of the State of Nevada, relative to water rights for the construction and operation of the MX missile system; to the Committee on Armed Services.

61. Also, a memorial of the Legislature of the State of South Carolina, relative to an accounting and return of all Americans from Southeast Asia; to the Committee on Foreign Affairs.

62. Also, a memorial of the Legislature of the State of Hawaii, relative to waiving nonimmigrant visas for travelers from certain nations; to the Committee on the Judiciary.

63. Also, a memorial of the Legislature of the State of Hawaii, relative to the bilingual requirements of the Voting Rights Act Amendments of 1975; to the Committee on the Judiciary.

64. Also, a memorial of the Legislature of the State of Nevada, relative to permitting States to set maximum speed limits on highways; to the Committee on Public Works and Transportation.

65. Also, a memorial of the Senate of the State of Hawaii, relative to transportation services for handicapped persons; to the Committee on Public Works and Transportation.

66. Also, a memorial of the Legislature of the State of Hawaii, relative to establishment of a national type approval program for measuring equipment; to the Committee on Science and Technology.

67. Also, a memorial of the Legislature of the State of Nevada, relative to exempting from Federal income tax certain allowances paid from a public retirement system; to the Committee on Ways and Means.

68. Also, a memorial of the Legislature of the State of Colorado, relative to President Reagan's economic recovery program; jointly, to the Committees on Government Operations and Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HUCKABY:

H.R. 3449. A bill for the relief of Simon Zunamon; to the Committee on Interior and Insular Affairs.

By Mr. KOGOVSEK:

H.R. 3450. A bill to direct the Secretary of the Interior to amend the legal description of certain land conveyed by the United States in a land patent; to the Committee on Interior and Insular Affairs.

By Mr. MINISH:

H.R. 3451. A bill for the relief of Danuta Gwozdz; to the Committee on the Judiciary.

By Mr. THOMAS:

H.R. 3452. A bill to require the Secretary of the Interior to sell certain parcels of land located in the Hungry Gulch Recreation area in the State of California; to the Committee on Interior and Insular Affairs.

By Mr. YOUNG of Alaska:

H.R. 3453. A bill for the relief of Stephen C. Ruks; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 27: Mr. ANTHONY and Mr. LEE.

H.R. 44: Mr. MARLENEE.

H.R. 52: Mr. MCCLOSKEY and Mr. DUNCAN.

H.R. 177: Mr. GEJDENSON.

H.R. 178: Mr. D'AMOURS, Mr. MCCOLLUM, and Mr. SHELBY.

H.R. 654: Mr. FLIPPO.

H.R. 705: Mr. GEPHARDT.

H.R. 706: Mr. HENDON and Mr. JAMES K. COYNE.

H.R. 743: Mr. JEFFRIES and Mr. SPENCE.

H.R. 747: Mr. JAMES K. COYNE, Mr. GARCIA, and Mr. RANGEL.

H.R. 911: Mr. QUILLEN.

H.R. 1005: Mr. RUDD, Mr. BARNES, Mr. VANDER JAGT, Mr. LENT, Mr. PEYSER, Mr. NOWAK, Mr. BAILEY of Pennsylvania, Mrs. BOUQUARD, Mr. KOGOVSEK, and Mr. EDWARDS, of Oklahoma.

H.R. 1015: Mr. LEBOUTILLIER and Mr. ROUSSELOT.

H.R. 1016: Mr. QUILLEN.

H.R. 1017: Mr. BETHUNE.

H.R. 1353: Mr. CONYERS, Mr. WINN, and Mr. PATTERSON.

H.R. 1364: Mr. FORD of Tennessee, Mr. FOWLER, Mr. GRADISON, Mr. GUARINI, Mr. NEAL, Mr. MAZZOLI, Mr. PICKLE, and Mr. HANCE.

H.R. 1465: Mr. ADDABBO, Mr. AKAKA, Mr. BAILEY of Pennsylvania, Mr. BEDELL, Mr. BENJAMIN, Mr. BINGHAM, Mrs. BOUQUARD, Mr. BURGENER, Mr. BUTLER, Mr. COELHO, Mr. CORRADA, Mr. DIXON, Mr. D'AMOURS, Mr. DONNELLY, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DREIER, Mr. EVANS of Georgia, Ms. FERRARO, Mr. FROST, Mr. GARCIA, Mr. GEPHARDT, Mr. GILMAN, Mr. GOLDWATER, Mr. GORE, Mr. GREEN, Mr. GRISHAM, Mr. GUARINI, Mr. HANCE, Mr. HAWKINS, Mr. HUGHES, Mr. KEMP, Mr. KINDNESS, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LEDERER, Mr. LENT, Mr. LOWERY of California, Mr. LOWRY OF WASHINGTON, Mr. LUNGREN, Mr. MCHUGH, Mr. MITCHELL of New York, Mr. MOAKLEY, Mr. MOFFETT, Mr. NATCHER, Mr. OBERSTAR, Mr. PANETTA, Mr. PASHAYAN, Mr. RANGEL, Mr. RICHMOND, Mr. RINALDO, Mr. ROSENTHAL, Mr. ROYBAL, Mr. SABO, Mr. SCHEUER, Mr. SOLARZ, Mr. STARK, Mr. STOKES, Mr. TAUKE, Mr. THOMAS, Mr. VENTO, Mr. WEISS, Mr. WILLIAMS of Montana, Mr. WINN, Mr. WOLPE, and Mr. YOUNG of Missouri.

H.R. 1918: Mr. DICKS and Mr. MATTOX.

H.R. 1974: Mr. PETRI, Mr. COELHO, Mr. LUNGREN, Mr. LAGOMARSINO, Mr. COLLINS of Texas, Mr. COURTER, Mr. LOWERY of California, Mr. ROUSSELOT, Mr. FRENZEL, Mr. FAZIO, Mr. BADHAM, Mr. LOTT, Mr. JONES of Oklahoma, Mr. MONTGOMERY, Mr. BURGENER, Mr. KRAMER, and Mr. MILLER of California.

H.R. 1983: Mr. PHILIP M. CRANE, Mr. DUNCAN, Mr. FORD of Tennessee, Mr. FOWLER, Mr. GRADISON, Mr. GUARINI, Mr. HANCE, Mr. JENKINS, and Mr. VANDER JAGT.

H.R. 2203: Mr. LAGOMARSINO, Mr. BLILEY, Mr. WHITTAKER, Mr. PASHAYAN, Mr. RINALDO, Mr. FROST, Mr. JEFFRIES, Ms. MIKULSKI, and Mr. GOLDWATER.

H.R. 2400: Mr. FIELDS and Mr. GOLDWATER.

H.R. 2423: Mr. COLLINS of Texas.

H.R. 2556: Mr. DUNCAN, Mr. BEARD, Mr. GINN, Mr. HUTTO, Mr. ENGLISH, Mr. WHITEHURST, Mr. SNYDER, Mr. FROST, and Mrs. BOUQUARD.

H.R. 2618: Mr. DERWINSKI, Mr. JEFFRIES, Mr. MCCLORY, and Mr. COLLINS of Texas.

H.R. 2642: Mr. WHITEHURST.

H.R. 2880: Mr. BLILEY.

H.R. 2898: Mr. GRAMM.

H.R. 2921: Mr. BARNARD and Mr. SIMON.

H.R. 2926: Mr. ROBERTS of Kansas. Mr. COLEMAN, Mr. GLICKMAN, Mr. NAPIER, Mr. SENSENBRENNER, Mr. ROBERTS of South Dakota, Mr. HANSEN of Idaho, Mr. STANGELAND, Mr. WEBER of Minnesota, Mr. EVANS of Georgia, Mr. BAILEY of Missouri, Mr. TAYLOR, Mr. BEDELL, and Mr. BEARD.

H.R. 2929: Mr. JACOBS.

H.R. 2957: Mr. YOUNG of Missouri and Mr. SOLOMON.

H.R. 3045: Mr. VENTO, Mr. LELAND, Mr. MOFFETT, and Mr. MINETA.

H.R. 3046: Mr. SABO, Mr. FAZIO, Mr. APPLEGATE, Mr. MURPHY, Mr. KILDEE, Mr. FOGLIETTA, Mr. BIAGGI, Mr. HUGHES, Mr. PRITCHARD, Mr. MOAKLEY, Mr. ADDABBO, Ms FERRARO, Mr. RICHMOND, Mr. SYNAR, Mr. DUNCAN, and Mr. RAHALL.

H.R. 3055: Mr. D'AMOURS.

H.R. 3151: Mr. BENEDICT, Mr. FORSYTHE, Mr. DERWINSKI, Mr. GOODLING, Mr. CONYERS, Mr. STENHOLM, Mr. DANNEMEYER, Mr. WORTLEY, Mr. WHITEHURST, Mr. BEVILL, and Mr. SAWYER.

H.J. Res. 125: Mr. CORCORAN.

H.J. Res. 128: Mr. REGULA, Mr. STARK, and Mr. BEVILL.

H. Con. Res. 117: Mr. PEPPER and Mr. CARMAN.

H. Res. 100: Mr. NELLIGAN.

H. Res. 111: Mr. BEILENSON, Mr. BINGHAM, Mr. BONIOR of Michigan, Mr. BROWN of California, Mrs. CHISHOLM, Mr. CLAY, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. CORRADA, Mr. WILLIAM J. COYNE, Mr. DELLUMS, Mr. DANIELSON, Mr. DE LUGO, Mr. DIXON, Mr. DYMALLY Mr. EDWARDS of California, Mr. FAUNTROY, Mr. FOGLIETTA, Mr. FORD of Tennessee, Mr. FORD of Michigan, Mr. FRANK, Mr. GARCIA, Mr. KILDEE, Mr. LELAND, Mr. MILLER of California, Mr. MITCHELL of Maryland, Mr. OTTINGER, Mr. PEPPER, Mr. PERKINS, Mr. RAHALL, Mr. RANGEL, Mr. RICHMOND, Mr. RODINO, Mr. ROSENTHAL, Mr. SAVAGE, Mr. SIMON, Mr. STOKES, Mr. SUNIA, Mr. VENTO, Mr. WASHINGTON, Mr. WAXMAN, Mr. WEISS, and Mr. WILLIAMS of Montana.

PETITIONS, ETC.

Under clause 1 of rule XXII,

73. The SPEAKER presented a petition of the board of directors, Society for the Study of Social Problems, Boston, Mass., relative to funding of research in the social sciences, which was referred jointly, to the Committees on Education and Labor, Energy and Commerce, and Science and Technology.

EXTENSIONS OF REMARKS

A CALL TO ACTION ON YOUTH DRUG ALCOHOL ABUSE

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. ZEFERETTI. Mr. Speaker, I commend to my colleagues the report, "A Call to Action on Youth Drug/Alcohol Abuse," prepared for His Eminence Terence Cardinal Cooke, archbishop of New York, by the cardinal's commission on youth/drugs and alcohol, chaired by Mr. T. Vincent Learson.

The report addresses the issue of alcohol and drug abuse among our youth openly and straightforwardly and presents a positive program for the clergy and laity throughout the church. The approach is comprehensive and should serve as a model for other religious groups. It is only through our institutions, principally our churches, that our youth and indeed our society in general will be turned away from alcohol and drugs.

Our committee was most pleased to have supported this effort, and we will continue to provide whatever assistance we can to the Archdiocese of New York in carrying out the program.

CARDINAL'S COMMISSION ON YOUTH/DRUGS AND ALCOHOL COMMISSION REPORT

SUMMARY OF FINDINGS

A. Nature of the Problem

The instability of today's family has given rise to a crisis of values—spiritual and human. Substance abuse is both a self-destructive product of this crisis and a contributing factor to its growth.

B. Extent of the Problem

Drug and alcohol abuse cuts across all economic and social lines. No community remains untouched by substance abuse; no family is protected from its reach. In the 1980's the rich, middle class and poor, the educated and uneducated, the urban, suburban and rural resident must confront the far-reaching effects of substance abuse and accept the fact that "it is happening here."

The extent of substance abuse and the growing availability of drugs are alarming. During the 1970's indicators showed 80,000 drug-related deaths and more than one million persons who were left emotionally and functionally crippled as a result of chronic drug abuse. A survey conducted by the New York State Division of Substance Abuse amond students in grades 7 through 12 (1,800,000) found:

—more than 54% have used marijuana in their lifetime;

—about 16% have used PCP (Angel Dust);

—almost 9% have used cocaine or hallucinogens or narcotics;

—use of cocaine and inhalants has almost tripled since 1971.

In the 1980's, from increased production sources, levels of herion supply will be 20 times that of the 1970's.

Alcohol research indicates that an estimated 19% of our youth report being intoxicated at least once a month, which represents a 10% increase in the last ten years. A major change has occured in the drinking patterns of young females, bringing the number of young females who drink nearly equal to that of young males. (3)

During the last four years, there has been a 48% increase in the number of 15-year-old who had their first drink before reaching the seventh grade. (4)

The Surgeon General's Report on Health Promotion & Disease Prevention 1979, observes that since 1900, the overall death rate for the American people has been declining steadily. In 1960 this decline reversed itself for young people aged 15 to 24 and has been rising sharply (11%) since, while it continues to decline for the adult (25 to 64) population. This was the first increase in mortality rated during this century and correlates directly with dramatic increase in the use of drugs and alcohol by this age group.

C. Causative Factors

Parents, adults and society share the responsibility for increased substance abuse among the young with mass media, the entertainment industry, and the sport establishment, all of which wield enormous influence among the young.

Widespread use of alcohol and prescription drugs among adults is accepted by society without comment. For many parents drug and alcohol use has become a fact of life. Many young people remain unaware of the true nature of adult substance abuse within the family because it is often concealed and not discussed.

Misinformation, misunderstanding and confusion have created an unwillingness within society to face the true scope and nature of substance abuse. This unwillingness has, in turn, made society indifferent to the issue of drug and alcohol abuse.

Adult use, society's lack of response and mass media's often glamorized reporting of drug use by contemporary sports and entertainment idols have created an atmosphere in which young people feel comfortable and easy in experimenting with drugs and alcohol.

According to the United States Department of Health, Education and Welfare, alcoholism is this nation's most neglected disease. In New York City alone there are 400,000 alcoholics and there are 10 million alcoholics nationwide. Surveys of young people show that 6.5 percent of American high school seniors are daily users of alcohol. At least one of every ten young people leaving high school uses marijuana daily and supports habits which cost $75 a month.

A great number of young who experiment with drugs become frequent users and, ultimately, abusers. When a young person's addiction is discovered, parents often attempt to protect the family name by concealng their child's crisis. Since many abusers support their addiction by theft, parents frequently fund the habit to eliminate the need for burglary and subsequent arrest.

Communities too often respond to neighborhood drug problems by shifting the burden of response to area law enforcement agencies. The reluctance of a community to face its own problem of substance abuse often means consigning its own children to the futile processes of criminal justice. In New York State, this type of community reaction has filled jail cells with the addicted (to the levels of 63 percent) and has extracted enormous costs in wasted lives and dollars.

The annual cost to New York State for each inmate addict carries a $36,000 price tag. In addition to the jail costs of $26,000 there is an annual per inmate cost of $10,000 for police/courts/probation services/parole. Hospital beds for the detoxification or psychiatric treatment cost $93,000 per patient per year. Outpatient Methadone maintenance costs $3,000 per addict per year for life. Drug-free ambulatory treatment costs are $2,000 per addict and drug-free residential care costs $8,000 per addict per year. (5)(6)

Drug trafficking ranks among the world's largest and most sophisticated businesses. Countries have boasted that income from drug production and exportation has served to resolve their balance of payments. In the United States drug trafficking is a $50-60 billion a year industry which supports a vast subterranean economy. Federal estimates report that $8 billion will have been spent on illegal drug purchases by the end of the year 1980 in the New York Metropolitan area. A large percentage of that money will come from addicts who maintain their habits through burglary. (2)

In terms of alcohol, young people do not have to turn to the streets to obtain it. Family liquor cabinets provide a ready supply, if liquor is not on hand in one home, it is in another and often this home has working parents which minimizes the opportunity for parental supervision. No money need be spent and no law broken in order for a young person to have a readily available supply of alcohol.

Beer, wine, and liquor do not carry the same stigma as do drugs in American society. Few adults think of alcohol as a drug and therefore pay less attention to seeing that family supplies are kept uner control. Parents who are normally careful to keep prescription drugs inaccessible to youngsters often fail to take the same care with their liquor supply. One of every six high school seniors gets drunk once a week and one-half of all preteen are frequently relieved that "it's beer instead of drugs, gin instead of heroin.

Even if young people should find difficulty in obtaining liquor in the home lack of enforcement of local age limits and the ability to obtain illegal proof of age make the purchase of alcohol far less difficult than other forms of drugs. Additionally, a group of teenagers can usually find a friend of legal age to obtain sufficient liquor or beer to make abuse possible.

The trend of some liquor companies to develop and market milk-based alcoholic products and sweet fruit wines is further encouragement to young people who may find the strong product unpleasant, yet readily seek out and enjoy the new products apparently aimed at the taste preference of the young.

The Commission calls upon all New Yorkers to join in a campaign to end the paralysis in the public will to act effectively by facing the real issues of drug and alcohol abuse. The tradition of the New York community to join forces to seek solutions to pressing social problems needs to be reaffirmed in dealing with youthful substance abuse. It is essential that there be a shift in public attitude and perception in relationship to the cause and extent of substance abuse and its wide-reach ramifications.

As a united, concerned community, we must work to change laws and court procedures which aid rather than eliminate drug sales on our streets and in our parks; to reduce the backlog of 1,148 cases in the Special Narcotics Prosecutor's Office; to remove thousands of young people from the endless cycle of drugs by expanding rehabilitation centers and addressing neighborhood resistance to the establishment of these facilities within their community; to alter the widespread concealment and silence surrounding family alcohol abuse which is at the center of chronic alcoholism. (7)

The Commission also calls upon local law enforcement agencies to pay stricter adherence to legal age limits placed on sale of alcoholic products. It recommends that the liquor industry police itself in the development of products which have primary appeal to the young.

D. Contributing Factors

At the close of the 1970's, federal leadership in attacking the problem of substance abuse seemed to collapse at all levels despite the nationwide drug crisis among youth. A threatened $40 million funding cutback in treatment programs as well as a dramatic reduction of international enforcement networks were symptomatic of the federal government's unwillingness to place sufficiently high priority on the welfare of the nation's richest resource—its youth.

In the 1970's, $161 million was spent by the federal government in the 50 states on programs of drug and alcohol prevention. While New York State alone allocated $176 million annually during the same period and currently spends $62 million.

Government leadership also continued its ambivalence toward drug abuse by continually shifting its response to the problem from the area of criminal justice to the realm of medical science and back again. Medical societies were slow to address the problems surrounding the overprescription of mind-altering and mood-changing drugs. The Departments of State and Justice directed only limited efforts toward the cessation of the lethal flow of drugs into the country. Citizens, who were uninformed and therefore indifferent, failed to press legislatures, courts and law enforcement officials to attack forcefully the open sale of drugs in parks, school yards and other open areas.

The use of cocaine, especially among major sports and entertainment figures idolized by youth, grew alarmingly. The use was at times concealed, while at other times apparently condoned by officials and promoters of the figures involved, as a means of protecting their financial success.

This Commission is alarmed by the climate created by lack of leadership at these levels and calls for a strong effort in developing prevention programs which help the individual before treatment is necessary. In the Commission's view these programs must involve both the social sciences and the healing professions as they strive to maintain the total human person in a fully functional capacity.

While all crime involves persons, most addict crimes are planned to acquire property to sell so that they may support a habit. Recognizing that, the Commission recommends sound programs of restitution, rather then incarceration, after completion of treatment. This is seen as a long overdue approach to the criminal aspects of drug abuse. At the same time, increased efforts on the part of the United States Departments of State and Justice, both through the United Nations and international enforcement networks, are needed to halt the international drug traffic into the United States. The Committee on Standards of area medical societies must address themselves to the problems created by overprescription of mind-altering and mood-changing drugs. Efforts to educate citizens and encourage them to demand a reevaluation of current attitudes toward the open sales of controlled substances must be initiated.

The Commission recommends that the federal government imitate the positive and diversified response of the State of New York to the twin problem of drug and alcohol abuse.

The Commission welcomes the move away from the decriminalization of marijuana in the light of increasing biomedical data which show its essential toxicity to the human system. Its members are impressed by the evidence of psychological damage in terms of irreversible immaturity, restricted attention span, memory loss, prolongation of adolescence and regression to almost infantile expectation of instant gratification caused by marijuana.

Marijuana is not a "safe" substance. It interferes with lung function and produces bronchial irritation in habitual users. There is also evidence that marijuana can affect the network of glands and hormones which are involved in such functions as growth energy levels and reproduction.

The Commission recognizes the vital role of relevant research into the field of drug and alcohol abuse as well as into the complex set of interacting causes of substance abuse. At the same time, it cautions that all research efforts must be measured by the impact that they have on the prevention of abuse and the healthful development of the young lives involved.

E. Blueprint for Action

The Commission notes with candor that the Church has not given a sufficiently high priority to the problem of youthful substance abuse when addressing social concern. Under the leadership of Cardinal Cooke, the Archdiocese of New York is now prepared to assume special responsibility for the well-being of the young, and particularly, the "shadow children" whose lives and families experience the pain of drug and alcohol addiction.

The Commission is confident that Catholic leadership on the national level, and especially the United States Catholic Conference, will study this new understanding of the Archdiocese of New York in this critical area. Perhaps a Special Action Office on Youth Substance Abuse to develop effective programs might be established on a national level.

The Commission recognizes some encouraging responses from both state and national leaders to the dilemma of drug and alcohol abuse. It applauds the coming together of treatment and prevention leadership at annual training conferences such as the New York State Drug Abuse Conference and the National Alcohol and Drug Coalition. It pays particular tribute to the National Federation of Parents for Drug Free Youth, Inc. a nationwide grassroots movement of parents. It also commends the prevention impact provided by "Channel 1," an industry/community model, and "The Winners." a proposed mass media campaign aimed at combating substance abuse. Finally, the Commission recognizes the successful prevention and intervention efforts of the Archdiocesan Drug Abuse Prevention Program in the elementary and secondary schools of the Archdiocese. It recommends the expansion of the Program's services to every school in the Archdiocesan system.

The Commission considers that only when treatment, prevention and enforcement are addressed jointly by an aroused community leadership, backed by ample governmental support, will substance abuse be overcome. Had this joint approach been operative in the early 1970's we would be looking at a brighter situation today.

The field of drug and alcohol prevention during the 1970's emphasized information. The fact that the information provided was often misleading or false severely damaged the credibility of the field with youth. Moreover, preoccupation with scare tactics and horror stories of drug use only served to make practitioners of prevention seem naive. Consequently, the informational approach as a primary means of drug prevention was eventually viewed as ineffective and possibly counter-productive.

More promising approaches to drug and alcohol prevention, developed in the latter part of the decade, emphasize decision-making, values clarification, peer support, and confrontation. Moreover, they look at the youth developmentally and examine his/her drug and alcohol use within that context. These approaches have shown encouraging results and deserve to be recognized and implemented, beginning with early years of elementary school.

Early intervention is designed to work with adolescents whose drug and alcohol use does not fall wihin the parameters associated with developmental issues but who are still functioning in the school, community or the family. Other maladaptive behaviors such as truancy, chronic absenteeism, academic failure and vandalism are common in this population. Early intervention services work intensively with the youngster to alleviate the dependence on these self-defeating behaviors and to develop more functional ones.

The Commission calls upon government at all levels, from the local community to the federal government, to establish and to fund prevention and treatment programs that focus on the individual.

The Commission places special emphasis on the role of the New York City community in the efforts to combat substance abuse. New York City is the nation's largest urban center as well as the nation's gateway port. It is open to an influx of drugs in many forms from many areas at a high and constant rate. An effective coordinated response to the crisis of youthful substance abuse in New York will have nationwide impact. Allocations of federal funds to prevention, treatment and enforcement programs must take into account the unique problem of addiction present in New York and must recognize that an effective program of prevention in New York presents a nationwide effort at eliminating the problem.

The Commission charges the "influencers" of youth—mass media, the entertainment industry, the sports establish-

ment—with a special responsibility in reversing the indifference about substance abuse which they, in part, helped to create. A campaign planned along the lines of the successful anti-smoking campaign would be a major contribution to the effort.

In creating programs that respond to drug and alcohol abuse, the Commission stresses the need to incorporate motivated and trained peers (i.e., youth to youth, adult to adult). They can be found among the thousands of once hopeless young people who have successfully recovered control of their own lives through family-format programs of treatment. Negative peer pressure is a major factor in the growth of youthful addiction. Involving the ex-addict in programs for the young is an excellent way to counteract the negative peer influences. This peer involvement, however, must extend beyond the young people, to parents being helped by parents, educators by educators, and so on.

Any effort to attack substance abuse must recognize the need to end prevailing discrimination against ex-addicts which isolates them from a community and bars them from employment. If we are to encourage youthful substance abusers to follow the lead of ex-addicts, we must show them that there is no stigma attached to overthrowing their addiction, only to continuing it.

It is particularly important that the corporate sector of the New York community respond to the needs of ex-addicts in creating job opportunities for them. Only when leading members of the business community establish a positive hiring pattern will discrimination against ex-addicts in the job market be ended.

The Commission invites the private sector, especially corporate and foundation leadership, as well as government, to join it in fielding a comprehensive attack on New York's addiction problem by providing the needed funds.

SUMMARY OF COMMISSION ACTION RECOMMENDATIONS

Preface

In developing a blueprint for action which would address the problem of substance abuse in the 1980's, the Commission paid particular attention to movements which had a major impact on deeply-rooted American social problems.

Of particular significance was the Civil Rights Movements of the 1960's which focused national attention on the problem of racial inequality in the United States. Begun by small, diverse groups working independently, the movement spread when the original groups were expanded and multiplied by hundreds of new groups in an historic effort to improve the quality of life for significant numbers of Americans.

The Commission's intent is to recommend the development of a plan of action within the Archdiocese of New York that in turn could reach out to other groups throughout the nation who experience the same concerns and are seeking the same solutions. We believe that the Church in New York has both opportunity and a responsibility to be in the vanguard of this new crusade.

Our major recommendations are as follows:

A. The Cardinal Archbishop

The Commission recommended that the Cardinal make a dramatic personal statement from the pulpit of St. Patrick's Cathedral on substance abuse. His Eminence did this on November 30, 1980, in a statement which launched a campaign and urged all religious and lay people of the Archdiocese to join the battle in addressing this serious social problem particularly as it affects our youth. This statement was distributed to the 407 parishes of the ten counties of the Archdiocese and was the foundation of the homily at all Masses that day.

B. Special Advisory Task Force

The Commission recommends that a Special Advisory Task Force on Youth be established to monitor the continuing phenomenon of drug and alcohol abuse among youth, as well as to encourage the full implementation of the Archdiocesan Action Program. The Cardinal would invite an ecumenical advisory group, representing the major elements of business, law, medicine, education and religious life in the New York community to serve.

C. The Church in New York—Mobilization for Action

The Catholic Church of New York with its 407 parish units as well as its 349 schools across 10 counties of the State represents an immeasurable resource for the purpose of making an impact upon the problem of drug and alcohol abuse among youth.

1. Archdiocesan Pastoral Council and Senate of Clergy

The Pastoral Council and Senate represent crucial first steps in the plan. A full day of orientation designed to confront basic questions should be scheduled in 1981. The issues to be presented are: the nature of the drug/alcohol problem, the extent of the problem, the means by which the problem becomes abuse, the reasons for concern, the plan of action for this group.

It is foreseen that a program of this kind will be the first step and will assist priests in organizing groups within the parish and preparing material for use at parish and school levels.

2. Special Action Office: D.A.R.E. (Drug, Alcohol, Rehabilitation, Education)

a. The Cardinal has established this office within the Department of Education under the Director, Father Terence Attridge. The Office is serving as a center of the Archdiocesan programs which address the areas of drug and alcohol abuse among young people.

b. A series of day-long Training Workshops for parish and school personnel will be scheduled for purposes of basic orientation as to the nature of, scope of, and response to the problem.

c. A select cadre of specially-prepared priests, religious and laity in each Vicariate will be identified and will undergo intensive training for purposes of assisting the parishes and schools of the Archdiocese in substance abuse programming at the local level.

d. The ultimate goal of the Special Action Office as well as the training programs for priests, religious and laity is the formation of peer-teams-youth for youth, adults for adults.

SUMMARY

The Commission acknowledges that these recommendations represent only a beginning and that, as the programs become effective, a tremendous spirit of hope will be released throughout the Archdiocese. The Commission also senses that parents and young people will welcome the guidance of the religious and concerned laity and that what will be begun here will find echoes throughout the nation.●

PROF. PAUL WEST, AUTHOR, RECEIVES AWARD

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. CLINGER. Mr. Speaker, today the Governor of the Commonwealth of Pennsylvania will present the Hazlett Memorial Award for Excellence in the Arts to Paul West, professor of English and comparative literature at the Pennsylvania State University. I can think of no one who more richly deserves this high award than Professor West.

Paul West's literary accomplishments are admired throughout the English-speaking world for the depth and breadth of their excellence. He has published 20 books in several different genres over the past 18 years. Among these are numerous works of literary criticism, including books on Byron, Robert Penn Warren, and the modern novel as well as essays and reviews for periodical publications.

Professor West is perhaps best known, however, as the author of eight major novels, from "Alley Jaggers" in 1966 to his most recent, "The Very Rich Hours of Count von Stauffenberg," published last year. He is also a noted poet, the author of "The Spellbound Horses" and "The Snow Leopard." His nonfiction works include "I, Said the Sparrow," a book of memoirs, and "Words for a Deaf Daughter."

At Penn State, Professor West is a highly esteemed teacher of creative writing and comparative literature. At home in the world of science as well as that of literature, his interest in astronomy brought him an invitation from the National Aeronautics and Space Administration to attend a space launch. The Hazlett Award for Excellence in the Arts is only the latest of the many honors that he has earned. Penn State and the Commonwealth of Pennsylvania are proud of Paul West.●

VIETNAM: WHO WILL SPEAK OUT NOW FOR HUMAN RIGHTS?

HON. JACK KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. KEMP. Mr. Speaker, last weekend some 25,000 demonstrators, protesting a wide variety of causes, marched on the Pentagon, promoting more than one commentator to draw parallels with anti-Vietnam marches in years gone by.

Doan Van Toai spend a good deal of time on America's campuses in the

late 1960's and early 1970's, speaking on behalf of the Vietcong, championing their cause. And when it was over, and America pulled out, Doan Van Toai went home.

But Doan Van Toai was not a Communist. In a Communist controlled Vietnam, Doan Van Toai was put in a concentration camp. There he stayed nearly 4 years, giving him ample time to reflect upon what had happened in his country, and his own role in bringing those changes about.

Now he has returned to the United States, bringing a far different message about what Vietnam is today. Again, he is appealing to the liberals in the American political spectrum looking to them to denounce the brutality and repression that has been visited upon his country by the Communist aggressors. He wonders why they are silent in the face of such a massive violation of human rights.

What Doan Van Toai has to say needs to be heard. For in understanding what Vietnam has become, we begin to understand what America was fighting to prevent. The following article by Mr. Toai appeared in the Wall Street Journal.

VIETNAM: REFUGEES AND SILENCE

(By Doan Van Toai)

Six years ago this month, the United States ended its 20-year involvement in Vietnam by withdrawing its troops. Thus one might have assumed that the friends Vietnam seemed to have made throughout the world in those years would now be celebrating the sixth triumphant anniversary of their victory.

But this past February, while Hanoi was celebrating poor, humble Vietnam's sixth year of unification, the people continued to vote against the regime by fleeing the country.

The Sixth National Assembly of the Vietnamese Communists has recently approved a new constitution, which is only a copy of the Soviet constitution. They will create a new organ, the State Council, and its chairman will probably be Mr. Le Duan, who is now secretary general of the party. The new assembly is scheduled to be voted on this weekend, and it will form the new government. This will present the best opportunity for Le Duan and Le Duc Tho to strengthen their powers and tighten their ties with the Soviets.

Hoang Van Hoang, a close associate of Ho Chi Minh's and a former member of the party politburo who escaped to China in 1978, says that "Vietnam was so totally dependent on the Soviet Union that it had to do whatever Moscow asked." These words have been affirmed by Soviet leader Brezhnev, who has said, "Vietnam is now a solid outpost of our socialist camp."

STALIN IS REVERED

Vietnam regards Stalin as a figure of reverence. His writings are widely sold and his portrait appears in public places and in classrooms throughout the country. A poem by To Huu, a member of the politburo, is taught in high schools: "Vietnam has Uncle Ho, the world has Stalin/When Vietnam has peace, the world will have liberty."

It is all so different from the first days of victory six years ago, when the Vietnamese Communist leaders proudly declared, "We defeated the French colonialists, the Japanese invaders and then the American imperialists. We will successfully build our new country. We shall accomplish all obigations, overcome all difficulties and defeat all new enemies."

Le Duan, successor to Ho Chi Minh as party leader, also stated before the first meeting of the first Unified Assembly in June 1976: "We shall build our country ten times bigger and ten times more beautiful." He is partially truthful: He occupied Laos, invaded Cambodia and attacked Thailand.

Vietnam is not more beautiful. It is one of the 20 poorest countries in the world. It has 1.6 million soldiers in its active army, the fifth largest army in the world. On March 13, the government promulgated an order to draft into the army all able-bodied youths reaching 18 years of age for "the cause of building the country and defending the socialist fatherland."

Poverty in Vietnam today is as bad as it has ever been. The food shortages are the worst since 1945, when a famine killed two million people.

The country's first five-year plan predicted the production of 21 million tons of rice each year, but this country of 55 million people harvested only 10 million tons in 1980, two million less than in 1979. Rations of rice given to the cadres have fallen off. Some boat people who left Vietnam recently told me mockingly, "No one died of hunger in Saigon, but some have died of hunger in Ho Chi Minh City."

Vietnamese officials cite bad weather, bureaucratic muddling and corrupt officials as the reasons for the growing shortage of food. But the root cause of this problem is their own actions: depending on the Soviet Union, acting the role of Cuba in Southeast Asia, invading Cambodia and imposing Marxist-Leninist ideology over the whole country.

Vietnam's former revolutionaries have today come to be regarded by Western public opinion as invaders in their region. But the Northern Vietnamese Communists have been invaders for a long time. In the spring of 1975, the Northern Vietnamese Communist army conquered South Vietnam in a classic invasion with Soviet tanks, planes and weapons. They not only eliminated the South Vietnamese government but brutaly eliminated the National Liberation Front, or Viet Cong, who had been called by the Communists and their Western supporters "the sole genuine representative organ of the South Vietnamese people."

One should recall that in the 1960s, many of the anti-war activists did not believe that any of this could possibly come to pass. Tom Hayden, husband of Jane Fonda, after returning from Hanoi in 1966, released a statement repeating the words of Pham Van Dong, prime minister of North Vietnam, that "the presence of the North Vietnamese troops in South Vietnam is a sheer fabrication of the U.S. government." And Tom Hayden instructed the American leftists with his comment, "We think that this denial has not previously been made in such absolute terms by the highest government authorities."

May the author pose a question to Tom Hayden: Don't the highest government authorities of the Communists know how to lie and to deceive the West? Le Duc Tho, the man who negotiated with Dr. Kissinger on the Paris peace agreement, deceived the West in his Paris news conference of May 1972 by saying, "Since I have returned to Paris, this is the fifth time we have declared clearly that the DRG govermment (Hanoi) and the PRG (Viet Cong) have never wished to force a Communist government on South Vietnam."

Le Duc Tho is now one of the most powerful leaders of the Vietnamese Communist Party. He has three brothers who are all members of the central committee of the party and hold important positions. One brother is secretary general of the trade union, another is mayor of Ho Chi Minh City and chief of security forces in South Vietnam and the last brother is a three-star general and minister of transportation.

In democratic countries, citizens use their votes to express their opposition to or their support for their government. In bogus democratic countries like South Korea, Chile, South Africa or South Vietnam before the Communists took over, the people often employed illegal demonstrations or strikes to protest against their dictatorial governments. But today there are only two ways for the Vietnamese to vote against the current regime: either be expelled to the New Economic Zones in the far jungle and be imprisoned in the giant gulag throughout the country, or risk their lives fleeing the country.

A VIET CONG FEELS SORRY

Truong Nhu Tang recently formed in Paris a front called the National Salvation Council to gather all Vietnamese to fight the current Communist regime in Vietnam. Truong Nhu Tang, one of the founders of the National Liberation Front (Viet Cong) and a former justice minister of the provisional revolutionary government, fled the country in a tiny boat in 1979. Truong Nhu tang says he feels sorrow about his past naivete and wishes to continue to fight for the independence and freedom of his compatriots.

Despite overwhelming evidence of the brutality of the Communist dictatorship in Vietnam, those who told us that such a dictatorship is what the Vietnamese people wanted are curiously silent. Some of the anti-war authors wrote many books and articles saying during the war years that tne Viet Cong were really independent from the Hanoi Communists and that Hanoi did not want to impose Communism on South Vietnam.

I am not angry with these people about their past anti-war activity if they did it for the interests of the people and not for a small group of Vietnamese Communists. But do they feel sorrow today that the Communists deceived them? Why do they keep silent about the present tragedies in Indochina? This amnesia is criminal. Their silence damages the reputation of the left.

American linguist Noam Chomsky said categorically that there has been no bloodbath in Vietnam. But there are many ways to kill people without shedding a drop of blood. There is technically no bloodbath in Vietnam, but who can say how many silent deaths have occurred on the high seas? How many have died hidden in the Vietnamese gulag?

While former anti-war activist still protest war by America, they keep silent about Soviet invasions. While they raise their voices to denounce South Korea and El Salvador, they keep silent about the tragedies in Vietnam, where the people must support the insupportable and suffer the insufferable.●

NEW FUNDS FOR STATE WILDLIFE CONSERVATION PROGRAMS

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. FORSYTHE. Mr. Speaker, today I am introducing legislation to amend the Federal Aid in Wildlife Restoration Act of 1937, commonly known as the Pittman-Robertson Act. Since 1937 this act has provided funds to the States for wildlife conservation programs. My bill will provide critically needed new revenues by establishing an 11-percent Federal excise tax on the sales of component parts of handloaded ammunition. The Pittman-Robertson Act is presently funded by an 11-percent manufacturers' excise tax on archery equipment, sporting firearms and factory-made ammunition, and a 10-percent excise tax on handguns. My bill would add additional items of sporting equipment to those already being taxed for wildlife restoration and hunter education purposes.

The revenues derived from this new tax on component parts of ammunition will be distributed among the States on a formula basis to provide 75 percent of the funding for State wildlife restoration and hunter education programs. In addition, this legislation will broaden the Pittman-Robertson program by authorizing the Secretary of the Interior to apportion funds so as to allow Puerto Rico, Guam, the Virgin Islands, and American Samoa to participate in these programs. It also directs the Secretary to conduct a continuing study regarding the use of the funds provided for hunter education programs. After 5 years, the Secretary is to make recommendations to Congress as to whether such funds should continue to be provided to the States for this purpose and, if so, whether revisions in the program's administration or operation are necessary.

The Pittman-Robertson program has benefited all Americans who enjoy open space and its accompanying wildlife resources. This important program has, for example, enabled State agencies to purchase over 3.6 million acres of wildlife habitat. In addition, Pittman-Robertson funds have assisted States in carrying out their wildlife management programs on over 37.6 million acres of land and in supporting critically important wildlife-related research. State hunter education programs have also been of significant benefit by teaching students hunter ethics, outdoor sportsmanship, wildlife stewardship, and the safe use of firearms.

In order to continue with these essential wildlife restoration and hunter education programs, States will require additional funds—a need which will only increase as State wildlife agencies confront the pressures of inflation, increased populations of hunters and other wildlife enthusiasts, and the continued loss and deterioration of wildlife habitat throughout the United States. It is clear that action is required now to maintain the quality of our outdoor experience as the acreage of open space decreases and the number of users continues to increase. With additional Pittman-Robertson funds, State agencies will be able to respond to these pressures by conserving this Nation's wildlife and its habitat for use by present and future generations of Americans.

Mr. Speaker, I am proud to introduce this legislation and am looking forward to receiving comments on the bill during hearings before the Subcommittee on Fisheries and Wildlife Conservation and the Environment later this spring.●

ENERGY ITEMS IN THE BUDGET COMMITTEE RESOLUTION

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. RAHALL. Mr. Speaker, I would like to express my full support for the energy items contained in the budget resolution presented by the House Budget Committee.

While the committee's overall numbers in this area are actually less than the administration's, it has made significant shifts in funding priorities which I feel reflect in a more realistic manner the energy research and technological needs of this Nation.

The administration believes that Government spending in the area of energy should be limited to providing assistance to research, technologies, and projects with a higher risk but potentially higher payoff in the future. From looking at the administration's budget request, it appears nuclear programs fit this criteria. However, the administration also believes funding for research and projects dealing with fossil fuels—such as the development of synthetic fuels—should be left to the private sector. Evidently, the administration feels that the private sector can accommodate funding levels for synthetic fuel demonstration plants and new technologies for burning coal in an environmentally sound manner.

I would like to expand on this issue to portray a certain amount of hypocrisy in the administration's energy budget requests. While the administration says it does not favor any one energy source over another, its budget says otherwise. Funding for nuclear fission programs and the gaseous centrifuge uranium enrichment plant in Portsmouth, Ohio, is increased while at the same time, funding for synthetic fuel demonstration projects such as the SRC I and II plants and for other fossil energy research programs is decreased.

I must question the administration's thinking in this matter. Why does President Reagan believe the private sector can fund, say, the SRC II demonstration plant, but not the GCEP? Why does the President believe nuclear fission programs have a higher payoff—and thus, demand Government funding—while fossil programs do not?

In my mind, this says only one thing. The administration does indeed favor one energy source over another. Its priority appears to be nuclear power, and regardless of public opinion, it intends to force this technology on the American people by cutting funding levels for alternative energy programs.

Mr. Speaker, adquate funding levels for fossil energy programs offer the Nation both short- and long-term benefits. In the short term, direct coal burning with environmental safeguards. Over the long term, synthetic fuels derived from coal, oil shale, and tar sands. I hope there is no need for me to remind the Congress of the vast abundancy and availability of these fuels in this Nation. Furthermore, I believe there is no need for me to expound on the cost effectiveness of these energy forms. Synthetic fuel and technological advances in pollution control for coal burning are programs that offer sure-fire results for the American people. These programs also fit the administration's description of high-risk but high payoff technologies. They are deserving of Government funding—along with a measure of private input—simply because they offer more benefits and produce more varied fuels than nuclear ever can; even if this Nation can solve many of the grave problems associated with nuclear generation and waste disposal.

I see no reason to repudiate energy policy as it relates to coal, synthetic fuel, and other alternatives to oil. The energy budget prepared by the House Budget Committee holds these values and provides for a more rounded and equitable approach to funding energy programs.

Overall, it asks for less than the administration in this area. The administration's proposal for energy programs asks for $8.9 billion in authority and $9.5 billion in outlays in fiscal year 1982 compared to the $6.3 billion in authority and $6.86 billion in outlays in the Budget Committee resolution. Nonetheless, the Budget Committee resolution restores $200 million in budget authority and $100 million in

outlays for the Department of Energy's synthetic fuel activities. Funding of this level will insure continued progress in the synthetic fuel demonstration plant projects. I must also note that while the administration proposes to transfer funds on a reduced level from DOE to the Synthetic Fuels Corporation for certain demonstration projects, the authorizing legislation for the Corporation does not allow it to fund demonstration projects. In other words, the true intent of the administration is to terminate Government funding for these projects entirely.

This would have grave consequences. If the private sector is unable to finance these demonstration projects the value of this research would be lost to the Nation. Experience gained by these projects could lower the cost of subsequent synthetic fuel plants and speed their development which will only help the Nation meet its energy goals in a more expedited fashion. This, Mr. Speaker, is the business of both the private sector and the Federal Government.

And what are these energy goals? Foremost, I believe, is reducing this Nation's continued dependence on foreign oil. This must be our priority. It is a concept forged by both Republican and Democratic administrations and Members of Congress since the early 1970's. Government spending in the area of synthetic fuels, solar and conservation—retained in the Budget Committee's resolution—will save oil. It will save oil now, and over the long term. However, I seriously doubt whether spending for nuclear programs will save oil now. We need long-term research to provide for future needs, but in the same sense, we must also provide energy security for the rest of this century. In this aspect, I believe the administration's priorities are misdirected.

Along this line, I would also urge proper funding for another program geared to wean this Nation off imported oil. That, specifically, is the program to convert electric utilities from oil to coal and other alternative energy sources. The administration proposes to eliminate funding for the fuels conversion office in the Economic Regulatory Administration which is part of DOE. In short, this proposal could seriously undermine the Nation's ability to cope with a serious fuel shortage, leave the public much more dependent on foreign oil and ultimately lead to even higher electric rates. The fuels conversion office enforces certain provisions of the Powerplant and Industrial Fuel Use Act of 1978. The elimination of this office will limit the ability of electric utilities to overcome regulatory obstacles in switching from oil to coal as a boiler fuel. Although many plants would voluntarily convert to coal because of its lower price, under a provision of the Clean Air Act a voluntary conversion does not get the same treatment as a mandatory conversion order under the Fuel Use Act. Utilities mandated to convert receive delayed compliance from new source performance standards while voluntary conversion do not. Thus, the elimination of this office would preempt the issuance of mandatory conversion orders and lead to continued excessive use of foreign oil by electric utilities. While the argument can be made that these utilities can switch to natural gas, this fuel is far more expensive than coal. Furthermore, I am not yet convinced there is indeed such an abundance of readily obtainable gas reserves as to allow a sudden and dramatic increase of this fuel in utility boilers. If the gas industry's estimates are wrong, this Nation may face the prospect of paying a bill for imported gas as high as that of imported oil.

While the Budget Committee resolution does not address this point on a line-by-line basis, I have been assured that committee is not opposed to continued funding in fiscal year 1982 for the fuels conversion office. Likewise, I believe the same holds true for the authorizing committee. For this reason, I would urge the Appropriations Committee to give serious consideration when the time comes to an adequate level of funding for coal conversion.

Mr. Speaker, because of my belief that the Budget Committee resolution preserves the intent of the American people and provides a more equitable distribution of funds I urge full House adoption of this budget.●

JUST COMPENSATION FOR DAMAGES INCURRED WHILE ASSISTING THE COAST GUARD

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, on August 19, 1976, Mr. Stephen C. Ruks incurred substantial damage to his airplane while performing a search and rescue mission near Cordova, Alaska. Mr. Ruks undertook this rescue because the Coast Guard requested assistance in picking up survivors of an aircraft accident. To date, Mr. Ruks has been unsuccessful in obtaining just compensation for the loss he incurred.

Mr. Ruks is a member of the Civil Air Patrol in Alaska. It was because of this status that he was called upon specifically to rescue the two persons on board the beached aircraft. Coast Guard aircraft would have not been available for 2½ hours. This request came from the Coast Guard's search and rescue coordinator at Kodiak, Alaska, via the FAA Flight Service Station at Cordova.

The Coast Guard investigation reveals that Mr. Ruks was cautioned regarding the soft beach which might have posed problems on landing. However, no communication was received by Mr. Ruks to terminate the rescue. Prior to the incident, Mr. Ruks had made 12 beach landings in the area of the mishap and, using his judgment as a member of the Civil Air Patrol, believed the conditions suitable for landing. Mr. Ruks made a low pass of the rescue site prior to landing. On a second pass, Mr. Ruks landed his plane, rolled approximately 200 feet before hitting soft sand which caused the plane to flip. No personal injuries resulted but he sustained $9,700 worth of damage to his plane.

Mr. Ruks filed a claim with the Coast Guard for the damage. He was advised, however, that the Coast Guard considered him a volunteer and that the damage to his plane had not occurred due to Coast Guard negligence. Therefore, they had no legal basis under the Federal Tort Claims Act of the Military Claims Act to compensate him. They have advised him, however, that the Coast Guard would not oppose legislation to compensate him for his loss.

I find this unacceptable that the Coast Guard could specifically request assistance and then walk away from the responsibility to accept what results from their bequest. Members of the Civil Air Patrol simply cannot be asked to perform rescue missions for the Government under these conditions. They perform too valuable a service for the public and the Government to be treated in this manner.

I have long held the view that additional search and rescue coverage by the Coast Guard is needed in the Cordova-Prince William Sound area. This case is just another example of what is required. In fact this year in the Coast Guard's budget, additional money has been included to address just this problem. In the meantime, the Coast Guard must rely on people such as Mr. Ruks to insure that adequate search and rescue services are provided.

For these reasons I am introducing this bill to make certain that just compensation can be given in Mr. Ruks' case.●

YOUTH HIKES ACROSS AMERICA

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. FAZIO. Mr. Speaker, it is with great pleasure that I rise today to pay tribute to a young man from my district who has certainly earned the re-

spect and admiration of all of those who know him or know of his accomplishments. His name is Robert L. Burns. He is 14 years of age and the youngest member of a group that is completing a cross country hike that began on April 12 of last year.

Robert is a determined and self-disciplined young man. He is a Boy Scout and has continued his studies during the 4,000-mile hike through tutoring and independent study. Moreover, his physical stamina is incredible, hiking 7 to 10 miles per day while carrying a 40 to 50 pound pack, which is twice the weight recommended for a person weighing only 108 pounds, as he does.

HikaNation, spearheaded by the American Hiking Society, was organized to call attention to the urgent need for more foot trails throughout our Nation, a goal that I have consistently supported and fought for since coming to the Congress.

On May 13, Robert and his hiking companions will arrive in Washington and will be welcomed on the West Front of the Capitol between 12 noon and 1 p.m. These individuals have accomplished an historic task and I am certain that many of my colleagues will want to be on hand to welcome and congratulate them.

In addition, Mr. Speaker, I would like to request that the following articles be inserted into the official RECORD. One of particular interest was written by Charlotte Pruitt for the Vallejo Independent Press and gives some further insight into the strengths of this exceptional young man, Robert Burns.

[From the Vallejo Independent Press]

YOUTH HIKES ACROSS UNITED STATES

(By Charlotte Pruitt)

A Benicia youth who never back-packed before is making a name for himself in hiking circles.

Fourteen-year-old Robert Burns is the youngest hiker taking part in the historic Pacific to the Atlantic "HikaNation" currently under way by the American Hiking Society.

The continuous coast-to-coast journey of 4,000 miles began April 12 in San Francisco when 7,000 hikers became the only organized group to walk across the Oakland Bay Bridge since it opened in 1936. Two lanes of the big bridge were closed off to make room for the huge foot parade which kicked off the cross-country trek.

Its purpose? To dramatize the need for more foot trails in the United States.

Robert took part in the two-day opener which was headed by a group of backpackers who plan to go the whole distance to Washington, D.C. Some 60 hikers are going part way and 43 will make the complete transcontinental hike. Enthusiasts for the cause join the route along the way and go as far as they want.

The young Benician, son of Mrs. Karen (Wold) Moore who teaches at Mary Farmar Elementary School, rejoined the group in mid-July and hiked through most of September, covering 600-plus miles through Utah and Colorado.

After a brief visit with his family in Benicia Robert left Friday by bus to Lajunta, Colo., where he rejoined the core group which is now making its way towards the Central Plains. They plan to end up in the Nation's capitol some time between April and June of 1981 where they will meet with government officials.

The hikers, who average 7 to 10 miles a day, should be in Illinois on New Year's Day. A faster pace is planned through sprawling Kansas.

In Utah, Robert made the trip to Dark Canyon where very few hikers use the trails abandoned by the Indians over 100 years ago. Possessing a staid personality, he tells of straight down drops of 2,000 feet or more which failed to sway him from his goal.

Most of the trip takes place on trails, jeep roads and little-used secondary roads. The group also travels along some state and county roads as well as on private property when permission is given. They camp out on the side of the road, on government land and at times on private property. No stops are made at campgrounds which charge a fee for using the facility.

Robert, who will enter Benicia High School next year, will be given some school credits for his learning experience on the transcontinental hike which will include a certain amount of tutoring but mostly independent study.

His interest was drawn to the HikaNation through an article in Sunset Magazine. It would be easy to mistake Robert's passionless appraisal of his participation in the first-of-its-kind hike if you failed to perceive his inner strength and determination.

Robert carries his own gear, cooks his own meals and makes all the needed repair on his clothing and equipment. His pack sometimes weighs over 50 pounds but he tires to keep it down since it is only supposed to be 20 to 25 percent of your body weight. The young Benician weighs 108 pounds.

Setting their own pace, some of the hikers take side trips and then meet up again with the main group at prearranged places. There are support vehicles with food and other supplies which rendezvous with the group at certain intervals. All the hikers carry two-day emergency rations.

Elevations ranged from 8,000 to 12,000 feet when they crossed the Rocky Mountains.

In order to be part of the main group of hikers, Robert did odd jobs to earn the $150 he used to purchase good boots ($90), a stove and plenty of socks. His family made sure he had the proper clothing to begin his odyssey. Part of the family involvement was the preparation of dehydrated food for his trip.

Some of his assignments for school credit are collecting plants, taking photographs, keeping a journal about craft projects he sees, budgeting for food and clothing, cooking, and keeping a daily log of his unique adventure.

Trail coordinator Monty Montgomery discouraged most young people from taking part because they did not have enough self-discipline for the pilgrimage.

While most hikers participate only a day or two, the core group includes a 17 and 18-year old, a couple with backpacks their year-old daughter and several people over 60. One of the support vans is being driven by Glenn Seaborg of the Lawrence Radiation Lab, a Nobel Peace Prize winner.

Robert, who is looking forward to Alpine and ice climbing in future years, makes arrows and arrowheads and has an avid interest in unexplored Indian ruins. He is studying edible plants during the long hike.

Antique buffs, his family has been on numerous trips in California and Nevada to dig artifacts. Family members include stepfather Charles Moore, sister Laura and grandmother Mrs. Gladys Wold, a member of the Benicia school board.

"Robert earned his own money to go on the hike. He dedicated himself to doing it and is making some very levelheaded and mature decisions. I'm just as proud as can be about his participation in this great experience," his mother said.

Spearheaded by American Hiking Society President Jim Kerr, HikaNation also is sponsored by the Heritage Conservation and Recreation Service of the U.S. Department of the Interior, Postum instant grain cereal beverage and Backpacker Magazine. There are numerous supporting organizations including the Boy Scouts and the Sierra Club.

In addition to wanting to announce clearly the need for hiking trails, the American Hiking Society wants to dramatize the value of walking, hiking and backpacking as low-energy forms of recreation.

Robert Burns is helping make this important statement.

[From the Benicia Herald, July 11, 1980]

BENICIA YOUTH BEGINS JOURNEY TO UTAH

Robert Burns is off to Brice Canyon, Utah, this weekend to join some 60 hikers participating in a cross country hike.

To illustrate the need for hiking trails in the United States, the hike was initiated from San Francisco's Golden Gate Park in April, with Washington, D.C., the final destination. The trip is scheduled to take fourteen months.

Thirteen year old Burns was one of the hikers who spanned the Golden Gate Bridge on the first leg of the journey into Tilden Park. Now with the school semester safely behind him, equipped with a store of dehydrated food and hiking gear, he will join the hikers in Utah.

His mother, Karen Moore, and sister, Laura, will drive back to rendevous with him and the travelers by next Friday. Burns will hike through to Durango, Colorado, an estimated thirty to forty-five day hike. From there the seasoned hiker will catch a bus for home.

A resident of Benicia for ten years, burns began hiking as a Scout three years ago. "It's fun," he described. His pack will contain beef jerky, fruit rolls, and trail mixes prepared by his mother. He will carry two water containers. "And I might get another one," he said.

A portion of the trail Burns will share with the other hikers passes through a large canyon. They will be in almost total darkness for four or five days, and they must carry all of their own water, Burns described.

The HikaNation is jointly sponsored by the American Hiking Society and the United States Department of the Interior, through the Heritage Conservation and Recreation Service. From coast-to-coast the entire trip is over 4,000 miles.

The event has been in the formal planning stages for a year prior to the April starting date. The adventure is estimated to cost each hiker $5 per day or between $2,000 and $3,000 for the entire trip.

Hikers are predicted to go through two sleeping bags, two tents and one pair of hiking boots, twice re-soled, during the fourteen month excursion. Hikers are welcome

to join the party at any stage in the procession eastwards or to drop out at any time.●

IN CELEBRATION OF CINCO DE MAYO

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. ROYBAL. Mr. Speaker, today is Cinco de Mayo, the 5th of May, a holiday celebrated by our great neighbors to the south in Mexico, and by many persons of Mexican descent in communities throughout the United States. This date celebrates the Battle of Puebla in 1862, when a small, patriotic force of Mexican soldiers, under the leadership of General Ignacio Zaragoza, defeated the much larger and better equipped French forces of Napoleon III. In fact, the French Army at that time was considered one of the mightiest in the world. The defeat of this French Army at Puebla stands as a landmark in the history of Mexico and symbolizes the victory of a proud and independent human spirit over foreign invasion. This spirit made it possible for the Mexican people to eventually expel Emperor Maximilian and the French from Mexico in 1867 and molded a sense of national pride that still exists today.

While we honor the heroic actions of the Mexican Army at the Battle of Puebla, it is well to also reflect on the vast contributions Mexican Americans have made to this country. The culture of Mexico—her art, music, dance, food—have greatly enhanced the richness of American life. Mexican immigrants began settling this country long before the Pilgrims landed at Plymouth Rock. Many areas in the Southwest United States can point to over 200 years of Hispanic culture and history. Mexican Americans have played a prominent role in every war the United States has fought, and their many acts of bravery are a matter of record. There are countless other examples of Mexican contributions to American society. The growing American recognition of these contributions will, I hope, lead to much closer relations between our two great countries.

The expressed desire of President Reagan to strengthen relations between the United States and Mexico is a very encouraging sign. I have long encouraged the development of strong ties with Mexico, and have introduced legislation to investigate the possibility of forging an economic and energy alliance between the United States, Mexico, and Canada. I believe such an alliance would greatly strengthen each country individually as well as the relationship among the three countries.

Once again, I would like to extend my sincere best wishes to the Republic of Mexico and to all Americans of Mexican descent during this 118th anniversary of Cinco de Mayo. I invite you all to join in saluting the heroic actions of the Mexican Army at the Battle of Puebla in 1862, and in celebrating the proud spirit of the Mexican people.●

GOLD STAR MOTHERS

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, while honoring the memories of those courageous Americans who served their country so nobly by making the supreme sacrifice, we should equally honor those brave women who must endure the continuing pain of having lost a son in the defense of America. Gold Star Mothers deserve a special place of honor in the annals of American History.

Judy Ragel, the daughter of Mr. and Mrs. Orville Schukar of Vandalia, Ill., has so eloquently expressed the feeling that all Americans have for the Gold Star Mothers that I wanted to share two of her poems with you.

Mr. Speaker, I am sure that all of our colleagues join with me in commending Judy for not only her literary talents, but also for the feeling of patriotism that is so well expressed in both of these excellent poems.

The poems follow:

I WAS THERE, GOLD STAR MOTHERS

I've been with them all from land to land,
From underground tunnels to the whitest sands.
I've been with your loved ones from shore to shore,
For whom your Gold Star is now proudly worn.

World War I to Germany we went,
Too many rules had already been bent.
They were all brave, from land, sea and sky,
These soldiers united, not afraid to die.

I was there, in World War II,
Oh how they fought for me and you.
No one had ever assaulted our land,
So with a bomb we dealt with Japan.

To Korea, so many were sent,
Hey, they loved their country, so they gladly went.
The battles were fierce, how our boys bled,
They protected me always, many lay dead.

Then Vietnam, what a horrible sight,
Killer land mines were set late at night.
Yes, I watched them die bravely and bold,
For this was the land they thought they must hold.

By now you have guessed, Old Glory, that's me,
And thanks to your loved ones, I'm still flying free.
I've been with them all, their songs I still hear,
"We are Americans and we love our land dear".

They always fought hard, their jokes were a pleasure,
Yes, Gold Star Mothers, they were your treasures.
God be with all you Mothers, so special you are,
You deserve so much more than just a Gold Star.

MY GOLD STAR MOTHER

This is the story my Mother has told,
How she received her Star of Gold,
Her son, a paratrooper, went off to war.
To hold him, to thank him, she can no more.

Your country needs you, said Uncle Sam,
To go and fight in Vietnam.
And so her oldest son, named Ron,
Went off to face the Viet Cong.

No one will ever take up my slack,
This Communist aggression must be held back.
These were his words, so brave and bold,
He turned her Star from Blue to Gold.

Six miserable months, slowly passed by,
Then the telegram, and the question why.
My mother sat, in a mass of tears,
For now she acknowledged her most dreaded fear.

The words came slowly as my Mother read,
We're very sorry, your son is dead.
He served his country brave and gladly,
And now he'll be missed, oh so badly.

So on the day he was laid to rest,
She knew once again he had given his best.
For it was God's will, that he must die,
And not for his Mother to question why.

Everyday, she still suffers the pain,
But knows her son did not die in vain.
For many young men died in that place,
And now are with God, by His heavenly grace.

With these beautiful memories, she now lives,
Of a son so brave and willing to give.
His life, his ambitions, for freedom and peace,
In a hope that someday, the fighting will cease.

So now, Gold Star Mother, walk proud and walk tall,
For it was your loved one who gave us his all.
Not the cowards and draft dodgers, who reap of this land,
No, they were not there, to lend him a hand.

Salute Old Glory, sing the Anthem out loud,
Your young son will hear you, and know you're so proud.
There are many Gold Star Mothers, this one is mine,
He was my precious brother, so courageous and kind.

In honor of my Gold Star Mother, Kathryn Schukar.●

CALL TO CONSCIENCE VIGIL, 1981—THE JACOB SOSNA FAMILY

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. MOAKLEY. Mr. Speaker, I come before you today to express my sadness regarding the great tragedy and injustice that is taking place in the Soviet Union. I am referring to the ongoing policy that refuses to allow

certain Soviet Jews from emigrating from the Soviet Union, particularly the Jacob Sosna family.

A year ago I came before the Congress to speak on behalf of the Sosna family, who were among those in the Soviet Union who had been waiting for emigration visas for over 7 years. They are still waiting.

In July 1974, Jacob Sosna, along with his wife Rimma, son Boris, 85-year-old mother, and disabled uncle, all applied for emigration visas. Boris was the only member of the family to receive a visa and was then forced to travel to Israel by himself. After losing their jobs as a telephone communications engineer and a factory technician, Rimma and Jacob were both told they would have to wait unitl 1985 for their visas. The reason for the refusals was Rimma's supposed knowledge of state secrets through her job, a charge which was later withdrawn by Rimma Sosna's former employer, but to no avail for the Sosnas. Since that time, they have received 11 refusals. They have also been subjected to continual harassment by Soviet officials. They were forced to move from their home by unsympathetic neighbors who did not wish to be associated with the Sosnas or their efforts to leave the Soviet Union. Rimma Sosna was recently warned by the Government not to join any women's groups.

I am greatly disturbed at the Soviet Union's continued, clear violation of basic human rights. All that this family asks is to be reunited with their son in Israel, the same request as hundreds more Jews in the Soviet Union. Because of this wish, the Soviet Government has stripped away the already limited rights of these people merely for seeking what they had been promised in the Helsinki agreement—visas, emigration, family reunion, and a simple life in peace. Soviet Union President Brezhnev has said that he would like to normalize relations with the United States. I believe this process of normalization should begin with the Soviet Union recognizing and granting these basic human rights to the Sosnas and to the many other Soviet Jews like them.●

THE PEOPLE RESPOND—X

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. GARCIA. Mr. Speaker, I am inserting into the CONGRESSIONAL RECORD a statement which exemplifies the concern people are feeling over the proposed budget cuts. President Reagan's economic plan would not affect every segment of this society equally; minorities and the poor would have to shoulder the greater suffering while businesses and the rich would be favored disproportionately. As part of my continuing crusade against the inequities in the proposed economic plan, I am inserting today's statement to show that there are still citizens who are concerned over the impact of this plan.

THE BRONX COMMITTEE TO STOP THE BUDGET CUTS

OFFICERS

Chairperson: Carmen E. Arroyo

Secretary: Luis Perez

Treasurer: Jesse Hamilton

MEMBERS

South Bronx Community Corp.
Mobicentrics, Inc.
South Bronx Action Group.
National Assoc. For Hispanic Civil Rights.
Bronx Venture Corp.
South Bronx Overall Economic Development Corp.
Living Center For Older People.
United Tremont Trades.
Community Planning Board No. 1.
Simpson Street Development Association.
Bronx N.A.P.R.A.
Hostos Community College Students.
Workers of District No. 7.
Mott Haven Health Center.
George Ramirez Housing Corp.
Puertorriquenas en Accion Politica.
Coalition for Peoples Alternatives.
Amelia Betanzos Concerned Citizens of New York.
Community Planning Board No. 2.
United Bronx Parents.
Cypress Community Center.
United Organizations of the Bronx.
Argus Community.
Hunts Point Multi-Service.
Area Policy Board No 1.
S.B.B.C.
Tremont Community Council.
Workers Lincoln Hospital.
Bronx Park Senior Citizens.
Youth Employment Program.
Bronx Black United Front.
Puerto Rican Day Parade.
Bronxchester Community Center.

BRONX COMMITTEE TO STOP BUDGET CUTS

Announcement: Congressional Hearing.

Date and time: April 27th, 1981 at 10 A.M.

Location: Charlotte Street, Bronx, N.Y.

Participants: Congressman Robert Garcia, Congressman Jonathan Bingham, Congressman Mario Biaggi, Representatives of more than thirty (30) Human Services organizations, and Residents of the Bronx, Community.

Purpose: To have the South Bronx as the promoter of the National Alternate Democratic Budget. To allow agency representatives and community residents (1) to express specific concerns to the Congressmen regarding adverse effects of the Administrations proposed Budget Cuts on the Bronx Community; (2) to receive additional information and clarifications from the Congressmen and other participants; and (3) to devise a common response to fight specific Budget Cuts in the Congress.

Background: Budget Cuts announced by the Reagan Administration are projected to have a substantial negative effect on the quality of life in the Bronx, further eroding the social and economic base of a community already ravaged by the combined effects of years of reduced job opportunities, deteriorating housing, and reduced social services.

AGENDA

1. Prayer by Brother Patrick Lochrane.
2. Opening remarks by the Chairperson, Carmen E. Arroyo, The Bronx Committee to Stop the Budget Cuts.
3. Introductions:

Officers

Carmen E. Arroyo, Chairperson, Luis Perez, Secretary, Jesse Hamilton, Treasurer.

Committees

Public Relations Committee, Chairman Gaspar Garcia.

Security Committee, Chairmen Brother Patrick Lochrane and Bob Munoz.

Physical Facilities Committee, Chairman Ruben Rios.

Fundraising Committee, Chairman Monserrate Flores.

Position Paper Committee, Chairperson Elaine Garcia.

Legal Committee, Chairman Ruben Franco.

Organizations represented in the Bronx Committee to Stop the Budget Cuts.

Congressmen

Robert Garcia, Jonathan Bingham, and Mario Biaggi.

4. Introduction of Jim Wright, majority leader of the House of Representatives by Congressman Mario Biaggi.
5. Testimonies of Elected Public Officials: Bronx Borough President Stanley Simon, State Senator Joseph Galiber, Assemblywoman Gloria Davis, Assemblyman Jose Serrano, Armando Montano, Jr. for Assemblyman Armando Montano, Councilman Gilberto Gerena-Valentin, Councilman Wendell Foster, Herman Badillo, and Father Gigante from SEBCO.
6. Calendar of Community Speakers.
7. Closing of Congressional Hearing.

NOTE.—All statements will be recorded in their entirety for congressional records.

CALENDAR OF SPEAKERS FOR CONGRESSIONAL HEARING OF APRIL 27, 1981

10:30—John Gustason, Asst. Dir., N.Y.S. Division of Substance Abuse.

10:33—Braham Horowitz, Project Return.

10:36—Peter Negroni, Superintendent, District 12.

10:39—Nilda Torresola, Deputy Superintendent, District 7.

10:42—Yvette Gourevitzch, School District 7.

10:45—Gloria Skerritt, President of Presidents Council.

10:48—Franz Lanoir, P.A. President of P.S. 69.

10:51—Mary Donovan, P.A. President of P.S. 36.

10:54—Jean Pipolo, P.A. President of P.S. 48.

10:57—Myrtle Fuller, Concerned Resident & Parent.

11:00—Neola Wood, Concerned Resident & Parent.

11:03—Michael Kadish, Prinicpal, P.S. 75.

11:06—Laura Cecilia, P.A. President of P.S. 75.

11:09—Joan DePesa, for Superintendent of District 8.

11:12—Roland Patterson, Superintendent, District 9.

11:15—Jose Gonzalez, Community School Board Member.

11:18—Rev. Kenneth Folkes, Bronx Shepherds.

11:21—Pat McDonald, East Bronx Corporation on Aging.

11:24—Verline Mclean, St. John Vianney & Seward Associates.

11:27—Fred Silverman, Chairman, Bronx Lebanon Hospital.
11:30—Millie Mendez Garcia, Dean of Students, Hostos Community College.
11:33—Malcolm Smith, Chairman, City Wide Coalition of Area Policy Boards.
11:36—Cedric McClester, Pro Mesa.
11:39—Harry DiRienzo, Banana Kelly.
11:42—Mario Tolisano, SEBCO.
11:45—Veralyn Hamilton, Chairperson, Community Planning Board #3.
11:48—Marie D'Amelio.
11:51—Carmen Jirau, New York Foundling Hospital.
11:54—Vilma Vega, Concerned Resident & Parent.
11:57—Maria DeJesus, Concerned Resident & Parent.
12:00—Regina Ford, Concerned Resident & Parent.
12:03—Xavier Rodriguez, Bathgate Coalition.
12:06—Danny Perez, Community Planning Board #3.
12:09—Catherine Jones.
12:12—Charles Henderson, East-West Concourse Neighborhood Housing Corporation.
12:15—Esther Hazel, Executive Director, Kelly Street Block Association.
12:18—Geraldine Miller, Bronx NOW & Bronx Household Technicians.
12:21—Pete Espada, Chairman, Area Policy Board #9.
12:24—Anthony Rodriguez, Chairman, Area Policy Board #3 & Concerned Resident.
12:27—Jerome Greene, Chairman, Area Policy Board #4.
12:30—Gerald Lopez, Chairman, Area Policy Board #6.
12:33—Sandra Williams, SBCC.
12:36—Herman Hewitt, Bronx Heights Neighborhood Community Corporation.
12:39—Carlos Foster, CARAFOR Neighborhood Service & Development Corporation.
12:42—Don Gibbs, Bronx Director of N.Y. Urban League.
12:45—Ismael Betancourt, Latin Belly & Betancourt Food Systems.
12:48—Richard Rivera, Bronx Legal Services.
12:51—Mark Estrada, Clemente-Robison Center.
12:54—Steve Warren, Project Return Foundation.
12:57—David Boyd, NYCARD.
1:00—Cary Goodman, Director, Sports for the People.
1:03—Tony Carrasquillo, Youth Projects.
1:06—Bobby Munoz, Director, National Association for Hispanic Civil Rights.
1:09—Nancy Sutula, Young People's Lobby for Jobs.
1:12—Pedro Flores.
1:15—Joseph Spak, Argus Community.
1:18—Rev. Timothy Birkett, TAP CAPP.
1:21—Albert Goodman, 163rd St. Improvement Council.
1:24—Sister Thomas, Chairperson, Community Planning Board #2.
1:27—Marshall England, Department of Labor.
1:30—Nydia Diaz, Casa Boricua.
1:33—Luis Perez, Chairman, Area Policy Board #1.
1:36—Betty Medina, SBCC.
1:39—Brother Patrick Lochrane, Tremont Community Council.
1:42—Monserrate Flores, Chairman, Advisory Board, Lincoln Hospital.
1:45—Carmen E. Arroyo, Executive Director, SBCC.

NOTE.—Time slots for additional speakers registered at the hearing.●

A TRIBUTE TO DR. ROSARIO P. SAN FILIPPO

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. ZEFERETTI. Mr. Speaker, I would like to call to the attention of my colleagues the outstanding career of a most remarkable surgeon, Dr. Rosario P. San Filippo, director of surgery emeritus of the Lutheran Medical Center, Brooklyn, N.Y.

Dr. San Filippo was born in Sciacca, Sicily, in 1899 and he immigrated to the United States in 1906. He received his undergraduate education at Columbia University and received his M.D. degree in 1923 from the Long Island College of Medicine.

He then served a rotating internship at the Norwegian Hospital of Brooklyn from 1923 to 1924 and has been associated with this institution ever since, the Norwegian Hospital was later to become the Lutheran Medical Center. In 1935, he was elected a fellow in the American College of Surgeons and has been a respected member ever since. In addition to the surgical service at the Norwegian Hospital, Dr. San Filippo was able to devote considerable time and effort to the Coney Island Hospital from 1929 to 1965. He was appointed as consultant in surgery in 1965 and delivered high-quality care to the patients at this hospital on a purely voluntary basis for all these years.

Dr. San Filippo worked diligently through the years and was appointed director of surgery of the Lutheran Medical Center in 1952. He held this position with distinction until mandatory retirement in 1965. During those years, he established a huge and varied experience in clinical surgery. In addition, he was a superb teacher and was one of the most important factors in helping to establish the Lutheran Medical Center as a major community hospital center. He continued to actively participate until his retirement in 1975.

Since his retirement he has only given up his surgery, not his love and enthusiasm for the profession which has absorbed his entire adult life. Dr. San Filippo gives a popular lecture series for medical students in basic surgical problems which are attended faithfully and continues to be an active part of the Department of Surgery. He is presently chairman of the Committee on Delineation of Surgical Privileges and has established a system for assuring quality control in surgery that will be a model for every hospital in the borough.

Mr. Speaker, Dr. Rosario P. San Filippo has had a truly remarkable career in the field of medicine. He has provided the highest quality health care to all his patients and is truly a credit to his profession. I believe that we, in Brooklyn and throughout New York City, have been extremely fortunate that this outstanding surgeon chose to practice in our community.●

CONGRESSIONAL CAMPAIGN FINANCING ACT OF 1981

HON. MATTHEW F. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. McHUGH. Mr. Speaker, on behalf of myself and 20 of our colleagues, I am today introducing legislation that would provide for partial public financing of congressional primary and general elections beginning in 1982.

Although we recognize that the current climate in Washington is not favorable to the enactment of this legislation during the 97th Congress, we also remain convinced of the need for such legislation, and thus offer this bill to remind the House that the issue it addresses will not be resolved by our refusal to act.

There are several points that we believe need to be reemphasized with respect to this issue:

First, public financing works, and it works for both primary and general elections as has been demonstrated by the 1976 and 1980 Presidential campaigns;

Second, one of the unintended consequences of its success has been to substantially increase the flow of special interest contributions into House and Senate election campaigns; and

Third, as the expenses associated with running for Congress increase, and all of us know that they will increase, the influence of those special interests will also grow, and the confidence of the American people in our election process will continue to erode.

In short, there is a compelling need to extend this reform, at least in part, to congressional primaries and general elections. Our bill would do so.

At the conclusion of my remarks, Mr. Speaker, I will insert into the RECORD a factsheet that explains the provisions of our proposal in further detail. At this point, however, I would like to briefly summarize its principle feature as they relate to House campaigns:

For candidates who accept public financing, it establishes a spending limitation of $175,000 for 1982 House primaries and $175,000 for 1982 House general elections, with these ceilings tied to the Consumer Price Index thereafter;

Allows 1 to 1 Treasury matching, up to 50 percent of the $175,000 general limitations, for contributions of $100 or less from State residents after an

initial qualifying amount of $7,500 is met, the qualifying amount need be raised only once;

Candidates are allowed to raise and spend up to an additional 20 percent of the spending limitations for fundraising in both primary and general elections, and to accept and spend up to $10,000 from national or State party organizations in the general election only, but these funds cannot be publicly matched;

Spending limitations are waived for candidates whose opponents do not accept public funds and exceed the expenditure limitations, and such candidates remain eligible for public financing up to the limitations contained in the law;

Minor party and independent candidates are eligible for Treasury matching; and

Funded through the $1 checkoff with provision made for proportionate reductions if sufficient funds are not available.

As I said, Mr. Speaker, we believe that the legislation that we are introducing today represents a thoughtful approach to an issue that troubles many Americans, an issue that will not disappear simply because the Congress chooses to ignore it.

The factsheet follows:

CONGRESSIONAL CAMPAIGN FINANCING ACT OF 1981

I. INTRODUCTION

A. This measure is designed to build upon existing legislation which provides for public financing of Presidential elections. It establishes a matching system that would provide for partial public financing of House and Senate primary and general elections. Limitations would be placed on spending by congressional candidates who choose to accept public financing, and small private contributions would be matched by Treasury payments on a 1 for 1 basis up to stipulated levels after an initial qualifying amount was raised. The financing of both primary and general elections is modeled after the public financing provisions contained in present law for Presidential primary elections. Funding for congressional matching payments would come from the existing $1 checkoff, and the program would be administered by the Federal Election Commission.

II. CAMPAIGN EXPENDITURE LIMITATIONS AND TREASURY MATCHING

A. House of Representatives.—A general spending limitation of $175,000 per campaign is established for primary and general elections in 1982. This general limitation on campaign spending for candidates who accept public financing is tied to the Consumer Price Index and would be adjusted upward on an annual basis thereafter. Candidates who except public funds would be able to exceed this $175,000 general limitations in three ways:

(1) A candidate would be allowed to raise and spend up to an additional 20% of this general limitation ($35,000 in a 1982 primary and $35,000 in a 1982 general election) to cover actual fundraising expenses. These funds would not be eligible for Treasury matching.

(2) A candidate would be allowed to accept and spend up to $10,000 in additional funds from a national or state party organization in the general election only. These funds would not be eligible for Treasury matching.

(3) Expenditure limitations would be waived for a candidate who accepted public financing if (a) his opponent did not accept public financing and (b) his opponent exceeded the expenditure limitations contained in the bill. The candidate who accepted public financing would still be entitled to receive public funds, but only up to the levels stipulated in the bill.

To be eligible for Treasury matching, a candidate must raise $7500 in private contributions of $100 or less. After this threshold is reached, the qualifying amount ($7500) and each additional contribution of $100 or less would be matched by the Treasury on a 1 for 1 basis up to 50% of the general limitation.

Thus, using 1982 as an example, a candidate could spend up to $210,000 on a primary race and up to $220,000 on a general election race. However, the maximum allowable Treasury matching would be $87,500 (50% of the general limitation) in the primary and $87,500 (50% of the general limitation) in the general election.

B. Senate.—The bill maintains the principle that Senate primaries and general elections should be covered by extending the applications of the bill to that body. However, it does not establish specific spending limitations for Senate primaries and general elections. This issue is more appropriately resolved by members of the Senate.

C. Eligibility for matching payments.—The same requirements that apply to establishing eligibility for matching payments in primary elections apply to general elections. However, a candidate must raise the threshold qualifying amount only once. Consequently, if the qualifying amount is raised in the primary, contributions of $100 or less for the general election would continue to be matched on a 1 for 1 basis up to the stipulated levels with no further requirements.

D. Third Party and Independent Candidates.—Candidates of minor parties and independent candidates would be eligible for matching payments from the Treasury in both primary and general elections to the extent that they meet the qualifying requirements. No distinctions are made between types of candidates or parties. Rather, the ability of a candidate to qualify for matching payments is based solely upon demonstrated support in raising threshold qualifying amounts and additional contributions of $100 or less.

E. Payments.—No payments may be made to a candidate or his authorized committee until at least two candidates have qualified for the election ballot. However, once two candidates have qualified, retroactive payments would be allowed.

F. Applicability of Campaign Spending Limitations.—In accordance with the decision of the Supreme Court in Buckley versus Valeo, spending limits would apply only to candidates who accept public financing. However, as noted previously, if a candidate not receiving public funds exceeds the overall spending limits contained in this legislation, those limits are waived for his or her opponents receiving public funds. A candidate receiving public funds would still be eligible to receive matching payments from the Treasury, but only up to the levels stipulated in the bill. To enforce the waiver, candidates who exceed the spending limits contained in this legislation would be required to report to the Federal Election Commission within 48 hours after they make expenditures, or commitments for expenditures, in excess of the overall spending limit. Failure to report would be a punishable offense. Except as previously noted, a candidate who accepts any public funds would be required to adhere to all spending limitations for primary and general elections.

III. FUNDING AND ADMINISTRATION

A. Funds for congressional public financing would come from the existing $1 checkoff. Congressional primaries and general elections would receive fourth priority for checkoff funds after party conventions, the Presidential general election, and Presidential primaries. If the amount in the $1 checkoff is not sufficient, the checkoff would have to be increased by law. However, if such an increase was not approved, the Secretary of the Treasury would be authorized, after determining that the funds available either are not or may not be sufficient to pay the full amount of entitlements to all candidates eligible to receive payments, to reduce the amount to which each candidate is entitled proportionately. However, in no case would a candidate who had already received public funds be required to repay any amount to the Treasury as a result of such a reduction.

B. Public financing of congressional elections would be implemented by the Federal Election Commission. In order to be eligible for public funds, candidates would have to agree to abide by applicable spending and contribution limits, file required reports, and open their books for audit as required by the FEC.

IV. ESTIMATED COST TO THE TREASURY

A. The estimated cost to the Treasury of this legislation for House primaries and general elections in 1982 is $120.9 million. Cost estimation of public financing is difficult. This estimate is based upon a number of assumptions that probably overstate the cost of this legislation to the Treasury. It was derived by applying the provisions of the bill to 1980 House primary and general elections using the following assumptions:

(1) House Primary Elections—There were approximately 1087 viable primary candidates in 1980. A viable primary candidate was defined as one who received 20% or more of the vote in a primary election, including candidates who were unopposed or who were nominated by convention. The figure of 1087 viable primary candidates was derived from primary results reported by Congressional Quarterly and include viable third party and independent candidates. It was further assumed that viable primary candidates would average 75% of the public financing limitation for House primaries ($65,625). Multiplying the number of viable candidates (1087) by $65,625 yielded an estimated cost of $71,334,375.

(2) House General Elections—There were approximately 755 viable general election candidates in 1980. A viable general election candidate was defined as one who received 20% or more of the vote in a general election, but does not include candidates who were unopposed. The figure of 755 viable general election candidates was derived from election results reported by Congressional Quarterly and includes viable third party and independent candidates. It was further assumed that viable general election candidates would average 75% of the public financing limitation for House general elec-

tions ($65,625). Multiplying the number of viable candidates (755) by $65,625 yielded an estimated cost to the Treasury of $49,546,875.

B. As mentioned previously, these figures probably overstate the likely cost to the Treasury in 1982.

V. OTHER PROVISIONS

A. Cash contributions.—Cash contributions are eligible for matching if they are properly certified and if adequate records are kept showing the date and amount of each cash contribution, and the full name and mailing address of the contributor.

B. Eligible contributions.—Only contributions from residents of the State in which the House or Senate election is held are eligible for matching.

C. Timing.—Contributions received after January 1 of the year preceding the year of the election are eligible for matching, but matching payments may not begin before January 1 of the election year. Contributions received after the date of the election may not be matched. Once a candidate raises the required threshold in small contributions, and two candidates have qualified for the election ballot, the Federal Election Commission has 10 days to certify the candidate's eligibility for matching payments. The Secretary of the Treasury then has another 10 days to make the payments for which the candidate is eligible.

D. Primary and General Elections treated separately.—The $100 limit on contributions that may be matched applies separately to primary and general elections. Thus, a single contributor may make a matchable $100 contribution for the primary and another matchable $100 contribution for the general election. However, separate accounts must be kept for the primary and general elections for this purpose.

E. Repayments to the Treasury.—If a candidate does not use all of the funds raised privately and the Treasury matching payments in the primary, unused funds may be carried over and used in the general election (although the overall spending limitation for the general election may not be breached). A proportionate share of any funds that remain after the general election must be returned to the Treasury. The FEC is required to conduct a detailed post-audit and obtain repayments when necessary.

F. Criminal penalties.—There are criminal penalties for exceeding the spending limits, and for the unlawful use of payments, false statements made to the FEC, kickbacks and illegal payments.

G. Effective date.—The provisions of the bill apply to elections held after January 1, 1982.●

JOHN NORTHROP, FOUNDER OF NORTHROP CORP., DIES

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. COELHO. Mr. Speaker, on February 18, John Knudsen Northrop, founder of Northrop Corp., and one of the world's most noted aircraft designers, passed away at the age of 85.

John Northrop is recognized as one of the world's most creative and prolific aircraft designers. He actually designed a total of 48 aircraft and, in the process, pioneered aeronautical concepts that have been carried into the jet age.

Mr. Northrop's design genius is explored by the Smithsonian Institution's National Air and Space Museum here in Washington, D.C. The exhibit refers to Mr. Northrop as "a pioneer aircraft designer and an industrialist who made a powerful impact on the evolution of civil and military aviation in the United States."

The Northrop innovation went beyond aircraft design; he was also a pioneer in industrial relations concepts. He maintained an open door management policy where any worker was free to come into his office to discuss ideas, grievances, or personal problems.

Mr. Northrop's versatile mind was applied not only to aircraft design and management policy but to humanitarian causes as well. During World War II, many wounded veterans were suffering the trauma of recovery at Birmingham Rehabilitation Hospital near Los Angeles. Recognizing this, Mr. Northrop arranged a system whereby the injured veterans could perform many jobs on the hospital grounds while being paid the same rate as plant workers.

During his long career, John Northrop was honored repeatedly for his innovative designs and for overall contributions to aviation. In 1940, Donald Douglas remarked that "Every major airplane in the skies today has some of Jack Northrop in it." Mr. Northrop perhaps best summarized his own career in a 1977 interview: "I lived and worked in what I have termed a golden age of aviation."●

ONE IN EVERY TWO REFUGEES IS AFRICAN

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. RANGEL. Mr. Speaker, I would like to bring to the attention of my colleagues, an article written in the Christian Science Monitor, dated April 8, 1981, describing the conditions and plight of the refugees in Africa. Outside assistance is desperately needed in order to enable these people the basic necessities of life. There is a serious problem in Africa today which must be recognized by people throughout the world.

ONE IN EVERY TWO REFUGEES IS AFRICAN

(By Poul Hartling)

A few weeks ago I was in the Sudan, an African country which in recent years has had to confront massive refugee influxes from a number of its neighbors. When I was there, Ugandans were crossing the White Nile into southern Sudan in canoes. They were in desperate condition, especially the emaciated children. A government official told me, "You see we have our boat people too."

The tragedy of the boat people in Southeast Asia dramatized a major problem of our time: the mass exodus of refugees, victims of events beyond their control, fleeing their homes to seek asylum in another country. The Sudanese official was trying to tell me that his country and his continent have a serious refugee problem as well, about which the world should know. The world has taken notice. On April 9 and 10 the International Conference on Assistance to Refugees in Africa (ICARA) will be held in Geneva. The goal is not only to focus public attention on the problem of African refugees but also to mobilize assistance for a continent which suffers the world's largest refugee problem.

With 12 percent of the world's population, Africa has almost 50 percent of the world's refugees, which means that one in every two refugees in the world today is an African.

The burden of Africa's five million refugees is not equally spread over this vast continent. The Sudan alone has accepted over the last years from neighboring countries as many refugees as those who have landed on the shores of Southeast Asia. In Somalia, which had a population of four million, the authorities report more than 1.5 million refugees in camps in the country.

For the United States it would be as though in a few months the entire populations of the United Kingdom and the Republic of Ireland showed up on the East Coast bringing with them only the clothes on their backs and half of them sick. The dislocation, even with America's great resources, would be enormous, priorities would have to be reordered, and resources allocated for economic growth and social welfare would have to be directed to the refugees to assure their survival.

What makes the refugee problem in Africa particularly difficult is the fact that 80 percent of the refugees are in the least developed countries of the world. Caught in the vicious circle of poverty, these nations are struggling to give their own people a decent standard of living. Development prospects have been dimmed by such outside factors as mounting energy costs, food deficits, severe drought, debt repayment burdens, and world recession. It is not difficult to imagine the impact on such fragile economies of tens of thousands of hungry and sick refugees.

Tribute must be paid to those countries that have acted so generously, a generosity rooted in traditional African hospitality. As the United Nations High Commissioner for Refugees, my first concern is that the refugee who is seeking asylum because of a well-founded fear of persecution is not turned back at the border. Unless this basic right is respected by the states of the world, any assistance to refugees is meaningless.

There still are too many cases around the world where refugees are not accepted but sent back to an uncertain fate. African governments have not only generally met their responsibilities to asylum seekers, but they have recognized that the solution to the problem of African refugees is in Africa. They have not asked that their refugees be settled on another continent. The problem is that their hospitality is being offered from an empty table. Help from outside is crucial.

The conference in Geneva will look beyond immediate emergency needs toward durable solutions. In the context of the third world, outside assistance is sorely

needed to enable refugees to become productive citizens integrated into society. In Africa's rural setting the inputs required are relatively modest: seeds, agricultural tools, sufficient food to see farmers through a first harvest, and infrastructure support such as roads, water supply, hospitals, schools. ICARA will seek to obtain international assistance for projects aimed at strengthening the ability of asylum countries to carry the extra burden placed on their services and facilities.

There is an understandable tendency to despair today over the course of international affairs, especially with increased conflicts and economic difficulties, yet the sense of international solidarity as expressed through humanitarian aid has grown impressively. Aid to Kampuchea, for example, helped a people to survive, and the financial and diplomatic support given to my organization, UNHCR, has risen manyfold over the years. Not only does this humanitarian aid save hundreds of thousands of human lives, but by dampening a source of potential conflict it is a powerful force for peace and stability. My experience has been that efforts to help refugees have not been in vain. The refugees of yesterday are not the refugees of today.

A few days after becoming high commissioner in January 1978, I made my first trip to see and talk with refugees. I chose southern Africa, where the major refugee problem at that time resulted from the bitter conflict in what was then called Rhodesia. Tens of thousands of Zimbabweans had fled their war-torn country to crowd into the refugee camps in neighboring states. We saw them in Mozambique where the rural settlements still showed the vestiges of air and ground attacks, we saw them in desolate barracks in Botswana, and we saw many children, especially at the Victory Camp outside of Lusaka, where hundreds of girls welcomed us with enthusiastic singing.

A year ago when I was in Zimbabwe for independence celebrations, a government minister shook my hand and reminded me that the last time we had met was in a refugee camp. His compatriots have now returned and, whether minister or farmer, have gotten down to the job of building their country, a hard job but infinitely more rewarding than waiting in a refugee camp in a foreign land.

Africa's five million refugees must be given the means first to survive, and then to rebuild their lives in dignity.●

LEONARD H. BROWN, JR., RETIRES FROM ARLINGTON COUNTY POLICE DEPARTMENT

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. WOLF. Mr. Speaker, the record of a recently retired police officer in the 10th Congressional District reflects favorably on law enforcement professionals in the Arlington County Police Department and all across the country. In his 26 years of service, Det. Leonard H. Brown, Jr., of the Arlington County Police Department earned the respect of law enforcement officers and many citizens with whom he worked. He distinguished himself in the investigation of robbery and homicide cases. His excellent detective work earned him the well-deserved title of master detective.

Detective Brown's outstanding work is indicative of that performed by the Arlington County Police Department. The police force has an outstanding reputation throughout the community it serves and the entire Metropolitan Washington area.

The cooperation that the Arlington Police Department receives from the office of the district attorney should also be noted. Under the leadership of District Attorney Henry Hudson, the office cooperates with and supports law enforcement agencies to fulfill the goals of the criminal justice system and serve to protect the people of the community.●

JEWISH HERITAGE WEEK

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. ECKART. Mr. Speaker, I am pleased to be able to salute today the accomplishments made by one of our Nation's truly dynamic groups, the Jewish American community. I am proud that my colleagues have chosen to designate "Jewish Heritage Week," through which all Americans can be made aware of the activities and attainments of the Jewish people.

We are all aware that the history of the Jewish people has been, at times, a tragic and painful one. Yet that history has left them with a tradition of courage and hope. No matter what the circumstances, the Jewish people have always strived for excellence and have always looked toward the future with unwavering hope. I salute that spirit.

Today in America and throughout the world, Jews are leaders in all walks of life. Neither discrimination nor anti-Semitism has, in the long run, stopped them from becoming outstanding members of sectors as diverse as the arts, business, and government.

Long the victims of discrimination, Jews have turned their suffering yesterday into compassion today, struggling to bring civil rights and equal opportunity to all. I am grateful for the Jewish commitment to justice.

Mr. Speaker, I am proud to join in celebrating Jewish Heritage Week.●

"SS POET"

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mrs. SCHNEIDER. Mr. Speaker, I would like to submit for the consideration of my colleagues a letter sent to the staff of the House Merchant Marine and Fisheries Committee by a constituent of mine, Ms. Deborah Peterson. Ms. Peterson's fiance, Mark Henthorne, was a third assistant engineer on the SS *Poet*, the U.S. cargo ship that dissappeared en route from Philadelphia to Port Said, Egypt. Ms. Peterson's letter is a thoughtful attempt to shed some light on the circumstances surrounding this tragedy.

Meanwhile, the disappearance of the SS *Poet* remains a mystery. I bring it to the attention of my colleagues today because I think we have a responsibility to try to insure that it does not happen again.

The letter follows:

MARCH 6, 1981.

MR. GENE GLEASON,
Merchant Marine and Fisheries Committee, Washington, D.C

DEAR MR. GLEASON: In regard to our telephone conversation of March 3, 1981, I am writing to you to hopefully aid you in your investigation of the SS *Poet*, which sailed from Philadelphia on October 24, 1980 and was last seen passing Cape Henlopen on that same day.

I was the fiancee of Mark Henthorne, 24, Third Assistant Engineer. Mark graduated from Maine Maritime Academy in 1978 and joined MEBA (Marine Engineers' Beneficial Association). He sailed on many ships, some including the SS *Overseas Alaska* and the SS *Panama*. He had gained much experience from sailing on different ships. He liked the SS *Poet* very much and felt that even though the ship was 36 years old, it was seaworthy.

He had previously sailed on the *Poet* from May 27 to August 13, 1980, for three runs to Santa Domingo from New Orleans. On his last run, the ship docked in Corpus Christi, where it rode out a major hurricane. There were no problems.

In fact, Mark told me the ship was in such good condition that it had been considered changing over from steam engines to diesel engines. I believe that when Mark left for his vacation in August, the ship had undergone an inspection and had passed. During Mark's vacation from August 13 to October 17, the ship had sailed to Egypt.

On October 14, 1980, the Hawaiian Eugenia Corporation called Mark and told him the ship would be docking early October 17 in Philadelphia and that he would be needed as soon as possible. Apparently, they wanted Mark for port relief while they loaded. They stressed the urgency that he be in Philadelphia as soon as the ship docked. This is not a normal practice. Usually, whenever a ship comes into port, a crew of port relief engineers stand watch until the ship is ready to sail. Then the permanent crew comes on board and takes over command.

Mark arrived in Philadelphia on October 19 in the early afternoon. I am not sure if he stood watch that day. I spoke to him Monday evening, October 20, and he told me of going out to eat and to a movie with Mike Canfield, the First Assistant Engineer, the evening before. I spoke again with him on Tuesday evening, October 21. He said the ship was being loaded and did not understand why they had needed him so soon since the loading would take three to four days. I don't know exactly when they began loading.

Thursday night, October 23 from 9:23 pm to 11:40 pm, we had our last phone conversation. The ship was fully loaded and scheduled to sail at 1:00 am, October 24, from the Port of Philadelphia. It was then that he mentioned the ship was very low in the water, and he would not be surprised if they had to unload some of the grain so that they could get out of port. I think he thought they might scrape bottom. This he said nonchalantly. Mark was always very cautious and exact—a perfectionist. If he had thought something was really wrong, he would not have sailed.

On Friday morning, November 7, Mark's mother, Marjorie Henthorne, received a telegram from the MEBA union instructing her to call Washington headquarters immediately regarding the SS *Poet*. The outcome of that phone call was that the ship had not been heard from since passing Cape Henlopen on October 24, when they had dropped off the river pilot, Gary Harper.

On November 3 when the ship did not pass through the Straits of Gibraltar as scheduled, Hawaiian Eugenia Corporation alerted other ships in the area to be on the lookout. It was not until November 8 that the Coast Guard initiated its fruitless ten-day air search. Recently I read an article in the January issue of The American Marine Engineer written by the President of the MEBA union, Jess M. Calhoon. In it he critized the efforts of the Coast Guard, and he stated that he was writing a letter of "righteous indignation" to Ronald Reagan, who was then the President, elect. I enclose a copy of this article.

On November 19 and 20, Mrs. Henthorne and I attended the first two days of Coast Guard inquiry hearings in Philadelphia. The river pilot who guided the SS *Poet* from Philadelphia to Cape Henlopen testified that the ship handled sluggishly. That pilot further stated that he had warned one of the ship's officers of the ship's sluggish behavior.

Another river pilot, who had guided the SS *Poet* as far as the Philadelphia port, testified that he would not have allowed the ship to sail had it performed in the manner described by the first pilot. there is a question in my mind as to who is responsible when a ship that does not appear seaworthy is allowed to leave powered. I don't feel the question was answered satisfactorily during the November 19th and 20th hearings.

The Tidewater Grain Company officials were very close-mouthed also. Why hadn't they insisted on prying open the last hold when it wouldn't open freely? There are so many hundreds of questions. I hope your investigation will answer some of them.

I was extremely disappointed when news of a possible hijacking was dismissed so readily without a thorough investigation. I was at the time in contact with Mr. Steven DeToy of Congresswoman Claudine Schneider's office. Mr. DeToy made several calls to the FBI, CIA, and DEA. Neither the FBI nor the CIA was handling this incident, and the DEA has acted as a responding agent only. Since the tip has been anonymous, no further investigation was made. It was dropped almost as suddenly as it has been brought out.

A memorial service for Mark was held on Saturday, February 7, 1981, and Mark's mother, Marjorie, died shortly thereafter, on February 24. The tragedy had been too much for her to bear.

At this time, I do not know what more I can say or do to help you. I am sure you must have all the newspaper articles published on the SS *Poet*, but if not, I will be glad to send you copies of every article I have. I wish I knew more about the ship. Perhaps some direct questions might bring about something important. In any event, I want to be of any and all help I can.

Very sincerely yours,

DEBORAH PETERSON.●

OFFICIAL NOTICE FROM DON B. FINCH

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. McDONALD. Mr. Speaker, as we continue to work on the budget, I think it is appropriate to consider how complicated Government has come to make all our lives. Mr. Don B. Finch of 1318 Apple Tree Court, Frederick, Md., has summed it all up in one page. His statement follows:

APRIL 15, 1981.

OFFICIAL NOTICE FROM DON B. FINCH

I wish to inform you that the present condition of my bank account makes it impossible for me to afford to mail out Christmas cards in the future. I am mailing this notice at this time with a B stamp. I hope it is delivered before the C stamp comes out, as I cannot afford the increase. My shattered financial condition is due to the federal laws, state laws, county laws, city laws, mother in laws, and outlaws. Through these laws, I am compelled to pay a business tax, amusement tax, federal gas tax, state gas tax, federal income tax, state income tax, county "piggy back" income tax, state sales tax, city sales tax, county sales tax, state property tax, county property tax, city property tax, excise tax, luxury tax, and a social security tax. Even my brain is taxed. I am required to get a business license, driving license, car license, fishing license, and a hunting license, not to mention a marriage license and a dog license.

I am also required to contribute to every society and organization which the genius of man is capable of bringing to life; the red cross, the blue cross, the black cross and the double cross, and a new one called the society for the prevention of cruelty to the IRS tax collectors. I must carry insurance for life, hospitalization, liability, burglary, fire, accident, earthquake, tornado, flood, unemployment, and old age (if I make it that far). I am inspected, expected, suspected, summoned, fined, condemned, commanded, and compelled until I provide an inexhaustible supply of money for every known need of the human race. If I refuse to donate to something or other, I am boycotted, talked about, lied about, held up, held down, robbed, or Congress passes a bill that makes me pay for it anyway, until I am almost ruined. I could not have made it till now, except that the wolf that comes to the door had pups and after killing them and selling the hides, I am able to send this out. I understand that the law is after me now for hunting out of season.

Faithfully yours,

DON B. FINCH.●

INVOLUNTARY HOUSING DISPLACEMENT REACHING EPIDEMIC PROPORTIONS

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. MITCHELL of Maryland. Mr. Speaker, on April 7, I introduced the Involuntary Displacement Act. Its purpose is to commit the Federal Government to the goal of eliminating the displacement of families from their neighborhoods, and, wherever possible, provide the assurance of alternative housing in locations desirable to persons suffering from the gentrification effect.

As I stated in my March 4 "Dear Colleague" letter, the forcible displacement of individuals, families, and whole neighborhoods is taking place at a violent rate all across America. These displaced persons are often unable to relocate in areas near their work, families, and friends. Estimates of involuntary displacement range as high as 1 million households annually.

Concerned businesses and civic organizations have organized to combat this insidious condition. My bill seeks to assist citizens—many of whom are elderly, low- and moderate-income persons—in preventing the uprooting of whole neighborhoods. I urge my colleagues to join me in this effort.

I submit to the RECORD a number of recent newspaper articles which illustrate the dire need for a national displacement policy. The articles follow:

[From the New York Times, Feb. 2, 1981]

REDEVELOPMENT STIRS FEARS IN A CHICAGO COMMUNITY

(By Nathaniel Sheppard, Jr.)

CHICAGO, January 27.—Fearing for their lives in a West Side public housing project, Sally Wells and her family moved in 1972 to what they hoped would be a better life in a more promising part of the city. They moved to Uptown.

Now the family is embattled once more, caught up in a bitter fight between the haves and the have-nots of Uptown over who will control redevelopment in the community of 80,000 people.

The dispute is one of a number of heated conflicts that have developed in cities, including New Orleans, St. Louis, Dallas and Washington, as middle-class professionals have shown a growing desire to buy and rehabilitate relatively inexpensive inner-city housing.

In Uptown, a bustling, racially mixed and mostly poor 20-square-block area five miles north of the downtown section and a few blocks from Lake Michigan, the fever to redevelop has led to skyrocketing property values and rents.

For the Wells family and other poorer residents, white and black alike, this has meant fears of being pushed out of the neighborhood by higher prices.

But among the well-to-do, whose ranks are overwhelmingly white, the redevelopment efforts have fanned fears that the neighbor-

hood will become even poorer because of subsidized housing and lose the racial and economic mix that helps make Uptown unusual among Chicago neighborhoods. Acting on this fear, a group of affluent residents has gone to court to seek a moratorium on the creation of subsidized housing.

At its core, Uptown consists mostly of rundown housing punctuated with new low-rise subsidized housing projects. But along its boundaries the more affluent live in the expensive condominium and rehabilitation projects that have fueled the controversy. The population is about 50 percent white and includes Asians, Hispanic Americans, American Indians, Mexicans, Appalachian whites, blacks, Jews and others.

The Wells family lives in a three-story building, one of 15 bought by the Uptown Federal Savings and Loan Association as part of an $11 million rehabilitation effort. Officials of the neighborhood savings institution said they would seek Federal funds to overhaul the apartments and, with Federal rent subsidies, make most of them available for the poor.

PROPOSAL IS CRITICIZED

The proposal has been criticized by the poor and the affluent alike. The poor contend the project as an example of the subterfuge that they say developers are using to force them out and make way for the affluent. The affluent say the project is an example of reckless redevelopment that threatens to bring more poor people into the area and spur an exodus of the middle class.

"This community has meant a decent place to live for me and my family," Mrs. Wells said, sitting in the spartan living room of her second-floor walk-up on Sunnyside Avenue, flanked by plastic furniture and a mantel lined with pictures of her five children. Her husband can walk to work, she said, and she is one stop away on the elevated train from her part-time job.

"But the main thing is that we don't feel closed-in like we did in the housing project," she said.

RENT INCREASES CAUSE WORRIES

"But now the rents are being raised everywhere in the neighborhood," Mrs. Wells said, "and poor people are being forced to move out." The only place for us to go will be back into housing projects where we will have to fear for our lives.

"The bank is trying to get us out so they can turn these apartments into condominiums for the rich," she charged, echoing a sentiment frequently heard among the poor. "They say the apartments will be for the poor, but after a few years they will find a way to get the poor out."

Many of the buildings along the block of Sunnyside Avenue where the Wells family lives have been emptied and boarded up in preparation for renovation. But a few remain occupied as a result of court action by the Heart of Uptown Coalition, which does not believe the interests of the poor are being well-served by redevelopment. The coalition has gone to court to force developers to set a portion of the rehabilitated housing aside for the poor. This kind of effort has in turn prompted concern among the more affluent residents of the area.

"The kind of development going on now will destroy the neighborhood," said Ronald Hedlund, an architect with the Chicago Building Department who lives near the western boundary of Uptown.

COLLEGE CONSTRUCTION CAUSES RIFT

Mr. Hedlund, who has lived in the neighborhood about two years, became interested in Uptown while working on Harry S. Truman Community College. It was the construction of the college in 1970, over vehement community protests, and the resulting displacement of 1,200 poor families that led to a rift between the rich and poor.

"By any standard of measure Uptown is over-concentrated with subsidized housing," Mr. Hedlund said. "A conservative estimate would be that one in five homes in the community is subsidized. If we get any more, it will destroy the kind of integration that we now have."

Mr. Hedlund is a member of the Chicago Uptown Commission, an organization that represents the interests of businesses and the affluent and says it enjoys wide community support. The commission supports an effort to obtain a court-ordered moratorium on subsidized housing in the community.

"There is some condo activity on the eastern fringes of the community and a small amount on the western part that will push some poor poeple out," Mr. Hedlund said, "but these are insignificant compared to the subsidized housing that is being built here."

VOICE IN DEVELOPMENT SOUGHT

Before Truman College was built, Uptown's ethnic groups fought bitterly among themselves over housing. But the displacement of so many families by the college led the poor to join together and fight for a voice in subsequent development. In 1975, a group of tenants in two large apartment complexes filed a class-action lawsuit that accused the city, the Federal Department of Housing and Urban Development and local developers of conspiring to remove poor people from the community and replace them with upper-income whites.

The suit delayed for five years the construction of Pensacola Place, a project that was to provide luxury apartments and exclusive shops in the eastern end of the community.

The developer reached an out-of-court settlement with the plaintiffs last year in which he agreed to include 50 units of subsidized housing for the poor, replace the exclusive shops with a grocery and drugstore and pledged to hire construction workers and sales people from the Uptown area.

SUITS OVER SUBSIDIZED HOUSING

The suit was continued against the Federal department and the Chicago Housing Authority. Organizations representing the poor are trying to block future development unless they can obtain a commitment for at least 600 more units of subsidized housing that would be interspersed with the thousands of condominum and high-rise luxury apartment units.

Another organization, Save Uptown Neighborhoods, has filed a countersuit calling for a moratorium on subsidized housing in the community.

"What we would life to is stabilize the community and preserve the mix we now have," said Marsha Johnson, an attorney for the organization who lives in the eastern section of the community.

"Some of the proposed projects," she said, "threaten the delicate balance we have. Uptown Federal, for example, says that after it has renovated the apartments in its project it will charge rents ranging from $400 to $800." The bank, she said, wants to set aside 80 percent of the apartments for the poor people who will receive rent subsidies, while the other 20 percent will be rented at full market value.

"The poor will pay 25 percent of the rent and the Federal Government will pay the rest," she said. "I ask you, where will they find fair-market tenants willing to pay $800 for their apartment while the others are subsidized.

"What will happen," she asserted, "is that whites will move out and the area will become all poor."

This contention was disputed by other residents, who said the dispute was based on economics rather than race.

"I have never felt comfortable anywhere else," said Sharon Agnew, a 27-year-old mother of two who has lived in the neighborhood for 20 years. "The people who live here now don't want to go anywhere else. They just want decent, affordable places to live in. It is the people with money who are trying to destroy us. They are behind all the arsons that make it impossible to find apartments you can afford. They want to turn it into a neighborhood for the rich and the collegiate."

[From the Washington Post, Dec. 13, 1980]

WHERE WILL THE CITY'S POOR GO?

(By Patrick H. Hare)

Frank Smith is black, a city planner, a neighborhood leader and, as of last January, a member of the D.C. Board of Education. In 1975, he brought a lawsuit to try to stop displacement in his Washington neighborhood, Adams-Morgan. The lawsuit received national attention. It helped 10 tenant households become homeowners rather than be evicted.

"Adams-Morgan is gone as we now know it," says Smith today. "Nothing short of a miracle would save it." "Gone" means gone to the young professionals, mainly affluent, young whites, gone to sandblasted brick and stripped floors and a Sesame Street City.

Smith's voice has a flat honesty. His head shakes slowly as he talks about the problem of convincing institutions like the Department of Housing and Urban Development of what's happening. He suggests with soft humor, "Maybe someone should graph the increase in the number of pages in the in-flight magazines that sell city living to the trendsetters." He adds, "The urban poor are having the housing pulled out from underneath them."

Many experts apparently share Smith's view of what's happening, but keep a politic silence about the costs to be paid by the poor, presumably believing they are unavoidable. James Rouse, the dean of American developers, is recognized as something of a idealist in an unidealistic profession. A year ago, at an American Planning Association convention, he gave an almost official laying on of hands to the likelihood of continually increased demand for urban housing. He did not talk about where the poor would go.

Joe Giloley, of the National Association of Neighborhoods, supervises 50 VISTA volunteers working on displacement in nearly as many cities. He expects "widespread displacement." Carla Cohen, a HUD expert on displacement, says that "displacement on a large scale is a possibility." Both admit that they have no clear idea of where the poor will go if displacement pushes them out of many inner-city neighborhoods. A recent HUD report to Congress on displacement never mentions the issue.

The major question in the minds of people like Cohen and Giloley is: will the poor go to the suburbs? A second question is: How will they find room there? Will so few middle-class people want to live in the sub-

urbs that prices will drop and the poor will suddenly be able to afford to live there?

It is hard to project how much of a change there will be in demand for either urban or suburban housing. It depends on too many other things: for example, on whether, in a tight market, the growing number of affluent, single-person households decide to double up, making more housing available, or on whether they decide to buy and underoccupy big houses as tax-deductible investments—in effect hoarding the available housing stock. It depends on how heavily the media hype the city. It depends on how many middle-class women choose careers over kids, trading in the family station wagon for eating out and mass transit and maybe even for a maid. It depends on the price and availability of gas.

The Real Estate Research Corporation says that in the '80s "the bulk of U.S. population growth will occur in the suburbs." Perhaps the safest conclusion that can be drawn is that, as the baby boom turns into a house-hunting boom, there will be a strong demand for housing in both cities and suburbs. The media always tend to focus attention on groups like the "urban pioneers" who adopt a new life style. That focus often makes people forget the mainstream. It is important to remember that when the smoke cleared, there was still Middle America after Woodstock. It is unlikely that people will abandon the pace and security of the suburbs in numbers large enough to deflate suburban housing markets so that the poor can afford to move there. Most of them will have to stay in the city.

Staying in the city means doubling up and overcrowding, the classic response of the poor to the blow of higher rents. This process was predicted by William Alonso, director of Harvard's Center for Population Studies in 1975: "Over the past 20 years the housing of the poor and the working poor has improved primarily because they have fallen heir to what used to be called 'the grey areas.' The softening of middle-class demand for this housing stock lowered its relative price and permitted a sharp decline in overcrowding for low-income people. Whatever the troubles of cities, this has been a fortunate outcome. But the danger appears imminent that the housing stock available to working and welfare poor will now be sharply diminished, squeezed between abandonment at one end and the childless multi-worker household at the other. The consequence would be higher prices and more crowding for those of lower incomes."

But staying in the city is not the only alternative. Poor neighborhoods can spread into the suburbs, making them affordable by driving off other households that insist on security and order and can afford to pay for it. The process is simple. A concentration of poor people is too often a concentration of people who have been too frustrated and too starved for dignity to provide or accept much neighborhood peer pressure. Lack of that pressure makes it difficult to establish or enforce standards of behavior that provide security and order. Most people who can afford to move away. Using lack of security and order as a spearhead, progressive deterioration may force its way into the suburbs. It may spread from an adjacent city neighborhood, or it may spread from a small rundown sector within a suburb that deteriorates further because of increased overcrowding as people are pushed there from the city.

Tom Gale, housing director of the National Urban League, is one of the few people concerned about displacement who has any reasonably hard data on where the poor are going. He points to "some low-income black households who have been forced out of downtown Oklahoma City and are now living in trailer parks on the outskirts." Gale also says that "the Urban League's local offices are beginning to receive reports of black families who sold their homes for what they thought were good prices, moved in with relatives while they shopped around, and now find they don't have enough money to get another home. This is happening in cities like Knoxville, Tenn., Jacksonville, Fla., and Inglewood, Calif."

Gale's information, as well as the increased interest in city living among the middle class and the historical response of the poor to a tighter housing market, indicate that Carl Holman of the National Urban Coalition is right in predicting that "there will almost certainly be an increase in overcrowding, and a concentration of the poor into smaller areas of cities, often away from the downtown." There may also be some expansion of the slums into the suburbs. Together, the possibilities sound like a movie on the housing goals of the '60s run in reverse.●

POLICE CANINE TEAMS

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. WOLF. Mr. Speaker, I would like to bring to the attention of my colleagues the important work of police canine teams, a vital element in our country's law enforcement system. The teams tackle dangerous assignments ranging from searching for alarms and tracking down suspects to searching for lost children or elderly people who have wandered away. Often, the teams are called under the most desperate circumstances where others fear to tread.

The U.S. Police Canine Association is an organization which explains, improves, and promotes the work of Federal, State, county, or municipal law enforcement officers who are canine handlers, trainers, or administrators. During the past year, there were many examples of outstanding bravery and service performed by these teams. Region 3 of the USPCA has recognized several teams for their exceptional action: The top team was that of Officer Fred Lewis and K-9 Blitz of Washington, D.C. Patrol teams honored were Officer W. L. Neel and K-9 Bruno of Prince George's County, Officer Michael G. Crabill and K-9 Doobie of Alexandria, Officer C. H. Schweitzer and K-9 Bear 4 of Washington, D.C., and Officer Michael A. Smith and K-9 Rex of Spotsylvania. The detection team of Officer Harry Armbruster and K-9 Sabbath of Washington, D.C., were also recognized for their outstanding service.●

THE PRESIDENT'S IMPACT AID PROPOSAL

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. GOODLING. Mr. Speaker, I would like to take this opportunity to compliment the administration for proposing far-reaching changes for school assistance in federally affected areas as authorized under Public Law 81-874, the impact aid legislation. Although I do not agree with every aspect of the administration's bill and have in fact introduced my own version for a revised impact aid program—H.R. 3291 on April 28, 1981—I endorse the administration's underlying premise: that Federal support is justifiable only in those circumstances in which the Federal presence imposes a substantial financial burden. As Secretary of Education T. H. Bell noted, the assumption of this administration is that the Federal impact entitlements under exisiting law far overstate the need.

Many Members of Congress feel that the time is ripe to consider alternatives to the present system. By introducing this legislation, I hope that this proposal as well as my bill—H.R. 3291—will be considered fairly and on the merits of the issue.

For the benefit of the Members, I am providing a section-by-section analysis of the administration's bill.

SECTION-BY-SECTION ANALYSIS

Section 2. Section 2 of the bill would eliminate payments to school districts for children whose parents either live or work on Federal property or are in the uniformed services. Section 2 would limit payments for children who reside on Federal property with a parent who works on Federal property or who is on active duty in the uniformed services to those school districts in which the number of these children is equal to or greater than 20 per cent of total attendance. Section 2 would also eliminate phase-out entitlements to school districts losing a substantial number of children due to a decrease or cessation of Federal activities.

Section 3. Section 3 of the bill would repeal section 4(d) of the Act, which provides an adjustment for certain decreases in Federal activities. Section 3 would also repeal sections 4(a), (b), and (c) of the Act, which authorize assistance for sudden and substantial increases in attendance resulting from activities carried on by the Federal government.

Section 4. Section 4 of the bill would amend the tier structure established by section 5(c) of the Act to require the Secretary to pay 100 per cent of entitlements under section 2 and 90 per cent of entitlements under section 3(a), except in the case of children who live in low-rent housing. Payments for children in low-rent housing would be limited to 20 per cent of entitlement. Section 4 would also amend section 5(b)(2) to limit preliminary payments to 75 per cent of the amount an agency is estimated to be entitled to for the current year.

Section 5. Section 5 of the bill would eliminate certain hold harmless provisions which were designed to offset the effect of decreased military activities that occurred in 1974 and 1975 and to phase in the reforms made by P.L. 93-380 in 1974.

Section 6. Section 6 of the bill would change the threshold eligibility for major disaster assistance to $10,000 or 5 per cent of the district's operating expenditures during the fiscal year preceding the one in which the disaster occurred, whichever is less.

A bill to make certain amendments to the Act of September 30, 1950 (Public Law 874, 81st Congress) and Public Law 93-380.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Impact Aid Amendments of 1981".

SEC. 2. Section 3 of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress) (hereafter referred to as "the Act") is amended—

(a) by repealing subsection (b),

(b) by amending subsection (c) to read as follows:

"3(c) No local educational agency shall be entitled to receive a payment for any fiscal year with respect to a number of children determined under subsection (a) unless the number of children so determined constitutes at least 20 per centum of the total number of children who were in average daily attendance at the schools of such agency and for whom such agency, during such fiscal year, provided free public education.",

(c) by amending subsection (d)(1) to read as follows:

"3(d)(1) Except as is provided in paragraph (2), the amount to which a local educational agency shall be entitled under this section for any fiscal year shall be an amount equal to 100 per centum of the local contribution rate multiplied by the number of children determined for such fiscal year with respect to such agency.",

(d) in subsection (d)(2)(B) by striking out "either subsection (a) or subsection (b), or both" wherever it appears and inserting instead instead the words "subsection (a)",

(e) in subsection (d)(2)(C) by striking out the words "or (b)(3)", and

(f) by repealing subsection (e).

SEC. 3. Section 4 of the Act is repealed.

SEC. 4. Section 5 of the Act is amended—

(a) in subsections (a) and (b) by striking out the words "2, 3, or 4" and inserting instead the following: "2 or 3",

(b) in subsection (b)(2) by striking out "such agency received during such preceding fiscal year" and inserting instead the following: "it is estimated such agency will receive in the current fiscal year",

(c) by amending subsection (c) to read as follows:

"(c) If the sums appropriated for any fiscal year for making payments on the basis of entitlements established under section 2 or 3 for that year are not sufficient to pay in full the total amounts which the Secretary estimates all local educational agencies are entitled to receive under such sections for such year, the Secretary shall first allocate to each local educational agency which is entitled to a payment under section 2 an amount equal to 100 per centum of the amount to which it is entitled as computed under that section for such fiscal year and he shall further allocate to each local educational agency which is entitled to a payment under section 3(a) an amount equal to 90 per centum of the amount to which it is entitled as computed under section 3(d) for such fiscal year, except that he shall allocate to each local educational agency which is entitled to a payment for children, who while in attendance at such agency, resided on Federal property which is described in clause (c) of section 403(1), an amount equal to 20 per centum of the amount to which it is entitled as computed under section 3(d) for such fiscal year.", and

(d) by repealing subsection (e).

SEC. 5. Paragraphs (B) and (C) of the second paragraph of section 305(b)(2) of Public Law 93-380 are repealed.

SEC. 6. Section 7(a)(3) of the Act is amended by striking out $1,000 or one-half of 1 percentum" and inserting instead "$10,000 or 5 percentum".●

REMEMBERING THE HOLOCAUST

HON. JIM DUNN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1981

● Mr. DUNN. Mr. Speaker, Congress designated April 30 as a National Day Remembrance of Victims of the Holocaust. All Americans should take this opportunity to remember this atrocity. We must never forget the terrible consequences of bigotry and hatred and continually rededicate ourselves to the principles of equality and justice for all.

Thirty-six years ago, the holocaust, a crime without equal in human history, was exposed to all mankind. Words could hardly convey the shock and horror the world felt on seeing the victims—both the living and the dead—of the Nazi program of genocide. A correspondent who accompanied a British detachment as it entered Belsen on April 15, 1945, opened his dispatch with the following words:

It is my duty to describe something beyond the imagination of mankind.

During the weeks and months that followed, the full extent of the atrocities perpetrated at Dachau, Belsen, Buchenwald, Auchwitz, Treblinka, and other Nazi death camps was revealed.

The systematic, state-sponsored extermination of 6 million Jews and the murders of millions of others left deep moral scars on all humankind, scars which should never be forgotten. Yet there are ominous signs that the memory of the Holocaust is beginning to fade in the minds of many Americans. A particularly ominous sign is the sharp increase in anti-Semitic episodes reported around the Nation during 1980. Among the incidents were assaults against Jews and vandalism against Jewish institutions, houses of worship, cemetaries, and private property. There were 21 such incidents reported in my own State of Michigan in 1980, the fifth largest total nationwide.

American leaders, both Jewish and non-Jewish, have attributed this disturbing increase in anti-Semitic incidents to a growing ignorance about the Holocaust. The new atmosphere is symbolized by groups which contend that the Nazi gas chambers never existed.

Clearly, there is a need to remind ourselves of those crimes against humanity which are the holocaust. We must study the record of the Holocaust and learn its lesson so that we may combat those who wish to deny its reality and insure that the world will never again permit such evil to occur.●

AUTO IMPORT QUOTAS: THE FORGOTTEN ISSUE OF INEFFICIENCY

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, the present debate in the Cabinet room and in the country over the possibility of slapping import quotas on Japanese automobiles that are manufactured for export to the United States lacks consideration of the fact that American autoworkers are earning wages that are 60 percent higher than the average American manufacturing laborer. I sympathize with the problem of unemployment in the auto industry, and I am a strong proponent of a revitalized American automotive capacity. However, the historical record shows quite clearly that protectionism does not work. Protectionism would, the Hartford Courant opined in an April 4, 1981, editorial, amount to "a reward for inefficiency."

In a time of generalized inflation and lagging automobile sales, import quotas would have the effect of forcing up the price of automobiles by partially drying up foreign supplies, and thereby reducing competition. The final arbiter of how strong the autoworker's feelings are about wanting to enhance his industry, is shown by his union's lack of cooperation. As the United Auto Workers recently stated, workers at both Ford and General Motors will not discuss proposals that their workers take the same reductions recently accepted by Chrysler's workers.

I would like to bring to the attention of my colleagues a recent editorial that appeared in the Monday, March 23, 1981, edition of the New York Daily News as a way of adding to the discussion of this issue. I believe that the Daily News' sentiments accurately reflect the feelings of the voters of Queens and Nassau Counties, N.Y., as well as some other areas of our country.

[From the Daily News, March 23, 1981]

ROBBING QUEENS TO PAY DETROIT

What kind of sense does it make to ask the ordinary working stiff in Queens or Brooklyn to tighten his belt so that a bunch of overpaid people out in Detroit can go on living in a style that he can't afford?

None that we can see. But that's exactly what the auto industry, the United Auto Workers and some of the members of President Reagan's cabinet want to see happen.

These folks are pressuring the President to limit imports of Japanese autos into the U.S. The "moderates" among them say they'll be content with quotas voluntarily adopted by the Japanese themselves. The toughies want Washington to slap on legal quotas.

The fact is that if Reagan does agree to quotas, it won't matter a hoot whether they're voluntary or legally enforced. Either way, as soon as the competition from Japan eases up, Detroit will raise the prices on American-made cars as sure as God made little apples. And that will mean more money out of your pocket and ours.

Maybe we could live with that—except for one thing. UAW officials have just announced that they won't even discuss the proposal that auto workers at Ford and General Motors should take the same wage cuts recently accepted by Chrysler workers.

In other words, no matter that millions of Americans have decided that Japanese cars offer better value than American ones and that, as a result, the U.S. auto industry has been going to hell in a handbasket. As the pampered workers at General Motors and Ford see it, that's no reason why they shouldn't go right on pulling down wages 60% higher than the average American manufacturing worker.

As far as we're concerned, that tears it. Our strong recommendation to President Reagan is to reject any kind of quota at all on Japanese imports.

The auto industry plays a vital role in the U.S. economy and we're as anxious as anyone else to see it get healthy again. But if the men who make American cars won't do anything to help save the companies that feed them, there's no reason in the world that the rest of us should make sacrifices to do so.●

EXPORT CREDIT WAR

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BONKER. Mr. Speaker, yesterday in these pages I drew attention to what I believe is the false economy and unfortunate timing of the administration's proposed cuts in the Export-Import Bank's lending authority. It comes at a time when all the major industrial countries—the members of the Organization for Economic Cooperation and Development (OECD)—have been increasing or have planned to increase the official government credit they offer, at highly subsidized interest rates, to finance their exports.

The multilateral trade negotiations, concluded in 1979, increased the opportunities for U.S. exporters abroad by clarifying the rules of the game which define and limit unfair trade competition. One major area of competition, however, remained outside the coverage of the Tokyo Round trade agreements. The United States did not attempt to include officially subsidized export credits under the subsidies code, because it was assumed the issue was being handled within the OECD export credit "arrangement."

This arrangement has proved to be little more than a gentleman's agreement, and one that is not very gentlemanly at that. It has done little to restrain subsidies in export financing by our trade competitors. It has not effectively covered the most predatory of all export credit practices—"mixed credits"—which are a device through which foreign aid and export credits are mixed to offer rates even lower than the minimum set in the arrangement.

As is usually the case, the United States has handicapped itself, for our law does not permit the practice of mixed credits. Yet it is an increasingly popular package among OECD exporters, particularly the French. For 3 years the U.S. Government has been trying to negotiate a new, more sensible international arrangement on official supported export credits. For 3 years our good faith efforts have been rebuffed.

The existing arrangement sets a floor on interest rates and a limit on loan maturities. The minimum rate is set at 7.75 percent, which in today's market is absurdly low. The December conference of the OECD on official export credits broke up with no progress whatsoever being made; the conferees were at a stalemate.

Negotiations broke down during a search for the best method for establishing internationally accepted guidelines for the extension and notification of credit terms for exports. The United States, Canada, Japan, and a number of European countries favored a system which would reflect a more realistic view of the changes that have occurred in the international credit market. France, however, was unwilling to cooperate with the rest of the European Community, and refused even to raise the minimum rate to a reasonable 8.55 percent. As the EEC is bound by the Treaty of Rome to speak with one voice, no agreement was reached due to the veto exercised by the French.

This volatile issue is expected to be addressed once again at the next OECD conference in May. Yet the United States goes into this "credit war" emptyhanded. The administration is sending the wrong signals at the wrong time by slashing the budget for the Eximbank. Our negotiators will lack the needed leverage to deal with this growing problem of export credit subsidies.

My colleague, the Honorable STEPHEN NEAL of North Carolina, has introduced two measures designed to show our overseas competitors that the United States is serious about this question. House Concurrent Resolution 95 expresses the sense of Congress that the President should secure an agreement to significantly reduce the extent of export subsidies now granted by members of the OECD. The Eximbank would establish as its first and dominant priority the use of its available resources to counter and offset these subsidies. H.R. 3229 establishes a separate $1 billion fund within the Eximbank to offset foreign credit subsidies. The fund would not come into play unless the Secretary of the Treasury determined that no satisfactory progress had been made in reforming the OECD credit arrangement by September 1, 1982. Once satisfactory progress has been achieved, the fund would cease to exist. This fund is to be used as a bargaining asset for negotiating purposes.

I want to remind members of the Export task force that a meeting has been scheduled for Wednesday, May 6, in room H310 at 4 p.m. to discuss this entire issue of export financing and the international credit war. Included in the discussion will be an examination of these bills as a proposed alternative to dealing with the export credit subsidy problem. I urge all task force members to attend this important meeting.●

INFANT FORMULA CODE

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. LAGOMARSINO. Mr. Speaker, the World Health Organization will be deciding this month on a proposed international code for marketing of infant formula and other breast-milk substitutes.

There have been several reports in the press recently about this code and the controversy over marketing of infant formula. Taking a different view of the issue is Mr. Kenneth Olson, who argues that not only is this code an attack of multinational corporations, but also a threat to free speech and the independent mass media.

Mr. Olson is a public affairs consultant in Washington and a former adviser to the U.S. Agency for International Development and White House Conference on International Cooperation. His views on the infant formula marketing code follow:

Another threat to free speech principles emanating from the Third World stimulated hardly a murmur when the American Society of Newspaper Editors met in Washing-

ton April 21-24. This was somewhat surprising, as the threat comes hard on the heels of UNESCO's recent attempts to establish a "New Information Order" regulating media and international news gathering.

The latest press problem originated in the World Health Organization's search for ways to regulate the infant formula industry. WHO has drafted a Draconian code to restrict advertising and promotion of infant formula on the controversial premise that formula marketing discourages the breastfeeding of babies.

"Ostensibly, the WHO code in question applies only to the infant food industry. But specific provisions of the code represent a clear threat to independent mass media that depend on consumer advertising to stay in business," according to Editor & Publisher, a U.S. news trade journal.

Article 5 of the proposed code states "there shall be no advertising or other forms of promotion to the general public of products within the scope of this code."

Such a ban covers enormous commercial terrain. The Grocery Manufacturers of America, an association representing much of the U.S. food industry, is fighting the WHO code because its definitions of "infant food" are so broad that virtually any food that a baby could eat—orange juice, animal milks, cereals, fruits, vegetables, or meats, whether intended for infants or not—would be covered, in its view.

Not only is the code's wording elastic; its provisions are authoritarian enough to prohibit almost all forms of product promotion, including public relations campaigns and health and nutritional programs.

Proponents argue that the code will come before the World Health Assembly in Gevena on May 4 for adoption only as a recommendation. Opponents, however, reply that the code's language requires strict and mandatory compliance by national governments and corporations.

The proposed code arises from a decadelong controversy over the proper use of infant formulas to feed babies in Third World countries and over a thesis that formula marketing cause decline in breastfeeding. The disputants agree breastfeeding is most desirable. Widespread adoption of national codes and self-policing by manufacturers seem to have brought unduly agressive marketing under control, but the issue has been ripe for broader politicization.

Many U.N. officials and some Third World national leaders have been watching carefully for opportunities to promote the goals of the "New International Economic Order" (NIEO) ever since the U.N. General Assembly passed a resolution in 1974 calling for a bold "affirmative action" for developing nations.

The NIEO declaration lists 20 principles of international economic policy, mostly toward redistribution of wealth from the developed countries to those now developing. Preferential treatment—such as massive financial and technological assistance—is to be accorded the Third World by developed nations (although the obligations of Third World countries such as the oil states have been less than clear).

The need to regulate and supervise multinational corporations variously viewed as the powers behind Western thrones—or at least as their handmaidens—is a key principle of the NIEO.

This is where the infant formula industry—including firms such as Bristol-Myers, American Home Products, and Abbott Laboratories of the U.S., and Nestle of Switzerland—is a convenient target.

The volatility of the infant nutrition issue in a hungry world offers a perfect political issue. Alarming infant mortality rates in the Third World have coexisted with a decline in breastfeeding and admittedly aggressive formula marketing (which have been stopped, the companies say), which points to a simple but emotional conclusion—that formula companies are killing millions of babies, which some antagonists have charged.

The U.N.'s search for issues to promote the NIEO and the availability of multinational corporations marketing sensitive products promise almost a sure adoption of the code by the Third World majority at the forthcoming World Health Assembly.

The code may not promote infant health and nutrition, which is a heretofore unconsidered point.

Adoption of the code will be another political rallying point for Third World politicians—as were UNESCO's "New Information Order" and the U.N. Law of the Sea Conference's proposals on mining.

The Reagan administration has tried to delay U.N. adoption of the code regulating the sea; presumably, it will also fight UNESCO's efforts to muzzle the press.

What the Administration decides to do on the infant formula code will be a further indicator of the motive-force behind its Third World policy—a sense of guilt or a sense of justice.●

MRS. SARESS ELLERBE GREGG—WOMAN OF THE YEAR

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. NAPIER. Mr. Speaker, I would like to take the opportunity to call to the attention of my colleagues an honor recently bestowed on an outstanding citizen. Mrs. Saress Ellerbe Gregg was named the recipient of the 1981 Woman of the Year Award as presented by the Junior Charity League of Bennettsville, S.C.

Mrs. Gregg is known throughout the area as a tireless servant of the community and its people. She has been a member of numerous service and historical organizations, such as the Marlboro County United Fund Board, the Bennettsville High School Nurses Fund, the Junior Charity League, the South Carolina Historical Society, and the Colonial Dames of the 17th Century. For the past 40 years she has played an intergral part in the Girl Scouts of America program in the Bennettsville area. She was given the Thanks Badge for unusual outstanding service and also a certificate of appreciation for her service on the area board of directors. Mrs. Gregg was instrumental in bringing about the construction of the area's only Girl Scout camp, Camp Sandy Ridge. In addition, she has also worked in the Boy Scouts of America program for 28 years and is a receipient of the Silver Fawn Award.

In the past, Mrs. Gregg has devoted her time and efforts to the benefit of others. She has been particularly dedicated to the molding of young people. She has given them strength and guidance at a very important time in their lives.

As a member of Saint Paul's Episcopal Church, she has served as leader of the Episcopal Young Churchmen, member of the Vestry, president of the Episcopal Churchwomen, and Sunday school teacher.

Her record of service, dedication and hard work to the community deserves recognition. She has served in the past as a model of selfless service to others and continues to do so. I ask that you join with me in extending congratulations to Saress Ellerbe Gregg on receiving this award. I know of no citizen who is more devoted to her family, her community, and her country than Mrs. Saress Gregg. She is a devoted wife and mother and a genuine lady in every sense of the word.●

THE 100TH ANNIVERSARY OF THE PROPRIETARY ASSOCIATION

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BROWN of Ohio. Mr. Speaker, I would like to bring to my colleague's attention a speech that I had the pleasure of hearing by George E. Davy, chairman of the Proprietary Association, on the occasion of that organization's 100th anniversary. Mr. Davy's presentation eloquently outlines the history of self-medication from the elixirs developed during the Industrial Revolution to the present $5 billion business that serves 70 million Americans daily. In his account, Mr. Davy describes how the self-medication industry has grown over the past 100 years due to the influences of science, technology, and medical progress of the Nation.

Mr. Davy concludes that with the growth of the self-medication industry comes the growth of a more effective—and affordable—health care system in this or any other nation. His view of the future of this industry is a positive one:

> We of the self-medication industry in the United States look forward to a future in which we will play an even more beneficial and more significant role.

Mr. Davy, who is executive vice president of Miles Laboratories, Inc., made his remarks at the March 24 Newcomen Society dinner honoring the Proprietary Association on its 100th anniversary.

Mr. Davy's speech follows:

STATEMENT BY GEORGE E. DAVY, EXECUTIVE VICE PRESIDENT, MILES LABORATORIES, INC., CHAIRMAN, THE PROPRIETARY ASSOCIATION

Since November 26, 1881, The Proprietary Association has represented those companies in the United States who make and market products for self-medication. We have been an organized and identifiable industry in this country for 100 years.

The practice of self-medication which is the basis for our industry is much older than that. It is as old as the first hunter who smeared his wounds with mud or the first fire builder who licked his fingers to ease the pain of his—or her discovery.

Medicines for self-treatment were among the earliest developments of the industrial revolution. Thomas Newcomen himself may have nursed an illness with an English remedy, perhaps the Reverend Daffy's Elixir Salutis or "Angelical Pills against all Vapours, Hysterick and Melancholly Fits." The ingredients of these remedies seem amusing, even bizarre to our contemporary eyes. Yet it is well to remember that these same ingredients were usually identical to the primitive medicines then available to physicians.

English remedies were sold in America both before and after the Revolution. But domestic manufacturing did not truly begin until after the War of 1812, and an industry emerged only after steel rails and copper wires began to knit our nation together. We begin our story in 1881.

Late in the year, a small group of concerned businessmen met in New York to discuss the problems faced by their infant industry.

Seeking strength through unity, they formed the Proprietary Medicine Manufacturers and Dealers Association. The first president was Charles N. Crittenton, a merchant-manufacturer who later founded the Florence Crittenton homes for unwed mothers. The treasurer was Frederick A. Humphreys, a homeopathic physician who began making botanical medicines for consumer use.

The first task facing them was the repeal of an old Civil War revenue tax on proprietary medicines. The new Association appealed to Congress, and the tax eventually was repealed.

In 1882, its first annual meeting—in Long Branch, New Jersey—drew 84 companies. A century later, four of these founders remain as members.

They are Dr. Humphreys company, now Humphreys Pharmacal; The Centaur Company, later to be joined with Sterling Drug; the Carter Medicine Co., now Carter-Wallace, founded by Dr. Samuel Carter, the Association's first corresponding secretary; and the Lydia E. Pinkham Medicine Company, now merged with Cooper Laboratories.

Yes, there really was a Lydia Pinkham, a spirited Quaker lady of Lynn, Massachusetts, who began making a home remedy for female relatives and friends: A mixture of five botanicals suspended in alcohol. But in selling her Vegetable Compound, Lydia Pinkham hoped to do more than remedy female illness. She was one of the first and most devoted advocates of women's rights—proclaiming that "only a woman understands a woman's ills."

Not very scientific perhaps, but then there wasn't much science in Lydia Pinkham's day. Standard therapy included bloodletting, purging and blistering—along with home remedies concocted from various herbs. The great attraction of this "green" medicine—and it was often called—was its safety. . . . It did not always help, but it almost never harmed.

Proprietary medicines flourished in this setting. In 1880, proprietary shipments were valued at nearly $15 million.

What fueled this growth? Certainly there was consumer support and product satisfaction; expanding population and rising prosperity—not to mention frustration with formal medicine and a rising spirit of self-reliance. But there was another reason—advertising—a tool brilliantly used by proprietary manufacturers. They were the first to seek out a national market—going straight to consumers with products and with information that touched the individual's closest personal interests.

Most proprietary advertising was in newspapers. The names and claims of hundreds of remedies attracted the public eye from Niagara Falls to the Grand Canyon. Trading cards passed hands. And Almanacs were distributed by the millions. Each was at once a calendar, a reference book, and a source of entertainment.

During PA's first decade, the Metropolitan Opera House opened to a glittering audience of newfound wealth * * *. The Washington Monument was completed, and the Brooklyn Bridge was dedicated * * * and soon featured in a Lydia Pinkham advertisement.

The 1980's brought new challenges to The Proprietary Association. In state after state across the nation bills were introduced to regulate and restrict the distribution of proprietary medicines. And the Association came to a growing conviction—a conviction still held today—that there should be a uniform and overriding Federal Law to regulate the marketing of medicines for self-care.

In 1892, Mahlon B. Kline, partner in the Philadelphia house of Smith, Kline and French, helped draft a law that would impose the standards of the U.S. Pharmacopeia on medicine ingredients. Like dozens of food or drug bills drawn between 1897 and 1906, it failed to pass the Congress. In 1897 The Proprietary Association joined both federal and state officials, along with pharmacy groups and scientific societies, in drafting a model food and drug act.

Nine years later, in 1906, President Teddy Roosevelt supported still another bill—this one designed to prohibit the manufacture and distribution of adulterated foods and drugs. The Senate responded; the House held back. But the bill was supported by a powerful coalition of women's groups and by a constant barrage of stories in popular periodicals. Then came "The Jungle," Upton Sinclair's expose novel about the Chicago stockyards. It shocked the nation. Six months later the Pure Food and Drug Act of 1906 sailed through Congress.

A chemist, Dr. Harvey W. Wiley, was given responsibility for making the new law work. He did his job so well that he is remembered today as the "father" of the modern Food and Drug Administration.

Questioned in 1906 by reporters, PA President Frank Cheney said: "the general effect of the law will be good. People will reason, and reason correctly, that preparations which come up to the requirements of a Congressional enactment must be all right * * *. People will have more confidence * * * and the business will ultimately be more prosperous."

Industry responded to the 1906 law with greater self-regulation. The PA adopted a Code of Standards for Membership that eliminated narcotics and alcohol in medicines or held them to what were then considered safe levels.

Meanwhile, Joseph Lister in England, Louis Pasteur in France and Robert Koch in Germany were developing the germ theory of disease. Chemists in Germany created aspirin and acetominophen—the most widely used analgesics of today.

World War I came and went and with peace came a new era of American progress. The economy boomed and the stock market soared. Frank Blair, president of the PA from 1924 to 1937 found the proprietary industry had achieved new stature. "Many of us remember," he said "the days when this business was laughed at. Today it is a most substantial, firmly established constantly growing industry." Indeed, industry shipments were by then a quarter of a billion dollars.

Then it happened: "Black Tuesday!" The prosperity of the Twenties ended on October 29, 1929, and the Great Depression began. By 1933, the nation was desperate. But millions took heart as Franklin D. Roosevelt declared, "* * * the only thing we have to fear is fear itself * * *." In the first hundred days of the New Deal, 15 major bills were passed by Congress to speed recovery. The regulated society had begun.

One bill that did not pass was a measure to overhaul the 1906 Pure Food and Drug Act. The Tugwell bill proposed sweeping new powers for the FDA.

Although opposing the Tugwell bill, The Proprietary Association revamped its voluntary regulatory procedures and adopted a strengthened advertising code. Dr. Frederick Cullen, a former FDA official, was appointed to advise members on advertising and labeling.

In Congress, the Tugwell bill was in trouble. Its Senate sponsor, Dr. Royal Copeland of New York, asked the Proprietary Association for help in redrafting the measure. Key man in these deliberations was the new general counsel of the PA, a wise and courtly North Carolinian, James F. Hoge. The 1938 Pure Food and Drug Act was redrafted and passed by Congress. It still stands as a monument to regulatory law. It was, for example, the first statute to distinguish between prescription and nonprescription medicines in the United States.

For many Americans, the Thirties were cruel years, but clustered around the radio they could escape despair. The proprietary industry was one of the first to perceive the enormous appeal of radio. There was the National Barn Dance—the grand-daddy of Blue Grass and the Bayer Album of Familiar Music.

But radio could shock as well as soothe. Most Americans heard about Pearl Harbor by radio.

Fifteen-million Americans went into uniform as World War II forged the nation into an arsenal of democracy, turning out an endless stream of ships, planes, bombs and bullets.

With victory, in 1945, came a postwar domestic life that centered around television—making us eyewitnesses to history.

The TV commercial quickly became an important communications tool for American industry—including the self-medication industry. Consumers found some of the commercials more interesting than the programming.

TV advertising also became a new subject for debate by sociologists as well as regulators. But TV advertising was then—and still is—one way that the makers of nonprescrip-

tion medicines communicate with Americans—a useful way that Americans learn about and compare self-medications.

For the proprietary industry, the Fifties and Sixties were decades of continued growth. New products flowed from the pharmaceutical revolution—the "golden age" of medical research.

In 1951 a sharp new distinction was drawn in the law between prescription and nonprescription medicines. The Durham-Humphrey Amendment to the Food and Drug Act made clear that medicines must be generally available to the consumer without prescription if they are safe and effective, and if understandable directions can be written. To us, this means that nonprescription medicines are intended to be the rule, prescription drugs the alternative.

1962 brought the Kefauver-Harris amendments—requiring for the first time that new drugs must be shown effective before marketing. The new law also set strict rules of good manufacturing practice. The aim was quality control on the manufacturing process, and the PA soon began an annual series of seminars to improve industry compliance. These seminars continue to this day—with valuable FDA partcipation.

During the Sixties the PA and its members stepped up to growing responsibilities for public education in the practice of self-medication. In 1966 we joined with the makers of prescription drugs in founding the Council of Family Health—a non-profit corporation dedicated to educating the public on the safe and proper use of medicines. In 1980 alone the Council's "Read the Label" message attracted more than six million dollars worth of commercial broadcast time and reached more than 30 million newspaper and magazine readers.

In 1970 PA helped organize the World Federation of Proprietary Medicine Manufacturers, a global voice for responsible self-medication and an eloquent advocate for the nonprescription medicines industry. In 1977 the World Health Organization recognized the 27-member Federation among the world's non-government delegations to that body.

Self-regulation by industry continued to grow in scope and practice. Long before the government demanded "safety closures," the industry voluntarily developed protective packaging for children's aspirin and limited the strength and number of tablets in any one container.

The program reduced the need for government regulation and helped reduce accidental fatalities among children under five by more than 86% in twelve years.

The Association's 22-point Code of Advertising Practices—combined with that of the National Association of Broadcasters—emerged as an increasingly strong and workable self-policing system.

The most important activity of all as the 1970s began was industry's commitment to the government's exhaustive new evaluation of nonprescription medicines.

Launched in 1972, the Food and Drug Administration's over-the-counter Review continues to have far-ranging consequences for all over-the-counter medicines. Companies have submitted more than 18,000 volumes of scientific information to panels studying the labeling and ingredients of nonprescription medicines. Products are being reformulated and labels amended long before regulations evolving from the Review become final. All of us as consumers are reaping the benefits in new and improved products, new and better labeling, and in renewed assurances that the nonprescription medicines we buy are more safe and more effective than ever before.

The OTC Review has been called a quiet revolution in the way we self-medicate in this country. And this revolution comes in the midst of what has been called the self-care surge. Millions of Americans are showing as much interest in how we feel as in how we look. We seek a sense of "wellness" and vigor to go with increased life expectancy.

No longer are Americans content with the famous complaint: "If I'd known I was going to live this long, I'd have taken better care of myself."

People today have discovered self-medication as a basic component of health care—a way to participate more fully in health matters—a way not just to save time and money but to have a voice in the medical decisions that touch our personal health and happiness.

This was confirmed beyond debate at a March, 1980 Symposium sponsored here in Washington by The Proprietary Association. Speakers from government and academia, from pharmacy, from industry, from private medical practice and from the consumer leadership were unanimous in the judgment that self-medication has entered a "new era" of contribution to this nation's health care system.

Clearly, the twin tides of science and social change are lifting self-medication to new levels of sophistication in meeting the demands of this "new era." Companies are committing millions of dollars to learn more, to discover new products, and to improve established medications according to the standards of modern science. And PA and its members are no less dedicated to working aggressively with government to identify and to act on those established prescription medicines which can best and safely serve more people through nonprescription availability.

As an industry, we have in the past 100 years grown from home remedies to hydrocortisone; we have grown with science, with technology and with the social and medical progress of the nation.

We have grown to be a five billion dollar business whose products are used daily by 70 million Americans while costing only three cents of each health care dollar we spend.

A century ago, the industry organized around the narrow issue of a single tax. We have come far since then—in the improvement of our products, and in the strength of our commitment to even safer and more effective medicines.

We see our function today as larger than simply improving the research, production and marketing of medicines for self-care. We believe that we are helping to provide a better health care system at reasonable cost for more Americans—and for all peoples.

In today's society, responsible self-medication is an essential part of any effective—any affordable—health care system in this or any other nation.

We of the self-medication industry in the United States look forward to a future in which we will play an even more beneficial and more significant role.●

GREYHOUND CHAIRMAN POINTS THE WAY TO ECONOMIC RECOVERY

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. RUDD. Mr. Speaker, we are in the midst of a debate over spending policies which will affect every citizen of this great Nation. The American people have made it perfectly clear that they want our fiscal house put in order.

My good friend, Jerry Troutman, chairman of the board of the Greyhound Corp., has written a letter recently which states succinctly and eloquently the reasons we cannot afford to ignore the mandate of the people. I respect Jerry, not only for the great job he does in inspiring productivity and promoting free enterprise, but also for his dedication and concern for the welfare of our country. I would like to share his insightful letter with my colleagues:

Hon. ELDON RUDD,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE RUDD: I am pleased to send you this advance copy of our 1980 annual report and to advise that last year, Greyhound's profitable operations allowed us to provide over 4,158 jobs for the people of Arizona, at a 1980 payroll of over $67.8 million. Equally important, those are real jobs . . . jobs which produce goods and services and which expanded the tax base.

Since our first advance mailing of annual reports in 1975, Greyhound's earnings have gone from $80 million to last year's $118 million. I take tremendous pride in that growth as evidence of a fine company meeting consumer needs. That profit growth serves still another purpose, however. It creates and maintains a "quality of life" for employees, shareholders, suppliers and the communities in which we operate. In short, "doing well" is the only way we can also be sure of "doing good!" . . . whether that good be scholarships and community health care, or job training and day care centers.

In the 1980 presidential election, the American people set aside their political persuasions and spoke as a nation of disquieted individuals . . . people suffering profound anxiety as they watched the nation's economy, and their own dreams and hopes, fraying badly. And they sensed, I believe, that this was no ordinary crisis, but a matter of survivial for the govenmental structure that has served us so well these 200 years.

Already, however, there are signs that some officials are more interested in clinging to tattered partisan rivalries than in giving our new economic remedies a chance to succeed. And this is tragic. Considering all we have been through in recent years; considering the price we have already paid, and the even greater turmoil that lies ahead if we relapse into our old economic format, we cannot afford to be a nation divided.

I urge you to put aside political considerations and put your considerable influence behind supporting the President and Congress in their efforts to reassert economic

stability in the U.S. There will be inevitable pain for some because we've allowed the economy to deteriorate so badly that the remedies will hurt. But that's where we in the private sector can help . . . through job creation, improved productivity, a broadened tax base. Again . . . the concept of "doing good" if allowed to "do well!"

I solicit your support for business and industry and for your own constituents whose well-being is unalterably tied to the health and well-being of the economy.

Very sincerely yours,

GERALD H. TRAUTMAN,
Chairman of the Board.●

MARTIN LUTHER KING'S PRACTICE OF NONVIOLENCE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. CONYERS. Mr. Speaker, last April 4—the 13th anniversary of Martin Luther King, Jr.'s assassination—thousands of citizens in 35 towns and cities across the Nation sat down together to talk about Martin Luther King's legacy, and the relevance of his politics for the present day. In Los Angeles seven seminars were held at local colleges. In Baltimore, an estimated 3,000 persons gathered at a community teach-in. In Chicago, community leaders, clergy, political leaders, and citizens participated in two teach-ins. And in Providence, R.I., a broad array of local organizations sponsored an all-day meeting honoring Dr. King.

One common thread that ran through all of the events was a deep concern about the rising tide of violence in the United States. In this concern the meetings focused on Martin Luther King's concept and practice of nonviolence. To the end of his life King was convinced that mass nonviolent action was a highly effective method for fostering social change. In his last years he reached the conclusion, however, that nonviolent action needed to be supplemented by the building of permanent organizations or units of power, such as political parties, labor unions, and community organizations.

The world we live in today can profit by a rediscovery of King's practice of nonviolent action and the intellectual and social origins of his concept. For the present era is marked by an alarming increase in individual and collective violence, on the one hand, and individual powerlessness and social disorganization, on the other. The two are closely related.

Dr. Hanes Walton, professor of social science at Savannah State College, wrote a book, "The Political Philosophy of Martin Luther King, Jr." (1971), which traces the development of King's conviction in nonviolent action and offers a clear analysis of its role in his political thought and practice. I want to share with my colleagues the following excerpts from Dr. Walton's book:

OF INFLUENCES AND THE INFLUENTIAL

In his youth King became acutely aware of the economic and racial injustice, of the evil, within society, and felt compelled to seek a means of rectifying these conditions. He stated that he had grown up abhoring segregation and the oppressive, barbarous, and brutal acts it engendered. "I have passed spots where Negroes had been savagely lynched and had watched the Ku Klux Klan on its rides at night. I had seen police brutality with my own eyes and watched Negroes receive the most tragic injustices in the courts." Such incidences as well as the continuing harshness of the segregation system led King to begin a serious intellectual quest for a way to eliminate the results if not the source of racism in American society.

Although, owing to his family's economic comfort, King himself escaped much of the harshness of racial injustice, he could not remove from his mind the economic insecurity of his playmates and the "tragic poverty" which engulfed the Auburn Avenue Ghetto in Atlanta, Georgia, where he grew up. Working, as a teenager, he became even more conscious of the oppressive nature of segregation. Employed in a plant that hired both blacks and whites, he saw the "economic injustices firsthand, and realized that the poor white was exploited just as much as the Negro." Successive childhood experiences made him deeply conscious of the varieties of injustice in our society, and, as he pondered the possibilities of a career, concern with the condition of black people and their suffering was paramount. Until he was certain of the kind of occupation which would do the most good for his people, he could not commit himself to any.

During his college years he came into contract with Thoreau's Essay on Civil Disobedience and was fascinated by the possibility of refusing to cooperate with an evil system. "I was so deeply moved that I reread the work several times. This was my first intellectual contact with the theory of nonviolence and resistance." Later, in the seminary, he was to spend time studying the great social philosophers: Plato, Aristotle, Rousseau, Hobbes, Bentham, Mill, and Locke. Naturally, he learned a great deal from these, but it was Walter Rauschenbush's Christianity and the Social Crisis that provided theological basis for his own social concern. In his view, Rauschenbush's significance was in his insistance upon the gospel being attuned to the "whole man"—his body and his soul—his material as well as his spiritual wellbeing. In reading Rauschenbush, King realized that in order for Christianity to be relevant to man—be he black or white—it had to deal with not only the spiritual realm but with man's everyday socioeconomic environment. Any religion that did not concern itself with both realms of human existence was a religion of little merit and out of touch with reality.

While taking his theological degree at Crozier Theological Seminary, King was still dubious about the power of love to solve social problems. "The 'turn the other cheek' philosophy and the 'love your enemies' philosophy are only valid, I felt, when individuals are in conflict with other individuals; when racial groups and nations are in conflict, a more realistic approach is necessary." Then one Sunday afternoon, King traveled to Philadelphia to hear a sermon by Dr. Mordecai Johnson. Dr. Johnson spoke on the life and teaching of Mahatma Gandhi. Gandhi's message had an immediate and profound impact upon King and it was in reading the work of Gandhi that he lost his skepticism of the power of love and began to appreciate its usefulness and potency in the area of social reform.

It was the Gandhian concept of Satyagraha (satya is truth which equals love, and graha is force: satyagraha thus means truth-force or love-force) that had the strongest influence upon King, although, at this point, he had no clear notion as to how it might effectively be applied. King felt that Gandhi was "the first person in history to lift the love ethic of Jesus above mere interaction between individuals." The Gandhian technique of love and nonviolence gave him a potent instrument for social and collective transformation which blacks could be taught to use in their struggle against oppression and injustice.

It was this method, according to King, which gave him the intellectual and moral satifaction that he had missed in the "utilitarianism of Bentham and Mill, the revolutionary methods of Marx and Lenin, the social contract theory of Hobbes, the 'back to nature' optimism of Rousseau, and the superman philosophy of Nietzsche." Cognizant now of a meaningful method, King yet was missing the kind of event in which it could be appropriately used. When, in 1955, the Montgomery bus boycott was organized and King, then twenty-six years old, accepted the responsibility of leadership, he was prepared to present to the people a fully articulated rationale and guidance following the ideal of Christ's Sermon on the Mount, and a technique which would become known as the Gandhian method.

The next major influence on the development of King's social and political thought was Reinhold Niebuhr. Niebuhr, King felt, had presented incisive insights into human behavior, especially the behavior of groups and nations; more than any other theologian, he understood the complexities of human motives as well as the relationship between morality and power. "His theology," King said, "is a persistent reminder of the reality of sin on every level of man's existence. . . . Moreover, Niebuhr helped me to recognize the complexity of man's social involvement and the growing reality of collective evil.". . .

By 1954, King's formal training had ended and he had merged these relatively divergent intellectual forces into a positive social philosophy. "One of the main tenets of this philosophy was the conviction that nonviolent resistance was one of the most potent weapons available to oppressed people in their quest for social justice." From Jesus, Thoreau and Gandhi had come the philosophical roots for King's theory of nonviolent social change; from Christ's Sermon on the Mount, with its emphasis on humility, self-criticism, forgiveness, and the renunciation of material gain, came the initial inspiration for a nonviolent approach; Thoreau's example had taught the rightfulness of civil disobedience; and Gandhi showed that there was a method for mass nonviolent resistance to the state. . . .

THE PSYCHOLOGICAL BASIS

All political theories rest on certain psychological assumptions regarding the nature of man from which his behavior can then be interpreted and understood. King's view of human nature was indissolubly linked with his metaphysical and moral principles, accounting not only for man's apparent be-

havior, but his spiritual or "true" self as well. He was concerned as much with what man is capable of becoming, and how he might transform his nature, as with his present state.

For a time, in his early development, King admitted having wholly accepted the concept of human nature advanced by liberalism, which held that men were innately good and naturally endowed with considerable powers of reason. Until, when he began to question some of the theories associated with liberal theology, a basic change in outlook occurred: "The more I observe the tragedies of history and man's shameful inclination to choose the low road, the more I can see the depths and strength of sin. Therefore, I realize that liberalism had been all too sentimental concerning human nature and that it leaned toward a false idealism." Liberalism failed also to see that human reason is frequently a captive of human emotion and, instead of guiding man's behavior, commonly ends up trying to justify it.

Both liberal theology and neo-orthodox views represented but a partial truth for King. While the former inclined toward an overly optimistic attitude regarding man's inherent goodness, the latter saw him only in terms of his actual fallen state. An adequate understanding of man would be one that would synthesize the truth of both views. King saw human nature to contain a mixture of good and evil; yet, when the individual enters into collective life, it is the evil that becomes more pronounced and tends to prevail.

King, influenced by Niebuhr, felt that as a member of a group man sometimes behaves worse than when alone. With a sense of security and power which the numerical strength of his companions may give him, man loses his sense of responsibility, yields to the emotional appeal of the group and participates in activities and modes of behavior he would normally avoid. Thus the individual can be more amenable to reason and more alive to moral considerations than a group. Because the emphasis in group behavior tends to shift from inner purity to external conformity, a nonviolent group may not be as nonviolent, truthful, and loving as a nonviolent individual. He had great faith, however, in the power of goodness to evoke a positive response in both groups and unregenerate individuals. Great moral leaders, such as Jesus and Gandhi could appeal to and bring forth the good in human beings, just as a Hitler could appeal to every potential for evil in them. Human nature, in other words, is susceptible to change; evil can be converted into good; the worst segregationist has the possibility of becoming an integrationist. Even the most brutal of men cannot, according to King, entirely disown the spiritual element within themselves.

Through his own example and leadership, King showed that the development of conscious nonviolence is neither impossible nor impracticable, though it is a difficult ideal requiring constant effort and vigilance. He stressed the need of faith in nonviolence, adequate discipline, and self-purification if it was to succeed in influencing others. As a technique, nonviolence would entail suffering, but suffering King believed to be a part of human nature and essential for spiritual growth. It was through suffering that the self-purification needed to develop one's human nature in a positive manner was achieved. And, since spiritual freedom means the capacity to love all, it also means to suffer all. To rise to the highest reaches of the ideal of suffering love is to rise to the highest potential of one's human nature. How exalted the ability to endure suffering had become in King's philosophy can be seen when he declared in a speech given after the Montgomery boycott:

"We will match your capacity [that of whites] to inflict suffering with our capacity to endure suffering. We will meet your physical force with soul force. . . . Do to us what you will and we will still love you. Bomb our homes and threaten our children; send your hooded perpetrators of violence into our communities and drag us out on some wayside road, beating us and leaving us half dead, and we will still love you. But we will soon wear you down by our capacity to suffer."

He further stated:

"The way of nonviolence means a willingness to suffer and sacrifice. It may mean going to jail. If such is the case the resistor must be willing to fill the jail houses of the South. It may even mean physical death. But if physical death is the price that a man must pay to free his children and his white brethren from a permanent death of the spirit, then nothing more could be more redemptive."

Unearned suffering is, therefore, redemptive, and to suffer in a creative way serves to transform the social situation. This emphasis upon the redemptive role of suffering stems from King's belief in a Christianity which teaches voluntary submission to sacrifice, privation, and the renunciation of external happiness.

THE RELATION OF MEANS TO ENDS

In King's philosophy the means are as important as the ends: in practice, they are inseparable. So too, lofty purposes must be attained by equally moral means. King strongly repudiated the notion that the ends can justify the means; the one is as good or as perverted as the other. Unjust means, ostensibly in the service of just ends, are frequently used to permit violence, fraud, untruth, opportunism, etc. Rather than helping us toward progress, foul means teach us to regard human beings as mere instruments, deaden our finer feelings, and result in oppression and cruelty. This he saw in communism, which holds that the ends justifies the means. Although communist theory postulates the transformation to a classless society, it permits any method—no matter how cruel or unjust—to achieve this praiseworthy end. In fact, the individual under communism finds himself utterly subjugated to the state, because the state—not man—is what is most valued. King, however, asserts that the state is made for man and not vice-versa. Wherever the state is allowed to become an end in itself, any act, no matter how vile, is nonetheless given sanction.

According to King, man, because he is a child of God, is an end in himself. To use man in the manner the communists would use him is to deprive him of his freedom and relegate him to the status of a thing. Treated as a mere means, man loses sight of his relationship with God, his spiritual qualities, and becomes a non-person. Inherent in the philosophy of nonviolent direct action is the belief that the ends are preexistent in the means: a community of love and brotherhood could only come into being through the fully moral behavior of many individuals.

Violence, on the other hand, King viewed as both immoral and impractical since it could achieve but temporary successes at best. Violence can never secure a state of permanent peace since it continues to generate new and more complicated problems than the ones it aims to solve. It generates a legacy of negative feeling that perpetuates conflict rather than reconciliation. As a method of achieving racial justice, violence clings to the old law of an eye for an eye, until all parties are blind and eventually destroyed. Because it humiliates and annihilates the opponent, rather than attempting to convert or understand him, violence is immoral. Thriving on hate, it destroys true community and confines the members of society to a monologue of bitterness from those who survive its reaches and brutality to those who use it to destroy.

There are, according to King, three ways in which to deal with the problem of oppression. People can fight it using violent means issuing in a perpetual state of fear and destruction; they can acquiesce, or they can choose the means of nonviolent direct action. Acquiescence to the conditions of oppression is also, King felt, immoral and, in the long run, impractical. By resigning oneself, by adjusting to the forces of oppression, one is implicitly cooperating with the evil within the environment. The refusal to take action means a passive acceptance of segregation and injustice, which is tantamount to saying that the oppressor is morally right. Inaction then, while often the easier way, is not the moral way but the way of the coward. Its impracticality lies in its allowing an evil sytem to continue, possibly "hoping for the best," while all that can come of such conditions is more of the same.

Clearly then, in King's view, only the way of nonviolent direct action can help oppressed people in their quest for freedom, for only it combines and reconciles the tendencies toward violence and acquiescence "while avoiding the extremes and immoralities of both." The nonviolent resister accepts—like the person who acquiesces—that physical force should not be used against an opponent and combines with it the violent person's reaction that evil must not go unresisted. By the use of nonviolent techniques no group or individual need either submit to oppression or retaliate violently. Logically, therefore, the only moral and practical means to end oppression, and the only systematic way of reacting that can lead to lasting peace and progress, is nonviolent resistance and direct action. This basically ethical outlook forms the backbone of King's political philosophy, just as his ethical principles formed the basis for his metaphysics. To him, the moral discipline of the individual was the most important means of social reconstruction and it is the cornerstone of his entire philosophy.●

IN SUPPORT OF THE LEGAL SERVICES CORPORATION

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. ERDAHL. Mr. Speaker, the Legal Services Corporation has provided for countless Americans one of these fundamental rights upon which our Nation was founded; and equal access to justice. With the growing complexity of our legal system, the

Legal Services Corporation has served as a means to safeguard this fundamental right for many low-income people. It is important that in a society such as ours, which relies so heavily on the law, that we make provision for legal services to those less fortunate. Access to the legal system is access to justice.

I would like to submit to the RECORD a recent resolution approved by the board of governors of the Minnesota State Bar Association. I feel that this resolution clearly outlines the need for continued congressional support of the Legal Services Corporation. I hope my colleagues will join me in supporting this important facet of America's legal system.

The resolution follows:

RESOLUTION OF THE BOARD OF GOVERNORS, MINNESOTA STATE BAR ASSOCIATION

Whereas equal justice under law is a fundamental concept of a free society, and accessibility to legal representation for all people is essential to effectuate that principle; and

Whereas there is a continuing need for low-income residents of Minnesota to receive legal advice and representation in civil matters for which they cannot afford private counsel; and

Whereas the National Legal Services Corporation pursuant to P.L. 93-355 as amended by P.L. 95-222 provides funding to legal services programs in Minnesota in order that they may provide such services to low-income Minnesotans; and

Whereas the Congress has found, at P.L. 93-355 Section 1001(5), that "to preserve its strength, the legal services program must be kept free from the influence or use by it of political pressures"; and

Whereas the American Bar Association and the Minnesota State Bar Association support the funding of the National Legal Services Corporation and oppose restrictions on the free exercise of independent professional judgment of legal services lawyers in representing low-income persons; and

Whereas, the Reagan administration has announced that it will seek the abolition of the Legal Services Corporation, and an end to budget appropriations for legal services programs, in legislation in the United States Congress: Now therefore be it

Resolved, That the Board of Governors of the Minnesota State Bar Association recommends that:

1. The Congress of the United States pass legislation reauthorizing the Legal Services Corporation without restriction on the free exercise of independent professional judgment of legal services lawyers in their representation of low-income persons, and without restriction on the ability of legal services lawyers to pursue on behalf of their clients the same fill range of legal remedies that an attorney in private practice would be able to seek on behalf of more affluent clients.

2. The Congress oppose any change to the current form of organization of legal services, or to the current method of funding legal services programs, which would subject programs to control by persons or governmental entities whose interests might be or become in conflict with independent, effective representation of clients by legal services attorneys.

3. The Congress appropriate a sufficient level of funding to the National Legal Services Corporation to enable it to continue the same level of service which it now provides.

4. This resolution be fowarded to the Senators and Representatives from Minnesota.●

SEC ON TRIAL INSTEAD OF THE HUNTS?

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. McDONALD. Mr. Speaker, a great deal of unfavorable publicity was given the Hunt family incident to the announcement that the SEC was looking into the Hunt family financial affairs in connection with the sudden fall of silver prices last spring. Now it suddenly became apparent that the SEC has exceeded its powers in this case and the SEC is now on the witness stand to explain why it did not follow the laws of the United States as regards the Privacy Act of 1978 and why the subpenas sent to the Hunts were not the same subpenas sent to their banks? In this connection, I would like to insert two items, one from the Washington Post of April 28, 1981 and the second from The Wall Street Journal of April 30, 1981 for the edification of my colleagues who may still doubt that our regulatory agencies need to be reined in. The items follow:

[From the Wall Street Journal, Apr. 30, 1981]

EXPERTS SAY DECISION IN HUNT CASE COULD LIMIT SCOPE OF SEC'S POWER

(By George Getschow)

DALLAS.—For the past year, members of the Hunt family have been backed against the wall by at least five federal investigations into their role in the crash of silver prices last spring. Now the Hunts are striking back, with a vengeance.

Federal Judge Robert Porter is expected to rule early next week on a request by six members of the Hunt family for a preliminary injunction against the Securities and Exchange Commission, which has been aggressively investigating their affairs.

The three best-known Hunts, brothers Nelson Bunker, W. Herbert and Lamar, along with three relatives, have charged the SEC with violation of a new federal law designed to protect the right of individuals to privacy in their business dealings.

PRECEDENT-SETTING CASE?

The fiercely private Hunts are the first individuals to challenge the hard-charging agency under the law, so the case is being watched with interest by business and government people who think it could set precedents for future investigations—by the SEC and other agencies.

The law in question, the Financial Right to Privacy Act, was enacted by Congress in 1978, but didn't apply to the SEC until last November; the agency argued that the act would interfere with its investigations; and won a two-year exemption. The law requires prior notice to anyone whose bank records are being sought by a federal agency. The notion was to balance the needs of enforcement agencies and the rights of citizens to financial privacy.

The Hunts charged that the SEC exceeded the limits, carrying out an "unwarranted invasion of privacy." They charged in testimony last week that the SEC illegally sent subpoenas to their banks that were far broader in scope than subpoenas sent to the Hunts as individuals.

The Hunts also charged that they weren't notified about the SEC's request for "update letters" from the banks after the subpoenas had been issued. These "fraudulent" and "doctored" documents, according to the charges, were sent to the banks to obtain confidential business records unrelated to Hunt silver transactions.

OVERDOING IT?

The SEC has acknowledged in court that it "acted improperly" in its investigation. "Mistakes in judgment," the agency says, were made by young lawyers trying to comply with new and complex legislation. The SEC says there was no deliberate infringement of the act, and asserts the mistakes have been corrected. "No relief is warranted," it maintains. (The agency previously agreed to withdraw subpoenas issued to three banks in quest of Hunt records.)

Neither side expects Judge Porter to totally block the SEC investigation. But he could impose meaningful limits on the agency's investigative latitude in this case. More significantly, legal experts say, an unfavorable opinion by the judge—who during the trial chided the SEC for its handling of the investigation—probably would be cited in any later challenges to the agency's enforcement actions.

"If the Hunts win, this case will have far-reaching ramifications, because it opens up a brand-new front for attacking the SEC's authority to conduct investigations," says Richard Phillips, a Washington lawyer who has defended clients in several SEC actions. "All of us who practice securities law are watching this case with a great deal of interest."

If the Hunts obtained a permanent injunction against the SEC—and it was upheld on appeal—it would be the first such setback for the agency. This, say observers of the case, would damage the agency's reputation and likely stimulate other legal challenges.

"The SEC was sloppy in issuing subpoenas in this case," says Arthur Mathews, a former SEC enforcement attorney now in private practice. "And that's going to make it easier for others to resist SEC subpoena requests and recover court costs." (Under the new law, federal agencies can be sued for violations in issuing subpoenas and are liable for legal fees and costs.)

Some believe the SEC may be forced to narrow its enforcement efforts. "I think you'll see them pulling in their horns somewhat," says a former SEC staff member. "When you're fighting fires, you can't be building houses." An SEC insider worries that the agency may be losing ground in its "turf war" with another agency investigating the Hunt silver case, the Commodity Futures Trading Commission.

The stakes also are high for the Hunts. They argue that the "ridiculously broad" SEC investigation, seeking records of their employes and people doing business with them, could place them at a "competitive disadvantage" because potential business

partners would be frightened away, fearful that their own records would be scrutinized.

"It presents a very serious problem for us," Nelson Bunker Hunt said during his testimony.

But the Hunts may have more in mind than limiting the SEC investigation. Lawyers point out that if they succeed in discrediting the SEC's enforcement efforts, that increases their bargaining position if the SEC later seeks an out-of-court settlement. Also, staining the SEC's reputation for conscientiousness could discourage anyone who has possible adverse information about the Hunts from taking it to the agency.

Some people believe the Hunts are interested most in finding out just what the SEC knows about them. "By putting SEC staffers on the stand, the Hunts' lawyers were able to ferret out confidential information that the SEC had on them, and that could prove useful in fighting future SEC probes," says a securities lawyer here who is familiar with the investigation.

And the Hunts are said to see some poetic justice in making the SEC sit in the dock. "The Hunts have a lot of hostility toward the SEC," says a Hunt watcher, "and now that they've got them on the defensive, they're going to do everything they can to make them look bad."

EMBARRASSING MOMENTS

That may explain why Hunt attorneys have marched three of the SEC's top enforcement attorneys—Kenneth Lay, Theodore Levine and Gail Vance—to the witness stand, repeatedly wringing confessions of wrongdoing from them and extracting details of their reprimands from superiors.

The three have vowed that their "mistakes" never would recur. Nonetheless, they still could face possible disciplinary action from the U.S. Office of Personnel Management plus separate civil action by the Hunts if the judge decides their mistakes were deliberate. This is why SEC attorneys have taken the unusual step of hiring personal counsel for themselves.

So the SEC is worried about the Hunt case—but not convinced that a permanent injunction against the agency is a foregone conclusion. "The judge can't grant a permanent injunction unless the Hunts can prove that the abuses that occurred in the past will occur in the future," says an SEC insider. "And how do you ever prove something like that?"

Many securities lawyers who have tangled with the SEC hope the Hunts win some kind of court-ordered restraint against the agency. They say it would produce many benefits. "It would force enforcement agencies to be more efficient in the information they go after," says Milton Freeman, a Washington defense lawyer and former SEC staffer. "So you'd get less enthusiastic hipshooting and more accurate marksmanship."

The Hunts agree. "We also feel that someone has to raise a question about the duplication, the expense and the time involved in these governmental inquiries," a Hunt aide declared in filing the suit against the SEC.

[From the Washington Post, Apr. 28, 1981]

SEC CONCEDES FAULTS IN PROBE OF HUNT'S SILVER

Securities and Exchange Commission officials have admitted in federal court in Dallas that they may have "ministerpreted" federal privacy laws in their investigation of silver trading by the Hunt family of Texas.

But the SEC lawyers insist they did not violate the Right to Financial Privacy Act and did nothing to warrant stopping their year-long probe of the Hunts.

The SEC officials, who usually are the ones asking questions in court, were on the witness stand in U.S. District Court in Dallas Friday and Saturday being questioned by the attorneys for the Hunts, who are trying to limit the SEC probe.

Federal Judge Robert Porter has temporarily stopped the SEC investigation of the Hunts' silver trading and after hearing more testimony this week is to decide whether to impose restrictions of the SEC.

Earlier last week, William Herbert Hunt testified that there were "substantial and material" differences between SEC subpoenas that were served on several of the Hunt's banks and the copies of the subpoenas that were sent to the Hunts.

Under the recently enacted Financial Privacy Act, citizens are supposed to be notified of any efforts by federal investigators to obtain their bank records.

While acknowledging they may not have complied with the privacy law in the past, SEC lawyers told Judge Porter there is no need for a court order protecting the Hunt's rights because there is no evidence the government will violate the law again.

The SEC has asked for more than 20,000 documents in the investigation.●

CINCO DE MAYO

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. DANIELSON. Mr. Speaker, today I join our friends to the south of us in Mexico, Mexican-Americans, and others in our country who are celebrating Cinco de Mayo, which symbolizes the struggle against foreign domination.

It was 1862 when the mighty French Army invaded the little town of Puebla, Mexico. Gen. Ignacio Zaragoza commanded a small militia—vastly outnumbered in men and artillery. This brave group was determined to defend its homeland.

In the battle, the French lost 476 men while the Mexicans lost 83, with 132 wounded. That victory gave momentum to the Mexican troops, who continued their fight and eventually succeeded in driving the French from their country.

The gala festivities of Cinco de Mayo are celebrated each year as a reminder of the struggle by a heroic group of people, whose bravery in defending a commitment to freedom and justice will stand as a symbol for all freedom-loving people.

A number of organized activities have been planned in the communities throughout the 30th Congressional District to celebrate Cinco de Mayo. So today I share in celebration and pride with the citizens of Mexico and people of Mexican descent throughout the world.

In order to determine their own destinies, Mexico's struggle from foreign domination and America's revolution for self-determination have ideologically bonded these two border countries. It is most appropriate that the similar experiences of two great nations should have a great influence upon the culture and heritage in the area I represent.●

VIRGINIA'S HOUSE OF DELEGATES: OLDEST LEGISLATIVE BODY IN THE AMERICAS

HON. THOMAS J. BLILEY, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BLILEY. Mr. Speaker, Virginians are justly proud of the history of the Old Dominion and the part that it has played in the creation of the general government for the United States with delegated but limited powers under the U.S. Constitution. But few outside the Commonwealth realize that the House of Delegates of Virginia's General Assembly is the oldest legislative body in the Americas.

The history of that branch of the legislature traces back to Jamestowne in 1619 when its first speaker was John Pory, a former member of the House of Commons of the British Parliament. It has been in continuous existence since that time, first as the House of Burgesses, which name was changed in 1776 at the time of the American Revolution to the house of delegates.

In 1972, the house of delegates installed plaques on its back wall listing all its speakers and clerks from 1776 to the present time. In an impressive ceremony on March 31, 1981, the house of delegates completed the installations with the unveiling of the plaques of speakers from 1619 through 1775.

Calling the house to order at 4 p.m. on March 31, Speaker Albert L. Philpott, in accordance with a house resolution for that historic occasion, appointed a committee of four members to escort the principal participants in the ceremony to the podium: Hon. Lewis A. McMurran, Jr., a former member of the house of delegates and now a member of the board of trustees, Virginia Historical Society; Hon. James M. Thomson, former majority leader of the house; and Capt. Miles P. Duval, Jr., U.S. Navy, ret., a native Virginian and one of the Nation's leading authorities on Panama Canal history and interoceanic canal problems.

Vacating the Chair, Speaker Philpott turned over the chairmanship for the ceremony to Mr. McMurran, who presided. In his introductory remarks, Chairman McMurran gave some of the highlights in the history of both the House of Burgesses and house of delegates, pointing out that after 1619

until 1642, the Governors of the Colony of Virginia presided at sessions of the General Assembly without a regularly designated speaker.

Chairman McMurran was followed by former Delegate Thomson who summarized the story of the installation of the first set of plaques, 1776 to the present, and introduced the principal speaker, Captain Duval, giving a sketch of his career and extending full credit to him for his conception of the plan for the plaques and assistance in bringing about their installation. Mr. Speaker, it is appropriate here to record that Captain Duval was appointed as a midshipman in the U.S. Navy by former Representative Andrew Jackson Montague of the 3d Virginia Congressional District, one of my most distinguished predecessors. Also, it is appropriate to state that a list of all the speakers and other officers of the Virginia General Assembly may be found in the Virginia State library publication, "The General Assembly of Virginia, 1619-1978: A Bicentennial Register of Members." Copies of this volume may be found in the principal libraries of the United States.

In a notable address before the Virginia House of Delegates, Captain Duval described the U.S. Constitution as the "solar system of liberty", stressed the parts played by great Virginians in the formation of the United States, and quoted Gen. Douglas MacArthur as clearly stating the crucial issues involved in the current world crisis.

Mr. Speaker, since the previously indicated Virginia House of Delegates resolution and the address by Captain Duval should be of wide interest, especially to the legislatures of the Thirteen Original States, historians and genealogists, I ask unanimous consent for both to be printed at this point in the RECORD as follows:

COMMONWEALTH OF VIRGINIA, HOUSE RESOLUTION NO. 2

Whereas the House of Delegates has installed in the Chamber of the House of Delegates several marble plaques displaying the names and years of service of Speakers and clerks from 1776 to present; and

Whereas it is the desire of the House of Delegates that marble plaques displaying the names of the speakers of the House of Burgesses for the period 1919-1775 be now installed in the Chamber of the House of Delegates; and

Whereas the Honorable Lewis A. McMurran, Jr. and The Honorable James M. Thomson, former members of the House of Delegates, and Captain Miles P. Duval, Jr., United States Navy, Retired, who conceived the idea, each having been instrumental in completing the project and each having accepted invitations to be a part of a dedication ceremony, now, therefore, be it

Resolved, That the House of Delegates this date vacate the chair at 4:00 p.m. to be resumed at 4:30 p.m. for the purpose of a ceremony to unveil two marble plaques commemorating the House Speakers for the years 1619 to 1775.

ADDRESS BY CAPT. MILES P. DUVAL, JR. U.S. NAVY, RETIRED

Mr. Chairman, Mr. Speaker, Members of the Virginia House of Delegates, distinguished guests, ladies and gentleman:

In his immortal address on April 19, 1951, before a joint meeting of the Congress of the United States, the late General of the Army Douglas MacArthur described that "Forum of Legislative Debate" as representing "Human Liberty in the Purest Form Yet Devised." The foundations of experience and leadership indispensable for creating that agency, which are symbolized by the plaques adorning this hall, were largely laid by members of the Virginia House of Delegates and its predecessor, the House of Burgesses.

It was Patrick Henry who was the tongue for the American Revolution. It was the Declaration of Independence, prepared by Thomas Jefferson, that made the United States a nation. It was the U.S. Constitution, mainly the work of George Washington and James Madison, that provided a government of limited delegated powers to implement the objectives of that declaration. It was George Mason who was largely responsible for the Bill of Rights. And it was the work of James Monroe, after extensive consultations with his Cabinet, in the writing and promulgating of the Monroe Doctrine that set the course for the United States through the "Ocean of Time" then starting.

These four historic fundamentals are the principal signposts for the liberty and security of all the Americas, and in fact for the entire free world.

Since the time of our first grave constitutional crisis, 1775-83, great changes have taken place. Many of the signposts of liberty have fallen and the people of the United States have lost their way in fogs of confusion. The forces of terror and tyranny have taken over vast areas and populations of the world and now threaten our own country from within as well as from without.

The controlling motive of the great Virginians in the American Revolution was the preservation of liberty and to that end they were major leaders in the formulation and adoption of the Federal Constitution and its Bill of Rights to provide for the first time in history a system of government dedicated to the proposition that the people are sovereign. Moreover, all of them had served in this legislative body.

The U.S. Constitution with its checks and balances provides the solar system of liberty but over a period of years the sovereign States have become removed from their orbits with direful results, some of them involving calamitous concentrations of power in the Federal Government, which is the Sun in our constitutional system.

Now "strange voices" and "seductive murmurs" in various parts of the Nation deprecate our form of constitutional government as outmoded, urge the withering and eventual ending of State governments, and call for the adoption of some new "all embracing" means of government to replace our present system.

As to this, it is well to recall the warning of George Washington in his farewell address that if any changes in the distribution of constitutional powers are needed they should be effected by the process of amendment and not by "usurpation." This, he stated, is the "customary weapon by which free governments are destroyed."

As summarized in the final legacy of General MacArthur in his Reminiscences, completed only four weeks before his death, "the fundamental and ultimate issue at stake is liberty, itself—liberty versus the creeping socialization in every domestic field. Freedom to live under the minimum of restraint! A least common denominator of mediocrity against the proven progress of pioneering individualism! The free enterprise system or the cult of conformity! The result will determine the future of civilization. It will be felt on every human life."

The challenges involved in the current titanic struggles to destroy freedom and seize control of industry, which are now far advanced, will offer opportunities for statesmanlike leadership by the Old Dominion comparable to that of the founding fathers.●

PERSONAL FINANCIAL STATEMENT

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. LONG of Maryland. Mr. Speaker, each year at this time I make a voluntary disclosure of income, taxes, and liabilities.

For 1980 I paid a total of $24,884.68 in taxes, including $20,848.43 income taxes, and $4,036.25 in property and sales taxes.

My chief source of income was $60,662.50 salary as Congressman. Other income included: an annuity of $1,338.15 and dividends of $788.33 from the Teachers Insurance Annuity Association (TIAA); $257.71 from the college retirement equities fund (CREF); gross rents of $6,000 from my farm and $3,700 from my townhouse both located in Harford County; $200 from the Sunpapers for two articles; and $12.80 in interest from savings.

Following my longstanding policy, no gifts from constituents or interest groups, however small or in whatever form, were accepted by me or my staff—not even flowers or fruit.

As of May 1, 1981, real property consisted of my home in Ruxton purchased in 1946 for $32,000; a 122-acre farm in Harford County bought in 1965 for $118,000; and a townhouse in Harford County bought in late 1979 for $47,900. My farm and my Ruxton home are free of debt. My mortgage for the townhouse—Yorkridge Federal Savings and Loan Association—is $38,094.

Contributions to the Federal retirement system for 1980 totaled $6,470.08. In nearly 19 years as a Congressman, I have contributed a total of $59,160.00 to this fund—which cannot be withdrawn in cash. Estimated capital value of my Teachers Insurance Annuity Association policies—not convertible into cash—was $16,907.27.

Other assets as of January 1, 1980 include a 1980 Buick Regal valued at $2,100; shares in the T. Rowe Price prime reserve money market account valued at $2,000; home rugs and furnishings, my wife's jewelry—nearly all inherited, clothing, and a checking account sufficient to pay current bills.●

H. K. "HANK" TROBITZ RETIRES

HON. DON H. CLAUSEN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. CLAUSEN. Mr. Speaker, while in the Second Congressional District during the recent Easter recess, I was pleased to attend the retirement dinner for Mr. H. K. "Hank" Trobitz of Arcata, Calif. I was truly honored to participate in this farewell commendation ceremony together with Hank's coworkers and fellow north coast citizens. His employer, Simpson Timber Co., outlined his tremendous contributions to the timber industry in a press release dated February 2, 1981. Following is the text of that release, the chronology of the career of an outstanding individual and important member of our Redwood Empire community.

ARCATA, February 2, 1981.—Henry K. (Hank) Trobitz, Simpson Timber Company California Resources manager and distinguished leader among national, state and Redwood Region forestry circles, retired last Friday after 32 years of service.

Tall in stature as well as accomplishments and affectionately known as the "silver fox" among is associates, Trobitz' credentials read like the "Who's Who" of forestry and community activities.

Trobitz has been the chief architect in piecing together Simpson's California land base. Starting with the purchase of an original 23,000 acres near Klamath in 1948, he engineered a series of acquisitions and mergers resulting in the current "ranch" of 300,000 acreas, including some of the most productive forest lands in America.

He is a recognized leader in fields of intensive forest management, for Simpson and industry generally, designed to grow better trees faster to meet America's fiber needs. Simpson's highly sophisticated, containerized nursery near Korbel is a permanent monument to Trobitz' dedication to reforestation.

He is a two-term member of the State Board of Forestry whose current appointment expires in 1982, along with his appointment to the California Licensed Foresters Association. He recently retired as a veteran member of the Board of Managers of the California Forest Protective Association and was a two-time president of that organization.

One of California's first Registered Professional Foresters, Trobitz is a member of the Society of American Foresters and is past chairman of that group's Northern California Section. His work on behalf of the U.S. Forest Service's Pacific Southwest Forest & Range Experiment Station in Berkeley earned him special recognition.

He is a member of the American Forestry Association and has served on or with the State Solid Waste Management and Resource Recovery Council, the North Coast Timber Association and McIntire-Stennis Cooperative Forestry Research Advisory Board, U.S. Department of Agriculture.

Trobitz has served or is serving on the Humboldt Bay Harbor Commission, St. Joseph Hospital Board of Trustees and Advisory Board, Humboldt State University Advisory Board, and Board of Redwoods United Workshop.

Following graduation from the University of California School of Forestry in Berkeley in 1938, Trobitz worked for the U.S. Forest Service until 1942 when he joined the U.S. Air Force as a navigator. After discharge in 1946 he did graduate work at Berkeley and joined Simpson in Shelton, Washington, in 1948.

He moved to California in 1950 as Simpson's Chief Forester at Klamath and moved through a series of promotions until being named California Resources Manager in 1972. During his stint at Klamath he was credited with a lead role in helping the community recover from the floods of 1953 and 1955.

Trobitz and his wife, Mary, will continue to reside at Glendale. They have three children, Mary Shepherd of Menlo Park; Dr. H. David Trobitz, D.V.M., of Arcata, and Cynthia Trobitz-Thomas of Glendale.●

POW IN VIETNAM NAMED; WHY ARE POW SIGHTINGS CLASSIFIED?

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, the world is waking up to the plight of our men still held captive by the Communist Vietnamese almost 10 years after the end of the war.

I was particularly pleased to see the recent ABC-TV documentary on this subject, as well as increased newspaper and radio coverage.

The evidence, is so clear, so persuasive, that I am shocked at the refusal of our own Government to actively pursue the freedom of these heroes. And why is the information about these prisoners classified? Certainly not to keep it secret from the Vietnamese; they know who they have. Is it to keep the facts from the families of the POW's in order to insulate the Government from lawsuits? This is certainly the implication of remarks allegedly made by a Deputy to the Director of the Defense Intelligence Agency to former Army Intelligence Col. Earl Hopper: "We have classified the information so we do not become entangled in litigation."

In other words, the families that have refused to believe the Government's claim that their loved ones are all dead have themselves become the enemy.

Barbara Hollingsworth, who has done such an outstanding job of uncovering the truth, has written two articles on this subject, published in the Maine Paper of March 23 and 30, 1981.

The articles follow:

[From the Maine Paper, Mar. 23 and 30, 1981]

AMERICANS STILL CAPTIVE IN VIETNAM?

DEFENSE DEPARTMENT "SECRET" INFORMATION REVEALS ALL PRISONERS HAVE NOT COME HOME

(By Barbara Hollingsworth)

WASHINGTON.—After the Paris Peace Accords were signed on January 27, 1973, the United States withdrew its troops from Vietnam. Left behind were approximately 2,500 servicemen and civilians missing and still unaccounted for. Although U.S. military action ended, the war between North and South Vietnam raged on until 1975.

In 1976, the "Final Report" of the House Select Committee on Missing Persons in Southeast Asia (the Montgomery Committee) declared after a 15-month investigation that "no Americans are still being held alive as prisoners in Indochina, or elsewhere as a result of the war in Indochina."

However, a committee minority report recommended the United States "should not consider that all POW-MIAs are dead until the United States has received as full and exhaustive an accounting as is possible."

The minority recommendation went unheeded. Without receiving any additional accounting from the Vietnamese on the missing men, status reviews began in 1977. As a result, all but 12 of the POW-MIAs are now officially considered "presumed dead" by U.S. authorities.

To the National League of Families of American Prisoners and Missing in Southeast Asia, the government's presumptive findings of death did not answer the ultimate question: What happened to the missing men?

The status reviews had not produced any new evidence of death. Rather, as a Defense Department spokesman told TMP, lack of evidence they were alive was used as proof during the reviews that they were dead.

In other words, the government's official position put the burden of proof on the families of the missing men. Unless they could offer proof their loved ones were still alive, the government would assume they had perished.

So the league began advertising in Vietnamese-language newspapers throughout the world, soliciting information from the sea of refugees fleeing the communist yoke, many of whom braved shark-infested waters and pirate attacks in their desperate search for freedom.

An extraordinary thing happened.

Hundreds of refugee reports detailing the presence of American prisoners held by the Vietnamese after 1973 began pouring in, and continue today. These live-sighting reports were made classified secrets by the Defense Department in August, 1979, but TMP has obtained copies of three of them, which are being published for the first time.

The accounts are reproduced here in their entirety, with only minor changes, such as the deletion of extensive military technical terms. TMP has also withheld the names and addresses of the witnesses.

The first account contains the vivid recollections of a former police official who escaped to France in early 1980. Because of his own confinement, he paid particular attention to the details of prison life. This account was translated from the Vietnamese:

Nov. 19, 1980, Macon, France.

My family and I have been resettled in France for about eight months. I just read in the newspaper the ad for the National League of Families seeking information . . .

I want to give it to you because of my deep concern for those men and at the urge of my conscience . . . I served as a police sergeant in Pleiku under the former regime.

After the Communist takeover, I was arrested and detained at the Pleiku reeducation center. From 5-12-75 to 7-15-75, they ordered other prisoners and myself to dismantle barbed wire and other fortifications around the old police station. While working on those tasks, I saw two American prisoners.

Every day, at about 8 to 8:30 a.m., they let the two Americans out to go to the toilet. I know they were Americans because I had previously worked with the Americans at the Danang training center for the policemen.

The two Americans still wore military garbs; their hair and beard grew long but they were not too thin (perhaps they have been captured not too long before.) During the three months and three days I was weeding and cleaning at the police station, I saw them nearly every day. I'm sorry that I do not know their names, because we have always been escorted out by two security guards, their guns on the ready; I was afraid if I looked too attentively at the Americans, I would be subject to interrogations.

On July 16, 1975, I was transferred from the reeducation center . . . I do not have any idea about where they have moved those two Americans . . . Perhaps the league can trace their identities and help them reunify with their families.

(Signed)

The following account was written in English. The writer was a former commander of an air base and said he received a "victory medal [bronze star] from the President Johnson" in 1968. He was among the boat people whose bitterness over harsh communist rule underscores his story:

Oct. 28, 1979, Bourges, France.

There were two times I saw myself the Americans POW, who were still in Vietnam. The October 25th, 1978, I saw 25 and the November 2nd, 1978, I saw 28 American POW. They were in prison about 150 kilometers in the northwest from Saigon city, and in the valley with five small thatched houses enveloped by the forests. They dressed the old, striped and black clothes. Some POW don't wear the coat; perhaps it was very hot. They worked with the hard labour. First time, they carried the precious wood and they diged [sic] the earth for agriculture in the last time.

I try to make relation with them or give them a sign but I cannot. They were take care of serious by two instructors and five soldiers with weapons. The POW were thinness and very tired.

I may show on the military map of the South Vietnam the place which they are in prison.

However, if possible, I shall [be] a witness before the [U.N.] Assembly and before the public opinion in the world to prove the inhumanity of the Vietnamese Communists who treat with the POW. It is contrary of the International Law.

The Vietnam Communists overwhelmed with hard labour the POW in the region forest and unhealthy water. The Vietnamese Communists would like to keep the POW with the purpose:—to take revenge,—to exchange (they take easy) with the government of U.S.A. . .

(Signed)

Le Thi Anh, 52, is a Vietnamese writer and lecturer who lives just outside Washington in suburban Maryland. Since 1978 she has assisted the league in obtaining accounts of live sightings of Americans. Her credentials are ideal for the task.

Having come to the United States in 1964 through a UN-sponsored writers program, Anh, a Buddhist pacifist, became heavily involved in the "peace movement." She was a confidante of many of the top anti-Vietnam war leaders as well as many North Vietnamese, Viet Cong, and South Vietnamese dissidents.

Her break with that element came when she realized, after the 1975 Communist victory, that the U.S. "anti-war" element was not anti-war at all, but strongly in favor of a Communist Victory and U.S. defeat. Today she publishes Vietnam News, a newsletter of events and trends in Vietnam, and has established a network of contacts within the anti-communist Vietnamese resistance movement.

Anh first became involved with the league when a Vietnamese refugee came to her when she was teaching and told her about American POWs he had seen in Vietnam. She forwarded the information to the league, thinking it would end her involvement in the matter. But the league asked her to do one more thing. Because of her fluency in Vietnamese, would she place the ad in the newspaper?

Le Thi Anh agreed, expecting "five or six replies."

Instead, she was inundated. She soon became the clearinghouse for the refugee reports. Some of them were so disturbing, "I couldn't sleep at night," she told TMP.

The letters came from all over the world, from refugees of every age and occupation. She even received unsigned letters from former Viet Cong who had seen American captives but were afraid to let their own identities be known. Along with the sighting reports have come threats from the Communists, who do not like what she is doing.

Dutifully, the sighting reports were turned over to the State Department and Defense Department. The government had demanded proof Americans were still alive—the families were providing that proof. Armed with this new information, surely the government would do something to recover the men.

Not quite. Frank Sieverts, President Carter's deputy assistant secretary of state for human rights and humanitarian affairs, and State Department coordinator for POW-MIA matters, became angry with Le Thi Anh and told her she was only creating "false hopes" in the families. The government attacked the credibility of the refugees, dismissing their accounts because it claimed they were after money or made up information to get into the country.

However, some of the reports came from refugees who were already in the United States had nothing more to gain from telling their stories. Further, while the league's ad offers a reward for information on the missing servicemen, not one of the hundreds of destitute refugees has ever asked for it.

Le Thi Anh continues to receive live-sighting reports from around the world. Her value in this work is such that she has even assisted in debriefing former high-ranking North Vietnamese who have defected, yet whose "official" corroboration lends added weight to the refugee sightings.

One of the most extraordinary reports is this one, received barely two months ago from a former South Vietnamese member of an elite combat force who now lives in the southern United States. Besides providing explicit details on locations, military units, dates, etc., which characterize a well-trained military man, this account describes in detail and identifies by name a U.S. serviceman who was being held in Vietnam. It also says that Soviet soldiers may have had a combat role in the war:

"Before 1975, I was a second lieutenant in the Reconnaissance Branch . . . I belonged to the Tactical Shock Troops assigned the task of searching, attacking and destroying food caches, arms caches and documents of two Viet Cong units . . .

"One of the tasks assigned to our unit was to provide support to Division 22 . . . which were standing face to face with the Viet Cong Division 320, the North Vietnamese F 10 and commandos and artillery—all aimed at Pleiku during the month of June 1974 . . . You can imagine how tough was the battle against the Communists. . .

"Along the front running from Tan Canh to Dac-To to Kontum . . . there was a paratrooper brigade defending that front with the replacement [sic] and support from a U.S. Cavalry unit . . . But these were under so much pressure from the Viet Cong that the Vietnamese paratrooper brigade was totally defeated . . . it had to retreat together with Regiment 41's independent infantry unit to the base in Kontum.

"Only up until 1974, has my paratrooper unit and I got the opportunity to set foot again to the Tan Canh, Dac To areas . . . to 'destroy the enemy's work camps.' I met a group of four white men, they were in two working teams, they were tall with blonde or brown hair. They were carrying logs to build bridges for the Viet Cong . . . At that time we did not pay special attention to the white men working on the bridge-building site, mistaking them for the Russians . . . I had met personnel from the Russian Engineering Corps bulldozing earth . . . I also saw Russian men manning tanks attacking the base 801 in Le Thanh.

"Time went by . . . the Communists transferred me to a prison camp K6. I commuted to do forced labor in K8 . . . distant three hours by bullcart . . . That prison camp of Tan Canh existed since 1970. There were about 200 prisoners. In that camp, I saw American POWs who were kept separate, more than 1 kilometer away from the Vietnamese POWs. Those U.S. POWs were transported to K8 to labor in building bridges, clearing jungle together with us prisoners from the 'puppet Saigon Regime' as they called us. . .

"During that time Major Chau and I communicated with the Americans in English, using Alpha, Beta, Delta . . . We have learned that Major Johnson was the leader of that group of American POWs.

"Major Johnson had served on the cavalry brigade assigned to the defense of Dac To and Tan Canh. The headquarters of his brigade was located in Qui Nhon and Major Johnson was listed as missing in action since 1971. He has served in Thuong Duc earlier. There were two sergeants and a first lieutenant in the group of American POWs. The relationship and conversations did not last, because Major Chau [who apparently spoke English.] was executed. I was sent to prison camp in Binh Dinh. Up to the end of 1977, I got permission to go home for a visit with family; I went into hiding and escaped from Vietnam in 1978.

"I still remember Major Johnson's face quite well. He was thin, short for an American, he had a long face, a bald forehead, brown eyes, long eyebrows, his nose is a little flattened between the eyes, a dimple in the middle of his chin, teeth distant from one another. I used to be ordered by the Communist guards to bring maniocsweet potatoes to the 'American pirates;' they had their hands and legs tied up when they were not working, when they were resting. Major Chau told me the Americans belonged to the cavalry brigade stationed in Quang Nam. He was on his way from Quang Nam to Qui Nhon when he was reported as missing in Tan Canh. The two sergeants and the first lieutenant were captured during the Mo Duc and Thuong Duc battles.

"The exact date I saw him for the last time was during February 1975. At that time I came back from K6 to K8 to take my rice ration and proceed by foot to Binh Dinh. There I was assigned the task of transporting ammunition for the Viet Cong to attack Qui Nhon. At that time Major Johnson was still building roads in K8, so were the first lieutenant and the two sergeants.

"In July 1975, my friend Lt. Trung came back from K8. I asked him about the Americans and he said they were still there, all of them.

"The information I give here is accurate. If the Americans do not find their people, it is their fault, they were not thorough in providing security, not thorough in their search. We sympathize with them, we understand them, they had an opportunity to help the Republic of Vietnam defeat communism, but to our deep regrets, both them and us are crying in sorrow. Will they be able to find their people now? As for my comrades-in-arms, each of us follows the fate befallen us. We still have to carry on the fight for a very long time, a most heroic and desperate fight. It is that when the Americans were searching for their lost ones, we are searching for what should have been, what must be?"

PENTAGON ACCUSED OF BADGERING VIETS WHO'VE SEEN AMERICANS

WASHINGTON.—What has become of the 2,553 American servicemen and 43 civilians reported prisoners of war or missing in action in Southeast Asia?

Despite 310 first-hand, live sightings by refugees who claim they saw Americans still held prisoner in violation of the Paris Peace Accords, the official Pentagon and State Department position is a terse two lines:

"There are increasing reports that Americans may be held against their will in Indochina. The U.S. government has thus far been unable to substantiate this information and priority effort will continue to be assigned to investigate these reports."

What exactly does the government mean by "substantiate?" That question was posed by TMP to Lt. Col. Jerry Grohowski, the Pentagon's official spokesman.

He replied: "You ultimately have to go back to where [the sighting] happened and spot somebody at the same place."

However, since numerous refugee reports indicate the Vietnamese often move prisoners, such a demand seems almost impossible to meet.

Grohowski complained the Pentagon never received any names of Americans alleged to still be held captive by the Viets.

He was startled to learn TMP had published such information (TMP, March 24). "Well that's the exception," he said. "We usually just get 'Caucasian.'"

Colonel Earl Hopper, a former executive director of the National League of Families and a former intelligence officer himself, told TMP:

"We're in awfully bad shape in the intelligence department if after all these years we still do not know for sure if an American is alive [in Southeast Asia] and be able to confirm or positively deny it. It's not a lack of evidence—it's a lack of desire."

Indeed, there is evidence Pentagon and State Departmen officials—perhaps fearful of jeopardizing their careers—have tried to squelch information on the POWs-MIAs by threatening and intimidating the witnesses who claimed to have seen them.

"Up until the very recent past, the Defense Intelligence Agency has persisted in its strenuous efforts to discredit witnesses, and not make use of them even though they volunteered to help," Dermot Foley, former League of Families counsel whose brother is missing in action, told TMP.

Knowledgeable sources told TMP it is widely believed in refugee circles the U.S. government does not really want any information about the missing GIs, as this information would be an embarrassment to the United States.

While the Pentagon claims it is working diligently to substantiate the information it already has, those in contact with refugees tell a vastly different story.

After the League learned in court that it was U.S. government policy not to interview the Indochinese refugees, the government started putting up signs in refugee camps asking for information about the missing Americans. One man in a camp wrote to the League wanting to help, but told them the government might be more successful if the signs were not so tiny and written in Vietnamese rather than English.

Further, after the League had turned over new evidence to the DIA, follow-ups showed the DIA had not bothered to interview many of the witnesses.

But perhaps the most telling evidence of the government's attempts to keep the issue under wraps was its treatment of Ngo Phi Hung, the "first good eyewitness" of Americans held captive in Indochina.

On August 9, 1978, Hung told the House Subcommittee on Asian and Pacific Affairs he had seen 49 living POWs in Vietnam as late as April 1977. The ranks were decimated during the two years Hung kept track of the prisoners—two POWs died and one committed suicide. Hung even procured a list of their names, which was stolen by pirates along with his other possessions during his escape from Vietnam in February 1978.

Hopper told TMP the DIA debriefed Hung and then attempted to discredit his character, going so far as to fabricate a report to prove Hung's descriptions of the terrain in the areas he saw the POWs were inaccurate.

However, former POW Michael Benge stated Hung's knowledge of the area was indeed accurate, Hopper said.

A few days before Hung's appearance before the subcommittee, Hopper recounted, DIA agents appeared at Hung's home in San Diego and used "intimidation and threats" in an apparent effort to frighten him into silence.

The DIA agents came to his house and scared the living [daylights] out of him and his family," Hopper said. "They told him: 'We're from military intelligence. You have to come with us.' They took him to a hotel in downtown San Diego and made him turn over his notebook." In the notebook, Hung had been trying to reconstruct the list of names stolen by the pirates.

When he heard of the DIA visit, Hopper added, he immediately flew to San Diego and stayed with the terrorized refugee until they both flew to Washington for the hearing.

Foley, who was Hung's attorney at the time, confirmed the incident. "DIA tried to terrorize him, even though they knew I had been retained and we had exchanged written correspondence that they would not interfere with him" without counsel present, he said.

In another incident, Foley said he found a witness who said he saw 12 live Americans since November 1980. Foley said the witness "volunteered to put his life on the line" and obtain more information about the American prisoners.

DIA was notified. Shortly thereafter, the witness was arrested by local police in the United States, beaten up in jail, and told he would not be released unless he promised to get off the case. When the promise was made, several charges were dropped, and he fled the country.

Before leaving he phoned Foley and told him he was instructed, as "part of the deal," to tell Foley he had lied about the POWs. "But I didn't lie—I really told you the truth," Foley recounted him saying.

When asked about the alleged intimidation of witnesses by the DIA, Grohowski replied, "That's totally false." But no one with the DIA would permit himself to be questioned by TMP about these and similar serious allegations.

President Richard Nixon and his Secretary of State, Henry Kissinger, assured the country no Americans were left behind in Indochina. This denial has been continued for eight years, through three administrations. Democrat and Republican. While many think the Reagan administration will take a renewed interest in finding the missing men, Foley is skeptical.

"The people in the Pentagon and State Department are the same people who botched it up royally in the Nixon-Ford years," he said. "They're still there. I have not seen any effort to clean house. No one is asking the key question. The record of the DIA and the government as a whole is a 100 percent failure, and nobody is asking why."

Maj. Gen. John K. Singlaub, a leader of the POW-MIA activists, said the problem will never be solved through humanitarian appeals to the Vietnamese:

"We run the danger of placing Vietnam in a position where it concludes it's better off to make its previous statements come true. The great fear I have is that they will simply murder the POWs if there are amateurish negotiations or excessive public emotion. It's going to require great skill, whatever is done."

Singlaub said the options range from paying ransom, like the French, to putting pressure on Hanoi from a third source. He added the United States could also trade off diplomatic recognition in return for the men.

Another possibility is that Vietnam may require some face-saving device, perhaps by classifying all the prisoners as defectors who stayed on in Vietnam of their own accord.

Rep. Robert Dornan, R-Cal., whose best friend is missing in action, told TMP the handling of the issue is the "most persistent case of [cover-up] I have ever seen."

More than 100 of the live sightings have been "absolutely confirmed," he said, since they related to Pfc. Robert Garwood or to Arlo Gay, a commercial fisherman who was captured and released by the Communists in 1976—after they had denied his existence to a visiting U.S. Congressional delegation.

"In over 100 cases, we know for a fact that all the people who said they saw Americans were telling the truth," Dornan said. "Why can't we assume the rest of the sightings have the same percentage of reliability?"

In short, evidence too strong to dismiss points to the existence of U.S. soldiers and civilians still being held throughout Indochina.

Unless the U.S. government makes up its mind to do what is necessary to get them out—in spite of Pentagon and State Department intransigence by its career bureaucrats—Hanoi will never let them go.

Whether these POWs and MIAs become the second generation of "forgotten men" from a U.S. war in Asia rests squarely with one man—Ronald Reagan.●

F-15 ENHANCEMENT PACKAGE FOR SAUDI ARABIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a memorandum prepared in March 1981 by the American Israel Public Affairs Committee (AIPAC), on the F-15 enhancement package for Saudi Arabia. Comments on that memorandum which I requested from the Department of State will appear in the CONGRESSIONAL RECORD tomorrow.

It should be noted that this memorandum was prepared prior to public discussion regarding the possible sale of early warning AWACS aircraft or tanker aircraft to Saudi Arabia. None of these F-15 or AWACS proposals have yet been notified to the Congress on either an informal or formal basis.

The AIPAC memorandum follows:

OFFENSIVE WEAPONS FOR SAUDI ARABIA

The Reagan Administration's sale to Saudi Arabia of AIM-9L air-to-air missiles and Fuel and Sensor Tactical (FAST) packs will dramatically increase the firepower and range of the 62 F-15s purchased by Saudi Arabia in 1978. An offensive capability for these aircraft—already the most advanced fighter-bomber in the world is contradictory to the very purpose for which they are being provided. This sale is wrong. It is contrary to the best interests of the United States, Saudi Arabia and Israel.

This sale will not enhance the security of Saudi Arabia, which is threatened by internal instability, nor is there any possibility that it will enable Saudi Arabia to defeat a Soviet thrust. This sale, in fact, will increase instability within Saudi Arabia and the region.

The sale will not strengthen the Arab-Israeli peace process, since Saudi Arabia has been, and continues to be, a leading opponent of the Camp David Accords.

The sale will not lead to old price moderation or increased Saudi production. If anything, the sale will appear to be appeasement in the face of Saudi threats to cut oil production.

The sale will only encourage Saudi Arabia to demand additional offensive equipment, specifically multiple ejection bomb racks, KC-135 jet tankers, and AWACS (Airborne Warning and Control System) aircraft.

Finally, the sale will violate specific U.S. commitments. In 1978, when the original F-15 sale was proposed, the Executive branch gave written assurances to Congress and promised the Israeli Government that these offensive systems would not be sold to Saudi Arabia.

THE NEW EQUIPMENT

The addition of FAST packs and AIM-9Ls will significantly enhance the offensive capability of the Saudi air force.

The FAST pack is a conformal fuel and equipment pod attached on each side of the aircraft. An F-15 so equipped has a combat radius of more than 1,000 miles, compared with about 450 miles for an F-15 without the pods. The FAST packs will permit Saudi aircraft to operate out of any base in Saudi Arabia against any target in Israel. The added fuel capacity also brings Egypt, Iraq and Iran within the aircrafts' combat range.

The addition of FAST packs to an F-15 does not inferfere with the use of the weapon stations. Each pod can carry two AIM-7 Sparrow air-to-air missiles or 4,400 pounds of air-to-ground ordnance. The pods actually provide a slight improvement in aerodynamic performance of the F-15 and enable the plane to carry a heavier bomb load to distant targets. Part of the available volume of the FAST packs can be used for either sensors, cameras, electronic countermeasures (ECM), laser designators, etc.

The AIM-9L is the most advanced version of the Sidewinder air-to-air missile. It features all-aspect attack (meaning that it need not be fired from behind the target aircraft), improved homing and guidance, increased maneuverability, resistance to jamming and a more lethal warhead. It is a state-of-the-art weapon which is only now being deployed on America's own F-15s and F-16s.

THREAT ANALYSIS

There is no threat facing Saudi Arabia which justifies the sale.

The Soviet forces in Afghanistan are more than 1,000 miles from Saudi Arabia's eastern coast. Soviet expansionism unsettles the region, but it is Iran and Pakistan that are directly threatened, not Saudi Arabia. Credibility is strained in imagining Saudi Arabia using the enhanced range of its F-15s to strike at Soviet military targets in western Afghanistan.

Were there a Soviet attack on Saudi Arabia's oilfields, an enhanced ordnance capacity on 62 Saudi F-15s would not be effective in defending Saudi targets against a much more powerful Soviet attack. Only the United States could do this. Any attack on Saudi Arabia by the USSR would be a direct challenge to the West, and there is no conceivable situation in which the United States would leave the defense of the Arabian Peninsula to Saudi Arabia alone.

The same political and logistical arguments would militate against any suggestion of a Soviet thrust from Ethiopia.

South Yeman is deterred—as it has always been—by the obstacles of desert and distance. Saudi Arabia's purchases of 110 F-5Es, American M-60 and French AMX-30 main battle tanks, Maverick air-to-ground guided missiles, TOW antitank missiles and the 62 F-15s in their interceptor mode were all designed to assure an effective Saudi defense against South Yemen. With all these systems now in place or soon to be delivered, Saudi Arabia requires nothing more to protect itself from a weak, and probably imaginary, threat from South Yemen.

There is little likelihood of an invasion of Saudi Arabia from Iraq. Currently, Saudi Arabia is assisting Iraq in its war with Iran both diplomatically and militarily. There have been recent reports of Iraqi-bound arms being delivered via Saudi ports. American equipment supplied to Saudi Arabia, particularly artillery, may have also been transferred to Iraq in violation of American arms transfer provisions.

Iranian threats to Saudi Arabia have been blunted by the Iraq-Iran war and by the stationing of American AWACS in Saudi Arabia. But Saudi Arabia, equipped with F-15s in the offensive mode, may be perceived by Iran to be a strategic threat. Thus, the new equipment will further destabilize the volatile region.

The combination of U.S. arms largesse to Saudi Arabia and assurances of additional weaponry to Israel to meet the new threat recalls an earlier American Middle East policy—John Foster Dulles' unsuccessful and discredited attempt to achieve an arms balance in the region. But Israel cannot afford an arms "balance"—neither economically nor militarily. Israel's military survival has always required a qualitative edge over its Arab neighbors. Today, the Arabs' quantitative advantage is growing while Israel's qualitative edge has been dangerously eroded.

SAUDI INSTABILITY

Saudi Arabia is much less stable today than it was three years ago. The takeover of the Grand Mosque last year provides ample evidence that: there is popular resentment against the concentration of power in the hands of the Saudi royal family; that skewed budgetary priorities and pervasive corruption are arousing domestic discontent; that the tribal National Guard and Saudi army are unreliable and potential rivals; and that the primary threat to the Saudi regime comes from its own feudal policies and from conspiracies based in rival Arab states. F-15s are of no value in meeting internal upheavals.

The United States must not repeat the errors made in Iran by selling too much advanced weaponry to an unstable client faced with internal discontent rather than external threats. With legitimate defense needs already met, the proposed sale become a symbol, not of Saudi Arabia's importance to the United States, but of its ability to get whatever it wants from our country. Arms sales of similar magnitude did nothing to save the Shah and may in fact have contributed to his downfall. Should a similar fate befall the Saudi monarch—which cannot be discounted—the United States would face the dismal prospect of having the secrets of its most advanced weapons compromised and having the weapons turned against their supplier.

PROMOTING MIDDLE EAST PEACE

In 1978 it was argued that the sale of F-15s to Saudi Arabia would promote Saudi moderation and involvement in the peace process, and assure continuing Saudi support for the peace efforts of President Sadat. Although at the time there was no sure way of testing this contention, events have since proven that this argument was groundless.

Saudi Arabia's policy toward peace with Israel since the signing of the Camp David Accords has been anything but "moderate" or "supportive." Saudi leaders have urged a Jihad against Israel. Saudi Arabia led the Arab League condemnation of the peace treaty. It has withheld economic support from Egypt and in fact broke diplomatic relations with Egypt and joined with Iraq at the Baghdad conferences in organizing the Arab political and economic boycott of Egypt. It provides hundreds of millions of dollars to support the rejectionist front. It adamantly refused American entreaties to join the negotiations. It redoubled its financial and diplomatic support for the terrorist Palestine Liberation Organization. It condemned the opening of normal relations between Egypt and Israel, the exchange of ambassadors, and the opening of the Suez Canal to all Israel ships.

To sell Saudi Arabia additional offensive equipment for its F-15s would be rewarding intransigence rather than encouraging moderation.

An overall assessment of Saudi Arabia's defense posture will reveal that the kingdom cannot defend itself over a broad front. The land mass is simply too large, and the population base available for the armed forces is much too small. Saudi Arabia is incapable of fielding forces now for the tanks and aircraft it has already obtained. The nation is reported to be considering a national conscription—a step that would introduce potentially disloyal and radical elements into its armed forces. The Saudi interest in obtaining several hundred German-made Leopard tanks and several squadrons of European-made Tornado fighter-bombers raises the question of whether the desert kingdom is considering bringing in outside forces—such as Pakistanis—to man its weapons. The dangers such a move would present to regional and internal stability and the security of advanced American weaponry cannot be underestimated. The vast Saudi buildup raises the obvious question of whether Saudi Arabia is stockpiling weapons for future transfer to a third country.

THE REAL THREAT

There is, however, another explanation for Saudi Arabia's buildup of sophisticated offensive weapon systems. The Riyadh regime could move against much weaker opponents or against targets close to its border in coordination with larger armies and outside forces.

This last scenario illustrates that the one nation which would be threatened by Saudi augmentation of its F-15s would be Israel. Several times, including last month at the Taif Summit, Saudi leaders called for Jihad (holy war) against the Jewish state. In the past 32 years, Saudi forces have been engaged four times—three of them against Israel.

The F-15s Saudi Arabia will soon obtain will seriously impair the security of an Israel withdrawing behind less secure defense lines in the Negev Desert. But F-15s equipped with AIM-9Ls and FAST packs will severely undermine Israel's air superiority and will enable Saudi Arabia to hit any Israeli target with greater force from bases located much deeper within Saudi Arabia.

On a one-to-one basis, Israel is capable of meeting any Saudi threat. But Saudi Arabia would never engage Israel by itself. As in 1973, it would be part of a coordinated pan-Arab attack. It would be a strained and embattled Israel, engaged along a broad eastern front, which would have to try to defend against pinpoint strikes by heavily armed, long-range Saudi F-15s. Israel's knowledge of this eventuality is likely to increase the chance of preemptive strikes against Saudi Arabia. This, in turn, would make it more difficult for the Saudis to resist full-scale involvement in future Arab aggression against Israel.

NEW AMERICAN POLICIES

The Saudi sale has been explained as part of a new American policy to confront Soviet encroachment in the Middle East. The best way to confront Soviet designs in the Persian Gulf, however, is not by opening the flood gates of arms sales. U.S. bases, facilities, and a naval presence are the best deterrent to Soviet adventurism. Yet, Saudi Arabia has rejected American base arrangements in the Arabian peninusla.

OIL PRICE MODERATION

U.S. acquiescence in the face of Saudi demands has not in the past, and will not in the future, lead to moderation in oil policy.

The Saudi record on oil price rises and withholding of oil supply requires scrutiny. While Saudi Arabia has charged a bit less than other OPEC oil producers, the difference has generally been minor. Saudi Arabia went along with, and in some cases instigated, the rocketing escalation of OPEC oil prices after the Iranian revolution which has more than doubled the price of crude oil. Many analysts believe that Saudi Arabia took its independent line on OPEC pricing in order to protect its waning influence within OPEC, and not to aid the American consumer.

Because of a current world surplus of oil, caused in part by the continued and unexpected exports from Iraq and Iran, Saudi Arabia is reported to be considering production cut-backs to prop up the current oil prices. Under such market conditions, Saudi Arabia could assist in a roll-back of OPEC's posted prices in order to alleviate inflationary and recessionary pressures in the United States and the West. No such effort is contemplated or expected.

The sale of the add-on equipment for the F-15s will not increase the reliability of Saudi oil supplies. After the F-15 sale, Saudi Arabia threatened to cut back on production if the Carter Administration continued to build up a strategic petroleum reserve as mandated by Congress. It is clear that whatever weapons we sell Saudi Arabia, the kingdom does not want the United States to have the ability to weather another oil embargo and be able to resist new oil blackmail.

THE VALUE OF COMMITMENTS

An important issue in the sale of new equipment for the F-15s is the reliability of commitments made by the U.S. Government. In 1978, the Executive branch justified the F-15 sale as wholly defensive in nature, and assured the Congress that it would not sell the Saudis multiple ejection bomb racks, FAST packs, AIM-9Ls, KC-135 tankers or E-2C or E-3A AWACS command/radar planes. To sell any of these specific weapon systems to Saudi Arabia now would present a serious credibility problem for our Government. Future Administration commitments to the Congress would be suspect. Both our allies and our adversaries could not ignore the unreliability of American assurances.

Israel is being asked to rely on American security and aid guarantees to cement its treaty with Egypt and to risk some form of settlement for the West Bank. Israel would be much less willing to take risks for peace with its unresponsive, radical Arab neighbors on the eastern front if U.S. assurances were suspect.

The worst argument in favor of the new sale is that the Saudis regard it as a test of their relationship with the United States. The original F-15 sale (like so many Saudi demands before and after) was described in the same way. Our country satisfied the Saudi request, but for the United States, the relationship did not improve. From the American perspective, Saudi support for the Camp David Accords was a test of the relationship. So was true restraint on oil prices. So was support for an American military presence in the Persian Gulf in the wake of the Afghanistan crisis. The Saudis satisfied none of these tests.

Acceding now to the Saudi demand for F-15 offensive add-on equipment will be a test of Saudi Arabia's ability to force the United States into devaluing its own solemn commitments and into working against the national interest of the United States.

CONCLUSIONS

The proposed sale of offensive equipment for Saudi Arabia's F-15s is neither in the short- nor long-term interests of the United States.

From a military standpoint, the extra capability for the aircraft will paradoxically lessen, rather than enhance, the security of the Riyadh regime. The sale will transform Saudi Arabia into a confrontation state and military target for the Israeli air force.

Politically, the Riyadh regime, by emphasizing weaponry as symbols of power, may meet a fate similar to the Iranian Pahlevi regime.

By acquiescing to this latest "litmus test," the United States looks weak internationally. There have been no signs of Saudi Arabia fulfilling its obligations of an American-Saudi "special relationship."

The sale of advanced missiles and FAST packs to Saudi Arabia fails to serve the interests of the United States, Saudi Arabia, Israel, and Middle East peace.●

CONGRESSIONAL EMPLOYEE HONORED

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BEREUTER. Mr. Speaker, I have a very pleasant reason to make a statement for the RECORD. This past weekend a member of my congressional staff, Mrs. Ramona Deitemeyer, was honored by the alumni association of the University of Nebraska at Lincoln. She received a Distinguished Service Award, which is given to those members of the alumni association who have established a record of distinguished service to their local alumni club, to the University of Nebraska, their community, State, and Nation.

Ramona has been a caseworker in my office since I became a Member of Congress in 1979. Actually, she brought considerable experience to my office since she performed the same function for my predecessor, now-Governor, Charles Thone. The First Dis-

trict of Nebraska knows and appreciates Ramona Deitemeyer.

Ramona graduated from the University of Nebraska in 1941. She was named Mrs. Nebraska and Mrs. America in 1955. That same year she received a National 4-H Alumni Award. In 1957 she served as hostess of the Lincoln, Nebr., TV station KOLN's "Right Around Home" program.

Family, home, and concern for others are how we know Ramona. On behalf of my staff and the First District of Nebraska, I wish to simply say congratulations to Ramona Deitemeyer. We know that she will continue participating in all of the activities that contributed to her receiving the Distinguished Service Award. Finally, we thank her in behalf of all Nebraskans for her contributions to Nebraska and the University of Nebraska, and especially for the concerned, effective assistance she has rendered to thousands of Nebraskans.●

SOUTH AFRICA AND THE UNITED NATIONS—PART 1

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. McDONALD. Mr. Speaker, in view of the current deliberations at the United Nations, I would draw the attention of my colleagues to a paper, "South Africa: Bases and Consequences of United Nations Actions," written by Carmel J. Schulz, a student at the School of Foreign Service at Georgetown University.

The excellent, dispassionate, well documented paper by Miss Schulz clearly presents the unfortunate role that the United Nations has taken in South Africa, and demonstrates how the General Assembly of that body "has betrayed the 'central task of the U.N.—the preservation of international peace and security.'"

The article follows:

SOUTH AFRICA—BASES AND CONSEQUENCES OF UNITED NATIONS ACTIONS

INTRODUCTION

The United Nations has spent a great deal of time and money on the "question of apartheid" and the actions of the "racist regime" in South Africa. Members of the United Nations who support this violation of state sovereignty and thus of Article 2, paragraph 7 of the United Nations Charter emphasize Article 1, paragraph 3 and Articles 55 and 56 which deal with human rights and equality. They also point to the qualification in Article 2, paragraph 7 which states that the principle of non-interference in states' domestic affairs "shall not prejudice the application of enforcement measures under Chapter VII," but in order to act on this qualification a "threat to the peace, breach of the peace, or act of aggression" must exist. In 1954, therefore, the General Assembly obligingly declared that "apartheid constitutes a grave threat to the peaceful relations between ethnic groups in the world" thereby opening the way to adding the weight of apartheid as a "threat to international peace and security" to apartheid as a "crime against humanity."

Besides it being highly hypocritical for most members of the UN to condemn South Africa for her human rights violations, some members of the UN have exploited and perverted the UN Charter in order to achieve thier own ends of isolating and undermining the government of the Republic of South Africa. Instead of serving as an international forum in which all sides of a question can be discussed and an equitable solution worked out without resorting to force, the United Nations has consistently served as a forum in which revolutionary groups such as the South West Africa People's Organization (SWAPO) and the African National Congress (ANC) present their version of the situation while South Africa and the internal parties are discounted, ignored, or, which is usually the case, not represented at all. In addition, the UN General Assembly has betrayed the "central task of the United Nations—the preservation of international peace and security" by openly and vigorously encouraging and supporting violence and terrorism.

The purpose of this paper is to give a background on South Africa and then to examine UN actions regarding South Africa in light of this information in order to determine their legitimacy and effectiveness.

SOUTH AFRICA: BACKGROUND

The current South African government is caught in a dilemma: although the need for reforms is evident to almost everyone, different groups have different ideas about the method, extent, and pace of reform. Terrorist groups are seeking reform through revolution and a total change in the basis of society, some recalcitrant white groups want no change whatsoever, and the UN is demanding complete and immediate reform. All of this complicates and endangers the government's present evolutionary reforms that are meant to provide for a stable solution to the country's problems. Unfortunately, the impatience of some groups and the immovability of others may make losers of everyone.

Contrary to popular belief, the major black ethnic groups are not native to South Africa. The Kaffirs, now called Bantus, migrated to northeastern South Africa at about the same time the first Dutch settlers arrived at the Cape. When the expansion of the groups brought them into contact with each other, white settlers had been in South Africa for a hundred and twenty-seven years, since 1652. The only true "natives" of South Africa are the Bushmen and Hottentots who were treated better by the white settlers than by the Kaffirs who slaughtered, plundered, and lay waste, then moved on. In any case, the Bushmen and Hottentots were not numerous and have been largely absorbed into the general population. The Afrikaners maintain the firm and justified conviction that South Africa is as much their heritage as the Bantus'. Their historical ties and rights to South Africa are as strong as the Bantus'.

Another popular belief that must be corrected in order to better understand South Africa concerns the supposed homogenity and harmony of the "Whites" and the "Blacks." There are at least five distinct "white" ethnic groups and nine major African tribes, in addition to the Indians who are divided into five groups and the Coloreds who are divided into eight groups. Therefore, conflict exists not only between "colors", but also between the English and Afrikaners who both look down on the Portuguese, between the various black tribes who are "mutually mistrustful, mutually antagonistics," and within the Indian and Colored groupings.

A third point which needs to be made clear is that the vast majority of black South Africans are not "civilized", or, to be more specific, they do not conform to industrialized, eastern or western, ideas of civilization. The problem in South Africa is analogous not to the black/white conflicts in the United States but rather to the American Indian/white problem and Indian reservations. Two major differences are that American Indians are definitely "native" Americans while the majority Blacks are not "native" South African and disease and white immigration made American Indians a minority while the black African population has grown steadily and immigration of Whites has been much slower giving the Blacks a substantial majority. Between American Blacks and South African Blacks the major difference is that American Blacks do not know a heritage or tradition separate from white "civilization" while most South African Blacks have definite tribal, cultural ties with unique languages and customs. To expect these people to forsake their traditions, their way of life and of thinking is unrealistic, and if forced, a sudden transition would most likely be destructive both materially and personally.

"Separate development" was the Nationalist Party's answer to the South African situation. Although in many cases it may have been used to ensure "white supremacy", many of the White South Africans really believed, and continue to believe, that it is the best way to protect the cultural integrity of all the various ethnic groups in South Africa. These people will admit that there are inadequacies but add that it is "equally true that the South African government has committed itself to the elimination of negative forms of discrimination."

The bad aspects of South Africa's solution of apartheid are widely known and regretted. But in many respects Black South Africans are much better off than Blacks in other African states. For instance, complete medical care including operations costs each Black 25¢. The standard of living is higher for Blacks in South Africa which attracts the immigration of Blacks from South Africa's neighbors. More Blacks in South Africa own cars than all Blacks in the rest of Sub-Saharan Africa. The outlays for education per black child is much less than per white child, but the situation is improving; providing education opportunities for millions of people who have no tradition of acquiring formal education is not an overnight project.

The government of South Africa is also speeding up the independence of Black homelands while incorporating Indians and Coloreds into the white society. This is "grand apartheid." It proposes the creation of a "constellation of southern African states" associated in "a confederation of independent states." This union would be modeled after the European Economic Community where there is free movement between states and socio-economic equality, but political rights, such as voting, are guaranteed only within the country of which the voter is a national.

With this in mind, the South African government has instituted a decentralization program and has devoted increasing funds

to the development of the home lands. In 1975/76, about 2.4 percent of South Africa's gross national product was appropriated for development. Homeland governments controlled about 60 percent of total expenditure. The Bantu Investment Corporation and the Xhosa Development Corporation through concerted efforts have made "sufficient progress with the training, financing and establishment of Black entrepreneurs that trading is today predominately in the hands of the citizens of the various homelands." The South African Bantu Trust's functions are construction work, provision of basic infrastructure, the consolidation of land, and financing of overhead expenditure.

Leaders of the "liberation" groups in southern Africa reject the idea that the South African government is doing anything but consolidating its own position. They claim that whites are exploiting the land and labor of "natives" while subjecting non-whites to domination and suppression by the use of apartheid as instituted by numerous legislative acts especially the Group Areas Act, Population Registration Act, and Suppression of Communism Act, all passed in 1950–1951. Therefore, they contend the white population is actually robbing the black population of its just reward for its labor while exploiting and depleting resources that rightfully belong to the "native" Africans. When the Africanists led by Robert Sobukwe broke away from the African National Congress in 1958, they formulated a doctrine based on a nonracial future society in which people of all colors would be "Africans". This was, however, more of a public relations move to placate "friends overseas" than an actual attitude of the Africanists who privately preferred the slogan "drive the white man into the sea."

While a Black, however, may hate all whites as oppressors because of their policy of exploitation and discrimination, he may also have alienated himself from tribal life and cultural ties, but most people need to belong to a group. This void is often filled by adopting Marxist-Leninist ideology and trying to adapt this European based way of thinking to a situation that bears very little if any resemblance to the situations from which Marx and Lenin derived their theories. What results is a group of alienated people who espouse Marxism-Leninism in order to destroy the system that refuses to treat them as equals. They, in their turn, treat those Africans who maintain their tribal ties and culture as inferior beings who must be led and enlightened. In many ways, these people merely wish to replace the current ruling group with a ruling group comprised of themselves. Consider a letter from Steve Biko to Senator Dick Clark in which Biko stated that "America should cease showing any tolerance to Bantustan leaders . . . any form of official or semi-official recognition to them is [a] gross insult to the people of [South Africa]. Instead, "American official visitors to [South Africa] should insist on seeing *authentic* black leadership as represented by the people mentioned above." (Italics added.) The "people mentioned above" is a list of six people of whom Biko was one. In other words, anyone who did not or does not agree with Biko's and his allies' program of change should be ignored as "puppets" of the "racist South African regime."

This attitude is prevalent in Namibia/South West Africa as well as in South Africa, and it has been carried to the point of murdering tribal chiefs who cooperate with the South African government in its efforts at progress and change. This serves the double purpose of intimidating the population and of weakening tribalism the strength of which has been an obstacle to the success of groups with a reputation of anti-chieftanship such as SWAPO and he ANC.●

GUARANTEED INCOME: INCENTIVE FOR LAZINESS

HON. LARRY J. HOPKINS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. HOPKINS. Mr. Speaker, one of the major forces which built our country into the greatest Nation on Earth was the American people's willingness to work hard for a living.

Unfortunately, the growth of the welfare system has made it more profitable for many Americans to sit back and let the rest of the country support them. Welfare programs without strong work requirements have reduced the work ethic which built this Nation, and have made a Government benefit program an incentive for laziness.

Here, as printed in the Washington Post, are the results of an extensive study confirming these facts. I hope all my colleagues may read it and realize the necessity of major welfare reform.

GUARANTEED INCOME VERSUS WORKER INITIATIVE

(By Spencer Rich)

In the past dozen years, the U.S. government has financed four major experiments with the guaranteed-income concept for poor people, the Labor Department reports, and the results were always the same: people who got the guaranteed income worked less than those who didn't. Some worked a lot less and some only a bit less, but all worked less.

The findings, summarized in the latest issue of the Labor Department's Monthly Labor Review by Prof. Robert A. Moffitt of Rutgers University, appear to support Reagan administration arguments that unless welfare programs include a strong work requirement, many recipients will reduce their work effort and not make a maximum attempt to get off welfare into a full-time job.

The administration is backing an extreme emphasis on work requirements as part of its proposals to change the $13 billion federal-state welfare program for families with dependent children.

The four experiments, the only major ones undertaken in this country, were conducted over the past dozen years. One, involving 1,300 people, took place in New Jersey and Pennsylvania from 1968 to 1972; a second (800 people) in rural areas of North Carolina and Iowa from 1970 to 1972; a third (4,800 people) in Seattle and Denver from 1970 to 1978, and the fourth (1,800) in Gary, Ind., from 1971 to 1974.

Conditions varied from place to place, according to Moffitt. But basically, the participants—all low-income or impoverished—were given a government welfare payment (or negative income tax payment, as the cash payment was sometimes called). On the average, according to Moffitt, the payment was equal to the poverty line (now $8,410 for a family of four).

Recipients were told that they were not required to work. But if they did work, their welfare payment would be reduced by 50 cents for each dollar earned; in effect, they could keep the full welfare payment and half of anything earned.

The work behavior of recipients was then compared with a "control" group consisting of nonrecipients with similar social characteristics.

Here are the results as reported by Moffitt:

All four experiments produced "unequivocal evidence that hours of work are reduced by the negative income tax."

Husbands in intack families reduced their work effort by only a few hours a week on the average, anywhere from 1 to 8 percent, as compared with the control group. Moffitt concluded that while a guaranteed income, at the relatively low levels of support involved in the studies, reduced the work-ethic somewhat for husbands, the negative income tax "does not appear to have a pervasive effect." He said the 1 percent to 8 percent reduction was largely the product of a handful of men ceasing work altogether, most others had minor or no reduction of hours.

For wives in these families, the reduction of work effort varied but on the whole was much greater. One group (black women in the New Jersey-Pennsylvania experiment) reduced hours only 2.2 percent, but in other places reduction of wives' hours ranged from 14.6 percent (Seattle-Denver) to 20 percent (Iowa white wives) to 30 percent (North Carolina black wives and New Jersey-Pennsylvania white wives) to 55 percent (Spanish-speaking wives in New Jersey-Pennsylvania). (Moffitt thinks the 55 percent figure is so high it may be a fluke.)

Female heads of families also reduced their work effort—about 11.9 percent in Seattle-Denver and possibly as much as 27.8 percent in Gary (Moffitt thinks the latter raw figure is too high and has recalculated it to 9 percent).

All told, says Moffitt, the studies show conclusively that a guaranteed income without any work requirement, even at the low levels of support involved in these four experiments, causes people to work less.●

CINCO DE MAYO

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. FARY. Mr. Speaker, each year Cinco De Mayo, the 5th of May, is a holiday celebrated by our neighbors to the south and by many communities here in the United States. It commemorates the day in 1862 when a small force of Mexican soldiers defeated a much larger and better-equipped French troop. During this seige, which is remembered as the Battle of Puebla, Gen. Ignacio Zaragoza led his troops in a defeat of the forces of Napolean III. This proved to be a victory of con-

siderable import as the French forces were thought at that time to be the mightiest in the world. The defeat of the French at Puebla stands as a landmark in the history of Mexico and symbolizes the victory of a proud and independent human spirit over foreign invasion.

Cinco De Mayo is celebrated in much the same spirit as the Fourth of July is celebrated here in the United States. We give recognition to the many brave acts that were committed in the name of freedom. It is appropriate at this time to consider how the benefits of liberty have spread to all the citizens of this land including the Mexican Americans.

This bravery exhibited by Mexican soldiers on El Cinco De Mayo has never been forgotten in Mexico or in the United States. That bravery is evident in the contributions made by Mexican Americans in our own Armed Forces. During World War II, more Mexican Americans earned the Congressional Medal of Honor and other decorations for bravery than any other single ethnic group.

Let me say that this decade is one of opportunity and bright promise for Americans of Mexican descent. It is evident by their gains already made in the fields of business, education, and government. Another reason for high hopes in the 1980's is the growing unity between the Mexican-American community and other hispanic groups.

I am proud to say that in my own Fifth Congressional District, I have a large population of Mexican-Americans. To these people, Cinco De Mayo symbolizes the love of freedom that lives today. Please join me and my Mexican American friends in paying tribute to the courage of those who fought and died on El Cinco De Mayo.●

PROFITS OVERESTIMATED

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. PETRI. Mr. Speaker, in recent years, there has been considerable public debate concerning the level of business profits. In some quarters, business profits has become an obscene phrase.

Last week, my hometown newspaper, the Fond du Lac Reporter, published an editorial that debunks the false claims that have been made about business profits. I call my colleagues attention to this editorial:

PROFITS OVERESTIMATED

When most Americans are asked to make a rough guess as to how much profit the average manufacturer makes on each dollar of sales the answer today generally is around 32 cents.

It wasn't long ago when many thought the profit per dollar was as high as 60 cents. There's a characteristic tendency, it seems, for many Americans to think that they are always getting ripped off.

The latest figures from the U.S. Department of Commerce show, however, that U.S. manufacturers average only 5.4 cents profit for each dollar in sales—or about one-sixth of what the public assumes.

Statistics demonstrate that industries which don't require a large investment per worker naturally can operate on a smaller profit margin per dollar than industries that require higher employe investments.

Department of Commerce statistics from 1978, for example, show that bakeries have an investment of about $12,000 per job, and report a profit of 3.6 cents per dollar. Clothing apparel manufacturers invest $14,000 per job, and operate with a profit of 4 cents per dollar earned.

How about the petroleum and refining companies? The agency reports that this is a high risk business, with the companies investing more than $200,000 per job. In 1978 the industry earned 4.9 cents per dollar of sales—far below what was needed to make the enormous investments required to give the U.S. greater independence in the field of energy, and a major reason why they now have far more leeway.

The figures are interesting—but probably won't be believed by many who think they are constantly being ripped off. Their suspicions, based to a large extent on impressive profit totals that can be misleading, are easily understood. Yet the profits for most industries are far from what most of us imagine.

Another point to remember is that when profits are up, employment generally is up, creating a healthy economy. That's the way the free enterprise system works. And that's why there have been so many advocates in recent years saying there is need once again to encourage greater private investment—instead of penalizing investors with excessive taxation. In this era of ripoff fears, it's an idea not always easily accepted. But it's a proven fact that when business and industry are doing well so are most of the people.●

A TRIBUTE TO MR. DAVID D. BOHANNON

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. LANTOS. Mr. Speaker, I would like to take this opportunity to congratulate a constituent of mine, Mr. David D. Bohannon, who today is receiving the "Humanitarian of the Year Award" given by the Easter Seal Society for Crippled Children and Adults of San Mateo County.

The society presents this annual award to an outstanding citizen who has given unstintingly of his or her time, talent, and concern to the advancement of opportunities for people in our community. He will be honored tonight at an outstanding evening of tribute for the benefit of the Easter Seal Society.

Mr. Bohannon comes from a pioneer family in every sense of the word. His grandfather, Jeremiah, came across the plains in a wagon train to seek new horizons in California. His pioneer spirit has been evident through his illustrious career. He is well known in San Mateo County for his personal commitment, not only to local residents, but also to the creation of outstanding community planning and development within the county. Over the years Mr. Bohannon has received numerous awards, locally and nationally, for outstanding achievement for housing design and community development.

His charitable contributions are equally numerous. These include involvement with organizations which help the poor, the handicapped, youth in trouble or in need, as well as community activities to stimulate the arts, sciences, medicine, education, and preservation of the environment.

He has been married to his lovely wife, Ophelia, for 60 years. They have three children, nine grandchildren, and two great grandchildren. He is most proud of his family and his country. His community and country are proud of him, as well.

I am pleased to join the Easter Seal Society in recognition of the humanitarian works of Mr. Bohannon, and I am proud to bring his achievements to the attention of the House of Representatives.●

LETTER ON ARMS SALE TO SAUDI ARABIA

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. SCHUMER. Mr. Speaker, the following letter to the editor appeared in the New York Times on Sunday, April 26, 1981. Written by Irvin Steinberg, National Commander of the Jewish War Veterans, the letter expresses ideas I share on the sale of arms to Saudia Arabia. For that reason, I have decided to enter it into the CONGRESSIONAL RECORD for all to see.

[From the New York Times, Apr. 26, 1981]

WHY DO THE SAUDIS DESERVE AMERICAN ARMS?

To the EDITOR:

As American veterans vitally concerned with U.S. defense and security, we of the Jewish War Veterans of the U.S.A. are opposed to the proposed sale of our country's most sophisticated weaponry to Saudi Arabia, because it is against American interest.

When the Carter Administration approved the 1978 sale of 62 F-15's, we had a right to expect Saudi Arabia to moderate its oil policies in support of American concerns. Instead, in the last three years, the Saudis have guided OPEC oil prices up from $12 a barrel to roughly $30 a barrel, helping to fuel our inflationary economy. Recently,

the Saudis have threatened to cut back oil production if the U.S. builds up its strategic petroleum reserves as mandated by Congress. Can we allow such blackmail?

The Saudis claim they require this arms package, increasing the operational capabilities of the F-15's and providing advanced aerial intelligence—AWACS—for protection against external foes. But the Saudis do not have the capability to absorb this package nor the means to counter a Soviet attack without massive, direct assistance from the United States.

Rather than provide vital protection to the Saudis, we run the great risk of falling into an Iranian-type trap where our operational capabilities would be compromised. The greatest threat to the Saudis today is their internal instability and the constant threats to the tottering oligarchy. Providing large stocks of American weapons and training Saudi pilots could contribute to the social unrest as it did in the case of Iran. While training manuals for systems such as the F-14 and the Phoenix missile were compromised during the Iranian upheaval, we are now speaking of possibly jeopardizing our most sophisticated combat capabilities.

Many other arguments opposing this sale have been made, emphasizing the Saudis' failure to support American interests: their active work against the Camp David peace process; their boycott of Egypt; their $400-million-a-year financing of terrorism through the P.L.O.; their condemnation of the American rescue attempt in Iran, and their opposition to American military bases on the Arabian Peninsula.

Positive support from the Saudis was implied when the 1978 sale was granted, but it never materialized. Also, under the terms of the first sale, the Carter Administration told the Saudis and Congress that no additional offensive equipment would be sold. The Saudis have now put us in a possibly humiliating position if we abrogate our public commitment, showing the world that an American policy can easily be broken.

Even these arguments pale before the dangers to American security if we place our sophisticated systems and operational capabilities in the hands of an unstable Government in a potentially explosive region. All of us who know what it means to fight for our country must be very concerned about America's placing itself in such danger.

IRVIN STEINBERG,
Natl. Comdr., Jewish War Veterans,
Washington, April 15, 1981.●

CINCO DE MAYO

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. ANDERSON. Mr. Speaker, Cinco de Mayo marks a crossroads in Mexican history. On that day, in the year 1862, the people of Mexico, outnumbered 3 to 1 by French invaders, repulsed the French Army with a zest for freedom that will memorialize the battle for all time. The people of Mexico, through the courage shown on one fateful day, set a standard of self-determination which continues to inspire people across the world in their struggles for liberation.

Today, in the United States, we stand at a spiritual crossroads that is not unlike the crossroads our Mexican brothers faced in 1862. They were confronted with the tyranny of French rule. We today are confronted with the tyranny of inflation. Now, as then, the odds against success seem overwhelming. Now, as then, the heart must be stirred before the battle can be won. Now, as then, a superhuman effort of self-sacrifice for the common goal is needed if we are to see victory. We must rise to the challenge with the bravery and tenacity our Mexican neighbors brought forth to preserve their nation.

Mr. Speaker, the spirit of Cinco de Mayo is as relevant to our survival as a nation as it was over a century ago in the battle of Guadalupe near Puebla. That spirit demands more of us than getting together with a friend and going to dinner. It calls on us to reflect upon the heroics of the Mexican nation, and to look into our own hearts to ask whether we can confront our challenges as heroically. It calls on us to roll up our sleeves and dig in, to tap the energy source that binds a people together in the face of adversity.

I thank God that we have days throughout the year like Cinco de Mayo to remind each of us of our limitless possibilities as a people; and I pray that the coming years will provide us with the resolve to conquer our oppressor that our Mexican brothers displayed that day. We must remember: the message of Cinco de Mayo is that, no matter how great the challenge, even one victory can change the course of history.●

THE CHURCH AND POLITICAL CHANGE IN EL SALVADOR

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BROWN of California. Mr. Speaker, as we hear the news of continuing violence and repression in El Salvador, we feel a real sadness that the policy of the United States is still not clearly aimed at the kind of political solution which the conditions of El Salvador seem so clearly to require. Increasingly, the voices of the major religious faiths in this country have called for a discontinuance of the kind of support which seems based on the expectation that a military solution is possible. I have received many communications from my own district from various church groups voicing support for political solutions which recognize the need for increased equity for the poor in El Salvador.

I am grateful for these expressions, since they so often recognize that the kinds of communal action and social organization that are being regarded as subversive in El Salvador—and as justification for attacks by the paramilitary groups—are rights long held sacred in this country. The right to associate freely, and by communal action to strive to obtain better economic and social conditions, is not just an American vision, but one that fits the dignity of man as seen by the major religions of the world. Because of the coincidence, or congruence, of opinion about the rights of mankind shared by political systems governed by concepts of individual rights and social equity, as expressed in the Constitution, and by the Judeo-Christian view of man, there is difficulty sorting out the proper spheres of action for political and religious leaders. When basic rights are guaranteed, it seems simpler to assign to religion its tasks of teaching the importance of the spiritual values and the ultimate goals of human existence. But when the basic values and fundamental necessities of being human are denied by a system, it will be difficult to separate the activities of politics and religion.

At the very least, we can hope that the infatuation of the administration leadership with military solutions will continue to be opposed by our religious leaders, and by the people. If the joining of political voices to religious voices continues in this matter, it is to the honor of both, for in this matter they pursue the same goals. In this light I would like to call attention to the following interview with Sister Melinda Roper, president of the Maryknoll Order, published in the Washington Post April 19, 1981.

"It's all right for our critics to get after us," she began, in what was to be a long and relaxed conversation in the company of two sisters and a visitor. "But then they will also have to get after the official Church in the United States. People keep trying to put us in a politically radical position. But the Gospel necessarily has political implications. Certain people will view the stance of the Church in this country on El Salvador as getting mixed up on politics. But I don't think that's the case at all. . . Take Jesus. They had to make him a political enemy in order to kill him. To eliminate him, the Romans had to be convinced that he was an enemy of the state. You have that dynamic working throughout history. Look at any of the martyrs of the early church. They were killed not because of their belief in Jesus Christ. They were killed because that was turned around and interpreted as a political act against the state. From the perspective of the state, they were political enemies. From their own conviction, from their own motivation, they were not. I would say it's the same with us. We will get accused by the state and other people of meddling. We're not meddling. Feeding the hungry is a basic, rock-bottom Gospel value. But it is also a very crucial economic, political and international issue.

"When you get to the issue of feeding the hungry, unless its an emergency crisis, usually handouts are not the way to go. When

you get to know the poor, understand and love them, you know—not just theroretically—that they have their own dignity and their own desire to live as responsible people. They don't want handouts. Then you begin to touch on why can't the poor produce enough food for their families, to have their own houses and land. And as soon as you touch that, you touch the structures of society and you touch political situations, the economic order, the whole thing. In that sense, yes, that's very much our realm of activity. And that will get interpreted in a thousand different ways."●

U.S. NAVY TO BUY IMPORTED WARSHIPS?

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. GAYDOS. Mr. Speaker, many residents of the steelmaking 20th Congressional District of Pennsylvania were startled, to say the least, to learn recently that the U.S. Navy was considering buying submarines, and possibly other warships, from foreign shipbuilders.

The Navy, it seems, is dissatisfied with the progress being made in the construction of the Trident submarines at the Electric Boat shipyard in Groton, Conn. The project is said to be running 2 years behind schedule and the cost has increased from $942 million to $1.2 billion.

Both sides in the dispute are blaming each other for the delays and overruns but the Navy apparently has become so frustrated that it is, according to reports, "* * * prepared to look at offshore procurement, if necessary * * *" and is "engaged in a serious look at the capability, particularly submarines" of foreign shipyards.

I will not presume to judge who is right or who is wrong in the Trident dispute but, I confess, as a Navy veteran of World War II and an outspoken critic of certain, unrestricted imports, the prospect of having a foreign firm build this country's warships does not sit comfortably with me. In line with that thought, I would like to insert into the RECORD for the attention of my colleagues a column on the subject recently aired by one of Pittsburgh's leading commentators, Dave Kelly of WPXI-TV.

KELLY'S COMMENTARY

Here we are 40 years after Pearl Harbor and guess what?

Uncle Sam is thinking of having the Japanese build American submarines and other warships.

I guess maybe it makes sense.

After all, our former enemies are building a lot of our cars, supplying our steel and making our television sets, stereos, radios, and cameras.

Cap Weinberger, the new Defense secretary, sez Yankee shipyards are a mess and the few we have build lousy ships.

One f'rinstance is the new Trident submarine. The first one, the USS *Ohio*, is 2 years behind schedule. Its cost has jumped from 942 million to 1.2 billion dollars. In addition, they have found 3,000 defective welds on the sub. Defective welds on a submarine are like sewing a tight fitting suit with spider webs. They might as well add screen doors.

But the Japanese building our warships.

How'd you like to have to explain that one to the one thousand sailors still entombed on the Arizona at the bottom of Pearl Harbor . . . Boy, I'm sure glad the Japanese aren't bent out of shape about losing World War II, we'd probably have to build our own ships.●

THE MOST POWERFUL ALLY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. McDONALD. Mr. Speaker, recently in Europe there has been published a most interesting book on the current challenge to civilization by totalitarians. This volume, written by Stefan Troyanski, is currently available in six languages and should be read by anyone concerned with the Soviet/Warsaw Pact threat to the West. Many Western politicians in the past have shown indecisive leadership; "The Most Powerful Ally" gives direction to statesmen in these muddled times. For the benefit of my colleagues, a synopsis follows (translation from German):

I

Urgent problems are haunting our contemporaries: energy crisis, economic depression and the threat to the biological base of our living conditions on the planet. All this, however, blurs into insignificance when we consider the dilemmas we are facing: Are the peoples of the world moving towards subjugation by the Satanic power of Communism; are they threatened by nuclear holocaust or will the Communist world order disappear altogether?

II

Drugged by détente the West stood quietly by when the expansionist world revolution was started anew after a twenty-five year break in Southeast Asia, Africa, Central America and the Middle East.

In February 1981 the American administration repeated its warning that a Soviet attack on Western Europe would be answered as if it were an aggression against the United States itself. However, what action can the United States take if and when before long the governments of the Western European allies get into a hopeless situation, i.e. are exposed to a severe economic crisis or nuclear intimidation and subsequently decide in favor of a neutralist course of action? Given such a situation, it would be quite possible to see the free part of Western Europe slide into the influence sphere of Soviet hegemony.

To cut off Western Europe from Africa's energy resources and raw materials would suffice to bring about total chaos. With their ideologically deformed South Africa policies alone the Western powers are already heading toward disaster.

Furthermore, if the economic, industrial and technical potential of the free European nations should fall under Soviet power, we would be faced with a very dangerous shift in the balance of power between East and West.

III

If current Western policies toward the East with their prevailing characteristics, i.e. unilateral détente, unilateral disarmament and unilateral economic support for the governing Communist parties, are continued, the free industrial nations will most likely suffer defeat before the end of this decade.

Washington has set out to change the course of East-West policies. However, world peace and the security of the West can only be maintained if the political essentials of the free world undergo complete reassessment.

IV

In reality détente is pure fiction. Détente is completely incompatible with the mere existence of Communism as an organized power. The prevailing principle of any communist policy is that of "international class struggle", having world domination as its final objective.

In real terms this means that the USSR, for instance, cannot implement any other foreign policies than those of expansion and aggression. By its mere existence the Marxist-Leninist world movement is producing a continuous and growing global tension.

In other words, the policy of détente is the most effective weapon of Soviet psychological warfare. For years the West has not been living in peace but has been involved in a total revolutionary war. The policy of détente has paralyzed the most important factor in times of war, i.e. the spirit of resistance of free men.

"Resulting from our policy of détente we will have achieved most of our objectives in Western Europe before 1985. Our position will be consolidated * * * And there will be a decisive shift in the East-West military balance so that by 1985 we will be in a position to have our way whenever this will be necessary." (Leonid Brezhnev, conference of Eastern European party leaders and heads of states, Prague, Feb. 1977.)

There is a saying that we have no alternative, but détente. This phrase demonstrates political foolishness. In reality this formula means: There is no alternative but illusion. However, we think, there is another choice: We must completely and comprehensively face up to the challenges of world communism on all levels of East-West relations with the exception of an all-out war. There is another choice other than détente: peace and security for all nations.

If the political leaders in the Western capitals do not decide to discard the principle of détente, they opt for the victory of world revolution.

V

Furthermore, Western survival is dependent on a complete reversal of their disarmament policy.

The following process in world politics is of utmost importance: There is a race going on between the two blocks as to armament technology and military build-up. The power which will first achieve decisive military superiority will be in a position to determine the future of all nations without having to wage a large war. The potential exists for the West with its larger industrial capacity and its sophisticated technology to win this race easily. However, there is every chance that the Free World, due to its erroneous policies towards the East, will lose

this race. It does not cross the minds of the West's political leaders to set as an objective the necessity to win the competition for military superiority. This competition was forced onto them by a relentless opponent. This competition was forced onto them by a relentless opponent. Another weakness is to be seen in the fact that they let themselves be misled by the following deceptive slogan of Communist propaganda: "Let us put an end to the arms race!"

The Soviets have one priority objective: Win the East-West arms race in order to be able to force the Western world to surrender without having to wage a war.

Any agreement on arms reduction is to be seen as an additional milestone on the path of Soviet imperialism towards surpassing the West in all military fields. Civilized people will adhere to moral standards of behavior. Therefore the governments of the free industrialized nations will keep all the provisions of signed disarmament agreements. The Soviets, however, are obliged to deceive the "international enemy of the working class". Experts, however, think that it is technically impossible to verify any agreed upon arms control measures.

VI

Socialist centrally managed economy is nothing else but a total military economy with the aid of which communist world victory is to be brought about even in the non-military and economic fields.

Any kind of economic cooperation between East and West, even if it concerns consumer goods exclusively, will ultimately benefit the Soviet military economy.

Western businessmen don't even let themselves be discouraged from supplying the Soviet Union with important military equipment and products, e.g. electronic equipment and computers which cannot be manufactured in the USSR but are absolutely essential for the Soviet Union's objective to surpass the Western world.

In those cases "cooperation" between East and West already exceeds the bounds of high treason.

The enormous volume of credits to Eastern countries is to be seen as a contribution to the revival of the sagging socialist planned economy. Furthermore, these credits relieve Eastern block states somewhat from their war production burden and provide them with investment goods of the highest technological sophistification. Simultaneously, Moscow is preparing for a destructive strike against Western economies at a suitable point in time. With that strike they will stop all energy supplies coming from the Eastern block. They will cut off all supply lifelines between the Free World and their energy and raw materials suppliers and will announce the freezing of all payment against credits granted to the East. When the lights go out in Western Europe the time has come for military blackmail. This will leave only one way out: neutralization of the free European states.

VII

Apart from reassessing the three essentials of policies towards the East two more handicaps paralyzing the Western foreign and defense policies have to be overcome:

Fear of the Soviet Union's alleged "forward strategy". This means, fear that the Soviet Union in case of being confronted with the immediate danger that their regime might collapse would—in a mood of desperation—precipitate the whole world into a nuclear holocaust.

The incompleteness of the Western triad in relation to their global strategy. This creates an enormous imbalance of forces between East and West at a time when the world's civil war moves towards its peak.

VIII

The manic fear of the imaginary danger that the Soviets might resort to a "forward strategy" dooms Western nations to inactivity, particularly on the decisive non-military front. People are trembling because they fear spontaneous actions coming from Moscow which might escalate into a nuclear world war. However, this shows ignorance as to the tactics and mentality of Soviet leaders. Those advocates of a deterministic view of the world consider the whole West as their property, which will fall to them sooner or later, not by chance, but naturally. They are, however, determined to get an undamaged property into their hands. They do not want to inherit a nuclear desert.

The first axiom of Soviet strategy postulates: No adventures! On their way into the final era of communism any risk must be avoided.

The leaders in the Kremlin will never trigger a nuclear war themselves. On the contrary, they will do everything in their might to prevent the outbreak of an all-out nuclear war. This indispensable determination is written into the platform of the Communist Party of the Soviet Union: "It is most important to prevent a thermonuclear war, to prevent even its outbreak."

The program of an ideocracy (which the Soviet Union is) serves neither propaganda nor disinformation purposes (for this they have special bodies) but serves as a code of binding directives for political practice. The resolution of the Communist Party's leadership to prevent at any cost an exchange of nuclear strikes between the two world powers is of unconditional validity, because this resolution is part of the party platform of a totalitarian regime and because it takes the objective conditions of the Eastern block into account.

The Soviet "nomenklatura" is more afraid of a nuclear war than are Western political leaders. The totalitarian power apparatus of the Soviet Union has been set up in a very complex way and therefore is very susceptible to disturbances. The Soviet system cannot survive the chaos following a missile attack. Since the final victory of communism is supposed to be defined by "higher laws" which act "independently of human willpower" the Kremlin is not allowed to let disasters interfere with this "lawful and natural development."

If the West were not paralyzed intellectually, psychologically and politically by its vision of the satellite nations emerging into freedom and triggering the Soviet Union into a "forward strategy", it would be easy to bring about an internal overthrow of the communist regime which has been long overdue.

IX

It has to be counted among the absurdities of current Western world policies that to this very day Western political leaders are not even aware of the fact that the triad of Western global strategy remains incomplete.

According to a generally recognized axiom the balance of military power between the two world powers is based on this triad: Conventional capabilities—tactical nuclear weapons—strategic intercontinental missiles.

However, it has not been taken into account that the planetary strategy should be controlled by the triad-principle as well. The Soviets believe that the world victory of communism is guaranteed by the insurmountability of the following three power factors: The socialist camp, the "national liberation movements" in the third world and the communist parties in the "capitalist" states.

On the Western side this Soviet triad is opposed by a mere torso—NATO. The free world's very existence is dependent on the immediate design of their own global strategy triad. The West has to counter the "national liberation movements" which are directed by the Soviet general staff for the world revolution. The West must have its own strategic plan to counter the world revolution in the developing countries. The West must develop possibilities to counterbalance the psychological offensive and subversive activities within the free industrialized nations by pursuing political campaigns which reach deep into the Soviet block.

As soon as we could achieve synchronized passive and active resistance among the subdued peoples, the end of totalitarianism would not be far away.

The Polish August (1980) demonstrated for the first time what unexpected possibilities are open to workers and farmers.

X

The much too luxurious standard of living within hypercivilizations obviously disables the saturated people in the Western hemisphere to counter the most radical historical challenge we have ever had: the communist plan to force inhuman totalitarianism onto all nations of the earth.

There is, however, no alternative to respond to this challenge except surrender.

The community of enslaved nations are the most powerful factor that will very probably decide the outcome of an international civil war. The subdued nations will not only free themselves, by themselves, but will also save the West from decline, a decline which the West is doomed to by its wrongly programmed "Ostpolitik".

We are far from basing our strategy on a phantom. Enslaved people cannot be seen as a deus ex machina, but they must be counted among the strongest potential factors in our times. As soon as the powers of this multi-armed giant will combine, the days of the spiritually, politically and economically agonized dictatorships will be numbered.●

PERSONAL EXPLANATION

HON. W. J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. TAUZIN. Mr. Speaker, I want to express my support for the two questions upon which the House of Representatives voted today.

At the time these votes were taken, I was meeting with President Reagan to discuss the administration's economic proposals which the House is currently considering.

Due to the meeting, however, I was unable to cast my vote in favor of the joint resolution (H.J. Res. 238) recognizing and approving the constitution proposed for the Virgin Islands and providing for its consideration by the voters of the Virgin Islands. Likewise,

I was unable to cast my vote in favor of convening the Committee of the Whole on the State of the Union.

If circumstances had permitted my attendance in the House during these important votes, I would have cast a "yea" vote on both questions.●

LATTA AMENDMENT INADEQUATE FOR STRATEGIC PETROLEUM RESERVE

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. LONG of Louisiana. Mr. Speaker, once again we find the Congress urged to play around with a critical feature of national security—the Strategic Petroleum Reserve (SPR).

Despite growing tensions in the Mideast, despite the clear lessons of the 1973 oil embargo, and despite the consistent record of the Congress in calling for increasing fill rates over the past 6 years, voices are still raised urging us to abandon a public commitment to emergency conservation in favor of taking our chances with private funding of the SPR

As recently as last December, Congress reaffirmed its concern that the American people be protected from international blackmail in oil supplies by calling for a speedup in the fill rate to 300,000 barrels per day—up from the 100,000 barrels per day mandated by the Energy Security Act passed 6 months earlier.

Both Presidents Carter and Reagan endorsed the urgency of filling the reserve in their separate budget submissions for fiscal year 1982.

Such bipartisan agreement in both branches of Government is rare in today's politically charged climate.

Nevertheless, the Latta amendment would have us ignore this broad-based support for Federal action to increase our energy independence, and instead hang our hopes on uncertain private funding.

But how does the financial community react to these proposals?

In recent congressional testimony, witness after witness, from large brokerage houses to investment banking firms, confirmed that the least costly and simplest method of funding the SPR would be through on-budget, direct Treasury obligations. Warning flags were raised against the prospect of selling stock in the reserve oil into what are relatively speculative markets.

Mr. Speaker, there is nothing speculative about the vulnerability of the United States to severe disruptions in petroleum supplies from overseas. We cannot sell interests in something this serious to the country to private speculators.

There is nothing speculative about the effects of the 1973 oil embargo, or the curtailment of supplies during the Iran-Iraq war. We have seen, and the people have suffered, the very real impacts of these curtailments. Recent developments in Lebanon and fears for the stability of the Royal House in Saudi Arabia deny us the luxury of assuming we have seen the last of such cutoffs.

The case for Federal responsibility is clear and inescapable. The SPR is a public good in the classic economic sense.

There was nothing private about the gaslines and shortages which all of us were forced to cope with.

The reductions in oil allotments were felt by the armed services as well, causing a drastic change from normal operational tempo. The potential threat to our ability to move our warships and military airplanes, hence our national defense itself, was threatened.

In the 4 years since the first oil began pouring into the SPR, we have seen this critical tool of national energy security subordinated to budget and political considerations, which benefited us little while increasing our vulnerability to foreign regimes. We have repeatedly set goals for filling the reserve, and then tolerated actions pushing us further and further behind in meeting those goals. Present reserve holdings are only 135 million barrels—roughly a 30-day strategic supply—when we should have at least 6 months reserve. To be more secure, we should have a year's reserve supply.

We must also address, and do so promptly, the urgent need to step up the growth of the reserve's storage capacity. At the present rate of capacity expansion, we will fill the existing capacity in the first quarter of 1982.

Mr. Speaker, the Latta amendment's treatment of the Strategic Petroleum Reserve is sufficient reason, on national defense grounds, to oppose that amendment. We must continue, at whatever cost, to build up a margin of safety in our energy resources.

The time to act is now. World oil supplies are more readily available now than at any other time in recent memory. We should avail ourselves of the currently stable prices to add to the reserve before the cost again spirals upward. We cannot expect lower prices at any future point in time.

How can we call for increased sacrifices from our citizens and allies when we lack the will to follow through on a crucial self-help program which is already in place? We must not be diverted from this project. Our true friends will understand our desire to protect ourselves from oil extortion.

We must not be distracted from our goal by a speculative funding scheme which raises doubts in the financial community.

We must do what we set out to do—build the reserve with a minimum of risk, delay, and unavoidable cost.●

ST. PAUL OF THE CROSS CATHOLIC CHURCH CELEBRATES 25TH ANNIVERSARY

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. GRISHAM. Mr. Speaker, it is my pleasure to take this time to congratulate the clergymen and parishioners of the St. Paul of the Cross Catholic Church in La Mirada, Calif. on the occasion of their church's 25th anniversary.

On April 26, 1956, the St. Paul of the Cross Catholic Church held its first service under Pastor Owen Patrick Jinks. The church held its services in the Moose hall then, and it was not until 2 years later that a church building was built.

Since that time, the church has grown to include over 10,000 parishioners who make up the church's family of faith.

Under the guidance of Pastor Jinks and able assistants like my good friend Father Mike Baker, the St. Paul of the Cross Church has enriched the community of La Mirada through involvement in community programs and dedication to the principles of their faith. Further still, the church has brought to the community that rare combination of spirituality and active involvement that leaves a mark on all who are involved in its activities.

Words like love and brotherhood are used all too often these days by individuals who rarely practice those attributes. But through the activities and the faith of the clergy and parishioners of the St. Paul of the Cross Catholic Church, those attributes have come to life in the community of La Mirada. And for that, we as Americans owe them a debt of gratitude.●

A TRIBUTE TO VIETNAM VETERANS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. LANTOS. Mr. Speaker, as we work to control the inflationary spiral which began during the Vietnam war, we must continue to remember and honor the Americans who served in that conflict.

The wounds inflicted on our fighting men in Vietnam were not only physical. As I speak to you today between 500,000 and 1 million Vietnam veterans still suffer psychological difficul-

ties, 480,000 veterans between the ages of 25 and 39 are unemployed, 41 percent of the combat veterans serving in Vietnam have had alcohol problems, and over 25 percent have been arrested after returning to the United States. Congress has designated April 26, 1981, as Vietnam Veteran's Recognition Day. But this is only a small first step.

We must address the special need of these veterans;

First, we must commit ourselves to assist veterans in locating decent jobs;

Second, we must insure the continuation of peer counseling in storefront outreach centers throughout the Nation;

Third, we must not shirk our responsibility for the consequences of agent orange and other problems unique to the Vietnam veteran;

Finally my friends, we must truly welcome them home.

I am proud to say that San Mateo County will continue its fine tradition of honoring Vietnam veterans. It is my pleasure to insert the following article printed in the Peninsula Times-Tribune of March 4, 1981, which outlines our plans for a special Fourth of July celebration honoring Vietnam veterans:

FOCUS ON VIET VETERANS AT JULY 4 FESTIVITIES

(By Steve Taylor)

REDWOOD CITY.—Vietnam War veterans will be the focus of attention during San Mateo County's Fourth of July activities this year.

The Board of Supervisors Tuesday named Independence Day as the time to honor soldiers who fought in America's last war. A similar declaration was adopted by the San Mateo City Council, and other councils are expected to follow suit.

Supervisor Jackie Speier, who proposed the declaration, said the public has virtually ignored Vietnam veterans. She contrasted their treatment to that of the American hostages who returned six weeks ago from Iran.

"There were no ticker-tape parades to celebrate, no bands, no speeches, no heroes' welcome to mark the end of this less-than-noble war. Our Vietnam veterans came home to the silent treatment—to no treatment," she said.

"Their sacrifice was no less valid. Their bravery no less inspiring, their pain no less real than that of any other veterans in our history," Speier added.

Many Vietnam veterans returned from war with nervous conditions, physical wounds and alcohol and drug problems. Almost six years since the fighting ended, many still suffer from such ailments, she said.

But services to deal with these problems are lacking in many cases. Other times, government refuses to help, Speier said.

From his wheelchair, disabled Vietnam veteran Vincent Rius told the board, "It's time for the country to get away from the embarrassment" of its experience in Vietnam.

County Veterans Service Officer James Jones said about 100,000 veterans live in the county. However, officials do not know how many served during the Vietnam conflict.

Jones proposed that a county-wide survey be conducted. Some volunteers, including Vietnam veterans, have already offered to help, he said.●

A RISING STAR—BOB DAWSON

HON. WILLIAM HILL BONER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BONER of Tennessee. Mr. Speaker, there is an old adage that you do not miss the water until the well runs dry. This adage could well be applied to the work of a former professional staff member of the House Public Works and Transportation Committee, Robert K. Dawson. Mr. Dawson was a member of the House Public Works Committee professional staff for the past 8 years where he has served as the committee's administrator. Last Friday, Bob left the service of the House of Representatives to assume the position of Deputy Assistant Secretary of the Army for Civil Works.

Although I have not followed each of the Reagan administration's appointments closely, I know that if this appointment is representative, the President has indeed captured one of the rising stars in our Nation. Because of the low key demeanor exhibited by Bob, few Members outside the committee leadership were aware of the full scope of his abilities or of the consistency of his achievements. The committee's administrator demonstrated a value which strong basic legal advocacy skills afforded any office in a parliamentary body, but he did so in an effective, yet unobtrusive manner, always recognizing the prerogatives of the elected constitutional officers. As the administrator of the House Committee on Public Works, Bob distinguished himself through his solid and professional service. Bob undertook, always at the direction of his chairman, the work-a-day executive responsibilities of conducting a successful congressional committee operation. In doing so, Bob exhibited the hallmark of any good attorney, the exercise of independent professional judgment on behalf of his client.

Mr. Speaker, Bob Dawson's assumption to the position of the Deputy Assistant Secretary of the Army for Civil Works is a mixed blessing; his selection and appointment to the position is a just recognition of the man's tremendous abilities; however, his vacating the position with the committee undoubtedly creates a tremendous void.

I congratulate him, and I look forward to working with him in his new position with the Department of the Army.●

RECOGNITION OF COMMUNITY SERVICE OF RODOLFO H. CASTRO

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. BROWN of California. Mr. Speaker, I wish to take a few minutes to recongnize the community service of Rodolfo H. Castro of the San Bernardino County Community Services Department. This past Saturday, May 2, Mr. Castro was the recipient of the 1981 Distinguished Alumnus Award from the California State Polytechnic University School of Business Administration. This latest award was just another in a long series of awards given to Rodolfo Castro, who has certainly earned the recognition he has received.

It is particularly appropriate to make these remarks today on "Cinco de Mayo," when the heritage and achievements of Hispanic Americans is on everyone's mind.

At this time, I wish to insert excerpts from a newsstory which recently appeared about Rodolfo Castro in El Chicano.

The article follows:

[From the El Chicano Newspaper]

CASTRO NAMED DISTINGUISHED ALUMNUS

California State Polytechnic University, Pomona has announced the selection of Rodolfo H. Castro, Executive Director of the Community Services Department (CSD) of San Bernardino County, as the "1981 Distinguished Alumnus for the School of Business Administration."

Mr. Castro grew up in Banning, California and graduated from Banning Union High School in June, 1961. In 1967, Mr. Castro received an Associate Arts Degree in Business with honors from Riverside City College, Riverside, California, and was awarded permanent membership in Alpha Gamma Sigma (the statewide honor society for California Junior Colleges). Mr. Castro received a Bachelor of Science Degree from California State Polytechnic University in Business Administration with honors in 1970, and was selected for "Who's Who Among Students in American Colleges and Universities."

In June, 1973, Mr. Castro received a masters in Business Administration from Harvard University and he pursued advanced studies at Oxford University, Oxford, England.

Mr. Castro has been Executive Director of CSD since December, 1976 and the Department has achieved a national reputation for program innovation and cost effectiveness. CSD has received National Association of Counties (NACO) awards in 1978 (Energy); 1979 (Handicapped Access); and also in 1979 (Bon View Art Project). In 1980, CSD received two National Urban Institute Exemplary Awards for Creative Projects—Inland Area Urban League Bloak Model Project and Ballet Folklorico de San Bernardino. In 1980, President Carter awarded the Presidential Energy Efficiency Award to CSD for

the Southern California Edison Mobile Home Audit Project.

Mr. Castro was invited to the White House in February, 1980 to provide domestic policy input and was selected for "Who's Who in California." Mr. Castro was selected from a pool of 6,556 graduates and competed successfully with sixty finalists for the honor of Distinguished Alumnus. The formal awards ceremony will be held at the College on May 2, 1981.●

HOLOCAUST

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1981

● Mr. RODINO. Mr. Speaker, it was less than 40 years ago that 8 million men, women and children were systematically slaughtered for no other reason than their religious heritage. The world must never forget this tragedy, so that mankind should never let it happen again.

Yet, hatred and bigotry continue against our Jewish brothers and sisters.

And in the Soviet Union Jewish families and individuals suffer the denial of permission to emigrate to Israel. Like their forefathers who suffered through the human tragedy of the holocaust, they too are innocent victims, held captive because of their religious belief. Like their forefathers, they too have suffered the agony of broken families, many confined to lives of isolation, interrogation, and harassment.

One case in point is Kim Fridman and his family—innocent victims of the Soviet Government's cruel and odious treatment toward its Jewish population. Prior to his first request to emigrate to Israel in 1973, Fridman was a respected radio electronics engineer. Since 1973, Fridman's numerous requests to emigrate have been denied because of the so-called secrets he acquired during his career in radio technology. Today, Fridman is confined to a Soviet prison on charges of "parasitism." Parasitism is a spiteful and degrading charge the Soviet Government has conveniently invented to punish those who do not have a job in the U.S.S.R.

Fridman, who lost his job because of his efforts to leave the Soviet Union, has been excluded from any employment opportunities. If found guilty of parasitism, Fridman may spend 1 to 3 years in prison. Yet, the only crime that Fridman has committed is his desire to reunite with his wife and child who longingly await him in Israel.

As a nation which is supremely committed to equality and freedom for all people, we must speak out against the Soviet Union's treatment of its Jewish citizens—a situation which is in violation of the 1975 Helsinki Final Act's human rights provision.

In establishing the U.S. Holocaust Memorial Council, Congress has designated 1 week each year as "Days of Remembrance" for the victims of the holocaust. In addition to the profound lessons we have learned from the ugly and reprehensible period of western history, we must also continue our public and private efforts to secure the release of all Jews longing to be free.●

FUTURE OF FAMILY FARM

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. GUNDERSON. Mr. Speaker, the future of the family farm is in jeopardy. Simply stated, a new generation of farmers is not replacing those who are retiring.

According to the 1980 edition of Wisconsin Dairy Facts, the average age of the Wisconsin dairy farmer is 51.9 years. In fact, only 11.9 percent of Wisconsin dairy farmers are under 35 years old.

As startling as these figures are, the problem can only get worse as operating costs increase and interest rates remain high. As the following table prepared by R.A. Luening of the University of Wisconsin illustrates, even at an interest rate of 12 percent, the average dairy farmer with a herd of 40 cows with 50 percent equity or less in his farm will have a difficult cash flow problem.

CASH FLOW TAX ANALYSIS

	100 percent equity	75 percent equity	50 percent equity	25 percent equity	0 percent equity
Net cash operating income	$40,000	$40,000	$40,000	$40,000	$40,000
Interest 12 percent $280,000	−0	−8,400	−16,800	−25,200	−33,600
Net cash	40,000	31,600	23,200	14,800	6,400
Depreciation 40 cows ($175 per cow)	−7,000	−7,000	−7,000	−7,000	−7,000
Subtotal	33,000	24,600	16,200	7,800	−600
Total taxes [1]	8,466	4,761	1,660	105	0
Net cash	24,534	19,839	14,540	7,695	−600
Family living	12,000	12,000	12,000	12,000	12,000
Total	12,534	7,839	2,540	−4,305	−12,600

[1] No tax management strategies employed. Had $500—Investment Tax Credit. Married, file jointly, two children.

What can we do? As I noted on the floor of the House just yesterday, our No. 1 goal must be to control the inflation rate that causes operating costs to soar and interest rates to remain high. This can only be accomplished over a period of time.

However, the needs of the young family farmer demand immediate attention. These needs can best be met by increasing the amount of money available for FmHA operating loans and targeting 25 percent of that money for those farmers with limited resources.

The administration has recently recommended an increase in FmHA farm operating loans. The House Agriculture Committee has, in turn, renewed a congressional commitment to using 25 percent of these funds for limited resource loans. A continuation of these initiatives will renew the primary mission of the FmHA—to help young and beginning farmers.

This initial assistance is essential to getting capable young farmers into farming. Without the young farmer, our Nation will lose its agricultural future.●

SENATE—*Wednesday, May 6, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Let us pray.

Father in heaven, we pray this morning for our families. Thou didst begin human history with marriage and the family and history makes it clear that no civilization can survive the disintegration of the family. Forgive our negligence as husbands and wives and parents. Teach us to "be subject to one another out of reverence for Christ" as Thy word exhorts. Help husbands to love their wives as Christ loved the Church and laid down His life for her.

Forgive us when we fail to be models for our children, when our actions contradict our words and they wonder in their confusion whether to believe what we say or what we do. Forgive us for frustrating them by demanding of them conduct which we fail to demonstrate. Help us to love our children even when they do not conform to our hopes for them.

Remind us that when we are too busy for our families we are too busy.

Protect our families from the many destructive forces which are peculiar to this Federal city and common among those who bear the responsibilities of national leadership. We pray this in the name of Him whose life was the very incarnation of selfless love. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 533 TODAY

Mr. BAKER. Mr. President, is there an order for morning business this morning?

The PRESIDENT pro tempore. There is no order yet for morning business.

Mr. BAKER. I thank the Chair. Are there any special orders this morning?

The PRESIDENT pro tempore. There are two special orders.

Mr. BAKER. Mr. President, I ask unanimous consent that, following disposition of the time allocated to the two leaders under the standing order and the execution of the two special orders, and after the expiration of a period for the transaction of routine morning business, if any is provided for today, the Senate proceed to the consideration of Calendar Order No. 62, S. 533, the Public Buildings Act of 1981, and that no nongermane amendments be in order.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I shall not object. I thank the distinguished majority leader for including the proviso with respect to nongermane amendments.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that, following the disposition of the time allocated to the two leaders under the standing order and the special orders, there be a period for the transaction of routine morning business to extend not more than 30 minutes in length in which Senators may speak for not more than 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I have no further need for my time under the standing order. There are certain calendar orders that I hope we shall be able to dispose of this morning on the Executive Calendar and the Calendar of General Orders. While final clearances are in process for those items and with the expectation—or at least a hope—that we might be able to do it during the time now provided for the transaction of routine morning business, I am prepared to yield back my time remaining under the standing order or to yield it to the distinguished minority leader if he has need for it.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

SECRETARY HAIG'S SUCCESS AT THE NATO FOREIGN MINISTERS' MEETING

Mr. ROBERT C. BYRD. Mr. President, the NATO foreign ministers' meeting concluded on Tuesday with an impressive display of allied unity. Secretary of State Alexander Haig deserves considerable credit for bringing about this unity by resolving two issues of vital importance to the United States and our allies. I am referring to the deployment of a new generation of Pershing and Tomahawk missiles on European soil which is linked to a willingness on the part of the United States to engage in negotiations later this year with the Warsaw Pact nations on limiting theater nuclear forces in Europe.

Over the years, the United States has pressed our Western European allies to modernize NATO theater nuclear forces. However, late in the Ford administration, when the Soviets began deploying the SS–20 intermediate range nuclear missile, obviously aimed at European theater targets, our allies became increasingly concerned that any strategic arms limitations negotiations between ourselves and the Soviets include this new threat to their own security.

Since the deployment of the SS–20, our allies have believed that European and U.S. security had to be linked more closely and there should be more cooperation regarding these mutual security concerns.

Therefore, our allies made it very clear that any modernization of NATO theater nuclear forces had to be linked to a willingness on our part to participate in talks with the Soviets on limiting intermediate-range nuclear missiles based in Europe.

As a result of this concern on the part of our allies, once the SALT II negotiations were completed and signed in June 1979, the Carter administration turned its attention to the issue of negotiating limitations on the theater nuclear forces of both sides in Europe. That decision was announced in December 1979 and preliminary discussions were undertaken with the Soviets last fall.

In my estimation, it is important for the NATO alliance that our theater nuclear forces in Europe be modernized. However, I believe it to be equally important that we be responsive and sensitive to the Europeans' concerns over limiting the theater nuclear forces of the Warsaw Pact nations. Since we have now achieved an accord in moving forward on both fronts, I applaud the Secretary of State's sensitivity in recognizing and acting upon these concerns. The NATO alliance has been strengthened with this agreement.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I yield such of my time as he may require to the distinguished Senator from Wisconsin (Mr. PROXMIRE).

The PRESIDING OFFICER (Mr. COHEN). The Senator from Wisconsin is recognized.

POLITICS AND THE ENGLISH LANGUAGE

Mr. PROXMIRE. Mr. President, in addition to Aristotle's "Rhetoric," written during the Golden Age of Greece, there are at least two other great works on the use of language.

One of these is "Elements of Style," by Strunk and White. The other is George Orwell's essay, "Politics and the English Language," in which he advocates the use of short words and sentences, opposes the use of foreign words and phrases, cites a number of meaningless sentences and paragraphs, advocates the use of active verbs, and ridicules the use of dead metaphors and lifeless figures of speech.

Last March 6, Jean Jones, the Director of the Commerce Department's Executive Secretariat, issued a memo on style for letters prepared for Secretary Baldrige's signature. While the memo is not quite in the class of Aristotle, Strunk and White, or George Orwell, it could be called "Son of Orwell," or "Strunk and White," or perhaps "The Grandson of Aristotle."

It is a great memo.

It calls for the use of the active voice, nouns and verbs instead of adjectives and adverbs, and opposes many of today's barbarisms, solecisms, and improprieties which debase the language.

It inveighs against "input," "viable," and "prioritize." Commerce Department writers are to stop using "hopefully," institutionalize," and "parameters." "Serious crisis, "untimely death," and "great majority" will be redundant redundancies if Jean Jones and Secretary Baldrige have their way.

This memo is the most refreshing event to happen in Washington since Ernie Fitzgerald told the truth about the C–5A overrun.

I can find only two flaws in this otherwise brilliant memo.

First, Jean Jones should follow her own advice to use short words and plain English and change her title from Director, Executive Secretariat, to something short and sweet.

Second, if the memo is ever reprinted, its subject, "Secretarial Stylistic Preferences," should be changed to something like "Use Simple Words."

Further, if I had my way, I would add to the guideline entitled "discontinue using the following phrases," the barbarism, "at this point in time." It was brought here by the California public relations types who arrived with Richard Nixon.

But these are minor criticisms. One should overlook the foot faults of a classic effort. I urge Secretary Baldrige to keep this up.

Unfortunately, I felt I had to vote against him for various reasons during his confirmation hearings, but he is off to a fine start with respect to the English language.

Mr. President, I ask unanimous consent that the memo be printed in the RECORD.

There being no objection, the memo was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., March 6, 1981.

Memorandum for Secretarial Officers, Heads of Operating Units, and Correspondence Contacts.

From Jean Jones, Director, Executive Secretariat.

Subject Secretarial Stylistic Preferences.

Clarity and brevity are key factors when preparing a letter for the Secretary or Deputy Secretary. Secretary Baldrige requests short sentences and short words, with emphasis on plain English, using no more words than effective expression requires.

Here are some guidelines:

Use the active rather than passive voice (unless the passive voice is unavoidable).

Use no unnecessary adjectives and adverbs. Write with nouns and verbs to strengthen the letter.

Avoid wordiness. Keep sentences lean.

Do not use nouns, adjectives or verb transitives as verbs, such as: to optimize; to impact (or to impact on); and to interface.

Use the precise word or phrase.

Datum (singular)—data (plural).

Criterion (singular)—criteria (plural).

Subsequent means after, not before.

Different from, not different than.

Discontinue using the following words:

Viable; input; image; orient; meanwhile; hopefully (use I hope); however; delighted (use pleased); glad (use pleased); ongoing (use is in process or is moving forward); institutionalize; maximize; hereinafter; finalize; prioritize (not a word); happy (use pleased); therein; and parameter (use boundary or limit).

Discontinue using the following phrases:

Prior to (use before); subject matter; I would hope (use I hope); very much; bottom line; best wishes; at the present time; share (as in share your concern or share your views); as you know, as I am sure you know, as you are aware; I would like to express my appreciation (use I appreciate); interface (unless referring to communications systems); more importantly (use more important); needless to say; and it is my intention.

Avoid redundancies, such as:

Serious crisis; untimely death (Has there ever been a timely death?); personally reviewed; new initiatives; enclosed herewith; and great majority.

Do not use a split infinitive (placing an adverb between to and the verb).

Do not use a first name in the body of letter.

The following quote from Strunk & White seems to be in the Secretary's style:

Vigorous writing is concise. A sentence should contain no unnecessary words, a paragraph no unnecessary sentences for the same reason that a drawing should have no unnecessary lines and a machine no unnecessary parts. This requires not that the writer make all sentences short, or that he or she avoid all detail and treat subjects only in outline, but that every word tell.

Secretary Baldrige says, "In short, halfway between Ernest Hemingway and Zane Grey with no bureaucratese."

Please distribute these instructions throughout your organization.

Thank you.

A VOICE FROM THE HOLOCAUST

Mr. PROXMIRE. Mr. President, the recollections of Jack Goldman, included in the collection "Voices From the Holocaust," describe life in the Nazi death camps with painful clarity.

Jack Goldman was a prisoner in the camps at Sachsenhausen, Auschwitz, and Dachau. He was sent to the first camp with his father, who was later shot along with other patients at the camp hospital. "We were consciously trying to keep ourselves mentally and physically alive," states Goldman. Spiritual life was far more difficult to keep. Seeing people killed every day, experiencing torture and starvation, Goldman found it impossible to recite the Hebrew prayers—despite his father's urgings.

He tells of his shock, coming from an Orthodox home, at eating nonkosher food and working on the Sabbath and holidays. Yet a rabbi told him:

You eat whatever you get. You don't ask whether it is meat, or where the meat comes from. Your job is to remain alive.

That job often seemed impossible. In Sachsenhausen in 1942, the Jews were marched to the bathhouse. Knowing of Auschwitz and the gas chambers, Goldman did not expect to come out of the showers alive. Goldman survived and later participated in a futile group attack against the SS. That night he was put on the train to Auschwitz.

By luck or providence Goldman was not sent to the gas chambers. He eventually became a cleaning man in the SS headquarters and began to smuggle goods out for his fellow prisoners. As Goldman puts it:

We took risks because we lived just for the day and nothing else. Under those circumstances we tried to live as well as possible. We had the hope of getting out, and yet didn't believe we ever would. Meanwhile, the transports kept coming.

Those people who met the trains would warn the arrivals to "do something—fight. The prisoners who are here are too weak. Fight back while you have the strength." As Goldman tells it, there were no more killings after a prison uprising in September 1944. Many gas chambers in Auschwitz were destroyed. The prisoners that could walk were marched to transit camps. Goldman ended up in Dachau where, months later, he was rescued by American troops.

His experience afterwards was jarring. We could not talk to anybody; we did not trust anybody," Goldman explains. It was a tremendous shock to be free. Later, he settled in America.

Goldman is one of many who survived the darkly terrible ordeal, with soul and body intact. He witnessed the systematic destruction of scores of his people, yet escaped death to tell a story we should all know by now.

The Genocide Convention has been pending before this assembly for 32 years. By defining and outlawing the crime of genocide, the treaty provides an international basis for combating and preventing this most basic violation of human rights.

Our inaction is a further injustice to Jack Goldman and others forever changed by the holocaust. We cannot afford to wait for further testimony describing the terror in ever more painful detail. We must ratify the Genocide Convention.

Mr. President, I thank the distinguished minority leader very much.

I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I yield back the remainder of my time.

RECOGNITION OF SENATOR DOMENICI

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized for not to exceed 15 minutes.

Mr. BAKER. Mr. President, will the Senator from New Mexico yield me 2 minutes, so that I can take care of some housekeeping transactions?

Mr. DOMENICI. I am pleased to yield.

ORDER OF PROCEDURE

Mr. BAKER. Mr President, I inquire of the distinguished minority leader if there are any items cleared on his Legislative Calendar and Executive Calendar that might be disposed of this morning.

Mr. ROBERT C. BYRD. Mr. President, in response to the distinguished majority leader, so far as this side of the aisle is concerned, the nominations on page 2, beginning with Department of State and going through Department of Interior, are cleared.

On the Calendar of General Orders, Calendar No. 66 is cleared on this side of the aisle.

Mr. BAKER. I thank the distinguished minority leader. The names on the Executive Calendar identified by him are cleared on this side, with the exception of two under the Department of State, which will clear as soon as the printed report is received. I hope that will be today or tomorrow. In any event, I expect us to be able to proceed to the consideration of those two nominations this week.

NATIONAL POW-MIA RECOGNITION DAY

Mr. BAKER. Mr. President, in view of the statements just made by the distinguished minority leader, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 66, Senate Joint Resolution 50.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 50) designating July 17, 1981, as "National P.O.W.-M.I.A. Recognition Day."

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. THURMOND. Mr. President, I am very pleased that the Senate is taking up today Senate Joint Resolution 50, a resolution designating July 17, 1981, as "National Prisoners of War-Missing in Action Recognition Day." This legislation was introduced by the distinguished Senator from Arizona, Senator DECONCINI, on March 19 of this year. I was proud to add my name as a consponsor of this measure because I feel that we, as a nation, must evidence our recognition and our gratitude for the tremendous sacrifices made by our POW's. They, as well as their families, richly deserve this special recognition.

A large number of our POW's have now returned from Southeast Asia. Many of them still suffer from emotional and physical disabilities as a result of their imprisonment in North Vietnam, and we must do whatever we can to help resolve these problems. We must not forget, however, that there are still many military and civilian personnel who are either prisoners or missing in action in Southeast Asia. It is absolutely imperative that we take stronger action to account for the more than 2,800 POW–MIA's in Southeast Asia. I call the attention of my colleagues to a floor statement which I delivered on April 27 in which I discussed this very grave situation in greater detail. As I pointed out in my April 27 statement, our country is not vigorously pursuing a solution to this tragedy.

Mr. President, while I am a strong supporter of Senate Joint Resolution 50, it is not enough simply to pass resolutions honoring these brave men and their families. I cannot think of a better way to honor those who served so honorably in Southeast Asia than to redouble our efforts to secure the release of their comrades.

Mr. DECONCINI. Mr. President, I urge my colleagues to join with Senator DOLE and myself in voting for this resolution. The 33 cosponsors of this bill are indicative of the widespread support which exists within this body to pay special tribute to our prisoners of war and those who are listed as missing in action.

The aftermath of the euphoria that surrounded the safe return of our hostages from Iran is a particularly opportune moment to reflect upon the tremendous sacrifices endured by our former POW's, their families and the families of those who are listed as missing in action. Despite physical torture, inhumane living conditions and deprivations of every kind, our POW's maintained total allegiance to their Nation. Despite unconscionable treatment by their enemy captors in total contravention of international codes and customs relating to prisoners of war, the faith of our POW's in the cause of their country never waivered. Despite the severe psychological problems suffered by many POW's, their families remained loyal. And despite the agony of not knowing the fate of loved one, relatives of our MIA's have never lost faith and have steadfastly pursued a final resolution of the destiny of family members.

The horrors of war will never be erased from the minds of the combatants. The additional traumas suffered by POW's, who saw their comrades die as a result of torture, starvation, exposure and disease and the lack of medical attention, have left emotional scars that can never be truly healed. The heroics of this special group of veterans are legendary and it is fitting that this Nation express its debt of gratitude for their selfless service.

The comprehensive study of former prisoners of war which was mandated by Public Law 95–479 and submitted by the VA to Congress on June 2, 1980, details the health and related problems being encountered by our POW's. The study proposes both administrative and legislative actions that should be undertaken to insure that our POW's receive benefits for those disabilities which may reasonably be attributed to their internment. The Senate Veterans' Affairs Committee will be marking up legislation next week based on these recommendations and I hope that my colleagues will expeditiously approve this bill.

In the interim, I urge adoption of this resolution which establishes July 17, 1981 as "National POW–MIA Recognition Day." We owe an enormous debt of gratitude to all our veterans, but the extreme sacrifices endured by our POW's deserve special recognition. It is equally fitting that we honor the relatives and families of those whose wartime fate remains unresolved.

● Mr. DOLE. Mr. President, today we introduce Senate Joint Resolution 50, a joint resolution requesting the President to designate July 17, 1981, as "National POW–MIA Recognition Day." I would like to commend those Members of Congress who have supported this measure in showing a concerted effort to honor our former prisoners of war and those missing in action. By establishing July 17 as a day of recognition for these brave servicemen, we proclaim our deepfelt gratitude for their sacrifices and our profound sorrow for their fate.

The Veterans' Administration has estimated that over 142,000 servicemen have been captured and held as prisoners of war since World War II. Over 9,000 men have been listed as missing in action and never recovered. These men often suffered unspeakable and inhuman treatment by their enemy captors; some were even brought to meet

a dark and grievous death. The pain, loneliness, and severe hardship suffered by these brave patriots continue to haunt the memories of their loved ones. The horrors of war and enemy captivity will linger with them forever.

Our Nation owes these men and their families the profoundest statement of recognition for the losses they experienced at the hands of their captors. Mr. President, it is imperative that the Senate act favorably in proclaiming this day a day of recognition for these men who gave so much for the sake of their Nation. Let us honor these men and assure that their sacrifice for the American people has not been forgotten.

I urge my colleagues to join me in supporting this resolution.●

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 50

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That July 17, 1981, is designated as "National P.O.W.-M.I.A. Recognition Day", and the President of the United States is authorized and requested to issue a proclamataion calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay on the table.

The motion to lay on the table was agreed to.

SENATE LEGAL COUNSEL TO APPEAR AS AMICUS CURIAE—SENATE RESOLUTION 121

Mr. BAKER. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 121) to direct Senate legal counsel to appear as amicus curiae in Consumer Energy Council of America, Inc., et al. versus Federal Energy Regulatory Commission.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to the consideration of the resolution.

Mr. BAKER. Mr. President, the purpose of this resolution is to direct the Senate legal counsel to appear as amicus curiae in the name of the Senate in the case of Consumer Energy Council of America, et al. against Federal Energy Regulatory Commission, which is pending before the U.S. Court of Appeals for the District of Columbia.

The petitioners in this case are challenging section 202(c) of the National Gas Policy Act of 1978, which authorizes congressional review of incremental pricing rules of the Federal Energy Regulatory Commission. The rule in question would have required that the costs of new gas be passed through to a broad range of industrial users of natural gas. The provision for congressional review was an important part of the compromise which permitted passage of the 1978 act.

The House of Representatives disapproved the proposed expanded rule in May 1980 and petitioners are now seeking to invalidate the congressional review provision of the act and require the FERC to implement the rejected rule.

In January 1981 the Department of Justice filed a brief attacking the constitutionality of section 202(c) of the Natural Gas Policy Act. The FERC has decided not to brief the constitutional issues in the case, preferring not to take the position on this longstanding dispute between the executive and legislative branches over legislative review.

A brief by the Senate as a micus curiae would present a defense of the statute, while emphasizing the nonconstitutional grounds on which the case may be decided. It has been the consistent position of the Senate that these cases present essentially political questions which are best resolved by the elected branches, and that a judicial determination of the constitutional issues is a matter of last resort.

The Senate legal counsel is working with House counsel in an effort to present a coordinated congressional position to the court.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 121

Whereas, in the case of Consumer Energy Council of America, Inc., et al. v. Federal Energy Regulatory Commission, Nos. 80-2184, 80-2312, pending in the United States Court of Appeals for the District of Columbia Circuit, the constitutionality of the legislative review provision in section 202(c) of the Natural Gas Policy Act of 1978 (15 U.S.C. § 3342(c) (Supp. III 1979)), has been challenged;

Whereas the Federal Energy Regulatory Commission has not presented a defense of the constitutionality of that Act of Congress;

Whereas the Department of Justice has filed a brief which challenges the constitutionality of that Act of Congress;

Whereas, pursuant to sections 703(c), 706(a), and 713(a) of the Ethics in Government Act of 1978 (2 U.S.C. §§ 288b(c), 288e(a), and 2881(a) (Supp. III 1979)), the Senate may direct its Counsel to appear as amicus curiae in the name of the Senate in any legal action in which the powers and responsibilities of Congress under the Constitution are placed in issue: Now, therefore, be it

Resolved, That the Senate Legal Counsel is directed to appear as amicus curiae in the name of the Senate in Consumer Energy Council of America, Inc., et al. v. Federal Energy Regulatory Commission.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering the nominations appearing on the Executive Calendar on page 2, beginning with "New Reports" and extending through Calendar No. 136, being all the nominations under Department of Defense and Department of the Interior.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

DEPARTMENT OF DEFENSE

The assistant legislative clerk read the nomination of Richard D. DeLauer, of California, to be Under Secretary of Defense for Research and Engineering.

The PRESIDING OFFICER. The nomination is considered and confirmed.

Mr. BAKER. I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF THE INTERIOR

The assistant legislative clerk read the following nominations:

William H. Coldiron, of Montana, to be Solicitor of the Department of the Interior.

Garrey Edward Carruthers, of New Mexico, to be an Assistant Secretary of the Interior.

Robert F. Burford, of Colorado, to be Director of the Bureau of Land Management.

Mr. McCLURE. Mr. President, the Senate Energy and Natural Resources Committee held a hearing on the nominations of Robert F. Burford to be Director of the Bureau of Land Management, Department of the Interior; Garrey Edward Carruthers, to be Assistant Secretary for Land and Water Resources, Department of the Interior; and William H. Coldiron, to be Solicitor, Department of the Interior, on April 8, 1981. The witnesses on the behalf of Mr. Burford were Senators WILLIAM L. ARMSTRONG of Colorado and GARY HART of Colorado, Representatives KEN KRAMER and HANK BROWN of Colorado, Miss Debbie Sease of the Sierra Club. Testifying in behalf of Mr. Carruthers were Senators PETE DOMENICI and HARRISON SCHMIDT of New Mexico, and Representative MANUEL LUJAN, JR., and JOE SKEEN of New Mexico. Testifying in behalf of Mr. Coldiron was Senator JOHN MELCHER of Montana.

The three gentlemen are nominated to fill key staff and line positions in the Department of the Interior. The Solici-

tor is the chief legal officer of the Department. More and more this person is called on to provide the complete legal opinions that are necessary for decisions. The Assistant Secretary of Land and Water Resources is the line officer responsible for the Bureau of Land Management and the Bureau of Reclamation. The BLM Director is chief officer of the Nation's largest land management agency. There are increasing demands for the resources contained on and under these public lands. Proper decisions and excellent management are a must in these times, on these lands.

As will be presented, each of these three gentlemen have made a considerable personal sacrifice in the steps they have taken to avoid any conflict of interest, or appearance of conflict of interest; also, in their efforts to comply with the Ethics Act and general policies at great personal expense to them and their families. Let me be specific.

ROBERT F. BURFORD

In the case of Robert F. Burford this native of Colorado with a degree in mining engineering has been actively involved in the cattle and sheep ranching business since World War II. He has also served four terms (8 years) in the Colorado House of Representatives, the last as speaker. Mr. Burford has taken the following action to avoid any conflicts of interest:

First, directed his partners in an automobile franchise (Reed Miller, Inc., Hertz Rental) to not lease any vehicles to the Bureau of Land Management during his tenure.

Second, agreed not to exceed the 15-percent limitation on outside income pursuant to section 210 of the Ethics Act.

Third, agreed to sell 20,000 shares of Ute Production Co.

Fourth, agreed to resign directorships of the First National Bank of Grand Junction and St. Mary's Hospital, Grand Junction.

Fifth, agreed to sell his grazing permits to his wife and three sons, recuse himself from any decisions regarding the permits and refrain from any management decisions in his ranch land partnership. Based on this, Secretary Watt has granted a waiver of 43 CFR part 7 which prohibits a BLM employee or his spouse from holding an interest in land granted by the Bureau (for example, grazing permit). While Burford no longer would own the permits, he owns the land upon which the permits are based. His wife's interest in the permits also required the exemption. The Office of Government Ethics has approved this arrangement.

Sixth, agreed to have the proceeds of five royalty payments from privately owned mineral rights administered by a trustee and distributed to charity. Secretary Watt has established a procedure whereby any particular matter involving the five companies paying royalties (Tenneco, Fuelco, Provident Resources, Coseko and Belco) and the BLM which comes to Mr. Burford's attention will be immediately reviewed by Watt for a determination of whether Mr. Burford's interest is not so substantial as to affect the integrity of Government service if the matter is decided by Burford. This procedure complies with 18 U.S.C. 208 and is acceptable to the Office of Government Ethics.

Mr. President, I ask unanimous consent to have printed in the RECORD at this time, the documentation of these points which include all pertinent copies of committee forms, financial disclosure statements, recusals and waivers.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE—COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Burford, Robert F.

Position to which nominated: Director, Bureau of Land Management, Department of the Interior.

Date of nomination: March 3, 1981.

Date of birth: February 5, 1923.

Place of birth: Grand Junction, Colo.

Marital status: Divorce filed.

Full name of spouse: Judith A. Burford.

Names and ages of children: Joseph E. Burford, 28; R. Kelley Burford, 26; Richard F. Burford, 24; Joyce Burford, 20.

Education—Institutions, dates attended, degrees received, dates of degrees are as follows:

Fruita Union High School, 1936–1940, Diploma, 1940.

Colorado School of Mines, 1940–44, Engineer of Mines, 1944.

Employment record:

United States Marine Corps, June 1944 to August 1946. Service is more fully covered under entry on Military Service.

Ranching employment from August 1946 to June 1948. Employed as manager by father in operation of sheep and cattle ranches in Eagle and Mesa Counties, Colorado.

Employed as Mining Engineer from June 1948 to April 1949. Joined preliminary exploration and evaluation team on Jamaica, British West Indies, where I was a member of field crew engaged in optioning drilling, sampling and evaluating bauxite properties for Permanente (Kaiser) Aluminum Corporation. Participated in work of evaluation and developing approach to mining and transportation to oceanside loading facilities. Final report was completed in Oakland, California.

Resigned from Permanente and returned to ranching in Colorado in April 1949. Purchased interest in parents ranch in 1951 and later completed purchase of entire operation. Using main ranch as base of operations expanded grazing and production operations into finishing lambs and steers on wheat pasture on leased land and feedlots in eastern Colorado and western Kansas. This operation continues at present time although base of operation is now concentrated in Mesa County, Colorado.

Concurrently with managing this ranching operation, I have bought and sold other ranching and farming properties and made other investments, including Mesa Homes, Inc., a mobile home manufacturer, since dissolved; Paradise Valley Mobile Home Park, in which I still own an interest; Reed Miller, Inc., Hertz franchise in Grand Junction, Colorado, (member, board of directors); First National Bank of Grand Junction (member, board of directors). I recently invested in CCB, Inc., a corporation formed to operate a group of Colorado banks, formerly known as the Baldwin Banks, and a letter explaining that rather complicated transaction has been included with this form and a copy of the prospectus and bylaws are filed with the committee staff.

In 1974, I was elected to the Colorado House of Representatives, re-elected in 1976 and 1978, serving through 1980. I was elected Speaker of the House by my colleagues in 1978 and served in that position until 1980. I decided not to run for re-election in 1980.

Military service: May 1944–Aug. 1946: U.S. Marine Corps, Private—Honorably discharged as Corporal.

Training USMC Recruit Depot, San Diego, California; Training, Camp Pendleton, California, Special Weapons; USMC Replacement Depot.

Pearl Harbor, Hawaii; Military Police Company, 7th Service Regiment, Second Marine Div., Saipan and Okinawa; Public Information Office.

Headquarters Regiment, First Marine Division, Okinawa and Tientsin, China; Editor, North China Marine, weekly newspaper.

College: Engineers Day Scholarship (Academic, competitive), Colorado School of Mines, 1940.

Blue Key (College Service).

Theta Tau (Engineering).

Editor, College Newspaper, Who's Who in American Universities and Colleges, 1943–44.

Military: Recommended as a private for Field Commission to Second Lieutenant, USMC, June 1945. All such commissions cancelled by Japan's surrender.

General: Who's Who in America, 1980.

Who's Who in West, 1980–81.

Who's Who in Politics, 1975–80.

Membership—Organizations Offices held (if any). Dates are as follows:

Colorado Cattlemen's Association, 1955 on.

Colorado Woolgrower's Assoc. Past 1st V. Pres., 1949 on.

Mesa County Woolgrower's Assoc., Past Secretary, V.P. and president, 1949 on.

National Cattlemen's Assoc., 1975.

Colorado Farm Bureau, 1950 on.

A.F. and A.M. Fruits, Colorado, 1944.

Professional Engineers of Colorado, Ute Chapter, 1977 on.

Western Slope Quarterhorse Assoc., Past President, 1973 on.

Member, Board of Directors, First National Bank of Grand Junction, Colorado, 1979 on.

Member, Board of Directors, St. Mary's Hospital, 1980 on.

Member, Board of Directors, Reed Miller, Inc. (Hertz Franchise), 1976 on.

Member, Bureau of Land Management Grazing Advisory Board, Grand Junction, District, 1969–73.

Member, Bureau of Land Management Grazing Advisory Board, Glenwood Springs, Colorado District, 1967–73.

Member, Colorado State Grazing Advisory Panel, 1970–71.

Alternate, National Grazing Advisory Board, 1971.

Chairman, Eagle County Republican Central Committee, 1961–69.

Member, Colorado State Republican Central Committee, 1961–69; 1975–81.

Published writings: None.

Future employment relationships:

1. If confirmed by the Senate, I will resign membership on the Board of Directors, First National Bank of Grand Junction, Colorado, and the Board of Directors, St. Mary's Hospital, Grand Junction. No conflict of interest is involved, but a conflict of time is.

If confirmed by the Senate, I intend to remain on the Board of Directors of CCB, Inc. A complete explanation of this transaction is filed with the committee staff.

If confirmed by the Senate, I will not be active in the management of any interest in ranch land I retain. A complete explanation of this transaction accompanies these papers.

If confirmed by the Senate, I intend to remain on the Board of Directors of Reed Miller, Inc. Very little time is required. A letter of agreement from Reed Miller, Inc. is enclosed stating that they will no longer lease vehicles to the Bureau of Land Management.

2. I have no current plans beyond my term.

3. Has anybody made you a commitment to a job after you leave government? No.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term? Yes.

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future? No.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated. None.

2. List any investments, obligations, liabilities, or other relationships which might involve potentalal conflicts of interest with the position to which you have been nominated. I own 20,000 shares of Ute Production Company, an energy firm, which I will dispose of if confirmed.

I presently hold Bureau of Land Management leases. A memorandum is attached explaining the way I will resolve this.

I presently receive royalties from oil and gas rights I have inherited. An explanation is attached as to how this will be handled, if I am confirmed.

BIOGRAPHICAL SKETCH—ROBERT F. BURFORD

Born in Grand Junction, Colorado, February 5, 1923.

Graduated Fruita Union High School, Valedictorian, 1940.

Graduated Colorado School of Mines, 1944, Engineer of Mines Degree.

Served in the U.S. Marine Corps, World War II, 1944–46, Pacific Theatre.

1948–49 Employed by Permanente (Kaiser) Aluminum Company, California and Jamaica, as Mining Engineer.

1949–81 Owned and operated sheep and cattle ranches, Eagle and Mesa Counties, Colorado.

1974–80 Elected (3 terms) to Colorado House of Representatives from District 54. In 1976, appointed Chairman Local Government Committee, Colorado House of Representatives. In 1979, elected Speaker, Colorado House of Representatives.

MEMBERSHIPS

Colorado Cattlemen's Association, 1955 on.

Colorado Woolgrower's Association, Past 1st Vice President, 1946 on.

Mesa County Woolgrowers Association—Past Secretary, Vice-President, President, 1946 on.

National Cattlemen's Association, 1975 on.

Colorado Farm Bureau, 1950.

A.F. and A.M., Fruita, Colorado, 1944 on.

Professional Engineers of Colorado, Ute Chapter, 1977 on.

Western Slope Quarterhorse Association—Past President, 1970 on.

Board of Directors, First National Bank of Grand Junction, CO., 1979 on.

Member, Board of Directors, St. Mary's Hospital, Grand Junction, CO, 1980 on.

Member, Board of Directors, Reed Miller, Inc., Grand Junction, CO (Hertz Franchise), 1976 on.

Member, Bureau of Land Management Grazing Advisory Board, Grand Junction, Colorado District, 1969–73.

Member, Bureau of Land Management Grazing Advisory Board, Glenwood Springs, Colorado District, 1967–73.

Member, Colorado State Grazing Advisory Panel, 1970–71.

Alternate, National Grazing Advisory Board, 1971.

Chairman, Eagle County Republic Central Committee, 1961–69.

Member, Colorado State Republican Central Committee, 1961–69; 1974–80.

HONORS

Who's Who in America, 1980–81.

Who's Who in West, 1980–81.

Who's Who in Politics, 1975–76; 1977–78; 1979–80.

Mr. Burford has four children, a daughter, Joyce, who attends the University of Colorado, and three grown sons in various businesses. Son Joseph E. and wife, the former Shirley Burton of Grand Junction, and grandson Bob reside in Denver. The other two sons, R. Kelley, married to the former Nancy Fronk of Portland, Oregon, and Richard F. live in Grand Junction, Colorado.

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have had no contact other than those involved with my service in the Colorado State Legislature.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy.

None other than communication due to my service in the Colorado House of Representatives.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. Answered on accompanying sheets.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them.

The Office of Government Ethics has supplied the Committee with a memorandum of the applicable laws. I will comply with all laws of ethics.

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278). Attached. This statement is effective as of Jan. 1, 1981.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF–278, Schedule A.

See items 3 and 4 attached to SF–278, Schedule A. Scudder and Webster Time Contract to Sell Land will be in the category of capital gains and interests of over $100,000 using evaluation method "H".

3. Are any assets pledged? (Add schedule.)

Paradise Valley Mobile Home Park—Assets are pledged on the note exceeding $250,000.

4. Are you currently a party to any legal action?

One of 27 incumbent and former Colorado State Legislators in a suit against Environmental Protection Agency before the U.S. Supreme Court, #80–1084, Mountain States Legal Foundation vs. Doug Costle. If confirmed, I would recuse myself of any further participation in this case.

5. Have you ever declared bankruptcy? No.

6. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain. Yes.

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No. I was contacted by an auditor who met with my accountant and myself twice requesting some information. The information was supplied and nothing more was heard from Internal Revenue Service.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 9, 1981.

MEMORANDUM

To Director, Office of Government Ethics.
From Deputy Department Ethics Counselor.
Subject: Opinion Memorandum for Robert F. Burford, Nominee for Director, Bureau of Land Management, United States Department of the Interior.

The financial statement filed by Mr. Burford has been reviewed in accordance with the provisions set forth in 5 CFR 734.604(a). It was necessary to resolve the following items:

1. Reed Miller Incorporated:

Reed Miller, Inc., a Hertz Car Rental franchise owned in part by Mr. Burford, has a contract to lease automobiles to the Bureau of Land Management (BLM). Mr. Burford has entered into an agreement with his co-owners to not lease any vehicles to the BLM during his tenure as BLM Director. A copy of the letter of agreement is provided.

2. Oil and Gas Royalties from Mineral Rights:

Mr. Burford leases some of his privately owned mineral rights to and is receiving royalty payments from a number of companies that also lease federal lands administered by the BLM. The companies leasing lands from BLM, the amount of acres leased and the amount of the royalty payments received by Mr. Buford from these companies in 1980 are:

Company	Acres leased from BLM	1980 royalty payments for rights leased from Mr. Burford
Tenneco	658, 800	$2, 896
Fuelco	90, 198	3, 118
Provident Resources	28, 658	1, 672
Coseko	35, 105	116
Belco	160, 115	14

The provisions of Executive Order 11222, prohibiting financial conflicts of interest have been implemented in 43 CFR 20.735–15, which states:

(a) No Department of the Interior employee shall have a direct or indirect financial interest that conflicts substantially or appears to conflict substantially with his or her Government duties and responsibilities.

Clearly, as he receives income from them, Mr. Burford has a financial interest which can be affected by these listed companies. These financial interests may increase or decrease depending on the values and amounts of minerals extracted. Mr. Burford, as BLM Director, will have official duties and responsibilities that may require him to deal directly with or make decisions affecting one or more of the listed companies. He will be responsible for the federal land lease policies of the BLM and the Director's position is commonly perceived by the public as the position from which the Department's decisions are rendered concerning leases of federal lands for mineral exploration and development.

Taken together, these factors may, in my opinion, result in a substantial apparent conflict of interest between his financial in-

terests and the duties he will assume as BLM Director. And, if he deals directly with them in his official capacity he will have a direct conflict of interest.

To avoid any substantial conflict of interest or substantial appearance of conflict resulting from his royalty payments Mr. Burford will, for the duration of his service as BLM Director:

(a) Continue to leave the management of his mineral rights leases to a trustee.

(b) Have the trustee distribute to charity all proceeds from the royalty payments.

(c) Rescue himself from official participation in particular matters specifically involving BLM and any of the companies paying him royalties.

This arrangement is acceptable to this Department since it will allow Mr. Burford to make necessary policy decisions and not create a substantial conflict or apparent conflict of interest. Also, the following facts make this arrangement acceptable:

(a) The mineral rights which Mr. Burford leases to these companies underlie privately owned lands.

(b) Mr. Burford acquired his mineral rights interests by inheritance. They have been in his family's ownership since approximately 1919.

(c) Mr. Burford is not personally managing the mineral rights leases. The Charles A. Shear Company manages this investment for Mr. Burford.

(d) Mr. Burford is not dependent on this portion of his income. Mr. Burford's net worth is several million dollars and therefore his royalty income of $7,816 is relatively insignificant.

3. Bureau of Land Management Grazing Permits:

Bureau of Land Management grazing permits are attached to certain lands owned by Mr. Burford. As Director, BLM, Mr. Burford is prohibited from retaining these permits by 43 U.S.C. 11 and by regulations contained in 43 CFR Part 7. As stated in the Attachment to Schedule A of SF-278 (for items 16, 17, 18 and 19) Mr. Burford will, upon confirmation, dispose of his interest in these permits by transferring them to his nondependent sons. This procedure is acceptable to this Department and Mr. Burford has agreed to provide copies of the documents implementing the transfer.

Mr. Burford's resolution of these matters in the manner explained, will, in my opinion, satisfy all conflict of interest laws or regulations that will be applicable to Mr. Burford as the Director, BLM. Mr. Burford has accomplished or initiated the actions discussed in this memorandum.

Sincerely,

GABRIELE J. PAONE,
Deputy Department Ethics Counselor.

Attachment.

FINANCIAL DISCLOSURE REPORT

Name: Burford, Robert F.

Title of Position: Director, Bureau of Land Management.

Department or Agency: Department of the Interior.

Address: 18th & "C" Street, N.W., Washington, D.C. 20240.

Name of Congressional Committee Considering Nomination: Senate Committee on Energy and Natural Resources.

Title of Position(s) and Date(s) Held: None.

Date of Filing: February 1, 1981.

Date of Appointment, Candidacy, Election or Nomination: March 4, 1981.

Room Number: Room 5660.

Telephone No.: (202) 343-3801.

Do You Intend to Create a Qualified Diversified Trust?: No.

GABRIELE J. PAONE,
Deputy Department Ethics Counselor.

INCOME AND INTERESTS IN PROPERTY—ROBERT F. BURFORD FEB. 20, 1981

Identification	Income: Type of income: Dividends	Interest	Capital gains	Other	Income: Category of amount or value: None (or less than $101)	$101–$1,000	$2,501–$5,000	$50,001–$100,000	Over $100,000	Actual amount	Interests in property (valuation of assets): Valuation method	$1,001–$5,000	$5,001–$15,000	$15,001–$50,000	$50,001–$100,000	$100,001–$250 000	Over $250,000
1. First National Bank (CD), Grand Junction, Colo.		X					X				H				X		
2. B and B Cattle Co		X					X				F			X			
3. Scudder & Webster time contract to sell land.		X						X			H					X	
4. Scudder & Webster time contract to sell land.			X						X		H					X	
5. Don Wilcox		X				X					H	X					
6. Kelley Burford		X				X					(Personal loan paid in 1980)						
7. J. E. Burford		X			X						(Personal loan paid in 1980)						
8. D. H. Baldwin, Inc	X						X				H				X		
9. First National Bank, Grand Junction.				Director's fees.						$1,800							
10. Reed Miller, Inc				do						8,750	F					X	
11. 7/42 Oil and gas royalties from mineral rights.											A				X[1]		
(a) Tenneco				Royalties						2,896.52							
(b) Fuelco				do						3,118.45							
(c) Provident Resources				do						1,672.12							
(d) Coseko				do						116.67							
(e) Belco				do						14.31							
12. Bucey Co				Lease for minilal, rights.						160.00							
13. U.S. Government				Real estate condemnation.						273,248.00	H						X
14. Earnings from racing of quarter mare.				Racing earnings.						1,861.00	A		X				
15. Paradise Mobile Home Park.				Partnership profits.						23,703.00	A						X
16. Cattle					(No income for 1980)						A						X
17. Horses					(No income for 1980)						A		X				
18. Land in Mesa County, Colo.											B						X
19. Land in Eagle County, Colo.											A						X
20. CCB, Inc					(No income for 1980)						A					X	
21. Colorado State Legislature.				Salary						12,000.00							

[1] Value of rights.

Note: In accordance with 5 CFR 734.303(d)(1), assets held solely in my wife's name are not listed in this filing.

SCHEDULE B—PURCHASES, SALES, AND EXCHANGES

Identification of Property: Not applicable to new entrants.

SCHEDULE C—GIFTS AND REIMBURSEMENTS

I. Lodging, Transportation, Food and Entertainment—List each source totaling $250 or more in value: Not applicable to new entrants.

II. All Other Gifts—List each source totaling $100 or more in value: Not applicable to new entrants.

III. Reimbursements—List each source totaling $250 or more in value: Not applicable to new entrants.

SCHEDULE D

LIABILITIES

Name and address of creditor, type of Liability:

First National Bank, Grand Junction, Colorado, Promissory note, 8½% per annum. Liability consists of interest payment on trust principal. I have no interest in the trust principal. My stepmother is beneficiary and upon her death the principal is payable to my two sisters, $50,000 to $100,000.

POSITIONS HELD

Name and address of organization, type of organization, position held, date:

Colorado House of Representatives, State Capitol, Denver, Colorado, Legislative, Speaker of the House, April 1979–January 1981.

Reed Miller, Inc., Grand Junction, Colorado, Car Rental Franchise, Board of Directors, September 1976–Present.

CCB, Inc., c/o Central Bank of Denver, Denver, Colorado, Bank Holding Company, Board of Directors, December 1980–Present.

COMPENSATION IN EXCESS OF $5,000 PAID BY ONE SOURCE

Source, brief description of duties:

State of Colorado, Speaker, Colorado House of Representatives.

Reed Miller, Inc. Grand Junction, Colorado, Advisory capacity; Board of Directors.

Paradise Mobile Home Park, Partnership.

RELATIONS WITH OTHER EMPLOYERS

Description of terms of any agreement or arrangement, parties:

Continue on Board of Directors, Reed Miller, Inc., Grand Junction, Colorado.

Continue on Board of Directors, CCB, Inc.

NOTES FOR SF 278—INCOME AND INTEREST IN PROPERTY

(Figures calculated as of December 31, 1980)

Item 1. Certificates of deposit with First National Bank of Grand Junction, Colorado.

Item 2. B & B Cattle Company, Denver, Colorado, is a partnership with Joe D. Burford, son, engaged in feeding cattle.

Item 3 and 4. Refers to money due to me on last installment of a contract sale of ranch lands in Eagle County, Colorado. There is a Bureau of Land Management permit attached to this land. The permit is owned completely by the purchaser. The final payment on the contract will be made August 13, 1981; I will then have no interest in these lands.

Item 5. Refers to a note due to me on contract sale of a Bureau of Land Management grazing permit in Utah. The permit is currently collateral for the note which is in the process of being changed to an unsecured note. This change will remove any interest I have in the permit.

Item 6 and 7. Refers to personal loans made to sons. Principal paid in 1980.

Item 8. D. H. Baldwin, Inc., stock, listed NYSE, in a diversified company.

Item 9. First National Bank of Grand Junction, Colorado. Directors qualifying shares. No conflict of interest but will sell and resign directorship because of expense in attending meetings.

Item 10. Reed Miller, Inc., a Hertz Car Rental franchise in Grand Junction, Colorado. Reed Miller, Inc., has leased a few specialty vehicles to Bureau of Land Management. Other owners have agreed not to lease to BLM to avoid appearance of conflict.

Item 11. Oil, gas, and mineral rights royalties from privately-owned rights.

Item 12. Privately-owned mineral rights under lease. There are no royalties associated with this lease at this time.

Item 13. National Park Service condemned 400 acres of land out of my ranch. The item reflects court ordered sale and payment.

Item 14. Refers to purses won by quarter mare.

Item 15. Income from a partnership interest in a mobile home park in Grand Junction, Colorado.

Items 16, 17, 18 and 19. Refers to values of ranch property and livestock on which the net income is negative. Attached to this land are Bureau of Land Management permits for the grazing of cattle. These present a conflict of interest which will be resolved by the sale of 50% of my interest in the land to my three sons, said sale being now in process. If confirmed by the Senate, I will then sell cattle to sons, lease them my remaining interest in the land and transfer BLM permits to them. Upon Senate confirmation and conclusion of these transactions, copies of the verifying documents will be filed with Office of Government Ethics and the Senate Committee.

Item 20. Refers to purchase of shares of stock in CCB, Inc., a bank holding company, which was formed as of December 30, 1980. I serve as a member of the Board of Directors of this company and will continue to serve. There will be no conflict of interest. This investment is entirely in financial institutions and not related in any way to Department of the Interior programs.

Item 21. Salary—Colorado House of Representatives.

HERTZ RENT A CAR LICENSEE,
Grand Junction, Colo., February 19, 1981.

BUREAU OF LAND MANAGEMENT,
U.S. Department of Interior,
Washington, D.C.

TO WHOM IT MAY CONCERN: As President of Reed Miller, Inc., Reed Miller, Inc. hereby agrees not to rent or lease vehicles to the Bureau of Land Management during any such time as Robert F. Burford is employed as the director of the Bureau of Land Management.

Sincerely yours,

DAREN CYPHERS,
Reed Miller, Inc. President.

MARCH 5, 1981.

BUREAU OF LAND MANAGEMENT,
Moab, Utah.

Attention Peter Christiansen.

GENTLEMEN: I hereby release and discharge the lien I have previously held against the permit held by Don Wilcox, under which Mr. Wilcox has the right to graze 2.225 AUM on the Floy Unit of the Horse Canyon Allotment of the Public Domain.

Until this letter, I had a lien against the permit by virtue of an agreement, dated January 15, 1972, wherein Burford Livestock Company was seller and Mr. Wilcox was buyer. The interest of Burford Livestock was subsequently assigned to me. Copies of the agreement and assignment are in your file.

While the entire obligation due by Mr. Wilcox to me is not paid, the permit will no longer serve as security for payment of Mr. Wilcox's obligation.

An extra copy of the letter is enclosed. Will you please show your receipt and date of receipt on the copy and return to me in the enclosed envelope.

Respectfully yours,

ROBERT F. BURFORD.

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF LAND MANAGEMENT,
Washington, D.C.

MEMORANDUM

To Secretary of Interior.

From Robert F. Burford, Director-Designate, Bureau of Land Management.

Subject Waiver Concerning My Bureau of Land Management (BLM) Grazing Permit.

On March 30, 1981, I submitted the attached memorandum to the Director, Office of Government Ethics (OGE) through our Department Ethics Office. After reviewing my proposed partnership arrangements, officials at OGE responded by requesting that I obtain a waiver from you in accordance with the provisions contained in 43 CFR 7.4(b)(3). A copy of the OGE response is enclosed.

Accordingly, this memorandum requests such a waiver based on the following required criteria:

1. I acquired a portion of my interests in the Bureau of Land Management grazing permit in October 1951 by purchase of the commensurate lands from my parents and the remainder of the Bureau grazing permits were acquired in November 1972 by purchase of livestock and commensurate deeded lands from Claude Mabie.

2. Denial of a waiver will result in a significant financial hardship by requiring appraisals estimated to cost $25,000 and also result in severe income tax consequences the extent of which is unknown.

3. I will not, by virtue of my partnership arrangement, retain any interests in federal lands and, therefore, there can be no conflict or appearance of conflict with my duties as BLM Director. My partnership arrangement effectively transfers any direct interests I now have in the permits or in the federal lands administered by BLM. Therefore, my retention of a 25 percent interest in all lands owned by the partnership entitled Little Park Ranches Limited will not be contrary to the interests of the Department.

Thank you for your consideration.

MARCH 30, 1981.

MEMORANDUM

To Director, Office of Government Ethics.

From Robert F. Burford.

Subject Transfer of Bureau of Land Management Grazing Permits.

In reference to your request for an explanation of the transaction which will transfer Bureau of Land Management permits in the Grand Junction District of the Bureau of Land Management Little Salt permit and the Burford individual permits to my sons Joseph E. Burford, R. Kelley Burford, and Richard F. Burford, all of whom are over 21 years of age, my attorneys are in the process of drafting a partnership agreement transferring title to 9,600 acres more or less in Mesa County, Colorado, presently owned by me to a limited partnership entitled Little Park Ranches Limited. Said partnership will consist of Robert F. Burford, Joseph E. Burford, R. Kelley Burford, and Richard F. Burford as general partners and Judith A. Burford as limited partner. This partnership will hold title to all of the lands formerly owned by me in Mesa County and operated as a ranch under my name.

A second partnership consisting of Joseph E. Burford, R. Kelley Burford, Richard F. Burford, and Judith A. Burford will then be formed to purchase from me the cattle, the BLM permits known as Little Salt and Burford individual permits and a Forest Service permit. This second partnership, as yet un-

titled, will lease my interest in Little Park Ranches Limited for the operation of the cattle and the ranch. The legal vehicle of two partnerships is being used to allow me to retain interest in the deeded land as an investment for future retirement.

All lands have been appraised within the past year by an appraiser hired by the U.S. Government for condemnation of a portion of this property by the National Park Service. This appraisal will be updated to current values and a sale price will be based on that appraisal. Cattle and permits will also be appraised by qualified appraisers.

This vehicle of two separate partnerships is to allow me to retain an interest in the deeded land while having no interest or control over the Bureau permits or the cattle operation since I am seeking confirmation as the Director of the Bureau of Land Management. This transfer is in compliance with rules and regulations of the Bureau of Land Management and the United States Forest Service concerning transfers of permits and will be subjected to the scrutiny of the Internal Revenue Service as to the values involved in any sale between members of the same immediate family.

No agreements, implied or otherwise, exist between my sons and myself for me to repurchase cattle, permits or the interest in the land being sold. Percentage interests of the partners in Little Park Ranches Limited will be Robert F. Burford 25 percent, Judith A. A. Burford 25 percent, and each son 16⅔ percent.

All these transactions are scheduled to be completed within the time limit allowed for after confirmation by the Senate and evidence of the transfer of the permits will be submitted to the Ethics Committee and the Senate Committee on Energy and Natural Resources upon confirmation.

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C.

Mr. GABE PAONE,
Office of the Inspector General,
Department of the Interior,
Washington, D.C.

DEAR MR. PAONE: With respect to our analysis of the financial disclosure report of Robert F. Burford, we have received a memorandum from Mr. Burford dated March 30, 1981. The memorandum describes certain arrangements with respect to ranch property to which are attached Bureau of Land Management permits for the grazing of cattle.

The regulations promulgated by your Department at 43 C.F.R. Part 7 prohibit an employee from retaining an interest in the lands or resources administered by the Bureau of Land Management, even though acquired before employment by the Department of the Interior (§ 7.3(a)(2)). The arrangements contemplated in Mr. Burford's memorandum appear to leave him in retention of interests referred to in the preceding sentence under the definition of "interest" contained in § 7.2(b) and (c). We note that the definition specifically includes "any interest in land . . . which in any manner is connected with or involves the use of the grazing resources . . . of the lands or resources administered by the Bureau of Land Management."

Under these circumstances, it would appear necessary to secure the approval of the Secretary of the Interior pursuant to § 7.4(b)(3), for the retention by Mr. Burford of his interests in the grazing permits. Please let us know if you have a contrary interpretation.

Sincerely,

DAVID R. SCOTT,
Chief Counsel.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 8, 1981.

MEMORANDUM

To Robert F. Burford.
From Secretary.
Subject: Waiver Concerning Bureau of Land Management (BLM) Grazing Permits.

I have reviewed your request for waiver and the partnership arrangement you have initiated. I am issuing you this waiver of any possible statutory or regulatory prohibition of 43 U.S.C. § 11, or 43 CFR part 7, which may still apply to any remaining financial interests that you or your spouse, Judith A. Burford, have in federal lands after you effect the arranged transfer of your BLM grazing permits as provided in the documents you submitted to me.

In accordance with the waiver provisions contained in 43 CFR § 7.4(b)(3), I find sufficient cause for granting you this waiver based on the following facts:

1. You acquired your grazing permit interest by purchases, in 1951 and 1972, of permits and commensurate lands. This was long before your employment in the Department began;

2. You have begun to implement partnership agreements which will transfer entirely, to your non-dependent family members, any direct interests you now have in federal lands administered by BLM;

3. You would suffer unnecessary financial hardship if you were required to sell your land interests and;

4. You clearly will not, by virtue of your partnership arrangement, retain any direct interests in federal lands and therefore, your interests in the partnership will not be contrary to the interests of the Department of the Interior.

Pursuant to your recusal statement of April 7, 1981 to the Office of Government Ethics I will expect you to recuse yourself from any decisions which directly affect the grazing permits you now own. Should such decisions arise you are to refer them to the Secretariat for decision without recommending a course of action.

I am issuing this waiver at the recommendation of the Office of Government Ethics and upon the advice of the Department's Deputy Ethics Counselor and the Deputy Solicitor.

This waiver shall become effective simultaneously with your Senate confirmation, and shall also apply to the partnership interests which will be held by your spouse Judith A. Burford.

JIM WATT.

APRIL 7, 1981.

MEMORANDUM

To Director, Office of Government Ethics.
From Robert F. Burford, Director-Designate, Bureau of Land Management.

I hereby recuse myself while serving as Director of the Bureau of Land Management from making any decisions which directly affect Bureau of Land Management grazing permits which I now own.

In the unlikely event any such decisions reach the Director level in the Bureau of Land Management, they would be referred to a higher office in the Department.

I am transferring my grazing permits to my sons during the time I serve as Director of the Bureau of Land Management. I further state and affirm that I will have no part in the management decisions regarding these permits, the cattle which run on them, or the deeded lands to which they are attached while serving as Director.

I also agree not to accept in excess of 15 percent of my salary as Director of the Bureau of Land Management for any outside activities in accordance with Section 210 of the Ethics in Government Act of 1978.

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., April 7, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Robert F. Burford, who has been nominated by President Reagan for the position of Director, Bureau of Land Management, Department of the Interior.

We have reviewed the report and have also obtained advice from the Department of the Interior concerning any possible conflict in light of the Department's functions and the nomineo's proposed duties.

With respect to his interests in BLM grazing rights, we note that Mr. Burford has described certain contemplated arrangements in his memorandum of March 30, 1981 (copy enclosed). With respect thereto, we have been advised that the Secretary of the Interior will grant a waiver pursuant to 43 C.F.R. § 7.4(a)(3). Further, Mr. Burford will abstain from official participation in any particular matter which specifically involves these permits, and he will abstain from any participation in the management of the Mesa County, Colorado ranch property. Upon receipt of the documentation of the waiver and these commitments, we will transmit copies to your staff.

We also note that Mr. Burford is retaining his directorships on the boards of Reed Miller and CCB, Inc. Although Mr. Burford has recently joined the CCB board, he received $8,750 in director's fees from Reed Miller during the reported period. Mr. Burford is aware of the 15 percent limitation on outside earned income which will apply to him pursuant to section 210 of the Ethics Act. We have been advised that Mr. Burford has stated his intent to avoid exceeding the limitation during the period of his Government service.

Upon effectuating the commitments noted above and in the enclosed material, we believe that Mr. Burford will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER,
Director.

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., April 9, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: With respect to the nomination of Robert F. Burford for the position of Director, Bureau of Land Management, Department of the Interior, we hereby transmit certain documentation received with respect to this matter from the Department of the Interior:

Memorandum of recusal from Robert F. Burford, to the Director, Office of Government Ethics, dated April 7, 1981.

Waiver concerning Bureau of Land Management (BLM) Grazing Permits, from the Secretary of the Interior, to Robert F. Burford, dated April 8, 1981.

This is the documentation that we promised you in our original opinion letter to you dated April 7, 1981.

Sincerely,

DAVID R. SCOTT,
Chief Counsel.

MAY 1, 1981.

MEMORANDUM

To Director, Office of Government Ethics.
From Director-Designate, Bureau of Land Management.
Subject Compliance with 18 U.S.C. 208.

The purpose of this memorandum is to supplement the memorandum to you of March 9, 1981, from the Deputy Department Ethics Counselor, and explain in more detail how I will deal with those companies which lease privately-owned mineral rights from me in return for oil and gas royalty payments.

As explained in the memorandum of March 9, 1981, five companies lease mineral rights from me: Tenneco, Fuelco, Provident Resources, Coseko and Belco. The total royalty payments presently amount to $7,816 per year. During my tenure as Director of BLM, I will leave management of the mineral rights in a trust and have the trustee distribute proceeds from the royalty payments to charity. I will also recuse myself in the manner described hereinafter from personal and substantial participation in particular matters specifically involving BLM and the companies identified above.

The Secretary of the Interior will approve a procedure whereby, if and when any proceeding, application, request for ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other particular matter involving any of the companies identified above comes to my attention the particular matter will be transmitted directly and immediately to the Secretariat with an explanation attached fully explaining my financial interest in the company. The transmittal to the Secretariat will contain no recommendation or other personal observations or comments by me. Upon receipt, the Secretariat, without further consulation with me as to the merits of the particular matter will determine, pursuant to 18 U.S.C. 208(b)(1), whether (1) the particular matter will be handled by the Secretariat, or (2) the particular matter will be handled by me. If the Secretariat determines that my financial interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from me, the particular matter will be returned to me for handling, and I will be provided, in advance thereof, with a written statement of that determination.

The obvious purpose of this procedure is to assure total compliance with 18 U.S.C. 208, and I trust it meets with your approval.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 1, 1981.

MEMORANDUM

To Robert Burford, Director Designate, Bureau of Land Management.
From Secretary.
Subject: Compliance with 18 U.S.C. Sec. 208.

It has been brought to my attention that five companies[1] make royalty payments to you for the lease of private oil and gas holdings and that such royalty payments constitute a financial interest by you in the companies. The royalties, at present, amount to $7,816 a year. Because those companies have business with the BLM, any participation by you as Director of BLM with them would constitute a violation of 18 U.S.C. 208(a).

I am concerned, therefore, that any dealings you may have with those companies during your tenure as Director of BLM, either be restricted or handled in accordance with applicable provisions of the law. I am not unmindful of the fact that the minerals leased to the companies are privately owned and the lands under which they lie are privately owned, that the mineral rights were first acquired by your family as long ago as 1919 and that you now hold them by inheritance, that the leases are managed by the Charles A. Shear Company, and that your net worth is several million dollars thereby not making you dependent upon these royalty payments in any significant manner. I am also pleased to note that you intend to leave the maangement of the leases in the Charles A. Shear Company and that you have instructed that all payments received from those companies be distributed by a trustee to charity. You also intend to recuse yourself from any participation in particular matters specifically involving BLM and the companies paying your royalties. It is to this last point that I wish to address myself. In order to assure total compliance with 18 U.S.C. 208(a), you are directed to adhere to the following procedure, once you are confirmed as Director of BLM, in all dealings with those companies paying you royalties.

If and when any proceeding, application, request for ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other particular matter involving any of the companies paying you royalties comes to your attention you are to immediately transmit the entire particular matter to the Secretariat with an explanation attached explaining in full your financial interest in the company. The transmittal letter to the Secretariat is to contain no recommendation or other personal observations or comments by you. Upon receipt, the Secretariat, without further consultation with you as to the merits of the particular matter will determine, pursuant to 18 U.S.C. 208(b)(1), whether (1) the particular matter will be handled by the Secretariat, or (2) the particular matter will be handled by you. If the Secretariat determines that the particular matter will be returned to you for handling, you will be provided in advance with a written statement of that determination that your financial interest is not so substantial as to be deemed likely to affect the integrity of the services that the Government may expect from you.

I am approving this procedure and directing your compliance with it beased upon the advice of the Deputy Department Ethics Counsellor and the Deputy Solicitor that, if adhered to, it will constitute compliance with the waiver provisions of 18 U.S.C. 208(b)(1).

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., May 1, 1981.

Hon JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is a follow-up to our opinion letter of April 7, 1981, and the memorandum of March 9, 1981 from the Deputy Department Ethics Counselor, Department of the Interior as they pertain to the nomination by President Reagan of Robert F. Burford as Director, Bureau of Land Management, Department of the Interior.

You have asked that we address our comments to the manner in which the Department of the Interior proposes to handle certain oil and gas royalties from mineral rights which accrue to Mr. Burford's benefit from leases which have been granted to Tenneco, Fuelco, Provident Resources, Coseko and Belco.

Executive Order 11222, Part V, Section 503 delegates the President's authority to the Secretary of the Interior to grant any 18 U.S.C. 208(b)(1) waivers which may be appropriate to the financial holdings of the Director, Bureau of Land Management. Each such waiver determination must be made on an *ad hoc* basis, with the particular facts of the individual case controlling.

We have reviewed the procedures outlined in Mr. Burford's memorandum of May 1, 1981 to this Office. We are of the opinion that this memorandum accurately reflects the proper procedures to be used in determining whether Mr. Burford's financial interests under 18 U.S.C. 208(a) may be waived under the provisions of 18 U.S.C. 208(b)(1).

Sincerely,

J. JACKSON WALTER,
Director.

[1] Tenneco, Fuelco, Provident Resources, Coseko and Belco.

GARREY E. CARRUTHERS

Mr. MCCLURE. Mr. President, turning to the nomination of Garrey E. Carruthers, to be Assistant Secretary for Land and Water Resources, I submit the following. Mr. Carruthers was born in Alamosa, Colo., and is a professor in agricultural economics at New Mexico State University. He was a White House fellow in 1975–76, and director of the New Mexico Water Research Institute in 1976–78.

Mr. Carruthers has recused himself from any decisions in specific matters involving the department and New Mexico State University. He will be on leave of absence from the university during his tenure as Assistant Secretary enabling him to remain eligible for retirement benefits. Mr. Carruthers has completed all contracts outstanding with his consulting firm which will be dormant during his Government service. The Office of Government Ethics has approved Mr. Carruthers' actions.

Mr. President, I ask unanimous consent to have printed in the RECORD all the pertinent data including recusals, committee forms, letters from the Office of Government Ethics concerning Mr. Carruthers' actions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE—COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Carruthers, Garrey Edward.

Position to which nominated: Assistant Secretary—Land & Water Resources.

Date of nomination: April 1, 1981.

Date of birth: 29 August 1939.

Place of birth: Alamosa, Colo.

Marital status: Married.

Full name of spouse: Katherine Carruthers.

Name and ages of children: Deborah 19, Carol 13, Steven 10.

Education, institution, dates attended, degrees received, and dates of degrees:

New Mexico State University, 1964, B.S., 1964.

New Mexico State University, 1964–65, M.S., 1965.

Iowa State University, 1965–68, Ph. D., 1968.

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

1968–1972. Assistant Professor, Department of Agricultural Economics and Agricultural Business. New Mexico State University, Las Cruces, New Mexico.

1972–1974. Associate Professor, Department of Agricultural Economics and Agricultural Business, New Mexico State University. Las Cruces, New Mexico.

1974–1975. Special Assistant to the Secretary of Agriculture, Department of Agriculture and White House Fellow. Washington, D.C.

1975–1976. Associate Professor, Department of Agricultural Economics, and Agricultural Business, New Mexico State University, Las Cruces, New Mexico.

1976–1978. Acting Director of New Mexico Water Resources Research Institute, Las Cruces, New Mexico.

1978–1979. Associate Professor, Department of Agricultural Economics and Agricultural Business, New Mexico State University, Las Cruces, New Mexico.

7/79–Present. Professor, Department of Agricultural Economics and Agricultural Business, New Mexico State University, Las Cruces, New Mexico.

Military service: Enter all military service if not included above: service, dates, rank, type of discharge. None.

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

White House Fellow 1974–75.

Scholarships: Sears Roebuck, Prices Creamery, Ralston Purina.

Thesis Award—Western Farmers Economic Assn.

Junior Chamber of Commerce—Outstanding Young Man of America.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Breakfast Optimist Club of Las Cruces, Las Cruces, New Mexico, Vice President and President 1972–1973.

University Golf Association, Las Cruces, New Mexico, Vice President and President.

New Mexico State University Graduate Council, Las Cruces, New Mexico, Secretary.

Phi Kappa Phi, President.

Alpha Zeta, Sponsor.

Agriculture and Home Economics Council, Las Cruces, New Mexico, Advisor.

Agricultural Economics Club, Advisor.

American Agricultural Economics Assn.

Western Agricultural Economics Assn.

American Academy of Political and Social Services.

Sigma Xi.

Omicron Delta Epsilon.

Gamma Sigma Delta.

Published writings: List the titles, publishers and dates of any books, articles, or reports you have written.

Gray, James R. and Garrey E. Carruthers, *Economic Impact of Recreational Developments in the Research Ranger District*, New Mexico Agricultural Experiment Station Bulletin 515, 1966.

Carruthers, Garrey E., "Characteristics of Iowa Recreations," Monograph for Iowa Conservation Commission, April 1, 1969, 76 pp.

Carruthers, Garrey E., "Simulation of the Public Outdoor Recreation Sector: A Tool for State-Wide Planning," *Proceedings*, Western Agricultural Economics Association Annual Meeting, July 1969, 14 pp.

Gorman, William D. and Garrey E. Carruthers, "Feasibility of Increased Production of Feeder Cattle in Iowa," Agri-Research Management Consultants for Iowa Development Commission, September, 1969, 37 pp.

Carruthers, Garrey E., "Simulation of Iowa's Public Outdoor Recreation Sector: A Review of the Basic Model," Western Regional Science Association, San Diego, March 1, 1970, 14 pp.

Carruthers, Garrey E. and Wilbur Maki, "A Decision Oriented Resource Management Model," *Regional Science Perspective*, a journal of the Mid-Continent Science Association, July 1970.

Eastman, Clyde, Garrey E. Carruthers and James Liefer, "A Comparison of Anglo and Spanish-American Attitudes Toward Land Use and Ownership," *Proceedings*, Western Agricultural Economics Association Annual Meeting, July 1970, 8 pp.

Carruthers, Garrey E. and Clyde Eastman, *An Inventory of Natural, Human, and Social Overhead Capital Resources in North-Central New Mexico*, New Mexico Agricultural Experiment Station Research Report No. 184, February 1971.

Carruthers, Garrey E., William P. Gotsch, J'Wayne McArthur and William Waneka, *Labor Resources in the Four Corners Economics Development Region*, Special Report No. 1, Four Corners Regional Commission, March 1971.

Eastman, Clyde, Garrey E. Carruthers and James Liefer, "Contrasting Attitudes Towards Land in New Mexico," *New Mexico Business*, Vol. 24, No. 3, March 1971.

Eastman, Clyde, Garrey E. Carruthers and James Liefer, *Evaluation of Attitudes Towards Land in North-Central New Mexico*, New Mexico Agricultural Experiment Station Bulletin 577, May 1971.

Carruthers, Garrey E. and Clyde Eastman, *A Comparative Economic Analysis of North-Central New Mexico*, New Mexico Agricultural Experiment Station Research Report No. 211, October 1971.

Carruthers, Garrey E., Billy Gomez and N. Scott Urquhart, "Assessing Potential Commuting Mobility of Residents of a Rural Region," *Proceedings*, Western Agricultural Economics Association Annual Meeting, July 1971.

Fuller, Stephen, Garrey E. Carruthers, and Alan Randall, "Economic Constraints to Rural Development," Western Social Research Advisory Committee, Tucson, Arizona, April 1971.

Carruthers, Garrey E. and N. Scott Urquhart, "Some Methodological Considerations for Rural Community Services Research," *Proceedings*, National Workshop on Community Services, presented to the National Workshop on Problems of Research on Delivery of Community Services, Lincoln, Nebraska, December 13–16, 1971.

Carruthers, Garrey E., Keith Mitchell and Thomas Williams, *An Interindustry Model of the Economy of North-Central New Mexico*, New Mexico Agricultural Experiment Station Research Report 237, July 1972, 48 pp.

Carruthers, Garrey E., *Preliminary Economic Potential Analysis for North-Central New Mexico*, monograph prepared for North-Central New Mexico Economic Development District, May 1972.

Erickson, Eugene C., Garrey E. Carruthers and Wayne Oberle, "Delivery of Community Services to Rural Areas," *Proceedings*, Workshop on Current Rural Development Research, sponsored by Northeast Center for Rural Development, July 1971.

Eastman, Clyde, Garrey E. Carruthers, N. Scott Urquhart and Bealquin Gomez, "Labor Mobility in North-Central New Mexico," *New Mexico Business*, Vol. 26, No. 6, June 1973.

Carruthers, Garrey E., N. Scott Urquhart, Clyde Eastman and Billy Gomez, *A Socio-economic Analysis of Labor Mobility, North-Central New Mexico*, New Mexico State University Agricultural Experiment Station Research Report 258, August 1973.

Carruthers, Garrey E., Kathryn Renner and N. Scott Urquhart, *Expansion of Economic Base Analysis: Labor Availability in North-Central New Mexico*, New Mexico State University Agricultural Experiment Station Research Report 264, August 1973.

Mertes, James, Garrey E. Carruthers and Kathryn Renner, *Regional Environmental Management in West Texas and Eastern New Mexico—Resource Problems and Resource Opportunities—An Interdisciplinary Study*, preliminary draft presented to Eisenhower Consortium.

Carruthers, Garrey E., Clyde Eastman, N. Scott Urquhart and Kathryn Renner, "Assessing Willingness of Rural Residents to Commute: A Bidding Game Approach," Southwestern Sociological Association Meeting, Dallas, Texas, March 27–30, 1974.

Carruthers, Garrey E., Kathryn Renner and N. Scott Urquhart, "Use of Secondary Demographic Data in Projection of Manpower Availability," Rocky Mountain Social Science Association Meeting, El Paso, Texas, April 25–27, 1974.

Carruthers, Garrey E., Eugene C. Erickson and Kathryn N. Renner, *Delivery of Rural Community Services: Some Implications and Problems*, New Mexico State University and Western Regional Research Publication, Agricultural Experiment Station Bulletin 635, July 1975.

Eastman, Clyde, Kathryn Renner, N. Scott Urquhart, and Garrey E. Carruthers, *Patterns of Medical Service Use in New Mexico*, Comprehensive Health Planning Division, Health and Social Services Department, State of New Mexico, Journal Article 570 (November 1975)—a monograph published by the Health and Social Services.

Renner, Kathryn, Randy Eubank, N. Scott Urquhart, and Garrey Carruthers, "Assessing Rural Community Viability Findings in New Mexico," *Proceedings*, 1975 Southwestern Sociological Association Meetings, March 26–29, 1975.

Eastman, Clyde, Kathryn Renner, N. Scott Urquhart, and Garrey E. Carruthers, *Use and Adequacy of Health-Care Services in New Mexico*, New Mexico State University Agriculture Experiment Station Research Report 320, May 1976.

Carruthers, Garrey E., *An Assessment of Section 208 Planning: Procedures, Problems and Possibilities*, New Mexico State University, Cooperative Extension Service, Circular 400 N–7, July 1978.

Carruthers, Garrey E., "Planning to Control Non-point Water Pollution: An Agricultural Management Dilemma." New Mexico State University Agricultural Experiment Station Journal Article 689, published in *Journal of the American Society of Farm Managers and Appraisers*, 1979.

Carruthers, Garrey E., "Future Water Use Allocation Policies," *Proceedings* 9th Annual Land Use Symposium, October 1979.

Carruthers, Garrey E., "Uses of New Mexico's Saline Water Resources; An Economist Perspective, *Proceedings* 24th Annual New Mexico Water Conference, 1979.

Clark, Caleb, Garrey E. Carruthers, Clyde Eastman, "Intergovernmental Transfers and Local Government Expenditures in New Mexico: Distribution, Equity, and Politics," *American Political Science Association*, August 1979.

Clark, Caleb, Garrey Carruthers, Clyde Eastman, "Intergovernmental Transfers to New Mexico Municipalities: Is Everyone Getting Their Share?", in *Urban Interest*, New Mexico State University Agricultural Experiment Station Journal Article 748, 1980.

Eastman, Clyde, Garrey Carruthers, and Caleb Clark, "Consolidation of Municipal Governments: The Case of Las Vegas, New Mexico," New Mexico Agricultural Experiment Station Research Report 420, June 1980.

Qualifications: State fully your qualifications to serve in the position to which you have been named.

Future employment relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate. No. I will be on leave without pay from New Mexico State University during my tenure.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization. I will return to New Mexico State University as a professor upon completion of service.

3. Has anybody made you a commitment to a job after you leave government? Yes. New Mexico State University has indicated that they will retain my position for me.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term? No; not a fixed term.

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future? No.

Potential conflicts of interest: 1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated. None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated. None.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated. I had two contracts with the Department of Interior for small consulting contracts regarding the economic assessment of critical habitats.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy. None.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. N/A.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. I have been informed of the applicable laws and regulations regarding conflicts of interest by officials of the Department of the Interior and the Office of Government Ethics. I intend to take what appropriate action is necessary to comply with these laws and regulations.

Financial statement: 1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A. One outstanding contract to be paid by May 30. $3,200 from the State of New Mexico for consulting services.

3. Are any assets pledged? (Add schedule.) No.

4. Are you currently a party to any legal action? No.

5. Have you ever declared bankruptcy? No.

6. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain. Yes.

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit? Yes, audited in 1967–68. Return deemed correct by IRS.

CONSULTING CONTRACTS—GARREY E. CARRUTHERS, PH. D.

1970–71. North Central New Mexico Economic Development District. An economic assessment of alternate development strategies for North Central New Mexico. Received approximately $4,500.

1980. U.S. Fish and Wildlife Service, Department of Interior. Economic assessment of critical habitat—Chihuahua Chub. Received approximately $4,000.

1980. U.S. Fish and Wildlife Service, Department of Interior Economic assessment of critical habitat—Devils River Minnow. Received approximately $10,000.

1980. City of Las Cruces, New Mexico. Econometric analysis of public utility cost and revenues. Received $5,000.

1980. New Mexico Game and Fish Department. Econometric analysis of game and fish license sales and development of data management model. Received approximately $9,300.

FEBRUARY 17, 1981.

MEMORANDUM

To: Director, Office of Government Ethics.
From: Deputy Department Ethics Counselor.
Subject: Opinion Memorandum for Garrey E. Carruthers, Ph.D., Nominee for Assistant Secretary Land and Water—United States Department of the Interior.

The financial statement filed by Mr. Carruthers with the Office of Government Ethics and received by me on February 11, 1981 has been reviewed in accordance with the provisions set forth in 5 CFR 734.604(a).

In order to sign the certification it was necessary to obtain additional information covering the following items.

1. Garrey Carruthers Associates, Inc., a consulting firm of which Mr. Carruthers is President, will become dormant upon his confirmation. A statement to this effect is attached to the SF–278.

2. Mr. Carruthers received compensation in excess of $5,000 from the United States Fish and Wildlife Service (a bureau within the Department of the Interior) for economic assessments done in connection with his consulting work. He has informed me that the work for the U.S. Fish and Wildlife Service is now completed and that there are no contracts between the Department of the Interior and the Garrey Carruthers Associates, Inc. consulting firm.

3. Mr. Carruthers indicates that beginning on March 1, 1981 he will be on official leave without pay from New Mexico State University. This arrangement will allow Mr. Carruthers to retain medical and retirement benefits with New Mexico State University. No other benefits will be retained. Given the duties which Mr. Carruthers may be expected to perform as Assistant Secretary—Land and Water this relationship with New Mexico State University will not create a problem with the provisions of 18 U.S.C. 208 or any other conflict of interest provisions which are applicable to his position. However, should an unforeseen matter, directly involving the University, come before Mr. Carruthers or his staff, he has agreed to recuse himself from any participation in the particularly matter.

Based on the additional information obtained, I have certified that the information reported discloses no conflict of interest under applicable laws and regulations.

GABRIELE PAONE.

OFFICE OF GOVERNMENT ETHICS,
Washington, D.C.

Hon. JAMES A. MCCLURE,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Garrey E. Carruthers. President Reagan has nominated Mr. Carruthers for the position of Assistant Secretary—Land and Water of the Department of the Interior.

We have reviewed the report and have obtained advice from the Department of the Interior concerning any possible conflict in light of the agency's functions and the nominee's proposed duties. We have been advised that there are no current contracts between the U.S. Fish and Wildlife Service and the Garrey Carruthers Associates, Inc. consulting firm. Beginning on March 1, 1981, Mr. Carruthers will be on official leave without pay from New Mexico State University. This arrangement will allow Mr. Carruthers to retain vested retirement benefits with New Mexico State University. No other benefits will be retained.

Subject to these qualifications, we believe that Mr. Carruthers is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER,
Director.

FINANCIAL DISCLOSURE REPORT

Reporting individual's name: Carruthers, Garrey E.

Position for which filing: Assistant Secretary, Land and Water, Department of Interior.

Location of present office: Box 3169, New Mexico State University, Las Cruces, New Mexico 88003.

Presidential nominees subject to Senate confirmation: Committee on Energy and Natural Resources.

Date of appointment, candidacy, Election or Nomination: February 1981.

Room number: 340 Agriculture Building.

Termination date: January 1985.

GABRIELE J. PAONE,
Deputy Department Ethics Counselor.

INCOME AND INTERESTS IN PROPERTY—GARREY CARRUTHERS

Identification	Income: Type of income		Income: Category of amount or value				Interests in property: Valuation of assets	
	Interest	Other (specify)	$101–$1,000	$5,001–$15,000	$15,001–$50,000	Actual amount (only if "other" specified)	Valuation method	$5,001–$15,000
New Mexico State University (1980)		Salary			X	$31,092		
Garrey Carruthers Associates, Inc. (1980)		Consulting earnings		X		17,238	A	X
Fidelity Union Annuity	X		X					X

SCHEDULE D

Liabilities: None over $10,000.

Positions held: New Mexico State University, Las Cruces, New Mexico.

Garrey Carruthers Associates, Inc., 2720 Huntington, Las Cruces, New Mexico.

Type of organization: University, consulting firm.

Position held: Professor, November 1968 to present.

President, May 1979 to present.

Compensation in excess of $5,000 paid by one source: City of Las Cruces, New Mexico. U.S. Fish & Wildlife Service, Albuquerque, New Mexico. U.S. Fish & Wildlife Service, Albuquerque, New Mexico. New Mexico Game & Fish Department, Santa Fe, New Mexico.

Brief description of duties: Econometric Analysis of Utility Costs and Revenues. Economic Assessment of Critical Habitat Declaration—Mimbres Valley, New Mexico. Economic Assessment of Critical Habitat Declaration—Del Rio, Texas. Econometric Analysis of License Sales.

Relations with other employers: On official leave without pay.

Parties: New Mexico State University.

FEBRUARY 2, 1981.

Upon confirmation Garrey Carruthers & Associates Incorporated will become dormant.

One existing contract involving New Mexico Game and Fish Department will continue and will be completed April 15, 1981. This contract involves an econometric analysis of license sales and is not involved in any way with programs or operations of the Department of Interior.

GARREY E. CARRUTHERS.

APRIL 1, 1981.

I, Garry E. Carruthers, will recuse myself from any decisions relating to an application for transfer of Bureau of Land Management lands to the City of Ruidoso for the purpose of constructing an airport. The Bureau of Land Management lands desired by the City are currently used by New Nexico State University for rangeland research. The University does not wish to relinquish these lands as they view the research to be long term and of significant benefit to the southwest range livestock industry. The City has cited the need for a new airport because the current airport is considered, by them, to be dangerous. My relationship to New Mexico State University precludes me from making a judgment in this case.

GARREY E. CARRUTHERS, Ph. D.

AMENDMENT TO RECUSAL STATEMENT

In addition to the matters described in my original recusal statement presented to the Senate Committee on Energy & Natural Resources on April 8, 1981, if confirmed as Assistant Secretary for Land and Water Resources, I would recuse myself from participation in any aspect of litigation in federal or state court and any administrative proceedings other than the formulation or promulgation of a rule of general application, involving the adjudication or decision of a specific matter, such as an application or appeal within the Department of Interior or any other Department or agency of the federal government when the New Mexico State University is a party or applicant.

GARREY E. CARRUTHERS.

WILLIAM H. COLDIRON

Mr. McCLURE. Mr. President. I turn now to the nomination of William H. Coldiron to be solicitor, the Department of Interior.

Mr. Coldiron was born in Catlettsburg, Ky. He was a professor of law at the University of Montana and asssistant attorney general for Montana prior to joining Montana Power Co. in 1953. In that company he has served as general counsel, executive vice president, and vice-chairman of the board.

In order to avoid any conflicts of interest Mr. Coldiron is taking the following actions:

Selling stock in Montana Power, Big Creek Apex Mining Co., Utah Power and Light Co., Ashland Oil, Inland Steel and Gulf Oil.

Recusing himself from any particular matters involving the department and Montana Power or its subsidiaries.

Mr. President, I ask unanimous consent that the documentation concerning Mr. Coldiron's actions and statements before the committee be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Coldiron, William Halbert.

Position to which nominated: Solicitor, Department of the Interior.

Date of birth: 12 August 1916.

Place of birth: Catlettsburg, Kentucky.

Marital status: Married.

Full name of spouse: Margaret Thrailkill Coldiron.

Name and ages of children: Steven F. Coldiron, 36; Margaret Coldiron, 26; and John R. Coldiron, 20.

Education: Western Kentucky State U., 1934–1936; Morehead Kentucky State U., 1936–1938, AB, 1938; University of Kentucky, 1939–1947, JD, 1947.

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

Clerk of Circuit Court, State and Greenup County, Ky., 1939–1940.

Law School, University of Kentucky, 1940–1942.

U.S. Army, 1942–1946.

Professor, Law School, University of Montana, Missoula, Mont., 1947–1950.

Assistant Attorney General, State of Montana, Helena, Mont., 1950–1951.

Professor, Law School, University of Montana, Missoula, Mont., 1951–1954.

Attorney, General Counsel, Vice President and General Counsel.

Executive Vice President, Vice Chairman of the Board of the Montana Power Company, Butte, Montana, 1953–Present.

Military service: U.S. Army, May 1942-Private; May 1943-Second Lieutenant; 1944-First Lieutenant; 1944–1946-Captain—Honorable Discharge.

Honors and awards: Order of Coif-Law Honorary, Bronze Star.

Memberships: American Bar Association, State Delegate from Montana (1978–Present), 1950–Present; Fellow American Bar Foundation, 1964–Present; State Bar of Montana, President (1963–1964), 1948–Present; Federal Energy Bar Association, 1969–Present; Butte-Silver Bow Bar Association, 1953–Present; Kentucky Bar Association, 1947–Present; Western Environmental Trade Association, Director 1976–1981, 1976–Present; Butte Chamber of Commerce, 1962–Present; Citizens Advisory Council for the University of Montana, 1979–Present; The Montana Club, 1950–1951, 1957–Present; Butte Country Club, 1953–Present; and Butte Town Club, Director 1978–1981, 1972–Present.

Published writings: None.

QUALIFICATIONS

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate. Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization. No.

3. Has anybody made you a commitment to a job after you leave government? No.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term? Not applicable.

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future? No.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

The Montana Power Company, and some of its subsidiaries, hold lease, permits and other authorizations from the Department of the Interior.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated. I own or my wife owns stock in the Montana Power and Light Company, Big Creek Apex Mining Company, Utah Power and Light Company, Ashland Oil Company, Inland Steel Company, and Gulf Oil Company will have various dealings with the Department of the Interior.

RÉSUMÉ

William H. Coldiron, 40 East Broadway, Butte, MT 59701. Tel. (406) 723–5421.

Born in Catlettsburg, Kentucky—August 12, 1916.

Attended public schools in Kentucky and Washington, D.C.

Received BA Degree at Morehead State University, Kentucky in 1938 and a Juris Doctor Degree from University of Kentucky College of Law in 1947, Editor of Kentucky Law Journal and Order of Coif.

Served as a Clerk of the Circuit Court 20th Judicial District Court of Kentucky 1939–41.

Served in the United States Army 1942–46 in the European Theater of Operations and was discharged with rank of Captain in 1946.

Professor of Law at the University of Montana Law School from 1947 to 1950; and 1951 to 1954. Taught variety of courses but principally Oil and Gas Law, Water Law and Mining Law.

Served as Assistant Attorney General of the State of Montana 1950–51.

Joined Montana Power Company in 1953.

Montana Power Counsel and adviser on all regulatory and business matters of the Company and its subsidiaries in the United States, the Province of Alberta and Canada.

Participated actively in all matters before the Canadian National Energy Board, the Alberta Oil and Gas Conservation Commission and the U.S. Federal Energy Regulatory Commission.

Montana Power General Counsel 1965.

Vice President and General Counsel 1968–75.

Elected Director 1974.

Executive Vice President—1975–79.

Director and Vice Chairman of the Board of The Montana Power Company and its domestic subsidiaries 1979 —.

Director and President of Canadian-Montana Gas Company Limited, Canadian-Montana Pipe Line Company and Roan Resources Company 1974 —.

Montana State Delegate to American Bar Association House of Delegates 1978 —.

Chairman of Public Utility Law Section

of American Bar Association 1976–77; Chairman of Electric Power Committee of Section of Natural Resources of American Bar Association 1974–75.

Fellow of American Bar Foundation.

Member of Federal Energy Bar Association, Chairman of Nominating Committee 1979.

Chairman, Legal Committee of Edison Electric Institute 1971–73.

Co-chairman of Committee for Revising Corporation Laws of Montana.

President of Montana Bar Association 1963–64; Member of Executive Committee Montana Bar Association 1961–66; Chairman of Resolutions Committee 1969 —.

Admitted to practice for the United States Supreme Court; Court of Appeals of the District of Columbia and Tenth Circuits; United States District Court of Kentucky and Montana; Supreme Court of Kentucky; Supreme Court of Montana.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated. None except as listed in one and two above.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy. None.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

I will sell the stock listed in two above if confirmed. I will retire from Montana Power and sever all relationship with that Company (see attachment).

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them.

I will sell stock in all companies having dealings with the Department of the Interior. I will retire from The Montana Power Company. My pension will be vested and funded at retirement and will be paid by Crocker Investment Management Company, and it cannot be changed by The Montana Power Company.

CONFLICT OF INTEREST

If confirmed by the United States Senate, I will retire from The Montana Power Company, and sever relations of every kind whatsoever with The Montana Power Company and its subsidiaries.

Upon retirement, I will be entitled to receive a pension which is vested and funded. The pension will be paid from a trust fund which is held and managed by the Crocker Investment Management Company of San Francisco, California. The Montana Power Company cannot increase or decrease the amount of this pension. If confirmed by the Senate, I will sell all of the stocks which I own in any corporation that engages in activities which are subject to the various laws administered by the Department of the Interior.

I have consulted with the Ethics Counselor of the Department of the Interior as to the stocks which I own or are owned by members of my immediate family that will present conflict of interest problems. He has indicated that, if I dispose of the stocks listed in item two of the section entitled "Potential Conflicts of Interest," I will comply with the various laws governing conflicts of interest matters applicable to the Department of the Interior.

I hold two stock options from The Montana Power Company which will be surrendered to the company if I am confirmed.

If confirmed, I will recuse myself from all pending and future matters before the Department of the Interior involving The Montana Power Company or any of its subsidiaries.

A statement from the appropriate agency official indicating the laws and regulations dealing with conflict of interest applicable to the Department of the Interior is attached.

FINANCIAL STATEMENT

List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

I have certain stock options from The Montana Power Company which I will surrender at the time of my retirement. Otherwise. I have no arrangements for deferred income or benefits. I will receive a pension based on my years of service with The Montana Power Company. The amount of the pension is fixed, vested and funded as of the date of retirement. The pension is paid from a trust fund which is in no way controlled by The Montana Power Company.

Are any assets pledged? No.

Are you currently a party to any legal action? No.

Have you ever declared bankruptcy? No.

Have you filed a Federal income tax return for each of the last 10 years? If not, please explain. Yes.

Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit? No.

Reporting Individual's Name: Coldiron William H.

Position for Which Filing: Solicitor, Department of the Interior.

Location of Present Office: 18th and C Streets, N.W., Washington, D.C. 20240.

Name of Congressional Committee Considering Nomination: Senate Energy and Natural Resources.

Do You Intend to Create a Qualified Diversified Trust? Yes.

Title of Position(s) and Date(s) Head: None.

GABRIELE J. PAONE,
Deputy Department Ethics Counselor.

INCOME AND INTERESTS IN PROPERTY—WILLIAM H. COLDIRON

Identification (spouse (S), dependent child (DC), joint (J))	Income: Type of income: Dividends	Income: Type of income: Other (specify)	Income: Category of amount or value: None (or less than $101)	$101–$1,000	$1,001–$2,500	Actual amount only if "other" specified	Interests in property—Valuation of assets: Valuation method	$1,001–$5,000	$5,001–$15,000	$15,001–$50,000	$50,001–$100,000
Montana Power Co.		Salary				$99,000					
Montana Power Co. (savings plan)		No income for 1980					A		X		
Montana Power Co. (life insurance plan)		No income paid									X
Montana Power Co. (DC) (summer job)		Salary				3,300					
Summer home improvement on land leased from State of Montana.		No income					A			X	
Montana Power Co. (common)	X				X		H			X	
Montana Power Co. ($2.15 perferred)	X			X			H	X			
Commonwealth Edison Co.	X				X		H		X		
Utah Power & Light Co.	X				X		H		X		
Montana Power Co. (common) (J)[1]	X				X		H			X	
Ashland Oil, Inc. (J)[1]	X		X				H	X			
Smith Barney Equity Fund (J)[1]	X			X			H	X			
Castle & Cook, Inc. (J)[1]	X			X			H	X			
Westinghouse Corp. (J)[1]	X		X				H	X			
Medtronic, Inc. (J)[1]	X		X				H		X		
Inland Steel Co. (S)	X		X				H	X			
Northwest Airlines, Inc (S)	X		X				H	X			
Kraft-Dart, Inc. (S)	X			X			H		X		
Allis-Chalmers Corp. (S)	X			X			H		X		
American Telephone & Telegraph (S)	X			X			H		X		
Medtronic, Inc. (S)	X			X			H		X		
Gulf Oil Corp. (S)	X			X			H	X			
Boston Edison Co. (S)	X		X				H	X			
Montana Power Co. (S)	X		X				H	X			

[1] Owned jointly by William and Margaret Coldiron.

Liabilities: None.

Positions held: The Montana Power Company, 40 East Broadway, Butte, Montana 59701, Public Utility and Natural Resources Co., Director, Exec. Vice President and Chairman, March 1974, will resign upon confirmation.

Western Environmental Trade Association, Helena, Montana 59601, Promotion & Environmental Non-Profit Corp., Director, March 1976, will resign upon confirmation;

American Bar Association, Member, House of Delegates, Sept. 1978, Present.

Compensation in excess of $5,000 paid by one source:

The Montana Power Co., 40 E. Broadway, Butte, Mont. 59701, general legal work required by the Montana Power Company and its subsidiaries. Executive work in connection with oil and gas business in the United States and Canada. Governmental relations with the State of Montana.

Relations with other employers:

Note: Retain membership in a life insurance plan maintained by the Montana Power Company for its active and retired employees. My rights under this are fixed at retirement.

OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., March 24, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by William H. Coldiron, who has been nominated by President Reagan for the position of Solicitor, Department of the Interior.

We have reviewed the report and have also obtained advice from the Department of the Interior concerning any possible conflict in light of the Department's functions and the nominee's proposed duties.

We have been advised that Mr. and Mrs. Coldiron will dispose of their interests in Montana Power Company, Utah Power Company, Ashland Oil Company and Gulf Oil Company. Also, because of his past association with the Montana Power Company, Mr. Coldiron has agreed to recuse himself from any official actions as Solicitor involving the Montana Power Company which are now pending or which may come before the Department.

Additionally, we have been advised that the Montana Power Company Savings Plan reported by Mr. Coldiron on Schedule A consists of cash contributions by Mr. Coldiron and by the Montana Power Company. Upon his retirement from Montana Power Company, the assets contributed to Mr. Coldiron's savings plan account will be distributed to him in cash and in shares of Montana Power Company stock. Mr. Coldiron has agreed to dispose of this stock upon its distribution.

We have also been informed that while agency regulations do not require Mr. Coldiron to dispose of his indirect interest in Inland Steel Corporation, he has agreed to recuse himself from any official actions when that action might specifically involve the Inland Steel Corporation.

Subject to the above conditions, we believe that Mr. Coldiron will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER,
Director.

MEMORANDUM, MARCH 9, 1981

To: Director, Office of Government Ethics.
From: Deputy Department Ethics Counselor.
Subject: Opinion Memorandum for William H. Coldiron, Nominee for Solicitor, United States Department of the Interior.

The financial statement filed by Mr. Coldiron has been reviewed in accordance with the provisions set forth in 5 CFR 734.604(a).

I have signed the certification based on the following analysis and planned resolutions:

1. Financial interests in Montana Power Company, Utah Power Company, Ashland Oil Company and Gulf Oil Company:

Four statutory prohibitions are extended by Departmental regulations (43 CFR 20.735–13(c)) to the Solicitor and to other secretarial officers. The four statutory prohibitions are:

(a) 30 U.S.C. § 6, covering the Director and members of the Bureau of Mines,

(b) 43 U.S.C. § 11, covering the Director and members of the Bureau of Land Management,

(c) 43 U.S.C. § 31(a), covering the Director and members of the U.S. Geological Survey, and

(d) 18 U.S.C. § 437, covering the Commissioner and members of the Bureau of Indian Affairs.

This regulatory extension is made to encompass those department level officials who may exercise supervision over or influence decisions made by employees in each of the affected bureaus. As Solicitor, Mr. Coldiron will influence major decisions in each of these bureaus.

The financial interests in the companies listed are prohibited by the provisions set forth in 43 U.S.C. § 11 and 43 U.S.C. § 31(a). These companies and their subsidiaries conduct extensive operations on federal lands leased from the Department of the Interior. Further, each company leases vast amounts of federal land from the Department and their operations on federal lands result in significant business-related interests in the policies of the Department.

In addition to the statutory and the regulatory provisions cited above, all Department of the Interior employees are prohibited from having direct or indirect financial interests that conflict or appear to conflict substantially with their official duties or responsibilities. See 43 CFR 20.735–15. This provision is based upon Executive Order 11222, 30 FR 6469, 3 CFR 1964–65 (Comp.), as amended (18 U.S.C. 201 note). An indirect interest is defined as a financial interest which the employee benefits from even though the interest is held in the name of another person, such as a spouse. Therefore, this provision may be construed to encompass the financial interests held solely by Mrs. Coldiron in Gulf Oil Company and Montana Power Company.

Mr. and Mrs. Coldiron have agreed to sell or transfer their financial interests in these companies. Evidence of such sale or transfer has been requested and will be made a part of Mr. Coldiron's official file.

2. Financial interest in Inland Steel Corporation:

Statutory provisions contained in 30 U.S.C.A. 1211(f) prohibit any federal employee who performs functions or duties under the Surface Mining Control and Reclamation Act of 1977 (the Act) from retaining direct or indirect financial interests in surface or underground coal mining operations.

Regulations implementing provisions of the Act are contained in 30 CFR Part 706. These regulations define indirect interest to mean:

The same financial relationships as for direct ownership, but where the employee reaps the benefits of such interests, including interests held by his or her spouse, minor child and other relatives, including in-laws, residing in the employee's home. The employee will not be deemed to have an indirect financial interest if there is no relationship between the employee's functions or duties and the coal mining operation in which the spouse, minor children or other resident relatives hold a financial interest. (30 CFR § 706.3)

Since the financial interest in Inland Steel Corporation is held solely by Mrs. Coldiron it will not be necessary for her to divest herself of that financial interest. As Solicitor, Mr. Coldiron will perform important functions and duties under the authorities of the Act. However, it is unlikely that the duties that Mr. Coldiron will perform under the Act will specifically involve the Inland Steel Corporation since Inland Steel does not lease federal lands or have significant operations that are regulated by this Department or significant business-related interests which depend on favorable policies from this Department. Therefore, to comply with the prohibitions in the Act and with the intent of the definition of indirect financial interest in 30 CFR § 706.3, Mr. Coldiron has agreed to recuse himself from any official actions which may be required of him as Solicitor when that action will specifically involve the Inland Steel Corporation.

My review of the other financial securities and interests reveal no other problems with any applicable conflict of interest statutes or regulations. However, Mr. Coldiron revealed that he has a financial interest in Big Creek Apex Company which is a non-operating silver-mining venture. Mr. Coldiron's interest in this company does not appear on his SF–278 since there is no income from the stock and the value of the asset is below $1,000. Although this interest does not currently present a problem, Mr. Coldiron feels that the potential for its future development, if any, may depend on issues related to this Department's programs. He has therefore ordered the sale of this stock.

Please call me at 343–5916 should you have any questions.

Sincerely,

GABRIELE J. PAONE,
Deputy Department Ethics Counselor.

RECUSAL STATEMENT OF WILLIAM H. COLDIRON, NOMINEE FOR SOLICITOR, DEPARTMENT OF THE INTERIOR

If confirmed as Solicitor, Department of the Interior, I would recuse myself from any aspect of litigation in federal or state court and any administrative proceeding, other than the formulation or promulgation of a rule of general application, involving the adjudication or decision of a specific matter such as an application or appeal within the Department of the Interior or any other department or agency within the federal government, in which Inland Steel Corporation or The Montana Power Company, including its subsidiaries, is a party or an applicant.

WILLIAM H. COLDIRON.

Mr. McCLURE. Mr. President, I urge my colleagues to support these nominations and wish once again to point out that there has been great personal sacrifice made by these nominees in order to serve their country.

GARREY E. CARRUTHERS

Mr. DOMENICI. Mr. President, among the distinguished nominees to senior po-

sitions in the Department of the Interior today is one who I hold in high respect and admiration. Garrey Carruthers, nominated to be Assistant Secretary of the Interior has been a friend for many years and an outstanding citizen of New Mexico.

Mr. Carruthers has had a distinguished academic and professional career and I have the utmost confidence that he will bring his experience and expertise, which is highly regarded with those familiar with land and water resources, to the Department of the Interior.

I know that this is a very proud day for the entire congressional delegation from New Mexico as well as a proud day for the citizens of our State.

Mr. Carruthers has had an outstanding career at New Mexico State University where he has been a faculty member of the Agricultural Economics Department and director of the New Mexico Water Resource Institute.

It is with deep pride and satisfaction that I support the confirmation of Garrey Carruthers.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has granted its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I move that the Senate return to legislative session.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

AUTHORITY FOR COMMITTEE ON ARMED SERVICES TO FILE REPORT

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Armed Services have until midnight tonight to file its report.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR DOMENICI

Mr. BAKER. Mr. President, I thank the distinguished Senator from New Mexico for permitting us to take care of these details.

I ask unanimous consent that the time consumed which he yielded to me not be charged to the time allocated to him under the special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Mexico is recognized, under the previous order, for not to exceed 15 minutes.

RECONCILIATION RECOMMENDATIONS OF THE COMMITTEE ON FINANCE

Mr. DOMENICI. Mr. President, the Senate Finance Committee, by an overwhelming vote yesterday, voted out its reconciliation recommendations. It is a tribute to the exemplary leadership of Chairman DOLE and the entire committee that the savings they have recommended exceed those mandated by the Senate instruction to the committee by $850 million in fiscal year 1982 and by about $900 million in fiscal year 1983.

Overall, the committee has recommended changes in already enacted laws that will save $10.3 billion in 1982 and $11.9 billion in 1983. In light of the fact that the Finance Committee was given the largest single savings instruction in these years, the rapid and complete action of the committee stands as a symbol to the entire Nation that Congress can and will make the hard choices that are necessary if we are to achieve fiscal solvency.

I know for a fact that the overwhelming majority in favor of the chairman's recommendations yesterday was achieved only after 2 weeks of intensive negotiations by Senator DOLE and others. The leadership Senator DOLE has shown in this most difficult exercise is a tribute to him and should be reassuring to those citizens who wonder if Washington can change its ways.

I hope that all other committees will take the leadership of Senator DOLE and the Finance Committee to heart and will also proceed quickly to completely and enthusiastically complete action on their reconciliation mandate. I must point out that the Finance Committee saved in just 4 weeks about 2½ times more money than the entire Congress saved in 8 months in 1980. This is an extraordinary feat and I send my personal congratulations to the chairman and to the entire committee.

Mr. BAKER. Mr. President, I would like to join in the remarks of the distinguished chairman of the Senate Budget Committee (Mr. DOMENICI) with regard to the exemplary work performed yesterday by the Senate Finance Committee and its most distinguished chairman (Mr. DOLE).

As Senator DOMENICI noted, the Finance Committee by an overwhelming and bipartisan vote implemented the fiscal 1982 and 1983 spending reductions appropriate to its jurisdiction and in keeping with the budget reconciliation resolution adopted by the Senate this past month. It truly was an extraordinary accomplishment—both in the expeditious manner in which it occurred and in the scope of the committee's reductions.

As my colleagues may recall, the economic recovery program proposed by President Reagan requested spending reductions of $9.2 billion in fiscal 1982 and $10.2 billion in fiscal 1983 in programs within the purview of the Finance Committee.

The Senate's own reconciliation resolution increased those reduction figures to $9.4 billion in fiscal 1982 and $11.08 billion in fiscal 1983.

Either set of those figures would have themselves constituted a remarkable accomplishment. However, the Finance Committee, under the most effective guidance of Senator DOLE, has gone both the President and the full Senate one better still. The committee reductions adopted yesterday provide for an aggregate reduction of $10.3 billion in fiscal 1982 and $11.9 billion in fiscal 1983—better than $1 billion more in reductions for each year than either the President or the reconciliation resolution requested.

Those reductions, in excess of those requested of the committee, will do much to help the Congress in dealing with the nagging outyear deficit projections of which we are hearing so much. The committee is to be commended for its foresight in this regard.

In addition, as my colleagues will note, the committee, while meeting and even bettering the guidelines established for it, nonetheless also managed to make its own mark on the reductions and to take into account the political sensitivities of the Congress by modifying the allocation process by which Federal funds are transmitted to State and local levels. Furthermore, it made these modifications expeditiously and in a true bipartisan spirit.

For that bipartisan spirit, Chairman DOLE and the distinguished ranking Democratic member of the committee (Mr. LONG) are to be thanked and commended. The performance of the Finance Committee, under Senator DOLE's leadership, has established a standard to which we can all aspire.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT (S. 815)—AMENDMENT NO. 41

SURVIVABLE OPTICAL FORWARD ACQUISITION SYSTEM

Mr. DOMENICI. Mr. President, today I am introducing, along with Senator LAXALT, an amendment to S. 815, the fiscal year 1982 defense authorization bill, to establish a program to develop a strategic early warning and attack assessment capability which I believe will make a number of important contributions to the U.S. strategic posture. This capability, known as the survivable optical forward acquisition system (SOFAS) would utilize telescopes and long-wave infrared sensor technology mounted on rocket boosters.

In the event that the U.S. satellite early warning system or ballistic missile early-warning system (BMEWS) indicated a Soviet strategic attack, or did not indicate an attack when one was suspected, the United States could launch these optical probes into space within a few minutes. Once in position, these probes could scan the suspected attack corridor and provide instantane-

ous information to the national command authority and strategic force commanders regarding the size and nature of an attack. Each SOFAS probe could remain on station continuously sending real-time information on the status of the attack. Subsequent probes could also be launched in order to maintain a constant monitoring over an extended period of time.

Mr. President, such a capability would have obvious strategic advantages. It is well known that Soviet activities in the field of antisatellite warfare have raised concerns about the survivability of U.S. strategic attack warning sensors in space. The sudden loss of communication with these systems during a crisis period could cause great uncertainty and place U.S. officials at a severe disadvantage regarding the status of the strategic military situation.

Similarly, the land-based ballistic missile early warning system (BMEWS) could be susceptible to a preemptive or even a terrorist attack which could deny the United States the benefits of its detection capabilities. In either instance, SOFAS could serve as a survivable and redundant early warning capability which could be launched to its station in minutes and provide accurate and reliable assessments of the strategic situation.

Additionally, Mr. President, it should be borne in mind that, even when U.S. early warning systems are operational, there have been several instances of false alerts and spurious signals which have inevitably led to several harrowing minutes of crisis and uncertainty—including raising U.S. strategic forces to high states of readiness to launch—while the military and civilian command sought to confirm whether an attack was actually occurring. Thankfully, these alarms were all due to computer errors and not real attacks. But the confusion they created is not what we expect our strategic deterrent to exhibit. SOFAS would play a useful role in alleviating such situations. In the event that an alarm was registered, a SOFAS probe could immediately be launched to scan the suspected attack corridor and confirm either that an attack was underway or that the warning was incorrect. Either way, the SOFAS information would be invaluable.

In the process of serving as a redundant and quickly available early warning/attack assessment capability, SOFAS would directly support the U.S. strategic retaliatory option of launch under attack (LUA). The driving requirement in U.S. strategic deterrence planning is that U.S. strategic forces must be able to absorb a Soviet first strike and still be able to respond at any level of strategic exchange including the ability to inflict unacceptable damage in a retaliatory attack against the Soviet Union. But the United States also retains the option not to choose to absorb a Soviet first strike but to instead launch its strategic forces in retaliation as soon as an attack is confirmed—this is the launch under attack option.

For some of the reasons already mentioned, the launch under attack option has been regarded with concern since it demands that the United States have absolute certainty that an attack is in progress. No U.S. leader would desire to launch U.S. strategic forces in retaliation until he had undisputable evidence that a Soviet strategic attack was in fact in progress and information regarding its size and nature. SOFAS could provide such information. Infrared sensors on SOFAS could detect Soviet warheads coming over the horizon while they were still thousands of miles from the United States and provide the U.S. national command authority with information upon which it could, if desirable, confidently base a decision to launch under attack. To the extent that the launch under attack option was made more credible, in addition to the basic U.S. ability to ride out a strategic attack and still retaliate, the strategic deterrent would be more stable. SOFAS would remove the danger of a U.S. hair trigger strategic response.

Mr. President, in addition to the strategic early warning and attack assessment attributes a SOFAS system would offer, it would also serve to advance the development of U.S. ballistic missile defense activities. In my opinion, ballistic missile defense (BMD) is the most exciting and important U.S. strategic force development to date. Technology improvements in this area in the past 10 years have been dramatic and have advanced to the point where it is feasible to talk of deploying an exoatmospheric nonnuclear kill ballistic defense capability capable of destroying the bulk of a Soviet strategic attack in space. Many aspects of this exoatmospheric ballistic missile defense are already well developed and ready for actual testing. But the critical technology where the most work remains to be done is in the area of attack detection and discrimination—the development of sensors able to identify Soviet warheads in space and lead kill vehicles directly to the warheads.

SOFAS deals directly with the sensor technology needed to perfect an exoatmospheric BMD capability. The SOFAS sensor requirement—merely to see a large mass of warheads, rocket boosters, penetration aids, and miscellaneous items coming over the horizon—is not nearly as demanding as the requirement for exoatmospheric BMD sensors which must distinguish between these items. However, the R. & D. necessary to perfect SOFAS will at the same time advance the development of a BMD quality discrimination probe. By developing SOFAS, the United States would acquire a useful, strategic asset while simultaneously benefiting from the synergism which SOFAS and a BMD probe program share. In the process of developing SOFAS, the United States could establish the feasibility of the BMD probe. Once deployed, SOFAS could also serve as a BMD probe test bed and advances in sensor technology could be easily added to SOFAS until it became, in effect, the BMD probe.

Mr. President, the BMD program has frequently been accused of being a "cookie jar" for R. & D. contractors because it is never required to produce a usable system. I would suggest that this charge is unfair because the BMD program is operating under the constraints of the 1972 ABM Treaty. However, establishment of SOFAS as a line item program would have the beneficial effect of focusing an important aspect of ongoing BMD technology and forcing it to respond to the requirements of an initial operating capability (IOC) goal. An eminently useful capability would result from the SOFAS program and the larger exoatmospheric BMD effort would be simultaneously advanced.

The SOFAS program has an additional advantage in that it is in no way inconsistent with the 1972 ABM Treaty limitations. In fact, by allowing the United States to gain useful information regarding the feasibility of exoatmospheric ballistic missile defense, SOFAS will allow work to continue within the tenets of the ABM Treaty. SOFAS will serve as a useful capability regardless of whatever steps the United States takes to redress the vulnerability of its land-based ICBM's—whether the decision be mobile basing, sea basing, or reliance on BMD.

Mr. President, the amendment being presented proposes establishing SOFAS as a new BMD line item program with a target IOC of fiscal year 1986. A first year funding of $31.2 million is proposed. The total R. & D. and procurement cost of a suitable number of SOFAS probes deployed on launchers is approximately $600 million.

I cannot stress too strongly, however, the synergistic relationship between SOFAS and exoatmospheric BMD. It is the intention of this amendment that the greatest effort be made to insure that SOFAS be totally a product of the mainline BMD effort. SOFAS should not be seen as a new effort but as an attempt to deploy a portion of an ongoing effort in order to reap a strategic advantage as soon as possible.

Mr. President, I feel strongly that SOFAS will serve as an invaluable addition to the survivability and redundancy of the U.S. strategic early warning and attack assessment capability. There have been too many recent examples of military and civilian leaders not having adequate information in a political/military crisis situation. This is not a state of affairs we should perpetuate, especially in regard to our strategic warning capability. SOFAS can help this situation. Additionally, by adding to the reliability of the launch under attack option, SOFAS can strengthen deterrence by reducing Soviet calculations concerning a successful surprise attack. But, Mr. President, perhaps the greatest value of the SOFAS program is as a vehicle to begin moving U.S. BMD efforts in a productive direction. BMD technology will surely grow in importance as a U.S. strategic option. This proposal will help place us in a position to capitalize upon this option in a timely fashion.

(By request of Mr. DOMENICI, the following statement was ordered to be printed in the RECORD:)

● Mr. LAXALT. Mr. President, I am joining with my colleague from New Mexico, Senator DOMENICI, in sponsoring

this amendment to add $31.2 million to the fiscal year 1982 defense authorization bill for the purpose of establishing a new line item within the Army's ballistic missile defense (BMD) program to develop a survivable optical forward acquisition system (SOFAS) strategic early warning and attack assessment capability. In my opinion, this amendment has two highly commendable aspects:

First, the system it proposes to establish will represent an obvious strengthening of our strategic deterrence capabilities. The SOFAS program, as it has already been described by Senator DOMENICI, will provide the United States with a redundant and highly survivable complement to existing strategic early-warning capabilities.

The SOFAS will offer the capability to quickly confirm strategic attack warnings indicated by our space-based and land-based warning systems. It will supply the President and the military with an ability to confirm whether an attack was occurring and acquire important information regarding the size and nature of the attack.

The SOFAS would provide the National Command Authority with a great deal of attack assessment information during the critical period before attacking warheads arrive at targets in the United States. SOFAS would, quite simply, dramatically expand the President's ability to know what is happening during a Soviet strategic attack. This strikes me as an iminently desirable situation.

Additionally, SOFAS will significantly improve the credibility of the strategic "launch-under-attack" option which the United States currently possesses. This option, which is itself a deterrent element in Soviet attack calculations, is one which must be strengthened during a period when U.S. land-based ICBMs are vulnerable to a Soviet counterforce attack.

This launch-under-attack option has been criticized because it could place the U.S. response on a "hair trigger" if the President was pressured by time constraints to launch U.S. ICBM's in response to a false alarm or some other accident.

SOFAS would remedy this danger by assuring that the President would have adequate confirmation that an attack was occurring well before the time he would have to order the launching of U.S. ICBM's.

The second major aspect of this amendment regards its implications for ongoing U.S. ballistic missile defense R. & D. efforts. I have been briefed concerning the U.S. BMD program and have been impressed by the potential which the so-called "layered" ballistic missile defense concept offers for protecting U.S. land-based ICBM's from a Soviet attack.

One of the key areas of BMD technology, which must be pursued further in order to develop a feasible BMD option, is the detection and discrimination sensor technology which would enable a BMD system to "see" Soviet warheads in space. The SOFAS program embodies the same type of sensors technology and will directly advance U.S. efforts to develop the key elements of the "overlay" exoatmospheric BMD system. Thus, in addition to its practical attributes as an early-warning and attack assessment capability, SOFAS will also serve to focus and integrate BMD sensor technology into a tangible product.

Mr. President, the amendment I am cosponsoring with Senator DOMENICI would establish a SOFAS program which would result in a deployed capability by 1985. In my opinion this is none too soon to have such a strategic capability at the President's disposal. I trust that a majority of the Senate will agree when this amendment is considered.●

Mr. DOMENICI. Mr. President, I thank my good friend, Senator LAXALT, for his support of this amendment and for his excellent statement. He was unable to be here at this time because of a previous engagement. I am very pleased with the support, the attitude, and the understanding he has given this amendment.

I ask unanimous consent that the amendment be printed and that it be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 5, line 13, strike out "$3,905,200,000" and insert in lieu thereof "$3,936,400,000".

On page 5, between lines 17 and 18, insert the following:

(b) Of the funds authorized for the Army by subsection (a), not less than $31,200,000 shall be available only for the purpose of carrying out a program of research, development, testing, and evaluation on a Survivable Optical Forward Acquisition System (SOFAS). The Secretary of the Army shall organize and carry out such program in a manner that will afford, to the greatest extent practicable, the option of deploying an operational system by the end of 1985. The Secretary shall carry out such program in such manner as will ensure that maximum mutual advantage, in both technology and cost, will be realized between the program for the Survivable Optical Forward Acquisition System (SOFAS) and the Overlay portion of the Army's Ballistic Missile Defense program.

On page 5, line 18, strike out "(b)" and insert in lieu thereof "(c)".

BALLISTIC MISSILE DEFENSE: ANOTHER WAY TO PROTECT OUR LAND-BASED MISSILES

Mr. DOMENICI. Mr. President, for the last 5 years, the question of how to protect U.S. land-based strategic missiles from a surprise Soviet attack has centered around the so-called MX multiple protective shelter (MPS) mobile-basing concept, an extremely expensive, operationally complicated, and socially and geographically intrusive scheme whereby MX missiles mounted on transporters would be continually shuttled between shelters located in the Western United States. Random shuffling of each MX missile amongst 23 shelters would presumably deny the Soviets knowledge concerning the exact location of our MX missiles, forcing them to expend 23 warheads to be confident of destroying each MX, a disadvantage exchange ratio which would hopefully dissuade the Soviets from ever attempting such an attack.

My position regarding this proposed MX mobile-basing scheme has been straightforward. I recognize and support the need for a new, more powerful, more accurate, land-based ICBM.

I recognize and support the need to protect the survivability of our land-based missiles from the dramatically increased Soviet strategic offensive capability.

However, I have serious problems supporting the mobile-basing scheme being proposed for the MX missile. I am concerned that the cost of the mobile-based MX, already advertised at $40 billion, could run to $70 billion, perhaps even to $100 billion, as a result of design changes, construction problems and schedule delays. Not only is the mobile-basing scheme overly complicated in my view, but its operational credibility relies upon its ability to insure that the Soviets cannot develop a means to determine the MX missile's precise location despite our efforts to make its position uncertain.

Our ability to maintain this location uncertainty has been seriously questioned by many experts.

Finally, like many of my Senate colleagues, I am concerned by the intrusion on the land and society which mobile basing would represent. More than the adverse economic, environmental, and social implications of mobile basing, I am especially concerned that a decision by the United States to force such an unpopular strategic force deployment on the population of the affected regions, and on the country in general, will seriously degrade the support which the military currently enjoys.

This would be a strategic liability almost as serious as the vulnerability of U.S. land-based missiles itself.

I have reserved a final decision with reference to MX mobile basing, despite my severe reservations, while I have studied various alternatives to mobile basing which have been identified by the Pentagon and by outside analysts. My position has been that mobile basing, despite its unpalatable aspects, deserved support unless one could identify a feasible alternative for protecting the credibility of U.S. strategic deterrence capabilities.

One alternative to mobile basing that has attracted a good deal of interest involves basing the MX missile at sea on small submarines. I am less than enthusiastic about this type of proposal for several reasons. It would run the risk of placing the bulk of our deterrent capability at sea when technological developments hold the potential for making underwater detection of submarines feasible in the not too distant future. Communications with submarines are less dependable than with land-based strategic systems. What is especially disturbing to me is that the sea-based MX option, in addition to other alternatives to land mobile basing, implicitly endorses a virtual abandonment of the land-based leg of our strategic deterrent, and I do not want to be part of that.

Under these other basing concepts, our land-based force would continue to exist, but its vulnerability would be so plain that its utility as a deterrent would virtually be negated. Equally debilitating to the U.S. strategic posture would be the

perception that we had been essentially forced out of the land-based mode because of an unwillingness or an inability to compete to maintain the viability of the U.S. strategic triad—a concept which has been the very bedrock of deterrence theory for two decades.

My reservations toward land mobile basing of the MX, with all its attendant costs, complexities, and hardships on the land and citizens in the proposed deployment area, have led me to search for an alternative which minimizes these undesirable aspects and still enables the United States to maintain a viable strategic triad. A concept which has attracted my attention is a relatively old one, ballistic missile defense, that new technology has substantially improved. Fully a year ago I requested the Los Alamos Scientific Laboratory to prepare an assessment of ballistic missile defense technology, focusing in particular upon the advances which had occurred since the signing of the 1972 treaty limiting the deployment of ballistic missile defense systems.

The results of that assessment were truly impressive in my estimation. While a decade ago critics of ballistic missile defense were largely correct in their view that the existing technology was inadequate to the task it was expected to fulfill, advances in missile, computer, and radar technology during the last 10 years make ballistic missile defense a very attractive option to consider as a means of protecting our land-based missile forces.

If the United States embarked this year on an ambitious R. & D. program to develop a layered ballastic missile defense system, embodying an overlay system of exoatmospheric interceptors which would use advanced sensors and non-nuclear multiple kill vehicles to destroy the bulk of any attacking Soviet nuclear warheads in outer space and an underlay system of short-range interceptors to destroy warheads which penetrated the overlay defense, to protect MX missiles in silos such a capability could be available before 1995.

Given the delays which will inevitably plague a construction project the size and nature of the proposed mobile based MX system, this time-frame for a workable ballistic missile defense is certainly not inconsistent with other proposals to redress the vulnerability of U.S. land-based strategic missiles.

By the early 1990's one could envisage ballistic missile silo fields in which some launchers carried offensive nuclear warheads while others carried overlay exoatmospheric interceptors. These front-ends could be easily switched periodically in such a way as to deny the Soviets knowledge as to whether a silo housed an offensive capability or a defensive capability.

In the event that early warning attack assessment probes and other warning systems detected a Soviet attack, launchers in silos containing exoatmospheric interceptors could be immediately fired to destroy the bulk of the attack in space. A low-altitude defense system could also be deployed to intercept any attacking warheads which survived the exoatmospheric defenses.

This low-altitude defense would only have to destroy warheads attacking silos containing U.S. offensive missiles. Those Soviet warheads aimed at silos which originally contained exoatmospheric defenses would be allowed to destroy the now empty silos. The U.S. land-based strategic retaliatory capability would survive the attack. Foreknowledge of this result should be enough to deter the Soviets from contemplating any such attack in the first place.

This is but one scenario of how the new U.S. ballistic missile defense technology could be utilized to protect MX missiles based in fixed silos. Professional military force planners could doubtless improve on the details but the basics appear attractive to this Senator. MX missiles and the defense missiles could be deployed in expanded silo fields. Location uncertainty could be preserved by moving the front end of the missiles from launcher to launcher. With a ballistic missile defense in place the United States would retain the option of having its land based ICBM's ride out a strategic attack before retaliating or launching as soon as early warning attack detectors' which are now contemplated and which the amendment which Senator LAXALT and I introduced today would begin to perfect, confirmed with certainty that an attack was in progress.

It would be presumptuous to claim that a ballistic missile defense would be cheaper to deploy than the currently proposed mobile-based concept. This might very well prove to be the case but more study would be required to confirm such a claim.

However, given the cost growth potential for the mobile-based concept, it does not seem unreasonable to assume that a ballistic missile defense would save money.

In any event, studies already done indicate that any solution to the vulnerability of U.S. land-based missiles will be an expensive but necessary proposition. Ballistic missile defense does have the advantage of preserving the viability of the land-based leg of the U.S. strategic Triad—an attribute not shared by sea-based proposals.

Further, it is certainly less intrusive and less daunting in scope and effort than the land-mobile proposal currently being touted.

Opponents of ballistic missile defense will note, correctly, that much of the technology which the exoatmospheric defense concept is based upon is still unperfected and untested. Officials in charge of the ballistic missile defense program are confident that, if the proper budgetary resources are made available, an exoatmospheric defense could demonstrate an initial operational capability by 1990. Any delay in the projected 1986 initial operational capability for the MX mobile-basing proposal places both concepts in essentially the same time frame in terms of responding to America's window of vulnerability regarding its land-based missiles.

It is inevitable now that the United States must confront 8 to 10 years during which is land-based ICBM's will be vulnerable to a disarming Soviet attack. Up until now, alternatives to mobile basing the MX missile have involved an assumption that the United States must irrevocably abandon the land-based ICBM leg of the strategic Triad in favor of sea-based ICBM's. Ballistic missile defense represents an option for maintaining the land-based leg of the Triad without resorting to the complexity and social geographical disruption represented by the mobile-basing concept.

Until ballistic missile defense can be brought on line there will be an interim period, a hiatus, during which the deterrence significance of U.S. land-based ICBM's will decline. This decline will have to be compensated for by an upgrading and increased reliance on the sea- and air-based legs of the U.S. strategic force and an improvement in our early warning/attack assessment capabilities in order to enhance the credibility of a launch-under-attack option.

To the extent that the deterrence utility of our land-based ICBM's is diminished during the so-called window of vulnerability we will have to rely upon this "dyad-and-a-half" of upgraded submarines, bomber/cruise missile forces, and vulnerable land-based ICBM's to maintain deterrence credibility until such time as systems such as ballistic missile defense can reinstate land-based ICBM's as a survivable deterrent.

Development of a credible ballistic missile defense option will require that the United States act quickly and decisively to provide the funding necessary to advance the exoatmospheric intercept technology and perfect a low-altitude defense system. This will mean that the administration and Congress must resolve the issue of MX mobile basing. The political support for this unwieldly and disruptive basing system is far from firm. To date, congressional acquiescence regarding its deployment has largely been a result of lacking a good alternative. With greater knowledge developing regarding its potential, ballistic missile defense appears to be such an alternative.

The case for pursuing ballistic missile defense as an alternative to MX mobile basing is strengthened when one remembers that the Air Force has now stated that a low-altitude defense system will probably be required to protect a mobile-based MX because the Soviet Union will have sufficient numbers of accurate strategic offensive warheads to attack all 4,600 projected MX shelters.

Mr. President, I really want to call that last statement to the attention of the Senate. We are talking about 4,600 projected MX shelters, and the Air Force is already stating that, once that total is deployed, we will probably have to either add more shelters or defend the mobile-based MX in some way. One of the ways suggested to do this is to deploy the low-altitude defense system I have been discussing.

It is evident that no land based ICBM system can hope to survive—without growing to outrageous size and cost in terms of additional shelters—if it is condemned to absorb a Soviet attack. A defense will be required to attrite the at-

tack before it arrives on target. Rather than deploying MX in a mobile-based mode and then tacking a low-altitude defense system on as the real survivability determinant, it would seem to make sense to move directly to deployment of a full-scale layered ballistic missile defense.

The status of the 1972 ABM Treaty limiting the deployment of ballistic missile defense systems must be addressed as a final consideration here. With the evident failure of the SALT process to achieve the results expected in 1972, the ABM Treaty remains the only tangible evidence of arms control progress. The ABM Treaty is scheduled for regular 5-year review in 1982.

Now is the time, in preparation for the 1982 review, to assess whether its continuation is in the U.S. strategic interest.

No arms control agreement can be regarded as inherently permanent. The ABM Treaty was negotiated in a particular political and strategic environment for a particular purpose and in the expectation of further events. The ABM Treaty achieved one of its purposes, to prevent both sides from deploying ABM systems displaying inadequate technological performance.

Money was saved on both sides as a result. But ballistic missile defense technology has improved since 1972, on both sides, to the point where the United States can contemplate an effective defense of its land-based ballistic missiles.

Meanwhile, the strategic and global political environment has changed dramatically since 1972. The Soviet Union now holds clear or near superiority in several important measures of strategic offensive capability. The SALT decade has not yielded the results originally expected.

It would be a mistake to continue to allow arms control expectations to control strategic force planning. Such expectations tempered crucial U.S. decisions in the 1970's with results we now regret. Failure to pursue the ballistic missile defense option because of nostalgic affection for the ABM Treaty, would be as incorrect as acceptance of the SALT II Treaty would be, simply because its limits on warheads were required to make the mobile-based MX practical.

The fact that mobile-basing MX is a system that implicitly depended upon SALT II to make it practical is borne out in the need for a low-altitude defense for the mobile-based system now that SALT II is unlikely to be realized.

I am not prepared to ignore the possibility that a U.S. ballistic missile defense capability might actually enhance arms control initiatives. The Soviets are unlikely to become serious about strategic arms control until they see the United States in a position to negate the significant strategic superiority they have been allowed to achieve.

The existence of the ABM Treaty has had little effect in furthering SALT goals. It may be that moving ahead with a U.S. ballistic missile defense and voiding the ABM Treaty would give a U.S. President some leverage in encouraging the Soviets to control offensive strategic arms.

I intend to support the application of increased resources to develop a two-tiered ballistic missile defense capability as an alternative to mobile-basing the MX missile. A concerted program of R. & D. should enable the United States to demonstrate the technology and meet critical engineering milestones in order to meet an initial operating capability of 1990.

By pursuing this strategic force option the United States can move to insure the continued credibility of the U.S. strategic deterrence Triad without forcing an unpopular and slightly incredible weapon system on an unwilling citizenry.

RECOGNITION OF SENATOR KASTEN

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. KASTEN) is recognized for not to exceed 13½ minutes.

THE WASTE, FRAUD, AND ABUSE REDUCTION ACT OF 1981

Mr. KASTEN. Mr. President, I am pleased to join today with several of my colleagues in introducing "The Waste, Fraud, and Abuse Reduction Act of 1981."

Mr. President, I ask unanimous consent that at the conclusion of my remarks the text of the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KASTEN. Mr. President, the Waste, Fraud, and Abuse Reduction Act of 1981 would provide a legislative framework to look for waste, fraud, and abuse in Federal Government. It would set up a cooperative effort by the administration and the Congress toward solving what President Reagan has described as "an unrelenting national scandal." For too long, we have simply talked about doing something to eliminate mismanagement and inefficiencies in the Federal Government. The time has come for action. I sincerely believe this legislation offers an innovative, evenhanded approach to getting at the problem—and I believe it is an approach all Members of Congress can support.

In fact, when the Senate Budget Committee considered the first concurrent budget resolution last week, a majority indicated that it was time Congress did something about waste, fraud, and abuse in Government. The Budget Committee assumed that legislation similar to this bill would be enacted by the full Congress, and that the outlay savings would equal $7.2 billion in 1983 and $7.7 billion in 1984.

BUREAUCRATS THINK NO ONE CARES

Up until now, no one has taken congressional efforts to cut waste, fraud, and abuse seriously. The Washington Star published an article several weeks ago headlined: "No One Cares About Waste, Fraud and Abuse, Bureaucrats Say."

Reporter Philip Shandler explained that in a survey of senior executives protected by the Merit Systems Protection Board, 45 percent of the 8,500 respondents said they had seen or had evidence of wasteful or illegal activity in the past year. Yet 7 out of 10—a full 70 percent—said they had told no one what they knew about wrongdoing. Fifty percent said they did nothing because they believed nothing would be done if they reported the waste. Another 20 percent said they were silent because they believed nothing could be done.

I don't believe that the average employee is afraid of reprisals or is looking for a reward as much as he is convinced no one cares.

A Federal worker told a surveyor recently.

The bureaucrat was explaining why he had not reported what he regarded as waste in his agency.

If these facts are representative of the majority of top executives in the Federal agencies, it is indeed shameful. At a time when everyone in this body is concerned about balancing the budget, when many programs are being pared back to make changes in the Government's direction, and when the American people badly need tax relief, I am convinced the time has come to signal that somebody does care—that Congress cares.

Mr. President, President Reagan has made the elimination of waste, fraud, and abuse a primary concern of his administration. I am also aware that he has established a Council on Integrity and Efficiency to oversee this problem. The President is to be commended for his efforts and good intentions.

However, this problem of waste, fraud, and abuse is too big for one branch of Government to deal with by itself. Indeed, Congress, as guardian of the purse strings, needs to assist the administration; it needs to prod the administration; it needs to exercise leadership. That is exactly what my bill proposes.

HOW THE PROCESS WOULD WORK

The approach is simple.

This legislation will direct the Secretary of the Treasury to withhold from obligation 2 percent of the appropriated funds of each and every agency until Congress has a chance to review each agency's efforts to eliminate waste, fraud, and abuse.

By virtue of this single step, Congress will be saying in a clear, concise way that we are concerned about the problem of waste, fraud, and abuse. It will put every agency on notice that certain steps are expected if the 2-percent money is to be released. It will tell every agency manager to get looking for waste, fraud, and abuse.

By this single provision of the bill, no longer will bureaucrats be able to claim that no one cares.

AGENCIES MUST ACT

The second step will be made by the agencies. The bill requires that by the start of the fiscal year every agency must submit to Congress its plans to look for waste, fraud, and abuse. Agency managers can expect that they will be called before Congress to explain the steps they

have taken. Because this report is required, every agency head will be required to formulate a plan. No longer will it be just talk; action will be required.

And what is healthy about this step is that it will be the Federal agencies that must take the initiative.

CONGRESS WILL REVIEW EFFORTS

By February 1 of each fiscal year, each agency must report to Congress on its progress, and whether it plans to achieve the 2-percent saving.

It should be noted that agencies must explain what alternatives were explored, where savings are expected, impacts on programs, if any, and why one alternative was selected over another.

These reports will automatically trigger full reviews by the Government Affairs Committee in the Senate and the Government Operations Committee in the House of Representatives. This legislation requires that General Accounting Office and Inspectors General reports—all too often ignored—be considered in the review. More important, the bill requires that authorizing committees be asked to consult in the review process. In addition, it is the intention of the legislation that public comment, including media reports, be considered.

These reviews are intended to determine whether an agency is justified in having all or part of its 2-percent money released. The standard will be whether the administrators can show that the agency is free of waste, fraud, and abuse. The purpose is not to arbitrarily penalize any agency for efficient management. Rather, it is to determine if the agency is doing a good job in getting at the problem.

The legislation requires that the Government Affairs and Government Operations Committees then recommend what portion—if any—of the 2-percent money should be released.

APPROPRIATIONS COMMITTEES DECIDE

Finally, the Appropriations Committees will authorize by joint resolution, to be approved by the full Congress, what funds are to be released. It is intended that this action should occur before the July 1, or fourth quarter, disbursement by the Treasury.

The purpose of this step is to leave the final decision in the hands of the Appropriations Committees. This is important because the Appropriations Committees have traditionally had this power, and because the information developed will be essential to establishing appropriation levels for the next year. If waste, fraud, or abuse is eliminated either by the agencies themselves or through recommendations of the investigating committees, then those savings should be considered for the subsequent year's spending.

In drafting this legislation every effort has been made to take into consideration everyone's interests—from the agencies to the authorizing committees to the Appropriations Committees. We will consider all the reports done each year, and we will provide every opportunity for exchange of ideas before a final decision. And—most importantly—we provide a focus. Each agency will be treated exactly the same, with the only purpose being to stop the spending of money illegally, foolishly, or wastefully.

This legislation provides the incentives, the initiative, and the determination to look for waste, fraud, and abuse; nothing more, nothing less. It does not reward agencies for eliminating waste, fraud or abuse. It assumes agencies should be doing that anyway. I believe the public wants no less of an effort.

We are not talking about a few dollars. There is significant evidence before us that waste, fraud and abuse does exist in very large amounts. It is also apparent that savings can be made from eliminating mismanagement and inefficiencies. Donald Lambro has suggested that as much as $100 billion are being wasted every year. The Senate Budget Committee is assuming that, through passage of legislation similar to "the Waste, Fraud and Abuse Reduction Act," we could save $15 billion in 1983 and 1984. I believe these estimates were conservative. One can hardly pick up a major newspaper today without seeing official estimates in excess of these amounts.

I also believe that we should work to get this legislation passed in 1981. We should move forward while the issue has a high profile and while we have a new administration which has indicated a strong interest in doing something about the problems it inherited. If we can cut waste this year, keep it out, and then go back for more next year, those savings will compound arithmetically.

Indeed, this legislation offers one of our best hopes for balancing the budget by 1984. Nothing is more offensive than spending money wastefully when the economy cries out for frugality. The challenge is to get started now and make the plan effective in 1982.

One final note is necessary. I have provided that the legislation be "sunset" after 2 years on the theory that if it proves effective it can be reenacted. And if it proves ineffective, we will have to seek a better way. I believe the former will occur.

Mr. President, a number of my colleagues have told me this is an innovative approach which ought to be given a chance. I believe Members from both sides of the aisle can, and ought to, support this approach.

In the end, this legislation simply calls on Congress to get on with the job—to look. A Senator could oppose this legislation on the basis that it impinges on somebody's authority, that the Appropriations Committees should do the cutting, or that the administration should make the decisions. But I believe there is plenty of room for everyone to get involved. And I believe, Mr. President, that all arguments pale when confronted by the political reality that there are major savings to be achieved and that the taxpayers expect us to act.

(EXHIBIT 1)

S. 1120

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Waste, Fraud, and Abuse Reduction Act of 1981".

APPLICABILITY; DEFINITION

SEC. 2. (a) This Act applies to fiscal years 1982 and 1983.

(b) For purposes of this Act, the term "agency" has the same meaning as in section 552(e) of title 5, United States Code.

APPROPRIATIONS NOT AVAILABLE

SEC. 3. Of any amounts appropriated for an agency for a fiscal year to which this Act applies, an amount equal to 2 percent of such amount shall not be available for obligation or expenditure unless—

(1) the agency transmits to the Congress the plan required for such fiscal year under section 4;

(2) the agency transmits the report required under section 5 to the Congress on the implementation of the of the plan required under section 4 and requests the Congress to make available for obligation or expenditure all or part of the amounts withheld under this section; and

(3) a joint resolution is enacted, in accordance with section 6, directing the Secretary of the Treasury to make all or part of the amount withheld available to the agency for obligation or expenditure.

PLAN FOR THE REDUCTION OF WASTE, FRAUD, AND ABUSE

SEC. 4. (a) Not later than June 1, 1981, and not later than one year thereafter, each agency shall prepare and transmit to the Congress a plan, for the fiscal year beginning on October 1 of the year in which the report is submitted, detailing how the agency intends to reduce any waste, fraud, and abuse which may occur in the administration of programs by the agency.

(b) Any plan required by this section may not provide for the reduction of services provided pursuant to the programs administered by the agency.

REPORT ON EFFORTS TO REDUCE WASTE, FRAUD, AND ABUSE

SEC. 5. Not later than February 1 of each fiscal year to which this Act applies, each agency shall prepare and transmit to the Congress a report on the efforts of the agency during such fiscal year to reduce waste, fraud, and abuse in the administration of programs, including the efforts of the agency to implement the plan required by section 4. The report required by this section shall include—

(1) in the case of an agency which has made reductions in such waste, fraud, and abuse—

(A) a description of the nature of such reductions;

(B) a specification of the amount saved by the agency as a result of such reductions and of the percentage such amount constitutes of the amounts appropriated for such agency for such fiscal year; and

(C) if applicable, an explanation why the agency was unable to make reductions in waste, fraud, and abuse in the administration of agency programs which would result in savings of an amount equal to or in excess of the amount withheld under section 3;

(2) in the case of an agency which has been unable to make any reduction in such waste, fraud, and abuse, a statement of the reasons for such inability; and

(3) in the case of an agency which has determined that there is no such waste, fraud, or abuse, a statement specifying such determination and the basis on which such determination was made.

RELEASE OF FUNDS

SEC. 6. (a) Any agency which, during a fiscal year to which this Act applies (1)(A) made reductions in waste, fraud, and abuse in the administration of programs which resulted in savings in an amount less than the amount withheld under section 3 or (B) determined that no such waste, fraud, or abuse

exists, and (2) submitted the plan required by section 4 and the report required by section 5, may, in accordance with this section, submit a request to the Congress for the release of the amount withheld from obligation or expenditure under section 3.

(b) Any request by an agency under this section for the release of amounts withheld under section 3 may—

(1) in the case of an agency which has made reductions in waste, fraud, and abuse in the administration of agency programs, be for an amount which equals the difference between the amount withheld under section 3 and the amount saved by the agency as a result of such reduction; and

(2) in the case of an agency which has made the determination described in section 5(a)(3), be for an amount equal to the amount withheld under section 3.

(c) By April 1 of each fiscal year, the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives shall conduct an investigation of the efforts of each agency which submits a request under this section to reduce waste, fraud, and abuse in the administration of programs, and shall transmit to the Committee on Appropriations of its respective House its recommendations concerning whether all or part of the amount withheld under section 3 should be made available for obligation or expenditure by the agency. In conducting the investigation required by this subsection, the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives shall—

(1) solicit and consider comments from the committees of the Senate or the House of Representatives having legislative jurisdiction over programs administered by the agency concerning the efforts of the agency to reduce waste, fraud, and abuse in the administration of such programs; and

(2) consider any report by the Comptroller General of the United States or the Inspector General or other comparable official of the agency with respect to the efforts of the agency to reduce waste, fraud, and abuse in the administration of programs.

(d) The Committees on Appropriations of the Senate and the House of Representatives may report to their respective Houses a joint resolution directing the Secretary of the Treasury to make all or part of the funds withheld under section 2 available for obligation or expenditure by the agency.

(e) The provisions of subsections (a) and (c) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively; and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. KASTEN). Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes with Senators permitted to speak therein up to 10 minutes each.

CREDIT CARD SURCHARGE—H.R. 3152

Mr. PROXMIRE. Mr. President, I had intended to ask unanimous consent that H.R. 3132, which is a credit card surcharge bill, be read a first and second time and referred to committee. However, there was objection to that. The leadership would have objected on behalf of another Senator, and for that reason I will not go through that process.

I understand the bill will not be called up today. Even if it does go on the calendar, it would not be called up until tomorrow. So I would like to simply state my objections to the bill.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. PROXMIRE. Mr. President, I am happy to yield to my good friend from Tennessee.

Mr. BAKER. Mr. President, I thank the distinguished Senator from Wisconsin for his statement.

The net effect of this, as I understand it, is that he is not going to call up the bill at this time. He will state his objections, his considerations, and his preferences, but then, at the conclusion of the business of Senate today, even if the Senate recesses, the bill will go on the calendar and remain on the calendar pending further disposition of the Senate.

I wonder if the Senator from Wisconsin understands the situation as I have just described it or if he has any disagreement with that procedure.

Mr. PROXMIRE. Mr. President, I understand that procedure and that certainly is in full accordance with the Senate rules. I understand that yesterday the minority leader, on my behalf, delayed the consideration of the bill for a day or so. I am grateful to him for the skillful way in which he did that.

I discussed this with the minority leader and majority leader and I agree with them that this is the best way to handle this now. In fact, it is the only way under the circumstances I can handle it.

Mr. BAKER. Mr. President, I thank the Senator from Wisconsin for his cooperation.

Mr. PROXMIRE. Mr. President, the principal reason why I wanted this to go back is that we had 1 day of hearing on this bill and it just was not enough. This is a bill, of all the bills we have passed this year and when the year is over, which will still be the most ironic action we have taken, because it persists in applying a regulation, a restriction, a restraint, on the private sector for which there is no reason.

It is my firm belief that if the Senate had developed a full hearing record on the matter of continued regulation of surcharges and discounts, the Senate would have agreed with the position that Senator GLENN and I took when similar legislation was before the Senate earlier in the year.

The Senate now has an opportunity to make a fresh start on a matter of vital interest to our economy.

I hope the Senate will take the opportunity to refer this bill to the committee, but I guess it cannot do that. So let me just say why I think we should give it further detailed consideration when it comes up. There is a serious question as to whether continued regulation is in the public interest or whether deregulation and the free market should govern surcharges. President Reagan has wisely called for deregulation of the economy. The Vice President heads a task force on deregulation. The Banking Committee should hear from the administration on the issue. We did not.

This bill continues a wholly unnecessary regulation, interfering with the right of independent businessmen to operate their businesses any way they wish. And I think the interference is wholly unjustified.

And why do they do that? Why should independent businessmen not be allowed to give cash customers a break? That is what this bill would prevent. Why should this Republican Senate persist in this regulation, opposed by consumer groups—opposed by consumer groups—in the name of consumers, to restrain business from imposing a surcharge on credit cards?

In imposing that surcharge, what they do is they give a break to cash customers. And it seems to me that that break should be allowed.

After all, inflation is our number one economic problem. To allow surcharges would be deflationary, because people would be less inclined to charge it, less inclined to use their credit cards, more inclined to pay cash and more inclined not to buy.

The ban on surcharges, by artificially lowering the true cost of credit, encourages current subsidized consumption. The Banking Committee, as I said, held a 1-day hearing on the surcharge issue. It did not hear from witnesses on how deregulation of surcharges would fit in with the President's program, nor from economists. I think it is fair to say the Banking Committee did not develop a full record on the surcharge issue.

Of those who did appear, the consumer groups took a very strong position in favor of allowing the surcharge, because they felt that the cash purchases should be encouraged.

True, we did hear from the credit card companies. What do you think they testified to? Well, American Express, to nobody's surprise, said they did not want the surcharge to be imposed on credit card purchases. Of course they do not want it. After all, they live by that. They received a billion dollars last year. They will get a billion and a half dollars this year in payments from merchants who will permit the use of credit cards. And that billion dollars and billion and a half dollars will be charged, of course, to the cash customers and all customers who buy goods from these merchants.

Mr. President, the other side of the business community did not testify. I am speaking of the large discount houses like Montgomery Ward and Zayre's, which would oppose continued regulation. Furthermore, the Banking Committee did not hear from a number of con-

servatively oriented groups, such as the National Taxpayers Union, the Council for a Competitive, Economy, and the Heritage Foundation, all of whom oppose continued regulation of surcharges.

Mr. President, H.R. 3132 should be referred to the Banking Committee for further hearings for all the reasons I have stated. However, as I understand it, that is impossible to achieve now, because it did pass the Senate earlier by a reasonably close vote. I do hope that we will, when the bill comes up, have an opportunity to consider this in more detail and recognize the strong opposition, the reasonable opposition, on the part of those who oppose excessive regulation on the part of our economy and that we can defeat this bill.

H.R. 3132 is contrary to the free market. It is inflationary. It will impose the Government between buyer and seller. I say, along with the President, let us get the regulatory monkey off our backs on this one. I hope that particularly my Republican colleagues will see the virtue of the free market and send this bill to its well-deserved resting place in the nearest convenient cemetery.

Mr. President, I look forward to debate on this matter. I hope in the meanwhile that those groups in the country who have indicated to me how strongly they oppose this legislation will let the other Members of the Senate know. It did pass the House. It passed the House in quite a hurry without the opportunity for those who oppose it to register their opposition.

Mr. President, I yield the floor.

DENIAL OF FEDERAL HOUSING ASSISTANCE UNDER RENT CONTROL PROGRAMS

Mr. MOYNIHAN. Mr. President, the Committee on Banking, Housing, and Urban Affairs yesterday took an action that would be depicted as a wholly improper and unacceptable instance of Federal intrusion, overregulation, and paternalism had it been taken by a Democratic majority, and should be so regarded when taken by a Republican majority.

I refer, of course, to the decision to deny Federal housing assistance funds to communities with rent control programs.

This is an attempt to punish cities that behave in a certain way—a way that various Senators disapprove of—and by creating the threat of punishment to cause those cities to change their behavior.

There is a sense in which it does not matter what one happens to think of rent control itself; the central issue is whether it is any of Washington's business.

I should like to quote a brief passage from the 1980 Republican Party platform:

> The Republican Party reaffirms its belief in the traditional American principle that the best government is the one closest to the people. There, it is less costly, more accountable, and more responsive to people's needs. . . . Our States and localities have the talent, wisdom, and determination to respond to the variety of demands made upon them. . . . We pledge to continue and redouble our efforts to return power to the State and local governments.

And in fact this is the position taken by the Reagan administration which opposes this measure.

Rent control and rent stabilization are the quintessence of local issues. Some communities have them. Others do not. They are the kind of political issues that are resolved by mayors and city councils, sometimes under the watchful eye of Governors and State legislatures.

The city of New York, for instance, has chosen to phase out its old rent control law and replace it with a system of rent stabilization. Landlords now choose to have rents regulated in return for real estate tax abatements, or, if they choose not to, that is an option they have.

We are now asked by our distinguished colleagues in the majority to participate in the federalization of the issue of rent control. In what can only be termed a power grab by Washington, a fresh example of the classic pattern of intruding the purportedly superior wisdom of Federal officials into what has heretofore been left to governments "closest to to people."

That is the first and essential point, having to do with the nature of our Federal system and the proper role of the national Government. My second point is a policy judgment, one with which many may disagree and obviously some do.

Rent restraint is not an evil thing. It has costs, but in the main it is a defensible social policy designed to reduce the growth of housing costs, and thereby meet the housing needs, of city dwellers, many of them our elderly and dependent. I do not deny that there may be occasional instances of persons living in rent-controlled apartments who could afford to pay uncontrolled rents. But in the situation I know best, which happens to be the Nation's largest rent control situation, New York City, the overwhelming majority of persons remaining in pre-1969 rent-controlled housing units could not afford to live in the city if they did not have this form of social subsidy.

In 1978, the median income of rent-controlled households in New York was $7,338. One-third of these New Yorkers are at or slightly above the federally established poverty line. Four out of every five of these households earned less than $15,000 a year, although they reside in a metropolitan area with one of the Nation's highest costs of living.

Among those New Yorkers who live in 1.25 million rent-regulated units, 1.3 million are 65 or older.

We have heard quite a lot in recent weeks about the obligation of the Federal Government to maintain a "social safety net" under the "truly needy." I submit that most persons in rent-controlled households are needy and qualify for any reasonable definition of the social safety net. I do not suggest that the Federal Government should require or even encourage rent control. For it is fundamentally none of Washington's business, and need not be. But it seems to me unconscionable that the Senate would seriously consider ripping an enormous hole in the social safety nets that cities have already woven.

The Banking Committee action is bad government and bad social policy. Four million New York tenants deserve better from their Federal Government. I will move to strike this provision when it comes to this floor for consideration by the full Senate.

I thank the Chair.

STATE LEGISLATORS ACT TO ENCOURAGE EMPLOYEE STOCK OWNERSHIP

Mr. LONG. Mr. President, over the past 8 years, the Congress has enacted more than a dozen different laws designed to encourage the use of employee stock ownership plans. I am proud to have been the sponsor of many of those laws, and I expect to sponsor a few more. But let us not forget that we operate within a Federal system of Government, in which State governments have the primary responsibility for the health of their own individual State economies. Let us not forget that one of the chief benefits of operating under a Federal system is the wide variety of experimentation that is possible.

Individual States are free to try out different ideas, and if they work, then other States or even the Federal Government can then adopt them. This diversity is one of the real strengths of our system, and I am delighted to report that, true to form, a growing number of States are beginning to enact laws to encourage employee stock ownership plans (ESOP's).

The State of Minnesota was the first to enact such a law, back in 1974. Senator George Pillsbury sponsored a bill that treats a bequest to an ESOP the same as a bequest to a charitable foundation for purposes of the Minnesota estate tax. I think that is an excellent idea and I have included a similar provision in the "Expanded Ownership Act" that I am sponsoring this year.

Under present Federal law, an owner who leaves his estate to a society for the study of voodoo can avoid estate tax entirely, while an owner who wants to leave his stock to an ESOP to reward all the people who helped make him rich would have to pay an enormous tax for the privilege of doing so. I agree with Senator Pillsbury that such a law makes no sense, and I only hope that I will be as successful as he was in getting the law changed.

Maryland was the next State to act to promote employee stock ownership. In 1979, Marylands legislature enacted a joint resolution declaring that the State should encourage broadened capital ownership through ESOP's. The resolution asked the department of economic and community development to prepare a study of ways in which the State could do so. That department, headed by Secretary James Roberson, did an excellent job on the study, and the next year the legislature enacted four of its recommendations into law.

The most important of these four

laws was titled the "Broadened Ownership Act," sponsored by Senator Victor Cushwa. This act was passed unanimously by both houses of the Maryland Legislature, and merits quoting in full:

"(A) It is the policy of this State to recognize the declaration of the Joint Economic Committee of the Congress of the United States that broadening the ownership of capital should be a twin pillar of economic policy, along with achieving full employment. The General Assembly of Maryland finds that Employee Stock Ownership Plans, as defined in the United States Internal Revenue Code, make an important contribution toward the broadening of capital ownership, increase the income and financial security of citizens of this State, assure citizens greater control of their economic futures, improve productivity and labor-management relations, contribute to the National effort to combat inflation, strengthen the free enterprise system, and put the State in the forefront of contemporary economic trends. It is the policy of this State to encourage the broadening of the base of capital ownership among wider numbers of Maryland citizens, and to encourage the use of Employee Stock Ownership Plans as one means of broadening the ownership of capital.

"(B) The Division of Economic Development of the Department of Economic and Community Development, the Maryland Industrial Development Financing Authority, the Development Credit Corporation of Maryland, the Maryland State Office of Minority Business Enterprise, the Division of Labor and Industry of the Department of Licensing and Regulation, and the Public Service Commission shall include a discussion of their efforts to comply with these policies in their respective annual reports as required by law. The enumeration of these agencies and instrumentalities for purposes of the reporting requirements of this section may not be construed to exempt agencies and instrumentalities so enumerated from adhering to the policies stated in this section.

"(C) This section may be cited as the Broadened Ownership Act."

That is a profound statement for a State to make, and I know that the department of economic and community development has already begun to implement this State policy by publishing and distributing an attractive brochure describing the merits of employee stock ownership plans. The text of that brochure is reprinted below. I will be most anxious to read the annual reports of the other agencies listed in the act to see what they are doing to promote this innovative and promising concept.

In addition to the broadened ownership act, Maryland's Legislature also passed three other laws that year: First, a law sponsored by Delegate Joan Pitkin prohibiting the public service commission from eliminating the incentive provided under Federal law for utility companies to adopt tax credit employee stock ownership plans; second, a law sponsored by Delegate Ellen Sauerbrey providing an exemption from State securities laws for ESOP transactions; and third, a law sponsored by Senator Joseph Curran authorizing the commissioner of securities to require a company seeking to take over a Maryland company to notify the target company that the ESOP might be available as an alternative to being taken over. These are excellent laws, and I hope the other 49 States will take a hard look at them with a thought to amending their own laws along these lines.

Shortly after the Maryland resolution was passed in 1979, the State of Delaware passed a similar resolution, sponsored by Representative Kevin Free. Delaware's Department of Community Affairs and Economic Development published an excellent and comprehensive study as a result of that resolution, which explored the feasibility of establishing a general stock ownership corporation in Delaware and the desirability of enacting various ESOP laws. Representative Free in 1980 sponsored a Broadened Ownership Act that passed the House unanimously, but never reached a vote in the Senate. I understand that the bill has been reintroduced this year and has again passed the House; I wish Mr. Free every success in steering it to passage in the Delaware Senate.

In 1979, the State of Michigan, plagued in recent years by a rash of plant closings in the wake of the decline of the automobile industry, enacted an ESOP law sponsored by Representative Perry Bullard. This law instructs Michigan's Department of Labor and Department of Commerce to establish a program providing technical assistance to employee groups seeking to keep companies in business that would otherwise close or leave the State.

In many cases, an employee takeover can keep a company operating—on a profitable basis—where an absentee owner with no concern about the impact on the community would seek to shut down. I commend Representative Bullard for his initiative and insight in sponsoring this pathbreaking legislation, and I wish the departments well in carrying it out.

The most recent ESOP law was just adopted by the State of New Jersey. The Worker Owned Corporation Study Act, sponsored by Assemblyman David Schwartz, directs the New Jersey Department of Labor and Industry to study the use of worker ownership as an alternative to plant closings, and calls for the development of a comprehensive plan for handling these unfortunate situations. Experience shows that the ESOP can often be advantageously used in these situations, and I am confident that with a concerted effort New Jersey can save thousands of jobs and create thousands of new employee-owners at the same time.

These are the State laws that I am aware of, although it is quite possible that there are some that have not come to my attention. In addition, there are ongoing efforts in a number of States that deserve our best wishes for success:

In Massachusetts, Representative Bruce Wetherbee has introduced a version of the broadened ownership act. and in Virginia, Delegate Warren Barry has done likewise.

California's economic development commission devoted a hearing to the subject of ESOP's last March, and unanimously approved a motion by Commissioner Robert Nelson to direct the staff to prepare ESOP legislation for submission to the State legislature. If California were a separate country, it would be the seventh largest economy in the world, so it is exciting indeed to learn of the State's ready acceptance of the ESOP concept. I am quite hopeful that California will take the lead in enacting sweeping ESOP legislation that no one will be able to ignore.

And in Ohio, Representative Rocco Colonna is now preparing legislation to encourage ESOP's, in conjunction with several firms that already have a record of success with these plans.

The amazing thing about all this ESOP activity at the State level is that it has not been centrally directed by any national organization. The ideas have truly sprung up from the grassroots. Now I understand that the conference of alternative State and local policies will try to bring some coordination to the area by publishing a handbook for State legislators on the ESOP and how best to go about enacting legislation to promote it. This handbook, I predict. will add tremendous impetus to the ESOP movement at the State level.

I would like to congratulate and personally thank each State legislator who has stuck his or her neck out to sponsor legislation dealing with a concept with which their colleagues were unfamiliar. I have been doing the same thing here in Washington for the past 8 years, and I know that it is not easy. But someone must do the job, and I know that the millions of Americans who have become employee-owners in the last few years, and the many millions more who will do so in the future, appreciate the efforts of those courageous and innovative State legislators who are paving the way.

Washington, take heed. There is a rising tide of sentiment for more employee ownership, and that tide is expresing itself through the acts of State legislatures all across America. It is time to act decisively to broaden the ownership of America's capital. The people demand no less.

I ask unanimous consent to have printed in the RECORD the text of the ESOP promotional brochure prepared by the Maryland Department of Economic and Community Development.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

EMPLOYEE STOCK OWNERSHIP PLAN

WHAT IS AN ESOP?

An Employee Stock Ownership Plan is a device which gives a corporation's employees shares of stock in their employer without requiring them to put up their own money for it. In technical terms, an ESOP is a stock bonus plan "qualified" under the Internal Revenue Code. A stock bonus plan is one in which employees are compensated with stock instead of cash. "Qualified" means the plan complies wtih the various rules of the Employees Retirement Income Security Act of 1974 (ERISA).

IS AN ESOP A GIVEAWAY?

Not at all. ESOP's generate capital, and capital, unlike consumer goods and services, pays for itself. Capital produces wealth and thereby generates income that is generally sufficient to repay the cost of acquiring the capital within three to seven years.

ESOP is paid for through the efforts of the

workers who earn their capital accumulations by acquiring stock in their company. This often leads to productivity improvements that benefit a corporation's profitability.

HOW DOES AN ESOP WORK?

The corporation establishes an Employee Stock Ownership Trust (ESOT) and elects trustees to supervise it. The trustees then borrow money from a financial institution and invest the money in common stock of the corporation. In return for this infusion of capital, the corporation guarantees payment of the loan should the trust fail to meet its obligation.

This fresh capital establishes financial support that the corporation needs to expand or improve its operation, and in turn enhances the corporation's profit structure. Some of these profits go back to the ESOT in the form of tax-deductible contributions by the corporation. These contributions are used by the trust to pay the installments on the loan for the original purchase of the stock.

DIFFERENT ESOP'S

The plan described above is called a "leveraged ESOP" which requires a debt.

A more basic ESOP is an "unleveraged plan" which operates in much the same manner, but does not require a debt. Under the unleveraged plan, the corporation contributes profit bonuses to the ESOT for investment into common stock of the corporation at current fair market value. The corporation claims tax deductions for these contributions.

WHY BEGIN AN ESOP?

(1) An ESOP provides an inexpensive way to raise capital and broadens the capital ownership of a corporation to include its employees. Many of the companies that have operating ESOP's note strong productivity improvements on the part of their employee investors.

(2) An ESOP also provides a market for "in-house" offerings for the sale of stock by the company's current shareholders which prevents control of the company from passing into unfriendly hands.

(3) An ESOP allows companies to take advantage of a special tax provision which permits them to use an additional 1½ percent Investment Tax Credit for monies contributed to an ESOP.

HOW DO EMPLOYEES ACQUIRE STOCK?

An employee first becomes a participant in the plan by working at least one year for the company. Each year thereafter, the stock or cash that has been contributed to the Employee Stock Ownership Trust is allocated to the separate accounts of each participant. This allocation is made proportionate to the employee's compensation, so that an employee who earns $20,000 per year will receive twice as much as an employee who earns $10,000 per year. Any dividends paid on the stock held in the trust can be "passed through" to the participants.

WHEN ARE THE BENEFITS COLLECTED?

An employee is not fully entitled to his entire account at first. The proportion to which he is entitled is determined by a "vesting" schedule. In a typical plan, an employee will be 0 percent vested until he has spent three years with the company. At that point, the employee is 30 percent vested. The employee is 40 percent vested after four years, 50 percent vested after five years and so on, until after ten years when the employee is fully entitled to the stock which has been accumulating in his account. However, the employee cannot demand his shares until he leaves the company, either by retiring or for other reasons.

SHOULD MY COMPANY HAVE AN ESOP?

ESOP's do not work for all companies. For example, an unprofitable company will find it difficult to properly execute an ESOP. However, there is an example of one company that was saved by the creation of an ESOT which purchased the sagging company.

ESOP's are complicated, but they have proved to be valuable to both employer and employee. Before making a decision, interested persons need to find out more about them.

WHERE CAN I LEARN MORE ABOUT ESOP'S?

Recent legislation has simplified the establishment of ESOP's in Maryland. For further information, contact: William C. McKinley, Jr., Deputy Director, Office of Business Liaison, Department of Economic and Community Development, 1748 Forest Drive, Annapolis, Md. 21401 or Louis T. Hofferbert, Executive Assistant, Commissioner of Labor and Industry, Department of Licensing and Regulation, 203 East Baltimore Street, Baltimore, Md. 21202.

U.S. POSTAL SERVICE

Mr. STEVENS. Mr. President, yesterday in the Governmental Affairs Committee we marked up the budget reductions as outlined in the Budget Committee's budget reconciliation process. Included in those reductions was a $632 million cut in Federal taxpayer contribution to the operation of the U.S. Postal Service and subsidies for nonprofit mailers.

We all have been impressed with the attitude taken by Postmaster General William Bolger who has stated many times that in effect the Postal Service would bite the bullet and absorb these postal cuts without undue raises in rates and reduction in service. It is all the more admirable when we note the tremendous problems faced by the U.S. Postal Service today.

For an excellent outline of those problems, I ask unanimous consent to insert at the end of my remarks an article which appeared in the New York Times on May 3 entitled "Postal Service Faces Serious Troubles After 10 Years."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POSTAL SERVICE FACES SERIOUS TROUBLES AFTER 10 YEARS

WASHINGTON, May 2.—As the United States Postal Service moves toward the July 1 observance of its 10th year as an independent agency, it finds itself beset by troubles that include growing opposition from members of Congress bent on reasserting a measure of control.

The problems are both numerous and large. Reagan Administration officials want to trim about $900 million from postal appropriations over the next two years. The Postal Rate Commission slashed more than $1 billion from the rate increase application in March, raising the cost of a first-class stamp from 15 cents to 18 cents instead of to the requested 20 cents.

The 667,000 postal employees expect a large raise when labor contracts are renewed this summer, despite an operating deficit. And several members of Congress oppose the nine-digit ZIP code that was to be introduced this summer. The Postal Service argues that the four extra digits would increase productivity and save $600 million a year.

Senator Ted Stevens, the Alaska Republican who heads the Postal Subcommittee of the Governmental Affairs Committee, said he opposed any mandatory use of the nine-digit code. But he added. "We are kidding ourselves if we think the Postal Service can simply wave a magic wand and absorb double-digit inflation, budget cuts and increased employee demands without realizing savings through technological improvements."

EXPANDED CODE IS FIRST STEP

Senator Stevens said that Congress should approve the expanded ZIP code as a start toward allowing the Postal Service to make improvements.

At the moment, the Postal Service's chief problem is red ink. The deficit in the fiscal year 1980 was $306 million, and postal officials had to console themselves with the fact that the shortage was only about half what had been projected. Since 1971, when the service was reorganized, it has had only one year without a deficit; it had a "surplus" of $470 million in 1979.

The service lost $69 million in the most recent 28-day accounting period for which figures are available. That period ended March 20, before the new rates took effect on March 22. The results for the next 28-day period, which ended April 17, will be available shortly. While that period almost surely will show a "surplus," Postmaster General William F. Bolger predicts that the full year will show a deficit because the rate increase to 18 cents was insufficient.

The nine-digit ZIP code was to have received final approval by June 1 and subsequently, according to the plan, the Postal Service was to have deployed new automated sorting equipment designed to increase productivity, cut costs and reduce the price of service to large and cooperative business customers, thus stimulating higher volume.

NO LARGE AND VOCAL ALLIES

Despite the advertised enticements, the Postal Service has failed to attract any large and vocal allies to support the longer ZIP code. Instead, big mailers have complained about what it would cost to switch to the new system, consumers have opposed the prospect of having to remember or record longer numbers and are also dubious of the Postal Service's assertions that the system would be voluntary. And civil libertarians have called the system a threat to privacy.

The system is designed to pinpoint the destination of mail better than the five-digit system. The nine-digit code would direct mail to a much smaller area, often no larger than a city block or two.

In recent campaigns in favor of the expanded ZIP code, Mr. Bolger stressed that its use would be voluntary for both individuals and businesses, but he emphasized that mailers could save half a cent per piece of mail by using the four extra digits, a substantial saving for large-volume mailers.

"While we would like ordinary citizens to use their own ZIP plus four, particularly when ordering items from businesses," Mr. Bolger recently told Congressional panels, "the success or failure of this program does not depend on individual usage."

"VOLUNTARY" CODE MADE MANDATORY

J. Edward Day, Postmaster General in the Kennedy Administration, under whom the five-digit system was started in 1963 took issue with Mr. Bolger. He told a Congressional panel that the five-digit code had been introduced on a voluntary basis but was made mandatory within two years for most business classes of mail, although not for private letters.

Representative Glenn English, Democrat of Oklahoma, and Senator David Durenberger, Republican of Minnesota, have introduced bills to bar the use of Federal funds for introduction of the new ZIP code. It is widely thought in both houses that the bills would probably pass if they reached floor votes, but the sub-committees specializing in postal matters have held them up so far.

Mr. English and Mr. Durenberger have begun another effort that seems sure to hinder the chances for the expanded code. Each has drawn up and sent to nonpostal committees measures that would bar Federal agencies from taking part in the nine-digit system. Federal, state and local governments, colleges and universities and large institutions and businesses were expected to be the primary supporters of the expanded system.

Other members of Congress, weary of complaints from constituents about the Postal Service and the recent rate increases, have introduced various measures that would alter the independent management of the service. One bill, by Representative William L. Clay, Democrat of Missouri, would prohibit postal expenditures of $5 million or more without Congressional approval. Another bill would forbid any changes in the availability of postal services in most of the nation without Congressional approval.

On another front, the Postal Service suffered a sharp setback last year when the Postal Rate Commission and the Federal Communications Commission refused to allow the agency to operate a comprehensive electronic mail service that might have assured the agency of increasing revenues.

Instead, the communications commission arranged it so that companies specializing in electronic messages would maintain a major stake in that emerging business, with the Postal Service merely a partner that would deliver the electronic messages after companies such as Western Union, G.T.E. and others had flashed them across the country and obtained the major share of profits.

The General Accounting Office estimated earlier this year that from now through the year 2000 electronic mail companies, which will soon offer services that bypass the Postal Service altogether, would divert 28 billion pieces of mail from the post offices and cut postal employment by two-thirds.

PLEA TO RECONSIDER 20-CENT STAMP

Against these adverse trends and dreary prospects, the Postal Service has appealed to the rate commission to reconsider its request for higher increases and a 20-cent stamp. The commission is now considering the appeal, and a senior official there said that the panel was taking into account the appropriation that Congress will provide, a matter that appears far from a decision.

In a move to simplify its bargaining with the four unions that represent most of its employees, the Postal Service has called on the National Labor Relations Board to rule on whether the agency could insist on bargaining with only one employee agent. The matter could take weeks or even months, putting off contract negotiations beyond the July 20 expiration of the present pact.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S. Res. 123. An original resolution to pay a gratuity to Charles M. Bergeson and Bette A. Bergeson.

S. Res. 124. An original resolution to pay a gratuity to Edna L. Burby, Ralph H. Whitmus, and John N. Whitmus.

S. Res. 125. An original resolution to pay a gratuity to Hazel Adkins Carter.

S. Res. 126. An original resolution to pay a gratuity to Gloria J. Martin.

S. Res. 127. An original resolution to pay a gratuity to Hilda K. Meade.

S. 1123. An original bill to permit certain funds allocated for official expenses of Senators to be utilized to procure additional office equipment (Rept. No. 97–50).

S. 1124. An original bill to authorize the Sergeant at Arms and Doorkeeper of the Senate, subject to the approval of the Committee on Rules and Administration, to enter into contracts which provide for the making of advance payments for computer programming services (Rept. No. 97–51).

S. Res. 93. A resolution authorizing the printing of additional copies of part 1 of the Senate report entitled "Developments in Aging: 1980" (Rept. No. 97–52).

S. Res. 26. A resolution authorizing the printing of extra copies of a document for use of the Committee on Finance (Rept. No. 97–53).

S. Res. 122. An original resolution authorizing the printing of a revised edition of the "Standing Rules of the Senate" as a Senate document (Rept. No. 97–54).

Special Report on a review of the Committee System and on the Standing Rules of the Senate (Rept. No. 97–55).

● Mr. MATHIAS. Mr. President, Senate Resolution 4, the Committee System Reorganization Amendments of 1977, directed that the Committee on Rules and Administration "shall review, on a continuing basis, the committee system of the Senate and the Standing Rules and other rules of the Senate related thereto." The Rules Committee is to report to the Senate periodically on the results of this review.

I am today submitting to the Senate a report of the Rules Committee on the Senate committee system and the rules of the Senate.●

By Mr. QUAYLE, from the Committee on Labor and Human Resources, without amendment:

S. 1070. A bill to extend the authorization for youth employment and demonstration programs, and for other purposes (Rept. No. 97–56).

By Mr. WALLOP (for Mr. GOLDWATER), from the Select Committee on Intelligence, without amendment:

S. 1127. An original bill to authorize appropriations for fiscal year 1982 for intelligence activities of the United States Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and to provide certain personnel management and authorities for the Defense Intelligence Agency, and for other purposes (Rept. No. 97–57); referred jointly to the Committees on Armed Services, Governmental Affairs, and the Judiciary for the Thirty-Day time period provided in section 3(b) of S. Res. 400, 94th Congress, provided that the Committee on Governmental Affairs be restricted to the consideration of Title VI and that the Committee on the Judiciary be restricted to the consideration of sections 509 and 510, provided further that if any of said committees fails to report said bill within the Thirty-Day time limit, such committee shall be automatically discharged from further consideration of said bill in accordance with section 3(b) of S. Res. 400, 94th Congress.

S. Res. 128. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to consideration of Title IV of S. 1127, which authorizes supplemental appropriations for fiscal year 1981 for intelligence activities of the United States; referred to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Mark S. Fowler, of Virginia, to be a member of the Federal Communications Commission.

(The above nomination from the Committee on Commerce, Science, and Transportation was reported with the recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PERCY, from the Committee on Foreign Relations:

Deane R. Hinton, of Illinois, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to El Salvador.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

CONTRIBUTIONS

Amount, date, and donee

1. Self, $50.00, 1980, Anderson for President; $200.00, 1980, Democratic Victory Fund.

2. Spouse (deceased).

3. Children, spouses, and *stepchildren: Amount, none. Names: Deborah Hinton, Christopher and Anne Hinton, Jeffrey Hinton, Joanna Hinton, Veronica Hinton, Guillermo* and Isabelle Arrivillaga, Amaya Miren Arrivillaga*, Maria Luisa Arrivillaga*, Juan Jose Arrivillaga*.

4. Parents: Colonel Joe A. Hinton (See attached).

5. Grandparents none.

Brothers and spouses: none.

7. Sisters and spouses: none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

DEANE R. HINTON.

POLITICAL CONTRIBUTIONS OF COL. JOE A. HINTON, FATHER OF DEANE R. HINTON

1977, 4–4: Manor Park Woman's Republic Club, 8.50.

1978, 1–2: RNC 1978 Sustaining Membership Drive, 50.00; 2–28: Maryland Republican Party, 10.00; 2–22: National Republican Congressional Committee, 25.00; 9–21: 1978 GOP Victory Campaign, 50.00; 10–20: RNC, 25.00.

1979, 6–12: Republican National Committee, 50.00; 10–18: National Republican Congressional Committee, 50.00; 12–24: RNC 1980 Sustaining Membership Drive, 50.00.

1980, 2–2: GOP Victory Fund, 50.00; 5–2: Republican National Committee, 50.00; 7–26: National Republican Congressional Committee, 50.00; 12–4: RNC 1980 Sustaining Membership Drive, 50.00.

1981, 2–18: GOP Victory Fund, 50.00.

Charles Z. Wick, of California, to be Director of the International Communication Agency.

Lawrence S. Engleburger, of Florida, a Foreign Service of the class of career minister, to be an Assistant Secretary of State.

Nicholas A. Veliotes, of California, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State.

Donald T. Regan, of New Jersey, to be U.S. Governor of the International Monetary

Fund for a term of 5 years and U.S. Governor of the International Bank for Reconstruction and Development for a term of 5 years; a Governor of the Inter-American Development Bank for a term of 5 years; and U.S. Governor of the Asian Development Bank and U.S. Governor of the African Development Fund.

(The above nominations from the Committee on Foreign Relations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee on the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATFIELD:

S. 1119. A bill to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. KASTEN (for himself, Mr. DOMENICI, Mr. ARMSTRONG, Mr. HATCH, Mr. DECONCINI, Mr. THURMOND, Mr. ANDREWS, Mr. SYMMS, Mr. QUAYLE, Mr. GRASSLEY, Mr. SASSER, and Mr. DENTON):

S. 1120. A bill to reduce the amount of funds available to an agency unless the agency has reduced waste, fraud, and abuse to the maximum extent feasible or demonstrates that no waste, fraud, or abuse exists in the administration of programs, and for other purposes; to the Committee on Governmental Affairs.

By Mr. DENTON (by request):

S. 1121. A bill to extend and amend programs under the Older Americans Act 1965, and for other purposes; to the Committee on Labor and Human Resources.

S. 1122. A bill to extend the Head Start and Native American programs, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. MATHIAS (from the Committee on Rules and Administration):

S. 1123. An original bill to permit certain funds allocated for official expenses of Senators to be utilized to procure additional office equipment; placed on the calendar.

S. 1124. An original bill to authorize the Sergeant at Arms and Doorkeeper of the Senate subject to the approval of the Committee on Rules and Administration, to enter into contracts which provide for the making of advance payments for computer programing services; placed on the calendar.

S. 1125. A bill to eliminate the reduction on social security benefits for spouses and surviving spouses receiving certain Government pensions, as recently added to title II of the Social Security Amendments of 1977; to the Committee on Finance.

By Mr. BIDEN:

S. 1126. A bill to improve the effectiveness of criminal forfeiture, and for other purposes; to the Committee on the Judiciary.

By Mr. WALLOP (for Mr. GOLDWATER):

S. 1127. A bill to authorize appropriations for the fiscal year 1982 for intelligence activities of the U.S. Government, the intelligence community staff, the Central Intelligence Agency Retirement and Disability System, and to provide certain personnel management authorities for the Defense Intelligence Agency, and for other purposes; from the Select Committee on Intelligence; to the Committee on the Judiciary, the Committee on Armed Services, and the Committee on Governmental Affairs, jointly, for the 30-day time period provided in section 3(b) of S. Res. 400, 94th Congress, provided that the Committee on Governmental Affairs be restricted to the consideration of title VI, and that the Committee on the Judiciary be restricted to the consideration of sections 509 and 510, and provided further that if any of the said committees fails to report within the 30-day time limit, such committee shall be automatically discharged from further consideration of the bill in accordance with section 3(b) of S. Res. 400, 94th Congress.

By Mr. PRESSLER:

S. 1128. A bill to amend the Arms Control and Disarmament Act; to the Committee on Foreign Relations.

By Mr. EXON:

S. 1129. A bill to provide an increase in pay for members of the uniformed services in pay grades E-5 through E-9, to equalize aviation career incentive pay for warrant and other officers, to provide longevity pay increases for members of the uniformed services in the pay grade 0-3 with more than 16 years of service, and to establish a mechanism for annually adjusting the compensation of members of the uniformed services; to the Committee on Armed Services.

By Mr. STEVENS:

S. 1130. A bill to amend the Internal Revenue Code of 1954 to increase the amount of certain moving expenses allowable as a deduction; to the Committee on Finance.

By Mr. DANFORTH (for himself, Mr. WEICKER, Mr. ROTH, Mr. SASSER, Mr. BAUCUS, Mr. CHILES, Mr. COCHRAN, Mr. COHEN, Mr. DOLE, Mr. DURENBERGER, Mr. GRASSLEY, Mr. HATCH, Mr. JACKSON, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. PERCY, Mr. RUDMAN, Mr. SPECTER, Mr. STEVENS, Mr. LEVIN, Mr. CHAFEE, Mr. GARN, and Mr. NUNN):

S. 1131. A bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes; to the Committee on Governmental Affairs.

By Mr. WEICKER (for himself, Mr. KENNEDY, Mr. STAFFORD, Mr. RANDOLPH, and Mr. EAGLETON):

S. 1132. A bill to amend the Developmental Disabilities Assistance and Bill of Rights Act to extend the programs under the Act and to enforce the constitutional rights of persons with developmental disabilities; to the Committee on Labor and Human Resources.

By Mr. COCHRAN:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATFIELD.

S. 1119. A bill to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes; to the Committee on Energy and Natural Resources.

CRATER LAKE NATIONAL PARK

● Mr. HATFIELD. Mr. President, today I am introducing a bill which will rectify an oversight, by excluding 480 acres of former national forest land, which is scheduled to be harvested and has been harvested from the boundary of Crater Lake National Park.

The act approved December 19, 1980 (94 Stat. 3255; Public Law 96-553), transferred some 23,890 acres from adjacent national forests to the boundary of Crater Lake National Park. The purpose of these additions was threefold: First, to include certain national forest lands which had been identified by the Forest Service for designation as wilderness; second, to improve the park boundary area; and third, to add to the park key natural features, including springs and geological formations.

Based on field examination by Forest Service and Park Service personnel, a boundary line based on the above criteria was developed and reviewed by both agencies. The line finally adopted included a small parcel of timber on the west boundary which was scheduled to be cut under a contract entered into in 1976. Field personnel of the National Park Service were not aware that the added lands were subject to an outstanding timber sale. However, neither the sponsor of the legislation nor the Park Service wished to prohibit the exercise of valid contractual rights to cut timber by the boundary change.

Timber harvesting is not permitted within Crater Lake National Park. Accordingly, this legislation would remove from the park about 480 acres, of which 39 acres are scheduled to be harvested and 58 acres have already been cut during 1960-66. The new boundary line will conform the boundary to that which was intended by all parties when the 1980 legislation was considered.●

By Mr. KASTEN (for himself, Mr. DOMENICI, Mr. ARMSTRONG, Mr. HATCH, Mr. DECONCINI, Mr. THURMOND, Mr. ANDREWS, Mr. SYMMS, Mr. QUAYLE, Mr. GRASSLEY, Mr. SASSER, and Mr. DENTON):

S. 1120. A bill to reduce the amount of funds available to an agency unless the agency has reduced waste, fraud, and abuse to the maximum extent feasible or demonstrates that no waste, fraud, or abuse exists in the administration of programs, and for other purposes; to the Committee on Governmental Affairs.

(The remarks by Mr. KASTEN on this legislation appear earlier in today's RECORD.)

By Mr. DENTON (by request):

S. 1121. A bill to extend and amend programs under the Older Americans Act of 1965, and for other purposes; to the Committee on Labor and Human Resources.

OLDER AMERICANS ACT AMENDMENTS OF 1981

● Mr. DENTON. Mr. President, I am pleased to introduce, at the request of the administration, a bill to amend the Older Americans Act of 1965. This bill is similar in many respects to S. 1086, which Senator HATCH and I introduced on April 30. It represents the philosophy of both the President and myself that States should have the flexibility to target service dollars under the act in a manner which will best meet the needs of their older citizens.

Mr. President, I welcome comments and suggestions from interested persons

on both this bill and S. 1086, which was introduced last week. I ask unanimous consent that the administration's summary of the changes made by this bill be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

The draft bill would extend for three years, through fiscal year 1984, authorizations of appropriations for programs administered by the Department of Health and Human Services under the Older Americans Act of 1965. The draft bill would also make amendments to the Act to increase State and local flexibility in planning and implementing programs under the Act, and to make other improvements in the Act.

The draft bill would extend for one year, through fiscal year 1982, programs administered by the Department of Labor under title V of the Act. Title V, the Senior Community Service Employment Program, provides employment for elderly low-income persons in part-time community service jobs. A one-year extension is being sought to allow the Administration to review simultaneously all the employment and training programs which are scheduled for reauthorization during fiscal year 1982.

The bill would authorize a single appropriation, without separate earmarks, for all social and nutrition services under title III. Included in this single authority would be funds equal to the amount which the Secretary of Agriculture estimates would be needed for the program under present provisions specifying the level of commodity assistance or cash in lieu thereof for meals served under title III. For fiscal year 1982, States would be assured an allotment of funds equal to their reimbursement for this purpose for fiscal year 1981, and would be required to spend for nutrition services the same proportion of their total funding under title III as they spent for that purpose for fiscal year 1981. The Secretary of Agriculture would retain the authority to donate agricultural commodities acquired under price support and surplus removal programs for nutrition services under the Act. Authority would be continued for States to have the Secretary of Agriculture purchase commodities on their behalf for use in providing nutrition services. However, any specified level of entitlement per meal in commodities or cash in lieu thereof would be removed.

The draft bill would give State and area agencies greater discretion in determining their own priorities in the use of program funds by repealing the requirement that 50 percent of funds be spent for services associated with access to services, in-home services, or legal services. It would give the State agency greater flexibility in the operation of its ombudsman program for residents of long-term care facilities, and would also allow the State agency the choice of two-, three-, or four-year planning cycles for State and area plans.

The draft bill would modify requirements that the Administration on Aging and State and area agencies review and comment on the policies and programs of other agencies serving older Americans, in order to reflect more realistically the authority, staff, and resources of these agencies. The draft bill would revise title IV of the Act to increase the Commissioner's discretion to target funds for research, training, demonstrations, and related activities in the manner he found most appropriate; the draft bill would also eliminate restrictions on the use of funds under title IV of the Act in combination with funds under other authorities for projects benefitting the elderly.●

By Mr. DENTON (by request):

S. 1122. A bill to extend the Head Start and Native American programs, and for other purposes; to the Committee on Labor and Human Resources.

HEAD START AND NATIVE AMERICAN PROGRAMS EXTENSION

● Mr. DENTON. Mr. President, I am introducing, at the request of the administration, a bill to extend the Head Start and Native American programs, and for other purposes. This bill would extend for 2 years authorizations of appropriations for the Native American program. Again, this bill is much like S. 1085, the Head Start Act, and S. 1088, the Native Americans Act, two separate bills which I introduced on April 30.

Mr. President, I ask unanimous consent that the administration's summary of their bill be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

The draft bill would extend for three years, through fiscal year 1984, authorizations of appropriations for the Head Start program. Head Start is a national service program providing year-round social and intellectual stimulation, health care, and nutrition to poor children, who frequently enter school far behind children who have had more of these advantages. There are 1,262 Head Start programs serving children in over 9,200 centers across the country. In the fifteen years of its history, Head Start has helped seven and a half million poor and minority children and their families. Research and evaluation of the program have documented short-term and long-term benefits to program participants, including improved health and nutrition, cognitive and language functioning, social adjustment, and improved school achievement.

Authority for the Head Start program would be moved form the Economic Opportunity Act of 1964 into a free-standing statute. The program would remain substantially unchanged, except that funding for Indian and migrant Head Start programs, which is presently indexed to the Consumer Price Index (CPI), would be indexed annually by either the percentage increase in the CPI of the percentage increase in Head Start appropriations, whichever adjustment provided the lower total amount for those programs. The draft bill would also repeal part D of title V of the Economic Opportunity Act of 1964, providing authority for day care projects which duplicates authority under other Federally funded programs and which has never been funded.

The draft bill would extend for two years, through fiscal year 1983, authorizations of appropriations for the Native American program. Authority for the Native American program would be moved from the Economic Opportunty Act of 1964 to a free-standing statute, but would remain substantially unchanged. This program provides financial assistance to public and private non-profit agencies, including but not limited to governing bodies of Indian tribes and other Native American organizations, to support projects to promote the economic and social self-sufficiency of Native Americans. The need remains for a sustained Federal commitment to these goals, since although some progress has been made, Native Americans still lag behind the general population in many important areas, including employment, income, education, housing, and health. The Native American program has been instrumental in assisting Indian tribes and other Native American groups to obtain the necessary resources to operate human service programs for the benefits of their own members.●

By Mr. MATHIAS:

S. 1125. A bill to eliminate the reduction on social security benefits for spouses and surviving spouses receiving certain Government pensions, as recently added to title II of the Social Security Amendments of 1977; to the Committee on Finance.

REPEAL OF GOVERNMENT PENSION OFFSET

● Mr. MATHIAS. Mr. President, this year Congress will consider legislation to improve and strengthen the social security system. The problems are complex. The American people are demanding a soundly financed base to support a reformed program of fair and consistent benefits.

In reviewing the Social Security Act, Congress is responsible for eliminating inequities in the social security program. The legislation I am introducing today gives Congress the opportunity to repeal a serious inequity created by the Social Security Amendments of 1977.

The 1977 amendments contain an offset provision affecting benefits for spouses and surviving spouses who have Federal, State or local government jobs that are not covered by social security.

Under this offset provision, a husband who retires with a civil service pension no longer receives full benefits as a spouse or surviving spouse of his wife who has qualified for social security coverage. His dependent's benefit, which is based on her social security record, is offset, or reduced, by $1 for each dollar he receives in his Government pension. The entire social security benefit is eliminated if the Government pension equals or exceeds the benefit.

After December 1, 1982, women will be affected by the same offset provision if they retire on Government pensions. A woman's benefit as a spouse or surviving spouse, calculated on her husband's social security record, will likewise be reduced by the amount of her Government pension.

Women who are eligible to receive Federal, State, or local government pensions before December 1982 are exempted from the Government pension offset. Although a woman does not have to apply for her Government pension by that time, she must meet the age and length-of-service requirements for her Government pension before December 1982.

Washington Post columnist Mike Causey recently explained this so-called "grandmother clause" of the 1977 social security amendments. I ask that his "Federal Diary" column, "Some U.S. Women Lose Some Benefits in '82", be printed in the RECORD following my remarks.

The Government offset provision strikes me as a gross injustice. I see no reason why dependent benefits should be denied to eligible spouses or surviving spouses simply because they receive pensions from Federal, State, or local governments that have no social security coverage.

Under the Social Security Act other spouses and surviving spouses remain entitled to full social security dependent's benefits without regard to whether they themselves are under social security. And that is just how it should be for everyone.

The dependent's benefit is based on the spouse's social security record and not on a person's own social security record. It is unconscionable for the law to discriminate against a person who is otherwise eligible for a full social security benefit simply because that person has a Government pension.

That is why I have introduced legislation to repeal the Government pension offset in 1978, again in the last Congress, and now today. I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill and the article were ordered to be printed in the RECORD, as follows:

S. 1125

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 334 of the Social Security Amendments of 1977 is amended—

(1) by striking out subsections (a), (b)(3), (c), (d)(3), (e) and (g); and

(2) by striking out "is amended to read" and all that follows in subsections (b)(2) and (d)(2) and inserting in lieu thereof in each instance "is repealed.".

(b) Subsections (a)(1) and (b)(1) of section 336 of such amendments are each amended by striking out all that follows "Act" where it first appears and inserting in lieu thereof "is amended by striking out all that follows 'subsection (q)' and precedes 'and subparagraph (B)'.".

SEC. 2. Subsection (a) of the first section of this Act shall be effective with respect to benefits payable for months beginning with the month in which the Social Security Amendments of 1977 were enacted, in accordance with section 334(f) thereof (as though the amendments made by such subsection (a) had been incorporated in section 334 of such amendments upon its enactment); and the amendments made by subsections (a), (b)(2), (b)(3), (c), (d)(2), (d)(3), and (e) of such section 334 as in effect without regard to this Act shall be deemed never to have become effective. The amendments made by subsection (b) of the first section of this Act shall become effective (as though they had been included upon the enactment of such amendments) as provided in section 336(c)(1) thereof.

SOME U.S. WOMEN LOSE SOME BENEFITS IN 1982

Federal women who retire, or who become eligible for retirement, after Dec. 1, 1982, will lose all or part of a benefit they can now get as the spouse or surviving spouse of a person entitled to a Social Security workers' benefit. That is a mouthful, but this is complicated stuff.

In 1977 Congress, in reaction to a Supreme Court decision that made non-dependent husbands and widowers eligible for Social Security spouses' benefits, enacted an offset provision. It is designed to reduce the Social Security spouses' benefit of a federal worker by the amount of his or her own pension.

To protect thousands of women who would have lost the spouses' benefit entitlement immediately, Congress also added a "grandmother clause." It said women who qualified for their own federal pension by Dec. 1, 1982, would be excluded from offset.

Idea was to give them a five-year grace period to qualify for the Social Security benefit earned by their husband. That means women who retire or are eligible to retire from government by the Dec. 1, 1982, cutoff date will get the full Social Security benefit as the spouse of a worker insured under Social Security just as they would have before Congress changed the law.

U.S. workers (most of them women) who qualify by the Dec. 1, 1982, deadline will be allowed to get a Social Security benefit based on the earnings of their husbands under Social Security, in addition to the full amount of their own federal pension. Women who retire or become eligible to retire after that 1982 cutoff will be subject to offset, just like men.

Offset is the reduction in the Social Security spouses' entitlement benefit equal to the retirement benefit the U.S. woman worker gets for her own federal service. Most long-service feds will get a U.S. retirement benefit that is equal to or better than anything they would get as the spouse or surviving spouse of an individual covered under Social Security. For them, the offset law means they will not get that benefit. But they will get any Social Security benefit they earned themselves under Social Security.●

By Mr. BIDEN:

S. 1126. A bill to improve the effectiveness of criminal forfeiture, and for other purposes; to the Committee on the Judiciary.

CRIMINAL FORFEITURE AMENDMENTS ACT OF 1981

● Mr. BIDEN. Mr. President, I send to the desk the Criminal Forfeiture Amendments Act of 1981 and I ask that it may be referred to the Senate Committee on the Judiciary.

Last week I released a General Accounting Office Report entitled "Asset Forfeiture—a Seldom Used Tool in Combatting Drug Trafficking." It describes efforts by the Federal Government to break up illegal drug trafficking networks by using Federal criminal forfeiture statutes to seize the assets of persons involved in those illegal activities. The report makes it clear that the Department of Justice has ignored this legislation since its passage 10 years ago.

The Nixon administration told Congress that passage of these laws would break the backs of the big traffickers. However, violent crime in Eastern urban areas has risen dramatically during the past 10 years, while a huge influx of Southwest heroin has hit the streets of our cities in recent years.

The General Accounting Office report gives several reasons for the nonuse of the forfeiture statutes. Among those reasons, the most significant is the lack of leaderships by the Department of Justice. This lack of leadership is demonstrated by the Department's failure to maintain accessible data in prosecutions of major narcotics cases. It is also demonstrated by the forfeiture of a mere $2 million from narcotics traffickers over a period of 10 years. During the same period of time, about $60 billion is generated by these networks yearly.

More forfeiture will not eliminate drug trafficking, but it should be tried. Agency personnel need more training, and the Department of Justice has begun to take the problem more seriously since the initiation of this study, which was undertaken at my request as chairman of the Subcommittee on Criminal Justice. The General Accounting Office also suggested amendments to the forfeiture statutes to clarify them and eliminate the disparity in federal court interpretations of the laws.

The legislation I am introducing today results from the suggestions for improvements of the statutes contained in the Report. The legislation will allow prosecutors to get more money from traffickers by broadening the kind of property that can be forfeited; by making it easier to prove that the money came from illegal narcotics activities, and by making sure that when a defendant puts illegally-generated property in someone else's name or transports it out of the United States, the Government can get substitute money from him.

Mr. President, I ask unanimous consent that a brief summary of the report and of the principal provisions of the bill and the text of the proposed bill be printed in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1126

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Criminal Forfeiture Amendments Act of 1981."

SEC. 2. Section 1963 of title 18, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as subsections (e) and (f); and

(2) by inserting after subsection (a), the following new subsections:

"(b) In addition to any other penalties prescribed by this section, whoever violates any provision of section 1962 shall forfeit to the United States (1) any profits and proceeds, regardless of the form in which held, that are acquired, derived, used or maintained in violation of section 1962, and (2) any profits and proceeds, regardless of the form in which held, that are acquired, indirectly or directly, as a result of a violation of section 1962.

"(c) Assets forfeitable under this section include those interests, proceeds, or profits owned by an individual convicted of violating section 1962 and acquired by him, indirectly or directly, through the use of an illegitimate enterprise or illicit association, or through a combination of individuals.

"(d) To the extent that assets, interests, profits, and proceeds forfeitable under this section—

"(1) cannot be located;

"(2) have been transferred, sold to, or deposited with third parties; or

"(3) have been placed beyond the jurisdiction of the United States.

the court, upon conviction of the individual charged, may direct forfeiture of such other assets of the defendant as may be available, limited in value to those assets that would otherwise be forfeited under subsections (a) and (b) of this section. Upon petition of the defendant, the court may authorize redemption of assets forfeited under this subsection, provided the assets described in subsection (a) and (b) are surrendered or otherwise remitted by such defendant to the jurisdiction of the court.".

SEC. 3. (a) Section 408 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (Public Law 91-513, 21 U.S.C. 848) is amended—

(1) in subsection (a)(1) by striking "in paragraph (2)" and inserting in lieu thereof the following: "by this section";

(2) in subsection (a)(2)(A) by adding after the phrase "the profits obtained by

him in such enterprise" the following: ", including any profits and proceeds, regardless of the form in which held, that are acquired, derived, used, or maintained, indirectly or directly, in connection with or as a result of a violation of paragraph (1)"; and

(3) by adding the following new subsection after subsection (d):

"(e) To the extent that assets, interests, profits, and proceeds forfeitable under this section—

"(1) cannot be located;

"(2) have been transferred, sold to, or deposited with third parties; or

"(3) have been placed beyond the territorial jurisdiction of the United States,

the court, upon conviction of the individual charged, may direct forfeiture of such other assets of the defendant as may be available, limited in value to those assets that would otherwise be forfeited under subsection (a) of this section. Upon petition of the defendant, the court may authorize redemption of assets forfeited under this subsection, provided the assets described in subsection (a) are surrendered or otherwise remitted by such defendant to the jurisdiction of the court.".

SUMMARY OF PRINCIPAL PROVISIONS OF THE CRIMINAL FORFEITURE AMENDMENTS ACT OF 1981

Section two amends the Racketeer Influenced and Corrupt Organizations Act (RICO) at 18 U.S.C., section 1963 in three ways. First, it states explicitly that all proceeds and profits even if acquired indirectly in derogation of the statute can be forfeited.

Second, it makes clear that proceeds from illegal as well as legal enterprises, associations, or combinations of individuals are forfeitable.

Third, it states that other property of the defendant can be substituted for other forfeitable property. Thus, if forfeitable property cannot be located, or has been placed within the control of third parties or has been transported out of the country, the statute will not be defeated.

Finally, redemption is provided for. The court may allow the defendant to redeem or purchase back the property that has been placed within the jurisdiction of the court for forfeiture. Thus the defendant may substitute one asset for another.

Section three amends the Continuing Criminal Enterprise statute (CCE) at 21 U.S.C., section 848 in the same ways provided for RICO.

COMPTROLLER GENERAL'S REPORT TO THE HONORABLE JOSEPH R. BIDEN, U.S. SENATE

DIGEST

The Federal Government's record in taking the profit out of crime is not good. Billions of dollars are generated annually by organized crime; drug trafficking alone is estimated at $60 billion annually. These illicit profits and the assets acquired with them were the target of legislation passed nearly 10 years ago to combat organized crime through forfeiture of assets. However, assets obtained through forfeiture have been minuscule.

The Government has simply not exercised the kind of leadership and management necessary to make asset forfeiture a widely used law enforcement technique. The Department of Justice has not given investigators or prosecutors the incentive or guidance to go after criminal assets. Steps are now underway to do more, but emerging case law indicates legislative changes are also needed if investigators and prosecutors are to make meaningful attacks on the economic base of organized crime.

Whether or not an improved asset forfeiture program will make a sizeable dent in drug trafficking is uncertain. The almost insatiable demand for drugs and the huge dollar amounts involved may be obstacles too great for law enforcement alone to overcome. But a successful forfeiture program could provide an additional dimension in the war on drugs by attacking the primary motive for such crimes—monetary gain.

Few assets have been forfeited

Simply put, neither the dollar value nor the type of assets forfeited to the Government by criminal organizations has been impressive compared to the billions generated annually through drug trafficking.

Since enactment in 1970 through March 1980, the Racketeer Influenced and Corrupt Organizations and Continuing Criminal Enterprise statutes (acts authorizing criminal forfeiture) have been used in 98 narcotics cases. Assets forfeited and potential forfeitures in those cases amounted to only $2 million. (See pp. 10 and 11.)

Since enactment in November 1978 of the Psychotropic Substance Act amendments (providing for civil forfeiture) through March 1980, the Drug Enforcement Administration has seized $7.1 million in currency involved in drug transactions. Of that amount only $234,000 had been forfeited; cases involving $6.8 million of the $7.1 million were pending. Seizures or forfeitures of other types of assets have been minimal. (See p. 12.)

Most forfeitures have been accomplished under various civil authorizations by the Drug Enforcement Administration and the U.S. Customs Service. However, these forfeitures have been primarily the vehicles and cash used in drug trafficking and represent mere incidental operating expenses for large narcotics organizations. Total civil forfeitures from 1976 through 1979 were $29.9 million. (See pp. 12 and 13.)

Equally disturbing are the kinds of assets forfeited. The Racketeer Influenced and Corrupt Organizations and Continuing Criminal Enterprise statutes were intended to destroy the economic base of criminal organizations and to combat organized crime's infiltration into commercial enterprise. The Department of Justice has estimated that 700 legitimate businesses in this country have been infiltrated by organized crime, yet no significant business interests acquired with illicit drug funds or profits from other criminal activity have been forfeited. (See p. 11.)

Why more forfeitures have not been realized

The reasons why the forfeiture statutes have not been used more extend across the legal, investigative, and prosecutive areas.

Emerging case law indicates the forfeiture statutes are ambiguous in some areas or incomplete and deficient in others. (See pp. 30 to 42.)

Investigators and prosecutors were not given the guidance and incentive for pursuing forfeiture. (See pp. 19 to 24.)

Access to financial information may be limited. (See pp. 25 to 29.)

But the primary reason has been the lack of leadership by the Department of Justice. Nearly 10 years after the forfeiture statutes were enacted the Government lacked the most rudimentary information needed to manage the forfeiture effort. No one knew how many narcotics cases had been attempted using the Racketeer Influenced and Corrupt Organizations or Continuing Criminal Enterprise statutes, the disposition of all the cases, how many cases involved forfeiture attempts, and why those attempts either failed or succeeded. (See pp. 16 to 18.)

Efforts are being made to remedy the matter. The Department of Justice has (1) issued guidance on the use of forfeiture statutes, (2) is analyzing in detail all narcotics Racketeer Influenced and Corrupt Organizations and Continuing Criminal Enterprise cases prosecuted since 1970, and (3) is preparing a manual on how to conduct financial investigations in drug cases. Also, the Drug Enforcement Administration has made forfeiture a goal of all major trafficker investigations. These initial efforts must be continued and implementation monitored if the Government is going to improve its forfeiture law enforcement effort.

Recommendations to the Congress

GAO recommends that the Congress amend the criminal forfeiture provisions of the Racketeer Influenced and Corrupt Organizations statute to:

Make explicit provision for the forfeiture of profits and proceeds that are (1) acquired, derived, used, or maintained in violation of the statute or (2) acquired or derived as a result of a violation of the statute.

Authorize forfeiture of substitute assets, to the extent that asserts forfeitable under the statute: (1) cannot be located, (2) have been transferred, sold to, or deposited with third parties, or (3) have been placed beyond the general territorial jurisdiction of the United States. This authorization would be limited to the value of the assets described in (1), (2), and (3), above.

GAO recommends that the Congress amend the criminal forefeiture provisions of the Continuing Criminal Enterprise statute to:

Clarify that assets forfeitable under the statute include the gross proceeds of controlled substance transactions.

Authorize forfeiture of substitute assets, but only to the extent that assets forfeitable under the statute (1) cannot be located, (2) have been transferred or sold to, or deposited with third parties, or (3) placed beyond the general territorial jurisdiction of the United States. (See pp. 41 and 42; proposed criminal forfeiture legislation is shown in app. V.)

Recommendations to the Attorney General

Although statutes authorizing the forfeiture of criminal assets are 10 years old, the Government has used them sparingly. Starting in 1980, the Department of Justice began various corrective actions to increase the use of statutes authorizing forfeiture of criminal assets. These initial efforts must be supplemented if forfeiture cases are to increase. Accordingly, GAO recommends that the Attorney General direct the Department of Justice's Criminal Division to analyze on a continuing basis the extent to which forfeiture statutes are used and the reasons for the success or failure of their application, and evaluate the workability of current forfeiture procedures and take the appropriate steps to effect any necessary revisions. (See p. 29 and p. 42.)

Agency comments

The Department of Justice was provided a draft of this report on February 9, 1981, for its comments. The Department did not respond within the required 30 days as is stipulated in Public Law 96-226. The comments were received on March 19, 1981. (See app. VI.) Because of the late submission by Justice and the report issue date set by the requestor, GAO could not evaluate the comments in detail. In general, however, the agency concurs with the findings but points out the need to clarify certain matters. (See p. 43.)●

By Mr. EXON:

S. 1129. A bill to provide an increase in pay for members of the uniformed services in pay grades E–5 through E–9, to equalize aviation career incentive pay for warrant and other officers, to provide longevity pay increases for members of the uniformed services in the pay grade O–3 with more than 16 years of srevice, and to establish a mechanism for annually adjusting the compensation of members of the uniformed services; to the Committee on Armed Services.

MILITARY COMPENSATION LEGISLATION

● Mr. EXON. Mr. President, 1 month ago I came before the U.S. Senate with my proposal for a targeted mid-year pay raise for military personnel rather than the 5.3 percent across-the-board version advocated by the administration. At that time, my proposal was not in the form of a bill, but was simply pending before the Senate Armed Services Committee. The chairman of the committee, as well as the chairman of the Manpower and Personnel Subcommittee, assured me of consideration and discussions on this issue have been continuing.

However, since that time, the situation has changed. Enthusiasm for a mid-year, across-the-board pay raise appears to be waning. Last week, the House Military Personnel and Compensation Subcommittee marked up their portion of the fiscal year 1982 defense authorization bill and rejected a mid-year pay raise.

Instead, they voted to suspend the military pay comparability mechanism in law for another year and provide a 14.3 percent across-the-board pay raise for all personnel effective October 1, 1981.

In light of these developments, and because of my personal convictions on this issue, I am today introducing a bill which would forego this year's proposed mid-year raise and instead provide for a full comparability pay increase for all military personnel and add to that additional pay for those in the senior noncommissioned officer ranks.

The Subcommittee on Manpower and Personnel is planning hearings tomorrow on the proposed 5.3 percent across-the-board pay increase and alternatives. I offer this bill as an alternative.

Mr. President, I continue to believe that the compression of pay between junior enlisted people and senior NCO's in the service is the cause of serious military personnel problems. First-term retention rates are relatively high. Increased retention among second- and third-term enlisted people, however, is critically needed. I have already cataloged for the Senate the difficulty the Navy will experience, for example, in manning the number of ships we hope to add to our inventory.

The frontloading of first-term pay over the past several years has resulted in a situation where the ratio of a senior sergeant's pay to a recruit's pay has declined by 50 percent since 1964. How can we expect highly qualified people to choose the service as a career when there is little incentive to advance?

As I have stated before, the Defense Department refuses to address this problem—even when given the authority to do so by the Congress. In my view, the Army recognizes its greatest deficiency as enlisted recruiting, the Navy's biggest difficulty is enlisted retention, and the Air Force's most pressing need is to recruit and retain engineers and pilots.

The simple sum of all these problems leads to compensation initiatives, based on the "lowest common denominator"—a large across-the-board pay raise. So, the pay compression problem festers and gets progressively worse while we throw more money at our manpower difficulties.

The bill I am introducing today will attack two compensation problems which need our attention—providing a cost-of-living raise for next year and targeting of additional pay to reduce the compression problem.

First, my proposal will grant all military personnel an across-the-board raise, effective October 1, which will be equal to the amount necessary based on comparability with non-Federal pay.

On top of that increase, I am proposing a further increase in pay identical to the original Exon proposal. In addition to the comparability pay increase, personnel in pay grade E–5 (sergeant /petty officer 2d class) will receive an additional 5.3 percent; personnel in pay grades E–6 and E–7 (staff sergeant/petty officer 1st class, and platoon sergeant/chief petty officer) will receive an additional 6.3 percent; and, personnel in pay grades E–8 and E–9 (first sergeant/senior chief petty officer, and sergeant major/master chief petty officer) will receive an additional 7.3 percent raise.

I believe this approach is better than another suspension of the pay comparability mechanism in order to select a fixed percentage raise.

Rather, my bill will allow that mechanism to stay in effect and determine exactly what comparability is and all military personnel will receive that amount.

Last year, the Congress suspended that mechanism, chose 11.7 percent requested that the comparability mechanism be reviewed with an emphasis on possibly changing it.

The Defense Department replied to Congress request last month by saying that further study would be needed before a change could be proposed and that, for the present time, the current professional, administrative, technical, and clerical wage survey represented the best manner to link military wages directly with private sector increase.

Therefore, this bill will allow that mechanism to work this year.

In addition, it will decouple military and Federal civilian pay in law, as recommended by both President Reagan and former President Carter, and base comparability on regular military compensation.

Regular military compensation includes basic pay, and allowances for subsistence and quarters—including the variable housing allowance and the overseas station allowance—and the tax advantage of the nontaxable allowances.

By basing comparability on regular military compensation, significant changes in such items as the variable housing allowance and any tax reductions will be taken into account.

Under this bill, the appropriate pay increase would take effect automatically unless the President submits an alternative plan for military pay by September 1. If the President does submit an alternative plan, his alternative would take effect October 1 unless rejected by Congress.

I want to emphasize that all military people will receive this full comparability increase. In addition to that, senior NCO's will receive the graduated, additional increases they need and deserve.

Also included in this bill are provisions which I have earlier discussed with my colleagues and here on the Senate floor—one small pay adjustment to provide the aviation career pay for warrant officers as well as commissioned officers and another adjustment to continue to provide longevity pay increases for personnel in grade O–3 through 20 years of service instead of the current cutoff at 14 years.

The first of these adjustments is a matter of equity and the second is intended to correct the pay tables in accordance with the desire of Congress when it passed legislation designed to improve the management of and increase experience levels in the officer corps last year.

Mr. President, by introducing this legislation I am not implying that I am comfortable with our current method of computing military compensation.

Quite the contrary is true. We have a system which is grossly imprecise. It averages the wage increases of professional, administrative, technical, and clerical people in the private sector and gives that average increase to all military people—regardless of their skill specialty or time in grade. This system is inadequate and needs reform.

The Defense Department hinted at this in their report of last month as well. I intend to work for the much-needed reform in the near future. However, for now, I believe the assurance of stability in providing pay raises based on the principle of comparability and a modest restructuring of the pay line are needed.

The cost of my proposal is roughly equivalent to that contained in the President's budget, which called for a combined 14.9 percent total increase in two installments. What this legislation will accomplish is to grant everyone in our Armed Forces a full comparability increase for next year and take a step toward a more rational distribution of military pay aimed at solving our most pressing needs.

I intend to work with my colleagues on the Armed Services Committee on this subject and urge support for this most important legislation.●

By Mr. STEVENS:

S. 1130. A bill to amend the Internal Revenue Code of 1954 to increase the amount of certain moving expenses allowable as a deduction; to the Committee on Finance.

MOVING EXPENSES ALLOWABLE AS A DEDUCTION

Mr. STEVENS. Mr. President, on February 24, 1981, I introduced a bill, S. 565, which raised the Federal income tax deduction for the sale and purchase of a home when an individual moves for business reasons. S. 565 tied the deduction to the maximum Federal reimbursement for such moves, which is currently $12,000.

On March 16 the Subcommittee on Taxation and Debt Management heard testimony on S. 565. Various groups strongly supported the provisions of S. 565.

Among those supporting the bill were the Employee Relocation Council, an association of numerous private busi-

nesses, the National Association of Realtors, the FBI, the Drug Enforcement Agency, and the Senior Executive Association, an association representing Federal executives. The only voiced opposition was from the Treasury Department.

The Department recognized the severe problems the current limit causes but felt the bill was excessively costly, in addition to the fact that it introduced a new mechanism to increase the deductible limit.

The Department, though, offered various alternatives to alleviate the hardship. One alternative is what I am introducing today because I feel strongly that something must be done.

This bill provides the following:

First, the current $1,500 deductible limit for househunting and temporary living expenses is raised to $5,000, $15,000 for foreign moves.

Second, the $3,000 limit for the sale and purchase of a home is raised to $10,000, $20,000 for foreign moves.

Third, expenses for househunting and temporary living will not count against the larger amount for the sale and purchase of a home.

Fourth, the $5,000/$15,000 and $10,000/$20,000 figures are phased in over 3 years.

Fifth, the Treasury is authorized to adjust such figures when it deems necessary.

Mr. President, all tax cut measures reduce revenues up front. Yet, the economic benefit of expanding the ability of working people to relocate will be enormous and, I believe, will ultimately offset any initial revenue loss. Productivity is clearly enhanced by the movement of people to areas of labor demand and out of areas of labor supply. The present deductible limit on business related moves inhibits the flow of people seeking new employment.

I urge consideration of this measure as an alternative to S. 565.

By Mr. DANFORTH (for himself, Mr. WEICKER, Mr. ROTH, Mr. SASSER, Mr. BAUCUS, Mr. CHILES, Mr. COCHRAN, Mr. COHEN, Mr. DOLE, Mr. DURENBERGER, Mr. GRASSLEY, Mr. HATCH, Mr. JACKSON, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. PERCY, Mr. RUDMAN, Mr. SPECTER, Mr. STEVENS, Mr. LEVIN, Mr. CHAFEE, Mr. GARN, and Mr. NUNN):

S. 1131. A bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes; to the Committee on Governmental Affairs.

DELINQUENT PAYMENTS ACT OF 1981

● Mr. DANFORTH. Mr. President, I am introducing today the Delinquent Payments Act of 1981, legislation which, if adopted, would vastly improve the Federal Government's bill-paying practices.

In these times of economic trouble and sky-high interest rates, cash is extremely hard to come by, particularly for small businesses. Ironically, the Federal Government, in its role as one of the Nation's largest buyers of goods and services, often makes matters even worse by excessively delaying payments to the businesses from which it buys.

There is no excuse for this situation.

The Delinquent Payments Act would require Federal agencies to pay interest on any payments over 30 days late. The bill contains built-in incentives for agencies to shape up, since interest charges would come not from the U.S. Treasury, but from the agencies' operating funds.

The Governmental Affairs Subcommittee on Federal Expenditures, Research and Rules, of which I am chairman, will hold a hearing on May 13 on the late payment issue.

Mr. President, I ask unanimous consent that the text of the Delinquent Payments Act of 1981 and a section-by-section analysis be printed at this point in the RECORD. I further ask that a list of organizations which strongly support the goals and objectives of the Delinquent Payments Act of 1981 be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 1131

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. This Act may be cited as the "Delinquent Payments Act of 1981."

INTEREST ON DELINQUENT PAYMENTS

SEC. 2. (a) In accordance with regulations prescribed by the Director of the Office of Management and Budget, each Federal agency which acquires property or services from a business concern, but which does not make payment for each such complete item of property or service delivered—

(1) within 30 days after the date on which payment is due under the terms of the contract for the provision of such property or service or otherwise; or

(2) within 30 days after receipt of a proper invoice for the amount of the payment due, if a specific date on which payment is due is not established by contract or otherwise,

shall pay to such business concern interest, in accordance with this section, on the amount of the payment which is due.

(b)(1) Interest on amounts due to a business concern under this Act shall be paid to the business concern for the period beginning on the 31st day after payment is due under the contract or otherwise or on the 31st day after the Federal agency receives a proper invoice for the amount of the payment due, as the case may be, and ending on the date on which payment of the amount due is made. The interest provided for in this section shall be paid at a rate which the Secretary of the Treasury shall specify as applicable to the period beginning on July 1, 1981, and ending on December 31, 1981, and to each six-month period thereafter. Such rate shall be determined by the Secretary of the Treasury, taking into consideration current private commercial rates of interest for new loans maturing in approximately five years. The Secretary of the Treasury shall publish each such rate in the Federal Register.

(2) Any amount of interest which remains unpaid at the end of any 30-day period shall be added to the principal amount of the debt and thereafter interest shall accrue on such added amount.

(c) A Federal agency shall pay any interest charges required by this section out of funds appropriated for the administration of agency programs.

(d) This Act does not authorize the appropriation of funds for the payment of interest required by this Act.

LIMITATION ON DISCOUNT PAYMENTS

SEC. 3. If a business concern offers a Federal agency a discount from the amount due for the acquisition of property or services, for the payment by such agency within a specified period of time, the agency may pay the business concern the discounted amount only if payment is actually made within the time specified by the business concern.

CONGRESSIONAL OVERSIGHT

SEC. 4. (a) Each Federal agency shall file with the respective Chairmen of the Senate Committee on Governmental Affairs and the House Committee on Government Operations a detailed report on any interest payments made during the preceding fiscal year.

(b) Such report to include the number of interest payments, the amounts thereof, the frequency thereof and the reasons therefor shall be delivered to the respective Committee chairmen within 60 days of the conclusion of each fiscal year.

DEFINITIONS

SEC. 5. For the purposes of this Act—

(a) The term "Federal agency" has the same meaning as the term "agency" in section 551(1) of Title 5, United States Code; and

(b) The term "business concern" means any person engaged in a trade or business.

(c) An invoice shall be considered a "proper invoice" when it contains or is accompanied by such substantiating documentation as the Federal agency concerned may require by regulation;

(d) An invoice shall be deemed to have been "received" by an agency on the earlier of (A) the date on which such Federal agency actually receives the invoice, or (B) the fifth day after the date the invoice is mailed.

EFFECTIVE DATE

SEC. 6. (a) This Act applies to agreements for the acquisition of property or services made on or after the ninetieth day after the date of enactment of this Act.

(b) The provisions of this Act requiring the promulgation of regulations shall be effective upon enactment, and such regulations shall be promulgated not later than 90 days after the date of enactment of this Act.

DELINQUENT PAYMENT ACT OF 1981—SECTION-BY-SECTION ANALYSIS

Purpose: To require the Federal Government to pay interest on overdue bills and to prohibit federal agencies from improperly taking early payment discounts.

Sec. 2(a). If federal agencies do not pay their bills within thirty days after the date on which payment is due under the terms of the contract, or within thirty days after receipt of a proper invoice, they shall pay interest to the affected business concern.

Sec. 2(b)(1). The rate of interest is to be determined by the Secretary of the Treasury every six months. The Secretary shall consider the rates of interest for private commercial new loans, maturing in approximately five years. The interest-rate determination procedure mirrors the Contract Disputes Act (41 U.S.C., Section 611) to simplify codification and to prevent the possibility of a discrepancy in interest rates in the event a late payment becomes a contract dispute.

Sec. 2(b)(2). Interest that remains unpaid after each thirty-day period shall be added to the principal amount of the debt, and interest shall accrue on such added amount.

SEC. 2(d) and (e). Interest payments to businesses shall be paid out of a delinquent agency's operating budget, not general revenues. The purpose of this provision is to induce agency heads to act swiftly, since they will otherwise face the embarrassment of having to ask Congress to authorize additional monies—simply because they failed to pay their bills promptly.

Sec. 3. Federal agencies are entitled to discounts offered by business concerns only if the payment is delivered or mailed by the last day of the specified period. This is intended to prevent agencies from taking early payment discounts after the discount period has expired.

Sec. 4. Offending agencies will be required to report to Congress on payments made pursuant to the Act.

SEC. 5(c) and (d). To be "proper," invoices must include any necessary substantiating documentation and shall be deemed to have been received on either the date it was actually received by the federal agency or on the fifth day after it has been mailed, whichever comes first.

ORGANIZATIONS WHICH STRONGLY SUPPORT THE GOALS AND OBJECTIVES OF THE DELINQUENT PAYMENTS ACT OF 1981

National Audio-Visual Association (NAVA).
National Office Products Association (NOPA).
National Micrographics Association (NMA).
National Association of Wholesaler-Distributors (NAW).
Independent Media Producers Association (IMPA).
Association of Reproduction Materials Manufacturers (ARMM).
Coalition for Common Sense in Government Procurement (CCSGP).
Media Educational Sales Association (MESA).
National Meat Association (NMA).
National Federation of Independent Business (NFIB).
American Logistics Association (ALA).
Business Products Council Association (BPCA).
Business and Institutional Furniture Manufacturer's Association (BIFMA).
Association of Editorial Businesses, Inc. (AEB).
National Association of Manufacturers (NAM).
American Meat Institute (AMI).
Association of the Wall & Ceiling Industries—International (AWCII).
Associated General Contractors (AGC).
National Broiler Council (NBC).
Latin American Manufacturers Association (LAMA).
Automotive Service Industry Association (ASIA).
Automotive Parts Rebuilders Association (APRA).
Committee on Federal Contracting Practices (CFCP).
United Fresh Fruit & Vegetable Association (UFFVA).
National Association of Meat Purveyors (NAMP).●

● Mr. WEICKER. Mr. President, today, along with my distinguished colleague from Missouri, I am introducing the Delinquent Payment Act of 1981. The purpose of the legislation is to require the Federal Government to pay interest on its overdue bills and to prohibit Federal agencies from taking early payment discounts long after the discount period has expired.

This act would require the Federal Government to pay its bills within 30 days after the date on which payment is due under the terms of the contract, or within 30 days after receipt of a proper invoice for goods or services delivered. If an agency does not meet these payment terms, the legislation would require that agency to pay interest penalties at a rate determined by the Secretary of the Treasury. These interest payments, based on current private commercial rates of interest for new loans maturing in approximately 5 years, would be charged directly to the delinquent agency's operating budget. The act also states that no additional funds shall be authorized specifically for payment of such interest penalties. Since the interest penalties would be paid directly from each agency's existing operating funds, enactment of this legislation would not result in any additional costs to taxpayers.

Mr. President, I initially became aware of Federal late-payment problems through conversations with small businessmen and women who contract with the U.S. Government. Managers of small firms that do business with Federal agencies tell me that they are often forced to wait from 90 to 120 days for payment of goods or services delivered. Because such payment delays cause severe cash flow problems and administrative headaches, the fear of late payments has further reduced the already low incentive small businesses have to bid for Federal procurement contracts.

The General Accounting Office studied the late payment problem in 1978 and discovered that one-third of all Federal bills are paid late, which represents about 20 percent of the money that the Government owes on a given date. This means that more than $4 billion is tied up in late payments for months at a time. This apparent inability to pay bills on time is found in all areas of the Federal Government.

For example, the GAO found that the GSA paid 73.6 percent of its invoices more than 30 days late; the Department of Transportation paid 62.6 percent of its bills late; the Department of the Army paid 34.9 percent of its invoices more than 30 days after they became due; and the Department of Health and Human Services paid late for invoiced goods two-thirds of the time. And, I would like to point out that the payment practices of Federal grantees is even worse. In fact, I anticipate that the issue of whether or not this legislation should also cover federally assisted programs will be considered during subcommittee hearings on the bill.

As I mentioned earlier, these chronic late payments cause an unfair financial burden on small firms. With interest rates at record high levels, few companies like to borrow money to cover cash flow problems. However, under the burden of payment lapses of up to 120 days, many small companies must borrow to cover their operating costs, having already paid their suppliers. In fact, I know of one smaller firm that recently reached $1.5 million in accounts receivable with the Federal Government—all of it at least 30 days past due—and had to borrow $500,000 at 20-percent interest just to meet the payroll.

A similar case involves the A-Kleen Services in Hartford, Conn. Ronald J. Chainey, president of the firm, tells me that he has been trying to collect $10,000 for services delivered to the U.S. Navy since last fall. As Mr. Chainey pointed out, this $10,000 accumulates no interest, pays no payrolls nor covers any other operating expenses.

Mr. President, I believe that the Government's late payment procedures must be reversed. The 30-day payment requirement and the concept of interest penalties on late payments contained in this legislation are not new ideas. They are standard business practices in all sectors of the U.S. economy, unless a firm is doing business with the Federal Government. I believe that enactment of this legislation will put an end to irresponsible Federal payment practices by putting agencies on notice that the Congress will no longer stand for poor financial management. As soon as Federal money managers realize that it will cost them to pay their bills late, I believe that they will speed up their payment practices. Thus, we will have resolved one of the major problems confronting this country's small businesses.●

● Mr. SASSER. Mr. President, I am happy to join my distinguished colleagues today in introducing S. 1131, the Delinquent Payments Act of 1981, and thereby giving real momentum to the goal of making the Federal Government pay its bills on time.

Since I introduced S. 30, the Late Payments Act of 1981, on January 5, Senator DANFORTH, chairman of the Governmental Affairs Subcommittee on Federal Expenditures and Senator WEICKER, chairman of the Small Business Committee, have shown keen interest in the problem of late payments, and have demonstrated real initiative in working to develop legislation that is technically acceptable to the parties that are interested in this important issue. The Delinquent Payments Act of 1981, which makes technical improvements on S. 30, is a sound and reasonable bill.

As with the Late Payments Act of 1981, the purpose of S. 1131 is clear: To make the Federal Government do what most businesses do when they receive a bill for goods and services rendered—pay it within a reasonable period of time, 30 days. If a Federal agency does not pay the bill within 30 days after receiving an invoice, interest would be charged.

In the current economic climate, such a bill is essential. It is particularly important to small businesses. Economic conditions are already driving record numbers of entrepreneurs into bankruptcy. Overdue accounts receivable exacerbate conditions for small businesses.

High interest rates compound this difficult situation. Small businesses do not have the cash flow capability to carry overdue accounts for a long period of time, nor do these businesses have the administrative personnel necessary to develop cash and credit management practices that would help them to weather the cost of carrying overdue accounts receivable or high financing costs.

Adoption of a 30-day time period in which the Federal Government must pay its bills or face interest charges makes good business sense. It implements what is regarded as a universal procedure in the American business community.

All the major credit card companies charge interest after 30 days. Most of the major retail operations in the Nation charge interest after a 30-day period.

The same small business that suffers

significant carrying costs because of late payments would find little solace from its own creditor if it attempted to explain away the situation by declaring: "The Government made me do it."

Legislation regarding late payments by the Federal Government probably would not be necessary if the record of all Federal agencies was good. But it has not been so good.

A 2-year study of this matter by the General Accounting Office showed that, in a random sampling of the Federal Government's procurement invoices, nearly 40 percent of the total invoices and almost 20 percent of the dollar volume of these invoices were not paid within 30 days.

In addition, the GAO report showed that some Federal agencies are inexcusably delinquent in making timely payments on the invoices they receive.

For instance, 74 percent of all invoices paid by the General Services Administration were made more than 30 days after the invoice date. The Department of Health and Human Services and the Commerce Department made late payments two-thirds of the time.

In this context, consider the problem once again from the perspective of the small business. It would not be unreasonable for them to assume that the Federal Government has a double standard.

Would the Internal Revenue Service look as kindly on small business if they made their quarterly tax payments at the same speed at which the GAO study showed that Federal agencies made payments on its invoices. I think not.

Then, too, there is the other side of the argument for this legislation. Late payments of bills hurt the Government, too.

As the GAO pointed out in its study:

> Delayed payments are also detrimental to the Government. They increase the administrative costs to follow up on overdue bills.

In addition, GAO hinted that some contractors doing business with Federal agencies stopped offering early payment discounts and that some may even have stopped doing business with the Government altogether—thereby damaging the competitive base within which the Government can do business.

Finally, I would like to point out that, as with S. 30, this bill is not written in stone.

It is always the purpose of the Governmental Affairs Committee, to which this legislation will be referred—to consider questions of administrative policy on a Government-wide basis. The Delinquent Payments Act of 1981 does this.

However, as GAO emphasizes:

> The variety of goods and services being purchased by federal agencies is so wide and the arrangements for making payments are so varied that it is difficult to establish a single standard that could be applied equitably in each case. Specific deviations from the generally accepted rule would need to be worked out.

Consideration will have to be given to those sectors of the business community specifically mentioned in other Federal statutes—the meat industry and the perishable goods industry.

Since it is the intention of this legislation to make equitable an inequitable situation, I can assure my colleagues that it is the goal of those who have worked on this bill that all inequities in the relationship of government as customer and business as provider will be addressed.

I sincerely hope that my colleagues will move quickly and forcefully to support this legislation and, in doing so, remedy an account with American business that is long overdue.●

● Mr. JACKSON. Mr. President, it is a pleasure for me to join in cosponsoring the Delinquent Payments Act of 1981, a simple—but necessary and long-overdue measure.

The only thing surprising about this legislation is that it was not enacted and put into effect years ago.

All it does is force the Federal Government to do what you and I and everyone on Main Street has to do; namely to pay our bills on time.

More than one-third of the invoices received by our National Government are not paid within 30 days, according to the General Accounting Office, and in some instances the time lag is measured in months—depending on the agency involved.

I fear we may reach a point where business and industry will deal with the Government only on a strict cash-and-carry basis.

Late payment practices on the part of the Federal Government are placing an unfair burden on business, especially small operations where, because of limited cash flow capabilities, they do not have the resources to finance and pursue overdue Government accounts.

Today's gloomy economic situation is more than enough burden for small business. Inflation and sky-high interest rates are causing businesses across the country to fold up and close the doors. It is inexcusable for the Federal Government to compound these problems by not paying its bills on time.

The Delinquent Payments Act requires the Government to pay interest on payments made more than 30 days after they are due. This makes good business sense and implements formally, a procedure that is already common practice in the American business community. The interest charge would be computed at a rate set by the Treasury Secretary, and the penalty would be paid out of the defaulting agency's operating budget rather than adding to the national debt. This will give additional incentive to the directors of Federal agencies to shapeup their management practices, to avoid the embarrassing task of justifying interest expenditures to Congress.

I urge my colleagues to join me in supporting the Delinquent Payments Act of 1981. It is time for the Federal Government to get its books in order and provide some relief from the burden its delinquent bill-paying practices has placed on the American business community.●

Mr. STEVENS. Mr. President, as Congress acts to correct flaws in this country's regulatory philosophy and apparatus through measures such as the Regulatory Reform Act, we should not overlook a government practice equally as onerous as regulatory excess, namely, late payment of bills. For this reason I am pleased to be able to join many of my colleagues today in cosponsoring the Delinquent Payments Act of 1981.

The purpose of this bill is to induce the Government to observe the common commercial practice of paying for goods and services within 30 days after an invoice is received. Agencies who fail to do so shall pay interest to the affected business out of their operating budgets and not general revenues.

In 1978 a General Accounting Office study found that nearly 40 percent of the Government's bills were paid late, with an average delay of 74 days. The Federal Government enjoyed as much as $4 billion in interest-free loans in this way, while businesses, particularly small businesses, had to borrow at high interest rates in order to meet cash-flow requirements. Today, 3 years after the report, slow payment continues.

For example, last fall in the State of Alaska the Bureau of Indian Affairs fell more than $200,000 behind in its payments to a rural electric cooperative, causing it difficulty in meeting its own obligations. Such hardships are unfair and unnecessary.

In addition to injuring business, however, late payment also increases the cost of Government as vendors eventually add to their prices the expense of carrying delinquent accounts. Meanwhile, other vendors cease to bid altogether making contracts less competitive.

By providing that penalty payments come directly out of agency operating budgets, passage of the Delinquent Payments Act will demonstrate to Federal management that it is in their interest to find a remedy promptly.

● Mr. CHAFEE. Mr. President, I am delighted to join my colleagues in sponsoring the Delinquent Payments Act of 1981. The purpose of this legislation is to encourage the Federal Government to pay its bills on time. Any agency who fails to pay bills within 30 days of when they are due would be forced to pay interest out of their operating budget. This should be an effective incentive to more responsible management.

This is an issue that is of particular concern to small business. Smaller firms have enough cash-flow problems in these inflationary times without the Federal Government adding to their plight.

I have encouraged companies in Rhode Island to seek Federal contracts and worked with them to that end. If they cannot get prompt payment for work performed, it becomes an exercise in futility. I have seen a small company in Rhode Island pushed to the brink of insolvency by failure of a Government agency to pay its bills on time. I do not want to see this happen again.

I congratulate Senators DANFORTH and WEICKER for introducing this legislation and I look forward to working with them to see it enacted.●

By Mr. WEICKER (for himself, Mr. KENNEDY, Mr. STAFFORD, Mr. RANDOLPH, and Mr. EAGLETON):

S. 1132. A bill to amend the Developmental Disabilities Assistance and Bill of Rights Act to extend the programs under

the act and to enforce the constitutional rights of persons with developmental disabilities; to the Committee on Labor and Human Resources.

DEVELOPMENTAL DISABILITIES ACT OF 1981

● Mr. WEICKER. Mr. President, I am very pleased today to introduce legislation reauthorizing the developmental disabilities program for a period of 1 year. I am joined in this effort by several of my colleagues on the Subcommittee on the Handicapped, Senators KENNEDY, STAFFORD, RANDOLPH, WILLIAMS, and EAGLETON.

Within the constellation of federally initiated service programs for handicapped individuals, the developmental disabilities effort targets, in a very special way, our fellow citizens whose physical and mental handicaps are severe, multiple, and lifelong. For this special group, this legislation continues a modest system of direct services planning, advocacy, legal representation, research, demonstration, and special projects which has, in its first decade of enactment, resulted in countless numbers of developmentally disabled Americans reaching their maximum functioning potential in our society.

More simply translated this means that persons once thought to require constant custodial and medical care, now are living in a variety of settings from institutions to their own homes and are experiencing more meaningful lives, and contributing to society.

Mr. President, there is no better way I know of for a nation to expand its productive capacity than to take advantage of the previously untapped and unrecognized talents of disabled persons. The Developmental Disabilities Amendment of 1981, which I introduce today contributes to tapping those talents. I ask unanimous consent that this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1132

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Developmental Disabilities Amendments of 1981".

REFERENCE

SEC. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Developmental Disabilities Assistance and Bill of Rights Act.

EVALUATION SYSTEM

SEC. 3. Section 110 is amended to read as follows:

"EVALUATION SYSTEM

"SEC. 110. (a) From the funds reserved under subsection (e), the Secretary may make allotments to the States to design, initiate, test, and operate a comprehensive system for the evaluation of services provided to persons with developmental disabilities through programs assisted under this title.

"(b) The Secretary shall require as a condition to a State's receipt of assistance under this title that the State provide assurances satisfactory to the Secretary that the State is using a comprehensive evaluation system which meets the requirements of subsection (c).

"(c) Any comprehensive evaluation system assisted under subsection (a) shall—

"(1) provide objective measures of the developmental progress of persons with developmental disabilities;

"(2) provide a method of evaluating programs assisted under this title which provide services for persons with developmental disabilities; and

"(3) provide effective measures to protect the confidentiality of records of and information concerning persons with developmental disabilities.

"(d) No allotment may be made to a State under subsection (a) unless an application for the allotment is submitted to and approved by the Secretary and the State has included in its State plan submitted under section 133 a plan for a comprehensive evaluation system which meets the requirements of subsection (c). Such application shall be in such form, shall be submitted in such manner, and shall contain such information as the Secretary may by regulation prescribe.

"(e) The amount of an allotment to a State in a fiscal year shall be proportional to the allotment the State is eligible to receive in such fiscal year under section 132. The amount of an allotment to a State for a fiscal year which the Secretary determines will not be required by the State during the period for which it is available may be reallotted by the Secretary to other States in the manner specified in section 132(d).

"(f) For allotments under subsection (a), the Secretary may reserve not more than 5 percent of the funds appropriated under section 131 for each fiscal year beginning after September 30, 1981.".

AUTHORIZATION OF APPROPRIATIONS—UNIVERSITY AFFILIATED FACILITIES

SEC. 6. (a) Section 123(a) is amended by striking out "and" after "1980," and by inserting before the period a comma and "and $8,000,000 for the fiscal year ending September 30, 1982".

(b) Section 123(h) is amended—

(1) by striking out "and" after "1980," in clause (2);

(2) by inserting "and" after "1981," in clause (3);

(3) by inserting after clause (3) the following new clause:

"(4) $5,000,000 for the fiscal year ending September 30, 1982,".

AUTHORIZATION OF APPROPRIATIONS FOR ALLOTMENTS

SEC. 7. Section 131 is amended—

(1) by striking out "section 132" and inserting in lieu thereof "sections 110 and 132";

(2) by striking out "and" after "1980,"; and

(3) by inserting before the period a comma and "and $50,000,000 for the fiscal year ending September 30, 1982".

PROHIBITIONS AGAINST THE USE OF FUNDS

SEC. 8. Part C is amended by adding at the end thereof the following new section:

"RESTRICTIONS ON THE USE OF FUNDS

"SEC. 139. No funds appropriated under this Act may be used to conduct or support activities to influence the issuance, amendment, or revocation of any Executive order, rule, or regulation, or similar promulgation by the President or any Federal agency or to undertake to influence the passage or defeat of any legislation by the Congress of the United States.".

SPECIAL PROJECTS

SEC. 9. (a) Section 145(a) is amended to read as follows:

"(a) The Secretary may make grants to public or nonprofit private entities for—

"(1) demonstrations, including where appropriate, research and evaluation in connection therewith, for establishing service programs which have substantial impact on improving services (particularly priority services) to persons with developmental disabilities (especially those who are disadvantaged or multihandicapped); and

"(2) demonstrations, including where appropriate, research, training, and evaluation in connection therewith, for establishing service programs which have substantial impact on improving protection and advocacy services related to the State protection and advocacy system (described in section 113).".

(b) Section 145(h) is amended by striking out clauses (4) and (7) and by redesignating clauses (5), (6), (8), and (9) as clauses (4), (5), (6), and (7), respectively.

(c) Section 145(f) is amended by striking out "and" after "1980," and by inserting before the period a comma and "and $4,000,000 for the fiscal year ending September 30, 1982".●

ADDITIONAL COSPONSORS

S. 395

At the request of Mr. WALLOP, the Senator from Iowa (Mr. JEPSEN) was added as cosponsor of S. 395, a bill to amend the Internal Revenue Code of 1954 to provide estate and gift tax equity for family enterprises, and for other purposes.

S. 533

At the request of Mr. STAFFORD, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 533, a bill to establish public buildings policies for the Federal Government, to establish the Public Buildings Service in the General Services Administration, and for other purposes.

S. 540

At the request of Mr. HUDDLESTON, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 540, a bill to amend the Clean Air Act to provide that the voluntary conversion from oil or gas to an alternate fuel by a stationary source shall be treated in the same manner as a conversion ordered under the Energy Supply and Environmental Coordination Act of 1974 or the Powerplant and Industrial Fuel Use Act of 1978.

S. 546

At the request of Mr. RANDOLPH, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 546, a bill entitled "The Fish Restoration Act of 1981."

S. 606

At the request of Mr. BAUCUS, the Senator from New Mexico (Mr. SCHMITT), the Senator from Iowa (Mr. JEPSEN), the Senator from Arizona (Mr. DECONCINI), the Senator from Alaska (Mr. STEVENS), and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of S. 606, a bill to estabilsh in the Department of State a Bureau of North American Affairs, and for other purposes.

S. 702

At the request of Mr. BAUCUS, the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 702, a bill to allow an income deduction for certain motor carrier operating authorities to offset the impact of the Motor Carrier Reform Act of 1980.

S. 776

At the request of Mr. HUDDLESTON, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of

S. 776, a bill to amend the Immigration and Nationality Act to more fully limit and control immigration to the United States, and for other purposes.

S. 866

At the request of Mr. BAUCUS, the Senator from Arkansas (Mr. PRYOR), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 866, a bill to improve congressional oversight of Federal programs and activities by requiring greater specificity in setting program objectives, by requiring continuing information on the extent to which programs are achieving their stated objectives, by requiring periodic review of new authorizations of budget authority and tax expenditures, and for other purposes.

S. 895

At the request of Mr. MATHIAS, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 895, a bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

S. 932

At the request of Mr. BAUCUS, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 932, a bill to amend title 18 of the United States Code in order to promote the effective investigation and prosecution of livestock fraud.

S. 1021

At the request of Mr. MCCLURE, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1021, a bill to authorize appropriations to the Department of Energy for civilian programs for fiscal year 1982 and fiscal year 1983, and for other purposes.

S. 1030

At the request of Mr. MCCLURE, the Senator from Wisconsin (Mr. PROXMIRE), and the Senator from Oklahoma (Mr. BOREN) were added as cosponsors of S. 1030, a bill to protect firearms owners constitutional rights, civil liberties and rights to privacy.

SENATE JOINT RESOLUTION 4

At the request of Mr. BURDICK, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of Senate Joint Resolution 4, joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week".

SENATE JOINT RESOLUTION 10

At the request of Mr. HUDDLESTON, the Senator from Hawaii (Mr. INOUYE), the Senator from Indiana (Mr. LUGAR), the Senator from Washington (Mr. GORTON), and the Senator from Illinois (Mr. DIXON) were added as cosponsors of Senate Joint Resolution 10, joint resolution to establish a Commission on Presidential nominations.

SENATE JOINT RESOLUTION 51

At the request of Mr. DOLE, the Senator from New Hampshire (Mr. RUDMAN) was added as a cosponsor of Senate Joint Resolution 51, joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Inc.), and designating May 10 to 16, 1981, as "CARE Week".

SENATE CONCURRENT RESOLUTION 13

At the request of Mr. BAUCUS, the Senator from New Mexico (Mr. SCHMITT), the Senator from Iowa (Mr. JEPSEN), the Senator from Arizona (Mr. DECONCINI), the Senator from Alaska, (Mr. STEVENS), and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of Senate Concurrent Resolution 13, concurrent resolution expressing the sense of the Congress with respect to an international agreement establishing a North American Commission for Cooperation and Development.

SENATE RESOLUTION 97

At the request of Mr. PROXMIRE, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of Senate Resolution 97, a resolution establishing a maximum number of full-time Senate employees and prohibiting the construction of additional office building for the Senate.

SENATE RESOLUTION 122—ORIGINAL RESOLUTION REPORTED AUTHORIZING PRINTING OF A REVISED VERSION OF "STANDING RULES OF THE SENATE"

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 122

Resolved, That the Committee on Rules and Administration hereby is directed to prepare a revised edition of Senate Document Numbered 96-46, entitled "Standing Rules of the Senate", and that such standing rules shall be printed as a Senate document.

SEC. 2. There shall be printed two thousand five hundred additional copies of the document specified in section 1 of this resolution for the use of the Committee on Rules and Administration.

SENATE RESOLUTION 123—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO CHARLES M. BERGESON AND BETTE A. BERGESON

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 123

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Charles M. Bergeson and Bette A. Bergeson, parents of Jeffrey C. Bergeson, an employee of the Senate at the time of his death, a sum to each equal to one-half of two months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 124—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO EDNA L. BURBY, RALPH H. WHITMUS, AND JOHN N. WHITMUS

Mr. MATHIAS, from, the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar.

S. RES. 124

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Ralph H. Whitmus and John N. Whitmus, brothers of Doris J. Whitmus, and Edna L. Burby, sister of Doris J. Whitmus, an employee of the Senate at the time of her death, a sum to each equal to one-third of four months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 125—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO HAZEL ADKINS CARTER

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 125

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Hazel Adkins Carter, widow of William J. Carter, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 126—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO GLORIA J. MARTIN

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 126

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gloria J. Martin, widow of James F. Martin, an employee of the Senate at the time of his death, a sum equal to ten months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 127—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO HILDA K. MEADE

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 127

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Hilda K. Meade, widow of Roger N. Meade, an employee of the Architect of the Capitol assigned to duty on the Senate side of the Capitol at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 128—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. WALLOP (for Mr. GOLDWATER), from the Select Committee on Intelligence, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 128

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to consideration of Title IV of S. , which authorizes supplemental appropriations for fiscal year 1981 for intelligence activities of the United States.

Such a waiver is necessary because Title IV of S. authorizes supplemental appropriations for fiscal year 1981. Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by May 15, 1980, because the amount of supplemental appropriations for the fiscal year 1981 which is necessary for intelligence activities of the United States was not known at that time.

SENATE RESOLUTION 129—RESOLUTION RELATING TO NEGOTIATIONS ON THE LIMITATION OF ANTISATELLITE WEAPONS SYSTEM

Mr. PRESSLER submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 129

Whereas the United States and the Union of Soviet Socialist Republics are parties to the Treaty on the Limitation of Anti-Ballistic Missile Systems, done at Moscow on May 26, 1972;

Whereas article XII of the treaty prohibits each party to the treaty from interfering with the other party's national technical means of verification;

Whereas the United States and the Union of Soviet Socialist Republics increasingly depend on satellites for verification of arms control agreements, strategic warning, communications, meteorology, navigation, scientific exploration, and other missions;

Whereas the development of anti-satellite (ASAT) weapons would call into question the ability of satellites to perform these functions, threaten our freedom to operate in space, and raise the specter of a costly and destabilizing arms race in space;

Whereas in the absence of an ASAT agreement, both parties may soon complete development of new and more sophisticated ASAT weapons; Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should promptly resume negotiations with the Government of the Union of Soviet Socialist Republics on a balanced and verifiable agreement limiting the development, deployment or use of weapons systems designed exclusively to intercept, damage or destroy orbiting satellites.

SEC. 2. The objective of such negotiations should be to promulgate an agreement providing for—

(1) a comprehensive non-use ban;

(2) a moratorium on further testing in space of any weapons systems designed exclusively to intercept, damage or destroy orbiting satellites;

(3) dismantling and destruction of all such currently operational ASAT interceptors;

(4) stringent verification of each party's compliance with the above provisions.

SEC. 3. It is further the sense of the Senate that in pursuing agreement with the Union of Soviet Socialist Republics on ASAT limitations, the President should agree to no provision that would in any manner restrict the development and operation of the Space Shuttle or impede legitimate research and development (R&D) activities permitted under the SALT I ABM Treaty.

● Mr. PRESSLER. Mr. President, I rise today to offer a resolution expressing the sense of the Senate with respect to resuming negotiations with the Soviet Union on the limitation of antisatellite (ASAT) weapons systems.

As was so eloquently illustrated by the flight last month of the Space Shuttle *Columbia*, the world now stands on the threshold of a new era in the scientific and commercial development and utilization of space. With the advent of the Shuttle, the United States can move forward with new, more economical programs for employing space-based systems to promote mankind's need for improved communications, meteorology, navigation, resource exploration, and scientific discovery.

The Space Shuttle has also opened the door to a more extensive use of space for stabilizing and constructive military purposes. Satellites placed in orbit by the Shuttle can perform such vital functions as verifying arms limitation agreements, warning of enemy attack, and maintaining secure and reliable command and control links between our military forces and the national command authorities.

Mr. President, in view of the extraordinary prospects for the peaceful use of space now before us, it is with special concern and alarm that I call the Senate's attention to another, singularly ominous development related to mankind's use of space: The development by the Soviet Union and the United States of sophisticated weapons systems designed exclusively to intercept, damage, or destroy orbiting satellites.

The Soviet "killer satellite" program has been widely covered in the press, and as former Secretary of Defense Harold Brown revealed in 1977, it has been operational for a number of years. As recently as March of this year, the Soviets conducted yet another test in space of their ASAT weapon, this time using a new, improved homing device to close on, and then destroy a target satellite.

In response to the extensive Soviet ASAT test program of the mid-1970's, the United States in 1977 embarked on its own ASAT research and development (R. & D.) program. Starting with an initial contract of $59 million, the U.S. ASAT program has predictably grown into a staggeringly costly undertaking. Last month, Aviation Week magazine revealed that over the next 5 years, the Pentagon proposes to spend $1.3 billion to complete development of a two-stage rocket that can be fired into orbit from an F-15 fighter, home in on, and then destroy by impact any satellite in low-Earth orbit. Beyond this relatively modest technological development, the Pentagon is spending vast sums of money to explore far more exotic techniques for destroying satellites in space.

Mr. President, I am not particularly interested at this point in getting mired down in a debate over which side started this particular arms race. What I am concerned about is the complete lack of movement toward negotiating realistic limitations on the development and use of this type of weaponry. The Carter administration, to its credit, initiated ASAT discussions with the Soviets in 1978 and completed three rounds of negotiations through the summer of 1979. Since then, however, no talks have been held.

I must say that I cannot understand why this vital initiative has been allowed to languish for so long. For while the talks have remained suspended, ASAT R. & D. has certainly continued apace. Indeed, it was clearly understood by both parties at the time that the negotiations were begun that if there was to be any chance of success, agreement had to be reached before new, more sophisticated and deadly ASAT interceptors were fully tested and deployed. Once these systems are operational, it is vastly more difficult to impose credible arms control limitations. I might add, Mr. President, that given the current level of R. & D. effort by both sides, the day when new ASAT weapons are operational is not very distant.

My mystification over the lack of movement on this issue is compounded by the realization that both the United States and the Soviet Union have repeatedly recorded and endorsed the principle of the peaceful utilization of space. In the preamble to the Outer Space Treaty, both nations formally recognized the common interest of all mankind in the progress of the exploration and use of outer space for peaceful purposes. This treaty specifically prohibits the placing in Earth orbit of any objects carrying nuclear weapons or any other kinds of weapons of mass destruction.

The concept of space as a sanctuary from hostile attack is also reflected in the various SALT agreements. Both the SALT I and the proposed SALT II accords prohibit either party from interfering with the other's national technical means of verification—code words for reconnaissance satellites. Moreover, I am aware that in the course of the SALT II negotiations, a Soviet negotiator actually conceded that an attack on any verification satellite would be considered an act of war.

Mr. President, given that both nations accept and promote the concept of the nonmilitarization of space, and recognizing that both nations have in the recent past been willing to sit down at the negotiating table to try to head off destabilizing developments in ASAT technology, I submit that it is time for the U.S. Senate to place on the record its belief that negotiations on this crucial matter must be expeditiously resumed.

As a first step in halting a very costly and counterproductive race in ASAT weaponry, I propose that new ASAT negotiations focus on the following objectives. First, a comprehensive ban on the actual use of ASAT weapons. Second, a moratorium, whose duration can be later determined, on further testing in space of any weapons systems designed exclusively to intercept, damage or destroy orbiting satellites. Third, the dismantling and destruction of the Soviet

"killer satellite" system now operational. Last, stringent verification measures covering each party's compliance with each of the above provisions.

In the course of new ASAT negotiations, however, the United States must insist that no arms limitation provision in any manner restrict the development and eventual operation of the Space Shuttle. While the Shuttle will have the capability for putting military satellites in orbit, it is not, I repeat not, an ASAT system. In fact, attempting to use the Space Shuttle to disable a Soviet satellite would be an extraordinarily clumsy, risky, and potentially catastrophic enterprise. As we all know, it takes weeks to ready a Shuttle launch, thus the Shuttle could not by any measure provide the kind of "quick response" ASAT capability the military would require were they to pursue such operations. Furthermore, the Shuttle itself would represent a huge and inordinately vulnerable target in space, were the Soviets to suspect its use for hostile activities. Finally, I would add that it would be totally irresponsible to risk a multibillion-dollar Space Shuttle, with its human crew, to try to destroy an unmanned satellite costing only a few million dollars.

I would also recommend that new ASAT negotiations take account of the fact that both sides are permitted certain types and levels of research activities on ABM technology under the ABM Treaty. Obviously some ABM technologies could conceivably have applications against orbiting, as opposed to reentering, military space vehicles. While this dimension of the overall problem of demilitarizing space is not to be ignored, I would suggest that it is too complex to take on in the first round of new ASAT talks. Any agreement limiting ASAT weaponry should not interfere with legitimate R. & D. activities permitted under the ABM Treaty.

In closing, Mr. President, I urge the Senate's careful consideration of this resolution.●

SENATE RESOLUTION 130—RESOLUTION RELATING TO U.S. PARTICIPATION IN THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Mr. PRESSLER submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 130

SECTION 1. In order to further the purposes of United States participation in the International Fund for Agricultural Development, it is the sense of the Senate that:

(i) The President instruct United States representatives on the Governing Council of the Fund to actively seek to limit to seventy-five the number of professional staff (professional category and above according to the United Nations Common System) of the Fund;

(ii) The President instruct United States representatives to seek equity between the contributions of member states of the Organization for Economic Cooperation and Development and all other donors in any negotiations for future replenishments of resources for the Fund;

(iii) The President, through his representatives on the Governing Council of the Fund, shall encourage the development of procedures to expedite disbursement of resources for projects and activities supported by the Fund; and

(iv) The President should seek to assure that the United States contribution to the Fund is disbursed in a manner which is related to the Fund's actual rate of disbursal of loans and grants.

SEC. 2. The Senate looks with favor on the general approach of the Fund in obtaining major support from a wider variety of donors than has normally been the case in international operations.

SEC. 3. The Senate finds that the administration should pursue other efforts to increase the amount of assistance provided to developing countries by our European allies, Japan, and OPEC countries.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF DEFENSE AUTHORIZATION ACT—S. 815

AMENDMENT NO. 41

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI (for himself and Mr. LAXALT) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 815), the Department of Defense Authorization Act of 1982.

(The remarks of Mr. DOMENICI and Mr. LAXALT on this amendment appear earlier in today's RECORD.)

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, May 6, to hold markup hearings on the following bills:

S. 799, Health Professions Educational Assistance and Nurse Training Act;

S. 800, Health Care Research and Research Training;

S. 801, The National Health Services Corps;

NSF Reauthorization;

HMO Reauthorization; and

Youth Employment Demonstration Amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to hold a business meeting at 2 p.m. on Wednesday, May 6.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, May 6, to mark up S. 807, the Federal Assistance Improvement Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Energy and Minerals of the Committee on Energy be authorized to hold a hearing at 2 p.m. on Friday, May 8 to receive administrative testimony on strategic petroleum reserve finance alternatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, May 13, to hold an oversight hearing on fiscal disparities in the allocation formula to State and local governments.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

STATUS REPORT ON THE BUDGET FOR FISCAL YEAR 1981

● Mr. DOMENICI. Mr. President, I hereby submit to the Senate a status report on the budget for fiscal year 1981 pursuant to section 311 of the Congressional Budget Act.

The status report follows:

REPORT TO THE PRESIDENT OF THE U.S. SENATE REFLECTING COMPLETED ACTION AS OF APR. 30, 1981

[In millions of dollars]

	Budget authority	Outlays	Revenues
Second Budget Resolution level	694,600	632,400	605,000
Current level	714,195	659,865	608,000
Amount remaining	0	0	3,000

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and which exceeds $0 million for fiscal year 1981, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 448 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays exceeding $0 million for fiscal year 1981, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 448 to be exceeded.

REVENUES

Any measure that would result in revenue loss exceeding $3,000 million for fiscal year 1981, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 448.●

TRIBUTE TO DANIEL L. SCHLAFLY

● Mr. EAGLETON. Mr. President, it is an honor for me to pay tribute today to Daniel L. Schlafly, an outstanding St.

Louisan who is retiring after nearly 28 years of dedicated service to the St. Louis School Board. On May 12, the St. Louis Public Schools, and virtually the entire city of St. Louis, will hold a recognition ceremony to honor him for his tireless devotion to generations of young people.

Mr. President, in my view, Dan Schlafly truly has been the most outstanding member of that board in modern times. First elected to the board in 1953 on a slate supported by the so-called blue ribbon backers, a group of civic and business leaders, he is credited throughout the late fifties and early sixties with helping to clear up a graft-ridden school board. In almost three decades of service, he missed no more than five meetings, a measure of dedication which may be unparalleled in school board history in our country.

Throughout this Nation, there are many Dan Schlaflys—men and women who have given selflessly to their communities. It is the collective strength of these individuals that are the backbone of our public education system.

Mr. President, I shall submit for the RECORD an April 11 article in the Globe-Democrat highlighting Mr. Schlafly's distinguished career.

I know my colleagues will join me in saluting Dan Schlafly today and in wishing him well in all future endeavors.

The article follows:

28 YEARS OF DISTINGUISHED PUBLIC SERVICE

(By Charles E. Burgess)

Wind-driven snow, frozen streets and bone-chilling temperatures almost closed down the city last Feb. 10 and very nearly caused a rare cancellation of a St. Louis school board meeting.

The president's car was stuck in her driveway, consultants who were to have appeared were marooned at the airport and the handful of board members who had stayed downtown for the meeting were pulling on coats and overshoes for a try at getting home or to a nearby hotel when Daniel L. Schlafly showed up, wiping frost from his eyebrows.

Schlafly had missed few meetings in his 28 years on the board and his appearance created a quorum and enabled the meeting to get under way.

After next Thursday, Schlafly, who did not seek reelection this year, will be just a member of the audience if he attends any more board meetings.

It's a situation that will take some getting used to, but in an interview this week, Schlafly stressed "I won't be down telling the school board what to do. I won't give up interest in the school system, of course, but it was a time to make way for new people."

Schlafly showed obvious pride on his attendance record. "I missed one regular board meeting in July, 1955. I was in Europe. In September, 1968, I was in Africa. I may have missed four or five others, but that's all. And I made all but a handful of the thousands of committee meetings."

Henry M. Grich Jr., also retiring from the board Tuesday after eight years service, says his own approach to board responsibilities was strongly influenced by Schlafly and by Frederick E. Busse, who retired in 1979 after 18 years.

Both "listened, were very analytical and didn't go off on tangents—and they did their homework," Grich said.

There were moments of satisfaction, near despair and anger during Schlafly's tenure on the board which dated back to April, 1953—an individual record for a member, Schlafly acknowledged.

The best things were "high school graduations I've attended. That's the payoff. Since I've been on the board, there have been more than 150,000 graduates. They're doctors, lawyers, opera singers, teachers, in business, nearly all good citizens," he asserted.

He said he believes the board's biggest continuing challenge is "developing clear-cut criteria and accountability for quality education. I think the competency-based program underway now is a good start."

Another satisfaction is that the board "for at least 20 years, has had a clean operation," free from patronage scandals and outside political influence, Schlafly said. He feels that the current movement to elect board members by subdistrict, rather than at-large, poses a possibility of such hazards.

Schlafly and other reformers elected to the board in the 1950s and early 1960s had a good deal to do with creating the squeaky-clean image. Schafly personally financed investigations and filed suits that resulted in resignations or removal of several administrators and board members he accused of waste and misconduct.

Schafly says he also is pleased that the state now assumes a larger share of the burden of school financing. After four full six-year terms he considered retirement, but instead filed for two-year terms in 1977 and 1979. He gave concern for financing as a chief reason.

Pursuing state and reforms throughout his time on the board, he worked with legislators and was active in three statewide conferences on education called by Missouri governors: "I can't be too critical of the state's contribution. It used to be about 25 percent of our budget when I came on the board. Now it's more than 50 percent."

A heavy frustration, straining the school system severely in the 1950s and 1960s was "the in-migration of thousands of poor, largely rural parents and their children, mostly black, at the same time that established families were moving out."

Other urban areas faced a similar situation, but here the problem was augmented by "the legislatively set inflexible boundaries of the city and school district," its "static tax base," residential restrictions for the newcomers and a shortage of teachers. Schlafly said.

"Many of the problems basically were not educational problems, but we didn't get much help solving them. Under the circumstances, I think our schools, our teachers and our administrators did a tremendous job," he said.

Schlafly was president of the board for 2½ years in the early 1960s when enrollment soared: "We rented church space, put up portable buildings and bused, but never had double sessions."

The fourth defeat of a bond issue to build schools needed for the burgeoning enrollment, by a 66-vote margin in January, 1962, was "when I felt worse than I ever did in my life," Schlafly said. However, a new campaign brought passage of the $23.1 million proposal three months later.

Ironically, construction of most of the schools in overcrowded, predominantly black neighborhoods or near government-financed projects became a central point in the late 1970s in desegregation litigation.

The U.S. Justice Department and National Association for the Advancement of Colored People contended that the board's construction policy was aimed at deliberately containing blacks. In March, 1980, a U.S. Court of Appeals upheld this argument in ordering mandatory desegregation.

Schlafly refuses comment on present matters in the case, but says "I get pretty angry when our building policy is questioned. We wouldn't have had support for the bonds from black neighborhoods if we'd proposed to build anywhere else."

He recalled protests about busing blacks because of overcrowding during that period: "If we had put the attractive new schools in the white neighborhoods, we would have had, I am convinced, a very serious commotion."

Schafly testified in a 13-week federal court hearing in defense of the board's policies. "As for the federal government's help, you can quote what I said then. It was hypocrisy that to me was beyond belief to impact us with huge housing projects that were all black, or quickly became so, and then say that we created racially-isolated schools."

Despite the problems, Schlafly said, the 1950s and 1960s were "an exciting time" of educational innovations spurred by Superintendents Philip J. Hickey and William A. Kottmeyer. The "tracking system"—grouping students according to ability levels to allow them to work toward maximum achievement—was one that Schlafly feels was particularly promising.

It, too, became a target for proponents of a large-scale desegregation plan, because students in the lower levels tended to be black.

In his first year on the board, Schlafly recalled, he was active in a community-wide attempt to prepare the city for the expected 1954 U.S. Supreme Court ruling outlawing separate schools for black and white students. In the 1960s he, other board members and Kottmeyer spoke out frequently on the need for metropolitan cooperation in resolving school integration and financial problems.

Such proposals "fell on deaf ears," Schlafly said. He again was board president in February, 1972, when a North St. Louis group filed the suit that brought the still-continuing court activity on desegregation.

Now a federal judge has ordered that a plan for city-suburban voluntary school desegregation be completed by May 4. One of Schlafly's plans after leaving the board, he said, "is to continue to work for voluntary integration."

The board membership probably has been the dominating experience in Schlafly's life, but he and his wife, Adelaide, a Globe-Democrat Woman of Achievement in 1966 for volunteer community service, have been involved in a wide range of civic work while raising three children. Much of it has been with minority or culturally deprived groups and included attending hundreds of evening programs at various schools.

When St. Louis University decided to change its governance to a lay-controlled board in 1967, Schlafly was asked to become chairman. Fellow trustees kept him in the post for 11 years, before he stepped down in October, 1978. He retired from that board in December, 1980.

"We had some lively times. Father Reinert (the Rev. Paul C. Reinert, S.J., SLU president 1949–1973) and I decided it would be a working, not an honorary board, and would make decisions," Schlafly said.

Some of those decisions were controversial. They included closing SLU's dental school, athletic and ROTC deemphasis, affirming policies allowing controversial speakers on campus, asking the resignation of Reinert's successor, the Rev. Daniel C. O'Connell, S.J., and recruiting the current president, the Rev. Thomas R. Fitzgerald, S.J., from a small, non-urban eastern college.

"The lay board was a broadening experience to relate the university to the community. It has dealt with broad policy, with questions of how large categories of expenditures related to primary objectives," said the Rev. Edward J. Drummond, S.J., a longtime SLU vice president who was interim president for a year before Father Fitzgerald arrived.

"Dan Schlafly is a man of great industry, high personal integrity, and marked ability as a leader. He was instrumental in opening

up our university to the community, as the church was opened to the world," Father Drummond said.

Schlafly says he had only a general interest in education until late 1952, when a group called the Citizens School Improvement Committee, interested in curbing patronage practices in the city public school system, asked him to run for the city school board.

He had graduated from St. Louis Universit High School and majored in English and economics at Georgetown University. Work in his family's bottled water and soft drink distribution businesses (from which he retired two years ago), was interrupted by four years of World War II Army service as an ordnance officer at U.S. posts and in the South Pacific. He emerged as a lieutenant colonel.

Working with black soldiers from Southern states during the war years "gave me some understanding of what educational deprivation is," he said.

He had been president of the city's Young Democratic Club in the 1930s. Though uninterested in running for elective office, he made contacts that proved valuable, and he gained insights on how city politics work.

In those days, "it was common knowledge that the school board was a political patronage machine," where appointment to non-teaching jobs and promotion of teachers and administrators often depend on "the basis of who knew whom," Schafly recalled. Abuses were particularly flagrant in the building division, then not under direct control of the superintendent.

Schlafly and Louis Antoine, an insurance executive also slated by reformist groups for the 1953 election, used the board as a platform to assail hiring, promotion and work practices. The furor led one board president to accuse Schafly of "grandstanding."

"It was a long, tough struggle," Schlafly recalls. In the early years "it was pretty much Lou and myself." Mounting public indignation helped bring about the election in 1959 of the Rev. John Hicks, first black elected to the board. Two years later, more reformists, including Busse, were elected and achieved the controlling edge.

"It was a total victory. People who had abused their authority were gone," Schlafly said. "For the first time we had merit hiring, merit promotions, no discrimination. The record will show that it was then that blacks began to be hired in large numbers."

The administrative structure also eventually was changed through legislation promoted by Schlafly and his allies, eliminating the building department autonomy.

The committee determining the prestigious 1960 St. Louis Award chose Schlafly for it while the controversy was raging. He donated the accompanying $1,000 check for scholarships at Harris Teachers College.

A year later, Schafly—an independent Democrat—rebuffed overtures from both political parties to draft him for the mayoral race. He said he felt obligated to complete his term on the board.

Schlafly, who has firm ideas about responsibilities of teachers and other board employees, often has been the target of their wrath, particularly during wage discussions and at board election times.

"We disagreed often and publicly, but he always was prepared and you knew where he stood. And there wasn't any time when I couldn't have a pleasant conversation with him," said Demosthenes DuBose, a long-time leader in the St. Louis Teachers Union and now the school system's employee relations director.●

INTEGRITY IN JOURNALISM

● Mr. STENNIS. Mr. President, there is wise counsel and valuable advice in James A. Michener's remarks "On Integrity in Journalism" in the current May 4 issue of U.S. News & World Report. I think even wider distribution should be given to the views and comments of this eminent author on the responsibilities and value of a free press. Mr. Michener, himself a Pulitzer Prize winner, was prompted to write a very thoughtful and perceptive article on the importance of integrity in journalism by the sad and unfortunate case of Miss Janet Cooke's story about an 8-year-old boy, Jimmy, who was a heroin addict. This story earned her the Pulitzer Prize, which was withdrawn only a few days after Miss Cooke's story was exposed as a fabrication.

I regret the plight of this talented young lady, and I am not happy that the Washington Post has been brought into question by this incident. My sympathies are with that fine profession of journalism, which has also suffered. But in the rush and pressure of our times, I would urge that thoughtful Americans use this occasion to ponder the importance of preserving the principles of a free press while at the same time avoiding the abuses of those principles.

The free press is central to our society and our democratic government. The press and its journalists and editors bear a great responsibility. The execution of that responsibility on a day-to-day basis by thousands of reporters and editors demands the highest commitment to the ethics and rules of the profession, or any profession, for that matter. Mr. Michener's words and counsel go far in setting forth the standards for this profession. His advice, in my opinion, will go much farther to curb abuses of the press' responsibility than would be by any passage of a law. I ask that this article be printed in the RECORD.

The article follows:

JAMES A. MICHENER ON INTEGRITY IN JOURNALISM

(By James A. Michener)

(On April 13, Janet Cooke of the Washington Post was awarded a Pulitzer Prize for a poignant account of an 8-year-old boy, Jimmy, who was hooked on heroin administered by his mother's boyfriend. Days later, the story was exposed as a fabrication and the Pulitzer Prize was returned. Miss Cooke resigned. That hoax and how it was allowed to happen in a leading newspaper raise many questions about the state of journalism today. We asked author James Michener, himself a Pulitzer Prize winner, to comment in the following guest appearance on the Editor's Page.—Marvin Stone, Editor.)

It was one of the saddest weeks in the history of American journalism. It was John Peter Zenger in reverse.

A major newspaper was humiliated. One of the most necessary professions in the world was made to look shoddy. A prize treasured by all who enter that profession was made to look laughable. And a woman reporter of extraordinary talent, who could write as well as Ida Tarbell or Maggie Higgins, was disgraced, bringing ridicule upon two minorities who had long battled for good jobs in journalism: Women and blacks.

When blind Samson pulled down the central pillars of the temple at Gaza, the entire structure fell. When Janet Cooke turned in a fake story, she knocked down the central pillar of her profession—integrity—and the reverberations went far.

Every concept in the above paragraphs merits a chapter of philosophical discussion, and in years to come this will be provided in schools of journalism and in the bars where proud newsmen and newswomen meet after work. I should like to stress a few core ideas.

THE NEWSPAPER

A paper such as the Los Angeles Times or the Chicago Tribune is a national treasure, kept alive with difficulty, kept vital only because millions trust it and thousands work to preserve its reputation. This nation would perish if its free press were strangled, which is why I am willing to forgive papers, magazines and television stations the howling errors they sometimes make. We could not live rewarding lives without the media. And anyone who finds glee in the embarrassment of the Washington Post should remember how avidly one reaches for it when one has been out of the country for a few weeks, missing the news it brings.

Insofar as the Post's carelessness made this debacle possible, it deserves rebuke, and I suppose it is castigating itself adequately without my help. But since no media agency can protect itself fully against downright fabrication, the Post deserves our compassion. It will be a better paper after this wrenching experience.

SOURCES

Miss Cooke's disaster could be titled "Son of Deep Throat." In the Watergate case, the Post got away with launching a major story without disclosing sources, and a tradition evolved, there and elsewhere, that a reporter did not have to reveal where he got his facts. This was a dangerous precedent, and when Miss Cooke refused to tell even her editors the names of her sources, she was free to write whatever she wished.

For legal and common-sense reasons, a newspaper may not wish to reveal its sources to the general public, but the editors certainly should demand that their writers prove the veracity of their stories. In this case, Miss Cooke was responsible to no one.

Newspapers cannot long retain their credibility if they accept unchecked reports. One of the pleasures of my professional life has been working with Life and Reader's Digest, whose editors checked every word I submitted. I mean, until they placed a blue dot over every word as they verified it, the story could not be sent to the printers, and the trouble they saved me, and themselves, was remarkable. That kind of checking would have uncovered the fraud in this case.

THE PRIZE

Custodians of the Pulitzer Prizes must review their procedures, for they administer an award which ennobles the profession. Winning it insures a newsman of a lifetime job, with honor. It encourages small newspapers to keep plugging, and it makes cartoonists bolder. In this instance, the controlling advisory board chose to override the recommendations of its jury of experts composed of editors and specialists and handed the feature-writing prize to Miss Cooke, whose article had not even been submitted to the jury on feature writing. So the advisory board got its fingers badly singed, for it is wrong to seek advice and then ignore it.

THE REPORTER

Two facts are conspicuous. Miss Cooke can write. She would make a fine novelist, because when I first read her story I noticed how well she depicted the setting, the characters, the dialogue. With the intensity of the present experience behind her, I suspect that she can apply her talent in some kind of writing other than newspaper work. She need not be mortally wounded by this disastrous beginning.

The second fact is that Miss Cooke progressed so fast in her profession that she did not learn its great traditions. She may have thought she had, but she had not even be-

gun. The traditional news reporter begins slowly under some cantankerous editor with high professional and grammatical ideals. One hobnobs with policemen and bartenders and mayors and congressional aspirants and learns painfully to distinguish between truth and fiction. One is knocked about by one's equally gifted colleagues and watches what happens when either blind ambition or excessive drinking destroys a promising talent.

Always there is the steady accumulation of standards: "I do not betray confidences." "I refuse to touch that kind of story." "I must have two confirmations of a statement like that."

In my own case, one sentence lives with me still and guides my work: "If that stinker says it's Tuesday, even money says it's Friday."

It takes about a decade to make a good newsman. Miss Cooke graduated from the University of Toledo, not Vassar as she claimed, in 1976. In 1979, at the age of 25, she landed a job with the Post. In 1980, at the age of 26, she wrote her famous story about the 8-year-old black boy who shot heroin given him by the man who lived with his mother.

She had used charisma, unquestioned talent and a fierce ambition to attain a position sought after by thousands, but she reached it without two essential attributes: A deep commitment to the historical traditions of her profession and an understanding of what makes a newspaper acceptable to its community.

She had not paid her dues, and in a moment of crisis she was left without self-protection.

THE MINORITIES

When she came to Washington, it was not as mere Janet Cooke. Whether she admitted it or not, she came also as a representative of our two most important minorities: Professional women, and blacks. As a black woman with a pleasing personality, she was doubly valuable to the Post, which publishes in a city with a large black population, for she was what is known as a twofer. The management could cite her twice in claiming that it did not practice discrimination, and the only person better to hire would have been a black female Puerto Rican. That could be called a hat trick, a phrase borrowed from sports indicating that one person covered three constituencies.

It is possible, although the record shows no evidence of this, that the Post grabbed Miss Cooke as the solution to a problem, and that had she been an ordinary white male from the Missouri School of Journalism she might have been investigated much more thoroughly. It is possible that her stories were handled with more tenderness than would otherwise have been the case.

Those whom society nominates as symbols are obligated to perform doubly, because a poor exhibition will do double damage. If Gloria Steinem acts the fool tomorrow, all women will suffer. If Carl Rowan messes up his television program, all blacks are denigrated.

The damage Miss Cooke has done to black and women reporters is incalculable, and she should have anticipated this when she wrote her fake story and allowed it to be nominated for a Pulitzer.

I am a Quaker, a graduate of Swarthmore College, a former naval officer, a former official of the Democratic Party, and a writer, and I am kept in line partly because I would be mortified if my poor behavior brought dishonor to those institutions which served me so generously. I must be watchful that my actions do not diminish them, because in this case we are all members of various minorities.

CREDENTIALS

The most curious aspect of this scandal is that the Post did not check Miss Cooke's credentials. Her record, with its shifts and contradictions, had to awaken suspicions, and when my wife read it to me as we drove north on the day the Pulitzers were announced and I heard her history, I cried: "Watch that Sorbonne bit! Watch those four foreign languages!"

Why was I so dubious? For two good reasons. In almost every institution in which I have worked, some misguided person has claimed university degrees he did not have, and I believe you could go to any campus in this country, if checks had been carelessly made, and find some professor using a spurious degree. When someone says she has studied at the Sorbonne, warning whistles should toot.

When I worked with the military police at one point, I found that when young men pose as officers, dressing up in bemedaled uniforms to charm small-town girls, they usually claim to be Marine majors. Colonels or generals would alert suspicions, while mere Army or Navy uniforms would lack glamour.

With military-police imposters it's the Marine major, with academics the Sorbonne.

APPRENTICESHIP

We should insist that young men and women serve proper apprenticeships, because throughout history that is how standards and traditions have been kept high.

The number of attractive-looking young people posing as newsmen on television with never a shred of hard-news experience is shocking. The parade of people reporting to newspaper offices without any knowledge of English or of American history is appalling.

Young people learn their professions, whatever it may be, by studying the best work of their predecessors, and I shall never forget the delight with which I saw a great painting done by Giovanni Bellini which had been copied by his pupil Titian. Rubens had learned by copying Titian to see what his secrets were, and Delacroix had copied Rubens. Van Gogh did a marvelous adaptation of Delacroix, so that we had five of our greatest, most distinctive painters, men of the most intense personal style and integrity, striving to learn what good artists of the past had accomplished.

Recent requirements that a company must have a balanced staff should not be interpreted as meaning that it must have an incompetent one or one ignorant of the great traditions.

THE PULITZERS

Suggestions have been made that reporters on a newspaper as important as the Washington Post should not degrade themselves by competing for prizes. Nonsense. People with aspirations have always appreciated recognition from their peers, and I respect John Paul Jones who left the American fleet to serve in Russia's because the former would not promote him to admiral while the latter would. There are legitimate milestones in every profession, and it is not ignoble to mark them off.

I feel especially involved in this case because, as a young man, I won a Pulitzer.

I did not aspire to it. I did not campaign for it. But when it arrived it remade my life, enabling me to do those things to which I did aspire. Without the Pulitzer, I might never have made it as a writer. With it, excellent things became possible.

I am worried about this debacle because it has befouled institutions that are important to me. I hope things can be worked out.●

DAR SAYS "LET'S MAKE AMERICA GREAT AGAIN"

● Mr. GOLDWATER. Mr. President, it is my great pleasure and honor today to submit for printing in the RECORD the final resolutions adopted and approved by the DAR, the Daughters of the American Revolution, at the Society's 90th Continental Congress. The Congress was held in Washington, D.C., and just concluded this week on May 4.

Mr. President, I applaud the ladies of this prestigious organization for their diligence, patriotism, and serious attention to matters that count to our people and Nation. The ladies have addressed over 20 public issues and taken clear stands on each of them.

I am especially pleased at the total support given by the DAR for President Reagan's economic recovery program, a topic of immediate interest in the Congress.

Mr. President, in order that the entire Congress, and the many public and private leaders and other citizens who regularly read our daily RECORD may see and know personally of the positions approved by the DAR, I ask that the complete set of DAR resolutions for 1981 be printed in the RECORD.

The resolutions follow:

REDEDICATION—LET'S MAKE AMERICA GREAT AGAIN

At this time of our country's renewal, the miraculous sparing of our President's life and, with the faith of our fathers, we rededicate ourselves to renewing this country's pride in its heritage, a sense of patriotism—heartfelt, with great depth and the education of our youth in our remarkable history, religious tenets and basic values, and, with it all, we rise as one body at this our 90th Continental Congress, with every fiber of our being and will, to defend our nation against every enemy within and without, bearing in our hearts toward each other faith, hope and love and among the Daughters more than 208,000 strong, the greatest of these is Love.

YORKTOWN BICENTENNIAL

Whereas October 19, 1981 will mark the 200th anniversary of the victory which assured the Nation's independence; and

Whereas this is a time to remember with pride the leadership and heroism of the American forces, and the vital role played by our French allies; and

Whereas General George Washington commanded the combined French and American forces and planned the joint army-navy operation that achieved this momentous victory; and

Whereas the French fleet under the command of Admiral de Grasse answered the urgent message of General Rochambeau and the French army divisions and achieved a major victory over the British in the crucial Battle of the Virginia Capes; and

Whereas the struggles and sacrifices made by American patriots throughout the Revolutionary War culminated in the final victory; and

Whereas the Yorktown Bicentennial provides the National Society Daughters of the American Revolution a unique opportunity to fulfill our historic objective of perpetuating the memory and spirit of the men and women who achieved American independence;

Resolved, That the National Society Daughters of the American Revolution commemorate the Yorktown Bicentennial in such a manner as to rekindle love of country and devotion to the principles upon which our Nation was founded.

VIETNAM VETERANS, POW/MIAS

Whereas the recent hostage crisis in Iran received daily attention by the government and the media; and

Whereas the veterans of Vietnam feel betrayed by a nation which has not recognized their sacrifices; and

Whereas the several thousand United States prisoners of war from the Korean and Vietnam Wars still missing and unaccounted for have been grossly ignored and some have been reported enslaved in various parts of Southeast Asia;

Resolved, That the individual members of the National Society Daughters of the American Revolution insist that Vietnam veterans be accorded the same honor, respect and gratitude as all other veterans; and

Resolved, That the individual members of the National Society Daughters of the American Revolution insist that a full-scale investigation be made into the fate of all United States' POW/MIAs still unaccounted for, emphasizing that this is a Untied States Government responsibility due every serviceman.

REARMING AMERICA

Whereas the United States Constitution charges the government with the responsibility "to provide for the common defense;" and

Whereas the United States has allowed its military strength to fall dangerously behind that of the Soviet Union through détente, technology sales, SALT, Helsinki, and other agreements, and through its unilateral disarmament policy; and

Whereas the Soviet Union has violated these agreements and has continued to build up its strategic and conventional warfare capabilities which are being used to support worldwide aggression to achieve its goal of world domination;

Resolved, That the National Society Daughters of the American Revolution urge the United States Government to:

(1) terminate its present adherence to the SALT II Treaty, since it has not been ratified by the United States Senate;

(2) accelerate military technology research and development, and institute a crash production program to rearm the United States with modern weaponry and reduce the vulnerability of our present defense system;

(3) begin immediately the build-up of the military reserves and the National Guard and equip them with adequate weapons; and provide incentives for the regular armed service personnel to remain in the service of their country;

(4) examine the feasibility of establishing a civilian defense comparable to that of the Soviet Union;

(5) discontinue subsidizing communist regimes through social and foreign aid, trade, technology, and monetary loans;

(6) reestablish and strengthen effective intelligence capabilities; and

(7) demonstrate the will and determination to survive as a free and independent nation and a source of protection to the free world;

Resolved, That the National Society Daughters of the American Revolution, as individuals, set an example for all American people and support the present administration's efforts to rebuild the military strength of the nation.

SUPPORT FOR PROPOSED ECONOMIC RECOVERY PROGRAM

Whereas the will of the people, demanding substantial reduction in federal government spending with a resultant return of money and power to the several states as expressed in the national election of 1980, is being distorted by loud protests of special interest groups that are featured in daily news reports; and

Whereas the proposed economic recovery program will be accomplished only by the determination of every citizen to assume the necesary responsibility and discipline, demanding fewer government hand-outs and social programs, and at the same time increasing productivity; and

Whereas the federal election of 1980 produced a clear mandate to Congress for adopting the proposed economic recovery program which will cut taxes as well as spending, will reduce the size of the federal bureaucracy, and will be an important first step toward restoring the productive power and vibrancy of the economy;

Resolved, That the National Society Daughters of the American Revolution, as individuals, support the expressed will of the electorate calling for the adoption of the proposed economic recovery program.

UNAUTHORIZED INTELLIGENCE DISCLOSURE

Whereas the safety of our country requires dependable intelligence gathering at home and abroad; and

Whereas a number of writers for their own purposes have exposed the names of individual agents, some of whom were subsequently murdered, and there continue to be "leaks" and unauthorized disclosures of sensitive intelligence information; and

Whereas existing law is inadequate to deter or punish as criminals those who violate the trust invested in them; and

Whereas various proposals have been introduced in Congress to prevent the unauthorized disclosure of intelligence sources and methods; and

Whereas, by law, the Director of the Central Intelligence Agency is "responsible for protecting intelligence sources and methods from unauthorized disclosure" but there is no law to make such disclosure a criminal offense.

Resolved, That the National Society Daughters of the American Revolution, as individuals, urge the Congress to enact legislation making unauthorized disclosures of intelligence sources and methods a criminal offense.

CONTINUED UNITED NATIONS ENCROACHMENT

Whereas the participation of the United States in the United Nations has been detrimental to the national defense of the country and to its domestic and internal affairs; and

Whereas under the United Nations Charter, the country's young servicemen have fought and died in a no-win war in Korea, injuring the nation's morale and causing America to lose the respect of other nations; and

Whereas although American industry is dependent on numerous minerals foreign to the United States, many of which abound in the seabed, the United Nations Conference on Law of the Sea has prevented mining these minerals for over seven years; and

Whereas, according to the United States Immigration and Naturalization Service, the United States refugee policy is in accord with "the United Nations Protocol relating to the Status of Refugees and Articles 2 through 24 of the 1951 Geneva Convention," which guarantees the right to asylum, welfare, public education, social security and more; and

Whereas the United Nations Covenants on Human Rights do not contain the rights to jury trial or to private ownership of property, and the United Nations Genocide Convention would supersede constitutional protection of speech and administration of justice by allowing United States citizens to be tried abroad by an international tribunal; and

Whereas the United Nations Charter forbidding interference in domestic affairs is constantly violated, UNESCO seminars for teachers and educators were held, beginning in 1948 to plan textbooks promoting one world government or "international understanding," weaning children from love of country to world citizenship through distortion and elimination of factual history courses, and plans were advanced for sex education which has undermined morals; and

Whereas the United Nations Convention on the Elimination of Discrimination Against Women, adopted at the 1980 Copenhagen Conference on the Decade for Women, with a $5 million United States grant, would, if ratified by the United States Senate, have the same effect as the proposed Equal Rights Amendment;

Resolved, That the National Society Daughters of the American Revolution study the United Nations Charter and Covenants to understand the consequences of their continuing encroachment on United States policies; alert the public to the dangers of ratifying United Nations covenants which would supersede the freedoms guaranteed by the United States Constitution, and, as individuals, contact elected representatives and urge them to terminate support for the United Nations.

STRENGTHENING THE CRIMINAL JUSTICE SYSTEM

Whereas vicious crimes are being committed in all parts of the land against children, the elderly and citizens of all ages, occupations and backgrounds, involving violence, mutilation and crimes committed to sustain the drug habits of addicts; and

Whereas the search for justice is being twisted into a search for technical errors in the courts which favor the criminal and fail to protect the victim; and

Whereas plea bargaining and the parole system have been abused, suspended sentences and pretrial release are being used indiscriminately by judges returning criminals to the streets to again attack the innocent; and

Whereas the police are hamstrung by laws protecting criminals, often making the police officer liable to prosecution for having protected himself; and

Whereas there is rising sentiment for reinstatement of the mandatory death penalty for such crimes as assassination, murder of law enforcement officers and public officials and for multiple homicides; and

Whereas the criminal justice system is so bogged down in its own inefficiency that cases cannot be handled expeditiously, often resulting in delays in months, sometimes of years;

Resolved, That the National Society Daughters of the American Revolution recommend the reinstatement of the mandatory death penalty for crimes involving assassination, murder of law enforcement officers and public officials, and for multiple murders; call for a stricter interpretation of sentence reduction, pretrial release and plea bargaining; for effective supervision over parole laws and indeterminate sentencing and cooperation by individuals in strengthening local law enforcement agencies for the protection of the innocent.

EL SALVADOR—NEXT COMMUNIST VICTIM?

Whereas at the time of the 1962 missile crisis the Monroe Doctrine, in effect, was repealed when Castro was guaranteed that the United States would not interfere in Cuba: and the past administration cut economic and military aid to Latin American countries in half while the National Security Adviser urged normalization of relations with Cuba despite Castro's exportation of revolution to Africa, the Middle East and the Caribbean area; and

Whereas the United States was in large measure responsible for the overthrow of General Somoza in Nicaragua, resulting in an entrenched despotic government which has declared its solidarity with communist North Korea and Afghanistan; and

Whereas the present administration has released papers from guerrilla documents captured in El Salvador which reveal that Salvadoran guerrillas met several times with

leaders in Moscow and Cuba and that the Salvadoran Communist Party leader visited Vietnam, Czechoslovakia, Bulgaria, East Germany, Hungary and Ethiopia where he received commitments for nearly 800 tons of weapons and equipment; and

Whereas the news media is confusing the public about many of the killings in El Salvador and is raising the specter of "another Vietnam"—a war we were not permitted to win; and

Whereas the brother of the El Salvadoran communist leader visited the United States in 1980 organizing the United States Committee on Solidarity with the People of El Salvador (CISPES), a national network organizing teach-ins, rallies and protests against United States policy in El Salvador, and the communist party newspaper, Daily World, has announced a CISPES backed march on the Pentagon for May 3rd;

Resolved, That members of the National Society Daughters of the American Revolution, as individuals, encourage the United States Government to continue to support El Salvador with economic aid and advisers, realizing that a communist victory in El Salvador would endanger all of Central America and Mexico, cause a potential refugee problem, endanger strategic oil shipping lanes in the Caribbean and the Gulf of Mexico, and advance the final goal of world communist enslavement.

NATIONAL STRATEGIC RESOURCES

Whereas the federal government owns a vast land empire, which now totals approximately 775 million acres located largely in western states which are rich in mineral resources; and

Whereas the United States is dependent on hostile or unstable governments for many of the strategic minerals essential to a strong industrial society and to national defense, and of the 62 basic materials stockpiled only 21 are of sufficient quantity to meet national security requirements; and

Whereas the exploration and development of both government-owned and privately-owned land has been severely limited by laws and regulations such as environmental impact statements and archaeological reports; and

Whereas the present administration has moved to open wilderness areas for mineral and energy development, ensure federal irrigation water for certain farmlands, suspend further national park acquisitions, accelerate offshore oil drillings and downgrade the federal role in administering the 1977 strip mining law—announcing that it will auction off 115 oil and gas exploration sites off the California coast which are estimated to contain 982 million recoverable barrels of oil;

Resolved, That the National Society Daughters of the American Revolution, as individuals, approve the repeal of laws and regulations which restrict the development of national strategic resources and limit the production of fuel and non-fuel minerals, and approve the present administration's pledge to implement Congressional intent for opening appropriate Federal Government owned land areas for mineral exploration and development and enforcing laws to restore these lands to their original natural appearance and condition, and commend its declared intent of increasing domestic energy and mineral production.

FOREIGN AID—1981

Whereas United States foreign policy has been controlled for decades by the Council on Foreign Relations and more recently the Trilateral Commission whose attitude has been consistently internationalistic and one of tolerance and accommendation with communism, while at the same time undercutting the interests of our own country and of our proven friends; and

Whereas through foreign aid the United States has built and strengthened communism throughout the world, and through the transfer of strategic material and sophisticated technology is largely responsible for making the Soviet Union into the Superpower she is today; and

Whereas the United States, in spite of the tragic results of years of aid and trade with the Soviet Union, has continued to appease communism by granting most-favored nation status to the Peoples Republic of China, and is presently reviewing on an individual case-by-case basis a policy which would allow shipment of military support equipment to the PRC's and

Whereas foreign aid and trade has contributed substantially to the United States national debt thus fueling the fires of inflation, with most grants in aid and sales of technology financed by the United States Government through the Export-Import Bank, the World Bank and International Monetary Fund; and

Whereas largely because of multi-billion dollar gifts from Washington, foreign countries have been able to establish industries which are now underselling our own; and despite our vast global assistance program there is a dangerous tendency toward neutralism among our allies;

Resolved, That the National Society Daughters of the American Revolution, as individuals, urge Congress to reassess our foreign aid program whereby billions of dollars are being channeled to countries whose policies are totally inimical to the interests of the United States; and

Resolved, That the National Society Daughters of the American Revolution, as individuals, noting that even so-called "non-strategic" aid often has military applications, call for a permanent halt to the sale of technology and other aid to all communist countries, terminate Federal loan guarantees, and urge support for the current administration's efforts to cut United States funding of the Export-Import Bank.

SOUTH AFRICA—VITAL TO THE WESTERN WORLD

Whereas the mineral resources of South Africa are indispensable to the economic well being and military preparedness of the United States and its allies; and

Whereas South Africa occupies a strategic location astride the Cape Route which is of critical importance to the Western World with approximately 250 million tons of oil in 25,000 ships being shipped annually around the Cape of Good Hope, with 90% of the oil going to Europe and the United States; and

Whereas the Soviet Union has long recognized the importance of South Africa and its attempting to subvert that country into a Marxist state within the Soviet orbit, having already, with the military assistance of its puppet Cuba, made significant strides in installing such regimes in Ethiopia, Angola, and Mozambique; and with Soviet intelligence operations being expanded in other areas of Africa where more than 1,000 KGB-types are operating and working in 35 African countries; and

Whereas because of United States compliance with sanctions voted against South Africa by the United Nations, the Republic of South Africa has been deprived of many items of economic and military importance, and United States shipping has been prevented from using the facilities of the fine harbor and maritime installations along the coast of South Africa, including its important Simonstown Naval Base; and

Whereas South Africa has proved itself to be one of the staunchest allies of the United States in the global struggle against Soviet imperialism; and

Whereas South Africa is making steady progress in resolving its own domestic problems, the majority of its black residents already enjoying a higher standard of living than that of many of the populations of other African countries;

Resolved, That the National Society Daughters of the American Revolution, as individuals, be alerted to the vital importance to the United States and the entire Western World that a more realistic United States policy be adopted toward the Republic of South Africa which would include:

(1) termination of all sanctions against South Africa;

(2) encouragement of United States investment in and trade with South Africa; and

(3) recognition of the importance of South Africa's opposition, militarily and economically, to Soviet pressures as constituting a vital bulwark against Soviet expansionism on the African continent.

PRESERVATION OF THE BIBLE

Whereas the motto of the National Society Daughters of the American Revolution is "God, Home, and Country" and the Bible historically has exerted a profound influence on the founding of America and the birth of our freedom; and

Whereas feminists contend that the original, divinely inspired Holy Scriptures are biased against women; and such feminists are now demanding that the Bible be made sexually neutral by substitutions of neuter or feminine designations in the place of the original masculine words and phrases; and

Whereas the Division of Education and Ministry of the National Council of Churches has undertaken to rewrite an "updated" version of the Bible to make it sexually neutral, removing the distinctive roles of male and female and embracing the doctrine of the Humanist Manifestos; and

Whereas the suggested changes include opening the Lord's Prayer with "O God, who is to us a true Parent," replacing the familiar "Our Father . . ."; and

Whereas such changes, deleting any reference to man-woman, male-female and mother-father, would result in confusion of sexual roles, a breakdown of moral values, destruction of the family unit, and affect the moral and spiritual well being of our children and grandchildren;

Resolved, That members of the National Society Daughters of the American Revolution, as individuals, stand firm for the preservation of Holy Scripture and strongly oppose the writing of a "uni-sex Bible by feminists and those who would interject their godless ideology into the Word of God.

REAFFIRMATIONS

All past resolutions of the National Society Daughters of the American Revolution are in effect unless rescinded.

Resolved, That the following resolutions be reaffirmed:

1. The Eleventh Hour (1980).

That the National Society Daughters of the American Revolution alert themselves to the dangers of control by elitist groups including the Council on Foreign Relations and the Trilateralist Commission and rededicate themselves to the task of learning and disseminating the full story of the policies and activities that have brought us to the Eleventh Hour, recognizing that an informed America will demand a reversal of these policies which have steered our great Nation to the brink of disaster.

2. Gun Control (1957, 1958, 1975).

That the National Society Daughters of the American Revolution oppose any legislation which would require citizens of the United States of America to register privately owned firearms which could be used to defend their homes and country should the need arise.

3. Regional Government (1959, 1972, 1976).

That the National Society Daughters of the American Revolution oppose Metropoli-

tan Area Government and all other Regional Government plans which would destroy the authority of local governments and tend to erase Town, City, County and even State boundaries.

4. Women in Combat (1979).

That the National Society Daughters of the American Revolution applaud women volunteering for military service, oppose women being registered, and oppose women being placed in combat now or under a military draft.

5. Biased News (1968).

That the National Society Daughters of the American Revolution urge a reduction in federal regulation of television and express concern for the preservation of honest unbiased news reporting.

6. Busing (1972).

That the National Society Daughters of the American Revolution oppose arbitrary busing of school children and urge that every effort be made to retain state and local control of the educational system.

7. Social Engineering In Education (1980).

That the National Society Daughters of the American Revolution alert the public to the teaching of humanism and socialism in the schools, undermining our traditional values and our form of government; call for a return to local control of education, and work for the establishment of procedures whereby parents can have a part in curriculum and textbook selection.

8. Youth (1954, 1955).

That the National Society Daughters of the American Revolution determine to develop in themselves and in their respective communities an increased and active awareness and training, in the home, in the school, and for leisure time activities, of the Youth of our Nation, that there may be steadily developed in them a sense of the dignity of life and an understanding of the importance of moral, civic and spiritual responsibility.

9. Immigration and Illegal Aliens (1952, 1953, 1960, 1961, 1962, 1964, 1965, 1972, 1975).

That the National Society Daughters of the American Revolution recommend the immediate reduction of immigration, restoration of the quota system, strengthening of laws and penalties pertaining to illegal entry, and alert the public to the extent of the problem of illegal immigration and to the lack of funds for adequate personnel to apprehend and deport these illegal aliens.

10. Terrorism (1977, 1980).

That the National Society Daughters of the American Revolution urge the United States Government either to close endangered American embassies or to take steps to insure the protection of United States diplomatic personnel and property and American Citizens residing or traveling in foreign countries and to enforce sanctions against countries condoning such blatant violation of International Law.

11. Red Ink Spending/National Debt (1975).

That the National Society Daughters of the American Revolution petition the Congress of the United States of America to assume its Constitutional obligation as caretaker of a balanced budget and a sound money supply and to:

(1) balance the Federal Budget;

(2) inactivate the Federal Reserve System;

(3) make Federal Reserve money now in circulation redeemable in gold;

(4) adjust corporate taxes downward to provide production growth and consequent employment growth and remind the United States citizen that deficit spending, far from providing a lasting security, will only generate a ruinous debt for our posterity.

12. Commemorating the Battle of Saratoga as the Turning Point in the War Making Yorktown Possible (1924).

That the Daughters of the American Revolution in Continental Congress assembled express their endorsement of the national movement being undertaken to convert these sacred and historic grounds into a national park worthy of the great Republic which is the result of sacrifices made there by American patriots.●

REAGANVIRONMENTALISM

● Mr. LEVIN. Mr. President, in our consideration of the President's budget proposals, too often we fail to focus on the policy implications of these cuts.

Recently the New York Times published an article by Mr. John Oakes that spells out some of the environmental implications of the Reagan budget.

Through the seventies, the Congress passed legislation consistent with growing public concern over pollution, environmental degradation, and wise resource management. Mr. Oakes suggests that under the guise of budgetary constraints, the spirit—if not the letter—of these laws is being broken. Mr. Oakes' point is well taken and I ask that the article be printed in the RECORD.

The article follows:

REAGANVIRONMENTALISM

(By John B. Oakes)

Under cover of the buzz words "conservatism" and "budget-cutting," President Reagan is pushing ahead with natural-resource policies that are radical, inflationary, economically unsound and environmentally degrading.

These policies are precursors of the most profligate squandering of America's publicly owned natural resources since Teapot Dome. But unlike Teapot Dome, this time it would be within the law—and irretrievable.

"We will use the budget system to be the excuse to make major policy decisions," exclaims James G. Watt, the extremist ideologue who is Secretary of the Interior. A fanatical believer in the maximum development of resources in even the most protected of public lands, he advocates an "aggressive program with the private entrepreneurs who are willing to invest and manage resources" in the national parks. "We're in a hurry and we're willing to take risks," he boasts.

The implications of the Reagan-Watt environmental budget are clear. They have little to do with saving money. They are designed to cripple Congressionally ordained natural-resource, environmental, and public-health programs that may interfere with maximum development.

The job has already been started with Mr. Reagan's radical step in appointing development-minded anti-environmentalists to almost every major environmental post. Among the more outrageous appointments, full of conflicts of interest, are those of Robert F. Burford, a Colorado cattleman and former legislator, to head the Bureau of Land Management, which controls grazing rights on Federal rangeland; his Colorado friend Anne M. Gorsuch, who has no discernible qualifications for her highly technical post as Environmental Protection Administrator; James R. Harris of Indiana, an opponent of strip-mine regulations (from which he has personally profited), to head the Office of Surface Mining; and John B. Crowell, former general counsel of the Louisiana-Pacific timber company, to be the assistant secretary of agriculture in charge of the national forests on which Louisiana-Pacific (among others) depends for federally subsidized timber cuts.

President Reagan's 1982 budget would finish the job. In the next fiscal year, it would block virtually all further acquisition of ecologically significant land for public preservation—at a saving of $300 million. These lands would almost certainly have to be acquired for the same purposes at some future date (if they were not clear-cut or paved over by that time)—and at infinitely greater cost.

Programs to help states curb the irreversible loss of coastal wetlands and to plan rationally for coastal development are to be all but destroyed, to "save" $35 million—and at a future cost of hundreds of millions in damage to fisheries, protective dunes, and recreation areas. Habitat preservation, endangered-species protection, wildlife refuges—all would be skeletonized.

Funds for inspection and enforcement of strip-mining regulations are to be cut by 44 percent, obviously to make them as ineffective as possible. Vital public-health research programs (in such areas as airborne contaminants), the handling of uncontrolled hazardous wastes, the protection of water quality against industrial toxic pollutants—all are to be phased down or out. The Council on Environmental Quality, nerve center of environmental concerns at the White House level, would—not surprisingly—be reduced to total impotence with a two-thirds cut in its budget.

Energy conservation programs would greatly lessen future needs for imported oil. They are to be cut by 75 percent. A Congressionally authorized bank to promote residential, commercial, and agricultural energy conservation is to be abolished before it begins.

The supreme cynicism of the Reagan program is that the President could achieve—and even surpass—his worthy budget-cutting goals without declaring war on energy conservation, on the nation's natural resources, and on the environment. He has deliberately failed to make serious reductions in the most inflationary and uneconomic of the pork-barrel projects that dot the South and West at a cost of billions of dollars to the taxpayer. At least $600 million for such projects could and should be cut out of the Reagan budget for 1982 alone. If this were done, it would more than compensate for restoring many of the environmentally protective programs now marked for devastation.

The purposeful refusal to cut the budget in ways less harmful to the environment and less contemptuous of energy conservation makes a sham of Mr. Reagan's "economizing" pretentions. His proposed budget—along with many of his major appointments—is a vicious and radical assault on America's painfully constructed environmental-protection system.

Will Congress and the American people please wake up?●

A SALUTE TO THE POULTRY AND EGG INDUSTRY

● Mr. HELMS. Mr. President, April was Poultry and Egg Month in North Carolina and it was a period during which many of us expressed our pride in our State's largest food industry.

It was also an occasion for both consumers and producers to celebrate, for no sector has made greater contributions to the fight against food price inflation than our efficient poultry industry. It was pointed out by a North Carolina State University specialist that in 1980 consumers were buying greater quantities of poultry at lower real prices than 10 years ago.

North Carolina is a leader in this highly efficient and productive industry. Our State ranks second in the Nation in turkey production, fourth in broiler production, and fifth in egg production. The poultry industry alone contributed over three-fourths of a billion dollars in farm income to the economy of our State last

year, an increase of 238 percent from 10 years ago.

The 1980 production of commercial broilers, turkeys, and table eggs in North Carolina was sufficient to supply the needs of the State's 5.8 million people, as well as the needs of more than 43 million out-of-State consumers. There was good reason for the popularity of these products even beyond their high quality and nutritional value. When expressed in constant dollars with the 1967 Consumer Price Index as the base, retail prices for these products have actually decreased.

In short, Mr. President, the advancements and achievements of the North Carolina poultry industry are endless. Such accomplishments have come about due to strong leadership among poultrymen, which has brought North Carolina's poultry industry to its present position of national prominence. Suffice it to say, however, that our poultry industry has been a marvelous success story for producer and consumer alike. I am very proud of all the men and women associated with it.●

PRODUCTIVITY AND QUALITY IMPROVEMENTS OF THE WESTINGHOUSE ELECTRIC CORP.

● Mr. HEINZ. Mr. President, at a time when our economy is facing serious problems, and the overall productivity of our Nation's private business sector has declined for 3 consecutive years, the Westinghouse Electric Corp., stands out as one of the finest examples of substantial accomplishments in the area of productivity improvement.

On April 27, Thomas J. Murrin, president of Westinghouse Electric Corporation's Public Systems Co., received the American Productivity Center's Productivity Leadership Award.

The honor is the Nation's highest recognized award for productivity leadership. In announcing Mr. Murrin's award, the center cited his personal commitment to raising productivity in Westinghouse and in promoting productivity improvement in the private and government sectors.

Westinghouse's comprehensive productivity improvement includes the use of a multimillion-dollar seed fund to finance innovative productivity ideas; the formation of more than 600 quality circles which involve plant workers in productivity and quality improvement; the implementation of new technology in both the factory and the office; and the extensive use of videotape communications to create an understanding of the importance of productivity improvement with all levels of employees. Westinghouse has also sponsored trade union and management trips to Japan to visit industry and labor groups in that highly productive country.

The long-range productivity improvement program should help enable the Westinghouse Electric Corp., to compete effectively with its foreign competition in the years ahead. It is this kind of corporate thinking that will provide job security for thousands of employees and strength for our Nation's economy.

If this kind of corporate effort had been made by more companies some years ago, the health of many industries and the Nation's economy would be in much better condition today. It is my hope that more of our Nation's corporate leaders follow the example of Westinghouse.●

PENNY-WISE AND POUND-FOOLISH

● Mr. HUDDLESTON. Mr. President, in recent testimony before the Senate Appropriations Subcommittee on State, Justice, Commerce, and the Judiciary, the Executive Director of the Federation for American Immigration Reform, Mr. Roger Conner, made a compelling argument against cutting the strength of the Immigration and Naturalization Service.

INS is scheduled to absorb 40 percent of all personnel cuts to be made in the Department of Justice. Mr. Conner stated in his testimony that:

At a time when immigration and pressures to immigrate to the United States have never been greater, it is folly to further emasculate an already crippled law enforcement and border defense agency.

Immigration to this country, counting both legal and illegal immigrants, is at the highest level in our history. Estimates of illegal immigration are rising steadily, and the stock of resident illegal immigrants has risen steadily from the 3.5 to 6 million that demographers from the Bureau of the Census estimated lived here in the mid-1970's. And the workload of the INS has never been greater. More than a quarter of a billion border crossings will be made this year.

I agree completely that such a reduction for INS is "penny-wise and pound-foolish." In order to save $8.2 million, the administration is willing to open our borders to hundreds of thousands more illegal alien workers who will compete with 8 million unemployed Americans for jobs. Since the Congressional Budget Office states that every 1 percentage point increase in unemployment costs the Federal Government $29 billion each year, it will not take very long for the increased flow of illegal alien workers to result in a complete offset of the $8.2 million "paper" reduction in spending.

I ask that Mr. Conner's remarks be printed in the RECORD.

The remarks follow:

STATEMENT OF MR. ROGER CONNER

The Federation for American Immigration Reform (FAIR) opposes the proposals of the Office of Management and Budget to make the largest single budget cut within the Department of Justice in the Immigration and Naturalization Service. At a time when immigration and pressures to immigrate to the United States have never been greater, it is folly to further emasculate an already crippled law enforcement and border defense agency. We believe that such cuts are inconsistent with the Reagan Administration aim of economy in government, and we believe that such cuts are penny wise and pound foolish for the United States as a sovereign nation.

The INS is scheduled to absorb 40% of all personnel cuts to be made in the Department of Justice, to lose 1,355 full-time positions, for a hoped-for savings of $8.2 million. Yet this reduction follows years of understanding for the INS, and years of refusals by the Office of Management and Budget to carry out Congress' wishes with regard to INS staffing. In each of the past four years, Congress has authorized and appropriated more money than the OMB has seen fit to spend, yet no recision or deferral message has ever been offered by OMB to Congress, no explanation has ever been given for this defiance of Congressional mandates. Just last year, for example, this Committee voted $4.9 million more for the Border Patrol than requested by the OMB; the House of Representatives voted for $23 million more. Yet no additional personnel were hired.

Added to this chronic failure to obey Congress and this consistent effort to destroy the INS's effectiveness, now we find that most of the proposed cuts within the INS are to come from its vital law enforcement functions. Attorney General William French Smith suggested that the Border Patrol is not being cut. He said it is being maintained at the same level as before. But this is the same thing that was said last year by Attorney General Civiletti, and before him by Attorney General Bell. The Border Patrol has consistently received Congressional support for personnel increases, as it did last year with the final appropriations to fund 160 positions that OMB sought to eliminate. Yet those positions were never filled—in Acting Commissioner David Crosland's words, "Because we would have had to fire them soon after we brought them on board . . . there wasn't enough money." Continuation of seriously deficient personnel levels is not maintenance of the Border Patrol; it is continued abdication of a vital area of national sovereignty and integrity.

Attorney General Smith, addressing the House Judiciary Committee when he first announced the INS cuts, said that the cuts were being made only in the least efficient areas of the INS, the "fat." The "fat" Mr. Smith referred to was the enforcement positions which involved apprehending illegal immigrants at ports of entry and in the interior of the United States. There is no fat in those areas, Mr. Chairman. Ever since 1977, the Border Patrol and INS internal investigators made over one million apprehensions of illegal immigrants each year. In 1980, that total fell under a million. It fell not because illegal immigration was slackening—it was still rising, and at an alarming rate. It fell largely because the Border Patrol and the internal investigators had been working at the absolute limits of their capacity, and the crises of the Cuban flotilla, the Iranian students, and the Haitian entrants meant that they were stretched beyond their capacity. For every officer sent to Florida to process Cuban entrants for every investigator trying to locate Iranian students, additional thousands of illegal immigrants came to the United States, additional hundreds of illegal immigrants continued to work within our borders.

In the proposed budget, criminal investigators, those who apprehend illegal immigrants within the United States and who perform background investigations for applicants for naturalization, will be cut from the 1200 of just three years ago and 900 today to 548 in FY 1982. This "fat" cutting may save $7 million next year. But, if the apprehensions of illegal immigrants by internal investigators are similarly reduced by 40 percent from today's levels, another 68,800 illegal immigrants will not be apprehended next year, costing the Treasury hundreds of millions of dollars next year in higher costs for benefits for displaced and unemployed American workers.

These proposed cuts come at the worst possible time for the INS. The pressure for aliens to immigrate to the United States have never been higher. Hunger, indeed famine, stalks much of the less-developed world. The brain-drain of professionals from third-world countries has expanded to include skilled laborers, mechanics, machinists, and other technical workers needed desperately by developing nations. Sixteen million refugees have been dis-

placed across the globe, and the Worldwatch Institute predicted just last month that the 1980's will be the decade of the refugee, as refugee populations swell each year.

Immigration to this country, counting both legal and illegal immigrants, is at the highest level in our history. Estimates of illegal immigration are rising steadily and the stock of resident illegal immigrants has risen steadily from the 3.5 to 6 million that demographers from the Bureau of the Census estimated lived here in the mid-1970's. And the workload of the INS has never been greater. More than a quarter of a billion border crossings will be made this year.

Drastic cuts in the INS will have a tremendous effect on the agency's ability to deal with these enormous and growing pressure. The cut in investigators will mean fewer illegal immigrants apprehended within the United States and longer delays for those applying for naturalization. The reduction in INS inspectors—at a time when air traffic has never been heavier, means longer waits for passengers and a greater burden on customs and other agents at ports of entry. The so-called maintenance of the Border Patrol is actually a continuation of a very dangerous situation in which too few officers are facing overwhelming numbers of determined border crossers. The potential of danger in such a situation can be illustrated by the fact that more than half the officers at the Border Patrol's busiest sector (Chula Vista, near San Diego and Tijuana, Mexico) suffered injuries in the line of duty last year. Certain areas of that sector are simply not patrolled because they are too dangerous to patrol with the few officers available, and patrol vehicles have been armored to provide necessary protection for the officers.

Last year, we had a useful demonstration of what a drastic cut in resources or availability of INS law enforcement personnel and resources could mean in terms of increased illegal immigration. Last summer, in the Southern region, the Border Patrol ran out of gasoline. The unexpected drain on INS funds of the Iranian crisis meant that the Border Patrol ran out of money to run its patrol vehicles along the border. Despite official denials of any serious problem, numerous eyewitness and newspaper reports noted a dramatic increase in illegal immigration during that period. We know of instances in which the Border Patrol was informed of huge semi-tractor-trailers filled with hundreds of illegal immigrants being smuggled across the border—and was unable to respond to the tip because officers didn't have the gas to drive to the border. Apprehensions in some regions dropped almost 90 percent from the same month the year before. Meanwhile, INS inspectors, hampered by the Carter Administration's fear of angering Iran, allowed Iranian nationals to enter the U.S. despite finding explicit terrorist manuals in their luggage. The New York Times reported that the inspectors were told to let any Iranian into the country. And, of course, there were not enough INS internal investigators to follow up on those who were suspected of being terrorists.

The INS is basically an enforcement agency; its job is to protect the United States and her people by enforcing the immigration laws. Yet the proposed cuts in the budget will affect most of those enforcement activities, and will affect least those INS activities which provide benefits to aliens. We feel that the provision of benefits is important, but that the protection of American sovereignty and of Americans is even more important.

If these cuts are made, it is unquestionable that we will have more illegal immigrants in this country. If we have more illegal immigrants, federal costs will increase by many times the paltry saving made by cutting the INS. In late 1978, the Congressional Budget Office estimated that each unemployed American costs the Federal treasury $7,000 a year, not counting public service jobs costs. In 1979, INS enforcement officials apprehended more than 1 million illegal immigrants, 172,000 of them in the interior of the country. If only 55,000 of those apprehended illegal immigrants were replaced by unemployed Americans, the entire cost of the INS budget was returned to the Treasury.

Incidentally, these jobs were jobs that Americans would take. An INS survey last year in Los Angeles found that the average salary of apprehended illegal immigrants was $5.25 an hour. Twenty thousand people lined up for minimum wage jobs with the Social Security Administration in Baltimore, and 75 jobs opened by the apprehensions of illegal immigrant workers in a suburban Chicago foundry were filled within a day. And Acting Commissioner Crosland told the House Immigration Subcommittee that, in a survey done last year, 90 percent of the complaints phoned to the INS in Los Angeles were from Hispanic Americans who had been displaced from jobs.

Nor are unemployment costs the only penalty the Treasury pays for illegal immigration. The General Accounting Office issued a report on March 15 which found that "there were substantial numbers of illegal aliens in federally assisted housing projects," in some places occupying as much as 36 percent of all subsidized housing units. And costs for illegal immigration permeate state and local budgets as well. The state of Texas found that it would cost as much as $400 million a year for it to comply with a court order to provide a free education to illegal immigrant children. And Los Angeles County is suing the Federal Government for $89 million in unreimbursed medical costs for illegal immigrants in FY 1978.

Perhaps as a result of all of these factors, the proposed cuts in the INS budget do not enjoy significant support from any quarter. The Attorney General and Acting Commissioner were both given chilly receptions from the committees before which they appeared to defend these cuts. Attorney General Smith told the House Judiciary Committee that he would reconsider the INS budget as soon as he had considered the report of the Select Commission on Immigration and Refugee Policy.

The Select Commission, as you are aware, has recommended substantial increases in the law enforcement activities of the INS. Several bills have been introduced in both houses of Congress to bolster the INS. Among these bills is Senator Huddleston's Immigration and National Security Act of 1981, S. 776, among whose sponsors are several members of the Appropriations Committee, including Senators Cochran, Hollings, Chiles, Johnston, and Sasser. S. 776 calls for an increase in the Border Patrol to 6,000 officers, an increase of several hundred criminal investigators, and for modernized equipment for the Patrol and INS. The bill also includes a provision which institutes user fees and other charges for immigration services which will provide an estimated several hundred million dollars a year in additional revenues to offset any additional costs the new programs might incur. FAIR wholeheartedly supports S. 776, and suggests that user fees are an appropriate alternative to a budget cut for the INS.

Cuts such as are proposed here by the OMB do not serve the ends articulated for the President's economic recovery program. The President is not asking for simple across-the-board slashes of all spending. He has said that he wants reductions in spending which reduce overgrown government, unnecessary and ineffective government agencies. Since cutting the INS will inevitably increase other government spending, such proposals are inconsistent with an overall recovery package.

The question then remains, why were these cuts proposed? Why is the INS, which was only 18 percent of the Justice Department Budget last year, being asked to absorb 44 percent of all cuts in Justice's budget? While we are not completely certain, we believe that the INS budget cuts are a continuation of the policy which held sway for so long under the Carter Administration, which was not reversed by senior officials in the Reagan Administration because of the complexity and unfamiliarity of the area of immigration. For several years, the Office of Management and Budget has been making a concerted effort to combine the border enforcement programs of the INS with those of the Customs Service. While this may be a worthwhile effort, and we make no judgment on it at this time, it is Congress which should make the determination of whether this should be done; it is not for the OMB to decide through the budgetary process. Therefore, we oppose any such effort by the OMB to mandate a consolidation of the two agencies through the use of the budget, and we hope this committee will not bow to pressure from the OMB to do so.

We hope that this Committee will provide a realistic funding level for the INS. At a minimum, no decrease in personnel and funding is necessary, for all the fat which ever may have existed in the INS disappeared long ago with the startling rise in legal and illegal immigration throughout the 1960's and 1970's. We hope that this Committee will impress upon the OMB the seriousness of its desire that all funded positions for the INS and Border Patrol be filled. We hope that this Committee will not allow the INS to deteriorate even faster.

The most effective action by this Committee would be to increase INS funding by $37.8 million over current policy levels. These funds would be used to provide 350 Border Patrol officers, 400 criminal investigators, and their required equipment. This level is still much below that required for truly effective guarding of American borders; the Border Patrol Supervisors Association estimated in 1980 that they would need 3,000 new officers to deter or apprehend 90 to 95 percent of all illegal border crossings. But it represents a manageable increase in resources commensurate with both the rising workload of the agency and its feeble administration structure. May I remind you, last year the House voted overwhelmingly to provide $23 million more than the current levels for additional Border Patrol and internal enforcement officials.

Mr. Chairman, we appreciate the opportunity to present the views of the Federation for American Immigration Reform (FAIR) to the Committee. I would be happy to answer any questions you may have at this time.●

SENATOR THURMOND SPEAKS ON AMERICAN DEFENSE PREPAREDNESS

● Mr. GOLDWATER. Mr. President, our distinguished colleague, Senator STROM THURMOND, of South Carolina, who is as acutely aware of our defense needs as any Member of the Senate, addressed the American Defense Preparedness Association on April 30 at their gathering here in Washington.

In the address, he discussed thoroughly what we mean by preparedness, the fact that our Nation is unprepared; and then, in his complete way, he presented a blueprint for the action we need to correct our shortcomings.

This is an address that our colleagues should read and it should be observed by editors who depend upon the RECORD across this country.

I ask that it be printed in the RECORD. The speech follows:

ADDRESS BY SENATOR STROM THURMOND

Father Mowrey, General Miley, Mr. Hobelmann, Officers of the Washington Chapter, Distinguished Recipients of the Codd, Crozier and Knowles Awards, Members and Guests of the Association:

As I come before you this afternoon, there is widespread concern about the capacity of our Nation's industrial base to respond to the hardware needs of our armed forces, either in peacetime or in an emergency situation which would call for accelerated production.

Also, there is concern, if not outright alarm, in many quarters about our reliance on vulnerable or unreliable foreign sources for strategic materials, and the state of our National Stockpile of these critically-needed materials.

Today I will give you my views on the way things are in these areas, the way I think they should be, and my suggestions as to what could be done to correct this situation. I do so with a great deal of humility, because I understand and respect the leadership role your Association has played in the cause of Preparedness since 1919.

THE MEANING OF PREPAREDNESS

We must maintain a high preparedness level through a strong defense industrial base and a full, balanced stockpile of strategic materials to meet the peacetime requirements of our Armed Forces in an efficient, timely and economical manner. Preparedness assures that the industrial base, and the stockpile, possess a surge capacity for a variety of emergency situations short of war. Preparedness gives us a running start on mobilization, should that ever become necessary again.

Preparedness is also a great national asset, especially in these troubled times. Preparedness, as your Executive Director, General Miley, has pointed out, would enable us to promptly equip and deploy a Rapid Deployment Force with its prepositioned reserves. It would also permit us to modernize the military equipment of our allies or furnish military supplies to friendly nations engaged in war.

OUR NATION UNPREPARED

Unfortunately, most any fair survey would have to conclude that under these definitions we are far from prepared. Most defense programs today do not operate even close to economical production rates. Productivity in the defense sector has been lagging both U.S. manufacturing as a whole, and that of other nations. Lead times have increased tremendously in the last 3 years, resulting in delayed deliveries and higher costs.

Our subcontractor and supplier base has eroded to almost subcritical levels, and our defense industry has little or no capacity to surge production in the short term. Severe shortages of engineers, technicians and skilled blue-collar workers are continuing, and current training and education programs are not solving the problem. Facilities are aging, and the government-owned machine-tool base is obsolete, yet current tax and profit policies discourage capital investment.

Furthermore, the United States does not have an effective non-fuel minerals policy. Our dependence on foreign sources for strategic materials, and also for many parts and components, has reached dangerous levels. The continued availability of critical materials is jeopardized by this dependence on overseas sources and threatened by the interdictive capacity of the Soviet blue-water navy.

The National Stockpile has serious shortages and imbalances, and each year the War Reserve Material shortfall is just extended another year into the future.

How did this situation develop?

We could point the finger at the Pentagon for its lack of policy, its procurement practices, and its infatuation with overly complex weaponry. We could blame the industry for pursuing profit in the more lucrative and predictable commercial marketplace, or past Administrations and Congresses for underfunding the defense industry into unpreparedness. We could even look ultimately to lack of public support, for, lacking national leadership, it was weakened by Vietnam and our failure to recognize the true nature of the Soviet threat.

A BLUEPRINT FOR ACTION

But times have changed. The conscience, awareness, and determination of our people are changing. Rather than looking backward to see who is to blame, we should look to the future, and develop a blueprint for action to reverse this situation and put us back on the road to greatness again.

Our defense industrial base should once again consist of warm, modern production lines for each principal and secondary item which the Services identify as critical in emergency situations. Prime and subcontractors should once more be fully tooled and staffed for at least a one-shift operation. For each item, there should also be an adequate inventory of critical and long-lead-time components. This base should regain, in addition, the ability to surge to two or even three shifts in a relatively short time.

THE CASE FOR MULTI-YEAR PROCUREMENT

I believe if we restore defense spending to adequate levels, industry will, to a large degree, rebuild its own base. But more money for procurement is not enough. We must see to it that we spend it wisely. First and foremost, we must go to multi-year procurement funding. The cost of our present, one-year method is simply too great. Industry at all levels hesitates to make capital investments funded for only one year, and both business and government planning are defeated by this practice. Multi-year funding offers dramatic benefits in defense programming stability. It would enable contractors to plan production and tooling more efficiently. They could achieve significant economies by buying materials and components in larger quantities. That would bring down the unit cost of a weapon system or equipment item.

General Alton Slay, former commander of the Air Force Systems Command, estimated that multi-year procurement would enable the Department of Defense to routinely save between 10 and 30 percent of the contract price on acquisitions. Savings of that kind can go a long way toward offsetting the increased expense of high technology defense systems.

Multi-year procurement is not new, by any means. Many of us remember how effectively it was used during World War II for large buys of such items as tactical vehicles and radios. The benefits were fantastic. We had tremendous competition. We had deliveries on time. We had fair prices.

OTHER MEANS OF RESTORING OUR INDUSTRIAL BASE

Next, we must encourage investment in more modern plants and equipment. We can enact legislation accelerating depreciation, increasing depletion allowances and tax credits, and enabling industry to float more tax-exempt bonds.

We can insist on stricter enforcement of existing statutes against dumped and subsidized imports. We can relax restrictive and costly EPA and OSHA regulations. We can amend the anti-trust laws to permit joint ventures to pool resources to assume greater risks and meet foreign competition.

With regard to preparedness in strategic materials, we must strive to approach self-sufficiency. This means more dependence on the natural resources within our own borders, with fewer areas off-limits to exploration and development. For those materials that do not naturally occur in our land, or which we have already exhausted, we must secure and maintain reliable, friendly foreign sources and protect our sea lanes of supply. We must also have a well-managed national strategic stockpile, supplied with the right materials, available in the forms needed by industry, and with a preplanned, built-in surge capacity.

There are a large number of measures the Department of Defense can take under existing law. For instance, it can upgrade the near-obsolete government-owned machine-tool base through initial investments followed by selected annual modernizations. It can increase the use of milestone billings and advance payments, and expedite the paying cycle. It can support actions by the Federal Emergency Management Administration to utilize Title III of the Defense Production Act to develop strategic and critical material sources. There are many, many more specific things the Pentagon can do to revamp its procurement practices that are too detailed to mention this afternoon.

Government, labor and industry must work together to increase productivity. That is an economic imperative if we are to restore our defense industrial base. Industry must establish vigorous cost reduction programs, carry them out at all levels and across all cost elements, and make them work. Industry must reinstate practices that rebuild a strong supplier base, such as assuring equitable terms and conditions, and assisting in the hiring and training of manpower.

The list goes on and on. There is no lack of good ideas for improving the situation. Fortunately, you and I and the new Administration and the new Congress see eye to eye on most of these things that need to be done. Many of them are already being implemented by Secretary Weinberger and the Joint Chiefs.

INTRODUCTION OF THE ARMED SERVICES PROCUREMENT POLICY ACT OF 1981

I am pleased to be able to tell you that yesterday I introduced legislation in the United States Senate to establish a policy for improved and more flexible contracting procedures for the Department of Defense. When passed by Congress and signed into law by the President, this Armed Services Procurement Policy Act of 1981 will allow the Department of Defense to use multi-year procurement contracts under less restrictive conditions. My bill is similar to one introduced in the House by the distinguished Representative of the Fifth District of Virginia, Honorable Dan Daniel. His leadership in this important area has long been widely recognized. I am pleased to join with him in offering this legislation.

I was also pleased to find that the Secretary of Defense included repeal of the Vinson-Trammell Act in this year's Defense Authorization Bill. As you can see, we are beginning to move again—and in the right directions.

These are some of my ideas on this very important subject of Preparedness. I am sure the Administration would welcome your ideas and insights as well. Working together, we can be prepared once again.●

SEVENTY FIVE PERCENT WOULD ACCEPT JOBS HELD BY ILLEGAL ALIENS

● Mr. HUDDLESTON. Mr. President, I recently introduced the Immigration and National Security Act of 1981, S. 776. This bill is designed to solve several of the major immigration problems which the United States faces today. One of the sections in the bill would establish

a fair hiring system for all employees and employers. In effect, it would make it illegal for an employer to knowingly hire an illegal alien and establish a simple "call-in" procedure for determining employment eligibility. With almost 8 million unemployed residents in this country and with the present administration committed to cutting back job training programs and unemployment benefits, the least we can do is assure that all available jobs go to U.S. citizens and legal residents.

One of the myths perpetuated by those who benefit from the millions of illegal alien workers in this country is that they take jobs Americans do not want. We are constantly told by these people that the American worker has grown lazy and will no longer take the hard and dirty jobs even if they are paid a decent wage. This type of myth propagation is an insult to the American worker and a recent poll conducted by the Los Angeles Times showed it to be totally untrue. The article reporting the results of this survey stated:

In the first major survey of its kind, 75 percent of those interviewed who were out of work said they would apply for jobs paying between $3.35 an hour, the legal minimum, and $4.50 an hour.

More than 48 percent of the unemployed Americans surveyed said they would seek restaurant jobs, and 40 percent said they would apply for garment industry jobs. Both industries employ large numbers of illegal aliens.

I ask that the Los Angeles Times article entitled "75 Percent of Jobless Would Accept Menial Work" be printed in the RECORD.

The article follows:

75 PERCENT OF JOBLESS WOULD ACCEPT METAL WORK

(By Harry Bernstein)

Although it is widely believed that some jobs are so menial that only illegal aliens will take them, a Los Angeles Times Poll has found that this is not true.

In the first major survey of its kind, 75 percent of those interviewed who were out of work said they would apply for jobs paying between $3.35 an hour, the legal minimum, and $4.50 an hour.

More than 48 percent of the unemployed Americans suveyed said they would seek restaurant jobs, and 40 percent said they would apply for garment industry jobs. Both industries employ large numbers of illegal aliens.

The Times poll, directed by I. A. Lewis, interviewed 1,681 American adults—employed and unemployed—in an eight-day period ending March 22. Because the poll was conducted by telephone, special measures were taken to interview more Latinos, blacks and poor whites to ensure that the sample was balanced. The poll has a 4 percent margin of error.

The public's perception of the number of Americans willing to take menial jobs is far different from the reality, the Times poll shows. Nearly half (48 percent) of those polled said illegal aliens take only those jobs Americans will not accept, while 40 percent believe that Americans can be found to do the jobs, and 12 percent said they were not sure.

Yet the poll also showed that a large majority of the unemployed would take such jobs—nearly 5 million people, particularly blacks, poor whites and women of both races. (About 7.8 million Americans are currently unemployed.)

The number of illegal aliens now holding such jobs is not known. It is estimated that between 3.5 million and 6 million illegals are in the United States, many of them working in the garment and restaurant industries.

In Los Angeles County alone, it is estimated that 81% of the 115,000 garment workers are illegal aliens and that 75 percent of the nearly 200,000 restaurant industry workers are illegals, according to the California Department of Industrial Relations.

Thus, the Times poll indicates that far more Americans than are needed say they would work in jobs held predominantly by illegal aliens, if those jobs actually paid what employers say they pay and if working conditions were satisfactory.

The problem is that despite employer claims, government labor law enforcement agencies say, restaurant and garment industry jobs actually do not pay even the minimum wage.

BELOW MINIMUM WAGE

Joe Razo, head of California's Concentrated Enforcement Program, said state investigators have found that 75.3% of all garment factories in Los Angeles County pay less than the legal minimum wage and that 64.5% of all restaurants pay less than the minimum.

Razo also said many of the garment factories employing illegal aliens, especially the smaller shops, are "sweatshops, infested with cockroaches, rats and mice, and with filthy toilet facilities. Restaurants are better places to work, but many still provide very poor working conditions."

One of the persistent questions in the emotional debate over illegal aliens has been whether they take jobs away from Americans or do low-paying, menial jobs that would not be done at all without them.

The issue of immigration, both legal and illegal, has long troubled Americans, and the problems of immigration and refugees has intensified recently, both because of the increasing number of illegal aliens entering the United States, mostly from Mexico, and the flow of refugees from Cuba, El Salvador, Vietnam and other nations.

The United States has laws to deal with legal immigration, and Congress is currently studying proposals to revise those laws.

Those who do manage to slip into the country—between 500,000 and 1 million a year—are unlikely to be caught, and employers are not prohibited by federal law from hiring them.

The question of what, if anything, to do about the continuing and increasing flow of illegal aliens drew national attention once again in late February when the Select Commission on Immigration and Refugee Policy made it final report to Congress.

AGREEMENT ON NEED TO CURB

Although 12 of the 16 members signed dissenting "supplementary opinions," the commission did agree on the need to curb the flow of illegal aliens.

Also, contending that aliens are attracted here by the availability of jobs, the commission called for punishment of employers who knowingly hire illegals but also called for amnesty for those aliens who have been in the United States for a significant length of time.

The Times poll found that 54 percent of adult Americans believe that "every worker should be required to have some kind of national identification before he or she can get a job," while 41 percent opposed the idea and 5 percent were not sure.

An even larger number, 62 percent, believed that employers "should be punished when they hire people who come into the United States without proper papers," and only 28 percent opposed punishment for such employers, while 9 percent were not sure; 10 percent had no opinion.

Although the commission recommendations for identity cards and employer punishment are supported by a majority of Americans, only 39 percent of those polled favored the proposal that illegal aliens who are presently in the United States be permitted to remain here and to work if they wish. Half of those surveyed opposed the amnesty, and 11 percent had no opinion.

One argument often used by those opposed to stringent enforcement of immigration laws is not only that illegal aliens do jobs Americans will not perform but also that they contribute more to the economy than they take from it.

The Times poll showed that 62 percent of the public thought that "illegal aliens take more from the U.S. economy through social services and unemployment benefits than they contribute to the U.S. economy through taxes and productivity." Only 18 percent thought that the illegals contribute more than they take, while 4 percent thought that the give and the take are about equal, and 16 percent were not sure.

Employment experts in government say that, while large numbers of unemployed Americans would take jobs now held by illegal aliens even at the present minimum wage of $3.35, the number that would apply for them increases rapidly as the wage offered goes up.●

RESIDENTIAL HOUSING TAX INCENTIVES ACT OF 1981—S. 1072

● Mr. BOREN. Mr. President, I ask that the full text of S. 1072, which I introduced on April 30, 1981, be printed in the RECORD.

The text of the bill follows:

S. 1072

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Residential Housing Tax Incentives Act of 1981".

SEC. 2. EXCLUSION OF INTEREST ON QUALIFIED HOUSING SAVINGS CERTIFICATES.

(a) GENERAL RULE.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 128 as section 129 and by inserting after section 127 the following new section:

"SEC. 128. INTEREST ON QUALIFIED HOUSING SAVINGS CERTIFICATES.

"(a) IN GENERAL.—Gross income does not include any amount received by any individual during the taxable year as interest on a qualified housing savings certificate.

"(b) LIMITATION.—

"(1) IN GENERAL.—If at any time during the taxable year the aggregate amount of deposits of the taxpayer in qualified housing savings certificates exceeds $100,000 ($200,000 in the case of a joint return under section 6013), subsection (a) shall not apply to that portion of interest received by such individual which is attributable to such excess.

"(2) ALLOCATION.—Under regulations prescribed by the Secretary, if the provisions of paragraph (1) apply to any taxpayer for any taxable year, interest shall be excluded under subsection (a) in the same order as the deposits in qualified housing savings certificates to which such interest is attributable were made (beginning with the earliest).

"(c) QUALIFIED HOUSING SAVINGS CERTIFICATE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified housing savings certificate' means any savings or investment certificate—

"(A) which is issued by an institution described in subparagraph (A) or (B) of section 116(c)(1),

"(B) which has a maturity of 3 or 5 years,

"(C) with respect to which the rate of interest payable is equal to—

"(i) in the case of a certificate with a maturity of 3 years, 75 percent of the rate of interest payable on a Treasury certificate with a maturity of 3 years (determined as of the last day of the month preceding the month in which the certificate is issued), and

"(ii) in the case of a certificate with a maturity of 5 years, the rate of interest determined under clause (i), plus one-half percent, and

"(D) the proceeds of which are used by the institution issuing such certificate for a qualified purpose.

"(2) QUALIFIED PURPOSE.—

"(A) IN GENERAL.—The proceeds of a qualified housing savings certificate shall be treated as being used for a qualified purpose if, within the 1-year period following the close of the calendar quarter in which such certificate was issued, the institution issuing such certificate uses the proceeds of all qualified housing savings certificates issued by it during such quarter—

"(i) to originate mortgages secured by a first lien on single-family owner-occupied residences,

"(ii) to acquire mortgages—

"(I) secured by a first lien on single-family owner-occupied residences, and

"(II) originated after the date of the enactment of this section, or

"(iii) to refinance any mortgage—

"(I) secured by a first lien on single-family owner-occupied residences, and

"(III) originated after the date of the enactment of this section from the proceeds of qualified housing savings certificates.

"(B) INTEREST LIMITATION.—

"(i) IN GENERAL.—Proceeds of a certificate shall not be treated as used for a qualified purpose under subparagraph (A) if, during the first 3 years (5 years in the case of a 5-year certificate) of any mortgage originated, acquired, or refinanced from such proceeds, the excess of—

"(I) the effective rate of interest on such mortgage, over

"(II) the average rate of interest payable on certificates of the same maturity issued during the calendar quarter in which such certificate was issued,

is greater than 2 percent.

"(ii) EFFECTIVE RATE OF INTEREST.—The effective rate of interest on any mortgage shall be determined in the same manner as under section 103A(i)(2)(B), except that any origination fee not in excess of 1 percent shall not be treated as borne by the mortgagor.

"(C) FAMILY INCOME LIMITATION.—

"(i) IN GENERAL.—Proceeds of a certificate shall not be treated as used for a qualified purpose under subparagraph (A) if the mortgagor of any mortgage originated, acquired, or refinanced from such proceeds has a family income which is more than 200 percent of the median family income for the statistical area (within the meaning of section 103A(1)(4)) in which the residence is located.

"(ii) DETERMINATION OF FAMILY INCOME.—For purposes of this subparagraph, the family income of any mortgagor, and median family income, shall be determined under regulations prescribed by the Secretary which, to the extent not inconsistent with the purposes of this subparagraph, shall be consistent with the regulations prescribed under section 8 of the United States Housing Act of 1937.

"(D) SINGLE-FAMILY OWNER-OCCUPIED RESIDENCES.—The term 'single-family owner-occupied residence' has the same meaning as such term is used in section 103A.

"(d) SPECIAL RULES.—

"(1) SHORT TERM INVESTMENT OF PROCEEDS.—Each institution issuing qualified housing savings certificates shall, during the 1-year period referred to in subsection (c)(2)(A), invest in direct obligations of the United States an amount equal to all of the proceeds of such certificates which have not been used for a qualified purpose.

"(2) APPLICATION WITH SECTION 116.—No amount shall be excluded under subsection (a) for any taxable year which is excluded under section 116.".

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 128 and inserting in lieu thereof the following new items:

"Sec. 128. Interest on qualified housing savings certificates.

"Sec. 129. Cross references to other Acts.".

(2) Section 265 of such Code (relating to expenses and interest relating to tax-exempt income) is amended—

(A) by inserting "or 128(a)" after "116(c)", and

(B) by inserting "or 128" after "116".

(3) Paragraph (2) of section 584(c) of such Code (relating to income of participants in common trust funds) is amended by inserting "or 128" after "116".

(4) Paragraph (7) of section 643(a) of such Code (defining distributable net income) is amended by inserting "or 128" after "116".

SEC. 3. PENALTIES FOR USE OF PROCEEDS FOR NONQUALIFIED PURPOSE.

(a) IN GENERAL.—Subchapter B of chapter 68 of the Internal Revenue Code of 1954 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6699A. ASSESSABLE PENALTIES RELATING TO QUALIFIED HOUSING SAVINGS CERTIFICATES.

"(a) IN GENERAL.—Any institution which—

"(1) fails to use the proceeds of a qualified housing savings certificate for a qualified purpose within the 1-year period described in section 128(c)(2)(A), or

"(2) fails to invest the proceeds of such a certificate as required under section 128(d)(2),

shall, in addition to any other penalty provided by law, pay a penalty equal to 10 percent of the amount which is not so used or invested.

"(b) ADDITIONAL ASSESSMENTS.—In any case in which any failure for which a penalty was imposed under subsection (a)(1) continues for any period beyond the 1-year period described in section 128(c)(2)(A), there shall be imposed under subsection (a) an additional penalty equal to the product of—

"(1) 10 percent of the amount not so used for a qualified purpose, multiplied by

"(2) the number of years (including as a full year any fractional portion thereof) during the period beginning on the day after the close of such 1-year period and ending on the date such amount is used for a qualified purpose.

"(c) DEFINITIONS.—For purposes of this section, the terms 'qualified housing savings certificate' and 'qualified purpose' have the same meanings given such terms by section 128(c).".

(b) CONFORMING AMENDMENT.—The table of sections for Subchapter B of chapter 68 of such Code is amended by adding at the end thereof the following new item:

"Sec. 6699A. Assessable penalties relating to qualified housing savings certificates.".

SEC. 4. EARLY WITHDRAWAL PENALTIES.

If an individual withdraws any amount from a qualified housing savings certificate (within the meaning of section 128(c) of the Internal Revenue Code of 1954) before the maturity date of such certificate, such individual shall forfeit an amount at least equal to six months of interest earned or that could have been earned on the amount withdrawn at the nominal (simple interest) rate being paid on the deposit regardless of the length of time the funds withdrawn have remained on deposit.

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall apply to interest payable after December 31, 1980, in taxable years beginning after such date.

GOOD LEADERSHIP ON IMMIGRATION REFORM

● Mr. HUDDLESTON. Mr. President, I know of no other Member of the Congress who has a greater knowledge and grasp of the complex immigration issues which the United States is confronted with than the distinguished Senator from Wyoming, Senator ALAN SIMPSON. His deep personal interest in the problems of immigration and his outstanding service on the Select Commission on Immigration and Refugee Policy made him the perfect choice as chairman of the Senate Subcommittee on Immigration and Refugee Policy.

In a recent article he wrote for the Washington Post, Senator SIMPSON set forth in a concise manner the basic problems created by uncontrolled immigration and the reasonable solutions needed to deal with them. I intend to give Senator SIMPSON my full support in his efforts to bring about immigration reform and urge our colleagues to do likewise.

I ask that Senator SIMPSON's article be printed in the RECORD.

The article follows:

SENATOR SIMPSON ON IMMIGRATION

The current flow of immigrants and refugees to the United States is out of control. Existing law allows total legal admissions to grow continuously, sometimes without regard to the needs of this country. Refugees are being admitted in numbers four times the 50,000 level, which was specified as being the "normal" flow in the Refugee Act of 1980. The United States today is taking in more legal immigrants and refugees for permanent resettlement than the rest of the world combined. In addition, hundreds of thousands of illegal immigrants cross our borders every year.

As chairman of the Senate subcommittee on immigration and refugee policy, I have come to believe firmly that new legislation must contain the following key elements: an absolute annual ceiling on total immigrant and refugee admissions; a separate annual ceiling for refugee flow; maintenance of the per-country limit on immigrants; some reduction of immigration by relatives of U.S. citizens and permanent residents; selection of independent preference or "seed category" immigrants on the basis of traits that would benefit the U.S. economy or culture, protect American workers and ease their assimilation into American society; and, finally, elimination of federal policies that encourage the separation of groups of people because of language and cultural differences.

In addition, the United States must improve its immigration law enforcement capability. I feel that any new enforcement program must include sanctions against employers who hire and exploit illegal aliens and those who disclose a persistent pattern of practice in doing so, and present a new and secure system to ensure that job appli-

cants are authorized to work legally in the United States. Among suggestions thus far presented is one to include a secure, counterfeit-resistant type of identification permit for all workers—one that would not be required to be carried on the person, but would be presented only at the time of seeking employment. The permit might simply say: "I am authorized to work and be employed in the United States of America." It is also possible that work authority information could be entered into a data bank such as those used for credit cards. The employer would process the number contained on the card and the only response that would be returned would be that the applicant is "clear" or "not clear" for employment. We will also pursue possible measures to ensure the limiting of fraudulent misuse of the Social Security card system.

When we have implemented a program that is shown to be effective in substantially controlling the flow of illegal immigration, a "legalization" or amnesty program might well seem appropriate for those long-time residents who had managed to remain in the United States despite employer sanctions.

The fundamental obligation of the government of any nation—indeed, the very reason for its existence—is to promote the national interest; that may be defined as the long-term welfare of the majority of its citizens and their descendants. Accordingly, I believe that U.S. immigration policy should consider first the well-being of the American people.

A 1980 study by Dr. Leon F. Bouvier discloses that if net immigration equals 750,000 persons per year (it is indeed quite possible that current net immigration figures surpass that figure); and if the fertility rate of the existing U.S. population and its descendants remains at its present low level; and if the fertility rate of new immigrants immediately declines to that of the population as a whole (which seems unlikely)—then the U.S. population in the year 2080 will be 300 million, one-third being people and their descendants who came here after 1979.

If immigration is continued at a high level and yet a substantial portion of these new persons and their descendants do not assimilate satisfactorily into our society, they may well create in America some of the same social, political and economic problems that exist in the countries from which they have chosen to depart. Furthermore, if language and cultural separation rise above a certain level, the unity and political stability of our nation will—in time—be seriously eroded.

Immigration and refugee policy reform is a perilous minefield of emotionally charged issues, but it is imperative that needed reforms be accomplished in an atmosphere of calm, compassionate and careful deliberation.●

SPELMAN COLLEGE

● Mr. NUNN. Mr. President, on Saturday, April 11, 1981, Spelman College in Atlanta celebrated its centennial.

The oldest private college for black women in the United States, Spelman College was founded 100 years ago by educators Sophia Packard and Harriet Giles. These dedicated missionaries from New England started this fine school in the basement of Atlanta's Friendship Baptist Church with $100 and a small student body of only 11 young black women.

In the century since its birth Spelman College has pioneered quality education for black women. Today Spelman has a student enrollment of over 1,350 women pursuing a liberal arts education. Spelman College is one of six institutions which constitute the Atlanta University Center, a consortium of four undergraduate, one graduate and professional university, and a graduate theological seminary.

Under past presidents, Lucy Tapley, Florence Read, and Albert Manley, Spelman College has significantly expanded educational opportunities for its students. As Spelman College began its second century of service, President Donald M. Stewart made this statement:

> Spelman's goal is to continue to reward and encourage academic excellence through special courses, special attention, and a special living environment.

I hope that my colleagues will join me in congratulating Spelman College on its centennial and in extending our best wishes for a continued record of excellence and growth.●

CHICAGO SPORTS HALL OF FAME

● Mr. DIXON. Mr. President, on Tuesday, May 5, the Chicago Sports Hall of Fame, sponsored by Olympia Brewing, celebrated its second annual induction luncheon, which will benefit the Chicago area Boy Scouts-Sea Scouts program. The athletes and coaches who are George Ireland, Sid Luckman, Ray Meyer, Stan Mikita, and Carmen Salvino. These five great athletes received specially designed rings and trophies at the luncheon, and were officially inducted into the only hall of fame to honor sports figures who were either born in Chicago or achieved their sports greatness there.

These inductees join 15 others who have been inducted into the hall for their outstanding accomplishments in sports: Ernie Banks, Lou Boudreau, Dick Butkus, Phil Cavarretta, Charles A. Comiskey, Charles "Chick" Evans, Jr., "Red" Grange, George Halas, Bobby Hull, John Kinsella, William "Iron Man" McKinnis, Ralph Metcalfe, Abe Saperstein, Gale Sayers, and Willye White. Congratulations go to all these outstanding sports figures.

Also on May 5, the artifacts, memorabilia, statistics, photos, and newsclips which tell the stories of the lives of these great athletes were unveiled in the Chicago Sports Hall of Fame traveling museum. For 8 months now, the museum has traveled to neighborhoods and throughout the suburban areas, bringing Chicago's great sports heritage to the people. More than a quarter of a million sports fans have toured the museum, which is contained in a van and to which admission is free.

Olympia Brewing is to be applauded for taking an active role in a major public service project for the city of Chicago. Through its commitment, children and adults have been able to take pride in their fellow citizens, gifted in athletics or the administration of it.

Congratulations to Michael K. Schmidt, vice president, field marketing, Olympia Brewing Co., under whose advisement the hall of fame was born; to Gus Gagel, midwest region manager, Olympia Brewing Co., and chairman of the steering/nominating committee, and the other members of the committee:

Joseph Balasa, special events consultant; Gerald Butler, Ph. D., professor and chairman, Department of Health, Physical Education and Recreation, Chicago State University; David Condon, sports columnist, Chicago Tribune; Chet Coppock, sports anchor and reporter, WMAQ–TV; Jeffrey Jacobs, sports lawyer and senior partner, Foos, Jacobs, Malk & David; Lee Jenkins, retired sports editor, Chicago Defender; Martin Kaiser, executive sports editor, Chicago Sun-Times; Bob Karlblom, managing director, Warburg Paribas Becker and former Olympic athlete; Ed Kelly, general superintendent, Chicago Park District; Irv Kupcinet, columnist, Chicago Sun-Times; William Loughman, United Airlines pilot and sports historian; Larry Mages, Morrie Mages Sporting Goods; Red Mottlow, sports director, WFYR–Radio; George Randazzo, president, Italian-American Sports Hall of Fame; Bruce Roberts, sports anchor, WBBM–TV; and Illinois State Representative Jesse White.

Because of their service, the city of Chicago has a sports museum to which its citizens can point with pride—a museum which will entertain, educate and serve as an inspiration to the talented youngsters who will be the future sports heroes of that city and this Nation.●

REMARKS OF GOV. JOHN Y. BROWN, JR., BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS

● Mr. HUDDLESTON. Mr. President, I would like to take this opportunity to bring to the attention of my colleagues remarks made recently concerning the vital relationship of the health of the small business community to the overall health of our economy. The remarks were made by Gov. John Y. Brown, Jr. of Kentucky, himself a highly successful businessman, before the House Committee on Ways and Means. In his assessment of the role of small business in our national economy, Governor Brown has dramatically underscored the need for Congress to pay close attention to the needs of small business in our efforts to strengthen the economy.

On behalf of myself, as a member of the Small Business Committee, and Senator WEICKER, as chairman of the committee, I ask that the text of Governor Brown's remarks appear in the RECORD.

The testimony follows:

TESTIMONY OF GOV. JOHN Y. BROWN, JR.

Mr. Chairman, members of the Committee, thank you for inviting me to testify this morning on the tax proposals now before the Congress. First, let me commend the committee for its thorough airing of all major viewpoints on these very important proposals.

My perspective on this subject is shaped by my experiences as a former business executive, entrepreneur, and chief executive of a state. In the 1960's as president of Kentucky Fried Chicken I had a hand in building the dream of an elderly man in a white suit and string tie into an international fast-food operation with 37,000 employees. As Governor of Kentucky, I have observed the importance of applying the best tools of

business to government. As chairman of the National Governors' Association Task Force on Small Business, I have had an opportunity to study the sector of our economy that produces more innovations and new jobs than any other. The suggestions and analysis I will present to this Committee result from all these experiences.

My primary message to you today is that the tax package you finally adopt should strongly emphasize the incentives for entrepreneurs and small business. This is the dynamic sector of our economy in which, at this very moment, entrepreneurs are building the businesses and industries that will provide the growth, products, and jobs that our economy so desperately needs to recapture its competitive edge. By providing a more favorable climate of taxation, we dramatically improve the chances that these entrepreneurs will succeed and many thousands of others will join them.

Their success is of the highest importance to every segment of our society, including government. Winston Churchill once remarked, "Some see private enterprise as a predatory target to be shot, others as a cow to be milked, but few are those who see it as the sturdy horse pulling the wagon." I am one of those who sees private enterprise as the sturdy horse that pulls the wagon of government. Our federal, state and local governments are completely dependent on the tax base created by the private sector. Without this real wealth, there would be no money for education, social services, the national defense, law enforcement, or the other vital tasks government undertakes.

Just as government depends on the private sector, the private sector depends on the entrepreneur. Every great industry grew out of three deceptively simple ingredients: an entrepreneur, an idea, and a small business. Examples of this are practically endless—Henry Ford and the auto industry, Andrew Carnegie and the steel industry, the entrepreneurs of today who are building high technology industries. The secret of a healthy and competitive private sector is the neverending mixture of these three ingredients to produce constant growth and change.

An economy must either adapt to new circumstances or stagnate and die. These ingredients are the source of this adaptive flexibility. They enabled the iron industry to be succeeded by the steel industry, the carriage industry by the auto industry, the vacuum tube industry by the transistor industry and the microprocessor industry.

President Reagan has wisely recognized that important changes must be made in federal tax policies if the private sector is to be energized. I understand the President's desire to see his tax package approved without substantial change. But as the members of this committee proceed with their constitutional responsibilities, serious consideration should be given to strengthening the tax relief given to the business community, particularly the small business community. I believe that you should include in the tax bill the following: an immediate and substantial reduction in the tax rate on capital gains and "unearned" income; a provision to reduce the corporate income tax rate on small business by making it more progressive; and a capital gains rollover provision for small business. All these proposals are designed to give small businesses more of what they need to thrive and grow: money. I will discuss these proposals and several others in some detail. First, however, let me sketch the small business community as it now exists.

There are now more than 14 million small business firms in the United States. They account for more than 40 percent of the GNP or better than a trillion dollars annually. Firms of 500 employees or less have created 86 percent of the new jobs in the private sector in recent years at a time when the thousand largest companies in America have experienced virtually no job growth. Small firms provide more than 80 percent of the jobs for young blacks and other high unemployment groups.

In the thirty years since 1946, unincorporated firms in this country achieved a net growth of $500 billion in capital gains, realized or unrealized, after inflation, an amount twenty times greater than households earned in the stock market and six times greater than all the largest corporations combined. In contrast, over the last decade the thousand largest firms have undergone a 26 percent decline in the real value of their equity.

Absenteeism is usually lower among smaller firms and productivity is often higher. Overall, the U. S. is near the bottom in terms of productivity growth as measured by annual growth in gross national product per employed worker: 0.1 percent between 1973 and 1979 compared to Japan's 3.4 percent and Germany's 3.2 percent. In contrast to this dismal performance are the American high technology companies that have emerged from the small business community since the Second World War. They have grown about twice as fast as the rest of the economy with a rate of price increase only one-sixth as great.

Even among high technology firms there is a dramatic difference between smaller and larger firms. A Commerce Department study showed that younger and smaller technology firms have been growing in employment at a rate of 40 percent annually, about 13 percent faster than "mature firms." Among small business as a whole, studies have shown that, dollar for dollar, smaller firms are 24 times more innovative than larger firms.

I think that this brief statistical picture should make it clear that the small business community with its millions of entrepreneurs is the seedbed of the economy. Of course, not all the entrepreneurs succeed, many fall the test of the marketplace. Of these firms that survive, many never grow beyond small businesses. These, too, are extremely important. They are the anchors of our communities and the foundation for economic development in inner-cities and rural communities alike. They provide the lion's share of job growth: of the total number of new jobs produced by small businesses, two-thirds are created by firms with fewer than 20 employees. The relative handful of entrepreneurs whose companies' growth matches or exceeds their dreams are responsible for creating the industries that pump new ideas and real wealth into the economy, and keep us competitive internationally.

It is the entrepreneurs, then, that our tax laws must motivate. They are the risk-takers of our society, not the salaried employees. Their ranks are swelling: The number of people who classify themselves as self-employed has increased by nearly one-quarter in the last three years. We seem to be on the verge of an entrepreneurial boom in this country. What changes in the tax laws will ignite this boom?

First, I would recommend immediate action to reduce the effective tax rate on capital gains from 28 to 20 percent, or lower, and reduce the maximum rate on "unearned" income from 70 to 50 percent. I understand that President Reagan's proposed personal income tax reduction would make these changes. But the President's proposal would take three years to go into effect. I believe that the urgency of our economic problems require us to make these changes right away.

The dramatic impact of a substantial reduction in the capital gains rate can be illustrated by examining what happened in 1978, when the last major rate reduction occurred. A good indicator of this impact can be found in the performance of the venture capital industry.

In 1969, the venture capital industry was nearly killed outright when the capital gains rate was raised from 25 percent to 49 percent. This depression in the industry continued until 1978, when the capital gains rate was reduced to its present 28 percent. The reduction spurred a tripling of the capital invested in these firms. In addition, despite dire warnings from the Treasury Department, the reduced capital gains rate netted the federal government $1.1 billion more in 1979 tax receipts.

The effective capital gains rate should immediately be reduced to 20 percent, or even lower if possible. The capital gains rate must be kept as low as possible because, as a number of economists have noted, even a modest inflation rate profoundly increases the real effect of the tax.

Another important rate reduction would involve immediately dropping the top rate on "unearned" income from 70 percent to 50 percent, the maximum rate now applied to "earned" income. The term "unearned" income is highly misleading. Actually a better term would be investment income. To penalize investment income with a top rate much higher than the top rate that applies to wages and salaries ("earned" income) is to directly discourage the entrepreneur from investing. As the Kennedy tax cuts of the early 1960's demonstrated, cutting the top marginal rate on investment income increases both economic activity and federal tax receipts. Dropping this rate would also help end the endless squabbling between the IRS and small businessmen over how much of a firm's earnings must be paid in salaries ("earned" income) and how much in dividends ("unearned").

Cutting both the capital gains rate and the investment income rate would unlock billions of dollars for productive investments. These dollars are now tied up in relatively unproductive tax shelters in real estate, gold, and other valuables. In 1979, for example, the value of individually owned dwellings reached $1.3 trillion, twice the worth of individually owned corporate stock.

My second major recommendation to the committee would be to make the "progressive" corporate income tax more realistic and more progressive in light of the effect of inflation on the dollar. The top federal tax bracket should not be $100,000, which used to be a lot of money for a modest business, but more like $500,000. This would immediately increase the funds available to the small business community to reinvest in their firms and test their new ideas.

States should write this same philosophy into their own corporate tax laws. One of my first acts as governor was to oversee the passage of legislation making our corporate tax law more progressive, providing tax relief of up to 25 percent for 20,000 small corporations in Kentucky.

Third, I would recommend that a capital gains rollover provision, similar to the one in S. 360, be added to your tax package. This would defer the capital gains tax of a small businessman who sells his firm if he reinvests the proceeds in another small business. This is similar to the tax treatment now accorded to a homeowner who sells his house and uses the proceeds to buy another one.

Right now a successful small businessman who wants to cash in on his investment is practically forced to sell his firm to a large and sometimes less efficient company in exchange for stock. This defers his tax liability. If he sells for cash he must pay a capital gains tax of up to 28 percent.

Enacting a capital gains rollover would have three major advantages. First, it would recycle successful entrepreneurs back into the small business community. It would strongly encourage them to reinvest in small businesses. Second, it would tend to preserve independent ownership by making it feasible to sell a firm to another entrepreneur who can pay cash but not stock. This would

greatly increase the investment opportunities for small business entrepreneurs. Third, it would impose a minimum cost to the U.S. Treasury because taxes relating to the sale would ultimately be paid when the entrepreneur finally liquidated his investment assets.

Reducing the top rate on capital gains and unearned income, making the corporate income tax more progressive and enacting a capital gains rollover are my primary recommendations to this committee. Let me add that I feel the President is on the right track with his accelerated depreciation proposal. The 10–5–3 approach makes far more sense than the present Asset Depreciation Range with its 130 categories. For example, studies have shown that while nearly 92 percent of corporate taxpayers with depreciable assets of $1 billion or more elected the complicated ADR system in 1974, less than one-half of one percent of firms with assets of $500,000 or less did so.

There are three final areas that I believe this committee should direct its attention to. First is the unfairness of the double taxation of corporations. The attractiveness of investing in a corporation, whether large or small, is seriously hurt by the present system of taxing corporate income at a top rate of 46 percent, then taxing dividends by as much as 70 percent. Eliminating this double taxation would greatly increase the capital pool that corporations could tap with stock offerings. This capital could be put to work revitalizing the economy.

Small corporations are insulated from double taxation if they qualify under Subchapter S of the tax code. At the very least the requirements of Subchapter S should be liberalized to increase the maximum number of shareholders from 15 to 100.

A second problem area is the $3,000 limitation on the capital losses that an individual businessman can deduct. There is something inconsistent about taking a substantial tax bite out of a businessman's capital gains yet placing a $3,000 limitation on his capital loss write-off. This discourages risk-taking and depresses the amount of venture capital available to small businesses. The committee should consider liberalizing this limitation.

The final concern that I would like to bring to the committee's attention is research and development. Private investment in this vital area has been declining and the committee should consider enacting tax incentives to help revive it.

I should note, however, that enacting the tax rate reductions I have discussed, particularly reducing the capital gains rate, should automatically increase private investment in research and development, according to a number of studies. For example, a study done by the American Electronics Association examined 77 electronics companies that in 1976 had an average age of four years and showed that every $100 of equity capital invested in these companies generated $33 in research and development, $70 in export sales, $15 in federal corporate income taxes, $15 in federal personal income taxes, and $5 in state and local taxes.

With my presentation I have attached a chart showing the estimated impact on the U.S. Treasury of the tax proposals I have made. Let me caution the committee, however, that these estimates assume a relatively static economy. The estimated effects of tax cuts on the Treasury have historically been too pessimistic. I have already mentioned the examples of the 1978 reduction in the capital gains rate and the 1964 Kennedy tax cuts. Personally I believe that the effect of these tax cuts would be to immediately begin restoring the real growth, productivity, and competitiveness of our economy.

The proposals I have made would weight the total tax cuts much more heavily on the side of business, particularly small business, which accounts for 97 percent of this country's firms. The President's program provides about 80 percent of its tax relief through reduction in the personal income tax rates and only 20 percent in direct relief to business. I feel the heavier emphasis on business is more appropriate as this will quickly generate the economic growth that will more than pay for these reductions.

My testimony should not be read as urging the committee to ignore the problems of large businesses. Many of the proposals I have made would benefit large firms just as much as small ones. But I deeply believe that providing incentives for entrepreneurs in the small business community should be at the heart of our effort to turn this economy around.

Traditionally, small business has been less visible and had far less political clout than big business. The nation is only just beginning to realize the importance of small business. It is only just awakening to the fact that the kind of bureaucratic mentality that can paralyze big government can do the same to big business by riveting the corporate manager's attention on the next quarter rather than the long run.

Whether we admit it or not, government has long identified "business" with big business. It's high time that we begin acting on an equally important principle: What's good for small business is good for the country.

Proposed tax cuts—revenue impact

[In billions of dollars]

	Fiscal year 1982
Capital gains rate reduction from 28% to 21%	−1.8
Capital gains rollover (S. 360)	−0.7
Unearned tax rate reduction from 70% to 50%	−4.3
Making the corporate tax rate more progressive:	
From $100,000 to 200,000	−1.1
From $100,000 to 500,000	−4.9
Eliminate double taxation of dividends	−11.1

SENATE RESOLUTION 120 SHOULD BE PASSED QUICKLY

● Mr. SASSER. Mr. President, I want to take this opportunity to commend to the Senate's attention Senate resolution sponsored by my friend Senator CHILES, disapproving the proposed deferral of $31 million for over 1,000 Veterans' Administration health-care personnel positions. Twelve-hundred medical care account personnel would be affected, as well as personnel in the VA's medical and prosthetic research account. I am a cosponsor of this important effort.

Last year, the Congress approved S. 1039, which was signed into law as Public Law 96–151. Essentially, Public Law 96–151 provides that the Office of Management and Budget provide the entire authorized personnel level for the Veterans' Administration, based on the funds appropriated by Congress. In effect, OMB must be responsive to the minimum staffing level for the VA, as determined by the Congress.

Despite this restriction, OMB has not granted the VA an exemption from the President's hiring freeze. The administration has argued that it is not cutting back on doctors or nurses, but on "support" personnel. But, Mr. President, these support personnel are the technicians, the caseworkers and the nurse's aides who enable the nurses and physicians to treat more patients more efficiently and effectively. To eliminate more than 1,200 support positions would be irresponsible. To jeopardize health-care services for the veteran is to forget our national responsibility to care for the vet. To permit the Office of Management and Budget to tamper with congressionally-mandated staffing levels for the VA would simply affirm the administration's ability to violate section 5010(A)(4) of title 38, U.S.C.

Mr. President, I firmly believe in the right of the President to act to streamline the Federal bureaucracy, in an effort to curb wasteful personnel expenditures. Senate Resolution 120 does not address the constitutional question here, that of whether the President's authority to manage the executive branch includes the power to decide staffing levels. Rather, we are concerned with the right of America's veterans to receive the quality medical care to which they are entitled.

Therefore, Mr. President, I ask that the Senate take positive action to approve Senate Resolution 120. This $31 million deferral, if approved, can only serve to confirm in the minds of thousands of veterans the Government's growing disregard for the American veteran.●

THE AMERICAN COLLEGE THEATRE FESTIVAL'S WASHINGTON PERFORMANCE BY SAINT MICHAEL'S COLLEGE OF "STORY THEATRE"

● Mr. LEAHY. Mr. President, it is with great pride that I rise today to share with this body my thoughts and the experience of members of my staff on the recently concluded 13th American College Theatre Festival.

I am proud because my alma mater, Saint Michael's College in Winooski, Vt., entered the ACTF competition for the first time and from over 300 colleges and universities across the country, they were chosen to perform at the John F. Kennedy Center for the Performing Arts.

Much to my dismay, I was out of the country on official business on April 13–15 when an extremely talented and dedicated group of students performed Paul Sills' "Story Theatre" at the Kennedy Center, but several members of my staff did attend and were delighted and impressed.

Anyone in this body who admits to being a thespian knows the incredible amount of hard work and sacrifice that goes into the performing arts. The students from Saint Michael's College, the fine arts department faculty and indeed all Vermonters are very proud of the cast and crew of "Story Theatre."

Adapted from stories in the Grimm Brothers' Collection and Aesop's Fables, the "Story Theatre" is a marvelous collection of very poignant sketches. It is social commentary on politics, religion, justice and money. It is 3 hours of the finest theatre my staff has enjoyed in Washington, and all of us are very proud of the fine arts department and the students of Saint Michael's College.

I ask that the program listing the cast

and production crew be printed in the RECORD.

The program follows:

STORY THEATRE

(Adapted for the stage by Paul Sills)

From the stories in the Grimm Brothers' Collection and Aesop's Fables.

Directed by Donald Rathgeb; Setting Designed by Mr. Rathgeb; Lighting Design by Bill Neuert; Costumes by Therese Bruck; Musical Direction by Paul Ascenzo; Additional Music Composed by Mr. Ascenzo; Performances Coached by Joanne Rathgeb.

THE LITTLE PEASANT

Little Peasant, Michael Lucey.
Peasant's Wife, Mary Davis.
Cowherd, Todd Best.
Mayor/Judge, Anthony Simone.
Parson, E. Kyle Minor.
Farmer's Wife, Jacqueline Bouchard.
Farmer, Stephen Lajoie.
Rich Peasant No. 1, Chris Durso.
Rich Peasant No. 2, Peter Harrigan.
Rich Peasant No. 3, Ken Gingras.
The Farmer who would be Mayor, Stephen Lajoie.

Other Peasants, Jacqueline Bouchard, Mary Davis, Cathy Doherty, Kathryn L. Markey, Joanne McGee, Laura Rathgeb, Keith Shea, Diane C. Wheeler.

THE BREMEN TOWN MUSICIANS

Ass, Stephen Lajoie.
Hound, Laura Rathgeb.
Cat, Cathy Doherty.
Cock, Michael Lucey.
Chief, Chris Durso.
Messenger, Todd Best.

IS HE FAT?

First Man, Chris Durso.
Second Man, Ken Gingras.
Sexton, Peter Harrigan.
Parson, E. Kyle Minor.

THE ROBBER BRIDEGROOM

Miller, Anthony Simone.
Daughter, Kathryn L. Markey.
Robber Bridegroom, Chris Durso.
Voice, Mary Davis.
Old Woman, Laura Rathgeb.
First Robber, Todd Best.
Second Robber, E. Kyle Minor.
Third Robber, Keith Shea.
Maiden, Joanne McGee.
Guests, Mary Davis, Diane Wheeler, Ken Gingras, Michael Lucey, Peter Harrigan.

"I'll Be Your Baby Tonight," by Bob Dylan (Dwarf Music).

Vocalist, Jacqueline Bouchard.

HENNY PENNY

Henny Penny, Cathy Doherty.
Cocky Locky, Stephen Lajoie.
Ducky Daddles, Todd Best.
Goosey Poosey, Joanne McGee.
Turkey Lurkey, Laura Rathgeb.
Foxy, Woxy, Michael Lucey.

"Fixin' To Die Rag" by Joe McDonald, (Tradition Music).

Vocalists, Mary Davis, Ken Gingras, Kathryn L. Markey.

INTERMISSION

"Katrina Von Tassel's Theme" from The Legend of Sleepy Hollow, a musical based on the work by Washington Irving.

Written and performed by Paul Ascenzo.

THE MASTER THIEF

Old Man, E. Kyle Minor.
Wife, Diane C. Wheeler.
Master Thief, Stephen Lajoie.
Count, Anthony Simone.
First Soldier, Ken Gingras.
Second Soldier, Keith Shea.
Third Soldier, Peter Harrigan.
Countess, Jacqueline Bouchard.
Parson, Todd Best.
Clerk, Michael Lucey.

"Dear Landlord" by Bob Dylan, (Dwarf Music).

Vocalist, Chris Durso.

VENUS AND THE CAT

Man, Ken Gingras.
Cat, Joanne McGee.
Venus, Mary Davis.

PRODUCTION CREWS

Musicians, Chuck Thomas, Chris Conroy, Jo Eddy.

Technical Director, Bill Neuert.

Stage Manager, R. Scott Puls.

Assistant Stage Manager, Jo Eddy.

Lighting Crew, Chris Cummins, Dana Koch, Chris Lewton, Barney Reilly, Rob Stevenson.

Master Carpenter, Chris Driscoll.

Construction Crew, Todd Best, John Bevier, John P. Callahan, Tom Casey, Chris Cummins, Droid DeBrul, Chris Driscoll, Jeff Gallea, Ken Gingras, Peter Harrigan, Dana Koch, Steve Lajoie, Chris Lewton, Dick McManus, Peter Pavek, R. Scott Puls, Barney Reilly, Keith Shea, Diane C. Wheeler.

Costume Crew, Maryann Daly, Anne Dwyer, Jeff Fucci, Liz Kapp, Pat Kirby, Peter Pavek, Keith Shea, David Simko, Deborah Wheeler.

Publicity Director, Therese Ann Bruck.

Publicity Crew, Jack Benvent.

Box Office, Bill Brady, Cheryl Brothers, Chris Carvalho, Patty Coombs, John Dickinson, Anne Dwyer, Robin Kernan, Sue Vandevanter.

Video Recording, Caroline Westfall, R. Scott Puls, Juanita Munford.

House Manager, Louise Dubois.

Administrative Assistants, Joan Dickinson, Juanita Munford, Diane C. Wheeler.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PUBLIC BUILDINGS ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Calendar Order No. 62, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 533) to establish public buildings policies for the Federal Government, to establish the Public Buildings Service in the General Services Administration, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Environment and Public Works with amendments, as follows:

On page 6, strike lines 13 and 14, and insert the following:

"(G) the extent to which it is fully accessible to physically handicapped persons in accordance with the Architectural Barriers Act of 1968, as amended."

On page 9, line 24, strike "(a)";

On page 12, strike lines 17 through 20, and insert the following:

"The term "physically handicapped person" means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building."

On page 13, line 1, strike "The" strike through line 11, and insert the following:

"The term "fully accessible" means the absence or elimination of physical and communications barriers to the ingress, egress, movement within, and use of a building by handicapped persons and the incorporation of such equipment as is necessary to provide such ingress, egress, movement, and use and, in a building of historic, architectural, or cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible."

On page 21, line 13, strike "internal and external";

On page 21, beginning on line 13, strike "public entrances, corridors, rooms, lobbies, and courtyards.", and insert the following: "and public areas:"

On page 23, strike line 12 through and including page 27, line 13, and insert the following:

SEC. 307. (a) Nothing in this Act (except for the provisions of this section) shall affect the applicability of the provisions of the Act of August 12, 1968, as amended, commonly known and hereinafter referred to as the Architectural Barriers Act of 1968, as amended, to any building or facility.

(b) The Architectural Barriers Act of 1968 is amended—

"(1) in clause (1) of the first section, by striking out "constructed or altered" and inserting in lieu thereof, "constructed, altered, or acquired";

(2) in sections 2, 3, 4, and 4a, by striking out "physically handicapped persons will have ready access to, and use of, such buildings" and inserting in lieu thereof "such buildings are fully accessible to physically handicapped persons";

(3) in section 5, by inserting before the period a comma and "and any contract for all or any part of the design, construction, or alteration involved shall so provide"; and

(4) in section 6—

(A) by inserting "(a)" before "The";

(B) by inserting (hereinafter in this section referred to as the standard-prescribing agency head concerned)" after "section 4a of this Act";

(C) by striking out "the Administrator or Secretary, as the case may be" and inserting in lieu thereof "the standard-prescribing agency head concerned"; and

(D) by adding a new subsection as follows:

"(b) No action may be taken under this section to modify or waive a standard issued under this Act unless—

"(1) in the case of a waiver, the waiver pertains to a building to be leased (other than a building to be constructed for lease) and the waiver is necessary to meet an emergency situation, or

"(2) in the case of a modification (A) the modification is no broader than necessary, and (B) in the case of a building to be constructed or altered, (i) the need for such modification was not reasonably foreseeable when the design for such construction or alteration was approved, or (ii) the standard-prescribing agency head concerned determines, pursuant to regulations prescribed by such agency head, that such modification is essential to achieving the purposes of the construction or alteration."; and

(5) by inserting at the end the following new section:

"SEC. 8. As used in this Act—

"(1) the term 'physically handicapped person' means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building.

"(2) the term 'fully accessible' means the absence or elimination of physical and communications barriers to the ingress, egress, movement within, and use of a building by handicapped persons and the incorporation of such equipment as in necessary to provide such ingress, egress, movement. and use and, in a building of historic, architectural, or

cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible.".

On page 32, line 12, strike "shall determine" and insert the following: "determines"

On page 32, line 13, strike "exceptional local commercial, cultural, or educational needs or opportunities justify", and insert the following: "the configuration of pedestrian access levels in the building justifies"

On page 37, line 23, strike "50" and insert "75";

On page 37, beginning on line 25, strike the following: "not to exceed 25 per centum of such funds shall be expended";

On page 38, strike line 23, through and including page 39, line 11, and insert the following:

SEC. 602. (a) Those architectural services not provided pursuant to section 601 shall be procured in accordance with title IX of the Federal Property and Administrative Services Act of 1949, as amended, and the Administrator shall conduct a design competition among no fewer than three qualified architectural firms to select the architects for a substantial portion of the public building construction and renovation projects each year, including—

(1) any renovation project involving extensive architectural changes or additions to a building of historic, architectural, or cultural significance;

(2) any construction project for a building of high public use or visibility, including, but not limited to any building provided pursuant to section 303 of this Act;

(3) any project presenting special design problems or opportunities related to structure, function, or compatibility with surroundings.

(b) The Administrator shall indicate each year, in the program submitted pursuant to section 801 of this Act, those public building construction and renovation projects with respect to which he proposes to conduct design competitions.

On page 42, strike line 8 through and including line 12;

On page 42, line 13, strike "(3)" and insert "(2)";

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Buildings Act of 1980".

SEC. 2. It is hereby declared to be the policy of the Congress that the public buildings of the United States Government shall be located, designed, furnished, and maintained so as to insure the highest productivity and efficiency of Federal agencies and their employees and, further, to provide Government services throughout the United States in locations convenient to the people, to preserve and advance the Nation's legacy of architectural excellence, and to enhance commercial and cultural conditions in the vicinity of public buildings.

TITLE I—GENERAL AUTHORITIES

SEC. 101. The Administrator of General Services, acting through the Public Buildings Service, in conformance with the policies and provisions of this Act, shall have sole authority to acquire, design, construct, lease, manage, maintain, repair, renovate, and assign and reassign space in, buildings and sites to meet the public buildings needs of the Government.

SEC. 102. There is hereby established in the General Services Administration a Public Buildings Service. There shall be at the head of the Public Buildings Service a Commissioner of Public Buildings who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level IV of the Executive Schedule (5 U.S.C. 5332).

SEC. 103. There shall be within the Public Buildings Service a Supervising Architect who shall be appointed by the Administrator of General Services and shall be compensated at the rate provided for level V of the Executive Schedule (5 U.S.C. 5332). The Supervising Architect shall supervise all design activities of the Public Buildings Service and shall perform such other duties as the Commissioner of Public Buildings may designate.

SEC. 104. Any authorities described in section 101 of this Act that have been delegated by the Administrator to another Federal agency prior to the date of enactment of this Act shall be revoked and vested in the Administrator on the one-hundred-and-twentieth day after the effective date of this Act unless, prior to said day, the Administrator has delegated such authority in accordance with section 105 of this Act.

SEC. 105. Notwithstanding the provisions of section 205 of the Federal Property and Administrative Services Act of 1949, as amended, the Administrator may delegate all or a portion of his authorities under this Act to the head of another Federal agency, but only with respect to the public buildings needs of that agency.

SEC. 106. The head of any Federal agency delegated authorities pursuant to section 105 of this Act, shall exercise those authorities in conformance with the provisions of this Act; however, the head of any such agency shall not submit the report required in section 107 but shall submit the information required in section 107 to the Administrator for inclusion in his records and reports.

SEC. 107. (a) The Administrator shall submit a report to the Congress on or before February 1 of each year describing activities undertaken, directly by him, or under authorities delegated pursuant to section 105 of this Act, to meet the public buildings needs of Federal agencies in the preceding fiscal year. Such report shall include, but is not limited to—

(1) an inventory of all public buildings, including for each building its location and the amount of space and number of employees assigned to each Federal agency;

(2) an inventory of locations of Federal agency offices in leased buildings, including for each leased location its annual leasing costs, total expected leasing costs over the remaining term of the lease, and the amount of space and number of employees assigned to each Federal agency;

(3) a list of all construction and renovation projects completed and in progress and the degree of progress toward the completion of each;

(4) a list of all leases and lease renewals executed;

(5) a list of construction, acquisition, and renovation projects the cost of which have exceeded, or are expected to exceed, the maximum cost set forth in any annual authorization under this Act, whether or not such projects meet the criteria established in section 803 of this Act;

(6) a list of all delegations of authority made by the Administrator pursuant to section 105 of this Act;

(7) a report on activities undertaken pursuant to—

(A) titles IV and V of this Act;

(B) section 210(a)(6) of the Federal Property and Administrative Services Act of 1949, as amended, or by transfer of funds from any Federal agency; and

(8) a discussion of achievements and problems in carrying out provisions of this Act and in meeting the public buildings needs of the Government.

(b) The Administrator shall collect and maintain such information as may be necessary to keep the Congress fully and currently informed of the conduct of the Public Buildings Service and to manage activities required under the provisions of this Act. Within one year after enactment of this Act, the Administrator shall assure that information is available on—

(1) for each public or leased building—

(A) the amount of vacant space,

(B) the amount of space leased under section 102 of the Public Buildings Cooperative Use Act of 1976, as amended,

(C) building operations costs,

(D) income derived for the Federal Buildings Fund,

(E) needed repairs and renovation,

(F) energy consumed,

(G) the extent to which it is fully accessible to physically handicapped persons in accordance with the Architectural Barriers Act of 1968, as amended,

(H) the percent of the building leased by the Government,

(I) the total amount of funds that have been expended in improvements or alterations to each leased building, and

(J) the term of any leases in effect and their expiration dates.

(2)(A) All contracts in effect for architectural, engineering, construction, maintenance, protection, research and other services, including for each the name of the contractor, the services performed, and contract term and price, and

(B) the space utilization rate for each Federal agency.

SEC. 108. (a) The Administrator shall require, prior to executing any lease or other contract which would obligate funds in excess of $10,000 authorized pursuant to this Act, a certification from the owner of the space to be leased or the contractor. Any owner or contractor who fails to complete such certification required under this subsection shall not be eligible to receive a lease or contract award. Such certification shall include, but need not be limited to, statements, declaring under penalty of law provided under 18 U.S.C. 1001 or elsewhere, that such owner or contractor, or any of his officers or principal employees:

(1) has no business or employment relationship or interest or holding which constitutes a conflict of interest with his capacity as a lessor or contractor with the United States;

(2) has not offered or promised anything of value to a public official with the intent to influence any official act or to induce the official to perform, or to omit to perform, any act in violation of his lawful duties or to offer or give anything of value to a public official for performing an official act;

(3) has not been debarred or suspended from the award of public contracts;

(4) has not had a public contract terminated for default;

(5) has not been convicted, within ten years prior to the date of the solicitation, of, or is not currently under indictment for or otherwise charged with:

(A) a criminal offense incident to obtaining or attempting to obtain a public (Federal, State, or municipal) or private, contract or subcontract thereunder, or in the performance of such a contract or subcontract;

(B) a violation of the Organized Crime Control Act of 1970;

(C) a violation of Federal antitrust statutes arising out of the submission of bids or proposals or;

(D) embezzlement, theft, forgery, bribery, falsification or destruction of records, fraud, tax fraud, receiving stolen property, or equivalent crimes which are indicative of a lack of business integrity.

(b) The Administrator shall provide in the annual report required under section 107(a) of this Act, the name of each principal owner of each building or other space leased pursuant to section 803(3)(A) during the fiscal year covered by the report.

SEC. 109. (a) The Administrator shall keep

the Congress fully and currently informed of policies and activities of the General Services Administration within the purview of this Act. In addition, he shall make available to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives on request, and in such manner as may be necessary to safeguard individual rights or the conduct of criminal investigations, any document, material, information, or report under his jurisdiction.

(b) Such reports as are required to be transmitted to appropriate committees of the Congress by the Administrator in accordance with sections 5(b) and 5(d) of Public Law 95-452 that pertain to problems, abuses, or deficiencies arising under this Act, shall be transmitted simultaneously to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives.

SEC. 110. The Administrator shall be responsible for the interpretation of all contracts entered into on behalf of the United States Government to carry out the purposes of this Act, and shall be responsible for the approval of materials, workmanship, and services supplied pursuant to such contracts, approval of changes in contracts, certification of vouchers for payments due contractors, and final settlements.

SEC. 111. Nothing in this Act shall be construed to affect the authorities granted in section 403f, 403g, or 403j of title 50, United States Code.

SEC. 112. The General Services Administration shall furnish to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives by April 30, 1982, a survey report describing all of the steam generating units it owns or operates with a heat input rate of 50 million Btu/hr or greater. The report will include for each facility:

(1) description of the proposed facility after fuel substitution (i.e., number of units, name plate capacity, fuel choice);

(2) the estimated total cost of conversion or replacement to coal;

(3) the oil and gas savings which would result from such a conversion or replacement;

(4) the net annual fuel cost savings which would result from such a conversion or replacement;

(5) the project payback period using accepted life cycle costing procedures.

The report shall also include proposed funding schedules for conversions and replacements that could be undertaken immediately.

SEC. 113. As used in this Act—

(1) The term "Administrator" means the Administrator of General Services.

(2) The term "Federal agency" means any department or independent establishment in the executive branch of the Government, including any wholly owned Government corporation, and any establishment in the legislative or judicial branch of the Government (except the Senate, the House of Representatives, and the Architect of the Capitol and activities under his direction).

(3) The term "office" means any organizational component of a Federal agency or other public or private enterprise and also means the physical space in which the work of the component is conducted, including, but not limited to clerical offices, laboratories, warehouses, industrial plants, and garages.

(4) The term "officers and employees of the Government" means all persons included under sections 2104 and 2105 of title 5 of the United States Code.

(5) The term "locality" means a city, county, town, parish, village, or other area governed by a general purpose political subdivision of a State.

(6) The term "acquire" or "acquisition" includes purchase, payment for an option to purchase, condemnation, donation, and exchanges of real property, or interests therein, excluding leaseholds.

(7) The term "renovation" means alteration, addition, partial demolition, and other such actions that significantly enhance or change the use or architectural design of a public building.

(8) The term "historic, architectural, or cultural significance" includes, but is not limited to buildings listed or eligible to be listed on the National Register established under section 101 of the Act of October 15, 1966 (16 U.S.C. 470a).

(9) The term "physically handicapped person" means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building.

(10) The term "fully accessible" means the absence or elimination of physical and communications barriers to the ingress, egress, movement within, and use of a building by handicapped persons and the incorporation of such equipment as is necessary to provide such ingress, egress, movement, and use and, in a building of historic, architectural, or cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible.

(11) The term "public building" means any building along with its grounds, approaches, and appurtenances, owned by the United States Government or the subject of a contractual or other agreement under which it may be owned by the United States Government at some certain date in the future, that accommodates, did accommodate, or is intended to accommodate Federal agency offices, and includes, but is not limited to office buildings, courthouses, research and academic centers, border stations, garages and warehouses, and any other building or construction project the inclusion of which the President may deem to be in the public interest, but does not include buildings or installations of the United States Postal Service, except as provided for under section 2002(d) of the Postal Reorganization Act, or buildings or installations of the Tennessee Valley Authority, or buildings of the Government Printing Office, or buildings: on the public domain (including that reserved for national forests and other purposes), on properties of the United States in foreign countries, on Indian and native Eskimo properties held in trust by the United States, on lands used in connection with Federal programs for agricultural, recreational, and conservation purposes, on or used in connection with river, harbor, flood control, reclamation or power projects, chemical manufacturing or developing projects, or for nuclear production, research, or development projects, on military installations (including any fort, post, airbase, proving ground, supply depot, school or similar facility of the Department of Defense), on Veterans' Administration installations used for hospital, nursing home, or domiciliary purposes, on or used in connection with housing and residential projects, or on the United States Capitol grounds delineated in section 193(a) of title 40, United States Code.

(12) The term "public buildings needs" means the requirements of Federal agencies for suitable space, whether or not in a Government-owned building, to accommodate offices that may be located in a public building as defined in subsection (11) of this section, and includes requirements for space in accordance with section 102 of the Public Buildings Cooperative Use Act of 1976, as amended.

(13) The term "National Capital region" has the same meaning that it bears in section 71(b) of title 40, United States Code.

SEC. 114. The Public Buildings Act of 1959, as amended, is repealed.

TITLE II—LOCATIONS FOR FEDERAL AGENCY OFFICES

SEC. 201. (a) The headquarters offices of each department and major independent establishment in the executive branch shall be located within the National Capital region in conformance with the comprehensive plan prepared and adopted pursuant to the National Capital Planning Act of 1952, as amended, unless otherwise specified by Act of Congress.

(b) Regional, district, area, or local offices of Federal agencies shall be located so as to be centrally located with respect to, in proximity to, or within easy transportation access of, residential populations they serve or other governmental and private offices with which they must maintain continuing and frequent physical communication.

(c) Federal agency offices other than those that are located pursuant to subsections (a) or (b) of this section, or that otherwise must be located close to specific governmental or private offices or in specific geographic locations in order effectively to carry out their responsibilities, shall be located throughout the United States generally in proportion to the geographic distribution of the Nation's population.

SEC. 202. After conforming with section 201, the Administrator shall, in consultation with local officials, take into account the following factors in locating Federal agency offices—

(1) in the case of any office located in a standard metropolitan statistical area, the feasibility and desirability of a location in the central business district of a city within that area;

(2) the proximity of existing or planned public transportation facilities;

(3) the proximity of public amenities and commercial facilities;

(4) the availability, nearby or within reasonable public transportation commuting distance, of existing or planned housing adequate to the needs of present and prospective Federal employees and available on a nondiscriminatory basis.

SEC. 203. In responding to the public buildings needs of Federal agencies and in planning for future such needs, the Administrator shall first comply with sections 201 and 202 and shall—

(1) review needs to determine if they can be met in whole or in part through more productive use of existing space;

(2) prior to acquiring, constructing, or leasing space in any other building, locate Federal agency offices in—

(A) existing public buildings, giving first priority to utilizing fully, by renovating if need be, those public buildings of historic, architectural, or cultural significance; and if public building space is not available, then,

(B) in buildings of historic, architectural, or cultural significance acquired by the Administrator, and renovated if need be, unless use of such space would not prove feasible and prudent, taking into account cost, expected date of occupancy, and the potential for the conservation of energy, compared with construction of a public building, and if such building space is not available, then

(C) in existing buildings acquired by the Administrator and renovated if need be, or in new buildings constructed by the Administrator under the provisions of this Act, and if such building space cannot be made available in time to meet urgent public buildings needs, then,

(D) in building space leased by the Administrator in accordance with the provisions of title VII of this Act, giving first priority to leasing space in buildings of historic, architectural, or cultural significance.

SEC. 204. Federal agency offices in a locality may be consolidated to the extent justified by the need for immediate physical proximity—

(A) first, within and among the offices of a single Federal agency,

(B) second, within and among the offices of Federal agencies carrying out related functions, and

(C) third, within and among other Federal agency offices, and

generally so that resulting public buildings needs may, to the maximum extent possible, be met by using existing public buildings, by constructing or acquiring buildings similar in scale to buildings predominating or planned for their surroundings, or by acquiring two or more reasonably proximate buildings, particularly buildings of historic, architectural, or cultural significance.

SEC. 205. (a) In the event that the head of a Federal agency determines that the location assigned to any office of fifty or more employees of that agency by the Administrator would be deleterious to the efficient accomplishment of the office's responsibilities, the agency head may appeal the decision of the Administrator to the Director of the Office of Management and Budget. The Director shall review the administrator's decision within thirty days in accordance with the provisions of this title, and shall nullify the decision only if the Director finds the Administrator's decision not reasonably supported by the facts. The Director shall report the findings of any review undertaken pursuant to this section within ten days to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives.

(b) Notwithstanding the provisions of subsection (a) of this section, in the event that the Director of the Administrative Office of the United States Courts determines that the location assigned to an office of the judicial branch by the Administrator would be deleterious to the efficient accomplishment of the office's responsibilities, the Director shall report such determination to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives.

SEC. 206. (a) Nothing in this Act shall be construed to require the relocation of any Federal agency office from its location on the date of enactment of this Act.

(b) Any action to locate or relocate any Federal agency office subsequent to the date of enactment of this Act shall be undertaken in conformance with the provisions of this Act.

TITLE III—DESIGN AND MANAGEMENT OF PUBLIC BUILDINGS

SEC. 301. The Administrator shall design and maintain public buildings in such manner that they bear visual testimony to the dignity, enterprise, vigor, and stability of the American Government, embody the finest contemporary American architectural thought, and where appropriate, reflect regional architectural traditions.

SEC. 302. Except as provided in section 303, public buildings shall be of such design and construction as to approximate commercial buildings of the first quality that serve similar purposes.

SEC. 303. Whenever the Administrator designs and constructs—

(1) a general purpose office building expected to attract significant public use in any locality that serves as a center of its geographical region or area, or

(2) a headquarters building for any Federal agency,

such public building shall be designed and constructed to higher standards of quality than that provided for in section 302 of this Act and such design and construction shall symbolize the dignity of the United States Government through the quality or scale of some or all of its architectural details, materials, and public areas: *Provided,* That this section shall not apply to public buildings described in clause (1) of this section whenever the Administrator determines that there already exists in the locality a public building of the quality described in this section.

SEC. 304. In the design, construction, acquisition, renovation, and management of public buildings, the Administrator shall assure that to the maximum extent possible, such buildings—

(1) conform to or complement the scale of existing or planned surrounding buildings;

(2) conserve energy;

(3) provide efficient and attractive interiors, including public reception areas;

(4) provide sufficient parking space for Government motor vehicles, visitors, and handicapped employees, and such other parking space for employee vehicles as is consistent with a general policy of transportation efficiency; and

(5) contain architectural details and hardware that are an integral part of the structure or fixtures and that are designed and fabricated so as to enhance the function and appearance of the public building and to reflect regional architectural traditions or Federal agency functions. Artisans and craftsmen expert in the creative use of such materials as stone, brick, metal, wood, and stained glass may be employed to carry out the purposes of this paragraph. To the extent that items designed and fabricated pursuant to this paragraph exceed the ordinary cost of such items, funds allocated pursuant to section 503(c) of this Act may be used to defray the additional cost.

SEC. 305. The Administrator shall provide for employees and visitors, sheltered and secure locations and equipment for parking bicycles at public buildings and leased buildings, and may also provide suitable support facilities.

SEC. 306. (a) Public buildings shall be maintained at all times at a high level of appearance, cleanliness, and mechanical and structural fitness so as to maintain the dignified appearance of Federal offices and the health, safety, and efficiency of Federal employees, and to minimize major repair and replacement expenditures.

(b) Each public building shall be maintained and renovated so as to promote efficient Federal agency and public use and to preserve those portions or features that are significant to the building's historic, architectural, or cultural values.

SEC. 307. (a) Nothing in this Act (except for the provisions of this section) shall affect the applicability of the provisions of the Act of August 12, 1968, as amended, commonly known and hereinafter referred to as the Architectural Barriers Act of 1968, as amended, to any building or facility.

(b) The Architectural Barriers Act of 1968 is amended—

(1) in clause (1) of the first section, by striking out "constructed or altered" and inserting in lieu thereof, "constructed, altered, or acquired";

(2) in sections 2, 3, 4, and 4a, by striking out "physically handicapped persons will have ready access to, and use of, such buildings" and inserting in lieu thereof "such buildings are fully accessible to physically handicapped persons";

(3) in section 5, by inserting before the period a comma and "and any contract for all or any part of the design, construction, or alteration involved shall so provide"; and

(4) in section 6—

(A) by inserting "(a)" before "The";

(B) by inserting "(hereinafter in this section referred to as the 'standard-prescribing agency head concerned')" after "section 4a of this Act";

(C) by striking out "the Administrator or Secretary, as the case may be" and inserting in lieu thereof the standard-prescribing agency head concerned"; and

(D) by adding a new subsection as follows:

"(b) No action may be taken under this section to modify or waive a standard issued under this Act unless—

"(1) in the case of a waiver, the waiver pertains to a building to be leased (other than a building to be constructed for lease) and the waiver is necessary to meet an emergency situation, or

"(2) in the case of a modification (A) the modification is no broader than necessary, and (B) in the case of a building to be constructed or altered, (i) the need for such modification was not reasonably foreseeable when the design for such construction or alteration was approved, or (ii) the standard-prescribing agency head concerned determines, pursuant to regulations prescribed by such agency head, that such modification is essential to achieving the purposes of the construction or alteration."; and

(5) by inserting at the end the following new section:

"SEC. 8. As used in this Act—

"(1) the term 'physically handicapped person' means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building.

"(2) the term 'fully accessible' means the absence or elimination of physical and communications barriers to the ingress, egress, movement within, and use of a building by handicapped persons and the incorporation of such equipment as is necessary to provide such ingress, egress, movement, and use and, in a building of historic, architectural, or cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible.".

SEC. 308. (a) The Administrator is authorized, pursuant to subsection (b) of this section, and upon the request of appropriate local and State officials, to name any public building after, and establish a memorial in any public building in honor of, any person who has made notable contributions to government, science, industry, education, the arts, or other fields of human endeavor. Such person, if living, must be at least seventy years of age and, except within the National Capital Region, must be from the region of the country in which the building is located. No public building shall be named for a sitting Member of Congress or for a former Member of Congress who holds any other elective public office.

(b) The Administrator is authorized to expend, out of any funds available to him in any fiscal year, an amount equal to but no greater than contributions provided by State or local governments or private entities or individuals, and in no event greater than the sum of $10,000, for the design and construction of a memorial to a person designated pursuant to subsection (a) of this section, or designated by an Act of Congress.

(c) The Administrator, in consultation with appropriate local and State officials and other interested citizens, shall determine the

form and location of such memorials. The memorials shall be fountains, gardens, walks, stained glass windows, or other building appurtenances visible and accessible to visitors, and in harmony with the architectural and landscape design of such building. The Administrator shall provide the highest level of permanent maintenance for such memorials.

(d) The Administrator may conduct a competition to select a designer for the memorial authorized by this subsection. Such competition shall be open to landscape and other architects, artists, artisans, and designers.

TITLE IV—MIXED USE AND ADAPTIVE USE IN PUBLIC BUILDINGS

SEC. 401. This title may be cited as the "Public Buildings Cooperative Use Act Amendments of 1981".

SEC. 402. (a) Section 102(a)(2) of the Public Buildings Cooperative Use Act of 1976 is amended to read as follows:

"(2) encourage the location of commercial, cultural, educational, and recreational activities as tenants primarily on major pedestrian access levels, courtyards, and rooftops of public buildings, and design, construct and lease space suitable for such activities: *Provided*, That the amount of space so leased in any public building—

"(A) shall be determined by the Administrator after undertaking studies to determine the market or need for such activities in the interest of promoting commercial or cultural activity in the vicinity of the building or serving the employees and visitors in the building; and

"(B) shall not exceed 15 per centum of the occupiable space in the public building, except in instances where the Administrator determines that the configuration of pedestrian access levels in the building justifies the leasing of a greater amount of space;".

(b) Section 102(a)(4) of the Public Buildings Cooperative Use Act of 1976 is amended to read as follows:

"(4) encourage the public use of public buildings for occasional cultural, educational, and recreational activities and design, construct, and maintain space and equipment in public buildings suitable for such activities, including activities described in section 503 (a) of the Public Buildings Act of 1981.".

SEC. 403. Section 103 of the Public Buildings Cooperative Use Act of 1976 is repealed and sections 104 and 105 are redesignated as sections 103 and 104, respectively.

SEC. 404. Section 103(a) of the Public Buildings Cooperative Use Act of 1976, as amended, and the first sentence of section 201(a)(16) of the Federal Property and Administrative Services Act of 1949 are amended to read as follows:

"(16) to enter into leases of space in public buildings, in accordance with section 102(a)(2) of the Public Buildings Cooperative Use Act of 1976, as amended, with persons, firms, or organizations engaged in commercial, cultural, educational, or recreational activities (as defined in section 104 of the Public Buildings Cooperative Use Act of 1976, as amended).".

SEC. 405. Section 104 of the Public Buildings Cooperative Use Act of 1976 as amended is amended by striking paragraph (2) and inserting in lieu thereof the following:

"(2) The terms 'public building' and 'Federal agency' have the same meaning as are given them in section 113 of the Public Buildings Act of 1981.".

TITLE V—EXHIBITIONS AND WORKS OF ART

SEC. 501. This title may be cited as the "Federal Buildings Enhancement Act of 1981".

SEC. 502. (a) The Congress hereby finds and declares that—

(1) the efficient use of Federal buildings can be increased, and public satisfaction with Federal buildings will be improved, by insuring that such buildings not only provide a congenial work environment but also function attractively for public service;

(2) Federal buildings should enrich the social, commercial, and cultural resources of the communities they serve; and

(3) Federal buildings will be enhanced by temporary exhibitions of art works and of the Nation's cultural heritage, as well as by suitable permanent works of art incorporated as an integral part of the architecture of Federal buildings.

(b) It is, therefore, the policy of the Congress to encourage and secure Federal building design which is distinguished, which expresses the dignity, enterprise, and stability of the American Government, and which enriches the quality of life in the communities served by such buildings. It is the purpose of this Act to contribute to such design by incorporating permanent installations of suitable works of art into Federal buildings. It is the further purpose of this Act to enhance existing Federal buildings by providing for temporary exhibitions of art and history to be circulated among Federal buildings.

SEC. 503. (a)(1) The Administrator, with the advice and assistance of the Chairman of the National Endowment for the Arts, shall acquire by loan, or by lease at nominal fees, works of art by living American artists. Works of art loaned or leased under this subsection shall be organized into exhibitions and circulated by the Administrator among Federal buildings throughout the United States. Such works of art shall be selected from artists representative of the different regions of the United States and its territories, and shall include diverse media.

(2) The Administrator, in conjunction with the Secretary of the Smithsonian Institution, and with other not-for-profit traveling exhibition services shall utilize existing exhibitions and develop new exhibitions which reflect the artistic, cultural, social, scientific, and industrial heritage of the United States or the continuing development of the Nation's art, culture, society, science, and industry.

(A) The Administrator shall circulate and show exhibitions developed under this subsection in Federal buildings throughout the United States. Preference shall be given to Federal buildings in communities that otherwise do not have convenient access to museums of art and history.

(B) The Administrator shall reimburse the Smithsonian Institution and other traveling services an amount not less than the cost to the Institution or to such other services of carrying out the provisions of this subsection.

(b)(1) The Administrator, with the advice and assistance of the Chairman acting in cooperation with the appropriate arts agencies at State and local levels, shall commission suitable works of art by American artists to be purchased and installed in Federal buildings or temporarily installed in leased buildings. The preliminary planning and design of each new Federal building shall include planning for such commissions, which may include a variety of compatible works. The Administrator shall insure that Federal buildings selected for the installation of such commissioned works of art are equitably distributed within the United States and its territories, and shall consider a diversity of artistic media in commissioning such works of art. The Administrator shall provide for necessary services to keep and preserve such works of art in a state of high quality.

(2) Whenever the Administrator commissions a work of art for a new Federal building pursuant to paragraph (1) of this subsection, he shall instruct that such work shall be an integral part of the architectural design. In the case of an existing public or leased building, such work shall be appropriate to the setting and space available. The Administrator shall seek to avoid the development of an official style either in architecture or associated works of art. Federal commissions should give expression to the vitality and diversity of American life.

(3) In carrying out the provisions of this subsection, the Administrator, with the advice and assistance of the Chairman acting in consultation with the appropriate arts agencies at State and local levels, shall establish such procedures as may be necessary to commission suitable works of art, with or without competition, and shall give full consideration to the participation of local artists.

(c)(1) For the purpose of this section, the Administrator is authorized to utilize one-half of 1 per centum of the total sums available in fiscal year 1982 and each fiscal year thereafter for the design, construction, repair, renovation, alteration, and acquisition of public buildings, and one-twentieth of 1 per centum of the sums available for the lease of buildings.

(2) Funds available under this subsection shall be available, without fiscal year limitation, to the Administrator for the purposes set forth in subsections (a) and (b) of this section and in subsection 304(5); *Provided*, That not to exceed 25 per centum of such funds shall be expended for purposes set forth in subsection (a) of this section, and not to exceed 75 per centum of such funds shall be expended for purposes set forth in subsection (b) of this section and for purposes set forth in subsection 304(5).

(d) For the purpose of this title—

"(1) the term 'Federal buildings' means public or leased buildings, under the jurisdiction of the Administrator of General Services, that attract, or are expected to attract, significant public use;

"(2) the term 'Chairman' means the Chairman of the National Endowment for the Arts; and

"(3) the term 'works of art' includes, but is not limited to, paintings, sculptures, crafts, works on paper, and enviromental works.".

TITLE VI—ARCHITECTURAL SERVICES

SEC. 601. The Administrator shall employ professionally trained architects, engineers, landscape architects, interior and graphic designers, and urban planners to prepare, under the supervision of the Supervising Architect, plans, drawings, and specifications for such public building construction and renovation projects as the Commissioner of Public Buildings may designate, but in any case to provide the kind and number of projects necessary annually to enable such employees to utilize their professional skills and training.

SEC. 602. (a) Those architectural services not provided pursuant to section 601 shall be procured in accordance with title IX of the Federal Property and Administrative Services Act of 1949, as amended, and the Administrator shall conduct a design competition among no fewer than three qualified architectural firms to select the architects for a substantial portion of the public building construction and renovation projects each year, including—

(1) any renovation project involving extensive architectural changes or additions to a building of historic, architectural, or cultural significance;

(2) any construction project for a building of high public use or visibility, including but not limited to any building provided pursuant to section 303 of this Act;

(3) any project presenting special design problems or opportunities related to structure, function, or compatibility with surroundings.

(b) The Administrator shall indicate each year, in the program submitted pursuant to section 801 of this Act, those public building construction and renovation projects with

respect to which he proposes to conduct design competitions.

(c) With respect to a significant portion of the competitions conducted each year, the competitions shall last no longer than sixty days from the date the Administrator provides the firms with a competition program and the competitions shall elicit from each firm preliminary design concepts only.

(d) The Administrator shall negotiate first with the firm judged at the conclusion of each competition to have demonstrated the best design approach to the project. The Administrator shall make public and provide to the competing firms at the time a selection is announced under any of the provisions of this section, a brief report describing the reasons for the selection made.

(e) The Administrator shall provide, in total stipends or prizes to all of the firms that take part in any one competition conducted under this section, a sum equal to no more than one-half of 1 per centum of the expected cost of the design and construction of the project, and shall conduct each competition under such rules and procedures as will assure that fair compensation for work required from the firms does not exceed that amount.

(f) The Administrator is authorized to acquire the services of privately employed architects, engineers, and other citizens on a temporary basis to serve on panels to assist in selecting and judging architectural firms under the provisions of this section. Persons so employed shall not be considered special Government employees under the provisions of section 201(a) of the Ethics in Government Act of 1968.

TITLE VII—LEASING

SEC. 701. It is the policy of the United States to house offices of officers and employees of the Government in public buildings and space shall be leased primarily to accommodate the emergency or temporary requirements of the Government, to provide space in locations where the size of Government activities does not warrant providing a public building, and to take account of temporary economic conditions that render infeasible or disadvantageous to the Government construction or acquisition of necessary public building space.

SEC. 702. Any other provision of this Act notwithstanding, the annual plan submitted to Congress by the Administrator in accordance with section 801 of this Act, shall assure that—

(1) within ten years of the date of enactment of this Act, no fewer than 60 per centum of the officers and employees of the Government whose offices are provided under this Act shall have their principal offices in public buildings;

(2) to the maximum extent possible, the percentages of officers and employees of the government provided offices in leased space and public building space are achieved uniformly throughout the Nation: *Provided*, That, in achieving these percentages, the Administrator shall take into account comparative local vacancy and rental rates for office space, and other market conditions in such manner as to maximize the economic benefit to the Federal Government and to localities throughout the Nation.

SEC. 703. (a) Notwithstanding the provisions of section 210(h)(1) of the Federal Property and Administrative Service Act of 1949, the Administrator shall not make any agreement or undertake any commitment that will cause the construction of any building other than a Government owned building unless before so agreeing or undertaking—

(1) the Administrator establishes specifications for the building identical to the criteria established pursuant to section 302 of this Act for the construction of public buildings; and

(2) the Administrator secures the option to purchase the building at any time during or at the conclusion of the lease term; and

(3) the Administrator has conformed with the provisions of section 706 of this Act.

(b) The Administrator shall inspect every building to be constructed for lease to, and predominant use by, the United States during the construction of such building in order to determine that the specifications established for such building are complied with.

(c) Upon completion of a building constructed for lease to, and predominant use by, the United States, the Administrator shall evaluate the building for the purpose of determining the extent, if any, of failure to comply with the specifications established for the building. The Administrator shall insure that any contract entered into for such a building shall contain provisions permitting the reduction of rent during any period when the building is not in compliance with the specifications.

SEC. 704. No space shall henceforth be leased to accommodate, except as may be necessary to meet temporary and urgent requirements that cannot be met in public buildings—

(1) major computer operations;

(2) offices that conduct secure or sensitive activities related to the national defense or security, except to the extent that it would be inappropriate to locate such offices in public buildings or in other facilities identified with the United States Government;

(3) offices, the nature of which would require major alterations in the structure or mechanical systems of the building to be leased; or

(4) permanent courtrooms, judicial chambers, or administrative offices for any United States court.

SEC. 705. (a) For the purposes of this Act, sections 321 and 322 of the Act entitled "An Act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes", approved June 30, 1932, shall not apply.

(b) No lease may be negotiated for a rental exceeding the current commercial rates and charges for space and services of nearest comparable quality in that locality.

SEC. 706. (a) The Administrator shall publicly solicit competitive bids to procure space by lease for the Government. Each such solicitation shall specify any special requirements of building design, configuration, or location.

(b) In evaluating competing bids, the Administrator shall take into account proposed rental costs and services offered, overall quality and safety of the buildings, energy efficiency, and their relative conformity to the requirements of titles II and III of this Act.

(c) No option to purchase a building shall be paid for unless the payment for such option is made separately from any lease payment and unless such payment has first been authorized under the provisions of title VIII of this Act.

SEC. 707. The Administrator shall provide a copy of the lease agreement between the Government and the owner of each leased building, and subsequent additions or revisions to the lease agreement to the highest ranking official in the leased building of each Federal agency occupying space in the building.

TITLE VIII—CONGRESSIONAL AUTHORIZATION

SEC. 801. (a) The Administrator shall submit to the Congress, not later than the fifteenth day after Congress convenes each year, a program for the next succeeding fiscal year of projects and actions which the Administrator deems necessary in carrying out his duties under this Act. Such program shall include but is not limited to—

(1) a five-year plan for accommodating the public building needs of the United States,

(2) a list, in priority order, of construction, renovation, and acquisition projects for which authorization for appropriations are requested for the next succeeding fiscal year, including a description of the project and the number of square feet of space involved,

(3) a list, in priority order, of lease and lease renewals for which authorization for appropriations are requested for the next fiscal year,

(4) a list of all public buildings proposed to be vacated in whole or in part, to be exchanged for other property, or to be disposed of,

(5) a proposed budget for the repair and maintenance of public buildings,

(6) a year by year program and costs to meet the provisions of section 702 of this Act, together with an analysis of costs and savings of alternative programs,

(7) a description of how the projects and leases included in the program, separately and together, conform to the provisions of this Act and the estimated annual and total cost of each project and lease.

(b)(1) The Administrator shall certify in the annual program submitted in accordance with subsection (a) that he has held a public hearing, or afforded the opportunity for such hearing, in the locality or proposed locality of each major construction, renovation, or acquisition project included in the annual program. Such hearing shall consider the economic and social effects of the project, its impact on the environment, its consistency with the goals and objectives of such urban planning as has been promulgated by the community, and its conformance with sections 202, 204, and titles III and IV of this Act: *Provided*, That, only such facts and issues as can reasonably be adduced during the planning and preliminary design of a project shall be considered at such hearing.

(2) The Administrator shall provide, along with each certification, the final environmental impact statement prepared pursuant to the National Environmental Policy Act, and a report which indicates the consideration given to facts and issues concerning the project and various alternatives which were raised during the hearing or which were otherwise considered.

LIMITATIONS ON AUTHORIZATIONS AND APPROPRIATIONS

SEC. 802. (a) No appropriation, including any appropriation from the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, shall be made by the Congress or obligated by the Administrator to carry out the purposes of this Act, unless it has been authorized by the Congress in accordance with this title.

(b) No public building construction, renovation, or acquisition shall be commenced unless an appropriation has first been made for the estimated cost of completion of such construction, renovation, or acquisition in the fiscal year for which such appropriation is authorized. No lease shall be entered into unless an appropriation has first been made for the maximum cost of such lease over its entire term in the fiscal year for which such an appropriation is authorized.

AUTHORIZATIONS FOR APPROPRIATIONS

SEC. 803. (a) There is hereby authorized to be appropriated for fiscal year 1982 not to exceed in the aggregate, the amount of $2,810,310,000 from the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended, for the real property management and related activities of the Public Buildings Service of which:

(1) Not to exceed $27,620,000 shall be available for fiscal year 1982 as follows:

(A) For construction of additional major public buildings (including funds for sites and expenses) and the acquisition of major existing buildings and sites for public buildings at the following locations and at the following maximum construction and acquisition costs:

Arkansas, Little Rock, courthouse	$1,177,000
California, Otay Mesa, border station	13,316,000
Illinois, East Saint Louis, courthouse	3,242,000
Maine, Houston, border station	3,750,000
Washington, Spokane, USPS acquisition	2,220,000
Wisconsin, Madison, courthouse	2,827,000

(B) $1,088,000 for construction of minor public buildings of less than twenty-five thousand gross square feet of space and the acquisition of buildings and sites for public buildings of a value of $1,000,000 or less.

(2) Not to exceed $197,162,000 shall be available for fiscal year 1982 as follows:

(A) For major renovations and repairs of public buildings at the following locations and at the following maximum project costs:

California, San Bruno, FARC	$4,738,000
Connecticut, New Haven, PO—CT	6,800,000
District of Columbia, Agriculture South	7,653,300
District of Columbia, HEW North Building	3,601,000
District of Columbia, Old Post Office	4,151,000
Florida, Miami, PO—CT	2,013,000
Illinois, Chicago, Everette Dirksen FB	2,880,000
Masachusetts, Boston, Appraisers Stores	6,109,000
Missouri, Kansas City, CT, 811 Grand Avenue	3,973,000
New York, New York, CU, One Bowling Green	21,443,000
North Carolina, Charlotte, Charles Jonas FB	3,563,000
Ohio, Cincinnati, PO—CT	6,485,000
Oregon, Portland, USCT (new)	4,553,000
South Carolina, Greenville, USCT	1,750,000
Tennessee, Nashville, Union Station	6,160,000
Utah, Salt Lake City, PO—CT	2,410,000
Virginia, Charlottesville	3,070,000
Virginia, Franconia	1,531,000
Virginia, McLean, CIA Headquarters	2,673,700
Washington, Seattle	2,404,000

(B) $91,201,000 for minor renovations and repairs of public buildings at project costs of less than $1,000,000;

(C) $0 for major alterations of leased buildings; and

(D) $8,000,000 for alterations of leased buildings, the maximum cost to a single building being less than $250,000.

(3) Not to exceed $1,709,300,000 shall be available for fiscal year 1982 as follows:

(A) $640,400,000 for new major lease agreements and lease renewals, over the entire term of each lease or renewal, of blocks of space of fifty thousand or more square feet;

(B) $377,600,000 for new lease agreements and lease renewals, over the entire term of each lease or renewal, of blocks of space of less than fifty thousand square feet; and

(C) $691,300,000 for payments in fiscal year 1982 on leases entered into prior to fiscal year 1982.

(4) Not to exceed $0 shall be available for fiscal year 1982 for obligations to the Treasury under section 902(a) of this Act for the acquisition, construction, or renovation of public buildings (including funds for sites and expenses).

(5) Not to exceed $3,074,000 shall be available for fiscal year 1982 for site acquisition, planning and preliminary design of construction, renovation, alteration, and repair projects.

(6) Not to exceed $626,346,000 shall be available for fiscal year 1982 for real property operations.

(7) Not to exceed $85,083,000 shall be available for fiscal year 1982 for program direction.

(8) Not to exceed $161,725,000 shall be available for fiscal year 1982 for payment of principal, interest, taxes, and any other obligation for public buildings acquired by purchase contract.

(b) Funds appropriated under subsections (a)(1), (a)(2), (a)(3), and (a)(4) of this section shall remain available for obligation and expenditure without regard to fiscal year limitations: *Provided*, That construction, renovation, or acquisition has been commenced, or lease entered into, pursuant to section 802(b) of this Act.

(c) Ten percent of the funds made available to the Public Buildings Service for renovation, alteration, and repair of public buildings and leased buildings and for execution of lease renewals, pursuant to paragraphs (a) (2) and (3) of this section shall be available for repair or alteration projects and leases, respectively, not otherwise authorized by this Act, if the Administrator certifies that the space to be repaired, altered, or leased resulted from changing or additional programs of Federal agencies not anticipated at the time the program required by section 801 of this Act was submitted. Funds for such projects may not be obligated until thirty days after the submission by the Administrator of an explanatory statement to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives. The explanatory statement shall, among other things, include a statement of the reasons why such project or lease cannot be deferred for authorization in the next succeeding fiscal year.

SEC. 804. (a) When the cost of a project exceeds the estimated maximum cost authorized under section 803 of this Act, the Administrator is authorized to either (A) increase expenditures by an amount equal to the percentage increase in the cost of the project, or (B) decrease the number of gross square feet to be constructed in the project. In no event shall the total increase in expenditures authorized by clause (A) of this paragraph exceed 10 per centum of the estimated maximum cost of the project. In no event shall the total decrease in square feet authorized under clause (B) of this paragraph exceed more than 10 per centum of the gross square feet stated in the approved authorization.

(b) If the Administrator determines that the cost of a project exceeds the estimated maximum cost authorized under section 803 of this Act to such an extent that action under subsection (a) of this section is not sufficient to meet such excess cost, the Administrator shall report to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives concerning the project. Such report shall include recommendations by the Administrator as to appropriate action to enable the continuance of the project. The Administrator may not take any action to continue the project, other than the action authorized by subsection (a) of this section, unless such action has been authorized by the Congress in accordance with this title.

TITLE IX—PUBLIC BUILDING FINANCING

SEC. 901. Section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended, is amended by deleting the existing second sentence thereof and inserting the following sentence: "Such rates and charges shall be established for each public building, and for each building containing space leased by the Administrator on behalf of the United States, no more frequently than once each year at a level approximating commercial rates and charges for space and services of comparable quality, but in no case less than the anticipated costs of providing space and services (including amortized construction costs or leasing costs).

SEC. 902. (a) The Administrator is authorized to issue obligations to the Secretary of the Treasury, to the extent and in such amounts as are provided in annual appropriations Acts, in order to obtain funds necessary to finance the acquisition, construction, or renovation of any public building when he determines the best interest of the United States will be served. The Secretary of the Treasury is authorized to purchase such obligations, and for such purpose the Secretary of the Treasury is authorized to use as a public transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under the Second Liberty Bond Act are extended to include such purchases. The repayment of loans made under this section shall be for terms up to thirty years and on such conditions as may be prescribed by the Secretary of the Treasury. In prescribing such terms and conditions, the Secretary of the Treasury shall take into account the useful life of the building for which funds are to be borrowed and shall not require that repayment begin until the building is ready for occupancy. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities.

(b) An obligation may be issued under subsection (a) to acquire, construct, or renovate a public building, only if such acquisition, construction, or renovation has been authorized by the Congress, pursuant to title VIII of this Act.

(c) The payment of principal and interest on such obligation issued under subsection (a) shall be payable from the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949.

SEC. 903. Section 210(f)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(2)) is amended by inserting immediately after "activities" a comma and the following: "and for payments in connection with the financing of the acquisition, construction, or renovation of public buildings as authorized by section 902 of the Public Buildings Act of 1981".

TITLE X—MISCELLANEOUS

SEC. 1001. This Act shall become effective on October 1, 1981.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. STAFFORD. Mr. President, I wish to note for the record that the reported bill, S. 533, should have indicated that the Senator from Maine (Mr. MITCHELL) and the Senator from Wisconsin (Mr. PROXMIRE) were cosponsors of the bill. But as it was reported, their names were inadvertently omitted from the printed bill as it reached the floor.

Mr. President, I have been very glad to develop S. 533—the Public Buildings Act of 1981—with my friend and neighbor from New York (Mr. MOYNIHAN), and with the assistance of the ranking Democrat of the Environment and Public Works Committee (Mr. RANDOLPH) and

of Senators CHAFEE and SIMPSON, among others.

The Committee on Environment and Public Works has been increasingly concerned about the public buildings program of the Government, as administered by the General Services Administration, and the need to alter the congressional authorizing procedures. Since determining 2 years ago that we could no longer with any confidence approve GSA proposals, we have devoted effort and thought to legislation which could help remedy the severe and continuing problems of the Public Buildings Service.

The bill was introduced in the Senate on February 24. The statement that I made at the time of introduction explains the essential components of the bill and the legislative history of its development. I refer my colleagues to pages S1484–S1488 of the CONGRESSIONAL RECORD of February 24.

S. 533 is similar to the legislation of the last Congress—S. 2080—which passed the Senate June 20 of last year. That bill passed the Senate by a vote of 71 to 8, but, regrettably, we were unable to reach an acceptable compromise with the House in conference.

Hearings were held on February 27 and March 9. The committee heard witnesses from the General Services Administration; from the Building Owners and Managers Association, International; from the Apartment and Office Building Association of Washington, D.C.; and from the Committee on Federal Procurement of Architectural and Engineering Services. In the development of S. 2080 last year the committee held eight oversight hearings as well as hearings on specific legislative proposals.

With some improvements, the bill was unanimously ordered reported on April 2. I emphasize again that the bill as reported is essentially similar to the legislation passed last year, S. 2080.

Mr. President, the principal purposes and objectives of the bill are: First, to establish a statutory framework for a national buildings policy and for annual and farsighted planning to implement that policy, second, to reduce waste in the public buildings activities of the General Services Administration—whether that waste derives from confusion and disorder, or from vulnerability to pressures and improprieties, and third, to reform the authorization process to provide order, and congressional budget, funding and program oversight.

Shortly after the committee ordered S. 533 reported, the Office of Management and Budget expressed concern to us about some provisions contained in the bill. While supporting the committee's efforts to develop legislation to improve the authorization process for public buildings and to set policies for public buildings that will limit the possibilities for fraud and waste, the OMB expressed concern that some provisions needed to be examined particularly to further clarify or strengthen their cost effectiveness.

Following discussions with OMB over the last several weeks, I introduced, with Senator MOYNIHAN and Senator RANDOLPH, on April 30, amendment No. 39. I am very pleased that, with the amendment, the administration supports enactment of the reported bill. I ask unanimous consent that a copy of the letter from OMB—in which they comment on the legislation and support passage—appear at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. STAFFORD. Our overall objectives were the same from the beginning. We started from a common ground to provide statutory direction for a national buildings policy instead of ad hoc decisionmaking that has too often in the past been the characteristic of the much troubled agency, GSA.

I am particularly heartened by the administration's specific and explicit support for title VIII of the bill to provide annual authorizations for the Public Buildings Service. We have learned that now there is no effective annual program, there is ineffective budgetary control, and there is insufficient oversight of the Public Buildings Service. Major construction, repair, and lease proposals arrive scattered throughout the year, unscheduled and unanticipated, some in a great rush, others casually. When authorized by prospectus in this way—that is, by committee resolutions adopted throughout the year—these major projects bypass the congressional budgetary process. Except for these large projects sent up for committee approval, moreover, the great bulk of the public buildings program escapes congressional oversight, except for whatever attention the Appropriations Committee can give to the lump-sum categories.

As the prospectus system defies annual programing, budgetary control, and programmatic agency oversight, it is an invitation to waste. The committee adheres firmly to the conviction that the prospectus system should be replaced with annual authorizations—authorizations of the kind familiar to nearly every other agency of Government, and which provide the orderly basis for planning, for budgetary control, and for effective oversight.

Over its history, from its beginning in 1949, GSA has seemed to operate from crisis to crisis. Periodically, waste and mismanagement and fraud and corruption leading to indictments are handed down. When the headlines abate, the agency returns to business as usual and change is negligible. We have read about the waste and indictments in the repair and alteration area and we have learned how questionable are many of the lease proposals. The basic corrective actions must be administrative and require effective management. But we in Congress have a responsibility to provide a statutory framework which gives clear direction and which will provide the checks and balances and the orderly procedures enjoyed by other Federal programs.

Mr. President, I strongly recommend the bill to all my colleagues and urge its passage.

Mr. President, there has been some confusion as to what the impact of section 307 of the bill, which amends the Architectural Barriers Act of 1968, will be. I want to assure my colleagues that it does not represent any significant change in the intent of that act or the implementation of it. It does refine some of the procedures and hopefully makes the regulatory implementation more consistent. I wish to describe briefly what the essential provisions are.

First, the amendments provide for definitions of what a physically handicapped person is, and what is the meaning of fully accessible. At present, while there are many definitions in other statutes which define a handicapped person, there is nowhere a definition that applies directly to this act for the purposes of defining who is considered to have impaired mobility. Since there are four agencies named in the current act and there is no statutory definition, it is quite possible that each of those agencies can either adopt one of their own or adopt one of the ones found elsewhere.

This I believe leads to a less than uniform approach and it was a point which the committee felt needed to be resolved. Likewise, there is no definition of fully accessible that is in law that applies to only full access for the purpose of gaining entry to and using a building. Thus, the committee adopted a statutory definition to provide the same guidance as it did with respect to physically handicapped persons. While these two definitions appear to apply to only the four named agencies in the act, in fact, because of the delegation of construction authority, they apply to all agencies of the Government. It therefore provides for uniformity in who is to be considered physically handicapped, and what the ultimate in complete barrier-free access is for the entire Federal Government. It seems to me that that is only logical and desirous, and that rather than being a new and stringent requirement, will merely provide for uniformity of application of the statute.

The second refinement is the inclusion in the statute of something that is now a part of GSA regulation. It would require all contracts for renovation and construction to specifically include the requirement that the contractor make the building being built or renovated fully accessible to the physically handicapped. One of the difficulties the committee uncovered in its study of the implementation of this act is that it is sometimes difficult to assess blame for why a building is not built barrier free. Ultimately that is the responsibility of the agency head concerned but often there is confusion as to why some aspect of accessibility was omitted when the building was altered or constructed. The contractor may believe that it was as a result of a change order by the agency, and the agency may believe otherwise. This provision is included so that it will be specifically known to the contractor at the time that the work is undertaken that the agency expects the building to be fully accessible when it is completed, unless the agency specifically modifies the standards of access and so informs the contractor of the modification made,

and it is carried out in conformance with that change.

The third aspect of the act that the committee believed needed some clarification was the system of waivers and modifications. While waiver means to ignore completely, and in the case of this statute it means to ignore accessibility completely, that is not really what it has been used for. Most buildings occupied by Federal agencies at present are accessible to some degree to the mobility impaired. It does not matter that it is leased or owned, generally, with the exception of small post offices, a handicapped person in a wheelchair can enter and conduct business in a Government building. But it is also true that that building probably was occupied after a so-called waiver was filed. Well, in fact, a waiver is not what was needed. What was needed was an explanation of the features of access that were not present that would have been had it been fully accessible. That is a modification of the standards not a waiver. But the terms are currently used interchangeably. What the committee has done, therefore, in this section, is to make clear that a modification or a series of modifications must be granted and that a waiver would only be granted when in fact the whole issue of access to a building is to be ignored completely. By doing this, the committee expects that the agencies will be permitted to continue to occupy and lease less than fully accessible space, but, that they will do so only after careful scrutiny to see what part of the standards of access cannot be met.

Mr. President, I do not think what the committee has done here is of such scope as to affect policy. After all, when the act was signed in 1968, President Johnson said he saw it as the following:

It will assure that architectural barriers to the handicapped are eliminated in all buildings constructed with federal funds from this day on—and will correct many errors of the past.

Since the day that statement was issued in August of 1968, no one has challenged the fact that that is the policy of the Federal Government, but the act has not lived up to that expectation. The committee believes that it should live up to it, but recognizes that the practical application will sometimes not permit it completely. At the same time, the committee has not, in this bill, made that policy, it has merely acted on refinements to the language of the act to try to insure closer adherence to it.

So, Mr. President, I do not view this as a change of general policy, only a refinement in the way that the act will be administered to attempt to assure uniformity both for the agencies which must use it and the physically handicapped persons that benefit from it.

EXHIBIT 1

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C.

HON. ROBERT T. STAFFORD,
Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of March 12, 1981, requesting the views of the Office of Management and Budget on S. 533, the Public Buildings Act of 1981.

We support the Committee's efforts to develop legislation to improve the authorization process for public buildings. S. 533, if enacted, would result in substantial improvements in the way public buildings are planned and authorized. Accordingly, and with one exception noted below, OMB supports the bill, with the amendment to the bill which we understand was offered by Senators Stafford and Moynihan on April 30, 1981.

Our one reservation about S. 533 concerns section 307 of the bill, relating to access to public buildings by the handicapped. We believe that the Public Buildings Act is not the appropriate vehicle for the establishment or refinement of general policy regarding housing of the handicapped. The issues involved in the formulation of such policy are extremely complex, sensitive, and contentious, and would be better addressed through separate legislation, which would allow a full discussion of effects of possible changes to current law. We strongly recommend, therefore, the deletion of section 307 of S. 533.

Finally, we want to express support for Title V.II of S. 533, particularly the provisions of that Title that—

Require the General Services Administration to request authorizations for appropriations for each fiscal year for the buildings GSA wishes to acquire, construct, renovate, or lease during that year; and require that the authorizations lapse and must be reauthorized unless the projects are appropriated in the year authorized; and

Prohibit the construction, renovation, and acquisition of a public building unless an appropriation has first been made for the building's estimated cost of completion in the fiscal year for which the appropriation is authorized.

We appreciate your request for our views. If the Committee finds additional information useful, we would be happy to supply it.

Sincerely,

JAMES M. FREY,
Assistant Director for Legislative Reference.

Mr. STAFFORD. Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, the first observation to be made as we bring S. 533 to the floor is that it is singularly the result of the vision and the determination of the senior Senator from Vermont, now the distinguished chairman of our committee. This bill is the work of Senator STAFFORD. It is an effort in which others have joined, but would not have commenced had he not brought repeatedly to the attention of our committee that we were being asked to work in an archaic and uncontrolled and an alarmingly unsupervised type of way.

Mr. STAFFORD. Mr. President, if my most distinguished friend will yield for just a second, I would like to express appreciation for what he has said, but also to emphasize that this has been a team effort between Senator MOYNIHAN and myself. It has taken both of us—and this is the second Congress—to get this moving. I did what I could. Without Senator MOYNIHAN, we would not be here working on this bill today.

Mr. MOYNIHAN. Mr. President, the chairman is generous. He is incapable of any other response to a colleague. But the fact is that we are here because of his persistence in raising this issue and his insisting that it be dealt with.

The second point I want to make, Mr. President, is that we really must express the gratitude of our committee and, I think, of the Senator from Vermont and myself that the Reagan administration has found a way to support us, even though, in the near term, some of the things we propose have to run counter to the cash flow objectives of the Office of Management and Budget.

The basic managerial good sense of this measure has prevailed in the OMB and in the White House, and I think that is important.

I have to say that, with that behind us, there is a certain nostalgia that comes to my mind at this point. As the Senator from Vermont will perhaps be the first to agree, this is the last bit of the 19th century still knocking about in our arrangements in the Senate: the singularly idiosyncratic arrangement by which we chose to locate Federal buildings and authorize them and approve them. In the great history of the Western movement, the decision to put a Federal building in a State at a particular point was no small decision. It located the capital; it located the centers of the railroads; it located all manner of things.

One can say that something changes at this point, as we enter the 21st century, in the areas of management and oversight and systems.

But this body should be apprised that it has been dealing into this latter part of the 20th century with a system of allocating public resources that verged on the irresponsible, that certainly was without accountability, without system, and without any way for an overloaded Congress to show any oversight.

It is hoped that, with this measure, we establish a system of planning, a system of coherent presentation to Congress of executive requests, and an opportunity for oversight such as we have not had until now.

Mr. President, it is a privilege to join Senator STAFFORD, the distinguished chairman of the Committee on Environment and Public Works, in bringing to the Senate the Public Buildings Act of 1981. I say this just a mite hesitantly, for Senator STAFFORD and I brought a very similar bill to this Chamber less than a year ago, and he and I would much prefer now to be involved in overseeing that legislation as public law. However, we were unable to convince our colleagues in the other body of the wisdom of certain aspects of the legislation when we met in conference.

This is a pity, for the matter we bring forward today is one that demands the attention of Members of both Houses of Congress. We propose nothing less than the wholesale reorganization and improvement of the public buildings program of the Federal Government. This $2 billion activity sounds mundane, and it is in the sense that it is a commonplace necessity of the functioning of the Government.

The price tag alone should warn my colleagues that it is an activity we overlook at some peril. Two billion dollars is not a mundane sum. Moreover, the General Services Administration, which administers this program, is not an agency

without its troubles. And the largest budget item in this program, the $722 million we shall spend in fiscal year 1982 to lease office space, is an activity which the GSA Inspector General last year termed his highest investigative priority. Our committee on several occasions has referred leasing matters to the Inspector General and the General Accounting Office.

President Reagan devoted a speech during his campaign to the troubles at GSA and said he would take swift and decisive action to clear them up. Today we help give him the tools to do so with respect to the program that consumes about half of the GSA annual budget and employs half its workforce.

We are gratified, therefore, that the administration has expressed its support for this bill. The letter of endorsement we received from the Office of Management and Budget rightly singles out our reform of congressional authorization procedures as the keystone of our efforts. Those new procedures will encourage the executive branch to conduct systematic, long-range planning to meet the workspace needs of the Federal Government and will permit the Congress to exercise responsible, programmatic oversight.

In a report to our committee last year (Report PAD–80–95), the General Accounting Office cited the need for reform in the public buildings authorizing procedures and endorsed the procedure established in E. 2080, a bill identical in this respect to the bill before us today. The GAO report concluded:

GSA's public buildings program does not adequately establish program priorities, link planning to budgeting, or provide for effective maintenance and major repair. The existing congressional authorization process does not require GSA or the Congress to establish priorities or to link authorization and planning to budgeting.

GSA's case-by-case submission of prospectuses under current authorization procedures forces decisionmaking with no knowledge of a particular project's place in the overall program mission. Because these procedures do not link planning and authorization to budgeting, the funds that are available may not go to carrying out the highest priority. Case-by-case decisionmaking also prohibits judicious analysis of alternative approaches to meeting program objectives.

. . . we continue to believe that the proposed authorization and planning procedure in Senate bill 2080 is an improvement over the current piecemeal prospectus authorization procedure. The current procedure does not consider the relations among projects, priorities, timing, and funds. The procedure that the Senate bill proposes should provide Congress with a better view of GSA's entire buildings program.

The other major reform embodied in the bill reported from committee, is a requirement that the Government reverse its ever-increasing reliance on leased space, as opposed to federally owned space, to meet the demand for Federal working quarters. I have spoken on many occasions about the frightful long-range expense leasing is imposing on the Federal Government. Suffice it to say for now that the leasing budget, just over $700 million this year, will reach $3 billion by fiscal year 1994.

As reported from committee, S. 533 would have embarked the Government on a 10-year building program. I believe such a program is warranted, reasonable, and, in the long run, a good bargain for the Government and the taxpayers. I ask unanimous consent that the discussion of leasing and this construction program that appears on pages 55–62 of the committee report on S. 533 be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MOYNIHAN. Mr. President, the administration asked us to modify our prescription for this construction program, and we have acceded to the administration's request. The program we recommended will now be reported as an alternative to the President's own annual public buildings budget recommendations, so that we will be able to compare the costs and savings of the two.

I want my colleagues to understand what is going on here. The Office of Management and Budget concerns itself with Federal expenditures only 1 year at a time. It appears to have little or no notion of or concern for what effect short-term policy may have on the long-term fiscal condition of the Government. For that reason, leasing costs—which are relatively less in the short run than construction outlays, but prohibitively more expensive in the long run—have become a thing of beauty to the OMB.

To justify its short-term approach, OMB has forced upon the GSA's public building planners a formula for evaluating the long-term costs of leasing versus construction that invariably produces figures favoring leasing. When the GSA reviewed 126 of its past leasing versus construction decisions using more realistic economic assumptions, it concluded that in over 90 percent of the cases, construction would have been the less expensive alternative.

In the amendment offered by Senator STAFFORD, Senator RANDOLPH, and myself, which is agreeable to the administration, we will have the OMB and GSA jointly review the methods used to produce these long-run cost comparisons. Let me caution those who participate in that study now that we expect an impartial review of the cost-estimating formulas, and not a whitewash of the OMB's past juggling of the figures.

The burden will be on the authors of the study required in amended section 702(b), to refute the findings made by GSA only last autumn that construction is usually cheaper in the long run and that the OMB's economic assumptions have been unrealistic. Those authors will be expected, also, to take into account the criticisms of the current cost-estimating methods which the General Accounting Office has reported to our committee in the past several years, most notably in report LCD–80–61, June 20, 1980.

The members of our committee hold no brief for construction. Particularly in the current budgetary climate, it is difficult to advocate a policy that requires somewhat higher expenditure levels in the short run. But it is significant that S. 533, and S. 2080, its predecessor in the 96th Congress, attracted the support of members of both parties, including some of those most noted for their advocacy of Federal fiscal austerity.

Mr. President, some of the few opponents of our measure have accused us of not understanding the real estate business and the intricacies of leasing. They claim we overlook the great amount of leasing relied upon by private companies. We know that leasing has its advantages, and our legislation encourages the Government to avail itself of those advantages where appropriate. Leasing, if properly managed, allows one considerable flexibility in changing the location and configuration of one's offices. In some markets, and under some economic conditions, it is even the least expensive long-term means of satisfying space requirements.

The issue is complex, and few of us are experts in the real estate field. I was intrigued, therefore, to read in the October 13, 1980, issue of Forbes magazine, a periodical of rock-ribbed business respectability, an article reporting that one of the Nation's expert real estate consultants, Mr. John R. White of New York, is advising his corporate clients to purchase their offices, in "office condominium" arrangements. Let me quote, for the benefit of my colleagues and the Federal budget experts, a few excerpts from that article:

Office condominiums . . . I really believe that's the answer to what is a major problem for many small and large businesses, the rapidly escalating cost of rents.

At a time when he advises cash-strapped corporate clients to liquidate property, or patiently instructs them in the intricacies of the sale-leaseback to free up capital, he just as firmly advises well-heeled companies to buy.

White played down the price appreciation angle almost to a whisper. Good commercial properties are changing hands at prices to yield 5 percent, in a rental market that, in New York and other large cities, has seen rents shoot up 25 percent to 30 percent in the past year alone. So prices for existing buildings are already very rich.

But he does not play down the value of owning space on almost any terms when occupancy rates in Middle Atlantic cities exceed 96 percent and may climb higher once the recession subsidies.

Finally, I say to the distinguished Senator from Vermont that I appreciate the cooperation he and the majority staff of the Committee on Environment and Public Works have given to me and the other minority members of the committee and our staffs during the consideration of the bill this year.

Mr. President, I should like to call particular attention to the amendment that will be offered by Senator STAFFORD, on behalf of Senator RANDOLPH and myself. We will have the Office of Management and Budget and the General Services Administration jointly review the methods used to bring about long-run cost comparisons between leasing and construction, and we will have a judgment from the OMB as to which route is to be desired.

Without in any sense wishing to direct which way a study should take place, I should like to state that the burden will be on those conducting the study that will be required in the

amended section 702(b) to refute the findings made by the General Services Administration last autumn, that construction is usually cheaper in the long run and that OMB's economic assumptions that argue otherwise have been unrealistic.

The fact is, Mr. President, that we are not that far away from having an annual leasing bill of something like a billion dollars. We are three-quarters to that point now, and in about 3 years, we will be spending a billion dollars a year on rent—with nothing to show for it in the end, as they say, but the rent receipts.

This practice began in the 1960's as a budgetary device, and it has served that purpose; but it is not our judgment that it has served the people in the United States well. We do not escape that kind of leasing cost. It is our purpose to get these facts out and resolved as between the agencies in the executive branch, which then can commence to report to us in a responsible and comprehensive manner about the subject.

EXHIBIT 1

DISCUSSION OF LEASING AND CONSTRUCTION, PP. 55–62, REPORT NO. 97–48

Over the past 15 years, in successive Democratic and Republican administrations, the Office of Management and Budget, in the shortsighted pursuit of budget trimming, has forced a drastic curtailment of Federal office space ownership and a concomitant increase in leasing.

According to a report of the General Accounting Office (GAO Report LCD–80–7, October 17, 1979), from fisal year 1976 to fiscal year 1979, there was no appreciable increase in Government-owned space while leased space increased by over 100 percent, from 44.6 to 93.3 million square feet. Annual rental payments of the GSA in the same period increased from $131 to $520 million. Lease payments in fiscal year 1981 account for over 41 percent of the public buildings budget, while construction funds account for under 1 percent of the budget. For fiscal year 1980 the rental budget was $575 million; for fiscal year 1981 it is $680 million; for 1982, it is estimated at $729 million.

Leasing expenditures have increased $154 million, or 27 percent, in 2 years. They will increase nearly $50 million in fiscal year 1982, a year in which, according to GSA officials, no additional leased space will be acquired. The leasing program is a captive of the forces of inflation, tight credit, and utility and property tax increases that characterize the private rental market. At the present rate, the rental bill will break the $1 billion mark in fiscal year 1985; just 5 years thereafter it will exceed $2 billion; it will reach $3 billion in fiscal year 1994.

Twenty years ago, 82 percent of the Federal employees provided office space by the GSA were in Government-owned space. Now that figure is down to 52 percent, and it will drop to 50 percent in 2 years even if the initiatives proposed by this legislation are enacted and implemented immediately.

This turnabout in the public buildings program occurred because leasing has the short-term budgetary advantage of requiring a fraction of the outlay, in any given year, required to construct or purchase a building. A few years ago, for example, the Committee was asked to approve a "$15 million" lease for headquarters offices of the Nuclear Regulatory Commission. Construction of a headquarters building was estimated to cost $113 million. But the lease was for a 20-year term, and contained a clause requiring the Government to pay for any increased operating or tax expenses each year. The lease would, therefore, obligate the Government to an expenditure of well over $300 million. Moreover, at the end of the twenty year lease, the Government would have to extend the lease or find other space for the NRC, since the Government would not own the building.

Despite its extraordinary long-term costs—and one must remember that many government functions requiring office space are going to need to be performed as long as the Nation survives—this misleading short-term economy of leasing appeals to government budget-cutters. In order to mask the long-term costs of leasing, the Office of Management and Budget has skewed the assumptions and procedures upon which the GSA makes its economic analyses of whether to lease or build in individual instances. When comparing building and leasing the GSA performs a "present-value cost analysis." This is a sound practice, borrowed from private industry. In recent years, nearly all of those analyses have come down in favor of leasing.

A GAO report to the committee (GAO report LCD–80–61, June 20, 1980) explained why in its title: "GSA Lease versus Construction Present-Value Cost Analyses Submitted to the Congress were Inaccurate." Among other inaccuracies, GAO noted several that arose from OMB guidelines prescribing how GSA should compute the cost comparisons.

The GSA itself has now completed a study that makes the point more forcefully. The GSA studied comparable construction and lease projects in 126 geographic areas and demonstrated that, using the correct interest rate identified by GAO and appropriate inflation rates and other factors, "the evidence would support an economic decision to build rather than lease in most cases." Using the OMB requirements, however, "will almost always result in a lease decision."

The GSA stated that its studies indicate that a ratio of 80 percent federally-owned space to 20 percent leased space would be the most cost-effective combination, and would satisfy the Government's need for leased space to accommodate temporary and changing Federal agency requirements.

Even the most sensitive national security functions of the Government have been provided rented space in private buildings constructed with even rudimentary security measures. Security features in these buildings are usually added later, at Government expense. One unfortunate result is that the Government, conscious of its capital investment in such buildings and the disruption to activities attendant upon a relocation, is loath to vacate. The building owners know this, too, and negotiations for lease renewals are accordingly concluded on terms overwhelmingly favorable to the owners.

The same situation seems to occur in the case of nonsecret Government offices, too, particularly where the amount of space leased is large or where computers or other special equipment have been placed in the building. The Government can be a most lucrative tenant. The Committee uncovered situations in which the "competition" in bidding for Government leases appears to have been unnaturally and unnecessarily restricted. Following one hearing, the committee referred five of seven proposed GSA leases to the Inspector General of GSA. He later reported that three of the five appeared worthy of investigation for misfeasance. One of the leases was about to be renewed at increased cost, when the expiration date on the existing lease was still a year and a half away.

Needless to say, the Government has no say over transfers of ownership of buildings in which it leases space. The committee's attention has been called to a number of buildings housing Federal offices in the Washington area alone that have been sold to foreign interests. One of those buildings houses the Immigration and Naturalization Service, another the Army Corps of Engineers.

Section 702 establishes a goal for placing an increased proportion of the Federal work force in Government-owned buildings. Within ten years, sixty percent of the workers housed by GSA would have to be placed in Government-owned space. This is a reasonable and reachable goal. Twenty years ago, 82 percent of Federal employees worked in Federal buildings and the recent GSA study, cited above, notes that a ratio of 80–20 would save even more money in the long run.

At the behest of the committee, and of the Committee on Public Works and Transportation of the House of Representatives, the Public Buildings Service this year produced an annual and long-term plan. The plans indicate the costs and savings of the program recommended in section 702. (The attached charts and text from the PBS plan explain the costs and scheduling of the program in greater detail than the text below.)

The PBS report is based on a realistic assumption of severely limited growth in Federal employment and on curtailed Federal building costs (in line with the guidelines proposed in section 302 of the bill). The figures show that, over the ten years allotted, the construction program mandated by the bill would result in over 100 projects being undertaken at a cost of about $5.7 billion. In that period alone, over $2.8 billion in lease payments would be avoided, a figure all the more impressive when one considers that, for most of the period, the new projects will be unavailable for occupancy and the prospective tenants will, therefore, still be housed in leased space. The saving in fiscal year 1993 alone is $800 million. The entire cost of the 10-year program will be recouped in about 15 years. GAO has estimated that a Federal building pays for itself on the GSA ledgers in 14 years, when one considers its cost and the rental payments made by Federal agencies to GSA for space within it.

PART II—GSA HOUSED POPULATION AND SPACE TRENDS

PLANNED GROWTH IN HOUSED POPULATION AND GSA CONTROLLED SPACE

As stated in the Strategic Posture (Appendix A), space-needs projections in the PBS Management Planning System are community based. They are derived from forecasts in Federal-population-to-be-housed in GSA controlled space. A summation of the Plan projections for space requirements over the FY 80–87 period are shown in Table 1. These projections are based upon the following assumptions:

a. That, as previously stated, a ratio of 60 percent personnel housed in government-owned space to 40 percent in leased space will be attained by the end of FY 93, and

b. That government population housed in GSA space will grow very modestly (slightly less that 1 percent compounded per year) from 831,000 in FY 80 to 977,000 by the end of FY 93.

This personnel growth pattern compares favorably with projections made by the Bureau of Labor Statistics and by the Office of Personnel Management. This magnitude has also been independently confirmed through the results of a GSA regression multiples model, which forecasts space as a function of Federal white collar population and utilization rates.

Under these assumptions, a need for a total of approximately 41 million additional Government-owned square feet is projected above the FY 1980 amount. Leased space decreases from a high of 100.3 million sq. ft. in 1987 to 83.2 million by 1993. Planned deliveries from prior year space actions will bring approximately 9.2 million feet of Gov-

ernment-owned space into the inventory between 1980 and 1985. Since the FY 1982 program has been submitted, and allowing five years for site selection and acquisition, design, construction, and delivery of newly constructed space, 32 million square feet must be planned, approved, and funded over the seven-year period, FY 1983–1989, or approximately five million square feet of deliveries per year for FY 87–93.

REDUCED DEPENDENCE UPON LEASED SPACE

As demonstrated in Part I, the planned construction program will be a more effective way to satisfy housing requirements.

Figure 3 shows the historical mix of the percent of personnel housed in all GSA-owned space to leased space. Since FY 71, leased office space has risen from 35.7 million square feet or about 37 percent of the inventory to 68.1 million square feet or 47 percent of the inventory in 1980. This trend must be reversed if GSA is to reduce its dependence upon leased space, where sharply rising rental rates have become a major characteristic of the market place.

Figure 4–A depicts the impact of the planned stepped-up construction and acquisition program. By that date, the government-owned space inventory will approximate 183.4 million square feet, whereas leased space will total 83.2 million square feet. As new space deliveries begin to reach the inventory, leased space levels drop sharply commencing in FY 88.

Figure 4–B, on the other hand, shows the more undesirable alternative space inventory pattern if PBS is limited to a small construction program comparable to the last five years of about 800,000 square feet annually in this case by FY 93, 115.6 million square feet of space must be leased while 158.1 million would be government-owned.

Figure 5 shows the detrimental cost impact that would be experienced if the present lower-scale construction program is continued. Over the FY 80–93 period, rental costs would rise from approximately $500 million to $2.8 billion. Implementation of the program, as set forth in the PBS management plan, would reduce this escalation, with rental costs rising from $1.3 billion in FY 87 to $2.0 billion in FY 93.

TABLE 1.—PBS MANAGEMENT PLAN GOVERNMENT OWNED VERSUS LEASED INVENTORY CHANGES NECESSARY TO SATISFY FORECASTED POPULATION HOUSING REQUIREMENTS AND ACHIEVE 60/40 MIX THROUGH FISCAL YEAR 1993

	Fiscal year—													
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Space (million square feet):														
Government owned	142.3	144.6	145.5	146.2	148.4	151.5	152.5	158.4	163.6	168.4	173.4	178.4	180.9	183.4
Leased	86.5	88.4	91.4	93.1	95.2	95.4	98.8	100.3	96.7	93.5	90.1	86.7	85.2	83.2
Total	[1] 228.8	233.0	236.9	239.3	243.6	246.9	251.3	258.7	260.3	261.9	263.5	265.1	266.1	266.6
Personnel housed (millions):														
In Government-owned space	0.455	0.462	0.465	0.467	0.474	0.484	0.490	0.506	0.523	0.538	0.554	0.570	0.577	0.586
In leased space	.406	.415	.429	.437	.447	.448	.461	.471	.454	.439	.423	.407	.400	.391
Total [2] (0.9 percent overall population growth forecasted)	[1] .861	.877	.894	.904	.921	.932	.951	.977	.977	.977	.977	.977	.977	9.77
Personnel housing ratios (percent):														
Percent housed in Government-owned	53	52	52	52	51	52	52	52	54	55	57	58	59	60
Versus percent housed in leased	47	48	48	48	49	48	48	48	46	45	43	42	41	40

[1] Fiscal year 1980 year-end totals.
[2] PBS management plan personnel growth projections fiscal years 81–87 at 1.8 percent per year compounded and 0 percent growth fiscal year 1988–1993.

Note: Design starts must average 5,000,000 ft.[2] for fiscal years 1983–87. For fiscal years 1987–93: deliveries to achieve mix and accommodate growth.

Mr. MOYNIHAN. Mr. President, one of the Members of the Senate who, while not a member of our committee, has taken an informed and extensive and detailed interest in this subject, is the distinguished senior Senator from Ohio, who is in the Chamber at this time. I understand that he wishes to speak now, as he spoke with great force and clarity when we last discussed the matter.

Mr. RANDOLPH. Mr. President, I am grateful to the able chairman of the Committee on Environment and Public Works. I take this opportunity, not just as a pleasantry but it is something that I would like the record to reflect, to say that in our committee over the years, we have worked diligently to keep what might be called politics or partisanship out of the presentation of measures that come to the floor. The present Presiding Officer is conscious, as a new member of the committee, that we do have spirited debate, often divisions, on issues that are rather deeply believed in. Yet there is not the divisiveness or abrasiveness which, I hope, as far as possible, we can keep out of the body politic here, on the Hill.

Mr. President, this measure is the result of more than 2 years of work by members of the Committee on Environment and Public Works. It is very similar to the bill on this subject which was passed by the Senate last year but failed to become law.

I participated in the development of this bill and fully support its provisions. This legislation will bring order and reason to the public buildings programs of the General Services Administration.

Mr. President, the Committee on Environment and Public Works has jurisdiction over a myriad of Federal programs in six Cabinet-level departments and eight independent agencies. In addition to extension of existing program authorities and formulation of new ones, the committee maintains continuous oversight over program implementation. This oversight process has periodically resulted in the formulation of legislation making widespread changes in programs under our jurisdiction. S. 533, the Public Buildings Act of 1981, is such a measure.

S. 533, as reported by the committee, reforms and reorganizes the public buildings program of the General Services Administration. This is an enormous program, under which nearly 1 million Federal employees are provided working space at a cost, in fiscal year 1981, of nearly $14 billion.

The bill addresses in a comprehensive manner all of the components we believe necessary to give direction to the General Services Administration to correctly implement its mandate as the housekeeping agency of the Federal Government.

This measure is the result of 2 years of effort by members of the Committee on Environment and Public Works. Development of the bill began in March 1979, immediately after the committee imposed a moratorium on the approval of nonemergency building and leasing proposals of the General Services Administration. That action was the outgrowth of years of frustration in trying to carry out a public buildings program without the guides of a clear and concise policy and with an agency whose performance was uneven. It had been 20 years since the Congress addressed the total public buildings program. There had been many changes in Government since then, and we had learned much about how buildings operations should be performed.

An earlier version of the legislation we offer today was introduced in December 1979, following 9 months of committee hearings and staff meetings with private real estate, construction, and design experts. After more hearings, the committee ordered that bill (S. 2080) reported by unanimous vote in March 1980. The Senate passed the bill by the overwhelming majority of 71 to 8.

Mr. President, the bill passed by the Senate died in conference last December. This measure which we bring to the Senate today is very similar to that adopted in this Chamber nearly 11 months ago.

The public buildings program of this country has been ephemeral and unstructured from its beginning. From the first Congress until early this century, the Federal buildings were authorized by location and cost in separate legislation. From 1902 to 1959, omnibus bills were passed sporadically authorizing building construction in certain locations. The first major attempt to codify a buildings program was in the Public Buildings Act of 1959.

That act provided for the authorization of building construction through resolutions adopted by both the Senate

Committee on Environment and Public Works and the House Committee on Public Works and Transportation. GSA was required to submit to the committees prospectuses describing the need for construction, repair, or alteration of public buildings, if the estimated cost for such work was in excess of $500,000. In 1972, the act was amended to require prospectuses and subsequent committee approval of new leasings or lease renewals of $500,000 or more.

In the more than 20 years since this procedure was adopted, it has proven both inadequate and ineffective. Prospectuses are submitted to the committee in a haphazard manner. Some of them require immediate action. Their content does not provide enough information to properly inform the committee of the details of the projects. Committee approval of such projects is in effect a blank check to GSA to carry out a project about which little detail is known. Projects are authorized with no clear indication of whether there will be appropriations to undertake them.

GSA appears to have no system of long-range planning, overall program priorities, or control over the substance or timing of prospectus submissions.

These considerations 2 years ago prompted the Committee on Environment and Public Works to declare a moratorium on further authorizations of nonemergency public building projects, pending committee review of the program and the development of comprehensive remedial legislation. This was the first in-depth investigation of the program in 20 years.

Mr. President, S. 533 is the result of more than 2 years of committee deliberations. Extensive hearings were held. Members of the committee and its staff held lengthy meetings with executive branch officials and experts from the private sector.

S. 533, as reported, constitutes a major reformation and reorganization of the public buildings program of the General Services Administration. The bill requires, for the first time in the history of the Federal Government's building program, continual long-range planning. It provides Congress with systematic annual procedures for authorizing and overseeing the operation of the program. It establishes policies and priorities to be followed in locating Federal offices.

The existing unsatisfactory prospectus system is eliminated. Instead of sporadic submission of individual prospectuses, the bill requires the General Services Administration to submit to the Congress, on an annual basis, a program for the next succeeding fiscal year and a 5-year plan projecting the public buildings needs of the Nation. The annual report is to include a thorough evaluation of needs and plans for the coming year, as well as a priority listing of building construction, acquisition, renovation, new leases, and lease renewals. A listing is also required of all public buildings proposed to be vacated, exchanged, or disposed of by GSA.

Following submission of the annual report, the Committee on Environment and Public Works will develop a bill authorizing all approved building projects, regardless of cost. This will give the committee oversight of the entire buildings program, including the smaller projects over which no congressional control was previously exercised. Lump-sum authorizations will be provided for minor projects, and major projects will be authorized for appropriations only after preliminary planning and design have been completed. No appropriation can be made by the Congress or obligated by the GSA administrator without authorization in an annual bill.

S. 533 also addresses the growing problem of Federal leasing versus construction. From fiscal years 1966 to 1979, there was no appreciable increase in the amount of federally-owned office space, while leased space increased by more than 100 percent. Annual lease payments by GSA in that period increased from $131 million to $520 million. At its current pace, the annual rental budget will exceed $1 billion within the next 3 years. As it is, lease payments in fiscal year 1980 accounted for over 39 percent of the Public Buildings Service budget, while construction funds constitute just over 1 percent of that budget.

Mr. President, this is false economy. Leasing has an immediate budgetary advantage in any one year of requiring a fraction of the outlay required to construct or purchase a building. But when one compares construction expenditures to leasing costs over a period equivalent to the expected life of a Federal building, construction is far more cost-effective.

As reported by the committee, S. 533 requires GSA to diminish the size of its leased inventory, which now houses 48 percent of GSA-controlled Federal employees. The bill requires that, within 10 years of passage, 60 percent of Federal employees under the act be located in Government-owned space.

The legislation expresses the committee's intent that leasing should only be utilized when Federal space needs cannot otherwise be met in Government-owned space. This will hold down Federal costs in the future.

Mr. President, the bill reported by the committee contains very few features that were not a part of last year's measure. One of these is section 308 which incorporates a proposal I made when legislation was considered by the Senate last year. Over the years there has been the practice to name Federal facilities for individuals in recognition of their achievements. Section 308 would authorize the Administrator of GSA to carry this practice further so that we can provide living memorials for those individuals so honored. I believe that if an individual's achievements are significant enough to have his or her name placed on a building then they are worthy of substantially more than that. Section 308 provides for local initiative in creating living memorials through persons for whom buildings are named. The Administrator may contribute up to $10,000 in matching funds to those amounts raised locally. It is envisioned that the type of memorial will be determined by local citizens and can include fountains, gardens, walks, stained glass windows or other suitable works of art in or adjacent to the building.

Mr. President, I believe this to a suitable and proper way to honor those individuals who made contributions to our Nation and communities.

Title VI of the bill is intended to improve the quality and design of Federal buildings. Currently, nearly all of the design work of GSA is carried out by privately employed architects and engineers. GSA staff is not actively involved in actual design. Section 601 requires the Administrator of GSA to designate a certain number of construction and renovation projects to be designed by in-house staff. The agency has indicated they could handle up to 20 percent of such work on an annual basis.

In addition, title VI requires design competitions to be held with respect to a substantial portion of the remaining construction and renovation projects. This is intended to produce a higher quality of Federal architecture than has been the case for many years.

In closing, Mr. President, I commend the members of the Committee on Environment and Public Works, who worked hard for over 2 years in the development of this legislation. While all members took active part in its consideration, special mention must be made of the efforts of Senator DANIEL PATRICK MOYNIHAN who has primary responsibility for buildings matters for the minority on our committee. He and Senator ROBERT STAFFORD, our chairman, devoted much time, effort, and imagination to this measure. Their contributions have helped in a significant manner to make this truly one of the most carefully developed and important bills to come before the Senate this year. I thank them and all other members of the committee.

Mr. President, I urge the Senate overwhelmingly to adopt S. 533.

Mr. GLENN. I thank the distinguished Senator for yielding.

Mr. President, the amendments offered by Senators STAFFORD, RANDOLPH, and MOYNIHAN to S. 533, the Public Buildings Act of 1981, have my support and I wish to thank the Senators and the members of the Committee on the Environment and Public Works for their long and hard efforts on this legislation.

I view these amendments as a major improvement in S. 533, and I believe that they lay the groundwork for a much improved and effective process for the Federal Government to determine how best to house its employees.

I have long been concerned with the presumption that increased Federal construction of office space would result in

savings to the taxpayer and with the provisions of S. 533 and its predecessors which translated this presumption into Federal policy. It was this concern which led me to propose an amendment to last year's committee bill which would have much the same effect as those offered by the Senators today.

These amendments eliminate the requirement that the General Services Administration insure that specified percentages of Federal employees be housed in public buildings by specific dates, and would provide for a case-by-case review by GSA to determine whether construction or leasing would be the least expensive method of providing space for Federal employees.

I believe that it serves the taxpayer and the economy best to allow the private sector to compete with Federal construction for the opportunity of providing office space for Federal employees at the lowest cost. In some instances, leasing will result in the lowest cost of providing office space because of the capacity of the private sector to provide equivalent space at a lower cost than Federal construction.

Federally constructed space is often more expensive than private leased space for a number of reasons. In the only existing study of comparative construction costs it was determined that the average cost of federally constructed office buildings exceeds the average cost of comparable, privately constructed office buildings by up to 55 percent.

This study, "Cost and Performance Study: A Comparison of Federally and Privately Constructed Office Buildings," was completed by Hanscomb Associates for GSA in July 1976, and it attributed the increased costs to several factors: Documentation and reporting requirements, procurement policies and standards, complex and protracted selection of design consultants, labor standards and other statutory requirements.

The most important factor cited in the study is the lack of effective cost-control incentives or procedures in Federal construction. The private developer has an important incentive that acts as a powerful force in controlling and reducing costs: the desire to make a profit.

In the public sector, there is only a desire to supply space and to maintain an appropriate image.

By the same token, there will be instances where Federal construction makes more economic sense than private leasing. It is for this reason that I support a balanced program of providing space for public employees which includes both construction and leasing. I believe that the amendments offered today which provide for a case-by-case determination of whether leasing or building produces space for the Government at the lowest cost to the taxpayer are a major improvement in S. 533, and lay the groundwork for such a balanced program of leasing and construction.

But I must say, Mr. President, that I remain skeptical about the cost savings estimate contained in the committee report because it assumes that only 13.3 million square feet of usable space would be needed to meet the target originally proposed by the bill.

This is considerably less space per employee than it has been the General Services Administration's practice to provide heretofore. And the estimate uses a cost of $120 per occupiable square foot as its 1981 baseline for Federal construction costs. Again, past practice would indicate that this figure is low.

Indeed, the average cost of all the buildings proposed by the GSA management plan for the period from fiscal year 1981 through 1987 was about $165 per square foot, if you leave out the courthouses that were included in that proposal and which are, admittedly, of more monumental nature.

On balance, however, the amendments offered by Senators STAFFORD, MOYNIHAN, and RANDOLPH have addressed my concerns that GSA decisionmaking processes in this important function be improved, that Federal office buildings be functional, and that the taxpayers' interest be guarded.

With the adoption of these amendments, I intend to support the bill and thank the members of the committee for offering these improvements.

I thank the Senator for yielding the floor for this brief statement. I thank him very much.

The PRESIDING OFFICER (Mr. STEVENS). The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, I respond to the distinguished Senator from Ohio that if ours is a better bill this year, and we like to think that it is, it is very much owing to the degree and the amiable rigor with which he pressed us with respect to our ideas, and that is what a deliberative body is about.

Mr. GLENN. I thank the Senator.

Mr. MOYNIHAN. I could not more agree with what he has said, that these are choices to be made. But they should be made in the terms of the long-run interests of Government, not in terms of what will the next budget look like, because we mean to be here more than the next fiscal year. We have been around for a long time. We hope to stay around for a long time. It is also to be noted that in the long history of the world I think it can be argued that civilizations are more remembered for their Government buildings than for anything else.

If one asks what one does when he travels abroad as a young person, one goes to look at one Government building after another.

I hope we are not to be remembered for those produced in the last 20 years either by the Senate or the House of Representatives or the GSA.

But I thank the Senator very much.

Mr. GLENN. I thank the Senator.

Mr. STAFFORD. Mr. President, I move that the committee amendments be adopted en bloc, and I ask unanimous consent that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Ohio.

UP AMENDMENT NO. 67

(Purpose: To clarify certain cost-saving provisions and for other purposes)

Mr. STAFFORD. Mr. President, I send an unprinted amendment to the desk for myself, Mr. MOYNIHAN, and Mr. RANDOLPH, and ask that it be stated and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) for himself, Mr. MOYNIHAN, and Mr. RANDOLPH, proposes an unprinted amendment numbered 67.

Mr. STAFFORD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with as I shall explain it.

The PRESIDING OFFICER (Mr. GRASSLEY). Without objection, it is so ordered.

The amendment is as follows:

On page 10, beginning on line 9, strike out all through page 11, line 5, and renumber the succeeding sections accordingly.

On page 12, after line 3, insert the following new paragraph and renumber the succeeding paragraphs accordingly:

"(6) The term 'geographical area' means an area encompassing a population of no less than one million persons, except that in the case of a State or territory having a population of less than one million persons, it means the State or territory.".

On page 16, after line 17, insert the following new paragraph and renumber the succeeding paragraphs accordingly:

"(1) the costs, including relocation and operating costs, of proposed locations;".

On page 18, line 15, strike out the period and insert in lieu thereof the following: ", unless such leasing would not prove feasible and prudent compared with the cost and with the potential for the conservation of energy of leasing at another location.".

On page 18, line 18, strike out the hyphen and insert in lieu thereof the following: "and by anticipated cost savings—".

On page 20, strike out all on lines 21 through 24 and insert in lieu thereof the following:

"SEC. 302. Except as provided in section 303, public buildings shall be of such design and construction as to approximate the costs, durability, and ratio of net usable space to gross space of commercial buildings that serve similar purposes. In any case in which the Administrator, pursuant to section 801 of this Act, requests authorization for appropriations for a public building that would exceed the cost, durability, or space standards of this section, he shall explain the amount and cause of such excess in the list required pursuant to section 801(a)(2).".

On page 21, line 21, strike out all after "that," and insert in lieu thereof the following: "to the extent possible, and consistent with minimizing costs, such".

On page 22, strike out all on lines 3 through 7, and insert in lieu thereof the following:

"(4) provide parking space for Government motor vehicles and handicapped employees as necessary, and such other parking space for visitors and employee vehicles as is consistent with a general policy of transportation efficiency and energy conservation; and".

On page 22, line 19, strike out "may" and insert in lieu thereof "shall."

On page 22, strike out all on lines 21 through 24, and insert in lieu thereof the following:

"SEC. 305. The Administrator shall provide sheltered and secure locations and equipment for parking bicycles, and may provide suitable support facilities, at each new public building as necessary to facilitate bicycle use by employees and visitors. He shall provide similar bicycle parking and facilities at existing public buildings and leased buildings where he determines bicycle use is, or may become of sufficient magnitude to warrant the expenditure required.".

On page 31, line 10, strike out "the highest level of permanent".

On page 32, strike out all on lines 4 through 9 and insert in lieu thereof the following:

"(A) shall be determined by the Administrator in light of the market for such activities or the need and potential for promoting commercial or cultural activity in the vicinity of the building or serving the employees and visitors in the building; and".

On page 36, line 8, insert a period after "buildings" and, on lines 8 and 9, strike out" or temporarily installed in leased buildings.".

On page 36, line 23 and page 38, lines 4 and 5, strike out "or leased".

On page 37, line 15, insert a period after "buildings" and, on lines 15 through 17, strike out ", and one-twentieth of 1 per centum of the sums available for the lease of buildings.".

On page 41, line 16, strike out "primarily"; on line 20, strike out "tem-orary"; on line 20, strike out "conditions" and insert in lieu thereof "considerations".

On page 41, beginning on line 23, strike out all through page 42, line 22, and insert in lieu thereof the following:

"SEC. 702. (a) In recommending projects and actions to accommodate the public building needs of the United States in accordance with section 801 of this Act, the Administrator shall provide realistic comparisons of the long-term costs and benefits of construction, acquisition, and leasing. Such comparisons shall consider, as necessary, assumptions of present and future inflation, interest rates, and operating and other expenses of the various alternatives. In any case in which the Administrator recommends a project or action other than that for which the long-term costs are lowest, he shall explain the basis for his alternative recommendation.

(b) Within nine months of the date of enactment of this Act, the Director of the Office of Management and Budget and the Administrator shall jointly submit to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives a report detailing methods to be used in formulating the long-term comparisons of costs and benefits required pursuant to this section. The report may be prepared in cooperation with experts from private industry and shall include a comparison of the methods proposed with those used in private industry.

(c)(1) It is the sense of the Congress that long-term economies would be effected by assuring that, within ten years of the date of enactment of this Act, no fewer than 60 per centum of the officers and employees of the Government whose offices are provided under this Act have principal offices in public buildings.

(2) To the extent possible, the percentages of officers and employees of the government provided offices in leased space and public building space shall be achieved uniformly throughout the Nation: *Provided,* That, in attempting to achieve this uniformity the Administrator shall take into account comparative local vacancy and rental rates for office space, and other market conditions and program considerations in such manner as to maximize the economic benefit to the Federal Government and to localities throughout the Nation.".

On page 43, line 10 strike out "; and" and insert in lieu thereof: ", unless the Administrator provides the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives an explanation of his reasons for not securing such an option; and".

On page 43, beginning on line 13, strike out all through page 44, line 2.

On page 44, line 3, strike out "No" and insert in lieu thereof:

"It is the policy of the United States not to lease space to accommodate, and no additional",

On page 46, line 18, after "costs" insert "that would be required"; on line 19, strike out "702" and insert in lieu thereof "702 (c)".

On page 48, line 10, strike out "an appropriation" and insert in lieu thereof "the authority to enter into contracts".

On page 48, line 11, after "term" insert "in such amounts as are specified in annual appropriations acts and", on line 12, strike out "an appropriation" and insert in lieu thereof "lease".

On page 49, line 8, strike out the period and insert in lieu thereof a semi-colon; after line 8, insert the following new paragraphs:

"(C) $2,385,000 for acquisition of sites for public buildings, including site investigation and relocation costs; and

(D) $689,000 for preliminary design of public buildings.".

On page 50, line 5, strike out "and"; on line 8, strike out the period and insert in lieu thereof ", and"; after line 8, insert the following new paragraph:

"(E) $1,740,000 for preliminary design of renovation, alteration, and repair projects.".

On page 50, on lines 11 and 15, before "for" insert "to enter into contracts".

On page 50, beginning on line 22, strike out all through page 51, line 6, and renumber the succeeding paragraphs accordingly.

On page 53, beginning on line 15, strike out all through page 55, line 17, and renumber the succeeding title accordingly.

Mr. STAFFORD. Mr. President, this is the amendment that was discussed at some length a few minutes ago by the distinguished Senator from Ohio (Mr. GLENN).

The amendment that I have offered for Senator MOYNIHAN, Senator RANDOLPH, and myself, strikes section 702(1) which mandates that within 10 years 60 percent of Federal employees housed in GSA-controlled space shall be located in Government-owned space. In its place, language is added stating that it is the sense of the Congress that long-term economies would be effected by assuring that, within 10 years, no fewer than 60 percent of employees in GSA-housed space be located in Government-owned facilities.

The amendment also provides that decisions on individual projects and actions to construct or lease be based upon cost effectiveness, and in any case in which GSA recommends a project or action other than that for which the long-term costs are lowest, they shall explain to Congress the basis for the alternative recommendations.

Each project would be presented to Congress with the alternative costs of each option—construction, lease, or acquisition—explicitly documented. To be included in such alternative costs are realistic comparisons of the long-term costs and benefits of construction, acquisition, and leasing. Such comparisons are to include assumptions of present and future inflation, interest rates, and operating and other expenses of the various alternatives.

Finally, the amendment directs that within 9 months of the date of enactment, the Director of the Office of Management and Budget and the Administrator of GSA shall jointly submit to Congress a report detailing methods used in formulating the long-term comparisons and costs and benefits used in this analysis.

The second major change made in the bill by the amendment would strike sections 902 and 903, providing authority for GSA to borrow construction funds directly from the Treasury.

While it is fully agreed that this borrowing mechanism is "on budget," subject to appropriations as well as authorizations, and fully controllable by the administration and Congress, it does not fit within the new administration's plan to reduce direct borrowing of all agencies from the Treasury.

The remaining amendments would essentially add cost effectiveness language in a number of provisions of the bill in order to clarify and make more explicit the original intent of the legislation.

Mr. President, except for technical modifications this amendment is identical to the printed amendment No. 39 which I introduced with Senator MOYNIHAN and Senator RANDOLPH on April 30. I am glad that the administration supports enactment of the bill. I am very pleased to offer it and I strongly recommend it to all my colleagues. I hope very much that it will be unanimously adopted.

Mr. MOYNIHAN. Mr. President, I associate myself wholly with the remarks of our chairman, and I know that he will agree with me with respect to two things:

First is with respect to the report that is jointly to be submitted by the Office of Management and Budget and the Administrator of GSA on the comparison of these respective approaches. We expect a rigorous effort. The OMB for trans-

parently temporary purposes from year to year has been avoiding this issue, and this is a statute that says this comes to an end; what Sentaor STAFFORD has asked for is to become law.

Second is the language that it is the sense of the Congress that long-term economies would be effected by assuring that, within 10 years of the date of enactment of this act, no fewer than 60 percent of the officers and employees of the Government whose offices are provided under this act have principal offices in public buildings.

That is the sense of the Congress. That is not a backing away from our purposes.

That is what we propose to bring about through the annual authorization and appropriations process and the annual program submitted to us.

We want to see from the GSA an annual program that takes us to this goal. We are prepared to say let managers manage and not put into law a fixed number, but we put into law a clear goal that we expect managers, carrying out their functions, will achieve.

It is not our purpose to say, "You don't have to do it." It is our purpose to say, "You do have to do it but do it your way," which is, after all, why we have managers. We are not here hostile to managers in the executive branch. To the contrary, we hope to give them a technique and an institutional setting that make effective management possible.

One of the things we learned, did we not, Mr. Chairman, in the course of 3 years of inquiry, is how transient management is in this field. I mean, a tenure of about 11 to 13 months managing a program that we can scarcely come to understand, does not promote effective management. The Senator would agree with me on that, I know.

Mr. STAFFORD. I would say, Mr. President, I agree completely.

I have seen six or seven frustrated managers of GSA come and go in the past 10 years. That is quite a problem.

I would also point out, agreeing with everything you said, Senator MOYNIHAN, that in addition to a year's actual programing we hope and expect GSA to give us a 5-year advance look at what they want to do——

Mr. MOYNIHAN. Right.

Mr. STAFFORD (continuing). So that we not only have a year's actual planning in front of us to work on, but we know where, how, and when GSA wants to proceed fairly well over the 4 years beyond that.

Mr. MOYNIHAN. And section 702(c)(1) states where the Congress expects us to be 10 years hence.

Mr. STAFFORD. That is right.

Mr. MOYNIHAN. We respect those managers. We want to help them, but we also write the laws, and this is becoming part of the law now.

Mr. STAFFORD. I could not agree more with my distinguished friend.

Mr. President, if there are no more speakers on this amendment, I move the adoption of the amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (UP No. 67) was agreed to.

UP AMENDMENT NO. 68

(Purpose: to amend section 802(b) and to make related conforming amendments)

Mr. STAFFORD. Mr. President, I send an unprinted amendment to the desk and ask that it be stated and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) proposes an unprinted amendment numbered 63:

On page 48, line 9, strike out "No" and insert in lieu thereof "Beginning in fiscal year 1983, no"; on line 16, strike out "$2,810,310,000" and insert in lieu thereof "$1,822,710,000".

On page 50, line 9, strike out "$1,700,300,000" and insert in lieu thereof "$721,700,000"; on line 10 strike out "as follows" and insert in lieu thereof "for"; on line 11, strike out "$640,400,000"; on line 15, strike out "$377,600,000"; on line 19 strike out "$691,300,000"; and in subparagraphs (A) and (B) strike out ", over the entire term of each lease or renewal,".

Mr. STAFFORD. Mr President, the present GSA budget and accounting system reports only the current year's outlay for a lease. For example, GSA may enter into leases for 1 to 20 years. But the budget reflects only the 1-year outlay cost of a contractual commitment of the Government that can be up to 20 times the amount shown in the budget. This unreported commitment or contract becomes in effect, an uncontrollable item in future budgets.

The committee found that the unaccounted obligation which will be required to liquidate existing GSA leases presently exceeds $2.3 billion, and is rapidly growing. In fiscal year 1982, GSA estimates that it will enter into new lease agreements which will commit the Government to total outlays exceeding $1 billion. Yet the budget contains a request for less than $40 million to fund the leases during 1982.

The bill would establish the principle that the budget reflect the total commitment of the Government in the year in which it is made. This concept of full funding is carried out throughout the bill and the committee believes it is a major reform to bring future expenditures under control and to provide proper congressional and executive oversight of the GSA leasing program.

I understand that the administration endorses this provision of the bill and that the Budget Committee also supports it.

Essentially, it is a bookkeeping and accounting mechanism. However, it raises the significant transitional problem of going from the old way of budget accounting to the new. For fiscal year 1982 the President's budget has, of course, already been submitted to the Congress using the old system. The Budget Committee also has not reflected the change.

Therefore, my amendment would require that full funding of leases begin in fiscal year 1983 instead of 1982, and it makes conforming technical changes. This postponement will enable the change to be reflected in the President's budget submitted next January and will provide synchronization among the authorizing and Appropriations Committees and the Budget Committee.

Mr. DOMENICI. Mr. President, the Senator from Vermont has offered an amendment to delay until fiscal year 1983 the effective date of the requirement in S. 533 that the Congress fully fund GSA leasing activities in the first year the obligations are incurred. I would like to say a few words on behalf of this full-funding method of budgeting and indicate my support for the Senator's amendment, which is necessary to make the bill consistent with the first budget resolution for fiscal year 1982 the Senate will consider tomorrow.

At present, annual appropriations for GSA leases reflect only the expected level of obligations for the first year. This practice understates by a factor of 10 the impact of GSA leases and has distorted past congressional decisions away from public buildings construction toward leasing, which is more costly in the long run. S. 533 would remove this distortion of budgetary decisions by requiring that the Congress fully fund GSA leasing activities. The Budget Committee supports this change as sound budgetary practice. When the Federal Government enters into long-term contracts, the full costs of those contracts should be shown as budget authority in the first year the obligations are incurred.

The amendment by the Senator from Vermont, which would delay the effective date of the full-funding requirement to fiscal year 1983, is necessary to conform with the first budget resolution for fiscal year 1982. The Budget Committee did not have prior notice that the Environment and Public Works Committee intended to make such a change in the accounting of GSA leasing in fiscal year 1982, and the first resolution totals for fiscal year 1982 do not assume the additional budget authority needed. Thus, if S. 533 is enacted as reported, the Appropriations Committee will be forced to appropriate an additional $1 billion to fully fund GSA leasing that was not assumed in the first resolution and to find offsetting savings elsewhere to stay within its crosswalk allocations.

The amendment by the Senator from Vermont will give the President an opportunity to implement the full-funding requirement for GSA leasing in his fiscal year 1983 budget, and this improvement in budgetary practice will be achieved. At the same time, S. 533 will be made consistent with the first budget resolution, which incorporates the President's fiscal year 1982 budget recommendation for GSA. I urge the Senators to support the amendment.

Mr. MOYNIHAN. Mr. President, it would be superfluous for me to add to the statement of the chairman. This is a sound amendment, and I appreciate particularly the effort of the chairman of the Budget Committee to associate himself with our efforts, which he has not been able to do with every committee in this body; is that correct?

Mr. STAFFORD. That is right.

If there are no further speakers on this amendment I move its adoption.

The PRESIDING OFFICER. Is there further debate by any Member? If not, the question is on agreeing to the amendment.

The amendment (UP No. 68) was agreed to.

Mr. STAFFORD. Mr. President, I am very pleased that the Senator from Minnesota (Mr. DURENBERGER) has requested that he be made a cosponsor of S. 533. I ask unanimous consent that his name may be added as a cosponsor thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 69

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes an unprinted amendment numbered 69.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the Chair.

The amendment is as follows:

On page 9, line 24, insert "(a)" after the section number, and on page 10, after line 5, insert the following new subsection:

"(b) The Administrator may conduct research and post-occupancy evaluation to determine and improve the effectiveness of existing and planned public buildings in providing productive, safe, healthful, economical, conveniently located, energy efficient, and architecturally distinguished accommodations for Federal agency offices.".

Mr. MOYNIHAN. Mr. President, the amendment I offer would authorize the General Services Administration to conduct research aimed at improving the public buildings program. This amendment would place in law an authority which has only been implicit in existing law. I understand the administration has no objection to this amendment.

One of the explanations often advanced for the poor productivity of the American economy is the paucity of effort devoted to research. The point is particularly well made with respect to our white collar work force. The General Services Administration, which provides working quarters for nearly 1 million Federal employees, has done little research into the relationship between the design and operation of that workspace and the productivity of those employees.

In a recent report (PAD 81-19, February 26, 1981) comparing the performance of four Federal construction agencies, including GSA, the General Accounting Office reported that only two performed follow-up studies (so-called post-occupancy evaluations) to see if completed projects accomplished their objectives. GAO commented that these evaluations allow an agency to "determine if the project meets its objectives, if it works as originally planned, if it performs well, and if the design and standards are adequate." GSA was one of the two agencies that did not evaluate its completed projects.

Investments in research should also yield benefits in the design and operation of energy-saving components in public buildings. This year, the GSA plans to spend a total of around $100,000 on building research, all of it devoted to studies of potential energy-saving design and construction measures. If it proves successful, this research should be expanded.

In carrying out its research under the provision I propose, the GSA should consult with other Federal agencies, notably the Center for Building Technology at the National Bureau of Standards, which is engaged in general building research. Under its general authorities, the GSA may contract with private and public universities and organizations to the same end.

This amendment does not establish, and is not intended to establish a major new functional responsibility in the GSA. It is another way of placing the public buildings program in a position to plan intelligently for future needs, to enhance the productivity of the Federal work force, and to increase the efficiency of Federal buildings.

This is an amendment which would authorize the administrator of the General Services Administration to carry out research into the question of how the public buildings program is working. There is a curious absence in our Government—we tend to put up the buildings and then leave them to their fate, such as it may be, and learn nothing from the process. This is not the way modern management should conduct itself, and we hope it will be accordingly changed.

Mr. STAFFORD. Mr. President, I am very glad to join Senator MOYNIHAN in supporting this amendment, and I urge the Senate to adopt it.

Mr. MOYNIHAN. I thank my friend, and I move the adoption of the amendment.

The PRESIDING OFFICER. Is there any further debate? If not, the question is on agreeing to the amendment.

The amendment (UP No. 69) was agreed to.

UP AMENDMENT NO. 70

(Purpose: Technical amendments)

Mr. STAFFORD. Mr. President, I send to the desk an unprinted amendment and ask that it be stated and considered.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD), for himself and Mr. MOYNIHAN, proposes an unprinted amendment numbered 70.

Mr. STAFFORD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered,

The amendment is as follows:

On page 5, line 8, strike out "803" and insert in lieu thereof "804".

On page 21, line 5, strike out "region or".

On page 39, line 19, strike out the hyphen and insert in lieu thereof "particularly—"; on line 20, strike out "any renovation project" and insert in lieu thereof "renovation projects"; on line 21, strike out "a building" and insert in lieu thereof "buildings"; on line 23, strike out "any construction project for a building" and insert in lieu thereof "construction projects for buildings"; on page 40, line 2, following the semicolon add "and"; on line 3, strike out "any project" and insert in lieu thereof "projects".

On page 47, on lines 10 and 11, strike out "sections 202, 204, and titles III and IV" and insert in lieu thereof "titles II and III".

On page 49, in the list following line 3, strike out "Maine, Houston," and insert in lieu thereof "Maine, Houlton,"; in the list following line 13, after "Illinois, Chicago," strike out "Everette Dirksen FB" and insert in lieu thereof "Everett McKinley Dirksen FB"; after "Virginia, Charlottesville" add ", FEI"; after "Virginia, Franconia" add ", A"; after "Washington, Seattle" add ", CT".

Mr. STAFFORD. Mr. President, this amendment is clearly a series of small technical amendments to correct certain technical difficulties in the printing of the bill, some verbiage, some of the punctuation. There are no amendments of substance in it.

If there be no other speakers, I move the amendment be adopted.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (UP No. 70) was agreed to.

THE HOUSTON BUILDING

Mr. BENTSEN. During consideration of this bill in committee, the need for a new Federal building in Houston, Tex., was identified and specifically noted in the committee report (page 81). I would now ask if the distinguished Senator from Vermont would discuss this item in more detail.

Mr. STAFFORD. I would be pleased to discuss the Houston building issue with the Senator from Texas.

Mr. BENTSEN. As my colleague knows, no existing Government-owned facility in Houston can accommodate Federal agency space requirements for new or expansion space. New demands on space are aggravating the problem. For example, the omnibus courts bill requires an additional 61,000 square feet to address the needs of new judges and courtrooms. In addition, Houston's tight rental market has resulted in a shortage of lease space and escalating rental rates. A backlog of approximately 80,000 square feet of outstanding agency space requests exists due to the lack of Government-owned and lease space. Currently, GSA is on the market in Houston on 38 different leasing actions.

In the committee report on this bill, the committee encouraged GSA to carry out the necessary work to include the Houston project in an annual authorization for preliminary design as soon as possible. My understanding of the committee's directive to GSA on this matter is that GSA should include funds for

site acquisition, planning, and preliminary design in its plan for fiscal year 1983 and shall act expeditiously and with priority in developing the design for the Houston building and bringing the proposal to the Congress for construction authorization and appropriation.

Mr. STAFFORD. The Senator's understanding is correct.

Mr. DECONCINI. Mr. President, I wish to compliment the chairman, the ranking member, and the Environment and Public Works Committee for the fine job they have done on S. 533 that is before us today. I am prepared to support almost all the judgments that the committee has reached in this particular matter.

I understand the administration's efforts to attempt to make some substantial reductions. I think my record here on this floor on the reconciliation resolution demonstrated that I was prepared to bite or swallow those bullets that are tough to do.

But I think commonsense demands that we look at the feasibility of any project; that we look at how long certain projects have been laying around and what it is going to cost ultimately when the project is going to have to be constructed and put into the law; and that when you are talking about $2.8 billion, an item in the neighborhood of $6.8 million is relatively small in the new construction area. The six items that are listed here that are for construction, totaling $27.6 million, certainly are not an appetite that is going to cause the administration's budget to find itself criticized as not within their game plan to attempt to reduce Federal construction.

I do not want to make any disparaging remarks about border stations, because that is exactly what I would like to speak about this afternoon. But I note that they do have a border station in for California for $13.316 million. They also have one in for Maine for $3.75 million.

In Arizona, the southern part of Arizona, the southwest part of Arizona, we have a border that I have visited on occasion. My distinguished colleague from Arizona knows that part of the State and all of our State better than I do. Not being an expert by any means on that function of border facilities, having spent more of my time in the area of enforcement of illegal narcotics, I can tell you that this is an embarrassment, not to Arizona, but an embarrassment to this Nation, the lack of an adequate and even an average border station in San Luis.

If we delay this—and I believe that eventually this administration will come to the conclusion that this Senator has, that we must make some improvements on our border for the benefit of this country, for our relations with our neighbors to the South—if we put this off 1 more year we are talking about a cost of $7,740,000. And today we could build this station that would satisfy the needs there projected for at least 20 years and probably many more, based on projected crossings, for $6.8 million.

I am hopeful that I can be so convincing this afternoon that the chairman of the committee, realizing his commitment and realizing how hard he has worked to keep within the confines of what the administration wants, that this is not going to be a budget buster, is not going to cause any great consternation within OMB or within the White House and in fact is long overdue, because last year it was part of the continuing resolution that did pass this body and only was dropped out because of a pay controversy on raising pay and when everything was dropped, it bit the dust. Otherwise, it would be in today.

My distinguished colleague, the senior Senator from Arizona, was part of that effort to get it accomplished. The chairman of this committee was kind enough last year to pay attention to this need and to conclude, as Senator GOLDWATER and I did, last year that, yes, this was long overdue; about 5 years, as a matter of fact. At that time, Senator MOYNIHAN was managing this particular part of the bill, and he also concurred.

I say to my friend from Vermont that I really would hope that we could prevail upon him today to accept an amendment for a very modest increase when you are talking about $2.8 billion.

I am glad to yield to my distinguished colleague.

Mr. GOLDWATER. I thank my colleague.

I merely want to emphasize what he has already said. I do not believe the Members of the Senate really understand the Mexican border.

The Canadian border is a relatively easy border to understand. A lot has been done for it. Going back and forth across it is very easy.

But the little town that we are talking about where we want to see this station built has not had a building built in 50 years. And back when that building was built, San Luis was a town probably of 500 people.

In the years since World War II, it has been found that that sandy soil—and that is what we have down there. It is really a replica of the Sahara Desert. The land is at sea level and goes up maybe to 100 feet above sea level. They have discovered a way to grow citrus. So they grow a lot of citrus down around San Luis. And instead of a town of 500, it is probably in the neighborhood of 100,000 now, if they were all gathered.

This is in the northwestern part of the State of Sonora, one of the largest States in Mexico, a very agriculturally important State to the country of Mexico.

But I would call the attention of my colleagues to the fact that our Mexican border stretches nearly 2,000 miles, from the Pacific Ocean to the Gulf of Mexico, and we have very, very few stations along that entire border that are even deserving of the name of immigration or customs stations.

We have the largest city on the border in our State of Arizona, and San Luis happens to be one of the smallest and one of the least accessible. It is a place that you have to want to go to to even get there.

To patrol this entire border we have a total of eight airplanes. Mind you, there is no way to prevent the immigrant who wants to come across the border from coming across. There is no fence except for a few miles around Nogales in southern Arizona. Consequently, literally thousands and thousands of illegal people come across that border.

I happen to be one who would like to see the immigration laws changed so that we can make entrance into this country easier and legal. But until that time, I think the erection of the station at this post is most needed.

My distinguished junior colleague has mentioned about narcotics and he is probably the most expert man in the Chamber on this subject, he having pursued that all the time of his preparation in Arizona.

Mr. President, you can probably buy more marihuana and more poppies in the State of Sonora than you can in my area in the entire world. Again, it is no great effort to get it across the border. They are brought across nightly in wagons, on horseback, or muleback. We need more observation on that border, not less.

What we are asking is for $6.8 million. It is not a lot of money when you look at the entire cost of the bill. It is not a lot of money when you consider this item has been in the last two budgets that I know of, and maybe three. For reasons unknown to us, it gets dropped, I think mainly because San Luis is on the Mexican border in a rather forsaken part of that border. People here in Washington just pay no attention to it.

I know the administration is opposed to appropriating money for this particular project. As a strong supporter of the administration, I would have no hesitancy in voting for it any more than I had any hesitancy this morning in voting against a piece of Reagan administration work that I did not think was right.

I do think this is right. I think it is in the best interests of our country, in the best interests of our people, and certainly in the growing best interests of our good friends to the south, the people who live in the country of Mexico.

I would urge my good friend, the chairman of the committee, to give this serious consideration. We know that we do not have any more chance of getting this passed than a snowball would have in San Luis, where the average temperature is probably 110 degrees. We would be most happy to discuss it with him and rely on his generosity and recognized good nature, his love of fairness to probably help us saddle up and get moving.

I thank my friend and colleague.

Mr. DECONCINI. Mr. President, I thank my distinguished colleague from Arizona for his comments. He has visited in the area to which we have referred. I think his estimation of the population on the Mexican side is not out of sight at all. It is very difficult to count there because they do not have the census as we do. With the importance of the image of this Nation as it is attempting to deal with our neighbors to the south, and Mexico is a very important neighbor, to have delapidated buildings, to have one where often the sanitation often does not function, to have one where people have to stand out in 110-degree weather in

the springtime, is something that we cannot be proud of.

We have an opportunity here, as we have had in the past budget processes, to include this construction. I think it would be extremely foolish for us not to convince ourselves here this afternoon with the discussion that has been given that it is merely an Arizona project, the fact that it will be a border station in San Luis, Ariz., any more than the other border stations, whether in Maine or California.

There is the impression that these people have. As people come to legitimately pass into our country, it is a bad impression when they have to stand in the heat, when there is no air-conditioning, when the people do not want to work there, the American customs people and the INS people, because of the dilapidated conditions. When the Mexican national does finally pass through, he is likely to have anything but a good feeling for the United States.

That is not what this country is all about. We want our Mexican friends to visit the United States. We want to have a relationship that welcomes them on a legal basis. The Select Committee on Refugees has just completed a very thorough study in an attempt to find solutions so that we can have an orderly transfer of refugees and immigration into this country.

Part of that will be more enforcement for the purpose of keeping those from coming across the border who do not have the proper permits; more enforcement in this country; hopefully, more enforcement with the Republic of Mexico and other nations. We will also include a strong recommendation to have an infusion of funds in order to upgrade border stations, the education of the border patrol, and the ability of INS training to cope with problems that are often peculiar to a certain border area, a certain border region.

Here is a step that I am confident will help us be out in front of what the commission may finally be successful in getting translated into legislation. Hearings have already begun in the area of the select committee's report. They are joint hearings being conducted today and tomorrow. I will be at those hearings. I hope we do not still have to be talking about this bill tomorrow because I want to be at those hearings in order to spend the time to help improve this relationship between these two great nations.

I join with my colleague to plead to the chairman and the ranking member that consideration be given that we include this very modest amount which has been in two budgets before, as Senator Goldwater very articulately pointed out. It is nothing new. In fact, it is something that is vital for somewhat of an unknown part of Arizona bordering a great nation, a nation that we certainly need to demonstrate that we think they are important. What better way to do that than to have an adequate facility on the border?

Mr. STAFFORD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GORTON). The clerk will call the role.

The assistant legislative clerk proceeded to call the role.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 71

(Purpose: To provide for a border station in San Luis, Ariz.)

Mr. DECONCINI. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) proposes unprinted amendment numbered 71.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 48, beginning with line 14, strike out through the end of the matter following line 3 on page 49 and insert the following:

SEC. 803. (a) There is hereby authorized to be appropriated for fiscal year 1982 not to exceed in the aggregate, the amount of $2,817,176,000 from the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended, for the real property management and related activities of the Public Buildings Service of which:

(1) Not to exceed $34,486,000 shall be available for fiscal year 1982 as follows:

(A) For construction of additional major public buildings (including funds for sites and expenses) and the acquisition of major existing buildings and sites for public buildings at the following locations and at the following maximum construction and acquisition costs:

Arizona, San Luis, border station	$6,866,000
Arkansas, Little Rock, courthouse	1,177,000
California, Otay Mesa, border station	13,316,000
Illinois, East Saint Louis, courthouse	3,242,000
Maine, Houston, border station	3,750,000
Washington, Spokane, USPS acquisition	2,220,000
Wisconsin, Madison, courthouse	2,827,000

Mr. DECONCINI. Mr. President, my amendment to S. 533—the Public Buildings Act of 1981—would authorize to be appropriated out of the construction and acquisition of facilities account of the Federal Buildings Fund, $6,866,000 for the construction of the San Luis, Ariz. border station.

I appreciate the efforts again of the chairman and the ranking minority member in trying to stay within the President's revised budget request and only regret that we cannot succeed in convincing the administration at this time that we should have this particular addition.

I am cognizant of the concern our colleagues on all sides here have regarding the funding of Federal building projects in the past and the way and the mechanisms that have been used and perhaps abused—who knows.

However, in view of the tremendous importance of this project, not only to the State of Arizona, but to the Departments of Justice, Treasury, and Agriculture, and the Nation as a whole, as I explained once before, I would be remiss if I did not bring this issue to the floor today and attempt to persuade my colleagues that this project should be authorized and funded in 1982.

Let me briefly discuss why this project should be authorized and funded in 1982:

First, the President's original fiscal 1982 budget submitted in January contained the full $6,866,000 for the San Luis border station.

Second, the San Luis border station project is targeted in the General Services Administration's "Public Building Service Management Planning System, 1981–1987" for full funding in fiscal year 1982 along with the other projects that are currently contained in S. 533.

Third, the existing San Luis border station facility, located on U.S. 95, 26 miles south of Yuma is too small for the Departments of Agriculture, Justice, and Treasury to conduct efficient border inspection operations. It is located too close to the highway and border for expansion. The border is immense in that part of the State of Arizona.

Fourth, a prospectus for the project was submitted by GSA on March 11, 1980 for the San Luis project and has indicated to me that if this project is not authorized and funded in fiscal 1982, an amended prospectus at an increased funding level will have to be submitted. So there is no question that the project is needed and that delay could cost the taxpayers more money, which is of concern to all of us here, I am sure.

This project would have 42,415 occupiable square feet of space including canopies, booths, and a dock. Construction would also provide 4 primary inspection lanes, 12 covered secondary inspection lanes, a truck-maneuvering area, and 8 parking spaces—and perhaps more importantly, no additional land acquisition would be necessary, GSA has determined that the 11.87 acre site is adequate for this project.

Finally, Mr. President, you might ask where the additional funds would come from in order to fund the San Luis project, in view of the fact that the total amount authorized in S. 533 as reported is identical to the President's budget request for 1982, namely $27,620,000. GSA has informed my staff that another $80 million in unobligated carryover funds from fiscal 1981 would be available next year to cover the cost of the San Luis border station.

So, if we had authorization in S. 533, we are not really going to be concerned with having to appropriate the dollars out of the 1982 budget because there are going to be ample dollars to handle a number of projects, maybe all these projects, certainly this small project of $6.8 million.

This project is not a budget buster. It is essential to our border protection in the southwestern portion of the United States, and it is a good buy today. But it will cost more in real dollars in 1982 or 1983 whenever it will come.

Mr. President, it will have to be built. Regardless of the budget constraints that we are all trying to achieve here

and implement, it just will have to be built and it is only a matter of time.

I appreciate the chairman of the committee and the ranking minority member for their attempted effort today, and I discussed it with them.

Obviously, I am not being too convincing because I was assured that I could come to this Chamber and they would surely say "Gosh, how could we not put that in the bill."

Unfortunately, that is not how it is going to turn out today, as I can readily see. But I am hopeful that I might get some expressions of concern and willingness to help this Nation meet its obligations on the border in this particular area in the next round because this is already on the agenda and really should be in this bill.

With that, I yield the floor.

Mr. STAFFORD. Mr. President, the Senator from Vermont very much regrets that the circumstances are such at this time that it has been necessary to oppose the construction of th's border station that has been proposed by our very able and distinguished friend, Senator DECONCINI.

We recognize that it should be built. We regret that this is not the right time to fund it. The new administration in the White House under President Reagan is making every effort to hold down outlays as well as budget obligations, and the Senator from Vermont finds himself, therefore, necessarily in the position of having to oppose the Senator's amendment at this time.

It is true that there is some $80 million in reserve in the Federal buildings fund, but it is the President's concern in his attempts to curb inflation and reduce the deficit that there should be no expenditures or outlays from that reserve this year. I find that I should point that out.

I wish to say to my distinguished friend that if the pending amendment is withdrawn without vote today he has the assurance of the chairman of the committee that he will make every personal effort to get the project approved in next year's budget, and the Senator from Arizona has my personal assurance on that matter.

Mr. DECONCINI. Mr. President, if the distinguished chairman will yield, I thank the chairman, the senior Senator from Vermont, for that assurance, and indeed it is helpful because I feel that with the prestige and the statement such as that we could count on getting it in the budget.

I wish only to inquire of the chairman of the committee will that include that if it were not in the budget sent here by the administration the chairman is willing to stake his reputation to do what he could on a personal basis to insist that this project be included in the budget authorization reported from the committee?

Mr. STAFFORD. The Senator from Vermont will be glad to respond. When he says he supports the project he will irrespective of what the problem may be.

Mr. DECONCINI. I agree with that statement and naturally that is an answer for this Senator. I can assure him.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. DECONCINI. I yield.

Mr. RANDOLPH. Mr. President, I wish to join with the chairman of the committee and Senator MOYNIHAN. I know how they had hoped they might be able to help the Senator this afternoon, but I do understand the position within our committee in the structuring of this bill.

I would want to join Senator STAFFORD and Senator MOYNIHAN in saying that the Senator will have no difficulty, knowing that three of us will follow through.

Mr. DECONCINI. I want to thank the former chairman and ranking member of the committee for his comments in support of this vital matter not just to the senior Senator from Arizona and myself but to the Nation and to the Southwest. It certainly will give some heart to those people who have been waiting with bated breath for a number of years for the authorization of this project.

Mr. MOYNIHAN. Mr. President, if the Senator will be kind enough to yield, I would like to add my own personal assurances to those of the distinguished chairman and ranking member. This is a matter which our committee sees the need for, and the General Services Administration does, too.

There is a specific point which the Senator would wish to know, and that is that the two border stations we have approved in this legislation, that in San Diego, the Otay Mesa station in California, and the Houlton, Maine, border station are both required in consequence of the construction of new highways, where a highway is crossing a border now and there is no station.

Next year this measure, this provision, will be in our bill. Let us hope it will be in our bill as part of a new system of managing the public buildings of this country.

Mr. DECONCINI. I want to thank the Senator from New York, Mr. President, for his willingness to understand a part of this great Nation a long way from his constituency, the same as does the chairman, and their realization that the border station in California is important and, indeed it is, very important. I know that area, and I know how important these stations are, and that is why I have labored and we have spent the time we have here.

With that, Mr. President, I ask unanimous consent that the amendment be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. I want to thank again my colleagues here for their time and consideration of this matter.

● Mr. DOLE. Mr. President, this is the second time in as many years that the Senate has considered this legislation. It is the culmination of intense study and hard work, and supplies us with a commonsense approach for handling Federal building projects. Everyone says that the Government is out of control and operates inefficiently. Well, here is a bill that will effectively restructure what has become a troublesome and haphazard mess into a reasonable and understandable system. As a cosponsor of this bill, the Senator from Kansas strongly urges its favorable consideration.

The members of the Committee on Environment and Public Works have done an excellent job of preparing the Public Buildings Act and readying it for floor action. My distinguished colleague from Vermont (Mr. STAFFORD), has proven to be an especially able chairman, and his sincere dedication to making sense out of Federal mishmash is indicated by his leadership role in getting this measure to the floor. The Senator from New York (Mr. MOYNIHAN) is also to be commended for his work on this bill, not only in this session, but during the 96th Congress as well.

Mr. President, this session of Congress may prove to be one of the most important in our Nation's history. We are charting a new course for generations to come, and we shou'der a great responsibility. The Senator from Kansas is confident that our new course will serve us well, but we must be consistent in demanding that all aspects of Government be rational and controllable.

The Public Buildings Act is part and parcel of our new direction. Instead of randomly surprising the Public Works Committee with dozens of resolutions and prospectuses, Federal building projects can be systematically planned, and the oversight functions of the committee will be properly recognized. The annual comprehensive building plan and the 5-year projection of public buildings needs will force GSA and the Congress to establish priorities and policies in allocating the few dollars we have to spend. It is also my hope that this legislation can take politics out of the Federal construction process by packaging all of our building needs in one thoroughly considered authorization bill.

Mr. President, the Senator from Kansas joins his colleagues on the Environment and Public Works Committee in urging this body to pass this Public Buildings Act. The question before us is not "Should we approve this bill;" given the decades of abuse, waste, and confusion, this Senator would ask, "Why have we waited so long?"●

● Mr. WEICKER. Mr. President, I am pleased to support S. 533, the Public Buildings Act, which includes an authorization of $6.8 million for the renovation of the post office and courthouse building in New Haven, Conn. This structure located in the downtown area of New Haven sits on Church Street facing the Green and Yale University. Originally constructed in 1919 and later expanded in 1940, the building has been in dire need of repair for more than 10 years.

The $6.8 million authorization provided in this bill will allow for the conversion of this building for the exclusive use of the U.S. courts, U.S. attorney, and the U.S. Marshal. The major items to be provided under this project include the addition of two courtrooms, a central library, installation of a central heating, ventilating, and air-conditioning system, upgrading of the restrooms, fire and life-safety items, handicapped items, and completion of the tunnel between the

courthouse and the adjacent new Federal building.

I commend Senator STAFFORD and the members of the Environment and Public Works Committee for taking the responsible action of providing for this badly needed renovation of the New Haven courthouse building.●

● Mr. CRANSTON. Mr. President, I am delighted to rise in support of legislation authorizing the construction of a second border station at Otay-Mesa, Calif.

During the 96th Congress, I sponsored an amendment to the Public Buildings Act of 1980, S. 2080, which authorized the construction of the Otay-Mesa Border Station. Although S. 2080 was overwhelmingly approved by the Senate and, subsequently, referred to a House/Senate conference committee, the bill died when the conferees could not accommodate the various differences between the Senate and House versions of the Public Buildings Act.

Discussions between the United States and Mexico about the need for a second border crossing on the California—Baja California border have been underway for over 15 years.

San Diegans have sought a second border crossing located at Otay-Mesa in order to relieve the seriously crowded conditions at the present inspection station at San Ysidro. Yearly traffic estimates by the Immigration and Naturalization Service state that 35 million people and approximately 12 million vehicles cross the international boundary northbound through San Ysidro. The congestion at this site is so heavy that U.S. citizens visiting the neighboring border State of Baja California, have experienced more than 3-hour waits to reenter the United States.

The Mexican Government believes the second border crossing to be a crucial element in its development strategy for the Mexican border region. Implementation of major public projects has been underway since 1976, projects that are all contingent in some way on the construction of the new border gate.

Mr. President, the Otay-Mesa Border Station will be the main commercial inspection station for San Diego. As such, it will relieve San Ysidro of heavy truck traffic. It will also have primary and secondary inspection capabilities which will allow for much of the passenger vehicle traffic to be diverted from the heavily traveled port of entry at San Ysidro.

The new border gate will also facilitate trade between Mexico and the United States which, in turn, will stimulate Mexican and American private investment in the Otay Mesa area. New construction will increase employment and create the climate to induce further investment.

Mr. President, I thank Senators RANDOLPH and STAFFORD for their cooperation and assistance in this matter. Also, in light of the substantial budget cuts that the administration is proposing, I am pleased that the administration is actively supporting this project and that it has designated $13.3 million of the fiscal year 1982 budget for the construction of the Otay-Mesa border station.●

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays on the bill, as amended.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Are there any further amendments? If not, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time. The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the bill, and I ask unanimous consent that 250 copies of the bill be printed for the use of the Committee on Environment and Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Iowa (Mr. JEPSEN), and the Senator from Alaska (Mr. MURKOWSKI), are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. D'AMATO) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from New Jersey (Mr. WILLIAMS), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 93, nays 0, as follows:

[Rollcall Vote No. 90 Leg.]

YEAS—93

Abdnor	Garn	Mitchell
Andrews	Glenn	Moynihan
Armstrong	Goldwater	Nickles
Baker	Gorton	Nunn
Baucus	Grassley	Packwood
Bentsen	Hart	Pell
Boren	Hatch	Percy
Boschwitz	Hatfield	Pressler
Bradley	Hawkins	Proxmire
Bumpers	Hayakawa	Pryor
Burdick	Heflin	Quayle
Byrd, Harry F., Jr.	Heinz	Randolph
	Helms	Riegle
Byrd, Robert C.	Hollings	Roth
Cannon	Huddleston	Rudman
Chafee	Humphrey	Sarbanes
Chiles	Jackson	Sasser
Cochran	Johnston	Schmitt
Cohen	Kassebaum	Simpson
Cranston	Kasten	Specter
Danforth	Kennedy	Stafford
DeConcini	Laxalt	Stennis
Denton	Leahy	Stevens
Dixon	Levin	Symms
Dodd	Long	Thurmond
Dole	Lugar	Tower
Domenici	Mathias	Wallop
Durenberger	Matsunaga	Warner
Eagleton	Mattingly	Weicker
East	McClure	Zorinsky
Exon	Metcher	
Ford	Metzenbaum	

NOT VOTING—7

Biden	Jepsen	Williams
D'Amato	Murkowski	
Inouye	Tsongas	

So the bill, S. 533, as amended, was passed as follows:

S. 533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Buildings Act of 1981".

SEC. 2. It is hereby declared to be the policy of the Congress that the public buildings of the United States Government shall be located, designed, furnished, and maintained so as to insure the highest productivity and efficiency of Federal agencies and their employees and, further, to provide Government services throughout the United States in locations convenient to the people, to preserve and advance the Nation's legacy of architectural excellence, and to enhance commercial and cultural conditions in the vicinity of public buildings.

TITLE I—GENERAL AUTHORITIES

SEC. 101. The Administrator of General Services, acting through the Public Buildings Service, in conformance with the policies and provisions of this Act, shall have sole authority to acquire, design, construct, lease, manage, maintain, repair, renovate, and assign and reassign space in, buildings and sites to meet the public buildings needs of the Government.

SEC. 102. There is hereby established in the General Services Administration a Public Buildings Service. There shall be at the head of the Public Buildings Service a Commissioner of Public Buildings who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level IV of the Executive Schedule (5 U.S.C. 5332).

SEC. 103. There shall be within the Public Buildings Service a Supervising Architect who shall be appointed by the Administrator of General Services and shall be compensated at the rate provided for level V of the Executive Schedule (5 U.S.C. 5332). The Supervising Architect shall supervise all design activities of the Public Buildings Service and shall perform such other duties as the Commissioner of Public Buildings may designate.

SEC. 104. Any authorities described in section 101 of this Act that have been delegated by the Administrator to another Federal agency prior to the date of enactment of this Act shall be revoked and vested in the Administrator on the one-hundred-and-twentieth day after the effective date of this Act unless, prior to said day, the Administrator has delegated such authority in accordance with section 105 of this Act.

SEC. 105. Notwithstanding the provisions of section 205 of the Federal Property and Administrative Services Act of 1949, as amended, the Administrator may delegate all or a portion of his authorities under this Act to the head of another Federal agency, but only with respect to the public buildings needs of that agency.

SEC. 106. The head of any Federal agency delegated authorities pursuant to section 105 of this Act, shall exercise those authorities in conformance with the provisions of this Act; however, the head of any such agency shall not submit the report required in section 107 but shall submit the information required in section 107 to the Administrator for inclusion in his records and reports.

SEC. 107. (a) The Administrator shall submit a report to the Congress on or before February 1 of each year describing activities undertaken, directly by him, or under authorities delegated pursuant to section 105 of this Act, to meet the public buildings needs of Federal agencies in the preceding fiscal year. Such report shall include, but is not limited to—

(1) an inventory of all public buildings, including for each building its location and the amount of space and number of employees assigned to each Federal agency;

(2) an inventory of locations of Federal agency offices in leased buildings, including for each leased location its annual leasing costs, total expected leasing costs over the remaining term of the lease, and the amount of space and number of employees assigned to each Federal agency;

(3) a list of all construction and renovation projects completed and in progress and the degree of progress toward the completion of each;

(4) a list of all leases and lease renewals executed;

(5) a list of construction, acquisition, and renovation projects the cost of which have exceeded, or are expected to exceed, the maximum cost set forth in any annual authorization under this Act, whether or not such projects meet the criteria established in section 804 of this Act;

(6) a list of all delegations of authority made by the Administrator pursuant to section 105 of this Act;

(7) a report on activities undertaken pursuant to—

(A) title IV and V of this Act;

(B) section 210(a)(6) of the Federal Property and Administrative Services Act of 1949, as amended, or by transfer of funds from any Federal agency; and

(8) a discussion of achievements and problems in carrying out provisions of this Act and in meeting the public buildings needs of the Government.

(b) The Administrator shall collect and maintain such information as may be necessary to keep the Congress fully and currently informed of the conduct of the Public Buildings Service and to manage activities required under the provisions of this Act. Within one year after enactment of this Act, the Administrator shall assure that information is available on—

(1) for each public or leased building—

(A) the amount of vacant space,

(B) the amount of space leased under section 102 of the Public Buildings Cooperative Use Act of 1976, as amended,

(C) building operations costs,

(D) income derived for the Federal Buildings Fund,

(E) needed repairs and renovation,

(F) energy consumed,

(G) the extent to which it is fully accessible to physically handicapped persons in accordance with the Architectural Barriers Act of 1968, as amended,

(H) the percent of the building leased by the Government,

(I) the total amount of funds that have been expended in improvements or alterations to each leased building, and

(J) the term of any leases in effect and their expiration dates.

(2)(A) All contracts in effect for architectural, engineering, construction, maintenance, protection, research and other services, including for each the name of the contractor, the services performed, and contract term and price, and

(B) the space utilization rate for each Federal agency.

SEC. 108. (a) The Administrator shall require, prior to executing any lease or other contract which would obligate funds in excess of $10,000 authorized pursuant to this Act, a certification from the owner of the space to be leased or the contractor. Any owner or contractor who fails to complete such certification required under this subsection shall not be eligible to receive a lease or contract award. Such certification shall include, but need not be limited to, statements, declaring under penalty of law provided under section 1001 of title 18, United States Code, or elsewhere, that such owner or contractor, or any of his officers or principal employees:

(1) has no business or employment relationship or interest or holding which constitutes a conflict of interest with his capacity as a lessor or contractor with the United States;

(2) has not offered or promised anything of value to a public official with the intent to influence any official act or to induce the official to perform, or to omit to perform, any act in violation of his lawful duties or to offer or give anything of value to a public official for performing an official act;

(3) has not been debarred or suspended from the award of public contracts;

(4) has not had a public contract terminated for default;

(5) has not been convicted, within ten years prior to the date of the solicitation, of, or is not currently under indictment for or otherwise charged with:

(A) a criminal offense incident to obtaining or attempting to obtain a public (Federal, State, or municipal) or private, contract or subcontract thereunder, or in the performance of such a contract or subcontract;

(B) a violation of the Organized Crime Control Act of 1970;

(C) a violation of Federal antitrust statutes arising out of the submission of bids or proposals or;

(D) embezzlement, theft, forgery, bribery, falsification or destruction of records fraud, tax fraud, receiving stolen property, or equivalent crimes which are indicative of a lack of business integrity.

(b) The Administrator shall provide in the annual report required under section 107(a) of this Act, the name of each principal owner of each building or other space leased pursuant to section 803(3)(A) during the fiscal year covered by the report.

SEC. 109. (a) The Administrator shall keep the Congress fully and currently informed of policies and activities of the General Services Administration within the purview of this Act. In addition, he shall make available to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives on request, and in such manner as may be necessary to safeguard individual rights or the conduct of criminal investigations, any document, material, information, or report under his jurisdiction.

(b) Such reports as are required to be transmitted to appropriate committees of the Congress by the Administrator in accordance with sections 5(b) and 5(d) of Public Law 95-452 that pertain to problems, abuses, or deficiencies arising under this Act, shall be transmitted simultaneously to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives.

SEC. 110. (a) The Administrator shall be responsible for the interpretation of all contracts entered into on behalf of the United States Government to carry out the purposes of this Act, and shall be responsible for the approval of materials, workmanship, and services supplied pursuant to such contracts, approval of changes in contracts, certification of vouchers for payments due contractors, and final settlements.

(b) The Administrator may conduct research and postoccupancy evaluation to determine and improve the effectiveness of existing and planned public buildings in providing productive, safe, healthful, economical, conveniently located, energy efficient, and architecturally distinguished accommodations for Federal agency offices.

SEC. 111. Nothing in this Act shall be construed to affect the authorities granted in section 403f, 403g, or 403j of title 50, United States Code.

SEC. 112. As used in this Act—

(1) The term "Administrator" means the Administrator of General Services.

(2) The term "Federal agency" means any department or independent establishment in the executive branch of the Government, including any wholly owned Government corporation, and any establishment in the legislative or judicial branch of the Government (except the Senate, the House of Representatives, and the Architect of the Capitol and activities under his direction).

(3) The term "office" means any organizational component of a Federal agency or other public or private enterprise and also means the physical space in which the work of the component is conducted, including, but not limited to clerical offices, laboratories, warehouses, industrial plants, and garages.

(4) The term "officers and employees of the Government" means all persons included under sections 2104 and 2105 of title 5 of the United States Code.

(5) The term "locality" means a city, county, town, parish, village, or other area governed by a general purpose political subdivision of a State.

(6) The term "geographical area" means an area encompassing a population of no less than one million persons, except that in the case of a State or territory having a population of less than one million persons, it means the State or territory.

(7) The term "acquire" or "acquisition" includes purchase, payment for an option to purchase, condemnation, donation, and exchanges of real property, or interests therein, excluding leaseholds.

(8) The term "renovation" means alteration, addition, partial demolition, and other such actions that significantly enhance or change the use or architectural design of a public building.

(9) The term "historic, architectural, or cultural significance" includes, but it not limited to buildings listed or eligible to be listed on the National Register established under section 101 of the Act of October 15, 1966 (16 U.S.C. 470a).

(10) The term "physically handicapped person" means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building.

(11) The term "fully accessible" means the absence or elimination of physical and communications barriers to the ingress, egress, movement within, and use of a building by handicapped persons and the incorporation of such equipment as is necessary to provide such ingress, egress, movement, and use and, in a building of historic, architectural, or cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible.

(12) The term "public building" means any building along with its grounds, approaches, and appurtenances, owned by the United States Government or the subject of a contractual or other agreement under which it may be owned by the United States Government at some certain date in the future, that accommodates, did accommodate, or is intended to accommodate Federal agency offices, and includes, but is not limited to office buildings, courthouses, research and academic centers, border stations, garages and warehouses, and any other building or construction project the inclusion of which the President may deem to be in the public interest, but does not include buildings or installations of the United States Postal Service, except as provided for under section 2002(d) of the Postal Reorganization Act, or buildings or installations of the Tennessee Valley Authority, or buildings of the Government Printing Office, or buildings: on the public domain (including that reserved

for national forests and other purposes), on properties of the United States in foreign countries, on Indian and native Eskimo properties held in trust by the United States, on lands used in connection with Federal programs for agricultural, recreational, and conservation purposes, on or used in connection with river, harbor, flood control, reclamation or power projects, chemical manufacturing or developing projects, or for nuclear production, research, or development projects, on military installations (including any fort, post, airbase, proving ground, supply depot, school or similar facility of the Department of Defense), on Veterans' Administration installations used for hospital, nursing home, or domiciliary purposes, on or used in connection with housing and residential projects, or on the United States Capitol grounds delineated in section 193(a) of title 40, United States Code.

(13) The term "public buildings needs" means the requirements of Federal agencies for suitable space, whether or not in a Government-owned building, to accommodate offices that may be located in a public building as defined in subsection (12) of this section, and includes requirements for space in accordance with section 102 of the Public Buildings Cooperative Use Act of 1976, as amended.

(14) The term "National Capital region" has the same meaning that it bears in section 71(b) of title 40, United States Code

SEC. 113. The Public Buildings Act of 1959, as amended, is repealed.

TITLE II—LOCATIONS FOR FEDERAL AGENCY OFFICES

SEC. 201. (a) The headquarters offices of each department and major independent establishment in the executive branch shall be located within the National Capital region in conformance with the comprehensive plan prepared and adopted pursuant to the National Capital Planning Act of 1952, as amended, unless otherwise specified by Act of Congress.

(b) Regional, district, area, or local offices of Federal agencies shall be located so as to be centrally located with respect to, in proximity to, or within easy transportation access of, residential populations they serve or other governmental and private offices with which they must maintain continuing and frequent physical communication.

(c) Federal agency offices other than those that are located pursuant to subsection (a) or (b) of this section, or that otherwise must be located close to specific governmental or private offices or in specific geographic locations in order effectively to carry out their responsibilities, shall be located throughout the United States generally in proportion to the geographic distribution of the Nation's population.

SEC. 202. After conforming with section 201, the Administrator shall, in consultation with local officials, take into account the following factors in locating Federal agency offices—

(1) the costs, including relocation and operating costs, of proposed locations;

(2) in the case of any office located in a standard metropolitan statistical area, the feasibility and desirability of a location in the central business district of a city within that area;

(3) the proximity of existing or planned public transportation facilities;

(4) the proximity of public amenities and commercial facilities;

(5) the availability, nearby or within reasonable public transportation commuting distance, of existing or planned housing adequate to the needs of present and prospective Federal employees and available on a nondiscriminatory basis.

SEC. 203. In responding to the public buildings needs of Federal agencies and in planning for future such needs, the Administrator shall first comply with sections 201 and 202 and shall—

(1) review needs to determine if they can be met in whole or in part through more productive use of existing space;

(2) prior to acquiring, constructing, or leasing space in any other building, locate Federal agency offices in—

(A) existing public buildings, giving first priority to utilizing fully, by renovating if need be, those public buildings of historic, architectural, or cultural significance; and if public building space is not available, then,

(B) in buildings of historic, architectural, or cultural significance acquired by the Administrator, and renovated if need be, unless use of such space would not prove feasible and prudent, taking into account cost, expected date of occupancy, and the potential for the conservation of energy, compared with construction of a public building, and if such building space is not available, then

(C) in existing buildings acquired by the Administrator and renovated if need be, or in new buildings constructed by the Administrator under the provisions of this Act, and if such building space cannot be made available in time to meet urgent public buildings needs, then,

(D) in building space leased by the Administrator in accordance with the provisions of title VII of this Act, giving first priority to leasing space in buildings, of historic, architectural, or cultural significance, unless such leasing would not prove feasible and prudent compared with the cost and with the potential for the conservation of energy of leasing at another location.

SEC. 204. Federal agency offices in a locality may be consolidated to the extent justified by the need for immediate physical proximity and by anticipated cost savings—

(A) first, within and among the offices of a single Federal agency,

(B) second, within and among the offices of Federal agencies carrying out related functions, and

(C) third, within and among other Federal agency offices, and

generally so that resulting public buildings needs may, to the maximum extent possible, be met by using existing public buildings, by constructing or acquiring buildings similar in scale to buildings predominating or planned for their surroundings, or by acquiring two or more reasonably proximate buildings, particularly buildings of historic, architectural, or cultural significance.

SEC. 205 (a) In the event that the head of a Federal agency determines that the location assigned to any office of fifty or more employees of that agency by the Administrator would be deleterious to the efficient accomplishment of the office's responsibilities, the agency head may appeal the decision of the Administrator to the Director of the Office of Management and Budget. The Director shall review the Administrator's decision within thirty days in accordance with the provisions of this title, and shall nullify the decision only if the Director finds the Administrator's decision not reasonably supported by the facts. The Director shall report the findings of any review undertaken pursuant to this section within ten days to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives.

(b) Notwithstanding the provisions of subsection (a) of this section, in the event that the Director of the Administrative Office of the United States Courts determines that the location assigned to an office of the judicial branch by the Administrator would be deleterious to the efficient accomplishment of the office's responsibilities, the Director shall report such determination to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives.

SEC. 206. (a) Nothing in this Act shall be construed to require the relocation of any Federal agency office from its location on the date of enactment of this Act.

(b) Any action to locate or relocate any Federal agency office subsequent to the date of enactment of this Act shall be undertaken in conformance with the provisions of this Act.

TITLE III—DESIGN AND MANAGEMENT OF PUBLIC BUILDINGS

SEC. 301. The Administrator shall design and maintain public buildings in such manner that they bear visual testimony to the dignity, enterprise, vigor, and stability of the American Government, embody the finest contemporary American architectural thought, and where appropriate, reflect regional architectural traditions.

SEC. 302. Except as provided in section 303, public buildings shall be of such design and construction as to approximate the costs, durability, and ratio of net usable space to gross space of commercial buildings that serve similar purposes. In any case in which the Administrator, pursuant to section 801 of this Act, requests authorization for appropriations for a public building that would exceed the cost, durability, or space standards of this section, he shall explain the amount and cause of such excess in the list required pursuant to section 801(a)(2).

SEC. 303. Whenever the Administrator designs and constructs—

(1) a general purpose office building expected to attract significant public use in any locality that serves as a center of its geographical area, or

(2) a headquarters building for any Federal agency,

such public building shall be designed and constructed to higher standards of quality than that provided for in section 302 of this Act and such design and construction shall symbolize the dignity of the United States Government through the quality or scale of some or all of its architectural details, materials, and public areas; *Provided*, That this section shall not apply to public buildings described in clause (1) of this section whenever the Administrator determines that there already exists in the locality a public building of the quality described in this section.

SEC. 304. In the design, construction, acquisition, renovation, and management of public buildings, the Administrator shall assure that, to the extent possible, and consistent with minimizing costs, such buildings—

(1) conform to or complement the scale of existing or planned surrounding buildings;

(2) conserve energy;

(3) provide efficient and attractive interiors, including public reception areas;

(4) provide parking space for Government motor vehicles and handicapped employees as necessary, and such other parking space for visitors and employee vehicles as is consistent with a general policy of transportation efficiency and energy conservation; and

(5) contain architectural details and hardware that are an integral part of the structure or fixtures and that are designed and fabricated so as to enhance the function and appearance of the public building and to reflect regional architectural traditions or Federal agency functions. Artisans and craftsmen expert in the creative use of such materials as stone, brick, metal, wood, and stained glass may be employed to carry out the purposes of this paragraph. To the extent that items designed and fabricated pursuant to this paragraph exceed the ordinary cost of such items, funds allocated pursuant to section 503(c) of this Act shall be used to defray the additional cost.

SEC. 305. The Administrator shall provide sheltered and secure locations and equip-

ment for parking bicycles, and may provide suitable support facilities, at each new public building as necessary to facilitate bicycle use by employees and visitors. He shall provide similar bicycle parking and facilities at existing public buildings and leased buildings where he determines bicycle use is, or may become of sufficient magnitude to warrant the expenditure required.

SEC. 306. (a) Public buildings shall be maintained at all times at a high level of appearance, cleanliness, and mechanical and structural fitness so as to maintain the dignified appearance of Federal offices and the health, safety, and efficiency of Federal employees, and to minimize major repair and replacement expenditures.

(b) Each public building shall be maintained and renovated so as to promote efficient Federal agency and public use and to preserve those portions or features that are significant to the building's historic, architectural, or cultural values.

SEC. 307. (a) Nothing in this Act (except for the provisions of this section) shall affect the applicability of the provisions of the Act of August 12, 1968, as amended, commonly known and hereinafter referred to as the Architectural Barriers Act of 1968, as amended, to any building or facility.

(b) The Architectural Barriers Act of 1968 is amended—

(1) in clause (1) of the first section by striking out "constructed or altered" and inserting in lieu thereof, "constructed, altered, or acquired";

(2) in sections 2, 3, 4, and 4a, by striking out "physically handicapped persons will have ready access to, and use of, such buildings" and inserting in lieu thereof "such buildings are fully accessible to physically handicapped persons";

(3) in section 5, by inserting before the period a comma and "and any contract for all or any part of the design, construction, or alteration involved shall so provide"; and

(4) in section 6—

(A) by inserting "(a)" before "The";

(B) by inserting "(hereinafter in this section referred to as the 'standard-prescribing agency head concerned')" after "section 4a of this Act";

(C) by striking out "the Administrator or Secretary, as the case may be" and inserting in lieu thereof "the standard-prescribing agency head concerned"; and

(D) by adding a new subsection as follows:

"(b) No action may be taken under this section to modify or waive a standard issued under this Act unless—

"(1) in the case of a waiver, the waiver pertains to a building to be leased (other than a building to be constructed for lease) and the waiver is necessary to meet an emergency situation, or

"(2) in the case of a modification (A) the modification was not reasonably foreseeand (B) in the case of a building to be constructed or altered, (i) the need for such modification was not reasonably foreseeable when the design for such construction or alteration was approved, or (ii) the standard-prescribing agency head concerned determines, pursuant to regulations prescribed by such agency head, that such modification is essential to achieving the purposes of the construction or alteration."; and

(5) by inserting at the end the following new section:

"SEC. 8. As used in this Act—

"(1) the term 'physically handicapped person means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building.

"(2) the term 'fully accessible' means the absence or elimination of physical and communications barriers to the ingress, egress, movement within, and use of a building by handicapped persons and the incorporation of such equipment as is necessary to provide such ingress, egress, movement, and use and, in a building of historic, architectural, or cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible.".

SEC. 308. (a) The Administrator is authorzed, pursuant to subsection (b) of this section, and upon the request of appropriate local and State officials, to name any public building after, and establish a memorial in any public building in honor of, any person who has made notable contributions to government, science, industry, education, the arts, or other fields of human endeavor. Such person, if living, must be at least seventy years of age and, except within the National Capital Region, must be from the region of the country in which the building is located. No public building shall be named for a sitting Member of Congress or for a former Member of Congress who holds any other elective public office.

(b) The Administrator is authorized to expend, out of any funds available to him in any fiscal year, an amount equal to but no greater than contributions provided by State or local governments or private entities or individuals, and in no event greater than the sum of $10,000, for the design and construction of a memorial to a person designated pursuant to subsection (a) of this section, or designated by an Act of Congress.

(c) The Administrator, in consultation with appropriate local and State officials and other interested citizens, shall determine the form and location of such memorials. The memorials shall be fountains, gardens, walks, stained glass windows, or other building appurtenances visible and accessible to visitors, and in harmony with the architectural and landscape design of such building. The Administrator shall provide maintenance for such memorials.

(d) The Administrator may conduct a competition to select a designer for the memorial authorized by this subsection. Such competition shall be open to landscape and other architects, artists, artisans, and designers.

TITLE IV—MIXED USE AND ADAPTIVE USE IN PUBLIC BUILDINGS

SEC. 401. This title may be cited as the "Public Buildings Cooperative Use Act Amendments of 1981".

SEC. 402. (a) Section 102(a)(2) of the Public Buildings Cooperative Use Act of 1976 is amended to read as follows:

"(2) encourage the location of commercial, cultural, educational, and recreational activities as tenants primarily on major pedestrian access levels, courtyards, and rooftops of public buildings, and design, construct and lease space suitable for such activities: *Provided*, That the amount of space so leased in any public building—

"(A) shall be determined by the Administrator in light of the market for such activities or the need and potential for promoting commercial or cultural activity in the vicinity of the building or serving the employees and visitors in the building; and

"(B) shall not exceed 15 per centum of the occupiable space in the public building, except in instances where the Administrator determines that the configuration of pedestrian access levels in the building justifies the leasing of a greater amount of space;".

(b) Section 102(a)(4) of the Public Buildings Cooperative Use Act of 1976 is amended to read as follows:

"(4) encourage the public use of public buildings for occasional cultural, educational, and recreational activities and design, construct, and maintain space and equipment in public buildings suitable for such activities, including activities described in section 503(a) of the Public Buildings Act of 1981.".

SEC. 403. Section 103 of the Public Buildings Cooperative Use Act of 1976 is repealed and sections 104 and 105 are redesignated as sections 103 and 104, respectively.

SEC. 404. Section 103(a) of the Public Buildings Cooperative Use Act of 1976, as amended, and the first sentence of section 210(a)(16) of the Federal Property and Administrative Services Act of 1949 are amended to read as follows:

"(16) to enter into leases of space in public buildings, in accordance with section 102(a)(2) of the Public Buildings Cooperative Use Act of 1976, as amended, with persons, firms, or organizations engaged in commercial, cultural, educational, or recreational activities (as defined in section 104 of the Public Buildings Cooperative Use Act of 1976, as amended).".

SEC. 405. Section 104 of the Public Buildings Cooperative Use Act of 1976 as amended is amended by striking paragraph (2) and inserting in lieu thereof the following:

"(2) The terms 'public building' and 'Federal agency' have the same meaning as are given them in section 112 of the Public Buildings Act of 1981.".

TITLE V—EXHIBITIONS AND WORKS OF ART

SEC. 501. This title may be cited as the "Federal Buildings Enhancement Act of 1981".

SEC. 502. (a) The Congress hereby finds and declares that—

(1) the efficient use of Federal buildings can be increased, and public satisfaction with Federal buildings will be improved, by insuring that such buildings not only provide a congenial work environment but also function attractively for public service;

(2) Federal buildings should enrich the social, commercial, and cultural resources of the communities they serve; and

(3) Federal buildings will be enhanced by temporary exhibitions of art works and of the Nation's cultural heritage, as well as by suitable permanent works of art incorporated as an integral part of the architecture of Federal buildings.

(b) It is, therefore, the policy of the Congress to encourage and secure Federal building design which is distinguished, which expresses the dignity, enterprise, and stability of the American Government, and which enriches the quality of life in the communities served by such buildings. It is the purpose of this Act to contribute to such design by incorporating permanent installations of suitable works of art into Federal buildings. It is the further purpose of this Act to enhance existing Federal buildings by providing for temporary exhibitions of art and history to be circulated among Federal buildings.

SEC. 503. (a)(1) The Administrator, with the advice and assistance of the Chairman of the National Endowment for the Arts, shall acquire by loan, or by lease at nominal fees, works of art by living American artists. Works of art loaned or leased under this subsection shall be organized into exhibitions and circulated by the Administrator among Federal buildings throughout the United States. Such works of art shall be selected from artists representative of the different regions of the United States and its territories, and shall include diverse media.

(2) The Administrator, in conjunction with the Secretary of the Smithsonian Institution, and with other not-for-profit traveling exhibition services shall utilize existing exhibitions and develop new exhibitions which reflect the artistic, cultural, social, scientific, and industrial heritage of the United States or the continuing develop-

ment of the Nation's art, culture, society, science, and industry.

(A) The Administrator shall circulate and show exhibitions developed under this subsection in Federal buildings throughout the United States. Preference shall be given to Federal buildings in communities that otherwise do not have convenient access to museums of art and history.

(B) The Administrator shall reimburse the Smithsonian Institution and other traveling services an amount not less than the cost to the Institution or to such other services of carrying out the provisions of this subsection.

(b)(1) The Administrator, with the advice and assistance of the Chairman acting in cooperation with the appropriate arts agencies at State and local levels, shall commission suitable works of art by American artists to be purchased and installed in Federal buildings. The preliminary planning and design of each new Federal building shall include planning for such commissions, which may include a variety of compatible works. The Administrator shall insure that Federal buildings selected for the installation of such commissioned works of art are equitably distributed within the United States and its territories, and shall consider a diversity of artistic media in commissioning such works of art. The Administrator shall provide for necessary services to keep and preserve such works of art in a state of high quality.

(2) Whenever the Administrator commissions a work of art for a new Federal building pursuant to paragraph (1) of this subsection, he shall instruct that such work shall be an integral part of the architectural design. In the case of an existing public building, such work shall be appropriate to the setting and space available. The administrator shall seek to avoid the development of an official style either in architecture or associated works of art. Federal commissions should give expression to the vitality and diversity of American life.

(3) In carrying out the provisions of this subsection, the Administrator, with the advice and assistance of the Chairman acting in consultation with the appropriate arts agencies at State and local levels, shall establish such procedures as may be necessary to commission suitable works of art, with or without competition, and shall give full consideration to the participation of local artists.

(c)(1) For the purpose of this section, the Administrator is authorized to utilize one-half of 1 per centum of the total sums available in fiscal year 1982 and each fiscal year thereafter for the design, construction, repair, renovation, alteration, and acquisition of public buildings.

(2) Funds available under this subsection shall be available, without fiscal year limitation, to the Administrator for the purposes set forth in subsections (a) and (b) of this section and in subsection 304(5): *Provided*, That not to exceed 25 per centum of such funds shall be expended for purposes set forth in subsection (a) of this section, and not to exceed 75 per centum of such funds shall be expended for purposes set forth in subsection (b) of this section and for purposes set forth in subsection 304(5).

(d) For the purpose of this title—

"(1) the term 'Federal buildings' means public buildings, under the jurisdiction of the Administrator of General Services, that attract, or are expected to attract, significant public use;

"(2) the term 'Chairman' means the Chairman of the National Endowment for the Arts; and

"(3) the term 'works of art' includes, but is not limited to, paintings, sculptures, crafts, works on paper, and environmental works.".

TITLE VI—ARCHITECTURAL SERVICES

SEC. 601. The Administrator shall employ professionally trained architects, engineers, landscape architects, interior and graphic designers, and urban planners to prepare, under the supervision of the Supervising Architect, plans, drawings, and specifications for such public building construction and renovation projects as the Commissioner of Public Buildings may designate, but in any case to provide the kind and number of projects necessary annually to enable such employees to utilize their professional skills and training.

SEC. 602. (a) Those architectural services not provided pursuant to section 601 shall be procured in accordance with title IX of the Federal Property and Administrative Services Act of 1949, as amended, and the Administrator shall conduct a design competition among no fewer than three qualified architectural firms to select the architects for a substantial portion of the public building construction and renovation projects each year, including particularly—

(1) renovation projects involving extensive architectural changes or additions to buildings of historic, architectural, or cultural significance;

(2) construction projects for buildings of high public use or visibility, including, but not limited to any building provided pursuant to section 303 of this Act; and

(3) projects presenting special design problems or opportunities related to structure, function, or compatibility with surroundings.

(b) The Administrator shall indicate each year, in the program submitted pursuant to section 801 of this Act, those public building construction and renovation projects with respect to which he proposes to conduct design competitions.

(c) With respect to a significant portion of the competitions conducted each year, the competitions shall last no longer than sixty days from the date the Administrator provides the firms with a competition program and the competitions shall elicit from each firm preliminary design concepts only.

(d) The Administrator shall negotiate first with the firm judged at the conclusion of each competition to have demonstrated the best design approach to the project. The Administrator shall make public and provide to the competing firms at the time a selection is announced under any of the provisions of this section, a brief report describing the reasons for the selection made.

(e) The Administrator shall provide, in total stipends or prizes to all of the firms that take part in any one competition conducted under this section, a sum equal to no more than one-half of one percent of the expected cost of the design and construction of the project, and shall conduct each competition under such rules and procedures as will assure that fair compensation for work required from the firms does not exceed that amount.

(f) The Administrator is authorized to acquire the services of privately employed architects, engineers, and other citizens on a temporary basis to serve on panels to assist in selecting and judging architectural firms under the provisions of this section. Persons so employed shall not be considered special Government employees under the provisions of section 201(a) of the Ethics in Government Act of 1978.

TITLE VII—LEASING

SEC. 701. It is the policy of the United States to house offices of officers and employees of the Government in public buildings and space shall be leased to accommodate the emergency or temporary requirements of the Government, to provide space in locations where the size of Government activities does not warrant providing a public building, and to take account of economic considerations that render infeasible or disadvantageous to the Government construction or acquisition of necessary public building space.

SEC. 702. (a) In recommending projects and actions to accommodate the public building needs of the United States in accordance with section 801 of this Act, the Administrator shall provide realistic comparisons of the long-term costs and benefits of construction, acquisition, and leasing. Such comparisons shall consider, as necessary, assumptions of present and future inflation, interest rates, and operating and other expenses of the various alternatives. In any case in which the Administrator recommends a project or action other than that for which the long-term costs are lowest, he shall explain the basis for his alternative recommendation.

(b) Within nine months of the date of enactment of this Act, the Director of the Office of Management and Budget and the Administrator shall jointy submit to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives a report detailing methods to be used in formulating the long-term comparisons of costs and benefits required pursuant to this section. The report may be prepared in cooperation with experts from private industry and shall include a comparison of the methods proposed with those used in private industry.

(c)(1) It is the sense of the Congress that long-term economies would be effected by assuring that, within ten years of the date of enactment of this Act, no fewer than 60 per centum of the officers and employees of the Government whose offices are provided under this Act have principal offices in public buildings.

(2) To the extent possible, the percentages of officers and employees of the government provided offices in leased space and public building space shall be achieved uniformly throughout the Nation: *Provided*, That, in attempting to achieve this uniformity the Administrator shall take into account comparative local vacancy and rental rates for office space, and other market conditions and program considerations in such manner as to maximize the economic benefit to the Federal Government and to localities throughout the Nation.

SEC. 703. Notwithstanding the provisions of section 210(h)(1) of the Federal Property and Administrative Service Act of 1949, the Administrator shall not make any agreement or undertake any commitment that will cause the construction of any building other than a Government owned building unless before so agreeing or undertaking—

(1) the Administrator establishes specifications for the building identical to the criteria established pursuant to section 302 of this Act for the construction of public buildings; and

(2) the Administrator secures the option to purchase the building at any time during or at the conclusion of the lease term, unless the Administrator provides the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives an explanation of his reasons for not securing such an option; and

(3) the Administrator has conformed with the provisions of section 706 of this Act.

SEC. 704. It is the policy of the United States not to lease space to accommodate, and no additional space shall henceforth be leased to accommodate, except as may be necessary to meet temporary and urgent requirements that cannot be met in public buildings—

(1) major computer operations;

(2) offices that conduct secure or sensitive activities related to the national defense or

security, except to the extent that it would be inappropriate to locate such offices in public buildings or in other facilities identified with the United States Government;

(3) offices, the nature of which would require major alterations in the structure or mechanical systems of the building to be leased; or

(4) permanent courtrooms, judicial chambers, or administrative offices for any United States court.

SEC. 705. (a) For the purposes of this Act, sections 321 and 322 of the Act entitled "An Act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes", approved June 30, 1932, shall not apply.

(b) No lease may be negotiated for a rental exceeding the current commercial rates and charges for space and services of nearest comparable quality in that locality.

SEC. 706. (a) The Administrator shall publicly solicit competitive bids to procure space by lease for the Government. Each such solicitation shall specify any special requirements of building design, configuration, or location.

(b) In evaluating competing bids, the Administrator shall take into account proposed rental costs and services offered, overall quality and safety of the buildings, energy efficiency, and their relative conformity to the requirements of titles II and III of this Act.

(c) No option to purchase a building shall be paid for unless the payment for such option is made separately from any lease payment and unless such payment has first been authorized under the provisions of title VIII of this Act.

SEC. 707. The Administrator shall provide a copy of the lease agreement between the Government and the owner of each leased building, and subsequent additions or revisions to the lease agreement, to the highest ranking official in the leased building of each Federal agency occupying space in the building.

TITLE VIII—CONGRESSIONAL AUTHORIZATION

SEC. 801. (a) The Administrator shall submit to the Congress, not later than the fifteenth day after Congress convenes each year, a program for the next succeeding fiscal year of projects and actions which the Administrator deems necessary in carrying out his duties under this Act. Such program shall include but is not limited to—

(1) a five-year plan for accommodating the public building needs of the United States,

(2) a list, in priority order, of construction, renovation, and acquisition projects for which authorization for appropriations are requested for the next succeeding fiscal year, including a description of the project and the number of square feet of space involved,

(3) a list, in priority order, of lease and lease renewals for which authorization for appropriations are requested for the next fiscal year,

(4) a list of all public buildings proposed to be vacated in whole or in part, to be exchanged for other property, or to be disposed of,

(5) a proposed budget for the repair and maintenance of public buildings,

(6) a year by year program and costs that would be required to meet the provisions of section 702(c) of this Act, together with an analysis of costs and savings of alternative programs,

(7) a description of how the projects and leases included in the program, separately and together, conform to the provisions of this Act and the estimated annual and total cost of each project and lease.

(b)(1) The Administrator shall certify in the annual program submitted in accordance with subsection (a) that he has held a public hearing, or afforded the opportunity for such hearing, in the locality or proposed locality of each major construction, renovation, or acquisition project included in the annual program. Such hearing shall consider the economic and social effects of the project its impact on the environment, its consistency with the goals and objectives of such urban planning as has been promulgated by the community, and its conformance with titles II and III, of this Act: Provided, That, only such facts and issues as can reasonably be adduced during the planning and preliminary design of a project shall be considered at such hearing.

(2) The Administrator shall provide, along with each certification, the final environmental impact statement prepared pursuant to the National Environmental Policy Act, and a report which indicates the consideration given to facts and issues concerning the project and various alternatives which were raised during the hearing or which were otherwise considered.

LIMITATIONS ON AUTHORIZATIONS AND APPROPRIATIONS

SEC. 802. (a) No appropriation, including any appropriation from the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, shall be made by the Congress or obligated by the Administrator to carry out the purposes of this Act, unless it has been authorized by the Congress in accordance with this title.

(b) No public building construction, renovation, or acquisition shall be commenced unless an appropriation has first been made for the estimated cost of completion of such construction, renovation, or acquisition in the fiscal year for which such appropriation is authorized. Beginning in fiscal year 1983, no lease shall be entered into unless the authority to enter into contracts has first been made for the maximum cost of such lease over its entire term in such amounts as are specified in annual appropriations Acts and in the fiscal year for which such lease is autorized.

AUTHORIZATIONS FOR APPROPRIATIONS

SEC. 803. (a) There is hereby authorized to be appropriated for fiscal year 1982 not to exceed in the aggregate, the amount of $1,822,710,000 from the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended, for the real property management and related activities of the Public Buildings Service of which:

(1) Not to exceed $27,620,000 shall be available for fiscal year 1982 as follows:

(A) For construction of additional major public buildings (including funds for sites and expenses) and the acquisition of major existing buildings and sites for public buildings at the following locations and at the following maximum construction and acquisition costs:

Arkansas, Little Rock, courthouse	$1,177,000
California, Otay Mesa, border station	13,316,000
Illinois, East Saint Louis, courthouse	3,242,000
Maine, Houlton, border station	3,750,000
Washington, Spokane, USPS acquisition	2,220,000
Wisconsin, Madison, courthouse	2,827,000

(B) $1,088,000 for construction of minor public buildings of less than twenty-five thousand gross square feet of space and the acquisition of buildings and sites for public buildings of a value of $1,000,000 or less;

(C) $2,385,000 for acquisition of sites for public buildings including site investigation and relocation costs; and

(D) $689,000 for preliminary design of public buildings.

(2) Not to exceed $197,162,000 shall be available for fiscal year 1982 as follows:

(A) For major renovations and repairs of public buildings at the following locations and at the following maximum project costs:

California, San Bruno, FARC	$4,738,000
Connecticut, New Haven, PO—CT	6,800,000
District of Columbia, Agriculture South	7,653,300
District of Columbia, HEW North Building	3,601,000
District of Columbia, Old Post Office	4,151,000
Florida, Miami, PO—CT	2,013,000
Illinois, Chicago, Everett McKinley Dirksen FB	2,880,000
Massachusetts, Boston, Appraisers Stores	6,109,000
Missouri, Kansas City, CT, 811 Grand Avenue	3,973,000
New York, New York, CU, One Bowling Green	21,443,000
North Carolina, Charlotte, Charles Jonas FB	3,563,000
Ohio, Cincinnati, PO—CT	6,485,000
Oregon, Portland, USCT (new)	4,553,000
South Carolina, Greenville, USCT	1,750,000
Tennessee, Nashville, Union Station	6,160,000
Utah, Salt Lake City, PO—CT	2,410,000
Virginia, Charlottesville, FEI	3,070,000
Virginia, Franconia, A	1,531,000
Virginia, McLean, CIA Headquarters	2,673,700
Washington, Seattle, CT	2,404,000

(B) $91,201,000 for minor renovations and repairs of public buildings at project costs of less than $1,000,000;

(C) $0 for major alternations of leased buildings;

(D) $8,000,000 for alternations of leased buildings, the maximum cost to a single building being less than $250,000; and

(E) $1,740,000 for preliminary design and renovation, alteration, and repair projects.

(3) Not to exceed $721,700,000 shall be available for fiscal year 1982 for:

(A) to enter into contracts for new major lease agreements and lease renewals of blocks of space of fifty thousand or more square feet;

(B) to enter into contracts for new lease agreement asnd lease renewals of blocks of space of less than fifty thousand square feet; and

(C) for payments in fiscal year 1982 on leases entered into prior to fiscal year 1982.

(4) Not to exceed $626,346,000 shall be available for fiscal year 1982 for real property operations.

(5) Not to exceed $85,083,000 shall be available for fiscal year 1982 for program direction.

(6) Not to exceed $161,725,000 shall be available for fiscal year 1982 for payment of principal, interest, taxes, and any other obligation for public buildings acquired by purchase contract.

(b) Funds appropriated under subsections (a)(1), (a)(2), and (a)(3) of this section shall remain available for obligation and expenditure without regard to fiscal year limitations: *Provided*, That construction, renovation, or acquisition has been commenced, or lease entered into, pursuant to section 802(b) of this Act.

(c) Ten percent of the funds made available to the Public Buildings Service for renovation, alteration, and repair of public buildings and leased buildings and for execution of lease renewals, pursuant to paragraphs (a) (2) and (3) of this section shall be available for repair or alteration projects and leases, respectively, not otherwise authorized by this Act, if the Administrator certifies that the space to be repaired, altered, or leased resulted from changing or additional programs of Federal agencies not anticipated at the time the program required by section 801 of this Act was submitted. Funds for such projects may not be obligated until thirty days after the sub-

mission by the Administrator of an explanatory statement to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives. The explanatory statement shall among other things, include a statement of the reasons why such project or lease cannot be deferred for authorization in the next succeeding fiscal year.

SEC. 804. (a) When the cost of a project exceeds the estimated maximum cost authorized under section 803 of this Act, the Administrator is authorized to either (A) increase expenditures by an amount equal to the percentage increase in the cost of the project, or (B) decrease the number of gross square feet to be constructed in the project. In no event shall the total increase in expenditures authorized by clause (A) of this paragraph exceed 10 per centum of the estimated maximum cost of the project. In no event shall the total decrease in square feet authorized under clause (B) of this paragraph exceed more than 10 per centum of the gross square feet stated in the approved authorization.

(b) If the Administrator determines that the cost of a project exceeds the estimated maximum cost authorized under section 803 of this Act to such an extent that action under subsection (a) of this section is not sufficient to meet such excess cost, the Administrator shall report to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives concerning the project. Such report shall include recommendations by the Administrator as to appropriate action to enable the continuance of the project. The Administrator may not take any action to continue the project, other than the action authorized by subsection (a) of this section, unless such action has been authorized by the Congress in accordance with this title.

TITLE IX—MISCELLANEOUS

SEC. 901. This Act shall become effective on October 1, 1981.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOYNIHAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended to read "A bill entitled 'Public Buildings Act of 1981'."

Mr. STAFFORD. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Vermont.

Mr. STAFFORD. Mr. President, I would like to very briefly express——

Mr. MOYNIHAN. Mr. President, we do not have order. The chairman wishes to address the body.

The PRESIDING OFFICER. The Senate will please be in order.

The Senator from Vermont.

Mr. STAFFORD. Mr. President, I want to briefly but deeply express my appreciation to all of our colleagues in the Senate who have supported this Public Buildings Act of 1981. I think it is important legislation which is very good for this country. I am especially grateful for all of the help, support, and articulation that my partner in this enterprise, Senator MOYNIHAN, has given to our efforts.

I am grateful, as all of us are on the committee, to Mr. Swain, Mr. Peck, Mr. Yago, Mr. Guard, Nina McClain, and others of the staff, who helped us put this bill together in a form that was unanimously accepted by the Senate this afternoon.

Mr. MOYNIHAN. Mr. President, while there are some Members still in the Chamber, I wonder if I could call attention to the fact that the legislation just passed unanimously by this body could never have come forward had it not been for the granite-like integrity and determination of the senior Senator from Vermont. This is a testimony not simply to the regard with which he is held in our committee and in this Chamber, but to his capacity to stay at a task until it is completed.

I would hope that the House will take notice that the Senate on its second round of consideration has now unanimously proposed that the public buildings program for the U.S. Government be put into a state of managerial accountability, predictability, and a measure of efficiency.

I see our distinguished former chairman, the beloved ranking minority member, is on the floor. I know he would wish to be heard and we wish to hear from him.

Mr. RANDOLPH. I thank the Senator from New York very much.

Mr. President, the Senator from New York (Mr. MOYNIHAN) speaks well and correctly about the chairman (Mr. STAFFORD). I would affirm and reaffirm many times what he has just said.

I think the Senator who now chairs our committee, and the Senator who remains a member of the committee, the Senator from West Virginia, would also like to have the record reflect that there was a certain driving force embodied in the effort of Senator MOYNIHAN to clean up, and I use the word advisedly, the mess in GSA. I want that on the record. I believe we both would like to have it.

Also, I am very happy to join—I do so very earnestly—in the words the Senator has spoken of our chairman.

Mr. MOYNIHAN. I thank the Chair and, once again, thank my distinguished chairman.

Mr. STAFFORD. Mr. President, I am deeply grateful for the very kind words of the distinguished Senator from New York. It is his inventiveness and articulateness and eloquence that have made this possible. It has been a great partnership.

Mr. BAKER. Mr. President, I express my congratulations to the distinguished Senator from Vermont, to the distinguished Senator from New York, to the staff of the Public Works and Environment Committee and to all of those who participated in the successful conclusion of this important matter this afternoon. It was done in an efficient way and, I think, a fair and equitable way. I express my appreciation to all those who were directly involved.

ORDER FOR RECORD TO REMAIN OPEN UNTIL 5 P.M. TODAY

Mr. BAKER. Mr. President, I know of no other business that can be transacted before the Senate today. Before we proceed to the concluding business of the Senate, I inquire of the distinguished minority leader if he has any other matters that he knows of that should be dealt with before we go out.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader. I know of nothing else on this side.

Mr. BAKER. I thank the minority leader.

Mr. President, may I inquire is there an order for the convening of the Senate tomorrow?

The PRESIDING OFFICER (Mr. SYMMS). Yes, at 8:45 a.m.

Mr. BAKER. I ask unanimous consent that after the Senate recesses today, which it will do shortly, that the RECORD remain open until 5 p.m. for the introduction of bills, resolutions, joint resolutions, memorials, petitions, and statements.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR COMMITTEES TO FILE REPORTS

Mr. BAKER. Mr. President, I ask unanimous consent that the committees have until 5 p.m. today to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 8:45 A.M. TOMORROW

Mr. BAKER. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 8:45 a.m. tomorrow.

There being no objection, the Senate, at 3:02 p.m., recessed until tomorrow, Thursday, May 7, 1981, at 8:45 a.m.

CONFIRMATIONS

Executive nominations confirmed by Senate May 6, 1981:

DEPARTMENT OF THE INTERIOR

William H. Coldiron, of Montana, to be Solicitor of the Department of the Interior, vice Clyde O. Martz, resigned.

Garrey Edward Carruthers, of New Mexico, to be an Assistant Secretary of the Interior, vice Guy Richard Martin, resigned.

Robert F. Burford, of Colorado, to be Director of the Burea of Land Management, vice Frank Gregg, resigned.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF DEFENSE

Richard D. DeLauer, of California, to be Under Secretary of Defense for Research and Engineering, vice William J. Perry, resigned.

HOUSE OF REPRESENTATIVES—*Wednesday, May 6, 1981*

The House met at 1 p.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We thank You, O God, that Your spirit abides with us in all the moments of life for we know that we can never be too distant from Your redeeming grace. In times of celebration and accomplishment You encourage and support, and in times of anxiety and tension Your love surrounds and gives us peace. Grant to all of us, O God, the awareness that we are never alone or without Your guidance, and that by placing our trust in You, we may rise above preoccupation with ourselves and look to the needs of others that justice will roll down like waters, and righteousness like an ever-flowing stream. In Your name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 730. An act to ensure necessary funds for the implementation of the Federal Crop Insurance Act of 1980;

S. 831. An act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes;

S. 896. An act to designate the control tower at Memphis International Airport the Omlie Tower;

S. 1000. An act to amend the Independent Safety Board Act of 1974 to provide authorizations for appropriations, and for other purposes;

S. 1002. An act to amend the National Climate Program Act to extend the authorization for appropriations for fiscal year 1982, and for other purposes; and

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983.

HOUSE ADMINISTRATION COMMITTEE ORDER NO. 33

(Mr. HAWKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HAWKINS. Mr. Speaker, the Committee on House Administration, under the authority granted in Public Law 92-184 and Public Law 94-440, today issued Committee Order No. 33, which is effective on May 1, 1981. I include Committee Order No. 33 be in the RECORD at this point.

COMMITTEE ORDER No. 33

Resolved, That effective May 1, 1981, until otherwise provided by the Committee on House Administration, the Allowance for Official Expenses and the Inventory Allowance for District Office Equipment and Furnishings are adjusted as follows:

1. The base allowance for Official expenses is increased to $47,300.

2. The Travel Allowance is increased to a base of $4,950, and the multiplier in the formula used to compute the variable for travel is increased to a range of 18 to 30 cents.

3. The Inventory Allowance for District Office Equipment and Furnishing is increased to $35,000.

Expenditures of these funds shall be made in accordance with rules and regulations established by the Committee on House Administration.

THE DEATH OF BOBBY SANDS

(Mr. SHANNON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHANNON, Mr. Speaker, Bobby Sands, who was elected to Parliament and was a member of the Irish Republican Army and an inmate of Maze Prison has died. It is a tragedy that is going to affect millions of people—because his countrymen are turning violent, because a generation has lost a man who might have been one of its leaders.

But Irish Americans who feel sympathy and regret what has been lost cannot believe, as they see the violence spread, that the Irish Republican Army is a benign political organization.

The Irish poet, W. B. Yeats, wrote these lines 60 years ago—his country's troubles were old then:

Things fall apart; the center cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned:
The best lack all conviction, while the worst
Are full of passionate intensity.

This was a description for the last generation. How terrible that it applies so well to the Ireland of our own. Terrorism, confusion, and waste must not be the inspiration for the children of Belfast.

There are people now in Northern Ireland and in the Irish Republic who are devoting their lives to inspiring peace, and an end to the dying. They are the heroes of the country. Ireland needs no more occasions for riot. The real courage and honor is in preparing for peace. A negotiated end to the war in the streets of Ireland can be an example to every country where political factions refuse to be reconciled, and resort to violence.

LEGISLATION INTRODUCED TO PROVIDE ALL WEATHER PORT FOR DULUTH AND OTHER GREAT LAKES PORTS

(Mr. STANGELAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STANGELAND. Mr. Speaker, I would like to call attention to Members of the House to H.R. 3411, a measure that I have introduced.

The purpose of this legislation is to provide a means for moving toward an all weather port for Duluth and other Great Lakes Ports. This is crucial for the Upper Midwest where we face frequent and expensive problems regarding the transportation of our agricultural products.

This bill transfers the responsibility for navigable waters in the United States from the Secretary of Transportation to the Secretary of the Army.

Mr. Speaker, the Army Corps of Engineers has completed a lengthy study and concludes that the all weather port at Duluth and other seaports is not only feasible but is practical.

All of the duties which would be transferred to the Secretary of the Army, under the bill, except for the aids to navigation and ice-breaking functions, in reality constitute a return to the Army of responsibilities vested in the Department of Transportation when it was formed in 1966.

My action is consistent with a Comptroller General report of 1979 which was concerned with ways to insure the maintenance of least costly and most effective aids to navigation systems "to promote safety and facilitate commerce."

I contend that there is a continuing need for comprehensive transportation planning in consort with economic efficiency and with an emphasis on the transportation of goods and commodities. In this regard, I consider the reorganization of Federal agency responsibilities proposed by my act most appropriate.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

I also see in the proposal some relief for the Coast Guard that expects to face an expansion of wartime tasks as a result of a recently completed joint Navy/Coast Guard wartime tasking study.

Mr. Speaker, the transfer of this authority will be most helpful to the Port of Duluth and other American seaports.

INTRODUCTION OF SOCIAL SECURITY AMENDMENTS PROPOSED BY ADMINISTRATION

(Mr. CONABLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, along with my colleague from Texas, Mr. ARCHER, I am introducing today, by request, the Social Security Amendments of 1981, containing changes proposed in the President's budget. The provisions in this bill would eliminate windfall benefits for some, duplication of benefits for others, and some welfare-related elements that could be addressed better through other programs.

I am extending my remarks in the RECORD today further setting out the details of this budget-related proposal, pertaining to the long-term proposals expected from the administration soon, and following hard on the major initiatives being worked on by the Social Security Subcommittee of the Ways and Means Committee.

I trust that my colleagues will check the RECORD and inform themselves about these important proposals.

□ 1315

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1982

Mr. SIMON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. SIMON).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FAUNTROY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 406, nays 3, present 2, not voting 19, as follows:

[Roll No. 31]

YEAS—406

Addabbo	Dicks	Hopkins
Akaka	Dingell	Horton
Albosta	Dixon	Howard
Alexander	Donnelly	Hubbard
Anderson	Dorgan	Huckaby
Andrews	Dougherty	Hughes
Annunzio	Downey	Hunter
Anthony	Dreier	Hutto
Archer	Duncan	Hyde
Ashbrook	Dunn	Ireland
Aspin	Dwyer	Jacobs
Atkinson	Dymally	Jeffords
AuCoin	Dyson	Jeffries
Badham	Early	Jenkins
Bafalis	Eckart	Johnston
Bailey (MO)	Edgar	Jones (NC)
Bailey (PA)	Edwards (AL)	Jones (OK)
Barnard	Edwards (CA)	Jones (TN)
Barnes	Edwards (OK)	Kazen
Beard	Emerson	Kildee
Bedell	Emery	Kindness
Beilenson	English	Kogovsek
Benedict	Erdahl	Kramer
Benjamin	Erlenborn	LaFalce
Bennett	Ertel	Lagomarsino
Bereuter	Evans (DE)	Lantos
Bethune	Evans (IN)	Latta
Bevill	Fary	Leach
Biaggi	Fascell	Leath
Bingham	Fazio	LeBoutillier
Blanchard	Fenwick	Lee
Bliley	Ferraro	Lehman
Boggs	Fiedler	Leland
Boland	Fields	Lent
Bolling	Findley	Levitas
Boner	Fish	Lewis
Bonior	Fithian	Livingston
Bouquard	Flippo	Loeffler
Bowen	Florio	Long (LA)
Breaux	Foglietta	Long (MD)
Brinkley	Foley	Lott
Brodhead	Ford (TN)	Lowery
Brooks	Forsythe	Lowry
Broomfield	Fountain	Lujan
Brown (CA)	Fowler	Luken
Brown (CO)	Frank	Lundine
Brown (OH)	Frenzel	Lungren
Broyhill	Frost	Madigan
Burgener	Fuqua	Markey
Burton, John	Garcia	Marks
Burton, Phillip	Gaydos	Marlenee
Butler	Gejdenson	Marriott
Campbell	Gephardt	Martin (IL)
Carman	Gibbons	Martin (NC)
Carney	Gilman	Martin (NY)
Chappell	Gingrich	Matsui
Chappie	Ginn	Mattox
Cheney	Glickman	Mavroules
Chisholm	Goldwater	Mazzoli
Clausen	Gonzalez	McClory
Clay	Gore	McCloskey
Clinger	Gradison	McCollum
Coats	Gramm	McCurdy
Coelho	Gray	McDade
Coleman	Green	McDonald
Collins (IL)	Gregg	McEwen
Collins (TX)	Grisham	McHugh
Conable	Guarini	McKinney
Conte	Gunderson	Mica
Conyers	Hagedorn	Michel
Corcoran	Hall (OH)	Mikulski
Coughlin	Hall, Ralph	Miller (CA)
Courter	Hall, Sam	Miller (OH)
Coyne, James	Hamilton	Mineta
Coyne, William	Hammerschmidt	Minish
Craig	Hance	Mitchell (NY)
Crane, Daniel	Hansen (ID)	Moakley
Crane, Philip	Harkin	Moffett
Crockett	Hartnett	Molinari
Daniel, Dan	Hatcher	Mollohan
Daniel, R. W.	Hawkins	Montgomery
Danielson	Heckler	Moore
Dannemeyer	Hefner	Moorhead
Daschle	Heftel	Morrison
Daub	Hendon	Mottl
Davis	Hertel	Murphy
Deckard	Hightower	Murtha
Dellums	Hiler	Myers
DeNardis	Hillis	Napier
Derrick	Holland	Natcher
Derwinski	Hollenbeck	Neal
Dickinson	Holt	Nelligan
Nelson	Rudd	Swift
Nichols	Russo	Synar
Nowak	Sabo	Tauke
O'Brien	Santini	Tauzin
Oakar	Savage	Taylor
Oberstar	Sawyer	Thomas
Obey	Scheuer	Traxler
Panetta	Schneider	Trible
Parris	Schroeder	Udall
Patman	Schulze	Vander Jagt
Patterson	Schumer	Vento
Paul	Seiberling	Volkmer
Pease	Sensenbrenner	Walgren
Pepper	Shamansky	Walker
Perkins	Shannon	Wampler
Petri	Sharp	Washington
Peyser	Shaw	Watkins
Pickle	Shelby	Waxman
Porter	Shumway	Weaver
Price	Shuster	Weber (MN)
Pritchard	Siljander	Weber (OH)
Quillen	Simon	Weiss
Rahall	Skeen	White
Railsback	Skelton	Whitehurst
Rangel	Smith (AL)	Whitley
Ratchford	Smith (IA)	Whittaker
Regula	Smith (NE)	Williams (MT)
Reuss	Smith (NJ)	Williams (OH)
Rhodes	Smith (OR)	Wilson
Richmond	Snowe	Winn
Rinaldo	Snyder	Wirth
Ritter	Solarz	Wolf
Roberts (KS)	Solomon	Wright
Robinson	Spence	Wyden
Rodino	St Germain	Wylie
Roe	Stangeland	Yates
Roemer	Stanton	Yatron
Rose	Stark	Young (AK)
Rosenthal	Staton	Young (FL)
Rostenkowski	Stenholm	Young (MO)
Roth	Stokes	Zablocki
Roukema	Stratton	Zeferetti
Rousselot	Studds	
Roybal	Stump	

NAYS—3

Evans (IA)	Kastenmeier	Mitchell (MD)

PRESENT—2

Ottinger	Wolpe

NOT VOTING—19

Applegate	Evans (GA)	Pursell
Bonker	Ford (MI)	Roberts (SD)
Byron	Goodling	Rogers
Cotter	Hansen (UT)	Whitten
D'Amours	Kemp	Wortley
de la Garza	McGrath	
Dornan	Pashayan	

□ 1330

Mr. MAZZOLI changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 115) with Mr. FROST in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, May 5, 1981, pending was an amendment in the nature of a substitute offered by the gentleman from the District of Columbia (Mr. FAUNTROY).

Without objection, the Chair recognizes the gentleman from the District of Columbia (Mr. FAUNTROY).

There was no objection.

Mr. FAUNTROY. Mr. Chairman, when we rose on yesterday, the House

was considering an amendment in the nature of a substitute that "takes the boldest step of any proposal being offered to the House to deal with the Federal deficit."

Instead of a multibillion dollar deficit, almost invisible surpluses, there would be $7.8 billion in surplus in fiscal year 1982.

The substitute also offers the largest and fairest tax cut of any proposals before the House. It would include an increase in the standard deduction and the earned income tax credit, as well as a social security tax credit. It would focus tax relief toward low- and middle-income individuals and small businesses.

It also envisions a different approach to capital formation and productivity, an approach endorsed by both public interest groups and conservative business organizations. These tax cuts are largely offset by closing tax loopholes such as tax straddles, which only add to tax inequity and the deficit and do little to improve the Nation's productivity capacity.

Continuing the quote:

It accomplishes all this without hurting other important national programs. Spending for national defense would still be substantially higher than it was in fiscal year 1981, $16 billion more in budget authority and $24 billion more in outlays.

The substitute also increases funds for energy conservation and research, housing, transportation, community development, education and training and income security above both the administration's proposal and the GRAMM-LATTA substitute.

Finally, the substitute makes even deeper cuts than the administration requested for other programs and achieves savings by tightening up the management of government.

Mr. Chairman, this quote was not one fashioned by the 18 Members of the House who have offered this measure, but rather a quote from the democratic study group analysis of the four proposals before us. It had reference to the constructive alternative budget that the Congressional Black Caucus has offered.

The quote which I just gave was in reference to the constructive alternative budget proposal of the Congressional Black Caucus, a proposal that we call constructive because it responds to the mandate of the American people to eliminate deficit spending, to reduce the level of Federal spending, to provide the people of the country with meaningful tax relief, both as individuals and in our businesses and industries.

We call it an alternative because, unlike the administration's cold and uneven solution to our problems of fighting inflation and providing full employment, our proposal moves us toward the goal of reduced inflation and full employment with compassion for the people and a sharing of the burdens of these difficult times with the rich as well as the poor.

Our proposal gives the American people the new beginning that they have longed to have. If you want to provide the American taxpayer $9.6 billion in tax relief by increasing the standard deduction, which 60 percent of the American people take, from $3,400 to $4,300 in joint returns, you will want to support the Congressional Black Caucus constructive alternative.

If you want to relieve the American people of the insidious bracket creep by which people are pushed into higher and higher tax brackets, not by real increases in income, but by inflation, you will want to support this measure.

If you want to give the American people who are faced with increased social security payments a tax break that amounts to $10.8 billion, then you will support the Congressional Black Caucus alternative.

The CHAIRMAN. The time of the gentleman from the District of Columbia has expired.

(By unanimous consent, Mr. FAUNTROY was allowed to proceed for an additional 5 minutes.)

Mr. FAUNTROY. I repeat, if the Members of this House want to respond to the desire of the American people, particularly middle-income Americans who are faced with social security tax increases the relief that they desire, you will vote for a measure that provides a 10-percent tax credit on social security payments.

If you want to spur productivity among the small businesses of this country, which are the most creative and our greatest hope for remaining competitive in world markets, then you will support a measure that provides a 10-percent tax credit on their increase social security credits. If you want to provide those small businesses with the ability to become solvent and profitable at an accelerated rate, you will support the first year capital cost recovery system that is inherent in our constructive alternative.

Now, there are those who are saying that our alternative does not provide meaningful tax relief to the American people.

Well, I want the Members of the House here today to tell their constituents that if they vote to deny them indexing, if they vote to deny them a 10-percent tax credit on social security, you tell them that this is not a tax package and a tax relief program that speaks to the needs of our people for tax relief, as well as the need for tax incentives to the businesses, and industries of our Nation. Our proposal does not give 80 percent of the tax relief to major corporations as does the Reagan proposals. Our proposal provides meaningful tax relief to the small businesses of the Nation that generate 48 percent of the gross national product. We refuse to limit to a simple 20 percent of the tax relief the most creative and labor-intensive businesses and industries of our Nation.

□ 1345

In short, Mr. Chairman, we have truly a constructive alternative that provides a new beginning for the American people. We want now to continue our presentation of that constructive alternative as I prepare to yield back the balance of my time and look forward to the statement now of the distinguished gentleman from California (Mr. DELLUMS), a member of the Committee on Armed Services, who will detail for us the Congressional Black Caucus' proposal as it relates to our national defense.

I yield back the balance of my time.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, my responsibility is to lay out the Congressional Black Caucus' alternative approach to our military budget, military policy, and in a broader sense our perspective of the world foreign policy. By way of getting into that discussion, Mr. Chairman, I would like at least in some abbreviated fashion to renew the arguments that I tried to make on the floor of this House yesterday when the Hefner amendment was presented to this body. That amendment provided for approximately a $6.5 billion increase in budget authority for the so-called Jones substitute which would place both the Latta-Gramm substitute and the Jones substitute at the same budget authority figure of $226.3 billion. I think that it is terribly important for us at the outset, Mr. Chairman, to understand the implications of what is being proposed.

What is being proposed here by this administration, by the Gramm-Latta amendment, and by the substitute offered by my distinguished colleague on this side of the aisle, the gentleman from Oklahoma (Mr. JONES), is a rapid, substantial, sustained growth in America's military budget, rapid in that for several years many of my colleagues have marched into the well and taken pride in articulating the notion that our military budget has never exceeded 24 or 25 percent of our total budget. But what is being proposed here is that we move our military budget from 24 or 25 percent of our annual budget to somewhere between 37 and 38 percent annually. That to me is a rapid increase in America's military budget, a substantial increase, Mr. Chairman, in that in the last fiscal year this country spent $173 billion in budget authority.

What is being proposed for fiscal year 1982 is $226.3 billion. One does not have to be a brilliant mathematician to understand in 1 fiscal year we are talking about increasing our budget authority to the tune of $53.3 billion, a figure I consider obscene.

But, Mr. Chairman, it does not stop there. Mr. Chairman, in looking at the

Reagan administration's own proposal, what we would be asking for in fiscal year 1986, 4 years from now, is an annual military budget authorization figure of $367 billion annually. I will now state it another way. In the decade of the 1970's this country spent $1 trillion on the military function alone. We will be spending in the first 5 years of the decade of the 1980's between $1.3 and $1.5 trillion.

If we add cost overruns and other factors that tend to crop up during the course of the lifetime of the Congress, we may very well be spending in the first 5 years of the 1980's somewhere near $2 trillion. Certainly when you project out the military costs to the year 1990, we are talking about exceeding $2.5, moving closer to $3 trillion.

I ask my colleagues, how can we over double or close to triple the military budget in a 10-year period without wreaking incredible havoc on the realities of human life in this country? The question that the American people need to ask is, how can you finance this rapid, substantial, sustained growth in America's military budget—and we are talking about increases well into the 1980's, the latter part of the 1980's. How do you finance that increase?

Mr. Chairman, I ask you; I ask my colleagues.

There are really only three ways you can do it. You either levy new taxes by going to the American people and stating that the nature of the world is so unstable, is so dangerous, is so insecure that there is a desperate need for us to incredibly increase our military budget. So you go to the American people to ask for new taxes.

I might add, Mr. Chairman, parenthetically that there are a number of economists who point out that this kind of rapid increase in America's military authority is incredibly inflationary, and some people have suggested if you are going to finance it, you ought to levy new taxes.

But, Mr. Chairman, not one Member of this body, not one Member of the other body, not one member of the administration on the other end of Pennsylvania Avenue is advocating levying new taxes. So let us strike that off because no one is proposing it, Mr. Chairman, because it has political implications.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Mr. Chairman, levying new taxes, as we all know, has incredible political implications and ramifications. So let us look at the second alternative approach to financing this rapid, substantial, sustained growth in America's military budget. You engage in massive deficit spending in order to finance this increase. But I would say to my colleagues on this side of the aisle that by virtue of your last campaign, you trapped yourselves into the rhetoric of balancing the budget, so you have to go back to the American people with some degree of credibility, which means you have got to try to balance the budget in the next few years, which means that in a relatively short period of time budget deficit spending will not be an alternative approach to financing this military budget that will be reasonably available to you. So you strike that approach.

What is the third alternative? The third alternative, Mr. Chairman, is that you reach deeply into the nonmilitary side of the budget, and you cut substantial amounts of money in order to offset this extraordinary increase in America's military budget. Let us look at the realities. One night the President of the United States stood in this body and said to the American people that he wanted to cut $48.4 billion in budget authority in order to reduce Federal expenditures. Yet 2 weeks later, Mr. Chairman, this same administration proposed a military budget of $226.3 billion, a $53.3 billion increase in budget authority on the military side—$48.4 on our side, $53.3 on the other.

Mr. Chairman, that makes my point, and that is that these budget cuts are not in fact designed to fight inflation. We all know that. There is not one person that can effectively argue that reducing Federal expenditures deals with the inflationary problem that confronts us as human beings. But what I think is real is that this approach has become the least politically risky way of financing this incredible increase in America's military budget. So you challenge those programs that are considered knee-jerk, liberal programs, or emotional programs, or attack those programs that serve constituencies that are perceived as powerless, or you take on those programs serving constituencies that do not catapult you into political office.

I make the assertion that these budget cuts fall disproportionately on millions of human beings in this society, forcing them to give up their dreams, hopes, and aspirations in order to finance the military budget.

This now leads me, Mr. Chairman, to say this is an incredible approach being articulated here. It is a policy that is going to bankrupt this Nation, and I do not believe we have realistically looked at how one finances all of this.

If you think budget cuts are tough this year, wait until next year when you have to cut them even further to finance this increase. Project your mind to fiscal year 1986 when we are going to be sitting here trying to figure out how you cut the budget to finance the military budget authorization of $367 billion. My mind boggles, Mr. Chairman, to consider the incredible pain we are going to visit upon millions of human beings as we attempt to finance this military budget, because none of my colleagues are going to propose new taxes; none of my colleagues are going to propose deficit spending; so we will be right back there hitting the poor, hitting the children, hitting the senior citizens, hitting millions of human beings in our society.

Mr. Chairman, one of our colleagues in the other body made a comment which I think my colleague, Mr. FAUNTROY quoted yesterday. I would like to requote it. He said that:

> The moral test of government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy and the handicapped.

If you apply that test, Mr. Chairman, what is being proposed here does not meet the moral test of Government because on the backs of these people we are building a mighty military machine.

Mr. Chairman, the question, then becomes: Is our perspective of the world such that it justifies this incredible increase? I would suggest, Mr. Chairman, that those who propose this budget view the world in military terms. They think the problems of the world can be solved militarily. I would suggest, Mr. Chairman, big bombs cannot bring down the price of oil; big bombs cannot bring human rights to the world; big bombs cannot bring the security we ostensibly assume will be brought by greater weapons of destruction.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Mr. Chairman, the historical imperatives of the 1980's compel us to forge new policies to meet new realities, and the realities of the 1980's, I would say to my colleagues, are that "pax Americana" is over. No matter how we assume that we can return to that era, it is a day gone by. It will never return again. The reality is that no longer can we as a nation dominate the world. The world is a different place.

When I was a child, there were maybe 40 nations in the world and we were required to name the nations and capitals. I dare say probably no Member of this body can name the 160 nations that are alive and well in the world. The world is a different place. We cannot dominate it, Mr. Chairman, but we can destroy it. It is within that

context that we members of the Congressional Black Caucus offer both a military and a foreign policy alternative to what is being proposed, policy alternatives that reject the mythology of military intervention in the world as a proper code of conduct, as we attempt to reach constructive, long-term peaceful solutions to the problems of the world.

Mr. Chairman, we must resist those persons who would argue diligently that diplomacy should be another form of war. Diplomacy should move us expeditiously toward peace. The proper military posture of this Nation, Mr. Chairman, is defense of America, not domination of the world, and in that regard we certainly can propose a different military budget.

I would like to say to my colleagues, Mr. Chairman, that the budget that the Congressional Black Caucus offered is not a budget that any of us love. We could have gone even deeper in this budget, but in all honesty and with all due respect, we offered a political figure because we wanted our colleagues to have to deal with the totality of the Black Caucus' entire budget. Mr. Chairman, because that budget attempted to meet the concerns of the American people who said balance the budget, we offer a surplus; who ask for a fair and equitable tax cut, we propose tax reform and a real supply side program to stimulate economic activity; and finally, by maintaining social spending at a level that would allow millions of human beings in this country to survive, Mr. Chairman.

□ 1400

We could have gone further. In fact, when you look at our figures in budget obligation, they are not significantly different. But when you look at budget authority, we tried to cut $29 billion from that budget in fiscal year 1982. And I would simply, for a moment, give you a few specifics.

We would strike the $2.95 billion from the MX missile. I would note, with interest, that on yesterday the Mormon Church has now taken a public, official position opposing the insanity of the MX missile system. It is expensive, in that it will cover well over $100 billion; it is unnecessary, in that it attempts to solve a problem that, in my estimation, does not exist; it is dangerous, in that it creates a capacity that would put too fast guns in the world, and that does not bring us closer to peace but that seems to me brings us closer to insecurity; and, finally, the MX missile is impractical.

We would stop the Trident sub and the Trident-II missile; we would challenge the Pershing-II missile, the ground-launched Cruise missile, the CVN heavy aircraft carrier. What do we need with an aircraft carrier in the decade of the 1980's if my colleagues really believe that the scenario is a direct confrontation with the United States and the Soviet Union? I would certainly hate to be on an aircraft carrier. It is a multimillion-dollar turkey, Mr. Chairman, and it is a gross waste of the American taxpayers' money.

I will not go into any further specifics with respect to the cuts, except to simply say that our cuts on budget authority equal about $29 billion.

Now, I would like to point out that GAO lists $16 billion of waste and believe that we could cut $4 billion of that in this year.

The National Conservative Foundation proposes a $25 billion cut from the military budget. Beyond the cuts that we have made, we would even talk about $18 billion of that $25 billion offered, I would say to my colleagues particularly on this side of the aisle, by the National Conservative Union. So it is no radical organization that proposed a $25 billion cut.

Now, the U.S. News & World Report, on April 27, 1981, not known to be a radical instrument, charges, and I quote: "Billions go down the Pentagon drain." And they pointed out these examples, Mr. Chairman, which I will share with the members of the committee: Failure to equip Navy missiles with a $2 firing circuit, which leaves millions of dollars worth of these weapons useless; fraud and incompetent accounting in one Army military office, resulting in a loss of $531 million; inefficient operation and support of the Navy's new F-18 warplane threatens unnecessary spending estimated at $4.1 billion; military Reservists pocketing some $744 million in payments for exercises they never attend; upkeep of marginally useful military bases eats up about $443 million annually.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Slipshod billing practices have forced the Pentagon to pick up the tab for $1 billion in foreign arms sales costs which could have been billed; and it goes on and on and on.

Mr. Chairman, the point that we choose to make here is that what is being proposed is either going to bankrupt this economy or at some point we will build a level of nuclear technology that will go beyond our social institution's ability to control. Therefore, our expenditures ought to be guided by rationality and sanity and a set of priorities that speak to sensitivity and speak to understanding of the human condition in this country and throughout the world.

The cuts that we have made are certainly in no way the bottom line for cuts. We simply offer a figure here to show you that you could have a responsible military budget without $226.3 billion in budget authority, and we would like to add in $18 billion that the Conservative Union suggested we could cut from waste.

And, finally, Mr. Chairman, as I said on a number of occasions, each of us takes a picture of the world with the camera of our eyes, and we bring that perception to the floor of Congress. And against the backdrop of that picture, we make a number of decisions.

I would suggest that a number of my colleagues took the picture of the world with the camera of their minds many years ago and threw away the camera and never updated the picture. The world of 1980 is very different, and if we could ever come together beyond our partisanship, beyond our parochialism, and begin to debate and look at the world anew, we could arrive at a foreign policy that does not require we spend ourselves into oblivion.

Mr. Chairman, with that, I would thank my colleagues for allowing me the opportunity to make this extensive presentation.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to my colleague, the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to thank my colleague, the gentleman from California, and begin by saying that the gentleman has given, without any doubt in my mind, the most carefully analyzed, precise, and analytical evaluation of the relationship of our military budget to the entire budget process that I have heard in this budget debate or any of the others since the year 1974.

Mr. DELLUMS. I thank the gentleman.

Mr. CONYERS. I and many others are deeply indebted to the gentleman for the careful and considered study that the gentleman brings to this debate.

Now, the Congressional Black Caucus is being praised in many quarters for its humane budget approach; many are saying that it is doing something that can lay a foundation for retaining those programs that are so important. But I suggest to the Members, based on the evaluation of my colleague, the gentleman from California, that we are doing something else with this alternative budget, and that is we are laying the foundation for change in the conceptualization of the military within the budget; namely, we determined that this was the time and the year for us to develop a new strategy for military spending based on more security for less cost.

What I am saying, I say to my colleagues, is that the caucus has now presented, based on the evidence that has been presented by my colleague,

irrefutable documentation of the statistics which show the wastes, the fraud, the maladministration that makes me able to say, without any apology on my part, that the Defense Department is the one most wasteful sector of the entire Federal Government, bar none. And that being the case, it seems to me that this budget and the defense proposal within it, as has been suggested by the gentleman in the well, that is part of the Fauntroy alternative, is right on target. In other words, we are daring to say that we can have more security for less cost. And so, what has been raised in this debate, more carefully than in any other that I can recall, is the fact that we need to address the needs of our military, the risks that our military are involved in, the adequacy of our defense posture, the cost of our defense posture, and the excesses of the military with reference to their spending policy.

The CHAIRMAN. The time of the gentleman from California has again expired.

(On request of Mr. CONYERS and by unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. CONYERS. If the gentleman will continue to yield—in other words, what we are daring to posit in this consideration of the budget is that without yielding to any man or woman in this body on the necessity and the importance of a strong national defense system, we can, based on the incredible compilation of facts and material, reduce the military budget. There are some—and I know I speak for RON DELLUMS and myself—the Congressional Black Caucus could have come up with a leaner defense projection, could have come up with even more excissions without endangering the national security in any respect whatsoever.

And so I want to point out to the Members that the reason for the emphasis in this consideration of the budget on the military, starting with the Hefner amendment yesterday, is based on one simple understanding that is beginning to develop here in this debate, and that is that nobody on either side of the aisle, with either of the two major budgets before us, could have dared to come in with human resources cuts that they have offered in their budgets unless they could create the bugaboo of a military dilemma that required us to increase by roughly $40 billion in each budget to the highest peacetime increase in American history. The budget that they are now confronting us with at this point could not be done based on their palpably refutable economic notions of balancing the budget, getting Government off people's backs, reducing the deficit—none of which under their theories are going to work anyway—but never, on a straight economic approach, could they have come in with the inhumane cuts and the untold suffering that will be spread across our land for many, many years to come if what I am afraid happens in this Congress happens here today.

And so the caucus goes to the root of the problem. The problem is in the military. And if we continue to sanction a $1 trillion outlay over the next 4 years, there is nothing to be done but further cuts in the human resources and developments in the Federal budget. We are trapped, I say to the Members. And so I urge the Members to please begin to dialog with us. No; we are not correct and perfect and infallible, but we have a notion, based on all of the studies that have been presented to us, that we can have a strong national defense without yielding these massive cuts to the human services that are going to cause misery across my district and yours for many years to come.

Mr. Chairman, I thank the gentleman for yielding to me.

Mr. DELLUMS. I thank my colleague for his contribution.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, let me just congratulate the gentleman for raising a number of serious issues.

I think what is also important is that people understand process problems which lead people to consider amendments like this. For instance, as the gentleman will recall, last year a number of us were meeting in Senator BYRD's office to try to cut $17 billion from the Carter budget at that time; for every single functional category OMB produced a series of option papers to provide us with a better understanding of which options we might consider to reduce spending. When it came to the defense function, we could not even get OMB to lay an option paper on the table, and the only option paper on the table in the end was one provided by the gentleman from Colorado (Mr. WIRTH) and myself, and certainly neither one of us, most especially this speaker, were the most qualified people in the room to raise those items.

That is one of the process problems we face.

We saw the present Director of OMB indicate that the waste was so bad at the Pentagon that they did not even consider dealing with it this year. Now, what kind of responsibility is exhibited by that kind of a statement?

I have some questions about what the overall amount ought to be in this function, but I congratulate the gentleman for highlighting this very different process by which the defense numbers are arrived at, quite different from any other numbers in the budget.

Mr. DELLUMS. I thank my colleague for his contribution.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from New York.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has again expired.

(On request of Mr. DOWNEY and by unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DOWNEY. Mr. Chairman, the gentleman has done a service here in raising these points. The gentleman has attempted to frame the issue of defense spending in macroeconomic terms, which is something we really have not done in detail and which we should do.

The President's 5-year budget plan—assuming that he is elected in the fifth year, but even if he is not, a lot of the assumptions we make in the next 4 years will carry through, will mean about a $181 billion increase in defense spending.

On top of that, if the President gets his tax plan, we are talking about $196 billion reduction in taxes. Those two items should be considered consumption items, because defense spending does bear very heavily on our economy; it asks for critical resources which our economy needs in the civilian side; it requires skilled manpower to produce weapons.

□ 1415

So it is very much a consumption function. To offset this $196 billion tax decrease and the $181 billion defense increase, we have a $136 billion budget reduction in social spending. This leaves us with about $240 billion of additional equivalent consumption.

Now, the gentleman highlighted a number of ways by which we can deal with the problems that that creates. One is by raising taxes. The other is by continuing to finance it out of a deficit.

The President and Mr. Stockman indicate that this difference, this $240 billion consumption will be solved simply by growth in the economy. What they are projecting in the next 5 years is that the economy will grow 23 percent above inflation, that the economy will grow more than 3 percent a year, and that inflation will drop to about 4 or 5 percent.

Now, we have some historic examples from which to draw conclusions about whether or not this is realistic.

From 1965 through 1970, what President Johnson spent about $29 billion on fighting the war in Vietnam. Translated into today's dollars, that means about $60 billion. So by any reasonable yardstick we see that what President

Reagan is asking us for is three times what the Vietnam war's defense spending was. And he asks us to finance it not with a tax increase, but with a tax decrease.

This is laid out much more graphically and articulately than I am doing today in two articles, one that was written last week by Robert Kaiser in the Washington Post and an article in the New York Review of Books by Lester Thurow. The article by Lester Thurow is provocatively called "How to Wreck the Economy". I think if we fail to recognize the fact that defense spending is inherently inflationary; if we fail to recognize that we cannot increase defense, reduce taxes, and have an economy that grows without inflation; if we do not recognize the inherent contradiction in this policy, by 1985 and 1986 we will see 15-percent unemployment, 25-percent increases in the prime rate, and we will have a wrecked economy.

We should spend a little more for defense; I agree with that assumption. It cannot be spent as quickly as the administration would like, nor could it be spent effectively. An article entitled "The Maginot Curve" most appropriately points out the problems of spending money so quickly on defense. What happens is you get less for more, not more for more. The defense contractors easily can add on to costs when they know that the lid has been taken off, that there is no restraint anymore on the taxpayers' money.

So the gentleman has done us an invaluable service both by his service on the committee and in talking about these microeconomic problems.

I would say to my colleague if we ignore this potential economic risk just because we want to go back to our districts and say, "Look, the Russians are coming, we have to spend more," and not recognize that we run a substantial risk for our economy with these increases, we are very blind indeed.

Mr. DELLUMS. I thank my colleague, Mr. Chairman; that is precisely what we are suggesting.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. DELLUMS. Thank you, Mr. Chairman.

What is being proposed here has enormous long-term economic implications, long-term political implications, certainly has long-term military implications, implications for the nature of our Nation and the nature of the world in the future.

Mr. Chairman, I would like to make a couple of quotes and then conclude.

First Melvin Laird, November 30, 1980:

> The worst thing that can happen is for the Nation to go on a defense spending binge that will create economic havoc at home and confusion abroad and that cannot be dealt with wisely by the Pentagon.

Mr. Chairman, I would like to quote a recent editorial of the Wall Street Journal, not known to be a radical instrument.

> Defense spending is the worst kind of government outlay since it eats up materials and other resources that otherwise could be used to produce consumer goods.

Mr. Chairman, I have spoken to the Members today and will continue to try to speak to the Members today beyond the limitations of parochialism, beyond the limitations of partisanship, and beyond the confines of ideology, but to try to speak as an advocate of sanity and rationality, to speak today for the cause of sanity and the survival of America as a truly free society, free from the threat of national paranoia and, finally, Mr. Chairman, free from the threat of self-imposed bankruptcy.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Michigan.

(At the request of Mr. CONYERS and by unanimous consent, Mr. DELLUMS was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. This has been perhaps the most important debate on the military that I have heard in the Congress. The gentleman from Wisconsin (Mr. OBEY), in pointing out the difficulties of our understanding the dimensions of the problem that we try to tackle within the limited parameters of the budget to discuss the military, it has occurred to me that there is yet another problem that should be at least admitted if not confessed to here in the well today and that has to do with the fact of the power of the Pentagon to put together their enormous propaganda machinery to sell the Members of Congress on their programs.

The truth is that they have techniques, they have personnel who are working on warning us about the problems from one budget date to the next. The fact of the matter is that modern warfare and the techniques have become so sophisticated that we as the providers of the resources are blinded by the brass, awed by the military experts, overwhelmed by military expenditures that are beyond our ability to understand within the limited framework of the procedures here.

So, we increasingly adopt the outlook of professional militarists. Now the military has a role to protect the Nation. The military does not have a role to determine what the policy of this Government will be. That is where civilians, the State Department, and, incidentally, the Congress comes in.

What this gentleman has done here this day, I think, has made us begin to examine this interconnection, sometimes insidious, between what is military policy and what is our foreign policy.

Mr. DELLUMS. I thank my colleague.

Mr. Chairman, we are simply saying that our perspective of the world says the problems of the world are not military; they are social, political, and economic. A number of my colleagues will enunciate foreign policy calculations and projections that will speak specifically to that point.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding.

I would just like to point out that Henry Kaufman last week in a speech to the Press Club was quoted in the Washington Post as saying the following:

> Kaufman drew attention to the strong expansionary effects of Reagan's proposed military buildup and cautioned that this, together with tax cuts, would outweigh the effect on inflation of reducing nondefense spending.

Mr. DELLUMS. I thank my colleague.

Mr. GRAY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment offered by our colleague from the District of Columbia.

I do so, Mr. Chairman, because in my judgment this amendment is the most realistic economically—and the most equitable, in terms of providing for all of America's needs.

The Fauntroy proposal also achieves the goal of fiscal restraint in a fair and humane manner.

Mr. Chairman, I would like to direct my comments this afternoon to one particular section of the Fauntroy amendment—function 150 on international affairs—because I believe the proposals in this function typify how this amendment deals realistically with the problems we face as a nation.

Ironically, Mr. Chairman, the Fauntroy amendment would spend $500 million less in budget authority in fiscal year 1982 than the President's reestimated budget proposal. It would spend $950 million less in budget authority than the Gramm-Latta amendment.

The gentleman from the District of Columbia provides $300 million less in outlays than does President Reagan's reestimated proposal, and $500 million less than the Gramm-Latta proposal.

I use the word ironic, Mr. Chairman, because I do find it ironic that at a time when so many of our colleagues on both sides of the aisle are preoccupied with finding ways to spend less, they are overlooking the simple and obvious fact that this budget proposal—in function 150 and as a whole—does spend less.

Briefly, Mr. Chairman, I will review the basic differences in function 150 between our colleague's amendment, and the administration's budget.

The President proposes an increase of $900 million in budget authority and $400 million in outlays for security assistance and foreign military sales. This would provide additional funding for military equipment and arms, military-related technical assistance, and military training.

Our amendment proposes a $900 million reduction in budget authority, and a $400 million reduction in outlays. This will provide nearly $1 billion in budget authority for military assistance and $842 million in outlays which represents an increase of 10 percent in outlays and a 40-percent increase in budget authority over 1981.

Clearly, Mr. Chairman, these funding levels are more than adequate to meet our obligations and commitments for the security needs of our friends and allies around the world.

We fear, Mr. Chairman, that unjustified increases of 81 percent in budget authority and 42 percent in outlays in military assistance will only facilitate an easy and mindless policy of arms distribution which does not serve our national interests.

Unjustified increases in military assistance programs will result in increased tensions, conflict, and oppression. Unjustified increases provide a smoke screen for a policy of rhetoric against the East which lacks substance and definition.

Clearly, Mr. Chairman, our policies must have more than an East-West dimension, for the Soviets can match our capacity to serve as arms merchant to the world. Our foreign assistance programs and policies must recognize the North-South dimensions of regional and world conflict.

Mr. Chairman, our great Nation possesses a unique capacity to supply the development assistance which, in the long run, will create friends abroad and protect American interests.

Toward this objective, the gentleman from the District of Columbia assumes an additional $400 million in budget authority and $100 million in outlays for the Agency for International Development.

These additional resources are important in promoting a stable international environment, strengthening our domestic and international economies, enhancing the long-term development of less developed countries, and promoting human rights.

We also assume the following necessary additions to the administration's budget: $27 million for the Peace Corps. The administration plan would result in up to a 25-percent reduction in the 6,000 volunteers now working in the world's 60 poorest countries; $5 million for the new African Development Foundation; $6.5 million for the Inter-American Foundation; $32 million for the migration and refugee assistance for Indochinese, Eastern European, Afghan, and African refugees; and, $500,000 to the United Nations Decade for Women.

In short, Mr. Chairman, the amendment by the gentleman from the District of Columbia is not a panacea.

But in function 150—as elsewhere—it does recognize the pattern of misguided spending and mistargeted priorities we have been presented, and it actually spends less.

We increase those resources devoted to human needs. And we address the need for development assistance abroad, while at the same time not jeopardizing the security of our allies, or our own security.

We do so in the belief that the root causes of instability and conflict in our world are political, social, and economic in nature.

They must be addressed, therefore, by solutions which are political, social, and economic in nature—and not merely military.

When our foreign policy has emphasized these strengths through tenacious and creative diplomacy, the results have been significant and positive. The cases of Zimbabwe, the Sudan, Nigeria, and the Dominican Republic are primary examples.

This, we feel, will serve America's long-term interests far better than the shortsighted proposals of the administration.

I urge my colleagues to consider our points carefully, and to support our amendment.

Thank you, Mr. Chairman.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. GRAY) has expired.

(By unanimous consent, Mr. GRAY was allowed to proceed for 5 additional minutes.)

□ 1430

Mr. LOWRY of Washington. Mr. Chairman, will my colleague yield?

Mr. GRAY. I yield to the gentleman from Washington.

Mr. LOWRY of Washington. Mr. Chairman, I would like to take this opportunity to associate myself with the comments of the gentleman in the well, and to compliment him for again providing leadership for a global approach toward the problems of this shrinking world, and also to state my support for the substitute offered by the gentleman from the District of Columbia, Mr. FAUNTROY, and urge the Members of this House to vote for that substitute.

One of the greatest disappointments of the President's economic program is the failure to address the findings and recommendations of Global 2000, the U.S. Government report on population and resource trends in the year 2000. The 3-year study completed in 1980 concludes "If present trends continue, the world of 2000 will be more crowded, less stable ecologically and more vulnerable to disruption than the world we live in now."

The report projects that by the year 2000 population will grow by more than 2 billion from the present level of 4 billion to 6.3 billion. Oil production will have reached its geological maximum capacity during the 1990's. Forest lands in the developing nations, needed for cooking and heating, will have declined by 40 percent. Water requirements will double while the supply becomes erratic. Croplands and grasslands equal in area to the State of Maine will erode into desert each year.

A followup report, "Global Future: Time To Act," issued in March 1981, provides recommendations for reversing current trends. Edmund Muskie, then Secretary of State, prefaced the report, writing:

> It is within the power of this nation, working with other countries, to alter the future. At a time of serious pressing domestic problems, it is tempting to put off action on the long range international issues. We do so, however, at great risk.

"Global 2000" concluded that a major international effort to double resources for family planning could result in reducing population growth by 500 million by the year 2000. In the long run, this effort could stabilize world population at 8 billion instead of the projected 12 billion.

There are also possibilities for improving the quality of life for people now living in destitution. An increase of U.S. food and agricultural assistance by 30 to 50 percent could help 25 to 30 million people a year attain adequate diets. At this rate, almost half of the malnourished people in developing countries could have adequate diets by 2000.

The World Bank estimates that developing nations spend $50 billion a year to import oil. This capital drain is the major cause of rapidly expanding debt of less developed nations. Such debt levels are causing great concern in the world's public and private financial institutions. The World Bank is preparing a 5-year program to invest in energy production in developing nations, including the development of renewable energy resources such as small hydroelectric facilities, biomass and solar energy. The Bank estimates that effective energy conservation and energy production in the poorer na-

tions could reduce their oil import bills by 25 percent.

Unfortunately, the new budget proposals now before Congress ignore the findings made by the State Department and Council on Environmental Quality in the "Global 2000" report. Instead, the administration is recommending a 20-percent reduction in foreign assistance programs and is, instead, requesting a recordbreaking $56 billion increase in fiscal year 1982 Department of Defense outlays over fiscal year 1980.

At the same time, our foreign assistance budget is being reduced from $7.2 billion to $5.3 billion. The United States now ranks 15th of 17 industrial nations in the per capita rate for the provision of economic assistance to developing nations. We are pursuing the dangerous and costly view that it is possible to isolate the United States from global problems if we invest enough billions in new bombers, MX missiles and reactivation of World War II battleships. This is a view of the world that fails to recognize that our strongest tool in world diplomacy is economic, and not military. An African editor put it this way:

We depend on the Russians to supply us with weapons in our struggle against European colonialism, but now that we have virtually won the struggle, we realize that you can't eat bullets and that whether we like it or not, only the West has offered development assistance.

Former U.N. Ambassador Andrew Young stated that despite low levels of assistance by the West, the availability of such assistance along with private investment has given the West complete domination over the Soviet Union when we are promoting African economic development.

In addition we still fail to recognize that the future of the U.S. economy is directly tied to the economic health of the less-developed nations. Our private banks carry billions in outstanding loans to these nations. There are 800,000 U.S. jobs tied to trade and export to the lesser developed nations. If these nations had been able to maintain the high growth rates they enjoyed in the late 1960's—before the jump in oil prices—there would now be 2 million more jobs for American workers in export industries.

The United States has in its power the leadership to reverse deteriorating global trends predicted in the "Global 2000" report. We must develop a program of assistance directed toward helping the people in lesser developed nations increase their self-sufficiency. We must work to reduce world population growth, increase food supplies and develop the untapped energy resources. If the United States does not act, we will find a world of growing chaos and anarchy.

Military superiority over the Soviet Union will be an empty gesture if it is measured against anarchy and turmoil created by growing poverty, ecological disruption, and the eventual breakdown of civil authority in lesser developed nations. In a world made small by telecommunications and jet travel, our missiles, our battleships and our bombers could end up being as effective as the maginot line was for the French in World War II. The key to peace will always be the economic health and stability of all nations. This battle can be won if the United States once again demonstrates the vision and the will to lift itself out of its own economic doldrums and to again provide leadership in revitalizing the planet. There are no reasons why this cannot be done. There are compelling reasons why it must be done.

Mr. GRAY. I thank the gentleman from Washington for his remarks, and certainly agree with the position that he has expressed. For, when we look at all the budget proposals that will be coming before this House, there is only one budget proposal that seeks to do what so many have been calling for for the last 2 years.

We have heard the cry for balancing the budget. Well, there is only one amendment that will balance the budget; in fact, it develops a $7.5 billion surplus. At the same time, as the gentleman from California has so eloquently pointed out, it does not jeopardize our security.

It provides for our foreign policy, and yet provides for the needs of those here at home. Thus, I would urge all of those who have been saying for the last few years, "We need a balanced budget,"—well, you have an opportunity today to vote for one, one that is fair, one that is humane, and one that develops a $7.5 billion surplus.

Mr. DIXON. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the gentleman from California.

Mr. DIXON. Mr. Chairman, the budget resolution is the first step for the 97th Congress in shaping the economic blueprint for America's future.

While my remarks are addressed primarily at the international affairs aspect of the budget, my support for the Fauntroy amendment is total and absolute.

It is clear that the President's budget would equally play havoc with domestic and international priorities.

My community in Los Angeles, and low- and moderate-income people nationwide will be done a grave injustice by the adoption of either Gramm-Latta or the Budget Committee recommendations.

The United States can and should be a major force for peace in a world that meets basic human needs.

The budget resolution which has been offered is clearly inadequate in this task.

We live in a world where it is estimated that one person in eight is afflicted with malnutrition.

We live in a world where a belt of West African nations two-thirds the size of the United States, sees half of its children die before reaching the age of 5.

We live in a world where the average mother in Kenya has eight children, from lack of population planning and belief that by having large families one can have security in old age.

We live in a world where one of every two refugees is on the continent of Africa, 4 million, mostly women and children.

Moreover, today's political reality dictates that we march to the beat of fiscal conservatism * * * yet to lockstep with either Jones or Gramm-Latta would trample poor and middle-income Americans.

Unemployment is offered as the major weapon to fight inflation—while joblessness eats at the core of urban communities and promises to rob us of a generation of minority youth.

Second, these budget slashes are needed to offer a tax cut targeted to upper-income people, rather than distributing benefits equally to working families and the poor.

Investment is offered as the key to economic recovery—that makes sense—but it ignores educational investment—the key to our young people's future.

Now let us take a good, hard look at the international affairs function.

The Fauntroy amendment differs in significant ways from the resolution before us.

Fauntroy provides 50 percent more funding for programs assisting refugees in Africa.

In one Somalian camp, refugees subsist on—roughly a third of the average American diet—with no sanitary facilities, no schools, and two doctors for 70,000 refugees.

Thirty-percent cuts offered by the President in the area of development assistance come from Africa—a gross injustice when 21 of the world's 31 poorest countries are in Africa.

The CBC Budget restores $400 million for development assistance.

It restores the 25-percent cut in Peace Corps programs being sought by the President * * *

It restores these cuts while providing for a balanced budget, equitable tax relief, and a sound military * * *

Peace Corps has probably been our most successful instrument for promoting development and better perceptions of America by the developing world.

A 25-percent cut is no message of thanks to volunteers at work today in 60 of the world's poorest countries.

This cut would keep Peace Corps from entering countries, such as Haiti,

where abject poverty and oppression have brought thousands of Haitians to our south Florida shores.

I would ask, are we being pennywise and pound foolish?

I urge those Members concerned with world hunger and underdevelopment, if for these reasons alone, to support this alternative.

This alternative encompasses a forthright commitment to help the world's poor, as well as provide economic justice for those in our own land.

I know that this is a can-do budget which calls on the resourcefulness, the will, and the decency of the American people to move forward to a balanced budget, a fairer tax system, well-planned efforts to bolster defense, and most importantly to tend to the needs of our society.

This amendment offers not just hope, but action.

To the working mother who cannot feed her children, it restores $2.3 billion in food stamps, while retaining administrative efficiencies.

To the family who cannot afford to heat or cool their homes it restores $900 million in low-income energy assistance.

To the worker displaced by the sluggish economy or American businesses unable to compete with imports, it restores $2 billion in unemployment compensation and trade adjustment assistance.

To the undertrained teenager with no money, no job, and very little hope, it restores $3.7 billion in CETA public service employment.

To the urban areas of our Nation threatened with deterioration and decay, it offers rejuvenation, revitalization through restoration of cuts in UDAG, EDA, and Mass Transit.

To the poor and sick, it rejects the concept of an artificial "Cap" on medicaid which guarantees nothing but continued poverty and sickness.

To the middle-income family let alone low income who find their child's dream of college dashed by Mr. Stockman, it restores $1.3 billion in student financial assistance.

The Fauntroy-CBC budget alternative is not offered as an unrealistic, unachievable, unproven, or untried economic theory.

It does not offer false hopes that States and cities—newly endowed with a variety of "block grants" will now be able to magically solve the national ills which beset our society.

It does not look askance at any Federal program, nor at any aspect of our tax system, but recognizes that every aspect, every activity of Government must be reviewed and reevaluated.

The Fauntroy-CBC budget alternative responds to the mandate of the people:

It balances the budget.

It promotes tax equity for all Americans, not just the rich.

It cuts waste, but preserves those programs promoting social and economic justice.

It provides a strong defense, but does not bloat our military with money that cannot be wisely spent.

In the scramble to find a new beginning, I believe the CBC budget stands alone, for it makes commonsense, reason, and compassion.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(At the request of Mr. DIXON and by unanimous consent, Mr. GRAY was allowed to proceed for 8 additional minutes.)

Mr. GRAY. Mr. Chairman, I want to thank the gentleman from California, and simply point out that he is absolutely correct in relating the budget priorities in international affairs also with our domestic economy, because surely, when we look at the problems that we face abroad and face at home, they must be addressed together. That is essentially what the Fauntroy amendment does. It does so with fiscal restraint; it does so by spending less, but it does so recognizing what the great problems are not only here at home, but also abroad. Those are not problems that are going to be solved by large shipments of bombs and bullets to developing countries, but will be solved primarily by economic development assistance programs.

Whenever we have followed that, we have been able to succeed in solving problems. I should point out one other thing. It is interesting that there is a high correlation with increased defense spending in this budget and increasing foreign security assistance sales across the world. It is as if we must find a place to sell all the new hardware we are going to be producing over the next 4 years.

Mr. FORD of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the gentleman from Tennessee.

Mr. FORD of Tennessee. Mr. Chairman, I thank my colleague for yielding. I would like to just point out that the gentleman makes much of the fact that the Fauntroy substitute would bring about a $7.3 billion or $7.4 billion deficit. That was for fiscal year 1982, is that correct?

Mr. GRAY. Fiscal year 1982.

Mr. FORD of Tennessee. And the administration's Gramm-Latta proposal that we will be taking up later today or tomorrow, had the assumption of a balanced budget by fiscal year 1984, is that correct?

Mr. GRAY. That is exactly correct.

Mr. FORD of Tennessee. Well, Mr. Chairman, I would just like once again to join with my colleague in the well, and with the colleagues who have been in the well today, as well as yesterday, in full support of the Fauntroy substitute, because I have heard a lot of talk from my constituents back home saying to me, "We would like to see Congress balance the Federal budget."

I do not think we have to wait until fiscal year 1984 to do that. I think we can do it today once we adopt the Fauntroy substitute.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(By unanimous consent, Mr. GRAY was allowed to proceed for 1 additional minute.)

Mr. GRAY. Let me just respond to the gentleman from Tennessee. He said a $7.5 billion deficit. No, it is a $7.5 billion surplus.

Mr. FORD of Tennessee. I am sorry.

Mr. GRAY. So, we are talking about an amendment that will provide a balanced budget not in 1984, but in 1982; but not only a balanced budget in 1982, but a $7.5 billion surplus. It seems to me that all of the people who have been saying they want balanced budgets and want to reduce our deficit, develop a surplus so that we can pay off the interest, reduce our interest on our national debt, here is the perfect opportunity to do so, and I am glad the gentleman brought that point out.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I thank the gentleman in the well for yielding to me. I want to commend him for the very important statement that he has made, and I want to express also my support for the substitute resolution offered by the gentleman from the District of Columbia, Mr. FAUNTROY.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(At the request of Mr. WEISS and by unanimous consent, Mr. GRAY was allowed to proceed for 3 additional minutes.)

Mr. WEISS. I had the privilege of serving with the gentleman as a member of the congressional delegation that attended the African-American Institute Conference in Freetown, Sierra Leone, in January of this year. The gentleman was the distinguished chairman of that delegation.

The points he has been making on the floor are a reflection of what we learned not only at the Conference, but on the stops we made in a number of West African countries. We visited countries where the per capita annual income is between $200 and $300 a year, and we saw young Americans serving in the Peace Corps assignments in the villages of those countries, living under the same conditions as the people of those villages.

It just seems to me inconceivable that any American administration,

any American President who had a genuine concern and understanding for the prestige and for the security interests of the United States of America, would not recognize that we as a nation have so much more to gain by providing developmental assistance, human assistance, than by trying to impose on those people and on those countries, unwanted military assistance.

□ 1445

The fact is that over the course of the last 4 years, because of genuine human concerns expressed by the American people and the American Government, the standing of the United States in the developing world probably has been higher than at any time in recent history. We now run the risk in one fell swoop of undermining the hard-won gains achieved over the course of those years.

The gentleman in the well has eloquently underscored the point that if we are really concerned about the survival of the United States, we have to focus on more than just East-West strategic considerations. I think the gentleman serves this body well in trying to point congressional direction and national direction toward providing assistance for people who are living under conditions which I think most Americans would find inconceivable in this day and age.

We had occasion to visit African villages where women with children on their backs pull water out of open wells with ropes, hand over hand; where people glean grain from the chaff by pouring it from one bowl to another and having the wind blow away the chaff; where farm animals are barely skin and bones because of recurring droughts; where most of the animals were allowed to starve because the choice was between those animals starving, and people starving, and even then after the animals died many of the people themselves died.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. GRAY) has expired.

(On request of Mr. WEISS, and by unanimous consent Mr. GRAY was allowed to proceed for 1 additional minute.)

Mr. WEISS. Mr. Chairman, will the gentleman yield further to me?

Mr. GRAY. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, the gentleman has pointed out that we live in a very complicated, interdependent world. It is not possible for our Nation to continue to survive as an island with tremendous poverty all around us. If we do not grasp that, if we do not understand that, we will go the way of all other major powers in the history of the world which ultimately fell because they became so concerned with their own military well-being that they forgot the well-being of others around them.

Mr. Chairman, I thank the gentleman from Pennsylvania for his contribution and urge my colleagues to support the resolution that is before us on the floor.

Mr. Chairman, the budget submitted by the gentleman from the District of Columbia goes further toward meeting this Nation's real needs than any other proposal before us. That budget is offered by the Congressional Black Caucus, and deserves the support of every Member of this House.

Though minor adjustments could be made, the Black Caucus has constructed a budget that responds to the demands of virtually every national interest. Their budget would lower Federal spending, and end deficit spending by producing a surplus. It would restore most funding to human services programs that would be cut by the Reagan, or Latta-Gramm, budget. It would provide a level of defense spending that is above former President Carter's recommendation for fiscal 1982, yet reject the inflationary buildup President Reagan suggests. And it would require careful, sensible tax cuts and reforms that will finance the budget in a more equitable way.

This budget reaffirms the Federal commitment to aiding the poor and disadvantaged in our society. It balances the budget without doing so at the expense of those least able to fend for themselves. It insures that all Americans will pay for our Government according to their real ability.

In a time of economic distress, the CBC budget offers realistic incentives for increased employment and productivity. It eliminates bracket creep in income taxes, by indexing the earned income tax rates to inflation. It adopts a phased-in first-year capital cost recovery system for equipment only, a more targeted and less costly approach to stimulating business investment than the Reagan 10-5-3 proposal. It would provide a 10-percent social security tax credit for both employees and their employers, and eliminate the so-called marriage penalty in the bargain.

At the same time, it regains revenues that are now lost through unfair and biased tax loopholes. Oil and gas depletion allowances and intangible drilling cost expensing are eliminated. The capital gains tax deduction is restricted only to productive capital gains. Tax straddles are outlawed, and large corporations would be required to be at least 80 percent current in their estimated income tax, as opposed to 60 percent under existing law.

User fees on airports and highways, and increased taxes on alcohol and tobacco products would generate additional revenue.

In renewing our commitment to the neediest citizens, the CBC budget restores the Reagan cuts that may save money in the short run, but will cost untold billions in the long run. I refer to the investments in people that our Government makes in numerous programs such as food stamps, aid to families with dependent children, child nutrition, housing assistance, education, health and elderly services, and jobs creation.

These programs represent the real heart of the Federal budget. They represent a message to the youth of our society, the elderly, and the poor and handicapped, that we will not abandon them to lives of rage, helplessness, and despair. These programs, show that Government knows the value of investing in human beings, that economic productivity and social stability depend on that kind of investment.

For urban residents, this budget offers an extra dimension. Even at reduced levels, it would retain jobs programs, rail and mass transit funding, rent assistance, and development grants that are crucial to the health of our great cities. It restores a balance in Federal funding between the older regions of our Nation and the newly expanding areas.

Yet the CBC budget cannot be criticized as one that would erode our national defense in order to fund social programs. In fact, this budget would direct military appropriations that make the most effective use of our defense dollar, and at a level that should certainly satisfy the wishes of most Americans for a vigorous defense program.

It achieves more effective use of defense spending by eliminating wasteful programs and weapons of questionable utility. For example, it would terminate the MX missile program, and the Trident submarine. It would also pare down new weapons programs, eliminating 1 new carrier, 5 manned bombers, the reactivating of 2 battleships, and purchase of 60 new A-10 attack planes, among others.

The alternative to this defense budget is now included in both the Reagan and House Budget Committee packages. This alternative would begin a massive spending binge, the largest peacetime buildup in our history, that I believe will destabilize our economy and needlessly escalate international tensions. The Reagan proposal has the added negative of failing to provide sufficient revenue to finance this spending, as the tax cut it incorporates is unlikely to stimulate the economy or tax revenues as predicted.

I urge every one of my colleagues to give this budget offered by the Black Caucus their careful consideration, and their vote.

Mr. GRAY. Mr. Chairman, I thank the gentleman from New York (Mr. WEISS).

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. GRAY) has expired.

(On request of Mr. DELLUMS, and by unanimous consent, Mr. GRAY was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank my colleague, the gentleman from Pennsylvania (Mr. GRAY), for yielding, and I would first begin my remarks by indicating that I realize there are a number of our colleagues in this body who wonder why we are continuing to try to debate a proposal that stands no chance of passing.

I will simply suggest to my colleagues that this is a free and democratic society, and that we have said on a number of occasions that this is supposed to be the most deliberative body in the entire world, and even if we find ourselves in the minority, we have an obligation and, I would suggest, a responsibility and a right to project our ideas and to project our thoughts.

Mr. Chairman, the Democratic Party did not debate these critical issues last year. You know that, and I know that.

Mr. Chairman, the members of the Republican Party did not debate these issues either. You know that, and I know that. So there is no mandate, Mr. Chairman. We have a responsibility here to debate and to discuss the issues, and if there is no discussion in this body, then where will the debate occur?

So we are going to take some time here even if we only get 18 or 19 votes. The responsibility is to present these ideas, and if we think those ideas need to be set forth, we have a profound obligation and a moral imperative to speak to those questions.

I will say to my colleague in the well that I appreciate the gentleman's attempting to place the problems of the world in much more specific terms. The gentleman is absolutely correct that the historical imperatives of the 1980's are radically different, and we have got to view the world in much broader terms than the narrow confines of the parochial prism of the ideological confrontations between the United States and the Soviet Union.

I will suggest that if we are going to talk about competition with the Soviet Union in the decade of the 1980's, we have to begin to redefine that competition. If we keep going down the road toward military competition, we are going to either destroy ourselves economically or we are going to destroy ourselves militarily.

So, Mr. Chairman, the question of competition is a very relevant one, and we ought to be competitive on the basis of who can best address the political and economic problems of the world, not who can best spend themselves into oblivion or who can best blow themselves into oblivion.

Mr. GRAY. Mr. Chairman, I agree with my colleague, the gentleman from California (Mr. DELLUMS).

I will say in conclusion that the gentleman is absolutely right. As we look at the 1980's, if we believe we can fool ourselves into thinking we can compete with the Soviets and make it only an East-West confrontation through the global community of nations based on arms sales, we will not win, because that policy in the world today does not address the real problems. Where we must direct our attention is toward the economic and social buildup of the developing countries, and we should engage in the north-south dialog that continues to take place.

Whenever we have tried to compete with the Soviets simply on military buildup and arms sales, we have always lost our balance, but whenever we have taken the unique stance in this country of simply not increasing our military capacity but increasing our capacity to grow food, our capacity to heal people, our capacity to teach people, and our capacity to build, whenever we have taken those things and used them as an instrument of our foreign policy, we have been successful—in Nigeria, in the Sudan, and in the Dominican Republic, just to mention a few examples.

That illustrates very clearly the point that my colleague, the gentleman from California (Mr. DELLUMS), is making. In the decade of the 1980's, if we do not realize that, if we fail to recognize that, we will not win. We sell to the Soviets food, grain, high technology items such as computers. Let us do the same thing with the developing countries of the world.

If we do that, then we will live up to our ideals, we will have influence around the world, and it will not simply be based upon bombs and bullets, because we all know that did not help us in Iran and it is not going to help us in El Salvador as well.

Mr. WASHINGTON. Mr. Chairman, I move to strike the requisite number of words.

(By unanimous consent, Mr. WASHINGTON was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from Illinois (Mr. WASHINGTON) is recognized for 10 minutes.

Mr. WASHINGTON. Mr. Chairman, it is my sincere belief that the administration program is a plan for economic disaster, not economic recovery. I am convinced that the American people, once they feel the full effects of this program will rebel against any politicians who help impose on the Nation so misguided a set of economic priorities.

I stand here to defend the principles this Congress is stampeding to abandon. I stand here to beg you to think about what you are doing, before you join this mad rush to reject what is best about America.

The issue is not really balancing the budget. We of the Black Caucus have shown that it can be balanced.

What we are debating today is whether or not America will again break its promises, as it did at the end of reconstruction in 1877.

The administration has admitted as much. Both the President and his OMB Director have said that their so-called economic recovery plan is really an expression of their political and philosophical opposition to the social welfare programs our Nation has spent the last 50 years creating.

The President has stated the motivation for his budget cuts very directly. Let me quote from one of his recent speeches:

> We're not cutting the budget simply for the sake of sounder financial management. Those of us who call ourselves conservative have pointed out what's wrong with government policy for more than a quarter of a century. Now we have an opportunity . . . to change our national directions . . . fellow citizens, fellow conservatives, our time is now. Our moment has arrived.

Make no mistake. History will not be fooled. We are considering the fate of vital services to the American people, of programs mandated by both Houses of this Congress after long and careful deliberation. These functions cannot and will not be carried on by State and local governments. I have talked with mayors and Governors who are just as confused and perplexed as is this Congress. Nobody asked them if they were ready to take over the functions the administration budget would abandon. Nobody asked them if they have the trained staff to do the job. Nobody asked them how they will ever plug the holes in the "safety net."

Today we debate the fate of millions of Americans. We debate their health, and their ability to survive economically. We debate the future of communities and the fate of children who depend upon federally-funded nutrition programs. We debate the fate of families who escaped debilitating poverty through public service jobs, just as the President's family did when he was a child. We decide today who will go to college and how many of our senior citizens will freeze next winter.

Ours is a society searching for consensus, searching for common unifying goals. The Reagan administration budget will be a destroyer of consensus. It will sow the seeds of conflict which will plague us for years to come.

This week we face a critical choice. Will we rush blindly, precipitously, to cut without knowing or caring what we cut? Will we further politicize the

budget process? Will we dash the aspirations on millions of people.

Once, I hoped the administration was serious about preserving a "safety net." So I asked David Stockman for hard answers: What will the cuts do to specific agencies? What will they do to real, living, breathing human beings in communities like mine or yours? He gave me no firm answers.

This is not a budget. It is a political war plan disguised as a budget.

No one in the administration cared to find out the real effects of this budget—on the aged, on the handicapped, on the poor, on working people. The people do not know those effects yet, because they have not yet felt them. But, the cuts will be felt.

If we vote to adopt a program-cutting budget plan, whether it be the Jones budget or the Gramm-Latta budget, let us at least be honest about the reasons for that action. We will not be adopting a budget genuinely designed to heal America's very real economic wounds. Rather, we will be responding to a massive public relations blitz which was carefully designed to sell the administration program.

We have all been targets of this well orchestrated, lavishly financed campaign. I know that many Members of Congress have been convinced that the administration program is what the American people want. That is simply not true.

I urge you to look inside the public opinion polls. Last week's New York Times poll was the first to analyze popular sentiment in depth. It revealed that more than half the American people are withholding their judgment on both the proposed budget and the administration tax program. More than 80 percent said they believe that the program will inflict the greatest suffering on the elderly and the poor.

The Nation is looking to us for leadership in healing its economic wounds. It is waiting to see what effects our decisions have on their economic condition. If the economic program is approved by Congress, the people will feel quickly its consequences. And, once they feel the full effects, they will, I am convinced, quickly turn against the politicians responsible for making them suffer.

They will ask you why you supported an economic program that hurt more people than it helped. They will ask why you didn't warn them in advance of the deep suffering that program would inflict. They will ask why you claimed that the administration program would improve the American economy. Because they will have learned that this economic program helps a few rich people at the expense of many ordinary people, that it inflicts deep suffering on those who can least withstand that suffering; that, instead of promoting economic recovery, it imposes unexpected new costs on business, on Government, and on most individuals. That it opens old wounds, sows anger and discord, and tears at the very fabric of our society.

Nowhere can the shortsightedness and the narrowly political nature of the budget be more clearly seen than in the administration of justice. In this area, we will cut some of the Federal Government's leanest, most efficient, most cost-effective programs.

Nowhere are cuts more pennywise and pound foolish. Let me give you some examples:

U.S. TRUSTEES

Congress passed the Bankruptcy Reform Act of 1978 to address a real problem in our court system. Hundreds of thousands of bankruptcy filings each year were clogging the courts. The program provides for replacement of court-appointed administrators with professional trustees. The program worked well. Congress was to receive a report on its progress in 1983, to help us decide whether or not the program should continue.

The administration budget simply terminates the program. Yielding what savings? None. Elimination of the program will add to the workload of the Federal courts, raising their budgets.

DISPUTE RESOLUTION ACT

The Republican budget eliminates all funding for the Dispute Resolution Act, passed by Congress to provide quicker, simpler, less costly alternatives to drawn out civil litigation. This program might help industry, Government, and private citizens save money by avoiding the lengthy court battles which have, regrettably, become part of the American way of doing business. By sacrificing this tiny, $11 million a year program, the administration may eliminate the prospects for saving hundreds of millions of dollars in court costs and legal fees.

NATIONAL INSTITUTE OF JUSTICE, AND THE BUREAU OF JUSTICE STATISTICS

The Republican budget virtually eliminated the National Institute of Justice and the Bureau of Justice Statistics. These agencies provide local police departments with vital information, particularly on methods for preventing and combating violent crime. It would be foolishly wasteful for local police departments across the country to duplicate these services, even if they had the technical ability to do so. This cut will reduce the quality of our police protection, increase the cost of local law enforcement, and aggravate our crime problems

IMMIGRATION AND NATURALIZATION SERVICE

The Immigration and Naturalization Service is already plagued with one of the worst records upkeep problems of any Federal agency. Our naturalized citizens are already subjected to tremendous delays when they attempt to obtain their citizenship records.

The cuts will greatly aggravate this problem.

This Congress is likely to soon be debating major changes in our immigration policies. Whatever changes we may adopt, the elimination of more than 1,300 INS staff positions will make their implementation difficult, perhaps impossible.

JUVENILE JUSTICE

The administration budget would eliminate the Office of Juvenile Justice and Delinquency Prevention. This is perhaps the most shortsighted of the cuts. Young people who are not diverted from a life of crime will cost society far more than the program's cost. The Judiciary Subcommittee on which I sit has repeatedly asked the administration for specific information to back up the budget cuts it proposes in criminal justice programs. We ask for answers. We get slogans in reply.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION—EEOC

In the past, the EEOC was the target of constant criticism. It took years to decide a case. Decisions were incompletely researched. Staffers were too aggressive.

After several years of congressional hearings and much hard work, the agency reformed itself. It settles cases in a matter of months. It has been praised by leaders of business and industry. Its guidelines on sexual harassment are a classic example of the way in which the Federal Government can easily solve a problem that State and local governments or private employers, acting alone, simply could not or would not deal with.

Yet precisely because the agency did what the GAO and the Congress told it to do, it is now being attacked through the budget process, in a way that will throw it into chaos and backlog, greatly inconveniencing the public, including employers, but making almost no impact on the Federal budget—less than $2 million this year, and less than $10 million in fiscal year 1982.

This again is what I mean by pennywise and pound foolish. We act as though nobody pays for government delays.

COMMUNITY RELATIONS SERVICE

Some cuts may seem symbolic. Others look more like the work of a budget cutter working too fast and too soon with little or no understanding of the programs affected. For example, the administration budget would cut 33 positions from the Community Relations Service. Yet this is 25 percent of their permanent staff. This will wreak havoc of the Community Relations Service and have absolutely no impact on the Federal budget.

The Community Relations Service was established by the 1964 Civil Rights Act to mediate disputes between local communities and State or local governments.

CRS saves judicial time, saves money, saves property, probably even saves lives. It has defused some very volatile situations. I know of no one who has seriously criticized the performance of this agency, and at a time like this, it seems incredible to me that CRS should be eviscerated.

The administration budget would eliminate 50 percent of spending for enforcement of Federal firearms regulations. Such cuts will only exacerbate our Nation's problems with violent crime.

Do you really believe that the Federal Government should not unclog the court calendars, should not coordinate the sharing of law enforcement information, should not work to limit juvenile delinquency, should not provide legal services for the poor, should not enforce antidiscrimination laws, and should not work to peacefully resolve civil rights conflicts? If that is your belief, say so honestly and forthrightly by voting to abolish the programs themselves, but do not do it deceitfully by using budgetary sleight of hand. If you believe that it is the role of Government to promote justice, then you must vote for the Congressional Black Caucus budget, as it is the only budget which will adequately support our criminal justice civil rights, and conflict resolution programs.

Let me suggest, finally, that each of us has a tremendous responsibility to look closely at the consequences of this program for the people we know best, for the people of the districts we represent.

I have studied that Reagan program and have analyzed its effects for the State of Illinois, the city of Chicago, and my First District on the South Side of Chicago. Let me suggest that the suffering we would feel under the administration's economic plan will be duplicated in communities across the country.

A highly respected economic forecasting service, Wharton Econometrics, has estimated that the combined impact of the proposed budgetary changes would cause the disappearance of up to 1.7 million jobs across the United States between now and the end of 1982. If Chicago suffers its proportional share of that loss, we would lose 20,000 jobs. How many jobs will your community lose?

The First District which encompasses just one-seventh of the city of Chicago, will lose 2,000 CETA public service jobs at a time when we are suffering double digit unemployment. How many CETA jobs will your community lose?

My district is the home of three major institutions of higher education. More than half our students are dependent on Federal assistance. Two of our schools are public institutions serving a very low-income population. Students struggle to attend these schools, because they know that future employment prospects will be nil without a good education. Our youth unemployment rate is at least 40 percent. Already, many of our students skip meals to buy textbooks. They simply can't meet the new requirement that they supply $750 toward their education before receiving Pell grants. They will be forced out of school, onto welfare, into the growing ranks of the unemployable. The waste of talent and human resources will be staggering. The whole society will pay for that waste in lower productivity, higher public aid costs and increases in the crime rate.

Our elderly will suffer most from the cuts in food stamps, from the elimination of the minimum social security payment and from a host of other cuts in social programs.

My district is the home of hundreds of small struggling businesses. Our entrepreneurs are small retailers, contractors, service providers. Their businesses are labor intensive, not capital intensive. Rapid depreciation will do little for them, just as it will do little for the small businesses across the country which are the most important source of new employment. They need precisely the programs that this administration wants to cut: Housing construction and rehabilitation, SBA assistance, aid to minority business, and others.

In closing, let me say that the American people will not be fooled on this issue. The administration budget is an economic disaster. The American people will suffer the consequences, if it is adopted. We must not make them suffer.

□ 1500

Mrs. COLLINS of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is with great pride that I rise to speak on behalf of the Congressional Black Caucus budget alternative introduced by my colleague and Congressional Black Caucus chairman (Mr. FAUNTROY). On March 18 of this year the Congressional Black Caucus responded to President Reagan's challenge to come up with an alternative to his budget proposals. Subsequent to that date, the CBC has made readjustments in its budget which I believe make if even more attractive and more acceptable.

This alternative budget shares many of the same goals which President Reagan has enumerated.

It accepts the need for a reduction in the rate of growth of Federal Government spending.

It accepts the need for revisions in the current capital cost recovery provisions.

It accepts the need for real growth after inflation in the defense budget so that our defense capabilities can be unquestioned. It accepts the need for revisions in the Tax Code to provide relief to the citizens of the United States, and, yes, as my colleague, the gentleman from Pennsylvania has said, it also has a surplus, a surplus of $7.85 billion in fiscal year 1982.

The one thing we do not accept is the apparent view of the administration that the people have no right to expect any help from their Federal Government. This is why the Congressional Black Caucus has developed this alternative that is physically sound and yet still addresses the needs of all the people of our Nation.

Our budget takes a far more comprehensive look at what is needed for the economic revitalization of our country. It restores more than $12 billion in budget authority in 1982 to vital education, employment and social services. It does not consolidate the categorical grant programs which we here in Congress have in the past felt necessary to establish in order to attack longstanding social and economic ills.

The Congressional Black Caucus budget restores cuts made in desperately needed programs; the food stamp program, the school lunch program, CETA jobs, child nutrition programs, elementary and secondary education, community services administration, and the legal services program.

It recognizes the priority of continuing and upgrading our Nation's commitment to mass transportation.

It creates additional incentives for the construction of new housing and the rehabilitation of existing housing stock.

It offers the opportunity to restore fiscal sanity equitably. It offers the opportunity to do many things which all the rest of these budgets do not.

Mr. Chairman, I happened to be over at the White House a couple or so months ago. The President was talking about this very resolution that we are discussing and debating here today. During that time I asked the President a question. I talked to him about what some of his budget cuts would do, and he gave me his assurance that the truly needy people in our Nation would not be hurt. Yet when I look at Gramm-Latta, which is a clone for the administration's budget cuts, I find that this really is not the case.

I am going to digress for just a minute to say a few words about the energy sessions of the Congressional Black Caucus budget. Our alternative is an excellent one, I believe. The energy section of the Congressional Black Caucus budget restores cuts made in such desperately needed

energy programs as low-income weatherization, energy conservation, nonfossil energy supply, and energy information and regulation, and does so with a projected overall budget surplus. It enhances the energy employment outlook by providing for creation of new commercial jobs in conservation, solar, synthetic fuels, and the conventional energy supply sectors of our economy.

It should also be noted that by providing phased fuel assistance for those persons hardest hit by the rapid increases in fuel prices, the Congressional Black Caucus budget would immediately support economic revitalization.

For example, the provisions of the fuel assistance program partially insures utility bill collectibility. These revenues, in turn, allow the utilities to better compete for the ever scarce capital we require to favorably meet future energy demands and supply constraints.

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

(By unanimous consent, Mrs. COLLINS of Illinois was allowed to proceed for 5 additional minutes.)

Mrs. COLLINS of Illinois. President Reagan's energy budget proposals and its House clone, Gramm-Latta, which are based upon so-called supply side economic theories, not only present a grave danger to the poor and underprivileged in America but also to our long-term energy security.

In fact, they more closely resemble a blind-side blow, destined to financially wipe out those Americans who are already sagging under the oppressive burden of crude oil deregulation and other shifts toward free market solutions to our economic woes.

Low-income households use 50 percent less energy than medium income households, yet the low-income family spends over 35 percent of its income on energy. That figure compares to 13 percent for medium-income households. Gramm-Latta would shift or eliminate such programs intended to help meet the harsher impacts caused by rising energy prices.

In Public Law 96-126, the Fuel Assistance Act, the Congress targeted $1.35 billion for emergency aid to help redress this inequity. Under Gramm-Latta, assistance to the low income—and thus to the U.S. economy in general—would be severely limited. The CBC budget would alternately allow the disproportionately affected low-income segment of our Nation to better cope with the rapidly shifting energy outlook by restoring funds for low-income assistance, low-income weatherization, as well as conservation and solar financing.

The low-, medium- to low-income citizen, just like the Nation's utilities and major businesses, is faced with a capital crunch. It takes capital and credit to finance the modifications in homes, buildings, and appliances required to meet the anticipated rapid rises in residential energy prices.

In partial recognition of that fact, Congress enacted the Energy Security Act of 1980. The resulting solar and conservation bank, together with the national consumer cooperative bank and the DOE energy conservation programs targeted for alternate fuel and energy efficiency all have the effect of supporting and accelerating the transformation in the way America uses its energy.

According to the National Academy of Sciences, energy conservation improvements would reduce our total demand by 25 percent in the short term and almost 50 percent in the long term. Alternative production sources could supply more than 10 percent of our needs in the short term and more than 30 percent in the long term. In addition, increasing our energy supply through energy efficiency costs less and creates more jobs on a Btu-for-Btu basis than through production.

The CBC budget would provide continuing support for this transformation by providing in fiscal year 1982 $132 million in budget authority, $149 million in budget obligation for solar and conservation bank.

For the alcohol fuels loan guarantee program, it would, in budget obligation, give $104 million.

For energy conservation, budget authorization of $872 million; for budget obligation, $799 million; and $200 million for the low-income weatherization program.

With the administration plan, such programs would be eliminated, as would the solar and conservation bank. The argument is that with price signals, the financial community will see the light on conservation and fund this proven cost-effective fix through conventional banking institutions and the Synthetic Fuels Corporation project.

□ 1515

It has been noted that the President embraces a pull yourself up by your bootstraps philosophy; why, then, does he advocate cutting the CETA-based low-income weatherization program? This does not make sense to me. This program, together with other CETA projects, last year alone saw nearly half a million people move from locally administered subsidized jobs to unsubsidized employment. Nearly a quarter million more left CETA for further education, the military, or some other gainful employment.

Mr. Chairman, contrary to what many would have us believe, people programs have helped America, and they are still greatly needed.

Three or four weeks ago I began a series of hearings.

The CHAIRMAN. The time of the gentlewoman from Illinois (Mrs. COLLINS) has expired.

(By unanimous consent, Mrs. COLLINS of Illinois was allowed to proceed for 5 additional minutes.)

Mrs. COLLINS of Illinois. Mr. Chairman, about 1 month ago I began a series of hearings on what some of these cuts would mean. As chairwoman of the Government Operations Subcommittee on Manpower and Housing, which also has oversight jurisdiction for HUD, the Department of Labor, CSA, and other major agencies, I had a number of witnesses come before us to talk about what some of these cuts would really mean to the people. One such witness was a lady by the name of Mrs. Meadows. Mrs. Meadows is from Botetourt County in Virginia. I want to read to you just a little bit of her statement because I think it begins to zero in on the point.

Mrs. Meadows is a senior citizen. She said she had taught in the Botetourt County, Va., school system for 40 years. After her introductory remarks, she said, and I quote:

> We are asking that you not let the cuts get these good programs that have been helping the communities all of these years and that have been giving benefits to the elderly * * * and for the young, and for all conditions of mankind* * *.
>
> In Botetourt County we wouldn't know what we would do without them. They have helped with weatherization and low-income housing* * *.

She went on to say:

> When we recite part of the Declaration of Independence, we say: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness."
>
> Nobody can be happy if they are outdoors. Nobody can be happy if they live in a substandard house. You can't be happy if the wind is blowing through. Luckily this year God has given us a pretty nice winter.
>
> We can't be happy if we don't have the nutritious food that we ought to have.
>
> All these things these social programs have helped to provide, such as transportation for senior citizens to take them to the doctor and buy their groceries, we wouldn't know what to do without that transportation.
>
> One of our diners clubs had to close down because they did not have transportation to the place where we met. We couldn't afford it.

She further said:

> Sometimes in our own government . . . we get so—

And then she hesitated; she said—

> I don't know what it is, but we don't have the money for what they don't want it for.

She goes on and says:

> What I would like to see them do, some of them who are sitting up there in their high and mighty place, is come and take a place there where they are. Then they could see for themselves.

We need our youth program to keep our youth "out of the street." We have heard that before. You have the Headstart Program. That has been mighty beneficial to Botetourt County.

She ends up by saying:

All of these programs have been of benefit to Botetourt County. I say Botetourt because I live there. We are very rural, strictly rural, so much so that we need all the rural programs that can be had.

She then discussed the proposed cuts in the fuel assistance:

The fuel program: The more you use, the less you pay. That's funny. I didn't know it was true until my bill was so much higher than somebody else's bill. These folks that have all these things, their bill would be less that I was paying. I was paying a great big bill, and their bills were way down because they use more fuel.

It ought to be that you pay for what you use and not my paying for what somebody else is using and mine also.

We used to use some wood. But I didn't because I have an all electric house. Sometimes I have thought maybe I would get rid of that and put in an all wood house.

She said further,

We need [people programs], and we hope you won't cut them out.

Mr. Chairman, another witness at a hearing that I held a week or so ago was a lady by the name of Hazel Thompson. Miss Thompson is a retired schoolteacher. She taught for 47 years in the city of Roanoke, Va., and she says:

My first teaching job was at the Harrison School, the City's first high school for black children when it was built in 1917. . . . We are going to save Harrison School and preserve our precious black heritage by establishing a community center in the building, as well as 14 apartments for the elderly. . . . The center will be a respository for our history and a source of pride and inspiration for our children. Harrison School is in the hearts and memories of so many of the fine citizens of our community. Part of attending there meant learning the importance of education, pride of heritage, and social responsibility.

She went on to explain that—

The Harrison Center project is possible because of the dedication and hard work of many interested agencies in Roanoke. . . . that the project is funded by HUD's Office of Neighborhood Self-Help Development.

The CHAIRMAN. The time of the gentlewoman from Illinois (Mrs. COLLINS) has expired.

(At the request of Mr. DELLUMS, and by unanimous consent, Mrs. COLLINS of Illinois was allowed to proceed for 5 additional minutes.)

Mrs. COLLINS of Illinois. Mr. Chairman, she said:

I was in Washington in December for the orientation for new grantees. While there I met many people from all over the country, people who were excited and involved in improving their communities by self-help. It was inspiring to be part of this effort. I hope that the encouragement of these types of efforts will not be lost. All of the projects, including our Harrison Center, can be possible because of cooperation between many segments of the community and several sources of funds. Our project, will be realized using funds we raise ourselves, $128,000 from HUD, $150,000 from Roanoke's CDBG funds, and a loan from a local bank. The apartment units will be subsidized by HUD Section 8 funds. We have made the Federal and local resources system work.

In closing, I would like to urge you, as a Board member of a fine community agency, as a leader of a community group dedicated to community improvement, as a senior citizen, and as a black American, not to turn your back on the progress we have made, and not to abandon the goal of eliminating poverty in this land of plenty.

She then added:

I have one more thing I wish to say. For 47 years I taught my children the Preamble to the Constitution of these United States, "We the people of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

I hope I have not taught these children in vain; I hope I have not misled those children for all these many years; and I hope you will realize that you will make distinctions in deciding how much to cut the particular programs that are affecting the community. . . .

As a Christian, who has lived seven years longer than the President of the United States, I hope you will review the preamble and the Constitution. Then I believe that you will not cripple the efforts of citizens' groups. And I pray that you will be guided by the power of the Heavenly Father to insure that this is, indeed, a government concerned about all of the people.

Mr. DELLUMS. Mr. Chairman, will the gentlewoman yield to me?

Mrs. COLLINS of Illinois. I yield to the gentleman from California.

Mr. DELLUMS. I thank my colleague for yielding.

First, I would like to commend her on her statement critiquing these budget cuts as they affect domestic life. I would just like to add I do not know how many of my colleagues have held formal hearings in their congressional districts where they took testimony on the question of the implications of this budget, but this particular Member did. An interesting conclusion of those hearings was that most people have no idea as to the enormous implication of these budget cuts and budget reductions, and that they are going on without any significant discussion, without any significant debate.

I would like to speak to the three points. The two who joined us in hearings both indicated that over the past several years Federal funds have become an increasingly larger big-ticket item in virtually every urban budget across the United States, and that these budget cuts are going to significantly reduce that big-ticket item; namely, Federal dollars, to the point where many cities across this country are going to have extreme difficulty functioning.

I would say to my colleagues from California that this is going to be an even greater problem in the State of California, for we no longer have a surplus to balance us out of the insanity of proposition 13, and when the implications of proposition 13 are visited upon the people of California, including the incredible cutback in pipeline funds envisioned by this budget, cities in the State of California are going to be reacting, in my estimation, violently when they realize that they lack the capacity to deal with the human condition as it evolves in the urban centers.

Second, this administration has indicated that while they have made significant cuts, they have what is referred to as a safety net to catch the so-called very needy people.

First, I think there ought to be some debate as to the definition of who the really needy people are.

The CHAIRMAN. The time of the gentlewoman from Illinois (Mrs. COLLINS) has expired.

(At the request of Mr. DELLUMS, and by unanimous consent, Mrs. COLLINS of Illinois was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. If the gentlewoman would continue to yield, I talked with school administrators who were challenging the budget reduction of $1.6 billion in the child nutrition program. The rationale is that needy children will receive the necessary benefits. But I talked to a number of administrators who said, if you cut $1.6 billion from the child nutrition program in order to get at a segment of society: First, that segment of society, the working-class people, are going to have to pay for that themselves at a time when their dollars are purchasing less; but, second, that that cut will result in the closing down of a number of programs so that innocent, needy children in many instances will, indeed, fall into that so-called safety net.

Finally, we have testimony from one of the county administrators who stated there are a number of services, programs, that are mandated to be carried out by various counties by State law, and they said that with these budget cuts we are moving toward a moment in time when we might be talking at the county level about whose discretionary program we finance or implement or do not implement. But we may very well be talking about which lawful mandatory program do we choose to adhere to. That is an incredible implication.

So I just want to make that comment.

I appreciate my colleague for making her statement significantly challenging these budget cuts. We are not just talking about shifting numbers here. What is really being talked about is a radical redefinition of the

role of government in people's lives. We are not just debating figures; we are debating the way of life in this country for years to come.

I thank my colleague.

Mrs. COLLINS of Illinois. I thank the gentleman.

In closing, Mr. Chairman, let me say I ask my colleagues to really look at all of the rest of what the various other budget resolutions that are on the floor today do. And I ask them to ask themselves, can we really expect the working poor to continue to take on second and third jobs just to reach a point where they were before social services were cut? Do the automobile and other sagging primary industries, upon which our entire country depend, really need 10-5-3 depreciation schedules which, because of an insufficient tax liability due to their huge losses they cannot even use? Do the affluent of this country really deserve huge after-tax savings when the middle class will actually suffer higher tax payments?

□ 1530

I say the answers to all these questions is "No." And, finally, I ask my colleagues to vote for the Fauntroy substitute, to hear the cries of these women, Mrs. Meadows and Miss Thompson, who have spoken for so much of America in an anguished plea that we in 1981 do not again create situations where we find large numbers of our citizens again economically destitute, educationally insolvent, socially deprived, or medically meager.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Fauntroy substitute.

Mr. Chairman, before touching very briefly on two aspects of it, I want to comment and the Chair has requested that address the Chair, on a phenomenon that exists in this House, and that is something that I call the vote birds, who are so anxious to finish the business of the House that they start screaming "Vote" long before Members have even gotten to the well to speak. If you are a visitor here, do not be disturbed by the kind of raucous behavior. It is not characteristic of the House of Representatives.

Second, I would like to indicate that I have one other observation to make before addressing these two portions of the Fauntroy substitute.

There are 435 persons who serve in the U.S. House of Representatives. When all are present, they take up this entire Chamber. If you look around, you will see far less than 435. And indeed some of the persons that you see seated here are staff members, not Representatives of the U.S. House of Representatives.

While it may be true that some of the Representatives are taking care of the business of their constituents and cannot be here for debate, that is legitimate. It is not legitimate to assume that they are in committees marking up bills, because under the rules of the House a markup cannot occur when the House is operating under the 5-minute rule. It may be true that some of the Members are absent because they are having hearings in their committees. That is legitimate. But it also may be true that some of the Members are absent simply because, first, their minds are so inflexible that they are unwilling to even hear any other arguments on this budget, or some of the Members are not here because they are so racist they cannot accept a constructive alternative budget which emanates from a Congressional Black Caucus but which is designed to help all of the people of this Nation. Or, finally, some of them are not here simply because they are too politically frightened to open their ears to anything but the dogma of the Reagan administration. Their fear is predicated upon their reelection, about their being reelected to Congress.

So, Mr. Chairman, if you do not see 435 Members here, consider for yourself where those missing Members might be.

I shall speak briefly about housing and about small business. Most of you do not know why the Government got into housing. Many decades ago there was a man, a President of the United States, who said, "I see one-third of the Nation ill-housed and ill-clothed and ill-fed." This Nation has come very far in terms of trying to provide safe, sanitary, decent housing for all. No longer is there one-third of a Nation ill-housed. We have made some progress. But I suggest to you that there are a sufficient number of persons who do not have decent housing yet. Their number is large enough so that we have got to continue housing programs.

I am not going to be very long because I know you are tired, and I do not want to stimulate the vote birds again in the House.

I drove from Baltimore to Lincoln University in Oxford, Pa., Sunday. I left my city, where there is bad housing, I drove to affluent suburbia, and then I drove to fairly affluent rural areas and then I drove into rural poverty. It is in rural poverty and poverty in our cities where there is a crying need for decent housing. If we would accept the administration's position, we will simply have closed the door to any future efforts to provide decent housing for people. It is just that simple. Under the rescissions offered by Gramm-Latta, there will be no more housing.

The administration came in with about 150,000 housing units. Generally, we provide 300,000 housing units a year. This is less.

My friends, we would not even have to be doing this right now had we but lived up to some commitments that America has made consistently and America has broken consistently.

The CHAIRMAN. The time of the gentleman from Maryland (Mr. MITCHELL) has expired.

(By unanimous consent, Mr. MITCHELL of Maryland was allowed to proceed for 5 additional minutes.)

Mr. MITCHELL of Maryland. In 1948 it was the national policy of America, enunciated very clearly, that we would provide 1 million housing units a year for the next 10 years; and we would have had no housing problem, but we abandoned that commitment. We came back in 1968, with the same kind of pronunciamento, the same kind of national policy, saying we would provide 1 million housing units a year for the next 10 years. We abandoned that, and now we are here fighting to try to at least keep a part of that commitment alive under the Fauntroy substitute.

All of you in the sound of my voice have told me about young people not being able to buy homes. In the housing package that we had, there is something called the 312, the 312 loan program, and many young people have moved back into the cities and have purchased homes under that program. Under the Gramm-Latta substitute that is stripped away. Under the Fauntroy substitute there would still be a chance for that.

I do not need to make out a large case for housing. I just want us to continue to try to meet the needs of the people.

I would like to take 4 minutes or less to talk just a little bit about small business and what the Fauntroy substitute does in terms of small business. It keeps small business in operation. There are 13 million small businesses in this Nation, and as you know, if you read the newspapers, daily, they are announcing bankruptcy, daily they are being swallowed up by the giant corporations. The Gramm-Latta substitute, which is the administration's substitute, would simply devastate small businesses in this Nation.

I serve as chairman of the House Small Business Committee. The original proposition that came down from the Reagan administration was bad enough. There is something called direct loans, where small businesses cannot borrow from banks because banks will lend only to big corporations. So we set up a program of direct loans. Under the original Reagan proposal, $100 million would be cut out of the direct loan program, $100 million zapped. Small businesses that cannot get money from the lending institutions would be decimated.

There is something called the bank participation program, where the Fed-

eral Government guarantees 90 percent of a loan made by a lending institution. Under the Reagan administration's proposal, $100 million would have been cut from the direct loan program, and those few small businesses that did get loans would not be able to get them.

In addition to that, the Reagan administration proposes that the interest rates on those loans to small businesses be tied to the prevailing interest rate. The prime rate is now 19 percent, and the Federal Reserve just raised the rate at the discount window to 14 percent. Who can afford to make loans on that basis, save the giant corporations?

So just in these two aspects we are grateful to the Members of the Congressional Black Caucus for having made an attempt to keep a commitment of a nation going for housing for its people and to give some sustenance and vitality and significance to the small business community which is the backbone of our Nation.

In conclusion, let me say this—I said I would be very brief, and I do not want to take up a lot of time; other Members wish to speak. Let me say this: 90 percent of the Members of this House are rushing in a pell-mell fashion to vote for the Gramm-Latta substitute. And when they do, what they will be voting for is a denial of a longstanding commitment made by America to American people that somehow or another, when every other resource failed in this Nation, the Government would stand by its people. That is what you will be denying. That denial is not on the basis of any economic deprivation, or any economic difficulties that we are having; it is solely and exclusively on the basis of trying to justify an ideological position, a position that says the Government has no responsibility to meet the needs of the people, that is a responsibility of the private sector.

This is a sad day. I have been in this Congress 10 years, and I have tried to serve with honor and decency and with commitment, because I believed in a Government that had commitment. Now we see a Government reneging on its commitment in the form of the Latta substitute.

The CHAIRMAN. The time of the gentleman from Maryland (Mr. MITCHELL) has again expired.

(By unanimous consent, Mr. MITCHELL of Maryland was allowed to proceed for 5 additional minutes.)

Mr. MITCHELL of Maryland. There is just one shot, there is one shot to retain that sense of decency, and that is the Fauntroy Congressional Black Caucus substitute, but it will not be approved. It will not be approved. And that is a sad, sad commentary. It is not going to be approved for the very simple reason that the American people have been sold a bill of goods, have been given a sense of hysteria, have been given a sense of distortion of the facts of what has been going on in this country. They have been lied to, and the lie is to establish an ideological position.

I will not take my words down if someone wants to challenge me, because that is what I believe.

And so go ahead and vote. But remember when you vote against this only meaningful substitute what you are doing.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield very briefly to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, the question I have, in addition to commending the gentleman on his presentation, is: Has the gentleman been able to make any comparisons about the Jones budget and the alternative Fauntroy amendment in terms of the housing matters on which the gentleman is an expert?

Mr. MITCHELL of Maryland. The Jones budget makes no significant improvement in the funding for either housing or small business.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words.

(By unanimous consent, Mr. CLAY was allowed to proceed for 6 additional minutes.)

Mr. CLAY. Mr. Chairman, I rise in support of the Fauntroy amendment, known as the Congressional Black Caucus alternative budget. For several days this body has been addressing the economic considerations of the Jones and Gramm-Latta proposals but not the economic ramifications of either. If either of these proposals wins, the public loses. The proposal submitted by the CBC is the only logical, fair, equitable, consideration before this House. It restores approximately $28 billion of Mr. Reagan's proposed cuts and finds over $35 billion in alternative outlay savings, while at the same time increases defense spending for fiscal years 1981 and 1982. It provides for a 10 percent social security tax credit for both employees and employers. Over and above that, it reflects the sensitivities, compassions, concerns for people in the middle, low and no income bracket.

Mr. Chairman, most of our colleagues are approaching this budget matter with a mind set which views the election returns of last November as a mandate to destroy worthwhile people programs. But, the effect of this approach is in serious question and the facts contradict the assumption. Hopefully, America has not abandoned the concepts embodied in the preamble to the Constitution: Accordingly, we have an obligation not only to provide for the common defense, but to promote the general welfare and insure domestic tranquility. The efforts of this House on both sides of the aisle to increase defense spending by reducing vital, necessary domestic programs not only reneges on our commitment to promote the general welfare, but it also jeopardizes our domestic tranquility.

Mr. Chairman, for a substantial segment of our population, housing is deplorable, employment imaginary, health care illusionary, and education a farce. The Gramm-Latta proposal seeks to reduce Federal appropriations for these programs while increasing appropriations for the military. But, equipping the strongest army to protect the weakest people defies commonsense and common decency. Stengthening our military to excessive levels only encourages military adventureism. Historians tell us that of the 25 most powerful nations in the world, 23 were destroyed from within. The most menacing threat to our democracy is not from some abstract, Communist conspiracy as some would have us believe. Soviet ammunition in El Salvador and Cuban troops in Ethiopia do not pose nearly the potential to overthrow our Government as dissatisfied, exploited coal miners in West Virginia, unemployed teenagers in the Bronx, and disillusioned Vietnam veterans.

Mr. Chairman, the other two budget proposals that we are considering today, constitute some kind of a cruel hoax on the Amercian people. Roughly 75 percent of the budget reductions proposed in the Gramm-Latta plan are contained in social and domestic programs, programs which serve the poor and disadvantaged. How can we ask those who have the least in our society to give up the most, in the name of a more stable economy? There is no evidence that either the Jones or Gramm-Latta proposals will effectively deal with inflation, high interest rates, unemployment, or any of the other social impediments to economic stability.

In a sense, they reflect a new mood that is sweeping our Nation. A mood in which selfishness is a virtue instead of a vice.

We should all reap the rewards of economic improvement, but those who sacrifice the least in this process will certainly enjoy the greatest reward, and how do we explain this kind of selfishness to those who are denied and deprived? Oh what this budget must mean to our children in tattered clothes, our senior citizens in rundown tenements, our racial minorities in segregated ghettos, our jobless Vietnam veterans with hopeless dreams, and the mothers of the 26 children who were murdered in Atlanta. If either the Jones or the administration budget is adopted, it will continue for them a sanctuary where the waters run foul and the air hangs heavy. It will say to them that they are not free

and their leaders certainly are not brave. Night after gruesome night, ABC, CBS, and NBC mesmerize them with programs of violence, crime, and mayhem. While 22 million resort to food stamps for survival, 11 million suffer the indignities of unemployment, 8 million are afflicted by alcoholism, and 4 million suffer from drug abuse, the national debate centers around school busing, abortion, and increased defense spending. To them, America with her sense of purpose and direction distorted, where dishonest men seek solutions to honest problems. America through this budget offers them little solace.

Mr. Chairman, today we are confronting the first real interclass economic hardship since the great depression and we are responding to the situation like spoiled children. The Gramm-Latta plan suggests that we make drastic cuts in our human needs programs: As if this branch of government is the demon disturbing our economic peace and stability. Let me read a short passage from Harpers Weekly magazine:

> It is a gloomy moment in the history of our country. Not in the lifetime of most men has there been so much grave and deep apprehension: Never has the future seemed so incalculable as at this time. The domestic economic situation is in chaos. Our dollar is weak throughout the world. Prices are so high as to be utterly impossible. The political cauldron seethes and bubbles with uncertainty. Russia hangs, as usual, like a cloud, dark and silent upon the horizon: It is a solemn moment. Of our troubles, no man can see the end.

That description was written 124 years ago, 1857; since then, we have experienced a century of changes, changes that even the most imaginative men have great difficulty comprehending. But let us recognize the lessons of history and let us not make the mistakes of the past. We cannot apply yesterday's solutions to today's problems. Our economic problems are not based in social and domestic programs. The world economic order is changing and other nations will impact our economic state as never before. We must not pretend that internal solutions can solve external problems. Congress must be more honest in our approach to promote greater economic stability. Both the Jones and the Gramm-Latta budget plans fail to provide any real solution to our problems and in fact distract our attention with a lopsided distribution of budget cuts.

I am not opposed to a reduced Federal budget, but, I believe that the burden of a budget reduction must be equitably distributed. The Congressional Black Caucus has designed a compassionate budget which does just that. It also balances the budget while restoring funds for basic educational programs, student financial aid programs, comprehensive employment and training programs, nutritional programs, subsidies for improving our housing stock, health care programs, energy conservation and research development and provides equitable tax relief for the middle class and working poor. The Congressional Black Caucus' alternative budget would also improve our national security by supporting more money for military personnel, training, operation and maintenance programs, in one sentence, the Congressional Black Caucus has developed a plan to reduce our Federal budget without reducing our self-esteem, and, in the final analysis, I suggest that the United States may have no more important a resource, than the self esteem of her citizens. I urge my colleagues to use their imaginations, think about the adverse impact that the other budget plans will have on the daily lives of millions of individuals in our society. I ask you to support the Congressional Black Caucus in our efforts to preserve and protect the dignity of human life for the sake of our children, who will inherit this Earth.

In closing, I note that many in this Chamber have given up, conceded, despaired. But I say to them that the course this House is pursuing is economically, intellectually, and morally wrong. We in the caucus will not support this insanity. We know predictions are that the CBC alternative budget will fail, but every win is not a victory and every loss is not a defeat. We would rather lose in a cause which is morally right and will ultimately prevail, than to win in a cause which is morally wrong and ultimately will fail.

□ 1545

Mrs. SCHROEDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think this is the day that is really terribly historic. Maybe it is because I was a history major when I was in school. But it really seems to me that we are not dealing with the priorities here as a legislative body. It is more like a tent revival. You have to have the faith, you do not ask the questions, you do not look at the priorities. You pass the program and you go tapdance in the streets.

For politicians it is a wonderful day because their vote on the budget is "no lose" proposition. If we vote the Reagan way we get a pair of Presidential cuff links, and we probably get one or two White House dinner invitations out of it. But what we will really need is a pair of asbestos underwear to protect us from the heat that may be coming later on.

Why? How can I say that? Well, I say that because if everything does collapse as many people seem to think, and we know Wall Street has voted on the program this week—the Dow Jones plummeted 16.48 points—if it all does collapse then can we say to our constituents, straight eyeball to eyeball, "I just did what you told me to, you wanted us to give that nice man a chance and that is what I did." Will that cover us from the heat like asbestos underwear would?

The nice easy political thing to do in this body is to get on board, get the cuff links, get the picture taken in the Oval Office, get the invitations to whatever we can get invited to, and then we are always covered again with the magic pair of asbestos underwear telling people that you only voted for Reagan because the press told you to do it, your editorial boards told you to do it, your constituents told you to do it.

Heaven forbid, you as a Member of Congress should be asked to read the budget document, look at it and really know what is in it.

I find when people say to me, "We want you to back the Reagan program," I say, "Oh, are you for tobacco subsidies?"

"Well, no, we are not for that."

I say, "Well, it is in the Reagan budget."

And I go through about 10 more things and they continue to say, "Oh, is that in there?"

Look, our job in this body is to know what is in the budget and that is what we are talking about. I think that the Black Caucus is to be complimented for having looked at what was in the Reagan budget, being horrified, and coming forward with an excellent program that I can support and I will support. The Black Caucus proposal really does some things that we are no longer supposed to talk about anymore. We are not supposed to talk about "care" and "compassion" anymore. That is passé. But the Black Caucus and Jones budgets do deal with that. They deal with human priorities. They deal with balancing the budget and turning the economy around. They deal with all of those things.

It is a different list of priorities. It does not contain the priorities of the lobbyist in the $500 suit. It has the priorities of the people who I think deserve the focus of this attention. I think the Government should be evaluated by whether or not they are trying to help people who are in the less fortunate situation rather than the most fortunate situation. You will not get cuff links if you vote for the Black Caucus or Jones budgets.

I cannot believe that Learjet owners have been able to get out from under the Reagan budget cuts. Thank goodness they are not going to have to pay to help maintain the Nation's airports. We all know how costly it is to maintain a Learjet these days and they

have been able to escape because of their plight.

Wait a minute. What am I saying? I am saying this is a class budget. Let us talk about that. Thank goodness the Black Caucus has recognized it and done something about it. If this fails, I will support the Jones budget. I think he has done a wonderful job. Everyone in this room would like to write everything a little bit differently. I understand that. I am a Congregationalist by background and we always figured that if any two of us totally agreed, one of us is superfluous. It is the same with this body. But we have to sit down and make some hard choices. They have made some hard choices. We must line up behind one of these budgets rather than pout that we could not present our perfect one.

Let us talk about a few issues. The Reagan budget that is probably going to be passed today. I wish we could vote on it without coats so we could see the presidential cuff links go in the air. The Reagan budget that will probably be passed by the shiny new cuff links is not new. It has been tried by England. We are now told that over 600 businesses a week are failing in England, that inflation is not under control, and they have had the worst race riots the country has ever seen.

So we are going to say this is a terrific program, let us sign up. Let us do it also. Forget it. That is crazy.

Gramm-Latta/Reagan is also a gigantic transfer amendment. Let us talk some more about this budget that is probably going to pass. I think it is awful that the Japanese Prime Minister is on his way to this country to tell us that, yes, while they will have the second highest gross national product in the world this year, heaven forbid we should ask them to help support any of the American troops that are providing defense for them in their country, or heaven forbid we should ask them for help to pay for some of the ships that we are keeping out there so they can flood the country with their Subarus.

The CHAIRMAN. The time of the gentlewoman from Colorado (Mrs. SCHROEDER) has expired.

(By unanimous consent, Mrs. SCHROEDER was allowed to proceed for 5 additional minutes.)

Mrs. SCHROEDER. They can do it under their constitution, they can give us money to pay for their defense, they only are prohibited from raising their own army. Remember, it is not unconstitutional to ask them to do monetarily for the defense of the free world. If we were to ask them to make this tremendous sacrifice, that party in power might lose, the Prime Minister says, and the other party coming to power may be more anti-American, so it is a tremendous investment for us to transfer our money over to defend Japan and ask for nothing in return.

We are talking about a transfer amendment. We are talking about a transfer amendment to Europe so we can help them. I thought the idea of NATO was we were supposed to start paring down as they started taking care of themselves. It appears to me they are capable. Look at those countries. They have better health care plans, better housing plans, lower unemployment, lower inflation, and they are running the civilian sector of our economy right off the face of the Earth.

Here we are, we are going to defend them an even bigger, better, way because we certainly do not want to ask them to do it. They might get in trouble politically. Just remember, this is a transfer amendment. We are saying to the world. "We may only be 4 percent of the population, but none of you need to worry, we are going to defend everywhere, every place, all the time and pay for it with a smile. We know the Communists have moved upon everyone and we will take care of it. So you can all relax." They will and compete with us in all the other areas of the world economy.

□ 1600

They will put all their money into running us right out of the civilian markets, and I bet they do not stop to say "thank you for defending us." So, we are voting for a transfer amendment if we vote for Reagan, Gramm-Latta. We are also voting on the most ridiculous figures the country has seen. They look to me like the National Enquirer predictions.

When we are talking about 7.5-percent inflation figure in defense, we are talking about ridiculous figures. Do you know what the inflation rate was last year for materials in defense? It was 34 percent. Do you know what the labor inflation figure was in defense last year? It was 16 percent.

So, we are going to vote for a 7.5-percent inflation rate on defense for the next few years, and we are told, "Do not worry, if that is not high enough we will make up the difference. Defense will not suffer from figures that are too low."

Where are we going to make up the underestimate? We are talking about a $900-plus billion budget in 4 years, with a 7.5-percent inflation rate. I only want to say to all of you with your nicely polished, lovely new cuff links, and before you all check in and have the wonderful White House dinners that you have negotiated for, I just want to tell you that I am not so sure the insulated underwear is going to work. I would love to run against someone who traded their votes for some cuff links. I can see the 30-second commercials right now, and I think that we may find that our constituents are going to change their tune as this all comes unraveled, as it has come unraveled in other countries that tried it, and say, "Of course we told you to vote for Reagan, but we did not read the whole thing. You did not expect us to read the whole Federal budget? We expected that is what you did. That is why we paid you $60,000 a year."

I hope people look at the Black Caucus proposal. It is an excellent proposal. They should be commended. They picked up the gauntlet when the President dropped it, saying, "Come up with something better."

I hope they also look at the Jones budget, which I think is also an excellent compromise if this does not pass. I hope that we do our duty and that we earn our pay today, rather than our cuff links.

Mr. FORD of Tennessee. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I will be delighted to yield to the gentleman from Tennessee.

Mr. FORD of Tennessee. Mr. Chairman, I thank the gentlewoman from Colorado for yielding for just a minute. I would like to say that I would like to associate myself with the remarks by the gentlewoman, and to say that this distinguished colleague of ours certainly has articulated the issues very well. The gentlewoman has made a courageous move in coming to the well of this House and showing strong support for the caucus substitute that is before the Congress today, and to have articulated the issues so well.

I will speak on behalf of my other colleagues and say, we thank you for having the courage to stand here in the well today to give us this support on the Fauntroy substitute as we take this issue up before the House today. Again, I thank the gentlewoman very much, and commend her.

Mrs. SCHROEDER. I thank the gentleman from Tennessee. I would like to tell him why I came here. I cochair the Congresswomen's Caucus. We looked very intently at what the Reagan budget did for women. We found out what it did to women. We are now the fastest growing poverty group in America.

The CHAIRMAN pro tempore. (Mr. MURTHA). The time of the gentlewoman from Colorado has again expired.

(At the request of Mr. FORD of Tennessee and by unanimous consent, Mrs. SCHROEDER was allowed to proceed for 2 additional minutes.)

Mrs. SCHROEDER. This budget only accelerates the number of women—and of course many are minorities—into those poverty ranks. It will just exacerbate and accelerate the movement of women into poverty.

The majority of the cuts are out of about 25 percent of the budget. We asked David Stockman to come and explain to the Congresswomen's

Caucus how we could support it, and he did not have time. We asked him also to come to the Armed Services Committee and explain how we could vote for defense spending based upon a 7.5-percent inflation rate. He did not have time, but sent some flunky.

I do not know how we can sit here and say we are going to buy off on that kind of thing because they gave us cuff links. I do not want cuff links; I want facts. Maybe that is unfair, maybe I am being sexist because I have buttons and I do not have any need for cuff links.

But I really think the severe impact the Reagan, Gramm/Latta budget is going to have on women, the minorities, the elderly, the cities, the handicapped, our young people, and our quality of life to say that all the compassion and sympathy is going to be generated. State legislatures are to pick it up; to say that we can believe that there will be a 7.5-percent inflation; to say we should do all of that, we all should be here saying, "Wait a minute, we don't believe in the tooth fairy and we do have some experience, and we have to handle it."

So, I thank the gentleman. That is why I came down here.

Mr. FORD of Tennessee. It is obvious to me, and I am certain to most of my colleagues in the caucus, that the gentlewoman has in fact studied all the proposals before the Congress today as they relate to the budget resolution. The gentlewoman might not have received a pair of cuff links from the White House, but I am certain she will be rewarded by the constituents in her district as well as the American people.

Mrs. SCHROEDER. I thank the gentleman.

Mr. STOKES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the Congressional Black Caucus substitute amendment.

Mr. Chairman, the decisions which this House will make on the matter of the budget resolution for fiscal year 1982 will be the most important decisions of the 97th Congress. The type of budget resolution which will soon be adopted by this body will in a large measure determine the future course of this Nation.

This administration contends that the American people on November 4, 1980, gave Ronald Reagan a mandate to reduce Federal spending, cut taxes, and slow inflation. On February 18, 1981, the President reacted to this so-called mandate by producing perhaps the most revolutionary budget document which this Nation has ever seen.

The budget revealed by the President—now embodied in the Gramm-Latta substitute—provides millions more for the most prosperous in our Nation, while pennies are taken away from the poor. In the name of "economic recovery."

The budget revealed by the President would pad the Pentagon with over $50 billion in new money for ships and other weapons for which we lack the skilled manpower to build and operate. In the name of "national security."

The administration budget would take away a 46-cent meal from a food stamp recipient household or a CETA job from a high school dropout in the name of "reducing inflation."

It is hard for me to understand the nature of a "mandate" in which a cold and callous insensitivity for the poor, the disadvantaged, the handicapped, the elderly, and the unemployed in our society is disguised as maintaining a "social safety net for the truly needy." To this date no one in this administration has yet defined this illusory term, "truly needy."

I do not believe that the American people mandated the dismantlement of government by this means.

Indeed, the CBC has met the President head on by accepting his challenge to propose measures which "offer a greater chance of balancing the budget, reducing and eliminating inflation, stimulating the creation of jobs, and reducing the tax burden." Most importantly, the CBC substitute accomplishes the economic goals which President Reagan purports to address except that we do it with humaneness and compassion.

Our substitute offers a greater chance for addressing the economic ills of this Nation. Time and time again, we have heard administration officials, Members of Congress and bureaucrats recite how Federal deficit spending causes inflation. Yet the administration budget, or Gramm-Latta substitute, provides for a huge $50 billion deficit. While the Congressional Black Caucus does not subscribe to the tenet that a deficit creates inflation, the CBC substitute amendment provides for a $7.85 billion surplus in fiscal year 1982 in a fiscally sound manner.

The CBC substitute offers the taxpayers a greater chance by rejecting the Reagan administration tax cuts.

Under the Reagan plan, 19 percent of the taxpayers with incomes of $30,000 and above receive 61 percent of the tax relief, while the 63 percent of the taxpayers with incomes below $20,000 receive only 18 percent of the tax relief.

The CBC rejects this economic shell game which redistributes income from the poor and middle class to the rich. Our substitute takes bold, new steps toward innovative and comprehensive tax reforms. Our substitute offers the largest and fairest tax cut for the working poor and the middle class by increasing the standard deduction—taken by 60 percent of American taxpayers—by indexing the tax code to control "bracket creep" and by increasing the earned income tax credit. Our substitute provides for a different approach to business incentives to stimulate capital formation and productivity by adopting a first-year capital cost recovery system for business which has been endorsed by Fortune magazine, the New York Times, and the Public Interest Tax Research Group. Our substitute generates over $44 billion in additional revenue by ending wasteful and unproductive tax subsidies and loopholes which only add to the Federal deficit.

The CBC substitute offers the Nation a greater chance by reflecting compassion and concern for our most precious resource—the American people.

Mr. Chairman, somewhere in the budget slashing hysteria, we have forgotten that the people are the most important resource that we have. We have forgotten that our Government is here to serve the people—all the people in this Nation. Somewhere along the line, we have gotten lost in a maze of cold statistics, and numbers and percentages—forgetting about the human experience that lies beyond those numbers. You forget that we live in a nation where government supposedly exists of the people, by the people, for the people.

I hope that before the final vote on this budget resolution that you will take the opportunity to walk the streets and see the multitude of our young people who are out of work. Contrary to some myths, this is not because they do not want to work, but rather because they lack the training and the opportunities to gain meaningful employment.

The caucus substitute may mean the difference between thousands of young people wasting their lives away or a cadre of young people who will have the basic skills to obtain productive employment.

I hope that before the final vote on this budget resolution that you will go grocery shopping with a welfare mother on food stamps. You might get a vivid picture of how difficult it is for the 22 million Americans on food stamps to purchase nutritional food for a family on a limited budget. The Gramm-Latta substitute would take away nickels and dimes from food stamp benefits when pennies may make the difference for a poor food stamp recipient. Under our substitute, a welfare mother on food stamps will not have to choose between eggs or milk or between bread or butter.

As Members of Congress you and I know that we get free medical care right here in this Capital or in Bethesda Naval Hospital. Other Americans are not privileged to the best doctors for free. It is in recognition of this

type of reality that the CBC substitute provides a full $75.1 billion for health care spending.

Let me elaborate in this area a bit. Currently, over 28 million elderly persons receive health care under medicare. The elderly are sick more frequently and for more prolonged periods of time than the rest of the population. Of every 100 persons age 65 and over, 80 suffer some kind of chronic ailment, 10 suffer from impaired vision, and 17 have hearing impairment. Sixteen of every one hundred persons age 65 and older are hospitalized one or more times annually. The elderly require three times as many days of hospital care every year as persons under the age of 65. For most of our senior citizens, illness strikes most often and with greatest severity at the time in life when incomes are most limited. Millions of our older citizens cannot afford the health care that they need. It is a sad commentary on our society when many of our aged are forced to choose between seeing a doctor or getting a prescription filled or whether they will spend the money for food or warmth. The CBC substitute protects funding for medicare.

Since the enactment of medicaid in 1965, life expectancy of all races and sexes has increased, and infant mortality rates have decreased. Clearly, the medicaid program has helped. Nevertheless, 23 million black Americans still endure poorer health care, higher death rates, lower life expectancy, and a reduced sense of well-being than the white population.

The shocking fact is that only half of the poor people in this country are eligible for medicaid benefits. Thirteen million children are supposed to receive physical checkups, medical and dental care under medicaid. Yet, 1 out of 3 American children has never seen a dentist. One in seven has no access to regular health care.

The caucus substitute protects medicaid benefits for the poor and sick in our society. Under the Gramm-Latta substitute, which incorporates a cap on medicaid spending, many States if not most, would have to slash medicaid eligibility and benefits. In fact, many States are already doing so.

Our Nation leads the world in terms of biomedical research. In fiscal year 1981, we will spend over $3 billion for this purpose. Yet, we still do not have adequate treatment for cancer; we have not found a way to cure diabetes; we do not know how to prevent a myriad of diseases which cripple and debilitate our people. Our substitute protects funding for these important research activities.

Millions of Americans suffer from the wrenching problems of mental illness, alcohol and drug abuse. A Presidential commission on mental health acknowledged and lamented the fact that we have neither adequate services or trained manpower to properly treat these problems. Our substitute assumes that we at least maintain current levels of spending for mental health services, research and training.

Minorities are severely underrepresented in the health professions. For example, blacks comprise fewer than 3 percent of the Nation's physicians and dentists and pharmacists, less than 4 percent of podiatrists, less than 1 percent of veterinarians and optometrists. The CBC substitute provides funding for the Federal programs which were designed to address these fundamental inequities. Mr. Chairman, let me say that the bottom line is that the CBC substitute meets the human capital needs of this Nation—in health, education, employment, income security, science and technology—better than any other proposal before you.

The caucus substitute offers proof that the budget can be balanced, Government spending decreased, our national security maintained, and tax relief granted without harming those less fortunate in our society who depend upon Federal social programs. A vote for the caucus substitute is a vote for America.

□ 1615

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. STOKES) has expired.

(By unanimous consent, Mr. STOKES was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield to the distinguished gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would simply like to say that I do not believe there is a more thoughtful observer in the House than the gentleman now in the well. He and I have served on the Budget Committee together, and he and I also serve on the Labor-HEW Subcommittee. He and I shared an experience this morning.

We heard 10 Nobel laureates in science and medicine before our committee. The words that we heard to describe the Reagan budget's impact on Americas ability to be No. 1 in science and in medical research were words like "shocking," "disastrous," and "crippling."

I am certain that the gentleman in the well understands that there is no way that we can build the science base in this country necessary to really be productive, whether it is in health care or any other science-related subject, under the Reagan budget.

I have some difficulties with the Black Caucus amendment because I am not comfortable with the defense item and I am not comfortable with the veterans item. There are, frankly, some items in the tax area that I do not feel fully comfortable with. However, I am going to vote for it because, in my judgment, it is less inflationary, it does have a balanced budget, and it will prevent the kind of headlines we saw yesterday, describing what the Federal Reserve has had to do again to interest rates.

So while I have trouble with it and in fact disagree with some items in the package but on balance I think it is more stimulative of productivity, I think it is less inflationary, and it certainly is more socially equitable.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. STOKES) has again expired.

(On request of Mr. OBEY, and by unanimous consent, Mr. STOKES was allowed to proceed for 1 additional minute.)

Mr. OBEY. Mr. Chairman, will the gentleman yield further?

Mr. STOKES. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I have mentioned many times on the floor before that I served in the Wisconsin Legislature for years, with a fellow by the name of Harvey Dueholm. Harvey was a retired farmer from Luck, Wis. He never had the advantages of a lot of higher education, but he understood justice pretty well and he said on many occasions that "one of the problems in this country was that all too often the poor and the rich get the same amount of ice, but the poor get theirs in the wintertime."

I would suggest that the Black Caucus amendment does, in a far more equitable way than most packages on the floor, avoid that problem.

Mr. Chairman, I congratulate the gentleman from Ohio (Mr. STOKES) for all the work he has done, and I say that while I do have some disagreements with specifics, I have far more basic disagreements with the Reagan proposal and will, therefore, support the gentleman's amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. STOKES) has again expired.

(By unanimous consent, Mr. STOKES was allowed to proceed for 1 additional minute.)

Mr. STOKES. Mr. Chairman, I would like to say to my good friend and distinguished colleague, the gentleman from Wisconsin (Mr. OBEY), that I certainly appreciate his remarks and the support he expressed here on the floor this afternoon.

It is true, as the gentleman has said, that during the 10 years that I have served on the Appropriations Committee in the House I have never had a more impressive appearance by anyone during that period of time than we had this morning, with 10 Nobel laureates who sat before our committee and testified about how far this Nation is getting behind.

One of them even referred, as I recall, to our Nation now being tech-

nologically illiterate. They went on to spell out in detail, from their distinguished minds and accomplishments in the field of science, how far behind our Nation has now gotten in terms of both technology and science. My only regret is that the entire Congress could not have had an opportunity to have heard those distinguished scientists who testified this morning.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. STOKES) has expired.

(On request of Mr. FAUNTROY, and by unanimous consent, Mr. STOKES was allowed to proceed for an additional 30 seconds.)

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Mr. Chairman, I should just like to take this opportunity to commend the gentleman in the well for the outstanding job that he did in chairing the team which put together the constructive alternative budget of the Congressional Black Caucus.

Mr. HAWKINS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Fauntroy substitute.

(By unanimous consent, Mr. HAWKINS was allowed to proceed for an additional 7 minutes.)

The CHAIRMAN. The gentleman from California (Mr. HAWKINS) is recognized for 12 minutes.

Mr. HAWKINS. Mr. Chairman, there are two great forces in our lives: Employment, the work ethic; and education, the quality of life.

When asked who are you, it is what you do is implied.

When asked what are you, it is the development of the mind that is significant, ones self-esteem.

Erosion of these values can undermine the Nation's security, internally and externally.

We were victorious in World War II because we succeeded in transforming our total human resources into a productive, efficient, and purposeful labor force.

In the postwar period, faced with the challenge of scientific and technological changes, we sought to achieve economic stability through the framework of the Employment Act (1946), which in part declared it to be "the continuing policy and responsibility of the Federal Government * * * to promote maximum employment, production and purchasing power,"

Since then, the spending and taxing power has been the mainstay by which economic policy has sought to create and maintain an equilibrium. We have consistently reduced taxes to expand and resorted to budget cutting and interest rates to contract.

In adopting, however, the Full Employment and Balanced Growth Act (1978), we recognized that monetary and fiscal policies are not enough, even when rightly used, and that structural programs must compliment the macroeconomic weapons if we are to attack a new phenomenon, which seems to be in conflict with the law of supply & demand, which has become known as "stagflation," the concurrent existence of high unemployment and excessive inflation.

In response and for more positive reasons for more than 3 decades now, we have been evolving and employment policy including attempts to create a comprehensive set of manpower programs, a more dynamic labor exchange agency and a cooperative linkage of manpower programs with education and the private sector.

Our country now faces the prospect, If Reagan-Latta-Gramm is approved, of complete rejection of what progress (Bipartisan though it has been), that we have made in this direction.

We would thus become the only industrialized nation without an employment policy or one in shambles. Our manpower programs, now funded at less than 1 percent of the GNP would be further denigrated; and instead of a coherent, comprehensive policy, we would be left with a multitude of locally operated programs through a revenue-sharing, block grant approach with no accountability for funds, leadership and results.

How would currently operating programs fit into such a jigsaw arrangement?

What of public service employment, the most controversial aspect of our employment policy?

This program, a compromise product of the Nixon administration and, a Democratic Congress caused us to face a decentralized program of public service employment to serve both the structurally unemployed and the countercyclical problems of the seventies. In many respects, it is the prototype of the current wave of block granting.

Locally administered, the program was first viewed as revenue sharing and a mixture, a grab bag, of programs to deal with problems facing local officials in their parochial capacities. Our complaints or criticism of PSE is a criticism of these local officials to whom we now intend to give this money with no strings attached.

By 1978, through carefully structured amendments, we refocused the program so as to eliminate waste, mismanagement, and inefficiency. We adopted a Republican provision to strengthen training by requiring a tie-in with education. We mandated a private-sector emphasis and we established both careful targeting and a strict auditing and monitoring system. We even provided that a single complaint get investigated. All of these provisions will now be wasted when the programs are handed over to local governments. The money will still be decentralized—fiscal accountability will be lost.

But PSE is not the only target of pending budget resolutions. All manpower programs are threatened. In particular, youth employment is also threatened. While the two budget resolutions recognize the need, Reagan-Latta hands the current program—title IV—over to title II—general training—but delivers no money, while Jones adds $600 million above Reagan's zero but pitifully below the current level of $875 million actual funding. Only the CBC substitute retains an actual title and current funding for one of the widely supported programs and most urgently needed.

The rest of the CETA programs are treated in a similar fashion with complete losses for disabled veterans, displaced homemakers, migrants, native Americans, welfare reform jobs, and the handicapped.

To add insult to injury, the Federal-State employment service whose workforce has been frozen for 16 years at 30,000 employees is now being reduced to 23,000. If, indeed, we want to put Americans to work especially in the private sector—and if "jobs are available," as the President says—then how can we justify cutting back on the only agency—as imperfect as it may be—whose responsibility it is to match the unemployed with whatever jobs may be available. It should either be strengthened or abolished.

Let me make two brief remarks concerning education. Mrs. CHISHOLM has already covered this in her matchless way.

On the subject of block grants of the educational programs insofar as title I of the Elementary and Secondary Act, an additional point should be made. Under the President's proposal, the current Federal law provision that these funds are a supplement—additional funds—to provide enrichment is eliminated. This means the Federal money can be used to replace local revenues—local maintenance of effort need not be maintained—instead of enriching the educational experience of a disadvantaged child to compensate for deprivation. Equality of educational opportunity in a segregated setting is pushed beyond all reason. This intensifies the issue of busing. I wonder how can those opposed to busing also oppose improving the neighborhood schools?

The other point in this discussion concerns a vocational education which is also being cut 25 percent the first year and 20 percent thereafter. While the Federal share is small, the amount levers State and local funds as well as some private money.

One may well ask where are skilled persons to come from to fill the jobs in

defense? Since less than 8 percent of jobs require no definitive skill, where again one may ask even in the private sector are persons to acquire those skills since virtually all training programs are being abolished or restricted? Wage rates (inflation) are sure to escalate.

Let me conclude with an overall observation. Defense expenditures—justified or not—are highly inflationary. Economists agree that the Vietnam buildup contributed to the stagnation that set in during the 1970's and continues today. President Johnson refused to finance defense by taxation and left it to inflation.

If defense has the high priority, the proponents contend especially if the case is built on a current weakness that prevails. Then it follows that the public would be willing and should be asked to support it with the necessary funds. It should, therefore, be funded on its merit rather than from domestic programs in total disregard of evaluation reports as to their cost effectiveness and their relationship to critical human needs.

Today the situation is even more acute. We start with high inflation—several times more—instead of simply not increasing taxes to pay for defense buildup, we now propose to reduce taxes. We say to the public, do not worry about footing the bill for defense security, you will receive a tax gift instead. Let the social programs pay the bills.

However, in this story with a sad ending, the problem of inflation remains. The structural programs that offer the real hope of reducing the inflation pressures, of breaking the bottlenecks of skill shortages in defense industries, and of reducing the costs of governments, are being dismantled.

The story need not end there. Under the CBC proposal, we can move ahead to invigorate the economy through a progressive tax reduction and without sacrificing defense. We can target our spending on cost-effective programs in health, housing, education, energy, and other essential domestic priority areas. We can attack inflation with key structural programs, while insisting on lower interest rates and oil prices. This is the way to go. Let history record we had the good sense to act before it was too late.

□ 1630

Mr. GARCIA. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the Fauntroy proposal.

At the outset, I would just like to say as a member of the Congressional Hispanic Caucus and as the chairman of the Congressional Hispanic Caucus that I support the Black Caucus. I listened in the few years I have been in Congress to some debates and some proposals put forth, but I would like every member of the Congressional Black Caucus to know, and especially its chairman, that this was so well done, and well organized that what you have as a caucus displayed here on this floor, I believe, is a tribute to those of us who come from the poor communities of America, because today is a proud moment in terms of our ability not only to organize, but to get our point across.

The other part is to my colleagues on this side of the aisle, those persons who today or tomorrow whenever we vote on these budget proposals, as soon as the 218 votes lights up on that board, there will be loud applause and people will be clapping and dancing in the aisles. As far as I am concerned, it is going to be one of the saddest moments in my time here as a Member.

You may have the votes, but the moral commitment you do not have. The morality of what will take place on this floor is one of strict politics, politics of they have the votes and we do not.

Let me talk about transportation, one of our colleagues from my State and I got into a debate on the question of transportation. We talked about the Reagan budget in general and during our discussion on the Reagan budget it was made very clear that we had to support the Reagan budget because that was the mandate of the people of this country as of November of 1980.

I said, well, that is terrific, if we are going to support the Reagan budget and that is the way you feel, then we got into a discussion and I said, there is a portion of that Reagan budget calling for $3 billion to $4 billion to be cut from transportation. Do you favor that as well?

Then he said to me the following: "I want you to know, and I would like everybody out there to know, that the New York delegation is one of the strong delegations in our State and we are going to fight to preserve that transportation money, because it is essential."

Well, it is interesting, we are going to fight for some portions of the budget and we are going to let everything else go.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. Yes, I will yield.

Mr. CONYERS. My colleague has put his finger on the political difficulty. It is the divide-and-conquer strategy of trying to pit all of our groups of need that depend upon these human resources against each other. I commend the gentleman for making that point.

Mr. GARCIA. I thank the gentleman.

Just to proceed along that line, I heard some of my other colleagues from New York, and they met with the President this week, and the President said, "Look, we can work it out later on. Just vote with me on this one."

I just want everybody to know and those who are listening that this budget is the maximum. Moneys allocated the highest we can go. There are no deals to me made. It seems to me if you are interested in education for whatever State you come from, you are not going to get it later on. I just feel that the person at the White House has been a supersalesman in selling to so many of my colleagues, who I know have been fair and I have served with many of these people, I know that they have been fair, but they have been hoodwinked. They have been hoodwinked, and let me just say, I am so pleased and I am so certain everybody in this Chamber is, and it was demonstrated the night when the President walked in here and spoke to us on the budget. I am delighted that he recovered, but I want Mr. Hinckley to know, wherever he is that that bullet cost us a great deal, because there was no question in my mind that the poor people were the ones who were really shot. There is no question that the momentum was turning around. The American people were starting to get the real picture. But how can you possibly compete against a bullet? All of us were rooting for the President. He is our President.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. GARCIA was allowed to proceed for 2 additional minutes.)

Mr. GARCIA. So Mr. Hinckley, wherever you are, I want you to know that you pulled a bullet on millions and millions of poor people across America.

To my colleagues again, and especially to my colleague, the gentlewoman from New York, Mrs. SHIRLEY CHISHOLM, to whom I listened with glee, and she has always been so articulate on the question of education.

One last point. During the year 1975 when I was a State senator in New York, we passed a bill creating a commission called MAFC, the Municipal Assistance Financial Corporation. That was chaired by a person by the name of Felix Rohatyn. Felix Rohatyn recently was on the cover of I believe it was Newsweek magazine. Felix Rohatyn is known as Mr. Fixit of large municipal areas. He testified before our committee, the Economic Stabilization Committee, and he was very clear in what he said. He said that there is no way, that if we take the 40-some-odd billion dollars that is presently being proposed in this budget and give it to the defense establishment now, there is no way they can absorb that money. There is just no way; so what we are talking about, we

are talking about a budget in which moneys could not be spent.

So it seems to me that tomorrow or today, whenever we vote on this measure, when the vote gets to 218 and those of us who are here and applaud, all I can say is that next June when the lower middle income and the middle-income people across America start to feel the bite of what is going to happen today or tomorrow on this floor, do not come back and say that we are sorry, because today is the day when the decision must be made. There is no tomorrow.

Mr. SAVAGE. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Illinois (Mr. SAVAGE) is recognized for 5 minutes.

There was no objection.

Mr. SAVAGE. Mr. Chairman, I rise in support of the Fauntroy substitute to House Concurrent Resolution 115 because, when compared to the Budget Committee's budget resolution and the other substitutes, we believe it takes a fairer and more equitable approach to balancing the budget.

When President Reagan first outlined his economic recovery plan before a joint session of Congress back in January of this year, he also issued a challenge to those of us in Congress who disagreed with his approach. He challenged those of us who chose not to march lockstep with him to come up with a better plan to put the economy back on track and to cut inflation.

The Congressional Black Caucus was the first among the "nonbelievers" to accept the Reagan challenge. We fashioned an alternative approach to put the fiscal year 1982 budget in balance. This approach is embodied in the Fauntroy substitute.

The Fauntroy substitute is the best approach to achieving a balanced budget because it does not impair the integrity of essential social programs. The Fauntroy substitute is more equitable than the administration's budget resolution, than the Gramm-Latta substitute, and than other proposals which we will soon be voting on. The Fauntroy substitute is the best approach because it seeks fair tax relief for all Americans—unlike many of the budget resolutions presently before the House.

This is why the Fauntroy substitute stands out as a beacon of light and hope while other budget resolutions evoke so much despair and resignation among the increasingly restive masses.

Now, I turn to my two assigned subjects: transportation and economic development. Let us briefly examine the overall community and regional transportation development components of the various budget resolutions and compare them to the Fauntroy substitute.

Using the disingenious and questionable arguments of effectiveness and of returning authority to the States, the Reagan budget plan would terminate the urban development action grants program as a separate entity and would, instead, consolidate UDAG with an expanded community development block grant program. Budget authority and outlays for CDBG for fiscal year 1982 would be $4,166 million and $5,447 million, respectively. The House Budget Committee budget resolution and Gramm-Latta substitute call for the same level of budget authority and outlays as the administration's proposal for these programs.

The Fauntroy substitute, in contrast, seeks increased budget authority and outlays for fiscal year 1982 for these valuable programs which are so essential in the struggle to upgrade disadvantaged and/or deteriorating urban areas. For fiscal year 1982, the Fauntroy substitute seeks $4,666 million in budget authority and $5,847 million in outlays.

More importantly, the Fauntroy substitute would continue to fund the UDAG program as a separate entity at its present funding level of $675 million. This is because we recognize the tremendous potential for creating and maintaining jobs in disadvantaged areas through the UDAG program. Through UDAG, communities must qualify as being "distressed" or must have within them "pockets of poverty" to receive grant funds. Though the administration claims that tax incentives will be as effective in creating jobs as UDAG, the Congressional Black Caucus recognizes the accomplishments of this program nationwide, and the necessity for a program to target the creation of new jobs to areas where they are most desperately needed.

While the Obey substitute is somewhat better than the administration's proposal in regard to UDAG and to CDBG, it nevertheless falls short of matching the Fauntroy substitute in regards to budget authority and outlays for these vital programs—especially UDAG.

In the area of economic development—the Reagan administration's proposal would terminate the Economic Development Administration by zero-budgeting this agency for fiscal year 1982. It is clear that the administration is not content with its hatcheting of this agency that has been so important in the creation of jobs and business expansion—it wants to further emasculate the EDA by rescinding $342 million in funds that have already been appropriated to this agency for the current fiscal year, thereby jeopardizing projects that are currently "in the works"—including the promised sale for reopening of the closed Wisconsin steel mill which EDA owns.

Mr. Chairman, I submit that this coldhearted approach to EDA is counterproductive to one of the central themes this administration professes to be about—that being to spur economic development.

The Office of Management and Budget seeks a mere $32 million in budget authority for fiscal year 1982 and $344 million in outlays to fund economic development programs and activities. This counterproductive shortsightedness will encourage a further concentration of industrial ownership and less business competition—and, consequently, prices will soar higher and employment will fall deeper.

Although the Budget Committee's resolution is an improvement over the administration's proposal in this area, it falls far short of the Fauntroy substitute's figures for economic development programs. House Concurrent Resolution 115 would restore approximately 60 percent of the funds for fiscal year 1982, but would rescind $162 million of the agency's funds for the present fiscal year. For fiscal year 1982, the budget authority recommended by the Budget Committee for economic development would be only $360 million in budget authority and $519 million in outlays.

The Obey substitute is similar to the committee's budget; but, I would like to note, it does add an additional $100 million in budget authority and $5 million in outlays.

The Fauntroy substitute, however, would restore $800 million for EDA with budget authority of $932 million and outlays of $1,044 million for economic development programs. These increases in authority and outlays will assure that worthwhile economic development programs will continue to receive adequate funds to carry out their purposes. No other budget resolution being offered today does this.

Finally, Mr. Chairman, I would like to compare the transportation function in the administration's proposed budget and the other substitutes that have been offered.

Under President Reagan's proposal, the Northeast corridor improvement program (NECIP) would be cut by $288 million. Amtrak would be cut by $380 million, and Federal aid to Conrail would be totally eliminated. Budget authority for fiscal year 1982 would be set at $863 million and outlays would be set at $999 million.

The Budget Committee's resolution would restore $200 million for Amtrak and $300 for Conrail. It calls for $1,499 million in outlays.

The Hefner approach in this area is the same as that of the Budget Committee, and the Gramm-Latta substitute is also essentially similar to the administration's proposal in the area of rail transportation. The Obey substitute seeks the same level of budget authority as the Fauntroy substitute—

$1,463 million—it calls for $300 million less in outlays for rail transportation than does the Fauntroy proposal.

We believe that a decrease in the Amtrak budget will result in drastic fare increases and route eliminations that will necessarily result in thwarting any possibilities of Amtrak becoming a profitmaking organization and possibly negating any projected administration cost savings in the slashing of the Amtrak budget. Termination of funding for Conrail will cause the elimination of 4,000 miles of light-density lines and the consolidation of other lines—ending service to small towns and cities in Illinois, Indiana, and Ohio, causing a furlough of approximately 7,000 employees and the dropping of Conrail's commuter lines—forcing local authorities to pick up and operate these services.

The Congressional Black Caucus firmly believes that rail transportation is a vital adjunct to our Nation's transportation system which must not be allowed to perish while it is striving so valiantly to not only stay alive to meet our country's transportation needs, but to become profitable as well.

In terms of mass transit operating assistance, the Reagan administration proposal would phase out Federal moneys between 1983 and 1985. In terms of budget authority, the Administration seeks $1,105 million—and in outlays, it seeks $922 million.

The Gramm-Latta substitute seeks to accelerate the phase out of mass transit operating assistance even faster by cutting $260 million in fiscal authority in 1982 instead of in 1983.

The Fauntroy substitute would continue the mass transit operating assistance program at levels which had been recommended by the previous administration; $1,105 million for fiscal years 1982, 1983, and 1984 in budget authority.

In this particular program area, the Budget Committee's resolution mirrors the Caucus'. However, it should be clear to all of us that the elimination of operating assistance will have an enormously negative impact on the Nation's mass transit systems. The loss of funds is likely to result in substantial fare increases which are counterproductive in that they drive away riders, and the end result is that revenues fall. Such cutbacks are likely to also cause cutbacks in services and the physical deterioration of the transit systems themselves, plus the shutdown of complete systems in small cities.

Moreover, such a result will seriously injure downtown and inner-city commercial areas. Unless we are watchful, the wealthy soon will be able to take a shuttle to the Moon while the nonwealthy will not be able to catch a bus downtown.

By way of summation, Mr. Chairman, I believe that the Reagan administration budget proposal and the other substitutes that have been offered lack vision. They demonstrate insufficient appreciation for the needs of those Americans who are most dependent on the programs and services which will be eliminated, or pared-down to vitual uselessness in regard to their stated purposes. I believe that the Fauntroy substitute is the only proposal which will balance the budget, but which will do so equitably, and not at the expense of any essential program or constituency. It is the one which deals most fairly with all races and creeds in our great Nation.

□ 1645

Mr. CONYERS. Mr. Chairman, will the gentleman yield to me, please.

Mr. SAVAGE. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding. I, first of all, would like to commend the gentleman. He has demonstrated his capacity for eloquence, which we have heard about long before he came to join us here in the Congress. As one Member who is associated with the Congressional Black Caucus alternative, I want to say I was very struck in observing the debate yesterday how much the caucus substitute affected Members on the other side of aisle.

My colleague from New York, and a leader of the administration's budget forces, Mr. KEMP, in particular, said a number of favorable things about the caucus budget yesterday, and I want to congratulate him on his remarks.

I recall that my colleague from New York did take issue with the overall tax revenue proposals in the caucus budget, while at the same time congratulating the caucus in proposing the indexing of the Tax Code to inflation and the 10-percent nonrefundable social security tax credit.

It is good to know that at least one person on the other side of the aisle thinks the opposition is capable of having positive ideas on how to solve the economy's problems.

Yet my colleague did say the following in opposition to our budget proposal:

> I just wish my friends in the Caucus had not seen fit to raise taxes so heavily on everyone else in the country and introduce so many zero-sum tradeoffs by pitting one class of taxpayer against another. What we need is more equity for all Americans and less pitting classes of people against each other.

If this is the case, then my colleague from New York should join in support of the Congressional Black Caucus substitute. After all, as the DSG fact sheet on the budget says:

> (The Caucus Substitute) offers the largest and fairest tax cut of any of the proposals before the House.

I wish to ask my colleague from New York (Mr. KEMP), who is responsible for pitting "classes of people against each other," the CBC or the Reagan Administration?

Who is calling for more tax equity and reform of a Tax Code that everyone knows presently is grossly inequitable—the CBC or the Reagan administration?

Who is demanding basic cuts or eliminations of domestic human resource programs, the result of which will be even greater poverty than exists today and even greater unemployment—the CBC or the Reagan administration?

I would like my colleague from New York to answer these questions.

I would add a personal observation. Is there any one in this body who really thinks the Reagan administration/Latta-Gramm budget is contributing to national unity and social consensus? I would like to hear it. Frankly, the greatest tragedy of the administration's budget plan is that it may become the single biggest factor of divisiveness and social unrest in the Nation that has occurred in many years.

The President's proposals in the areas of national defense and taxation will contribute the most to disunity in the Nation.

It did not go unnoticed yesterday that my colleague from New York and one of the leaders of the administration's budget forces (Mr. KEMP) commended the Congressional Black Caucus for some of the tax proposals in its budget alternative—specifically, the indexation of tax rates to inflation; and the 10-percent nonrefundable social security tax credit to employers and employees.

I also notice that the DSG factsheet on the various budget alternatives—May 1, 1981—cites the Congressional Black Caucus budget alternative as providing "the largest and fairest tax cut of any of the proposals before the House" and as taking "the boldest step of any proposal being offered to the House to deal with the Federal deficit."

Unfortunately, my colleague from New York has misread the caucus' tax proposals. He says that it raises taxes. The DSG staff says, on the contrary, it is the fairest tax cut of all.

According to the House Budget Committee, in fiscal year 1982 the tax expenditure budget will amount to $266 billion, more than one-third of the total direct outlays for fiscal year 1982 projected either by the House Budget Committee or the administration. These tax expenditures represent giveaways to certain classes of taxpayers and to corporations. They represent money lost to the Treasury, that otherwise could contribute to eliminating the Federal deficit. Tax expenditures, everyone knows, are various types of favors handed out to taxpayers and businesses, such as tax loop-

holes, exemptions, tax shelters, and other types of privileges that some taxpayers enjoy at the expense of others.

The Congressional Black Caucus budget alternative proposes the most far-reaching reform of these tax subsidies, loopholes, and shelters of any proposal before us. If implemented, it would bring about the very tax equity that my colleague from New York calls for. On balance, the caucus budget cuts, rather than raises, taxes. It cuts taxes by providing a 10-percent nonrefundable social security tax credit to both employers and employees, the indexation of the earned income tax rates to the inflation rate, an increase in the standard deduction from $2,300 to $2,800 for single taxpayers and from $3,400 to $4,300 for married couples, and an increase in the earned income tax credit for low-income families.

The caucus tax package also provides a first-year capital cost recovery system for equipment, a proposal that has the endorsement of such divergent, yet influential organizations, as Fortune magazine, the New York Times, and the Public Interest Tax Research Group. This proposal gives businesses the kind of economic incentive they need to boost productivity and production.

The caucus tax package would eliminate some of the most outrageous tax giveaways and inequities that exist in the tax code. It would eliminate: The percentage depletion allowance for oil and gas, which the industry does not need since prices are completely decontrolled; The foreign tax credit on oil and gas extraction income that really amounts to a subsidy to the companies that they pass along to the foreign oil producing nations of the world;

Reduce business-meal deductions by 50 percent, and as a colleague pointed out, what could be fairer than to reduce the subsidized meals that business people enjoy, while we reduce the school lunches available to low-income children;

Eliminate the exemption for independent producers from the windfall profit tax; and

Eliminate billions in tax subsidies that American business doing business abroad now can obtain, which, incidentally, has gone to support the shift of American jobs to Europe, Asia, and Latin America.

There is good reason for the DSG to call the caucus tax budget "the largest and fairest tax cuts of any of the proposals before the House."

The reason is simple. The CBC tax package is the only budget alternative that: First, targets tax cuts to the groups that need them the most; second, targets business tax cuts to where it will be most useful in raising productivity; third, eliminates the most egregious tax loopholes that now exist in the Tax Code; and fourth, offers tax relief to the largest number of taxpayers.

The caucus tax budget offers a genuine alternative to the Reagan/Latta-Gramm proposal that is indiscriminate in its tax reductions; that perpetuates tax loopholes, shelters, breaks; that provides a package of tax cuts that give the most advantage to the highest income brackets and the least to the majority of middle-income taxpayers.

The President's proposals in the area of national defense are just as problematic as his tax reduction proposal.

The Achilles' heel of the administration budget plan and the Latta-Gramm budget substitute, which impements that plan, is the proposal to increase military spending by some $50 billion in budget authority in the coming fiscal year.

I feel I am expressing what is a growing sentiment among my colleagues, and in the Nation at large.

The incredible plan of the administration for a massive U.S. arms buildup, one that exceeded, according to the economist Lester Thurow, the arms buildup that took place prior to and during the Vietnam war, is going to become, I predict, a major area of domestic conflict and economic weakness in the coming years.

I am not alone in warning of this.

Economists as diverse as Henry Kaufman—who is often called the sage of Wall Street, and a Republican, I might add—Dr. Wassily Leontieff, the Nobel Prize-winning economist and authority on economic structures at New York University, and Dr. Lester Thurow of MIT in the last few months have all voiced the strongest doubts about the economic viability and desirability of the Reagan administration's defense program.

I notice yesterday, as reported in the Washington Post today, the Mormon Church, and its leaders, in a very rare comment on national policies, came out in opposition to the MX missile system. Their statement of opposition, it should be noticed by my colleagues, went far beyond the MX missile. The Mormon Church leadership squarely attacked the basic assumptions behind the U.S. military establishment, the Soviet military establishment, and the frightening global arms race, that both superpowers, equally, are contributing toward. Referring to the terrifying arms race that has to be halted, Spencer W. Kimball, president of the Mormon Church, stated:

> We deplore in particular the building of vast arsenals of nuclear weaponry. History indicates that men have seldon created armaments that eventually were not put to use. * * * With the most serious concern over the pressing moral question of possible nuclear conflict, we plead with our national leaders to marshal the genius of the nation to find viable alternatives * * *.

The Mormon Church leadership is referring to the deadly world arms race, that is draining nations of their resources and revenues that otherwise would be spent on economic and social development—specifically, which last year exceeded $500 billion dollars, and which the Reagan administration in its budget proposal is contributing mightily toward.

I believe there is a growing sense in this body that the defense budget will undo whatever good might result from administration economic policies, and I say this as one who is highly skeptical about the administration's policies.

If the Congresssional Black Caucus and a handful of so-called House liberals alone had challenged the Reagan defense budget, it likely would have been dismissed summarily. But the caucus is not alone in its criticism of the transfer of some $50 billion in additional budget authority to DOD next year. We are joined by leading churches in the land; by highly respectable economists and financial leaders.

The simple truth is that the defense budget that the administration is proposing will:

Intensify inflation because inflationary costs in the defense sector have been running at twice the rate as in the economy overall;

Intensify inflation because of the widely acknowledged shortages of production in the defense sector and in the shortages of its labor force;

Intensify inflation because of the widely reported monopolistic practice among defense contractors, the lack of competitive contract bidding at DOD, and the widespread lack of Pentagon control over its own budget;

Intensify inflation because, in the aggregate, boosts in defense spending add income but not consumer goods and services, and therefore add to the class inflation of too many dollars chasing too few goods; and

Shift badly needed investment capital away from the civilian sectors of the economy that are most in need of revitalization.

I detect among my colleagues, especially on the opposite side of the aisle, a growing uneasiness about the administration's and the Latta-Gramm's defense budget.

That uneasiness is understandable. No one has come up with a convincing argument why an additional $50 billion in defense is needed, other than the age-old shibboleths about national security and "the Russians are coming."

This morning I went over some comparative figures on the relative strengths of the U.S. Defense Establishment and the Soviet's.

In terms of defense spending during the last 10 years, the NATO allies have outspent the Warsaw Pact by

$207 billion according to London's International Institute for Strategic Studies;

In terms of strategic nuclear warheads, the best measure of relative numerical strengths, the United States has 9,200 warheads, as compared to 7,000 on the Soviet side;

Of equal importance, the United States has far greater command control, flexibility, and survivability in relation to its ability to fight a nuclear war than has the Soviet Union; for example, only 25 percent of our strategic warheads are land based—and relatively vulnerable—as compared to 80 percent of the Soviets' warheads; and

Because of our triad of strategic forces—land-based sea-based, and air-based—the United States has a wide advantage over the Soviets; for example, 48 percent of our strategic warheads are either at sea alert or in bombers on alert, as compared to 3 percent of the Soviets' warheads.

There is a shocking orthodoxy in this Chamber about the need for a stronger defense establishment. Despite the facts and figures, despite the questionability of ever winning a nuclear war, however limited, or of needing any more nuclear arms than we presently have, as the Mormon Church leaders observed, my colleagues, especially on the other side of the aisle, still cling to the panacea of more defense spending, as if it were a reflex action that arises when no other solutions to our economy's problems and the world's problems are in sight.

I think we ought to debate many more hours the role of defense spending in the administration's budget and in relation to economic recovery. We ought to debate many more hours the assumptions behind the Reagan/Latta-Gramm budget, and the alternative that the Congressional Black Caucus is proposing.

I would now like to touch briefly upon a matter which, in terms of dollars, may be considered relatively insignificant in relation to the overall Federal budget. However, it is a very important matter because of its direct bearing upon the quality of justice in this country. I speak of the Legal Services Corporation.

When the Congress enacted the legislation establishing the Legal Services Corporation in 1974, it made findings about the need for such a program. The Congress specifically found that:

First, there is a need in this country for equal access to our system of justice;

Second, there is a need to provide high-quality legal assistance to those who are unable to afford it;

Third, providing legal assistance to those facing an economic barrier to obtaining legal help serves the ends of justice;

Fourth, the availability of legal assistance has reaffirmed for many people their faith in our government of laws;

Fifth, a legal services program should be kept free of the influence of political pressures; and

Sixth, attorneys who provide legal assistance under such a program must have full freedom to protect the best interests of their clients, just as other members of the bar have full freedom to protect their clients' interests.

Those findings are as valid and accurate today as they were in 1974, and the need for a Legal Services Corporation today is as great as it was in 1974. Continued funding of the Corporation is essential if we are to keep this country's commitment to "equal justice under the law."

The need for the continuation of the Legal Services Corporation has been widely recognized. In addition to numerous individual private attorneys, district attorneys, judges, State attorneys general, and State Governors, many national organizations have called for continued funding of the Corporation, including:

The American Bar Association, the American Association of Retired Persons/National Association of Retired Teachers, the AFL-CIO, the American Coalition of Citizens with Disabilities, the Children's Defense Fund, the Friends Committee on National Legislation, the League of United Latin American Citizens (LULAC), the Leadership Conference on Civil Rights, the National Bar Association, the National Council of Churches, the National Council of Senior Citizens, the National Committee Against Discrimination in Housing, the National Mental Health Association, the National Farmers Union, the National Council on Aging, the National Urban League, the National Legal Aid and Defender Association, the United States Conference of Mayors, the United States Catholic Conference, and Rural America.

One of the announced goals of this administration is a reduction in what it refers to as unnecessary and inefficient Federal regulations. Continuation of the Legal Services Corporation will not frustrate that goal. The Legal Services Corporation does not engage in any substantive regulation, and it is not a part of the Federal bureaucracy. In addition, the Corporation's programs are locally controlled. The Corporation has been soundly managed and its programs have been cost-effective—it expends only 1.8 percent of its funds on management and administration and another 1.8 percent for field monitoring and evaluation.

Continuation of the Legal Services Corporation has bipartisan support. Just last Monday, the Judiciary Committee's Subcommittee on Courts, Civil Liberties, and the Administration of Justice unanimously reported an authorization bill for the Corporation. That bill authorizes $260 million for the Corporation for each of the next 2 fiscal years. In addition, the bill addresses some of the criticisms that have been leveled at the Corporation, such as in the area of class action suits and lobbying. I urge all of my colleagues to support this bipartisan effort to continue the important work of the Legal Services Corporation.

Mrs. COLLINS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SAVAGE. I yield to my colleague from Illinois.

Mrs. COLLINS of Illinois. I thank the gentleman for yielding.

I was not on the floor yesterday when the gentleman gave what I assume was his maiden voyage speech in legislative debate. I understand it was equally as good as it is today. I want him to know that we in Chicago are proud of the fact that he has given this House of Representatives the true perspective when it comes down to what our Congressional Black Caucus budget will mean in terms of retaining the mass transit systems not only in the city of Chicago but in Cook County and the State of Illinois, that all of our Nation is going go need.

Mr. FORD of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SAVAGE. I yield to the gentleman from Tennessee.

Mr. FORD of Tennessee. I thank the gentleman for yielding.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. FORD of Tennessee, and by unanimous consent, Mr. SAVAGE was allowed to proceed for 2 additional minutes.)

Mr. FORD of Tennessee. Mr. Chairman, I must say, if my colleague would yield, that on February 18 of this year the President once again issued that challenge to the American people and to anyone to come up with a constructive plan that would work for this country. I would have to say that the Congressional Black Caucus accepted that challenge and responded in a 30-day period.

Today and yesterday we have made that case before the Congress here in the House of Representatives. I would like to say to my colleagues, for those who want to protect the jobless, the homeless, the aged, and the children of this country, vote for the Fauntroy substitute today. For those who would like to see a balanced budget in fiscal year 1982 with a surplus, vote for the Fauntroy substitute today. For those who want to see us maintain a viable and strong national defense, vote for the Fauntroy substitute today. I call upon my colleagues today to join with the members of the Congressional Black Caucus and other caucuses here

in the Congress in supporting the Fauntroy substitute, this vital substitute that will be so important to the American people today.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. SAVAGE. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Mr. Chairman, the housing component of this budget provides $32 billion budget authority for section 8 subsidized housing and for conventional public housing. This amount is $12.4 billion more than the amount recommended by the Reagan administration.

It would fund about 280,000 housing units as compared with the 175,000 housing units under the Reagan plan based on a unit mix of 50 percent new construction and substantial rehab and 50 percent existing units and moderate rehabilitation. This is far short of the 600,000 units which are generally recognized as needed to house those Americans who still lack safe, decent, and sanitary housing; but, it more nearly meets the minimal numbers of units which this Nation must provide if we are to maintain the momentum toward our commitments to housing every American.

The CBC budget, additionally, maintains the full funding levels authorized in last year's housing bill for the comprehensive public housing modernization program. There are presently more than 1 million units of public housing worth more than $65 billion in replacement costs. It is an important and sizable housing resource which must be preserved and maintained in a manner which will serve those who rely upon it for their housing. In addition to preservation of this housing stock, the comprehensive public housing modernization program will lessen the need for steadily increasing operating subsidies by enabling the PHA's to make their facilities weatherproof, energy efficient, and cost efficient.

Operating subsidies, additionally, would be allowed at $1.3 billion which would enable seriously distressed PHA's to meet their financial obligations. In testimony before the Housing Subcommittee just this past week, Secretary Pierce indicated concern over whether or not his Department would have adequate resources to meet demands on the operating subsidies. Under the proposal of the CBC, there would be adequate resources.

The housing component of the CBC budget, finally, does not require a rent increase for those residing in conventional public housing. These, who are the poorest of the poor, and who reside in what are often considered to be housing of the last resort, do not have funds to pay what amounts to a 20-percent increase in their rent. The actual dollars may not be very much; but, as a percentage of their incomes—rising as it has been proposed from 25 to 30 percent—would be especially debilitating upon these poor families. Let me point out that unlike section 8 assisted housing, the income eligibility for public housing is at or below 50 percent of median incomes. That is the poverty level and we ought to be very sensitive to asking those who are at the poverty level to pay more than they do now.

In our public housing programs, the wiser course of action would be to accelerate the modernization program so that the costs of operations can be reduced rather than to seek increases to meet these costs.

ASSISTED HOUSING UNITS

The impact of the Reagan rescission for 1981 would be to reduce units funded by 44,550 units or 17 percent, down to 210,000 units. The Reagan proposal for 1982 represents a loss of 85,000 units, or a 33 percent reduction in units from the Carter 1982 proposal. Over a 2-year period the Reagan budget would support 385,000 units—129,550 fewer housing units than would have been provided under the Carter budget proposals

	Actual 1981 appropriations	Reagan—1981 revisions	Reduction from actual 1981 appropriations	Carter 1982 budget	Reagan—1982 budget	Reduction from Carter 1982 budget
Section 8:						
New construction	78,429	55,000	−23,429	71,600	44,750	−26,850
Substantial rehabilitation	21,356	14,900	−7,556	18,400	10,000	−8,400
Existing	86,028	79,800	−6,228	101,400	71,750	−29,650
Moderate rehabilitation	28,737	27,300	−1,437	28,600	24,500	−4,100
Section 8 total	214,550	177,000		220,000	151,000	−69,000
Public housing:						
Indian housing	6,000	5,000	−1,000	4,000	0	−4,000
Other public housing	34,000	28,000	−6,000	36,000	24,000	−8,000
Public housing total	40,000	33,000		40,000	24,000	−12,000
Total	254,550	210,000	44,550	260,000	175,000	85,000

Program	Reagan 1982 budget	Carter 1982 budget	Appropriations	For 1982
Assisted housing	Net new B.A.[1] = $23.587 billion	$28.775 billion	$29.502 billion[2]	$31.909 billion[3].
	C.A. = NA	$1.44 billion	$1.382 billion	$1.508 billion[3].
Units	225,000	260,000	255,000	285,000.
Public housing modernization	C.A. = $75 million[4]	$100 million	$100 million[5]	$100 million.
	B.A. = billion	$2 billion	$2 billion	$2 billion.
Public Housing operating subsidies	NA[6]	$1.265 billion	$970.8 million[7]	$1.265 billion.
Section 235	NA	0	$70 million[8] (20,000 homes)	$100 million[8] (20,000 homes).
Troubled projects	NA	$65.2 million	$18.05 million	$65.2 million.
Congregate services	0	0	$10 million[9]	$10 million.
TMAP[10]	NA	$76 million	$14.04 million	$76 million.
Section 202 elderly and handicapped	NA	$830.8 million	$855 million	$830.8 million.
GNMA grants	NA	$490[11] million	0	0.
GNMA tandem	NA	$300 million	$1.8 billion[12]	$3.0 billion.[13]
Solar bank	0	$125 million	$121.25 million[14]	$125 million.
CDBG	4.166 billion[15]	$3.96 billion	$3.694 billion	$3.96 billion.
UDAG	0	$675 million	$675 million	$675 million.
Section 312 rehabilitation loans	0	$134 million	$129.98 million[16]	$134 million.
Neighborhood self-help	0	$9 million	$10 million[17]	$9 million.
Comprehensive planning (701)	0	$35 million	$33.75 million[18]	$35 million.

[1] Includes Public Housing Modernization.
[2] The Reagan Administration would also propose to defer spending of $1.3 billion in 1981 budget authority to 1982. This would reduce the number of units which could be funded in 1981 by approximately 10,000–15,000 units.
[3] This is the amount originally requested by President Carter in his fiscal year 1981 Budget Request.
[4] Includes $15 million in C.A. deferred from fiscal year 1981 and $60 million in new C.A.
[5] The Reagan budget proposals deferring $15 million in fiscal year 1982 modernization C.A. ($300 million in B.A.) to fiscal year 1982. This would reduce the 1981 funding level to $85 million in C.A. ($1.7 billion in B.A.).
[6] The Reagan budget would also propose to implement existing authority to increase tenant rents for tenants with incomes between 50 and 80 percent of median income from 25 to 30 percent. In addition, it proposes over a 5-year period to extend the increase in rent to 30 percent for all tenants, regardless of income.
[7] Includes $108.8 million fiscal year 1980 Supplemental Appropriations to fund increased utility costs. A $100 million Supplemental Appropriation for fiscal year 1981 was also to be proposed for additional utility costs.

[8] Section 235 low-income program only (i.e., families with incomes below 95 percent of area median income).
[9] Reagan budget proposes deferral of this entire amount into fiscal year 1982.
[10] This program of Temporary Mortgage Assistance Payments (TMAP) provides assistance to homeowners with FHA-insured mortgages who face the possiblity of default as a result of temporary financial problems (e.g. unemployment, medical expenses).
[11] Carter budget proposed to replace all of the section 8 tandem purchases and most of the targeted tandem purchases with a mortgage assistance grant program for fiscal year 1982. The grants would have been used to reduce the interest rate on project mortgages; the proposed funding level of $490 million would have supported $1.7 billion in mortgages. An additional $300 million authorization would have also been sought for purchases under the targeted tandem program. Thus, total proposed funding for both mortgage assistance grants and targeted tandem would have supported $2.0 billion in mortgages for fiscal year 1982.
[12] Fiscal year 1982 Carter budget also proposed a $200 million supplemental appropriation for fiscal year 1981, which would have increased purchase authority to $2.0 billion.
[13] This amount of funding includes the $2.0 billion in mortgage purchases proposed by the Carter budget plus an additional $1 billion necessary to fund section 8 projects which are in the processing pipeline and cannot be completed without Tandem assistance.
[14] Reagan budget proposes rescission of this entire amount for fiscal year 1981.
[15] Reagan budget proposes to fold the following programs into CDBG: UDAG, Section 312 Rehabilitation, Comprehensive Planning, DOE Low-Income Weatherization, and Neighborhood Self-Help.
[16] Reagan administration proposes rescinding fiscal year 1981 appropriations, in addition to rescinding $62 million available from loan repayments.
[17] Reagan budget proposes rescission of $8.3 million for fiscal year 1981.
[18] Reagan budget proposes rescission of entire amount for fiscal year 1981.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. SAVAGE. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I take this opportunity to express my views on reconciliation, a heretofore relatively unused procedure which is now being used to deprive authorizing committees of their function of legislating in their jurisdictional areas.

Although the Budget Act speaks in terms of amounts to be saved and does not confer upon the Budget Committee jurisdiction over the terms of authorizing legislation, in practice it is being used to establish a new super committee. Although the resolution before the House does not specify the program changes which the Small Business Committee and others would be required to make, the dollar amounts in the case of the Small Business Committee are so large that we really have little choice. I find this to be especially onerous when savings are to be required not only for the upcoming fiscal year but also the 2 succeeding fiscal years, in one of which this Congress will no longer even exist.

Under the resolution as reported by the House Budget Committee, the House Small Business Committee would be required to make $118 million, $152 million, and $211 million in savings in budget authority in fiscal years 1982 through 1984. The appropriate savings in outlays would be $71 million, $144 million, and $192 million.

I want to point out that these savings are not savings in money to be appropriated to the Small Business Administration but rather are reductions in new loans which otherwise would have been made from repayments of loans made in prior years which were fully budgeted for in those prior years.

These changes could be made by eliminating seven programs which provide nonphysical disaster loans, such as loans to small businesses displaced by Federal projects, and by increasing the interest rate on natural disaster loans to 14 percent.

I am not going to take everyone's time explaining the harm that this will do but I do want to state for the record that I believe that it is clear that this budget resolution mandates that we return to our prior practice of legislating the nature and extent of disaster assistance depending upon the occurence of a major disaster. We will no longer have a permanent disaster loan program which the Members can defend when their constituents are confronted with tornadoes, floods, and hurricanes. As a result, a major disaster will occur and at that time Members will rush to sponsor and promote legislation to provide extremely low interest loans and possibly even grants to disaster victims.

The primary reason I rise today is to oppose the Latta substitute. Under this substitute provision, the Small Business Committee would be required to reduce authorizations or to take other steps to achieve savings in budget authority of $371 million, $487 million, and $554 million in fiscal years 1982 through 1984, respectively. The corresponding savings in outlays would be $247 million, $459 million, and $533 million.

Again the Small Business Committee is not being given specific directives as to how these savings are to be effectuated. In addition to the disaster savings noted above, however, it appears that the intent of the author of the amendment is to also slash the amount of direct and guaranteed SBA loans to small businesses by 25 percent.

This would mean that only $260 million would be made available in fiscal year 1982 for direct loans to the entire small business community. This would have a severely detrimental impact not only on the small business community in general but also particularly upon those segments which have historically been denied access to credit markets, such as minorities, women, and the handicapped.

It would also mean that only $3.1 billion would be available in loan guarantees and I stress that these are guarantees, not loans. The savings to be achieved by lopping off $1 billion in guarantees is less than $10 million in fiscal year 1982.

The SBA has already reacted to proposed cuts in 1981 guarantees by reducing to 70 percent the maximum amount of a loan which they will guarantee in most cases. This may expand the number of small businesses to which SBA provides assistance under a reduced program level, but it certainly also tends to restrict SBA assistance to the cream of the crop, those small businesses with the best credit rating.

The net effect of the Latta substitute upon those small businesses needing assistance through the SBA would be devastating. I want to emphasize that it is only those small businesses which are unable to obtain credit from any other source which are eligible to seek SBA assistance. Should the Latta substitute be adopted, we would be withdrawing that meager assistance and would be denying any financial assistance to some 42,000 small businesses in the next 3 years. Since all of these 42,000 small businesses cannot obtain credit from any other source, the net effect will be to deny them the opportunity to enter or remain in the small business community. Their demise will be certain and the only uncertainty is the amount of additional Federal expenditures in other areas which will be needed in order to assist them, their families, and their employees.

I urge defeat of the Latta substitute.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the Delegate from the District of Columbia (Mr. FAUNTROY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FAUNTROY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 69, noes 356, not voting 5.

[Roll No. 32]

AYES—69

Addabbo	Ford (TN)	Pepper
Bedell	Frank	Price
Beilenson	Garcia	Rahall
Bingham	Gonzalez	Rangel
Bolling	Gray	Reuss
Bonior	Hawkins	Richmond
Brodhead	Hertel	Rodino
Brown (CA)	Howard	Rosenthal
Burton, John	Kastenmeier	Roybal
Burton, Phillip	Kildee	Sabo
Chisholm	Lehman	Savage
Clay	Leland	Scheuer
Collins (IL)	Lowry	Schroeder
Conyers	Mikulski	Schumer
Coyne, William	Mitchell (MD)	Seiberling
Crockett	Moakley	Simon
Dellums	Moffett	St Germain
Dixon	Mottl	Stark
Dymally	Oakar	Stokes
Edgar	Oberstar	Studds
Edwards (CA)	Obey	Washington
Foglietta	Ottinger	Weiss
Ford (MI)	Patterson	Yates

NOES—356

Akaka	Annunzio	Aspin
Albosta	Anthony	Atkinson
Alexander	Applegate	AuCoin
Anderson	Archer	Badham
Andrews	Ashbrook	Bafalis

Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Bliley
Boggs
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Butler
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clinger
Coats
Coelho
Coleman
Collins (TX)
Conable
Conte
Corcoran
Coughlin
Courter
Coyne, James
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dingell
Donnelly
Dorgan
Dornan
Dougherty
Downey
Dreier
Duncan
Dunn
Dwyer
Dyson
Early
Eckart
Edwards (AL)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Florio
Foley
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Goodling
Gore
Gradison
Gramm
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Harkin
Hartnett
Hatcher
Heckler
Hefner
Heftel
Hendon
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kazen
Kemp
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (NY)
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Panetta
Parris
Pashayan
Patman
Paul
Pease
Perkins
Petri
Peyser
Pickle
Porter
Pritchard
Pursell
Quillen
Railsback
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rousselot
Rudd
Russo
Santini
Sawyer
Schneider
Schulze
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Stangeland
Stanton
Staton
Stenholm
Stratton
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Trible
Udall
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—5

Byron
Clausen
Cotter
Jones (NC)
Vander Jagt

□ 1700

Mr. HERTEL changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 1715

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. Is the gentleman's amendment printed in the RECORD?

Mr. OBEY. Yes, Mr. Chairman, the amendment is printed in the RECORD.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. OBEY: Strike all after the resolving clause and insert in lieu thereof the following:

That—

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1981

SEC. 101. The provisions of this title shall supersede the figures set forth in the first section and section 2 of House Concurrent Resolution 448 of the Ninety-sixth Congress for the fiscal year beginning on October 1, 1980.

SEC. 102. (a)(1). The recommended level of Federal revenues is $610,900,000,000, and the net amount by which the aggregate level of Federal revenues should be decreased is $2,000,000,000;

(2) the appropriate level of total new budget authority is $723,000,000,000;

(3) the appropriate level of total budget outlays is $662,400,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is −$51,500,000,000;

(5) the appropriate level of the public debt is $994,100,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $9,100,000,000; and

(6) the appropriate level of total gross obligations for the principal amount of direct loans is $73,500,000,000, the appropriate level of total new primary commitments to guarantee loan principal is $85,200,000,000, and the appropriate level of total new secondary commitments to guarantee loan principal is $66,200,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning October 1, 1980, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $180,250,000,000;

(B) Outlays, $162,050,000,000.

(2) International Affairs (150):

(A) New budget authority, $23,000,000,000;

(B) Outlays, $10,900,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,450,000,000;

(B) Outlays, $6,200,000,000.

(4) Energy (270):

(A) New budget authority, $7,700,000,000;

(B) Outlays, $9,700,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,850,000,000;

(B) Outlays, $13,600,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,600,000,000;

(B) Outlays, $2,700,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $6,350,000,000;

(B) Outlays, $3,050,000,000.

(8) Transportation (400):

(A) New budget authority, $25,100,000,000;

(B) Outlays, $23,800,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $9,500,000,000;

(B) Outlays, $12,200,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $32,200,000,000;

(B) Outlays, $32,150,000,000.

(11) Health (550):

(A) New budget authority, $72,250,000,000;

(B) Outlays, $66,850,000,000.

(12) Income Security (600):

(A) New budget authority, $252,200,000,000;

(B) Outlays, $227,450,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $23,000,000,000;

(B) Outlays, $22,600,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,250,000,000;

(B) Outlays, $4,550,000,000.

(15) General Government (800):

(A) New budget authority, $5,200,000,000;

(B) Outlays, $4,900,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,200,000,000;

(B) Outlays, $6,800,000,000.

(17) Interest (900):

(A) New budget authority, $80,600,000,000;

(B) Outlays, $80,600,000,000.

(18) Allowances (920):

(A) New budget authority, $1,200,000,000;

(B) Outlays, $1,200,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$28,900,000,000;

(B) Outlays, −$28,900,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1982, 1983, AND 1984

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1981—

(1) the recommended level of Federal revenues is $717,050,000,000; and the net amount by which the aggregate level of Federal revenues should be decreased is $2,350,000,000;

(2) the appropriate level of total new budget authority is $793,700,000,000;

(3) the appropriate level of total budget outlays is $716,550,000,000;

(4) the amount of the surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is +$500,000,000; and

(5) the appropriate level of the public debt is $1,033,900,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $39,800,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $219,600,000,000;
(B) Outlays, $189,750,000,000.
(2) International Affairs (150):
(A) New budget authority, $16,650,000,000;
(B) Outlays, $10,900,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $7,350,000,000;
(B) Outlays, $7,100,000,000.
(4) Energy (270):
(A) New budget authority, $8,000,000,000;
(B) Outlays, $8,400,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $8,350,000,000;
(B) Outlays, $12,200,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,450,000,000;
(B) Outlays, $5,000,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $10,250,000,000;
(B) Outlays, $4,400,000,000.
(8) Transportation (400):
(A) New budget authority, $21,500,000,000;
(B) Outlays, $21,100,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $7,400,000,000;
(B) Outlays, $9,500,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $29,000,000,000;
(B) Outlays, $29,850,000,000.
(11) Health (550):
(A) New budget authority, $84,950,000,000;
(B) Outlays, $74,700,000,000.
(12) Income Security (600):
(A) New budget authority, $280,000,000,000;
(B) Outlays, $249,400,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $24,800,000,000;
(B) Outlays, $24,050,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,400,000,000;
(B) Outlays, $4,600,000,000.
(15) General Government (800):
(A) New budget authority, $5,350,000,000;
(B) Outlays, $4,900,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,050,000,000;
(B) Outlays, $6,150,000,000.
(17) Interest (900):
(A) New budget authority, $88,450,000,000;
(B) Outlays, $88,450,000,000.
(18) Allowances (920):
(A) New budget authority, $750,000,000;
(B) Outlays, $700,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$34,600,000,000;
(B) Outlays, −$34,600,000,000.

SEC. 203. (a) There is established a congressional Federal Credit budget for fiscal year 1982 of which the appropriate levels of total Federal credit activity for fiscal year 1982 are—

(1) New direct loan obligations, $61,250,000,000;
(2) New primary loan guarantee commitments, $87,750,000,000;
(3) New secondary loan guarantee commitments, $68,750,000,000.

(b) Based on allocations of the appropriate levels of total Federal credit activity as set forth in paragraph (1) of this subsection, the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $50,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(2) International Affairs (150):
(A) New direct loan obligations, $7,800,000,000;
(B) New primary loan guarantee commitments, $9,500,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(3) General Science, Space and Technology (250):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, −$150,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(4) Energy (270):
(A) New direct loan obligations, $750,000,000;
(B) New primary loan guarantee commitments, $1,800,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(5) Natural Resources and Environment (300):
(A) New direct loan obligations, $50,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(6) Agriculture (350):
(A) New direct loan obligations, $9,100,000,000;
(B) New primary loan guarantee commitments, $2,200,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(7) Commerce and Housing Credit (370):
(A) New direct loan obligations, $16,300,000,000;
(B) New primary loan guarantee commitments, $42,300,000,000;
(C) New secondary loan guarantee commitments, $68,200,000,000.
(8) Transportation (400):
(A) New direct loan obligations, $150,000,000;
(B) New primary loan guarantee commitments, $1,150,000,000;
(C) New secondary loan guarantee commitments, $50,000,000.
(9) Community and Regional Development (450):
(A) New direct loan obligations, $1,000,000,000;
(B) New primary loan guarantee commitments, $400,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New direct loan obligations, $1,000,000,000;
(B) New primary loan guarantee commitments, $5,200,000,000;
(C) New secondary loan guarantee commitments, $500,000,000.
(11) Health (550):
(A) New direct loan obligations, $100,000,000;
(B) New primary loan guarantee commitments, $100,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(12) Income Security (600):
(A) New direct loan obligations, $300,000,000;
(B) New primary loan guarantee commitments, $17,050,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(13) Veterans Benefits and Services (700):
(A) New direct loan obligations, $600,000,000;
(B) New primary loan guarantee commitments, $7,400,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(14) Administration of Justice (750):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(15) General Government (800):
(A) New direct loan obligations, $23,950,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New direct loan obligations, $150,000,000;
(B) New primary loan guarantee commitments, $750,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(17) Interest (900):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(18) Allowances (920):
(A) New direct loan obligations, $000,000,000,000;

(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New direct loan obligations, $000,000,000,000;
(B) New primary loan guarantee commitments, $000,000,000,000;
(C) New secondary loan guarantee commitments, $000,000,000,000.

(c) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $24,850,000,000, the on-budget lending activity to a level not to exceed $36,400,000,000, new primary loan guarantee commitments to a level not to exceed $87,750,000,000, and new secondary loan guarantee commitments to a level not to exceed $68,750,000,000.

SEC. 204. The Congress sets forth the following budgetary levels for fiscal years 1983 and 1984—

(1) the recommended level of Federal revenues is as follows:
Fiscal year 1983: $790,950,000,000;
Fiscal year 1984: $867,800,000,000;

and the amount by which the aggregate levels of Federal revenues should be decreased is as follows:
Fiscal year 1983: $23,800,000,000;
Fiscal year 1984: $000,000,000,000;

(2) the appropriate level of total new budget authority is as follows:
Fiscal year 1983: $860,400,000,000;
Fiscal year 1984: $924,850,000,000;

(3) the appropriate level of total budget outlays is as follows:
Fiscal year 1983: $775,650,000,000;
Fiscal year 1984: $838,100,000,000;

(4) the amount of the surplus in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:
Fiscal year 1983: +$15,300,000,000;
Fiscal year 1984: +$29,700,000,000;

(5) the appropriate level of the public debt is as follows:
Fiscal year 1983: $1,052,200,000,000;
Fiscal year 1984: $1,050,100,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased or decreased is as follows:
Fiscal year 1983: +$18,300,000,000;
Fiscal year 1984: −$2,100,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1983 and 1984 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):
Fiscal year 1983:
(A) New budget authority, $255,550,000,000;
(B) Outlays, $225,800,000,000.
Fiscal year 1984:
(A) New budget authority, $291,550,000,000;
(B) Outlays, $260,450,000,000.

(2) International Affairs (150):
Fiscal year 1983:
(A) New budget authority, $16,750,000,000;
(B) Outlays, $11,150,000,000.
Fiscal year 1984:
(A) New budget authority, $16,400,000,000;
(B) Outlays, $11,800,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 1983:
(A) New budget authority, $7,800,000,000;
(B) Outlays, $7,550,000,000.
Fiscal year 1984:
(A) New budget authority, $7,300,000,000;
(B) Outlays, $7,400,000,000.

(4) Energy (270):
Fiscal year 1983:
(A) New budget authority, $9,600,000,000;
(B) Outlays, $9,750,000,000.
Fiscal year 1984:
(A) New budget authority, $8,600,000,000;
(B) Outlays, $8,700,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 1983:
(A) New budget authority, $11,550,000,000;
(B) Outlays, $12,150,000,000.
Fiscal year 1984:
(A) New budget authority, $11,500,000,000;
(B) Outlays, $11,600,000,000.

(6) Agriculture (350):
Fiscal year 1983:
(A) New budget authority, $6,600,000,000;
(B) Outlays, $4,950,000,000.
Fiscal year 1984:
(A) New budget authority, $5,950,000,000;
(B) Outlays, $4,800,000,000.

(7) Commerce and Housing Credit (370):
Fiscal year 1983:
(A) New budget authority, $6,850,000,000;
(B) Outlays, $3,400,000,000.
Fiscal year 1984:
(A) New budget authority, $7,050,000,000;
(B) Outlays, $3,450,000,000.

(8) Transportation (400):
Fiscal year 1983:
(A) New budget authority, $22,800,000,000;
(B) Outlays, $21,800,000,000.
Fiscal year 1984:
(A) New budget authority, $23,400,000,000;
(B) Outlays, $22,600,000,000.

(9) Community and Regional Development (450):
Fiscal year 1983:
(A) New budget authority, $8,150,000,000;
(B) Outlays, $8,200,000,000.
Fiscal year 1984:
(A) New budget authority, $8,300,000,000;
(B) Outlays, $7,850,000,000.

(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1983:
(A) New budget authority, $29,550,000,000;
(B) Outlays, $29,100,000,000.
Fiscal year 1984:
(A) New budget authority, $28,950,000,000;
(B) Outlays, $28,650,000,000.

(11) Health (550):
Fiscal year 1983:
(A) New budget authority, $93,550,000,000;
(B) Outlays, $84,550,000,000.
Fiscal year 1984:
(A) New budget authority, $102,450,000,000;
(B) Outlays, $93,850,000,000.

(12) Income Security (600):
Fiscal year 1983:
(A) New budget authority, $308,050,000,000;
(B) Outlays, $273,850,000,000.
Fiscal year 1984:
(A) New budget authority, $329,400,000,000;
(B) Outlays, $297,200,000,000.

(13) Veterans Benefits and Services (700):
Fiscal year 1983:
(A) New budget authority, $26,250,000,000;
(B) Outlays, $25,450,000,000.
Fiscal year 1984:
(A) New budget authority, $28,500,000,000;
(B) Outlays, $27,150,000,000.

(14) Administration of Justice (750):
Fiscal year 1983:
(A) New budget authority, $4,450,000,000;
(B) Outlays, $4,500,000,000.
Fiscal year 1984:
(A) New budget authority, $4,650,000,000;
(B) Outlays, $4,650,000,000.

(15) General Government (800):
Fiscal year 1983:
(A) New budget authority, $5,500,000,000;
(B) Outlays, $5,200,000,000.
Fiscal year 1984:
(A) New budget authority, $5,500,000,000;
(B) Outlays, $5,500,000,000.

(16) General Purpose Fiscal Assistance (850):
Fiscal year 1983:
(A) New budget authority, $6,100,000,000;
(B) Outlays, $6,100,000,000.
Fiscal year 1984:
(A) New budget authority, $6,250,000,000;
(B) Outlays, $6,250,000,000.

(17) Interest (900):
Fiscal year 1983:
(A) New budget authority, $87,100,000,000;
(B) Outlays, $87,100,000,000.
Fiscal year 1984:
(A) New budget authority, $83,400,000,000;
(B) Outlays, $83,400,000,000.

(18) Allowances (920):
Fiscal year 1983:
(A) New budget authority, $1,250,000,000;
(B) Outlays, $1,150,000,000.
Fiscal year 1984:
(A) New budget authority, $1,300,000,000;
(B) Outlays, $1,250,000,000.

(19) Undistributed Offsetting Receipts (950):
Fiscal year 1983:
(A) New budget authority, −$40,200,000,000;
(B) Outlays, −$40,200,000,000.
Fiscal year 1984:
(A) New budget authority, −$45,600,000,000;
(B) Outlays, −$45,600,000,000.

SEC. 206. The question of indexing is a central part of developing Federal fiscal policy. About half the Federal budget is subject to indexing either explicitly or implicitly. Because of the importance of the indexing question and its implication for the process of Federal budgeting, it is the sense of the Congress that the leadership of both parties should form a bipartisan effort to make a recommendation on indexing reform to be implemented no later than fiscal year 1984.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act—

(1) the House Committee on Agriculture shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $48,000,000 in budget authority and $274,000,000 in outlays, to reduce spending for the fiscal year 1983 by $48,000,000 in budget authority and $257,000,000 in outlays and to reduce spending for fiscal year 1984 by $174,000,000 in budget authority and $386,000,000 in outlays;

(2) the House Committee on Armed Services shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,029,000,000 in budget authority and $1,029,000,000 in outlays to reduce spending for the fiscal year 1983 by $1,056,000,000 in budget authority and $1,056,000,000 in outlays, and to reduce

spending for fiscal year 1984 by $686,000,000 in budget authority and $686,000,000 in outlays;

(3) the House Committee on Education and Labor shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,850,000,000 in budget authority and $1,640,000,000 in outlays, to reduce spending for the fiscal year 1983 by $2,244,000,000 in budget authority and $2,238,000,000 in outlays, and to reduce spending for fiscal year 1984 by $3,161,000,000 in budget authority and $2,946,000,000 in outlays;

(4) the House Committee on Energy and Commerce shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $749,000,000 in budget authority and $629,000,000 in outlays, to reduce spending for the fiscal year 1983 by $975,000,000 in budget authority and $845,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,360,000,000 in budget authority and $1,230,000,000 in outlays;

(5) the House Committee on Foreign Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,000,000 in outlays, to reduce spending for the fiscal year 1983 by $4,000,000 in outlays, and to reduce spending for fiscal year 1984 by $3,000,000 in outlays;

(6) the House Committee on Government Operations shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $340,000,000 in budget authority and $255,000,000 in outlays, to reduce spending for the fiscal year 1983 by $340,000,000 in budget authority and $340,000,000 in outlays, and to reduce spending for fiscal year 1984 by $340,000,000 in budget authority and $340,000,000 in outlays;

(7) the House Committee on Interior and Insular Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $400,000,000 in budget authority and $400,000,000 in outlays, to reduce spending for the fiscal year 1983 by $400,000,000 in budget authority and $400,000,000 in outlays, and to reduce spending for fiscal year 1984 by $500,000,000 in budget authority and $500,000,000 in outlays;

(8) the House Committee on Merchant Marine and Fisheries shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $99,000,000 in budget authority and $99,000,000 in outlays, to reduce spending for the fiscal year 1983 by $150,000,000 in budget authority and $150,000,000 in outlays, and to reduce spending for fiscal year 1984 by $160,000,000 in budget authority and $160,000,000 in outlays;

(9) the House Committee on Post Office and Civil Service shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,430,000,000 in budget authority and $5,524,000,000 in outlays, to reduce spending for the fiscal year 1983 by $7,869,000,000 in budget authority and $8,026,000,000 in outlays, and to reduce spending for fiscal year 1984 by $9,496,000,000 in budget authority and $9,742,000,000 in outlays;

(10) the House Committee on Public Works and Transportation shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $223,000,000 in budget authority and $231,000,000 in outlays, to reduce spending for the fiscal year 1983 by $200,000,000 in budget authority and $231,000,000 in outlays, and to reduce spending for fiscal year 1984 by $200,000,000 in budget authority and $231,000,000 in outlays;

(11) the House Committee on Science and Technology shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $200,000,000 in budget authority and $200,000,000 in outlays, to reduce spending for the fiscal year 1983 by $200,000,000 in budget authority and $200,000,000 in outlays, and to reduce spending for fiscal year 1984 by $300,000,000 in budget authority and $300,000,000 in outlays;

(12) the House Committee on Small Business shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $118,000,000 in budget authority and $71,000,000 in outlays, to reduce spending for the fiscal year 1983 by $152,000,000 in budget authority and $144,000,000 in outlays, and to reduce spending for fiscal year 1984 by $211,000,000 in budget authority and $192,000,000 in outlays;

(13) the House Committee on Veterans' Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $110,000,000 in budget authority and $110,000,000 in outlays, to reduce spending for the fiscal year 1983 by $108,000,000 in budget authority and $108,000,000 in outlays, and to reduce spending for fiscal year 1984 by $106,000,000 in budget authority and $106,000,000 in outlays;

(14) the House Committee on Ways and Means shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $2,535,000,000 in budget authority and $5,175,000,000 in outlays, to reduce spending for the fiscal year 1983 by $2,140,000,000 in budget authority and $6,610,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,725,000,000 in budget authority and $8,355,000,000 in outlays.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act—

(1) the Senate Committee on Agriculture, Nutrition, and Forestry shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $878,000,000 in budget authority and $1,104,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,228,000,000 in budget authority and $1,387,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,704,000,000 in budget authority and $1,866,000,000 in outlays;

(2) the Senate Committee on Armed Services shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,029,000,000 in budget authority and $1,029,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,056,000,000 in budget authority and $1,056,000,000 in outlays, and to reduce spending for fiscal year 1984 by $686,000,000 in budget authority and $686,000,000 in outlays;

(3) the Senate Committee on Energy and Natural Resources shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $400,000,000 in budget authority and $400,000,000 in outlays, to reduce spending for the fiscal year 1983 by $400,000,000 in budget authority and $400,000,000 in outlays, and to reduce spending for fiscal year 1984 by $500,000,000 in budget authority and $500,000,000 in outlays;

(4) the Senate Committee on Finance shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $2,835,000,000 in budget authority and $5,425,000,000 in outlays, to reduce spending for the fiscal year 1983 by $2,615,000,000 in budget authority and $6,985,000,000 in outlays, and to reduce spending for fiscal year 1984 by $2,475,000,000 in budget authority and $9,005,000,000 in outlays;

(5) the Senate Committee on Foreign Relations shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,000,000 in outlays, to reduce spending for the fiscal year 1983 by $4,000,000 in outlays, and to reduce spending for fiscal year 1984 by $3,000,000 in outlays;

(6) the Senate Committee on Governmental Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $5,770,000,000 in budget authority and $5,779,000,000 in outlays, to reduce spending for the fiscal year 1983 by $8,209,000,000 in budget authority and $8,366,000,000 in outlays, and to reduce spending for fiscal year 1984 by $9,836,000,000 in budget authority and $10,082,000,000 in outlays;

(7) the Senate Committee on Labor and Human Resources shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $1,269,000,000 in budget authority and $989,000,000 in outlays, to reduce spending for the fiscal year 1983 by $1,364,000,000 in budget authority and $1,378,000,000 in outlays, and to reduce spending for fiscal year 1984 by $1,941,000,000 in budget authority and $1,746,000,000 in outlays;

(8) the Senate Committee on Public Works and Environment shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $323,000,000 in budget authority and $231,000,000 in outlays, to reduce spending for the fiscal year 1983 by $200,000,000 in budget authority and $231,000,000 in outlays, and to reduce spending for fiscal year 1984 by $200,000,000 in budget authority and $231,000,000 in outlays;

(9) the Senate Committee on Small Business shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $118,000,000 in budget authority and $71,000,000 in outlays, to reduce spending for the fiscal year 1983 by $152,000,000 in budget authority and $144,000,000 in outlays, and to reduce spending for fiscal year 1984 by $211,000,000 in budget authority and $192,000,000 in outlays;.

(10) the Senate Committee on Veterans' Affairs shall recommend program changes in laws within its jurisdiction to reduce spending for fiscal year 1982 by $110,000,000 in budget authority and $110,000,000 in outlays, to reduce spending for the fiscal year 1983 by $108,000,000 in budget authority and $108,000,000 in outlays, and to reduce spending for fiscal year 1984 by $106,000,000 in budget authority and $106,000,000 in outlays;

SEC. 303. Not later than June 15, 1981, the committees named in sections 301 and 302 shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by such sections. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

PART B—ENFORCEMENT MEASURES

SEC. 311. (a) No bill or resolution providing—

(1) new budget authority for fiscal year 1982, or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1982—

which exceeds the appropriate allocation or subdivision made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act, and on any reconciliation legislation required by such resolution.

(b) Subsection (a) shall not apply to bills and resolutions for which a conference report has been filed in either House prior to final adoption by both Houses of this resolution.

PART C—IMPROVED ADMINISTRATIVE PROCEDURES

SEC. 321. Whereas the results of surveys of the Offices of the Inspectors General and hearings with the Comptroller General of the United States and the Inspectors General of the Cabinet departments indicate mismanagement, indifference, and occasional abuse of public trust in the financial administration of Federal programs; whereas the General Accounting Office indicates that, with improved management in the executive branch, and in some cases, the enactment of legislation needed to provide stronger administrative procedures, net savings from the President's budget of $4,850,000,000 are achievable for fiscal year 1982 and additional savings of $6,150,000,000 are achievable for fiscal years 1983 and 1984, it is the sense of the Congress, that the newly created Council on Integrity and Efficiency should prepare comprehensive, long-term plans encompassing at a minimum debt collection, procurement procedures, resolution of audit findings, and the other areas of possible budget savings through improved administrative procedures covered by the General Accounting Office report to the House Committee on the Budget, and that necessary legislation to implement these plans be submitted to Congress no later than June 1, 1981.

Mr. OBEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. ASHBROOK. Mr. Chairman, I reserve the right to object for the purpose of asking my colleague from Wisconsin or anyone in the leadership if they could give an indication to the Members of what the plan is for today and the further disposition of this bill.

Mr. Chairman, with the sufferance of my colleague from Wisconsin, I would yield to my friend, the majority leader, for an answer.

Mr. WRIGHT. If the gentleman would yield, there is a general agreement to which I think the minority leadership is amenable, to the effect that we shall vote upon the Obey amendment this evening.

The manager of the bill, the gentleman from Oklahoma (Mr. JONES), and the author of the Obey amendment both feel that with diligence we can hope to complete the debate perhaps within an hour and then have a vote on the Obey amendment this evening.

Tomorrow we would come in at 11 o'clock as originally planned; and when we come in tomorrow and resume debate, the Latta-Gramm substitute would be in order. We suggest that 3 hours of debate should be made in order upon that substitute, to be equally divided between the chairman of the committee, the gentleman from Oklahoma (Mr. JONES), and the ranking minority member of the committee, the gentleman from Ohio (Mr. LATTA), and that at the conclusion of those 3 hours of general debate, it would be in order to vote on the Latta-Gramm substitute.

Mr. ASHBROOK. Further reserving the right to object, I thank the majority leader for that answer. It is succinct and based on a hope this evening. I will not propound any further questions as to time.

Mr. WRIGHT. Mr. Chairman, that being the case, if the gentleman would yield further, I ask unanimous consent that tomorrow when we come into session the Latta-Gramm substitute shall be considered, that we shall have 3 hours of debate upon that substitute, to be equally divided between the gentleman from Oklahoma, the chairman of the committee (Mr. JONES), and the gentleman from Ohio (Mr. LATTA), the ranking minority member of the committee.

Mr. WEISS. Reserving the right to object, Mr. Chairman, we are going to be discussing tomorrow in consideration of the Latta-Gramm substitute the most significant piece of legislation to have hit this floor perhaps in the last 20 or 30 years. It will totally reverse the national direction.

To suggest to this body or to the American people that we limit ourselves to an hour and a half on the side of the majority to oppose that radical departure. I think, does a disservice not only to ourselves, but to the Nation.

I object.

The CHAIRMAN. Objection is heard.

Mr. ASHBROOK. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin that the amendment be considered as read and printed in the RECORD?

There was no objection.

The CHAIRMAN. The gentleman from Wisconsin (Mr. OBEY) is recognized for 5 minutes.

Mr. OBEY. Mr. Chairman, in light of the remarks made earlier in the day, remarks with which I agree, that only God can save the Jones amendment at this point, I thought that rather than try to persuade this body with my rhetoric I might begin my remarks by simply taking my harmonica and playing a chorus of, "Oh What a Friend We Have in Jesus."

But in the hope, Mr. Chairman, that reason is still allowed to penetrate legislative debate, what I would like to do is explain the amendment and explain my reasons for urging support for it.

Very basically, the amendment provides in budget authority for $793.7 billion, in outlays for $176.5 billion and revenues for $717 billion with no deficit in either 1982, 1983, or 1984. It provides for a surplus of one-half billion dollars in 1982, a $15.3 billion surplus in 1983, and a $29.7 billion surplus in 1984.

Mr. Chairman, to put in perspective the amendment, it is necessary to explain how the President's budget itself cuts the previous Carter budget.

I guess I should assume, given the mood of the House, that one always has a better chance with a rational amendment if no one is listening to it anyway. But, nonetheless, let me try to put in perspective what my amendment does.

President Carter presented a budget of about $740 billion. President Reagan suggested that we reduce that budget to about $695 billion. He did it in the following ways: He said that on defense we sought to increase the defense budget from $161 billion last year to almost $200 billion this year.

For elderly and retirement programs, which also total about $200 billion, he suggested a $3 billion to $4 billion cut, a small reduction in those programs. Interest will make up another almost $100 billion, closer to $90 billion.

So what we will see in the Reagan budget is that the three fastest growing items in the budget, defense, entitlement programs, and interest, will be cut the least. In fact, if you add those three items together, you find that for those three items in total the Reagan administration is above the Carter administration.

Then we get to the question of veterans' programs and unemployment compensation and you will have in that portion of the budget about $45 billion to $46 billion, depending upon what happens in the economy.

So what we really get down to are the last two portions of the President's budget, programs for nonelderly poor and programs for investments in the future economic health and social well being of the country.

I know that most people believe that all you have to do to balance the budget is to eliminate waste, fraud, and abuse in welfare programs. The fact is that is a lot of baloney. The deficit this year will probably be close to $60 billion and if we eliminated all programs for the nonelderly poor we would still have a $20 billion deficit because the total amount of money in

the Carter budget for nonelderly poor programs, was about $40 billion, one-third of which goes to blind and disabled people.

Assuming that he did not intend to hack up benefits for the blind and the disabled, the President has suggested, in effect, that out of the remaining $25 billion for nonelderly poor, we cut between $6 billion and $7 billion. That is a lot of money for people at the bottom of the heap in society.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 5 additional minutes.)

Mr. OBEY. Then we get to the investment portion of the budget. In that portion of the budget President Carter recommended an expenditure of about $187 billion. It is this portion of the budget where we find the largest number of Reagan cuts being concentrated, about $33 billion.

Now we can debate the quality of some of those investments. Some of the investments, I think, are marginal. Some, I think, are turkeys and some, I think, are terribly important to the future economic productivity of the country.

It is in this section of the budget, for instance, that we find job training programs. It is in this section of the budget that we find education programs, student aid programs. It is in this section of the budget that we find the science programs that build the base of knowledge from which almost all other benefits flow. It is in this portion of the budget that we find the investments in the physical plant of the country, whether it be highway construction or sewage treatment plant construction or airport construction, or, you name it.

□ 1730

This is where President Reagan makes three-quarters of the cuts that he recommends in his budget. Out of that $700 billion package—the Jones package tries to move around about 1.5 percent of the spending in the budget to mitigate to some extent the investment mistakes and the equity mistakes made by the administration.

The amendment that I am offering tries to move around a little over another one-half of 1 percent, so I guess we could call it the 2-percent solution. It is, frankly, not much of a solution because we are recognizing the political realities of the times and the political reality of where the votes lie on this floor. We are simply suggesting that we ought to try to move around 2 percent of the money in the President's budget in order to make it a little more effective economically, a little less inflationary, and a little more merciful.

I would like to run through some of the specific items called for in the amendment. Under the category of what I would call productivity-increasing amendments, we provide for a $45 million increase, or rather we try to restore a small portion of the cuts made in the National Science programs; for instance, training new scientists. Mr. STOKES and I earlier were talking about a meeting we had in the Appropriations Committee today with 10 Nobel laureates in science. Mr. Watson, who is the Nobel Prize winner for his discoveries in the field of DNA research, said this:

> If the United States is going to be number one, we have to use our genius. That comes out and is expressed through science.

And yet, this budget makes major reductions in the ability of the Federal Government to assist science research. We will be spending $300 billion this year on health care, for instance, but we will be spending only $1.5 billion on basic health-related science to expand our base of knowledge to avoid some of those huge costs and huge expenditures in future years.

For NASA, we have been told that the Space Shuttle is a good investment. We will be investing $16 billion on that space truck before we are finished. This amendment tries to restore $23 million in outlays, so that we do not cut as deeply as has President Reagan, to the portion of the NASA budget which transfers what we learn on the space program to earthly applications. Now, we have been told that the Space Shuttle work is valuable because of everything we can apply here on Earth. We will try to apply it here on Earth.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 5 additional minutes.)

Mr. OBEY. We will try to restore about $20 million in outlay and $400 million in budget authority so that the 22 States including my own who will otherwise not be able to do so, will be able to continue their sewage treatment construction programs over the next year. We restore a small amount of money for the Northeast Corridor for trackage improvement.

We restore $800 million in budget authority and $400 million in outlays for education and training. Under the Reagan budget we are going to raise the cost to a student who must borrow the maximum in order to go to school, by $4,000 over the life of that loan. We are trying to provide a little bit of money in the direct student loan program so that we can mitigate some of the disasters that occur from the cutbacks in student aid under the President's program.

We also try to bring youth training programs back up to the 1981 fiscal year level on the grounds that if we are going to eliminate CETA, and if we are going to fold the adult training programs and the youth training programs into one package, if we are going to be cutting the Youth Conservation Corps and Young Adult Conservation Corps and all the other programs that provide some job training and work experience for young people, we ought at least to make as great an effort as we did last year. Even under my amendment we will not because of inflation, but we will at least be making a somewhat greater effort than the Reagan budget would make.

We also try to add $50 million for health research, for obvious reasons. We try to restore a small portion of the school lunch cut. We try to restore about $170 million above the Jones cut. We try to keep the economic development commissions going by providing for a $100 million in budget authority and $6 million in outlays in addition for those regional commissions.

In the area of defense, we surely fund SPRO. The Latta amendment does not provide any funding for SPRO directly with the Federal budget. The Jones amendment provides for partial funding. I believe fundamentally that the most important national defense vote we can cast is a vote to fully fund the strategic petroleum oil reserve. If we do not fill it today when we have an oil glut in the market, we will rue the day next time we have a supply interruption because of events which occur in the Middle East or anywhere else.

The next category is what I would call savings and reduction of subsidies. We save approximately $600 million by reducing the amount in the foreign aid bill which we would otherwise provide for low-interest loans under the military credit sales program. We return that program to the amount requested by President Carter. That still provides over a 60-percent increase above last year's operating level.

We save $200 million by requiring that all water projects, many of which have zero interest rate and some of which have 2-percent interest rates which are charged to the power companies participating in those water projects and their no interest loans. We provide that if you are going to charge REA 8.5 percent on loans, then we do the same thing for water projects. We charge the same interest rates on water projects around the country. This saves $200 million.

We restore $50 million for foster care and adoption assistance simply on the grounds that if we cannot take care of those kids, we do not belong here. We restore $75 million for juvenile justice programs, and save $200 million on the dairy support price program by recommending implementation of section 22 of the Agriculture

Adjustment Act to limit casein imports.

Under the category of what I would call "a little more justice and little more mercy amendments," we add $100 million to elderly nutrition and home health care programs. That will restore one-half—one-half—of the value of services those programs will lose by the elimination of CETA workers, who in many parts of the country keep those programs alive. We do not restore the CETA workers, but we do restore one-half of the dollar amount of the value that those CETA workers provided for those programs in the past.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 5 additional minutes.)

Mr. OBEY. We restore $300 million that the administration cut in unemployment compensation because we do not believe it makes sense to count unemployed people as being employed for purposes of determining triggers on unemployment compensation at the State level. We also add $50 million to eliminate the proposed 90-day waiting period for some poor soul who is aged and disabled, and is trying to become eligible for SSI benefits, and we try to restore $100 million on the emergency energy assistance program for persons who are going to have to pay grossly increased energy prices to heat their homes, but for whom a substantial reduction in assistance is being recommended by the Reagan administration.

We try to restore $10 million to protect those senior citizens between the ages of 62 and 65 who would lose the minimum benefit and would otherwise qualify for SSI but for the fact that they have not yet reached the age of 65.

Now, how do we get to a balanced budget? We get to a balanced budget by, first of all, implementing some of the savings which I have mentioned here, and further by making two additional adjustments. No. 1, we assume that there will be the tax cut recommended in the committee proposal, both for businesses and for individuals, but we assume that we will do exactly what President Kennedy did. We simply assume that the productivity building business tax cuts will be passed first. We assume that we will also vote on individual tax cuts, but that we will delay their implementation until January 1983.

The second thing we do is to suggest that we ought to, for instance, reduce the benefits which your truly needy Ma and Pa oil companies of the world are getting under the oil depletion allowance. We are suggesting that we limit that subsidy to the same per barrel subsidy that those oil companies were receiving when the last adjustment was made in the oil depletion allowance before deregulated oil prices expanded by a factor of five the amount of the subsidy which those oil companies get on every barrel under the depletion program.

We also provide, since we are cutting food stamps which have a per meal subsidy of about 43 cents, and since we are going after the double-dipping third graders who are eligible not only for the school lunch program but also for food stamp programs, we are suggesting that if we are going after those kids, we ought to also go after the tax deductible business lunch. Why should we provide for those kinds of reduced programs I have just mentioned, but then not lay a glove on the $9.20 subsidy that occurs on a $20 business lunch? Why should we not say to a businessman, "You can travel first class if you want, and you can continue to have your business costs deducted, but on air travel we will only allow you to deduct the coach class equivalent. You are not going to be able to ask Uncle Sam to foot the bill for first-class service as well.

We also suggest that we eliminate the tax exemption for corporations doing business in American possessions, most especially Puerto Rico.

This gives us a balanced budget. I do not want to take a lot of time explaining the reasons for offering it. I do not believe that balanced budgets are appropriate in all economic conditions, but based on what we have seen over the last 2 years, I do believe that it is appropriate to try to reach a balanced budget this year.

Henry Kaufman has made quite clear his concern, and I know very few people more respected. He has made clear his concern that if we do not have a balanced budget, if we do not delay those individual income taxes, we are going to have the kind of signals going out to the money markets which are going to force the high interest rates in this country that will kill off housing, kill off the ability of kids to go to school, kill the ability of the economy to grow.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

(At the request of Mr. JEFFORDS and by unanimous consent. Mr. OBEY was allowed to proceed for 5 additional minutes.)

Mr. OBEY. We are suggesting that it is not productive to cut youth training funds. We are suggesting it is not productive to cut science research at a time when our major economic and military competitors are increasing theirs. We are suggesting that it is not productive to cut health programs by 25 percent, and cut education programs by 25 percent.

□ 1745

We are suggesting that it is not cost effective to cut the PSRO's and the HSA's and the HMO's, which are about the only three mechanisms we have to control health care costs in this country.

Where is the equity, as I said, in going after the double-dipping third graders and not touching first-class air fares and business lunches? How can we cut the programs that help the needy poor and help the elderly pay their fuel bills but allow the profits of oil companies, under the oil depletion allowance alone, to go up by five times since 1975?

This amendment, in my honest judgment will give us less inflation, it will give us a greater ability to stimulate productivity, and it will provide us, I think, with a far more humane approach than the administration's package. It is not a frontal attack on the administration's program. We are moving around, in terms of money spent annually, 2 percent of the President's program.

Mr. Chairman, I really believe if the Members will look at the merits and look at the individual items, they would support this amendment and not the Gramm-Latta amendment that will be offered later.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I certainly would like to talk to that last aspect the gentleman mentioned. I have taken the time to review his substitute, and I must say that it is one which I can agree with. In fact, it is the only one in my mind, under the economic circumstances, which meets the President's overall goals but still does what should be done to help adjust or achieve proper attitudes in our society.

I would like for a moment to speak to those who are concerned about how their mail is running on popularity. I took this budget seriously this year. I went out and first polled my people and then proposed my own alternative. I made them aware of what the President's proposal did, explaining to them that I supported the President but I did not support what he was doing.

I must say that when I compared my alternative that I proposed with that which the gentleman in the well has proposed today, it agrees almost entirely.

What has happened in my State is this: I have told the people what the differences are, I have explained the budget to them, and the mail in my district is running about 8 to 1 in favor of a budget proposal similar to that offered by the gentleman from Wisconsin (Mr. OBEY). If we take in all com-

munications, it is about 12 or 14 to 1 in favor of a proposal like that of the gentleman from Wisconsin.

In the last several years, it has become increasingly obvious that we have to seriously consider the problem of Government spending and deficits. The American people spoke loudly to this effect last November. In Congress, everyone has begun to accept what Republicans have been saying for years. The President has repeatedly stressed the importance of the budget as has the House leadership. We have been told that this is the year when we would finally take the budget seriously.

In December, I sent a questionnaire to my constituents to which I received about 10,000 responses. Of the respondents, a large majority wanted cuts in Federal spending and stressed the need for a balanced budget. But an overwhelming number of these, 72 percent, wanted this process to be a gradual one that would not jeopardize good programs.

When Mr. Reagan released his budget in February, Mr. Stockman stated that the economic recovery plan figures were to be considered as goals. The aggregate totals, we were told, were more important than specific figures. I studied the President's proposal in detail and concluded that his overall economic program deserves my strong support. It represents a change in economic policy that I believe, and most of my constituents believe, is necessary.

But in studying the specifics of the President's plan, I found many details which are unnecessarily harmful to the needs and the views of the people I represent in Congress. I became convinced that it is possible to carry out the goals of the President's program while shifting some of the budget details to make it regionally and philosophically more balanced. Attaining that kind of balance is the job of Congress.

Therefore, I devised by own alternative version of the budget to show that the President's economic goals could be accomplished in a way that would distribute the burden more fairly. I was able to restore money to many of the programs that are important to the people of Vermont and in the Northeast and Midwest. These include programs for education, transportation, employment, health and energy. I also found ways to be more consistent with the no-subsidy approach of the administration and to distribute cuts more fairly. The deficit in my budget came in at about $6.5 billion less than that projected by the President.

My budget proposal was well received by Vermonters of both parties. I therefore committed myself to supporting the budget proposal that is closest to my own in the areas that are crucial to Vermont and to the region. I have carefully examined all of the alternatives and found the Obey substitute to be closest to mine.

The following table illustrates my point (all figures are reestimated using the economic assumptions of the Budget Committee so that comparisons will be of the apples and apples variety):

	Jeffords	Obey	Gramm-Latta	Jones
Energy	10.02	8.4	4.1	6.85
Education, training, employment and social services	35.3	29.85	26.47	29.4
Health	75.05	74.7	73.7	74.45
Transportation	21.39	21.1	20.52	21.2

The Obey substitute is also closer to my budget in the Justice, Commerce and housing credit, Defense, and income security functions.

In my view, the Obey substitute is superior to the other alternatives before the House because it effectively addresses the problem of Government spending without losing sight of the other problems that face our country. Federal spending and deficits are certainly serious problems. But they are not the only problems we face.

We need to continue successful efforts to solve our energy problem and reduce our dependence on foreign oil. The Obey proposal takes into account the important needs of my region and the Nation as a whole by maintaining a reasonable level of support for weatherization, fuel assistance, renewable energy sources and conservation. According to many comprehensive studies, these are the areas where Government policy in energy can make a significant difference in our oil imports in the immediate future. Most importantly, efforts to promote these energy sources have overwhelming support among the public, especially in the Northeast-Midwest area that is of necessity extremely concerned with energy. According to the poll of my constituents, 76 percent expressed the position that we should have more assistance for renewable energy sources. On the issue of conservation, 69 percent felt the need for increased incentives. The Gramm-Latta proposal all but zeroes out these areas of the energy budget.

We have not begun to address the devastating problem of youth unemployment, while many of our schools are falling into desperate conditions, tuition costs are skyrocketing and the education needs of the handicapped remain unfulfilled. Education and employment are the very foundation of the American dream that the administration has correctly found to be in jeopardy. However, Gramm-Latta would spell serious trouble for schools and for those who wish to pursue vocational and higher education. The following chart outlines the impact that child nutrition cuts alone will have on three Vermont communities:

Gramm-Latta

School district	Amount	Percent
Colchester	$91,600	58.9
Essex Junction	79,700	68.9
South Burlington	83,900	69.3

Cuts in Government spending will not help to ease the burden of skyrocketing health care costs for the poor and the elderly. A cap on medicaid expenditures will do little to save money, but will raise health care costs even further for middle-class citizens.

Cuts in Government spending will not help stimulate the fuel conservation and economic development that passenger trains can provide. The Gramm-Latta proposal would have a devastating effect on many train routes by adopting a sink-or-swim attitude at a time when increased use of public transportation is imperative. The Obey substitute adds back many of these cuts.

Again, I implore my colleagues to balance the problem of excessive Federal spending with the other serious problems that face our Nation, much as the administration has recognized that our defense needs must take precedence over the need to cut the budget.

Of course, no budget proposal is going to make everyone happy. I have concerns about Mr. OBEY'S tax package, and about some of the spending authority contained in his substitute. However, it is clear from the response to my questionnaire that Vermonters place a higher priority on reducing the deficit than they do on personal tax relief. I believe that a balanced budget resolution which is fair, and which does not significantly injure worthwhile programs, is preferable to one which makes sizable tax cuts but fails to allocate spending in a reasonable or equitable fashion.

The substitute before us avoids another alarming feature of the Gramm-Latta proposal. I do not know how many Members have read the reconciliation instructions of that amendment. I recommend that they do so, because it contains truly revolutionary language. If we adopt Gramm-Latta, authorizing committees will be forced to cut authorizing statutes to a level at or below the appropriations approved for many existing programs. This would effectively tie the hands of the authorizing committees by taking away their power to set spending priorities and to respond to unforeseen needs.

In the two committees on which I sit, Education and Labor and Agriculture, the reconciliation instructions would have a drastic impact. Gramm-

Latta orders the Education and Labor Committee to reconcile $11 billion worth of outlays in fiscal 1982. Agriculture would have to reconcile $2.5 billion worth of spending, which could have a serious effect on the Commodity Credit Corporation and a number of the price support programs that farmers now depend on. It is most unlikely that, with the reconciliation amounts so high, dairy price supports could be maintained at the 75 percent of parity level contained in this year's farm bill of the Agriculture Committee.

If we want to give such power to the Budget Committee and demean the role of the authorizing committees and the appropriations committee, then let us do so up front and out in the open. We are talking about a major structural change that should be debated on its own rather than attached to the important policy issue of the budget.

In examining the level of outlays in all of the budget proposals we have before us, it is interesting to look at the fate of last year's first budget resolution. That resolution called for a balanced budget and projected $613.8 billion in spending. Now the House Budget Committee estimates that fiscal year 1981 spending will total $662.4 billion. This is a difference of almost $49 billion.

It is also interesting to watch the Senate Agriculture Committee act on the 1981 farm bill. According to several accounts, the committee has exceeded the agriculture budget target by several billion dollars during its markup. Some committee members have proposed to go back over the provisions once the markup has been completed, to pare them back within the budget targets. This is a rather confusing way to make agriculture or budget policy.

Again, this year we are told that we will take the budget process seriously, which means that committees should live within these ceilings. However, the House Republican leadership has tried to convince those of us who have reservations about some of the specifics of the Gramm-Latta substitute that we can fight for specific changes later on during the authorization and appropriations process. Is this what is meant by taking the budget seriously? If we follow the advice of the leadership and disregard these budget targets, we could wind up with enormous deficits. On the other hand, if Gramm-Latta does pass and we stay within those targets, we will run into the problems that I have been describing.

Again, I must reiterate my support for the President's overall goals. However, the fact is that all of the major alternatives abide by the same economic strategy: the President's. The levels of total outlays are very similar in all of the plans. To put this into perspective, let us look for a moment at a variety of alternatives. Let us compare an alternative that was considered too conservative last year with the proposals before us today. Traditionally, Republicans have introduced balanced budget resolutions. My colleague from California, Mr. ROUSSELOT, introduced such an alternative in the last Congress for the fiscal year 1981 budget. After reestimates to reflect this year's actual spending rates, Mr. ROUSSELOT's outlay figure of $601.4 billion would have resulted in actual outlays of $649.33 billion. If Mr. ROUSSELOT wanted to project a real increase of zero percent for 1982 in all categories including defense, this would mean outlays of $708.27 billion. The Rousselot amendment called for $147.9 billion in defense outlays, a far cry from the more than $162 billion that the House Budget Committee projects for 1981 outlays.

If Mr. ROUSSELOT were simply to accept the Gramm-Latta outlay figure for the defense function, his outlays would be higher than any of the alternatives we are considering today:

Outlays, fiscal year 1982

[In billions of dollars]

Obey	716.55
Gramm-Latta	710.05
Jones	714.55
Projected Rousselot	727.77

Certainly I am not suggesting that Mr. ROUSSELOT would offer the same amendment this year, and I am not unaware of the uncertainties involved in making these projections. I only wish to point out that if we are talking about overall budget goals, there is very little to choose between these options. When viewed against the standards by which we judged spending only 1 year ago, they are all extremely conservative budgets.

I am committed to do what I have promised Vermonters that I would do. Since the spending levels in the Obey substitute are so close to the other budgets and the distribution is so much more favorable to Vermont and the Northeast and Midwest, I must support this amendment.

Mr. Chairman, I commend the gentleman from Wisconsin (Mr. OBEY) for what he has done. He has provided us with a real constructive alternative and one which I can support.

Mr. DONNELLY. Mr. Chairman, will the gentleman yield so I can ask a question of my colleague from New England?

Mr. OBEY. I yield to the gentleman from Massachusetts.

Mr. DONNELLY. Mr. Chairman, am I to assume that the gentleman is going to support the Obey substitute?

Mr. OBEY. That is correct.

Mr. DONNELLY. And if that fails, the gentleman will support or not support the Gramm-Latta substitute?

Mr. JEFFORDS. Mr. Chairman, if the gentleman will yield, I am working for the Obey substitute now. I expect and hope that it will pass, and I am not going to give anyone any indication as to how I will vote if that does not pass, because I support the Obey amendment.

Mr. DONNELLY. Mr. Chairman, I think there is a point that has to be made here, because I have been hearing ruminations around the floor that certain Members, especially Members from the New England delegation on the other side of the aisle, are considering supporting the Obey substitute and, if that fails, then supporting the Gramm-Latta substitute, which the gentleman knows as well as I do is devastating in terms of its impact upon New England and in terms of energy, housing, rail transportation, mass transportation, et cetera.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has expired.

(On request of Mr. DONNELLY,, and by unanimous consent, Mr. OBEY was allowed to proceed for 5 additional minutes.)

Mr. DONNELLY. Mr. Chairman, if the gentleman will yield further, I would like to ask my colleague, the gentleman from Wisconsin (Mr. OBEY), a question.

Would it not be somewhat factually inconsistent and politically inconsistent to support the gentleman's amendment and then, if that fails, support Gramm-Latta?

Mr. OBEY. Mr. Chairman, let me simply put it in terms of how I am going to vote if my amendment goes down. I know my amendment is going to go down, and I am here simply to try to illustrate some of the inequities and some of the productivity mistakes in the Reagan budget. So I know it is not going anywhere, and it is here, as Otto Passman used to say, for illustrative purposes.

What I am going to do if my amendment goes down is support the Jones package, because I personally would fear that if I supported my amendment and then supported Gramm-Latta, I would be giving hyprocrisy a bad name. I do not believe that there is any commonality between Gramm-Latta and the Obey amendment.

I can speak only from my own preference, but I must say that I do not see any similarity at all. They go in precisely opposite directions. The Gramm-Latta amendment is the most inflationary of the packages we will have before us. In my judgment, this amendment and the Black Caucus amendment were the two least inflationary packages before us, and I think the Jones amendment is the next preferable amendment.

Mr. DONNELLY. Mr. Chairman, I thank the gentleman for explaining that.

Mr. OBEY. Mr. Chairman, I would not want anyone to play those kinds of games with this amendment, because I take the budget process very seriously.

Mr. DONNELLY. Mr. Chairman, the economic inconsistency that would arise if Members would support the Obey amendment is that in effect they would be saying to many of the interest groups who are knocking on the doors, "Yes, we will support you on the Obey amendment, but in the long run we will have to come down and support the President on Gramm-Latta."

It is economically inconsistent, it is politically inconsistent, it does give hypocrisy a bad name, and I think we all ought to watch very closely as we go through the course of this debate the consistency question.

We are not here to kid, fool, or con the people. It is consistency that is going to count when this budget resolution is adopted.

Mr. Chairman, I thank the gentleman from Wisconsin (Mr. OBEY).

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I want to commend the gentleman for the balanced budget aspect of his budget and also for calling to the attention of the Members of the House the recent statement that was made before the Press Club by Henry Kaufman in which he explained, I thought rather persuasively, that the kind of tax cut envisioned in the Kemp-Roth proposal would add dramatically to the inflation rate and the high interest rates we already are facing in this country.

So I would hope that at some point we would recognize that probably balancing the budget is the thing that we can do this year that will do the most to hold down interest rates and the inflation rate.

Mr. Chairman, I commend the gentleman from Wisconsin (Mr. OBEY) for that part of his proposal in particular.

Mr. OBEY. Mr. Chairman, I thank the gentleman from Washington (Mr. DICKS).

Mr. OBERSTAR. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. Mr. Chairman, I want to compliment the gentleman for presenting a thoroughly reasoned, responsible, and thoughful alternative to the budget.

The gentleman, I know, has given a great deal of time and consideration and personal effort in constructing not just an alternative but a workable, reasonable alternative, one that can be put into effect that can produce, as the gentleman suggests, a balanced budget in the next 3 years, and one that can reduce the rate of growth in Federal spending but do it in a compassionate and responsible way that will not catch up cities and the poor and the needy and middle America in another round of inflation. This is an amendment that will balance the budget in a very practical and achievable way.

The gentleman has made a tremendous contribution, and I respect him for the courage he has had in taking the well on this issue and commend him for the very responsible manner in which he has done it.

Mr. OBEY. Mr. Chairman, I thank the gentleman from Minnesota (Mr. OBERSTAR).

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I, too, want to commend my colleague, the gentleman from Wisconsin (Mr. OBEY). I have served with the gentleman on the House Budget Committee, and I have served with him in this House for 10 years, and the one thing that I have come to admire about him is the consistency with which he always shows two things: First, a compassion for those who do not have, who do not possess, and then, at the same time, the ability to fashion together a workable political document.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has again expired.

(On request of Mr. MITCHELL of Maryland, and by unanimous consent, Mr. OBEY was allowed to proceed for 5 additional minutes.)

Mr. MITCHELL of Maryland. Mr. Chairman, if the gentleman will yield further, as I was saying, the gentleman has the ability to fashion together a document that makes good political sense.

The Black Caucus budget was a good budget, but it just went down to defeat. The House has another shot at what I consider is a good budget, one that makes good political sense and one that makes good sense in terms of humanity.

Mr. Chairman, I hope that this House will show sense by voting for the gentleman's substitute.

Mr. OBEY. Mr. Chairman, I thank the gentleman from Maryland (Mr. MITCHELL).

I would just say in closing that this amendment is an effort to attack more aggressively than I believe does the administration proposal the whole problem of inflation, and it is an amendment to preserve a small portion of the programs that have a very lot to do with how productive we are and how competitive we are with other economies and other societies around the world.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Chairman, if the gentleman still has sufficient time, I just want to commend the gentleman from Wisconsin (Mr. OBEY). He has done yeoman service in presenting this alternative. I think it is the best of the budget amendments we could select today, given the present political reality.

I think that each of us who serve in the House or in the Senate recognizes the necessity to compromise. We recognize the changing political complexion, with power securely in the White House, and I think this is really a good faith effort in terms of trying to compromise and come up with something that still lends a degree of integrity to the legislative process that all of us will be dealing with in the weeks and months ahead.

Clearly, this budget resolution that we address this week and addressed during the past week is a very definitive document. Many statements have been made with regard to what the impact is, but I say this: I think this maintains the legislative integrity, as far as the economic decisions are concerned, and it is one that we could live with in terms of authorization and appropriation.

I submit that the Gramm-Latta proposal is mean spirited to some extent and unfair, and it is really a bad faith effort to address that particular problem. It bodes very poor happenings in terms of what we will be able to do and in terms of living within that document. I would like to remind my colleagues that last year, when we passed the first budget resolution, it was a balanced budget resolution, but this year we are $51.5 billion behind in terms of the 1981 deficit.

I think that if we do not start out with something like this at this particular point in time, the budget process is really going to be dead in terms of where we are going.

So I commend the gentleman from Wisconsin (Mr. OBEY) for his dedication to that process and the integrity really of the legislative process as a whole, because that really is what is at stake here. This offers us an alternative to retain our right to play our role in national public policy and decisionmaking that I think is envisioned by our constituents and by the Constitution.

Mr. OBEY. Mr. Chairman, I thank the gentleman from Minnesota (Mr. VENTO).

Mr. PEPPER. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Florida.

Mr. PEPPER. Mr. Chairman, I want to commend the gentleman from Wisconsin (Mr. OBEY) for what his amendment does to relieve some of the tragic

cuts which the Latta resolution inflicts upon the elderly of this country.

To mention only one instance, the Obey amendment restores $100 million for the nutrition program of the elderly. Not half of all the people in this country eligible to share in the nutrition program are able to participate in it now, let alone with the cuts that are threatened by the Latta amendment.

So, Mr. Chairman, I mention that one instance only. There are many other areas affecting other groups.

Mr. Chairman, the gentleman from Wisconsin (Mr. OBEY) has rendered a valuable service, and I am going to support his amendment.

Mr. OBEY. Mr. Chairman, I thank the gentleman from Florida (Mr. PEPPER), and I yield back the balance of my time.

Mr. GORE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

I would like to begin by complimenting the author of this amendment and by complimenting the chairman of the Budget Committee and those members who worked so hard to fashion the alternative that will be presented later.

I think that the amendment is an extremely sensible one, and I intend to support it. Most of it is self-explanatory.

I rise to speak to one particular item that it contained in the Obey amendment. It is the item concerning the strategic petroleum reserve.

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The Latta-Gramm amendment eliminates almost completely the funding for the strategic petroleum reserve. This is an expensive program that was passed several years ago and many Members of this body may not be fully familiar with the purpose of this program and what it is intended to accomplish. After the initial oil crisis of 1973-74, there developed a consensus in this country that America should have a strategic petroleum reserve for two reasons. First of all, in order to protect this Nation's military and industry and other parts of our economy against the effects of a catastrophic cutoff in the supply of oil coming from the Middle East.

Second, the strategic petroleum reserve was and is intended to protect this country and insulate this country against political intimidation exerted by countries in the Middle East.

Now, of course, all Americans like to think that our Nation would never be subject to political intimidation under any circumstances; but Mr. Chairman, just look at the recent pressure exerted on this country by Saudi Arabia to sell some of our most sophisticated military equipment, in spite of advice against it on the part of so many military experts.

We need more insulation from that kind of pressure exerted on the United States. We need the cushion to fall back on in case some events occur in the Middle East which deprive the world of that very tenuous supply of oil. There are so many things that could happen which could lead to such a cutoff.

Many people have been deluded into a false sense of relaxation, thinking to themselves that the energy crisis is now over, but it is a false sense of relaxation, because Saudi Arabia is now producing at 10 million barrels of oil per day. There are a lot of things that could happen which would lead to a cutoff of some or all of that oil.

Nobody likes to think about a revolution in Saudi Arabia of the kind that occurred in Iran, but we must anticipate against such an event.

Nobody likes to think that the current war between Iran and Iraq might spread and become a wider war that would engulf more countries in the Middle East into a conflict that would lead to the cutoff of oil supplies.

Nobody likes to think that the war now raging in Lebanon would expand into a wider war that would lead to a cutoff of the Middle East oil supplies; but Mr. Chairman, these events are not in the realm of unlikely speculations. Many experts believe that the odds are better than 50-50 that the oil in the Middle East will, in fact, be cut off in this decade.

So what are we doing? Are we going to be fooled and deluded into thinking that now is the time to relax on the strategic petroleum reserve? That is not in the national interest. Yet the Latta-Gramm substitute cuts out $3 billion of the $3.9 billion that is in the budget for the strategic oil reserve. On what basis does it cut it out? It says, well, we will somehow come up with private financing of the strategic petroleum reserve.

Now, Mr. Chairman, we might as well be talking about private financing for cruise missiles and aircraft carriers. It makes just about as much sense. What kind of private financing? Is the Kiwanis Club going to build the strategic reserve for us? Is it going to be included in the HUD block grant program? What kind of private financing?

Well, as it turns out, there are some half a dozen plans and schemes floating around Capitol Hill today. One of the ones that has been greatly discussed and has been advanced by the coauthor of the Latta-Gramm substitute, it would sell the reserve to private investors. Perhaps the Hunt brothers would be interested in speculating on the oil to be put in the private strategic petroleum reserve.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

(By unanimous consent, Mr. GORE was allowed to proceed for 3 additional minutes.)

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. GORE. I would be glad to yield to my colleague.

Mr. DICKS. I want to commend my friend, the gentleman from Tennessee, for his leadership on this particular issue. I happen to serve on the Interior Subcommittee and am well aware of what the gentleman has been trying to do in the authorizing committee on this important issue.

It is absolutely unbelievable at a time when we have a glut of oil internationally and an opportunity to buy this oil at the best possible price for our country that we would somehow throw away the process that we have been using and go off on some tangent that nobody knows whether it will result in a positive solution or not.

I might point out to the gentleman, I know he knows this, but I think it is important for this debate, that the Appropriations Committee felt so strongly about this that we went ahead and funded in fiscal year 1981 the entire administration request and foward funded $3.5 billion for fiscal year 1982 to take care of this, because the testimony from the Reagan administration was that we should go forward with this at the earliest possible date and we felt so strongly about it that we provided money in advance.

From a national security point of view, what they are trying to do is an absolute disaster.

I commend the gentleman for bringing this to the attention of the House and to the American people. I think the gentleman has provided great leadership.

Mr. GORE. I appreciate the gentleman's contribution to this effort.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. GORE. Let me yield to the chairman of my committee.

Mr. DINGELL. I do thank the gentleman.

I would observe that four Presidents, President Nixon, President Ford, President Carter, and President Reagan, have said that the filling of the strategic petroleum reserve is indispensable to the security of the United States.

Every administrator of FEA and every Secretary of Energy has made the same point.

The same point has been made by the Department of Defense and by the White House staff and by the Office of Management and Budget.

Our committee has promises from every administrator of the Office of Management and Budget that the strategic petroleum reserve would be filled and must be filled in the national interest. If you fail to fill this and if you fail to provide the funding for that, you will have a consequence which I believe will cause us an eco-

nomic and a military disaster in this country. You will have massive expenditures for the military and no fuel to move the military to the place where it must act and nothing to provide the fuel that the military must have.

You will deny the civilian economy the kind of support that it must have to provide the strength and the sinews that are necessary to the military.

Further, the economic consequences of failing to fill the strategic petroleum reserve are absolutely appalling. As the gentleman has pointed out, we find ourselves in a situation where we have a glut of oil in the world. This is the time to fill the strategic petroleum reserve.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(At the request of Mr. DINGELL, and by unanimous consent, Mr. GORE was allowed to proceed for an additional 5 minutes.)

Mr. DINGELL. Mr. Chairman, if the gentleman will yield further, the time to fix the roof is when the sun shines, not when the rain is coming down and the winds howl and the storms blow.

I would point out that each President has raised the amount that has been needed for the strategic petroleum reserve from first 500 million to 750 million and then to 1 billion barrels.

I would point out to my colleagues that each barrel of oil in the strategic petroleum reserve means to the economy of this Nation $350 to the gross national product.

It is further a stabilizing influence on the world oil market. Without that stabilizing influence, the consequences may very well be a disaster.

The United States has right at this minute the smallest reserve of petroleum in the world in terms of a strategic petroleum reserve. The Japanese, the Germans, the Europeans, and every country in the world has far in excess of what we have. The Germans and the Japanese have well in excess of 100 days of supply in storage. The United States has something like 20 days available to this economy.

The failure to fill this is a disaster. It is appalling from its impact on the economy and it is a disaster to the Nation both in economic and in military senses.

Mr. GORE. I thank my chairman.

I yield to my colleague, the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Chairman, I thank the gentleman.

Actually, I think the gentleman has been much too hard on this whole notion of private financing of the strategic petroleum reserve.

The gentleman will agree, of course, with me that the strategic petroleum reserve is at least as important as battleships, would he not?

Mr. GORE. Well, one would think so.

Mr. DOWNEY. Well, would the gentleman be adverse to let us say a private financing, let us say, for the refurbishing of battleships, battleship bonds, or airplane bonds for purposes of national defense?

Mr. GORE. Well, I would be opposed to it for the same reasons that I am opposed to this. Of course, if this idea should by some miracle work then, of course, the entire national defense budget could be funded in that manner.

Mr. DOWNEY. Well, we could even possibly, as the gentleman from Washington has said, we could lease ships on a buy-back arrangement, on a monthly payment. There are a lot of different things that could be done.

I think the gentleman has made an important point and I do not mean to make light of what the gentleman is talking about.

The decision in the Gramm-Latta substitute to privately finance something as important as the strategic petroleum reserve is patently absurd.

The gentleman's committee has heard testimony, I believe the gentleman may have mentioned this before, not one witness testified that the private equity market could sustain such a finding.

So the Obey substitute realistically recognizes this fact, along with some other facts of realism.

I urge Members to support the Obey substitute for the very purpose of the strategic petroleum reserve, if for nothing else.

I thank the gentleman for bringing that up.

Mr. GORE. I thank my colleague for his contribution.

If this were not so deadly serious, we could find some humor in the plan which has actually been advanced to support the notion embodied in the substitute, but it is serious.

I say to my colleagues on both sides of the aisle that a very serious mistake has been made by including this private financing of the strategic petroleum reserve idea in the Latta-Gramm substitute. It makes me wonder how many other such ideas are embodied in the Latta-Gramm substitute.

We cannot allow this country to abandon the idea of the strategic petroleum reserve, when every single expert that has testified in the House of Representatives and in the Senate has said the way to go forward is quickly. In the budget, let us fill the strategic reserve and let us pay for it out of public funds. It is a national security program that has in this unusual year the misfortune of being outside the military budget; yet it is important to our national security.

I would urge my colleagues at this time to support the Obey amendment because it contains full funding for the strategic petroleum reserve.

Mr. DINGELL. Mr. Chairman, would the gentleman yield further?

Mr. GORE. Yes, I will yield.

Mr. DINGELL. If you fund off budget something like $3 billion, you still pull $3 billion out of the economy in precisely the same way you pull $3 billion out of the economy if you fund it on budget, if you back the funding with the faith and credit of the United States.

This is gimmickry. It is smoke and mirrors. It will not work and it threatens the security of the Nation.

Mr. GORE. Let me just conclude by spelling out exactly the details of the proposal that is offered as a substitute for funding this program on the budget.

I know my colleagues will find this difficult to believe, I find it difficult to believe that is actually being taken seriously; but let me just tell you how it is supposed to work. The private investor would be encouraged to buy the oil and put it into the reserve.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(By unanimous consent, Mr. GORE was allowed to proceed for 2 additional minutes.)

Mr. GORE. Now, get this, the private investor would be encouraged to buy the oil and put it in the reserve by the opportunity to cash in and make a killing when a national emergency hit.

Now, is that not great incentive? In other words, the reason they would buy the oil is because they would look forward to a national crisis and then when other Americans could not get the oil, they would be sitting pretty, having oil stored up in reserves paid for by the public and they would be able to make a killing by selling it to their countrymen at whatever the market would bear in a time of national crisis.

I think that the administration has displayed a dangerous failure of leadership by not speaking out against this proposal, by not providing the leadership this country needs in good years and in bad years to maintain a steady hand on the rudder and fund programs like the strategic reserve when there is no natural constituency banging on the doors of Members of Congress to say we are going to profit for it. This country will rue the day that it abandons the strategic reserve in favor of some looney idea like the one offered.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to my colleague from New York.

Mr. WEISS. I thank the gentleman for yielding to me.

What the gentleman describes is the windfall aspect of this thing that

really is incredible. Where does the gentleman get the information for those? Is that speculation as to how it would work or is that actually embodied someplace?

Mr. GORE. Well, there are about six proposals that are floating around. None of them would work. One of them is offered by the co-sponsor of the Latta-Gramm proposal, the gentleman from Texas. One can only fairly assume that since his proposal, which is spelled out in detail, is congruent with the budget plan being offered, that that is the proposal that is being proposed as a substitute for budget funding.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(At the request of Mr. WEISS, and by unanimous consent, Mr. GORE was allowed to proceed for 2 additional minutes.)

Mr. WEISS. Mr. Chairman, if the gentleman will yield further, how would that system work again? In a time of emergency would there not be gas rationing of some kind?

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Mr. GORE. Anything that the Government did to alleviate the damage done during the national emergency would discourage the incentive of the investors to put their oil in the reserves, so the Government would either have to promise never to impose rationing or price controls even in the direst national emergency, or else it would have to provide a windfall profits tax, the difference that the investors would lose if some kind of rationing were put into effect.

Mr. WEISS. And the conservative gentleman from Texas offers this proposal?

Mr. GORE. Yes, yes.

Mr. WEISS. It is unbelievable. I thank the gentleman.

Mr. GORE. It is unbelievable.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to my colleague from Michigan again.

Mr. DINGELL. I have great affection for the author of the private storage proposal. I would observe that this kind of storage proposal is one where the Government takes the responsibility of storing the oil. The individual invests the money. The Government buys the oil twice. The individual makes the profit. The Government makes no profit. Under the proposal where the Government stores it, at least the people of the United States get the benefit of any profit that will occur as a result of an increase in oil values.

More importantly, if there is a disordered market, you turn over to speculators the opportunity to make money off a strategic petroleum reserve, which is supposedly set up to cause economic stability and to guarantee that the citizens will have fuel supplies ready in the event of a major shortage, and to assure that the economy can function smoothly and well during a time of serious economic disaster.

We have found in the Committee on Energy and Commerce literally no one outside of this body and outside of the administration who supports this proposal of private storage. The consequences of it are so disastrous as to boggle the mind. Indeed, we turn over the time within which the oil may be drawn, and judgments thereon, to private investors as opposed to keeping them as a matter of public judgment.

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. GORE) has expired.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am going to take some exception with my friend, the gentleman from Wisconsin (Mr. OBEY) who offered this amendment, and I am going to take that on one major point. He indicated that he had little confidence that this amendment could do anything in the sense that it could pass. I would like to suggest to the gentleman that I have been reviewing and studying this proposal of his and I find it an excellent proposal. I do not agree with his statement that he realizes he is going through an exercise. I think if we look back just a little over a year ago we would find a group of amateur hockey players who were taking on one of the best professional teams in the world, and no one would have given them a chance. Yet they won. The American team beat the Russians. Nobody believed it could happen.

I would like to suggest to my friend, the gentleman from Wisconsin (Mr. OBEY)—and I do not mean really critically—I think he can win. I think what he is offering here makes a tremendous amount of sense and really answers what the country is asking for.

I would also like to speak for a moment to a comment made about our Republican colleagues, and the comment was made that some of our Republican colleagues, particularly from the Northeast, were going to vote for the Obey amendment, and then they were going to, if it lost, vote for the Latta amendment, which obviously is the antithesis of this amendment.

I would like to say for my Democratic colleagues that I have had the privilege, as many of you have, of knowing some of our Republican colleagues very well over the years, and I would like to say right now that if the gentleman from Vermont (Mr. JEFFORDS) votes for the Obey amendment, I am convinced that he will not vote for the Gramm-Latta amendment.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding. I sat through one of the previous speaker's attack on Mr. JEFFORDS. He is not here at the moment, and I do not think it does the gentleman's cause service.

Mr. PEYSER. I take back my time for a minute. I am not attacking Mr. JEFFORDS: I am complimenting Mr. JEFFORDS, because I know Mr. JEFFORDS.

Mr. KEMP. But the gentleman from Vermont may find himself in a position at the end of the debate where he must still decide whether to vote for or against Gramm-Latta, and it ill behooves us on the floor, without his being here to talk about it, to say what is a vote of integrity or not a vote of integrity. And the gentleman from New York—who actually switched parties a few years ago—ought not to be talking about one person's integrity as opposed to another's.

Mr. DONNELLY. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Massachusetts.

Mr. DONNELLY. I thank the gentleman for yielding. I was involved in that interchange, and in no way did I intend to impugn the motives of my dear friend, the gentleman from Vermont (Mr. JEFFORDS) or any legislators in this Congress, especially those who uniquely represent some of the serious economic problems we have in New England. What I was trying to point out was some inconsistencies I might see down the road, as we go through the debate and as people vote on this issue vis-a-vis the Gramm-Latta issue. It is not a matter of personality whatsoever, not only with regard to Mr. JEFFORDS but also with regard to all the Members of that party on the other side of the aisle. I have the highest respect for their integrity.

Mr. PEYSER. May I reclaim my time for a moment, because I want the issue to be understood clearly as well, because one of the names I have on the list is that of the gentleman from New York (Mr. KEMP) because I also would feel that if he were to vote for the Obey amendment, that there is no way he would vote for Gramm-Latta.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman from New York.

Mr. KEMP. I appreciate my friend's yielding. Let me say that I only thought I heard him say that he was judging the gentleman from Vermont's vote before the gentleman from Vermont cast his vote, and I think that is what I was commenting about. So if the gentleman is not judging that vote, I will withdraw my remarks.

The CHAIRMAN. The time of the gentleman from New York (Mr. PEYSER) has expired.

(By unanimous consent, Mr. PEYSER was allowed to proceed for 5 additional minutes.)

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman. Did the gentleman not say that he knows how the gentleman from Vermont is going to vote?

Mr. PEYSER. No. What I said is that I was confident, without any question in my mind, that if the gentleman from Vermont voted for the Obey amendment, that he would not vote for the Gramm-Latta amendment.

Mr. KEMP. Did the gentleman not mention integrity?

Mr. PEYSER. I used the word "integrity" because I view that as the way the gentleman impresses me. In other words, the gentleman from New York (Mr. KEMP) is trying to turn something that I used in a very positive sense.

Mr. KEMP. I am not trying to turn anything.

Mr. PEYSER. I happen to believe—and certainly the Members that I am speaking of now I have mentioned: two names, that of the gentleman from New York (Mr. KEMP) and the gentleman from Vermont (Mr. JEFFORDS)—that they are Members who I believe when they take a stand on an issue like this, the next morning are not going to reverse that stand for some political reason. Am I wrong in that?

Mr. KEMP. Will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman.

Mr. KEMP. It is not for the gentleman in the well nor this gentleman to judge the motives or the votes of anyone. The public can do that. It is in the RECORD, and I will look forward to reading the RECORD tomorrow to see the juxtaposition of the gentleman from New York's comments about Mr. JEFFORDS. The word "integrity" was used, but I will take him at his word, and I appreciate his clarifying it, as well as the gentleman from Massachusetts (Mr. DONNELLY). We should not judge other Members' votes either way.

I remember the majority leader yesterday or the day before walking down into the well and chastising some Members on my side of the aisle for challenging the remarks of some Members of the gentleman's own party.

Mr. PEYSER. I completely agree with what the majority leader said yesterday.

Mr. KEMP. Good.

Mr. PEYSER. I do not want it interpreted in any way other than an expression of my confidence, which is what I was trying to say to the gentleman for Members that I know on that side of the aisle. I mean I made it very plain, I am convinced that there will not be games played on this issue when people vote on an issue as vital as this, because it is an issue of utmost importance to this country. So I am convinced, and I am supportive—I do not understand the concern. I am expressing confidence in the gentleman from New York and others like him on how they vote on this issue.

Mr. KEMP. I appreciate that very much. All my comment was designed to convey to the gentleman from New York (Mr. PEYSER) was that I thought that he suggested that if the gentleman from Vermont (Mr. JEFFORDS) hypothetically voted in the final hours for the Gramm-Latta, that somehow that would be a vote lacking integrity, and I found that offensive. If I heard that incorrectly, I would move to strike my words.

Mr. PEYSER. It is a question of whether one is an optimist or a pessimist. The bottle is half full or is half empty.

In any event, I am confident that whoever votes on this will stand by that vote without any question.

We have already heard reasons on the Obey amendment given by the gentleman from Tennessee (Mr. GORE) because of what it does for education, which is one issue that the Congress really seems united on, because it restores the kind of money to education that is going to let the guaranteed student loan program move ahead. It is going to let those poor and low middle income that come under the Pell grants move forward. It is going to restore some money to the guaranteed student loan programs, elementary and secondary education programs, and it is going to do those things which the majority of the Congress as recently as 5 months ago overwhelmingly voted in support of. So it is a very vital reason to support the Obey amendment, and I hope that we do see Republican support for this amendment. It is my hope that those Democrats who have seen fit to indicate support at this time for the Latta amendment would also be willing to reconsider and move ahead on the Obey amendment. It may just be something that can really catch on and really serve the people of the country and basically support what the administration is trying to do in gaining a balanced budget.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman from Minnesota.

Mr. VENTO. I thank the gentleman for yielding. I think the gentleman's leadership in terms of dealing with the guaranteed student loan program is very commendable, as well as the leadership he is providing in terms of the Pell grant program. One of things the gentleman from Wisconsin (Mr. OBEY) pointed out with his substitute was the impact in terms of productivity. One of the things that I think this Congress and many have failed to recognize is the importance of education and training and its role in productivity.

The CHAIRMAN. The time of the gentleman from New York (Mr. PEYSER) has expired.

(At the request of Mr. VENTO, and by unanimous consent, Mr. PEYSER was allowed to proceed for 2 additional minutes.)

Mr. VENTO. One of the concerns, if the gentleman would continue to yield, that I have is the fact that we look at productivity; we talk about significant improvements in terms of investment with regard to technology and rapid depreciation schedules; we talk about tremendous expenditures, for instance, for new procurement in the defense area. The thing that we had better recognize if we are going to have all of these smart machines in terms of computers, in terms of more sophisticated hardware for our armed services, is that we ought to have some smart people and folks to run those. The way you attain that is through training. If we recognize the demographics of the population in this country, we have to recognize that there is a tremendous concentration in the area of from age 20 to 25, and the major problems in terms of productivity, if any of you are students of it, that deal with it is the fact that they lack some of the training and skills where when they go to the workplace, into the world of work, they do not have the ability and the experience that makes them productive employees, that makes them productive soldiers, that gives them the ability in essence to be productive.

So with the tremendous investments we are making in terms of commitments to business, in terms of rapid depreciation, that I expect will be enacted into law, with the tremendous commitments in terms of defense expenditures, it is, indeed, pennywise and pound foolish to deny funding for elementary and secondary education, to deny funding for the guaranteed student loan programs, the Pell grants, that my friend and colleague in the well has discussed. I commend him for recognizing the lack of funding in these areas and the impact of it.

Mr. PEYSER. I thank my colleague, and I hope we will give a resounding vote for the Obey amendment.

□ 1830

PARLIAMENTARY INQUIRY

Mrs. FENWICK. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Mrs. FENWICK. Mr. Chairman, I was detained at a committee meeting and I did not hear, how long is this debate going on?

The CHAIRMAN. That is an inquiry which the Chair, unfortunately, cannot answer. We are proceeding under the 5-minute rule, and Members are on their feet seeking recognition.

Mrs. FENWICK. And there is no limit, there is no time limit?

The CHAIRMAN. There is no time limit. We are proceeding under the 5-minute rule.

Mrs. FENWICK. I thank the Chairman.

Mr. PEASE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Obey amendment, and I wish to commend the gentleman from Wisconsin for once again showing his very, very high level of intelligence and integrity in fashioning this alternative.

It has been mentioned by the gentleman from Tennessee that this amendment offered by the gentleman from Wisconsin (Mr. OBEY) does provide funds for the strategic oil reserve. That alone is an important reason to support this substitute. And I commend the gentleman from Tennessee for so forcefully pointing that out. It also makes very limited restorations in some of the spending cuts in some very intelligent ways. It provides for the closing of some of the tax subsidies that need to be closed, and it also provides at the bottom line for a balanced budget. I think, Mr. Chairman, that that is perhaps the most important feature of all about the Obey substitute.

All of these things that I have mentioned were also, in one form or another, in the budget presentation which I made to this body a couple of months ago. My effort from the start, as a person who is not a member of the Budget Committee, was to try to influence the budget process, and I am pleased that several aspects of my own budget have been incorporated also in the Obey substitute and, as well, in the substitute offered by the gentleman from the District of Columbia (Mr. FAUNTROY) and in the committee document itself.

As I said before, the best part of the Obey substitute is the fact that it is balanced. It will do more than any of the other substitutes that I know of and indeed more than any other plans that I know of to try to dampen inflation and provide a clear signal to the Federal Reserve Board and to the American people that we are really serious about combating inflation.

Poll after poll has shown that the American people, if given a choice, would rather have a balanced budget than they would large tax cuts. The Obey substitute does that. I commend the gentleman for putting together a substitute which responds to the obvious desires of the American people, and I hope my colleagues will be wise enough to support that substitute.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

(By unanimous consent, Mr. FORD of Michigan was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from Michigan (Mr. FORD) is recognized for 10 minutes.

ECONOMICS OF FAITH

Mr. FORD of Michigan. Mr. Chairman, America is being lulled by the sonorous voice of President Reagan into the false belief that his economic program almost painlessly will cure inflation and guarantee a new era of prosperity.

We are witnessing a frightening political phenomenon where the people, much of Congress included, are blindly rushing to endorse an economic theory that has never been tested and is being challenged as a will-o'-the-wisp by reasonable economists of both conservative and liberal persuasions.

The Nation seems all too eager to accept on faith Mr. Reagan's promise of economic Utopia if the Congress only does his will. It is a kind of revival meeting fervor that few of us have witnessed in politics before. Well, I for one am not ready to hurl myself headlong down Mr. Reagan's economic sawdust trail.

I am deeply frightened about the consequences. I think they will be horrendous. And when the dust finally settles I do not want it said that I simply stood by with my hands in my pockets and watched nearly 50 years of social progress tossed on a radical bonfire. When the American people discover that they have been cruelly tricked, I want to be able to hold my head up and say at least I tried—especially in those areas where I have a special legislative responsibility. Specifically, I refer to postal, civil service, labor and education matters. I speak as chairman of the Post Office and Civil Service Committee and as one of the senior ranking majority members of the Labor and Education Committee.

What the administration seeks to do through its Alice in Wonderland economics is turn back the social clock on achievements in the areas of pensions, unemployment insurance, public assistance, education, and in the world of work—just to mention a few sectors.

The way the administration wants to return us to the pre-F. D. R. era poses a serious threat to the future of our economy.

Take a look at what they want:

A tax cut for the rich;

A larger budget deficit; and

No price restraints.

They call it supply-side economics. The theory is that if the rich pay less taxes they will save more. The savings will be available to industry to buy new capital equipment that will, in turn, increase productivity and lower prices.

What will happen if this totally untested theory does not work? Well, we will be a whole lot worse off than we are now. And it will take us a long time to undo the damage.

The administration itself is not very persuasive. Max Friedersdorf, the President's assistant for legislative affairs, recently was asked if there was any evidence that the idea will work. His feeble reply:

What evidence do you have that it won't?

The administration says buy it on faith. But, I ask you, what kind of faith is that? Mr. Friedersdorf's reply is rather like asking what evidence exists that cow dung will not cure cancer. I doubt that researchers at the National Institutes of Health have ever considered it. It is too absurd. And so is this economic plan that is built entirely on faith.

Outside of the administration and rightwing extremists it is indeed difficult to find support for Reaganomics. They do not even like it on Wall Street, that venerable bastion of Republicanism. Leading Wall Street Economist Henry Kaufman criticized the Reagan tax cut as exceedingly expansionary. He cast serious doubt on the administration's idea that the tax cut for the rich could cause most Americans to save more and work harder. Instead, Kaufman thinks it would fuel inflation and force interest rates even higher.

Can you imagine even higher interest rates? Who can afford to buy a home now? How can retired people who need less room now sell the houses they spent most of their lives working to pay for? Look what high interest rates are doing to the automobile industry. Now Wall Street, of all places, is telling us that, if we buy the Reagan economic package, interest rates will go even higher.

The Reagan administration would have us believe that if we allow big corporations to make more profit they will invest this in modern plant and machinery that will increase productivity and lower prices. Let us take a look at what has happened in the profit-bulging oil industry where prices were decontrolled for the very same reason. The rationale was that price decontrol would give the oil firms more incentive to explore for new oil. The next thing we read is that Standard Oil is so dripping with profit that it buys Kennecott Copper Co. You see how much faith Standard Oil has in supply side economics.

I think we are being tricked. And I am amazed at how many of my colleagues are pushing their way to the front of the line to buy some of the economic snake oil that is being sold.

I think the Republican budget and economic program promise a disaster that is clear and unmistakable. Office of Management and Budget Director David Stockman's own figures leave no doubt that the Reagan program for economic recovery will not put America back to work. Instead, it will put nearly 2 million Americans out of work while cutting the Federal protections which have allowed many of our citizens to survive unemployment with dignity and hope.

The Republicans propose to eliminate hundreds of thousands of jobs that are directly subsidized by the Government: Conrail and Amtrak employment will be slashed; CETA public service employment will be eliminated; tens of thousands of Federal employees will be terminated; hundreds of thousands of EDA supported jobs will be lost.

The direct and indirect employment effects of the Republican budget in the next year—as opposed to the misty future in which Mr. Stockman's faith and wishes would supposedly cure the economy—will be catastrophic. The Wharton Econometric Forecasting Associates predict a loss of 1.75 million jobs by the end of fiscal year 1982 if Mr. Stockman's budget is enacted. Not economic recovery, but economic ruin. I will not vote for it.

But Mr. Stockman is not content merely to throw this vast number of Americans out of work. His budget would also punish these people further by gutting the unemployment assistance programs that Congress created over the years to protect people who lose their jobs through no fault of their own.

The most cynical cutback in these protections is the Republican proposal for the trade adjustment assistance program. In exchange for their support for free trade policies and the lifting of barriers against imports, Congress and a succession of administrations, both Democratic and Republican, promised the Nation's manufacturing workers that they would be made whole for the resulting job losses and wage losses they were sure to suffer.

As predicted, those manufacturing workers have suffered: garment workers, steel workers, auto workers, electric workers, rubber workers and many others have lost their jobs by the millions in the last two decades, displaced by a flood of imports. Now, just as the pace of that displacement has accelerated, the Republicans propose to renege on their side of the bargain.

Mr. Stockman has cynically calculated that the cost of the bargain was too high. TAA payments were forecast at $1.5 billion for fiscal year 1982; the Republicans would cut those payments to $350 million, or less. Eighty-seven percent of the trade impacted workers now covered by TAA will be excluded. Those who remain will see their benefits cut in half.

The harm of this arbitrary abandonment of the Nation's commitment to these workers is not limited to them and their families. Auto workers, steel workers, and other blue-collar victims of our trade policies are not the only beneficiaries of trade adjustment assistance; every shopkeeper, landlord, and restaurant owner—and everyone they employ or do business with—benefits in a community where substantial numbers of workers are receiving TAA. All of them will suffer when that assistance is reduced or eliminated. Those of us old enough to remember the Great Depression know how unemployment can snowball.

In many communities today, TAA and unemployment insurance are keeping the economy together. Without the $150 million a month in unemployment insurance and TAA which the Federal Government is now pumping into Michigan's depressed economy there likely would be breadlines.

The same budget that will throw almost 2 million people out of work will also make it more difficult for those people to obtain unemployment insurance benefits. The Republicans propose to cut the Federal contribution to the unemployment insurance system by 30 percent—over a billion dollars—and to make changes in the system that will transform it from an insurance program into a welfare program.

The President proposes to repeal the national extended benefits trigger that allows payments of compensation to long-term unemployed persons who reside in pockets of high unemployment in otherwise economically healthy States. He proposes to raise the mandatory State trigger, threatening to cut off extended benefits even in States with double-digit unemployment rates. And most insidiously, the President proposes to force workers—regardless of their skills and experience—to take minumum-wage jobs or forgo unemployment compensation.

I speak to you as chairman of the Post Office and Civil Service Committee. It is especially appalling to me that active duty and retired Federal workers are being asked by this administration to shoulder so much of the responsibility for this economic experiment. Fully one-third of the proposed $15 billion in spending cuts the House is being asked to approve would come out of their pockets. Even if the President's program had a chance of succeeding, that price would be too high.

Sadly, Federal workers once again have become the hapless victims of political expediency. It seems that whenever we want to cut the budget we drag out the myth of a fat and flabby bureaucracy and promise to cure all the Nation's economic woes by excising proliferating bureaucrats.

The fact is that the American people have a very distorted picture of those who serve in the Federal work force. And, unhappily, many of us who serve in high public office are more responsible than anyone else for this false portrait. The people who are lumped together, often derisively, as Government workers are not part of an army of paper shufflers in Washington performing meaningless tasks. They are, in fact, lawyers, doctors, electricians, craftsmen of all sorts, accountants, shipbuilders, deep sea divers, secretaries, teachers, mailmen. The list is limited only by the number of occupations in the private sector.

I wonder if the President, who seems to share the public stereotype of the Government worker, feels we have too many Secret Service agents or policemen?

We do not have Federal employees in order to make the Federal Government an employment agency of last resort. We have Federal workers because they are an indispensable part of our system. If we did not have them we would have to create them—to insure a flow of commerce, to protect our health and welfare, to keep our airways safe, to keep our complex food delivery system working. The list is endless.

When you stop to think about it, it is incredible what we have taken for granted today in this country. We dine in restaurants with assurance that the food we eat will be safe. We fly in crowded airways secure that our voyage will be safe. We have our orange juice and coffee in the morning without worry that they are contaminated. We get mail to our homes each day. We drink clear water out of a tap without fear of dysentery. We drive our cars on ribbons of interstate highways unequaled in the world. We find cures for disease. We send men and equipment into space. In one way or another, Government workers are necessary for all of these things we take for granted in our society.

No, these workers are not there to occupy space. They are there to do the things that need doing.

I would like to quote from an article by Howard E. McCurdy, professor and director of public administration programs at American University, that appeared in the April 17 Washington Star:

> The Federal bureaucracy does not have enough employees to carry out all the responsibilities assigned to it. That simple fact underlies all of President Reagan's talk about cutbacks and hiring freezes, and helps to explain why the bureaucracy is held in such low esteem.

The popular image of a bloated and overstaffed bureaucracy is a myth. In the last 20 years, between the inaugurations of Presidents Kennedy and Reagan, actual amount of money that Federal bureaucrats control and administer—measured in constant dollars, adjusted for inflation—has doubled. The number of grants-in-aid that federal bureaucrats direct to state and localities has tripled. The number of regulations that bureaucrats must enforce has risen fourfold.

During the same period, the size of the federal bureaucracy has hovered around the two and one-half million mark, growing hardly at all. As a proportion of the total work force in America, it has actually fallen.

In essence, Federal bureaucrats have been asked to do two to four times as much work with roughly the same number of personnel. For twenty years, a succession of presidents and lawmakers has announced great expectations without giving the bureaucrats sufficient resources to carry them out.

Some agencies simply cannot do their job. Stretched too thin, they cannot enforce all of the laws, clear up all of the cases, control all of the fraud and abuse, or complete all of the projects on time. They live with constant fear that something will come unglued, that some scandal will break—or, in the case of the Defense Department, that they will be called upon to wage some war they are not prepared to fight.

The pattern of response follows a fairly predictable pattern. As the understaffing crisis deepens, the press begins to report signs of bureaucratic malperformance.

There seems to be a general insensitivity to the need to maintain a quality work force so that the Government may serve the taxpayer by providing more efficient and effective Government services. It is fashionable to attack Federal employees, and, as a result, Federal employee morale is at an all-time low. The Reagan administration has developed a new and imaginative way to continue the attack. It is not satisfied simply to depress pay by changing the manner in which comparable private sector pay is measured. It proposes to pay the Federal employee only 94 percent of comparability. By continually attacking those who serve and by continually diminishing their pay and benefits, we are destroying morale and will eventually drive the best from Government service. Then we will truly have a Federal work force that is mediocre at best, and just wait until you see the waste, mismanagement, and inefficiency we have.

I am not just speculating on the adverse effects which will follow unfairly depressing employee pay and benefits. As a result of continued pay caps, we are already experiencing a brain drain in the upper levels of Government, a situation the Commission on Executive, Legislative, and Judicial Salaries has characterized as a quiet crisis. We are losing our best executives. Three out of four aged 55 through 59 are retiring as soon as they are eligible. My committee has been asking agencies to advise us of the effects of the pay cap on recruitment and retention of executives. The information we are receiving is distressing.

I wonder if the Budget Committee is qualified to dictate the specifics of sensitive national policy relating to an already disenchanted Federal work force.

Let me give you one example of that committee's expertise in my committee's area of jurisdiction.

The Budget Committee wants us to approve the administration's Federal employee pay reform proposal—an immensely complicated measure which the committee received on March 24.

Does the Budget Committee know what is in the bill? Do they know how the bill will affect the pay and benefits of the average blue-collar and white-collar worker? Do they know how the proposed locality pay system will work and the effect such system will have on local economies? Are they aware of the various critical analyses of the proposal published by the General Accounting Office, the Congressional Budget Office, and others?

The Budget Committee, I submit, is mesmerized by the $4.2 billion savings figure and blindly embraces the pay reform proposal with no thought given to any of these issues or to the other numerous subtle policy issues presented by the bill. Yet, the Budget Committee would have our committee, via reconciliation, report that bill out by June 15.

My point should be clear—reconciliation just does not belong in the first budget resolution.

Let us turn briefly at what President Reagan's budget would do to postal service in America.

I submit as chairman of the Post Office and Civil Service Committee, that the goal of this administration is clear—the dismantling of the public service-oriented postal system which has served this Nation well for the past 200 years.

I hesitate to link Mr. Reagan personally with this policy, because I am sure he would agree that our postal system has been, and continues to be, essential to the economic, social, and governmental strength of our Nation. I am sure Mr. Reagan, with his Illinois and Iowa roots, knows well the vital role the postal system plays in the daily life of every American—a nationwide, easily accessible, and affordable means of communication available to everyone everywhere. If we have any remaining link to Mr. Reagan's good old days, it is the Postal Service. Yet, his administration wants to break that link.

I submit that the Reagan budget proposal, as embodied in the Gramm-Latta substitute, is but the first part of a carefully crafted plan to end forever the traditional concept of the American postal system. And I think the present managers of the Postal Service, at least unwittingly, are contributing to the attainment of this goal. Let me briefly sketch the scenario for you.

Each year the Congress appropriates money to reimburse the Postal Service for providing public services. These are, basically, services that no profit-oriented business would provide. The most commonly-cited example is Saturday mail delivery. The President wants to cut this appropriation by $300 million for fiscal year 1982, $392 million for fiscal year 1983, and eliminate it entirely for fiscal year 1984 and forevermore.

In his March 10, 1981, budget message to the Congress, the President and his Office of Management and Budget explained the proposed elimination of the public services appropriation:

The Administration believes that the costs of mail service should be borne by users, not taxpayers.

The Postmaster General is on record before my committee subscribing to this fundamental principle: Postal ratepayers—people and businesses who buy stamps—should not be asked to pay for nonessential services.

A Postal Service which must live totally within the income it receives from selling stamps is going to have to continue raising the price of those stamps—even while slashing services to the bare bone. If you think an 18-cent stamp and 5-day delivery time from Washington to New York is bad, just wait.

The other category of postal appropriations which the Reagan administration wants to slash is the revenue foregone appropriation—the direct subsidy of the rates paid by certain categories of mailers.

National policy in this area also dates back to the good old days. Historically, we have helped certain people pay their postal bills, not as a special favor to them, but in furtherance of the national good. Low rates for small newspapers facilitate the flow of necessary information in all sections of the Nation. Subsidized rates for schools, libraries, and suppliers of classroom materials help advance the education of our young people. And low rates for mailings by charitable organizations may make some small contribution toward helping the truly needy.

The President's proposal, as contained in the Gramm-Latta substitute, would cut the fiscal year 1982 appropriation for revenue foregone by anywhere from $300 million to $600 million, depending on whose figures you believe. The real-world impact of this cut—lost perhaps in the blizzard of OMB balance sheets—is staggering. Mailing bills for every charity, your church, your boy scout troop, your lodge, and your veterans organization would soar 87 percent. If appropri-

ations fail, the Postal Service is authorized by law to raise the rates of the affected classes of mail to make up the difference. The postal bills paid by these organizations would, on average, more than double by this fall, with the impact on schools and libraries particularly devastating.

The administration's April 7 document reiterates the key point:

The Administration believes that the Postal Service, if it is to become a viable business concern, must live within its operating revenues.

There you have it: The Postal Service is to become a viable business concern. A viable business concern must have an independent, corporate management with its eyes fixed firmly on one item: the bottom line on its financial statement.

A Postal management lacking appropriations, possessing a mandate to be a viable business concern, and facing the necessity of living on its operating revenues while maintaining comprehensive levels of service, is going to realize sooner or later that it has an impossible job.

Services will have to be slashed. Rates will have to spiral upward. More and more, postal mangement will have to turn to cost-cutting schemes which smack of desperation.

As public services vanish and even essential services erode, and as rates continue to skyrocket, public disenchantment with the Postal Service will continue to grow. Increasingly, as it will become evident that the Postal Service can no longer do the job, demand for alternatives will increase, helped along by agitation from private businesses eager to pick up the pieces. Inevitably, the argument will be made that if the Postal Service is not providing public services anymore and is not providing essential services, why should it continue to have a monopoly over the delivery of mail? And I am not sure even I—an ardent supporter of the private express statutes—could answer that argument.

In a nutshell the administration's real postal policy is not to make the Postal Service a viable business concern, but to dismember it and let the private sector pick up the pieces. Or, more accurately, I should say, pick up the pieces it finds profitable to pick up. Aunt Minnie out on a rural route in Kansas may have trouble communicating with the rest of the world. You may have a little trouble finding a private parcel carrier who will deliver your Christmas package to the other end of the Nation for less than $25. Small and moderate size businesses unable to afford the latest in electronic communication hardware may have a little more difficulty competing with the conglomerates. But, at least, we will have unshackled ourselves from the 19th century concepts embodied in a public service-oriented postal service.

Repeatedly Postmaster General Bolger has said publicly that he can accept all these proposed cuts without a reduction in service. Either Mr. Bolger is naive or for some reason that escapes me he is seeking to ingratiate himself with the Reagan administration. You simply cannot have it both ways.

Mr. Reagan has done a masterful job in convincing the American people that you can. I think the people are being misled. Everyone seems to think that these spending cuts are going to come out of the pocket of someone else. The dairy farmer thinks his support payments will continue and the budget savings will come from closing welfare loopholes. Educators believe that cuts will come from farm programs or some place else. Beleaguered city managers feel that some program other than theirs will foot the bill. Everyone thinks they have the shell with the pea under it.

Thanks to Mr. Reagan's skill, the people are confused. They simply do not understand that the cuts are going to be in areas that affect almost everyone but the rich. When they find out, the shock will be painful. And it may be too late.

When corrected for inflation, the Reagan budget will reduce civilian expenditures by 16 percent. When you consider the off-limits items, like social security, medicare and veterans benefits, it is apparent that the impact of the cuts will be widespread and hard to swallow. What is more, the President's budget cutters are working on a 3-year cycle. In areas under the jurisdiction of the Post Office and Civil Service Committee the cut is $5.4 billion for fiscal year 1982, $7.9 billion for 1983, and $9.4 billion for 1984.

Where does this money come from? Do we at some point cut the pay of Federal workers retroactively?

There seems to be something akin to a patriotic mood in this Nation regarding the proposed budget cuts; if we take our lumps now it will hurt a little bit, but it will guarantee a bright future. The fact is it will hurt a lot and it will endanger our future. It will guarantee higher unemployment, continued high inflation, and deal a damaging blow to many of our social institutions.

I speak now as a senior ranking majority member of the Education and Labor Committee. Let us consider for a moment the impact on education. I thought we had crossed the educational Rubicon long ago. But now Mr. Reagan wants to take us back over it to the good old days.

His proposals for budget cuts in postsecondary education are a recipe for disaster and hardship. They will sacrifice the development of our Nation's human capital, the engine of long-term economic progress, to misguided shortrun budget goals. The Reagan plan will leave in its wake a legacy of frustrated aspirations, unfulfilled hopes, waste of intellectual talent, impoverishment of the national spirit, and broken promises by the Federal Government to students, their families, and institutions of higher learning. In the spirit of this administration, let us look at the bottom line. Responsible analysts have indicated that the consequence of the Reagan program will include the following:

A decline nationally in college enrollments of about 500,000 to 750,000 students, or roughly 10 percent.

A decrease in the volume of guaranteed student loans of 80 to 100 percent. This means a reduction of $6 to $7.5 billion in the loans available to students and negative effects on as many as 3 million students.

A reduction in Pell grant recipients of 100,000 this fall and 575,000 next fall as well as a reduction in grant amounts across the board.

The system of needs analysis would be rigged to insure that the cost of education will be held artificially low for many students and the amount students and their families are expected to contribute for educational costs is set artifically high. In short, the formula for determining a student's need would be perverted into a device to ration funds.

A 25-percent loss of operating revenue in the case of a typical private college and the closing of about 300 private colleges.

A shift in student enrollments from higher priced—mostly private—colleges to lower cost institutions.

An increase in loan repayments, for the few lucky enough to get them, between 25 and 40 percent. In the case of a graduate student who borrows the legal maximum under the guaranteed student loan program, $25,000, the monthly repayment would become $447, a 41-percent increase over current law.

The demise of the newly authorized parent loan for undergraduate students program. Parents will not be able to borrow at relatively low interest up to $3,000 per year for each of their children in postsecondary education.

A long-term increase in loan defaults because of the high repayment burdens.

A very significant decline in graduate student enrollments since graduate students have few alternatives to finance their education other than the guaranteed student loan program.

In fiscal year 1982, a reduction of $945 million in the social security benefits to students in postsecondary education. For the average student social security beneficiary, this means a $500 loss in the first year. This is a decline not only in resources to pay

for postsecondary education but also a loss of family income.

A general reduction in access to postsecondary education and choice among postsecondary educational alternatives, hitting hardest students from working and middle-income families.

How can we estimate the irreparable harm to our children who will be robbed of the special help with reading and math? We can only make a guess nationwide at which the outcome will be in terms of failed expectations and severely diminished access to higher education opportunities and increasingly important technical employment. In the State of Michigan alone, nearly 250,000 elementary and secondary students would be denied services or receive substantially reduced services under these proposals. Teaching ratios, which have already reached a hazardous level, will diminish to an even more precarious mark with an estimated 64,460 teaching positions lost nationwide.

My home State alone would be forced to endure a loss of an estimated $86 million—on top of a 30-percent cut in State categorical aid and a slash in the general school aid formula because of the State's near-depression condition. Without adjusting for inflation, this double-edged budgetary sword will cost Michigan schools approximately $206 million in the coming fiscal year alone.

Under these proposals, more than $25 million would be cut from the title I compensatory education program, which would in turn eliminate services altogether for 52,000 students and have an impact on another 232,000 pupils in Michigan.

Just when we have made some significant inroads in improving vocational education programs—updating the course content to better prepare students for the workplace and acquiring modern equipment and facilities—we are retracting on our commitment by $6 million in Michigan alone, hurting 300,000 students. Keith B. Geiger, president of the Michigan Education Association, told the House Committee on Education and Labor on March 26, 1981:

> This reduction will severely cripple vocational education courses in high schools, career education centers, community colleges, and the purchase of new equipment and construction of new facilities for these programs.

What these cuts translate into for our urban areas is absolute disaster. Because most of the Federal education programs are targeted toward disadvantaged and minority populations, and our city school systems rely on 16 percent of their budget from Federal aid, the administration's program is an even crueler hoax for them. The Detroit public schools alone would be forced to endure a $12.8 million fund reduction. This, of course, affects the entire metropolitan area, since the 36 school districts in the county have adopted shared programs in many program areas.

And for many of our disadvantaged, who do not have influence on the local school board or lack the ability to mount a successful lobbying effort, the block grant proposal most likely means a loss of services altogether. These children, who need supplementary help most and who have been targeted by Federal programs precisely because prior to 1965 they were left behind by local and State officials, will be left out with no hope or way to catch up with their more fortunate classmates' edge.

Ignoring all the programmatical implications of the block grant proposals which accompany the 26-percent cut, we have been led to believe that there will be some magical method of administrative savings to make up for the 26-percent reduction. But, when I questioned Budget Director Stockman about this potential savings before the House Education and Labor Committee on April 29, he responded:

> I would never suggest that simply by removing the categoricals, getting the Department of Education out of the process for all practical purposes will save 25 percent. I think that would be a clear exaggeration.

While the result of the administration's ill-conceived education proposals head us down a road of broken promises and unfulfilled expectations, the 43-percent cut in the child feeding programs is even more cruel: From this policy alone, the American School Food Service Association estimates that 40,000 lunchroom programs throughout our country will be completely eliminated. From the experience we have had with feeding schoolchildren over the last three decades, we know that when the subsidies for the paying child are cut back, resulting in drops in participation, the programs become inviable. Already hard-pressed families will not be able to absorb the 250 percent jump from 20 cents to 70 cents in the cost of reduced-price lunches, which the most recent administration-backed proposal calls for. For families with more than one paying child in school, with the cost of a school lunch doubling from 60 cents to $1.20, this totally negates any benefit from the administration's proposed $185 tax cut.

And, retreating on the child nutrition programs runs in the face of efforts to build a strong and effective military force. The Federal programs were originally created in the 1940's to improve the overall health and nutrition of new recruits for the armed forces during World War II. Then it was discovered that a considerable percentage of the young men and women being drafted were under or malnourished and incapable of passing a routine medical exam. The program has also been an outlet for surplus agricultural commodities, which otherwise would have gone unused.

Anyone who thinks Reagonomics is going to hurt just a little had better take a hard look at where all these savings to the American people are going to come from. They will hurt everyone but the wealthy. But it will hit hardest at the poor, the administration's promises of safety nets notwithstanding.

Look, if you will, at the legal services program. It meets and surpasses even this administration's standards for efficiency, cost-effectiveness, limitations on paperwork, and avoidance of waste and fraud.

The efficiency of the legal services program is indisputable.

The accomplishments are noteworthy. Above all, it should be expanded so that every poor person who needs legal services can have access to its professionals.

Yet the administration wants to abolish this much-needed service, which took the people off the streets and into the courtrooms to settle their grievances. Enough said for the social safety net concept.

It is indeed difficult for me to understand the administration's logic—on so many issues. Reaganomics, by relying exclusively on monetary measures to fight inflation, assures increased unemployment at the same time it wants to curtail job training. Among other things, it wants to gut the Comprehensive Employment and Training Act (CETA).

CETA is an amalgam of programs providing education, training, counseling, and on-the-job experience for hundreds of thousands of persons. Each program is specifically designed to meet the needs of groups lacking one or more qualifications for gainful employment. That is what makes CETA unique. There are special programs for disadvantaged youth which provide remedial education in combination with skills training and job counseling. There are special programs for disadvantaged adults which provide training or retraining. There are special countercyclical programs giving employment and work experience, as well as job training.

The uniqueness of CETA programs is the manner in which they can be tailored to specific groups or circumstances. A case in point is the CETA public service employment (PSE) programs which play an important and necessary role in providing employment, training, and community services during periods of economic recession. In communities such as my congressional district, CETA PSE has meant the difference between family maintenance and existence on the public dole. In urban inner cities,

CETA PSE is the difference between hopelessness and work experience with a hope of future gainful employment. CETA PSE programs have also been of great benefit to communities through the Nation. As Baltimore Mayor William D. Schaefer told the Education and Labor Committee:

I tell you unequivocally that this program has worked in Baltimore . . . Using public service employees, we have been able to weatherize the homes of 4,000 elderly, rehabilitate countless vacant houses for low and moderate income families to occupy, fight rat infestation and illiteracy, and conduct countless other worthy activities. For the first time, many who have participated in PSE have learned to function in the work world. Many have been absorbed into the private sector.

The administration proposes to truncate and cripple this vital program by eliminating public service employment; eliminating young adult conservation corps; and folding two youth programs into a general employment and training grant to States with no specificity of program content. Total CETA funding will be reduced drastically.

In human terms, the devastation of CETA reductions and cuts is staggering. The Wharton Econometric Forecasting Associates, Inc., estimates that by the fourth quarter of fiscal year 1982, the CETA reductions will likely result in a loss of 770,000 jobs. With over 7 million people unemployed nationally, where will the additional 770,000 displaced from CETA find jobs? The administration does not have the answer. Until it does, we should not dismantle CETA.

The Republicans would have us believe that the Gramm-Latta budget substitute is a bipartisan measure. This is a bit of political chicanery. If this indeed were the case, we would have a majority of Democrats supporting it. In point of fact, this is a Republic plan worked out by Mr. Reagan's Office of Management and Budget and is supported by a mere handful of Democrats.

The administration's proposals is not a blueprint for economic recovery. It is a blueprint for economic disaster. We are being warned by economists from such disparate persuasions as Wall Street and Brooking Institute of the dire consequences. But some of us are so frightened by what we perceive as the political consequences of opposing President Reagan that we have closed our ears, our minds, and our hearts.

For my part, I intend to continue listening to the voices of reason, not the babble that would wreck our economy and tear at the very seams of our society in the false name of restored virtue.

I do not want the guilt of this social and economic mayhem on my hands.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Obey amendment.

Mr. Chairman, I support the Obey substitute. I also support the work of Chairman JONES and his committee. I take this opportunity to emphasize that under the Obey substitute and the committee's substitute, while the overall targets are binding on the authorizing and appropriating committees, the committees have the authority to tailor the cuts to reflect their own programmatic priorities. I would emphasize that a vote for either the Obey substitute or the committee resolution is not a vote against specific programs. That is not the case with the Latta substitute, which mandates cuts in discretionary authorizing legislation.

One program which I believe should be fully funded, but which the committee recommends be delayed by reducing fiscal year 1982 budget authority by $300 million, is the gas centrifuge enrichment plant (GCEP) construction project, part of the uranium enrichment activities of the Department of Energy. Though I strongly support the committee, I will ask the Appropriations Committee not to implement such a drastic reduction in budget authority. The GCEP program was already delayed last year, and the $170 million in "savings" which we were told resulted from the delay actually will cost the taxpayers over $200 million in the completion of the program. Additional delays, as proposed by the Budget Committee, would only add substantial costs to the program, and postpone production of enriched uranium in a new GCEP facility which will use only 5 percent of the energy consumed by the gaseous diffusion process. It will also jeopardize the ability of contractors to continue working on the project to its scheduled completion. Contractors that have invested their own funds in developing the centrifuge technology, such as Goodyear Aerospace Corp., have already been stretched financially by last year's delay. Further delay could jeopardize their ability to carry out a continuing commitment to this project. Such wavering in the past has been the death knell for vital Federal energy projects. It would be tragic if this happened to GCEP at a time when U.S. energy independence has become a priority national interest.

I have studied the question of centrifuge versus gaseous diffusion plants, and I have looked at the substantial work in progress on the centrifuge plant in Portsmouth, Ohio. If one simply looks at the physical facility, one can begin to get a comprehension of the astronomical electricity consumption required to run this gaseous diffusion plant, and the much more modest electricity consumption (5 percent) that will be required to produce the equivalent amount of enriched uranium in a centrifuge plant. Indeed, the case, from the standpoint of energy conservation, as well as the savings of Federal tax revenues, is overwhelmingly in favor of keeping the GCEP program on schedule—if we are to achieve our goal as supplier of enriched uranium both worldwide and in our own country.

That leads me to discuss another assumption which the Budget Committee made in recommending this reduction—an assumption which requires legislative action of three congressional committees. To explain this provision, it is necessary for me to talk about the funding of this program. Currently the program's capital expenditures are funded from general revenues, and as the enriched uranium has been sold, the revenue from such sales has been returned to the Treasury. The Atomic Energy Act provides that the pricing of such materials will be sufficient to cover the costs of the program, and administrative interpretation has prevented charges in excess of recovering costs of production.

The Budget Committee now recommends that the three authorizing committees approve a "fair pricing" mechanism which would increase the cost of the enriched uranium, and thus increase revenues to cover construction costs of the program. This seems to ignore the fact that front-end capital funding must come from general revenues, since such expenditures cannot practically be made from sale revenues as they trickle in. Moreover, because of the deliberate underpricing of enriched uranium by European suppliers, we stand the risk of losing our foreign purchase contracts. In fact, South Korea has already terminated its contract for enriched uranium purchases from the United States, and that is before any implementation of price increases such as those proposed in the budget resolution.

One of the reasons the Government is in this business, and why we cannot leave it to private enterprise, is to promote the goals of the Nuclear Nonproliferation Act, to assure the peaceful use of nuclear materials. We base our contracts for technology and materials on the participation of foreign countries in these goals, and the loss of our foreign customers not only makes the market uncertain, but has the potential of undermining our efforts to halt the development of nuclear weapons in countries which develop nuclear power for domestic use.

The Senate budget resolution does not contain any recommended cut in the GCEP program. So while I support the Budget Committee's resolution, if their resolution carries, as I hope, I will urge the House conferees to recede to the Senate on this point.

The CHAIRMAN. The question is on the amendment in the nature of a sub-

stitute offered by the gentleman from Wisconsin (Mr. OBEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. OBEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 119, noes 303, not voting 8, as follows:

[Roll No. 33]

AYES—119

Addabbo	Foglietta	Patterson
Akaka	Ford (MI)	Pease
Annunzio	Ford (TN)	Pepper
Aspin	Fowler	Perkins
Bailey (PA)	Frank	Peyser
Barnes	Garcia	Price
Beilenson	Gaydos	Rahall
Benjamin	Gejdenson	Rangel
Biaggi	Gonzalez	Ratchford
Bingham	Gore	Reuss
Boland	Gray	Richmond
Bolling	Guarini	Rodino
Bonior	Harkin	Roe
Brodhead	Hawkins	Rosenthal
Brown (CA)	Hertel	Roybal
Burton, John	Howard	Sabo
Burton, Phillip	Jeffords	Savage
Chisholm	Kastenmeier	Scheuer
Clay	Kildee	Schroeder
Collins (IL)	Kogovsek	Schumer
Conyers	Leland	Seiberling
Coyne, William	Long (MD)	Shannon
D'Amours	Lowry	Simon
Danielson	Markey	Solarz
Dellums	Matsui	Stark
Dingell	Mavroules	Stokes
Dixon	McHugh	Studds
Donnelly	Mikulski	Udall
Dorgan	Miller (CA)	Vento
Downey	Mineta	Washington
Dwyer	Minish	Waxman
Dymally	Mitchell (MD)	Weaver
Early	Moakley	Weiss
Eckart	Moffett	Williams (MT)
Edgar	Mollohan	Wyden
Edwards (CA)	Oakar	Yates
Fary	Oberstar	Yatron
Fazio	Obey	Zablocki
Ferraro	Ottinger	Zeferetti
Florio	Panetta	

NOES—303

Albosta	Butler	Dickinson
Alexander	Byron	Dicks
Anderson	Campbell	Dornan
Andrews	Carman	Dougherty
Anthony	Carney	Dreier
Applegate	Chappell	Duncan
Archer	Chappie	Dunn
Ashbrook	Cheney	Dyson
Atkinson	Clausen	Edwards (AL)
AuCoin	Clinger	Edwards (OK)
Bafalis	Coats	Emerson
Bailey (MO)	Coelho	Emery
Barnard	Coleman	English
Beard	Collins (TX)	Erdahl
Bedell	Conable	Erlenborn
Benedict	Conte	Ertel
Bennett	Corcoran	Evans (DE)
Bereuter	Coughlin	Evans (IA)
Bethune	Courter	Evans (IN)
Bevill	Coyne, James	Fascell
Blanchard	Craig	Fenwick
Bliley	Crane, Daniel	Fiedler
Boggs	Crane, Philip	Fields
Boner	Daniel, Dan	Findley
Bonker	Daniel, R. W.	Fish
Bouquard	Dannemeyer	Flippo
Bowen	Daschle	Foley
Breaux	Daub	Forsythe
Brinkley	Davis	Fountain
Brooks	de la Garza	Frenzel
Broomfield	Deckard	Frost
Brown (CO)	DeNardis	Fuqua
Brown (OH)	Derrick	Gephardt
Broyhill	Derwinski	Gibbons
Gilman	Long (LA)	Roukema
Gingrich	Lott	Rousselot
Ginn	Lowery	Rudd
Glickman	Lujan	Russo
Goldwater	Luken	Santini
Goodling	Lundine	Sawyer
Gradison	Lungren	Schneider
Gramm	Madigan	Schulze
Green	Marks	Sensenbrenner
Gregg	Marlenee	Shamansky
Grisham	Marriott	Sharp
Gunderson	Martin (IL)	Shaw
Hagedorn	Martin (NC)	Shelby
Hall (OH)	Martin (NY)	Shumway
Hall, Ralph	Mattox	Shuster
Hall, Sam	Mazzoli	Siljander
Hamilton	McClory	Skeen
Hammerschmidt	McCloskey	Skelton
Hance	McCollum	Smith (AL)
Hansen (ID)	McCurdy	Smith (IA)
Hansen (UT)	McDade	Smith (NE)
Hartnett	McDonald	Smith (NJ)
Hatcher	McEwen	Smith (OR)
Heckler	McGrath	Snowe
Hefner	McKinney	Snyder
Heftel	Mica	Solomon
Hendon	Michel	Spence
Hightower	Miller (OH)	St Germain
Hiler	Mitchell (NY)	Stangeland
Hillis	Molinari	Stanton
Holland	Montgomery	Staton
Hollenbeck	Moore	Stenholm
Holt	Morrison	Stratton
Hopkins	Mottl	Stump
Horton	Murphy	Swift
Hubbard	Murtha	Synar
Huckaby	Myers	Tauke
Hughes	Napier	Tauzin
Hunter	Natcher	Taylor
Hutto	Neal	Thomas
Hyde	Nelligan	Traxler
Ireland	Nelson	Trible
Jacobs	Nowak	Vander Jagt
Jeffries	O'Brien	Volkmer
Jenkins	Parris	Walgren
Johnston	Pashayan	Walker
Jones (NC)	Patman	Wampler
Jones (OK)	Paul	Watkins
Jones (TN)	Petri	Weber (MN)
Kazen	Pickle	Weber (OH)
Kemp	Porter	White
Kindness	Pritchard	Whitehurst
Kramer	Pursell	Whitley
LaFalce	Quillen	Whittaker
Lagomarsino	Railsback	Whitten
Lantos	Regula	Williams (OH)
Latta	Rhodes	Wilson
Leach	Rinaldo	Winn
Leath	Ritter	Wirth
LeBoutillier	Roberts (KS)	Wolf
Lee	Roberts (SD)	Wolpe
Lehman	Robinson	Wortley
Lent	Roemer	Wright
Levitas	Rogers	Wylie
Lewis	Rose	Young (AK)
Livingston	Rostenkowski	Young (FL)
Loeffler	Roth	Young (MO)

NOT VOTING—8

Badham	Crockett	Moorhead
Burgener	Evans (GA)	Nichols
Cotter	Fithian	

□ 1845

Mr. GIBBONS and Mr. FOLEY changed their votes from "aye" to "noe."

Mr. LONG of Maryland changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LATTA

Mr. LATTA. Mr. Chairman, I offer an amendment in the nature of substitute.

The CHAIRMAN. Has the gentleman's amendment been printed in the RECORD?

Mr. LATTA. Yes, Mr. Chairman, it has been printed in the RECORD.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. LATTA: Strike out all after the resolving clause and insert in lieu thereof the following:

TITLE I—REVISION OF THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1981

SEC. 101. The provisions of this title shall supersede the figures set forth in the first section and section 2 of House Concurrent Resolution 448 of the Ninety-sixth Congress for the fiscal year beginning on October 1, 1980.

SEC. 102. (a)(1) The recommended level of Federal revenues is $603,300,000,000 and the net amount by which the aggregate level of Federal revenues should be decreased is $8,700,000,000.

(2) The appropriate level of total new budget authority is $719,050,000,000.

(3) The appropriate level of total budget outlays is $660,000,000,000.

(4) The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is −$56,700,000,000.

(5) The appropriate level of the public debt is $994,100,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $9,100,000,000.

(6) The appropriate level of total gross obligations for the principal amount of direct loans is $73,500,000,000, the appropriate level of total new primary commitments to guarantee loan principal is $85,200,000,000, and the appropriate level of total new secondary commitments to guarantee loan principal is $66,200,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of subsection (a) of this section of this resolution, the Congress hereby determines and declares that, for the fiscal year beginning on October 1, 1980, the appropriate level of new budget authority and the estimated budget outlays for each functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $180,700,000,000.

(B) Outlays, $162,100,000,000.

(2) International Affairs (150):

(A) New budget authority, $23,600,000,000.

(B) Outlays, $11,250,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,450,000,000.

(B) Outlays, $6,200,000,000.

(4) Energy (270):

(A) New budget authority, $7,650,000,000.

(B) Outlays, $9,600,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $10,650,000,000.

(B) Outlays, $13,600,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,600,000,000.

(B) Outlays, $2,700,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $6,350,000,000.

(B) Outlays, $3,050,000,000.

(8) Transportation (400):
(A) New budget authority, $24,800,000,000.
(B) Outlays, $23,700,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $9,200,000,000.
(B) Outlays, $12,200,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $32,000,000,000.
(B) Outlays, $31,750,000,000.
(11) Health (550):
(A) New budget authority, $72,200,000,000.
(B) Outlays, $66,800,000,000.
(12) Income Security (600):
(A) New budget authority, $250,350,000,000.
(B) Outlays, $227,300,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $23,000,000,000.
(B) Outlays, $22,600,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,250,000,000.
(B) Outlays, $4,550,000,000.
(15) General Government (800):
(A) New budget authority, $5,150,000,000.
(B) Outlays, $4,900,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,200,000,000.
(B) Outlays, $6,800,000,000.
(17) Interest (900):
(A) New budget authority, $79,000,000,000.
(B) Outlays, $79,000,000,000.
(18) Allowances (920):
(A) New budget authority, $1,200,000,000.
(B) Outlays, $1,200,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$29,300,000,000.
(B) Outlays, −$29,300,000,000.

TITLE II—SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1982, 1983, AND 1984

SEC. 201. The Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1981—

(1) the recommended level of Federal revenues is $657,800,000,000, and the net amount by which the aggregate level of Federal revenues should be decreased is $51,300,000,000.

(2) the appropriate level of total new budget authority is $764,550,000,000.

(3) the appropriate level of total budget outlays is $688,800,000,000.

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is −$31,000,000,000 and

(5) the appropriate level of the public debt is $1,060,000,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $65,900,000,000.

SEC. 202. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of section 201 of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $226,300,000,000.
(B) Outlays, $188,800,000,000.
(2) International Affairs (150):
(A) New budget authority, $17,900,000,000.
(B) Outlays, $11,200,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $7,200,000,000.
(B) Outlays, $6,900,000,000.
(4) Energy (270):
(A) New budget authority, $4,500,000,000.
(B) Outlays, $4,200,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $7,900,000,000.
(B) Outlays, $11,900,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,500,000,000.
(B) Outlays, $4,400,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $7,100,000,000.
(B) Outlays, $3,100,000,000.
(8) Transportation (400):
(A) New budget authority, $20,200,000,000.
(B) Outlays, $19,700,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $7,400,000,000.
(B) Outlays, $8,100,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $24,600,000,000.
(B) Outlays, $25,700,000,000.
(11) Health (550):
(A) New budget authority, $83,300,000,000.
(B) Outlays, $73,300,000,000.
(12) Income Security (600):
(A) New budget authority, $261,500,000,000.
(B) Outlays, $241,200,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $24,800,000,000.
(B) Outlays, $24,050,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,200,000,000.
(B) Outlays, $4,400,000,000.
(15) General Government (800):
(A) New budget authority, $5,100,000,000.
(B) Outlays, $5,000,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,500,000,000.
(B) Outlays, $6,400,000,000.
(17) Interest (900):
(A) New budget authority, $81,750,000,000.
(B) Outlays, $81,750,000,000.
(18) Allowances (920):
(A) New budget authority, $800,000,000.
(B) Outlays, $700,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$32,000,000,000.
(B) Outlays, −$32,000,000,000.

SEC. 203. (a) There is established a Congressional federal credit budget for fiscal year 1982 of which the appropriate levels of total federal credit activity for the fiscal year 1982 are:

(1) New direct loan obligations: $55,970,000,000.
(2) New primary loan guarantee commitments: $78,620,000,000.
(3) New secondary loan guarantee commitments: $64,750,000,000.

(b) Based on the allocations of the appropriate levels of total federal credit as set forth in subsection (a), the appropriate levels of new direct loan obligations, new primary loan guarantee commitments and new secondary loan guarantee commitments for each functional category are as follows:

(1) National Defense (050):
(B) New direct loan obligations: $0.
(B) New primary loan guarantee commitments: $30,000,000.
(C) New secondary loan guarantee commitments; $0.
(2) International Affairs (150):
(A) New direct loan obligations: $8,230,000,000.
(B) New primary loan guarantee commitments: $8,340,000,000.
(C) New secondary loan guarantee commitments: $0.
(3) General Science, Space and Technology (250):
(A) New direct loan obligations: $0.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.
(4) Energy (270):
(A) New direct loan obligations: $1,100,000,000.
(B) New primary loan guarantee commitments: $2,640,000,000.
(C) New secondary loan guarantee commitments: $0.
(5) Natural Resources and Environment (300):
(A) New direct loan obligations: $20,000,000.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.
(6) Agriculture (350):
(A) New direct loan obligations: $7,530,000,000.
(B) New primary loan guarantee commitments: $2,430,000,000.
(C) New secondary loan guarantee commitments: $0.
(7) Commerce and Housing Credit (370):
(A) New direct loan obligations: $14,150,000,000.
(B) New primary loan guarantee commitments: $35,730,000,000.
(C) New secondary loan guarantee commitments: $64,200,000,000.
(8) Transportation (400):
(A) New direct loan obligations: $150,000,000.
(B) New primary loan guarantee commitments: $1,140,000,000.
(C) New secondary loan guarantee commitments: $50,000,000.
(9) Community and Regional Development (450):
(A) New direct loan obligations: $850,000,000.
(B) New primary loan guarantee commitments: $80,000,000.
(C) New secondary loan guarantee commitments: $0.
(10) Education, Training, Employment and Social Services (500):
(A) New direct loan obligations: $920,000,000.
(B) New primary loan guarantee commitments: $5,200,000,000.
(C) New secondary loan guarantee commitments: $500,000,000.
(11) Health (550):
(A) New direct loan obligations: $90,000,000.
(B) New primary loan guarantee commitments: $100,000,000.
(C) New secondary loan guarantee commitments: $0.
(12) Income Security (600):
(A) New direct loan obligations: $300,000,000.
(B) New primary loan guarantee commitments: $14,790,000,000.
(C) New secondary loan guarantee commitments: $0.
(13) Veterans Benefits and Services (700):

(A) New direct loan obligations: $650,000,000.
(B) New primary loan guarantee commitments: $7,380,000,000.
(C) New secondary loan guarantee commitments: $0.
(14) Administration of Justice (750):
(A) New direct loan obligations: $0.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.
(15) General Government (800):
(A) New direct loan obligations: $21,840,000,000.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.
(16) General Purpose Fiscal Assistance (850):
(A) New direct loan obligations: $140,000,000.
(B) New primary loan guarantee commitments: $760,000,000.
(C) New secondary loan guarantee commitments: $0.
(17) Interest (900):
(A) New direct loan obligations: $0.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.
(18) Allowances (920):
(A) New direct loan obligations: $0.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.
(19) Undistributed Offsetting Receipts (950):
(A) New direct loan obligations: $0.
(B) New primary loan guarantee commitments: $0.
(C) New secondary loan guarantee commitments: $0.

(c) It is the sense of Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1982 the off-budget lending activity of the Federal Government to a level not to exceed $23,120,000,000; the on-budget lending activity to a level not to exceed $32,850,000,000; new primary loan guarantee commitments to a level not to exceed $78,620,000,000; and new secondary loan guarantee commitments to a level not to exceed $64,750,000,000.

SEC. 204. The Congress sets forth the following budgeting levels for fiscal years 1983 and 1984—

(1) the recommended level Federal revenues as follows:
Fiscal year 1983: $717,300,000,000;
Fiscal year 1984: $778,900,000,000;
and the amount by which the aggregate levels of Federal revenues should be decreased is as follows:
Fiscal year 1983: $97,000,000,000.
Fiscal year 1984: $144,800,000,000.
(2) the appropriate level of total new budget authority is as follows:
Fiscal year 1983: $811,050,000,000.
Fiscal year 1984: $856,350,000,000.
(3) the appropriate level of total budget outlays is as follows:
Fiscal year 1983: $731,850,000,000.
Fiscal year 1984: $770,300,000,000.
(4) the amount of the surplus or deficit in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:
Fiscal year 1983: −$14,550,000,000;
Fiscal year 1984: +$8,600,000,000.
(5) the appropriate level of the public debt is as follows:
Fiscal year 1983: $1,094,850,000,000;
Fiscal year 1984: $1,096,650,000,000;
and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:
Fiscal year 1983: $34,850,000,000;
Fiscal year 1984: $1,800,000,000.

SEC. 205. Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1983 and 1984 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:
(1) National Defense (050):
Fiscal year 1983:
(A) New budget authority, $259,600,000,000.
(B) Outlays, $226,000,000,000.
Fiscal year 1984:
(A) New budget authority $294,900,000,000.
(B) Outlays, $255,600,000,000.
(2) International Affairs (150):
Fiscal year 1983:
(A) New budget authority, $17,700,000,000.
(B) Outlays, $11,800,000,000.
Fiscal year 1984:
(A) New budget authority, $16,300,000,000.
(B) Outlays, $12,200,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1983:
(A) New budget authority, $7,700,000,000.
(B) Outlays, $7,300,000,000.
Fiscal year 1984:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,200,000,000.
(4) Energy (270):
Fiscal year 1983:
(A) New budget authority, $5,000,000,000.
(B) Outlays, $4,600,000,000.
Fiscal year 1984:
(A) New budget authority, $5,300,000,000.
(B) Outlays, $4,700,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1983:
(A) New budget authority, $10,600,000,000.
(B) Outlays, $11,000,000,000.
Fiscal year 1984:
(A) New budget authority, $10,300,000,000.
(B) Outlays, $9,700,000,000.
(6) Agriculture (350):
Fiscal year 1983:
(A) New budget authority, $5,700,000,000.
(B) Outlays, $3,900,000,000.
Fiscal year 1984:
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,000,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1983:
(A) New budget authority, $5,400,000,000.
(B) Outlays, $3,400,000,000.
Fiscal year 1984:
(A) New budget authority, $5,800,000,000.
(B) Outlays, $3,100,000,000.
(8) Transportation (400):
Fiscal year 1983:
(A) New budget authority, $21,200,000,000.
(B) Outlays, $20,300,000,000.
Fiscal year 1984:
(A) New budget authority, $21,300,000,000.
(B) Outlays, $21,000,000,000.
(9) Community and Regional Development (450):
Fiscal year 1983:
(A) New budget authority, $7,400,000,000.
(B) Outlays, $7,600,000,000.
Fiscal year 1984:
(A) New budget authority, $7,400,000,000.
(B) Outlays, $7,300,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1983:
(A) New budget authority, $24,800,000,000.
(B) Outlays, $24,700,000,000.
Fiscal year 1984:
(A) New budget authority, $24,800,000,000.
(B) Outlays, $24,000,000,000.
(11) Health (550):
Fiscal year 1983:
(A) New budget authority, $90,900,000,000.
(B) Outlays, $81,600,000,000.
Fiscal year 1984:
(A) New budget authority, $99,000,000,000.
(B) Outlays, $90,300,000,000.
(12) Income Security (600):
Fiscal year 1983:
(A) New budget authority, $284,200,000,000.
(B) Outlays, $260,100,000,000.
Fiscal year 1984:
(A) New budget authority, $303,500,000,000.
(B) Outlays, $277,100,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1983:
(A) New budget authority, $26,250,000,000.
(B) Outlays, $25,450,000,000.
Fiscal year 1984:
(A) New budget authority, $28,500,000,000.
(B) Outlays, $27,150,000,000.
(14) Administration of Justice (750):
Fiscal year 1983:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,100,000,000.
Fiscal year 1984:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,000,000,000.
(15) General Government (800):
Fiscal year 1983:
(A) New budget authority, $5,300,000,000.
(B) Outlays, $4,900,000,000.
Fiscal year 1984:
(A) New budget authority, $5,000,000,000.
(B) Outlays, $4,800,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1983:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
Fiscal year 1984:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $6,700,000,000.
(17) Interest (900):
Fiscal year 1983:
(A) New budget authority, $83,600,000,000.
(B) Outlays, $83,600,000,000.
Fiscal year 1984:
(A) New budget authority, $83,550,000,000.
(B) Outlays, $83,550,000,000.
(18) Allowances (920):
Fiscal year 1983:
(A) New budget authority, −$20,400,000,000.
(B) Outlays, −$20,500,000,000.
Fiscal year 1984:
(A) New budget authority, −$34,600,000,000.
(B) Outlays, −$34,700,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1983:
(A) New budget authority, −$34,800,000,000.
(B) Outlays, −$34,800,000,000.
Fiscal year 1984:
(A) New budget authority, −$37,400,000,000.
(B) Outlays, −$37,400,000,000.

SEC. 206. The question of indexing is a central part of developing Federal fiscal policy. About half the spending-side of the Federal budget is subject to indexing either

explicitly or implicitly. On the other hand, Congress has subjected the taxpayer to reverse indexing, whereby Federal taxes rise 1.5 per centum for every 1 per centum increase in inflation. It is the sense of Congress that the leadership of both parties should form a bipartisan effort to make recommendations on indexing changes so that the spending side of the budget becomes more controllable through the budget process and the taxpayers are protected from unlegislated tax increases brought on by inflation. These recommendations should be made in time to be implemented no later than fiscal year 1984.

TITLE III—PROVIDING RECONCILIATION INSTRUCTIONS AND OTHER ENFORCEMENT MEASURES

PART A—RECONCILIATION INSTRUCTIONS

SEC. 301. Pursuant to section 301(b)(2) of the Budget Act:

(1)(A) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $255,000,000 and outlays by $709,000,000 in fiscal year 1982; to reduce budget authority by $425,000,000 and outlays by $381,000,000 in fiscal year 1983; and to reduce budget authority by $712,000,000 and outlays by $546,000,000 in fiscal year 1984; and

(B) the House Committee on Agriculture shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,926,000,000 in budget authority and $1,778,000,000 in outlays for fiscal year 1982; $2,556,000,000 in budget authority and $2,430,000,000 in outlays for fiscal year 1983; and $3,029,000,000 in budget authority and $2,938,000,000 in outlays for fiscal year 1984.

(2) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $966,000,000 and outlays by $966,000,000 in fiscal year 1982; to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983; and to reduce budget authority by $511,000,000 and outlays by $511,000,000 in fiscal year 1984; and

(3) The House Committee on Banking, Finance and Urban Affairs shall report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $12,914,000,000 in budget authority and $757,000,000 in outlays for fiscal year 1982; $15,219,000,000 in budget authority and $1,930,000,000 in outlays for fiscal year 1983; and $17,735,000,000 in budget authority and $3,256,000,000 in outlays for fiscal year 1984.

(4) The House Committee on the District of Columbia shall report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $39,000,000 in budget authority and $40,000,000 in outlays for fiscal year 1982; $56,000,000 in budget authority and $64,000,000 in outlays for fiscal year 1983; and $72,000,000 in budget authority and $69,000,000 in outlays for fiscal year 1984.

(5)(A) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $808,000,000 and outlays by $765,000,000 in fiscal year 1982; to reduce budget authority by $1,681,000,000 and outlays by $1,572,000,000 in fiscal year 1983; and to reduce budget authority by $2,785,000,000 and outlays by $2,630,000,000 in fiscal year 1984; and

(B) the House Committee on Education and Labor shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee to as to achieve savings in budget authority and outlays as follows: $12,736,000,000 in budget authority and $10,395,000,000 in outlays for fiscal year 1982; $14,511,000,000 in budget authority and $13,142,000,000 in outlays for fiscal year 1983; and $17,030,000,000 in budget authority and $15,360,000,000 in outlays for fiscal year 1984.

(6)(A) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $1,518,000,000 and outlays by $1,221,000,000 in fiscal year 1982; to reduce budget authority by $1,978,000,000 and outlays by $1,825,000,000 in fiscal year 1983; and to reduce budget authority by $2,486,000,000 and outlays by $2,347,000,000 in fiscal year 1984; and

(B) the House Committee on Energy and Commerce shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $4,885,000,000 in budget authority and $4,082,000,000 in outlays for fiscal year 1982; $5,251,000,000 in budget authority and $4,845,000,000 in outlays for fiscal year 1983; and $5,297,000,000 in budget authority and $5,101,000,000 in outlays for fiscal year 1984.

(7) The House Committee on Foreign Affairs shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $150,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1982; $196,000,000 in budget authority and $167,000,000 in outlays for fiscal year 1983; and $245,000,000 in budget authority and $230,000,000 in outlays for fiscal year 1984.

(8) The House Committee on Interior and Insular Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $815,000,000 and outlays by $369,000,000 in fiscal year 1982; to reduce budget authority by $796,000,000 and outlays by $564,000,000 in fiscal year 1983; and to reduce budget authority by $774,000,000 and outlays by $654,000,000 in fiscal year 1984.

(9) The House Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982; $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983; and $144,000,000 in budget authority and $124,000,000 in outlays for fiscal year 1984.

(10)(A) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $110,000,000 and outlays by $110,000,000 in fiscal year 1982; to reduce budget authority by $179,000,000 and outlays by $179,000,000 in fiscal year 1983; and to reduce budget authority by $191,000,000 and outlays by $191,000,000 in fiscal year 1984; and

(B) the House Committee on Merchant Marine and Fisheries shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $147,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1982; $60,000,000 in budget authority and $32,000,000 in outlays for fiscal year 1983; and $71,000,000 in budget authority and $60,000,000 in outlays for fiscal year 1984.

(11)(A) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $000,000 and outlays by $513,000,000 in fiscal year 1982; to reduce budget authority by $000,000 and outlays by $414,000,000 in fiscal year 1983; and to reduce budget authority by $000,000 and outlays by $357,000,000 in fiscal year 1984; and

(B) the House Committee on Post Office and Civil Service shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $4,737,000,000 in budget authority and $4,650,000,000 in outlays for fiscal year 1982; $6,304,000,000 in budget authority and $6,324,000,000 in outlays for fiscal year 1983; and $7,390,000,000 in budget authority and $7,371,000,000 in outlays for fiscal year 1984.

(12)(A) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $000,000 and outlays by $185,000,000 in fiscal year 1982; to reduce budget authority by $000,000 and outlays by $900,000,000 in fiscal year 1983; and to reduce budget authority by $000,000 and outlays by $1,365,000,000 in fiscal year 1984; and

(B) The House Committee on Public Works and Transportation shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $6,606,000,000 in budget authority and $1,163,000,000 in outlays for fiscal year 1982; $5,122,000,000 in budget authority and $2,665,000,000 in outlays for fiscal year 1983; and $6,241,000,000 in budget authority and $4,355,000,000 in outlays for fiscal year 1984.

(13) The House Committee on Science and Technology shall report changes in laws

within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $78,000,000 in budget authority and $39,000,000 in outlays for fiscal year 1982; $90,000,000 in budget authority and $59,000,000 in outlays for fiscal year 1983; and $102,000,000 in budget authority and $83,000,000 in outlays for fiscal year 1984.

(14) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $371,000,000 in budget authority and $247,000,000 in outlays for fiscal year 1982; $487,000,000 in budget authority and $459,000,000 in outlays for fiscal year 1983; and $554,000,000 in budget authority and $533,000,000 in outlays for fiscal year 1984.

(15) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $110,000,000 and outlays $110,000,000 in fiscal year 1982; to reduce budget authority by $108,000,000 and outlays by $108,000,000 in fiscal year 1983; and to reduce budget authority by $106,000,000 and outlays by $106,000,000 in fiscal year 1984.

(16)(A) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344 sufficient to reduce budget authority by $3,831,000,000 and outlays $7,619,000,000 in fiscal year 1982; to reduce budget authority by $3,817,000,000 and outlays by $8,316,000,000 in fiscal year 1983; and to reduce budget authority by $3,694,000,000 and outlays by $8,681,000,000 for fiscal year 1984; and

(B) the House Committee on Ways and Means shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $978,000,000 in budget authority and $994,000,000 in outlays for fiscal year 1982; $1,294,000,000 in budget authority and $1,312,000,000 in outlays for fiscal year 1983; and $1,647,000,000 in budget authority and $1,675,000,000 in outlays for fiscal year 1984.

SEC. 302. Pursuant to section 301(b)(2) of the Budget Act:

(1)(A) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $497,000,000 and outlays by $944,000,000 in fiscal year 1982; to reduce budget authority by $684,000,000 and outlays by $637,000,000 in fiscal year 1983; and to reduce budget authority by $986,000,000 and outlays by $816,000,000 in fiscal year 1984; and

(B) the Senate Committee on Agriculture, Nutrition, and Forestry shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $3,765,000,000 in budget authority and $3,589,000,000 in outlays for fiscal year 1982; $4,578,000,000 in budget authority and $4,432,000,000 in outlays for fiscal year 1983; and $5,247,000,000 in budget authority and $5,137,000,000 in outlays for fiscal year 1984.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $966,000,000 and outlays by $966,000,000 in fiscal year 1982; to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983; and to reduce budget authority by $511,000,000 and outlays by $511,000,000 in fiscal year 1984.

(3) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $14,495,000,000 in budget authority and $1,087,000,000 in outlays for fiscal year 1982; $17,097,000,000 in budget authority and $2,665,000,000 in outlays for fiscal year 1983; and $20,249,000 in budget authority and $4,666,000,000 in outlays for fiscal year 1984.

(4) The Senate Committee on Commerce, Science, and Transportation shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,558,000,000 in budget authority and $884,000,000 in outlays for fiscal year 1982; $1,598,000,000 in budget authority and $1,328,000,000 in outlays for fiscal year 1983; and $1,465,000,000 in budget authority and $1,337,000,000 in outlays for fiscal year 1984.

(5) The Senate Committee on Energy and Natural Resources shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $3,714,000,000 in budget authority and $3,348,000,000 in outlays for fiscal year 1982; $3,660,000,000 in budget authority and $3,497,000,000 in outlays for fiscal year 1983; and $3,604,000,000 in budget authority and $3,551,000,000 in outlays for fiscal year 1984.

(6)(A) The Senate Committee on Environment and Public Works shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $185,000,000 in fiscal year 1982; to reduce outlays by $900,000,000 in fiscal year 1983; and to reduce outlays by $1,365,000,000 in fiscal year 1984; and

(B) the Senate Committee on Environment and Public Works shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $4,835,000,000 in budget authority and $793,000,000 in outlays for fiscal year 1982; $3,035,000,000 in budget authority and $1,840,000,000 in outlays for fiscal year 1983; and $3,500,000,000 in budget authority and $2,800,000,000 in outlays for fiscal year 1984.

(7)(A) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $5,107,000,000 and outlays by $8,646,000,000 in fiscal year 1982; to reduce budget authority by $5,459,000,000 and outlays by $9,803,000,000 in fiscal year 1983 and to reduce budget authority by $5,806,000,000 and outlays by $10,635,000,000 in fiscal year 1984.

(B) the Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $96,000,000 in budget authority and $112,000,000 in outlays for fiscal year 1982; $114,000,000 in budget authority and $132,000,000 in outlays for fiscal year 1983; and $149,000,000 in budget authority and $177,000,000 in outlays for fiscal year 1984.

(8) The Senate Committee on Foreign Relations shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $150,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1982; $196,000,000 in budget authority and $167,000,000 in outlays for fiscal year 1983; and $245,000,000 in budget authority and $230,000,000 in outlays for fiscal year 1984.

(9)(A) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $000,000 and outlays by $513,000,000 in fiscal year 1982; to reduce budget authority by $000,00 and outlays by $414,000,000 in fiscal year 1983 and to reduce budget authority by $000,000 and outlays by $357,000,000 in fiscal year 1984.

(B) The Senate Committee on Governmental Affairs shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows; $4,776,000,000 in budget authority and $4,690,000,000 in outlays for fiscal year 1982; $6,360,000,000 in budget authority and $6,388,000,000 in outlays for fiscal year 1983; and $7,462,000,000 in budget authority and $7,440,000,000 in outlays for fiscal year 1984.

(10) The Senate Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982; $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983; and $144,000,000 in budget authority and $124,000,000 in outlays for fiscal year 1984.

(11)(A) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $676,000,000 and outlays by $680,000,000 in fiscal year 1982; to reduce budget authority by $1,601,000,000 and outlays by $1,535,000,000 in fiscal year 1983 and to reduce budget authority by $2,702,000,000

and outlays by $2,591,000,000 in fiscal year 1984; and

(B) the Senate Committee on Labor and Human Resources shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $12,461,000,000 in budget authority and $9,698,000,000 in outlays for fiscal year 1982; $14,621,000,000 in budget authority and $12,958,000,000 in outlays for fiscal year 1983; and $17,482,000,000 in budget authority and $15,651,000,000 in outlays for fiscal year 1984.

(12) The Senate Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $371,000,000 in budget authority and $247,000,000 in outlays for fiscal year 1982; $487,000,000 in budget authority and $459,000,000 in outlays for fiscal year 1983; and $554,000,000 in budget authority and $533,000,000 in outlays for fiscal year 1984.

(13) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $110,000,000 and outlays by $110,000,000 in fiscal year 1982; to reduce budget authority by $108,000,000 and outlays by $108,000,000 in fiscal year 1983 and to reduce budget authority by $106,000,000 and outlays by $106,000,000 in fiscal year 1984; and

SEC. 303. In order to give the committees named in sections 301 and 302 flexibility in meeting the reconciliation instructions, a committee may at its option, substitute in whole or in part reductions in spending authority as defined by section 410(c)(2)(C) of Public Law 93-344 for reductions specified to be made in authorizations under that committee's jurisdiction in order to reduce appropriations, so long as the total amount of budget authority and outlay reductions for each fiscal year is the same as or greater than the amounts assigned to that committee in section 301 or 302 above.

SEC. 304. Not later than June 15, 1981, the committees named in sections 301 and 302 shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by such sections. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

PART B—ENFORCEMENT MEASURES

SEC. 311. (a) No bill or resolution providing—

(1) new budget authority for fiscal year 1982, or

new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1982—

which exceeds the appropriate allocation or subdivision made pursuant to section 302 of such Act shall be enrolled until after Congress has completed action on the second concurrent resolution on the budget required to be reported under section 310 of such Act, and on any reconciliation legislation required by such resolution.

(b) Subsection (a) shall not apply to bills and resolutions for which a conference report has been filed in either House prior to final adoption by both Houses of this resolution.

Mr. LATTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. WEISS. Mr. Chairman, reserving the right to object, my concern really is that we have full opportunity to debate the Gramm-Latta substitute resolution, and if in fact we have the assurance that there will be no attempt to cut off, to curtail debate, I will withdraw my reservation.

However, if in fact this is a preliminary move then to start the express train rolling, I have no choice except to object.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I would be happy to yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Chairman, I have to say in all candor that we want to give ample opportunity for full debate, but I could not agree to any demand that under no circumstances would we curtail debate.

If the gentleman wants to object and read it, fine, we will stay and hear it.

Mr. WEISS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. LATTA. Mr. Chairman, I move that the amendment be considered as read and printed in the RECORD.

The motion was agreed to.

Mr. JONES of Oklahoma. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the majority leader, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Chairman, I asked the gentleman to yield only that I might announce before we all leave the Chamber, because I believe the gentleman from Oklahoma is going to move that the committee do now rise, that I think everyone ought to understand that it will be my intention after we get back into the House to ask unanimous consent that when we adjourn today we adjourn to meet at 10 o'clock tomorrow so we will have time to debate the proposition before us.

● Mr. OTTINGER. Mr. Chairman, for months, I have joined many of my colleagues in trying to point out the follies inherent in the Reagan budget proposals regarding our Nation's energy and environmental futures. I think two news columns, the first written by John Oakes, formerly senior editor of the New York Times, and the second written by Richard Mathews of the Atlanta Journal, will give my colleagues some food for thought as we engage in floor debate on the Federal budget.

[From the New York Times, Apr. 30, 1981]

REAGANVIRONMENTALISM

(By John B. Oakes)

Under cover of the buzz words "conservatism" and "budget-cutting," President Reagan is pushing ahead with natural-resource policies that are radical, inflationary, economically unsound and environmentally degrading.

These policies are precursors of the most profligate squandering of American's publicly owned natural resources since Teapot Dome. But unlike Teapot Dome, this time it would be within the law—and irretrievable.

"We will use the budget system to be the excuse to make major policy decisions," exclaims James G. Watt, the extremist ideologue who is Secretary of the Interior. A fanatical believer in the maximum development of resources in even the most protected of public lands, he advocates an "aggressive program with the private entrepreneurs who are willing to invest and manage resources" in the national parks. "We're in a hurry and we're willing to take risks," he boasts.

The implications of the Reagan-Watt environmental budget are clear. They have little to do with saving money. They are designed to cripple congressionally ordained natural-resource, environmental, and public-health programs that may interfere with maximum development.

The job has already been started with Mr. Reagan's radical step in appointing development-minded anti-environmentalists to almost every major environmental post. Among the more outrageous appointments, full of conflicts of interest, are those of Robert F. Burford, a Colorado cattleman and former legislator, to head the Bureau of Land Management, which controls grazing rights on Federal rangeland; his Colorado friend Anne M. Gorsuch, who has no discernible qualifications for her highly technical post as Environmental Protection Administrator; James R. Harris of Indiana, an opponent of strip-mine regulations (from which he has personally profited), to head the Office of Surface Mining; and John B. Crowell, former general counsel of the Louisiana-Pacific timber company, to be the assistant secretary of agriculture in charge of the national forests on which Louisiana-Pacific (among others) depends for federally subsidized timber cuts.

President Reagan's 1982 budget would finish the job. In the next fiscal year, it would block virtually all further acquisition of ecologically significant land for public preservation—at a saving of $300 million. These lands would almost certainly have to be acquired for the same purposes at some future date (if they were not clear cut or paved over by that time)—and at infinitely greater cost.

Programs to help states curb the irreversible loss of coastal wetlands and to plan rationally for coastal development are to be all but destroyed, to "save" $35 million—and at a future cost of hundreds of millions in damage to fisheries, protective dunes, and recreation areas. Habitat preservation, endangered-species protection, wildlife refuges—all would be skeletonized.

Funds for inspection and enforcement of stip-mining regulations are to be cut by 44 percent, obviously to make them as ineffective as possible. Vital public-health research programs (in such areas as airborne contaminants), the handling of uncontrolled hazardous wastes, the protection of water quality against industrial toxic pollutants—

all are to be phased down or out. The Council on Environmental Quality, nerve center of environmental concerns at the White House level, would—not surprisingly—be reduced to total impotence with a two-thirds cut in its budget.

Energy-conservation programs would greatly lessen future needs for imported oil. They are to be cut by 75 percent. A congressionally authorized bank to promote residential, commercial, and agricultural energy conservation is to be abolished before it begins.

The supreme cynicism of the Reagan program is that the President could achieve—and even surpass—his worthy budget-cutting goals without declaring war on energy conservation, on the nation's natural resources, and on the environment. He has deliberately failed to make serious reductions in the most inflationary and uneconomic of the pork-barrel projects that dot the South and West at a cost of billions of dollars to the taxpayer. At least $600 million for such projects could and should be cut out of the Reagan budget for 1982 alone. If this were done, it would more than compensate for restoring many of the environmentally protective programs now marked for devastation.

The purposeful refusal to cut the budget in ways less harmful to the environment and less contemptuous of energy conservation makes a sham of Mr. Reagan's "economizing" pretentions. His proposed budget—along with many of his major appointments—is a vicious and radical assault on America's painfully constructed environmental-protection system.

Will Congress and the American people please wake up?

[Atlanta Journal, Apr. 28, 1981]

REAGAN GAMBLES WITH ENERGY FUTURE

A few weeks ago I wondered in this column whether the Reagan administration really had an energy policy that would ensure that the United States has, 10 or 20 years down the road, a sufficient supply of energy at a price the nation could afford.

Now I have met the man who is going to be telling Energy Secretary James Edwards what to think, and I know the answer. It is "no." The administration not only doesn't have an energy policy, it doesn't want one.

Ben C. Rusche, an old hand from the nuclear industry and now executive director of the South Carolina Energy Research Institute, has been appointed special assistant to Edwards for policy and programs. Speaking Friday night at a world energy seminar at Emory University, he made it quite clear he doesn't believe the government ought to play any direct role in deciding how much energy America has, how much it needs, what balance of sources is available, or how much it ought to cost us.

"The government has a role to play, but it cannot supplant our free-enterprise system," he said, echoing other Reagan officials. "The role of the federal government ought to be one of facilitation and minimum involvement."

That means, of course, deregulating as much as possible and stepping back to let energy industries do whatever they want. The theory is that they will produce oil or coal or gas or nuclear power and charge as much as they can for it, and the public will choose which one it favors based largely on price. That way, Rusche and the Reagan administration assume, enough energy will be produced to provide whatever lifestyle we can afford.

It wasn't until I heard Rusche's glib, doctrinaire statement of this non-policy that it finally dawned on me what the fatal flaw in it is. The idea that the private sector can do a better job of securing our energy future than the government can presumes that the goals of the private sector are the same as those of society—and they patently are not.

The duty of any government is to provide for the security and general well-being of a nation's people. That requires making certain that the nation has enough energy to operate its economy, at a price that does not itself destroy that economy. Achieving that should be the goal of a federal energy policy.

The goals of private industry have nothing to do with the needs of the country as a whole. The duty of a company's management is to provide the greatest possible return on investment to its stockholders, and it will do whatever it thinks will achieve that.

If oil were not a declining resource, oil companies could continue to make money by finding more of it and selling it; the goals of government and business would coincide. But oil is declining, and unlike the Reagan administration the industry knows we cannot produce our way out of dependence on imports. So Big Oil is using billions of dollars of its profits from decontrolled domestic oil prices not to search for non-existent oil, but to buy up companies in non-energy fields like minerals and merchandising and manufacturing.

It's hard to blame them for it; under the free-market system, they are wise to diversify so they will have something to sell when the oil gets too scarce. That sets them up so they can sell as much oil as possible now to maximize profits, and one day when it becomes more profitable they can drop their oil business and concentrate entirely on their new specialties. As Edward M. Benson, vice chairman of Arco, said in Forbes magazine: "The smart oil companies are going to know how long to continue to throw massive amounts of money into drilling and when to stop. It's like the stock market. You've got to know when to get out."

But is this any way to run a national energy policy? Doesn't someone—namely the government—have the responsibility to make plans so that the nation's energy future is a success? I asked Rusche that, and his only answer was, "Well, how do you define success?"

Defining success is precisely the role government is morally obligated to play. Someone whose only interest is the good of all the people—not just his stockholders—must take the long view and make decisions about how much energy we must have and how much we can really afford to pay for it. The government should not produce the energy itself, but it should provide incentives or restrictions that will guide all of us toward that target.

A government that refuses to do that and instead leaves our energy future solely in the hands of people whose only goal is to make more money for themselves is abrogating its responsibilities in a way that is almost criminally negligent.●

● Mr. THOMAS. Mr. Chairman, as Congress considers the national budget, it must not turn aside from the decisions which must be made now to insure the future well-being of our Nation.

I agree with President Reagan that America faces economic calamity if it stays on the same, well-worn, "government-as-usual" path which ignores economic reality. It is about time we had a President who is not afraid to tell Americans the truth about the mess we are in, and who is not afraid to tell us what we need to do to work ourselves out of it.

The time has come for an immediate, sweeping and lasting change in our Government's role in America, and we must begin with the national budget. The budget embodies in dollars and cents exactly what Government will do, for whom and at what cost.

In the Reagan bipartisan budget, Congress has the opportunity to begin reversing the process of overspending, overtaxing, and overregulating which has mortgaged the future of its citizens. As the President told Congress recently, it is time for a diet.

Opponents of the Reagan bipartisan budget have paid lipservice to the idea of budget-cutting in their campaigns. However, now that it is time to deliver those cuts, to put the President's program into action, these opponents have instead crafted a poor imitation of the President's plan.

The Jones budget will cost taxpayers $132 billion more than the Reagan plan over the next 3 years. Its supporters claim it will result in a smaller deficit than the Reagan budget, but their claims rest upon faulty economic forecasts, doctoring of figures and, most important, higher taxes.

The Reagan plan includes a 3-year tax cut as one of the steps to economic recovery. The Jones budget provides only a third of the individual tax relief than is offered under the Reagan plan. Also, the Reagan plan calls for a tax cut now, not in 6 months.

President Reagan's budget will bolster our Nation's defenses at a critical time. It provides pay increases for military personnel and added civilian employees who are needed to improve military readiness. It provides increased funds to develop our nuclear weapon forces. It calls for reactivating naval ships at a time when we badly need a rapid, cost-effective means of bolstering naval power.

In brief, the Reagan budget represents a new course, while the Jones budget spells "government-as-usual" to a nation fed up with "government-as-usual." The President's budget challenges the two-decade growth of the Federal Government, while the imitation budget attempts a few cosmetic spending cuts with no end to spending growth.

Mr. Speaker, in our home districts we have found virtually the same verdict everywhere: "Support the President's programs," the people are saying. "Let us help ourselves instead of letting the government spend us into debt. We need a change."

I am here to tell this body that the people of the 18th District of Califor-

nia support the President's plan. I urge my colleagues on both sides of the aisle to join in insuring that the will of the people is done by approving President Reagan's budget.●

● Mr. RAHALL. Mr. Chairman, this House is presently considering the most dramatic change in the operation of the Federal Government in over 50 years.

While the task of reducing Government spending may be distasteful to some of us, we realize that Government must slim itself down—it must spend more wisely and tax less.

Thomas Jefferson once said, "the care of human life, and not its destruction, is the first and only legitimate object of good Government."

Mr. Chairman, the resolution before us, offered by the House Budget Committee is good Government. It does what the President wants, in a spirit of bipartisanship, and then some.

This budget resolution reduces Government spending by almost $30 billion.

This budget resolution reduces the Federal deficit by $19 billion more than the President originally wanted.

This budget resolution provides a record $226 billion in outlays for national defense, the largest peacetime expenditure ever in both real dollars and in percentage terms. It is exactly what the President requested.

This budget resolution is consistent with the objectives of the Reagan administration, as it provides the President with 75 percent of the budget cuts he requested.

Mr. Chairman, this budget resolution carries out the desires of the American people, to trim back the Federal Government, and does so in an equitable and compassionate manner.

It is an equitable budget resolution, because it distributes spending reduction throughout every function of the Federal Government.

It is compassionate, because while reducing spending, it still addresses the needs of the aged, our poor, our young, and our unemployed.

There will be a tightening up of wasteful and unnecessary practices in the defense department, while increasing important national security programs.

There are cuts in the energy field, cuts in programs to advance nuclear energy, but there are increases of over $200 million in the development of synthetic fuels.

There are cuts in public works programs, but there is an increase of $100 million in needed water and sewage treatment facilities, many of which are located in southern West Virginia.

There are cuts in transportation, but in the Amtrak passenger train system, $200 million would be added for service to many rural regions of the Nation.

The Appalachian Regional Commission and Economic Development Administration would not be abruptly eliminated, but they would share equitably in the spending reductions.

There are cuts in education and employment training, but not in the Head Start program. There would also be increases of $150 million for vocational education, $500 million in student loans, $500 million for elementary and secondary education, and $600 million for employment training.

There are cuts in Health programs, but an increase of over $1 billion for medicaid.

There are cuts in income security, but increases of $200 million to strengthen the black lung trust fund, $650 million for food stamps, and $1.3 billion for child nutrition programs to feed the truly needy.

There are cuts in veterans programs, but $300 million in increases for medical care, and efforts designed to help Vietnam veterans, especially the vet centers located throughout the country and in Huntington, W. Va.

While there are cuts in general Government operations, the Legal Services Corporation would not be eliminated and the poor would not suffer further.

Granted, the House Budget Committee made changes in the President's plan, but it did so only to continue programs that are truly needed by the truly needy and where a mutual trust between the Federal and State Governments has proven successful. Most of all, these spending reductions have been carried out fairly and have given President Reagan more than he actually requested.

Mr. Chairman, this budget plan is not done in the name of partisan politics. It is not done in the name of Democrat versus Republican, or Liberal versus Conservative. It is done in the name of what is right versus what is wrong.

This is a fair proposal, and the members of the House Budget Committee, both Republican and Democrat alike should be commended on a job well done. They have answered the call of the American people, and I support their efforts.●

● Mr. WILLIAM J. COYNE. Mr. Chairman, I strongly urge that we adopt the Obey amendment.

It is the best option available for maintaining a humane level of services for our fellow citizens who, through no fault of their own, need assistance.

On tax policy, it reflects what so many people tell me when I meet them back in my home district. They say, "Forget about a 10-percent tax cut and save these programs that are needed to keep people working and to keep our city healthy."

This is a prudent fiscal package. It is the balanced budget alternative. In contrast to the $31 billion deficit expected under the administration's proposal, the Obey budget will keep Federal expenditures within the limits of Federal income. It does not promise to do this years down the pike, but right away. It will cut down on the runaway national debt and the heavy interest burden this imposes. It is thus the anti-inflation alternative.

On the spending side, the Obey measure is attuned to the times. It must be characterized as cautious—as measured against the spending trends of the past decade.

Although the administration budget flies under the banner of conservatism, it strikes me as radical. Gramm-Latta seems radical in the cuts it imposes on schoolchildren, on infants, on the elderly, on the unskilled who now benefit from job training programs. It strikes me as radical, too, in the new economic theories on which it is based. It assumes, for example, that Americans can spend their way out of inflation. It assumes that cutting out Federal programs that bolster employment will somehow result in more jobs. It assumes that whittling support for research and college training will increase productivity. It assumes that we can overcome our energy shortages by imposing severe cutbacks to energy-efficient rail transport.

Despite my own extreme misgivings about the administration's Gramm-Latta package, I can respect those who support it because of their genuine conviction that these proposals will be good for the country.

There are some who share my own fears that the administration's recommendations will hurt the country, but are tempted to lend their support because eventual failures from the new strategy will assure the defeat of the Republicans in the next elections.

We should not be playing these political games. Mr. Chairman, I believe we were elected to serve the best interests of our districts and of the country. Those of us who foresee troubles arising from the administration budget have a responsibility to prevent the Federal Government from taking us down the wrong road. The Obey measure gives us the opportunity to do just that.

As the Representative from Pittsburgh, I want to say that the cities of America are looking to Congress to prevent them from being handicapped. My city, like many others, through splendid cooperation between private and public sectors, has been taking the difficult road back to revitalization. The Government is not the enemy, but a partner in this effort. The Obey measure comes closest to saving programs which are vital to every large city.

In conclusion, I repeat that our task here is not to help or hurt the new administration. Our duty is to support the measure that comes closest to

serving the well-being of the Nation in the next several years. The Obey amendment, I believe, will do that.●

Mr. JONES of Oklahoma. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FROST, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 a.m. tomorrow.

The SPEAKER. Is there objection to the request of the majority leader, the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. FUQUA. Mr. Speaker, in light of the unanimous consent request of the gentleman from Texas, I ask unanimous consent that the Committee on Science and Technology be permitted to sit tomorrow during the time the House is under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

ADMINISTRATION UNDERMINES BASIC PROTECTION FOR AMERICAN WORKERS

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, this administration has creatively used media events to portray concern for workers, while at the same time quietly and hypocritically undermining basic protections for American workers.

In the last few weeks, the Secretary of Labor has engaged in several high-publicity raids on sweatshops in the New York and Chicago garment centers. He has promised tougher enforcement of the fair labor laws, and has said he will propose stronger legislation.

But these raids are nothing but phony theatrical stunts which disguise this administration's hypocritical efforts to obstruct enforcement of the fair labor standards laws.

Yesterday in the Federal Register, the Secretary quietly announced a new policy which will undermine his ability to enforce the law, and which will stimulate the proliferation of sweatshops throughout this country.

This action illustrates the administration's duplicity on the issue of worker safety, health, and working standards.

On the one hand, the Secretary personally raids sweatshops in Chinatown.

On the other hand, the Secretary recommends drastic reductions in the staff charged with enforcing the Fair Labor Standards Act, with the biggest cuts targeted for the sweatshop centers, New York City and Los Angeles.

On the one hand, the Secretary says that the wage and hour laws "should be much more severe" and promised to ask Congress to enact tougher legislation.

On the other hand, the Secretary proposes the elimination of the industrial homework prohibition, which will make enforcement of the minimum wage and overtime laws "nearly impossible," in the words of a high-ranking Labor Department official.

The garment industry did not call for his change. The industry knows that the Secretary's actions will encourage the unscrupulous employer to undermine law-abiding manufacturers and contractors.

The Secretary does not argue that rescinding the 40-year-old restriction will help eliminate sweatshops. Instead, it will encourage their rapid proliferation.

As the chairman of the Subcommittee on Labor Standards which oversees administration of the Fair Labor Standards Act, I want to assure employers and workers in the garment industry that I intend to challenge this action which I believe is a clear abandonment of the Labor Department's mandate to improve the working conditions of American working men and women.

A CASE OF JUDICIAL ARROGANCE

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, according to the morning news it appears Federal District Judge Aubrey Robinson has confused his own powers with those vested by the Constitution in the Congress.

The story relates that Judge Robinson "got so angry" at Interior Secretary James G. Watt that he ordered the Secretary to pay attorneys a settlement of $230,400 instead of a stated figure of $59,500. He levied punitive damages in the form of higher legal fees for members of his own profession.

The court is arbitrarily spending public money, the constitutional role of the Congress, not of the judiciary. Moreover, this judge is arbitrarily deciding that the Secretary of the Interior is not doing his job, so the judge is reprimanding the Secretary, a member of the executive branch of government.

This is an arrogant violation of separation of powers by an official who, because of a lifetime appointment, is not accountable to the people and, in fact, is beyond the reach of anyone.

Mr. Speaker, I insert the news story in the RECORD.

JUDGE RAISES LAWYER FEES TO PUNISH SECRETARY WATT

(By Joanne Omang)

A federal judge got so angry at Interior Secretary James G. Watt's effort to avoid paying environmentalists $59,500 in attorneys' fees that he ordered Watt yesterday to pay $230,400 instead.

District Judge Aubrey Robinson ruled that the government had wrongly breached an agreement it signed last Jan. 19, in the last days of the Carter administration, on fees due three environmentalist attorneys for their work opposing Interior over oil leasing off the coast of Alaska. The refusal to pay, the judge said, was a $170,000 mistake.

Robinson ruled that the government should have paid the lawyers more than $59,500, so he increased their settlement and then added a 15 percent penalty on top of that as punishment for the delay. The government would have had to pay none of this extra money if it had paid them in the first place, he said.

"It is ironic that the federal government, which is seeking to stem wasteful government spending, consciously avoided the opportunity to save over $170,000 in attorneys' fees and costs by breaching the settlement agreement in this case," Robinson wrote. "No grounds for this breach appear in the record because no grounds exist."

The $59,500 agreement involved the Department of Justice, which handled the so-called Beaufort Sea case for Interior, and attorneys Bruce Terris, representing the North Slope Borough of Alaska; Pat Parenteau of the National Wildlife Federation, and Clifford Curtis of the Center for Law and Social Policy, who represented the Alaskan village of Kaktovik.

The three had argued successfully before Judge Robinson last year that leasing in the Beaufort Sea should be halted because not enough was known about its possible effects on the bowhead whale, an endangered species. The decision was later reversed in the U.S. Circuit Court of Appeals.

"Our people feel it's virtually unprecedented and irregular to pay lawyers a fee for losing a case, so they took it up with the court again," said Harmon Kallman, a spokesman for Interior. They also argued that Department of Justice attorneys signed the agreement without consulting Interior.

Judge Robinson said all that was necessary was that litigation concern an important legal principle. He said the environ-

mentalist attorneys deserved more than their normal fees because of their skillful work and added another 15 percent because of the delay in being paid.

"I guess the judge got sore at us," Kallman said.

THE MX MISSILE SYSTEM

(Mr. LUJAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUJAN. Mr. Speaker, we in the Congress, the President and his administration are currently deliberating and debating an issue of extreme importance to our national defense. The decisions soon to be made concerning the MX missile system will affect all of our lives for decades to come.

Mr. Speaker, I have carefully considered the testimony of numerous witnesses on the system. In addition, I have done extensive research on various approaches to deployment of our strategic retaliatory capabilities.

I fully endorse the concepts of the missile itself and I encourage the swift development and deployment of the weapon. However, I have serious concerns with the idea of land basing this ICBM system, particularly when it is compared with sea basing. Logic and commonsense dictate that we send the MX to sea. Mr. Speaker, I have five basic arguments which require us to look closely at the basing mode for this costly project:

First, our primary strategic retaliatory forces are assigned the responsibility of deterring enemy nuclear attack. By definition, these forces will become a primary target themselves. By deploying the missiles on the U.S. mainland we are, in effect, inviting an attack on our homeland. the initial radioactive fallout will follow the prevailing winds into the heavily populated and industrialized eastern States. On the other hand, if the retaliatory forces were deployed among the Seven Seas, a first strike would, by necessity, be greatly diversified around the globe in unpopulated areas. An enemy attack might boil water, but will not fry people.

Second. The environmental impact of the MX system, if land based, has been inadequately addressed. Described as "the world's largest construction project," the credibility of the environmental impact studies are greatly diminished. But more importantly, there has been no consideration given in the study process of the environmental impact to the region of Utah-Nevada following a nuclear strike against the missile system. Commonsense tells us that it would be devastating.

Third. The cost comparisons are enormous. To construct a complex of 4,600 hardened shelters, with 8,000 miles of roadway which is the equivalent in length to one-quarter of our Interstate Highway System, and to manufacture numerous monster transportation vehicles has been valued at near $100 billion. At sea, the same missiles on a wide variety of seagoing vessels, not limited to submarines, the proven HYDRA method of launch, using the ocean itself as a launching pad has been estimated to be at the least $30 billion cheaper.

Fourth. If the MX is deployed in Utah-Nevada as proposed there is a thin line corridor from those sites to their intended targets within the Soviet Union. The requirement imposed upon the Soviets, in the way of radars and ABM defenses, is significantly lessened. Whereas the necessity of a 360° requirement of defense, forced upon them, when these missiles encircle the U.S.S.R., is not only costly, but most likely beyond their present technology.

Fifth. We have heard a lot of talk and testimony concerning the issue of communications. We have been told by those promoting land basing that contact with the land-based system is much greater than if the missiles were out to sea. I am not convinced that such is accurate. Furthermore, a Soviet strike with high-impact explosions, has the potential of disruption and confusing not only communications with the retaliatory system, but with the guidance controls of the missiles themselves. Such would not be the case if the missiles were distributed worldwide on the high seas.

I have therefore, Mr. Speaker, come to the conclusion that the political problems which are argued by tampering with the Triad system do not compare with the advantages of national security offered by a sea basing mode. I have so communicated my concerns to the President and to the Secretary of Defense who will soon make this gravely significant decision. I ask my colleagues to look very closely at the options before us. And to examine the facts which I have presented, before we draw a bull's-eye on the Western half of our country.

NO ONE ASKED ME

(Mr. DENARDIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DENARDIS. Mr. Speaker, I am submitting a paper entitled "No One Asked Me" which was written by Louise Margolin of Woodmont, Conn. Mrs. Margolin has developed her writing skills at a senior citizens center where she attends a creative writing class. In her article she makes some interesting suggestions to Members of Congress, which she commented in a letter to me "is written in the spirit of fun, but it does have a point."

NO ONE ASKED ME

In the last year we have been told over and over that we must sacrifice to cut inflation. The people have tried. They have obtained wood stoves, changed to small cars, doubled their use of public transportation. The women have spent their valuable time in clipping coupons trying to save money in the supermarkets. I have listened to the experts on the radio talk about: "Prime interest rates, prices of gold, solar energy, gasohol, real estate taxes." These experts won't admit it, but they don't have the answers.

No one has asked me, but I have a couple of suggestions for economizing on the part of Congress.

1. Think of all the money and hot air that was expended over the past year by candidates. If the hot air could be bottled, we'd all keep warm for the winter. So far no one has invented a process for that, and so here is what we would do. All electioneering should be confined to two weeks before elections. In elections, this would save taxpayers millions of dollars.

2. Congressmen should set examples to the people in their personal life styles. Since we have a housing shortage, two Congressmen could double up in one house with their families while in Washington. If they had to do that for a year, I'm sure they'd soon find a way to help the building industry. If the people have to live in small apartments and double up—the Congressmen can do it.

3. All Congressmen should be required to sort out all the coupons their wives have clipped out of the papers. Then they should go to the supermarket at least once a week and use their coupons. They'd save at least $5.00 a week per family. Several Congressmen could go together, hire a bus to go shopping. Then they'd get the feel of how it is to be a Senior Citizen. It might occur to these persons to persuade supermarkets to just cut prices all around and not take up our time looking for coupons to save 10 cents here and there.

4. All Congressmen should be required to eat in Diners, Fast Food places, and taverns. That is where their constituents eat. No fancy restaurants, cocktail parties, but if they stay sober, they could be allowed a glass of beer now and then, the poor man's drink.

5. Congressmen should all be required to use any public transportation but airplanes. They could try riding buses, trains, and, in Washington they could ride bicycles or jog to work. They could talk to people to and from work. They must stay close to the people. When they go to work in this manner, they would have genuine excuses for being late or not getting there at all.

6. All Congress persons should be required to send a little bundle of paper to each constituent every week. This could consist of a number of used forms wrapped in a short note detailing what they did to curtail their personal expenses that week. We have to pay for their franking privileges anyway and we do need fuel for our pot belly stoves.

7. Last, but not least, all Congress persons should have dutch bobs with bangs. Their wives could keep their hair trimmed and we'd know them when we see them on television. All barbershops and beauty shops in the Congressional building should be closed.

Everything in that building costs the taxpayers money. There are many wives who cut their husbands' and sons' hair, plus millions of women give their friends home permanents * * * and what is good enough for the people is good enough for the Congress persons.

I know that Congress persons would rebel at such regulations, but think of the rules and regulations they have saddled the people with. Have you ever appled for food stamps in times of need, tried to fill out a Medicare form while you have a pain in your middle and are trying to get into the hospital?

These little suggestions are small compared to what the "little" people of this country are going through. I do hope, though, that they send me one thing every week. The gas bill will be doubled soon; the light company will have another raise soon; the real estate taxes will double; I could use that bundle of used paper every week. My pot belly stove is hungry.

IMPACT ON DADE COUNTY COMMUNITY OF FEDERAL CUTS IN STATE/FEDERAL INDIVIDUAL ASSISTANCE PROGRAMS

(Mr. PEPPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the following information relates specifically to those programs that are State or federally provided to individuals. The estimates are based solely on the percentage of the national cut in each program area applied to that program's local caseload. The dollar estimates were developed by applying the average payment in Dade County to the projected number of individuals who could lose benefits. Since many of these reductions require changes in existing legislation these projections should be viewed as providing an overall picture of the potential loss to this community.

Food Stamps: $6 million lost to Dade County.

AFDC: $2.8 million lost to Dade County.

Social security payments to students: $9.2 million lost to Dade County.

Disability insurance: $12 million lost to Dade County.

Total: $30 million lost to Dade County.

Elimination of the minimum benefit for Social Security.

The Administration assumes that those individuals currently receiving this payment would not be adversely affected by its elimination since those not receiving benefits through federal pensions would be eligible for Supplemental Security Income benefits. At this time it is unknown as to how many individuals that are eliminated from this program do not receive federal pensions and would not be eligible for SSI. There is no provision in the Administration's proposal for those individuals who would fall in this gap.

South Florida Employment and Training Consortium: $47 million in payrolls lost to Dade County.

Impact on Local Community Based Organizations.

The proposed federal cuts in CETA, social and health services will have a far reaching adverse impact on local community based organizations such as JESCA, OIC, Family Health Center, Coconut Grove Cares, and many others. Also the Legal Services Corporation has been slated for elimination. This agency provides direct funding to Legal Services of Greater Miami Inc.

Arts: $220,000 (combined 1981 and 1982). An estimated loss of $2.9 million is anticipated by local private art and cultural agencies; $220,000 is a direct loss to Dade County agencies.

Economic development: $200,000. Loss of $9 million in planned funding during Fiscal Year 1982 affecting the following proposals: Direct Business Loans; Hialeah Gardens/Medley Industrial Park; Opa Locka Industrial Park; Liberty City Industrial Park; and Feasibility study regarding High Technology Industry for Carribean and Latin American Export.

Comprehensive planning assistance: $160,000. HUD's 701 program is proposed for elimination. This program provides the county's planning department with funds to accomplish countywide planning, agricultural studies, and the Comprehensive Plan.

Water quality: $150,000. Eliminates Environmental Resources Management's Water Quality Planning Activities.

Intergovernmental Personnel Act: $150,000. Elimination of grant funding to the Productivity Analysis Unit.

Hypertension screening. All project grants received by the Health Department are proposed for consolidation into a Primary Health Care Block Grant with an overall reduction in funding of 25 percent. This block grant would go directly to the State. Presently the State has no response.

Community Action Agency: $1.06 million. Assuming a 25 percent reduction in each program area, the following projects would be reduced or eliminated and thousands of service recipients would be affected: Community Gardens; Food Closets; Haitian Relief and Relocation; Food and Nutrition; Optimum Energy Project; Senior Companions; Solar Green House; Weatherization; Crisis Intervention; Summer Youth Recreation Project; and CAA's Administration and Community Services Subsidy.

Programs operated by the Community Services Administration (CSA) and ACTION are proposed for consolidation into a comprehensive Social Services Block Grant which would include other programs such as Title XX, Child Abuse Prevention, Runaway Youth, Child Welfare Assistance, and a variety of others. These programs would be combined with an overall reduction of 25 percent and the block grant would be given to the State. Presently the State has no response.

Energy: $405,000. Lost funds directly impact three departments: Office of Energy Management, Cooperative Extension, and the Community Action Agency.

Eleven positions would be eliminated.

The following program areas would lose funds: Low Income Energy Assistance; Energy Economic Development; Energy Extension Service; Intergranting Energy Assistance in Public Management; Developmental Energy Impacts; Contingency Planning; and Contingency Planning Workshops.

Parks: $277,000. The Land and Water Conservation Fund has been proposed for elimination. This program provides funding for park land acquisition and development. Additional facilities at Larry and Penny Thompson Park and a $1.5 million three year park development request will be jeopardized.

Restoration of the Vizcaya Courtyard will be jeopardized as a result of the elimination of the Historic Preservation Program.

The elimination of the Youth Conservation Corps will discontiue a variety of conservation activities in Zapota Park, Arch Creek Park, and Rolling Oaks Park.

The elimination of the Young Adult Conservation Corps will prohibit the proposed funding of a three year $1.4 million request.

The imposition of the City of Miami's garbage collection charge has resulted in $300,000 budget overrun which will have to be paid from HUD's $2.2 million reserve.

It is estimated that with the substantial rate increases to be approved for Florida Power and Light the Federal government will owe Little Hud $750,000 for extra utility costs in fiscal year 1982. A balance is still owed from past years.

Should Congress approve the President's proposal and not substantially increase the Public Housing Operating subsidy, Little HUD's $2.2 million reserve could be depleted by the end of the next year as a result of those additional costs and the loss of rental income. The depletion of reserves could force Little HUD to join housing authorities in Jacksonville, Chicago, and others in requiring an unrepayable Federal loan to meet their payrolls and expenses.

A 30 percent reduction in the number of Public Housing units to be constructed would mean that for all purposes Dade County would not have a public housing production program next year since the waiting list now exceeds 23,500 persons and the allocation for fiscal year 1981 was only 170 units.

LEAA: $2.5 million. The following program areas would be adversely affected or terminated: Teenage Living Community, Crime Prevention Programs, Arson Control Project, Crime Analysis Unit, Psychiatric Nurse in a Prison Setting, Youth Agency Liaison Project, Detention Screening Program, Advocates for Sexually Abused Children and Adults, Juvenile Restitution Program, Criminal Justice Information System Coordination, Minority Police Recruitment Projects, Model Criminal Justice Assessment Center, Institute on Organized Crime, Juvenile Court Therapy Clinic, Youth Intervention Program, and many others.

Seven staff positions to the Dade-Miami Criminal Justice Council would be eliminated.

Although the Dade-Miami Criminal Justice Council received $3 million in special response funds after the civil disturbance those funds will be depleted at various times during fiscal year 1982.

Medicaid: $2-3 million. Adversely affecting County owned hospital and nursing home facilities.

The above estimate does not include the indirect impact on county owned facilities as a result of Medicaid reductions to private providers.

Health Department activities: $1.25 million. As many as 74 positions could be affected.

As many as 47,000 service recipients could be adversely affected.

Assuming a 25 percent reduction in funding the following program areas would be reduced: Urban Rat Control; Maternal and Infant Care; Supplemental Nutrition Program; and VD and TB screening and treatment programs.

LOCAL IMPACTS OF FEDERAL CUTS

Since all Federal grants are on different fiscal years all federal cuts illustrated will not become effective on October 1, 1981, rather they will be occurring throughout the on-going fiscal year between October 1 and September 30.

CETA (Public service employment): $13.8 million. Loss of 1290 PSE jobs.

County Departments adversely affected:

HUD—housing maintenance and security program; 209 employees.

Parks—parks maintenance; 209 employees.

Metro Zoo—construction; 90 employees.

Human Resources—homemakers, staff at neighborhood service centers, South Dade Skills Center; 80 employees.

Latin affairs—personnel assigned to INS; 61 employees.

Employee relations—clerical training pool; 59 employees.

Public works—road and bridge crews; 58 employees.

Solid waste—security program; 52 employees.

Community Action Agency—drivers, laborers, teacher assistant; 41 employees.

Total these departments—859 employees.

Human resources: $3.2 million. Assuming a 25 percent reduction in each grant program: 2,513 client slots would be eliminated; direct reductions would be felt in the Comprehensive Drug Program, Comprehensive Alcohol Program, Adult Day Care, Residential Homemakers Program, Retired Seniors Volunteer Program, Summer Meals Program, Child Abuse Program, and Child Care services.

Ninety-two grant funded positions would be eliminated.

Human Resources is affected by two Block Grant proposals—the Social Services Block Grant which would consolidate such programs as Title XX, Child Abuse and Prevention, Child Welfare Assistance, Runaway Youth, programs operated by the Community Services Administration and ACTION, and a variety of others—and the Health Services Block Grant which would consolidate Alcohol Abuse and Prevention programs, Drug Abuse Prevention Programs, Mental Health Services, Community Health Centers, Migrant Health Centers, and a variety of others. These combined programs would suffer an across the board 25 percent reduction and the Block Grants would be given directly to the State with no requirement for urban participation. Presently the State has no response.

Housing: $2.6 million. Elimination of the Section 312 Housing Rehabilitation Loan Program.

Two hundred families will not be able to rehabilitate their homes through the use of these low interest loans.

One hundred families will not be able to move into rehabilitated rental housing.

The Urban Homesteading Program will be severely limited.

"Little HUD" will be affected in the following manner:

Assuming a 25 percent reduction in social service funding, social services to housing residents will be reduced by $124,000.

The termination of the CETA program will result in a loss of over $100,000 in rental income.

The elimination of the minimum benefit to social security recipients will result in a loss of more than $300,000 in rental income.

TOTAL DOLLAR IMPACT ON METRO-DADE COUNTY SERVICES IN FISCAL YEAR 1981–82 RESULTING FROM PROPOSED FEDERAL CUTS

CETA	$13.8 million.
Human Resources	3.2 million.
Housing	2.6 million.
LEAA	2.5 million.
Medicaid	2–3 million.
Health Department	1.25 million.
Community Action Agency	1.06 million.
Energy	405,000.
Parks	277,000.
Arts	220,000.
Economic Development	200,000
Comprehensive Planning	160,000
Water Quality	150,000.
Intergovernmental Personnel Act	105,000.
Total	$28–31 million.

□ 1900

JEWISH HERITAGE WEEK

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. MCGRATH) is recognized for 5 minutes.

● Mr. McGRATH. Mr. Speaker, I rise today to join our President and many of my colleagues to salute our Nation's Jewish citizens during this year's observance of Jewish Heritage Week.

The Jewish community in the United States is unique in that it is made up of descendants of immigrants from many nations bound by a deep and abiding faith and an appreciation for the freedoms shared by all Americans. Jewish contributions to the arts, sciences, and humanities in this country are innumberable. One need only visit our great universities, museums, libraries, or concert halls to witness many of the enduring tributes to America's Jewish heritage.

Like many other groups which make up this great democracy, our Jewish citizens have not forgotten that their ancestors and indeed relatives living in other nations have suffered terrible persecutions under totalitarian regimes of the past and present. They have used their freedom of expression here to warn us and all members of the international community of the dangers of tyranny and denial of basic human rights. Efforts of Jewish organizations have kept us aware that others in the world who seek the rights we take for granted are crushed by the terror and oppression of Communist rule.

During this observance of Jewish Heritage Week, we should all take a moment to offer an appropriate gesture of thanks for the countless benefits derived from America's Jewish heritage.●

THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970

The SPEAKER. Under a previous order of the House, the gentleman from Arkansas (Mr. HAMMERSCHMIDT) is recognized for 10 minutes.

● Mr. HAMMERSCHMIDT. Mr. Speaker, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 was enacted to insure that persons displaced as a result of Federal and federally assisted programs received fair and equitable treatment so that they would not suffer disproportionate injuries as a result of programs designed for the benefit of the public as a whole. This act attempts to establish a uniform policy with regard to these displacements.

Unfortunately, the very act that was intended to protect individual landowners while promoting public purposes has itself become a straitjacket in cases where the individual's wishes, consistent with a public purpose, are being frustrated by a strict interpretation of a provision of that act.

The provision of the act creating this paradox is found in title III, which contains the real property acquisition policies provisions. The act now requires that an appraisal be made prior to the acquisition of any interest in real property to insure that the owner is offered fair market value for his land. Regulations promulgated by the Department of Housing and Urban Development and proposed by the Department of Agriculture require that an appraisal be made even in instances where an individual wishes to donate an easement for a project which will be of significant benefit to himself and to the community as a whole.

Over the past several years, there have been a number of instances where the easement provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act caused problems with projects in my district, the Third District of Arkansas. In one instance, more than 300 easements had been acquired by donation for a water and sewer project that had the complete support of three communities. After the project was started, the communities were required to go back and have formal appraisals done and offer the property owner the full amount of his respective appraisal. The estimated cost of the appraisals alone came to more than $35,000. In almost every instance, the enhanced value of the land exceeded the appraisal for the easement taken. And in almost every instance, no payments resulted to any "burdened landowner." The only results were that the project was delayed and the costs of both delay and the appraisal were passed on as an additional financial burden to the people of these three communities, communities which could ill afford any additional charges.

In another instance, the appraisal requirement for easements to be donated added additional costs and additional time, both of which had the effect of causing a project to be placed on the shelf. Even with no money being required to pay for the acquisition of easements, the delay costs and the appraisal costs in this project would have increased the total cost by close to $200,000, making it unlikely that the project could be completed with the funds available.

Clearly, these examples, which I am sure are not isolated to the Third District of Arkansas, are indicative of a flaw in the legislation. No one would dispute that the protection of the rights of individual landowners is of critical importance to us all, and no one would suggest that these rights should be in any way mitigated. However, permitting an informed landowner to voluntarily waive certain procedural rights would in no way frustrate the purposes of the act. The legislation I am offering today will correct the problem I have described without in any way adversely impacting the rights of landowners to just compensation and fair and equitable treatment under the law. This bill would amend section 301 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to permit an owner of real property who gives or donates all or a part of that property to do so without waiting for an appraisal. In other words, no appraisal would be required for property donated if the owner of the property voluntarily waived his right to an appraisal. Any waiver of the appraisal right would have to be made in writing after the owner had been fully informed of his right to have one made, as provided for in title III.

Under existing law, appraisals must be made prior to the acquisition of any interest in real property. This requirement results in unnecessary expenditures and delays where the property owner indicates a willingness to give or donate the property as is frequently the case when the acquisition involves a limited taking which provides a direct benefit to the owner such as where an easement or other interest in real property is acquired for the purpose of installing utilities or widening a road for the owner's benefit. My legislation would make it possible for property owners who donate interest in their land to do so without the necessity for costly appraisals, while at the same time insuring owners nonetheless retain full statutory protection under the act.

I had hoped that this legislation would not be necessary. In fact, during the past several months, I have had extensive communication with HUD personnel to determine if this situation could be administratively remedied. Because of the existence of certain rulings by the Comptroller General, the Department of Housing and Urban Development did not feel that they had the authority to administratively change this provision. Likewise, recently, the Department of Agriculture felt constrained to adopt the same position in their regulations. I still intend to pursue the administrative reinterpretation. However, because this is such a critical concern, I believe it appropriate to commence legislative action.●

CLEAN AIR ACT AMENDMENTS OF 1981

The SPEAKER. Under a previous order of the House, the gentleman from North Carolina (Mr. BROYHILL) is recognized for 15 minutes.

Mr. BROYHILL. Mr. Speaker, today the Subcommittee on Health and the Environment reported out a major piece of legislation to provide the American steel industry with relief from unreasonable burdens imposed by the Clean Air Act. Steel is not the only American industry adversely affected by the Clean Air Act. From all corners of America, local air administrators, State officials, labor unions, environmentalists, and business groups have indicated an urgent need to comprehensively address problems with the Clean Air Act.

Today Congressman BROWN, Congressman MADIGAN, Congressman GRAMM, and I have introduced a comprehensive set of amendments to title I and title III of the Clean Air Act. The amendments we have introduced are based on positions advocated by State and local air control agencies, the Federal Environmental Protection Agency (EPA), and major trade associations. The amendments are on generic problems rather than industry or State specific concerns.

The amendments are designed to maximize protection of public health while minimizing social and economic disruption. If adopted, these amendments would provide:

First, flexibility in the regulatory process;

Second, rational standards, based on the best science;

Third, reasonable control technology;

Fourth, certainty in the permit process; and

Fifth, increasing responsibility for air quality management to the States.

The following provides a brief overview of existing law for major sections of the Act and a capsule of the specific changes we believe to be essential:

I. SETTING OF NATIONAL AMBIENT AIR QUALITY STANDARDS (NAAQS)

EXISTING LAW

The NAAQS are the backbone of the entire stationary source control program. EPA has been criticized for not using the best scientific information to set NAAQS. EPA's own ongoing reappraisal of the scientific basis for the ambient standards indicates that some information relied upon in 1971 is either flawed or unconfirmed by later studies. The allegation has been made that the standards were set at levels which were not necessary to protect the public health. Consequently, the public may have borne substantial control expenditures or costs which may not be commensurate with the public health or public benefits derived.

PROPOSED AMENDMENTS TO SECTION 108

(1) Include a description of the natural or background level of the pollutant.

(2) Determine the validity and scientific acceptability of the design, methodology, analytical techniques, results, and reported conclusions for essential studies.

(3) Repeat critical clinical or toxicological studies prior to promulgation of standards if the Administrator or the Clean Air Science Advisory Committee determines that the studies are of questionable validity.

(4) Examine the nature, frequency, duration, reversibility, and severity of all demonstrated and confirmed effects on public health and welfare.

(5) Analyze the exposure of susceptible individuals to concentrations sufficient to cause adverse effects.

(6) Require approval of the final criteria documents by the Clean Air Scientific Advisory Committee.

(7) Allow 90 days for public comment on draft criteria and control technique documents.

(8) Repeal requirements for transportation control plans.

PROPOSED AMENDMENTS TO SECTION 109

Section 109 regarding standard setting should be amended to incorporate the following safeguards.

(1) Allow the Administrator the option to establish NAAQS, regulate under another provision of Act, or determine that a regulation is not necessary.

(2) Require the Administrator to prepare a regulatory impact analysis for each new ambient standard.

(3) Require the Administrator to prepare a benefit/cost determination for alternative levels of secondary standards.

(4) Amend 109(b)(1) to provide for standards that are requisite to protect the public health and welfare against significant risk of adverse effect.

(5) Provide time for public comment respecting the proposed regulation.

(6) Require revision of the existing standards within 3 years of the date of enactment, except for the secondary total suspended particulate standard, which must be within one year.

PROPOSED AMENDMENTS TO SECTION 112—NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS (NESHAP)

(1) Provide that, subsequent to the date of enactment of the 1981 amendments, no new pollutant may be listed prior to independent review by CASAC of the pertinent scientific evidence.

II. NONATTAINMENT REQUIREMENTS

EXISTING LAW

The 1977 Clean Air Act required States to meet the National Ambient Air Quality Standards by 1982, with a possible extension to 1987 for ozone and carbon monoxide. This deadline was arbitrary and has been impossible to meet in many parts of the country.

The Clean Air Act required States to formulate and implement a State plan designed to achieve primary ambient standards by 1982. The plans can include:

(1) reduction in pollution from existing stationary sources (i.e., retrofit of pollution control devices on existing facilities);

(2) restrictions on new sources (i.e., the withholding of approval of permits to construct or operate new facilities and requirements for offsets);

(3) transportation control measures (i.e., measures designed to discourage the use of the automobile or to encourage use of mass transportation); and

(4) mandatory inspection and maintenance of auto pollution emission control equipment.

If the Federal Environmental Protection Agency believes that the State plan is not likely to provide attainment of the ambient standards by the specified date, it can impose severe and sweeping sanctions. These sanctions include a loss of Federal funds for sewage treatment plants and roads; bans on building new industrial and energy plants or modernizing existing ones. The construction ban applies to all new or modified major facilities in such areas, whether or not the new plant would affect air quality in the area, or whether the nonattainment problem could reasonably be controlled within the period specified by law. Sanctions can also be imposed at any time that the Federal EPA decides that the State is not making reasonable further progress toward meeting an ambient standard.

The uncertainty created by this situation disrupts normal business planning and discourages desirable economic development and associated job opportunites. The EPA is not allowed to consider local air quality problems, costs, or the feasibility of achieving the ambient standards on schedule. The statutory deadlines are rigid.

Many of the problems and complaints with the Clean Air Act have resulted from the inability of various States to demonstrate attainment, despite good faith efforts. The nonattainment program should be restructured to encourage new source construction and retirement of uncontrolled sources.

PROPOSED AMENDMENTS TO SECTION 110 AND PART D

(1) The deadlines specified by Congress were arbitrary. These deadlines should be revised. States should be allowed the opportunity to revise plans to provide for attainment of ambient standards as expeditiously as practicable, but no later than December 31, 1990.

(2) Sanctions against States, municipalities, and new firms seeking to build in nonattainment areas should be eliminated. Sanctions should be applied only to specific firms, and their subsidiaries, which are in violation of specified compliance schedules within the State.

(3) Transportation control plans, which include driveless days, bus lanes, carpool programs, parking surcharges, bicycle lanes, and assorted land management programs, should be eliminated. These social/land use programs provide minimal air quality benefit while imposing disruption.

(4) The Clean Air Act presently requires mandatory inspection and maintenance (I&M) programs for auto emission control systems, if a State seeks an extension of the 1982 statutory deadline for attainment of CO and ozone. Inspection and maintenance programs have been criticized because the test does not correlate with the original procedure used to certify the control equipment. With or without the I&M program, most areas of the country would meet the ambient standard for CO and ozone prior to the 1987 deadline. Mandatory inspection and maintenance should be repealed.

(5) In areas designated nonattainment, preconstruction review should be conducted if the emissions of a criteria pollutant exceed 100 tons per year (except lead and carbon monoxide), after controls. These sources should be required to install new source performance standards (NSPS) where an NSPS has been established, or conduct a case-by-case BACT review.

(6) Sources operating in nonattainment areas should continue to be required to install and operate all reasonable available control technology (RACT) specified in the control technology guidance (CTG) documents. RACT determinations should be based on consideration of economic, environmental and energy costs.

The changes to the nonattainment program outlined above are designed to facilitate new source construction in the older areas of the country. It is based on the assumption that sources built with new source performance standard (NSPS) control technology will emit one-fifth of the emissions per source of a currently uncontrolled plant. Thus, major growth can be experienced with minimal deterioration in current air quality.

In addition to these changes, administrative changes to the SIP (State Implementation Plan) program would facilitate the States' administration of their own air quality management programs. These administrative changes include: 1) a requirement that the EPA administrator disapprove SIP revisions within 90 days; 2) that the State EPA be allowed to provide an emergency 14-day suspension of the SIP requirements without EPA approval; and 3) that States be allowed three years to develop SIPs for new pollutants. (Currently the law allows only nine months. This time constraint has been criticized by State air control officials and industry as the major reason for the development of "questionable" control programs.)

III. CONTROL TECHNOLOGY REQUIREMENTS

EXISTING LAW

Throughout the Clean Act, Congress has specified numerous emission control technologies (abatement equipment) for new or modified sources as a means to achieve the objectives and goals of the Act. The Act presently requires a bewildering variety of control requirements (NSPS, BACT, LAER, RACT, BART) which claim various environmental benefits, yet often have only slight differences from one another. The price for achieving these subtle differences is added review, cost, uncertainty, and delay.

PROPOSED AMENDMENTS TO SECTION III AND PART D

(1) Eliminate the lowest achievable emission reduction (LAER) requirement for nonattainment areas. LAER has discouraged new sources from locating in nonattainment areas. The National Commission on Air Quality and numerous industry groups support elimination.

(2) Equate best available control technology (BACT) with new source performance standards (NSPS) where an NSPS has been promulgated, in order to eliminate unnecessary siting costs and delays.

(3) Require that NSPS be reviewed every six years, rather than the current four year period.

(4) Exempt new sources and modifications from additional control requirements during permitting, construction, and for ten years after a permit to operate is granted; except for new regulated pollutants.

(5) Repeal the percent reduction requirement in the NSPS for fossil fuel facilities. This requirement has forced sources to scrub compliance coal at substantial cost to ratepayers and the environment.

(6) Encourage the use of alternative technologies that have been adequately demonstrated. The present NSPS technology requirements have restricted the use of innovative and more cost-effective means of compliance.

Although it is difficult to quantify, the reduced regulatory burden should encourage new source development in nonattainment areas. Retirement of old, uncontrolled sources will result in a net improvement in ambient air quality as well as industrial efficiency. While the changes proposed are modest, the economic ramifications are substantial. Compliance costs rise rapidly for the last increment of pollution reduction.

IV. PREVENTION OF SIGNIFICANT DETERIORATION (PSD) (PART C)

EXISTING LAW

The PSD program is a Federal regulatory program designed to protect air quality better than Federal air quality standards. The program resulted from a Sierra Club legal challenge to the word "enhance" in the 1970 Clean Air Act. The PSD program has been controversial since its inception. The program established a multitude of tertiary ambient air standards, based on a percentage use of remaining air quality increments. The program requires approval of new plants, or modifications of existing plants with significant emissions, before construction in these areas. The EPA, environmentalists, and industry have criticized the complexity, uncertainty, and technical difficulty of meeting the detailed PSD requirements. The proposed amendments would vastly restrict the scope of the PSD program to truly pristine and scenic areas, as was originally intended by Congress in 1977.

PROPOSED AMENDMENTS (PART C)

(1) Eliminate the Class III and Class II air quality increments.

(2) Eliminate the short term Class I increments. Class I increments are difficult to monitor and model, due to imprecision in the technology. The short-term increment affects energy projects and utilities.

(3) Restrict the PSD program to sulphur dioxide and particulate matter.

(4) Allow baseline monitoring to be at the discretion of the permitting agencies.

(5) Expand the definition of PSD to include "the development of energy resources and facilities" and "the use and enjoyment of clean air areas".

(6) Provide the Administration with flexibility to allow construction of facilities that model exceedances of an ambient standard if other environmental or public health and welfare benefits exist and the source meets a number of conditions.

V. ENFORCEMENT

EXISTING LAW

The Clean Air Act requires the Administrator to take enforcement action against any person in violation of any requirement of an applicable State Implementation Plan. The Act does not allow the Administrator discretion in the case of a person who owns or operates a major stationary source with respect to commencement of a civil action or penalty.

PROPOSED AMENDMENTS (SECTION 113, 120)

(1) Provide the Administrator with discretion to commence civil actions and assess non-compliance penalties by changing "The

Administrator shall" to "The Administrator may".

(2) Provide the Administrator with discretion when setting a noncompliance penalty to consider the economic value to the owner or operator of the delay and the social and economic effect of the penalty.

VI. STATE DISCRETION

EXISTING LAW

The Clean Air Act was designed to provide States, through State Implementation Plans (SIPs), primary responsibility for administering Clean Air Act requirements. However, the Federal EPA has usurped State autonomy in many of the programmatic requirements. States are the best units for making air quality decisions. The following amendments provide States with legal authority for management of their air quality management program.

PROPOSED AMENDMENTS (SECTION 113, 120)

(1) States should be allowed discretion in making reasonable adjustments to their State Implementation Plans, as long as progress toward attainment is assured.

(2) States should be provided with emergency authority to grant 14-day extensions to SIP provisions without the President's approval.

(3) EPA should provide additional Section 105 funds to those States which have assumed responsibility for specific air management programs, i.e., PSD.

VII. VOLUNTARY COAL CONVERSION

EXISTING LAW

Utilities have indicated frustration with converting coal-capable power plants to use coal. Under the present Clean Air Act requirements, such conversions would require new source review. This review would mandate installation of applicable new source performance standard (NSPS) requirements. Utilities object to the incremental cost for these controls, since the emissions resulting from conversion to coal, in many cases, are less than those resulting from the use of high sulphur residual oil.

PROPOSED AMENDMENTS (SECTION 111)

(1) Voluntary coal conversions should be treated the same as mandatory coal conversions.

(2) Conversions which would violate ambient standards or SIP requirements based on state of the art modeling should not be allowed without additional controls.

VIII. STACK HEIGHT/ACID RAIN

EXISTING LAW

In the early 1970s, air pollution control strategy was based on reducing ambient concentrations measured at ground level. Major stationary sources adopted the use of tall stacks to disperse emissions in the ambient environment. This practice has recently come under close scrutiny. Because of prevailing wind patterns and the distribution of industrial facilities, certain States are emitters, while others are receptors. Receptors States have become increasingly critical of the dispersion techniques employed in certain States for control.

PROPOSED AMENDMENTS (SECTION 123)

(1) Refrain from changing existing law or specifying a new control program for existing sources.

(2) Encourage an accelerated five-year research program on the causes of atmospheric deposition (acid rain). Currently Congress has authorized a ten-year, $51 million research effort.

(3) For new sources, stack height should be no less than that required to avoid downwash or other building cavity effects, to avoid excessive concentrations in their vicinity. This minimum/maximum stack height for new sources should mitigate many of the present problems associated with interstate transport, while imposing minimal incremental control costs.

CONCLUSION

These are the major generic amendments to Title I and III of the Clean Air Act. The changes outlined are based on the principle that regulatory flexibility will minimize the social and economic disruptions associated with the present Clean Air Act, while not compromising the public health goals.

JOINT ECONOMIC COMMITTEE'S STUDY ON "STATE AND LOCAL GOVERNMENT FINANCING AND THE CHANGING NATIONAL ECONOMY"

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 20 minutes.

● Mr. REUSS. Mr. Speaker, the Joint Economic Committee's Special Study on Economic Change has just released a study which is particularly deserving of my colleagues' attention. Entitled "State and Local Government Finances and the Changing National Economy" and authored by Prof. Roy Bahl of the Maxwell School, Syracuse University, this paper provides a careful analysis of recent trends in State and local governments finance as well as presenting the likely outlook for this sector in the years ahead. It represents a timely contribution to the current debate on the proper role of the Federal Government in the development of a national urban policy.

Following is a summary of Mr. Bahl's outlook and major policy options which need to be considered:

SUMMARY

I. FEDERAL POLICY

The Federal Government can play a major role in getting State and local governments through the difficult fiscal adjustment period which lies ahead. The question is whether the Federal response will be reasoned and comprehensive or ad hoc and piecemeal. It seems essential that some general guidelines for the Federal response be worked out; i.e., the kind of strategy one might expect to find in a well thought out statement of National Urban Policy. In developing such a policy four areas of question about the appropriate Federal response to urban problems should be addressed:

Whether the Federal Government ought to attempt revitalization of declining areas or compensation during a period of financial adjustment; whether inflation and recession ought to be viewed as a part of intergovernmental policy; what role should State governments play in the intergovernmental system; and what will be the Federal policy toward the big city financial disasters which may lie ahead.

A. Compensation versus revitalization

An urban policy for the declining regions should focus on "compensation." A compensation strategy does not imply abandoning the declining cities. Rather, it would accept the notion that market forces are affecting a reallocation of population and income within the country and attempt to compensate the most financially pressed governments and families caught in this transition period. The goal would be to protect particularly the low income by subsidizing both the provision of public service and temporary job opportunities while the process goes on. Public service job programs, categorical grants in the health and education area and Federal relief of welfare financing would be key elements of such a program. "Transition" grants to States with an overdeveloped public sector, are appropriate if they are tied to longer term reductions in the level of public sector activity. Capital grants to renew the city's infrastructure are also appropriate, if the infrastructure investment is based on a "shrinkage" plan. Finally, relocation grants and labor market information systems are perfectly consistent with such a strategy in that they facilitate the outmovement.

B. The business cycle and intergovernmental policy

The business cycle and inflation have dramatic effects on the financial health of State and local governments. Indeed, it was the severity of the last recession that pushed New York City over the edge and brought many other local governments and at least one State dangerously close to fiscal insolvency. Because swings in economic activity do induce substantial changes in relative fiscal health, Federal intergovernmental policy should recognize the effects of the business cycle on State and local governments.

An essential feature of the system would have to be targeting on relatively more distressed jurisdictions. This raises the especially thorny problem of identifying those communities most hurt by recession, and the severity of the recession in the various regions. The evidence of the past two recessions seems clear—the older manufacturing belt in the Northeast and Midwest was hit hardest.

C. The proper role of state government in the federal system

There exists an ambivalence at the Federal level about the "proper" role of State government in State and local government finances. The past decade has seen two important but contradictory influences on State government financing and service delivery. The first is in respect to its relationship with the Federal Government and its place in the intergovernmental system. Total grants-in-aid have quadrupled since 1970, but much of this growth has been in direct Federal to local grants, with the States being bypassed.

The second way in which the State role is changing is in the continuing shift of financial responsibility from local to State governments. The State government's share of total State expenses remained about constant between 1965 and 1977, but the State government share of health, education and welfare direct spending increased markedly. States may not have done all that they should to lift the financing burden off the local property tax, and too little may have been done about city suburb fiscal disparities, but the trend toward more government tax or expenditure and high rates of inflation could accentuate this trend.

With resources limited, it seems imperative to develop a less ambiguous Federal position about the role and responsibility of State governments. Is fiscal centralization to be encouraged or not and should States—

as a prerequisite to Federal assistance—be required to deal with the city-suburb disparities problem?

D. Default and emergency loans

Financial emergencies, if not default, lie ahead for many large cities. If it does nothing else, a national urban policy ought to outline the Federal response to such crises. Two questions are essential in formulating a Federal policy toward distressed cities. The first involves defining the conditions necessary for initial Federal intervention; i.e., what avenues must be exhausted before emergency Federal subsidy is warranted? The second is what adjustments must the city make as a condition of receiving the aid.

II. STATE AND LOCAL GOVERNMENT POLICY

A National Urban Policy is essential. State and local government financial problems will materialize in the 1980's and a reasoned Federal response will be imperative. Yet most of the required adjustments will fall to State and local governments, the vast majority of which are neither distressed nor flush.

Probably the most important strategy in which governments in the declining region can participate is retrenchment; i.e., the adjustment of public service levels and the growth in expenditures to properly reflect capacity to finance. Retrenchment involves cuts in service levels and employment, a more realistic look at the kinds of compensation and benefit levels that can be afforded, and a careful conservation of those capital resources that are available.

Such an adjustment process is not only slow, but it is also complicated by a number of factors:

Inflation is driving up costs faster than revenues, accentuating real service level declines.

Slower real income growth cuts into an already thin margin of revenue coverage.

Many Northern States are characterized by highly decentralized fiscal systems, hence it is difficult for the State government to plan for or control the aggregate level of State and local government spending and taxing.

Because of jurisdictional fragmentation the fiscal position of central cities in the declining regions is likely to be hurt a great deal more than that of suburbs; i.e., many of the costs of retrenchment are ultimately paid by low income families.

There are important psychological barriers to retrenchment—residents find it much easier to adapt to lower taxes than to adapt to lower public service levels.

The strength of public employee unions, fixed debt and pension commitments, a backlog of needed infrastructure improvements, and the existing near crisis financial conditions of many cities make substantial retrenchment an especially difficult process.

The growing regions will also face fiscal adjustment problems. On the one hand, there is a great amount of rural poverty in the South and Southwest and a need to use substantial amounts of the revenues from growth to deal with these problems. Then there are the pressures from growing population and income to expand infrastructure, improve school and health systems, deal with water shortages and environmental problems and control land use. The growing regions would seem more equipped (than most Northern States) to deal with these pressures, for a number of reasons:

Fiscal resources are growing in part because of regional shifts, even though national growth is slowing, and because State tax structures in the growing regions tend to be more inflation sensitive than those in the Northeast and Midwest.

Government finances tend to be more State-dominated and therefore more controllable.

Many urban areas are not characterized by fragmented local government structures.

Some States will experience substantial revenue growth with rising energy prices.

On the other hand, there are State and local government financial problems ahead for Southern States. Much of this increase in spending could come in the form of a catch-up in average wages, hence expenditures may rise more rapidly than public levels. Employment levels, relative to population are already higher in Southern than Northern States, as are levels of per capita debt.

III. STATE AND LOCAL GOVERNMENT FINANCES: THE NEXT 5 YEARS

The principles of a national urban policy and optimal fiscal adjustments by State and local governments are more wishful thinking than realistic expectations. The likely performance over the next 5 years will involve a series of financial crises and ad hoc Federal responses. The following would not seem an unreasonable scenario:

Some local governments—mostly but not exclusively large cities in the North—will either default or come to the point of being unable to meet their expenditure commitments. A round of public employment layoffs—reminiscent of 1975/76—will probably take place.

Despite the recognition of capital obsolescence problems, the quality of the capital stock, especially in the older regions, will continue to deteriorate. Higher interest rates, inflation, reduced Federal aids and pressing financial problems will push State and local governments to "defer" further capital construction, maintenance and renovation.

The next five years will see another catch-up in public employment compensation rates. This lagged effect of recent year's deferred compensation increases will be further stimulated by the currently high inflation rate, and will account for virtually all of the public expenditure increases of some jurisdictions. The increase in average wages will be especially rapid in the South where average wages are relatively lower and where unionization is increasing.

Relative levels of tax burdens will rise in many States in the growing regions in response to increasing costs and service quality, and will decline in the Northeast as austerity programs begin to take hold.

The limitation movement will not significantly slow the growth of State and local government spending after the early 1980's.

Federal policy toward State and local government finances will remain ad hoc, and there will be no guiding principles. The overall level of Federal grants (in real terms) will likely decline and less targeting might be expected during the next five years as the growing region more forcefully makes its point about rural poverty.

This prognosis could be altered by either a coherent Federal Government policy toward State and local government finances or by a better performing United States economy. In the last analysis there could be no better national urban policy than a low inflation rate and a strong growth in GNP.●

ELLIOTT LEVITAS

The SPEAKER. Under a previous order of the House, the gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 5 minutes.

● Mr. MOAKLEY. Mr. Speaker, this week I circulated a letter to all Members to advise them that the Justice Department has now formally taken a position in opposition to the legislative veto. I hope this stand will help the Congress to try to reach a consensus about alternatives for congressional review of agency rules.

I believe that legislation (H.R. 1) which I have introduced can serve as a vehicle to reach such a consensus.

But I wish to stress that the gentleman from Georgia (Mr. LEVITAS) and I differ only as to methods for asserting congressional responsibility for Federal rulemaking. About the need to do so, we agree entirely.

During a distinguished career in the House, the gentleman from Georgia has, through keen political judgment and tireless tenacity, made the issue of regulatory reform his own, in a sense that few Members can match.

Indeed, H.R. 1 was proposed in response to the enormous support for the gentleman's proposal as demonstrated during a year of hearings in my subcommittee.

If Congress can enact legislation by which it assumes responsibility for Federal regulations and equips itself with the necessary tools to discharge that responsibility, the House and the American people will owe a tremendous debt of gratitude to the gentleman from Georgia.●

SETTING RECORD STRAIGHT ON THE NATIONAL CONSUMER COOPERATIVE BANK

The SPEAKER. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 20 minutes.

● Mr. ST GERMAIN. Mr. Speaker, the time has come to call a halt to the vendetta against the National Consumer Cooperative Bank and its officers.

Since early February there has been a behind-the-scenes effort to harass, hinder, and destroy the bank with or without congressional sanction.

The center of the activity has been the Office of Management and Budget. So loose has the talk become that yesterday an official of OMB accused the president of the bank of a "heist," according to a New York Times newsstory.

A heist is defined as armed robbery carrying with it the suggestion of violence. The official at OMB uttered this charge knowing it was false and that its utterance was calculated to defame the president of the bank and

to damage the reputation of the corporation.

Perhaps such loose talk could be ignored if it were not for the fact that OMB, operating outside its legal authority, has attempted to dictate the operations of the bank and has done everything possible to withhold funds lawfully appropriated to the bank and which lawfully belong to the institution.

Unfortunately, much of the press—not all—has ignored the Consumer Cooperative Bank and took an interest and provided news space only after the administration decided to hold a briefing and press conference to give its version of the handling of the funding. Little has been printed about earlier developments despite a steady stream of information coming forth from congressional sources, including hearings with administration witnesses, the General Accounting Office, the Consumer Cooperative Bank and the private shareholders.

Suddenly the bank became a reality when the administration decided to hold a briefing. Thus, the first news many had about the bank was when OMB referred to it being engaged in a heist.

While I will not use such extreme language, I do question and have questioned the legal authority used by OMB in its actions regarding the Consumer Cooperative Bank. The Comptroller General also questions the legal authority. Private attorneys, likewise, have raised the most serious questions about the manner in which OMB has proceeded.

The Banking, Finance and Urban Affairs Committee has tried through many channels since early February to learn the legal authority for what now can only be described as a single-minded vendetta.

To this date, we do not have a definitive answer from the administration.

On February 13, shortly after David Stockman was given the keys to his office, officials of the National Consumer Cooperative Bank were summoned to the Executive Office Building and instructed to use the funds of the bank "solely for the purpose of winding down the affairs of the corporation."

What authority does OMB and its staff have to operate the National Consumer Cooperative Bank and to issue instructions to the officers and board of this mixed ownership corporation? The Congress had not authorized any change in the act establishing the powers of the bank nor had the administration sent any request to Capitol Hill asking for modification of the charter.

Yet OMB on its own seized the authority to supersede Public Law 95-351 and to become president, board, and staff for the bank on February 13.

As we were to learn weeks later, OMB followed these operating instructions with an order to impound the funds of the bank. Documents were signed on February 19 and 25 by OMB officials stopping some $90 million that the Congress has previously appropriated for the bank. No rescission message, no notice to the Congress, no notice to the press. A secretly signed document impounding funds. To this date we know not the legal authority for OMB's actions.

On March 5 we finally succeeded in having David Stockman appear before the committee to talk about impoundments and budget cuts. At that time he was shown the two documents freezing or impounding the funds. He indicated he did not have knowledge of what had happened but promised to get back to the committee with the details about the status of the funds. To this date, we have not received a reply to those specific questions raised in the hearing.

Mr. Stockman, however, after being shown the impoundment documents did state to a member of the committee, Mr. BARNEY FRANK, that he would check out the facts and then added:

And let me indicate to you that if you are correct in your description of this case (the impoundment of the funds on February 19 and 25) it will never happen again, because I intend to use rescission and deferral in the way indicated in the Budget Act and only that * * *.

Mr. Speaker, we have copies of those February impoundment documents in the files of the committee and there is no question that the impoundments were made on those dates—weeks before the required rescission messages were sent to Congress.

On February 23 some 26 members of the committee wrote the President urging that the bank not be terminated, and raising a series of questions about the withholding of funds and specifically the legal authority for such actions. We did receive in time a polite reply restating the administration's opposition to the bank but providing few answers concerning legal authority for the actions of OMB. On March 6—following Mr. Stockman's appearance before the committee—I wrote him again trying to establish a rational approach to the OMB's tangled approaches to the Bank.

Mr. Speaker, I place in the RECORD copies of this correspondence:

COMMITTEE ON BANKING,
FINANCE AND URBAN AFFAIRS,
Washington, D.C., March 6, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget, Washington, D.C.

DEAR MR. STOCKMAN: Again, thank you very much for your appearance before the Committee Thursday, and I appreciate your willingness to extend until all the Members had a chance to interrogate you.

As you remember, both Congressman Frank and I asked you about the status of previously-appropriated funds for the National Consumer Cooperative Bank. While we obviously don't agree about the merits of the Bank, I am appreciative of your recognition that changes in the functions and funding must be accomplished through legislative acts. This certainly helps clear the air.

However, instructions have been given to the Bank, both verbal and written. I know you indicated yesterday that this had been done without your knowledge, but the net effect has clouded the operations of the Bank and the Self-Help Development Fund.

In your testimony, you said, "I intend to use rescission and deferral in the way indicated in the Budget Act and only that". I think this is very helpful and something that the Congress can accept.

In the meantime, the Bank and its Self-Help Development Fund do have commitments to cooperatives and these should be honored in keeping with the budget process. In light of our open and frank discussion on Thursday, I trust there will be no impediment to the Bank and Self-Help Fund drawing down the funds and meeting their commitments.

Sincerely,

FERNAND J. ST GERMAIN,
Chairman.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 3, 1981.

Hon. FERNAND J. ST GERMAIN,
Chairman, Committee on Banking, Finance and Urban Affairs,
U.S. House of Representatives,
Washington, D.C.

DEAR FRED: In response to your March 6 letter, I wish to assure you that the Administration is using a legislative approach in ending the National Consumer Cooperative Bank at the end of FY 1981. We have proposed for rescission all currently unobligated loan budget authority, we will submit a legislative proposal for repeal of the National Consumer Cooperative Bank Act, and we will not request any appropriations for the National Consumer Cooperative Bank after this year.

We have not attempted to interfere with the management of the National Consumer Cooperative Bank. The Office of Self-Help Development and Technical Assistance continued to commit funds for long-term capital advances, without interference, until available appropriations were withheld in the course of the rescission process.

It is now up to the Congress.

Sincerely,

DAVID A. STOCKMAN,
Director.

Mr. Stockman's answer did not come back until the first week in April, and it was obvious that OMB used the old bureaucratic techniques of waiting us out. While we continued to ask politely for explanations, the clock continued to run. Eventually March 10 came around and the rescission messages came up with the Co-Op Bank among the very first. By now, I assume OMB hoped that everyone would drop the questions and center on what they now thought would provide them with retroactive legality.

Mr. Speaker, the sponsors of the Budget and Impoundment Control Act wisely provided that the executive branch could not be both judge and jury on impoundments and gave the Comptroller General mandatory func-

tion of reviewing each rescission message. The Comptroller General, in addition to being given special standing in court in impoundment cases, is required to issue legal opinion on each of these impoundments or rescissions.

On April 13, the Comptroller General met his responsibility under the Budget and Impoundment Control Act and ruled that the administration did not have the legal authority to withhold, impound or rescind funds previously appropriated by the Congress for the purchase of stock in the National Consumer Cooperative Bank. The language of Public Law 95-351 made such purchases mandatory and not discretionary on the part of the Treasury Department.

I immediately wrote Secretary of the Treasury Donald Regan calling his attention to the ruling and asking that all necessary steps be taken to release the funds to the bank. This letter dated, April 16, is inserted at this point:

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, D.C., April 16, 1981.

Hon. DONALD REGAN,
Secretary, Department of Treasury, Washington, D.C.

DEAR MR. SECRETARY: I trust immediate steps will be taken to release funds for the National Consumer Cooperative Bank in keeping with the opinion of the Comptroller General of April 13, 1981.

As you know, this opinion stated, among other things, that:

"* * * the Federal funds available to finance the Bank comes from the Bank's sale of class A stock to the Treasury. Sections 3014(a) and (c) of title 12 use the term 'shall' in reference to the Bank's issuance of stock to the Treasury. We believe that use of the term 'shall' coupled with the general statutory scheme here involved connotes a mandate to engage in the action described. Consequently, the Secretary of the Treasury has no discretion to refuse to purchase class A stock issued by the Bank within the limits of appropriations made for this purpose.

"This conclusion is evident from the legislative history of Consumer Cooperative Bank Act. Senate Report 95-795 states on page 17 that there are to be three classes of stock in the Bank, including 'class A nonvoting, cumulative preferred stock for required purchase by the Secretary * * *.' (Emphasis added.) On page 18 of that report, it states that 'with respect to government investment, the bill directs the Secretary of the Treasury to purchase class A stock * * *.' (Emphasis added.)

"If the Congress had wanted the Secretary to have discretion in the purchase of stock, it clearly could have done so * * *"

I am sure you will take all the steps necessary to release these funds.

Sincerely,

FERNAND J. ST GERMAIN,
Chairman.

At the same time, I issued a news release and made the Comptroller General's ruling available to a number of news media located in Washington. I made it clear that we did anticipate the funds being released. I received a simple acknowledgment of my letter and during the week of April 20 the funds were released. I again issued a release, a happy conclusion to a long controversy.

I received no communications from OMB, Treasury, or any other agency suggesting that anyone had problems with the legal findings of the Comptroller General. I know of no protest, no questions raised with the media.

Then suddenly on May 5—22 days after the Comptroller General issued his opinion—the administration calls the press to the Treasury to disagree with the opinion and to suggest that people following the opinion had acted improperly. And at OMB the statement is made that a heist had occurred—weeks earlier.

Such delayed action, such delayed indignation, such delayed findings of impropriety we have not seen in the history of the Republic.

My guess is that OMB, as it did in February and early March, planned to let the issue slide, ignoring the Comptroller General's opinion and setting their own law on impoundments. To their dismay, the officers of the bank insisted on their legal rights and took steps to implement the requirements of Public Law 95-351 and the ruling of the Comptroller General.

The request for the funds, lawfully appropriated to it by the Congress, was made by the bank. This request was made in the same manner as other requests for release of funds. Nothing unusual. Treasury was clearly on notice. I had sent a letter, myself, to the Treasury Secretary and I do not think anyone that had been following the activities of the bank would have questioned for a minute that the funds would be drawn down at the earliest possible moment.

And when they were drawn down, at least one radio network, the National Public Radio Network, carried a lengthy piece describing the action. So anyone who says they learned about it the middle of the night, after the fact, must have been asleep at the switch. News releases, statements, CONGRESSIONAL RECORD discussions, radio broadcasts—all right in the open with the hope that there would be wide public notice that the bank was alive and well.

How can anyone in a responsible position say they did not know? Perhaps the bank and the Congress should hire a sound truck and race up and down Pennsylvania Avenue until someone takes notice.

It is unfair, inaccurate and self-serving for the administration to now say it is all the fault of Carol Greenwald. Mrs. Greenwald has a fiduciary responsibility to the bank and she is required to seek the funds necessary to meet the operations of the institution and its shareholders. If she had not sought the funds after the GAO opinion, she, indeed, would have been abdicating her duties as chief executive officer of the Bank.

This administration may have its problems, but I really do not think it has to engage in these smear tactics simply because it opposes the Co-op Bank. I think the issue can be debated on a higher level.

The actions of the administration and the statements flowing forth from OMB denigrating the institution have hurt the National Consumer Cooperative Bank. It has driven away private investors who were ready and willing to invest in the bank and it has undoubtedly damaged, delayed and confused legitimate plans of consumer cooperatives across the Nation. These institutions may be small and none of them are members of the Business Roundtable, but they do have rights. The majority stockholders in this bank, as represented by OMB, are clearly trampling on the rights of the minority stockholders, and I believe our system provides protections even against the massive power of this administration.

Mr. Speaker, I would urge the administration to get on with the business of government, to cease its strange obsession with efforts to destroy the consumer co-op movement. Mr. Stockman, you have got a big job and the taxpayers are not paying you and your huge staff to spend night and day trying to harass a tiny co-op bank out of business.●

FEDERAL GOVERNMENT—DELINQUENT DEBTOR

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MCDADE) is recognized for 5 minutes.

● Mr. McDADE. Mr. Speaker, today I am introducing legislation to resolve one of the major difficulties facing business firms which provide goods or services to the Federal Government. The legislation requires Government agencies which do not pay their bills within 30 days to pay interest on the debt.

The Federal Government has a wide reputation for being unduly slow in paying its bills. Major problems are created by the Government's slowness in paying its bills. Indeed, cases have been reported in which businesses have failed because they were not paid promptly for work done for the Government. Small businesses in particular have complained about the slow payment problem. Firms selling to the Government have suffered serious cash flow problems because of Government delays.

My bill would require Federal agencies to pay interest on bills which are not paid within 30 days after payment is due. Interest which remains unpaid after each successive 30-day period

would be added to the principal amount of the debt. Adoption of this legislation will place the Government in the same position with respect to its creditors as most business purchasers. The interest rate would be adjusted by the Secretary of the Treasury every 6 months. This procedure is the same as that now used under the Contract Disputes Act. Additionally, Federal agencies would be allowed to take early payment discounts offered by business concerns only if the payment is made during the period specified by the business. This is intended to prevent agencies from taking early payment discounts long after the discount period has ended.

In order to protect taxpayers, the bill specifies that its enactment shall not authorize the appropriation of any additional funds for interest payments. Interest payments by agencies to businesses are to be made from the agencies' operating budgets rather than from general revenues. These payments will reduce the amount of money available to the agency for operating its programs. This section has the purpose of directly penalizing those agencies which pay their bills late. Most agency heads will be reluctant to ask Congress for additional money simply because they cannot pay their bills on time. Therefore, the limitation on spending increases should be selfenforcing.

The bill which I am introducing today will focus on the small businesses, and it should serve as a demonstration that this type of legislation is needed by all vendors to the Government. Therefore, I am also joining with Representative GLENN ENGLISH in introducing similar legislation to address the slow pay problem on a governmentwide basis. A similar measure is being introduced in the Senate today by Senators WEICKER and DANFORTH.

Mr. Speaker, this legislation will force agencies to improve their administrative efficiencies and will relieve firms doing business with the Government of a significant unnecessary burden. I hope that all Members will join with me in cosponsoring this proposal.●

INTRODUCTION OF SOCIAL SECURITY AMENDMENTS PROPOSED BY ADMINISTRATION

(Mr. CONABLE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CONABLE. Mr. Speaker, along with my colleague, Mr. ARCHER, I am introducing today, by request, the Social Security Amendments of 1981, containing changes proposed in the President's budget. The provisions in this bill would eliminate windfall benefits for some, duplication of benefits for others, and some welfare-related elements that could be addressed better through other programs.

One provision would eliminate the minimum benefit which is basically $122. The minimum currently is paid to people who had very low average earnings under social security. Under the bill, those now on the rolls and those eligible in the future would get benefits determined under the regular benefit formula on the basis of their actual covered earnings. Few people who would be affected by this proposal are totally dependent on the minimum benefit for support; the majority have additional resources in the form of pensions from noncovered work or payments under the supplemental security income program. Many persons who are eligible for the minimum benefit do not receive it—and so would not be adversely affected by this change—because they get a larger benefit as a spouse or widow of an insured worker.

I should note and emphasize that the administration is not proposing any changes in the separate special minimum benefit for people who have worked under social security at low wages for many years. That benefit beginning in June can be as much as $321.40.

A second provision would phase out so-called students benefits, currently paid to children of retired, disabled, or deceased workers if the children are between 18 and 22 years of age and are full-time students pursuing postsecondary educations. The bill also would eliminate benefits to secondary students at age 19.

When student benefits were enacted in 1965, there were few other sources of financial aid available. Today, many Federal programs provide financial assistance—programs which, unlike social security benefits, are related to the cost of higher education and to the student's need for assistance.

A third provision would limit payment of the lump-sum death benefit, $255, which is generally paid to the deceased worker's surviving spouse or, if there is no qualified spouse, to the funeral home to cover unpaid burial expenses or to any person who paid the burial expenses. Currently, in about half of the lump-sum payment cases, there is neither a surviving spouse nor surviving minor children. Under the bill, payments would be limited to cases where there is actually a surviving spouse or surviving minor children.

A fourth provision is designed to tighten eligibility for disability benefits. A worker would have to have credit for work under social security for about 1½ years in the 3-year period preceding disability in order to qualify for benefits, under this proposal change.

Finally, the bill includes a so-called MEGACAP provision, which would reduce social security disability payments so that the combined benefits that an individual might receive under Federal, State, and local government disability programs would not exceed that individual's predisability earnings. Limiting social security benefits for those who receive multiple disability payments will remove a significant disincentive to return to gainful activity. It should be noted that needs-based public benefits, private insurance or pensions, service-connected disability benefits from the Veterans' Administration, or public pensions based on earnings covered under social security, would not be taken into account for purposes of the MEGACAP.

Mr. Speaker, at this point I ask unanimous consent that a more detailed description of these provisions be printed in the RECORD immediately following my remarks.

Mr. Speaker, I would like to point out, in conclusion, that the Subcommittee on Social Security has been considering most of these proposals since they were first announced as part of the President's program for economic recovery, and is continuing to do so. The legislative process has been enhanced by the introduction of a bill—H.R. 3207—by the distinguished chairman of the subcommittee, the gentleman from Texas (Mr. PICKLE). That bill also deals with many of the issues addressed by the proposals endorsed by the administration in this bill.

We are awaiting with great interest the report of the administration's working group of financing social security, which is scheduled to complete its deliberations in the near future. The recommendations of this group will round out the President's economic recovery package and will, I trust, serve as a blueprint for more far-reaching improvements in the social security system, to solve its financing problems over both the short range and the long.

EXPLANATION OF THE SOCIAL SECURITY AMENDMENTS OF 1981

ELIMINATION OF ADULT STUDENT'S INSURANCE BENEFITS IN THE CASE OF STUDENTS AGE 18 THROUGH 22 WHO ATTEND POSTSECONDARY SCHOOL

Section 2 would eliminate prospectively the payment of benefits to students between the ages of 18 and 22 who are enrolled full-time at institutions of higher education or other postsecondary schools. Individuals aged 18–22 currently receiving benefits as full-time students at institutions of higher education or other postsecondary schools could continue to receive reduced benefits for up to three more years. Benefits to these students would be based on a schedule which reduces the original benefit otherwise payable for August 1981 by 25 percent a year for three years. Benefits would continue to be available to students who have not completed their elementary or secondary education; however, effective August 1982, entitlement to these benefits

would terminate when the student attains age 19.

"Student" benefits were provided in 1965 on the presumption that a student age 18–22, like a child under age 18 or disabled, is dependent on his or her parent for support and loses a source of support when the parent retires, becomes disabled, or dies. Since 1965, however, a number of programs have been established that provide educational assistance for post-secondary students based on their individual and family financial circumstances. Such programs represent a more appropriate source of educational assistance for financially needy students.

RESTRICTIONS ON BENEFICIARIES OF THE LUMP-SUM DEATH PAYMENT

Section 3 of the bill would establish a new order of preference for the payment of the lump-sum death benefit. Current law generally provides for the benefit to be paid to a spouse who lived with the insured individual or, if there is no such person, to a funeral home or to whomever assumes the expenses for the burial of the insured individual. The amendment would provide that if no spouse lived with the insured individual, the lump-sum benefit could be paid to a spouse who did not live with the individual so long as the spouse was entitled to a widow's or widower's benefit, or if there were no spouse, to children who were eligible for children's benefits.

ONE MONTH RETROACTIVITY OF WIDOWS' AND WIDOWERS' BENEFITS

Section 4 of the draft bill would amend title II of the Social Security Act to allow an aged widow or widower to receive actuarially reduced benefits for the month in which the insured spouse died, if the application is filed in the following month, even though the retroactive payment would result in lower future monthly benefits than would be the case if benefits were not paid retroactively.

The provision would make an exception to the rule, enacted by the Social Security Amendments of 1977, that bars the payment of retroactive benefits if such payment would require the lowering of future benefits. The exception would eliminate the inequity suffered by a survivor when the insured individual dies so late in the month that the survivor is not able to file for benefits in that month. In many of these cases, the actuarial reduction in future benefits (which in any event will be relatively small) is unimportant, from the survivor's standpoint, when compared with the survivor's need to receive a retroactive benefit promptly.

CONTINUATION OF BENEFITS OF DISABLED WIDOW OR WIDOWER WHO MARRIES A RETIRED OR DISABLED WORKER

Under current law, a childless disabled widow or widower under age 60 who marries a person receiving benefits as a retired or disabled worker loses his or her survivors' benefits and cannot become entitled to spouse's benefits until age 62. The same person would not lose benefits if she or he married a person who receives benefits as an aged or disabled widow of widower, an aged dependent parent, or a disabled child. Section 5 of the bill would continue disabled widow and widower benefits where marriage is to a person receiving old-age or disability benefits.

TECHNICAL AND CONFORMING AMENDMENTS TO THE MAXIMUM FAMILY BENEFIT PROVISIONS

Section 6 of the bill would correct a problem in the family maximum provision that was inadvertently caused by the Social Security Amendments of 1977. Under current law, when children are entitled to benefits on more than one worker's record, the maximum family benefits on each relevant record are combined for the purpose of paying the family benefits. However, there is an overall limit on the amount any one family can get when maximums are combined. This so-called "super maximum" for any given year is equal to 1.75 times the PIA at average indexed monthly earnings (AIME) equal to one-twelfth of the contribution and benefit base for that year. Whenever the base increases, the PIA at AIME equal to one-twelfth of the new base in computed, and then the super maximum is recomputed for families on the rolls for whom the combined maximums apply to take account of that new higher PIA. Since the formula used to compute the new PIA is adjusted to wage increases, the recomputed super maximum based on that PIA also reflects wage increases. In addition, in June of each year the super maximum is increased by the cost of living.

The problem that has recently arisen and that was unforeseen at the time of the 1977 amendments stems from the fact that wage increases during 1980 were significantly less than price increases. The June 1980 adjustments to the super maximum reflected price increases. Because the January 1981 recalculation of the super maximum reflected only the increase in the earnings base from 1980 to 1981, the new figures were lower than those effective from June 1980.

Subsection (a) of section 6 would eliminate this problem for 1981 and future years by eliminating the January readjustment of the super maximum after a family initially becomes entitled to combined maximum benefits; after initial entitlement, a family's super maximum would be adjusted annually on the basis of cost-of-living increases alone. The amendment would be effective with respect to payments made for months after December 1980. Subsection (b) of that section would correct a cross-reference to a family maximum provision to which a conforming change should have been made, but was not, in the 1977 amendment.

MODIFICATION OF PENALTIES FOR FAILURE TO MAKE A TIMELY REPORT OF EXCESS EARNINGS

Section 7 of the draft bill would modify the penalty imposed upon a beneficiary when he fails to file timely an annual report of earnings in excess of the retirement test exempt amount. Currently, the penalty for first failure to file a timely report (due within 3 months and 15 days after the end of the year in question) is the amount of the monthly benefit to which such beneficiary was entitled for the last month of such year; for a second such failure, an amount equal to 2 months' benefits; and for a third or subsequent failure, an amount equal to 3 months' benefits. Under the proposed amendment, failure to file timely would result in a warning without penalty for the first violation, a penalty of an amount equal to one month's benefit at the current monthly benefit rate for a second violation, and a penalty of 2 months' benefits at the current monthly benefit rate for a third or subsequent violation. The penalty would be assessed at the current monthly benefit rate rather than at the benefit level payable in the last month of the year in question, as in current law, since this would result in some administrative savings.

ROUNDING OF PRIMARY INSURANCE AMOUNTS AND INSURANCE BENEFITS TO THE NEAREST MULTIPLE OF 10 CENTS

Section 8 would provide for rounding monthly social security benefit amounts to the nearest ten cents rather than to the next higher ten cents. This would result in some program saving without significant loss to any beneficiary.

REPEAL OF MINIMUM BENEFIT PROVISION

Section 9 of the bill would repeal the minimum social security benefit. People who now qualify for a minimum benefit and those who would have received minimum benefits in the future will instead qualify for a benefit based on whatever primary insurance amount results from the application of the standard provisions for determining benefit amounts to their average earnings under social security.

A person who works regularly in covered employment, even at the minimum wage, now receives a benefit well above the minimum benefit level. The minimum benefit provision has therefore largely become a windfall for career government employees and others who do not work regularly in covered employment but do obtain social security protection from covered work.

ELIMINATION OF USE OF TRUST FUNDS TO PAY FOR VOCATIONAL REHABILITATION SERVICES FOR DISABLED BENEFICIARIES

Section 10 of the bill would eliminate the transfer of funds from the social security trust funds to the Rehabilitation Services Administration to pay for vocational rehabilitation services for disabled beneficiaries.

RECENCY OF WORK TEST FOR DISABILITY BENEFITS

Section 11 of the bill would restrict eligibility for disability benefits by requiring, in addition to the existing eligibility requirements, that at least 6 of the required quarters of coverage be acquired during the last 13-quarter period.

REDUCTION IN DISABILITY BENEFITS ON ACCOUNT OF RELATED OUTSIDE PAYMENTS; EXTENSION OF OFFSET TO DISABLED WORKER BENEFICIARIES AGED 62 THROUGH 64 AND THEIR FAMILIES; CHANGE IN MONTH IN WHICH PAYMENTS ARE OFFSET

Under current law, disability benefits are reduced by the amount by which the sum of an individual's benefits under title II of the Social Security Act plus benefits under a worker's compensation plan exceed the individual's prior income as a worker. Section 12 of the bill would make disability benefits received under any Federal or State or local government plan subject to the same reduction. VA disability benefits, need-based assistance payments, benefits based on public service employment covered by social security, and disability benefits received under a private plan would not be affected.

Section 12 would also extend the offset provision to workers aged 62 through 64 and their families. At present, the offset provision is limited to disabled workers under age 62. Extending the offset to age 65 would end the advantageous treatment now received by disabled beneficiaries aged 62 through 64 as compared with those under age 62.

Finally, section 12 would also change the month the offset would start. The reduction now begins in the month following the month in which the Secretary receives notice of the worker's receipt of worker's compensation. The amendment would provide for the reduction in the disability benefit beginning with the first month in which

the worker begins to receive multiple benefits, regardless of when the Secretary receives the actual notification. This provision will eliminate an incentive for workers to delay notifying the Secretary of their receipt of other disability payments.

PENSION REFORM ACT—COST REIMBURSEMENT

Section 13 of the draft bill would provide for payment to the social security trust funds for expenses incurred in providing information required to enable an employee benefit plan to comply with the Employee Retirement Income Security Act of 1974 (commonly referred to as the Pension Reform Act).

Provisions of the Pension Reform Act require administrators of most employee pension plans to furnish to plan participants information concerning their accrued and vested benefit rights. In addition, employers are required to maintain records, in accordance with Department of Labor regulations, sufficient to determine the benefits which are, or may become, due to each employee. While some pension plans do not have the earnings information necessary to provide the required information, the Department of HHS does maintain it and has already received requests from some plans for complete earnings histories of plan members. The Department estimates that there will be requests for about 300,000 individual earnings histories during the next five years at an estimated cost of $15 million. This section of the draft bill would make clear that reimbursement of these costs is not governed by the Freedom of Information Act or by the Privacy Act. Under the provisions of these Acts, it is estimated that the allowable reimbursement would be no more than $6.7 million over the next five years. Thus, the cost to the social security trust funds over the same period would be $8.3 million. Section 13 would permit the Department to recover from the requesting party the full cost of retrieving and transmitting information for purposes of enabling pension plans to comply with the Pension Reform Act.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LOWERY of California) to revise and extend their remarks and include extraneous material:)

Mr. MCGRATH, for 5 minutes, today.

Mr. HAMMERSCHMIDT, for 10 minutes, today.

Mr. BROYHILL, for 15 minutes, today.

Mr. BLILEY, for 5 minutes, on May 7.

(The following Members (at the request of Mr. DONNELLY) to revise and extend their remarks and include extraneous material:)

Mr. FORD of Michigan, for 30 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. REUSS, for 20 minutes, today.

Mr. MOAKLEY, for 5 minutes, today.

Mr. ST GERMAIN, for 20 minutes, today.

Mr. DE LUGO, for 30 minutes, on May 12.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DOWNEY, and to include extraneous matter, on House Concurrent Resolution 115, in the Committee of the Whole today.

Mr. OBEY, and to include extraneous matter, on House Concurrent Resolution 115, in the Committee of the Whole today.

(The following Members (at the request of Mr. LOWERY of California) and to include extraneous matter:)

Mr. MCGRATH.

Mr. BEARD.

Mr. COURTER.

Mr. LUJAN.

Mr. SOLOMON in two instances.

Mr. COLLINS of Texas in two instances.

Mr. HYDE in three instances.

Mrs. SCHNEIDER.

Mr. BAFALIS in two instances.

Mr. SAWYER.

Mr. HOLLENBECK.

Mr. THOMAS.

Mrs. SMITH of Nebraska.

Mr. MARTIN of North Carolina.

Mr. ASHBROOK in four instances.

(The following Members (at the request of Mr. DONNELLY) and to include extraneous matter:)

Mr. BOLAND.

Mr. GORE in two instances.

Mr. ROE.

Mr. GRAY.

Mr. STARK.

Mr. CLAY.

Mr. MOFFETT.

Mr. EVANS of Indiana.

Mr. RAHALL.

Mr. JOHN L. BURTON.

Mr. MCDONALD in four instances.

Mr. BENNETT.

Mr. HAMILTON in two instances.

Mr. OTTINGER.

Mr. COELHO.

Mr. MCCURDY.

Mr. SCHEUER.

Mr. EDWARDS of California.

Mr. SABO.

Mr. TRAXLER.

Mr. YATRON.

Mr. FOGLIETTA.

Mr. SOLARZ.

Mr. CONYERS in two instances.

Mr. LONG of Maryland.

Mr. BROOKS in two instances.

Mr. SHANNON.

Mrs. CHISHOLM.

Mr. FRANK.

Mr. WON PAT.

Mr. WIRTH.

Ms. OAKAR.

Mr. FAUNTROY.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 896. An act to designate the control tower at Memphis International Airport the Omlie Tower; to the Committee on Public Works and Transportation;

S. 1002. An act to amend the National Climate Program Act to extend the authorization for appropriations for fiscal year 1982, and for other purposes; to the Committee on Science and Technology; and

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983; to the Committee on Merchant Marine and Fisheries.

ADJOURNMENT

Mr. DONNELLY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 1 minute p.m.), under its previous order, the House adjourned until tomorrow, Thursday, May 7, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1288. A letter from the General Counsel, Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to provide for participation by members of the Armed Forces in international sports activities; to the Committee on Armed Services.

1289. A letter from the Chairman, International Trade Commission, transmitting a draft of proposed legislation to provide authorization of appropriations for the U.S. International Trade Commission for fiscal year 1983; to the Committee on Ways and Means.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOLAND:

H.R. 3454. A bill to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes; to the Permanent Select Committee on Intelligeance.

By Mr. BRINKLEY (for himself and Mr. TRIBLE):

H.R. 3455. A bill to authorize certain construction at military installations for fiscal year 1982, and for other purposes; to the Committee on Armed Services.

By Mr. MARTIN of North Carolina (for himself and Mr. GIBBONS):

H.R. 3456. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest earned on certain certifi-

cates of deposit in financial institutions; to the Committee on Ways and Means.

By Mr. CONABLE (for himself and Mr. ARCHER) (by request):

H.R. 3457. A bill to amend title II of the Social Security Act, and related provisions of that act to improve the program of Old-Age, Survivors, and Disability Insurance, and for other purposes; to the Committee on Ways and Means.

By Mr. FRENZEL:

H.R. 3458. A bill to amend the Internal Revenue Code of 1954 to provide a $500,000 exemption in lieu of the unified estate and gift tax credits, to provide an unlimited estate and gift tax marital deduction, and for other purposes; to the Committee on Ways and Means.

By Mr. HANCE:

H.R. 3459. A bill to amend the Internal Revenue Code of 1954 to remove the limitation on the amount of used property for which the investment tax credit is allowable; to the Committee on Ways and Means.

By Mr. HANCE (for himself and Mr. ARCHER):

H.R. 3460. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of incentive stock options; to the Committee on Ways and Means.

By Mr. NOWAK:

H.R. 3461. A bill to amend the Internal Revenue Code of 1954 to provide that the $1 million small issue exemption from treatment as industrial development bonds shall be increased to $20 million for issues for certain investments in areas of chronic unemployment and to $10 million for all other issues and to provide that the capital expenditure limitation shall apply to all such small issues; to the Committee on Ways and Means.

By Mr. RODINO:

H.R. 3462. A bill to authorize appropriations to carry out the activities of the Department of Justice for fiscal year 1982, and for other purposes; to the Committee on the Judiciary.

By Mrs. SCHNEIDER:

H.R. 3463. A bill to amend title 10, United States Code, to provide for a greater degree of objectivity in certain defense contracting; to the Committee on Armed Services.

By Mrs. SCHNEIDER (for herself, Mr. OBERSTAR, Mr. ROE, Mr. D'AMOURS, Mr. BROWN of California, Mr. ST GERMAIN, Mr. YOUNG of Alaska, Mr. DOUGHERTY, Mr. LOTT, Mr. GEJDENSON, Mr. WEAVER, and Mr. FOGLIETTA):

H.R. 3464. A bill to amend title 10, United States Code, to provide that naval vessels of the United States may not be built in foreign shipyards; to the Committee on Armed Services.

By Mr. STARK:

H.R. 3465. A bill to amend the Investment Company Act of 1940 and for other purposes; jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

By Mr. WALKER:

H.R. 3466. A bill to forbid the use of quotas to deny opportunities in education or employment; jointly, to the Committees on Education and Labor and the Judiciary.

By Mr. ZABLOCKI (for himself, Mr. FASCELL, Mr. HAMILTON, Mr. BINGHAM, Mr. BROOMFIELD, Mr. WINN, Mr. LEBOUTILLIER, and Mr. DERWINSKI):

H.R. 3467. A bill to authorize appropriations under the Arms Control and Disarmament Act, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BAFALIS:

H.R. 3468. A bill to amend the Social Security Act to increase the effectiveness and improve the administration of certain programs under the act, and for other purposes; to the Committee on Ways and Means.

H.R. 3469. A bill to consolidate and improve Federal grants to States for home energy and emergency assistance to low-income households, to eliminate unnecessary restrictions on those programs and increase flexibility in a State's exercise of its responsibility for program administration, and for other purposes; jointly, to the Committees on Education and Labor, Energy and Commerce, Banking, Finance and Urban Affairs, and Ways and Means.

By Mr. BENNETT:

H.R. 3470. A bill to amend title 10 of the United States Code to provide for the use of members of the Armed Forces, information obtained by the Armed Forces, Armed Forces equipment and facilities by Federal drug enforcement officials and to provide training and advice for such officials and members of the Armed Forces; to the Committee on Armed Services.

By Mr. BROYHILL (for himself, Mr. MADIGAN, Mr. BROWN of Ohio, and Mr. GRAMM):

H.R. 3471. A bill to amend the Clean Air Act to maximize protection of public health while minimizing social and economic disruption; to the Committee on Energy and Commerce.

By Mr. GRISHAM:

H.R. 3472. A bill to amend the Internal Revenue Code of 1954 to provide individuals a refundable income tax credit for premiums paid for basic health insurance and a deduction for gross income for certain additional medical expenses; to the Committee on Ways and Means.

By Mr. HYDE:

H.R. 3473. A bill to amend the voting rights act of 1965; to the Committee on the Judiciary.

By Mr. McDADE (for himself, Mr. MARRIOTT, and Mr. WILLIAMS of Ohio):

H.R. 3474. A bill to amend the Small Business Act to require the Federal Government to pay interest on overdue payments to small business concerns and to take early payment discounts only when payment is timely made, and for other purposes; to the Committee on Small Business.

By Mr. SWIFT (for himself, Mr. COLLINS of Texas, Mr. MOORHEAD, Mr. BLILEY, Mr. LOEFFLER, Mr. LUKEN, Mr. GORE, and Mr. RINALDO):

H.R. 3475. A bill to amend the Communications Act of 1934 to codify the rules of the Federal Communications Commission which prohibit the crossownership of broadcasting stations and newspapers, to provide that the Commission, in considering applications for the renewal of broadcasting station licenses, shall not take into account any ownership interests of the applicant in other broadcasting stations or in other communications media, and for other purposes; to the Committee on Energy and Commerce.

By Mrs. FENWICK (for herself, Mr. GILMAN, and Mr. MCCLOSKEY):

H.J. Res. 248. Joint resolution entitled "United States Tennis Association Day"; to the Committee on Post Office and Civil Service.

By Mr. HILLIS:

H.J. Res. 249. Joint resolution proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons; to the Committee on the Judiciary.

By Mr. FISH:

H. Con. Res. 127. Concurrent resolution recognizing the month of April as Fair Housing Month; jointly, to the Committees on Post Office and Civil Service and the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHN L. BURTON:

H.R. 3476. A bill for the relief of Tariq Hamid; to the Committee on the Judiciary.

H.R. 3477. A bill for the relief of Mrs. Salud Marquez; to the Committee on the Judiciary.

H.R. 3478. A bill for the relief of Mrs. Maruko Kubota Smith; to the Committee on the Judiciary.

H.R. 3479. A bill for the relief of Richard Thomas; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 85: Mr. SHAW and Mr. BOWEN.

H.R. 248: Mr. PETRI, Mr. EVANS of Georgia, and Mr. ROBERTS of South Dakota.

H.R. 556: Mr. GEJDENSON, Mr. LANTOS, Mr. HERTEL, Mr. DIXON, and Mr. EVANS of Delaware.

H.R. 660: Mr. ADDABBO, Mr. BEVILL, Mr. BINGHAM, Mr. CLAY, Ms. FERRARO, Mr. FISH, Mr. FORD of Michigan, Mr. GRAY, Mrs. HECKLER, Mr. HOWARD, Mr. KILDEE, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. RODINO, Mr. ROE, Mr. ST GERMAIN, Mr. STOKES, and Mr. YATRON.

H.R. 1313: Mr. OBERSTAR, Mr. LOTT, Mr. FORD of Michigan, and Mr. ZEFERETTI.

H.R. 1331: Mr. ALBOSTA, Mr. APPLEGATE, Mr. ATKINSON, Mr. BEVILL, Mr. BINGHAM, Mr. BONIOR of Michigan, Mr. BRODHEAD, Mrs. CHISHOLM, Mr. CLAY, Mr. CORRADA, Mr. JAMES K. COYNE, Mr. D'AMOURS, Mr. DASCHLE, Mr. DAUB, Mr. DAVIS, Mr. DE LA GARZA, Mr. DE LUGO, Mr. DOWNEY, Mr. ERDAHL, Mr. FAZIO, Ms. FERRARO, Mr. FORD of Michigan, Mr. GUARINI, Mr. HANSEN of Idaho, Mr. HORTON, Mr. HUGHES, Mr. JEFFORDS, Mr. KASTENMEIER, Mr. KILDEE, Mr. KOGOVSEK, Mr. LAGOMARSINO, Mr. LEHMAN, Mr. LEVITAS, Mr. LOWRY of Washington, Mr. MCCLOSKEY, Mr. MCKINNEY, Mr. MARLENEE, Mr. MITCHELL of Maryland, Mr. MOTTL, Mr. MURPHY, Mr. OBERSTAR, Mr. PANETTA, Mr. Pepper, Mr. SCHEUER, Mr. STOKES, Mr. SUNIA, Mr. TAUKE, Mr. VENTO, Mr. WEAVER, Mr. WEBER of Minnesota, Mr. WEISS, Mr. WHITEHURST, Mr. WILLIAMS of Montana, Mr. WON PAT, and Mr. YATRON.

H.R. 1464: Mr. DUNCAN, Mr. JOHNSTON, Mr. LAFALCE, Mr. BLILEY, Mr. JONES of Oklahoma, Mr. EDWARDS of Alabama, Mr. SHELBY, Mr. NOWAK, Mr. ROUSSELOT, Mr. TAYLOR, Mr. LIVINGSTON, Mr. CLINGER, Mr. MURPHY, and Mr. BONER of Tennessee.

H.R. 1526: Mr. EVANS of Delaware.

H.R. 1585: Mr. PAUL, Mr. COLLINS of Texas, and Mr. DORNAN of California.

H.R. 1603: Mr. WEAVER, Mr. DREIER, Mr. MILLER of Ohio, Mr. JONES of North Carolina, Mr. LUKEN, Mr. GRADISON, Mr. MORRI-

SON, Mr. BENNETT, Mr. JENKINS, and Mr. DICKS.

H.R. 1638: Mr. LOWRY of Washington and Mr. EVANS of Delaware.

H.R. 1700: Mr. CHAPPIE, Mr. GOODLING, Mr. HUTTO, Mr. MCEWEN, Mr. MORRISON, Mr. NELLIGAN, Mr. PATTERSON, Mr. ROSENTHAL, Mr. SAVAGE, Mr. STUDDS Mr. WEAVER, Mr. YOUNG of Florida, and Mr. WOLF.

H.R. 1774: Mr. LOWRY of Washington, Mr. PATTERSON, Ms. MIKULSKI, Mr. DOWNEY, Mr. SIMON, Mr. LANTOS, and Mrs. SCHNEIDER.

H.R. 1911: Mr. HANCE.

H.R. 2039: Mr. SAWYER.

H.R. 2121: Mr. PATTERSON.

H.R. 2169: Mr. SCHEUER, Mr. MAVROULES, Mrs. CHISHOLM, Mr. ROE, Mr. ANDERSON, Mr. STOKES, Mr. MINETA, Mr. PERKINS, Mr. HYDE, Mr. MOTTL, Mr. HORTON, Mr. CROCKETT, Ms. MIKULSKI, Mr. GUARINI, Mr. BEDELL, Mr. CONYERS, Mr. KILDEE, Mr. DWYER, Mr. LAFALCE, Mr. CLINGER, Mr. PORTER, Mr. SOLARZ, Mr. TAUKE, Mr. BINGHAM, and Mr. BLANCHARD.

H.R. 2248: Mr. COELHO.

H.R. 2250: Mr. IRELAND, Mr. SAWYER, Mr. SUNIA, Mr. CLINGER, Mr. WEAVER, Mr. RAHALL, Mr. BEREUTER, Mr. ERDAHL, Mr. JEFFORDS, Mr. MOLLOHAN, Mr. WILLIAMS of Montana, Mr. ST GERMAIN, Mr. MADIGAN, and Mr. BAILEY of Pennsylvania.

H.R. 2255: Mr. PATTERSON.

H.R. 2325: Mr. SIMON, Mr. GOODLING, Mr. DAUB, Mr. GAYDOS, Mr. YATRON, and Mr. DUNCAN.

H.R. 2357: Mr. JOHNSTON, Mr. YOUNG of Alaska, Mr. YOUNG of Missouri, Mr. WHITEHURST, Mr. LOTT, Mr. FRENZEL, Mr. COLLINS of Texas, and Mr. LIVINGSTON.

H.R. 2373: Mr. FAUNTROY, Mr. MURPHY, Mr. DUNCAN, Mr. STANGELAND, Mr. EMERSON, Mr. NEAL, Mr. JAMES K. COYNE, Mr. EVANS of Iowa, Mr. FORSYTHE, Mr. DERWINSKI, Mr. RAILSBACK, Mr. GINGRICH, Mr. BEDELL, Mr. KOGOVSEK, and Mr. DASCHLE.

H.R. 2548: Mr. SEIBERLING.

H.R. 2559: Mr. HUTTO, Mr. DYSON, Mr. HUGHES, and Mr. SHAW.

H.R. 2881: Mr. EDGAR, Mr. EVANS of Iowa, Mr. HOLLAND, Mr. LOTT, Mr. MURPHY, Mr. ROSE, Mr. STARK, Mr. WHITEHURST, and Mr. WON PAT.

H.R. 2924: Mr. IRELAND and Mr. PORTER.

H.R. 2982: Mr. TAYLOR.

H.R. 3021: Mr. STANGELAND, Mr. CHAPPIE, Mr. SHUMWAY, Mr. SKEEN, Mr. ROBERTS of South Dakota, Mr. PASHAYAN, Mr. WILSON, and Mr. RUDD.

H.R. 3083: Mr. BROWN of Ohio and Mr. MONTGOMERY.

H.R. 3267: Mr. LOWRY of Washington, Mr. RAHALL, Mr. FRANK, Mr. HERTEL, Mr. LUJAN, Mr. SOLARZ, Mr. RICHMOND, Mr. PRITCHARD, Mr. MOAKLEY, Mr. ROE, Mr. FORD of Michigan, Mr. MITCHELL of Maryland, Mr. ADDABBO, Ms. FERRARO, Mr. DUNCAN, Mr. BEVILL, Mr. PEPPER, and Mr. OBERSTAR.

H.R. 3269: Mr. LEE.

H.R. 3415: Mr. BENJAMIN and Mr. O'BRIEN.

H.J. Res. 5: Mr. FITHIAN and Mr. NELLIGAN.

H.J. Res. 128: Mr. AKAKA, Mr. ALEXANDER, Mr. ANTHONY, Mr. BENEDICT, Mr. BROWN of Ohio, Mr. BROWN of Colorado, Mr. MOORHEAD, and Mr. NOWAK.

H.J. Res. 200: Mr. BETHUNE and Mr. MOLLOHAN.

H. Con. Res. 76: Mr. BUTLER, Mr. ZEFERETTI, Mr. MAZZOLI, Mr. LIVINGSTON, Mr. EVANS of Georgia, Mr. ANTHONY, Mr. STOKES, Mr. GINGRICH, Mr. ROBERT W. DANIEL, Mr. MOTTL, Mr. ZABLOCKI, Mr. JONES of Tennessee, and Mr. DAUB.

H. Res. 79: Mr. JAMES K. COYNE.

H. Res. 126: Ms. MIKULSKI, Mr. BEILENSON, Mr. CONYERS, Mr. SIMON, Mr. BINGHAM, Mr. FAZIO, and Mr. GREEN.

EXTENSIONS OF REMARKS

F-15 ENHANCEMENT PACKAGE FOR SAUDI ARABIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a State Department memorandum dated April 7, 1981, which comments on the memorandum prepare by the American Israel Public Affairs Committee (AIPAC), on the F-15 enhancement package for Saudi Arabia. The AIPAC memorandum appeared in the RECORD Tuesday, May 5, 1981.

The State Department reply follows:

MARCH 9, 1981.

Hon. ALEXANDER HAIG, Jr.,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: Attached is a memorandum prepared by the American Israel Public Affairs Committee and distributed to members of Congress concerning the proposed sale of equipment to Saudi Arabia to enhance F-15 aircraft previously aid.

I would like the Department of State to prepare a detailed response to this memorandum for inclusion in the record when this issues comes before the Committee on Foreign Affairs.

I appreciate your attention to this matter. If you have further questions, Mike Van Dusen, Staff Director of the subcommittee, can be reached at 225-3345.

With best regards.

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East.

DEPARTMENT OF STATE,
Washington, D.C., April 7, 1981.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East, Washington, D.C.

DEAR CHAIRMAN: Thank you for your letter of March 9 forwarding a copy of the Memorandum prepared by the American Israel Public Affairs Committee concerning the proposed sales of F-15 enhancement items to Saudi Arabia. You asked for our comments on the memorandum and I am pleased to enclose our response.

As you know, officials of the Departments of Defense and State have been consulting very closely with many members of the Congress in the process of reaching Administration decisions on the sales. We greatly appreciate the exchange of views we have had with you and others and hope to stay in continuing contact with Members on these issues as we move toward notification.

During our consultations we were struck very forcefully by the virtual unanimity in the assessment of the Members that the strategic position of the United States and the West in the Middle East/Persian Gulf region has seriously deteriorated. Many Members expressed the concern that the United States must respond quickly and effectively to deal with the threat to our friends and to our own interests in the area.

This is the precise objective of our proposed sales. These proposals form part of our broad strategic concept for dealing with the growing Soviet presence in the region. The Soviets will pursue all opportunities to weaken the stability of friendly nations and to aggravate and exploit tensions between regional states. We face a situation that demands a meaningful U.S. contribution if the erosion in security is to be halted.

In order for the United States to play a more active and direct role in protecting its own interests, however, we must strengthen the confidence of our friends by showing a willingness to help them defend their own national security. Helping our friends to defend themselves is closely associated in the Middle East policy of this Administration with the continuing search for a settlement to the Arab/Israel crisis. Security and peace are elements of our policy that cannot be separated. They are efforts towards the single objective: the development of conditions in the Middle East designed to block the Soviet advance and to protect vital American national interests and those of our friends.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

Enclosure.

1. AIPAC MEMORANDUM

". . . The addition of FAST packs and AIM-9Ls will significantly enhance the offensive capability of the Saudi Air Force . . . An F-15 so equipped has a combat radius of more than 1,000 miles compared with about 450 miles for an F-15 without the pods. The FAST packs permit Saudi aircraft to operate out of any base in Saudi Arabia against any target in Israel."

Department of State comments

Saudi Arabia has requested additional equipment for its F-15s in order to provide a stronger defensive capability against the increased regional threat.

The conformal fuel tanks will increase the flying time and combat radius of an F-15 by about 40-70 percent, depending upon the flight profile (altitude and speed of flight) and payload (type and number of munitions carried). This will enable the Saudis to base their F-15s at airfields in the western part of the Kingdom and still carry out defensive missions over the strategic oil fields and facilities in the Eastern Province. Without conformal fuel tanks, the F-15s would have to be based at airfields in the eastern portion of the country in order to defend the oil facilities, and would thus be vulnerable to pre-emptive strikes on those airfields during the first hours of an attack. The added fuel tanks could also increase the length of time that an F-15 could remain on patrol over the oil fields, thus enhancing the protection for those vital facilities.

The AIM-9L missiles will provide the Saudi F-15s with an improved air-to-air defensive weapon which will provide a head-on intercept capability, thus reducing the time required for maneuvering in an air combat situation, and increasing the likelihood of successfully intercepting and destroying attacking aircraft before they strike their targets. Like the fuel tanks, the new missiles will augment the capability of the F-15s to defend the oil facilities located within the combat range of potentially hostile aircraft from the northeast.

2. AIPAC MEMORANDUM

". . . There is no threat facing Saudi Arabia which justifies the sale. The Soviet forces in Afghanistan are more than 1,000 miles from Saudi Arabia's eastern coast. Soviet expansionism unsettles the region, but it is Iran and Pakistan that are directly threatened, not Saudi Arabia. Credibility is strained in imagining Saudi Arabia using the enhanced range of its F-15s to strike at Soviet military targets in western Afghanistan . . . South Yemen is deterred—as it has always been—by the obstacles of desert and distance . . . Saudi Arabia requires nothing more to protect itself from a weak, probably imaginary threat from South Yemen . . . There is little likelihood of an invasion of Saudi Arabi from Iraq . . . Iranian threats to Saudi Arabia have been blunted by the Iraq/Iran war . . . Today, Arab quantitative advantage is growing while Israel's qualitative edge has become dangerously eroded."

Department of State comments

The most likely military threat confronting Saudi Arabia now and in the future is the danger that it will be attacked by neighboring Soviet-backed regimes. The Soviet invasion of Afghanistan, the Iranian revolution and the Iraq/Iran war underscore the extreme volatility in the region and the continuing danger that the Soviet Union will exploit instability to exert pressure or threaten Saudi Arabia through surrogates. Both Iran and Iraq are controlled by regimes that are ideologically hostile to Saudi Arabia and Saudi military planners must regard both countries as serious potential threats. Providing Saudi Arabia with effective defenses will strengthen its deterrent capability and ability to deal with political pressures from across the Persian Gulf.

Although it does not seem very likely that Saudi Arabia will have to engage Soviet aircraft in combat, that possibility cannot be excluded. The USSR could move major ground units to the Persian Gulf within a few days or land airborne troops directly in Saudi Arabia. Should there be a Soviet attack on the oil fields, Saudi Arabia should be in a position to offer a first line defense, while the commonality of equipment with the United States would enable our forces to move into the conflict more rapidly and efficiently.

The threat from South Yemen is not "weak" or "imaginery". South Yemen, well-armed and trained by the USSR, has attacked Saudi Arabia three times within the past 12 years. Although these engagements were limited, they carry a political message and it is important that Saudi Arabia be sufficiently well armed to deter any further adventurous actions by South Yemen in the future. The South Yemen threat to Saudi Arabia cannot be lightly dismissed given that country's past performance, its close links with both the Soviet Union and Marx-

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ist Ethiopia and the large number of East European and Cuban advisors it employs.

3. AIPAC MEMORANDUM

". . . Saudi Arabia is much less stable today than it was three years ago . . . The takeover of the Grand Mosque provides ample evidence . . . F-15s are of no value in meeting internal upheavals. The United States must not repeat the errors made in Iran by selling much advanced weaponry to an unstable client with internal discontentment rather than external threats."

Department of State comments

It is simply not true that Saudi Arabia is much less stable today than it was three years ago. For example, there were disturbances among the Shi'as in the Eastern Province in 1979, but these were not repeated in 1980. The Saudi Government is proceeding carefully with its development programs so as to avoid unnecessary tensions and dislocations. In our judgment, the Mecca Mosque attack was carried out by religious fanatics, whose action had no popular support in Saudi Arabia.

Our sales of military equipment to Saudi Arabia are intended to counter external threats. At the same time, an improved defensive capability will enhance Saudi confidence and ability to deal effectively with external pressures that work against internal stability. A refusal, however, by the United States to help Saudi Arabia meet its legitimate defense needs would build popular dissatisfaction with close U.S.-Saudi ties.

4. AIPAC MEMORANDUM

". . . The sale will not strengthen the Arab-Israeli peace process, since Saudi Arabia has been, and continues to be, a leading opponent of the Camp David Accords."

Department of State comments

Saudi Arabia has indicated it opposes the Camp David agreements because in its view the Accords do not deal adequately with the problems of the Palestinians and Jerusalem. Prior to the Camp David Accords, Saudi Arabia gave its active support to the peace process. Saudi Arabia continues to advocate a peaceful solution to the Arab-Israel crisis. The Saudis have consistently sought to reduce dangerous tensions in the region. The moderation of the Saudi approach has been greeted with hostility by such radical states as Libya.

As Saudi Arabia feels more secure in its own defense capability and in the reliability of US support, the Saudis will be able to consider their role in the peace process from a perspective of greater confidence. Saudi Arabia has great influence with the moderate states of the region and it will be important to enlist Saudi cooperation with a renewed peace effort.

The US considers the issues of peace and security in the Middle East to be mutually reinforcing. A comprehensive peace settlement must be based on security for the regional states. The development of adequate security must be accompanied by movement towards peace.

5. AIPAC MEMORANDUM

" . . . The Kingdom cannot defend itself over a broad front. The land mass is simply too large and the population base available for the armed forces is much too small.

Department of State comments

As the AIPAC Memoramdum notes, the Saudi military is very pressed for manpower. The purpose of our sale of AIM-9Ls and conformal fuel tanks is to increase the efficiency of Saudi air defense assets while minimizing additional demands on Saudi manpower. With these enhancements the Saudis will be better able to defend their oil facilities and population centers from remote bases and with a reduced number of aircraft.

6. AIPAC MEMORANDUM

" . . . The vast Saudi buildup raises the obvious question of whether Saudi Arabia is stockpiling weapons for further transfer to a third country."

Department of State comments

Our military sales agreements with Saudi Arabia prohibit the transfer of weapons or security information without our permission. The Saudi record in respecting those requirements is excellent and it is very unlikely that Saudi Arabia might transfer weapons to another country without our permission. But if such transfer did take place, the Saudis realize we could halt sales of spare parts and maintenance support, thus quickly and drastically reducing the effectiveness of these weapons.

7. AIPAC MEMORANDUM

". . . Several times, including last month at the Taif Summit, Saudi leaders called for Jihad (holy war) against the Jewish state. In the past 32 years, Saudi forces have been engaged four times—three of them against Israel."

Department of State comments

Saudi leaders have assured the United States that they have no offensive intentions against any country including Israel. Saudi forces have never been engaged with Israel in significant combat. For example, in the 1973 war, Saudi troops en route to take up reserve positions in Syria briefly encountered an Israeli patrol. There was some shooting and ten Saudis were casualties. Neither the patrol nor any other Saudi unit participated in any further military action.

Although Jihad is literally translated a "holy war", the term has gradually been inflated so that it has a usage much broader than its original meaning. The use of this term in a speech by Prince Fahd coincided with the holy Muslim day of Id Al Fitr and the Knesset's passage of a bill declaring Jerusalem the capital of Israel. In this context, the "call for Jihad" was a way of putting maximum emotional emphasis on the demand in the Arab world that Israel withdraw from its occupied territories, including East Jerusalem.

8. AIPAC MEMORANDUM

". . . U.S. bases, facilities and a naval presence are the best deterrent to Soviet adventurism. Yet, Saudi Arabia has rejected American base arrangements in the Arabian Peninsula."

Department of State comments

A willingness on the part of the United States to assist Saudi Arabia in acquiring reasonable and adequate self-defense capability will strengthen the prospects for enhanced U.S.-Saudi cooperation in the region. Cooperation between Saudi Arabia and the United States, based on shared interests and a common approach to the threat to our interests, is needed to underpin the U.S. security posture in the region.

Close U.S.-Saudi relations not only are important in their own right, but because other states in the area look to the Saudis—as the leading regional actor—to establish guidelines for their own relations and security cooperation with us. Improved U.S.-Saudi ties will be reflected in better relations with neighboring regional states.

In the months ahead, we anticipate active consultations with the Saudis on ways that we can cooperate to strengthen the U.S. presence in the Persian Gulf region to deter the Soviet Union.

9. AIPAC MEMORANDUM

". . . The sale will not lead to oil price moderation or increased Saudi production. If anything, the sale will appear to be appeasement in the face of Saudi threats to cut oil production."

Department of State comments

Saudi oil policy is obviously made on the basis of Saudi perception of their national interest. Over the years, the Saudis have, nonetheless, indicated they have a sophisticated concept of that national interest and how it relates to a broader concern for world energy requirements.

Since mid-1979, Saudi Arabia has maintained significantly higher oil production than its preferred levels, most recently in response to supply shortages resulting from the Iraq/Iran war.

Saudi Arabia has been a price moderate within OPEC. For extended periods—as at present—it has priced its crude well below the general OPEC level and below what the world market would sustain. The Saudis have increased their oil prices in the context of recoupling funds that would otherwise have gone as subsidies to oil companies and in the interest of pursuing price unification within OPEC with the consequent beneficial result of stabilizing the world oil market.

These production and pricing policies are increasingly criticized in Saudi Arabia. We cannot expect Saudi Arabia to pursue oil policies inconsistent with the Saudi leadership's view of national interest, but it is obvious that the Saudis will be more sympathetic to our concerns on oil issues when we sustain and build their sense of common interest with the Western world and the United States in particular.

10. AIPAC MEMORANDUM

". . . Acceding now to the Saudi demand for F-15 offensive add-on equipment will be a test of Saudi Arabia's ability to force the United States into devaluing its own solemn commitments and into working against the national interest of the United States."

Department of State comments

The United States Government takes the commitment made in 1978 very seriously; we would alter it only for urgent reasons. But the undertaking that the previous Administration made to the Congress with respect to the Saudi F-15s needs to be reevaluated in the light of the profoundly altered security situation in the region. The protection of vital U.S. national interests creates a need to modify the earlier assurances in order to afford adequate protection to the security of Saudi Arabia—a major objective of U.S. policy in the Middle East for thirty years. Our decision on the F-15 enhancement is part of the new overall strategy in the region, a strategy which should give Israel (as well our other friends) added security against the USSR and its surrogates.

It would be unwise not to respond to the increased threats to Saudi Arabia and American interests as a result of the Soviet invasion of Afghanistan, the Iranian revolution, the Iraq-Iran war, and Soviet aircraft

in the Horn of Africa and South Yemen. Our friends understand the new requirements of the dangerous new circumstances. A willingness to respond to those dangers sends a forceful signal to our friends in the region that the U.S. will act in determination to support them and to protect our interests.●

PENNZOIL REINVESTS TO BUILD U.S. RESERVES

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. COLLINS of Texas. Mr. Speaker, everytime I read an oil company statement, my major concern is to see how much they are reinvesting of their earnings in searching for new oil and gas. The Pennzoil statement shows in 1980 they spent $419 million in exploration of oil and natural gas. Their operating income out of their exploration and production company was only $342 million while they were investing $419 million in searching for new oil and gas.

With this aggressive approach, the company's reserves of crude oil and natural gas declined less than 1 percentage point in 1980. Its natural gas reserves declined only 2.5 percent in 1980 versus a 9-percent decline in 1979.

For instance, Pennzoil now has proved natural gas reserves of 1,177 Bcf in 1980 compared to 1,354 Bcf back in 1976. In millions of barrels of oil the reserves in 1980 are 98 compared to 109 in 1976.

Although they were able to receive $1.93 Mcf as the average natural gas price in 1980 compared to 70 cents in 1976, it costs more than the additional profits to try to stay even in reserves.

Pennzoil is a well-managed company and an industry leader. Pennzoil is the leading motor oil used in America during 1980, and it has continued to increase its market share.

Hugh Liedtke is chairman of the board and Baine Kerr is president of this well-managed company that continues to plowback more than its earnings into building a stronger future reserve for America's petroleum needs.

Pennzoil has increased its undeveloped U.S. oil and gas acreage from 2,554,000 acres in 1978 to 3,375,000 acres in 1980. Their most active areas are North Dakota and Montana.

Deregulation of oil is helping make America again self-reliant. Pennzoil is among the progressive oil and gas companies who continue to reinvest more than their earnings to build domestic petroleum reserves.●

THE REAGAN ADMINISTRATION COULD SHOW IT IS SERIOUS ABOUT FIGHTING INFLATION BY RENOUNCING KEMP-ROTH

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. MITCHELL of Maryland. Mr. Speaker, Dun's Review for May 1981 carries an interesting interview with the gentleman from Wisconsin, Representative HENRY S. REUSS, chairman of the Joint Economic Committee. The interview well delineates the inflationary dangers of the administration's economic program. The text of the Dun's Review article follows:

While many Democratic members of Congress have been reluctant to criticize the Reagan Administration's economic and tax policies, an outstanding exception is Wisconsin's Henry S. Reuss. As the new chairman of Congress' Joint Economic Committee, the veteran liberal is using the influential panel as a forum to present a Democratic alternative to the Reagan economic plan.

The Wisconsin Democrat's determination to use the JEC as a vehicle to attack the White House's economic policies is causing a dramatic change in the panel, which was relatively nonpartisan under Reuss' predecessor, Texas Democratic Senator Lloyd Bentsen. Last year, the JEC's annual report, which called for major changes in the tax system to stimulate investment and productivity, received the unanimous support of the committee's Democrats and Republicans.

This year's annual report, which is a response to the Administration's economic package, follows the pre-Bentsen pattern of partisanship, with the Democrats and the Republicans filing separate recommendations. With the GOP members backing the White House program, the Reuss-led Democrats support an easier monetary policy, the scaling down of the tax cut and redirecting it to low-income groups, more investment incentives and standby authority to impose wage and price controls.

Both parties claim to be the true proponents of "supply-side" economics, with Reuss arguing that the Kemp-Roth 10% across-the-board tax cut goes too far. "It's really a demand-side tax cut that is alleged to have supply-side repercussions," he says. "The Reagan program will only make inflation worse. Instead of increasing savings and investment, the proposal will promote high consumption."

It is not only liberal Democrats who are wary of Reagan's tax cut plan, according to Reuss. Many business leaders are equally apprehensive. "Many CEOs are queasy about the size of the tax cuts and about a super-tight money supply policy," Reuss maintains. "They feel the same as many British businessmen over some of the antics of the Thatcher government."

Despite the divergent views on tax policy, Reuss is optimistic that some kind of tax bill will be enacted by Congress this year. "We can't afford to get bogged down," he says. "Both sides have to realize the need to modify their stands." However, the White House must show more willingness to compromise, Reuss contends. "The Reagan people want us to give up our souls for a year or two and approve everything they give us. In return, they promise full employment without inflation."

But Reuss is skeptical that these goals can be achieved through the Administration's program and will push for changes now. "Democrats are disposed to go along with the Administration on regulatory reform and spending cuts," he says. "But they see the tax cuts as overly generous to high-income groups and too weighted towards the demand side. If the Administration will come down off its high horse, we could get a program out in a few weeks."

Reuss, 69, has represented the north side of Milwaukee in Congress since 1955, making him one of the most senior members of the House. A Milwaukee native, he is a graduate of Cornell University and Harvard Law School. He formerly chaired the House Banking, Finance and Urban Affairs Committee but opted to head the Joint Economic Committee for his last two years in Congress (he has already announced he will retire at the end of this term). Very much at home with arcane economic issues, the scholarly Reuss enjoys being the point man for the liberal Democrats as they attack the Reagan program.●

THE CARNEGIE HERO FUND COMMISSION

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. McGRATH. Mr. Speaker, in these Chambers of May 28, the President of the United States justifiably drew the attention of the Nation to the heroic acts of Secret Service Agent Timothy McCarthy and District of Columbia police officer Thomas Delahanty during the attempted assassination attempt on March 30.

These men were heroes—no question about it. But we should keep in mind that heroic acts occur every day.

It is for that reason I would like to call to the attention of my colleagues the work of the Carnegie Hero Fund Commission—and in particular, to their award to a brave young man who risked his life for another.

It happened on November 29, 1979, in Staten Island, N.Y. A youth armed with a knife forced a female nurse into a van in a hospital parking lot. At the same time, 31-year-old Edward Michael Adler, a blood bank supervisor, was sitting in his automobile nearby.

Without regard for his own safety, Adler got on to the van's rear bumper and began shouting and pounding on the roof. As the assailant drove the van erratically around the parking lot, Adler fell off and suffered fatal head injuries. The nurse sustained lacerations before being thrown out of the van.

No doubt it was Adler's quick thinking and brave actions which saved the nurse from further injuries, or even death. But in coming to the woman's rescue, Edward Michael Adler lost his own life.

It was this act of heroism which prompted the Carnegie Hero Fund to award a medal to the young man, posthumously. The medal will be presented to his parents, Mr. and Mrs. Sidney Adler of Lawrence, New York.

It will interest my colleagues to know that the Carnegie Hero Fund Commission was founded in 1904 by that great American philanthropist, Andrew Carnegie. The foundation was established to recognize those who risk their lives to save the lives of others. Like the Congressional Medal of Honor, which is awarded to members of our military for acts of bravery and heroism, the Carnegie Hero Fund Award is presented to civilians. Since its establishment, the foundation has made 6,400 awards.

Mr. Speaker, in a time when our generation complains that there are no heroes any more—when many people say they do not want to get involved—I think it is important for us to recognize the actions of those who dare to be brave. As a great teacher once said, "Greater love hath no man than this, that a man lay down his life for his friends."—John 15: 13.●

LARRY YOUNG EARNS NATIONAL GOODWILL HONORS

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1980

● Mr. BENNETT. Mr. Speaker, this is National Goodwill Week and this is the International Year of Disabled Persons. Here in the Nation's Capital to give meaning to this week and this year is Larry Young of Jacksonville, Fla.

Larry is disabled but he is not handicapped. He is 27 years old, 5 foot 3 inches tall, weighs 120 pounds, is partially paralyzed, has one leg, gets around in a wheelchair, and is a proud, productive citizen on honorable leave from his job at the Jacksonville International Airport.

Commemorating National Goodwill Week, proclaimed by the President, Larry will be honored by Goodwill Industries of America and participate in the annual meeting of the President's Committee on Employment of the Handicapped. He will tour the Capitol, the city, the area, and visit the national monuments, museums, and landmarks.

On Thursday, he will meet with Richard S. Schweiker, Secretary of the Department of Health and Human Services, along with David M. Cooney, president and chief executive officer of Goodwill Industries of America.

Larry earned this week. He was chosen from thousands of disabled Americans as the best example this year for overcoming terrible handicaps to become self-sufficient—able to find and keep a job, to earn wages, to shoulder family responsibilities, to play and vacation, and, yes, able even to pay taxes like every other citizen.

All of this seemed impossible when Larry was 6 years old. He and his brother were playing with their father's pistol. It went off and the bullet pierced his shoulder, ricocheted and severed his spine. He was, and is, paralyzed from the waist down.

Four years later, he fell and injured his left leg. It did not seem to be a serious injury but gangrene set in and the leg was amputated. He has repeatedly returned to hospitals for an ileostomy, colostomy, recurrent kidney stones, and spinal surgeries to stabilize his spine.

He was hospitalized so much that he never attended public school and became progressively shy, withdrawn, and isolated at home. He was unable to look a person in the eyes when talking to them in a barely audible voice. He was highly anxious when he had to meet persons.

Two years ago, when he was 25, Larry entered the work elevation program at Goodwill Industries of North Florida whose executive director is Robert A. Stern. He was assigned to repair small appliances. He became more confident of himself as he worked with others and asked to enter clerical skills training where he received formal classroom instruction of the first time in his life.

Classes included communications, assertiveness, anxiety, and depression management, problem-solving, physiology, and causes of stress, stress management techniques, leisure skills, emotional growth, dealing with disabilities and dealing with your physician.

About 6 months ago, Larry was ready. He applied for a job as a clerk-dispatcher in the Public Safety Department at the Jacksonville International Airport. It was his first job interview and he got the job.

Emergencies occur daily at an airport and, as a dispatcher in the central control room, Larry must receive and dispatch calls to law enforcement, crash, fire and rescue departments. Recently, Federal Aviation Administration inspectors made an unannounced test while Larry was on duty. They simultaneously pushed alarm buttons which would necessitate the dispatcher to send two law enforcement officers to two different points. Larry handled the emergency situations calmly, efficiently, and correctly.

"We do not consider him handicapped," said Frank C. Abernathy, superintendent of public safety.

The Young family has suffered many tragedies other than Larry's. His father is deceased and his mother's health is failing. A sister has cancer, a brother is partially blind, and Larry, as the oldest son in a home with two sibling teenagers, provides emotional and financial support for the family.

He had two older brothers. One was home on leave from the paratroops after a tour in Vietnam. The other was home on leave from Army basic training and both had orders to go to Vietnam. En route to Miami to visit an aunt, their car crashed and both were killed.

These are events of the past and it is little wonder that Larry Young prefers to look to the future—with hope, now.

He manipulates his wheelchair expertly and alone, drives his own car and is getting stronger. He has his graduation certificate from the Goodwill clerical training program and is working for his high school diploma at the junior college.

Clearly, Larry Young has earned and won his position as National Goodwill Graduate of the Year from among the 167 Goodwill Industries in the United States and 49 affiliates in 32 other countries.●

OAKLAND A'S SET ANOTHER RECORD

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. STARK. Mr. Speaker, I would like to take this opportunity to pay tribute to the Oakland A's for setting a modern-day record by winning their first 11 games.

As the baseball season gets underway it is a pleasure to see the A's returning to the glory of the early seventies, when the Oakland A's held the world championship from 1972 through 1974. The recent sale of the A's to the Haas family and the return of manager Billy Martin signal a return to excellence for the A's and "Billy Ball."

This spring Oakland and "Billy Ball" go together like baseball, hotdogs, and a beautiful day at the game.●

FATAL SHORTAGE: TOO FEW MEDICS

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. BEARD. Mr. Speaker, for a long time I have been critical of our military medical readiness posture. I have repeatedly referenced the Defense Department's own reports and data as justification for my critical view. However, during the previous administration, such evidence was consistently met with denials of the obvious facts.

Our classification system was used as a shield against the public's right to know that in the event of war, many young men would die for the lack of medical treatment.

The General Accounting Office will soon release a report I requested over a year ago. It will provide a dismal picture of our medical readiness capability. It is my hope that the new administration will consider this report with the urgency and seriousness it deserves. Also, it is my hope that this Congress will review the overwhelming evidence provided by this report and be moved to take corrective action promptly.

The report itself is quite voluminous, however, Rick Barnard, has written an excellent article on the report in the April 27 issue of Defense Week. Mr. Speaker, I insert his article in the RECORD:

FATAL SHORTAGE: TOO FEW MEDICS

(By Richard Barnard)

Many U.S. infantrymen wounded during a war in Europe probably would not receive medical treatment. The Army would experience a severe and, for some, fatal shortage of doctors, nurses and combat medics immediately after its forces are mobilized for war. Contingency plans to overcome these shortages assume the Pentagon can immediately muster medical manpower, equipment and supplies which, in fact, will take years to obtain. Some Army enlisted medics are poorly trained and ill-equipped to handle the simplest of tasks, such as dressing a head wound, treating a chemical agent casualty or preparing surgical instruments.

Intra-service rivalries make the medical manpower shortages worse. The individual services refuse to pool their manpower and other medical resources, despite Defense Department directives to the contrary. Based on worst-case war scenarios, the Air Force and Navy would have 429 extra internists, for example. But some commanders in those services flatly state they would not disperse their surplus to the Army's field hospitals in Europe.

These ominous assessments are contained in a General Accounting Office (GAO) investigation of medical personnel shortages requested by Rep. Robin Beard (R-Tenn.). GAO concludes that drastic measures are required to improve the situation. In a report soon to be published, "Will There Be Enough Trained Medical Personnel in Case of War?" GAO recommends that Congress give the Defense Department the legal authority to draft medical specialists (doctors, nurses and technicians) in a national emergency. The Pentagon goes further. It wants legislation which would permit conscription of health care professionals by medical specialty and drafting of medical students and women doctors and nurses.

While a draft of medical personnel might stave off catastrophe, the Pentagon cannot rely on it entirely. The Pentagon's medical planning must be improved, GAO maintains. If the U.S. went to war tomorrow, for example, the Army would have on hand only 36 percent of the general surgeons and 40 percent of the operating room nurses which would be needed. Over the years, readiness exercises—such as the Nifty Nugget war game run by the Joint Chiefs of Staff in 1978—have repeatedly revealed such shortages. Yet the Pentagon has only vague and incomplete contingency plans to find the specialists it would need—1,413 additional surgeons and 1,037 more operating room nurses—from the Public Health Service or Veterans Administration.

Training of Army medics and clinical specialists must be radically improved, the GAO asserts. And all medical personnel—enlisted and officers alike—should receive more combat-related training, the report maintains. GAO investigators obtained some alarming statistics from the four Army commands to which most enlisted medical personnel are assigned:

Approximately a third of the Army's medical specialists do not know required procedures for dressing head wounds, making heat applications to patients or sorting patients for care according to their medical needs.

Some operating room specialists do not know how to fabricate splints or prepare patients for anesthesia.

64–71 percent of about 8,000 medical specialists passed their basic skills qualification test in fiscal year 1980. To pass, soldiers must properly complete 60 percent of the tasks tested, such as purifying water bags and preparing field medical cards. Those who fail are considered unqualified in their military occupational specialty. Of 4,000 clinical specialists, 68–83 percent passed their qualification tests, which are administered at four different skill levels. In the reserves, 13–24 percent of 3,000 medical specialists passed, while 14–30 percent of 800 clinical specialist passed their skills tests.

Officers are ill-prepared for field medical service, chiefly because of lack of training in a combat environment. The Army requirement that medical personnel receive three days of field training annually "generally [is] not being met."

The Army Medical Corps' view of its readiness is far different from GAO's. After years of experimenting with large combat support hospitals, the Army is returning to "the tried-and-true Mobile Army Sugical Hospital [MASH] units," says Lt. Gen. Charles Pixley, Army Surgeon General. "The MASH is smaller . . . more mobile" so the Army will be able to place more surgical suites and hospital beds close to combat areas, Pixley maintains.

ESTIMATED SHORTAGES OF MEDICAL PERSONNEL

	No. short	Percent short
Army:		
General surgeons	1,413	64
Internists	749	38
Orthopedic surgeons	683	73
General medical officers	41	2
Anesthesiologists	202	61
Medical-surgical nurses	6,257	58
Clinical nurses	2,154	66
Operating room nurses	1,037	60
Nurse anesthetists	849	64
Nurse administrators	286	55
Patient care specialists	6,941	36
Medical laboratory specialists	2,156	37
Operating room specialists	2,168	38
Hospital food service specialists	1,783	45
Patient administration specialists	730	18

Army doctors, nurses and technicians regularly participate in NATO exercises, such as the enormous Reforger exercise held in Germany each year, Pixley asserts. "Tactical medical units participate in movement and maneuvers and furnish support" typical of what would be provided under combat conditions, the general told Congress recently. In addition, the Army's combat casualty course at Camp Bullis, Texas, requires doctors to operate in a field setting, concentrating on the treatment of trauma, chemical poisoning and other ills not frequently encountered in peacetime medicine, Pixley says.

Pixley will not comment on GAO's specific findings until its report is published, an Army spokeswoman said. But he has conceded many times that he would be way short of surgeons and other specialists if a war occurred.

Among GAO's other observations on the medical treatment soldiers would receive during a war:

One of the worst problems now facing medical planners is the inability of the Navy to provide medical support to the Marines because of a shortfall in deployable medical facilities such as field surgical units and hospital ships.

The Pentagon's most critical shortages are in the enlisted specialties, particularly the medics who provide emergency medical care on the battlefield. They have no equivalents in the civilian medical community, and training an Army medic takes three months.

The government has no authority to register, classify or draft medical personnel. Relatively few medical professionals can be found among the 18- to 26-year-old males who must register for the draft.

DOD needs contingency plans to deal with post-mobilization shortages. Much of its medical readiness planning focuses on the changes in threats and personnel levels likely to occur in future years. Plans for dealing with medical personnel shortages which will occur during a near-term war are incomplete. DOD should be ready to pool its own personnel, mobilize civilian doctors and use Public Health Service doctors.●

INDIANAPOLIS TEACHER CENTER

HON. DAVID W. EVANS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. EVANS of Indiana. Mr. Speaker, on September 15, 1980, the Indianapolis Teacher Center marked its third year of operation. The center has been a tremendous success in providing professional enrichment for Hoosier educators.

Here teachers are given the opportunity to develop new techniques and activities which help them in the awesome task of educating our children. The center is not only a place to share ideas, it is also a clearinghouse of games, activities, and resource materials, as well as a printshop, and a workroom where those ideas can be actualized.

The center also offers workshops on a variety of subject areas. Some of these are conducted by local universities, others are developed by teachers themselves. Funds are provided by the center both to offset costs for the development of the workshops and to cover expenses for attending these or other professional meetings. Programs such as these are invaluable in stimulating professional interest in creative approaches to teaching.

All this adds up to enhancing the ability of our teachers to meet the needs of students and in helping them to realize their learning potential. I congratulate all those involved with the Indianapolis Teacher Center for its contribution to the fine institution of teaching and learning.●

PRESIDENT REAGAN'S BUDGET IMPACTS CONNECTICUT'S RESIDENTIAL CONSERVATION SERVICE PROGRAM

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. MOFFETT. Mr. Speaker, during this budget debate, we have too often focused on grand strategies and economic theories. I encourage my colleagues to more closely reflect on how Gramm-Latta and the administration's budget proposals will affect specific programs, especially those which have a daily impact on the lives of our constituents.

One such program is the Residential Conservation Service. My colleagues and I on the Commerce Committee have heard many vocal advocates of this program, which provides residential conservation audits and information referral services. We have spent many hours crafting the legislation, originally included in the National Energy Conservation Policy Act of 1978 and perfected in the Energy Security Act of 1980.

And the RCS program is working. As the following article details, its successes in many areas have been greater than anticipated. In my own State of Connecticut, so many people have asked to take advantage of the audit that there has been a continual backlog. Apart from suggesting immediate low-cost/no-cost improvements, the conservation information provided will reduce both imports of oil into the region and consumers' fuel bills.

Yet, this program is one of many that is almost certain to face extinction under Gramm-Latta and the President's budget, both of which assume no funding for the RCS and numerous other conservation programs. Moreover, the almost total reduction in State energy funds would take away local ability to continue the program. Connecticut, for instance, has projected that the Reagan budget figures would reduce our energy division funding by 90 percent and result in the abandonment of many conservation initiatives.

I strongly urge my colleagues to consider the fate of the RCS program when they vote on the budget. I urge my colleagues to look beyond the short term and consider the long-term consequences of eliminating conservation programs. I urge my colleagues to consider whether they really want to increase import dependence, injure national security, and jeopardize the economic position of their own constituencies. Approval of the Gramm-Latta substitute promises to invite these possibilities.

[From the Energy Conservation Digest, Apr. 27, 1981.

RCS ENERGY AUDITS IN DEMAND

Connecticut seems to have a hit in the making six months into its new residential conservation service (RCS) program, more than 20,000 home energy audits have been done—averaging about 4,000 a month—with a substantial backlog of requests for more. According to Marilyn Hesse. RCS program manager for the State Energy Division, the original goal was to do about 30,000 audits in the first year of the programs. Estimates are now up to 42,000 to 60,000 a year.

That success story is of special interest now that the entire RCS effort on the federal level is in jeopardy. The Reagan Administration is moving to eliminate all funding for the program in fiscal year 1982 and may act to have the legislation that created RCS repealed. RCS, established by the National Energy Conservation Policy Act of 1978, requires major utilities to offer energy audits and other services to their residential customers. The Connecticut program is being run by Conn Save, a non-profit corporation formed by seven electric and gas utilities under the direction and supervision of the state energy office. Conn Save started a pilot program in November of 1979, providing 750 energy audits in the 11 town area around Meriden and Middletown. The program went statewide last Oct. 1.

With its high fuel bills and heavy dependence on home heating oil, Connecticut would seem to be fertile ground for a program like RCS. According to a 1979 annual report by the Connecticut Energy Advisory Board, the State's residential sector accounts for more than 25 percent of the state's energy use, or the equivalent of 1.3 billion gallons of oil a year. Fuel price increases hit Connecticut households particularly hard not only because of the dependence on oil but also because of a poorly insulated housing stock. More than 140,000—or 13 percent of the total—houses in the state have no insulation and less than five percent of the households who responded to a 1979 survey insulated homes to current-effective standards, the report says.

RCS in Connecticut offers tailor-made advice on energy savings. Orange and white Conn Save brochures inserted in customers' monthly uitility bills offer home inspections by trained technicians who give on-the-spot low cost/no cost energy saving suggestions. Customers can request the inspections by sending in an attached coupon with the bill and then Conn Save will call to make an appointment for the auditor's visit, the cost is $10, which may be waived for low-income persons. One to four-family housing units are eligible under the program.

A few weeks after an inspector's visit, the resident receives a report that includes an analysis of the home heating system and structure of the house, with specific instructions on how to reduce energy use based on the auditor's findings. The report also contains master lists of qualified installers, suppliers and lenders located in the customer's geographical areas, who have been approved by the State Energy Division. Conn Save also offers an "arranging service" to help in securing installation and financing of agreements by listed firms. The work is done subject to a post-installation inspection.

As of last month—before the warm weather began to set in—there had been no let up in requests for audits and there was a continued backlog, according to Maxine Savitz, deputy assistant secretary for conservation at the U.S. Department of Energy.●

GARREY CARRUTHERS

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. LUJAN. Mr. Speaker, I would like to take this moment to praise the selection of Garrey Carruthers as Assistant Secretary of Interior for Land and Water Resources.

I have known Garrey for years back in New Mexico where we worked together on projects of mutual concern. Over the years I have known him to be articulate, personable, and warm. He is a hard-working, dedicated individual who will bring intelligence and drive to his new position. He has the capability to serve with distinction and I expect creative new approaches to the problems he will face.

He also brings the academic background necessary to understand the issues confronting him. At New Mexico State University he was a professor in the Department of Agricultural Economics and Agricultural Business; he has been an acting director of the New Mexico Water Resources Research Institute, and is the author of more than 30 publications dealing with multiple use of natural resources and land and water resource economics.

Garrey is a man with the strength of his convictions, a quality greatly needed in Government today. I hope that as he assumes his role, his virtues will stand him in good stead. Given Government today, he will need it.

Thank you.●

AMERICA'S OLDEST WEEKLY NEWSPAPER ELOQUENTLY MARKS REAGAN'S RETURN

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. SOLOMON. Mr. Speaker, the tragic events of March 30 have evoked an outpouring of emotion and appreciation for President Reagan the likes of which this country has rarely seen. One of the most thoughtful, eloquent statements of just what Ronald Reagan means to this country appeared in the Hoosick Falls, N.Y., Standard Press and the Washington County Post, which happens to be the

oldest weekly newspaper in America. This moving editorial was written by Publisher Nick Mahoney, and I would like to offer it here to my colleagues:

RETURNED TO THE PEOPLE

In recent days, newspapers and the electronic media have been featuring expert opinions concerning the accomplishments of the Reagan administration. Apparently there is something magic about the record of the first 100 days in any administration. Probably it dates back to the administration of Franklin D. Roosevelt, who, in 100 days, completely changed the social structure of America.

There is little doubt that during the first 100 days in which Ronald Reagan has been at the helm of the nation another transformation has taken place. Unless we are badly mistaken, a new spirit of relief, of enthusiasm, of confidence, has replaced what former President Jimmy Carter described as a national malaise.

Highly vocal, of course, are some citizens who take a fairly dim view of the budget cutting being applied by the Reagan administration. Some have logical and understandable complaints. There is little doubt that some people will be hurt by the curtailment of federal spending. Much of the criticism, however, comes from those who have been feeding at the public trough. They see the dismantling of some federal departments which furnish lush jobs for bureaucrats as catastrophes.

Americans see an effort finally being made to reduce the wanton waste of taxpayers' money. They see some attempt at stomping out crime and corruption from which citizens reeled following the Watergate affair, the Abscam plot in which high officials of government, including senators and representatives, were ensnared by the Federal Bureau of Investigation, the decision by a judge to demand repayment of bribe money taken by Spiro Agnew while governor of Maryland and vice-president of the United States.

The country, first plunged into despair by the attempt to assassinate President Reagan by what must be a mentally unbalanced young man, took heart, and admiration for the new president soared to new heights at the courage and buoyancy he showed as he fought to recover from a wound which might have been fatal.

America found a new reason to be proud when the Space Shuttle *Columbia* was rocketed into orbit and returned to earth to be used again, and to open a new era in the use of space.

People get a lift out of a foreign policy which suggests that it now is being based first on what is good for America. There is relief in knowing that additional money will be allocated for defense, for an increase in pay for the military, and that the military services will be augmented by additional personnel.

In our opinion, the atmosphere throughout America has changed for the better. And it gives senior citizens a lift to realize that the change has been spearheaded by a president who is 70 years old.

We are living during a period in which the government is being returned to the people.●

SOUTH AFRICA AND THE UNITED NATIONS—PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. McDONALD. Mr. Speaker, after more than 9 years of discussion, the United Nations has been unable even to define what is terrorism, let alone condemn it outside of the narrow category of aircraft hijacking. The reason is simple: Influential members of the United Nations routinely support terrorism as a tactic to undermine other U.N. member states; but because there is opprobrium attached to terrorism, these states try to throw a cloak of rhetoric over their support for it by calling terrorist gangs "national liberation movements" and terrorists "freedom fighters."

This does not hold up. I believe most people will agree with the definition of terrorism I first offered in July 1976:

Terrorism: A violent attack on a non-combatant segment of the community for the purpose of intimidation, to achieve a political or military objective.

By this definition, not only the Palestine Liberation Organization, but also the South West Africa People's Organization (SWAPO) and the African National Congress (ANC) are terrorist groups, not legitimate guerrillas waging unconventional warfare.

In view of the deliberations at the United Nations on Southwest Africa—Namibia—and South Africa, and the U.N.'s recognition of terrorist groups, I would like to draw my colleagues' attention to a research paper written by Carmel J. Schulz, a student at the School of Foreign Service at Georgetown University. Miss Schulz demonstrates that the United Nations General Assembly has betrayed the central task of the U.N.—the preservation of international peace and security.

The paper follows:

THE UNITED NATIONS AND SOUTH AFRICA

In southern Africa, the United Nations is failing miserably in its purpose of maintaining international peace and security. Instead, in addition to violating South Africa's political, social, and economic integrity and sovereignty, it is itself encouraging the disturbance of international peace not only by recognizing terrorist groups as liberation movements, but also by material and "moral" support for these movements' aspirations of destroying the government of South Africa. In 1973, by resolution 3151 (XXVIII), the General Assembly obligingly declared that "the South African régime has no right to represent the people of South Africa and that the liberation movements recognized by the Organization of African Unity are the authentic representatives of the overwhelming majority of the South African people." This resolution, which paved the way for the rejection in 1974 of the South African delegation's credentials, ignored the facts that the South African government is unquestionably the only government in South Africa and that any one liberation movement, although the leaders may have the same color of skin as the "overwhelming majority of the South African people," does not represent the overwhelming majority. Both the UN and the OAU prefer to ignore the internal black parties and groups who do not resort to terrorist or guerrilla activities. (A glaring example of this occurred at the recent conference on Namibia held in Geneva where the internal parties were virtually ignored while great deference was shown towards SWAPO.)

The UN has accordingly often reaffirmed the "legitimacy of the struggle of the people of South Africa to eliminate, by all means at their disposal, apartheid and racial discrimination and to attain majority rule in the country as a whole, based on universal suffrage." Not content with giving its blessing to the use of force, the UN has in resolution 35/29 and others urged "the specialized agencies and other United Nations organizations" to increase assistance to such organizations as SWAPO. It has also pointed to the "need to contribute to the Assistance Fund for the Struggle Against Colonialism and Apartheid established by OAU." A "group of experts" has even declared in a report released by the UN Institute for Training and Research that states have "a duty to assist, directly or through the United Nations, legitimate liberation movements in South Africa." So now states have a duty to encourage force as a means of settlement? The General Assembly seems to have adopted "a new 'socialist' form of the 'just war' concept" whereby " 'self-determination' is inferior to the right to keep a Communist state in tact," but "intervention is legal when it is in 'anti-colonial wars of national liberation' . . . despite the Charter ban on the use of force."

The encouragement of force by the UN has not been limited to passing resolutions condemning South Africa and to giving funds to "liberation movements". The U.N. Security Council has invoked and arms embargo under Chapter VII of the UN Charter on the grounds that South African policies constitute a threat to international peace. However, it is largely due to the UN and its efforts that the situation in South Africa is more than an internal problem to be solved by a progressive government. UN efforts include not only verbal and written encouragement in the United Nations and United Nations publications but also radio broadcasts from "Member States willing to provide facilities on their national radio stations" to southern Africa of "programmes on international concern over apartheid and on objectives of the United Nations." Considering the resolutions passed by the General Assembly and the habit of the UN in general to listen to "evidence" supporting only one side, it is not difficult to guess the tone of these broadcasts.

The UN also produces propagandistic films such as "Generations of Resistance" the editing of which is creative, prepares unbalanced and misleading studies and background material on South Africa, monitors all of South Africa's relations with other countries, and publicizes and pressures countries and companies that have relations with South Africa.

The amount of time, money, and energy the UN has devoted to anti-South Africa efforts in the past twenty years is unparalleled. The real tragedy is that the UN, this peaceful organization working towards a safe, healthy world and the economic ad-

vancement of all peoples, spends millions of dollars each year in support and encouragement of violence and death in southern Africa while famine caused by droughts and inter-African wars spreads through western and southern Africa killing, disforming, and retarding children whose mothers and fathers also suffer from malnutrition. Not only is the UN directing this money towards violence, it is also directing it against the country that provides food and fertilizer for the same countries whose governments are working for its overthrow and whose populations face famine.

Organizations like SWAPO and the ANC are supposedly the "authentic" voice of the people of southern Africa, the means by which "majority rule will be established;" therefore, consideration should be given to the methods, goals, and connections of these groups.

In Ovambo, the northern area of Namibia/South West Africa, land mines planted by terrorists are common. Fortunately for the soldiers who travel in land-mine resisting vehicles, the mines are for the most part a mere nuisance; unfortunately for civilians who travel in conventional vehicles, the mines mean death or mutilation. The mines are usually planted on small country roads used only by the inhabitants. (Security forces patrol these areas on foot.) A large majority of the total number of deaths due to land-mines "represents casualties among the local black population." Most of the mines are Russian-made or Yogoslav-made.

Although SWAPO supposedly would accept "free" elections under Security Council Resolution 385 and although the ANC purportedly supports free elections and majority rule, they are working to make sure that all candidates would be SWAPO or ANC leaders or supporters. This assertion is based partly on the Political Program of SWAPO which calls black political groups and individuals who do not follow its line of action "puppets" of South Africa and dismisses their views as "treacherous". It is also based on the reported intimidation of the local people by the abduction or killing of Ovambo civilians and headmen and the killing in South Africa of blacks who cooperate with the government whether they are black policemen, employees of government agencies, or former ANC members who have left the ANC to turn Security Policeman or state witness. In addition to an intolerance for opposition, SWAPO especially seems to be determined to deprive the people of their culture as individualism and tribalism are among the "reactionary tendencies" which must be combatted according to the SWAPO constitution.

The ANC is also responsible for numerous bombings of public places in which civilians have been killed, for sabotage attacks, and for hostage-takings resulting in deaths of civilians. South African incursions into Angola, Zambia, and Mozambique, which the UN has condemned as acts of aggression, have been in response to "murderous operations and acts of sabotage against the Republic of South Africa," perpetrated by terrorists harbored in these countries.

The close ties between SWAPO and the ANC and the Soviet Union are evidenced by the leaders of these groups, Sam Nujoma and Alfred Nzo, being invited to address the 26th Communist Party of the Soviet Union Congress, at which Nujoma described Brezhnev as a "devoted, staunch fighter for peace, detente, freedom and the peoples' independence and tireless champion of the rights and human dignity of all the world's people." Also, representatives of SWAPO and the ANC receive military and political training in Eastern Europe and the Soviet Union, and the majority of their arms are supplied by the Soviet Union; most of the balance is supplied by Eastern European countries. The extent of this association casts grave doubts on the idea of the "spontaneous uprising of the oppressed people" and indicates machinations on the part of the Soviet Union to exacerbate the situation in South Africa to the Soviets' benefit since the Soviet Union would maintain a great deal of influence if not control over governments comprised of SWAPO and the ANC, and therefore over the mineral resources in southern Africa. The United Nations is cooperating nicely.

The prime minister of South Africa, Mr. P. W. Botha, in response to UN actions has stated that:

"The General Assembly of the United Nations, acting contrary to its own charter, makes less and less impression on South Africans. Its unbridled and ridiculous attacks on South Africa will not distract us from our direction of evolutionary development and stable progress."

Additionally the inconsistency and hypocrisy demonstrated by the failure of the Secretary-General and the Security Council to condemn the assassinations, murders, and abductions perpetrated by SWAPO while at the same time subjecting the South African government to "vicious attacks in the Security Council and to uncalled for and unjustified criticism" by the Secretary-General underscored their partisan stance. Whatever the purposes behind UN actions have been, the manner in which they were and are perpetrated has only worsened the situation. The UN has, in effect, rendered itself ineffective in any effort at a peaceful settlement because of its total lack of impartiality and its failure to listen to and consider different perspectives. Moreover, the response of some of the white South African population to what they consider malicious criticism and to the increased terrorism supported by the UN has been resistance to change and therefore to the reforms the government is instituting.●

THE VFW'S VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. COURTER. Mr. Speaker, one of the most fundamental and important aspects in the socialization process of American youth is their education in our history and the democratic principles upon which this Nation was founded. In order to foster a better understanding of what this Nation stands for, the Veterans of Foreign Wars (VFW) has for the past 19 years been the sole sponsor of the Voice of Democracy scholarship program. This program, which attracts more than one-quarter million participants from over 8,000 schools, is one of the few national programs that emphasizes citizenship and duty to our country, as well as other patriotic virtues that at times seem to have been lost by many youth in our Nation. The VFW has and continues to make a tremendous and invaluable contribution to our country by sponsoring this national forum on citizenship and love of their country. Their scholarship program, for the five best essays relating to patriotism, totals $31,500, of which $14,000 goes to the first-place winner.

Mr. Speaker, I am proud to announce that the 1980–81 winner of the VFW's Voice of Democracy award in the national competition is a young constituent of mine, Ms. Laura Agoston. Her essay is outstanding and moving. There is a message for everyone in it, and without objection, Mr. Speaker, I offer it for insertion in the RECORD. Thank you Mr. Speaker.

The message follows:

The homeroom bell has just rung. A voice over the loudspeaker: "Good morning. Would everyone please rise for the Pledge of Allegiance and salute to the flag?" This is the way my school days have begun for as long as I can remember. And it is something I want to remember. For my mornings are drab and rushed—stumble out of bed, throw on some clothes, choke down breakfast, run for the bus—except for those twenty seconds. For those twenty seconds, they are perfect. I stand up and look past the many different faces, past the two girls who continue to chat until we sit down again, past the boy who remains seated and half-sneering at the picture he sees. I look past it all and stare at that small cloth rectangle of white, red, and blue. I see something inside that flag. I see a person. I see myself. In a voice barely above a whisper, I shout to anyone who cares to hear my constant loyalty to my country.

"I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all." It's so familiar it is easy to slur together in a droning voice so you can't even understand the meaning of the words anymore. Yet, even on the thousandth time, I can't say them lightly. In hopes for myself, hopes for the preservation of ideals I admire and a way of life that nurtures the wildest variety of people, there is, there can only be, America. Liberty, equality—these aren't corny impossible dreams to me; they are a living, working, reality to be striven towards everyday. A vision set before our eyes in unforgettable prose by the men who founded this nation. Over the castles of Europe, the Founding Fathers chose America. A difficult decision? Not for them, because they had foresight. Europe was experienced and wise, yes, but American was young and strong, with limitless possibilities. What was true then is still true today.

We have come to expect from America everything she has to give, because America demands it of herself. We are that self. I am that self. A part of it, anyway. A part insignificantly small, yet vital, as we all are vital. My commitment to my country? How can it be anything less than total and lifelong? I am, I always shall be exultant at her triumphs, devasted by her failures. Patriotism isn't sentimentality, it's logic. The kind of logic that tells me that I would be diminished, an outsider, in terms of attitude and philosophy if I had to live indefinitely in any other nation. America takes everything I have and returns it with multiplied

strength. If I don't grow up to build a monument in marble, or to plant a flag of the United States in the soil of another planet, know now of my faithfulness to my country.

The Pledge of Allegiance is over now in homeroom. People remove their hands from their hearts, and the noise level rises. I have affirmed my felt-out and thought-out commitment to my country yet another time. I sit down, alive and whole. An American.●

SENATOR PAUL LAXALT

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. HYDE. Mr. Speaker, Colman McCarthy, the widely respected, nationally syndicated columnist, recently wrote a column on Senator PAUL LAXALT which is an insightful portrait of a leading conservative legislator. Mr. McCarthy is a philosophical liberal, and so his comments are especially interesting. I count Senator LAXALT as one of America's great resources, and so I am pleased to share Mr. McCarthy's commentary with my colleagues:

[From the Chicago Tribune, April 6, 1981]

LAXALT: A CREATIVE FORCE ON THE RIGHT

WASHINGTON.—Influence stories have been making the rounds these past few months about Sen. Paul Laxalt, the Republican conservative from Nevada who is a Ronald Reagan confidant. Laxalt is known as Reagan's eyes and ears in the Senate, these audio-visual skills presumably serving as a White House sonar system to probe submerged senatorial thought.

Laxalt surely has influence, but to my mind the most revealing story about him involves how he himself is open to being influenced.

The event happened in October, 1977. The Senate was debating legislation that would empower the Department of Transportation to move ahead with air bags, the much-needed safety devices for automobiles. In the past, Laxalt had voted against the air bags, as did most other Senate conservatives.

On the morning of the debate, Laxalt read a newspaper article that presented arguments favoring air bags. He was influenced by the piece. He switched his vote that day and came out in favor of air bags.

The next morning, Laxalt took the time to hand-write a letter to the reporter. It was a gracious note, one that offered warm thanks to the reporter for persuasive insights.

Whatever talents Laxalt may be using in the service of Ronald Reagan, his presence in national life as a politician with an open and developing mind is much the greater benefit. Laxalt enhances American conservatism at a moment when its riffraff faction, of which he has not been a part, is more vocal than ever.

When I spent part of a recent afternoon talking with Laxalt in his office, he sighed about some of the brethren who have strayed to the far-Right fringes.

"I had the damndest experience once," he said. "I went to southern California to speak to a group of the hard Right—really hard, the kind that chewed up Reagan for years because he wasn't conservative enough. The master of ceremonies, introducing me, was going to do me a favor by quoting my conservative rating with the American Conservative Union: 'Our speaker has a 93 per cent conservative rating,' he said. My God, the curtain came down. These people were turned off. You know why? Because I was seven per cent suspect."

Laxalt laughs uproariously at the story. He enjoys merriment. He is graced also with a detachment about politics. In 1970, after a term as governor of Nevada, he took a sabbatical from politics. He stayed on the outside for four years. Laxalt said the time off gave him an invaluable perspectve: "I learned personally that I can walk away from politics—and all the so-called power—and not miss it a bit, which is a good feeling. It's good to know you can leave this business and you can survive very nicely. It tends to make you a lot more independent."

Another help is to have an independent mother and father when you are growing up in the open spaces of the northern Nevada rangelands. As a young buckeroo finishing high school. Laxalt wanted to go to the University of Nevada at Reno. but his father, an immigrant Basque sheepherder, and his mother, who was to bear six children in all, were Catholics. It would be no state school or secular education for this son.

Again, Laxalt laughs kindly at the recollection: My militant mother put me behind bars at Santa Clara University in California with the good Jesuit fathers. He enjoys ribbing his liberal Catholic friends that the Jesuits should be blamed for how he turned out.

Laxalt is enjoyable company, despite his lizard-skin boots and despite some of the frightful positions he has taken. In the last session of Congress, he voted against aid to Nicaragua and against the Alaska lands bill. He backed draft registration and was in favor of aid for private schools. He is a booster, too, of James Watt, the bulldozer disguised as a secretary of interior.

What saves Laxalt—or "reduces culpability," as his Jesuits would say—is the grounded honesty of his conservatism. When he speaks of a conservative virtue like self-reliance, it is in the contex of having it bred into his bones as a way of life, not picked up later in some boardroom as a handy ideology.

"I'm a conservative," he says, "because I was raised by parents who came here not speaking the language, who took advantage of the system through hard work, and raised and educated six of us. This gave me a philosophy of self-reliance and respect for the system and its opportunities."

That doesn't explain things completely. But combined with Laxalt's open-mindedness, integrity, and sense of detachment, it's a reason to be grateful that Reagan has him close by.●

U.S.S. "CORPUS CHRISTI"

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mrs. SCHNEIDER. Mr. Speaker, on Saturday, April 25, 1981, the U.S. Navy's newest nuclear attack submarine, the *Corpus Christi* (SSN-705), was launched at Groton, Conn. As you can imagine, the reaction to the name of this submarine, which in English means "Body of Christ," has centered on the propriety of naming an instrument of untold destruction after the Prince of Peace. I would Like to share one of the many letters I have received urging that the Navy rename its newest submarine more appropriately:

As United States citizens and followers of Jesus Christ, the Prince of Peace, we are appalled by the insensitive proposal to name a nuclear attack submarine *Corpus Christi* (The Body of Christ), and we demand that the submarine be immediately renamed.

This letter was signed by 196 parishioners of Our Lady of Mercy Church in East Greenwich, R.I. I believe that it represents the sentiments of many of my constituents.

As a further demonstration of the opposition to the naming of the newest U.S. nuclear submarine I offer this article from the April 25 Providence Journal:

CUMBERLAND.—The social action arm for the Religious Sisters of Mercy in Rhode Island and Southeastern Massachusetts has joined in the criticism voiced by a Connecticut Catholic priest against naming the Navy's next fast-attack nuclear submarine the USS Corpus Christi.

Corpus Christi is a city in Texas, but the words also mean "body of Christ," in Latin. The Rev. Edmund S. Nadolay, director of the Office of Radio and Television for the Archdiocese of Hartford, drew attention to the phrase earlier this week when he labeled as "despicable" attempts to attach the name to an instrument that would be identified with "killing" and with "the worst sin of mankind, nuclear attack."

Sister Barbara Riley, a spokeswoman for the social action group, the Office of Peace and Justice of the Sisters of Mercy, said the nuns are urging people to attend a rally and teach-in at Griswold Monument in Groton, Conn., at 10 a.m., April 25, the day of the launching.

Rep. Elizabeth Morancy, D-Providence, told House members yesterday that she found the submarine's name "blasphemy on the part of the U.S. government" and "are insults to all who profess the Christian religion and to all humankind." Rep. Morancy, a Roman Catholic nun, said she will attend the launching in Groton to protest.

Mr. Speaker, I would like to urge the Secretary of the Navy to take the views of my constituents to heart in any consideration of changing *Corpus Christi's* name and to keep them fully in mind in the future naming of naval vessels.●

GREELEY HILL

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. COELHO. Mr. Speaker, it gives me much pleasure to share with my colleagues the following article from the Modesto Bee describing the commendable activities of the citizens of

Greeley Hill, a former stage coach stop in the Mother Lode country of my district.

In January, when a large old oak tree fell and left the old senior center in ruins, these folks decided to begin the rebuilding project on their own rather than going through the paperwork and waiting involved in getting a Government grant—although one would have been very helpful. They got the project underway by donating labor and some materials, and holding fundraising events to buy the rest. The same was true with the school, the firehouse, and the clubhouse, and I feel this should serve as a refreshing reminder to all of us of the great potential of good old-fashioned community spirit, pride, and self-reliance.

[From the Modesto Bee, Apr. 4, 1981]

GREELEY HILL

(By Bob White)

GREELEY HILL.—Folks in this Mother Lode former stage coach stop pride themselves on their community spirit—certainly they don't wait for the government to get things done.

A case in point is the new senior citizens building.

The town's old senior center came to a rather sudden end in January when a big old oak tree fell on it.

The town would accept a government grant to rebuild it, but grants take reams of paperwork and lots of waiting.

And beside, "there's always so many strings attached to those grants," said Fred Leigh, president of the Greeley Community Club.

Instead, townsfolk have decided to go ahead with it on their own.

"This way, we can build it the way we want it," Leigh said. He pointed out that people in the community, especially the old-timers, have a lot of experience at getting things done without using tax dollars.

When a school was needed years ago, local folks got together and built it themselves. The Mariposa County Unified School District has since taken it over, and has added some more classrooms. But as for the old original building, Greeley Hill people donated their labor and some of the materials, and held money-raising events to buy the rest of the materials.

The same was true with the fire house, the clubhouse and the old seniors' center.

When the old center succumbed to the oak tree, there was no doubt another would be built. Planning began the following day.

The culprit oak and another that was in danger of falling were used to start the fund drive. Volunteers cut them up into six cords of firewood, then sold the wood for $90 a cord.

Loss of the old structure was quite a blow to the senior citizens group because the building, though very small, was in constant use. Lunch was served there daily as part of the nutrition program provided by the Central Sierra Area Agency on Aging.

The agency also used the building to provide information, referral and paralegal services to the elderly.

The senior citizens group was proud of that old building. The seniors didn't actually build it; it used to be a storage shed and outhouse for the community center next door. But in 1976, some volunteers went in and fixed it up as a meeting place.

The nutrition program and some of the other activities from the senior citizen center have been moved into the community clubhouse temporarily.

The Agency on Aging has indicated it might be able to come up with some money to help equip the kitchen of the new building, but people here have already started pitching in to help raise the rest of the estimated $30,000 to $35,000 cost of materials.

Leonard Deutsch donated some pigs to be auctioned off, and women have gone to work on quilts, bedspreads and afghans to be sold at the auction.

Leigh said money also will be raised through public dinners and breakfasts, and each local household is being asked to contribute $10.

Leigh, whose club is coordinating the project, said he's not sure when construction will start. "It depends on how fast we raise the money to buy the materials," he said.

As for the cost of labor, there won't be any. "The people here will pitch in to build it," Leigh said.

The construction plans are being drawn up by Realtor Larry Schutt with technical advice from Mariposa County officials, and carpenter C. E. Penland will help ramrod construction.

Greeley Hill dates back to 1849, when the Dudley family set up a stage stop here and the Bean family established a steam-operated sawmill, according to Bernice Stewart, who used to teach at the old school house. Another early-day resident was Horace Greeley, but not the famous journalist, Stewart said.

The main industries used to be mining and logging. Now it's pretty much just logging, although some of the mines that shut down during World War II are starting to open up again.

There aren't too many jobs to be found here, which probably accounts for the fact that, while the community is growing, most of those moving in are retired people.

* * * * *

They don't have much argument with County Supervisor Eugene Dalton, who represents this area. He's the one who came up with the idea of cutting up the old oak to start the fund drive, someone pointed out.

And he does what he can to get his district its fair share of the county larder, but "he has to politic with four other supervisors, and sometimes they gang up on him," someone else said.

People here wouldn't mind seeing the county kick in a little money for the senior citizens project, and Dalton has said he would see what he could do about that.

But the local folks are philosophical about it. If the county comes through, fine; it would be appreciated. If it doesn't, the new building is going to get built anyway. The community has done it before, and it can do it again.

That community spirit is one of the things newcomers Bob Scannel and his wife Irene love about Greeley Hill. They said they fell in love with this area and its people two years ago during a vacation trip along Highway 49.

Tired of the "hurry-up pace" and the "distrust and apparent uncaring" of people in the big city, Scannel went back home to Los Angeles, quit his job as a computer supply salesman and the family moved here.●

RUNAWAY TAXES MAY DRIVE US ALL TO WELFARE

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. SOLOMON. Mr. Speaker, this Sunday, May 10, marks the day in which the average American worker stops working to pay his taxes and starts working for himself. Every dime he has earned from January 1 until that day will be consumed by Government at all levels.

This situation has gotten so out of hand that we are fast approaching the point where the total value of public assistance benefits paid to a welfare family is close to catching up with the take-home pay of the average wage-earner trying to support his family.

To demonstrate just how serious the problem of runaway taxation has become, I would like to offer, to my colleagues, a recent editorial which appeared in the Saratogian (N.Y.) newspaper. This excellent piece graphically illustrates why this Congress must support President Reagan in his efforts to cut the tax burden of all Americans across the board.

The editorial follows:

WORKER'S TAX BILL HITS SHOCKING PROPORTIONS

As President Reagan prepares to address a joint session of Congress tonight to push his economic program, the Tax Foundation Inc., a tax research group, has come out with some shocking figures.

According to the group, the average American spends nearly three hours of his work day earning money to pay federal, state and local taxes—the largest single item in the family budget.

A typical U.S. worker labors two hours and 49 minutes during an eight-hour day to pay his tax bill, the group says. Meanwhile, it takes a worker 88 minutes a day to cover his next highest expense, housing and household operation.

Federal taxes, the group says, claim one hour and 56 minutes of a worker's day. State and local taxes take another 53 minutes worth of a worker's earnings.

When taxation reaches the point where a worker is spending more than a third of his day—or nearly two days out of each five-day week—earning money to pay his tax bill, it is obviously time to take a hard look at our system.

The greatest pressure against the budget cuts proposed by President Reagan is coming from those who fear disastrous consequences for social programs. And indeed, we must be careful not to write off the truly needy in our society.

But unless something is done, we may all need the help of social programs.

The welfare of all segments of society is certainly an important concern of government on all levels, from local to federal. But when it is costing that much to accomplish our goals, we have to think there's a better way.●

HONORING FRANK ANNUNZIO

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. HYDE. Mr. Speaker, our distinguished friend and colleague, Representative FRANK ANNUNZIO, was recently honored by Goodwill Industries of Chicago and Cook County, Ill., as the "Public Servant of the Year." Frank received this award at a luncheon in his honor on April 23, and was doubly honored when Gov. James Thompson issued a formal proclamation naming April 23 as Frank Annunzio Day in our State. Since Governor Thompson is the leading Republican in Illinois and FRANK ANNUNZIO is one of our leading Democrats, this event underscores FRANK's public service and well-deserved popularity.

In a statement issued by Goodwill Industries for the occasion, the organization declared:

It is well known to the citizens of Chicago that no one who encountered problems or who espoused causes has ever had his communications ignored by his Congressman, if his Congressman were Frank Annunzio.

Hard working and responsive, Congressman Annunzio personifies public service at its best—a statesman who is in touch with the people.

His advocacy on behalf of the handicapped and disadvantaged is a matter of public record, but little known is his direct assistance to Goodwill Industries when called upon by Goodwill trustees for his support. He diligently pursued the matter to its successful conclusion.

Such quiet acts of dedicated service, repeated hundreds upon hundreds of times during his Congressional career, have won him the respect and gratitude of the Chicago-land community and merits recognition.

And Governor Thompson said in his proclamation:

STATE OF ILLINOIS, PROCLAMATION

Whereas, the Honorable Frank Annunzio, Member, U.S. House of Representatives, continually espouses the needs of his Chicago constituency on the national level and is vigilant in his pursuit of answers to local problems; and

Whereas, he has exhibited a firm commitment to improving the well-being of others and, thus, exemplifies outstanding statecraft in his devotion to duty; and

Whereas, because he has expressed through his actions advocacy for the handicapped and disadvantaged, he is being honored by Goodwill Industries;

Therefore, I, James R. Thompson, Governor of the State of Illinois, proclaim April 23, 1981, to be FRANK ANNUNZIO DAY in Illinois in recognition of his outstanding public service to the people of our state.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the State of Illinois to be affixed.

Done at the Capitol, in the City of Springfield, this sixteenth day of April, in the Year of Our Lord one thousand nine hundred and eighty-one, and of the State of Illinois the one hundred and sixty-third.

JAMES R. THOMPSON,
Governor.

Many of FRANK's friends and colleagues also sent congratulatory messages on "Frank Annunzio Day", and some of these included:

[Telegram]

Hon. FRANK ANNUNZIO,
Care Peggy Markey, Chicago Goodwill, Chicago, Ill.:

My heartiest congratulations on your receipt of the Chicago Goodwill Public Servant of the Year Award. It is especially fitting that your award be presented on April 23, Shakespeare's birthday, for no one has better followed Shakespeare's admonition to the public servant to "Let all the ends thou aim'st at be thy country's, thy God's and Truth's." May we all learn from your example.

Sincerely,

SIDNEY R. YATES,
Member of Congress.

[Telegram]

Hon. FRANK ANNUNZIO,
Care Peggy Markey, Goodwill Industries, 120 South Ashland Avenue, Chicago, Ill.

DEAR FRANK: I am sorry that I am unable to attend this luncheon, but wanted to send my congratulations to you for being named "Public Servant of the Year." Frank, you surely deserve this honor, and are undoubtedly worthy of this award.

Your friend,

DAN ROSTENKOWSKI,
Member of Congress.

[Mailgram]

Congressman FRANK ANNUNZIO,
Care Peggy Markey, Goodwill Industries, Chicago, Ill.

DEAR FRANK: I am sorry I cannot be in attendance on the occasion of your being honored by Goodwill Industries. Your years of outstanding public service and contributions to your constituency are deservant of such an honor. Congratulations and keep up the good work.

HAROLD WASHINGTON,
Member of Congress.

[Telegram]

WASHINGTON, D.C.,
April 13, 1981.

Hon. FRANK ANNUNZIO,
Care Goodwill Industries, Attention Peggy Markey, Chicago, Ill.

Congratulations on the occasion of being selected Public Servant of the Year. It is a fitting and well-deserved honor for a long term dedicated servant of the people. I know the citizens of the Eleventh District of Illinois are justly proud.

I regret that a prior commitment precludes my being present to personally convey my congratulations, but they are, nonetheless, sincere.

GUS SAVAGE,
Member of Congress.

[Mailgram]

OAKLAWN, ILL.,
April 23, 1981.

Congressman FRANK ANNUNZIO,
Rayburn Building, Washington, D.C.

Sorry to be late. Congratulations on your award as Public Servant of the Year. It was well deserved.

MARTY RUSSO.
Member of Congress.

[Telegram]

CHICAGO HEART ASSOCIATION,
Chicago, Ill., April 23, 1981.

Hon. FRANK ANNUNZIO,
Chicago, Ill.

It is my extreme pleasure to be the bearer of congratulations on behalf of the board of governors, the volunteers, and staff of the Chicago Heart Association in saying amen to the award Public Servant of the Year bestowed on you by Goodwill Industries. The only change we would make in the title is its time frame, for your record of concern and accomplishments for the Chicago metro-community does not stand just one year. The title of your award should read Public Servant of the Century.

Warmest regards,

RAYMOND M. RESTIVO,
Executive Director.

Considering FRANK's long career in public service—he was first elected to the 89th Congress in November 1964, and prior to that he was director of the Illinois Department of Labor from 1949 to 1952—it comes as no surprise to many of us who know him well that our Governor proclaimed a special day honoring FRANK. We are only surprised that such an honor has not come sooner, for he has long been known as a champion of the people—not only representing his constituents above and beyond the call of duty, but a man whose patriotism knows no bounds, a representative of all Americans, with a special place in his heart for the average person who needs help. He has fought for the rights of consumers, veterans, the handicapped and disadvantaged, and minorities with equal vigor.

Through the years, his dedication and compassion have been recognized by a myriad of organizations who have acknowledged his services where their own special awards and these have included:

Awards received and organization memberships:

"Knight Cross of Polonia Restituta Order," highest civilian award given by the Polish Government in Exile—1978.

"Grande Ufficiale dell'Ordine" (Italy's highest civilian medal) from the Republic of Italy—1978.

Distinguished Service Award, Polish American Congress, Illinois Division—1978.

Distinguished Legislator Award, United Hellenic Voters of Illinois—1978.

Philip A. Hart Public Service Award, Consumer Federation of America—1977.

DePaul University Alumni Award, for distinguished leadership, achievement, and service in the community—1977.

Marconi Award, Order Sons of Italy in America—1977.

Best Legislator Award, Polish American Political League, Chicago, Illinois—1976.

"Man of the Year" Award, United Polish American Council, Chicago, Illinois—1976.

Pope John XXIII Award, Italian Catholic Federation, Chicago, Illinois—1972.

"Man of the Year" Award, Combined Veterans Association of Illinois—1972.

"Man of the Year" Award, National Hemophilia Foundation, Chicago, Illinois—1972.

Merit Award, Polish-American Congress, Illinois Division—1972.

Congressional Award for Outstanding Illinois Veteran Legislative Leader, Illinois Department of the American Legion—1971.

Honored at the Fifth Annual Interfaith Dinner Dance sponsored by the Chicago Chapter of Magen David Adom, Israel's official Red Cross Services—1971.

Captive Nations Proclamation Medal, Captive Nations Committee, Chicago—1970.

"Man of the Year" Award, Justinian Society of Lawyers, Chicago, Illinois—1969.

"Man of the Year" Award, Joint Civic Committee of Italian Americans, Chicago, Illinois—1969.

"Man of the Year" Award, Italian-American Police Association, Chicago, Illinois—1968.

"Man of the Year" Award, Gregorian Society, Chicago, for outstanding contributions to education—1965.

President, Illinois State Society, 1967-1968, 1968-1969.

Knights of Columbus—4th Degree.

Bishop Sheil Medal, Catholic Youth Organization—1949.

General Chairman of the Villa Scalabrini Development Fund (Italian Old Peoples Home).

Mr. Speaker, we who know FRANK are well aware of his hard work and invaluable contributions in this Chamber. I know we all share FRANK's pride in this special recognition and wish him continued success and fulfillment—it goes without saying the he will continue to find these in serving his fellow citizens.●

NEW POLICY NEEDED ON NAMIBIA?

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. McDONALD. Mr. Speaker, now that President Reagan has announced a new foreign policy that calls for U.S. opposition to Soviet-sponsored terrorist groups camouflaged as local "liberation" activities, it is time for the U.S. Congress to blow that whistle on further use of U.S. tax dollars by the United Nations to subsidize Soviet-sponsored terrorists.

This year U.S. taxpayers will be asked to contribute nearly $600 million to the U.N. budget, nearly 25 percent of the total. The United Nations General Assembly will spend millions of dollars, including U.S. taxpayer dollars, to equip, finance, and train terrorists. One particular group of which I have personal knowledge is the South West Africa People's Organization—ususally known as SWAPO—which is completely armed with Russian weapons, supported by 20,000 Cuban troops at the SWAPO bases in Angola, and trained by Russian, Cuban, and East German technicians. These SWAPO terrorists are carrying on a constant guerrilla campaign of violence across the border against the black civilian population of northern Namibia for the Soviet bloc. Congress should forbid the U.N. use of hard-earned American tax dollars to finance SWAPO.

The United States has a basic national security interest in preventing this Soviet takeover of yet another country in Africa. The southwest coast of Namibia has the only deep water port between Cape Town and Luanda, Angola, 1,500 miles to the north, capable of being used by the Russians as a nuclear submarine base. Moreover, Namibia not only has the largest uranium mine in the world, but also possesses one-sixth of all the uranium in the free world, as well as vast resources of copper, zinc, diamonds, and other minerals.

In Soviet hands, the U.S.S.R. would be in a position to dominate the sea lanes of the Atlantic, bisect the oil lifeline from the Persian Gulf and deny to the West access to these vast uranium and other resources.

A recent Washington Post article—May 1, 1981—by Don Oberdorfer is some evidence that the U.S. Government may be moving toward a more sensible foreign policy in Africa.

The Reagan administration has told African nations that it is willing to lead the way toward a negotiated settlement of the Namibian conflict but will abandon the effort unless there are realistic prospects of success.

This message was taken to 12 African countries earlier this month by Chester A. Crocker, who has been nominated to be assistant secretary of state for African affairs, according to a State Department briefing for reporters yesterday.

The possibility that the Reagan administration might "disengage" from an unproductive international effort on Namibia was "not a threat but a reality," said a State Department official intimately familiar with the Crocker trip. He cannot be named under the ground rules of the briefing.

The new U.S. administration had "a limited and finite amount of capital" to expend on foreign affairs and therefore will not continue major efforts in an area likely to produce failure, Crocker is said to have told the Africans.

In the case of Namibia, the thinly populated but mineral-rich land between South Africa and Angola, the administration sees three choices:

A fruitless attempt to pursue a settlement under the original terms of U.N. Security Council resolution 435, which continues to be strongly backed by African "front-line states" but has been "something of a dead letter" for at least a year, in the view of the Reagan administration.

A "strengthened and reinforced" resolution 435 involving formal constitutional protections and implementation guarantees for groups within Namibia before an election to choose an independent government there.

This approach would be facilitated by an improved "regional climate" flowing from the withdrawal of Cuban and Soviet forces from Angola, in the administration view.

U.S. disengagement from the Namibia effort if it cannot find a way to work productively with black African states, South Africa and the four other Western nations—Britain, France, West Germany and Canada—that have comprised the "contact group" seeking to arrange a settlement.

The next step toward a solution, after Security Council proceedings this week in New York, is a scheduled meeting Sunday in Rome of foreign ministers of the "contact group" nations, including Secretary of State Alexander M. Haig, Jr.

After that, the United States expects an airing of the issues with South African Foreign Minister Roelof (Pik) Botha, who is scheduled to visit Washington May 15, and further detailed discussions by senior officials of the contact group nations who are to gather here in the second half of May.

Crocker, in his recent visit to Angola, told the Luanda government that the United States will not establish diplomatic relations without a withdrawal of Cuban troops, according to the State Department official.

Crocker was not asked for, nor did he give, assurances that the administration will not support UNITA, an Angolan guerrilla faction led by Jonas Savimbi, who opposes the Luanda government, the State Department official said.

The official said, "There have been no decisions taken to become involved in direct support of Savimbi, nor is there any plan to do so in terms of tangible support."

However, the official called Savimbi "a genuine and legitimate nationalist leader" and said it is "a simple political fact" that "there will be no peace in Angola until [Savimbi's] people have a cut of the pie."

How a political compromise between the Angolan government and Savimbi might be arranged is "not for us to say," the U.S. official said.●

PROGRESS ON ETHICS IN THE HOUSE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. HAMILTON. Mr. Speaker, I insert my Washington Report for Wednesday, May 6, 1981, into the CONGRESSIONAL RECORD:

PROGRESS ON ETHICS IN THE HOUSE

A group of Hoosier religious leaders recently asked me what Congress had done to restore its integrity in the eyes of the American people. By asking that question they showed a concern I have often noted among voters in Indiana: Hoosiers want elected officials who are honest and straightforward. My response was that the House's record of dealing with the misconduct of members is not as good as it should be. I added, however, that the record of the last four years is encouraging.

Every Congressman hears complaints about the misconduct of his colleagues. The so-called "Abscam" affair (in which several legislators took money from government

agents who pretended to represent Arab sheiks) has served to make these complaints sharper than ever. Extreme displeasure at the wrongdoing of legislators is fully justified, but it should not be allowed to obscure some very real progress on ethics in the House.

The past few years, have marked a most significant period in the history of the House. For too long a time the House's handling of charges of its own members' misconduct had been anything but diligent. In recent sessions, however, the situation has improved dramatically. This week the House took another step forward. The sixth member convicted in Abscam resigned after the Committee on Standards of Official Conduct recommended that he be expelled.

The very number of recent disciplinary actions against members shows a newfound willingness on the part of the House to take its code of conduct seriously. Besides members who have resigned because of impending disciplinary action, the House has punished six members in the past four years. Such action goes far beyond the single case in which a member was punished in the previous nine years of the existence of the Committee on Standards of Official Conduct. Before the committee was set up only 21 members had been censured or expelled in the House's history.

More important than numbers of disciplinary actions are the changing circumstances in which the House has seen fit to move against members whose behavior has reflected discreditably on the House. In the past the House usually did not act against a member who was facing punishment in court. Between 1921 and 1969, for example, the House was silent even though several of its members were convicted in court of crimes ranging from bribery to income tax evasion. Lately, however, members' convictions in court have automatically triggered separate disciplinary proceedings in the House. In the past, it was generally the practice of the House not to discipline a member for misconduct that occurred in a previous Congress if the member's constituents knew of the misconduct but re-elected him to Congress nonetheless. The House departed from that tradition last session, acknowledging that action in such a case might be necessary to protect the House's reputation.

The manner in which members are now punished for misconduct is further evidence that the House is getting serious about its code of conduct. In the past the principal punishments were censure, exclusion, and expulsion. Censure has often been perceived as too lenient, because it involves only public rebuke. Exclusion, at least as punishment for misconduct, has not been available since it was declared unconstitutional in 1969. Expulsion has been applied infrequently—three times prior to 1980, and then only for treason. In recent proceedings the Committee on Standards of Official Conduct has been recommending more appropriate punishments. One example is expulsion on grounds of corruption. Another is censure combined with a stiff fine or with the loss of a subcommittee chairmanship. The committee has also had support on the floor. Every member against whom the committee has recommended action has been punished.

The rules in the House which set the bounds of acceptable behavior for members and establish the mechanisms through which misconduct is recognized and punished have undergone major changes in the last several sessions. The present code of conduct and rules on financial disclosure were adopted in 1968. Generally regarded as weak, they were improved by amendments in 1977. Among other things, the amendments limited outside earnings, required fuller financial disclosure, and strengthened restrictions on the acceptance of gifts from those with a direct interest in legislation before Congress. In 1980 the House Democratic Caucus adopted rules to provide for the replacement of the chairman of a committee or a subcommittee upon his conviction in court of a serious crime or his censure in the House. Further changes are being considered.

Most of us in Congress are deeply distressed by reports of misconduct among members. We respect the institution of Congress, recognize its important role in the life of the nation, and want to see it fulfill that role with honor. We know that most members conduct themselves according to high ethical and professional standards, but we also appreciate the unusual pressures that weigh down upon public officials. Almost all of us agree with our constituents, who abhor the wrongdoing of members and believe that Congress should police itself. It is unclear whether the House can adequately discipline members, but I hope it will improve. If it does, it will certainly help restore public confidence in government.●

EARTHQUAKE PREDICTION PROGRAM NEEDED

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. JOHN L. BURTON. Mr. Speaker, damaging earthquakes have visited most parts of these United States. They strike from border to border, coast to coast, and beyond to Guam, Hawaii, Alaska, and the Antilles. One of the greatest convulsed the Mississippi Valley near New Madrid, Mo., in 1811 and 1812.

We remember the death and destruction an earthquake can cause to a heavily populated area from the upheaval that felled much of San Francisco just 75 years ago. The death and fire loss in San Francisco could have been substantially prevented had there been a way to predict those shocks that battered the city in 1906.

Recently, the Committee on Science and Technology approved $1.5 million in authorization to start a program, at locations in California, designed to help predict earthquakes. The funding would enable the U.S. Geological Survey to begin the first phase of an operational earthquake prediction network there.

An analysis made last year by a committee of the National Security Council gave the likelihood of a major quake—8.3 magnitude—along the San Andreas and Hayward Faults in California. Within 30 years, there is an estimated 50 percent chance of a major quake along the southern fault and a somewhat lesser chance along the northern faults. An 8.3 magnitude quake in a populated area would cause severe damage and heavy casualties. The National Security Council analysis concludes that the United States is essentially unprepared for such a catastrophe.

The funding authorization approved by the Committee on Science and Technology is being considered now under joint referral by the Committee on Interior and Insular Affairs. The program to be funded would take the instrumentation of seismic movements out of the present research mode and begin a geographically comprehensive network permitting data analysis on an immediate, 24-hour basis. The results, we are advised, would significantly increase the chances of predicting the next earthquake. Warning could save lives and reduce property loss. This would mean social and economic benefits not only locally but for the country as a whole. Accurate prediction would cause savings far beyond the cost of the instrumentation network.

Techniques developed through this program would have application in other seismic areas of the country. I strongly urge my colleagues to support this needed instrumentation program.

Mr. Speaker, our Earth is a stern landlord, and we are merely tenants at sufferance. Although nature has blessed our land, we can do little or nothing to stay its hand when it looses havoc.

Among familiar natural catastrophes, none has the destructive potential of an earthquake. Understanding of what can happen to one of our large cities must not be allowed to fade from our minds. Survivors are still among us who vividly recall the 1906 San Francisco earthquake. It is hard for us now to comprehend the terror, suffering, and loss which that catastrophe brought. Over 600 people died. Property destroyed had a value of approximately $400 million. I should like to share with my colleagues a personal story that one of the survivors recently provided to me. Her account, which follows, is a stark reminder of what we continue to face in the absence of adequate warning:

THE GREAT SAN FRANCISCO EARTHQUAKE—A SURVIVOR'S STORY

More than once, April 18 has been a momentous day in American history. Some remember it as the date of Paul Revere's midnight ride. But 131 years later in San Francisco, another historic event took place. The following sketch written by Lucille Smith Carter, an 83-year-old woman now living in Indian Wells, California, recalls the havoc wrought on that Wednesday morning in 1906. Lucille was 8½ years old when the great San Francisco earthquake rocked the earth. These are her words:

April 18, 1906, was a very eventful day for every one living in San Francisco. It was the day of the earthquake, and it is almost unbelievable that the earth could shake so vio-

lently that hundreds of buildings were damaged or entirely destroyed. There were five of us in our family. We lived in a two-story building across from a park. My bedroom was next to the back porch. On that porch, my mother had two washtubs and a boiler hanging on the wall. The morning of the 18th, my mother was to go to the hospital for surgery. My brother was 6 months old, and my father was up heating him a bottle. I wakened to the most terrible noise I have ever heard. Everything on the back porch was being thrown off the wall, and everything in the neighborhood was being either torn up, thrown down, or smashed.

I slept in a brass bed and found myself clinging to the bars on the headboard to keep from falling out of the bed. For a child of 8, it was impossible to know what was happening. When the shaking stopped, I ran into my parents' bedroom. My father told us we had had a terrible earthquake and more than likely would be needing food in the next few days. He took a large dishtowel and ran around the corner to a little bakery. The baker was there and told my father to take all he wanted because he and his family were leaving. When my father got back to the house, two friends of his were there with two horses and buggies. They had been on the way to have breakfast with us. One buggy was to take my mother and father to the hopsital, and the other, to take the children to friends in the Mission District. As it turned out, there was no breakfast; and we all left for the lumber company where my father was foreman.

As we were driving out of the City, an aftershock came and some of the bricks from the building we were passing began falling. I can still hear my father shouting, "Whip up the horses!" Luckily, we got out from under without being hurt. My mother insisted on taking her sewing machine. It was the only thing we saved. We could hear people calling who were trapped in the wreckage of their homes. We were told the Army was sending in troops to rescue those who were unable to get out. The streetcar tracks were broken apart in many places, and had coiled themselves in the air like a spring from a clock. Huge cracks came in the earth and everyone was afraid. If another quake followed, they might open wider. The fear of falling into one of them and being buried alive filled everyone. All of the things my grandmother had given my mother, plus the things she had accumulated, had to be left behind; and they were all burned in the fire that followed the quake.

I remember a large Catholic Church that was near our house. There was a huge bell in the steeple; and, when we left our house, the steeple was gone and the cement steps in front of the church were shattered where the bell had fallen. We stopped at the lumberyard where my father was foreman. He felt a responsibility toward the company. We children were hungry and were given some bologna sandwiches and strawberry soda. I never knew where the food came from, but it tasted delicious.

While were were at the lumberyard, a woman came walking through with a birdcage in her hand. She was dressed in evening clothes, a huge hat, and a feather boa around her neck. In the birdcage were a number of white mice. She wandered around as though she were dazed. Later, my father told us that the lumberyard seemed to be full of white mice.

In the afternoon, we went to our friends' house, which was up on the hill in the Mission District. No fires could be lighted in the stoves inside the houses. The people were planning to move the stoves out on the street. Later the men built little shelters around the stoves. It seemed so strange to see the women cooking outside the houses. It took days to get the chimneys inspected. The house where we stayed had large windows across the front; and at night, we pulled chairs up to the windows and watched the fire. It is an awesome sight to see a big city burn. In order to stop the fire, they tried dynamiting whole blocks, but it was not very sucessful. We were told over 500 people died in the earthquake. My father said there were many more than that.

A few days after the earthquake, we children saw some soldiers marching some men along the street. The men were tied to each other and we asked what they had done. The soldiers said they were looters and were being taken to be shot. Tent cities sprang up in parks. Tons of food and clothing were sent in from all over the country.

It was a terrible time, and I hope none of us will have to face it again.●

A SALUTE TO THE HONORABLE LOUIS STOKES

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. CLAY. Mr. Speaker, on Saturday, June 13, 1981, the American Muslim Mission, Masjid Willie Muhammad, Inc., in Cleveland, Ohio, will honor my good friend and distinguished colleague, the Honorable LOUIS STOKES. For 13 years, our colleague LOU STOKES has been a faithful servant and primary advocate for the people of the 21st Congressional District of Ohio as well as for minorities, the poor, and the "have-nots" of our society.

This unswerving commitment and compassion has earned him the respect of individuals from divergent economic classes, different races, and various ethnic backgrounds. The tribute to this great stateman and orator by the American Muslim Mission in Cleveland is a token of the gratitude, love, and respect that the people in Cleveland have for Congressman STOKES.

Mr. Speaker, I think that it would be appropriate to share this view of our colleague LOUIS STOKES from his constituents and the American Muslim Mission in Cleveland with my colleagues who also have high regard for this legislator and human being. At this time, Mr. Speaker, I would like to enter the tribute of the American Muslim Mission in Cleveland, Masjid Willie Muhammad, Inc., to Congresman LOUIS STOKES in the RECORD.

A SALUTE TO CONGRESSMAN LOUIS STOKES FROM THE AMERICAN MUSLIM MISSION OF CLEVELAND, OHIO, MASJID WILLIE MUHAMMAD, INC.

A man for all seasons and for all people is the phrase which most appropriately captures the personality and principles of the Honorable Louis Stokes of the 21st Congressional District of Ohio. Because of that unswerving commitment to the people, it is a great honor for the American Muslim Mission in Cleveland, Masjid Willie Muhammad, Inc. to honor this great orator, statesman and human being.

Through the years, the actions of Congressman Stokes have embodied the positive virtues of compassion and concern for all mankind. These virtues have transcended race, religious preference and economic class.

Accordingly, as he has progressed and increased his strength in Congress, so has the voice of the people, the ones who ultimately have learned to count on Congressman Stokes, become more audible. Today, we thank Congressman Stokes for that commitment, for that caring and for that deep seated faith in mankind which has guided him thus far.

People in the Bilalian community especially are proud of Congressman Louis Stokes. For, he has been extremely sensitive to our needs and has never forgotten from whence he came.

Congressman Stokes has fought our battles when we had little chance of winning. He has always provided that rare kind of support which inspired us to go that extra mile in terms of improving ourselves, our children and our community.

In Cleveland, we point to Congressman Stokes as a role model for our children, as the champion to our elderly and as our hope for a brighter future. Probably more so than ever before, we point to Congressman Stokes to the rest of the nation with pride as the community's favorite son.

It is not often that we get such an opportunity to let other high ranking public officials know exactly what we think about our representative and his actions on our behalf. That is why this occasion is especially significant for us. We want all of Congressman Stokes' colleagues and people in this Nation to know that the respect and love for Congressman Stokes in the 21st Congressional District is boundless.

We have watched with pride all of the actions and achievements of this great American. We have watched Congressman Stokes work through the Appropriations Committee in the House to secure funds for various human needs programs such as Headstart, assistance for public education, health care, job programs and others. We have gotten word about how our representative has fought to defeat budget proposals which would take literally the last pennies from the poor and give them to the rich in this country.

Additionally, we have watched as he conducted himself with dignity and expertly as the Chairman of the House Select Committee on Assassinations and as the current Chairman of the House Committee on Standards of Official Conduct. These two chairmanships are appointments which most members would not dare to take.

And, therein lies the root cause of our respect and admiration for Congressman Stokes. He has dared to take stands which were often not popular or politically safe. In almost every case, they have been stances in favor of the poor, minorities and those rooted in a deep seated belief and reverence for human life and human decency.

Further, when things in the community have been in turmoil, Congressman Stokes has been the eye of the storm. Conversely, when Congressman Stokes has won a battle for us, he has accepted that victory with the

same humility. By doing so, Congressman Stokes has proven that he has never grown too big for the people who most admire him in the Cleveland metropolitan area. Because of this, our love and reverence for him has grown ten fold.

Taking into account these thoughts, it is understandable why we could not let another occasion pass without pausing to pay tribute to our good friend and leader—Congressman Louis Stokes.

We have heard Congressman Stokes say, in the past, that it makes him feel good to know that people in the community appreciate his work in Congress. Today, Congressman Stokes, we are saying that we not only appreciate your work, but we have come to depend on your work, on your compassion and your drive for quality in our lives. We want you, Congressman Stokes, to know that this tribute is the embodiment of our great respect and love for you as both our representative and as a human being.●

PROMPT ACTION NEEDED ON TAX REDUCTION

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. GINGRICH. Mr. Speaker, two of our colleagues, ED WEBER and TOM BLILEY, will be circulating a letter for signature after we complete action on the budget tomorrow.

This letter, to Majority Leader Jim Wright, asks for action this month on the President's proposed tax rate reduction.

I urge all my colleagues to sign this letter, and ask that it be reprinted here:

WASHINGTON, D.C.

Hon. JIM WRIGHT,
Majority Leader, House of Representatives, Washington, D.C.

DEAR MR. WRIGHT: Now that the House has acted on the Budget, we ask that you schedule prompt action on President Reagan's proposed across-the-board tax rate cuts.

Of course, we hope you and Speaker O'Neill will continue to act on your promise of "ample and timely opportunities for full and fair consideration of every part of the President's requested program." ("Ample and timely" is underlined in your own memo.)

The American people want timely action on the tax rate reductions.

President Reagan has proposed a reduction in tax rates to take effect in July. Therefore, we request that you and the Democratic Leadership schedule a vote on the tax rate reductions this month. If we act now, Americans can have more take-home pay in their July paychecks—just as the President has proposed.

Economic Recovery depends on all four parts of the Reagan program—spending cuts, tax rate reduction, regulatory relief, and monetary restraint. Tax rate reduction, as it has in the past, will lead to economic growth. If you delay action on tax rate reduction, you are delaying America's economic recovery.

Delay will also jeopardize consideration of tax changes and reforms which the President will propose in his second tax bill later this year.

When Members go home for the July 4 District Work Period, we should be able to tell people, "We've acted on the President's program and recovery is on the way. You'll have more take-home pay in your July paycheck."

Sincerely,

THOMAS J. BLILEY, Jr.
ED WEBER.●

CONSTITUTIONAL EXPERTS REJECT HUMAN LIFE BILL

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. EDWARDS of California. Mr. Speaker, over 8 years ago, the Supreme Court, in *Roe* v. *Wade* 410 U.S. 113 (1973) held that the 14th amendment provides a qualified right of a woman to choose whether to terminate her pregnancy. This year, some opponents of that decision have introduced legislation—H.R. 900, H.R. 3225, and S. 158—that seek to reverse the effect of Roe by statutorily defining "life" and "person" within the context of the 14th amendment. Profound constitutional issues are raised by this alternative to an amendment to the Constitution. Accordingly, as chairman of the Subcommittee on Civil and Constitutional Rights of the House Committee on the Judiciary, to which the House bills have been referred, I solicited the views of several of our Nation's leading constitutional scholars, as well as the well-respected Congressional Research Service of the Library of Congress.

These experts were chosen on the basis of their reputation within the academic community, and, to my knowledge, none are publicly associated with any position on abortion. As you will see, all these scholars have concluded that this bill is constitutionally defective. If we are to act responsibly in this area, these views must be heeded. Therefore, I will submit these comments to my colleagues in the RECORD so that we may all benefit from the careful analysis these men and women have provided for us.

I begin today with the views of Prof. William Van Alstyne, Duke University, School of Law.

DUKE UNIVERSITY,
Durham, N.C., March 31, 1981.

Hon. DON EDWARDS,
Chairman, Subcommittee on Civil and Constitutional Rights, the U.S. House of Representatives, Washington, D.C.

DEAR MR. EDWARDS: H.R. 900 is both unconstitutional and wholly unworthy of Congress. Its presuppositions respecting the power of Congress to impose its own definitions upon words in the Constitution are naive and incorrect. Its additional presumptuousness in attempting to revive criminal statutes already adjudicated by the Supreme Court as violative of fundamental personal rights is unprecedented and unsound. I shall elaborate briefly on both these points. I shall be pleased to provide any additional assistance to you in your further consideration of this foolish bill.

The abortion decisions of 1973 do not mark the first occasion when a constitutional adjudication by the Supreme Court has met with very great resistance. As early as 1793, an interpretation of Article III subjected states to law suits in federal courts contrary to what many widely believed could not be done without the consent of such states. The case was *Chisholm* v. *Georgia*, 2 U.S. 519, and it was subsequently overturned by the provisions of the Eleventh Amendment in 1794. A little more than a half-century later, the Supreme Court interpreted the word "citizen" in Article III to exclude a number of persons whom many (including a minority on the Supreme Court itself) believed to be capable of acquiring that status. The case was *Dred Scott* v. *Sanford*, 60 U.S. 393 (1857), and it was subsequently overturned by the provisions of the Fourteenth Amendment in 1868. Thirty years later, the Supreme Court interpreted the phrase "direct taxes" in Article I to include a tax on income derived from the rental of real estate, contrary to the different interpretation of the same phrase by Congress (and by a minority of the Court itself). The case was *Pollock* v. *Farmer's Loan & Trust Co.*, 157 U.S. 429 (1895). It was subsequently overturned by the Sixteenth Amendment in 1913, which permitted the unapportioned taxation of such income. And as recently as 1970, contrary to Congress's own interpretation of "equal protection," a majority of the Supreme Court held that the disfranchisement of citizens over eighteen years of age (but less than twenty-one years of age) in all state and local elections was not within any corrective power of Congress pursuant to Section 5 of the Fourteenth Amendment. That outcome, too, was also overturned—by ratification of the Twenty-Sixth Amendment in 1971.

In each of these (and many other) instances, final adjudications by the Supreme Court have involved interpretations of words or phrases in the Constitution different than the interpretation imputed to the same words by state legislatures or by Congress. In the vast majority of instances, the adjudicated interpretation by the Supreme Court continued to be controlling, despite dissatisfaction by others who believed that interpretation to be unsound. That observation correctly characterizes even the single most famous (and important) decision in our entire constitutional history, the case of *Marbury* v. *Madison*, 5 U.S. (1 Cranch) 137 (1803). In part, that famous case involved the issue whether Congress could enlarge the original jurisdiction of the Supreme Court by adding into its original jurisdiction some cases that might otherwise reach the Court only on appeal. The language of Article III itself is wholly inconclusive, and an eminently reasonable argument could be made that while Congress might not have power to limit or to reduce the original jurisdiction of the Court, it could most certainly enlarge that jurisdiction by adding such cases as were otherwise within the judicial power: cases that Congress believed to be sufficiently important that they, too, should also commence in the Supreme Court itself. Chief Justice Marshall held otherwise, however, and—there being no amendment ever made to the Constitution to change that result—that remains the case even now.

Marbury v. *Madison*, and *Martin* v. *Hunter's Lessee*, concretely established two prop-

ositions which are themselves the essence of the American constitutional system. The first is that in the adjudication of all cases and controversies arising under the Constitution, it is the judiciary's interpretation of the Constitution, rather than that of Congress, which is final. The second is that in the adjudication of all cases and controversies arising under the Constitution, it is the judiciary's interpretation of the Constitution, rather than that of state legislatures or state courts, which is final.

In keeping with these bedrock principles, it is perfectly well understood that the finality of those Supreme Court interpretations are reversible by two means only. The first is the capacity of the Court to overrule itself. The second, as illustrated by the Eleventh, the Fourteenth, the Sixteenth, and the Twenty-Sixth Amendments, is to "overrule" the Court by amending the Constitution.

The technique of H.R. 900 is not to propose an amendment. It betrays a complete lack of confidence that the constitutional demands for two-thirds majorities in both houses, and ratification by three-fourths of the states, could be obtained to that end. Thus, in repudiation of the provisions of Article V that nothing less than these extraordinary majorities may suffice authoritatively to displace a final adjudication by the Supreme Court respecting the adjudicatory significance of a part of the Constitution, it presumes instead to instruct the Court on the "right" meaning of a particular word. This attempt is as futile (and improper) as though Congress, following the decision in *Marbury* v. *Madison*, had presumed to adopt a law in which Congress "finds" that Article III "was intended to" permit some cases to be added to the Court's original jurisdiction which cases might otherwise come only within its appellate jurisdiction. It is as futile as though Congress, following the decision in *Chisholm* v. *Georgia*, had passed a law in which it "found" that Article III did not intend to permit states to be sued in federal courts without their consent. It is exactly the same as though Congress, after the decision in *Pollock* v. *Farmer's Loan & Trust*, had adopted a statute in which "Congress finds that the phrase 'direct taxes' in Article I was not intended to include a tax on income derived merely from the rental of real estate." Indeed, if this technique were available to Congress, in no instance would amendments to the Constitution be required authoritatively to alter the Supreme Court's interpretations of the Constitution. As you (and every member of Congress) are well aware, however, our system of constitutional government, unlike that of many other nations, is not one of parliamentary supremacy. It is not the case that we are under a Constitution, but the Constitution is what Congress says it is. A Constitution so construed cannot act as a positive law restraint upon Congress or upon the States. Rather, a Constitution so construed would permit Congress not merely to control the scope of the Fourteenth Amendment, but to define its own powers, to override all reserved state powers, and to demolish the separation of powers as well—all by the breathtaking expedient of having Congress bind the courts by presuming to "find" what every part of the Constitution was "intended" to do.

We come, then, to H.R. 900. In *Roe* v. *Wade*, the Supreme Court held that the word "person" as it appears in the Fourteenth Amendment is exclusive of gestating fetuses prior to the time of fetal viability. H.R. 900 presumes to "find" that the word "person" in the Fourteenth Amendment, to the contrary, includes not merely viable but unborn fetuses but, indeed, embryoes, blastulas, and zygotes as well. Presumably, it means to "find" that the instant there is sufficient contact between a sperm and an egg as to produce any preliminary reaction whatever, and certainly at least telophase (the last step in mitosis in simple cell division), the chemical reaction at the least discernible preliminary step dates a "person" for all Fourteenth Amendment purposes.

Having discovered in the Fourteenth Amendment (?) a definition of "person" contradictory of the Supreme Court's interpretation, Congress then proposes to use that finding to validate state laws already held to be violative of another person's fundamental right as previously determined by the Supreme Court. It is, of course, the holding of *Roe* v. *Wade* that no state may criminalize a woman's decision to terminate an unwanted pregnancy within six months of conception, assuming only that she secures the assistance of a competent physician who, in assisting her, complies with reasonable medical procedures. That freedom is described by the Court as "fundamental." Nothing, in any of the subsequent decisions of the Court, reneges on that description. The ambition of H.R. 900 is not to support that freedom, or even to assist such women carrying fatally malformed fetuses, or women for whom pregnancy may be threatening to their health. To the contrary, in prior versions of the "Hyde Amendment," Congress has already set a cruel determination against such women by restricting any such assistance and by rendering, for them, even first-term, medically-indicated abortions subject to private charity and to the commercial market alone. The Supreme Court has found no adequate constitutional basis to forbid this selective vindictiveness. But I see no evidence at all that it will be impressed by Congress's cellophane effort to do indirectly (by defining words in the Constitution) what it cannot do directly (to reverse substantive consitutional decisions by the Supreme Court).

If Members in Congress frankly desire to compel the birth of every fertilized ovum, or if Members in Congress think it wise that each state be allowed to criminalize whatever abortions, in whatever circumstances they wish to criminalize, they may do so. For even freedom of speech may be ended in this country by amending the Constitution itself (to permit the criminalizing of free speech), and so, too, may any other fundamental freedom we have. But the very purpose of Article V is to disallow such changes without the sobering check that the amendment process itself imposes. And it behooves Congress to respect that process in this instance, at least as much as it did in the establishment of an income tax.

I have not devoted any time in this brief letter to an "analysis" of *Katzenbach* v. *Morgan*, and the various (even conflicting) impressions which that case has generated. I will say briefly, however, that I know of no reasonable manner in which the sound foundation of that case can be adjusted to sustain what is being proposed in H.R. 900. The basic thesis of *Katzenbach* v. *Morgan*, is not complicated. That thesis is that Section One of the Fourteenth Amendment committee to the judiciary the obligation to hold invalid such state statutes as were clearly, in the Court's own view, forbidden by the Fourteenth Amendment. These, in brief, were all laws forbidden by Section One in its self-executing effect, laws so clearly (in the Court's view) in derogation of privileges and immunities, life, liberty, and property, or in derogation of equal protection, that they are invalid whether or not Congress has seen fit to say so. It is Section One, in its self-executing effect, which is the foundation of *Roe* v. *Wade*.

Section One was drafted to provide this minimum self-executing effect, moreover, partly because it was agreed in the 39th Congress (which proposed the Fourteenth Amendment) that it was unwise to leave the determination of invalid state laws merely to Congress. The original version of the Fourteenth Amendment did just that, providing only what Congress might do in respect to certain kinds of state laws, but not providing any security against state laws that Congress might not see fit to forbid. It was significantly to provide security against a remissness in Congress that the Fourteenth Amendment was redrafted (in its present form), so to make certain a self-executing effect, a minimum level of *judicially*-enforceable protection, *irrespective* of Congress's sentiment about such protection. Consistent with this understanding (which is consistent both with *Roe* v. *Wade* and with *Katzenbach* v. *Morgan*), it was also anticipated that Congress might (under Section five) reach some state laws that were not so clearly in violation of Section One as to require the courts to hold them invalid. And that, of course, is what happened in *Katzenbach* v. *Morgan* itself.

Ironically, a correct application of *Katzenbach* v. *Morgan* would be useful to sustain an Act of Congress very different from H.R. 900. For instance, although the Supreme Court has held that the due process clause does forbid any state from criminalizing medically safe abortions within the first two trimesters (a fundamental right that neither Congress nor the States may now attempt to override), it has not held that states are also constitutionally obliged to provide economically disadvantaged women any assistance for that purpose even if, without such assistance, their practical capacity to exercise their fundamental right is seriously prejudiced. Even the omission of medically-indicated abortions from a state medic-aid program *otherwise* assisting economically disadvantaged persons for medically-indicated services, has not been held by the Court as to be so utterly arbitrary as to be a *per se* violation of the Fourteenth Amendment. On the other hand, were Congress to regard such a differential treatment of women seeking medically-indicated abortions as plainly arbitary when the state otherwise has undertaken to extend assistance to economically disadvantaged person, then I think *Katzenbach* v. *Morgan* would come into play. The unequal treatment of economically-disadvantaged women otherwise unable to secure medically-indicated abortions might plausibly be regarded by Congress as so discriminatory and unfair under the circumstances that Congress might, on that basis, forbid the states so to discriminate against women. In this respect, exactly as in *Katzenbach*, Congress would be acting to enhance a fundamental right, rather than to restrict or to annihilate it. *Katzenbach* does not contemplate this latter power. Neither does Section One of the Fourteenth Amendment. Rather, Section One establishes a *judicially*-ascertained, *minimum* floor of *self-executing* constitutional protection which neither Congress nor the states may violate. It was that "floor" that was held to be violated in *Roe* v. *Wade*. H.R. 900

is wholly in conflict with this proper understanding of the Fourteenth Amendment and is, according, both unauthorized and invalid.

I realize that nonetheless the tendency in Congress to vote for bills such as this is very great. It may appease particular constituancies and divert all blame to the courts. But you have not been a Member of Congress to have looked at matters in this cynical fashion, and I am confident you will not do so on this occasion, either.

Sincerely,

WILLIAM VAN ALSTYNE,
WILLIAM R. PERKINS,
Professor of Law.●

H.R. 3442

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. SAWYER. Mr. Speaker, yesterday I introduced H.R. 3442, a bill to establish the use by hunters of a Federal webless migratory game bird permit. Specifically, the permit would be required for hunters who takes mourning doves, white-winged doves, Zenaida doves, scaly naped pigeons, band-tailed pigeons, sandhill cranes, gallinules, common and purple, rails—clapper, king, Virginia, and sora—coots, common snipe, and woodcock. The bill is limited to webless migratory game birds because ducks, geese, and swans are already covered by the Federal Duck Stamp program, which was designed primarily to raise revenue to purchase habitat.

The goal of the bill is to identify hunters of these migratory game birds. Unlike most resident or nonmigratory game birds and animals being managed by individual State conservation departments, these species travel across many States during the course of a year, to and from breeding and wintering grounds. Since hunting seasons and bag limits vary greatly from State to State and since no State is able to monitor the species for a solid 12 months, it has been impossible for the U.S. Fish and Wildlife Service, the Federal agency responsible for protecting this interstate resource, to obtain accurate information on bird populations and hunting pressure on these species.

The sole objective of the bill is to identify hunters so that statistical surveys may be sent to them by the USFWS. The survey information gathered can then be used by the agency to estimate how the listed species are faring from year to year.

The annual permit will cost $2 and may be purchased at any U.S. Post Office. The money collected will be used to print, mail, collect, and analyze the survey date. Any left over money will go into the Webless Migratory Game Bird Research Fund which may be used to assist the States with various game bird research and management programs.

The names and addresses of the hunters purchasing the permit may only be used for surveying webless migratory game bird populations and hunting pressure. The hunter's response to a survey is purely voluntary. At the end of the year the records of all names and addresses will be destroyed.

The permit is not designed to raise money for a new Federal bureaucracy nor to restrict individual sportsmen. Migratory bird specialists in the USFWS, and Wildlife Mangement Institute, the International Association of Fish and Wildlife agencies and several other public agencies and private organizations have expressed a deep interest in and a real need for such a permit. The estimated kill of mourning doves in 1978 was 50 million, making it the most heavily harvested game bird in America. It is also guessed that hunting pressure on the American woodcock has doubled in the past 10 years. Yet in both cases the USFWS presently has no way of accurately calculating whether these migratory birds are in jeopardy or not even though hunting pressures and kills are increasing each year.

H.R. 3442 simply seeks to help the USFWS obtain this vital information in order to preserve and wisely manage an important natural resource.

I hope that you will join me by supporting this important piece of environmental legislation.●

ADMINISTRATION PROPOSAL FOR BLOCK GRANT OF ENERGY AND EMERGENCY ASSISTANCE

HON. L. A. (SKIP) BAFALIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. BAFALIS. Mr. Speaker, I am introducing today the administration's proposal to consolidate and improve Federal grants to States for home energy and emergency assistance to low-income households and to eliminate unnecessary restrictions on those programs and increase flexibility in a State's exercise of its responsibility for program administration.

This new grant authority combines authorities and funds under the Home Energy Assistance Act of 1980, including energy crisis assistance administered by the Community Services Administration, with the provisions for emergency assistance included in the program of aid to families with dependent children.

The new grant mechanism is designed to improve the provision of assistance by consolidating two former programs and insuring the utmost flexibility to each State regarding the appropriate methods of using the grant funds. The States, being closer to the individuals and families needing assistance and the means of providing it, are in a better position to determine the most appropriate distribution of these funds. Two improvements in the flexibility merit special attention.

First, States could choose to use some of these funds for low-cost weatherization projects or minor repairs of homes, a possibility largely foreclosed under present law. Second, States would now be able to provide emergency assistance to any individual or family in a crisis situation, whether or not they were eligible for AFDC.

Because of the efficiencies to be realized through the elimination of duplication in services and administration and because of the reduction in unnecessary administrative requirements, significant cost savings would be possible. The draft bill would authorize appropriations for fiscal year 1982 and each of the next 3 fiscal years of $1,398.8 million, an amount equal to approximately 75 percent of the fiscal year 1981 level for the programs which would be replaced by the block grant.

A section-by-section summary of the provisions of this bill, the "Energy and Emergency Assistance Block Grant Act," follows:

SECTION-BY-SECTION SUMMARY OF THE ENERGY AND EMERGENCY ASSISTANCE BLOCK GRANT ACT

FINDINGS

Section 2 sets out the Congressional findings that support the need for enactment of the draft bill. Congress finds and declares that notwithstanding significant Federal funding for home energy assistance and emergency assistance, the most effective use of that funding should be determined at the State and local level. To that end, the provision of a consolidated Federal grant, with minimal Federal requirements, will facilitate the effective use of public resources to meet the needs of the residents of each State.

PURPOSE OF GRANTS

Section 3 states that the grants are made to States so they may assist individuals and families, particularly those most in need, to deal with the high cost of home energy and with their emergency financial needs. To accomplish these objectives, the State may use the Federal grants to provide (directly or indirectly) home energy assistance, and to address financial emergencies through the provision of cash assistance (or in-kind aid), emergency medical care or social services, or any other form of related assistance that is consistent with the broad purposes of the Act.

AUTHORIZATION OF APPROPRIATIONS

Section 4 specifies the dollar amount, $1,398,800,000, that is authorized to be appropriated for each of the four fiscal years beginning with 1982 for grants to States.

ALLOTMENTS

Section 5 directs the Secretary to allot the appropriations for each year as follows: ap-

proximately 97 percent will be allotted among the States in proportion to the portion each jurisdiction received of the appropriation for the low-income energy assistance program in fiscal year 1981 (including, for this purpose, amounts that would have been paid to the State but were instead paid by the Secretary to Indian tribal organizations) and the remainder in proportion to the State's share of the total emergency assistance expenditures (under the AFDC program in part A title IV of the Social Security Act) by all the States for fiscal year 1980. However, there is no fixed allotment in the latter program, and the complete amount of a State's reimbursable emergency assistance expenditures may not be settled prior to making the first year's allotments. Therefore, the Secretary is authorized to determine, before September 1, 1981, the amount of 1980 emergency assistance expenditures claimed before July 1, 1981, that are reimbursable (or likely to be reimbursable) under the AFDC program. This determination is not reviewable, and has relevance only for purposes of developing the allotment formula under this Act.

PAYMENTS TO STATES

Section 6(a) directs the Secretary to make payments to each State from its allotment, in accordance with section 203 of the Intergovernmental Cooperation Act. Section 203 directs that States be paid at times that will both be consistent with program purposes and minimize the time between payment to the State and its disbursement of the funds.

Subsection (b) specifies that amounts paid to the State under this Act from its allotment for a fiscal year must be obligated by the State in the same or the following fiscal year, and must be expended in the year of obligation or the following year.

Subsection (c) authorizes States to reserve up to 10 percent of the allotment under this Act for use in any of the other three block grants for health services, prevention of health-related problems, and social services, being concurrently proposed by the Administration. The rules of the act under which the funds are being expended will govern the use of the funds. Amounts transferred from any of those programs to this one will be subject to the provisions of this Act, but will not affect the calculation of a State's allotment. The State is to notify the Secretary of any such transfer between block grants.

Subsection (d)(1) permits a State to use a portion of its allotment to purchase necessary technical assistance, from either public or private sources, to develop and carry out activities under this Act.

Paragraph (2) of this subsection authorizes States, in addition to reallocating funds to units of local government, to give clear consideration to community-based self-help organizations of demonstrated effectiveness.

Subsection (e) provides a mechanism by which the Secretary can make direct payments to an Indian tribal organization if he finds that the State has not provided (or is likely not to provide) funds, in the requisite amount, to that tribal organization. The subsection is applicable only to tribal organizations that received low-income energy assistance funds from the Secretary for fiscal year 1981. The amount the State pays must be in proportion to the share of the State's fiscal year 1981 allotment that the tribal organization received from the Secretary for 1981. The Secretary is authorized to reduce a State's allotment by the amount necessary for him to make payments directly to the Indian tribal organization to maintain the 1981 ratio. The Act's provisions will, in general, be applicable to tribal organizations and the payments they receive under subsection (d), except to the extent that the Secretary adopts different or additional rules governing application for or expenditure of payments. Amounts remaining available that were reserved from a State's allotment, but not paid to a tribal organization, will be restored to that same allotment.

STATE ADMINISTRATION

Section 7(a) of the draft bill requires that the chief executive officer of each State receiving grants under the Act report on the intended use of its grant before making any expenditures from the grant. The report is to be made available to the public for review and comment by any person, including any Federal or other public agency. The report must be revised as necessary to show significant changes in the use of the funds and the revisions made similarly available.

Subsection (b) makes clear that the State may use grant funds for the normal range of administrative costs, including planning, operating, and evaluating the activities assisted under the Act.

LIMITATION ON USE OF GRANTS

Section 8(a) of the bill contains a prohibition on the use of the grants for purchase of land, or for construction of or permanent improvements to buildings or facilities. Exception is made, however, for low-cost weatherization jobs on homes, or minor home repairs (for energy related or emergency reasons).

Subsection (b) gives the Secretary authority to waive the prohibition if the State's waiver request demonstrates extraordinary circumstances, and the Secretary finds that the waiver will assist the State in carrying out the Act's purposes.

REPORTS AND AUDITS

Section 9(a) requires each State to prepare reports on its expenditure of block grant payments. The reports will be in the form and contain information and be prepared as frequently (but at least once every two years) as the State considers necessary to provide a description of the State's activities. The reports will cover matters such as the amounts and types of assistance furnished and the numbers and characteristics of individuals and families assisted. Copies of the report will be available for public inspection and will be provided to any interested public agency which may, in turn, submit its views to the Congress.

Subsection (b) provides that the State will conduct an audit of its expenditures under the Act at least once every two years, and, within 30 days after completion of the audit, provide a copy to its legislature and to the Secretary. The audit must be conducted by an entity independent of any agency funded under the Act. The State must repay amounts found not to have been properly spent (or the Secretary may offset those amounts against other amounts due the State under the Act).

Subsection (c) calls attention to section 202 of the Intergovernmental Cooperation Act, requiring proper accounting by a State for any Federal grant funds made available to it, and requiring that the Secretary and the Comptroller General have necessary access to books and records for audit purposes. Audit provisions in the Intergovernmental Cooperation Act of 1968 would be carried out under governmentwide directives designed to ensure that duplicative Federal audit activities are not conducted in addition to State sponsored audits using generally accepted accounting principles. The Act would apply to grants under the draft bill in the same manner it applies to all other Federal agencies.

NONDISCRIMINATION

Section 10 of the draft bill, modeled on a section of the Housing and Community Development Act of 1974, prohibits discrimination on the ground of race, color, national origin, or sex in any program or activity funded under the Act, and also expressly recognizes the application of section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against qualified handicapped persons, and the anti-discrimination provisions of the Age Discrimination Act of 1975. Whenever the Secretary determines that there has been a failure to comply with these non-discrimination provisions, the Secretary must notify the Governor of the State. The Governor is given up to 60 days to secure compliance. If the Governor does not secure timely compliance, the Secretary may refer the matter to the Attorney General and recommend the commencement of a civil action to secure compliance. Alternatively, the Attorney General may institute proceedings under current statutes, such as title VI of the Civil Rights Act of 1964, that now apply to discrimination.

DEFINITIONS

Section 11 defines "Secretary" to mean the Secretary of Health and Human Services and "State" to include the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

REPEALS

Section 12 repeals the emergency assistance provisions of the AFDC program contained in part A of title IV of the Social Security Act, the Home Energy Assistance Act, and the authority for the Emergency Energy Conservation Services program, section 222(a)(5) of the Economic Opportunity Act of 1964.

EFFECTIVE DATE

Section 13 provides that the Act, and repeals made by it, will be effective October 1, 1981.●

AID FOR ATLANTA

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. YATRON. Mr. Speaker, the concern and outrage of Americans across our country has been focused on Atlanta, since the first black child was reported missing. We have listened and watched with anger and disbelief as the number of murdered children has increased.

I join with the countless thousands of Americans in expressing sympathy to the families of the murdered children and in praying that the end of this matter and the apprehension of the criminals involved is within sight.

We must protect our children and keep them safe. We are a nation based on equality, human dignity, and self-

determination, and our children must be allowed to grow up in a protected and healthy environment.

Several weeks ago I joined Congressman MOFFETT in cosponsoring legislation to provide $1.8 million in emergency law enforcement funds to help the city of Atlanta apprehend and prosecute the criminal or criminals responsible for these terrible crimes. I was most pleased by the Reagan administration's recent actions which sent nearly $1 million to Atlanta for social services for Atlanta's children and then $1.5 million in Federal help to the law enforcement effort there.

It is imperative that our Nation is united in our support to bring these killings to an end. I join with my colleagues in continuing to work to find ways for our Government to help. We must do everything possible to provide adequate protection for all our citizens.●

VIETNAM VETS FACE ANOTHER BETRAYAL

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mrs. CHISHOLM. Mr. Speaker, as we consider the first budget resolution, I would remind my colleagues that this resolution will result in serious reductions in a number of critical programs. The Veterans Outreach Centers are one of these programs. These Outreach Centers, known as Vet Centers to those who are benefiting from their existence, are in a precarious and unique situation. These Centers have proven that they are both priceless and of the utmost importance to those who use their services, the men and women who are Vietnam veterans.

Although, there have been several reports, including one from the Reagan administration VA transition team, that recommended continuing support for these Centers. Despite this support, President Reagan has decided to terminate this program. Even though these Vet Centers have proven that they serve a necessary rehabilitative function, they are considered by the Reagan administration to be expendable. It is sad to note that after waiting 10 years for the program to come into existence, and with the Vet Centers being operational for less than 1 year, veterans will lose a service that all of them consider to be the only source of support for their rehabilitation.

A New York Times article of May 4, 1981, suggests that we will perpetrate a great disservice to the Vietnam veteran. I have submitted the article for review by my colleagues:

VETERANS CALL CUTBACKS "ANOTHER BETRAYAL"

(By Bernard Weinraub)

SAN DIEGO.—Shortly after 7:30 on Tuesday evenings, the men gather in the first-floor office of a deserted building near downtown San Diego. They pull up chairs in a circle and speak quietly.

"I'm making money now—I'm very successful but I just don't sleep at night," said Lou Barrier, a onetime Navy medical corpsman who served with the Marines in Vietnam. "When I close my eyes I see things I want to forget."

Dan Foster, a 33-year-old Vietnam veteran who works for an employment counseling concern, said tensely: "I've had 20 jobs in the last 10 years. I'm divorced. Got two kids. Last month I had half my stomach removed for a bleeding ulcer. I'm trying to get some doors unlocked. Something's wrong."

"Another betrayal," said Steven DeBreau, a former marine. Shaking his head, he added, "They want to close this place down—the one place we have. Another betrayal."

SURVIVORS OF A DIVISIVE WAR

The men who come to the San Diego Vet Center, like the 40,000 other veterans who have used the nation's 91 federally aided counseling centers, are the survivors of a divisive war that has never quite ended for many former servicemen.

Beyond the common link of Vietnam, what binds the men now is a sense of fury at the Reagan Administration's plans to close a $20 million outreach program that took 10 years to get through Congress, a program designed to deal with stress disorders frequently associated with the Vietnam War.

"Because Vietnam was only a one-year tour," said William P. Mahedy, a social worker and former Roman Catholic chaplain who served with the Army in Vietnam, "the military managed to keep psychological casualties down but set the stage, unknowingly, for a delayed reaction that has just begun to surface in the last few years."

"Emotions like grief were repressed," added Mr. Mahedy, who now runs the San Diego center. "The average age of the Vietnam veteran was 19. He flew back alone, and it took as little as 48 hours to go, literally, from foxhole to fireside. There was no time to grieve, no time for emotion.

GOVERNMENT STUDY CITED

"Guys were ridiculed when they got back. Some were spit on, they were ashamed of serving in Vietnam, made to feel humiliated, so feelings got repressed even deeper. Vietnam became a major undigested bit of life for many guys who bottled up their feelings and drank too much, couldn't hold jobs, couldn't keep their marriages together."

Echoing Mr. Mahedy's comments was a recent Government study of the war's impact on the lives of Vietnam veterans. The study concluded that they had paid a heavy social price for their experience. While 70 percent of the veterans went back to school, relatively few finished. Twenty-four percent of the veterans who saw heavy combat were later arrested for criminal offenses.

"Most of these guys believed in the American dream," said Mr. Mahedy. "They went over to Vietnam and found that they were lied to, betrayed. These vet centers were the first visible and, in a sense, symbolic move by the Government to deal with the problems of Vietnam vets. And now, with the Administration pulling the rug out from under these people, there's a sense of rage and betrayal."

Since opening in January 1980, the San Diego center has counseled about 650 people. One veteran walked in and confessed that he was seized with murderous feelings and wanted to kill. He was taken to a Veterans' Administration hospital and was given psychiatric help.

Others seek help from the three counselors—two from the Veterans' Administration and one from the Disabled American Veterans—for anguish that they find difficult to define.

RIDICULED FOR VIETNAM SERVICE

"I was going to San Diego Mesa College and came under a lot of ridicule for being in Vietnam," said Mr. Barrier, a recreation therapist. "Something happened to me. The anger in me was uncontrolled. I realized I needed help."

"I refused to admit the war changed me," said Paul Grasso, 32, an infantryman in 1967-68 with the First Air Cavalry Division in Vietnam. "I didn't get into drugs or alcohol. First I just traveled—all through Europe. I couldn't settle down. I had no focus. It took me 11 years to get a B.A."

At a recent interview for a job in a bank, Mr. Grasso was told that he was too old to apply. "Here are all these guys who avoided the draft, went to college, went to Canada and they're sailing along," he said. "There's this incredible pent-up sense of injustice and betrayal I have."

Once a week, on Tuesday nights, veterans gather informally in the center to sip coffee and talk to one another—about the link between their experiences in Vietnam and the personal and professional difficulties they have endured in the last 10 years.

It's the one chance we have to relate the past to the present, to talk about Vietnam and what it means to our lives," said Mr. Grasso who is now planning to enter law school. "It's the one chance to let off steam, and if they close places like this it'll show that the lack of compassion by those people in Washington is incredible, just incredible.●

TRIBUTE TO VICTOR SILBERFELD

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. HOLLENBECK. Mr. Speaker, I wish to take this opportunity to pay tribute to a devoted leader and volunteer worker of our area's Jewish community, Victor Silberfeld.

Mr. Silberfeld served on the board of directors of the New Milford Jewish Center for 21 years and became the first person to serve as the center's president for two consecutive terms. He will be honored at a testimonial dinner and dance in Spring Valley, N.Y., on the night of May 16.

As president, he played a major role in the funding drive and planning of a newly constructed building for the center. Also, during the Silberfeld administration, the New Milford Jewish Center emerged into a significant

outlet and home for many other Jewish community organizations.

Mr. Silberfeld is to be commended for his noble efforts in the community interest, and I wish him the best of success in his future endeavors.●

CONGRESSIONAL SALUTE TO OUR NEW JERSEY STATE POLICE CORPS OF TROOPERS UPON THE 60TH ANNIVERSARY OF THEIR FOUNDING ON BEHALF OF JUSTICE AND LAW—THE LANGUAGE OF LIBERTY

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. ROE. Mr. Speaker, on Friday, May 1, we commemorated our Nation's 24th annual celebration of Law Day, U.S.A., focusing on the Law Day 1981 theme: "Law—The Language of Liberty." As a nation founded on the principles of liberty and the rule of law, America's Declaration of Independence, our Constitution, and our Bill of Rights are the very foundation of American law guaranteeing certain inalienable rights and privileges to every citizen.

Pursuant to this special day for reflection on our heritage of individual freedom and for rededication to maintaining, through law, the principles of liberty which govern our land, we must also look to the dedicated men and women—America's "finest"—the guardians and protectors of our people in preserving our great charters of freedom—the law enforcement-public safety officers.

Mr. Speaker, this year our New Jersey State Police Corps will be celebrating the 60th anniversary of their founding and in commending the valiant and courageous officers of law throughout our country. I know you will want to join with me in extending our warmest greetings, felicitations, and deepest of appreciation to the officers and members of New Jersey's prestigious organization of troopers.

With your permission, Mr. Speaker, I would like to insert at this point in our historic journal of Congress a profile on our New Jersey State Police organization prefaced with a statement from their distinguished superintendent, Col. Clinton L. Pagano, as follows:

A BRIEF HISTORY OF THE NEW JERSEY STATE POLICE

The State Police was created in 1921 to maintain law and order, protect life and property, prevent and detect crime, direct and control traffic, apprehend offenders of the law and render aid to law abiding citizens. Troopers are empowered to enforce all laws throughout the State.

We are proud to serve New Jersey's residents and visitors and dedicate our continuing efforts toward making our State a better place to be.

CLINTON L. PAGANO,
Colonel and Superintendent,
New Jersey State Police.

WHY A STATE POLICE?

In the early years of this century, New Jersey was making a limited effort to provide protection for its rural inhabitants. This effort was wholly dependent upon the county sheriff and his constables. Based on a political system of election and appointment, there were varying degrees of success. Demands for a uniformly well-trained rural police force increased in direct proportion to an increasing rate of crime. Legislation for this purpose was first introduced in 1914 and for several years thereafter. There was some hard fought opposition from groups who feared either a police state or strike breakers but the State Chamber of Commerce and the New Jersey Grange continued their efforts in behalf of the legislation. Finally, on March 29, 1921, the State Police Bill was passed into law.

On July 1, 1921, H. Norman Schwarzkopf, a graduate of West Point, was appointed as the first Superintendent of the State Police. He organized the first training class for 120 men at Sea Girt in September 1921. Of this number, eighty-one officers and troopers completed the rigorous program and were ordered to duty on December 5, 1921.

THE EARLY YEARS

The first mode of transportation consisted of sixty-one horses, twenty motorcycles, one car and one truck. The men reported for duty in two troops. Troop-A was headquartered in the old Raleigh Hotel in Hammonton and covered south Jersey with substations in rented quarters at seven locations. Troop-B was headquartered in the Imperial Hotel in Netcong and covered north Jersey with five substations. A platoon headquarters was established in Freehold with three substations. This was the forerunner of a third troop which was established in 1928 to cover central Jersey.

The horse remained the principal means of transportation throughout the twenties. Toward the end of the decade, more cars and cycles were added as the demand for increased services in the traffic patrol and investigative field heralded a change in the basic patrol function. This period also saw the beginning of the State Police as a service agency for local police departments with the establishment of a fingerprint and criminal records bureau and an auto theft bureau. By 1930 the State Bureau of Identification had evolved along with a statewide teletype communications system. These facilities were the first move away from the concept of a rural police force toward one which could be of immense service to all law enforcement in the State.

SOME LEAN YEARS

As the functions of the State Police expanded, so did the requirement for more personnel. By 1932 authorized strength was up to 280 men. However, a nationwide depression forced a cutback in appropriations and there were no new training classes for the next five years. Later training classes brought the department to its authorized strength by 1939. This brief period of growth saw the replacement of the first Superintendent by Colonel Mark O. Kimberling who served until his retirement in 1941.

Colonel Charles H. Schoeffel, the third Superintendent, assumed office just prior to World War II. The entry of the United States into the conflict again brought manpower problems. Many of the Troopers were called to duty with activated National Guard units while others enlisted or were drafted. Two training classes were graduated during the early years of the war in an effort to maintain authorized strength. Added duties of a broad security nature in cooperation with military and civil authorities further taxed the limited manpower. It was during this time that the department was finally successful in establishing its own statewide radio communications system, another landmark in a continuing effort to provide the best police protection.

POSTWAR GROWTH AND A CHANGING CONCEPT

In 1946, the graduation of the first peacetime class began a continuing expansion of responsibilities and commensurate increases in authorized strength. In 1948, the Governor implemented the recommendations of the Constitutional Convention and consolidated many of his executive departments. The Department of State Police became a Division of the Department of Law and Public Safety which is headed by the Attorney General.

Some of the new duties requiring a continuing increase in personnel were the Civil Defense and Disaster Control Center at West Trenton, the Heavy Duty Rescue School at Hammonton, The Municipal Police Training Academy at Sea Girt, and the enforcement of laws pertaining to liquefied petroleum gas and hotel fire safety. Expansion in the Criminal Investigation Section occurred as the result of concentration on special probes, narcotic and gambling raids and increased technical services such as laboratory analysis and polygraph examination.

In 1952, Colonel Russell A. Snook succeeded to the office of Superintendent. His tenure saw the completion of the State's two major toll roads which were patrolled exclusively by the State Police. In the beginning, both of these roads comprised a fourth troop, designated as Troop-D, Turnpike/Parkway Patrol. This again required a large increase in personnel in order to provide adequate patrol coverage of some 350 linear miles of limited access highway. By the end of 1954, authorized strength was up to 705.

In 1955, Colonel Joseph D. Rutter assumed command and organized the Division into its present five-troop configuration. Troops A, B and C patrol south, north and central Jersey, respectively, while Troop-D patrols the Turnpike and Troop-E patrols the Garden State Parkway. Division Headquarters is located in West Trenton and the Training Center is located in Sea Girt. The established pattern of innovation continued with the establishment of the nation's first State Police Underwater Recovery Unit in 1956. Troopers for this unique service were trained by U.S. Navy SCUBA divers at Bayonne and its subsequent record of evidence recovery coupled with outstanding service at disaster and accident scenes gives testimony to the unit's value.

In 1963, Colonel Dominick R. Capello was appointed to succeed Colonel Rutter. The summer of the following year saw the division assigned to its biggest security detail when the Democratic National Convention was held at Atlantic City. Months of advanced planning prepared for the actual commitment of several hundred men to the detail which required close cooperation with federal and local authorities. Despite complex security and crowd control problems, the detail was accomplished without major

incident and the Division received personal commendation from the President to add to its other laurels.

A MODEL POLICE FORCE EMERGES

Colonel David B. Kelly was appointed Superintendent in 1965, at a time of dynamic change for the nation, the State and the State Police. All of the problems of the sixties were present to some degree in our State. Civil disturbance in 1967 saw the Division plunged into the maelstrom of Newark and Plainfield. Contingency plans had been made for dealing with such situations; riot control training had long been part of standard procedure. The supreme test was placed on the Trooper as an individual and as a disciplined unit of the whole. That the Trooper and the Division responded favorably is evident in the Governor's directive that the State Police conduct training in riot control for all other police agencies of the State. Thus "Operation Combine" training for command and tactical control of civil disorder was established. From this training came a plan for statewide response on the municipal, county and state level. From this experience came the ALERT radio system for communication among cooperating agencies in times of distress. From this recognition came the State Police Special Services Bureau actively functioning as liaison for all law enforcement agencies in matters of civil disturbance.

Even as this recognition came, the Division gained responsibility for other matters. The end of the decade saw public emphasis finally shift to the problems of organized crime. The Division was again ready to assume a major role in an important law enforcement effort. A sophisticated Intelligence Bureau keeps track of criminal activity while an Organized Crime Task Force Bureau wages war with some new tools. Laws relating to electronic surveillance, witness immunity, statewide grand jury, gun control and uniform crime reporting all aid in our efforts to rid the State of its undesirable parasites.

A Highway Traffic Patrol Bureau implements the latest methods in traffic safety law enforcement, while a Police Traffic Services Liaison Bureau assist local police departments in planning to cope with their specific traffic problems.

Basic and advanced training programs are conducted for Troopers and municipal police officers at the State Police Academy in Sea Girt.

Whatever the category, be it crime, traffic or technical services, the State Police is operationally active in the field and cooperating with other law enforcement agencies throughout the State.

Colonel Eugene Olaff was appointed Superintendent in January of 1975 and remained at the helm of the Division until his retirement on October 1, 1975.

On October 10, 1975, Governor Brendan T. Byrne nominated Captain Clinton L. Pagano as the ninth Colonel and Superintendent of the State Police and submitted his name to the New Jersey Senate for confirmation. He was confirmed on October 23 and sworn in on October 24 by the New Jersey Supreme Court Chief Justice Richard J. Hughes in the office of the Governor.

SUMMARY

From those early years when the mounted Trooper brought law and order in his saddlebags, more than 3,000 dedicated men have followed in his path. The horse and cycle have given way to the automobile and helicopter responding to multichannel radio dispatching. A central computer provides instant response to queries for police information of all kinds while a highly sophisticated Criminal Investigation Section and a modern scientific Crime Laboratory are second to none in the nation. All this without sacrificing the original purpose of the State Police, for there is a network of forty substations still providing general police protection to the rural residents of New Jersey.

No matter their rank or assignment, 1,851 strong, they share one distinction: They are all troopers.

Mr. Speaker, in commemorating Law Day, U.S.A., 1981, it is most appropriate that we reflect on the deeds and achievements of our State police whose leadership endeavors executed with courage and valor have truly enriched the quality of life and way of life of all of our people here in America. We do indeed salute the New Jersey State Police Corps as they celebrate a half century and decade of sterling trooper performance in service to our people.●

LEGAL SERVICES CORPORATION

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. FRANK. Mr. Speaker, dismay at the prospect of the demise of the Legal Services Corporation cuts across all lines.

I insert in the RECORD the following letter which I received from Anne C. Gannett, a former State legislator from Massachusetts. Mrs. Gannett is a Republican who worked very hard to prove that social concern and fiscal responsibility are not mutually exclusive during her tenure in the Massachusetts House.

Mrs. Gannett offers her own experience of the Legal Services Corporation, and concludes that the high quality of its personnel and the value of its work are of enormous importance to American society at all levels.

Mr. Speaker, I think that Mrs. Gannett's views are instructive, and that the Members of this body should consider deeply her testimony to the necessity for Legal Services:

DEAR BARNEY: Although I'm sure that you support the fine work of the Legal Services Corporation, perhaps you need constituents to give evidence of its efficacy to help your colleagues see the folly of the Administration's recommended elimination thereof.

In Massachusetts, at least, its share of the total federal appropriation was money well spent to make government work for the people. It enabled citizens to cut through our cumbersome and overly political bureaucracy to assure that the elderly and the needy received the services for which they are qualified.

I can't say as much for many other government programs, both state and federal, but Legal Services should be just the type of program which the Reagan entourage should support to reduce the net expenditures of government by ascertaining that what is appropriated directly reaches the people for whom it is intended.

South Middlesex Legal Services, with which I worked closely during my legislative years, had a budget of $273,000, out of a total $321,3 million federal pie. It handled almost 1000 cases last year from its 39 towns, many of which fall within your district.

I am impressed by the high caliber of its personnel, both attorneys and paralegals, and watched them guide the poor and the elderly through the political maze to assure a human and not a political solution. My experience with SMLC was mostly in housing; it was inspiring to join their efforts to secure justice for those refused public housing by often myopic housing authorities.

The strength of Legal Services goes beyond housing to assisting people in consumer problems, domestic relations and administrative matters.

I hope that every effort will be made to save the Legal Services Corporation from extinction.

ANNE C. GANNETT.●

GUN CONTROL—MYTHS AND REALITIES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. McDONALD. Mr. Speaker, as expected, the vocal minority that favors Federal gun control has used the attempted assassination of President Reagan as an excuse to begin yet another antigun campaign.

This continuing drive is being spearheaded by totalitarian "Liberals" and encouraged by like-minded segments of the national news media. Perhaps many of the "followers" of this minority effort are well-meaning people who would jump at any suggestion, no matter how implausible or simplistic, to halt outbreaks of violence.

It is unfortunate, however, that the "followers" have not considered the practical aspects of such programs, aside from the very real constitutional and philosophical problems they would pose. In fact, the only way such programs would have even a remote chance to "work" would be to impose a harsh police state on the American people. While most "Liberals" delight in forcing other people to do their will, it is doubtful that others, who may have embraced the panacea of Federal gun controls in the misdirected desire to "do something", really favor the oppressive measures such controls would bring.

Federal proposals to "deal with guns" are usually separated into three areas: First, register handguns and require a waiting period before delivery of a purchased weapon. Second, ban all handguns. Third, ban only so-called Saturday Night Specials. In the following paragraphs, each one will be

considered from a realistic viewpoint rather than from an ivory tower. The constitutional issue will be touched on at the end.

First, register handguns and require a waiting period before delivery of a purchased weapon.

On a sophomoric level, this might sound reasonable and workable. The theory appears to be that police could trace any weapon used in a crime back to the owner, that the overall procedure would allow police to investigate the backgrounds of those attempting to buy handguns, that the proposal would discourage criminals from trying to buy or possess handguns and that "crimes of passion" would be largely prevented or eliminated due to a "cooling off" waiting period.

The reality: Most law-abiding people would register newly purchased handguns and criminals would ignore the law. Criminals would simply steal a handgun or buy one on the black market which would be created by such a law. Also, many citizens, fearing that Federal registration is a first step toward confiscation, would not register the handguns they already possess legally and, technically, would become a new class of "criminals". Other normally law-abiding people, fearful of eventual Federal confiscation, would buy an unregistered handgun on the black market or from a friend or neighbor—thereby making themselves "criminals" in the eyes of the Federal Government. "Crimes of passion" would not be prevented since millions of handguns, rifles, and shotguns are already in circulation and readily available. The claim that most people committing "crimes of passion" run down to their neighborhood pawn shop, buy a handgun, and rush back home to kill a family member, cannot be supported by any set of objective facts. It is simply an emotional argument which cannot be substantiated.

Second ban all handguns. Increasingly, this is being suggested by various antigun organizations or spokesmen. The theory is that all handgun sales could be halted and all existing handguns confiscated and destroyed. The conclusion reached by antigun factions is that crime would magically disappear or, at the very least, drop dramatically.

The reality: The confiscation of hanguns would involve the taking of personal property for which the owners would have to be compensated out of the U.S. Treasury. The Constitution forbids the taking of "life, liberty or property" without due process of law. Guns are property. Some groups estimate that there are between 40- and 50-million handguns now in circulation. If one assumes that even half the guns would be turned over to the Federal Government and that the average cost of each weapon is only $50 (a low estimate), it would cost the taxpayers a minimum of $1 billion ($50 × 20 million guns) to compensate gun owners. But that does not include the tremendous police state cost of administering and enforcing such a massive undertaking. Aside from the cost, the fact is that criminals would not turn in their guns. Neither would many otherwise law-abiding citizens who would find themselves without personal protection from criminals were they to do so. Black market sales would proliferate because even with 50-percent compliance with such a law, 20- to 25-million handguns would remain in circulation. The manufacture of illegal handguns (and even homemade zip guns) and the cutting down of long guns into smaller weapons would become a lucrative underworld business. The imposition of harsh, punitive prison sentences for otherwise innocent persons caught possessing a handgun would turn America into a fascist nightmare. And what would we do about a secretly armed citizen who shoots and wounds an armed intruder inside his home or business? Prosecute him or the intruder? Or both?

Third, ban so-called Saturday Night Specials. This is a favorite catchphrase of the national news media and Hollywood "Liberals" and, at first glance, may sound like the ideal solution.

The reality: The term, "Saturday Night Special", is merely a buzz word designed to stop all logical, rational thinking processes. It has no legal standing. An enforceable law could not be written purporting to define "Specials". Every scientific test and legal description yet devised to supposedly designate only small, inexpensive handguns as "Specials" has also been found, upon further examination, to apply to more expensive, better-made weapons. Neither is barrel length any determination because some of the finest, most expensive handguns made have short barrels. Using the criterion of price alone would discriminate against the poor who cannot afford expensive protection. What would the Federal Government do about an elderly lady residing in a deteriorating neighborhood who has a $21.95 handgun hidden under her mattress for protection? Toss her in prison? Fine her $10,000? In addition, the same practical arguments against banning all handguns also apply to the proposal to ban "only" purported Saturday Night Specials.

OTHER FACTS

According to data compiled from the U.S. Public Health Service and the FBI, only four-tenths of 1 percent of all handguns are involved in criminal activity each year. This means that 99.6 percent of all handguns are not involved in such activity. It is patently absurd to penalize the law-abiding majority for actions of the criminal minority.

Although several public figures have been shot, or shot at, by criminals with handguns, President Kennedy and Martin Luther King, Jr., were both assassinated by criminals using rifles. Vernon Jordan was seriously wounded by a hoodlum using a rifle. Obviously—except to "Liberals"—the blame lies not with the weapon, which is after all, an inanimate object, but with the individual criminal committing a crime.

Even if one makes the hallucinogenic assumption that all handguns could somehow be made to disappear magically, criminals could easily make zip guns or cut down rifles and shotguns to make smaller weapons. Then, of course, totalitarian "Liberals" would begin demanding that all firearms be banned or confiscated by big brother.

CONSTITUTIONAL ROADBLOCKS

Besides the foregoing facts, any effort to ban or abolish handguns would violate the second amendment to the U.S. Constitution which guarantees "the right of the people to keep and bear arms * * *" the reference to "the people" does not refer to a collective mass or to the State—that is, the National Guard or the Reserves. Using that same logic and applying it to the first and fourth amendments, individuals would not be protected in their right to peaceable assemble or to be secure from "unreasonable searches or seizures." Neither does the term "militia" used in the second amendment refer to the National Guard or Reserves, for not only the foregoing reason, but because those organizations did not even exist at the time of its writing.

The key to halting violent acts against our elected officials or our citizenry is not gun control, police state tactics, or penalizing the vast majority of Americans. It is restoring and carrying out stiff penalties against the minority or criminals—particularly repeaters—who use firearms in the commission of a crime. It may require overhauling of the Federal judiciary and perhaps limitations on its jurisdiction concerning enforcement of State criminal laws. The implementation of capital sentences must be resumed and endless delays in the execution of such sentences eliminated.

These steps are not apt to appeal to totalitarian "Liberals" since they are not simplistic and do not lend themselves to sloganeering or demagoguery. Another reason "Liberals" probably would not care for these ideas is that they take direct aim at individual criminals and are not intended as repressive scattershot attacks against the constitutional rights of law-abiding Americans.

Other more intangible, but very real, factors which would contribute to reducing crime include restoring voluntary prayer in our public schools, a

return of local control over our public schools, and a recognition in education that our American legal system is based upon the Judeo-Christian ethic, not the religion of secular humanism.

After considering the firm principles espoused by our Constitution and the reality that proposed Federal gun control mechanisms simply are unworkable in a free society, honest people who may have previously been deceived by antigun rhetoric, will now admit that they were wrong.●

ST. PAUL'S LOWER SCHOOL VISITS CAPITAL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. LONG of Maryland. Mr. Speaker, on Thursday, May 7, 1981, 73 young men and women from St. Paul's Lower School in Baltimore will journey to Washington for a firsthand look at their Nation's Capital as part of their studies of American Government.

These students will tour the Capitol Building, the Supreme Court, and the National Museum of Art.

They will be led by the following teachers and parents:

Miss Penny Forbes, Mrs. Jane Matthews, Mrs. Ellie Mulhern, Mrs. Ann Stellman, Mrs. Sally Fronk, Mrs. Starr Arbaugh, Mrs. Jeanne Shreeve, Mrs. Betty Hoatson.

Mr. and Mrs. Noel, Mr. Michael Welsh, Mrs. Winnie Flattery, Mrs. Barbara Trooter, Mrs. Ricka Peterson, and Mrs. Penny Miller.

I look forward to meeting with these students to discuss with them the legislative process, their studies of our Government, and their questions about national issues. I am delighted they have taken an interest in our Nation's political process.

Students who will visit us Thursday are:

Mark Adams, Ellen Adler, Will Barnes, Reid Boyce, Chris Bunting, Kelly Cowan, Mark Gambo, Michael Guidice, Jon Fell, David Lisle.

Beth Mantegna, Tara Sapre, Andy Shepherd, Michael Rumsey, Jay Stark, Julie Thut, Kristen Welsh, Chris Barloto, Tim Cogwell, Susan Carroll.

Andy Fenselau, Jenny Gunning, Valli Guruswamy, Chris Joyner, Butch Ruhl, Erik Ortel, Chip Presser, Tiffany Roe, David Sawyer, Kate Sheehan.

David Townsend, Tyler Webster, Leigh Taylor, Scott Tognocchi, Todd Davidson, Richard Armstrong, Caroline Arbaugh, Tanya Barth, C. J. Bowden, Michelle Camou.

Kate Matte, Chris Hooper, Roger Kelly, Chip Lonsdale, Julie Peterson, Asha Shetty, Mandy Spicer, Tim Eaton, Patrick Tracy, Nicky Truitt.

John Wang, Nancy Maxa, Valerie Bartlett, T. J. Aversa, Dean Cantemary, Ian Fusting, Mitchell Goetze, Jason Hetrick, David Krastel, Phillip Meyers.

Danny Millender, Jimmie Mitcherling, Mark Murphy, Kirk Olsen, Maia Pappas, Lance Patterson, Todd Pfunder, Samantha Piet, Lawrence Romeo, Jay Webster, Amy Weeks, Julia Jochem, and Chris Zaw-Mon.●

STATEMENT OF HON. VIRGINIA SMITH BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY, COMMITTEE ON APPROPRIATIONS, MAY 4, 1981

HON. VIRGINIA SMITH

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mrs. SMITH of Nebraska. Mr. Speaker, I would like to share with my colleagues testimony I presented to the Subcommittee on Commerce, Justice, State, the Judiciary, Committee on Appropriations, during hearings on the panel's fiscal year 1982 appropriations measure. In line with the spending goals of President Reagan, I have suggested funding shifts within the National Oceanic and Atmospheric Administration, so that needed part-time National Weather Service offices may be retained. Following is the text of my statement:

Mr. Chairman, thank you for allowing me once again to come before you and the other members of the Subcommittee in order to state the many justifications for retention of the Valentine Weather Service office in my district. I want you to know that I feel at home in this Subcommittee room.

The administration has recommended the closing of 38 of 70 part-time Weather Service offices. Two years ago, the previous administration tried to close 19 field stations, and last year it targeted 21. Due to the wisdom of this Subcommittee, the full Committee, and Congress itself, those closings were prevented. This year, with the list expanded to 38, I hope that the same wisdom prevails, and the proposal is rejected.

I must admit that I have done much soul searching on this issue. How can I be for the President's program but against this recommended cut? The answer is clear: as Virginia Smith, who has fought all along for the people of the Third District of Nebraska on this issue, I still believe the National Oceanic and Atmospheric Administration and the National Weather Service engage in too many exotic and expensive projects while forgetting about the common folks outside of Washington. Instead of cutting such projects, they have singled out the part-time weather stations because they are easy targets for "getting rid of bodies."

As the Ranking Minority Member on the Agriculture Subcommittee of this Committee, I realize the responsibility with which we have been charged: to reduce the federal budget. With that in mind, I do not come empty-handed. I note that, on page 38 of the Commerce Department brief, there is an item to spend an additional $1,000,000 on weather modification, in addition to the $10,200,000 already being spent for the program. The program employs more people than all of the part-time weather stations. If the Commerce Department could hold the line on this program, it would preserve the very purpose of the National Weather Service: to protect life and property from hazardous weather.

We all are tired of hearing, "I support the President's budget, but," with subsequent explanations of why this or that should be spared from the reductions. Frankly, while I have not been convinced on very many budget sparings, after reviewing this situation again this year, I am sure that I must solicit your reconsideration of the proposal to close the Valentine, Nebraska Weather Service Office.

Mr. Chairman, the station closing will entail the reduction in force of one person, the only person at Valentine, at a saving of $22,000. The person who is detailed to the weather station in Valentine, Claire Mancuso, makes a forecast for the Valentine radio station listening area twice a day. That listening area covers the vast Sandhills of Nebraska and stretches into South Dakota—an area of almost 5,000 square miles. Although there are not very many people out there, those who are rely on accurate weather information for their daily livelihoods. Let me give you a few examples.

Most ranchers start calving season in very early spring. This time is crucial for newborn calves, the sale of which may be the only income for those ranchers that year. If a blizzard catches ranchers with expectant cows and newborn calves out on the open range, dead animals result. Cows turn their backs and walk away from the storm until they are stopped by a fence where they either suffocate or freeze. Calves just plain freeze.

In the summer, hay is harvested for winter feeding of livestock, and of course crops are grown with the use of irrigation. Farm and ranch families schedule their days around the weather and market reports on the radio. If rain—scarce lately—is forecast by Claire Mancuso in Valentine, there will be an all-out effort by the entire family to get any hay that may be cut, but not stacked, off the ground, so that it will not rot or lose nutrient value. Moreover, farmers may be able to turn off the diesel engines that power irrigation wells, thereby saving hundreds of dollars in fuel costs, or they may decide not to apply fertilizers or chemicals, which can leach right through the root zone if the rain is heavy.

In addition, teachers need to know from the Valentine Station when to call off school or let the children out early. Nebraska is one of the few remaining states with one-room school houses and we are fiercely proud of them. In Cherry County, where Valentine is located, there are 58 rural teachers and 41 school districts. When the snowstorms hit the Sandhills, many rural roads can be closed for weeks. Snow drifts can be as high as twenty feet with winds whipping the snow through the hills at 60 miles per hour. The wind chill index reaches 50 degrees below zero many times during the winter.

Climatology experts describe this area as one of the most unpredictable and most harsh weather areas in the country. Many different fronts collide in this region making it the sandcovered "Bermuda Triangle" of the Midwest.

In terms of closing the 38 stations, I cannot find out how the 38 were selected. They are part-time, general-purpose offices which operate less than 24 hours per day and do not have radar or upper air observation functions. There are at least 20 other part-time weather stations—which I am listing for the record—which seem to carry on the same functions as the 38 that are recommended to be cut, but are unchallenged.

Supporters of the cuts say that machine forecasts would be made from the Omaha office. That may sound reasonable but how would you like to make your traveling plans to the district based on weather information from a station 250 miles away? That is similar to what the people in Valentine are being asked to do.

I will not expand my remarks because most of you have heard me explain this problem again and again. In closing, I ask you to examine closely the National Oceanic and Atmospheric Administration's and the National Weather Service's priorities. Mindful of the President's budget goals, I urge you to keep such exotic programs as weather modification at their present funding levels in order to retain the 38 part-time stations. It's a matter of priority.

PERMANENT PART-TIME WEATHER SERVICE OFFICES (WSO'S)

The 38 part-time weather offices proposed for closure are general purpose offices which operate less than 24 hours a day and do not have radar or upper air observation functions. There are 20 other permanently part-time WSO's which do not meet this criteria and they are:

Caribou, Maine—RAOB; Worcester, Mass.—RADAR; Annette, Alaska—RAOB; King Salmon, Alaska—RAOB; Kotzebue, Alaska—RAOB; St. Cloud, Minn.—RAOB; Houghton Lake, Mich.—RADAR; Barrow, Alaska—RAOB; Portland, Oreg.—Special Purpose, Fire Weather; Redding, Calif.—Special Purpose, Fire Weather; Salem, Oreg.—Special Purpose, Fire Weather; Wanatchee, Wash.—Special Purpose, Fire Weather; Vicksburg, Miss.—Special Purpose, Corps of Engineers; Macon, Ga.—Special Purpose, U.S. Forest Service; Riverside, Calif.—Special Purpose, Agriculture; Twin Falls, Idaho—Special Purpose, Agriculture; Yuma, Ariz.—Special Purpose, Agriculture; Barter Island, Alaska—RAOB; Winslow, Ariz.—RAOB; Olympia, Wash.—Special Purpose, Fire Weather; and RAOB—radiosonde observation.●

THE DEATH OF BOBBY SANDS

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. BOLAND. Mr. Speaker, the death of Bobby Sands, and the 66-day hunger strike which preceded it, adds another chapter to the tragic history of Northern Ireland.

In the last decade alone, more than 2,500 people have lost their lives as a result of the conflict in Northern Ireland. A generation of Irish children has grown up believing that violence and terrorism are a natural part of daily life. If one thing should be clear as a result of the experience of the last 10 years, it is that the troubles in Northern Ireland will not solved by violence.

Bobby Sands' death was a tragedy in and of itself. It would be a far greater tragedy if it produced more violence instead of change. I have urged, and continue to urge, the British Government to make every effort to negotiate a peaceful resolution to the issues which have precipitated the hunger strikes in the Maze Prison. All parties to the conflict in Northern Ireland must be prepared to abandon the inflexible attitudes which have hindered a just resolution of their differences. Further deaths must be avoided if Northern Ireland is to achieve the peace that the majority of its people so desperately seek.●

MONTHLY LIST OF GAO REPORTS

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The March 1981 list includes:

MONTHLY LIST OF GAO REPORTS

NATIONAL DEFENSE

Defense Needs Better System for Assuring Adequate Security at Reasonable Cost on U.S. Bases. Acc. No. 114532, PLRD-81-1, March 6.

DOD Should Give Better Guidance and Training to Contractors who Classify National Security Information. Acc. No. 114661, PLRD-81-3, March 23.

Differences in the Services' Military Family Housing Programs Hinder Good Management. CED-81-71, March 5.

Review of Air Force's Next Generation Trainer Aircraft Program Department of Defense. MASAD-81-2, February 9.

Improved Management of Air Force Modification Programs Can Save Millions. Acc. No. 114591, PLRD-81-5, March 16.

Most Critical Testing Still Lies Ahead for Missiles in Theater Nuclear Modernization. Acc. No. 114475, MASAD-81-15, March 2.

Decisions to Be Made In Charting Future of DOD's Assault Breaker. Acc. No. 114559, MASAD-81-9, February 28.

Air Force and Navy Plans to Acquire Trainer Aircraft. Acc. No. 114553, MASAD-81-11, February 28.

Letter reports

U.S. participation in the United Kingdom's development of its low altitude airfield attack system deviation from acquisition policy. Acc. No. 114466, MASAD-81-17, February 27.

Recommendations to improve Defense reporting on weapon systems. Acc. No. 114474, MASAD-81-7, March 2.

Testing has been insufficient to estimate operational effectiveness and suitability of Army's battery computer system. Acc. No. 114633, MASAD-81-18, March 6.

Use of cost-deferred-fee contracts can be costly to the Government. Acc. No. 114570, MASAD-81-10, March 11.

Expedited yearend contract award resulted in shortcutting established regulations and procedures and overpricing. Acc. No. 114564, MASAD-81-14, March 9.

Need for product improvements to Army's VULCAN Air Defense System is questionable. Acc. No. 114605, MASAD-81-21, March 16.

Use of "M" accounts in the Department of Defense. Acc. No. 114606, AFMD-81-39, March 16.

Army is making strides in improving its Total Force decisionmaking process. Acc. No. 114635, FPCD-81-37, March 18.

Army's rotary wing escape system study is postponed. Acc. No. 114682, MASAD-81-23, March 23.

Management attention is needed to identify reasons for high volume of serviceable material returns to depots. Acc. No. 114726, PLRD-81-12, March 26.

Millions of dollars of serviceable items are returned annually from field units to wholesale depots causing costly handling and moving. Acc. No. 114726, PLRD-81-12, March 26.

National Guard units have used Government aircraft to transport personnel to a sporting event despite a headquarters prohibition. AFMD-81-44, March 27.

INTERNATIONAL AFFAIRS

The Overseas Private Investment Corporation: Its Role in Development and Trade. ID-81-21, February 27.

American Employment Abroad Discouraged by U.S. Income Tax Laws. Acc. No. 114499, ID-81-29, February 27.

U.S. Assistance to Egyptian Agriculture: Slow Progress After Five Years. Acc. No. 114721, ID-81-19, March 16.

Status Report on U.S. Participation in the International Fund for Agricultural Development. ID-81-33, March 27.

Improvements Made, Some Still Needed in Management of Radio Free Europe/Radio Liberty. Acc. No. 114562, ID-81-16, March 2.

U.S. Government Exchange Programs are not being Coordinated in Japan and India. ID-81-41, March 20.

SCIENCE, SPACE AND TECHNOLOGY

DOD Participation in the Space Transportation System: Status and Issues. Acc. No. 114569, MASAD-81-6, February 28.

ENERGY

Natural Gas Plan Needed to Provide Greater Protection for High-Priority and Critical Uses. Acc. No. 114660, EMD-81-27, March 23.

Effects of Regulation on the Electric Utility Industry. Acc. No. 114473, EMD-81.35, March 2.

Impact of Regulations—After Federal Leasing—On Outer Continental Shelf Oil and Gas Development. Acc. No. 114494, EMD-81-48, February 27.

Issues in Leasing Offshore Lands for Oil and Gas Development. EMD-81-59, March 26.

The Department of Energy's Water-Cooled Breeder Program—Should It Continue? EMD-81-46, March 25.

Energy Conservation Program for Schools and Hospitals Can Be More Effective. Acc. No. 114663, EMD-81-47, March 23.

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The Department of Energy's reorganization of energy contingency planning holds promise. Acc. No. 114695, EMD-81-57, March 4.

The Tennessee Valley Authority needs to improve security and inventory controls at power sites. Acc. No. 114560, EMD-81-60, March 10.

Status and funding of the Department of Defense's energy conservation investment program. Acc. No. 114681, EMD-81-55, February 19.

NATURAL RESOURCES AND ENVIRONMENT

Federal Charges for Irrigation Projects Reviewed Do Not Cover Costs. Acc. No. 114588, PAD-81-07, March 13.

Low Productivity in American Coal Mining: Causes and Cures. Acc. No. 114639, EMD-81-17, March 3.

The Nation's Unused Wood Offers Vast Potential Energy and Product Benefits. Acc. No. 114500, EMD-81-6, March 3.

Marine Sanctuaries Program Offers Environmental Protection and Benefits Other Laws Do Not. Acc. No. 114497, CED-81-37, March 4.

The Council on Environmental Quality: A Tool in Shaping National Policy. Acc. No. 114638, CED-81-66, March 19.

AGRICULTURE

Suspension of Grain Sales to Soviet Union:—Monitoring Difficult—Shortfall Substantially Offset (Unclassified Digest). Acc. No. 114597, C-CED-81-1, March 3.

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The dine-out feature of the food stamp program needs improvement to facilitate efficient administration. CED-81-71, February 27.

The Department of Agriculture's Office of Inspector General highlights problems about the integrity of school feeding programs. Acc. No. 114634, CED-81-81, March 9.

Pension fund investment in agricultural land is not as attractive as investment in other commercial real estate. CED-81-86, March 26.

COMMERCE AND HOUSING CREDIT

Impact of Foreign Corrupt Practices Act on U.S. Business. Acc. No. 114503, AFMD-81-34, March 4.

Foreign Investment in U.S. Seafood Processing Industry Difficult to Assess. CED-81-65, March 30.

Knoxville Expo '82 Why Changes are Needed in Law on Reuse of U.S. Pavilions at International Expositions. Acc. No. 114677, PLRD-81-11, March 20.

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Improved control over local purchases of parts, supplies, and services at Post Office is needed. Acc. No. 114725, GGD-81-58, March 25.

The Postal Service's electronic scale procurement needs revision. Acc. No. 114683, GGD-81-53, March 23.

The financial statements of the National Consumer Cooperative Bank present fairly its financial position as of September 30, 1980. Acc. No. 114680, AFMD-81-45, March 13.

Prices for condominiums depend on demand, supply and the debt service burden which in turn depends on mortgage interest rates. Acc. No 114631, PAD-81-62, March 5.

TRANSPORTATION

The Trucking Industry's Federal Paperwork Burden Should Be Reduced. GGD-81-32, March 3.

Deteriorating Highways and Lagging Revenues: A need to Reassess the Federal Highway Program. Acc. No. 114520, CED-81-42, March 5.

FAA is making Air Traffic Control Procedures at New Orleans International Airport More Efficient. CED-81-64, February 27.

The Federal Investment in Amtrak's Assets Should be Secured. Acc. No. 114630, PAD-81-32, March 3.

Amtrak's Productivity on Track Rehabilitation is Lower than Other Railroads'—Precise Comparison Not Feasible. Acc. No. 114684, CED-81-60, March 13.

COMMUNITY AND REGIONAL DEVELOPMENT

How to House More People at Lower Costs Under the Section 8 New Construction Program. Acc. No. 114664, CED-81-54, March 6, Acc. No. 114665, CED-81-54A, March 6.

SOCIAL SERVICES

Weak Internal Controls Make the Department of Labor and Selected CETA Grantees Vulnerable to Fraud, Waste, and Abuse. AFMD-81-46, March 27.

The Sudden Infant Death Syndrome Program Helps Families But Needs Improvement. HRD-81-25, February 6.

Letter report

The primary mental health program available to Federal employees is counseling services for alcohol and drug abuse problems. Acc. No. 114603, FPCD-81-15, March 17.

INCOME SECURITY

More Diligent Followup Needed to Weed Out Ineligible SSA Disability Beneficiaries. Acc. No. 114590, HRD-81-48, March 3.

Action Needed to Resolve Problem of Outstanding Supplemental Security Income Checks. Acc. No. 114571, HRD-81-58, March 3.

Letter reports

The General Services Administration made an appropriate decision in relocating its Galesburg, Illinois office. Acc. No. 114568, PLRD-81-10, March 11.

Delegating leasing authority for Social Security's field office space needs would impose a workload on the General Services Administration. Acc. No. 114723, HRD-81-64, March 24.

VETERANS AFFAIRS

VA Needs a Single System to Measure Hospital Productivity. AFMD-81-23, March 24.

Better Guidelines Could Reduce VA's Planned Construction of Costly Operating Rooms. Acc. No. 114561, HRD-81-54, March 3.

ADMINISTRATION OF JUSTICE

Multi-State Regional Intelligence Projects—Who Will Oversee These Federally Funded Networks? GGD-81-36, December 31.

Letter reports

Federal Reserve security over currency transportation is adequate. GGD-81-27, February 23.

The Administrative Office of the U.S. Courts should improve management information on district court jury practices. Acc. No. 114498, GGD-81-42, March 4.

The Secret Service has more computer capacity than it needs. Acc. No. 114604, GGD-81-43, March 17.

GENERAL GOVERNMENT

Funding Gaps Jeopardize Federal Government Operations. PAD-81-31, March 3.

Federal Budget Concepts and Procedures Can Be Further Strengthened. Acc. No. 114653, PAD-81-36, March 3.

Federal Capital Budgeting: A Collection of Haphazard Practices. Acc. No. 114636, PAD-81-19, February 26.

Implementation: The Missing Link in Planning Reorganizations. Acc. No. 114724, GGD-81-57, March 20.

Federal Merit Pay: Important Concerns Need Attention. Acc. No. 114595, FPCD-81-9, March 3.

Federal Employees' Compensation Act: Benefit Adjustments Needed To Encourage Reemployment and Reduce Costs. Acc. No. 114563, HRD-81-19, March 9.

Financial Disclosure Process of the Legislative Branch Can Be Improved. Acc. No. 114502, FPCD-81-20, March 4.

An Economic Overview of Bank Solvency Regulation. Acc. No. 114632, PAD-81-25, February 13.

Securities and Exchange Commission Should Improve Procurement Practices for Market Surveillance System Development. Acc. No. 114554, AFMD-81-17, March 6.

The Value-Added Tax—What Else Should We Know About It? Acc. No. 114654, PAD-81-60, March 3.

Puerto Rico's Political Future: A Divisive Issue with many Dimensions. Acc. No. 114496, GGD-81-48, March 2.

Federal Agencies' Maintenance of Computer Programs: Expensive and Undermanaged. Acc. No. 114438, AFMD-81-25, February 26.

Service Contract Act Should Not Apply to Service Employees of ADP and High Technology Companies—A Supplement. HRD-80-102(A), March 25.

Better Accountability Needed at the Medical University of South Carolina. Acc. No. 114530, AFMD-81-32, February 27.

Audit of the Stationery Revolving Fund for FY Ended June 30, 1980. Acc. No. 114572, GGD-81-44, March 3.

Financial Status of Major Federal Acquisitions September 30, 1980. Acc. No 114662, MASAD-81-13, March 20.

Letter reports

GSA's practice of centrally purchasing low dollar value items under the nonstores program should be discontinued. Acc. No. 114470, MASAD-81-12, March 3.

Impoundment of funds for the Executive Office of the President, Council on Wage and Price Stability. OGC-81-4, March 3.

Impoundment of funds for several agencies. Acc. No. 114637, OGC-81-5, March 11.

The Monthly List of GAO Reports and/or copies of the full texts are available from the U.S. General Accounting Office, Distribution Section, Room 1518, 441 G Street, N.W., Washington, D.C. 20548. Phone (202) 275-6241.●

TAX WRITEOFFS

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. SHANNON. Mr. Speaker, in a few days the Ways and Means Committee will start the markup on a bill of enormous importance to the future of the country. All agree that we need to increase incentives for industry to invest in productive assets. Most agree this goal should be promoted by allowing more generous tax writeoffs for investments in plant and equipment. The issue is how to design a system of investment incentives that increases our productive capacity most fairly and efficiently.

Today's demands for productivity increases must be met by effective investment initiatives. We must decide rationally how to distribute these incentives, because the cost of the progam we are about to consider is enormous. The administration's proposal is projected to cost more than $80 billion annually in 1990. It is, in fact, the most expensive industrial tax in-

centive program Congress has ever considered.

Despite the size of the administration's program, we have not really been told details of its impact or its underlying assumptions. The issues before us and the dollars we are being asked to spend are too significant to permit unquestioning acceptance. Rather we must question and assure ourselves that our ultimate legislative product satisfies the criteria of fairness and efficiency. A mistake today may very well be irretrievable; experience has demonstrated the difficulty is repealing later a benefit imprudently granted today.

We have begun to anlyze the major components of the administration's program. Unfortunately it is an inferior proposal. It fails to meet the standards of fairness and efficiency we routinely demand of much less significant legislation.

Under the administration's program, some taxpayers receive a tax benefit which, in present value terms, exceeds the amount they actually spent. In other words, it is more favorable than treating a capital expenditure as currently deductible, and replaces the income tax with a subsidy.

The present value of the productivity incentives under the administration's proposal for most investment machinery and equipment amounts to $1.06 for every $1 spent. Excess losses from investment in favored assets may be offset against other taxable income. This reduction in the tax on other income has the effect of increasing artificially the rate of return on the investment in the favored asset. Thus the administration's proposal will inevitably encourage uneconomic investments, which consume more value than they create.

The effective incentive program must not provide benefits in excess of the amount actually spent. It must not encourage investments which consume more value then they create.

The administration's program actually widens the unequal tax treatment of different productive assets. For example, under present law, an asset with an ADR midpoint life of 5 years bears an estimated effective tax rate of 13 percent, and an asset with an ADR midpoint life of 10 years bears an estimated effective tax rate of 10 percent. Under the admininstration's proposal this 3-percent differential increases to 30 percent.

A capital cost recovery system that fails to eliminate these disparities encourages the misallocation of capital resources. Less productive, but lightly taxed, investments can be more profitable for a taxpayer than more productive investments which are heavily taxed in comparison. The result is less value and less productivity from any given amount of investment.

An effective incentive program does not encourage the misallocation of capital to less productive uses.

The administration's program does not eliminate taxpayer uncertainty over the present value of future capital cost recovery deductions. Under the administration's program, capital cost recovery allowances would remain deductible in future years. Their real value would remain exposed to the uncertainties of future inflation. These uncertainties will introduce a note of caution into the long-term investment decisionmaking process. Uncertainty is an investment disincentive.

An effective incentive program does not contain built-in uncertainties over the present value of the program.

The administration's program does not encourage immediate investment. Rather, it encourages delay until the proposal is fully effective in 5 years.

An effective incentive program does not wait 5 years to be implemented.

The issues I have raised are serious. But they are not insoluble. I introduced a bill yesterday which addresses and eliminates each of the deficiencies in the administration's program. The first year capital cost recovery system, the backbone of my bill, encourages productive investments, provides a more uniform effective tax rate for income from productive investment, permits the immediate calculation of the value of the investment incentive, and encourages immediate investment in productive assets. In short, it is a fair and efficient investment incentive program.●

ASIAN PACIFIC AMERICAN HERITAGE WEEK

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. WON PAT. Mr. Speaker, this being the week set aside by proclamation to recognize the achievements of those great numbers of people who have migrated to the United States from Asia and the islands located in what is commonly called the Pacific Basin, we tend to think only of Orientals. True, people from China, Korea, Japan, Taiwan, and Southeast Asia make up a major portion of the Asian ethnic group within our population, but there are many others who come from small but far-flung island nations in the vast Pacific Ocean.

My home island of Guam, which is the westernmost and farthest U.S. territory, is part of the Pacific Basin, pinpointed 10,000 miles southwest by west of Washington, D.C. Even though the bulk of its 120,000 population is made up of native Chamorros, or Guamanians, if you will, there are many other Asiatics and, of course, a number of statesiders, or "Haoles" as they are sometimes called after an old Hawaiian term. This makes Guam sort of a microcosm of any large American city like San Francisco, Chicago, or Philadelphia.

Among the other Asiatics residing on Guam are Chinese, Japanese, Koreans, Vietnamese, Thais, New Zealanders, Malaysians, Australians, people from the U.S. Trust Territory of the Pacific Islands, and a sizable number of Filipinos. I am happy to report that we live in harmony as these people are all melded into our business, professional, labor, and military societies. The great majority of them are or are becoming, U.S. citizens. They have made the adjustment to a free democratic society with remarkable ease. Some are even into politics, especially the Filipinos.

In this connection, I would like to insert in the RECORD an article from the Pacific Daily News about Ramon Valera, a former immigrant from the Philippines, who was recently honored by the Chase Manhattan Bank for his achievement in local and international banking in the U.S. Territory of Guam. I am sure there are many other success stories written or unwritten about Asian Pacific Americans living in the United States which would add a heartwarming lustre to this week's remembrances. Mr. Valera's story just happens to be timely and therefore symbolic of all the achievers among the Asian Pacific peoples of our great melting pot of a nation.

TOP CHASE AWARD TO VALERA

(By Frank Quimby)

Ramon Valera, a vice president of the Chase Manhattan Bank's local branch, has been awarded the prestigious Chase Presidential Award for 1980, branch General Manager Joe Hosie announced yesterday.

Valera, 34, of Latte Heights, said he was "completely overwhelmed" by the news, not only because of the significance of the award but also because he was unaware that his supervisors recommended him for the honor.

Fewer than 10 of the awards from Chase President Willard C. Butcher are given each year and Valera's prize was not only the first for a Chase Guam employee but also the first time in two years a candidate from the Asia-Pacific region won.

Chase, which has about 33,000 employees, has more than a dozen branches throughout East Asia.

But Valera, a 1971 immigrant from the Philippines, was quick to disown sole ownership of the prize.

"It's shared ownership and belongs to all of us here," said the 2nd vice president and manager of operations at Chase's Guam office.

"I was a linkage between solid management with good direction and a dedicated and very qualified staff," said Valera, who worked his way up at Chase from an account clerk to vice president in eight years.

The award, which carries a substantial financial bonus, is given for consistently outstanding service and "obvious and dramatic" contributions to corporate goals, a business-

man's euphemism for increasing the bottom line.

Valera was cited for his work in managing the sale of Chase's retail banking operations, setting up operations for Chase's offshore loan program, correcting serious deficiencies in two military bank facilities purchased by Chase and developing procedures in a new Guam certificate of deposit program.

Valera also credited his job satisfaction, understanding wife, Cecilia, and children for giving him the chance to pursue his career.

"We are the business managers of our lives, and Guam truly has been a land of opportunity for me," said Valera, who became a naturalized U.S. citizen in 1978.

"My four children were born and raised here, my career has grown here. Guam is my home."●

CBC BUDGET PROVIDES FOR STRONG DEFENSE AND DOMESTIC PRIORITIES

HON. JOHN CONYERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. CONYERS. Mr. Speaker, the achilles heel of the administration budget plan and the Latta/Gramm budget substitute, which implements that plan, is the proposal to increase military spending by some $40 billion in budget authority in the coming fiscal year.

I feel I am expressing what is a growing sentiment among my colleagues, and in the Nation as well.

The administration plan for a massive U.S. arms buildup, one that exceeded, according to the economist Lester Thurow, the arms buildup that took place prior to and during the Vietnam war, is going to become, I predict, the major area of domestic conflict and economic weakness in the coming years.

I am not alone in warning of this.

Economists as diverse as Henry Kaufman—who is often called the sage of Wall Street, and a Republican, I might add—Dr. Wassily Leontieff, the Nobel Prize-winning economist and authority on economic systems at New York University, and Dr. Lester Thurow of MIT, in the last few months have all voiced strong doubts about the economic viability and desirability of the Reagan administration's defense program.

I notice yesterday, as reported in the Washington Post, the Mormon Church, and its leaders, in a very rare comment on national policies, came out in opposition to the MX missile system. Their statement of opposition, it should be noticed by my colleagues, went far beyond the MX missile. The Mormon Church leadership squarely attacked the assumptions behind the U.S. military establishment, the Soviet military establishment, and the global arms race, that both superpowers, equally, are contributing toward. Referring to the "terrifying arms race" that has to be halted, Spencer W. Kimball, president of the Mormon Church, stated:

> We deplore in particular the building of vast arsenals of nuclear weaponry. History indicates that men have seldom created armaments that eventually were not put to use. . . With the most serious concern over the pressing moral question of possible nuclear conflict, we plead with our national leaders to marshal the genius of the nation to find viable alternatives. . . .

The Mormon Church leadership is referring to the deadly world arms race, that is draining nations of their resources and revenues that otherwise would be spent on economic and social development—specifically, that last year exceeded $500 billion, and which the Reagan administration in its budget proposal is contributing mightily toward.

I believe there is a growing sense in this body that the defense budget will undo whatever good might result from administration economic policies, and I say this as one who is highly skeptical about the administration's policies.

If the Congressional Black Caucus and a handful of so-called House liberals alone had challenged the Reagan defense budget it likely would have been dismissed summarily. But the caucus is not alone in its criticism of the transfer of some $50 billion in additional budget authority to DOD next year. We are joined by leading churches in the land, by highly respectable economists and financial leaders.

The simple truth is that the defense budget that the administration is proposing will intensify inflation because inflationary costs in the defense sector have been running at twice the rate as in the economy overall; intensify inflation because of the widely acknowledged shortages of production in the defense sector and in the shortages of its labor force; intensify inflation because of the widely reported monopolistic practice among defense contractors, the lack of competitive contract bidding at DOD, and the widespread lack of Pentagon control over its own budget; intensify inflation because, in the aggregate, boosts in defense spending add income but not consumer goods and services, and therefore add to the class inflation of too many dollars chasing too few goods; and shift badly needed investment capital away from the civilian sectors of the economy that are most in need of revitalization.

I detect among my colleagues, especially on the opposite side of the aisle, a growing uneasiness about the administration's and the Latta/Gramm defense budget.

That uneasiness is understandable. No one has come up with a convincing argument why an additional $40 billion in defense is needed, other than the age-old shibboleths about national security and "The Russians Are Coming."

This morning I went over some comparative figures on the relative strengths of the U.S. Defense Establishment and the Soviet's.

In terms of defense spending during the last 10 years, the NATO allies have outspent the Warsaw Pact by $207 billion, according to London's International Institute for Strategic Studies.

In terms of seapower, NATO together has twice as much naval tonnage and naval capability as the Warsaw Pact has.

In terms of strategic nuclear warheads, the best measure of relative numerical strengths, the United States has 9,200 warheads, as compared to 7,000 on the Soviet side.

Of equal importance, the United States has far greater command, control, flexibility, and survivability in relation to its ability to fight a nuclear war than has the Soviet Union; for example, only 25 percent of our strategic warheads are land based—and relatively vulnerable—as compared to 80 percent of the Soviet's warheads.

Because of our triad of strategic forces—land based, sea based, and air based—the United States has a wide advantage over the Soviets; for example, 48 percent of our strategic warheads are either at sea alert or in bombers on alert, as compared to 3 percent of the Soviet's warheads.

There is a shocking orthodoxy in this Chamber about the need for a stronger defense establishment. Despite the facts and figures, despite the questionability of ever winning a nuclear war, however limited, or of needing any more nuclear arms than we presently have, as the Mormon Church leaders observed, my colleagues, especially on the other side of the aisle, still cling to the panacea of more defense spending, as if it were a reflex action that arises when no other solutions to our economy's problems and the world's problems are in sight.

I think we ought to debate many more hours the role of defense spending in the administration's budget and in relation to economy recovery. We ought to debate many more hours the assumptions behind the Reagan/Latta/Gramm budget, and the alternative that the Congressional Black Caucus is proposing.●

MONTHLY LIST OF GAO REPORTS

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The February 1981 list includes:

MONTHLY LIST OF GAO REPORTS

NATIONAL DEFENSE

The MX System: Issues and Challenges. Acc. No. 114372, MASAD-81-1, February 17.

F/A-18 Naval Strike Fighter: Progress has been made but Problems and Concerns Continue. Acc. No. 114371, MASAD-81-3, February 18.

Evaluation of Defense Attempts to Manage Battlefield Intelligence Data. LCD-81-23, February 24.

Military Readiness, Mobilization Planning, and Civil Preparedness: Issues for Planning. PLRD-81-6, February 25.

Congress Cannot Rely on the Military Services' Reported Real Property Maintenance and Repair Backlog Data. Acc. No. 114224, LCD-81-19 February 2.

Letter reports

The level of basic research performed at DOD laboratories has seriously declined. MASAD-81-5, February 19.

INTERNATIONAL AFFAIRS

Better Accounting Needed for Foreign Countries' Deposits for Arms Purchases. Acc. No. 114326, AFMD-81-28, January 30.

SCIENCE, SPACE AND TECHNOLOGY

Major Science and Technology Issues. Acc. No. 114240, PAD-81-35, January 30.

ENERGY

Residential Energy Conservation Outreach Activities—A New Federal Approach Needed. Acc. No. 114319, EMD-81-8, February 11.

Possible Ways to Streamline Existing Federal Energy Mineral Leasing Rules. Acc. No. 114316, EMD-81-44, January 21.

Controlling Federal Costs for Coal Liquefaction Program Hinges on Management and Contracting Improvements. Acc. No. 114248, PSAD-81-19, February 4.

Special Care Needed in Selecting Projects for the Alternative Fuels Program. Acc. No. 114246, EMD-81-36, December 8.

NATURAL RESOURCES AND ENVIRONMENT

Federal Water Resources Agencies Should Assess Less Costly Ways to Comply with Regulations. Acc. No. 114345, CED-81-36, February 17.

Actions Needed to Increase Federal Onshore Oil and Gas Exploration and Development. Acc. No. 114323, EMD-81-40, February 11.

Lands in the Lake Chelan National Recreation Area Should Be Returned to Private Ownership. CED-81-10, January 22.

Federal-Interstate Compact Commissions: Useful Mechanisms For Planning and Managing River basin operations. CED-81-34, February 20.

AGRICULTURE

Summary of GAO Reports Issued Since 1977 Pertaining to Farm Bill Legislation. Acc. No. 114223, CED-81-43, January 21.

COMMERCE AND HOUSING CREDIT

Implications of Electronic Mail for the Postal Service's Work Force. Acc. No. 114342, GGD-81-30, February 6.

Similar Business Assistance Programs of Two Federal Agencies Have Potential For Duplication. Acc. No. 114315, CED-81-26, December 31.

SBA's Pilot Programs to Improve Guaranty Loan Procedures Need Further Development. Acc. No. 114238, CED-81-25, February 2.

Accounting Changes Needed in the Railroad Industry. Acc. No. 114247, AFMD-81-26, February 4.

Management-Employee Relations Problems at the Evansville, Indiana, Post Office. GGD-81-37, February 19.

Letter reports

Summary of major deficiencies in the Farmers Home Administration's Business and Industrial Loan Program. Acc. No. 114317, CED-81-56, January 30.

HUD has not adequately discharged its responsibility to properly pay distributive shares to homeowners from its mutual mortgage insurance fund. Acc. No. 114275, CED-81-44, February 9.

Postal departments and private sector groups should develop solicitation without unnecessary restrictive conditions. Acc. No. 114324, GGD-81-39, February 12.

TRANSPORTATION

Soaring Transit Subsidies Must Be Controlled. CED-81-28, February 26.

Increased Productivity in Processing Travel Claims Can Cut Administrative Costs Significantly. Acc. No. 114314, AFMD-81-18, January 19.

Letter reports

Amtrak should be exempt from most State and local taxes. Acc. No. 114274, PAD-81-58, January 30.

COMMUNITY AND REGIONAL DEVELOPMENT

Poor Controls Over Federal Aid in Massachusetts After the 1978 Blizzard Caused Questionable Benefit Payments. Acc. No. 114325, CED-81-4, January 26.

Use of Vacant Schools Could Provide Savings to Federal Construction Programs. Acc. No. 114312, HRD-81-28, January 19.

Further Actions Needed to Improve Management of HUD Programs. CED-81-41, February 26.

Letter reports

Cost of Chicago's tunnel and reservoir plan continues to rise. Acc. No. 114313, CED-81-51, January 21.

Examination of the financial statement of the Urban Renewal Fund for FY 1979. Acc. No. 114370, CED-81-62, February 17.

SOCIAL SERVICES

Unanswered Questions on Educating Handicapped Children in Local Public Schools. Acc. No. 114318, HRD-81-43, February 5.

Letter reports

Construction and operation of the refugee processing center in Bataan, the Philippines. Acc. No. 114341, ID-81-27, February 6.

HEALTH

Programs to Control Prescription Drug Costs Under Medicaid and Medicare Could be Strengthened. Acc. No. 114311, HRD-81-36, December 31.

Analysis of Proposed New Standards for Nursing Homes Participating in Medicare and Medicaid. HRD-81-50, February 20.

Performance of CHAMPUS Fiscal Intermediaries Needs Improvements. Acc. No. 114250, HRD-81-38, February 2.

Letter reports

Research planning and evaluation at the National Institutes of Health. Acc. No. 114310, HRD-81-18, December 30.

Decision to proceed with a letter contract to obtain mental health care services for Cuban entrants at Fort Chaffee, Arkansas, was not unreasonable. Acc. No. 114343, HRD-81-55, February 6.

INCOME SECURITY

Millions Can Be Saved by Identifying Supplemental Security Income Recipients Owning too Many Assets. Acc. No. 114249, HRD-81-4, February 4.

Social Security Needs to Better Plan, Develop, and Implement its Major ADP Systems Redesign Projects. Acc. No. 114320, HRD-81-47, February 6.

Letter reports

Changes needed in calculating reduction in Civil Service annuities for survivor benefits. FPCD-81-35, February 26.

VETERANS AFFAIRS

Legislation Plus Aggressive Action Needed to Strengthen VA's Debt Collection. HRD-71-5, February 13.

ADMINISTRATION OF JUSTICE

Administrative Changes Needed to Reduce Employment of Illegal Aliens. Acc. No. 114239, HRD-81-15, January 30.

Letter reports

Department of Justice's procedures to process claims resulting from the swine flu program were reasonable. HRD-81-33, January 14.

GENERAL GOVERNMENT

Stronger Federal Effort Needed to Foster Private Sector Productivity. AFMD-81-29, February 18.

Federal Records Management: A History of Neglect. PLRD-81-2, February 24.

Disappointing Progress in Improving Systems for Resolving Billions in Audit Findings. AFMD-81-27, January 23.

Unauthorized Commitments: An Abuse of Contracting Authority in the Department of Energy. Acc. No. 114245, EMD-81-12, December 4.

Government-Wide Guidelines and Management Assistance Center Needed to Improve ADP Systems Development. AFMD-81-20, February 20.

Management and Compensation of Military and Civilian Federal Work Forces: Issues for Planning. Acc. No. 114321, FPCD-81-26, January 2.

Much More Can Be Done by the State Department to Improve Overseas Real Estate Management. ID-81-15, February 9.

Letter reports

HUD is taking actions to collect overbillings and improve contracting procedures in its Columbus and Cincinnati service offices. CED-81-67, February 19.

The Panama Canal Commission's estimated revenues appear reasonable. ID-81-34, February 24.

Administrative and general expenses at the Tennessee Valley Authority increased in fiscal years 1979 and 1980. EMD-81-54, February 25.

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ADDRESS OF HON. IKE SKELTON, LITTLE ROCK AIR FORCE BASE, ARK.

HON. DAVE McCURDY

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. McCURDY. Mr. Speaker, our colleague from Missouri, Hon. IKE SKELTON, recently addressed a group of Army Reserve officers and National Guard officers, in Little Rock, Ark., who are returning to active duty for the purpose of teaching ROTC students from colleges and universities across our Nation. Mr. SKELTON's address emphasizes the need to study military history and the importance of stressing our great American heritage to ROTC students. I commend his speech to the Members of this body:

ADDRESS OF CONGRESSMAN IKE SKELTON

It is a particular pleasure for me to speak before this group tonight. You are to be commended for your dedication and your patriotism in returning to active duty with the Army. I admire you for your commitment to the ROTC program. During the last 2 years, I worked on legislation, which I introduced, to increase the number of Army ROTC scholarships from 6,500 to 12,000 and to make other improvements in the ROTC program. As this bill moved through Congress toward its ultimate enactment into law, I had the opportunity to learn a great deal about the Army ROTC program. I sincerely believe that dollars spent on ROTC are among the best dollars we spend on defense in terms of return on investment. Let me share with you a few of the things I learned:

In the 1979-80 school year, 97 percent of the recipients of Army ROTC scholarships were in the top 25 percent of their high school classes, with 17 percent ranking either first or second in class standing.

Since 1971, the average SAT test score in our Nation has been going down. However, the average SAT score of Army ROTC scholarship recipients has been increasing.

In recent years, Army ROTC scholarship winners have matched or surpassed West Point selectees in all relevant areas except athletics.

About 46.4 percent of 1974-75 Army ROTC graduates are still on active duty; 38.9 percent of this group are still in the Army Reserves or National Guard.

Of 266 Army officers promoted to general officer rank in the period 1975-79, 106 received their commissions through ROTC.

What this all means is that you will be working with some of the most talented and motivated young men and women of this generation. You can expect that a good number of the students you instruct in ROTC will make outstanding contributions to our national defense—either as career officers in the active army or in the Army Reserve or National Guard. It is no exaggeration to say that our Nation's future may well depend on these young people with whom you will be associated.

Sir William Francis Butler, the noted British soldier and author of The Last Century, once said this: "The Nation that will insist on drawing a broad line of demarcation between the fighting man and the thinking man is liable to find its fighting done by fools and its thinking done by cowards."

Your task as ROTC instructors will be to mold these young ROTC students into thinking military leaders. Let me urge you to undertake this task with enthusiasm. Challenge them! Inspire them! Instill in them that same dedication that led you to volunteer for active duty to take on your present assignment. Make sure they have the technical and managerial skills to be military leaders in the last years of the 20th century.

But you need to do more than this. A technocrat or manager does not make a military leader. Much more is required to meet the leadership challenges of the future. You must emphasize to your students the importance of military history—the study of tactics and strategy through the ages. I want to see you produce military strategists in the tradition of General Douglas MacArthur, General George C. Marshall, and Admiral Chester Nimitz. I want to see you produce military tacticians who, like General George S. Patton, are students of the history of warfare. Encourage your students to view their military training in the broad context, to relate their ROTC studies to their other studies in history, political science, and sociology.

It is said that ". . . No commander or military historian sufficiently dedicated to his profession could possibly be surprised about any development in warfare, whether it concerns strategy and tactics, methods and weapons, equipment and uniforms, discipline and morale, civilian and political attitudes." A study of history's pivotal battles shows that the great captains—Hannibal, Caeser, Napoleon, MacArthur—were in debt of outstanding soldiers of the past. Stonewall Jackson's successful Shenandoah Valley Campaign resulted from his study of Napoleon's tactics. And, Napoleon, who studied Frederick the Great, once remarked, "I think, like Frederick, that one must always be the first to attack." Alexander the Great's army provided lessons for Frederick, two thousand years before Frederick's time. The Athenian General Miltiades, who won the Battle of Marathon in 491 B.C. also won the Battle of El Alamein in 1942; the Macedonian, Alexander the Great, who defeated the Persians at Arbela in 331 B.C., set the example for the Roman victory at Pydna 155 years later; the English bowmen who won Crecy in 1346 also won Waterloo in 1815; Montgomery, Bradley or MacArthur, who won battles in the 1940's might well win battles a century or so hence. Thus, I believe that every truly great commander has linked himself to the collective experience of earlier generals by reading, studying, and having and appreciation for history.

Now, this doesn't mean that today's soldiers should copy from the past. To the contrary, those leaders who have merely copied from the past have nearly always suffered defeat. While the essence of major tactics can—and must—be learned from the past, the thinking student of military history will learn much more than that. He will learn how to apply his tactics innovatively, in all situations and under all conditions. He will learn how to be flexible and how to adapt rapidly to change.

Your students must learn about human nature under war conditions—how men react to discipline, fear, hunger, lack of confidence, and shock; and your students must learn about the minds and emotions of potential adversaries. Such examples begin with Gideon of the Old Testament who proved to be an early propogandist—spreading stories of his invincibility amongst the enemy Midianites. At night, Gideon's force of a mere 300 men, blowing trumpets and waving torches, caused panic to sweep throughout the Midianite encampment resulting in an easy victory for Gideon. Further, the student of military history must learn a profound respect for things which, like the weather, are beyond his immediate control. When the Germans invaded Russia in 1941 they failed to take into consideration the bitter and devastating winters on the Russian Steppes. A review of Napoleon's tragic winter retreat from Moscow could have served as a clear warning. Thus those who are aware of the element of fortune in warfare will be better prepared to deal with it when, inevitably, it goes against them, or exploit it when, just as inevitably, it works in their favor.

Don't get me wrong. Our military leaders of the future need to be able to manage the force and to handle the big, expensive and highly technical new weapons. But they should not be bureaucrats—they should be leaders. History teaches that it is difficult to translate technological advances into battlefield successes, that the consequences of new technologies are not easily predictable in advance, and that even profound technological superiority is no guarantee of success in combat. Our ability to prevail in any future conflict may depend less on the quality of our weapons than on the theories and strategies through which they are employed.

Above all, let me urge you to instill in your students a sense of our American heritage.

Recently, I accompanied my youngest son and his Boy Scout troop to Gettysburg, Pa., where we toured the scene of that decisive battle of early July 1863, where General Robert E. Lee and his Confederates engaged General Meade and his Federal troops. We walked among the battlefield monuments that stand as reminders of the determined courage of the men from the North and the South who fought and died for their respective causes. The Scoutmaster graphically told the Scouts the details of that historic contest. The climax of the battle is known to history as "Pickett's Charge"—a massive assault by 15,000 Confederate troops across a half mile of open field against the breastworks of the Union ranks. This final attack, which was repulsed, was to be the high tide of the Confederacy. It was remarkable for the courage, daring, and heroism of soldiers from both armies. At the end of our lengthy walk through the battlefield, we stood near the monument to General Lee and read a historic marker denoting Pickett's charge. One young boy, seeing the marker, sarcastically remarked, Pickett's charge, who cares about Pickett's charge?

The boy's words startled me, for I realized that his standing on the field of one of the greatest and bloodiest battles of our history meant no more to him than standing on a street corner waiting for a school bus. Maybe it was too much to ask that a 12-year-old have respect—or admiration—for men who had bravely fought there and had given their last full measure of devotion over a century before.

President Abraham Lincoln gave a speech on that battlefield in November of 1863, re-

membered as his historical "Gettysburg Address." He said on that occasion: "The world will little note, nor long remember, what we say here, but can never forget what they did here." Was Lincoln wrong? Have we as a people forgotten those deeds that occurred on that field of battle? Will the glory and heroism of one age always become dim memories to a later generation?

Two years ago, I was a member of a congressional delegation that traveled to Vietnam to bring back to the United States the bodies of 14 American fliers who were killed in the Vietnam war. On the way over, we stopped for a few hours in Manila, in the Philippines. I asked to go to the Island of Corregidor, in Manila Bay, as I had a marine friend from my hometown, Raymond Howard, who had been captured there by the Japanese in early 1942 after he and the other defending Americans, who were hopelessly outnumbered, resisted for nearly five terrible months and so delayed the Japanese timetable for the conquest of Southeast Asia. The Air Force accommodated me, and, together with U.P.I. Reporter Richard Growald who was covering the congressional trip, I flew by helicopter to that island fortress. There, I witnessed the grim reminders of that terrible seige—the tunnel that housed our wounded, the bullet-caused pockmarks on the concrete fortifications, and the skeletal remains of U.S. Army barracks. I also saw the flagpole where the Japanese troops had raised their swords in Banzai shouts as the Stars and Stripes came down. There on Corregidor, I walked along the paths where bravery, heroism, and courage, were commonplace during those bleak days in American history. I recalled that as a 10-year-old boy in Missouri, I had been glued to the radio, listening, day after day, to the reports of the Americans who held Corregidor against bombardment. The gallant defenders were finally forced to surrender to overwhelming odds in May 1942.

Soon after my return to this country from the Vietnam trip, I had occasion to speak to a high school history class, in Missouri, and recounted my recent trip to them. I mentioned my visit to Corregidor, and I asked the class what they knew of that small island. None had ever heard of the name "Corregidor". None in the classroom had any idea of the scores of soldiers and marines who defended the American Flag during those painful days in 1942. I was saddened.

Writing in a religious context, St. Paul of old declared to the Corinthians "We are bought with a price." In a different context, those words apply to us Americans: We, too, have been bought with a great price. The liberties we enjoy, the freedoms, and the prosperity have been bought and paid for by the courage, daring, and faith of the men and women who in every generation have answered their country's call—not only the call to arms, but the call to build and create—the call to develop character and moral ideas in the family and home, in church and school, in office and factory, wherever our people lead their daily lives.

We live under a Constitution that has been a shield of our freedoms since its inception. But there would have been no Constitution—not even a United States—had George Washington and his men not withstood the bitter encampment at Valley Forge. Would anyone dare say, "Who cares about Valley Forge?"

Peace has its victories no less than war. In my hometown in Missouri there stands a statue, the "Madonna of the Trail," erected in memory of the pioneer mothers who, along with their husbands and children, moved westward into the wilderness during the 1800's. Indeed, the westward movement was what made our Nation unique. The conquering of the western frontier was a different kind of struggle, a movement without parallel in world history. Nowhere else has an area of equal size been settled in so short a time entirely as a result of quiet courage and initiative of small groups. This achievement gave our people the characteristic of accepting the challenge of new frontiers. Our American heritage is one of challenges met by a determined people. The spirit that charted the course of democratic government for the world also challenged American men and women to great achievements in the fields of health, science, politics, and space as reflected by names like Walter Reed and Clara Barton, the Wright Brothers and Amelia Earhart, Andrew Jackson and Harry Truman, John Glenn and Neil Armstrong.

We could call the record of our history from our revolutionary days at Lexington and Concord to man's first step on the Moon and recount the story of America: Acts of heroism and devotion mark every generation. The pursuit of freedom and justice has taken our flag to the far corners of the world and beyond—San Juan Hill, Chateau Thierry, Normandy, Inchon, Da Nang. It flew beside the buildings at Ellis Island as millions of immigrants journeyed to our shores to escape poverty and political oppression, seeking freedom and opportunity in the land that became the "last, best hope of mankind." It flew over courthouses and schools as our forefathers established the greatest system of Government and the highest living standard ever seen on this Earth.

This is the heritage which you and I have received. It is the heritage which we must transmit to our children and which you, most especially, must transmit to your students. It is not just facts, figures and dates, it is a deeply rooted sense of loyalty to all that has gone before—the challenges, the trials, the stoutheartedness, the victories, the dedication of our past.

"Who cares about Pickett's charge?"

"Who cares about Corregidor?"

God grant that you and I care—and that our children care, and that our children's children will care. For, it we as a people fail to appreciate the greatness of our heritage, the day could come when some youngster might remark:

"America, who cares about America?"●

THE IMPORTANCE OF HIGHER EDUCATION

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. GINGRICH. Mr. Speaker, I would like to share with my colleagues a column written by my good friend, Maurice Townsend. Mr. Townsend is the president of West Georgia College, the college where I taught before I came to Washington.

While I may not agree with the details of his column, I do share his commitment to higher education. In these times of budget cutting, student loan programs will be hard hit. But if we limit spending and cut tax rates now, folks will be able to get a good job in a strong economy after graduation. With more take-home pay and lower interest rates, it will be possible for college graduates to buy a home instead of renting for the major part of their lives. Otherwise, all of us face declining incomes in the 1980's and a serious economic crisis.

I applaud Mr. Townsend's column and his commitment to higher education in this country.

FROM MY POINT OF VIEW

Recently I received a letter from U.S. Congressman Peter A. Peyser, who represents the Twenty-Third Congressional District of New York and who also is a member of the House Education and Labor Committee. His letter was in the form of an inquiry. He stated that it was his opinion that the plan of the Reagan administration to reduce student loans was an inappropriate place for the federal government to reduce the federal budget. Congressman Peyser said he wishes to "fight" to sustain the current levels of funding for these programs. He asked if I and others at West Georgia College would address ourselves to the matter and assist him in his efforts. At the same time in the most recent issue of Higher Education and National Affairs, published by the American Council on Education, it was estimated that President Reagan's fiscal year 1982 budget would cut off funds to approximately 100,000 students. Those funds affecting that number of students are in the Pell Grant Program or are loans to middle income students.

Coincidentally, when these materials crossed my desk I had been reading a book by the English historian, J. R. Pole, "entitled The Pursuit of Equality in American History." Mr. Pole's thesis is that in the life of the American nation a slow, and often ingenious, effort has been made to establish a condition of equality for all in the country. This effort has taken many twists and turns and has been the subject of many different interpretations.

Putting several thoughts together stemming from my reading, I have come to a conclusion that the current efforts in Washington to reduce the budget in the way described by Congressman Peyser and the Higher Education and National Affairs materials fly in the face of the national trends as discerned by Mr. Pole.

There are many forms of inequality found in the country today. Some are forms of inequality that cannot be legislated out of existence. But if young men and women are to be denied the opportunity to go to college, they can be irretrievably set aside and not permitted to strive for bona fide or nationally supported concepts of equality. If young people who suffer from financial disadvantages, for example, are unable to find economic means to go to college, they may be prevented not only from bettering their material condition in life but from reaching their fullest intellectual capacity.

West Georgia College has developed several practices and policies the last four years which recognize that having the opportunity to go to college does not necessarily mean successful completion of any course of study. Each quarter several hundred students are academically dismissed because they have been unable to maintain suffi-

cient grade point averages to continue in the educational process. These academic dismissals do not, in my judgment, run counter to the thrust of Pole's thesis on equality. For what the past federal programs of financial assistance have meant for many young men and women is that they are given an opportunity through federal loans and other financial support to be admitted to a college and if successful there to begin to move into the mainstream of American professional life. Without that kind of support these people will be unable to climb the ladder of success. Certainly, any student who is unable to academically achieve should be denied within a reasonable period of time (as happens at West Georgia College) long-term federal financial assistance.

Basically, I believe, it is through education at all levels, especially higher education, that young people are given the opportunity for intellectual, social and economic advancement. It is the one sure road to achieve social and economic betterment, for those who are successful in the educational process can, then, improve themselves and, in time, contribute more meaningfully to society. No other means that I am aware of has a more profound and steady purpose to this end. Therefore, I believe that the current federal administration's attempts to reduce the grant and loan features of federal assistance work to the disadvantage of the country at large.

We believe at West Georgia College that students, whether receiving such federal assistance or not, have two to three quarters to prove themselves academically. Should they prove successful, they proceed through their courses of study. Should they prove unable to meet the academic requirements, they are academically dismissed; but to determine that the country has no need to invest economically in our young people through financial assistance for higher education is to prevent many, many capable young people from eventually making not only meaningful contributions in their own lives but from contributing socially and politically to the country at large. Obviously, as an educator I place great emphasis upon the benefits of higher education for those who are capable. To artificially place economic constraints through federal budget reductions in this area has most serious consequences for all of us.

Whereas I did not accept Congressman Peyser's invitation, I did tell him in my reply that I was most sympathetic to his position but preferred to work with our own congressman on the matter. The final thought I have in this regard is that the federal budgets broadly should be, and can be, reduced, but I think it must be done selectively. To establish reductions in the broad area of support for college students (certainly to the extent of upwards of 100,000 students) is not to be selective but to curtail an important investment in the future of all of us.

MAURICE K. TOWNSEND.●

CBC BUDGET PROVIDES FAR-REACHING TAX REFORM

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. CONYERS. Mr. Speaker, it did not go unnoticed yesterday that my colleague from New York and one of the leaders of the administration's budget forces (Mr. KEMP) commended the Congressional Black Caucus for some of the tax proposals in its budget alternative—specifically, the indexation of tax rates to inflation; and the 10-percent nonrefundable social security tax credit to employers and employees.

I also notice that the DSG factsheet on the various budget alternatives—May 1, 1981—cites the Congressional Black Caucus budget alternative as providing "the largest and fairest tax cut of any of the proposals before the House" and as taking "the boldest step of any proposal being offered to the House to deal with the Federal deficit."

Unfortunately, my colleague from New York has misread the caucus tax proposals. He says that it raises taxes. The DSG staff says, on the contrary, it is the fairest tax cut of all.

According to the House Budget Committee, in fiscal year 1982 the tax expenditure budget will amount to $266 billion, more than one-third of the total direct outlays for fiscal year 1982 projected either by the House Budget Committee or the administration. These tax expenditures represent giveaways to certain classes of taxpayers and to corporations. They represent money lost to the Treasury, that otherwise could contribute to eliminating the Federal deficit. Tax expenditures, everyone knows, are various types of favors handed out to taxpayers and businesses, such as tax loopholes, exemptions, tax shelters, and other types of privileges that some taxpayers enjoy at the expense of others.

The Congressional Black Caucus budget alternative proposes the most far-reaching reform of these tax subsidies, loopholes, and shelters of any proposal before us. If implemented, it would bring about the very tax equity that my colleague from New York calls for.

On balance, the caucus budget cuts, rather than raises, taxes. It cuts taxes by providing:

A 10-percent nonrefundable social security tax credit to both employers and employees;

The indexation of the earned income tax rates to the inflation rate;

An increase in the standard deduction from $2,300 to $2,800 for single taxpayers and from $3,400 to $4,300 for married couples; and

An increase in the earned income tax credit for low-income families.

The caucus tax package also provides a first-year capital cost recovery system for equipment, a proposal that has the endorsement of such divergent, yet influential organizations, as Fortune magazine, the New York Times, and the Public Interest Tax Research Group. This proposal gives businesses the kind of economic incentive they need to boost productivity and production.

The caucus tax package would eliminate some of the most outrageous tax giveaways and inequities that exist in the tax code: It would eliminate:

The percentage depletion allowance for oil and gas, which the industry does not need since prices are completely decontrolled;

The foreign tax credit on oil and gas extraction income that really amounts to a subsidy to the companies that they pass along to the foreign oil producing nations of the world;

Reduce business meal deductions by 50 percent, and, as a colleague pointed out, what could be fairer than to reduce the subsidized meals that business people enjoy, while we reduce the school lunches available to low-income children;

Eliminate the exemption for independent producers from the windfall profits tax; and

Eliminate billions in tax subsidies that American business doing business abroad now can obtain, which, incidentally, has gone to support the shift of American jobs to Europe, Asia, and Latin America.

There is good reason for the DSG to call the caucus tax budget the largest and fairest tax cut of any of the proposals before the House.

The reason is simple. The CBC tax package is the only budget alternative that (a) targets tax cuts to the groups that need them the most; (b) targets business tax cuts to where it will be most useful in raising productivity; (c) eliminates the most egregious tax loopholes that now exist in the Tax Code; and (d) offers tax relief to the largest number of taxpayers.

The caucus tax budget offers a genuine alternative to the Reagan/Latta/Gramm proposal that is indiscriminate in its tax reductions; that perpetuates tax loopholes, shelters, breaks; that provides a package of tax cuts that give the most advantage to the highest income brackets and the least to the majority of middle-income taxpayers.●

WHAT IS VERSUS WHAT IS SAID TO BE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. ASHBROOK. Mr. Speaker, the various question formulas used in survey taking can often affect the respondents' views or understanding of what is being asked. A particular case in point provides indisputable proof of this. A recent CBS News/New York Times survey found that less than 30 percent of the respondents favored a constitutional amendment "prohibit-

ing abortions," but that 50 percent favored and only 39 percent opposed a constitutional amendment "protecting the life of an unborn child." As a Newsweek article pointed out, this "amounts to the same thing."

This was obviously not a sudden reversal of opinion; it was a reversal of language. But this breakdown in communication goes beyond survey questions; it enters the real world of the democratic process. We need to define our terms and to get an accurate description of what it is we are deliberating and deciding on. In short, we need to know what we are doing. Is it our intention to "prohibit abortions" or to "protect the lives of unborn children" and preserve the constitutional principle of the right to life?

Unless we have firsthand experience with a particular reality, our perception of it is necessarily conditioned by the language with which it is described. This is particularly true with regard to the abortion controversy. The supporters of abortion talk about "the right to privacy," "reproductive freedom," and "freedom to choose," and emphasize the health and welfare of the pregnant woman. They use euphemisms like "fetal tissue" and "termination of pregnancy," purposefully avoiding the grim reality of abortion. Actually, they are attacking only the periphery. The heart of the question is human life—should we allow it to be taken freely and indiscriminately or should we seek to protect it?

Pro-lifers—those who want the restoration of the constitutional protection of the right to life for all human beings—keep stressing the "unborn child" and his right to live. They are shocked, as we all should be, at the alienation of this unalienable right from any part of the human family.

Essentially, the abortion controversy boils down to a matter of what is as opposed to what is said to be. We should all be alert to this and to question whether the language we hear and the language we use accurately reflects reality.●

OIL IN THE BUDGET

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. GORE. Mr. Speaker, on Wednesday of last week I testified before the Rules Committee, requesting that an amendment be made to the budget proposal which would restore full funding for the strategic petroleum reserve. Unfortunately, that request was denied.

The Gramm-Latta substitute eliminates virtually all funding for the reserve with a $3 billion cut. It envisions enactment of private financing for the strategic petroleum reserve.

I believe it is absolute madness to rely on private financing schemes to fill the reserve. SPR is a vital asset to our national security, uniquely inappropriate for private speculation. I see very little difference between private financing for SPR and selling bonds to build cruise missiles and aircraft carriers. Such proposals are dangerously wrong in insisting on the creation of a crisis constituency whose interests are diametrically opposed to the national interest.

The simplest, most effective, most secure, and least expensive way to fill SPR is on budget, with direct Treasury obligations. Virtually no one disagrees with that statement and yet, incredibly, these private financing schemes have been endorsed by the Senate and are apparently supported by the administration.

I want to bring to the attention of my colleagues five recent articles on SPR which emphasize the dangers of relying on private financing schemes. I hope my colleagues will keep them in mind as we debate the budget proposals.

[From the Washington Post, May 4, 1981]

OIL IN THE BUDGET

Unfortunately, the Strategic Petroleum Reserve is rapidly turning into this year's great example of budgetary sleight-of-hand. Just about everybody agrees that the reserve is essential. But the $3.9 billion that President Reagan has requested for it next year has attracted the attention of the increasingly desperate budget-cutters. There's a sort of a contest running at the Capitol to see who can come up with the cleverest scheme to buy and store the oil without seeming to pay for it—or at least without having it turn up in the federal budget.

The Senate Budget Committee succeeded in getting its total spending figure lower than Mr. Reagan's by the simple expedient of dropping the money for the petroleum reserve altogether. The committee suggests, vaguely, "alternative" financing. The House Budget Committee, in a similar exercise, deleted $1.5 billion of the money for the reserve with a hopeful reference to "private" funding.

Private funding won't work. In an emergency, the private owners' interest would be to keep holding the oil as the price rose. If private financing merely means selling oil reserve bonds on the private market, like the bonds of other federal agencies, it's hardly worth doing. Since the impact on the economy is the same in both cases, it makes little difference whether Congress calls it spending or borrowing.

If Congress is determined to get the Strategic Petroleum Reserve off the budget, there is one clean and straightforward way to do it. The reserve specifically benefits the users of oil, and there's nothing wrong in making the users pay for the reserve directly. One obvious solution is a conventional tax on oil imports, but the Reagan administration won't countenance a conventional tax. So why not an unconventional tax—payable in oil? Why not a requirement that, for every 20 barrels of oil imported into this country, the importer must contribute one barrel, as an insurance premium, to the reserve?

A year ago, the reserve was so far behind schedule that questions of financing had little practical importance. But things have changed since then, and by last month the underground caverns were being filled at the tremendous rate of 400,000 barrels a day. The reserve now equals 28 days' imports, and it's beginning to represent a genuinely useful cushion. The present period, with soft prices and a slight oversupply worldwide, is ideal for filling it. Congress would be wanton to let the quarrel over the budget interfere with the strategic reserve.

[From the Washington Star, May 1, 1981]

SELLING THE OIL RESERVE

The U.S. Strategic Petroleum Reserve is arguably the most important component of American energy security. If world oil supplies were suddenly disrupted, the oil stockpile, if completely filled, could supply the equivalent of several months of petroleum imports. Storage capacity for 248 million barrels of oil has been constructed, but is only half filled—enough to replace 25 days of imports. The stockpile, which may eventually hold 1 billion barrels, is far behind schedule.

Few doubt its importance. But there is less agreement on how to pay for it. The budget proposal sent by President Reagan to Congress two months ago included $3.9 billion for filling and operating the reserve. But the resolution approved this week by the Senate Budget Committee and the House "bipartisan" proposal ask that most of that noney come from outside the federal budget.

If they prevail, the reserve would be privately financed. The Reagan administration, which strongly backs the reserve but is curiously neutral on the payment question, is now said to be considering government-backed bonds that would permit buyers to own shares of the reserve. The Star's Sheila Kast reports that administration officials have compared this approach to the Student Loan Marketing Association, which borrows money through the Federal Financing Bank to buy loans from lenders.

Such schemes could work, we guess, but all have a slightly madcap air about them. The oil stockpile is, after all, a national defense program. Yet if the free-marketeers have their way, it would be the only national defense program flirting with the bond market. Rep. Phil Gramm's plan—to sell government bonds to the public and use the money to buy oil—would permit a nation like Libya to speculate in U.S. strategic stockpiles. Someone has observed that holders of "petrobonds" could be in the curious position of rooting for an oil emergency, the better to reap a windfall.

Although the oil stockpile has doubled or trebled in value during recent years, there is no guarantee, barring an emergency, that oil bonds would be a blue-chip investment. John Hennessy of First Boston Corp., New York, has said that world crude oil prices would have to reach $91 a barrel to yield the same after-tax return as a 10-year Trasury note in today's market, and $116 a barrel to equal the investment in an "A" rated municipal bond.

Other plans, such as Sen. Nancy Kassebaum's proposal to force the oil companies to contribute to the reserve (and to get back 10 percent annually on the oil's value for 11 years) have yet to attract a constituency. One flaw in her idea, among others, is that oil companies would have less incentive to maintain private stocks, which in effect pro-

vide a second national stockpile—and a genuinely private one.

Those who favor off-budget financing also tend to ignore budgetary distinctions. Money spent for oil, a fungible commodity, is not the same as money spent for payrolls and food stamps, which are non-recoverable costs. Yet all appear as equals; the U.S. budget has room only for debits, not credits.

Sen. J. Bennett Johnston Jr., D-La., has correctly argued that the stockpile is not really an expenditure. "We are buying another asset which is just as valuable and just as solid in its value—more so probably—than even gold." His eminently sensible solution is to call the oil reserve an off-budget item, but "treat it as if we were buying gold for Fort Knox."

He has it right. For no matter who pays for the oil an effective stockpile must be administered by the federal government. The government must build storage facilities and maintain the rate of fill. In case of emergency, the government must decide when to draw down stocks—and where to send them. And the government not the bond market, must send the signal that the U.S. is serious about a national energy policy.

All the bookkeeping mirrors which make off-budget financing appear so attractive cannot disguise those obligations—nor the obligation of taxpayers to pay for the national Defense. When Congress adopts a final budget it should reflect that obligation in full.

[From the National Journal, Apr. 18, 1981]

SECURITY THE OFF-BUDGET WAY

(By Richard Corrigan)

How about a futures market in bazookas? Or government bonds for pieces of aircraft carriers? Why not sell options in tank bellies?

Just think of all the money that could be saved if defense programs were taken off the budget and paid for instead through private financing. Surely the free-enterprise system could find ways to raise the necessary capital, and the taxpayers would be relieved of the strain and drain of keeping the armed forces at the ready in peacetime.

And in the unhappy event of a war, investors could be entitled to receive the wartime value of their holdings. it could be worth paying extra for this hardware if we really needed it, but in the meantime it wouldn't cost the government a cent to keep its military machine operational.

Stuff and nonsense, you say. It is the government's responsibility to provide for the common defense. This is one function that cannot be spun off to the private sector. Once Congress agrees on a proper spending level, that money should be appropriated through normal channels, with no off-budget gimmickry allowed. How could the United States mobilize for an emergency if some Wall Street sharpies claim they own our ordnance and don't give permission for its use?

You're right. It's a dumb idea. No matter how revved up the Administration and Congress might be about holding down spending, there are certain investments in national security that the government must make with direct expenditures of taxpayers' dollars. That's why we pay taxes. That's why we have a government.

And the same reasoning ought to apply to the strategic petroleum reserve, the national oil stockpile that is only an eighth full.

This is an ideal time to pump oil into the reserve as fast as tankers can bring it. The world is temporarily awash in oil, prices are sliding downward and no other nation, whether an oil importer or an oil exporter, has cause to squawk if the United States skims off some of the glut.

But, no doubt about it, it takes money to buy oil. Even in a buyer's market, nobody is giving it away. And in this spring season of preliminary budget pruning, the strategic petroleum reserve is a fat and unguarded target.

It is, after all, a multibillion-dollar-a-year, multi-year program with no organized constituency to rally around it—and thus, by definition, fair game on Capitol Hill.

So Congress is toying with the reserve, and the Administration is playing along. The bipartisan fun started when the Senate Budget Committee lopped $3 billion off the fiscal 1982 request of $3.9 billion in spending authority. Not to worry, the committee said, somebody up here will come up with a surefire plan to get the oil and it won't hardly cost a thing, at least not in fiscal 1982.

"What plan?" asked the Senate Energy and Natural Resources Committee, which handles authorizing legislation for the reserve and really doesn't have a clue about how to buy oil without paying for it.

But the Senate didn't want to listen to those killjoys and roundly endorsed the Budget Committee's display of ingenuity with vanishing ink and off-budget oil.

The game caught on, sort of, in the House, where the Budget Committee barely approved a qualified version of the Senate's fantasy. The House budget experts said they would assume that a private financing system yet to be devised could save $1.5 billion—but added that just in case it didn't work, the $1.5 billion should later be restored. A move to preserve full financing lost on a tie vote.

The White House is indulging Congress in this buncombe, saying it wants full financing for the reserve but that if Congress thinks it can find a way to get oil without using up-front cash, it's willing to listen and learn.

So far, no real damage has been inflicted on the stockpiling program. The Energy Department at long last has set up facilities to receive and store the oil in large volumes and is contracting for deliveries at a rate of 150,000 barrels a day. The pace is expected to increase to 200,000 barrels a day by the end of this fiscal year.

The department's underground caverns now contain about 122 million barrels of crude oil and will hold 196 million by Sept. 30. That would amount to a fifth of the ultimate target of one billion barrels that Congress set in 1974 when it voted to establish the reserve.

By Oct. 1, however, the congressional smoke-and-mirrors act will be wearing thin. There will be bids to review, contracts to sign, decisions to make about how much capacity to add in coming years. There will be international commitments to maintain and contingency plans to prepare in case worldwide oil traffic again is interrupted.

Among the ideas being floated to get off-budget oil are government bonds whose value would be tied to prevailing oil prices, a government-run futures market in crude oil and a requirement that major oil companies contribute oil on a delayed-payment basis.

The common flaw in those notions is that the government would have to pay more in the long run than if it bought the oil outright. Investors wouldn't put money into bonds or futures contracts unless they were pretty well convinced they would earn a decent return, and oil companies wouldn't part with their oil without similar assurances. If oil prices jump, a likely occurrence, the government would have to pay back the investors or the companies at inflated prices. It also would be limited in its power to draw from the reserve if special conditions were attached to its use.

It might take $50 billion to fill the reserve to capacity during this decade, and Congress understandably is blanching at the price tag. But the price of having the oil—and of not having the oil—ought to be addressed squarely. It was just a year ago that Congress ordered the Carter Administration to buy more oil, and hang the cost. That commitment cannot be fulfilled with rent-a-barrel, buy-now-pay-later or borrowed crude.

[From the Washington Star, May 5, 1981]

SOME LOONY IDEAS FOR THE STRATEGIC RESERVE

(By Mary McGrory)

The cat has got Ronald Reagan's tongue on the subject of private investment in the Strategic Petroleum Reserve.

You'd think he'd be out there leading the cheers for transferring the financing of the reserves from the government to the private citizen. He'd get $3 billion out of the budget, or at least appear to, and thus quiet the new Democratic cries to reduce the federal deficit. His belief in the superiority of business over government is well known. So is his childlike faith in the generosity, enlightenment and patriotism of his rich friends, who merely have to be told of his needs to reach for their checkbooks.

But he hasn't opened his mouth on the matter. And he has refused to send any witnesses to Capitol Hill to testify on the intracacies of various schemes that are floating around in the heaving, pirate-infested seas of budget warfare.

He may be well-advised. Some of the plans sound as if they came straight out of "Dallas," dreamed up in the executive offices of the Ewing Oil Company, with J.R. himself calling the shots.

One, the brainchild of Rep. Phil Gramm, D.-Texas, co-author of the Gramm-Latta Budget Resolution, would call for the selling of "oil bonds" which would be valued at the going price of world oil.

ROOTING FOR THE WORST

This, as some observers have pointed out, would create a constituency in the country which would be secretly rooting for trouble in the Middle East and disruption of oil supplies—which, of course, the SPR was specifically created to avert.

Another suggestion comes from Sen. Nancy Kassebaum, R-Kans., who wants the government to require the big oil companies to contribute five days' worth of reserves to the Reserve. The companies would receive 10 percent of the value of the oil annually, for 11 years. At that time, ownership of the oil would revert to the companies—or again, it might not. Chairman Philip Sharp of the House Energy Committee, calls the Kassebaum program "half-baked."

The McClure-Warner bill is too complicated to discuss.

The one thing all these schemes have in common is that they appear to save $3 billion, although critics say that they will all cost more than a straightforward appropriation in the federal budget.

Albert Gore, D-Tenn. has been the point man against the flim-flam in the House. He says it makes as much sense as selling

shares in battleships or cruise missiles. The Strategic Petroleum Reserve is a national security item and should not be fooled around with. He told the House Rules Committee last week that he can't believe anyone is taking the whole thing seriously.

If you go with Gramm's idea of selling oil-bonds, you let the public decide the rate at which the reserves get filled. The 1975 legislation, which was born out of the '73-'74 embargo, called for a billion-barrel reserve, six-months' supply. But so far, 118 million barrels are stored in Louisiana and Texas. Gore points out that this is the ideal time to build up the reserve because of the current "glut."

But if the bonds don't sell, the storage would continue to proceed at the current slow-molasses rate.

Gramm's bonds would be redeemable in 10 years at the current world price, and owners would be assured that the reserves would only be drawn on in severe oil shortages of 10 percent or more—and not subject to price controls, which Gore says is a form of "pre-planned profiteering." It also seems a fairly good prescription for starting a civil war among the haves and have-nots of oil bonds.

OPEC COULD BUY, TOO

According to Gore, there's nothing in the Gramm bill which would prohibit OPEC countries from buying oil bonds, which does little for the "energy independence" of which presidents since Richard Nixon have hopefully spoken, and less for citizens who don't want Kadafi's hands on their throats.

OMB Director David Stockman, who prefers private over public every time, has not come out in favor of the Gramm bill. As a congressman, he favored the notion: "It seems perfectly sensible to me."

And the Gramm-Latta budget resolution, which like the one passed by the Senate, omits the $3 billion necessary to fill and maintain the reserves. Some Democrats, who are planning to jump from the sinking ship of Speaker Thomas P. O'Neill, are telling themselves that the president is only kidding about selling stocks in the SPR.

The oil companies think it's a loony idea. So do brokers, who can't see where the saving comes in, since the government would have to finance the bonds and thus crowd out borrowers who are lined up to get money for the business investment which Reagan says is vital for economic recovery.

He can't keep quiet about it forever. His answer, which has been promised for two weeks, will tell us how willing he is to risk the national interest for a little black ink, that won't last long, on the books.

TRICKERY NO WAY TO FIND FUNDS

(By W. Bowman Cutter)

As a former OMB official I continue to have a deep interest in public policy and new techniques of public finance. In this regard, the major budget debates of the last three months are much less important than a less highly spotlighted controversy will prove to be. As I've watched Congress' and the administration's imaginative invention of Strategic Petroleum Reserve Bonds, and the recent proposal to "borrow" from the Synthetic Fuels Corporation, whole new vistas of public finance open up.

But the newly discovered techniques everyone is discussing are being wasted on minor issues—what we need is some vision. I have a modest proposal: let's sell B-1 Bomber Bonds.

My proposal is a very straightforward application of techniques Senators McClure and Kassebaum and Budget Director Stockman have pioneered. We will begin with the fact that higher defense spending is necessary. The B-1, the MX Missile, nuclear carriers, the Trident are essential for our national security, but inconvenient to pay for. They raise the deficit, and all that stuff. Bond issues are perfect, particularly with the wrinkles I have introduced. Treasury will issue the B-1 Bond with a return linked not to interest rates, or inflation, or oil prices but to cost overruns. There will be plenty of these so the rate will be good and high. For the truly go-go investor, we'll offer an equity performance kicker. You get a future stock dividend on a varying rate based on B-1 performance. Of course, you have to have a nuclear war for a fair judgment of performance. But all in all it's a good deal.

But what if no one buys? I've thought of that, too. We could require aerospace companies to buy the bonds (there are places where that would be called a tax); but there is a better way. We will "borrow" the money for the bonds from the Social Security Trust Fund by requiring the Trust Fund to buy the bonds. The fund will, of course, be paid back when the public rushes in to buy the bonds.

Spoil sports will ask what do we do for Mr. and Mrs. Jones who want their Social Security payment in cash, not in B-1 bonds? But its a financial expert's job to solve such problems. We see certificates of beneficial ownership in the bonds to the Federal Financing Bank in the Treasury Department. (We control the Bank so the sale will occur.) How does the Federal Financing Bank pay for the certificates? It increases by a small and unnoticeable amount the off-budget financing it gets from the Treasury. The Treasury, of course, sells straight, ordinary government debt to the American people. (So federal debt is increased, but what the American people don't know won't hurt them.) The circle is completed.

We'll do this as a demonstration. Then, we'll make the entire federal budget disappear.

The sense of wonder that brought me to this proposal developed originally as I watched the Strategic Petroleum Reserve debate. Everyone wants it, everyone agrees that it is in our national interest to fill the Reserve. But—it is an old story—no one wants to pay for it. So David Stockman flirts with bonds. Senator Nancy Kassebaum proposes requiring oil companies to tithe. (As I have said earlier, that's a tax.) The Reagan administration fails to support Senator Bill Bradley when he tries to put real budget dollars in for the Reserve. And most recently, Senator James McClure proposes "borrowing" from the Synthetic Fuels Corporation to pay for the Reserve; of course only while the Strategic Petroleum Reserve Bonds are being sold. I'm waiting now for the equity kicker proposal: your oil bonds will pay off most if we have a truly catastrophic oil cut-off.

All of this strikes me as terrible public policy. I think the Reserve is extremely important—today's oil glut is unlikely to be permanent. I have vivid memories of testifying to that effect and being pounded on unrelentingly by Democratic and Republican congressmen who believed the Carter administration was moving too slowly. I believe the Synthetic Fuels Corporation is important—it has also been made to seem less crucial by today's temporary oil surplus. I see absolutely no point in delaying one important program and gutting another while we turn somersaults to hide public costs we know someone will have to assume.

PRINCIPLES OBSCURED

Some broad principles of public policy lie hidden here which constantly need to be reaffirmed:

1. The old saw, "There is no such thing as a free lunch." If we wish to accomplish particular objectives that involve the use of resources, there will be a cost attached. No purpose is served in trying to deny that tragic fact of life.

2. Acknowledged public objectives should be paid for with public funds. The Strategic Petroleum Reserve and the Synthetic Fuels Corporation meet public needs. The national budget should provide for them.

3. Debates around tricky techniques are at best pointless, at worst harmful. In the Strategic Petroleum Reserve issued an inordinate amount of time has now been wasted examining the devious, and avoiding the obvious. I'm sure someone can invent a bond device and rationalize it to themselves. But why bother? A debate over the merits of the Reserve or the Corporation is fair game. But if we have them, someone must pay for them. Tricky techniques to hide the cost do no one any good.

4. Long term government policy requires a long term perspective. The Strategic Petroleum Reserve has always been known to be expensive; its purpose is to help us meet a much more expensive, but unpredictable contingency. The Synthetic Fuels Corporation is also intended to meet a long run problem. It needs long term funding upon which business can depend. Its fortunes should not be tied to every change in the policy winds, every fluctuation in today's oil markets, everyone's "good idea" about how to use its funding.

5. Budgets are for making choices. The Federal Budget should be as clear a statement as possible of a government's taxing and spending priorities. If an expenditure is important, it should be budgeted. We should not pretend to support one spending figure, while hiding another. The public will pay and the public ought to know.●

THE ALL SAVERS ACT OF 1981

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. MARTIN of North Carolina. Mr. Speaker, I am introducing today, with our colleague, Mr. GIBBONS, the All Savers Act, H.R. 3456. This legislation will allow financial institutions to issue limited quantities of tax-exempt certificates of deposit; taxpayers could exclude from income $1,000—$2,000 on a joint return—of interest on these CD's. They would have to be 1-year instruments issued during the 13 months beginning this July 1, and could bear interest no higher than 70 percent of the T-bill rate.

There has been a horrendous outflow of savings from financial institutions of this country. The institutions are responding with new high interest instruments and the result is certain to be higher interest charges on mortgages and other loans. The spiral of

dissavings and higher interest must be arrested.

It is easy to find demons to blame for this problem. One month we can blame one segment of the financial community. The next month we can blame another segment of that community. The third month we can blame some agency of Government. Another month we will glare at the gold market. But the devil is really nothing more than people looking to maximize their after-tax income in an effort to keep their principal from being eroded by taxes and inflation.

What this legislation would do is channel new savings back into the regulated financial institutions at a cost to them that will dampen interest rates. Nothing today is more critical than that for America's thrift institutions and homebuilders and would-be home buyers.●

CALL TO CONSCIENCE VIGIL, 1981

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. WIRTH. Mr. Speaker, I rise as a participant in the "Call to Conscience Vigil, 1981," joining my concerned colleagues in bringing to the attention of the House the plight of Soviet Jews who wish to emigrate from the U.S.S.R. Today, I would like to again speak about Prof. Nohim Meiman, a Soviet Jew and a mathematical scientist who has been actively seeking an exit visa since 1974. Professor Meiman's case is typical of the harassment and threats to which Soviet scientists have been subjected in their struggle for basic human rights.

In 1935, Nohim Meiman received the highest degree awarded in the Soviet Union, doctor of physical and mathematical sciences. He is widely known for his work with quantum field theory and analytical function theory and he worked at the Institute of Theoretical and Experimental Physics in Moscow until his dismissal. When Professor Meiman decided to emigrate from the U.S.S.R., his application was refused on the grounds that he "possessed state secrets."

In a letter to Leonid Brezhnev, Meiman explained that the only time in his career when he dealt with classified subjects was in the years 1948 to 1955, when he worked on defense-related theoretical calculations for the Institute of Physical Problems of the Academy of Sciences. Since the research had been conducted more than 25 years earlier, and had then been published in widely circulated journals, it could hardly be characterized as "state secrets." Meiman appealed, "I declare categorically and can prove convincingly that I do not possess any state secrets * * * I am afraid that the possession of secret information of which I am being accused is not the real reason for denying me a visa * * * but is only a pretext."

On January 25, 1978, an international appeal in support of Professor Meiman was signed by over 1,200 physicists and mathematicians, among them several Nobel Prize winners, from Belgium, Denmark, France, Germany, Great Britain, Holland, Israel, Japan, Switzerland, and the United States. April 23, 1980, 1 year ago, was designated a day of international support for Professor Meiman by the Centre d'Etudes Nucleaires de Saclay in France, in a second appeal to the Soviet Government to allow Meiman to emigrate.

This week, Professor Meiman will reach his 70th birthday. He has been an active human rights advocate and has taken a leading role in the Helsinki Monitoring Committee. Of the original leaders of this heroic group, only Meiman and his close friend Andrei Sakharov remain out of prison—and Sakharov languishes in internal exile. Although Meiman is in very poor health, he remains under continuous surveillance by the KGB, and faces the constant threat of interrogation to gather evidence on fellow dissidents. "Interrogation of witnesses is done with such prolonged intensity as to be physically exhausting," Meiman reported to Prof. Earl Callen, an American physicist who visited him this year.

Throughout his ordeal, Professor Meiman has shown extraordinary courage and devotion to the human rights cause. "It is necessary not only to support Jewish rights, but all human rights in the Soviet Union," he told Callen. "In their fight to leave, Jews have the strong support of all those—the Sakharovs and the Orlovs—who work for human rights. So how could Jews accept such help without fighting for the liberty of all people?"

Along with every citizen of the Soviet Union who seeks to emigrate, to enjoy the freedom that we all should enjoy, Professor Meiman's hopes lie with us. It is our responsibility, as members of a free society, to impress upon the Soviet Union our commitment to the human rights of all people. We must fight the temptation to let political expediency dictate our foreign policy, and recognize that the pursuit of fundamental human rights is the noblest cause in the world. Nohim Meiman is but one of millions—alone in the cities, banished to remote exile, the Jews of the Soviet Union must know they are not forgotten.●

HEAD START REAUTHORIZATION

HON. JOHN ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. ASHBROOK. Mr. Speaker, today, I am introducing the administration's Head Start reauthorization legislation. This legislation reaffirms the administration's commitment to the Head Start program and is very similar to legislation that was reported out by the Education and Labor Committee on May 5, 1981.

For the benefit of my colleagues who are receiving correspondence on the Head Start program and its reauthorization, I am including a copy of the bill.

A bill to extend the Head Start and Native American programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

EXTENSION AND AMENDMENT OF HEAD START PROGRAM

SEC. 1. (a) There is enacted an Act that shall consist of the following enumerated subdivisions:

(1) Section 1 of the Act shall read as follows: "Sec. 1. This Act may be cited as the 'Head Start Act'."

(2) Section 2 shall bear the caption and restate the text of section 502 of the Economic Opportunity Act of 1964.

(3) Section 3 shall bear the caption and restate the text of section 503 of the Economic Opportunity Act of 1964, except that instead of "part A" it shall read "title I".

(4) Following section 3 there shall be a caption that reads:

"TITLE I—HEAD START PROGRAMS"

(5) Following the caption of the preceding paragraph there shall be a section 101, which shall bear the caption and restate the text of section 511 of the Economic Opportunity Act of 1964, except that instead of "section 514" it shall read "section 104".

(6) Section 102 shall read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 102. There are authorized to be appropriated for carrying out the purposes of this title $950,000,000 for fiscal year 1982, and such sums as necessary for each of the two succeeding fiscal years.".

(7) Section 103 shall bear the caption and restate the text of section 513 of the Economic Opportunity Act of 1964, except that—

(A) in subsection (a)(1), instead of "section 512", it shall read "section 102",

(B) subsection (a)(3)(A)(i) shall read as follows:

"(i) funding shall be given with equal consideration to Indian and migrant Head Start programs and to services for handicapped children, except that there shall be made available, for use by Indian and migrant Head Start programs, nationally, for fiscal year 1982 and each succeeding fiscal year, an amount equal at a minimum to—

"(I) an amount equal to funds obligated for use by Indian and migrant Head Start programs in fiscal year 1982, plus

"(II) a cost-of-living adjustment determined by increasing (or decreasing, as appropriate) the total amount available for such programs either by an amount reflecting the percentage change in the Consumer Price Index for the preceding fiscal year published by the Bureau of Labor Statistics of the United States Department of Labor, or by an amount reflecting percentage difference between the total amount appropriated to carry out the purposes of this Act in such fiscal year and in the preceding fiscal year, whichever adjustment makes the lesser total amount available for such program;", and

(C) in subsection (b), instead of "section 512" it shall read "section 102".

(8) Section 104 shall bear the caption and restate the text of section 514 of the Economic Opportunity Act of 1964, except that it shall read "this title" instead of this part", and

(9) Section 105 shall bear the caption and restate the text of section 515 of the Economic Opportunity Act of 1964, except that it shall read "this title" instead of "this part" each place this term appears in such seciton 515.

(10) Section 106 shall bear the caption and restate the text of section 516 of the Economic Opportunity Act of 1964, except that—

(A) it shall read "this title" instead of "this part" each place the latter term appears in such section 516, and

(B) instead of "the date of enactment of this Act" it shall read "January 4, 1975".

(11) Section 107 shall bear the caption and restate the text of section 517 of the Economic Opportunity Act of 1964, except that—

(A) it shall read "this title" instead of "this part" each place the latter term appears in such section 517, and

(B) in the first sentence of subsection (b), it shall read "the Act" instead of "the act".

(12) Sections 108 through 113, shall bear the captions and restate the text of sections 518 through 523 of the Economic Opportunity Act of 1964, except that they shall read "this title" instead of "this part" each place the latter term appears in such sections of the Economic Opportunity Act of 1964.

(13) Section 114 shall bear the caption and restate the text of section 524 of the Economic Opportunity Act of 1964, except that—

(A) it shall read "this title" instead of "this part" each place the latter term appears in such section 524, and

(B) in subsection (b), instead of "the date of the enactment of the Economic Opportunity Amendments of 1978" it shall read "November 2, 1978".

(14) Section 115 shall bear the caption and restate the text of section 525 of the Economic Opportunity Act of 1964, except that it shall read "section 118" instead of "section 518".

(15) Following section 115 there shall be a caption that reads:

"TITLE II—GENERAL PROVISIONS"

(16) Following the caption of the preceding paragraph there shall be a section 201, which shall bear the caption and restate the text of section 571 of the Economic Opportunity Act of 1964, except that—

(A) in paragraph (1), it shall read "Secretary of Health and Human Services" instead of "Secretary of Health, Education, and Welfare", and

(B) in paragraph (2), instead of "section 513(a)" it shall read "section 103(a)".

(17) Sections 202 through 207, shall bear the captions and restate the text of sections 572 through 577 of the Economic Opportunity Act of 1964, except that—

(A) section 205 shall read "this title" instead of "this part", and

(B) these sections shall read "this Act" instead of "this title" each place the latter term appears in such sections of the Economic Opportunity Act of 1964.

(b) The Head Start Act, as established by subsection (a), is amended by striking out "Headstart" each place it appears and inserting instead "Head Start".

(c) Parts A and D of title V of the Economic Opportunity Act of 1964 are repealed.

EXTENSION OF NATIVE AMERICAN PROGRAM

SEC. 2. (a) There is enacted an Act that shall consist of the following enumerated subdivisions:

(1) Section 1 of that Act shall read as follows:

"Sec. 1. This Act may be cited as the 'Native American Programs Act of 1974'.".

(2) Sections 2 through 13 shall bear the captions and restate the text of sections 802 through 813 of the Economic Opportunity Act of 1964, except that—

(A) such sections shall read "this Act" instead of "this title" each place the latter term appears in such sections of the Economic Opportunity Act of 1964, and

(B) section 7 shall read "section 3" each place "section 803" appears, and "section 5" each place "section 805" appears, in section 807 of the Economic Opportunity Act of 1964.

(3) Section 14 shall read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 14. There are authorized to be appropriated for the purpose of carrying out the provisions of this title, $28,000,000 for fiscal year 1982, and such sums as necessary for the succeeding fiscal year.".

(b) Title VIII of the Economic Opportunity Act of 1964 is repealed.

EFFECTIVE DATE

Sec. 3. The amendments made by this Act shall become effective October 1, 1981.●

REMEMBERING THE HOLOCAUST

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1981

● Mr. MICA. Mr. Speaker, we must never forget about the tragic murder of millions of Jews that was commandeered by the Nazis before and during the Second World War. As an appropriate reminder, April 28 and 29 have been designated to be "days of remembrance to victims of the holocaust".

The exact number of Jews that lost their lives during the holocaust cannot be determined. We do know that Hitler brought millions of lives to an abrupt end, and it is unforgivable that we have been deprived of the contributions of so many demonstrably industrious and dynamic people.

In remembering the holocaust, we must be vigilant that such a tragedy not be allowed to happen again. It is well known that Hitler was not taken seriously by those who were sensible until his victims could find no escape. We should all learn the lesson that threats, no matter how idle they may appear, can be realized and thus should not be ignored.

The Jewish people have not yet been allowed to live in peace with their heritage and religion. Anti-Semitism still reigns in many areas of the world. I wish to applaud the millions of Jews throughout the world for their courage, their determination, and their perseverance against at times insurmountable odds. Let me also reiterate at this time my continued opposition to the suppression of Jews wherever it may occur and my vocal support for a strong and secure Israel.

Remembering the holocaust is not only a national expression of remorse for the victims of Hitler's attempted genocide, it is also a tribute to an extraordinary group of people.●

BISHOP TUTU

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. GRAY. Mr. Speaker, in his television interview with Walter Cronkite, President Reagan said the United States is willing to work with both whites and blacks in South Africa who were trying to bring about peaceful change, and that those efforts would be supported by this country.

Bishop TuTu, the Secretary General of the South African Council of Churches, has been one of the leading voices of black moderation in South Africa repeatedly pleading for peaceful, evolutionary change. His efforts have not been welcomed by the South Africans, but instead condemned. On April 16, his passport was confiscated by the South African Government because of remarks he made during his March visit to the United States.

If President Reagan is seriously interested in supporting individuals who advocate peaceful change, he should urge the South African Government to return Bishop TuTu's passport and refrain from instituting and banning orders on his movements.

The confiscation of the Bishop's passport and the threat of banning which hangs over his head is one indication of the increasing oppression of the South African apartheid regime. Unfortunately, our foreign policy actions and statements over the last few months have only encouraged such actions by South Africa. To call South Africa a friendly country and one which we should support, as President Reagan has done, can only serve to convince the South Africans that their dehumanizing policy of apartheid which denies 20 million blacks of their basic human rights is not only sup-

ported but condoned by this Government.

Our Government should join the voices of outrage around the world and inside South Africa who have condemned the action against Bishop TuTu by the South African Government.

I offer for my colleagues' attention a memorandum from the National Council of Churches on Bishop TuTu's current situation:

The memorandum follows:

BISHOP DESMOND TUTU

Recent telephone conversations with Bishop TuTu in South Africa indicate that he is being subjected to a rather vicious campaign of personal vilification and harassment by the South African government with the assistance and collusion of other black leaders in South Africa.

Since his return to South Africa to a tumultuous welcoming crowd events have taken a turn for the worse. On at least three known occasions leaflets/pamphlets containing a vicious attack on his personal integrity, his honesty and the representative nature of his public position with regard to the South African situation made in the country and during his recent trip outside have been distributed throughout Soweto and other parts of the country. These public attacks have been focused on the Black community. Similar efforts are being mounted to affect the attitudes of the smaller white community as well.

On Maunday Thursday evening his passport was demanded by representatives of the South Africa Security Branch.

During an SABC (South Africa Broadcasting Corporation) protracted "News Analysis" program film clips of statements made by Bishop Tutu in a variety of public speaking occasions (speaking at the White Universities, News Conferences, Sermons) were extracted and re-edited so as to provide out of context responses to questions posed by a news commentator. The question was posed—the film clip containing his alleged response shown and then two other representatives of the black community were asked to comment on his answer. One such program included Chief Gatsha Buthelezi as a responder (see attached SACC/ECUNEWS Telex received this date).

It is obvious that the coming elections have created an appropriate cause for much of this attack on Bishop Tutu especially in the light of the comments by the Prime Minister regarding his passport. Reasonable speculation allows one conclusion to be drawn: The government with the assistance of the Black leadership is probably intent on preparing the way for an escalated containment of the articles and statements of the SACC of Bishop Tutu or both. A possible next step would be to declare the SACC "an affected organization" tantamount to banning and/or to place the Bishop personally under a Banning Order.

In personal conversations the Bishop has indicated that should such an action be taken by the South Africa government against him personally he would defy the order.

The consequences of such a response could mean trial or imprisonment.

"Bishop Desmond Tutu, General Secretary of the South African Council of Churches challenged his critics to a debate on his statement that "Apartheid is the most vicious system since Nazism."

Bishop Tutu said this at a press conference this morning (Tuesday) when he was reacting to the blistering attack on him conducted by Mr. Cliff Saunders on the South African Broadcasting Corporation TV on Easter Sunday.

Mr. Saunders interviewed Mrs. Lucy Mvubelo, and Chief Gatsha Buthelezi who criticised the Bishop's stand on investments. They claimed that he supported disinvestment because he would not be affected.

The Bishop's full reply follows:

After last Sunday's S.A.B.C. T.V. interview which I am told dealt with my opinions and which were refuted by certain persons, one would have thought they could not sink much lower. The S.A.B.C. with Mr. Cliff Saunders is surpassing itself in touching rock bottom in its efforts at vilification. One would have thought they might have tried to pretend it would be a discussion. Why did they not invite me to participate so that my foolish views could be shown up for what they were? Why did they not have someone else apart from those known to be collaborators with the system?

But they have sunk lower. There is another batch of pamphlets attacking me. This is a well orchestrated campaign to vilify and denigrate both the SACC and myself. I am used to it. A magistrate has been part of it, cabinet ministers including the Prime Minister himself have had a hand in it: The Christian League, The Catholic Defence League and the Gospel Deference League. An Anglican priest has lately joined this unholy alliance. There are the scurrilous pamphlets which are distributed significantly by night because their authors do not even have the courage of their convictions. So they must do their nefarious work under cover of darkness. Apartheid is a vicious and evil system which can use only vicious and evil methods. It cannot stand up to scrutiny: it does not know what to do with the truth.

Let me say once more to all those referred to in this statement—there is absolutely nothing, just nothing you can do to me which will stop me from the work that I believe God has called me to do. More importantly, there is nothing you can do which will stop us from becoming free—all of us in South Africa, Black and White.

I am told someone said "I have no constituency—I am a celebrity leader". He is quite right—I have no political constituency, no followers. I do not seek such a constituency such followers. I follow only our Lord Jesus Christ and to Him alone I am loyal. I play to no political gallery. It is passing strange that such a nonentity as I am should be attracting so much attention from such as those I have referred to for them to expend so much energy in trying to nullify a nonentity.

I pray for them that God will open their eyes to the truth that we have little time left. I challenge them to show one untruth I have spoken here or abroad. I challenge them, anyone of them or all of them together to debate with me that "Apartheid is the most vicious system since Nazism."●

JUDICIAL SUPREMACY

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. ASHBROOK. Mr. Speaker, one of the most important functions of the Congress is to prevent other branches of the Federal Government from exceeding their authority. This applies to the judiciary as much as it does to the executive. Democracy means little if the decisions affecting the average citizen are made mostly by unelected judges.

The unconstitutional expansion of judicial power in America is described excellently by our colleague, ROBERT DORNAN, and his coauthor, Csaba Vedlik, in their book appropriately entitled "Judicial Supremacy." It should be read by every American who is concerned with maintaining our constitutional democracy intact.

This short and highly readable book covers a lot of territory in a small space. It shows that, from the founding of our Republic, those who have sought to subvert democracy and promote a ruling elite have seen an overpowerful judiciary as a means to that end. The liberal establishment is no exception. Those who feel that they can govern America better than its people naturally appeal to the unelected branch of our Government to impose their will.

This problem is not new. It is described in "Judicial Supremacy" as one of the major divisions between Alexander Hamilton and James Madison, as Hamilton tried to use increased judicial power to promote his idea of "rule by the rich and well-born." When popular opinion turned against the expansion of slavery into the territories, slaveholders went to the Supreme Court, which ruled in the Dred Scott decision that slavery would have to be protected in every territory, thereby making the Civil War inevitable. Today, liberals use the courts to impose busing and legalize abortion, and to enforce other unpopular and discredited liberal elitist programs.

I recommend "Judicial Supremacy" strongly to my colleagues and to all Americans, as a well-written and well-documented exposition on the most pressing constitutional problem of our age.●

THE VOTING RIGHTS ACT

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. HYDE. Mr. Speaker, on April 9, 1981, I introduced H.R. 3198 for the purpose of constructive debate toward a compromise resolution of the controversy building around the Voting Rights Act of 1965. Since that time, I have decided to make certain clarifying and broadening amendments to it. Accordingly, I am introducing today a clean bill designed to more clearly express my intent with regard to pros-

pects for possible compromise on the Voting Rights Act.

As you know, Chairman PETER RODINO has introduced H.R. 3112, a bill designed to extend the racial minority provisions of the Voting Rights Act for 10 years beginning in 1982, and the language minority provisions for 7 years, effective in 1985. Furthermore, he would apply an "effects test" nationally to existing electoral systems.

My initial bill did not address the question of extending the language minority provisions because I think it is premature to consider them since some 4 years remain in their authorization. The clean bill is consistent with that approach. My bill did, however, address the controversy raised by the Supreme Court's decision last April in Mobile against Bolden, and the pending expiration of the racial minority provisions of sections 4 and 5 of the act.

In this bill, I seek to clarify the prospective use of the "effects test" in section 2. The Supreme Court, in Mobile, concluded that section 2 represents a restatement of the 15th amendment and therefore carries with it an intent test only. This clean bill retains section 2 as it now appears in the act, and as interpreted in Mobile, while creating a new subsection (b) which is designed to apply the same "effects test" nationwide which already applies to a selected group of jurisdictions under section 5. In short, my bill would prohibit any State or political subdivision from enacting any future voter qualification, prerequisite to voting, standard, practice, or procedure for the purpose or with the effect of denying the right to vote on account of race, color, or language minority.

This clean bill further amends section 3(c) of the act to permit an aggrieved person or the Attorney General to initiate an action in a Federal district court and obtain preclearance as a discretionary equitable remedy while extending the current language of section 3(c) to mandate the use of preclearance in a case where a "pattern or practice" of abuse can be shown.

The importance of this new change is that it enables jurisdictions now inescapably covered under the trigger mechanisms contained in section 4, as well as others elsewhere in the country, to operate free of Federal interference so long as they do not attempt to return to the kinds of discriminatory practices which brought about the Voting Rights Act in the first place. This bill places a 4-year maximum on the use of judicially supervised preclearance which is intended to be viewed as a deterrent to attempts to disenfranchise voters historically protected by the existing act.

Sections 4 and 5 of my bill strike the racial minority provisions of sections 4 and 5 of the act in the same way that H.R. 3198 did. If Congress takes no action at all, they will immediately become eligible for bailout in 1982.

Section 6 traces section 6 as initially drafted, granting authority for the Attorney General to claim a pattern or practice of abuse and thereby ignite the mandatory preclearance provisions of section 3(c), as amended. Further, section 6 would create a new subsection 12(h) in the act which would allow the Attorney General to intervene in any private action instituted to prohibit voting rights abuse.

This is another in the evolutionary process designed, I hope, to generate some thought and debate on a possible compromise solution to the voting rights controversy. My mind is open, and I would be willing to consider any reasonable changes which might make my bill more effective and therefore more acceptable to more Members of Congress.●

TRIBUTE TO THE BAY CITY CHAPTER OF THE SALVATION ARMY

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. TRAXLER. Mr. Speaker, I rise before this distinguished body today, to pay tribute to a noble and dedicated organization which is celebrating its 98th year of service to its community. I am speaking of the Bay City chapter of the Salvation Army.

The Salvation Army came to the United States from England in 1880. Three years later, the citizens of Bay City formed their own chapter.

Since their formation, the Bay City Salvation Army has helped countless individuals, families, and organizations. Through floods, fires, and sickness epidemics, they worked unselfishly to help those who were in need or suffering. The only Christmas known to many boys and girls from poor families has been the one provided by the Salvation Army.

Mr. Speaker, truly this is an organization which deserves highest praise. Founded in England in 1865, it set its goals to provide service to all individuals, to uplift the moral, spiritual, and temporal well-being of those in need by providing needed comfort and basic necessities such as food and clothing. Most appropriately, their mottos are "Others" and "With Heart to God and Hand to Man."

As this fine organization gathers with friends and supporters to celebrate their 98th year of service, I think it only fitting that we offer them our heartiest congratulations and thanks.●

MARY TOBIN: A WOMAN OF COMMITMENT AND COMPASSION

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. SOLARZ. Mr. Speaker, only on a rare occasion do I rise to pay special tribute to any one individual. But in regard to my good friend Mary Tobin, I do so proudly and without hesitation.

Mary is one of those exceptional human beings who has devoted her life to the benefit of the entire community in which she lives back in Brooklyn.

The list of Mary's activities and accomplishments reads like a virtual who's who—former secretary of the 63d Police Precinct Council, member of Community Board 18, a leader in the Marine Park Civic and the Flatbush Gardens Civic Associations, the editor of four community newspapers, and twice the recipient of the "Editor of the Year" award for journalistic excellence. Mary also found time to be active in spiritual and humanitarian affairs as a volunteer for both Kings County and St. John's Hospitals in Brooklyn and as a long-time parishioner and member of the council at her church.

In the last year's Democratic primary, Mary received more than 70 percent of the vote, reelecting her as the leader of the 42d Assembly District, a sure sign of her popularity and effectiveness.

Mary has also combined her extensive activities as a community leader with her responsibilities as a wife and mother of a fine family. She has managed to raise three children and care for her devoted husband Jack in exemplary fashion. Mary is certainly worthy of special praise this Mother's Day, which is also her birthday.

Mary Tobin understands both the value of the family and the importance of all citizens taking an active role in the life of their community.

The Biblical words of the Book of Proverbs accurately portrays Mary's life when paraphrased, "who can find a valiant woman—for her price is far above rubies. She opens her mouth with wisdom and her tongue is the law of kindness. She looks well after her household and her children and husband bless her. Many women have done virtuously, but she excells the most. Give her the fruit of her hands and let her own works praise her."

Mary Tobin is truly a woman of enormous quality, and I am proud to call her a friend.●

SOCIAL SERVICES BLOCK GRANT ACT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 6, 1981

● Mr. ASHBROOK. Mr. Speaker, I am here today introducing the administration's social service block grant legislation. This legislation represents a major step forward in eliminating unnecessary restrictions on Federal social service programs. Under this proposal, States will be able to more effectively target social services to those portions of the population most in need.

I am doing this at the request of the administration as the ranking minority member of Education and Labor Committee. I have several areas of disagreement such as the Juvenile Justice and Delinquency Prevention Act proposal but on the whole find it a fine document.

For the benefit of my colleagues who are receiving correspondence on the social services block grant proposal, I am including a section-by-section analysis of the bill here:

SOCIAL SERVICES BLOCK GRANT ACT—SECTION-BY-SECTION SUMMARY

SHORT TITLE

Section 1 gives the short title of the bill. When enacted, it would be cited as the "Social Services Block Grant Act".

FINDINGS

Section 2 makes findings and declarations supporting the Act.

PURPOSE OF GRANTS

Section 3 declares that it is the purpose of the Act to assist States to provide a broad range of social services, particularly to those most in need. Grants to States under the Act may be used to provide the services which may currently be provided under the Federally assisted programs which would be folded into the block grant.

AUTHORIZATION OF APPROPRIATIONS

Section 4 authorizes appropriations for payments to States to carry out the purposes of the Act of $3,800,000,000 for fiscal year 1982 and each of the three succeeding fiscal years.

ALLOTMENTS

Section 5 provides the allotment formula for grant funds to States under the Act. Each State's allotment for a fiscal year will equal the same share of the total appropriation under section 4 for that fiscal year as the State's share of the total appropriations for fiscal year 1981 under the authorities repealed by section 13(a) of the Act, under authority for foster care maintenance payments under part A of title IV of the Social Security Act, and (in the case of the territories) for social services under titles, I, IV-A, X, XIV, and XVI of the Social Security Act.

PAYMENTS TO STATES

Section 6(a) directs the Secretary to make payments to each State from its allotment in accordance with section 203 of the Intergovernmental Cooperation Act of 1963. Section 203 directs that States be paid at times that will both be consistent with program purposes and minimize the time between payment to the State and its disbursement of the funds.

Subsection (b) specifies that amounts paid to the State under the Act from its allotment to meet the needs of a particular fiscal year must be expended by the State in the same or the following fiscal year.

Subsection (c) authorizes States to reserve up to ten percent of the allotment under the Act for use in any of the other three block grants for health services, prevention of health-related problems, and energy and emergency assistance being concurrently proposed by the Administration. The rules of the act under which the funds are being expended will govern the use of the funds. Amounts transferred from any of those programs to this one will be subject to the provisions of this Act, but will not affect the calculation of a State's allotment. The State is to notify the Secretary of any such transfer between block grants.

Subsection (d)(1) permits a State to use a portion of its allotment to purchase necessary technical assistance, from either public or private sources, to develop and carry out activities under this Act.

Paragraph (2) of this subsection authorizes States, in addition to reallocating funds to units of local governments, to give clear consideration to community-based self-help organizations of demonstrated effectiveness.

STATE ADMINISTRATION

Section 7(a) requires that the chief executive officer of each State receiving grants under the Act report on the intended use of its grant before making any expenditures from the grant. The report is to be made available to the public for review and comment by any person, including any Federal or other public agency. The report must be revised as necessary to show significant changes in the use of the funds and the revisions made similarly available.

Subsection (b) makes clear that the State may use grant funds for the normal range of administrative costs, including planning, operating, and evaluating the program assisted under the Act, and training directly related to the provision of social services under the Act.

LIMITATIONS ON USE OF GRANTS

Section 8 provides limitations on the use of Federal grants under the Act. The limitations provided largely reflect those in program authorities being consolidated into the block grant, and are intended to provide States the authority to continue activities currently funded.

REPORTS AND AUDITS

Section 9(a) requires each State to prepare reports on its expenditure of block grant payments. The reports will be in the form and contain information and be prepared as frequently (but at least once every two years) as the State considers necessary to provide a description of the State's activities. The reports will cover matters such as the amounts and types of assistance furnished and the numbers and characteristics of individuals and families assisted. Copies of the report will be available for public inspection and will be provided to any interested public agency which may, in turn, submit its views to the Congress.

Subsection (b) provides that the State will conduct an audit of its expenditures under the Act at least once every two years, and, within 30 days after completion of the audit, provide a copy to its legislature and to the Secretary. The audit must be conducted by an entity independent of any agency funded under the Act. The State must repay amounts found not to have been properly spent (or the Secretary may offset those amounts against other amounts due the State under the Act).

Subsection (c) calls attention to section 202 of the Intergovernmental Cooperation Act, requiring proper accounting by a State for any Federal grant funds made available to it, and requiring that the Secretary and the Comptroller General have necessary access to books and records for audit purposes. Audit provisions in the Integovernmental Cooperation Act of 1968 would be carried out under governmentwide directives designed to ensure that duplicative Federal audit activities are not conducted in addition to State sponsored audits using generally accepted accounting principles. The Act would apply to grants under the draft bill in the same manner it applies to all other Federal agencies.

NONDISCRIMINATION PROVISION

Section 10 of the draft bill, modeled on a section of Housing and Community Development Act of 1974, prohibits discrimination on the ground of race, color; national origin, or sex in any program or activity funded under the Act, and also expressly recognizes the application of section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against qualified handicapped persons, and the anti-discrimination provisions of the Age Discrimination Act of 1975. Whenever the Secretary determines that there has been a failure to comply with these non-discrimination provisions, the Secretary must notify the Governor of the State. The Governor is given up to 60 days to secure compliance. If the Governor does not secure timely compliance, the Secretary may refer the matter to the Attorney General and recommend the commencement of a civil action to secure compliance. Alternatively, the Attorney General may institute proceedings under current statutes, such as title VI of the Civil Rights Act of 1964, that now apply to discrimination.

TRAINING AND ONGOING PROJECTS

Section 11 authorizes the Secretary, either directly or through grants or contracts, to provide for training related to the purposes of the Act, and for ongoing projects of national or regional significance, including a national telecommunications network to assist runaway and homeless youth, a national center for information on child abuse and neglect, and a national adoption information exchange system. Activities under this section will not be funded from amounts appropriated under section 4 for allotment to the States, but from additional sums to be provided to the Secretary, under this section, for the conduct of direct Federal activities.

DEFINITIONS

Section 12 defines "Secretary" to mean the Secretary of Health and Human Services and "State" to include the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

REPEALS

Section 13(a) repeals programs superseded by the grant program under the Act. This subsection repeals the child welfare services program and the foster care and adoption assistance program under parts B and E of title IV of the Social Security Act; the social services program under title XX of the

Social Security Act; the authority in titles I, X, XIV, and XVI and part A of title IV of the Social Security Act for provision of social services in the territories; the Developmental Disabilities Assistance and Bill of Rights Act; the Child Abuse Prevention and Treatment Act of 1974; the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978; the Runaway and Homeless Youth Act (title III of the Juvenile Justice and Delinquency Prevention Act of 1974); the Rehabilitation Act of 1973 (except for the definition of a handicapped individual at section 7(7), and the nondiscrimination provisions at sections 501, 503, 504, 505, and 507); and the Community Services Act of 1974 (except for the Head Start, Native American, and community economic development programs).●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, May 7, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 8

9:30 a.m.
Agriculture, Nutrition, and Forestry
Business meeting, to continue markup of S. 480, S. 884, S. 902, S. 943, and S. 994, bills providing price and income protection for farmers and to assure consumers of an abundance of food and fiber at reasonable prices.
324 Russell Building

Banking, Housing, and Urban Affairs
Business meeting, to markup proposed legislation authorizing funds for fiscal year 1982 for the Export Administration Act and international affairs programs of the Department of the Treasury.
5302 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
Business meeting, to markup S. 1095, establishing a National Board of Water Policy for the development of a comprehensive water management program, and proposed legislation authorizing funds for fiscal year 1982 for the Water Resources Council, and the Office of Water Research and Technology.
4200 Dirksen Building

Finance
Taxation and Debt Management Subcommittee
To hold hearings on S. 639, relating to the income tax treatment of incentive stock options, S. 702, to allow an income deduction for certain motor carrier operating authorities, and S. 738, to benefit the Port Authority of St. Paul, Minn., by permitting certain advance refunding issues of industrial revenue bonds to qualify under section 103 of the Internal Revenue Code.
2221 Dirksen Building

Judiciary
Security and Terrorism Subcommittee
To hold hearings on S. 391, establishing criminal penalties for the disclosure of classified information identifying an individual engaged in foreign intelligence activities for the U.S. Government.
2228 Dirksen Building

9:45 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
Business meeting, to markup S. 755, authorizing funds for fiscal year 1982 for Federal alcohol and drug abuse programs.
1224 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To hold hearings on Senate Joint Resolution 71, approving the Constitution of the Virgin Islands.
3110 Dirksen Building

Labor and Human Resources
Education Subcommittee
To continue hearings on proposed legislation to consolidate elementary and secondary educational programs.
4232 Dirksen Building

Joint Economic
To hold hearings on the employment/unemployment situation for the month of April.
2318 Rayburn Building

10:30 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to mark up proposed legislation authorizing funds for fiscal years 1982 and 1983 for the Nuclear Regulatory Commission.
4200 Dirksen Building

1:30 p.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume hearings on S. 707 and S. 998, bills providing alternative financing mechanisms to fund the strategic petroleum reserve.
3110 Dirksen Building

2:00 p.m.
Agriculture, Nutrition, and Forestry
Business meeting, to continue markup of S. 480, S. 884, S. 902, S. 943, and S. 994, bills providing price and income protection for farmers and to assure consumers of an abundance of food and fiber at reasonable prices.
324 Russell Building

MAY 11

9:00 a.m.
Select on Indian Affairs
To hold hearings on S. 262, to provide for the payment of a specified sum to a named individual in full satisfaction of a claim against the U.S., S. 478, to provide for the partition or sale of certain restricted Indian lands in the State of Kansas, and S. 547, to provide for permanent improvements to certain lands belonging to the Siletz Indian Tribe in the State of Oregon.
5110 Dirksen Building

9:30 a.m.
Foreign Relations
Business meeting, to resume markup of S. 976, S. 848, S. 993, and S. 785, bills authorizing funds for fiscal year 1982 for foreign assistance programs.
4221 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To hold hearings on S. 1040, to increase the amount authorized as Federal payment to the District of Columbia, to compensate for lost revenue due to the presence of the Federal Government within the city.
3302 Dirksen Building

Judiciary
To hold hearings on S. 995, to provide for contribution of damages in antitrust price-fixing suits.
2228 Dirksen Building

*Labor and Human Resources
Education Subcommittee
To hold hearings on proposed reconciliations of higher education programs.
4232 Dirksen Building

2:00 p.m.
Banking, Housing, and Urban Affairs
Business meeting on pending calendar business.
5302 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Foreign Relations
Business meeting, to continue markup of S. 976, S. 848, S. 993, and S. 785, bills authorizing funds for fiscal year 1982 for foreign assistance programs.
4221 Dirksen Building

MAY 12

9:00 a.m.
Commerce, Science, and Transportation
Business meeting, to consider the proposed Consumer Product Safety Act Amendments legislation.
235 Russell Building

Labor and Human Resources
Business meeting, to mark up proposed legislations authorizing funds for preventive health block grants, health services block grants, handicapped programs block grants, and emergency hardship assistance programs.
4232 Dirksen Building

Select on Intelligence
Closed briefing on intelligence matters.
S-407, Capitol

9:30 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Aeronautics and Space Administration.
1224 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings on the nominations of Frank W. Naylor, Jr., of California, to be Under Secretary of Agriculture for Small Community and Rural Development, Mary C. Jarratt, of Virginia, to be Assistant Secretary of Agriculture for Food and Consumer Services, A. James Barnes, of the District of Columbia, to be General Counsel of the Department of Agriculture, and Kenneth A. Gilles, of North Dakota, to be Administrator of the Federal Grain Inspection Service, Department of Agriculture.
324 Russell Building

Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on public education system programs.
1114 Dirksen Building

Energy and Natural Resources
Business meeting to consider pending calendar business.
3110 Dirksen Building

Governmental Affairs
To hold hearings on S. 1080, to improve and modify the Federal regulatory process.
3302 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international security assistance programs of the Department of State.
S-126, Capitol

MAY 13

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Commission of Fine Arts, the National Gallery of Art, and the Bureau of Mines, Department of the Interior.
1224 Dirksen Building

Labor and Human Resources
Business meeting, to mark up S. 755, authorizing funds for fiscal year 1982 for Federal alcohol and drug abuse programs, and proposed legislation authorizing funds for adolescent pregnancy programs, the Older Americans Act, ACTION, and the Head Start program.
4232 Dirksen Building

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on Air Force manpower and reserve programs.
1223 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume oversight hearings to review major banking and consumer protection laws, focusing on money market mutual fund and securities regulators.
5302 Dirksen Building

Foreign Relations
Business meeting, to resume markup of S. 976, S. 848, S. 993, and S. 785, bills authorizing funds for fiscal year 1982 for foreign assistance programs.
4221 Dirksen Building

Governmental Affairs
Federal Expenditures, Research and Rules Subcommittee
To hold hearings on S. 30, requiring each Federal agency to pay interest on contract payments more than 30 days overdue, and related measures intended to improve the Federal Government's bill payment performance.
5110 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To hold oversight hearings on alleged fraud and abuse activities within certain home health care services.
3302 Dirksen Building

Small Business
*Innovation and Technology Subcommittee
To hold hearings on S. 881, proposed Small Business Innovation Research Act.
424 Russell Building

Veterans' Affairs
Business meeting, to mark up S. 468, establishing an advisory committee on former prisoners of war, making such veterans eligible for certain health care benefits, S. 1008, exempting by law the retire-recalled military personnel assigned to the American Battle Monuments Commission from the end strengths and grade limitations that are authorized to the military departments which furnish them, and related measures including titles II and III of S. 26, S. 380, S. 458, S. 636, S. 689, S. 872, S. 914, and S. 921.
412 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Navy and Marine Corps construction program.
1114 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Finance
To hold hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Judiciary
To hold hearings on pending nominations.
2228 Dirksen Building

1:30 p.m.
Governmental Affairs
Intergovernmental Affairs
To hold oversight hearings to review the current Federal allocation Formula process of assistance to State and local governments, and on fiscal disparities within the Federal budget system.
235 Russell Building.

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for certain international programs of the Department of State.
S-126, Capitol

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Foreign Relations
Business meeting, to continue markup of S. 976, S. 848, S. 993, and S. 785, bills authorizing funds for fiscal year 1982 for foreign assistance programs.
4221 Dirksen Building

3:00 p.m.
Appropriations
District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on the Office of Business and Economic Development, and certain economic development and regulation programs.
1114 Dirksen Building

MAY 14

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Territorial Affairs, Department of the Interior.
1223 Dirksen Building

Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on proposed cost of living adjustments for Federal employees in foreign lands.
Room to be announced

Judiciary
Regulatory Reform Subcommittee
To hold hearings on S. 1080, to improve and modify the Federal regulatory process.
2228 Dirksen Building

9:30 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To hold hearings on proposed reforms in programs of the Rural Electrification Administration, Department of Agriculture,
324 Russell Building

Banking, Housing, and Urban Affairs
To continue oversight hearings to review major banking and consumer protection laws, focusing on money market mutual funds and financial industry representatives.
5302 Dirksen Building

Judiciary
Constitution Subcommittee
To hold oversight hearings to explore the state of the law with respect to school busing.
5110 Dirksen Building

10:00 a.m.
Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Governmental Affairs
*Permanent Subcommittee on Investigations
To continue oversight hearings on alleged fraud and abuse activities within certain home health care services.
3302 Dirksen Building

10:30 a.m.
Appropriations
*District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on human support service programs.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for foreign operation programs, receiving testimony from congressional and public witnesses.
S-126, Capitol

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

*Governmental Affairs
To hold hearings on pending nominations.
3302 Dirksen Building

MAY 15

9:30 a.m.
Judiciary
Agency Administration Subcommittee
To hold hearings on section 5, modifying current law governing judicial review of Federal agencies actions of S. 1080, proposed Regulatory Reform Act.
5110 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Governmental Affairs
Federal Expenditures, Research, and Rules Subcommittee
To hold oversight hearings on the operation of the Federal procurement system.
3302 Dirksen Building

MAY 18

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the defense establishment, receiving testimony on Air Force operations and maintenance programs.
1223 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume oversight hearings to review major banking and consumer protection laws, focusing on consumer credit regulators and consumer group and industry representatives.
5302 Dirksen Building

Labor and Human Resources
Business meeting, to mark up proposed reconciliations of those programs which fall under the committee's legislative jurisdiction.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Guard and Reserve Forces construction program.
1224 Dirksen Building

Environment and Public Works
Business meeting, to mark up proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Foreign Relations
To hold hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

1:00 p.m.
Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

MAY 19

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue oversight hearings to review major banking and consumer protection laws, focusing on former thrift industry regulators and academicians.
5302 Dirksen Building

Labor and Human Resources
Business meeting, to continue markup of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction.
4232 Dirksen Building

Veterans' Affairs
Business meeting, to mark up numerous legislative proposals limiting funds of certain services and benefits for veterans, including S. 916, S. 918, S. 919, S. 920, S. 636, S. 1058, S. 1059, S. 1060, S. 1061, S. 1062, S. 1063, S. 1064, S. 1065, and S. 1066.
412 Russell Building

10:00 a.m.
Energy and Natural Resources
To hold hearings on standby oil controls.
3110 Dirksen Building

Environment and Public Works
Business meeting, to continue markup of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Finance
To resume hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

Governmental Affairs
To hold hearings on S. 970, to establish a Department of International Trade and Investment within the U.S. Government.
3302 Dirksen Building

2:00 p.m.
Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

MAY 20

9:00 a.m.
Select on Indian Affairs
To hold oversight hearings on the recent report and future plans of the Navajo and Hopi Indian Relocation Commission.
457 Russell Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.
1224 Dirksen Building

Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings to review the special prosecutor provisions of the Ethics in Government Act.
4200 Dirksen Building

Judiciary
Constitution Subcommittee
To hold hearings to examine the limits of constitutional restraints on the judicial branch of the Federal Government.
2228 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Governmental Affairs
To resume hearings on S. 10, providing for creation of a Commission to design a blueprint for improving governmental performance at the Federal level and throughout the intergovernmental system.
3302 Dirksen Building

2:00 p.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

MAY 21

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and

Urban Development, and the Neighborhood Reinvestment Corporation.
1224 Dirksen Building

Judiciary
Constitution Subcommittee
To continue hearings to examine the limits of constitutional restraints on the judicial branch of the Federal Government.
2228 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

Environment and Public Works
Business meeting, to resume markup of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

10:30 a.m.
Appropriations
*District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony from public witnesses.
1114 Dirksen Building

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Geological Survey, Department of the Interior.
1223 Dirksen Building

2:00 p.m.
Appropriations
District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on certain governmental direction and support programs.
1114 Dirksen Building

Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

MAY 22

9:30 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To resume oversight hearings to review the special prosecutor provisions of the Ethics in Government Act.
3302 Dirksen Building

MAY 26

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the activities of the National Cancer Institute, relating to contracts and procurement policies.
4232 Dirksen Building

MAY 27

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the activities of the National Cancer Institute, relating to contracts and procurement policies.
4232 Dirksen Building

JUNE 1

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on overall intelligence matters.
1223 Dirksen Building

JUNE 2

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.
1224 Dirksen Building

Labor and Human Resources
Employment and Productivity Subcommittee
To hold oversight hearings on the implementation of the Farm Labor Contractor Registration Act, and to hold hearings on S. 922, clarifying the meaning of "migrant worker", and to insure the proper administration and enforcement of the Farm Labor Contractor Registration Act.
4232 Dirksen Building

JUNE 3

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proprosed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on programs of the Central Intelligence Agency.
1223 Dirksen Building

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To continue oversight hearings on the implementation of the Farm Labor Contractor Registration Act, and to hold hearings on S. 922, clarifying the meaning of "migrant worker" and to insure the proper administration and enforcement of the Farm Labor Contractor Registration Act.
4232 Dirksen Building

Veterans' Affairs
To hold oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

JUNE 4

9:00 a.m.
Appropriations
*Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on programs of the National Security Agency.
1223 Dirksen Building

9:30 a.m.
Veterans' Affairs
To continue oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

JUNE 8

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on defense intelligence programs.
1223 Dirksen Building

JUNE 9

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold oversight hearings on the implementation of family planning programs.
5110 Dirksen Building

Labor and Human Resources
*Labor Subcommittee
To hold oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

JUNE 10

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on special programs of the Air Force.
1223 Dirksen Building

9:30 a.m.
Labor and Human Resources
*Labor Subcommittee
To continue oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

JUNE 11

9:00 a.m.
Appropriations
*Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on command, control and communication programs and intelligence related activities of the Department of Defense.
1223 Dirksen Building

JUNE 16

10:00 a.m.
Labor and Human Resources
Education Subcommittee
To resume hearings on proposed legislation to consolidate elementary and secondary educational programs.
4232 Dirksen Building

JUNE 17

10:00 a.m.
Labor and Human Resources
Education Subcommittee
To continue hearings on proposed legislation to consolidate elementary and secondary educational programs.
4232 Dirksen Building

JUNE 25

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

JULY 8

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 917, increasing the rates of disability compensation for disabled veterans, and the rates of dependency and indemnity compensation for their survivors, S. 911, authorizing the payment of a special pension to the survivor of persons awarded the Medal of Honor, and S. 915, S. 779 and S. 112, bills providing for memorials to honor the memory of certain deceased members of the Armed Forces.
412 Russell Building

JULY 15

9:30 a.m.
Veterans' Affairs
Business meeting, to markup S. 917, increasing the rates of disability compensation for disabled veterans, and the rates of dependency and indemnity compensation for their survivors, S. 911, authorizing the payment of a special pension to the survivors of persons awarded the Medal of Honor, and S. 915, S. 779, and S. 112, bills providing for memorials to honor the memory of certain deceased members of the Armed Forces.
412 Russell Building

JULY 22

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed forces.
412 Russell Building

JULY 23

9:00 a.m.
Veterans' Affairs
To continue hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

SEPTEMBER 16

9:30 a.m.
Veterans' Affairs
Business meeting, to markup S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

CANCELLATIONS

MAY 12

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
457 Russell Building

MAY 14

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

MAY 19

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

SENATE—*Thursday, May 7, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 8:45 a.m., on the expiration of the recess, and was called to order by Hon. JOHN W. WARNER, a Senator from the State of Virginia.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

NATIONAL DAY OF PRAYER

Almighty God, on this day set aside by the President as a day of prayer for the Nation, we join with millions of others in lifting our voices in gratitude, praise, and supplication.

Thou who made the world and everything in it, Lord of Heaven and Earth who gives to all life and breath and everything; who has determined the allocated periods for the nations and the boundaries of their habitation.—Acts 17: 24–26 R.S.V.

We praise Thee for the bounties which Thou hast lavished upon us as a nation.

We thank Thee for the abundance of natural resources, for a moderate and invigorating climate, for peoples of all races and the vast human potential they represent. We thank Thee for the courage and perseverance and inspiration of the disabled among us; for their contribution to our lives and to the national welfare.

Grant in these days of opportunity that we may be faithful to the destiny for which Thou didst raise us up as a nation. Keep us true to the moral and spiritual values which motivated those who sacrificed life and fortune and sacred honor to make us great. In the name of the Father and the Son and the Holy Spirit. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 7, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JOHN W. WARNER, a Senator from the State of Virginia, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. WARNER thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, is there an order for routine morning business today?

The ACTING PRESIDENT pro tempore. There is not an order for routine morning business.

Mr. BAKER. Is there an order for the Senate to go into executive session at a time certain?

The ACTING PRESIDENT pro tempore. There is an order providing for the Senate to go into executive session at 9 o'clock.

Mr. BAKER. I thank the Chair.

Mr. President, I ask unanimous consent that after the time allocated to the two leaders under the standing order, if any time so remains, there be a period for the transaction of routine morning business, not to extend beyond 9 a.m., and that Senators be permitted to speak therein not more than 1 minute each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. I yield back the remainder of my time under the standing order.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. PROXMIRE. Mr. President, I yield back the minority leader's time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. There will now be a period for routine morning business.

DENYING THE HOLOCAUST: PRELUDE TO WHAT?

Mr. PROXMIRE. Mr. President, in last Sunday's Washington Post, Dr. Walter Reich of Yale University discusses the danger of accepting the views of historians who contend that the holocaust was a hoax.

These "revisionists" were once few in number, and easily labeled as neo-Nazis, anti-Semites, or extreme rightwingers. But as Reich notes, they have established publishing houses and institutes, staffed by assorted Ph. D.'s, and "have pled equal time in the name of fairness and academic freedom, and people are listening."

One such organization, the Institute for Historical Review based in California, is involved in a lawsuit. The institute offered a $50,000 prize to anyone who could prove that Jews had been gassed in Auschwitz. One survivor who saw members of his family driven to the gas chambers at Auschwitz provided an affidavit to that effect. He then sued the institute when he was not awarded the prize.

Reich notes that:

The conditions laid down by the Institute in offering the prize were such that no one could have won it.

And thus the man may well lose his breach of contract suit. But the substantive issue of the gas chambers will probably never be raised. And the institute will take the court's verdict as a victory for revisionism, thus making their beliefs just a little more credible.

The revisionist argument is finding an audience particularly among the young, who may feel that everything is debatable unless verified by personal experience. Others, by denying the holocaust, also dispel any Jewish sympathy evoked by the enormity of the crime. Their negative feelings about Jews and Israel can then be given full rein. In one motion, painful history is sacrificed to hateful ideology, and all the lessons of the past are then subject to convenient dismissal.

Dr. Reich notes that it is much easier to deny painful truths, than to admit that our worst impulses exist even in the most civilized society.

The framers of the Genocide Convention were willing to admit this, though they had little choice: The memory of the horror they witnessed was still raw. Their gesture was both symbolic and severely pragmatic.

The convention clearly defines genocide, and officially labels it an international crime. It also requires contracting nations to enact legislation to prevent the crime and provide punishment for persons that commit it.

For most of us today, the holocaust is not within the realm of personal experience. Are we waiting for an instance of human savagery that will affect us directly? The truth is clear enough: we must ratify the treaty.

APPOINTMENT BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore. The Chair, on behalf of the Vice President, appoints to the North Atlantic Assembly, Venice, Italy, May 22–26, 1981, in accordance with Public Law 84–689, the following Senators: CHARLES McC. MATHIAS, JR., chairman; LARRY PRESSLER; ARLEN SPECTER; CLAIBORNE PELL, vice chairman; ERNEST HOLLINGS; THOMAS EAGLETON; GARY HART, and PATRICK LEAHY.

PRIVILEGE OF THE FLOOR

Mr. BAKER. Mr. President, I ask unanimous consent that today between 4 and 4:30 p.m., the privilege of the floor be accorded to the Prime Minister of Japan and his party as well as to the U.S. Ambassador to Japan, Mike Mansfield, and to the Chief of Protocol, Lenore Annenberg.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DEATH OF FRANK FITZSIMMONS

Mr. BAKER. Mr. President, today I join my colleagues, our Nation, and the millions of this country's working men and women in noting with sadness the passing of Frank E. Fitzsimmons, the president of the International Brotherhood of Teamsters.

Under Mr. Fitzsimmons' leadership, the Teamsters Union became the Nation's largest organized labor representative and it is today a powerful and listened-to voice in behalf of organized labor across America.

Mr. Fitzsimmons will long be remembered as a forceful advocate of the American labor movement and as a guiding force in the development and formation of organized labor and labor policy.

I extend my sincere sympathy to his family and his friends.

TRIBUTE TO SENATOR GARN AND SENATOR LUGAR

Mr. BAKER. Mr. President, I take this opportunity to congratulate the Banking, Housing, and Urban Affairs Committee, under the leadership of its distinguished chairman from Utah (Senator GARN) and the chairman of the Subcommittee on Housing (Mr. LUGAR), on its outstanding accomplishment this week. Their actions pared $12.8 billion in budget authority for fiscal year 1982 and saves $503 million in outlays. These figures meet or exceed the targets established by the Budget Committee.

Even with these reductions, over $4 billion will be available next year for community development and action grants. Another $18 billion in budget authority is provided to support 150,000 new units of assisted housing.

But the significance of the committee's work goes beyond the accounting. Using the President's requests and the Budget Committee's targets as a framework, the committee fashioned legislation that has broad appeal and is a model of responsible action in an austere budget. This bill represents the best of the executive and Congress working together to meet national needs. This action proves once again that while we embrace the essential ingredients of the President's economic program, there is room for debate and changes on individual pieces of that program.

Several other aspects of this legislation merit attention. The committee significantly reduced burdensome requirements in the community development block grant and urban development ACTION grant programs. They also enhanced State and local discretion in the use of many of these funds. These two actions do precisely what the Budget Committee urged in the reconciliation language—increase flexibility and reduce regulations on grants to State and local governments. Even with these reductions, more than $4 billion will be available next year for community development and ACTION grants. Another $18 billion in budget authority is provided to support 150,000 new units of assisted housing. Finally, the bill provides for targeting of these programs to those areas and individuals of the greatest need. Duplicative and unnecessary programs were eliminated.

Mr. President, I applaud the committee's work and I wish to commend both Senator GARN and Senator LUGAR for their leadership and tireless efforts in this regard. This legislation is a demonstration of our commitment to move forward with the President's program in an expeditious manner, improving and redefining individual components wherever we can.

LEAVE OF ABSENCE

Mr. GOLDWATER. Mr. President, I ask unanimous consent that I may absent myself from the Senate from June 4 until June 10 for the purpose of representing the President at the Paris Air Show.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

EXECUTIVE SESSION

NOMINATION OF THOMAS W. PAUKEN TO BE DIRECTOR OF THE ACTION AGENCY

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 9 a.m. having arrived, the Senate will now go into executive session for the purpose of considering the nomination of Mr. Thomas W. Pauken, of Texas, to be Director of the ACTION agency on which there will be 2 hour's debate equally divided and controlled by the majority and minority leaders or their designees, with a vote thereon to occur at the hour of 11 a.m.

The clerk will report the nomination.

The legislative clerk read the nomination of Thomas W. Pauken, of Texas, to be Director of the ACTION agency.

The Senate proceeded to consider the nomination.

Mr. BAKER. Mr. President, since the distinguished managers of the bill or those to be designated on this side have not yet arrived, in a moment I will suggest the absence of a quorum, but before I do so, I designate under the order the distinguished Senator from Illinois (Mr. PERCY) and the distinguished Senator from Utah (Mr. HATCH) to control the time on this side on an equal basis.

Now, Mr. President, while we await their arrival I observe the distinguished assistant minority leader on the floor, and I would be happy to yield to him or suggest the absence of a quorum, as he may prefer.

Mr. CRANSTON. I will control the time on this side until 10 o'clock, at which time Senator BRADLEY will control the time. I suppose I should wait with my opening statement or shall I proceed now?

Mr. BAKER. If the distinguished Senator will permit me to say so, I think it will be fine to go ahead with the Senator's statement at this time. I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from California.

Mr. CRANSTON. Mr. President, I have stated that I intend to oppose this nomination as long as the Peace Corps remains a part of the ACTION agency. Because we have not yet completed action on the legislation I introduced last week to remove the Peace Corps from the ACTION agency, I cannot consent to his confirmation at this time.

It is unfortunate that it is necessary to vote on this nomination prior to completion of action on that legislation. I certainly would have preferred to delay consideration of the nomination until the

Peace Corps had been removed from the ACTION agency. Under those circumstances, as I have stated before, I would not have had any objection to confirming Mr. Pauken as the Director of the ACTION agency. Unfortunately, the majority leadership has been unwilling to defer action on the nomination until a legislative solution could be achieved that would remove the basis for the opposition to this nomination.

However, I am delighted to report that yesterday the Foreign Relations Committee unanimously approved the measure—embodied in S. 1015—which I introduced on April 27 to remove the Peace Corps from the ACTION agency and agreed to report it to the Senate expeditiously in a separate bill. The House Foreign Affairs Committee will be acting on similar legislation today. Given this support of House Committee Chairman ZABLOCKI, there is every reason to expect favorable action. Thus, I believe that we are well on the way to achieving a legislative result that is desirable in itself and will remove the problems that caused me and six of my colleagues on the Foreign Relations Committee to vote against the nomination of Mr. Pauken to serve as the Director of the ACTION agency.

Mr. President, the concerns which I and a number of other Senators have about the wisdom of this nomination and the potential adverse impact this nomination could have upon the safety and well being of Peace Corps volunteers and staff serving overseas, and upon the ability of the Peace Corps to carry out its mission, are set forth in detail in the minority views in the Foreign Relations Committee report on the Pauken nomination, in my statement and the materials I inserted in the CONGRESSIONAL RECORD on April 27 at the time of introduction of S. 1015, the proposed Peace Corps Autonomy Act, and in the articles which I inserted in the RECORD on Tuesday of this week.

There has been a great deal of discussion, both in the Foreign Relations Committee and in the media, about the degree and extent of Mr. Pauken's intelligence activities. I do not believe it would serve any useful purpose to continue to go over these issues. I do want to note, however, for the record, that in the past week Mr. Pauken has been quoted in at least two articles in the press as admitting to a higher level and degree of involvement in field intelligence work than many Senators may have concluded from first reports. Specifically, the May 3, 1981, Dallas Times Herald states:

At a Senate hearing last month, Pauken compounded his troubles by failing to discuss his military service in greater detail. In response to questions from the senators, Pauken gave the impression that his primary duties in Vietnam had been in the area of research and analysis.

Defense Department records were produced that showed Pauken to have been a team chief of a clandestine intelligence collection operation. Senate critics stressed the covert nature of his duties, which they claimed would have barred Pauken from getting a Peace Corps job if he were an ordinary volunteer.

In an interview with the Times Herald, Pauken said his duties included paying Vietnamese informants to get information as well as conducting personal fieldwork in civilian clothes, such as interviewing Vietnamese citizens.

Pauken characterized these intelligence gathering activities as "low-level stuff" and "no big deal."

He said that during his Senate testimony, "I did talk in general terms because I had a classified job description." Now that Cranston has "unilaterally declassified" his military record, Pauken added, he feels free to discuss his service in detail. Senate aides deny that Pauken's service record was a classified document.

Despite these revelations, Mr. President, in light of the swift movement in the Senate Foreign Relations Committee to remove the Peace Corps from the ACTION agency and other factors which I will outline shortly, I do not intend to prolong the debate over this nomination.

It is significant, Mr. President, that in response to the controversy surrounding his nomination, Mr. Pauken is reported to have stated his intention to remove himself from any day-to-day involvement in the Peace Corps and to delegate those responsibilities to his Deputy. Loret Ruppe, the Director-designate of the Peace Corps—on whose nomination we will vote today an hour after the vote on the Pauken nomination—confirmed this proposed delegation arrangement in her testimony last week before the Foreign Relations Committee.

Mr. President, I know that Senator MATHIAS has had concerns about the perception of this nomination and the interrelationship between the Peace Corps and the ACTION agency. I am delighted that the Senator from Maryland joined in cosponsoring S. 1015 and voted yesterday in the Foreign Relations Committee to remove the Peace Corps from the ACTION agency.

The Senator from Maryland indicated to me prior to the vote on the Pauken nomination in the Foreign Relations Committee that he had met with Mr. Pauken and raised his concerns about the nomination. The Senator from Maryland advised me that, in the course of their meeting, Mr. Pauken had made a commitment that he would not involve himself in activities relating to the Peace Corps.

Mr. MATHIAS. The Senator from California is correct. Mr. Pauken gave me his assurances that he would "keep hands off" the Peace Corps if he was confirmed as the Director of the ACTION agency. I understood those assurances to mean that he would delegate whatever responsibilities he might have with respect to the Peace Corps to his deputy and that is a major reason why I felt I could vote to confirm his nomination when it was considered in the Foreign Relations Committee. I understand that Mr. Pauken has recently been reported to have stated his intention to delegate his responsibilities with respect to the Peace Corps to the Deputy Director of the ACTION agency and will not be directly involved in any decisions made in regard to the Peace Corps. I very much hope that he will make such a delegation of authority as soon as he takes office and will publicize it widely.

Mr. CRANSTON. I thank my good friend from Maryland very much for his very helpful remarks.

Mr. President, I think that this wise delegation decision by Mr. Pauken and the effort I trust he will make to publicize it should reduce the potential problem posed by the nomination—particularly in light of what I expect will be the relatively short duration of the continued association of the Peace Corps with the ACTION agency.

I think it is also important to point out that the controversy surrounding this nomination has elicited a strong and unequivocal commitment from the new administration, from Mr. Pauken himself, and from the Director-designate of the Peace Corps, to continue in full force and effect the separation of the Peace Corps from any connection with our intelligence activities. The existing Peace Corps policy and practice on this issue was fully set forth by Mrs. Ruppe in a March 18 letter to me, also joined in by the Acting Peace Corps Director, Mr. Sykes, and discussed at length in an April 9, 1981, letter to me from the Peace Corps' General Counsel as part of a detailed legal analysis of that policy as applied to the military intelligence background of Mr. Pauken. At her confirmation hearing last week, Mrs. Ruppe specifically ratified both of these letters, which I inserted into the RECORD on April 27.

The debate over this nomination has strengthened and solidified support for the importance of keeping the Peace Corps wholly separate from intelligence activities. That in itself is an important achievement. The heightened awareness of the importance of this policy to the Peace Corps and its mission overseas will serve to reinforce our commitment to insulate the Peace Corps from these activities.

I also have felt it was important that we move forward on the nomination of Mrs. Ruppe to head the Peace Corps at the same time we consider this nomination so as to provide clear leadership and direction for the Peace Corps in this administration. The unanimous-consent agreement we reached last Wednesday for today's votes assures this.

Mr. President, as I stated at the outset, I continue to be opposed to this nomination at this time—although I fully expect the Senate to approve it. My grave concern about the nomination is, however, considerably relieved by the combination of the following accomplishments:

First, the swift legislative action underway in both bodies, with broad bipartisan support, to remove the Peace Corps from the ACTION agency. Enactment of this legislation will remove the

concerns I and others have had about the effect of Mr. Pauken's nomination on the safety and well-being of Peace Corps workers overseas.

Second, the agreement also to vote on the Ruppe nomination today so that there will be no vacuum in the leadership of the Peace Corps within the Reagan administration.

Third, the strong reinvigoration of the intelligence-separation policy vis-a-vis the Peace Corps.

Fourth, Mr. Pauken's reported commitment to remove himself from contact with the Peace Corps, a decision that I am convinced will help minimize the problems arising from this nomination in the short period that the Peace Corps is likely to remain in the ACTION agency.

I thus think we have accomplished much to minimize the potential adverse consequences arising from Mr. Pauken's nomination. Though I will not vote for his confirmation inasmuch as legislative action to separate the Peace Corps has not been completed, I will not seek to delay Senate consideration of his nomination any longer or request a rollcall on the matter.

Mr. President, an article appeared in this morning's Washington Post op-ed section by Philip Geyelin discussing the pending nomination and urging the separation of the Peace Corps from the ACTION agency. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CUT THE PEACE CORPS LOOSE

(By Philip Geyelin)

Pity the poor Peace Corps. Like the celebrated little steam engine that could, it has chugged along in its own unassuming way for two decades, under five presidents. In the face of assorted bureaucratic and budgetary vicissitudes, it has done its uniquely effective thing with extraordinary bipartisan support.

Now, suddenly, it is caught up in a senseless congressional confirmation battle—senseless because the solution is simplicity itself. The solution is to give back to the Peace Corps the administrative autonomy that was so much the key to its integrity.

Taking it a step at a time, the root of the current controversy lies in an early decision by the Nixon administration—for reasons that had little to do with anything other than the familiar impulse of new presidents to put their own stamp on things—to create a new agency, Action, to oversee volunteer programs at home and abroad. Thus the Peace Corps (which had been operating with a direct line through the secretary of state to the president) and its domestic counterpart, Vista, came under one roof.

Thus was the stage set for a protracted argument in recent weeks over the administration's choice of Thomas W. Pauken, an Army intelligence officer in the Vietnam War, as head of Action. In other respects, Pauken's credentials—a Young Republican, a conservative Texas lawyer and politician, a member of the National Advisory Council on Vocational Rehabilitation—would seem to be in order.

But the intelligence background is a sticking point. Peace Corps Regulation 643 quite explicitly bars from service anybody with an intelligence connection within at least the past 10 years.

Now, there are more than a few close questions involved here, having to do with the actual dates of Pauken's intelligence service, the nature of it (how "covert" or "clandestine" it actually was) and the limited authority that Action exercises over the Peace Corps. (There is even some question of just how candid he was in his testimony.)

None of these questions is likely to get in the way of Senate confirmation of Pauken in a vote scheduled for today. But there the matter most definitely will not end. The crucial next step will be an effort, already launched by Sen. Alan Cranston (D-Calif.) and backed by others, to resolve the matter once and for all by removing the Peace Corps from Action and reestablishing original autonomy.

This, coupled with Pauken's confirmation, would serve at least two useful purposes. It would put an end to the irrelevant claim by some that the campaign against Pauken somehow had something to do with his Vietnam service—that this in itself was somehow disqualifying for a Peace Corps manager.

More important, it would address the real issue, which is the integrity of the Peace Corps—an issue that Pauken himself does not seem to understand. Emphatically, he refuses to acknowledge that, even giving him all the best of the argument, his appointment would raise a problem of appearances. He does not seem to grasp, in other words, to what extent the appearance of even the slightest intelligence involvement has been a threat to the Peace Corps, as a very practical matter, from the beginning.

Sargent Shriver, the corps' first director under President Kennedy, flatly asserts that Pauken could not qualify as a volunteer by his reading of the regulations—but is not even sure the point's worth arguing. The point he would argue is that Pauken, if even nominally responsible for the Peace Corps, would needlessly give the Soviets a made-to-order propaganda weapon.

"The Soviets attacked us from the first day as an intelligence operation," Shriver recalls. He also remembers that the CIA, which has traditionally used a variety of government agencies as "cover" for its personnel, was quick to cast covetous eyes on the Peace Corps. According to Shriver, President Kennedy personally instructed his national security adviser, McGeorge Bundy, to order a "hands-off policy" by the CIA and to see that it was "policed."

Shriver concedes that the Soviets are free enough, without any evidence, to go on accusing the Peace Corps of intelligence activity; to prompt Third World governments to expel or refuse to accept Peace Corps missions; even to incite violence against corps personnel working in remote areas with scant security. But that, he insists, is no reason to "make it easy for them by providing the grist for their propaganda purposes."

That, of course, is exactly what the controversy over the Pauken nomination has done; in the hearings, the debate and subsequent press disclosures, his intelligence connections have been explored and laid bare. The only way to undo the damage to the Peace Corps—if Pauken is to head Action—is to break the Peace Corps' connection to Action by restoring its autonomy.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I ask unanimous consent that Chuck Berk of the Foreign Relations Committee, and Robert T. Hunter and Craig Perry of the Labor and Human Resources Committee staff have the privilege of the floor today during the debate and voting on the Pauken nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PERCY. Mr. President, the Senate votes this morning on the nomination of Thomas W. Pauken to be Director of ACTION. Mr. Pauken's nomination was sequentially referred to the Committee on Foreign Relations after his nomination was unanimously approved by the Committee on Labor and Human Resources which has primary jurisdiction over ACTION. The interest of the Foreign Relations Committee in this nomination extends only to the relationship of ACTION to the Peace Corps, for the Peace Corps has historically come under the jurisdiction of the Foreign Relations Committee.

ACTION is the principal agency within the Federal Government for administering volunteer service programs. The Director of ACTION is responsible for the coordination of programs under the Domestic Volunteer Service Act of 1973, the Peace Corps Act, and other Federal acts authorizing volunteer service programs. As the head of an independent agency, the ACTION Director reports to the President.

A 1979 Executive order established the Peace Corps as an autonomous agency within ACTION with the Director of the Peace Corps reporting to the President. ACTION continues to provide certain support services to the Peace Corps while the Peace Corps continues within the framework of ACTION, working to address basic human needs through voluntary action overseas.

During the course of Mr. Pauken's confirmation proceedings, serious concerns were expressed by several members of the committee concerning his previous military intelligence experience and the possible problems which his confirmation might create for Peace Corps volunteers working abroad. In this regard, reference was made to the longstanding Peace Corps policy of clearly separating its activities from the intelligence community.

The current ACTION/Peace Corps regulations relating to employment of persons with previous intelligence experience are found in the Peace Corps manual, section 643, promulgated in 1975. The regulations provide that:

a. Intelligence activity of any sort shall be indicated on individual applications for employment.

b. Any person who has ever had any Central Intelligence Agency (CIA) employment shall be barred from consideration for positions in Peace Corps operations overseas and in ACTION's Office of International Operations.

c. Any person whose application reveals intelligence activity (other than CIA) within the past ten years shall be barred from consideration for positions in Peace Corps operations overseas and in ACTION's Office of International Operations.

d. Any person whose application to a posi-

tion within ACTION reveals a CIA employment or intelligence activity within the past ten years, and whose application refers to a position other than a position in Peace Corps operations overseas or a position in ACTION's Office of International Operations, but which position nevertheless has a direct and important relationship with operations under the Peace Corps Act, may be barred from considerations for that position.

Regarding Mr. Pauken's previous military intelligence experience, a majority of the members of the committee concluded that:

First. Whatever activity Mr. Pauken may have engaged in as a first lieutenant in the Army during the Vietnam war occurred during 1969—more than 10 years ago;

Second. Furthermore, Mr. Pauken was not a professional intelligence officer, but was assigned to military intelligence as a part of the ongoing U.S. war effort. He at no time worked for an intelligence agency;

Third. Finally, as Director of ACTION, Mr. Pauken has virtually no involvement with day-to-day Peace Corps operations. The ACTION offices which provide support services in no way dictate or influence Peace Corps policy.

Just yesterday, Mr. Pauken reassured me that his previous military intelligence experience was very limited. He wrote:

I was in Vietnam from January 1, 1969, to December 29, 1969, as a Lieutenant in Army Intelligence. My initial assignment was to 525 Military Intelligence Group in the Delta. Subsequently I served as an analyst for Strategic Research and Analysis in Saigon.

The specifics of my military service in Vietnam are as follows:

a. The collection of order of battle information in support of the allied military effort as a province intelligence officer in Chau Doc for a period of approximately three and a half months; and

b. The preparation of reports analyzing the political and strategic situation in Vietnam (these studies were prepared both in Chau Doc on a part-time basis and in Saigon on a full-time basis from August 1969 to December 1969).

In my meetings with U.S. Senators and their staffs as well as in my Senate testimony, I have stated that my duties consisted of collection of order of battle information and analysis with the analytical portion being the principal portion of my work in Vietnam.

The only intelligence collection work I was involved in was basically low level Order of Battle collection for approximately three and a half months in Chau Doc. Even then, I was preparing analytical reports for American military headquarters units.

Since I was told by the military that my work in Vietnam was classified, obviously I discussed my duties in general terms. Only after Senators began discussing openly my military records (what I had been told was classified information), did I feel it permissible to be more specific in describing my activities.

In addition, I have never worked for or with the CIA in Vietnam or anywhere else. My active military duty ended when I completed my tour of duty in Vietnam on December 29, 1969.

When Mr. Pauken appeared before the committee, he testified that:

The Peace Corps should be kept separate from intelligence-related activities. I strongly support that policy and am in full compliance with the intelligence policy, as written vis-a-vis ACTION.

The administration fully supports Mr. Pauken's position. White House counsel Fred Fielding has written to me that according to ACTION/Peace Corps policy regarding the hiring of personnel who have an intelligence background, Mr. Pauken would be eligible to hold the position of Director of ACTION or any career position within ACTION. The full text of the committee's correspondence with the administration is contained in the committee report on the Pauken nomination.

Mr. President, I ask unanimous consent to have printed in the RECORD the lead editorial from the April 22, 1981 edition of the Washington Star.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE ACTION NOMINEE

The credentials of Thomas W. Pauken, President Reagan's nominee to head ACTION, seem at first glance to be well suited to the job: experience on Capitol Hill, service on the National Advisory Council on Vocational Education, membership on the Opportunities Industrialization Center board in Dallas.

But, wait. Mr. Pauken was an Army officer—an Army officer who served in Vietnam and whose military specialty was intelligence. And ACTION is the parent agency for the Peace Corps. That combination has generated a fierce opposition to Mr. Pauken, although his nomination has been approved by both the Labor and Human Resources Committee and the Foreign Relations Committee of the Senate. A floor vote could come next week.

There are two layers to what has become, both publicly and behind the scenes, a bitter dispute. There is the fear that the Peace Corps could be compromised by having as its head a person with an intelligence background. There is no statutory restriction, but it has been a longtime Peace Corps regulation that no person who has served in the CIA or the intelligence field generally could be accepted as a corpsman within 10 years of having so served. The concern is legitimate, and has guided the Peace Corps since it was established under President Kennedy: There must be not even a tenuous connection between Peace Corps activities and U.S. intelligence-gathering activities.

A legitimate concern, however, in the Pauken nomination seems to have been raised to a level of absolutism, notwithstanding that Mr. Pauken is a presidential nominee and not a Peace Corps applicant. Beyond that, the opposition to the former lieutenant's nomination has taken on a rancor that suggests rather more than the principle of separation between the Peace Corps and intelligence.

Mr. Pauken enlisted in the Army in 1967, a period when a conspicuous portion of his generation resisted military service. When he was commissioned a year later he was assigned to military intelligence, a field which spans a wide spectrum of activities but which, in the poisoned atmosphere of the Vietnam years, was freighted with dark connotations of spying and worse. That connotation is excessive, but it has generated most of the opposition to Mr. Pauken.

Mr. Pauken was grilled by Sen. Alan Cranston at the confirmation hearing before the Foreign Relations Committee. The word "covert" was the prime spice in that stew. But Mr. Pauken repeatedly testified that his 1968 Vietnam service involved basic military intelligence work—from operational order-of-battle analysis to broader studies involving the relationship between the North Vietnamese and the Viet Cong. Senator Cranston's persistent scratching at Mr. Pauken's service in Vietnam finally led the nominee to say, "Senator, I must say that it is extremely ironic . . . that someone with a military background does not have a distinction made for him versus someone with a professional intelligence background . . . I have no apologies for my service there (in Vietnam) . . . I really think that this is an important distinction that needs to be made."

Mr. Pauken is right. He left active duty in 1969, which more than covers the agency 10-year-connection regulation. It strikes us as strained to think that a stint in military intelligence could be construed as violating the traditional separation of the Peace Corps and intelligence-gathering.

The tone of the opposition to his nomination has a taint of soldier-baiting to it—of stereotyping that does a disservice to the men and women who honorably served their nation during the Vietnam era.

Mr. PERCY. The editorial endorses Mr. Pauken's nomination as ACTION Director and notes:

It strikes us as strained to think that a stint in military intelligence could be construed as violating the traditional separation of the Peace Corps and intelligence-gathering.

Mr. President, I agree with the Star's position.

As to the issue of the ACTION/Peace Corps relationship, I note that yesterday during my committee markup of the foreign assistance legislation, Senator CRANSTON's amendment to sever the Peace Corps entirely from ACTION was favorably considered by the committee and will be reported to the Senate next week. Certainly, should the Congress see fit to severe the Peace Corps entirely from ACTION, Mr. Pauken's previous intelligence experience is moot.

Consequently, since Mr. Pauken meets the requirements of the ACTION/Peace Corps regulations pertaining to the service of ACTION personnel with previous intelligence experience, and taking into account Mr. Pauken's strong support for maintaining the separation of the Peace Corps from any intelligence-related activities, a majority of the members of this committee have concluded that Mr. Pauken is qualified to serve as the Director of ACTION.

Mr. President, we will be voting on the nomination of Mrs. Ruppe to be Director of the Peace Corps. During the course of the questioning of Mrs. Ruppe as the Presidential nominee to head the Peace Corps, I did raise with her the problem that has been publicly discussed and asked for clarification on how she would conduct the Peace Corps.

I will let her words speak for themselves. I ask unanimous consent to have printed in the RECORD her exact answers to the questions I put to her.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The CHAIRMAN. There had been statements made publicly that there possibly could be some danger to Peace Corps volunteers. Do you have any concerns about that at all?

Ms. RUPPE. Well, that danger has existed historically throughout Peace Corps' history. We do serve in many volatile countries and this accusation has been made often in the past. But in this case, with the Executive Order in place which puts me in charge of policy, and I am to be Director of the Peace Corps, I don't think this will exist.

The CHAIRMAN. And the policy which prohibits the hiring of any staff or any volun-

teers who have any intelligence background within the past ten years would then be vigorously enforced by you?

Ms. RUPPE. It would be vigorously endorsed and enforced by me. We will continue to follow the policies that have been so rigidly enforced in the past. My General Counsel is fully aware of this. We just will continue this policy.

We realize that my primary responsibility is the health and safety of our volunteers. I will do everything in my power to insure that their health and safety is insured.

Mr. PERCY. Mr. President, without equivocation, she supports the autonomous charter of the Peace Corps. She reiterated that the Peace Corps purchases certain services from ACTION, but this is done under the supervision of the Director of the Peace Corps. All of the final decisions will made by the Director of the Peace Corps.

Knowing Mrs. Ruppe's lifetime record of strong leadership, her total dedication to principle, there is no question, but that her nomination will be unanimously approved by the Senate, as she was by the full committee. So too, there is no question that the Peace Corps would ever be used for intelligence purposes. It would not be tolerated by her. It would not be tolerated by Mr. Pauken. It would not be tolerated by the administration. And, certainly, the Foreign Relations Committee would tolerate no change in policy.

I feel deeply about the Peace Corps. Through the years I have visited as a businessman and as Member of the Senate probably more Peace Corps volunteers in more countries than any other Member of the Congress. Members of my own family have worked with the Peace Corps. My daughter has worked with the Peace Corps; my brother-in-law was a country director, first in Bombay, India, then country director in Afghanistan.

I met with hundreds of Peace Corps volunteers in Afghanistan when I visited there on a personal holiday. Some of those young men and women had to walk 5 days to get to a place where a plane could land, where I could meet with them. Certainly, the Senator from Illinois would never tolerate placing those lives in jeopardy, or abusing the Peace Corps system to use it for intelligence purposes. It never has been done; it never will be done.

I think a service has been rendered by Senator CRANSTON in bringing the concern over separation of the Peace Corps from intelligence activities to our attention, making certain that with respect to our oversight responsibilities we have taken every possible step to insure that nothing is done to jeopardize this vitally important agency which was created by President Kennedy, and carried on enthusiastically by every President since then, and enthusiastically supported by the Congress,

I would like to remind our colleagues once again of what Mrs. Ruppe said in her statement.

I would also like to convey to the Committee the position of the Administration with respect to the complete separation between the Peace Corps and the intelligence function of the government. As this Committee is aware, there is long-standing policy barring any connection between intelligence-gathering activities and Peace Corps activities. The Administration firmly endorses that policy, and it is my firm intention to ensure that the policy is not violated or compromised.

So I think there is no question but that the record has been strongly made in this area.

I thank my distinguished colleague, first of all, for his assurance that on a timely basis we can deal with the Pauken nomination and vote it up or down without any undue delays. It is typical of his bipartisan spirit and his desire to make a point about which he feels very strongly. I certainly have always respected Senator CRANSTON'S firmness of conviction. But he also has been eminently fair, both in committee and with the Senate as a whole. Once an issue has been drawn, he will let the Senate make a decision.

I appreciate very much the spirit in which he has always operated.

Mr. CRANSTON. Mr. President, I thank the distinguished chairman of the committee for his very, very generous remarks. I thank him also for the opportunity to work with him on this matter. I am greatly heartened by his very strong, very emphatic, very unequivocal statements concerning the absolute need to separate, and the fact that there will be a total separation of intelligence activities of any kind from the Peace Corps.

I share the Senator's deep commitment to the purposes of the Peace Corps. I served as a consultant for the Peace Corps back in mid-1960's and proposed an evaluation of the Peace Corps program in Ghana. I think the Peace Corps is one of our very finest instruments for promoting American policy and goodwill, and helping others around the world. I am very pleased that we are embarked upon a course of separating the Peace Corps from ACTION so that we will not jeopardize the Peace Corps' work in any way, nor the safety and welfare of its volunteers, and, further, and very importantly, that we will give the Peace Corps an opportunity to be more visible, to stand on its own feet, to be independent, and, thus, to be more effective in its work.

I am pleased that recent developments as dismissed in the statements made by the chairman of the committee and the distinguished Senator from Maryland (Mr. MATHIAS) have reduced to some degree our concerns about the Pauken nomination. I am very hopeful that we will swiftly remove the basis for those concerns, which is the connection of the ACTION agency to the Peace Corps.

The ACTING PRESIDENT pro tempore. Who seeks recognition?

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PERCY. Mr. President, there are several Senators who will want to speak on the Pauken nomination. Some of those Senators are not yet here, they are giving speeches and are elsewhere in the Capitol. I ask unanimous consent, therefore, that until such time as those Senators arrive, the pending nomination on Mr. Pauken be set aside and that the pending business be the nomination of Loret M. Ruppe of Michigan, to be Director of the Peace Corps, with the understanding that when those Senators do return to the Chamber, we then proceed and complete the debate on the Pauken nomination.

Mr. President, I ask the Chair to withhold the ruling on that.

Mr. President, it is the understanding of the majority that Senator KENNEDY does wish to speak on the Pauken nomination at this point. Therefore, I withdraw my unanimous-consent request.

Mr. CRANSTON. Mr. President, I yield such time as he may desire to the distinguished Senator from Massachusetts.

The ACTING PRESIDENT pro tempore. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I thank my friend and colleague, the Senator from California, who has done such a remarkable, creditable, and valuable service in insuring that this nomination is going to be given a fair and complete hearing.

Mr. President, I wish to state my opposition to the nomination of Thomas Pauken to be Director of ACTION while the Peace Corps remains within that agency.

I take this position reluctantly. If the Peace Corps were not a part of ACTION, I would support Mr. Pauken's nomination. If Mr. Pauken were nominated for another post in Government, I would not find myself with this reservation about his confirmation.

Because his background in military intelligence work breaks a 20-year-old policy of totally and completely separating the Peace Corps from any suspicion of involvement in intelligence activities, I find it impossible to endorse this nomination.

I regret deeply that the legislation now adopted in the Senate Foreign Relations Committee to assure the independence of the Peace Corps is not already law. It would separate entirely the Peace Corps from ACTION, establishing it as an independent agency. I was pleased to join with the distinguished Senator from California (Mr. CRANSTON), in sponsoring the bill which also has been incorporated into the foreign aid bill. Unfortunately, we still are some time before that measure becomes law. I had hoped that more expeditious action might have occurred with the administration concurring in delaying this nomination until that separation took place.

Unfortunately, that is not the case and we are forced to vote today on this matter.

I believe it is important to recognize that President Kennedy established the requirement for an absolute separation of the Peace Corps from any involvement in intelligence activities at the outset.

He recognized that all of the benefit that might come from this unique effort to bring Americans into the struggle

against poverty would be stillborn if Peace Corps volunteers could be shown to have any link to intelligence activities.

As part of that requirement to avoid any shred of credibility in charges of intelligence involvement, the Peace Corps has a virtually absolute bar against any volunteers or any staff having any sort of intelligence background.

It is extremely unfortunate that this nomination has come forward to threaten this tradition. I am pleased that during the process of testimony, we have heard a strong reaffirmation of the separation of the Peace Corps from any intelligence activities reiterated by the proposed nominee as Peace Corps Director, Loret Ruppe, whose nomination we shall consider next.

Also, it is my understanding that there have been at least private assurances from Mr. Pauken given to members of the Foreign Relations Committee that any day-to-day involvement with the Peace Corps will be delegated to the Deputy Director. I hope that this delegation would be formally carried out until legislation to fully separate the Peace Corps from ACTION is enacted.

The great difficulty is that Mr. Pauken's background in military intelligence inevitably would be used by our adversaries to attack the Peace Corps. They have done so in the past, they recognize that Peace Corps volunteers have been enormously successful in communicating to the people of other countries who the people of the United States really are and in demonstrating through their work our commitment to economic and social development.

It would be tragic if the combined experience of two decades were to be jeopardized needlessly because of this appointment. Mr. Pauken could serve his country and his Government well in another post, as Director of ACTION while Peace Corps remains within that agency, the appointment is not wise and not responsible.

The Senator from California has placed in the RECORD the full extent of Mr. Pauken's military intelligence service as well as the testimony of a former Peace Corps General Counsel and the opinion of the current General Counsel. That opinion concluded that Mr. Pauken's background would disqualify him under existing policy and practice from serving as a volunteer or a staff member abroad or in a policy position here at home.

Peace Corps volunteers are assigned to isolated rural villages or to the most poverty-stricken urban barrios. Because of the work volunteers have done and because of their ability to bring 20 years of history in support of their denial, allegations of intelligence involvement have rarely been successful in their goal of discrediting the Peace Corps. Nevertheless, charges are made; Peace Corps volunteers have been kidnaped; and programs have been canceled.

It is the firm belief of many volunteers and of present and former Peace Corps staff that this nomination could increase those dangers as well as prevent the Peace Corps from continuing its record of achievement that has been very much in this Nation's interest.

For these reasons, I shall vote against the nomination at this time, while the Peace Corps remains within the ACTION agency.

Mr. President, I ask unanimous consent that a letter from the former Director of the Veterans' Administration and a leading spokesman for Vietnam veterans, which respond to some of the concerns expressed during this debate be printed in the RECORD.

I ask also unanimous consent that a cogent article from the Washington Post by Philip Geyelin underlining the reason why this nomination has presented problems, be printed in the RECORD.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

ATLANTA, GA., *May 5, 1981.*

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that your committee has had before it the nomination of Mr. Thomas W. Pauken to be Director of ACTION and that this matter will shortly be considered by the full Senate. Questions have been raised by Senator Cranston and other members of the Foreign Relations Committee about this nomination because of Mr. Pauken's intelligence gathering activities while serving in Vietnam in 1969.

While I am not in a position to judge questions concerning the credibility of the Agency or the well being and safety of Peace Corps volunteers if Mr. Paukin is confirmed, I am puzzled and disturbed at the suggestions of some that the questions raised are in effect an attack on those who served their country in Vietnam.

I have known Senator Cranston and members of his staff since 1969 following my return from Vietnam. Their actions have never reflected anything other than respect, admiration and concern for those who served during the Vietnam conflict.

More than any other individual in Congress today, Senator Cranston has continually reminded the nation of the contributions of Vietnam veterans and of its obligation to those who served. Senator Cranston has honored that obligation with an unmatched legislative record on behalf of Vietnam veterans. That he has great faith in their abilities was evidenced by his strong efforts to have a Vietnam veteran head the third largest agency in the government at a time when few other elected officials were so inclined.

I hope that the forthcoming debate on this matter will focus on the issue at hand and not on Senator Cranston's attitudes toward Vietnam veterans which to his credit are long established and well known.

Sincerely,

MAX CLELAND.

CUT THE PEACE CORPS LOOSE

(By Philip Geyelin)

Pity the poor Peace Corps. Like the celebrated little steam engine that could, it has chugged along in its own unassuming way for two decades, under five presidents. In the face of assorted bureaucratic and budgetary vicissitudes, it has done its uniquely effective thing with extraordinary bipartisan support.

Now, suddenly, it is caught up in a senseless congressional confirmation battle—senseless because the solution is simplicity itself. The solution is to give back to the Peace Corps the administrative autonomy that was so much the key to its integrity.

Taking it a step at a time, the root of the current controversy lies in an early decision by the Nixon administration—for reasons that had little to do with anything other than the familiar impulse of new presidents to put their own stamp on things—to create a new agency, Action, to oversee volunteer programs at home and abroad. Thus the Peace Corps (which had been operating with a direct line through the secretary of state to the president) and its domestic counterpart, Vista came under one roof.

Thus was the stage set for a protracted argument in recent weeks over the administration's choice of Thomas W. Pauken, an Army intelligence officer in the Vietnam War, as head of Action. In other respects, Pauken's credentials—a Young Republican, a conservative Texas lawyer and politician, a member of the National Advisory Council on Vocational Rehabilitation—would seem to be in order.

But the intelligence background is a sticking point. Peace Corps Regulation 643 quite explicitly bars from service anybody with an intelligence connection within at least the past 10 years.

Now, there are more than a few close questions involved here, having to do with the actual dates of Pauken's intelligence service, the nature of it (how "covert" or "clandestine" it actually was) and the limited authority that Action exercises over the Peace Corps. (There is even some question of just how candid he was in his testimony.)

None of these questions is likely to get in the way of Senate confirmation of Pauken in a vote scheduled for today. But there the matter most definitely will not end. The crucial next step will be an effort, already launched by Sen. Alan Cranston (D-Calif.) and backed by others, to resolve the matter once and for all by removing the Peace Corps from Action and reestablishing original autonomy.

This, coupled with Pauken's confirmation, would serve at least two useful purposes. It would put an end to the irrelevant claim by some that the campaign against Pauken somehow had something to do with his Vietnam service—that this in itself was somehow disqualifying for a Peace Corps manager.

More important, it would address the real issue, which is the integrity of the Peace Corps—an issue that Pauken himself does not seem to understand. Emphatically, he refuses to acknowledge that, even giving him all the best of the argument, his appointment would raise a problem of appearances. He does not seem to grasp, in other words, to what extent the appearance of even the slightest intelligence involvement has been a threat to the Peace Corps, as a very practical matter, from the beginning.

Sargent Shriver, the corps' first director under President Kennedy, flatly asserts that Pauken could not qualify as a volunteer by his reading of the regulations—but is not even sure the point's worth arguing. The point he would argue is that Pauken, if even nominally responsible for the Peace Corps, would needlessly give the Soviets a made-to-order propaganda weapon.

"The Soviets attacked us from the first day as an intelligence operation," Shriver recalls. He also remembers that the CIA, which has traditionally used a variety of government agencies as "cover" for its personnel, was quick to cast covetous eyes on the Peace Corps. According to Shriver, President Kennedy personally instructed his national security adviser, McGeorge Bundy, to order a "hands-off-policy" by the CIA and to see that it was "policed."

Shriver concedes that the Soviets are free enough, without any evidence, to go on ac-

cusing the Peace Corps of intelligence activity; to prompt Third World governments to expel or refuse to accept Peace Corps missions; even to incite violence against corps personnel working in remote areas with scant security. But that, he insists, is no reason to "make it easy for them by providing the grist for their propaganda purposes."

That, of course, is exactly what the controversy over the Pauken nomination has done; in the hearings, the debate and subsequent press disclosures, his intelligence connections have been explored and laid bare. The only way to undo the damage to the Peace Corps—if Pauken is to head Action—is to break the Peace Corps' connection to Action by restoring its autonomy.

Mr. KENNEDY. Mr. President, again, I commend the Senator from California for his very constructive efforts, his very positive efforts, not directed in any personal way toward Mr. Pauken, but directed toward a very important, basic, fundamental principle, which has been associated with the Peace Corps since its earliest days. I believe that he deserves very considerable credit for the work he has done and the way he has approached this particular nomination. I join with the others in commending him for his leadership in this matter.

Mr. CRANSTON. Mr. President, I thank my friend from Massachusetts very, very much for his very generous comments, which I appreciate deeply. I also am very grateful to him for his support of the Peace Corps, his support and cosponsorship of the legislation (S. 1015) to separate the Peace Corps from the ACTION agency, and his strong expressions of concern for the Pauken nomination under the present circumstances. He has been very helpful in this matter. He is a devoted friend of the Peace Corps, as all volunteers well know, and has been for many, many years. The success of Peace Corps has had the backing of the Senator for many years.

I would also like to point out that his brother-in-law, Sargent Shriver, the first Director of the Peace Corps, has been of great help, and continues to be, in our efforts regarding this nomination and in support of the Peace Corps autonomy bill.

Mr. President, I yield the floor to the Senator from Illinois.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Illinois is recognized.

Mr. PERCY. Mr. President, I would like to read directly now from the transcript which I previously asked to have printed in the RECORD. I shall read the section of the questioning of Mrs. Ruppe, Director-designate of the Peace Corps. In questioning Mrs. Ruppe, I said:

I was particularly pleased to hear you initiate a comment regarding intelligence. This is something that could injure and hurt the Peace Corps, if there were any kind of perception that there was any use of the Peace Corps for intelligence-gathering purposes.

Certainly we would not tolerate it. I am glad to hear that you would not tolerate it and that the State Department would not tolerate it either.

Would you comment on what problems, if any, you might encounter because of the discussion about ACTION Director-Designate Pauken? Perhaps you could begin by relating what your relationship with ACTION would be when you are Director of Peace Corps. What services and functions would you draw from ACTION? What would be your policy with respect to ACTION? Would you perceive any problem because of the public discussion of the intelligence background of Mr. Pauken?

Ms. RUPPE. Under the Executive Order of 1979, my agency became virtually autonomous within the ACTION agency. At the present moment, we pay ACTION to do a certain number of joint support services. Some of those services are recruitment and processing of applications; general administration functions, such as space management, accounting, data processing, performance of internal auditing and inspections; investigation of equal employment opportunity complaints; providing health services to Peace Corps volunteers; supervision of the Peace Corps Partnership Program; and some services for former volunteers.

These simply are activities that we pay ACTION to perform for us. It has nothing to do with our policy. I am the Director, or will be. I will set the policy. It has really no influence overseas, so there is no opportunity there for any influence over our policy.

I will absolutely make that clear. I report to the President. My Deputy reports to the President. I really do not see a problem because there is absolutely no influence over my policy-making, and I have the power of decision.

I then asked:

There had been statements made publicly that there possibly could be some danger to Peace Corps volunteers. Do you have any concerns about that at all?

Ms. RUPPE. Well, that danger has existed historically throughout Peace Corps' history. We do serve in many volatile countries and this accusation has been made often in the past. But in this case, with the Executive Order in place which puts me in charge of policy, and I am to be Director of the Peace Corps, I don't think this will exist.

The CHAIRMAN. And the policy which prohibits the hiring of any volunteers who have any intelligence background within the past ten years would then be vigorously enforced by you?

Ms. RUPPE. It would be vigorously endorsed and enforced by me. We will continue to follow the policies that have been so rigidly enforced in the past. My General Counsel is fully aware of this. We just will continue this policy.

We realize that my primary responsibility is the health and safety of our volunteers. I will do everything in my power to insure that their health and safety is insured.

With these assurances, I believe that the Senate Foreign Relations Committee has done everything within its power to insure that a longstanding policy and practice will be adhered to and carried out.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SIMPSON). Without objection, it is so ordered.

Mr. HATCH. Mr. President, I notice Senator EAST is in the Chamber, and I yield such time as he needs to the distinguished Senator from North Carolina to make his statement.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. EAST. I thank the Chair.

It is my pleasure to appear on behalf of the confirmation of Mr. Thomas Pauken to be head of the ACTION agency. I have no doubt that Thomas Pauken deserves to be confirmed as the Director of ACTION or that he will be confirmed. There has been an effort to turn this nomination into a so-called test of principle.

Mr. Pauken's opponents are unhappy about his past service in military intelligence. They have strained, unsuccessfully, to find some convincing argument for treating that record of service as an obstacle to service as head of the ACTION agency.

It is worth noting, Mr. President, if they were correct in these arguments, such distinguished public servants as our own colleagues from Alabama (Mr. DENTON) and from Indiana (Mr. LUGAR) and, above all, our distinguished Vice President, Mr. GEORGE BUSH, would be ineligible for the ACTION post because of their past connections with the intelligence community. I do not know of anything, Mr. President, that puts in sharper relief the absurdity of the opposition to Mr. Pauken's confirmation.

Mr. Pauken's credentials do not disturb me. In fact, I am deeply impressed with them. But I can understand why they would disturb the admirers of his immediate predecessor, Mr. Sam Brown.

I would like to remind my distinguished colleagues that it was Mr. Sam Brown, former head of ACTION, who led the antiwar demonstrations in America of a decade ago with the purpose of bringing the Nation's Capital to a state of paralysis.

It was this same Mr. Sam Brown who encouraged young men to evade the draft, the same draft laws passed by this Congress, and Mr. Brown was rewarded for his efforts by being confirmed as head of the ACTION agency.

Now the wheel has turned. We had an election last November, and we now have a young man who did obey the laws passed by this Congress, who did go to Vietnam, who did serve with distinction and honor, and now we are told because of that record he is not qualified to serve as the head of the ACTION agency.

Mr. President, I have no doubt if this issue could be put to a vote of the American people that Mr. Pauken would be confirmed overwhelmingly, and they would wonder why we are even debating the issue.

I dare say if we could put it to a vote of the people visiting here in the Capitol Building, who would represent a microcosm of American thought, that they, too, would overwhelmingly confirm his nomination.

As the Washington Star observed in an editorial last week:

The tone of the opposition to his nomination has a taint of soldier-baiting to it—of stereotyping that does a disservice to the men and women who honorably served their Nation during the Vietnam era.

I wholeheartedly agree. Mr. Pauken is the type of young, dedicated man they are describing in their editorial.

By trying to rekindle the antimilitary fantasies of a dying political movement, I think the opposition will only make it harder to heal scars that should have been healed a long time ago.

I have nothing but praise for Mr. Pauken. He is an intelligent man, a very talented man, and a highly motivated man. We would do a great disservice to him, to the legislative process of confirmation, and to our country to reject this nomination.

I am proud to speak on his behalf. I am going to be proud to vote for him, and I urge my distinguished colleagues to do likewise.

I thank the Chair.

The PRESIDING OFFICER. I thank the Senator.

Who seeks recognition at this time? The Senator from Utah.

Mr. HATCH. Mr. President, I proudly speak today for the confirmation of Thomas W. Pauken as Director of the ACTION agency. I am pleased to report that the Labor and Human Resources Committee recommends his confirmation unanimously.

Mr. Pauken is a family man. He is married, and has five young children. He grew up in Dallas, Tex., where he graduated from Jesuit High School. He entered Georgetown University in 1961 on an academic scholarship, receiving his bachelor's degree in political science in 1965. He was awarded a Weaver fellowship for graduate studies in American political theory and received his law degree from Southern Methodist University in 1973. In addition, in 1965, Mr. Pauken was elected national chairman of college Republicans, served on the National Advisory Council on Vocation Education from 1970 to 1976, the Dallas Opportunities Industrialization Center Board, the Budget Committee of the United Way, and has been an active member of the Veterans of Foreign Wars. While attending school here in Washington he became familiar with congressional processes by acting as a legislative assistant to our colleague from Texas, Senator JOHN TOWER; he was also active in the White House fellowship program. As you can see, Mr. President, Tom Pauken has already established a record of distinguished service to his country as a volunteer himself. I am confident he will serve ably and well as the Director of our National Volunteer Organization.

There has been some concern about Mr. Pauken's nomination because of his service in the Army intelligence during the Vietnam conflict. Mr. President. I understand that some feel that the Peace Corps may be adversely affected if Mr. Pauken were to be appointed as Director of ACTION.

To me there is no substance to such a contention, particularly given the autonomous nature of the Peace Corps with regard to ACTION under current Executive order. Nevertheless, Mr. President, I understand that the distinguished Senator from Illinois, Senator PERCY, and his colleagues on the Foreign Relations Committee have held hearings on this specific issue. They are reporting to us today as a result of those hearings.

For the record, Mr. President, I would like to indicate something of Mr. Pauker's military background. Two Sundays ago, April 26, 1981, marked the first national day of recognition of the thousands of veterans of the Vietnam war era. Recognition of the thousands of Vietnam veterans who literally sacrificed themselves in order that the people of Southeast Asia could survive in liberty was long overdue. Indeed, when we reflect upon what has occurred in South Vietnam, Cambodia, and Laos over the past several years—the untold millions of innocent human being that have been slaughtered and the hundreds of thousands of men, women, and children who attempt to flee from the region of terror that exists in that corner of the world—we realize more and more the valiant and heroic role of the Vietnam soldier. It is in this spirit—the spirit under which the Congress acted to proclaim April 26, 1981, our national day of recognition for veterans of the Vietnam war era—that I would like to review Mr. Pauken's military service.

Mr. Pauken is a member of the Veterans of Foreign Wars because he is a Vietnam veteran. When many of his peers fled the United States, avoided their responsibility in some other way, or even chose to take to the streets in what was often violent opposition to our defense of South Vietnam, Mr. Pauken volunteered for the U.S. Army in March of 1967, and served his country honorably and well. He was in Army training schools and Vietnamese language school throughout the rest of 1967 and all of 1968. In January of 1969, Mr. Pauken went to Vietnam as a lieutenant and was initially assigned in the Delta Region where he was a province intelligence officer. His principal work included reports of the Vietcong/North Vietnamese strategy toward religious groups in South Vietnam. He was transferred to the Office of Strategic Research and Analysis in Siagon where he wrote a number of additional studies, including one on Truong Ching's theory of revolutionary warfare and papers dealing with the relationship between the North Vietnamese and the Vietcong.

For his service to his country and for his service on behalf of the survival of a free South Vietnam, Tom Pauken was presented with the Joint Service Commendation Medal, the citation of which states that his—

> Analysis provided the Commander, United States Military Assistance Command, Vietnam, the United States Embassy, and other agencies through the Intelligence Community with intelligence information of great value in the counterinsurgency effort in Vietnam.

Tom Pauken's military record is without blemish. In fact, he served his country and the cause of liberty during a very difficult period with honor, distinction, and dedication.

Mr. President, Tom Pauken is an ideal candidate for Director of ACTION. He represents what is good about America: The willingness to sacrifice so that others might live and prosper in a free society; the heartfelt desire to volunteer in community activities without renumeration and without public recognition; and, a personal sense of responsibility for family, neighbor, community, and country.

There simply are no better qualifications for a nominee to direct ACTION—this Government's volunteer agency.

Yet, there are those who oppose Mr. Pauken's nomination because his service to our country during the Vietnam war was too distinguished and too meritorious. The concern that many of them raise is that Mr. Pauken's short stint in a low-level military intelligence will give the perception or even lend credence to the claims of some abroad that Peace Corps volunteers are being used for intelligence purposes, thereby endangering the corpsmen.

Mr. President, I ask unanimous consent to have printed in the RECORD an article written by the distinguished Senator from Indiana, Senator RICHARD LUGAR. The article appeared in the Washington Star on Friday, April 24, 1981.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INTELLIGENCE BACKGROUND NO DEFECT

(By RICHARD G. LUGAR)

The nomination of Thomas Pauken to be director of the ACTION agency has raised deep issues wholly unconnected with either Mr. Pauken's competence or ACTION's mission. To date, no one has seriously questioned Mr. Pauken's abilities or his competence to head ACTION, no one has seriously questioned the future direction of ACTION and its program. What has been questioned is whether Mr. Pauken's brief involvement in military intelligence while serving in Vietnam in the 1960s renders him unfit to serve as ACTION director.

That Mr. Pauken's intelligence service should be brought forward as a defect in his record, rather than as an advantage, speaks volumes about the regard with which intelligence work is held in some quarters. There are still those in this country who, while professing the general importance of intelligence capabilities, spare no opportunity to denigrate those who engage in this work.

GOAL OF INTELLIGENCE

A first-rate intelligence capability would be important to the United States even if this were not a dangerous world. The goal of intelligence after all, is intelligent decisions, and all branches and all agencies of government require current, reliable information in order to perform well. Legislators gather "intelligence" in the course of making decisions on major issues of legislative importance. Although intelligence work has certainly unique characteristics, its function is to provide the basic for informed decisions and in this regard is not different in nature than research and analysis which is necessary for any decision in the public or private sector.

The fact that the world is a dangerous place, however, makes a strong intelligence capability absolutely vital to the United States. Important policy decisions depend upon accurate information about the capabilities and intentions of other nations. Any nation which proceeded without such information would run far graver risks than need be the case. The American government would not adequately represent the interests of the American people if it did not make strong efforts to collect and to analyze such information.

It will be said ------ one is disparaging intelligence ------, but only the wisdom of ------ intelligence people to hold cer-

tain sensitive government posts. It is said, for example, that America's opponents will misuse Mr. Pauken's background for their own purposes. The fact is that our opponents will misuse whatever they please, as they have demonstrated again and again.

It would be a grave error for the United States to base its policies upon the misrepresentations of others. Should we prohibit American firms from investigating abroad because others claim that they are agents of American imperialism? Should we cease to support Israel because others say that Israel is guilty of Zionist racism? Should we suppose that every nation that calls itself a "democratic people's republic" is democratic republican and popular?

We cannot and should not establish our politics upon the basis of the misrepresentation of those who wish the United States ill. To do so displays a dangerous conceptual confusion and a lack of national self-confidence unworthy of our great ideals and traditions.

CREDIT DESERVED

We must ask ourselves: is a strong intelligence capability necessary to the preservation and expansion of freedom? And if, as is surely the case, the answer is affirmative, we ought to give due credit to those who perform this work with competence and often great risk. It simply will not do to cast aspersions and heap innuendos upon Americans who are performing a vital service to the nation. To do so is both destructive and unwise.

My own view is simple to state. I do not believe that an intelligence background (or, for that matter, a military background) ought to disqualify anyone from any post in the government at any time. Those who do not think that men with intelligence backgrounds ought to serve in ACTION or the Peace Corps would do well to remember that the American people chose last November a former CIA head as their vice president and that he is currently serving with great distinction. Those who think that men with military backgrounds ought not to serve in the Arms Control Agency or as secretary of state would do well to remember the many American presidents, beginning with Gen. Washington, who have served this country with great distinction.

Some of the opposition to people like Tom Pauken is thinly veiled hostility to those who serve in intelligence and military functions. The sooner the country moves beyond the aberration of this hostility and restores professions vital to our national security to a place of honor, the better.

Mr. HATCH. Mr. President, among the other things, the article states:

It would be a grave error for the United States to base its policies upon the misrepresentations of others. Should we prohibit American firms from investing abroad because others claim that they are agents of American imperialism? Should we cease to support Israel because others say that Israel is guilty of Zionist racism? Should we suppose that every nation that calls itself a "Democratic People's Republic is democratic, republican, and popular?"

We cannot and should not establish our policies upon the basis of the misrepresentations of those who wish the United States ill. To do so displays a dangerous conceptual confusion and a lack of national self-confidence unworthy of our great ideals and traditions.

I would add the following remarks to those of the distinguished Senator from Indiana.

First, if it is terrorism and terrorists Mr. Pauken's opponents are concerned about, it is clear that these forces do not need excuses to threaten, kidnap, injure, or even kill Americans working and traveling abroad. Mr. Pauken's appointment will not prevent or foster their extreme activities.

Second, those nations that are truly interested in accepting American volunteers and assistance will take us—and that includes Mr. Pauken—at our word when we say that we will not use Peace Corps volunteers as intelligence agents.

It is extremely important that we consider the kind of message we will be sending the world, and particularly potential terrorists and adversaries, if we fail to confirm Tom Pauken. We will be saying to them—your fabricated claims and threats have had a direct influence on the advise and consent responsibilities of the U.S. Senate. Ironically, if Mr. Pauken is denied the ACTION post, those making accusations and threats involving Peace Corps volunteers would be encouraged, not discouraged.

Our Vietnam vets should not now be unjustly handicapped by artificial barriers that some would have us place on them as a result of their military service. And let us make no doubt about it—that is exactly what has been proposed by those who use Mr. Pauken's distinguished military background as a basis for denying him this Presidential appointment to high public office or as a basis for splitting the Peace Corps from ACTION.

In closing, Mr. President, I would like to point out that there is a purist notion to the basic opposition to Mr. Pauken's appointment; that is, it is suggested that the mere perception of an intelligence connection by host countries creates an unsafe environment for Peace Corps volunteers. Yet, if we were to accept this argument at face value and act upon it, those who purport to be protecting the safety of Peace Corps volunteers and the integrity of the program would actually be the cause for its demise.

For instance, it is my understanding that the Peace Corps country directors meet with and report to the respective Ambassador on a regular basis. Our Ambassadors are certainly not restricted from communicating all they know, including their communications with Peace Corps country directors, to the appropriate intelligence agencies. Does this represent a perception of an intelligence connection that threatens the safety of Peace Corps volunteers? If so, what should we do about it?

It is also my understanding that the Peace Corps uses the State Department's cable system when communicating from the host country to the Washington Peace Corps office. These cables use classifications developed by the State Department. Indeed, Secretary of State, Alexander Haig's name is printed and appears on each cable. Does this mean that the State Department—which has its own intelligence gathering bureau (the Bureau of Intelligence and Research)—is using the Peace Corps for intelligence purposes? Surely, if we accept the so-called perception argument, then this is a legitimate conclusion. But, of course such arguments are not credible—just as the opposition to Mr. Pauken's nomination on military intelligence grounds, is not credible.

Mr. President, I would like to quote from a recent Washington Star editorial, which I ask unanimous consent to be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Apr. 22, 1981]

THE ACTION NOMINEE

The credentials of Thomas W. Pauken, President Reagan's nominee to head ACTION, seem at first glance to be well suited to the job: experience on Capitol Hill, service on the National Advisory Council on Vocational Education, membership on the Opportunities Industrialization Center board in Dallas.

But, wait. Mr. Pauken was an Army officer—an Army officer who served in Vietnam and whose military specialty was intelligence. And ACTION is the parent agency for the Peace Corps. That combination has generated a fierce opposition to Mr. Pauken, although his nomination has been approved by both the Labor and Human Resources Committee and the Foreign Relations Committee of the Senate. A floor vote could come next week.

There are two layers to what has become, both publicly and behind the scenes, a bitter dispute. There is the fear that the Peace Corps could be compromised by having as its head a person with an intelligence background. There is no statutory restriction, but it has been a longtime Peace Corps regulation that no person who has served in the CIA or the intelligence field generally could be accepted as a corpsman within 10 years of having so served. The concern is legitimate, and has guided the Peace Corps since it was established under President Kennedy: There must be not even a tenuous connection between Peace Corps activities and U.S. intelligence-gathering activities.

A legitimate concern, however, in the Pauken nomination seems to have been raised to a level of absolutism, notwithstanding that Mr. Pauken is a presidential nominee and not a Peace Corps applicant. Beyond that, the opposition to the former lieutenant's nomination has taken on a rancor that suggests rather more than the principle of separation between the Peace Corps and intelligence.

Mr. Pauken enlisted in the Army in 1967, a period when a conspicuous portion of his generation resisted military service. When he was commissioned a year later he was assigned to military intelligence, a field which spans a wide spectrum of activities but which, in the poisoned atmosphere of the Vietnam years, was freighted with dark connotations of spying and worse. That connotation is excessive, but it has generated most of the opposition to Mr. Pauken.

Mr. Pauken was grilled by Sen. Alan Cranston at the confirmation hearing before the Foreign Relations Committee. The word "covert" was the prime spice in that stew. But Mr. Pauken repeatedly testified that his 1968 Vietnam service involved basic military intelligence work—from operational order-of-battle analysis to broader studies involving the relationship between the North Vietnamese and the Viet Cong. Senator Cranston's persistent scratching at Mr. Pauken's service in Vietnam finally led the nominee to say, "Senator, I must say that it is extremely ironic . . . that someone with a military background does not have a distinction made for him versus someone with a professional intelligence background . . . I have no apologies for my service there (in Vietnam) . . . I really think that this is an important distinction that needs to be made."

Mr. Pauken is right. He left active duty in 1969, which more than covers the agency 10-year-connection regulation. It strikes us as strained to think that a stint in military intelligence could be construed as violating the traditional separation of the Peace Corps and intelligence-gathering.

The tone of the opposition to his nomination has a taint of soldier-baiting to it—of stereotyping that does a disservice to the men and women who honorably served their nation during the Vietnam era.

Mr. HATCH. Mr. President, the editorial entitled "The ACTION Nominee closes by saying that:

It strikes us as strained to think that a stint in military intelligence could be construed as violating the traditional separation of the Peace Corps and intelligence gathering.

The editorial continues:

The tone of the opposition to (Mr. Pauken's) nomination has a taint of soldier-baiting to it—of stereotyping that does a disservice to the men and women who honorably served their nation during the Vietnam era.

I believe, Mr. President, that you will agree that Tom Pauken is truly an outstanding selection for Director of ACTION. I urge us to move ahead with his confirmation.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I yield such time as the distinguished Senator from Alabama may require.

The PRESIDING OFFICER. The Chair will inform the Senator from Utah that the time of the Senator from Utah has expired.

Mr. HATCH. Mr. President, how much time will the Senator require?

The PRESIDING OFFICER. Does the Senator from New Jersey wish to yield time?

Mr. BRADLEY. Mr. President, I am pleased to yield 5 minutes to my distinguished colleague from Alabama.

Mr. HATCH. Will that be sufficient?

Mr. DENTON. Yes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. DENTON. Mr. President, I rise in support of the confirmation of Tom Pauken to be Director of ACTION. I have met with Mr. Pauken and I have reviewed his qualifications thoroughly. I find him eminently qualified to serve in this important post.

Throughout his career, Tom Pauken has displayed consistent dedication to his duties and forthright loyalty to our country.

The fact that Tom served as an intelligence officer in Vietnam in 1969 has apparently stirred up quite a bit of controversy. Tom Pauken volunteered for service in Vietnam at a time when many others chose to pursue different courses. The antiwar movement in this country was rapidly gaining momentum at that time. While the protesters were actively demonstrating against the war, young men like Tom Pauken were working within the system to bring an honorable solution to the Vietnam conflict—and they did this knowing that they may be putting their life on the line for their country.

During this period, this Senator and many other POW's were praying for a just peace. From a personal standpoint, I feel that we owe each and every young man who, like Tom Pauken, willingly gambled with his life because he believed in the honor and purpose of our participation in that war.

Mr. President, Tom Pauken's opponents argue that because of his service as an Army intelligence officer, his service as ACTION Director could—at some future time—jeopardize the safety of Peace Corps volunteers.

As I understand it, the Peace Corps is an autonomous agency within ACTION. The Peace Corps Director, whom we will confirm later today, will report directly to the President. I am also aware of the internal directive for Peace Corps volunteers which prohibits those who have served in an intelligence capacity, any time 10 years prior to their selection, from serving in the Peace Corps. But, the fact is, Tom Pauken has been nominated to serve as Director of ACTION, not the Peace Corps.

Opponents argue further that, somewhere down the line, a terrorist might kidnap a Peace Corps worker and claim that, because of Mr. Pauken's previous intelligence connection, the Peace Corps is a front for the CIA.

Mr. President, I am learning a lot about terrorists in connection with my duties as chairman of the Security and Terrorism Subcommittee. Terrorists do not operate within reason. In fact, they specialize in atrocities and make totally unreasonable charges and demands. The day we begin to base our decisions on what a terrorist may or may not do in a hypothetical situation is, indeed, a black day for this body and our Nation.

I shall vote with pleasure to confirm the President's choice for this important position, Mr. Thomas W. Pauken, and I urge my colleagues to do likewise.

I thank the Senators for yielding their time. I thank the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I have no doubt that Thomas Pauken is an able, talented, and intelligent man who might serve our Government in any one of many important positions. But I have major reservations about one of those important positions. In particular, I have reservations about his nomination to be Director of ACTION. Mr. Pauken served his country as an intelligence officer in Vietnam and for that service I respect him. However, there is a risk that his intelligence experience in Vietnam may jeopardize the credibility of the Peace Corps overseas if he became Director of the Peace Corps' parent agency. Mr. President, the concern I have about the appointment of Mr. Pauken to this post represents a unique situation and would not apply to his service in any other capacity in our Government.

Since its creation 20 years ago, the Peace Corps, through Republicans and Democratic administrations, has wisely maintained a policy of complete separation from the intelligence community and—the Peace Corps'—activities. Individuals with intelligence backgrounds have been disqualified from serving as Peace Corps volunteers and staff members.

By pursuing these policies, the Peace Corps has protected the integrity of the program and the lives of American volunteers. It insulates the program from charges by hostile governments that the Peace Corps is an arm of the U.S. intelligence. To that end, Mr. President, I know that it has already been submitted for the RECORD, but I again call my colleagues' attention to the outstanding letter to the editor of the Washington Star by John Dellenbach, the former head of the Peace Corps in the Ford administration. I think it succinctly and eloquently states this case and the reasons for this separation.

During 1968, Mr. Pauken received 6 months of intelligence training at Fort Holabird, Md., the Army Intelligence School. From January to August 1969, he was chief of an army intelligence team operating in the Mekong Delta. Subsequently, he served as a senior analyst in Saigon in the Office of Strategic Research and Analysis until assigned to a Reserve unit in December 1969.

Peace Corps policy exempts all those who have been engaged in intelligence activity within the past 10 years from eligibility to serve in the Peace Corps. Some will argue that under this rule, Mr. Pauken would not be disqualified from service as a Peace Corps volunteer, since he was assigned to reserve status in 1969, and therefore should not be objectionable as Director of ACTION, The point has also been raised on behalf of Mr. Pauken that, as Director of ACTION, he would have no control over Peace Corps policy and its budget.

But, according to the General Counsel of the Peace Corps, as a matter of practice, the Peace Corps looks beyond the 10-year bar for other circumstances that might injure the credibility of the Peace Corps; for example, an individual would be rejected if his or her intelligence background were particularly extensive or involved covert activities. Since the Director of ACTION is the Peace Corps Director's nominal boss, and the association is highly visible, I believe it is appropriate to look beyond the 10-year bar. Although the Peace Corps is autonomous in regard to developing policy and a budget, ACTION handles its recruitment and public affairs. As Director of ACTION, Mr. Pauken's supervision of these support services would involve him in the day-to-day affairs of the Peace Corps. It is conceivable that a cynical and suspicious foreigner may argue that Mr. Pauken might attempt to integrate spies into the Peace Corps through his control of recruitment.

We, of course, know that such a scenario is impossible and that Mr. Pauken's tenure as a military intelligence officer

does not constitute a present day connection with the intelligence community. But, people in countries where the Peace Corps works may not know this.

As the distinguished junior Senator from Delaware has pointed out in additional views submitted to the Senate Committee on Foreign Relations—

> The distinction between a civilian intelligence careerist and a military intelligence officer is not clear to many of the nations and peoples among where the Peace Corps is working.

Because of this concern, Mr. President, I shall not support Mr. Pauken's nomination. But I am relieved that certain recent developments will mitigate the potential problem for the Peace Corps posed by the appointment of a former intelligence officer as head of its parent agency. First, I was pleased to learn that Mr. Pauken has made a personal commitment to refrain from any intervention in the policy and operations of the Peace Corps.

Second, the Senate will take up the nomination of Mrs. Loret Ruppe to be Director of the Peace Corps after the vote on Mr. Pauken. I am confident she will be confirmed, and, therefore, there will be a strong, capable Peace Corps Director in place soon to assure the independence of that agency.

Third, I am somewhat reassured by the administration's reaffirmation of the policy of assuring the complete separation of the Peace Corps from all intelligence activity, including the continuation of the 10-year bar.

Finally, I believe that all the difficulties will be solved if the Congress approves the autonomy legislation for the Peace Corps introduced by the distinguished Senator from California (Mr. CRANSTON). He will be introducing it and we shall be working on it next week and in the weeks to come. The Foreign Relations Committee has approved the legislation. I understand that the Senate will take action on it shortly, it is my hope, and the sooner the better. If the Senate had acted on this legislation prior to this nomination, there would be no objection. Because of the swift action on this legislation and the essential soundness of its approach, my hopes are high for its passage.

Indeed, Mr. President, as I have said, should the Peace Corps become an independent agency, I would have no further qualms about Mr. Pauken's appointment. Indeed, I would be pleased to support this man who has given loyal service to his country. But because the Peace Corps is not presently an independent agency by law, I will regretfully, if required be registering my opposition to this nomination.

Mr. President, how much time remains on the minority side?

The PRESIDING OFFICER. The Senator from New Jersey has 19 minutes and 50 seconds.

Mr. BRADLEY. I am pleased to yield 5 minutes to the Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I sincerely thank the distinguished Senator from New Jersey for his willingness to yield time to me from the minority side.

Mr. President, as my colleagues may remember I have taken this floor on numerous occasions to express my concerns over the excesses of the ACTION Agency. While I have been heartened by the successes of such programs as Foster Grandparents and Senior Companions I have been deeply troubled by the political activism of VISTA. Indeed, in the last Congress, I offered an amendment which was accepted, to the Domestic Volunteer Service Act, preventing Federal funds appropriated for ACTION from being used to lobby State or local legislatures, except in certain delineated circumstances.

I believe it is imperative that the focus of the ACTION program be to meet the challenge of helping individuals and communities join together to solve their problems and provide mutual support. The need to generate volunteerism may be stronger now than it has ever been in the past, and I look to the leadership of the President's nominee, Thomas Pauken, to meet this challenge.

As many of my colleagues have indicated, Mr. Pauken is a man of fine credentials. His testimony before the Labor and Human Resources Committee, of which I am a member, convinced me that his intelligence, character, and ability are precisely the qualities which will be necessary to give ACTION the new perspective it so desperately needs.

During VISTA's recent history it has often received more public attention for its organizing of demonstrations, protests and lobbying efforts, than for its activities in service to this Nation's needy. These reports have caused me serious concern over the direction of the agency. I look forward to the opportunity of cooperating with Mr. Pauken to return ACTION to a program more likely to serve the needs of this Nation's impoverished.

Finally, I would like to address the opposition which has been raised to Mr. Pauken's nomination by those who fear his military service will adversely affect the Peace Corps.

I believe it is a serious mistake for this Congress to set a precedent of denying this appointment due to Mr. Pauken's military service. While this Congress undertakes the enormous task of revitalizing this Nation's military, we must not forget the importance of the individuals who must defend this country. Mr. Pauken served his country during one of its most difficult periods over 10 years ago.

I concur with the findings of the Foreign Relations Committee that Mr. Pauken's service in Vietnam was in military intelligence as a part of the U.S. war effort and at no time did he work for an intelligence agency.

Finally I concur with the committee's assessment that as Director of ACTION Mr. Pauken would have virtually no involvement with the day-to-day Peace Corps operations.

Since Mr. Pauken has assured the committee that he supports the policy of keeping intelligence activities strictly separated from Peace Corps activities, I would consider it a great disservice to Mr. Pauken, and others who have, and will, serve their country to challenge him for his prior service.

Again, I look forward to working with Mr. Pauken in getting ACTION back on track to provide the services to communities which it was designed to perform.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from New Jersey yield time for that purpose?

Mr. BRADLEY. I will be pleased to yield time. I concur in the suggestion of the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HATFIELD). Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, there has been considerable controversy over the nomination of Thomas Pauken as Director of ACTION. Today, we are being asked to advise and consent to this nomination. I intend to cast my vote for Tom Pauken, and I wish briefly to outline why.

First, I am not persuaded by the argument that Mr. Pauken's prior military service is pertinent to his qualifications. Like many others of his generation, and like me some years earlier, he was assigned to military intelligence after enlisting in the U.S. Army. Once he had completed his miliary obligation, he left the service in 1969. He was not a professional intelligence officer. His military service was just that, and he has since worked in government, politics, and business. There is a major difference, Mr. President, between someone whose military service was in intelligence and someone who has made a career of intelligence. Let us not judge one in terms of the other.

Just as important, Tom Pauken's service ended 12 years ago, more than enough time to sanitize him even by the strict standards applied to Peace Corps volunteers. The Peace Corps will not accept any volunteer who, within a period of 10 years prior to his candidacy, has served in any way with U.S. intelligence activities. This is a sensible rule, for the Peace Corps cannot afford to have its volunteers jeopardized and its efforts tainted by aspersions and whispering campaigns. Yet Mr. Pauken, who is a Presidentially-appointed executive and not a volunteer, has been away from military intelligence for 12 years, and not merely 10.

I do not wish to downplay the risk faced by many Peace Corps volunteers. They work for the good of humanity in many places where powerful forces have vested interest in continued misery. They challenge equally the status quo which comforts some and the myths of U.S. malevolence which nurture others. Many volunteers have, therefore, faced threats to their well-being, and several have paid with their lives for their dedication.

These threats are real. They will continue whether or not Tom Pauken is appointed Director of ACTION. Those who

are motivated by hatred, fear, or superstition will not be strengthened or weakened by the appointment of any individual to the position of Director of ACTION. Instead, they will be strengthened only as the Peace Corps is weakened, and weakened only as the men and women who volunteer for Peace Corps duties succeed in overcoming the barriers of poverty, illiteracy, disease, and misery.

Let us remember what ACTION is all about. It is about volunteering. Many of us have devoted a lifetime to volunteer activities. I cannot count the number of hours I have spent raising money for United Way, serving on park and recreation boards, leading scout troops and so on. Yet, despite my commitment to volunteering I would not be allowed to be the Director of ACTION, if the arguments of some of my colleagues prevail. I, like Tom Pauken, was assigned to intelligence during my Army years.

The issue before us today has nothing to do with the intelligence assignments of Tom Pauken when he served in the Army. The issue is whether or not Tom Pauken should be confirmed as the Director of ACTION based on his qualifications. The question we should be considering is this: Does Tom Pauken have the vision and the leadership capability necessary to transform ACTION into an agency with the capacity to promote, preserve, and protect citizen initiative?

Voluntary initiative is an essential characteristic of our democracy. It is appropriate, indeed, I would say essential for the national government to have an agency whose primary mission is to insure that volunteering and citizen involvement can flourish.

ACTION is not a large agency in terms of staff or budget. But in terms of the responsibilities it should assume, ACTION must be in the forefront of our Government.

Our Nation is going through a period of examination and redefinition of the role government. Currently, the size, scope, and insensitivity of government, especially the National Government, are rejected.

We, in the Congress, are in the process of addressing these dissatisfactions, and bringing about fundamental changes in Government policies and programs. As we restructure programs to emphasize the role of States and local governments, and as we redefine the social goals of the National Government and the policies necessary to achieve them, we will need to stimulate alternative ways to meet social needs. The role for the voluntary sector in this effort is immense.

ACTION can fulfill its mission to encourage citizen initiative and to build a climate receptive to volunteerism in a number of ways:

It can be an advocate for citizen involvement;

It can encourage the development of effective and responsive philanthropy;

It can remind individuals that it is not only a privilege but a responsibility to participate;

It can give support to voluntary organizations through leadership training, information exchanges, and other means;

It can encourage State and local governments to develop partnerships with volunteer groups so together they can address pressing social needs; and

ACTION can experiment with some demonstration projects, and can stimulate and fund basic research.

Above all, it is to ACTION and the outreach of its leadership, that the President and the executive and legislative branch of the National Government must look to invent and guide public policies to strengthen both voluntarism and volunteerism in America.

As the Federal focal point for volunteering, ACTION has a vast potential that has not yet been nurtured. It is time for that agency to build to its successes, learn from its mistakes, and become a new and different entity, serving an essential function of promoting and preserving what is basic to this country; citizen involvement.

Can Tom Pauken bring about this transformation? As of today, I have to trust the judgment of President Reagan. I trust that Tom Pauken has the ability and qualifications. I support this nomination, and trust that a majority of my colleagues will, too.

Mr. President, I ask unanimous consent that an editorial from the Washington Star of April 22, regarding Tom Pauken, be inserted in full in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE ACTION NOMINEE

The credentials of Thomas W. Pauken, President Reagan's nominee to head ACTION, seem at first glance to be well suited to the job; experience on Capitol Hill, service on the National Advisory Council on Vocational Education, membership on the Opportunities Industrialization Center board in Dallas.

But, wait. Mr. Pauken was an Army officer—an Army officer who served in Vietnam and whose military specialty was intelligence. And ACTION is the parent agency for the Peace Corps. That combination has generated a fierce opposition to Mr. Pauken, although his nomination has been approved by both the Labor and Human Resources Committee and the Foreign Relations Committee of the Senate. A floor vote could come next week.

There are two layers to what has become, both publicly and behind the scenes, a bitter dispute. There is the fear that the Peace Corps could be compromised by having as its head a person with an intelligence background. There is no statutory restriction, but it has been a longtime Peace Corps regulation that no person who has served in the CIA or the intelligence field generally could be accepted as a corpsman within 10 years of having so served. The concern is legitimate, and has guided the Peace Corps since it was established under President Kennedy: There must be not even a tenuous connection between Peace Corps activities and U.S. intelligence-gathering activities.

A legitimate concern, however, in the Pauken nomination seems to have been raised to a level of absolutism, notwithstanding that Mr. Pauken is a presidential nominee and not a Peace Corps applicant. Beyond that, the opposition to the former lieutenant's nomination has taken on a rancor that suggests rather more than the principle of separation between the Peace Corps and intelligence.

Mr. Pauken enlisted in the Army in 1967, a period when a conspicuous portion of his generation resisted military service. When he was commissioned a year later he was assigned to military intelligence, a field which spans a wide spectrum of activities but which, in the poisoned atmosphere of the Vietnam years, was freighted with dark connotations of spying and worse. That connotation is excessive, but it has generated most of the opposition to Mr. Pauken.

Mr. Pauken was grilled by Sen. Alan Cranston at the confirmation hearing before the Foreign Relations Committee. The word "covert" was the prime spice in that stew. But Mr. Pauken repeatedly testified that his 1968 Vietnam service involved basic military intelligence work—from operational order-of-battle analysis to broader studies involving the relationship between the North Vietnamese and the Viet Cong. Senator Cranston's persistent scratching at Mr. Pauken's service in Vietname finally led the nominee to say, "Senator, I must say that it is extremely ironic . . . that someone with a military background does not have a distinction made for him versus someone with a professional intelligence background . . . I have no apologies for my service there (in Vietnam) . . . I really think that this is an important distinction that needs to be made."

Mr. Pauken is right. He left active duty in 1969, which more than covers the agency 10-year-connection regulation. It strikes us as strained to think that a stint in military intelligence could be construed as violating the traditional separation of the Peace Corps and intelligence-gathering.

The tone of the opposition to his nomination has a taint of soldier-baiting to it—of stereotyping that does a disservice to the men and women who honorably served their nation during the Vietnam era.

● Mr. HELMS. Mr. President, Tom Pauken is an able man, well qualified to serve as Director of ACTION, the primary Federal agency charged with administering volunteer service programs.

Yet there are those who would disqualify Mr. Pauken from this position of Government service because of his prior service to the people of the United States in the U.S. military during the conflict in Vietnam.

Mr. Pauken volunteered to serve his country in what was then considered to be an unpopular war in Southeast Asia. As part of his military assignment, Mr. Pauken served in an intelligence-related position, a job assigned him because of his outstanding capabilities. To my knowledge, Mr. Pauken served his country well in that capacity.

But today, some would penalize Mr. Pauken for volunteering to serve his country in wartime, and for the fact that the military saw fit to assign Mr. Pauken to a job that was intelligence related.

How can they do so in good conscience? I recall that while Mr. Pauken was serving his country in Vietnam, Mr. Pauken's predecessor at ACTION was an antiwar protestor in the United States. Was Mr. Pauken's predecessor penalized because he was a well-known antiwar activist? To my knowledge he was not. What sort of double standard do we have here, when Mr. Pauken is chastised because he chose to serve his country in an unpopular war and carried out the duties assigned him?

Those who criticize Mr. Pauken's past association with intelligence-related work with the military do so out of what they claim is a concern that the Peace

Corps, which is a semiautonomous agency under ACTION, might find its volunteers in jeopardy. This jeopardy arises, the claim is made, because the Peace Corps volunteers are suspect in some quarters as being merely an extension of U.S. intelligence activities.

This claim was made rather often and with a great deal of emphasis during the consideration of this nomination in the Committee on Foreign Relations. I am concerned that too great an emphasis on this concern well might give rise to just the kind of action that the critics of Mr. Pauken's nomination are most fearful of. It was as though an open challenge were being made to anti-U.S. terrorists to take action. I know that this is far from the intention of the Pauken critics; nonetheless, the effect is the same. We may have placed in jeopardy the safety of Peace Corps volunteers simply by an overzealous dwelling on the technicalities of Peace Corps rules concerning former intelligence associations.

Perhaps there is a way out of the alleged dilemma posed by the Pauken nomination. Yesterday, the Committee on Foreign Relations, in a tentative vote, sought to separate the Peace Corps from ACTION.

There is an even better solution. Why not separate the Peace Corps from any direct U.S. Government affiliation? That way, the charge that the Peace Corps and its volunteers may be U.S. intelligence operatives could be countered more effectively.

If the Peace Corps is a volunteer organization, why not make it truly volunteer? Separate the Peace Corps from the Government completely, let it seek support from the public, or operate as an AID private volunteer organization, like so many other groups do at present. Or a combination of these options might be considered.

If such action were taken, the chances that the Peace Corps might come under attack as an arm of U.S. intelligence would be lessened; and concerns about the safety of Peace Corps volunteers could be allayed.

Mr. President, the Committee on Foreign Relations spent a substantial amount of time considering the Pauken nomination. After what can only be described as an inordinate amount of delay, principally to deal with what this Senator feels to be the concerns of the senior Senator from California, the committee referred the nomination. In doing so, it joined the Committee on Labor and Human Resources in recommending that the Senate confirm the Pauken nomination.

I join with my colleagues on both committees in urging the Senate to confirm this nomination today.●

Mr. THURMOND. Mr. President, I rise today in support of the nomination of Mr. Thomas W. Pauken to be Director of ACTION. Mr. Pauken is a man of good character, intelligence, and ability—a man whom I believe will make a fine ACTION Director.

Mr. President, a number of my colleagues have voiced concern over Mr. Pauken's previous military intelligence experience and the possible problems his confirmation might create for the safety of Peace Corps volunteers. I do not personally believe his limited work in low-level intelligence in a combat area—work which was a military assignment and undertaken by Mr. Pauken solely to aid U.S. forces—will jeopardize the safety of Peace Corps volunteers.

As Director of ACTION, Mr. Pauken will have virtually no involvement with day-to-day Peace Corps operations, nor will he dictate or influence Peace Corps policy. Furthermore, it has been public knowledge that the Peace Corps stands ready to employ persons who have worked for a non-CIA intelligence agency more than 10 years before their application. To my knowledge, there is no evidence that this policy has hampered the Peace Corps in the performance of its basic function or jeopardized the safety of any Peace Corps volunteer.

Mr. President, I do not feel Mr. Pauken's prior service to his country in a time of need should preclude him from serving now as Director of ACTION. Rather, this prior service should be considered as evidence of Mr. Pauken's dedication to his country and leadership abilities. I fully support President Reagan's nomination of Mr. Thomas W. Pauken to be Director of ACTION, and hope my colleagues in the Senate will join me in supporting his confirmation.

Mr. PELL. Mr. President, today the Senate votes on the nominations of Thomas W. Pauken to be the Director of ACTION, and Loret M. Ruppe to be the Director of the Peace Corps. For me, and for my colleagues on the Senate Committee on Foreign Relations, the central issue concerning these nominations is the preservation of the integrity and independence of the Peace Corps program.

Since its inception 20 years ago, Peace Corps has assiduously kept to a strict policy of separation between it and U.S. intelligence agencies. The wisdom of this policy has remained unchallenged throughout Democratic and Republican administration's alike. There is a deep and sincere concern among former Peace Corps volunteers, staff, and Peace Corps supporters that any link, even the the percept'on of any link between Peace Corps and intelligence activities would put in jeopardy the lives and safety of the 5,800 volunteers overseas.

It was this concern—and no other—which caused the controversy surrounding Mr. Pauken's nomination to head ACTION, the umbrella agency in which Peace Corps is presently located. Mr. Pauken's military intelligence background contributed to a fear, shared by many of my colleagues on our committee, and in the Senate, that the integrity of the Peace Corps program might be put at risk. Without impugning the qualifications of Mr. Pauken to serve as ACTION Director, our committee sought to weigh the relative benefits and risks of his nomination to the Peace Corps program overseas.

In this process, I am happy to report to the Senate that during markup of the International Security and Development Cooperation Act of 1981 (S. 976), the committee, with no negative votes, adopted S. 1015, a bill which will separate Peace Corps from ACTION, which was introduced by Senator CRANSTON and cosponsored by myself and most of the members of the Committee on Foreign Relations. Yesterday's action in the committee, adopting S. 1015, was a strong show of bipartisan support for the Peace Corps. Should the full Senate accept the Cranston bill, separating Peace Corps from ACTION, the concerns most of us have had with the Pauken nomination will be obviated. When this measure comes before the Senate for its approval, I urge my colleagues to join the Senate Committee on Foreign Relations in giving it their swift and strong approval.

● Mr. QUAYLE. Mr. President, I rise today to add my voice in support of Thomas Pauken's nomination as Director of ACTION. Mr. Pauken is obviously a man of integrity, intelligence and ability. I know of no one in this body who has denied the fact that Thomas Pauken has the personal and professional qualities to serve at a high level in our Nation's Government.

What then is the problem? Why has Mr. Pauken's nomination become an issue over which reasonable men can disagree?

According to the dissenters on the Foreign Relations Committee the problem is this: Thomas Pauken was a military intelligence case officer during his service in Vietnam. This experience, they conclude, disqualifies him from the post of ACTION Director because it violates a long-standing policy of the Peace Corps, a branch of ACTION, of rejecting anyone with certain intelligence backgrounds. There, for the dissenters, the matter ends.

Now, I happen to think that this policy of the Peace Corps is a reasonable one. It serves to protect Peace Corps personnel abroad from allegations of spying, allegations which in certain circumstances, in certain countries, could endanger the lives of those personnel.

However, this policy simply does not apply to Mr. Pauken. He was not employed by the Central Intelligence Agency. His service with Army intelligence ended more than 10 years ago. Let us not forget that Mr. Pauken is not desirous of a position as a Peace Corps volunteer overseas. The post he is seeking, Director of ACTION, has an extremely limited role with respect to the Peace Corps. He will not direct Peace Corps policy, nor will he be more than nominally involved with the daily operations of that organization.

It is clear that the problem we are struggling with today is one of appearances. Those who oppose Mr. Pauken's nomination argue that his association with intelligence activities will give credence to the familiar Soviet propaganda charges that the Peace Corps is nothing but a CIA front. Those charges were specious in 1961 and they are specious in 1981.

Mr. President, why should we handcuff ourselves? Why should we deny the President the man he wants simply because the Soviets continue to lie and will

continue to lie regardless of who occupies the post of ACTION Director?

We do not serve Soviet propaganda purposes by confirming Mr. Pauken today. But we do serve Soviet foreign policy aims by denigrating, directly or indirectly, our intelligence agencies and their employees.

Mr. Pauken has served his country with distinction in the past. I am confident that he will so serve it in the future. I fully endorse his nomination and urge my colleagues to do the same.●

● Mr. DODD. Mr. President, I rise in opposition to the nomination of Thomas Pauken to serve as Director of ACTION.

As a former Peace Corps volunteer, I am particularly sensitive to the issues raised by Mr. Pauken's background in military intelligence. At the outset, I should make it clear that I believe Mr. Pauken served his country well as a military intelligence officer. His service in Vietnam was undoubtedly valuable experience, and I would have no objection to Mr. Pauken's nomination had he been nominated for some other position. However, since its inception, the Peace Corps has had a strict policy of separation from any hint of intelligence activity.

This separation of the Peace Corps from intelligence functions has been scrupulously honored in every administration since President John F. Kennedy first established the Peace Corps. The reason for this separation should be obvious. In order to carry out its mission of helping people in developing nations on a people-to-people basis, Peace Corps volunteers need the trust of the people they work with. Peace Corps volunteers have been remarkably successful in establishing this sort of relationship based on mutual support and trust in the field.

My own experience as a volunteer in the Dominican Republic from 1966 to 1968 is illustrative. I served in the Dominican Republic soon after the revolution. The Peace Corps held a unique position in that country as we were able to travel between the so-called revolutionary zone and the government-held zones unmolested, without any harassment from the revolutionaries or the government forces. Peace Corps volunteers were able to go about their business in spite of the revolution. In fact, before I arrived in the Dominican Republic, the entire U.S. mission in the country was asked to leave with one exception: The Peace Corps. The Peace Corps was allowed to remain because of the strong sense by all sides that the Peace Corps was unique, because it was not associated with U.S. foreign policy considerations. There was certainly never any hint that anyone in the Dominican Republic thought any Peace Corps volunteers were spies.

However, if we accept this nomination, the question of whether the Peace Corps has an intelligence function will surely be raised. And for the first time in 20 years, there will be some connection, however slight, on which to base that charge.

We all know that such a charge would be false, whether Mr. Pauken is confirmed or not. Both Mr. Pauken and the President's nominee to be Director of the Peace Corps, Mrs. Ruppe, have categorically stated that the strict separation of the Peace Corps from intelligence activities will be maintained. However, the truth is not needed to endanger Peace Corps volunteers in the field. All that is needed is a credible rumor. The acceptance of this nomination will provide that credibility to those who wish to harm American citizens working in developing nations. If we accept this nomination, we will be doing what every other American administration has cautiously avoided doing for 20 years.

Mr. President, it is interesting to note that this concept of separation of Peace Corps from intelligence activities is also accepted by U.S. Army regulations.

Under section 1–4 e. of Army regulations, former volunteers are prohibited from entering military intelligence. This Army regulation parallels Peace Corps regulations prohibiting anyone with intelligence experience from serving as a volunteer or staff member for 10 years.

While there are differences of opinion on whether Mr. Pauken would be allowed to join the Peace Corps as a volunteer or staff member under current regulations, that is not really the issue. The issue is whether his background in intelligence might endanger volunteers in the field. I believe there is a possibility some might attempt to tie the Peace Corps to intelligence functions and thus endanger our volunteers. This nomination would unnecessarily risk that possibility.

I should point out that legislation sponsored by my good friend from California, Mr. CRANSTON, was unanimously approved by the Foreign Relations Committee yesterday. This legislation, which I am pleased to cosponsor, separates the Peace Corps from ACTION and establishes it as an independent Federal agency. If this legislation had already been passed by the Congress and signed by the President, there would be no problem with Mr. Pauken's nomination. But as long as the Peace Corps remains a part of the ACTION agency, I must oppose this nomination.

Mr. Pauken's nomination was reported from the Senate Foreign Relations Committee by a narrow vote of 10 to 7. Senator TSONGAS and I, the only two former Peace Corps volunteers serving in the Senate, voted against this nomination because of our grave concern for the safety of Peace Corps volunteers in the field. This nomination is not worth muddying the strict separation of the Peace Corps from intelligence functions, and it is not worth risking the safety of our volunteers abroad. I ask my colleagues to join me in opposing this nomination.●

The PRESIDING OFFICER. Under the previous order, the hour of 11 o'clock having arrived, the question is, Will the Senate advise and consent to the nomination of Thomas W. Pauken to be Director of the ACTION agency? [Putting the question.]

The nomination was confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HATCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF LORET M. RUPPE TO BE DIRECTOR OF THE PEACE CORPS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the nomination of Loret M. Ruppe, of Michigan, to be Director of the Peace Corps, on which there shall be 1 hour of debate to be equally divided between the majority and minority leaders or their designees, with a vote to occur thereon at 12:15 p.m.

The clerk will report the nomination.

The legislative clerk stated the nomination of Loret M. Ruppe, of Michigan, to be Director of the Peace Corps.

The Senate proceeded to consider the nomination.

The PRESIDING OFFICER. The Chair recognizes the majority leader.

Mr. BAKER. Mr. President, I do now designate control of the time on my behalf to the distinguished Senator from Illinois (Mr. PERCY).

Mr. PERCY. Mr. President, the Committee on Foreign Relations supports the nomination of Loret Miller Ruppe to be Director of the Peace Corps. Many of us have known Loret Ruppe as the wife of Philip E. Ruppe, a distinguished Member of the House of Representatives from the 11th District in Michigan for six terms. But I am not so sure that we were all aware that Loret Ruppe managed Philip Ruppe's Congressional campaigns.

Those who have served in the House tell me that Congressional campaigning is almost a full-time job because of the 2-year terms, but while serving as her husband's campaign manager, Loret Ruppe was also responsible for raising the Ruppe's five daughters. Any Senator who thinks that is not a major managerial responsibility has never been a parent.

Mr. President, I would like to point out that the Peace Corps is a volunteer organization; Peace Corps volunteers serve 2-year terms abroad assisting in projects at the community level which are important to developing countries. Mrs. Ruppe has extensive experience as a volunteer. She was very active at the community level in Houghton, Mich., as a volunteer in the United Fund and hospital organizations and the Republican Party.

While living in Washington, D.C., Loret Ruppe continued her voluntary service. She served in the Congressional Wives Club and the Republican Wives Club, and as president of the International Neighbors Club.

More recently, Loret Ruppe served as Michigan State chairperson of the George Bush for President Committee,

and after the Republican Party Convention, as Michigan cochairperson of the Reagan-Bush Committee. I need not remind my colleagues that those were very successful campaigns coordinated by Mrs. Ruppe.

Mr. President, Loret Ruppe has traveled extensively overseas. She has visited Turkey, Greece, Japan, England, Kenya, Morocco, Egypt, Spanish Sahara, and Tanzania, and other places in North and East Africa. Loret Ruppe has attended numerous international meetings, including a session of the United Nations Law of the Sea Conference. She has some speaking ability in Spanish and Italian, and has a high interest in and sensitivity to foreign cultures.

Mr. President, it is clear from the record that Loret Ruppe has strong qualifications to serve as Director of the Peace Corps. But apart from her formal qualifications, I would like to attempt to convey to my colleagues a sense of the enthusiasm and commitment which Loret Ruppe has shown toward the Peace Corps. She has impressed me and many members of the Foreign Relations Committee with her determination to strengthen and improve the Peace Corps as a unique institution, which in her words:

Embodies a spirit which has been part of the American character since the early days of our nation. The notion that led early settlers to help one another with planting and harvesting and later manifested itself in such peculiar American institutions as barn-raisings has now been institutionalized in an agency which expresses this genuine neighborliness and compassion on a global scale.

Mr. President, I ask unanimous consent to have printed in the RECORD a speech which Loret Ruppe gave at the University of Notre Dame on March 25, 1981, together with her statement before the Committee on Foreign Relations on April 28. These two fine statements indicate very well Loret Ruppe's plans for the Peace Corps and her devotion to making the Corps better than ever.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS BY LORET MILLER RUPPE

Although I have long been committed to volunteer service and voluntary action; and

Although I have deep interests and concerns about international affairs, particularly those involving the Third World; and,

Although I have spent days and nights, since President Reagan asked me to take this job, learning just as much about the Peace Corps from as many different people as I could, I am a newcomer. To some I am a stranger. I have suffered from what might perhaps be called bureaucratic culture shock. I am only beginning to understand some of the government jargon in which I am immersed. I am just beginning to figure out my job and am finding that, as with many jobs, the job description doesn't cover everything.

In some small ways (and I appreciate that the analogy is not a strong one) I am experiencing some of the same feelings of Peace Corps Volunteers who, having taken what amounts to a leap of faith, find themselves addressing a community which waits to hear what the "new person" has to say.

Let me begin by relating how former volunteers, having taken that leap of faith, have described the Peace Corps and their own experience.

Peace Corps is facing more challenges and conquering more fears than you ever thought possible.

It is struggling to understand your own motives.

It is feeling isolated, unwanted and misunderstood.

It is longing to have someone to talk to you straight, to jump, and dance, and run, without the uncomprehending looks of a misunderstood people.

It is seeing hunger, and watching what happens to people who don't have enough to eat.

It is struggling to communicate in a language that you think you'll never learn.

It is finding excitement, opportunity for initiative, achievement and responsibility.

It is eating rice everyday and learning to like it.

It is being discouraged and angry with people for not following sanitary methods with their children.

It is despising people and not knowing why.

It is loving people and knowing why.

It is being frustrated by rigid systems and not being able to change them.

It is showering late at night under the shimmering stars with cold water from your tank.

It is realizing at the end of two years that you have adjusted more than you ever thought you could and realizing it's home.

It is knowing that you will never be the same again.

These are the words of Peace Corps Volunteers who have served over the past twenty years in countries around the world. They might have been spoken by some of the returned volunteers here today. I quote them at the outset to remind all of us that the most important challenges that Peace Corps has faced, and will continue to face most directly and most personally, are found not in gatherings such as this, not in Peace Corps offices in Washington, not in the halls of Congress. But rather, these words reflect the daily challenges faced in barrios and fields and villages around the world by Peace Corps Volunteers and the people with whom they live and work.

Their descriptions of Peace Corps life vividly describe not only the challenges of 20 years past—but also point to the challenges of the 80's.

Their words tell us that the basic principles upon which Peace Corps was founded still ring true . . . that the goals of helping others to meet their own needs, and of developing a better mutual understanding between Americans and peoples of other countries, remain valid.

On the other hand, while Peace Corps principles remain sound and useful, the world in which Peace Corps works is very different now from what it was 20 years ago. As we celebrate and praise the service of the nearly 100,000 Americans who have been involved in the Peace Corps as volunteers and staff over the past twenty years, as we reaffirm the basic principles upon which it was founded, and as we reflect on the past by listening to the words of returned volunteers, we must also look ahead to the next twenty years, and consider what has happened and what is happening in the world in which the Peace Corps works.

I ask that you consider the following facts:

On the economic front:

Inflation over the past 20 years (accelerated in recent years by the energy crisis) has reduced the value of the dollar by nearly two-thirds and has had disastrous effects on the economies of other nations, especially the poorer nations of the Southern Hemisphere.

At the same time, developing countries have become the fastest growing customers of U.S. exports, tripling their purchases since 1973, and now buying more than one-third of all U.S. exports.

And conversely, developing nations currently supply us with more than 40 percent of our imports.

On the social front:

Fifteen hundred-million more people have been added to the population of this planet in the past 20 years, many of them born into lives of desperation and misery; by conservative estimates, the world's population will continue to grow by more than 2 billion people over the next 20 years and 90 percent of those people will live in the world's poorest nations. In Africa alone, population growth is estimated at 3 percent a year, while growth in food production is at only 2 percent a year. This will result in massive starvation! Needs for fuelwood worldwide will probably exceed available supplies by about 25 percent before the turn of the century and as many as 20 percent of all species of life on earth may be irretrievably lost as their habitats vanish, especially in tropical forests.

On the political front:

The developing nations now comprise 75 percent of this world's national governments; many of these countries were newly independent when Peace Corps was created 20 years ago, but Peace Corps Volunteers continue to live in countries experiencing the transition from colonial status to statehood.

Twenty years ago, few people around the world could foresee what would happen in Vietnam, in Iran, in Zimbabwe, in Afghanistan, in Nicaragua.

In our own country—twenty years ago, a charismatic young leader became the first Roman Catholic and the youngest person ever elected President of this country. This who, despite differences in age and political past fail, the American people chose a man, philosophy, is committed to some of the same principles to which John Kennedy was committed . . . A strong domestic economy, a healthy respect for America at home and abroad, a dedication to peace through strength, and a clear recognition of what President Reagan has called, "The American spirit of voluntary service, of cooperation, of private and community initiative; a spirit that flows like a deep and mighty river through the history of our nation."

Twenty years ago, on the steps of the Student Union at the University of Michigan, John Kennedy challenged the youth of this country to wage peace by serving the poorest of the world. He asked:

"How many of you are willing to spend 2 years in Africa or Latin America or Asia working for freedom? . . . On your willingness to contribute part of your life to this country will depend the answer to whether we as a free society can compete."

For the past two decades, tens of thousands of men and women have taken up this challenge. And each year, thousands of our most talented and dedicated citizens—both young and old—leave families, friends, homes, jobs, opportunities and careers, to live for two years in jungles, mountains, deserts and on islands among the poorest of the poor.

These volunteers have replaced despair with hope, hunger with agricultural development, sickness with better health care . . . And in doing so, have helped those who had no tomorrow to develop a sense of the future.

In recognition of this dedication and sacrifice, and on the occasion of Peace Corps' 20th Anniversary, President Reagan stated:

"For the last twenty years, more than eighty-thousand American volunteers have fought, and often conquered, illiteracy, hunger, poverty and illness in more than ninety countries. Their efforts, dedicated to the world peace through international goodwill, have done much to replace fear and mistrust with mutual understanding."

And yet, while our leaders have consist-

ently supported the Peace Corps, and while America's commitment to what the Peace Corps stands for remains strong, times have changed.

A term like "strong domestic economy" means something very different than it did 20 years ago. It means less government spending, not more.

And terms such as a "healthy respect for America at home and abroad" and "peace through strength" take on new meanings in today's ever-shrinking, increasingly interdependent world.

The measure of America's future strength and respect will not be just in terms of military strength, as critical as that continues to be for the maintenance of world peace. As Pope John the Twenty-Third said, "In a world of constant want, there is no peace." There is a more significant need today, both here and abroad, for us all to understand . . . that true peace is not the absence of war . . . but freedom from starvation, disease, injustice, illiteracy, misery and despair.

So while, in 1981, we as a nation are not involved in armed conflict, the vastness of not just poverty but misery in our world has grown; the economic, political, social and moral bonds that bind our planet together have in some cases been cut, in others tightened, and in others twisted almost beyond recognition. New alliances have been formed, new threats of violent conflict have emerged, and a new (or at least magnified) sense of our global interdependence has found its way into our daily lives.

. . . not only at the gas pump and in the auto industry, but in the 1.2 million other American manufacturing jobs which produce exports to developing countries.

. . . not only on the one out of three acres of American farmland which produce food for export, but in the essential raw materials vital to our economy and security which must be imported.

In such a world, programs like the Peace Corps, dedicated to development and better mutual understanding, are needed as never before. However, if Peace Corps is to continue to help meet the challenges of the 1980's, it too must change.

We cannot continue solely as a government-sponsored program. To that end, we must seize more opportunities to work with private organizations with similar goals.

While we continue primarily as a bilateral program, we must seek ways to work more effectively with multilateral organizations.

Peace Corps cannot afford to continue to be just a 2-year program principally comprised of recent college graduates. We must seek appropriate ways for volunteers to serve for shorter or longer periods of time; we must look ahead and tap the vast experience and talents of our growing older population, many of whom seek opportunities to remain young at heart and to serve.

Peace Corps Volunteers should continue to serve in as many interested countries as possible, and should be "waging peace" in the vast areas of the Third World where they do not serve now . . . in such places as Uganda, Bangladesh, Mozambique, Pakistan, and Egypt.

We, as a nation, must better recognize the experience of Peace Corps Volunteers who have worked at the grass roots with the poor of other nations. Having participated in what undoubtedly is one of the world's most unique graduate studies programs, Peace Corps Volunteers represent one of the most valuable resources which this country has . . . a resource that deserves to be better appreciated, developed and tapped.

These are some of the exciting challenges facing the Peace Corps in the 1980's, as we continue to look for new solutions to old problems and reexamine whether the solutions of the past are still relevant for the Peace Corps' future.

My goal for this extraordinary program as it begins its future, and my pledge as I begin my service as its Director, is that:

. . . it will remain true to its legislated purpose of promoting world peace and friendship,

. . . adapting itself to the changing world in which it works,

. . . and, continuing to provide an increasingly important vehicle for individual Americans, like yourselves, to help meet the challenges, and conquer the fears, of the 1980's and beyond.

Thank you.

STATEMENT OF LORET MILLER RUPPE BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE

Mr. Chairman, Members of the Committee,

I am grateful for the opportunity to appear before this Committee as President Reagan's nominee to become Director of the Peace Corps.

In recent weeks, I have become aware of the considerable interest and attention which this Committee has shown toward the Peace Corps and its activities. I believe the Peace Corps is fortunate to enjoy such a close working relationship with the Congress, especially as an agency of its relative small size. I look forward to the continuation of that relationship if I am confirmed as Director.

My purpose this morning is to try to convey to the Committee my understanding of the unique role the Peace Corps plays in our nation's make-up and my views and aspirations about the future of the Peace Corps.

First, let me express on behalf of the President this Administration's strong commitment to the concept of volunteer action to help solve human problems both here and abroad. I also want to convey the Administration's strong support for the Peace Corps specifically. Despite this era of stringent fiscal constraints, the President has recommended an appropriation for the Peace Corps which contains a reduction from the current budget smaller than those imposed on many other agencies. While any reduction is painful, we are making every effort to live within it.

The interest this Committee and the Administration have shown in maintaining a healthy, striving Peace Corps is not at all surprising to my way of thinking. For the Peace Corps embodies a spirit which has been part of the American character since the early days of our nation. The notion that led early settlers to help one another with planting and harvesting and later manifested itself in such peculiar American institutions as barn-raisings has now been institutionalized in an agency which expresses this genuine neighborliness and compassion on a global scale.

The Peace Corps has, since its formal inception twenty years ago this month, captured the imagination of millions of Americans and has left a lasting impression on millions more abroad. It has certainly changed the lives of those 100,000 volunteers and staff who have served in more than 90 countries around the world.

To paraphrase the goals expressed in the Peace Corps Act, we have provided badly needed manpower to countries which are in far less fortunate circumstances than ours. At the same time, our volunteers abroad have by their deeds served to promote a better understanding of America and its people. No less important, we have gained a better understanding of other people and other countries' problems.

The activities of the Peace Corps over these past twenty years have paid handsome dividends in terms of our prestige and image abroad. These "dividends" may not be quantifiable, nor do I suggest they be measured. But, suffice to say, the understanding and goodwill generated by this unique approach become increasingly more important in a world as uncertain as ours.

Just as an example of this, a Peace Corps worker in Jamaica many years ago told his students he would take the one with the highest score on a coming exam on a trip to Montego Bay, an opportunity to leave the village for the first time. For the winning student it was an inspiration. He is now a member of the Jamaican government. This is the kind of friend the Peace Corps makes for the United States.

In the weeks that I have spent learning more about the Peace Corps agency and its program, I have been impressed though not surprised, by the dedication of the staff. The sense of commitment one would naturally attribute to volunteers has not been lost among the professional staff. This gives me great confidence that, if confirmed, I can successfully and effectively manage an agency as diverse and far-flung as the Peace Corps.

I have also had the opportunity to attend two of the Peace Corps' 20th Anniversary reunions, one at Notre Dame University, and one in Boston with a member of this committee and I am proud to say, a former Peace Corps Volunteer, Senator Paul Tsongas. I was impressed by the enthusiasm of the returned volunteers I met and their continuing dedication to the goals of the Peace Corps.

As a result of their Peace Corps service, returned volunteers are an invaluable asset to our nation, which, I believe, should be exploited in the best sense of the word. I plan to look into ways that we can take advantage of the experiences of our returned volunteers to fulfill the mandate in the Peace Corps Act to help promote a better understanding of other people on the part of the American people.

Countries of the third world, where our volunteers serve, are vital for the decade ahead. As these countries develop their economies, they become potential trading partners and customers for U.S. goods and services—which can only help our own economy. Returned volunteers can help in this effort.

In preparing for my new duties, I have become aware of some persistent problems which the agency faces and which I hope to redress in my tenure as Director. I would like to streamline the Peace Corps management structure to provide better support and better communication with country programs abroad. Toward this end, I hope to complete a modest reorganization of the headquarters functions which would achieve some budget savings and minimize program curtailments overseas.

It is also my goal to reinvigorate the agency to raise its profile in this country as a means of attracting more and better qualified volunteer recruits. Since the announcement of my nomination, too many people have expressed surprise at learning that the Peace Corps still exists. Let me assure you, as I have to those who have expressed such surprise, that the Peace Corps and the spirit it represents are alive and well. Almost 6000 volunteers in over 60 countries are proof of that.

I would like to address another persistent concern about the Peace Corps and its activities. The effectiveness of Peace Corps programs abroad is dependent upon its integrity as a volunteer agency concerned with economic and human development. The Peace Corps was not designed and should not become just another arm of American foreign policy. To this end, if I am confirmed, Secretary of State Haig and I will issue a joint directive to each mission abroad restating the policy of separation. Peace Corps staff and volunteers will be directed not to become involved in political matters of any kind, and State Department and other mission personnel should not involve themselves with Peace Corps activities in a way that might compromise the integrity of the Peace Corps mission.

I would also like to convey to the Committee the position of the Administration with respect to the complete separation between the Peace Corps and the intelligence function of the government. As this Committee is aware, there is long-standing policy barring any connection between intelligence-gathering activities and Peace Corps activities. The Administration firmly endorses that policy, and it is my firm intention to ensure that the policy is not violated or compromised.

Another pertinent policy area is Peace Corps' advocacy of Women in Development. Since the amendment to the Peace Corps Act in 1978 authored by Chairman Percy, Peace Corps has worked continuously to make sure that all of our programs and activities serve to "integrate women into the national economics of developing countries, thus improving their status and assisting the total development effort." In regard to this effort, many examples of Peace Corps programs currently exist. The Peace Corps will continue to examine programs that benefit women in host countries directly by augmenting their income-earning ability, increasing their productivity, and their ability to obtain skills and knowledge that will lead to greater self-reliance.

When I was approached about the possibility of assuming a role in the Reagan Administration, the position I felt most strongly about was the Directorship of the Peace Corp . From my own activities as a commun. y volunteer and as a political volunteer, s well as my travels abroad to visit family members serving in undeveloped countries, I believe I could offer the Peace Corps the leadership it needs to continue as a vigorous and effective agency. I was gratified and honored to receive President Reagan's nomination for this post. I have much to learn, but if confirmed, I am confident that, with a dedicated and professional staff, with the strong backing of the Administration, and with a continuing partnership with this Committee and the Congress, I can help assure that the unique mission which is the Peace Corps' will continue to thrive.

I will be happy to try to answer any questions.

Mr. PERCY. Mr. President, this year marks the 20th anniversary of the Peace Corps. About 100,000 Americans have served as Peace Corps volunteers. They can help spread the word that the Peace Corps is very much alive and thriving as it begins its third decade under able leadership.

Mr. President, it is indeed a pleasure for me to present to the Senate this nomination and to urge my colleagues to join me in endorsing Mrs. Loret Miller Ruppe as director of the Peace Corps.

Mr. TSONGAS. Mr. President, we have before us the nomination of Mrs. Ruppe to be director of the Peace Corps. As one of the first two Peace Corps volunteers to serve in the House and the first to serve in the Senate, I would like to strongly endorse the nominee. I have had a chance to meet with her both privately and to have observed her at the 20th anniversary ceremonies at the Kennedy Library in Boston, and I must say I am very impressed with her sincerity.

Given the fact that there is so much controversy today as to the appointment and nomination of Mr. Pauken, I would like to separate these two nominees and suggest that Mrs. Ruppe would be an excellent director of the Peace Corps. I think she is sensitive to what the Peace Corps is about, and I think she would be as good a director as any we have had.

My concern about Mr. Pauken is not Mr. Pauken himself. I think as director of ACTION he is quite qualified, and I think he will do an admirable job.

The concern is that historically the Peace Corps has managed to separate itself de facto and de jure from intelligence activities, and those who are concerned about the effectiveness of the Peace Corps, our adversaries, have never been able to make the argument that the Peace Corps was some kind of intelligence operation.

Mr. Pauken's background raises that specter, and it is one we should be concerned about.

Now, no one, I think, wants to see misfortune come to the Peace Corps, and that would include Mr. Pauken as well, and I would even urge the admin'stration to endorse the separation of the Peace Corps from the ACTION agency. There were some of us who considered staging a filibuster on Mr. Pauken, but we decided against one, not wanting to put the administration in a position of having to lose face and, secondly, to not be obstructive.

But having lived myself in a village, and knowing about the vulnerability of the average Peace Corps volunteer to any kind of assault, any kind of action that gives credibility to the notion that somehow the Peace Corps is connected with intelligence puts in jeopardy the lives of Peace Corps volunteers around the world.

Having been in that situation myself, I would like to say what we do in separating the Peace Corps and the ACTION agency has the potential of protecting the lives of American citizens, and I would suggest that no matter what party we come from, and how we come to this issue, that the lives of the Peace Corps volunteers are of paramount importance. We on this side have shown restraint with respect to the nomination of Mr. Pauken in not staging a filibuster, and I hope the administration feels the same way, that there should be separation between the two, so that the lives of the Peace Corps volunteers will not be in danger, and that those who oppose the Peace Corps, our adversaries, will not be given a remarkable propaganda victory that we might inadvertently have given them.

So I urge that kind of sensitivity, and urge both Mrs. Ruppe well in her venture and, once the separation is brought about, that of Mr. Pauken.

Mr. DURENBERGER. Mr. President, I am proud to support the nomination of Loret Ruppe to be Director of the Peace Corps.

Ms. Ruppe has a rich history of volunteering, beginning with all the volunteering associated with raising five children. Her volunteerism ranges from leadership in the League of Women Voters to president of her International Neighbors Club. Her international travels have heightened her sensitivities to the special problems of developing nations.

Although in her self-deprecating way, Loret Ruppe is the first to admit that she has a lot to learn about the Peace Corps, all who are associated with her remark that she is learning very quickly.

Mr. President, the Peace Corps has a unique and significant role to play in international affairs. When other attempts to aid developing nations and their peoples are criticized or regarded with mistrust and cynicism, Peace Corps volunteers are accepted and respected in the communities they serve. As Ms. Ruppe pointed out in her statement before the Foreign Relations Committee, our assistance to the people of the countries of the Third World where our Peace Corps volunteers serve is vital in the next decade. It is essential that we enter that decade with the finest, strongest leadership for the Peace Corps. Loret Ruppe will provide that leadership.

I look forward to working with Loret during this administration as she gives renewed strength to the Peace Corps.

● Mr. DODD. Mr. President, I rise in strong support of the nomination of Mrs. Loret Miller Ruppe to be Director of the Peace Corps.

During our hearings in the Senate Foreign Relations Committee, and in my private conversations with Mrs. Ruppe, I found her to be an exceptionally intelligent, capable, and articulate advocate for the Peace Corps. I look forward with pleasure to working with her on Peace Corps issues when she is confirmed, as I am sure she will be.

I was especially pleased to hear Mrs. Ruppe express on behalf of President Reagan his strong commitment to the concept of volunteer action to help solve human problems both in the United States and abroad. I would commend Mrs. Ruppe particularly for her statement during her confirmation hearings that:

> The Peace Corps embodies a spirit which has been part of the American character since the early days of our Nation. The notion that led early settlers to help one another with planting and harvesting and later manifested itself in such peculiar American institutions as barn-raisings has now been institutionalized in an agency which expresses this genuine neighborliness and compassion on a global scale.

I believe that Mrs. Ruppe has accurately described the spirit of the Peace Corps in that statement. Mrs. Ruppe also pointed out that it is not sheer altruism which guides the Peace Corps. The people-to-people contact Peace Corps volunteers make in developing countries can pay important dividends in good will toward our country in later years.

While I am disappointed the Peace Corps budget was cut by the administration, I can think of no one more capable of effectively utilizing the Peace Corps' resources than Mrs. Ruppe.

As a former Peace Corps volunteer, I am delighted Mrs. Ruppe was nominated to be Director of the Peace Corps, and I urge my colleagues to support her confirmation.●

Mr. BAKER. Mr. President, might I inquire of the distinguished acting minority leader and others who are on the floor if there are those who wish to speak at this time on this nomination?

Mr. TSONGAS. We are presently engaged in an inquiry to the ranking mi-

nority member of the committee, and as soon as that is resolved I will answer the majority leader.

Mr. BAKER. I thank the distinguished Senator.

Mr. President, I must say I am surprised, and pleasantly surprised, that these nominations which appeared to be very controversial indeed, and which were set by special order after extensive negotiations, appear to have resolved themselves to the point where we have already had a voice vote on the Pauken nomination. I have no requests at this time for a rollcall vote on the Ruppe nomination.

I hope those who hear me in their offices on the communication system of the Senate will understand that we are just about out of speakers. We are out of speakers on this side. If anyone wishes to speak on either one of these nominations, they better come to the floor, because, with the concurrence of the minority leader or his designee, as soon as we have cleared it and I ascertain that there will be no more debates, I intend to ask the Senate to go into recess until later today, perhaps about 1 o'clock, when we can turn to the consideration of the first concurrent budget resolution.

The reason for this statement, Mr. President, is to let our colleagues know that it would appear that the debate is about to conclude on this nomination. I do not now have a request for a rollcall vote on the remaining nomination; that is, the Ruppe nomination. Any Member who does have an interest in this matter and who wishes to speak should do so promptly and should notify either the minority leader or myself and anyone who wishes a rollcall vote should signify that request, because, within the next few moments, if I do not have any further requests for time or a request for a rollcall vote, I intend to proceed to modify the unanimous-consent request for the vote at 12 o'clock to change it to a voice vote now or as soon as we can, and then put the Senate in recess.

Mr. TSONGAS. Will the Senator yield?

Mr. BAKER. I am happy to yield.

Mr. TSONGAS. Mr. President, just one point of clarification. There are a number of us who felt very strongly about the Pauken nomination. The issue is not Mr. Pauken. As I said, I thought he was quite qualified for the task he has been assigned. The issue was the linkage. When contemplating what we should do about the Pauken nomination, it was decided that what we were concerned about was not Mr. Pauken but the linkage, and to address it to Mr. Pauken would have been a confrontation first and pretty much missed the point. So I hope our decision to step back and let Mr. Pauken go will be appreciated by the White House. I think linkage cannot be taken up on a noncontroversial basis.

Mr. BAKER. Mr. President, I thank the Senator. I agree with every word he has just stated. I think he and others in the Senate on the minority side have made their case for their concern for that linkage. I am personally very grateful and I am sure the President is grateful that the issue was not taken to a rollcall vote. Rather, it was resolved on the basis of spreading on the record their concern—their legitimate concern—for that issue, and a concern that I understand and am sympathetic with, but stopping short of an outright confrontation on the nominee himself.

So I am sure I speak on behalf of the administration. I certainly speak on behalf of the leadership on this side. I express my appreciation to those Senators, particularly the Senator from California, the Senator from Massachusetts, and others who are so deeply concerned and have expressed so eloquently their concern for this matter.

Mr. President, while we await further word from our colleagues on their desires with respect to these nominations and before I make a unanimous-consent request to alter the arrangement for proceeding for the remainder of the day, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I might advise the distinguished acting minority leader that on inquiry on our side of the aisle, we find no request to debate this nomination further.

Might I inquire if there is any further need for time for debate on the minority side?

Mr. TSONGAS. Mr. President, apparently the issue has been raised with the minority leader and the ranking member of the Foreign Relations Committee and it has been cleared.

Mr. BAKER. Mr. President, I thank the acting minority leader.

Mr. President, in view of that situation, I think it is unnecessary for the Senate to proceed to a rollcall vote or to spend further time today on this matter.

Is there an order to vote on this nomination?

The PRESIDING OFFICER. There is an order to vote at 12:15 p.m.

Mr. BAKER. Mr. President, I ask unanimous consent that the order be modified to eliminate the time certain to vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I believe there is no further debate on this measure and there is no request for a rollcall. I believe the Senate is prepared to proceed to the consideration of this nomination.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. BAKER. Mr. President, I yield back the time on this side.

Mr. TSONGAS. Mr. President, I yield back the time on the minority side.

The PRESIDING OFFICER. Under the previous order, the question is, Will the Senate advise and consent to the nomination of Loret M. Ruppe, of Michigan, to be Director of the Peace Corps? (Putting the question.)

The nomination was confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. TSONGAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominee.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. The Senate will now proceed to the consideration of Senate Concurrent Resolution 19, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 19) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the U.S. Government for the fiscal year 1981.

RECESS UNTIL 1 P.M.

Mr. BAKER. Mr. President, in view of the fact that the two nominations we have just confirmed required less time than originally contemplated, I think it would be unwise to try to proceed this early to the consideration of the budget resolution. I have cleared this request with the distinguished minority leader.

Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 1 p.m. today.

There being no objection, the Senate at 11:20 a.m., recessed until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. SPECTER).

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

Mr. President, might I inquire of the Chair what is the pending business before the Senate?

The PRESIDING OFFICER. Senate Concurrent Resolution 19.

Mr. BAKER. I thank the Chair. That is the first concurrent budget resolution, is it not?

The PRESIDING OFFICER. It is the first concurrent resolution.

Mr. BAKER. Will the Chair please state for the benefit of the Senate the time constraints that are imposed on that measure by statute?

The PRESIDING OFFICER. There are 50 hours equally divided between the majority and minority leaders or their designees.

Mr. BAKER. Mr. President, I designate the distinguished Senator from New Mexico (Mr. DOMENICI), who is chairman of the Budget Committee, to control the time on behalf of the majority leader.

The managers of the resolution are not present on the floor. I expect them here shortly. I may say I expect the Senate will be in late today, as I an-

nounced on yesterday. Thursday is our regular late evening if, indeed, there is a need for a late night.

Senators should be on notice that I expect we will be in session well past the dinner hour tonight. I hope we can make good progress tonight, and proceed to dispose of as many of the amendments as may be offered to the resolution as is possible today and, perhaps, even finish consideration of this measure tonight or tomorrow.

If we do not finish tonight, we will, of course, be in session tomorrow. I would expect rollcall votes during the entire session of the Senate tomorrow. I would anticipate, barring unforeseen circumstances, that the Senate will recess over at about 6 p.m. on Friday. I do not anticipate a Saturday session unless that appears necessary because of circumstances that I do not now see or anticipate.

If we have not finished by Friday at or about 6 o'clock, I expect that the Senate then will convene at a fairly early hour on Monday and continue the consideration of this measure under the time constraints imposed by statute or as they may be reduced or as we may arrive at a different agreement until we have disposed of the budget resolution.

Mr. President, the distinguished Senator from New Mexico is on the floor now and I yield the floor so that he may commence deliberations on this measure.

The PRESIDING OFFICER (Mr. JEPSEN). The Senator from New Mexico.

Mr. DOMENICI. I thank my distinguished leader.

Parliamentary inquiry, Mr. President. What is the pending business for the Senate?

The PRESIDING OFFICER. Senate Concurrent Resolution 19.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. DOMENICI. Mr. President, I am pleased to yield to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, I yield the time allocated to the minority leader under the Budget Reform Act to the distinguished Senator from South Carolina (Mr. HOLLINGS) the manager of the resolution on this side of the aisle.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the presence and use of small calculators be permitted on the floor of the Senate during the consideration of Senate Concurrent Resolution 19.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, Senator GRASSLEY has an engagement. I would like to yield to him so he can make his opening remarks. I yield whatever time the distinguished Senator may require at this point.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.

Mr. GRASSLEY. Mr. President, I thank the distinguished chairman of the Budget Committee for yielding to me.

Mr. President, just about 1 month ago, the U.S. Senate overwhelmingly voted to approve a revised budget resolution for fiscal year 1981, which would instruct Congress to achieve savings of $2.4 billion in fiscal year 1981, $36.9 billion in fiscal year 1982, $47.7 billion in fiscal year 1983, and $56.9 billion in fiscal year 1984. Though these reconciliation instructions have not received final approval from both Houses of Congress, committees are already writing legislation that makes full allowance for these savings. The Senate Finance Committee, in fact, has just this week completed marking up a bill that saves $1 billion more than the reconciliation instructions recommended for fiscal year 1982.

Our actions here in the Senate are a direct response to the mandate of the November election—a mandate from the American people to get this booming Federal budget under control. I applaud the efforts of my colleagues in both the Senate and House of Representatives. It is through our prompt enactment of the critical elements of the Reagan plan—spending and tax reductions, in particular—that we can embark on a steady course of economic recovery.

Today, we will begin consideration of Senate Concurrent Resolution 19, the first concurrent resolution for fiscal year 1982. This resolution includes the Reagan spending and tax reduction proposals that are vital elements of his economic recovery plan. I have great faith in this plan, and am confident that this well-balanced program of fiscal restraint, productivity-oriented tax cuts, stable monetary policy, and regulatory reform is a welcome and much needed change from the disasterous Keynesian demand-management policies we have been following for the past 50 years.

Initially, I voted against the first budget resolution we drafted in committee, not because I had any lack of faith in the President's program, but merely because the committee had not completed its work. The resolution projected a deficit of $44.7 billion in fiscal year 1984, and this was inconsistent with President Reagan's plan to balance the budget by fiscal year 1984. I have consistently promised the people of Iowa that I, too, would work to balance the budget.

More importantly, however, I am committed to discontinue the "business as usual" approach to economic policy that has dominated congressional action for the past 25 years. Clearly, a budget resolution that reflected a budget deficit of $44.7 billion in 1984 would be no different from any resolution that had gone before. It would be a clear signal that the Federal Government's "business" was proceeding "as usual."

Due to the leadership of that distinguished chairman of our committee, Senator DOMENICI, this resolution that we have before us today includes certain general provisions and institutional reforms that I feel sure will result in the necessary savings by 1984. These items include commitments to find greater efficiencies in the administration of the Department of Defense, increase efforts to reduce waste, fraud and abuse across all Federal agencies, empower the President with added rescission and deferral authority, and legislation that will exercise some control over the rate at which programs spend out.

These provisions are in keeping with the spirit and discipline of the President's initial budget proposals, and provide, as did he, for a balanced budget by 1984. Though spending and revenue targets are not binding in the outyears, the committee is obligated, in my view, to find specific savings for those years and/or commit itself in the resolution to finding specific reductions in spending that will bring this budget into balance by 1984.

I have received the assurances of the President and his Budget Director, David Stockman, that the administration is committed to delivering the specific proposals that are necessary to balance the budget. The Congress will be receiving those proposals early next year, which will allow the Budget Committees to incorporate them into their resolutions for fiscal year 1983 and beyond.

The committee has resolved to promptly act on any proposals the President sends to us, as well as achieve reductions in the event that further reductions are not forthcoming from the administration.

Based on positions taken in the 1980 Presidential campaign, however, and his reiteration of those goals in his actions of the past 100 days since his inauguration, it is clear that President Reagan shares this commitment to balancing the budget. So far, he has shown great leadership in reducing Federal spending and providing for tax rate reductions, and I appreciate his strong commitment to follow through on his promises.

In our deliberations on this budget resolution over the next few days, several of my colleagues will be offering amendments that would add back funds for pet programs and reduce funds for the much needed tax cuts and defense spending. I am determined to join the efforts of my chairman in resisting these changes.

The spending cuts that we will be hearing so much about in the next few days will be criticized, particularly by my friends across the aisle, as "cruel," "heartless," "a perversion of justice,"

and an attempt to "balance the Budget on the backs of the poor." This is not so. The Republican plan for economic recovery, of which these budget reductions are a crucial element, is designed to achieve greater efficiency in allocating Federal resources, so that the size of Government spending can be reduced without endangering the truly needy.

The program cuts are motivated by compassion both for the elderly and the poor, who we are trying to insulate with a safety net, and for the hard-working taxpayers who cannot afford to indulge the excessive whims of big-spending politicians.

Even with the spending reductions that we have written into the revised resolution for 1981 and this resolution for 1982, the budget will commit the Federal Government to spending $699.1 billion in fiscal year 1982, the deficit will reach $48.8 billion, and the public debt will reach $1,091.2 billion in fiscal year 1982. The much criticized budget reductions that this resolution calls for merely restrain the rate of growth of the Federal budget from its trend of 16 percent to a rate of 6 percent over the next few years. The budget aggregates will continue to be larger than they have been in previous years.

There is also a widely held misconception that the President's tax proposals are too big, too expensive, and too soon. This, as I have stated before, is not a view that I share. The tax cut package—the 30 percent over 3-year personal rate reductions and accelerated depreciation—is a vital component of the President's plan. The personal rate reductions have been particularly criticized as "breaks" for the rich, but this is not so. In the early 1960's, approximately 3 percent of all taxpayers were in the 30 percent or higher tax brackets; today, over 33 percent of all taxpayers are in these brackets, with little or no increase in real income. These taxpayers are middle class, a group that provides the most in revenues to the Federal Government while demanding the least in services.

Inflation and bracket creep are forcing them into higher tax brackets, and the President's tax reductions would barely serve as much needed relief to these middle income taxpayers. Scheduled increases in the social security tax and the effects of bracket-creep result in a total tax increase of $52 billion in fiscal year 1982, $80 billion in fiscal year 1983, and $112 billion in fiscal year 1984.

The proposed personal rate reductions of 30 percent over the next 3 years would amount to a net tax increase to individuals in 1982 of $7.8 billion. and a net tax reduction in 1983 of $1.4 billion and in 1984 of $8.1 billion.

Given these facts, some might even argue that the tax cuts are not radical enough. Stopping the rampant rise in tax rates is not the same as cutting them below their current level.

It is no secret that the United States economy is now in a dreadful mess. At 11.2 percent, we are experiencing the worst inflation since World War I. unemployment is at one of its highest peaks since World War II, and mortgage interest rates are at their highest point in U.S. history. The business as usual bandaid approach to economic policy that we have been following for the past 50 years got us into this mess, and unless we rid ourselves of this crazy demand-management fiscal policy, things could easily get worse.

The Reagan plan attacks the problem at its source. The spending and tax rate cuts, the regulatory relief, and the stable monetary policy will provide an economic environment that will serve as much needed incentive to rising productivity and economic growth, which will, in turn, reduce inflation and unemployment.

As I have stated before, this resolution provides for the necessary spending and tax cuts that will get this recovery plan started. It is only by taking the first step that we can begin the long march to economic strength and stability, and so I urge the immediate adoption of this resolution and the firm commitment to making it work.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank my good friend from Iowa.

Mr. President, I have a rather lengthy statement. If my good friend, Senator HOLLINGS, wants to proceed, I do need a couple more minutes to confer. Otherwise, I will suggest the absence of a quorum.

Mr. HOLLINGS. Does the chairman want me to proceed?

Mr. DOMENICI. That would be fine.

Mr. HOLLINGS. Mr. President, today the Senate begins its consideration of Senate Concurrent Resolution 19, the first budget resolution for fiscal year 1982. I regret that I must oppose it.

I have always supported the budget process and voted for the budget resolutions. I am proud of the Budget Committee's many accomplishments. Just last month, for instance, the Senate agreed to a reconciliation resolution reported by the Budget Committee which called for spending cuts of $87 billion through fiscal year 1983.

That resolution was a historic step in bringing the Federal budget under control and I fully supported it. Those savings, extended through fiscal year 1984, are included in the budget resolution now before us, and I endorse them here, again.

However, somewhere along the track between the reconciliation resolution and the budget resolution, the Budget Committee got derailed. In its rush to approve the President's budget program, the committee abandoned its responsibility to the budget process and to this body. Unlike previous budget resolutions reported from the Budget Committee, Senate Concurrent Resolution 19 is fatally flawed.

Mr. President, I do not make this statement lightly. Having been the chairman of the Budget Committee, I know the responsibilities involved and I understand the difficulties, the burdens, and the tremendous job facing the distinguished Senator from New Mexico, the new chairman of the Budget Committee. He completed a very difficult task in bringing before the Senate in March a successful reconciliation bill.

I am confident that he has done his very best in tackling the job of the first budget resolution.

We had an excellent budget committee markup, discussing the substantive issues in each of the various functions. It was only after the Senate recessed in April that the disaster to the resolution occurred.

When the committee got to the bottom line on April 9, and was preparing for that final vote, there was not any way to project a balanced budget for 1984.

Now, there is no question that the distinguished Presiding Officer of the Senate is committed to a balanced budget by 1984; so is the distinguished chairman of our Budget Committee. As the ranking member, I am also committed to that balanced budget in 1984. The President of the United States reiterated a week ago last Tuesday, in a very dramatic speech, his commitment to a balanced budget by 1984. But, when we looked at the bottom line in the resolution on April 9, even using not just overly optimistic, but wrong economic projections, we had a deficit of $44.7 billion. The Democrats voted against that resolution in committee last month and so did three Republican Senators.

All of the Democrats argued against the faulty economic assumptions. But the group of 12 that initially rejected it—which was the majority vote on the Budget Committee on April 9—all agreed that they just could not vote for the kind of deficit financing included in the resolution at that time. In the first budget resolution, having settled on the spending cuts—albeit with false economic assumptions—the issue then became the tax cut and what revenue figures to use in projecting the deficit by using the administration's tax cut. Stimulative as it was, and as large as it was, and as ill timed as it was, the Federal budget could not be brought into balance.

On the contrary the deficit was $44.7 billion even under the administration's economic assumptions. Under the CBO's economic assumptions, the deficit was $77.9 billion.

So we either had a $44.7 or $77.9 billion deficit. The committee recessed in disagreement.

The reason that I emphasize this particular point is that I was confident over the direction I believed the committee was headed. I was calm and relaxed during the 2 weeks of recess, meeting constituents, delivering talks about the proposed tax cut, and about the budget. And, in various media interviews, I said, "I am sure the distinguished chairman of the committee will come back and he will have worked out a plan, to get the President's program to the Senate floor. I did not worry about those three Republicans that did not vote for the resolution, because I thought they would do just what the President of the United States was asking the Democrats to do: 'Just give me a chance,' says President Reagan."

I was confident that those Senators would say, "While we disagree and we cannot have our names associated with deficit spending that we pledged to eliminate," at least they would vote to report the resolution, but retaining the privilege of voting against it on the floor if the deficits problems were not corrected. They would not like to engage in fiscal shenanigans. That is what is so terribly disturbing about this budget resolution.

First, Mr. President, Senate Concurrent Resolution 19 is based on a set of economic assumptions which can charitably be described as unrealistic. Although the committee engaged in a vigorous debate on the economic assumptions, for the first time in its history, it totally ignored the forecast of the professional, nonpartisan Congressional Budget Office. Instead, the budget resolution was formulated using "Reaganomics," which predict nearly twice the growth rate in 1982 predicted by CBO and others, as well as totally unrealistic inflation and interest rate assumptions.

The economic assumptions underlying this budget resolution are crucial to its success or failure. The resolution cannot be a credible statement of our fiscal policy for the next 3 years, unless it is based on realistic economic assumptions. It is that credibility which the economy desperately needs. Before Wall Street and other business investors are willing to commit money to improve our productive capacity, they need assurances that the Federal Government is serious about putting its economic house in order.

Plainly, this budget resolution cannot provide such assurances because the policies adopted by the committee cannot produce the kind of change in economic performance that the committee projects. We need a balanced budget and the committee's recommendation simply cannot deliver on that goal.

I am not alone in this assessment. Obviously, I am with the majority of Americans. The majority votes with their pocketbooks and their hard business sense. They are not confronted with the political intrigue of "Give the President a chance." They are confronted with giving the country a chance and giving business a chance.

You can look at the problems cited in the headlines of today's morning papers, "The Financial Markets Uneasy Over the Reagan Plan." Those are not Democrats talking, and you can bet on that. They are the financiers and businessmen, and as a general rule, are on the conservative side and generally vote Republican. So that is not a political headline.

The Wall Street Journal has a headline, "Wall Street Is Greeting the President's Program With Jitters, Turmoil, and Lack of Confidence Cited." That ought to be disturbing to every Senator on this floor. We are about to pass the President's program. It is a foregone conclusion that he very likely has the votes on the House side. You can tell from the atmosphere here in the Senate that the President has the votes. I do not think there is any doubt about that. Ordinarily that should have made Wall Street happy.

President Reagan deserves the credit for the cuts in spending that we made in reconciliation. We struggled very hard last year just to get an $8 billion cut. Here in the first few months of 1981, we have already made a $36.9 billion cut for fiscal year 1982. The President is for cutting some regulations. He has included certain increases for defense.

So what is wrong? It is certainly not that he has an intransigent Democratic Congress facing him. Democrats have supported the cuts.

You would think that on May 7, the newspaper headlines would read, "Wall Street Is Greeting the President's Program With Joy and Confidence; Dow Jones Up, Everybody Making Money." Instead, you look at the morning paper, and they are greeting the news with jitters and turmoil.

The Washington Post business and finance section says: "Higher Rates, Business Slowdown Possible."

That looked like the news we saw in October of last year which doomed the Democratic Senate and changed it into a Republican Senate. Here we are in May, looking at a successful program by the President of the United States. Wall Street in jitters and turmoil, and we hear of a business downturn. Why? Because of the President's success.

Recently, Henry Kaufman, a leading Wall Street economist, said that the administration's fiscal policy—and thus the policy contained in this resolution—was "exceedingly expansionary, does not pursue a course that fights inflation vigorously along the way, and will place all the anti-inflation effort squarely on monetary policy."

Yesterday morning, I saw the distinguished counselor to the President, Ed Meese, on national TV, saying that things looked bright, that the President's program was going to pass, and that he welcomed it because it would stimulate the economy.

I also read where the Chairman of the Council of Economic Advisers, Murray Weidenbaum, praised Paul Volcker and the Federal Reserve and said, "Thank heavens they have tightened the money supply and cooled the economy."

I cannot—no one can—make sense out of these two different statements. You cannot say two different things. Perhaps that is part and parcel of the jitters, the turmoil, and the "lack of confidence" that we see headlined in the Wall Street Journal.

The recent sharp increase in interest rates clearly reflects Wall Street's expectations that this program will not solve our economic problems. To restore our economic vitality we must increase our investment in productive capital. This budget resolution does not give the investors sufficient confidence to embark on such a course.

Let me talk now about the tax cut.

Compounding the problems arising from the faulty economics is the excessive, misdirected tax cuts proposed by the administration and adopted by the committee. The Reagan-Kemp-Roth tax plan would cost $51.2 billion in 1982, an estimate that would rise to $145 billion in fiscal year 1984. The accumulative amount in personal income taxes would be $250 billion between now and 1984, including a $118 billion cut in fiscal year 1984 alone. Furthermore, the administration's tax proposals would target 80 percent of the cuts to demand stimulus through an across-the-board reduction in personal taxes. Business supply-oriented measures would receive the remaining 20 percent of the tax cuts.

So we have a tax policy where only one-fifth of the cuts are directed toward the supply side and four-fifths toward the demand side. It is ironic that this policy proposed by a Republican-controlled administration and Senate is one of such blatant "pump priming" with only minimal attention to supply and productive capacity.

The President has stated, "If you do not like my economic recovery program, then submit an alternative." I was one of several Democratic Senators on the committee to submit alternatives. My plan limited the tax cuts to $21 billion in 1982, restricted the cuts solely to the supply side, and postponed the across-the-board cuts in personal income and corporate taxes until 1983 when productivity growth should have improved. This proposal would assure a balanced budget by 1984 without resorting to unrealistic economic assumptions.

The committee did not adopt my proposal. Yet, I believe that it is sufficiently important to warrant consideration by the full Senate. During the debate on this resolution, I intend to offer my tax proposal as an amendment so that Senators may go on record favoring a true supply side tax cut that will move us realistically toward a budget balance in 1984.

Mr. President, the budget resolution contains several other serious flaws. A particularly troublesome aspect of the resolution is its treatment of the national defense needs of the United States. The committee's views endorse the Reagan defense budget totals and claim that significant improvements will be made in U.S. force capabilities.

I take a backseat to no one in the U.S. Congress when it comes to understanding and supporting the needs of the military services. But I do not see how this resolution will do the job. The economic assumptions adopted by the Republicans on the committee rob the defenses of this Nation by about $12 billion over the fiscal year 1982–86 period.

I do not understand how a Congress and a President that allegedly favor improvements in military capability can support a defense budget that is so purposely and grossly underpriced in order to assert a fictitious budget balance in 1984. Are we trying to help or harm our military?

Mr. NUNN. Mr. President, will the Senator yield on that point?

Mr. HOLLINGS. I am delighted to yield to the distinguished Senator.

Mr. NUNN. This is a matter that causes me a great deal of concern. I brought it up with the Secretary of De-

fense at hearings on two or three occasions.

I take it that the Senator from South Carolina is saying that, basically, the inflation rate in the procurement account for the military is grossly underestimated.

Mr. HOLLINGS. Very definitely, yes.

Mr. NUNN. So, what inflation rate is in the budget resolution for the military budget?

Mr. HOLLINGS. The inflation rate that the administration assumed—and the one contained in the budget resolution—is 8.7 percent versus an 11.4 percent rate by the Congressional Budget Office. These figures represent purchase inflation assumptions by the OMB and the CBO. Let us make the record. For outlays, the "Reaganomics," the rate of inflation in defense assumed by the resolution is 8.7 percent versus a CBO outlay rate of 11.4 percent. In addition to the problems inherent in using bad inflators, the resolution is also flawed by ignoring CBO assumptions on outlay totals.

Mr. NUNN. That is the outlay feature.

Mr. HOLLINGS. That is right.

Mr. NUNN. The Senator is giving the inflation rate and the outlay. He also is saying—and I have referred to this—that the outlays compared to the authorizations in the defense budget appear to be grossly underestimated.

Mr. HOLLINGS. They are grossly underestimated.

Mr. NUNN. How much money is involved in that, if the CBO happens to be correct, as opposed to the administration on the outlay figures?

Mr. HOLLINGS. There is a $5.1 billion due to the outlay estimating differences alone.

Mr. NUNN. $5,100,000,000?

Mr. HOLLINGS. That is right.

Mr. NUNN. I heard the Senator, in a previous presentation, give the overall amount he believes the defense budget is underestimated. Does he have that overall amount in this?

Mr. HOLLINGS. Overall, the budget is underfunded by $125 billion in budget authority, the figure I just gave in my speech.

Mr. NUNN. That is over what period of time?

Mr. HOLLINGS. Between 1982 and 1986.

Mr. NUNN. A $125 billion underestimated?

Mr. HOLLINGS. That is right.

Mr. NUNN. If they are going to carry out the programs they have listed; is that right?

Mr. HOLLINGS. That is right.

Mr. NUNN. How much is that in fiscal year 1982?

Mr. HOLLINGS. In 1982 it is $6.6 billion budget authority and $8.7 billion in outlay.

Mr. NUNN. What does that figure represent?

Mr. HOLLINGS. It rises very rapidly, as is quite obvious.

Mr. NUNN. Does the $5.1 billion mentioned earlier include both an outlay underestimate and an inflation underestimate?

Mr. HOLLINGS. No, $5.1 billion is due to outlay differences and $3.6 billion due to OMB's low inflators. So the total outlay error is $8.7 billion.

Mr. NUNN. If one includes both of those it is underfunded by $8.7 billion?

Mr. HOLLINGS. It is underfunded by $8.7 billion.

Mr. NUNN. Does this also take into account the so-called pay absorption, or is that in addition?

Mr. HOLLINGS. There is no pay absorption in fiscal year 1982. They did project that a 40-percent pay absorption would occur in 1983 and 1984 to try to reduce the deficit.

Mr. NUNN. That is not in the first year?

Mr. HOLLINGS. That is not in 1982.

Mr. NUNN. It is not in 1982?

Mr. HOLLINGS. That is right.

Mr. NUNN. If the figures that the CBO has are correct and the figures that the administration has on inflation and outlays are incorrect, the difference is then something over $8 billion?

Mr. HOLLINGS. That is right, $8.7 billion.

Mr. NUNN. Secretary Weinberger has been before our committee saying he is going to come up and make good with supplementals for any underfunding of the defense budget. Has he told the Budget Committee the same thing?

Mr. HOLLINGS. No. On the contrary, the Republicans on the committee have cut back the defense budget total in order to reach the so-called balance. That is what I was just about to emphasize before the distinguished Senator started his questioning, but I welcome him bringing this to the attention of the Senate. Everyone knows the high regard we all have for the Senator from Georgia and his leadership in this particular field. So we are going to have a very difficult time, as the Senator knows, with the defense budget and in the appropriations process, because it is already underfunded. That is why he and I have not always been successful in the past 10 years in assuring that our forces attain the needed improvements because practically all of the defense budgets have been underfunded. Now we are starting to move toward the right defense budget levels and we still have to fight the underfunding problem.

We need to make certain that the amounts that we increase the defense budget are credible amounts. We are destroying our own credibility by underfunding it and then talking about waste, fraud, and abuse throughout defense and other Federal agencies. Certainly, economies can be effected in every department, but when we as Senators, accept an $8.7 billion reduction and then come back for supplemental funding, as Secretary Weinberger has indicated to the distinguished Senator he will do, then we are contributing to waste, fraud, and abuse. "Where do you get all those cost overruns" is frequently asked of the Defense Department. Well, we are starting the cost overrun right here on the floor of the Senate in this resolution.

Mr. NUNN. I could not agree with the Senator more, and this is the thing that people better recognize now because when we get to September on that second concurrent resolution everyone will start jumping up and down saying: "Look what the Department of Defense has done. They have had overruns of over $8 billion. This is unbalancing the budget in 1984. It is causing a deficit to go up by $8 billion in 1982. The bond market starts going down. Everyone points at the military."

What happens is the consensus that has been so difficult to build over 4 or 5 or 6 years starts eroding immediately.

Mr. HOLLINGS. Exactly.

Mr. NUNN. That is what is going to happen if these figures are correct, because the amazing figure to me is that the Reagan administration has increased the authorizations for the remainder of fiscal years 1981 and 1982 beyond the Carter budget by about $33 billion in those 2 fiscal years combined. Yet they show outlays going up only about $5.8 billion. Now, if they are correct, that means in the first 2 years of the Reagan administration he is going to be living with a Carter defense capability and if he is incorrect it means that the deficit is going to be much larger.

I applaud the administration for moving out on defense. We have been working on it a long time. But the thing that really gives me tremendous concern is what the Senator from South Carolina has pointed out so ably in both the report and in his statement here today which is that we are building in big leaks in the ship before the ship is ever launched and it is predictable. It is predictable as to what is going to occur. I hope I am wrong, but I think it is.

(Mr. STAFFORD assumed the chair.)

Mr. HOLLINGS. I thank the distinguished Senator from Georgia.

Mr. President, let me at this particular point emphasize the monkeyshines that we are engaged in to project the balanced budget. When the Republican majority found they had a deficit back on April 9, of $44.7 billion, they met with David Stockman. David Stockman having come out of the House side of Congress, understands that they always like to doctor around with the defense budget. We have had to face that every year that Senator Muskie and then myself have been on the Budget Committee. When we went to conference, we have faced the jimmying, the gimmicking, and the shenanigans that occurred on the defense budget. It is the most frustrating experiences have had in conference.

Now, we are giving the tampering with the defense budget sanction right here in this budget resolution.

Mr. President, returning to my earlier thoughts on the fraud in the resolution, What did the Republicans on the Budget Committee do? When the committee returned to action on April 28, the Republicans said:

> We will accept the Administration's outlay figures for defense. We accept the CBO outlay figures on all the other functions, the Resolution but we are going to use different figures—the OMB figures—with respect to defense.

They started then with so-called savings of billions of dollars. They voted a 1-percent cut to the defense budget to reduce waste, fraud, and abuse. They did that to all functions.

We have over a $200 billion defense budget. A 1-percent cut for waste, fraud, and abuse is a couple of billion dollars in defense. If they do not find the waste, if they do not find the fraud, and everyone keeps looking for it, they can still win the good government award. If they could find it, they could get reelected on it. But they just put it into political rhetoric, so it will be gaining headlines in the news media. Those savings will really come out of procurement, and operations and maintenance. It comes out of the needy readiness accounts of the DOD.

Then they voted a pay absorption of 40 percent. The average pay absorption in defense for the past decade was 20 percent. But, President Reagan is trying to emphasize military pay, to allow the volunteer Army, as he said, to succeed. He does not favor registration. He does not favor the draft. The Volunteer Army has to work in his view. So, he has not proposed pay absorption.

When we started with this particular budget, what we had in a reconciliation bill was a no-no with respect to the defense function. But when the Republicans came back after that 2-week Easter recess, cutting defense was a yes-yes. What we will do under the Republican plan is gouge $23 billion out of defense.

So we have our distinguished President on Tuesday a week ago—rightfully congratulating Senator DOMENICI because he has worked hard and given us tremendous leadership. He said, "I congratulate Senator DOMENICI and the Senate Budget Committee on their resolution, which I support, but I cannot go along with the House Budget Committee resolution because it cuts $14 billion out of defense."

So he is endorsing a $23 billion cut by the Senate Budget Committee and saying, "Is that not grand," but saying that the $14 billion cut by the House Budget Committee is unacceptable.

Therein is the record. It is very, very disturbing.

So we begin to see how they made up for that $44.7 billion deficit in fiscal year 1984. They picked about $23 billion from the defense function alone.

The two most disturbing cuts are the two which the committee cannot even identify. At least they could go to defense and say "a percentage cut for waste, a high pay absorption rate, and different assumptions for inflation. We can identify those in that particular function." But the budget resolution contains a total of $10 billion in savings in fiscal year 1983 and fiscal year 1984 from the passage of legislation to increase the powers of the President to impound congressional appropriations.

This assumes that Congress will act with imprudence in the future. Can you imagine, a Republican-controlled Senate saying, "We are going to appropriate too much money. We are going to be extravagant, we are going to overappropriate, and what we need is to give the President of the United States impoundment powers."

This resolution assumes that Congress will act with imprudence, and it invites the very corruption that led to the institution of the Impoundment Control Act in the first place.

I wish when a new administration comes to town, rather than bring these whiz kids and former divinity school students trying to talk economics, they would bring a few historians to recall recent history. The constant caterwaul about 25 years of profligate Democratic Congresses is absolutely false. The historical fact is that from 1950 to 1970, both Republican and Democratic administrations acted with fiscal responsibility. The total cumulative deficit, for that 20-year period—and I remind you that it included the Korean war, the war in Vietnam, the New Frontier, and the Great Society—was only $74.7 billion: $17.7 billion for the 10 years 1950 to 1960 and $57 billion from 1960 to 1970.

Now, let us see what happened when President Nixon came to town. The distinguished President was left a surplus budget by Lyndon Baines Johnson, Mr. Distinguished Senator, in the fiscal year 1968–69.

Once President Nixon saw Ed Muskie ahead of him in that poll he said:

> I want revenue sharing and I want all of these other things. I will show that Democratic Congress. Let them pass whatever they want so long as I pass my program, and I will impound, I will rescind, I will defer, and I will only take those programs that I want and administer those.

Of course, we went to court and won, but the budget jumped from that balanced budget to a $45 billion deficit in 1975, and $66 billion in 1976; we have not gotten that high since.

This budget resolution will result in a bigger deficit. If they are trying to outdistance President Ford's record of 1976, they have a good chance of doing it. We expect a $61 billion deficit this fiscal year, but next year it could be worse.

Lester Thurow of MIT wrote in the New York Times, I think it was about President Johnson, saying that he wanted guns and butter, and he was not going to pay for both. False. We paid for them and he left town with a surplus rather than an unbalanced budget.

The committee did even further damage to the budget process. The committee reached into thin air and found $38 billion of unspecified, unidentified additional cuts for fiscal years 1983 and 1984. In 1984 alone, it was $22.8 billion.

Not coincidentally, this is the exact amount that the committee needed to produce its balanced budget in fiscal year 1984. They created a dummy function. I do not know what else to call it. We have 050 which is defense, 150 which is international affairs. They have a 920 function that was not in the budget resolution last year and was not in the budget resolution this year until they could not find any other way to balance the budget. They have now created a dummy function, 920, I repeat, a dummy function, to give the illusion of budget balance.

How do you identify it? Come over to the budget staff, ask them, and they look at you, shake their heads, and say, "we do not know."

I am told that the distinguished David Stockman did come over and sit down with the leadership on the Budget Committee, started opening up a notebook. Counsel for the Budget Committee had what we call the doomsday list, of cuts to balance the budget. I think they have destroyed most of the copies—it will be a collector's item. I cannot find one.

Well, Dr. Stockman came with his notebook. He started off with a list of unspecified cuts: Do away totally with State revenue sharing, do away totally with elementary and secondary education aid. They said:

> Close the notebook. That creates more problems than it solves. We will just identify the cuts later.

Now, Mr. President, this makes the resolution a fraud and a sham. These gimmicks severely limit the credibility of the Budget Committee and the budget. Over the years the bipartisan leadership of the Budget Committee has had the task of keeping Senators' feet to the fire on the budget. This is not a pleasant task or an easy one. The only chance we have for success is to appeal to the members' sense of conscience and responsibility. But when the committee leadership engages in unconscionable tactics of this sort, then it stands denuded. Irresponsible conduct of this kind is incapable of bringing strays back on the reservation.

This budget resolution greatly mispresents our budget situation. It fails to keep faith with the people who believe we are working toward a balanced budget. It will not restore confidence in our economy and get us on the road to economic recovery. It erodes the credibility of the entire budget process, which is the only means that Congress has to achieve its fiscal policy goals.

I can only hope, Mr. President, that during consideration on the floor, the budget resolution can be made more responsible. You ask how? I will explain and then yield to the distinguished chairman.

President Reagan and this Congress and the people of this country are in agreement on spending cuts. They are in agreement on cutting regulations. They are in agreement, Mr. President, on increasing defense, and they are in agreement on tax cuts.

It was last year in the second concurrent budget resolution that a Democratic-controlled Budget Committee projected future year tax cuts of $16.1 billion in fiscal year 1982; $38.3 billion in fiscal year 1983; and $55.3 billion in fiscal year 1984; and $103.4 billion in fiscal year 1985. Cutting taxes is not new. We have had seven major tax bills in the past 10 years.

We had a tax cut in 1969, a tax cut in 1971, two tax cuts in 1975, and further cuts in 1976 and 1977.

The distinguished President refers to small business savings; that 80 percent of the jobs are created by small business. We did that in 1978 on the very same premise.

Every one of these particular tax cuts were made by Democratic Presidents and Congresses, done, if you please, to increase productivity and promote economic growth.

The President says he does not want more of the same, nevertheless he proposes yet another tax cut.

I think we can agree that tax cuts should promote productivity growth.

Then, what is the flaw? The flaw is in the amount and the flaw is in not taking it in steps.

When the administration tries to equate this Reagan-Kemp-Roth with the Kennedy tax cut of 1964, they disregard President Kennedy's investment tax credit of 1962. He then first got business to invest and then, after business had the supply that was needed, he put in an across-the-board, demand-side tax cut. The inflation rate from 1959 to 1964—that 5-year period—was only 1¼ percent.

The inflation rate for the past 4 or 5 years now has been right at 10 percent. The problem is different. The distinguished President comes in and does not put in business tax cuts first, but rather phases them in slowly while providing a large personal tax cut in 1982. This is directly the opposite of what he should have done, and directly opposite to the Kennedy tax cuts in the early 1960's.

The large personal tax cuts that have been proposed can only be written in red ink. We need a program to balance the budget. Then we will have a psychology of hope. Right now we are looking at a rising deficit in 1982.

I yield, Mr. President, at this time. I thank the distinguished Senator.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I heretofore indicated to the distinguished Senator from Nebraska (Mr. EXON) that I was going to yield to him.

However, because Senator HOLLINGS has said so many exciting things, I feel like talking a little bit. I would ask that the Senator could delay 5 minutes and then I will yield to him. Is the Senator on a difficult schedule?

Mr. EXON. Mr. President, I will be happy to wait for 5 minutes. I thank my friend from New Mexico.

Mr. DOMENICI. Mr. President, I do not know whether I can do it in 5 minutes, but I will yield myself 5 minutes.

The Senator knows I hold him in the highest regard. I hope it is somewhat mutual and I believe it is. So the Senator will forgive me if I will argue a bit with him today.

Let me say right at the outset that Senator HOLLINGS has said many things that we ought to take seriously. But, I never heard anyone in the United States say that Lyndon Baines Johnson left the United States with an exciting, productive economic future. As a matter of fact, I think most economists would say it was his policies, specifically Vietnam, the way we would pay for it or not pay for it, that got us started down the path of almost incurable inflation.

Having said that, I think there is little good that can be served in going back into history. There is little light to be shed by reviewing President Nixon and the impoundment controversy, or there is little value in asking in comparison to President Kennedy's across-the-board tax cut is this budget resolution as honest as budget resolutions in the past; are its assumptions and predictions as credible as budgets in the past?

The Senator seems to think that budget resolutions of the past were more honest because they did not make assumptions that we would change the law on rescission and save money, and they did not make assumptions that we would find fraud and abuse and create new statutes that would eliminate such practices and find savings.

Well, let me tell you, with all their attempted honesty, they were about as far off as any kinds of predictions we have ever had around here. Last spring, without any of those so-called gimmicks he talks about, we went from a balanced budget on paper to a $50 billion deficit in a period of 3 or 4 months.

Now, I do not say by way of criticism of anyone. I merely say that this budget resolution that is before this Senate is basically the President's proposal. And I do not see anything so wrong with the U.S. Senate adopting the proposals of this President.

It would appear to be that that is precisely what we ought to do. And if we are more pessimistic than he, then we ought to speak out. But we certainly ought not to chastise the majority party because they assumed in the years of 1982, 1983, and 1984 that the optimistic economic assumptions of this President were as apt to be right as the economic projections of the Congressional Budget Office. And the good Senator knows that I respect them. But if we want to get into a match of who has been right, we will bring their record out here and we can prove that in 2 years they were as much as 200 percent off on such things as gross national product. From 1979 to 1980 and 1980 to 1981, 200 percent off.

So is there something terribly wrong about us adopting the President's optimistic ones and something miraculously right about adopting CBO's?

Incidentally, for the benefit of the record, the U.S. House of Representatives has never used CBO's assumptions. They did not adopt President Carter's economic assumptions either. They have used their best economic judgment and their assumptions have been different from ours which in turn were different from President Carter's.

But let us just get right down to the nubbins. What are the important issues here? Let us take them up, one at a time.

Defense. The Senator knows that this Senator is as concerned about the adequacy of our national defense as anyone in this body. I have not been as involved as he, because of his work on appropriations, nor as involved as my good friend, Senator NUNN, who has been on the Armed Services Committee since the day he arrived in this body.

But no one should leave this Chamber with the impression that this budget resolution significantly cheats the military of the United States and denies the President's request that we increase military spending, and that we increase it substantially, because that is an absolute myth.

For those who worry whether we have done enough, the budget authority is precisely what the President requested to the dollar. The budget authority figures in the years 1981 and 1982 are his. For those who wonder if it has gone up very much under ours, it has only gone up $44 billion in budget authority from what the President asked for.

I am hard pressed to understand the claim that we have cheated the military in outlays, it is only up $25.1 billion over the previous year. In addition, the Secretary of Defense and the Director of OMB fully support the proposed outlay figures.

Now I am quick to say that these figures may be wrong. But the point I am making is that with reference to the credibility of the resolution, is it unreasonable to accept the outlay figure of $25.1 billion instead of $31.2 billion or $32.3 billion which would be the case if we added $5 or $6 billion?

Yes, this figure may be wrong. But I call the Senate's attention to the fact that in the last 5 years, OMB has been right on 2 years and CBO has been right on 3 years, in estimating outlays for the military. I call their attention to the fact that in 2 out of 5 years we overestimated the outlays; in 2 years out of 5, we underestimated it.

This is an estimate. Certainly, if I wanted to put the highest possible outlay figure so that there would be no tightening of belts, no attempt to restrain outlays, no attempt to contract better with the private sector in procurement, I put a higher figure in. But I just wanted to dispel any notion that it is pulled out of thin air. It is not.

With reference to economic assumptions, the Senate should know—I touched on it generally—we adopted the administration's macroeconomic assumptions for 1982, 1983, and 1984 regarding the gross national product, the price deflator, and inflation. Only in the case of the interest rate assumptions did we not adopt the administration's assumptions. It was the majority's opinion that interest rates would be somewhat higher than the President has assumed.

And incidentally, for those who are interested, this variation accounts for the $6 billion difference between the House and the Senate in the projected cost of our national debt in 1982. I do not know who is going to be right. But it appears to me that the difference is not of great consequence. Whatever the interest is, we will pay it.

Now if you add $6 billion or $8 billion or $10 billion to a program, indeed you are inviting expenditures.

There are a couple of other items, but suffice it to say that, in a nutshell, my good friend Senator HOLLINGS attributes what is happening on Wall Street, and what is happening to the money markets, to the Reagan economic package.

Let me tell you what I think is the principal reason we are getting little response in the marketplace. It is not because they do not yet believe President

Reagan, but rather, it is because they do not believe us.

Senator HOLLINGS spoke as if we had already cut the budget. To my knowledge, other than the farm bill amendment on milk subsidies, which would have permitted subsidies to increase April 1, and which we prevented, there has been no conclusive act by Congress cutting anything.

We have touted our activities here on the floor. The budget in the House is being touted. But those who respond to previous promises of Congress know we have not done anything yet.

Reconciliation? Yes, we passed it. It will save almost $44 billion. But notice I said will save. I repeat, it has not saved 1 penny out of a 1982 budget that is going to grow, unless we do that, from $665 billion to $750 billion all by itself but for the appropriation process. That is where it is going.

They are waiting, those who want to respond to fiscal restraint, to see the color of our eyes. They are not going to speculate until they see a number of bills passed in this Congress, or a major reconciliation bill passed, that cuts that $44 billion.

This Senator firmly believes that if those in the American market believed today that the 1982 Reagan budget as to budget authority and outlays would be a reality, and was in place there would be an optimism and a change already there.

My last comment has to do with taxes. The good Senator has been here longer than I. He remembers every tax bill we have passed in the last 8 or 9 years. He alleges that they have been productivity oriented and that the Reagan tax package is Keynesian. I want to make a couple of remarks about that.

In the last 6 years we ran deficits in this country. If half of the deficits would have been tax cuts and the other half expenditures, instead of all of those deficits being expenditures, I predict we would be here today with a solvent American economy.

If we have had tax cuts, let me tell you they have certainly been effective. From 1980 to 1981 the tax burden on the American people will increase only $90 billion. Let me repeat that. The increase will be $90 billion.

The tax cuts proposed by the President of the United States for 1982 will only let that increase go up to $40 billion. We will cut $50 some billion out of that $90 billion increase.

I say that because I really do not believe it is a fair characterization of this resolution. And, I want to say that, with regard to 1982, this resolution is as responsible a budget resolution as any we have adopted. Furthermore, it is consistent with the policies of a President that the people want us to follow.

I want to make one last comment and I will yield.

The distinguished Senator, my good friend, makes a great to-do about the 920 allowance function. It was in the budget every year until last year. It was not invented by Dave Stockman or found in any books of his.

I do not want Senators to think that it is going to be easy to get to a balanced budget in 1984. All they have to do is to read this document and listen and they will know:

First, if the reconciliation instruction is not adopted by the House and then carried out by both bodies, you can throw that $44 billion in saving away. In 1984 that amounts to a $57 billion additional deficit that you better be looking for if you do not make that cut in 1982.

Second, the President's budget carried a deficit of $44.7 billion for 1984. He said unequivocally, "We will identify cuts in the future and bring it into balance."

All we are telling Senators is that we recognize that is a difficult job and we recommend that you do some very significant things to make that job a little bit easier, such as outlay control measures, such as expanded rescission authority with which the President could save $5 billion, such as a major fraud and abuse statute which has real saving potential, which could save $7 billion to $8 billion.

We are only assuming those things. If they do not happen, you better find another way to save the money.

Assuming events in the outyears that are logical, that are probable, is the history of this budget process. Hindsight suggests that such events do not always occur, but the history of the budget process is that valid assumptions of this type are taken into consideration.

If you do that, there are $27 billion in unidentified savings that must still occur, and we have carried that in the allowance function of this budget.

That is pure and simple. Anybody can understand it. I do not know how it can be dishonest because it is the truth, what we have just said.

If some would like to take it all out and carry it as a deficit, let them carry the deficit in their heads. That is the way they can carry it. Ours is just as legitimate, just as forthright, and just as easy to understand.

Mr. President, I hope we do not deny the President his tax proposal opportunities and I hope we do not change any of the reconciliation instructions which are incorporated into this resolution. I think that will be the real test of whether or not we want to bring inflation under control—not what kind of assumptions we made in 1983 and 1984. When it is all finished, it is the cuts we make in 1982 that carry out into 1983 and 1984 that will affect what kind of tax proposal we ultimately pass. Then we shall do the arithmetic for 1983 and 1984 and tell you where we are.

I am pleased to yield to the Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend from New Mexico.

Mr. President, I take this opportunity to say that, in my few short months in the U.S. Senate, I have had the privilege to serve in the Budget Committee with three of the best Members, in my opinion, of the U.S. Senate. The former Senator from Maine (Mr. Muskie), was chairman when I came here; then it was the Senator from South Carolina (Mr. HOLLINGS), who talked eloquently a few moments ago. Then it was my friend from New Mexico, who responded in a very eloquent manner.

Mr. President, I sometimes wonder if we do not get confused with all of the history and the projections. I come at this from a little different point of view, as a newcomer, trying to make 2 and 2 equal 4, which is most difficult, I find, traditionally, when you are dealing with the massive budget of the Federal Government.

I have such a high regard for Senators, Mr. President, that I am persuaded sometimes, just because of my fondness for them, that I should agree. But I do not agree and I should like to address myself to that very briefly here this afternoon.

Mr. President, I regret that I cannot support the budget resolution.

It is not an easy decision to vote against this resolution, but it is the only decision I can come to which does not conflict with my strongly held beliefs regarding the economic evils of deficit spending. This resolution, purely and simply, does not pay sufficient attention to balancing the budget and, therefore, I cannot support it. The astonishing increases this week in the interest rates and the obvious lack of confidence in the administration's overall proposal by the money markets is a stern warning, thus far unheeded, that we are going about our business here essentially as a response—not reason or reality, but as an exercise in political expediency. It is obvious that the results are a foregone conclusion.

If it is any consolation to the distinguished chairman, I think he will be reassured by my assurances, although I might not be voting with him on every occasion, that whatever he wants he is going to get, because that is what the President of the United States wants. That is the mood of this body.

The resolution is a wolf in sheep's clothing. The wolf of runaway inflation pounds at our doors, but it is masquerading in this resolution in the sheep's clothing of a tax cut.

Were it not for the apparently deliberate inattention to balancing the budget, I could support this resolution. Even though I would not have distributed the budget cuts in the same manner, I can fully support the total amount of spending restraint which this resolution embodies. My commitment to such restraint is evidenced in my strong support for the reconcilation instruction, which the Senate has already acted upon. In fact, I question whether we have gone far enough. I remain hopeful that we can cut more from programs than the President has suggested and, at the same time, do less damage to those in our society who are truly needy.

But if the Senate adopts this resolution, we are perpetuating the continuation of the sham that you can accelerate defense spending by billions, reduce revenue by billions. balance the budget, and significantly reduce inflation and interest rates at the same time. Although each of these goals is laudable in itself, they are inconsistent and only by greatly tortured reasoning—yes; by voodoo economics—can these goals coexist within

the same budget resolution. I remain unconvinced that we can expect to realize any significant reductions in inflation rates under this resolution. One thing is certain—it will require breaking through the $1 trillion debt ceiling for the first time in our history, and it will remain there—hardly a result that could be accepted as an example of restraint. Indeed, just today, it was revealed that administration officials are conceding that even their deficit estimate for this fiscal year may soar to over $60 billion. This is bound to explode further the unrealistic administration deficits of $45 billion for fiscal year 1982 and $23 billion for fiscal year 1983.

Mr. President, I could possibly support this resolution, with all its obvious flaws, with one amendment. This amendment, which I offered unsuccessfully in the Budget Committee, would cut the projected 1983 and 1984 individual marginal tax rate reductions in half, if necessary, in the likely event that the deficit targets, as outlined in the resolution, were not actually met by the end of each preceding fiscal year. The amendment would not have tampered with the true "supply side" stimulus that is needed to assure greater business activity, which would have remained locked in for 3 years. Adoption of my amendment would have simply established that balancing the budget by reducing deficits was a higher priority than insuring the total individual tax cuts in 1983 and 1984. In short, it was a reasonable "safety valve," which would have signaled that Congress was determined to reduce not only spending, but also the Federal deficit.

Because of the overwhelming desire, evident on both sides of the aisle, to do the administration's bidding, whatever the consequences, the amendment has no chance of passage at this juncture and, therefore, I shall not offer it. It seems that we may be, unwittingly or otherwise, endorsing the sentiments of JACK KEMP when he says that "Republicans do not any longer worship at the altar of a balanced budget."

Mr. President, while it is true that we are not binding ourselves irreversibly to the administration's Kemp-Roth tax cuts with this resolution, we are timidly starting down that path. It should be understood that we have failed to address even the most fundamental flaws in the administration-backed tax cut recommendations, such as continuation of the ruinous estate and unfair marriage tax, to mention only two.

Our final action on the budget will take place on the second concurrent budget resolution. I hope to be able to join the majority of my colleagues in voting for a second budget resolution which corrects the oversights we have made in the first resolution. I predict it will be abundantly clear to all concerned that economic conditions will demand revisions to the President's tax cut proposals, and conditions will dictate to us that we are ignoring huge and continuing Federal deficits only at great peril to our economy, our country, and its future.

Mr. President, I yield back to my friend from New Mexico with my thanks for allowing me this time to make this statement.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I wish to emphasize in the RECORD a point relative to a comment by my good friend, who makes the most appealing case for this resolution.

It is not said that L. B. J. left office with any particular kind of economy. I said the actual figure for the budget surplus, I think that speaks louder than the description of the economy. Actually, the economy was very good in 1971–72, until we hit the embargo in 1973.

My good friend spoke of our projections. The projections that we made in the summer of last year were for a balanced budget. But we made economic assumptions, as well. The unemployment figure was inaccurate. It never did go up as high as we projected. We were talking about 9 percent, and "Dr." Bellmon, the best of economists, was closer to being correct at 8.5 percent.

What did occur to change our forecast of a balanced budget was the lame duck session, where, as budgeteers, we were fighting that rearguard action, trying to hold back spending in these appropriations bills.

Our good friend, the Senator from Iowa (Mr. GRASSLEY) points out, "Look how much money we saved in the Finance Committee." I will shortly present a schedule on that.

The distinguished Senator from Utah has already picked up $1 billion of that $36.9 billion that we had saved in reconciliation. When that powerful chairman got into the Committee on Labor and Human Resources, he picked a pocket or two.

They are like Fagan in "Oliver Twist." They are running around picking pockets. They picked the pocket for $1 billion at Labor and Human Resources. Agriculture will be out here in a little while. They picked the pocket for $1.5 billion on support prices and export controls. Over in Ways and Means, with respect to unemployment compensation after 13 weeks, they picked the pocket for another $1.8 billion.

We know of $6 billion we have lost if these proposals carry. We are trying to stop it. We are trying to hold the line.

We worked with all of the economists last year, and none of them said that inflation would be so high or that the Fderal Reserve would restrict the money supply and push interest rates back to 20 and 21 percent.

They were not casual estimates. They try to say that we did not even make sensible and reliable predictions then—"So do not worry about making reliable predictions now." We try to learn from experience and to improve.

With respect to the defense figure, Mr. President, the record will show that our distinguished chairman and I jointly proposed the Budget Committee work for the defense function. It is really the Domenici-Hollings amendment.

So let us not talk about what President Reagan did for defense. Let us talk about what the budget resolution did to those Reagan figures, and to that Domenici figure. That was my point. I was not talking about the Reagan figures. I did refer to the President and the juxtaposition of deploring a $14 billion cut by the House Budget Committee and commending the $23 billion cut by the Budget Committee. But the Domenici figure was robbed; it was robbed of $23 billion.

The third thing was the matter of taxes. The chairman of the Budget Committee does not understand. The President of the United States does not understand. But the distinguished Senator from Louisiana (Mr. LONG) does understand. He knows. It is not just spending cuts.

The distinguished chairman, the Senator from New Mexico, said that if one-half had been tax cuts rather than expenditures growth in the last 10 years, what a marvelous change it would have been.

On tax reductions alone, I outlined all these tax cut measures that were passed from 1969 to 1978. Over that 10-year period we had seven tax cut bills. The Joint Committee on Taxation is working up the cumulative revenue loss for those measures. We know that we had a $400 billion deficit for that 10-year period. We know that tax expenditures went from $40 billion to more than $207 billion and will go over $242 billion this year.

I was willing to wager with the distinguished chairman that there was almost a loss of $400 billion in revenues during that time. This is what the President has not realized. We have had tax cuts.

We have been having them right and left, regularly. Small business, capital gains, a little here, a little there. But, as the late Senator Dirksen said, it runs into money; it runs into billions. So we have been stimulating with expenditures and tax reductions.

Finally, Mr. President, as to the function for allowances, function 920. Yes, we had that function. That was for allowances in pay. We had that function allocated for allowances in pay, and we then distributed it among several other functions and to the Government agencies involved. We never had the dummy function on spending cuts. Function 920 did not represent spending cuts.

The distinguished chairman comes back and says, "We have always had that function, but it had a different purpose." We never put out a budget and had the gall to come to the Senate and say, "Well $22.8 billion is needed for balance, so put that figure down, and put it under the old number we had for pay and allowances. Tell them that is the same thing."

It is not the same thing; it is not the same function. It is a dummy function. We never had that before.

Mr. DOMENICI. Mr. President, I am prepared now to yield the floor to the distinguished Senator from Utah (Mr. HATCH) for the first amendment.

As I understand it, under the procedures set forth in the Budget Act, if the time is to be used on each side, there is an hour on each side. However, I under-

stand that the distinguished proponent does not intend to use that much time.

Mr. HATCH. I will not use more than 15 minutes on our side.

Mr. DOMENICI. We will not try to limit anything. I understand that it is 2 hours.

Mr. HOLLINGS. One hour to each side.

The distinguished Senators from Massachusetts and Colorado are interested in this matter. I am waiting to hear from them.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I wish to call up my amendment.

Mr. DOMENICI. Mr. President, will the Senator from Utah yield to the Senator from New Mexico?

Mr. HATCH. I yield.

Mr. DOMENICI. Mr. President, I rise today to discuss the first concurrent budget resolution for fiscal year 1982 that is now before the Senate.

This resolution presents the most dramatic change in the past 25 years in Federal Government spending and taxing policies.

This break with the past, a past that has saddled us with a persistent and demoralizing stagflation, encompass three major recommendations, all contained in this resolution. First, the resolution recommends that Federal Government spending grow at a much smaller rate than the rate that has prevailed during the decade of the 1970's. Second, the resolution proposes that defense spending increase in order to rectify serious and spreading shortcomings in the Nation's military. Third, the resolution allows sufficient room for the entire 3-year tax cut proposal of the administration, if such a cut is approved by the Finance Committee of the Senate and the House Ways and Means Committee.

Let me address these three central elements one by one.

The committee's overwhelming judgment is that Federal spending must be curtailed, dramatically and forcefully. The core of this resolution is a reconciliation instruction, already approved by the full Senate as Senate Concurrent Resolution 9 earlier this year, that will reduce 1982 fiscal year outlays by $36.9 billion. Outlay savings under this reconciliation proposal would grow to $47.6 billion in fiscal year 1983 and to $56.9 billion by fiscal year 1984.

In addition to the savings recommended by the committee through reconciliation, the committee has recommended cuts in other areas and has gone on record as requesting more than $90 billion in further savings in outlays in fiscal years 1983 and 1984. In all, therefore, this resolution recommends, through reconciliation and a variety of other savings in future years, that Federal spending be restrained by more than $230 billion during fiscal years 1982, 1983, and 1984 below what would be spent in the absence of its recommendations. That is almost a quarter of a trillion dollars in restraint. No comparable effort at Federal spending control has ever been proposed by any congressional committee in the history of the Nation.

By the same token, I feel compelled to tell the Senate today that the dangers of ignoring the committee's recommendations are profound. That $230 billion in savings during the next 3 years may not be passed by the Congress. In that case, that $230 billion will be added to the prospective deficits in those years, further fueling inflation and crippling the ability of our citizens to fulfill their dreams and the dreams of their families. Of all the assumptions underlying the numbers contained in this resolution, passage and approval of the entire reconciliation instruction and other savings is by far the largest and most significant assumption.

Other spending restraint assumptions made by the committee include passage of a strong measure allowing a systematic attack on waste, fraud, and abuse. Senator KASTEN, a valuable member of our committee, has worked with many Senators on both sides of the aisle and has developed such legislation, which I will cosponsor. We assume this legislation will save $7.2 billion in outlays in 1983 and $7.7 billion in 1984 outlays and believe that these savings are quite reasonable as assumptions of future action. The House recommendation in this area in the original Jones mark, was similar to our recommendation. A second spending restraint assumption is that the Congress will give, at least on a temporary basis and perhaps permanently, enhanced rescission powers to the President. Such a change in the present Budget Act would become especially significant if the Congress failed to approve the entire reconciliation instruction and spending subsequently soared beyond what we have urged. Again, we have been prudent and assumed only $5 billion in savings attributable to such a law change in fiscal years 1983 and 1984.

Finally, we have urged in language in the report accompanying this resolution that Congress involve itself and the administration commit itself to, a systematic arrangement to control outlays when outlays threaten to rise above levels set by both the Congress and the administration. Control of outlays remains a difficult task, but one central to our goal of reducing the rate of growth in Federal spending.

A second major policy assumption underlying the resolution before the Senate is that defense spending will increase during the next 3 years. The committee has made room for the entire defense policy improvements package proposed by the administration. However, the committee has also asked that savings of more than $2.6 billion by fiscal year 1984 be achieved in outlays through improved management efforts in national defense, and that outlays that might occur at a higher rate than estimated by the administration be suppressed so that the outlay estimates in 1982, 1983, and 1984 will, indeed, be achieved. To this end, the committee has received formal written assurance from the Secretary of Defense, Mr. Weinberger, and David Stockman, Director of the Office of Management and Budget, that the defense outlay estimates contained in the President's budget request will be the upper level of spending in defense.

Finally, the committee has made room for the entire 3-year tax cut package proposed by the administration, if the Congress chooses to accept that plan. Under the administration proposal, tax cuts of $51.3 billion in 1982, $97.1 billion in 1983, and $144.8 billion in 1984 would occur. That program includes marginal tax rate reductions for individuals for 3½ years, beginning July 1, 1981, accelerated cost recovery depreciation beginning January 1, 1981, and certain increased user fees as proposed by the President March 10.

The administration request on revenues would yield a revenue floor of $650.3 billion in fiscal year 1982. I should note that some estimates of higher revenues now exist, but the committee has decided at this time to stay with the administration estimate, which is almost identical to the revenue estimate in fiscal year 1982 made by the Congressional Budget Office. The room left for the fiscal year 1982 revenue reduction is identical to the request made by the Senate Finance Committee in its March 15 report to the Budget Committee. That committee, however, did not make any recommendations on the proper level of revenues in fiscal years 1983 and 1984.

During debate on the revenue floor recommendations, the committee considered and rejected several proposals to reduce certain tax preference items.

However, the committee adopted language recommending that the "Finance Committee consider seriously the reduction or elimination of those tax preferences which are no longer justified; provided, however, that all revenues recovered from any such amendments or eliminations would be matched by equal reductions in general tax rates."

In summary, Mr. President, it is clear and unequivocal to all parties involved in the committee's recommendations that the resolution we propose today is the sum and substance of the President's economic recovery package. We have accepted his spending restraint proposals and even adopted more spending restraint measures. We have left room for the entire tax package. We have left room for the entire defense spending increase subject to the debate on outlay estimates. We have accepted the concept of regulatory reform and the concept of stable monetary policy, both of which underlie both the President's plan and our resolution's recommendations. And, of the six major elements of the President's economic assumptions, the committee has accepted all but one. I have alluded to that one heretofore, interest on the national debt. Thus, what the Senate has before it today is, in essence, the President's plan, the plan that he endorsed during his April 28 speech to the Nation.

Now that I have firmly established the nature of the resolution now before the Senate—a full endorsement of the economic recovery principles proposed by President Reagan—let me explain why the committee has embraced such a dramatic change in Federal spending and taxing policies.

Since 1950, the total of Government spending—including all Federal, State, and local outlays—has grown by 1,258 percent. Government spending totaled $60.5 billion in 1950, compared to $821.6 billion in 1980. The bulk of this growth has occurred during the past 15 years. Spending, in current dollar terms, rough-

ly tripled from 1950 to 1965, but more than quadrupled from 1965 to 1980. Worse, Federal spending itself is growing at an increasing rate.

In addition, the Federal Government's share of this total Government spending is increasing. For example, Federal grants now account for more than 25 percent of State and local budgets, compared to a 15-percent share in 1965. In 1980, Federal spending accounted for 72.3 percent of all Government spending compared to only 67 percent in 1971. And, that 1980 share is the highest level since the end of the Korean war.

Another way to look at the increasing intrusion of Federal spending in our economy is this: This Nation's gross national product has increased by a remarkable 7.7-percent annual rate in the past 30 years, but Government spending has increased even more—an average of 9.1 percent of GNP every year.

And, within this great growth in Government spending, a more subtle pattern emerges—we are spending more and more on domestic programs. For example, the share of Federal outlays devoted to domestic programs has grown from 41.5 percent in 1953, to 78.3 percent in 1978, a virtual doubling. In simple terms, this Nation spent 78 cents on domestic programs for every dollar in defense and international programs in 1953; today, we spend $4.32 on domestic programs for every dollar in defense and international programs.

Accompanying this growth in Federal Government dominance has been a decline in economic performance. Persistent deficits have fueled a virulent inflation that has reached record levels. We have not had a balanced Federal budget in more than a decade. And, while we spent only 2.2 percent of the Federal budget to finance the deficit 30 years ago, that share has risen greatly—to a full 11 percent average during the 1970 decade. It is no surprise that Federal debt growth averaged 2.5 percent during the 1960's, accompanied by an inflation rate of 2.4 percent; while during the 1970's Federal debt growth averaged 8 percent and inflation grew almost 7 percent. That relationship alone shows the importance of persistent Federal deficits on inflation in this Nation.

What has been the result of this deficit spree? Simply, an inflation that threatens every person's dreams. An inflation that has persisted in double digits, stunting economic growth and causing unacceptably high levels of unemployment. The 8 million unemployed in this Nation are mute, but powerful, tributes to the ravages of inflation.

The President has recommended, and the committee has adopted in the resolution before the Senate today, that the old way of doing business be changed. We can no longer afford the highest tax burden in history; we can no longer afford profligate Government; we can no longer afford the huge human misery that millions of unemployed dramatically bring home to us every day. So, the resolution breaks with the past. It advocates reducing the rate of growth of Federal spending by a full 50 percent. It advocates a dramatic drop in the rate of growth of tax receipts. It says, in essence, that the policy of this Government ought to be less Federal interference in the daily lives of our people and our economy.

I believe that no single economic package ever debated in this Nation's post World War II era offers such a clear break with the past. I know that we will hear that our numbers are flawed; we will hear that economic assumptions underlying the resolution are disputed by some traditional economists; we will hear that our outyear assumptions for further cuts are unrealistic and might not occur.

We will hear these kinds of theoretical arguments, but we must not be detered by them. No assumption made by this resolution is more fundamental than simply this philosophical assumption—Government has gotten too big, too voracious in its appetite, too clumsy, and too insensitive. We can argue all we wish about a percentage point of inflation here, of a half point worth of GNP growth there, but that does not detract from the resolution's validity nor its importance to our future. I believe that our assumptions—economic and technical—are sound, certainly as sound as those ever used by any Budget Committee in its deliberation.

For example, the economic assumptions used by the committee fall within the range of forecasts issued by private firms. Our Consumer Price Index assumptions for the 1982–84 period are lower than those of the Wharton model, but higher than those forecast by Merrill Lynch economics. Our unemployment rate assumption is more pessimistic than Evans economics and Merrill Lynch, but more optimistic than Chase econometrics or CBO using Reagan policies. Our 3-month Treasury bill rate—our interest rate assumptions—are more pessimistic than Merrill Lynch, Evans, and Chase, but more optimistic than Data Resources or Wharton. In sum, in this time of profound uncertainty among economists themselves about the future, the assumptions of the Senate Budget Committee fall completely within the range of best economic forecasting advice.

But, more to the point, I believe that the policies advocated by this resolution are sound and are the policies that will bring hope to the Nation again, jobs to our people, and stability to our economy. I urge its adoption by the full Senate.

I ask unanimous consent that the fiscal year 1981 Budget aggregates be printed in the RECORD at this time.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1981 BUDGET AGGREGATES
[in billions of dollars]

	Second Budget Resolution	Committee recommendation	Committee recommendation compared to Second Budget Resolution
Budget authority	694.6	716.0	+21.4
Outlays	632.4	662.7	+30.3
Revenues	605.0	599.9	−5.1
Deficit	−27.4	−62.8	+35.4
Public debt	978.6	999.8	+21.2
050—National defense:			
Budget authority	172.7	181.0	+8.3
Outlays	159.05	162.9	+3.85
150—International affairs:			
Budget authority	23.85	23.3	−.55
Outlays	10.5	11.0	+.5
250—General science, space, and technology:			
Budget authority	6.4	6.5	+.1
Outlays	6.1	6.2	+.1
270—Energy:			
Budget authority	5.85	7.0	+1.15
Outlays	7.8	9.8	+2.0
300—Natural resources and environment:			
Budget authority	11.9	10.4	−1.5
Outlays	13.1	13.6	+.5
350—Agriculture:			
Budget authority	5.35	5.6	+.25
Outlays	2.1	2.7	+.6
370—Commerce and housing credit:			
Budget authority	5.25	6.6	+1.35
Outlays	.95	3.4	+2.45
400—Transportation:			
Budget authority	21.3	25.0	+3.7
Outlays	19.7	23.9	+4.2
450—Community and regional development:			
Budget authority	9.25	8.0	−1.25
Outlays	10.45	11.3	+.85
500—Education, training, employment, and social services:			
Budget authority	31.6	30.8	−.8
Outlays	29.8	31.8	+2.0
550—Health:			
Budget authority	68.55	71.8	+3.25
Outlays	63.15	66.4	+3.25
600—Income security:			
Budget authority	248.8	250.2	+1.4
Outlays	225.55	229.7	+4.15
700—Veterans benefits and services:			
Budget authority	22.1	23.3	+1.2
Outlays	21.7	22.8	+1.1
750—Administration of justice:			
Budget authority	4.1	4.4	+.3
Outlays	4.45	4.7	+.25
800—General government:			
Budget authority	4.6	5.3	+.7
Outlays	4.4	5.0	+.6
850—General purpose fiscal assistance:			
Budget authority	6.5	6.1	−.4
Outlays	7.05	6.8	−.25
900—Interest:			
Budget authority	71.9	79.5	+7.6
Outlays	71.9	79.5	+7.6
920—Allowances:			
Budget authority	.4	(1)	.4
Outlays	.45	(1)	−.45
950—Undistributed offsetting receipts:			
Budget authority	−25.8	−28.8	−3.0
Outlays	−25.8	−28.8	−3.0

[1] Amounts have been allocated to other functions.

I thank the Senator from Utah for yielding.

Mr. HATCH. I thank my colleague.

Mr. HATFIELD. Mr. President, the budget resolution under consideration by the Senate is an historic piece of legislation. Never before has a first resolution established a framework for the Congress to accomplish such sweeping changes in fiscal policy. I wish to take this opportunity to clarify to Members the relationship between this vote on the budget resolution and future votes on individual appropriations.

As you know, this resolution contains targets for the fiscal year 1982 spending and revenues. It is therefore not "binding" in the same way that the second resolution will be.

After the Senate approves the first resolution, the Budget Committee will work out a conference agreement with the House. The conference report will set forth each Senate committee's total allocation of new budget authority and spending for programs under its jurisdiction. The Appropriations Committee, in turn, will subdivide its allocation among its subcommittees. Those subdivisions for each subcommittee will be used to measure appropriations bills as they are considered by the Senate.

However, this year, especially, specific assumptions were made in the resolution for major program reductions. These assumptions stem from action taken in reconciliation, the measure passed by the Senate on April 2, 1981. The Appropriations Committee intends to comply with the level of cuts assumed in reconciliation in order to stay within its allocation under this budget resolution.

Therefore, when individual appropriations bills are brought to the floor, Members will have to remember that many decisions regarding program reductions will have been made already. Members must also remember that increased spending for one program will require corresponding decreases elsewhere.

This will be very difficult. Business this year will not be conducted as in the past. Cuts assumed by the Budget Committee will have major effects on appropriations measures, so your votes today have an effect on what we will consider this summer. It is true that during the appropriations process, we can reorder priorities as Congress sees fit. It is also true that we will have to accomplish this within the constraints of a tight budget.

Let me cite some examples contained in the resolution. Veterans programs are assumed at reduced levels in this resolution. This will affect pensions, readjustment benefits, hospital construction, and most significantly, medical care. These reductions total about $600 million. In the area of HUD appropriations, spending decisions will be made more difficult by large assumed cuts in such programs as subsidized housing, the solar bank and the National Consumer Co-op Bank. If Congress approves these assumed cuts, the flexibility of the appropriations process is reduced by the corresponding amount.

In order for the energy and water appropriation to fit within the budget resolution allocation, my colleagues will find problems if they propose new water projects. In addition, spending for projects already under construction may have to be stretched out. Also, if defense-related increases are accommodated, we will not be able to approve increases in areas where the President has either terminated or severely reduced his findings proposals.

Major cuts which affect the agriculture appropriations have been assumed in the resolution. For example, the food stamp program has been reduced by $1.5 billion from $12.3 billion to $10.8. Child nutrition programs are assumed to go from a $4 billion level to about $3 billion.

In the area of transportation, the budget resolution assumes that funding for Amtrak will go from around $1 billion to about $600 million with significant reductions to Amtrak service in many regions of the country. Another area of reduction by the Budget Committee, and one which could affect many Members' interests, is mass transit funding where reductions of more than $1 billion have been assumed. The greatest impact would be felt in urban discretionary grants.

The resolution under consideration also assumes a large number of cuts in the programs under the jurisdiction of the Labor–HHS appropriation. Although many Members may be in agreement with a great many of these program adjustments, assumed cuts of around $14 billion may preclude Members from making add-ons to that bill.

I have highlighted these areas not to tell Members that they must enact appropriations exactly in line with the budget resolution assumptions; that is not the intention of the budget process. But Members must familiarize themselves with the contents of the budget resolution and know that what they have indicated by that vote will inevitably affect their ability to make any increases when individual bills are considered. It will be Chairman DOMENICI's job this summer to make comparisons of appropriations bills to the budget resolution allocations. It must be my job today to remind Members that these reduction assumptions in the resolution will change the "business as usual" approach to making increases to spending bills. While the decisions we make on this resolution are not the final word, it is certain that the constraints we impose now will have to be borne in mind as we complete our appropriations later in the year.

UP AMENDMENT NO. 72

(Purpose: To delete funding for the Legal Services Corporation)

Mr. HATCH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Utah proposes an unprinted amendment numbered 72.

Mr. HATCH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On Page 2, Line 16, strike "$775,100,000,000" and insert "$775,000,000,000".

On Page 2, Line 17, strike "$812,600,000,000" and insert "$812,500,000,000."

On Page 2, Line 18, strike "$865,000,000,000" and insert "$864,900,000,000".

On Page 2, Line 21, strike "$699,100,000,000" and insert $699,000,000,000".

On Page 2, Line 22, strike "$730,500,000,000" and insert "$730,400,000,000".

On Page 2, Line 23, strike "$770,700,000,000" and inesrt "$770,600,000,000".

On Page 3, Line 1, after "deficit," insert "or surplus".

On Page 3, Line 4, strike "$48,800,000,000" and insert "—$48,700,000,000".

On Page 3, Line 5, strike "$21,400,000,000" and insert "—$21,300,000,000".

On Page 3, Line 6, strike "$0" and insert "+$100,000,000".

On Page 3, Line 9, strike "$1,091,200,000,000" and insert "$1,091,100,000,000".

On Page 3, Line 10, strike "$1,154,300,000,000" and insert "$1,154,200,000,000".

On Page 3, Line 11, strike "$1,197,600,000,000" and insert "$1,197,500,000,000".

On Page 9, Line 17, strike "$4,300,000,000" and insert "$4,200,000,000".

On Page 9, Line 18, strike "$4,500,000,000" and insert "$4,400,000,000".

On Page 9, Line 20, strike "$4,500,000,000" and insert "$4,400,000,000".

On Page 9, Line 21, strike "$4,500,000,000" and insert "$4,400,000,000".

On Page 9, Line 23, strike "$4,700,000,000" and insert "$4,600,000,000".

On Page 9, Line 24, strike "$4,700,000,000" and insert "$4,600,000,000".

Mr. HATCH. Mr. President, it is my strong belief that the Legal Services Corporation is one of those "playpens of social activism" which this country can no longer afford, and, more importantly, be allowed to exploit the poor. Thus I find it intolerable when vulnerable people are used as political toys by the Legal Services Corporation.

Everyone knows that I have tried to support this concept for the last 4 years, but I have come to the conclusion that instead of serving the poor and this country, and both of them are essential I think for its existence, it has not done so.

The Legal Services Corporation is a classic example of a Federal program founded on great and noble intentions but which has mushroomed into a bureaucracy whose growth and penchant for violating the provisions of its authorizing legislation is unparalleled. Its consistent and escalating pattern of thumbing its nose at annual prohibition placed upon it by Congress as an effort to save the program in spite of itself is an indication of an organization more eager in making a political statement than providing services to the poor. I submit to you what we have on our hands is a teenager gone delinquent. Its publishing of the last set of regulations providing for nondiscrimination based on sexual preference is a good example of

how the Corporation has operated throughout its history.

Therefore, I am calling for through this amendment, to wipe out the $100 million placed in this resolution for the National Legal Services Corporation.

The abuses of the Legal Services Corporation are, in my opinion, an affront to the American people and Congress and the abuses continue unchecked. How can one justify, in the name of providing legal service to the poor, the following:

Sex changes for transsexuals;

Legal defense for the Ku Klux Klan;

Suits against schools who deny diplomas to kids because they cannot pass literary tests;

Defend Iranian students in marching past the house of the son of the Shah of Iran;

Defend a truckdriver for starting an illegal strike;

Antitrust lawsuits against steel companies; and

Sex discrimination case for college students.

Now I ask: Is that why Congress created the Legal Services Corporation?

I might add there are a lot of others we could give. But is that why we continue to fund it year after year? When are we going to stop. In our eternal optimistic hope that "someday Legal Services Corporation will shape up" and provide the services to the poor, we have continued to support it and try to protect it from itself by adding restrictive amendments. What we have on our hands is a delinquent 16-year-old teenager whom we have tried to counsel, ground for a few days, limit the type of friends, reward for good grades, but never cut the allowance. When will we realize that our eternal optimism is based on simply hope that, someday, the teenager will grow up and do good deeds when there is no evidence to support our optimism? When do we stop coddling this delinquent teenager and say enough is enough? When will we say we cannot save you anymore? If you want to go out and continue to violate the law then you must suffer the consequences, but we are not going to take care of you any longer? We express the hope that perhaps we can solve these problems in a better way.

In essence, what have we done for the past 16 years is tried to work with the teenager, but now we must be concerned with the protection of society. What has the teenager done against society in the past?

It has:

Filed suits against the University of California for its effort in increasing farm productivity by 50 percent;

Harassed farmers;

Developed sweetheart contracts with others to finance its own interests; and

Subverted our political system.

Let me site a few examples from the New Republic, February 3, 1979:

Two lawsuits were brought in Federal court during January, both by groups with admirable liberal purposes and both demonstrating the suicidal impulse that directs so many liberal energies these days. In California, a federally funded legal aid organization has sued the state university system to stop research aimed at improving agricultural productivity. And in Washington, a coalition of environmental groups has sued to prevent the White House from influencing the Interior Department's decision about strip mining regulations.

California Rural Legal Assistance says in its complaint against the University of California that the university's effort to develop labor-saving farm machinery benefits "a narrow group of agribusiness interests with no valid public purpose, contributes to agricultural unemployment or the displacement of farm workers, or the demise of the small family farm, or the deterioration of the rural home and rural life." As evidence of this nefarious impact, the complaint points out that during the 1960's, the State's tomato crop increased by half while the number of tomato pickers needed dropped by 60 percent.

. . . It is essential for liberals to start taking the productivity issue seriously. Regular increases in productivity are the only way to provide both rising prosperity for workers and larger government revenues for social welfare programs, while avoiding inflation. It is wrong to support government policies that promote inefficiency—trade barriers, farm subsidies, needless defense spending—just because they preserve jobs, or certain kinds of jobs. To oppose research aimed at increasing productivity is simply insane. Agriculture is the one industry in which America still leads the world. During recurrent droughts and famines elsewhere, America also feeds the world. Producing more food with less land and labor hardly serves only "a narrow group of agribusiness interests with no valid public purpose."

. . . But too often legal aid lawyers use poor people as guinea pigs in an attempt to impose through the courts some fanciful middle-class view of social justice. A good case can be made that technology has ruined the American tomato, and that perhaps agricultural research should be redirected. But that argument belongs in the state legislature, not in the federal court.

. . . Surely it is the ultimate assertion of power by special interest groups to claim that not even the president of the United States can interfere with their little duchies within his own executive branch. And surely it is arrogant of lawyers to insist that their own formal processes are more appropriate ways to chart social policy than the give and take of democratic politics.

That is the example from the New Republic, not a conservative magazine.

Finally, what we have on our hands is a delinquent youth who has continued to defy congressional intent by interpreting that intent to its own liking, or ignoring it totally.

Today I am introducing an amendment which will delete funding in the resolution before us for the LSC and which will send a message that Congress no longer will allow activities which will bypass our established political system by a few radicals at the expense of the poor. This Congress needs to send a message to all, that radicals do not have a corner market on helping the poor, but rather that of using them for their own self-serving interest.

My amendment will not mean that we have abandoned our concern for providing legal service to the poor, but that it will not tolerate any more waste of limited tax dollars for play pens of activists. The problems of the poor are too serious to be left to a few in Washington. What I will be supporting is legal services to the poor under the block grant concept which will assure greater local involvement in meeting the legal needs of the poor.

Mr. President, my amendment is not designed to prevent competent legal representation for the poor. I do not ask my colleagues to deny the unfortunate equal justice.

I only ask my colleagues to prepare the way for effective legal services, provided to the poor, at the discretion of the States, under the control of the local community. I only ask my colleagues to support our President, who has provided for these services from within his block grant concept. I only ask this legislative body to join with our executive branch in providing the realization of the American ideal found above the portals of our judicial branch: "Equal justice under law."

Mr. President, this amendment will presage the realization of this ideal, and I ask my colleagues to join me.

I ask unanimous consent, Mr. President, that a copy of a letter I received this morning from David A. Stockman, Director of the Office of Management and Budget be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT
AND BUDGET,
Washington, D.C.

HON. ORRIN HATCH,
U.S. Senate,
Washington, D.C.

DEAR ORRIN: This is to advise you that the Administration strongly supports your efforts to reduce the 750 budget function by $100 million, with the effect of eliminating federal financing for the Legal Services Corporation. The Social Service Block Grant provides full legal authority and, in our view, ample funding for legal services programs run by individual states. We strongly believe that such locally-based programs will be of greater value to the poor than will any Washington-based program. Moreover, the Administration believes that it is for the states, not the federal government, to determine priorities for social services likely to be of greatest use and value to their needy residents.

We very much appreciate your leadership in this important matter and wish you success.

Sincerely,

DAVID A. STOCKMAN,
Director.

Mr. HATCH. Mr. President, I also ask unanimous consent that an editorial entitled "A Brief Look At Legal Aid Horrors" by Patrick Buchanon, written in the Chicago Tribune of March 24, 1981 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A BRIEF LOOK AT LEGAL AID HORRORS

WASHINGTON.—In the abstract, the case for taxpayer-funded legal services for the poor is compelling.

After all, ought not an affluent nation provide legal counsel for a destitute, deserted mother of five to prevent her eviction from a dismal tenement for frivolous reasons by a malevolent landlord?

Had the Legal Services Corp. adhered to its mandate—providing free counsel to poor folks in their myriad confrontations with civil courts and uncivil bureaucrats—it would today have a broad constituency that would spare it the forthcoming rendezvous with David Stockman's ax.

But the Legal Services Corp. lost that constituency. Because the LSC has been captured by arrogant activists committed to confrontation politics; it has become yet another playpen for radical children who believe they have some God-given right to tax dollars to implement their ideas of social change.

In Hartford, Conn., a legal services lawyer has demanded that taxpayers foot the $10,000 bill for a sex change operation for some 35-year-old guy who likes to prance around in women's clothes.

In Florida, the state department of education, which wanted to hold up high school diplomas until the graduating student passed a "functional literacy" test, was hailed into court and charged with unconstitutional discrimination against blacks.

In Madera County, Cal., legal service types sued the school board to challenge a district regulation on the hair length of male students. This was followed by a lawsuit on behalf of an unmarried teenaged "Jane Doe"—never located—who was apparently denied by the county free contraceptives to continue her active sex life.

What has caused legal services its present problem is that, in community after community, horror stories are no longer the exception; they are becoming the norm.

In January, a conclave of legal services lawyers gathered in San Juan—at a cost of $100,000 to taxpayers—to devise a political strategy for combating the Reagan administration.

In December, the central office of legal services—in the person of one Alan Houseman—sent two confidential memoranda to activists in the field, blueprinting a program of guerrilla warfare against the mandate the new administration had just won, democratically, from the American people.

In the call to battle stations, Houseman pointed up the necessity of "the survival of committed, aggressive, and political staff" engaged in "aggressive advocacy."

"As we proceed in our fight, we must take all steps necessary at national, local, or state levels to assure the continuation of other social benefit and entitlement programs. It is essential that we join with others in preventing cutbacks in those programs and preventing changes in other federal policies such as affirmative action."

Query. Does the Reagan administration have an obligation to continue taxpayer funding of a Legal Services Corp. whose radical activists are using their privileged position on the public payroll to fight the changes voted for by the American people?

After reading Houseman's confidential memos, Jack Kilpatrick, the lonely conservative defender of legal services, bailed out, pulled the rip cord, hit the silk.

When the corporation was created, under President Nixon in 1974, it was believed by some of us that, if adequate restrictions were written directly into the charter—keeping the red-hots out of political and controversial social issues—the lawyers would devote their time to what it was Congress paid them to do. It didn't work, and President Reagan is right to write the experiment off.

After all, not a dime of this money goes to poor people. Most of it subsidizes some 5,000 sons and daughters of the upper-middle class and rich, post-graduates of trendy, fashionable law schools, who get their jollies by posing—starting salary $15,000 a year—as heroic defenders of the downtrodden, many of whom are abusing their position to advance their own agenda, from rent strikes to rent control, from gay rights to battling Proposition 13s across the country.

Rather than defend some welfare mother in a sticky divorce case, the kids prefer to take on the banks. "Our program prides itself on taking on the big fish," boasts Greg Shell, Harvard graduate, legal services lawyer. Well, good for you, Greg. Only, you go fishing for your corporate marlin with your own money, on your own time.

Mr. HATCH. In addition, Mr. President, I ask unanimous consent that a memorandum of Alan Houseman, Director of the Research Institute of the Legal Service Corporation dated December 29, 1980, and my remarks with reference to it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Mr. Speaker, it has come to my attention that on December 29, 1980, Alan Houseman, Director of the Research Institute of the Legal Services Corporation wrote a memorandum on Corporation stationery setting forth a plan for lobbying Congress for reauthorization of the LSC. The memo was done at Federal expense. The entire document is printed on pages 6078–80 of the April 1, 1981 RECORD. I would like to quote a paragraph from that memo:

7. Analyze new members of Congress from your area and review all old members of Congress. What is needed is carefully compiled information about all members of Congress. This includes: attitudes, public statements and prior voting records toward legal services and other social benefit programs; their supporters and major contributors from within the bar and general community; possible contacts with their supporters; and their political base in the district or state. This information should be sent to the state coordinator and Office of Government Relations. OGR will develop an analysis of each Congressional person and office. The completed analysis will be sent to each state and program coordinator. The analysis will also include such information as prior Congressional voting records on legal services, positions on other poor people's issues committee assignments, names and beckground of key staff, and which members influence this member.

In addition, it has come to my attention that the LSC spent approximately $100,000 for a meeting in Puerto Rico from November 9–13, 1980, where among other items the strategy for the lobbying activities was planned. I have heard a tape recording and read a transcript of one of the sessions at this meeting where one speaker stated:

We all know there has been a big turnover in Congress and we have lots of new Members of Congress. Unfortunately, that means those of us who work in Washington are faced with lots of new Members who we don't know anything about. In many instances, far from all, but in many instances, some of those new Members come from your State legislatures and so I would urge you in your spare time—which you have a lot of—I am just joking—to consider doing up just a real quick memo. It can be real informal. I am not asking for anything fancy, but maybe lots of you in your States could do up a memo for us and Xerox it and send it to all the national support centers giving us a little bit of background on some of these folks. If you have got a particular relationship with some of them or if you know that there is some winning argument that you can get to them on or some people they listen to—that sort of thing. The more information we have about the congressional delegations from your State hopefully the less we would need to pester you about for information. Anything that you can get into our hands makes our job easier.

This in my opinion is an outrageous and probably illegal use of taxpayers' money. It needs to be stopped immediately. Nonetheless, I want to see every single item in every one of the files kept on me by the Legal Services Corporation and each of its support centers. Therefore, I have sent the following letter to Mr. Dan Bradley, President of the LSC, as follows:

Mr. DAN BRADLEY,
President, Legal Services Corporation,
Washington, D.C.

DEAR MR. BRADLEY. In the Alan Houseman memorandum dated December 29, 1980, and a tape recording from the November 9–13, 1980, legislative advocacy conference in Puerto Rico, it is stated that the LSC and its support centers maintain files on all Members of Congress.

I hereby request to see every file and every piece of information, analysis, and any other matters that are included in every file the Corporation maintains on me/or my staff. Further, I want to see every file and every piece of information in such file that has been collected and maintained by the organizations on the attached list.

Where any of these organizations have more than one office. I want to see the file kept on me from each office.

I would request that these files be delivered to my office no later than the close of business on May 13, 1981.

I would strongly recommend that my colleagues make a similar request to the Legal Services Corporation. It may be very instructive for you to know what is in your LSC file before you vote on any bill reauthorizing the Corporation.

SPECIALIZED LITIGATION AND SUPPORT CENTERS

Center for Law and Education, 6 Appian Way, Gutman Library, 3d Fl., Cambridge, Mass. 02138, (617) 495–4666; 236 Massachusetts Ave., NE, Washington, D.C. 20002.

Center on Social Welfare Policy and Law, 95 Madison Ave., Room 701, New York, N.Y. 10016, (212) 679–3709; 1029 Vermont Ave., NW, Washington, D.C. 20005, (202) 347–5615. (Service calls should be directed to the New York office.)

*Food Research and Action Center (FRAC) 2011 Eye St., NW, Suite 700, Washington, D.C. 20006, (202) 452–8250.

Handicapped Persons Legal Support Unit, 335 Broadway, Room 803, New York, N.Y. 10013, (212) 925–1000.

Indian Law Support Center, Native American Rights Fund, 1506 Broadway, Boulder, Colo. 80302, (303) 447–8760.

*Mental Disability Legal Resource Center, ABA, 1800 M St., NW, Washington, D.C. 20036, (202) 331–2240.

Mental Health Law Project, 2021 L St., NW, 8th Fl., Washington, D.C. 20036, (202) 467–5730.

Migrant Legal Action Program, 806 Fifteenth St., NW, Suite 600, Washington, D.C. 20005, (202) 347–5100.

National Center for Immigrants' Rights, 1550 W. Eighth St., Los Angeles, Calif. 90017, (213) 487–2531.

National Center on Women and Family Law, 799 Broadway, Room 402, New York, N.Y. 10003, (212) 674–8200.

National Center for Youth Law, 1663 Mission St., 5th Fl., San Francisco, Calif. 94103, (415) 543–3307; 3701 Lindell Blvd., 2d Fl., P.O. Box 14200, St. Louis, Mo. 63178, (314) 533–8868.

National Consumer Law Center, 11 Beacon St., Suite 925, Boston, Mass. 02108, (617) 523–8010, 236 Massachusetts Ave., NE, Washington, D.C. 20002, (202) 543–6060. (Service calls should be directed to the Boston office.)

National Economic Development and Law Center, 2150 Shattuck Ave., Suite 300, Berkeley, Calif. 94704, (415) 548–2600.

National Employment Law Project, 475 Riverside Dr., Suite 240, New York, N.Y., 10027, (212) 870–2121; 236 Massachusetts Ave., NE, Washington, D.C. 20002, (202) 544–

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*Not funded by the Legal Services Corporation

2185. (For current legislation and regulatory matters only.)

National Health Law Program, 2639 S. La Cienega Blvd., Los Angeles, Calif. 90034, (213) 204–6010; 1424 Sixteenth St., NW, Suite 304, Washington, D.C. 20036, (202) 232–7061. (Service calls should be directed to the California office.)

National Housing Law Project, 2150 Shattuck Ave., Suite 300, Berkeley, Calif. 94704, (415) 548–9400; 1016 Sixteenth St., NW, Suite 800, Washington, D.C. 20036, (202) 659–0050. (Service calls should be directed to the Berkeley office.)

*National Legal Aid and Defender Association, 1625 K St., NW, Suite 800, Washington, D.C. 20006, (202) 452–0620; NLADA Access to Justice Project, Same address and phone number.

*National Paralegal Institute, 2000 P St., NW, Suite 600, Washington, D.C. 20036, (202) 872–0655.

National Senior Citizens Law Center, 1636 W. Eighth St., Suite 201, Los Angeles, Calif. 90017, (213) 388–1381; 1424 Sixteenth St., NW, Suite 300, Washington, D.C. 20036, (202) 232–6570.

National Social Science and Law Project, 1825 Connecticut Ave., NW, Suite 401, Washington, D.C. 20009, (202) 797–1100.

National Veterans Law Center, 4900 Massachusetts Ave., NW, Washington, D.C. 20016, (202) 686–2741.

Mr. HATCH. Mr. President, I call to the attention of this body a special document entitled "National Legal Aid and Defender Association, 58th Annual Conference, November 9 through 14, 1980, held at the El Centro Complex at San Juan, Puerto Rico—I presume at taxpayers' expense—where they discuss legal services backup centers, legal services matters and all other kinds of matters, and where they had a legislative advocacy for legal services legislative coordinators and defender administrators meeting, among others, and I call to the attention of this body a couple of words or a couple of pages in this document.

On page 26 they say:

If you are going to do lobbying how you can report this if IRS asks you and how to keep your funds separate. For the most part legal services corporations, if they have not, and if you are doing lobbying, you should talk to your corporate business manager or your comptroller or whoever, your tax people, and seriously consider electing because if you don't, if you don't elect, you go back to the old substantial test and if in fact you have been using more money than you should and you are caught on it you will get a little penalty and it is easier to just elect under it and keep the records that are needed rather than go through the penalty stage.

On page 68 in this transcript of the hearings, June Gill makes this point:

May I make a point on the food stamp issue. We have Senator Armstrong who is very conservative in Colorado and has consistently voted against all food stamp legislation. He made a comment that he had only had three letters on the food stamp issue and I think you want to be real careful that you don't ignore the opposition and think that because you know they are going to vote against you, you are not going to let them hear about it.

Again lobbying with taxpaying funds after we have told them not to do so.

On page 80 of S. 80, they express that they are very happy, because RUSSELL LONG has not supported them, that he has lost the chairmanship of his little committee.

On page 84 Barry Schwartz says:

What all of us ultimately care about, what every single support center cares about ultimately, is meaningful welfare reform and a meaningful redistribution of wealth and income in this country.

Talk about social activism; it is time we started calling this outfit what it really is, a bunch of delinquent teenagers who literally are doing exactly the opposite of what we have asked them to do.

On page 85 Mr. Schwartz goes on and says:

I am happy to do that, but I don't think any of us who work on particular issues really want to feed the accountability mechanisms we have worked on or give up the relationship that we have with particular communities by becoming part of just a much bigger thing.

They go on and say that there are a number of other things that are interesting. I do not want to take up any more time of the Senate today, so I will ask unanimous consent that an article written in the American Bar Association Journal entitled "Klan Defense Raises Legal Aid Furor" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KLAN DEFENSE RAISES LEGAL AID FUROR

(By Bill Winter)

The defense of a former member of the Ku Klux Klan by lawyers for a federally funded Legal Services Corporation program has caused a furor within the legal aid community, *LawScope* has learned.

Southeast Tennessee Legal Services, Chattanooga, is representing 23-year-old William Church in a civil rights suit stemming from the shooting of five elderly black women last April, said Church's legal aid attorney, Donald Strickland. Church admitted being a member of the Justice Knights of America of the Ku Klux Klan but has since resigned, Strickland said.

At a recent meeting of the board of directors of the National Legal Aid and Defender Association, a resolution was considered to censure the Chattanooga office for defending Church. Backers of the resolution charged that the office had betrayed its black clients and that it had no priority guides in existence for accepting cases.

Most board members, however, urged caution. The resolution, said member Benjamin Lerner of Philadelphia, "goes against everything this organization has stood . . . [for] all people to have access to justice."

James Bradley, director of the Chattanooga program, declined to attend the NLADA's board meeting in San Juan, Puerto Rico, citing the attorney-client privilege. In a *LawScope* interview, Bradley defended the office's "very careful and conscientious" decision to accept the case on assignment from U.S. District Judge Frank Wilson. "We've represented all kinds of unpopular people," Bradley said, adding, "All citizens have certain legal rights." Strickland, the assigned counsel, said, "While I abhor the whole concept of the Ku Klux Klan, my feelings about representing [Church] override that."

Church and two other men originally were charged with felonious assault causing bodily injury in connection with an incident last April 19 in which five black women were shot at from a passing car, Strickland said. Church and another defendant were acquitted of the criminal charges. But in September, the Center for Constitutional Rights in New York City and several other civil rights groups filed a class action suit against all three, Strickland said. The case was pending as *LawScope* went to press.

The NLADA board voted, meanwhile, to investigate the matter and held open the possibility of entering the civil rights lawsuit on the side of the plaintiffs. NLADA President-elect Jerrold Becker, of Knoxville, Tennessee, said he would ask the board to aid the plaintiffs, adding that the decision to do so was made in the interest of the other clients of Southeast Tennessee Legal Services.

Mr. HATCH. Mr. President, I ask unanimous consent that a Wall Street Journal editorial dated August 20, 1980, entitled "A Sweetheart of a Lawsuit?" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A SWEETHEART OF A LAWSUIT?

(By Heather Stuart Richardson)

Elsie Simer is one of nine plaintiffs who recently won an $18 million settlement by suing the federal government's Community Services Administration. The 73-year-old resident of Melrose Park, Ill., received her $250 check in late July.

So did Hilda Beiler, 61, who with her 81-year-old mother survives on an income of less than $200 a month in Breinigsville, Pa. The $250 checks also went to Arlene Whitehouse, a blind octogenarian who lives alone in Maine; Arthur Boucher, 70, another homebound Maine resident; Hilda Spinney, 58; Rose and Robert Henderson of Lancaster, Pa., who struggle to support their family of five on about $600 a month; Debra Jones of Manheim, Pa., and the Gray Panthers, a private advocacy group for the elderly.

The nine plaintiffs whose names appear on the class-action complaint in Simer v. Olivarez collected a total of about $2,000. They are not likely to ask what happened to the rest of the $18 million, however. Of the six reached for comment, three professed no knowledge of the lawsuit and only one said he had been consulted in advance about the settlement.

In any case, the big winners in the settlement weren't the class of complainants who supposedly were doing the suing. Much of the rest of the $17,998,000 appears to have been divvied up among: government agencies (even the agency being sued was able to add four more bureaucrats to its rolls as a result); quasi-public community action groups with a good deal of political clout, and the so-called public interest lawyers of the type who launched the suit in the first place.

Indeed, a close look a Simer v. Olivarez suggests that it was one sweetheart of a lawsuit for nearly everybody except the complainants—and the taxpayer.

FILING A COMPLAINT

Various public interest law firms filed the complaint in federal district court in Chicago in September 1979 against the Community Services Administration, the successor agency to the Office of Economic Opportunity, which, you may remember, was the cornerstone of Lyndon Johnson's War on Poverty. The complaint alleged that the nine plaintiffs "and all others similarly situated" had been deprived of GSA energy crisic assistance payments because of arbitrary requirements. In particular, the suit said $18 million of the $200 million appropriated for fiscal 1979 to help poor people cope with soaring energy prices had gone unspent. A provision that such unspent funds would have to be returned to the Treasury violated a Administrative Procedure Act and due process laws, the suit contended.

It was no accident, however, that a termination date for spending the $200 million had been inserted in the legislation for the

program. The Office of Management and the Budget insisted on the inclusion to make certain that the program would confine itself to winter emergencies. Also, CSA hadn't had much luck with two previous "energy crisis" programs. An investigative report by a congressional subcommittee considered it as having "achieved questionable results, beset by inadequate management practices, and leaving a sense of expectancy and dependency among the poor. . . ."

A specific appropriations bill for further energy crisis payments might not have survived this skeptical climate. Instead, the $200 million was wrapped in with the broad continuing resolution Congress passed in order to keep the CSA from folding. The subcommittee condemned this act as "presumptuous" because Congress had passed both previous programs with considerable reservation and specifically as one-shot affairs. Furthermore, in bypassing the normal route, CSA had "eliminated Congress's discretionary decision-making authority."

The OMB, in approving the CSA request, had stipulated that the $200 million couldn't be spent after June 30. When that date rolled around, $18 million remained unobligated and apparently doomed to be returned to the Treasury. Yet a previous lawsuit in a similar case against CSA had prevented that from occurring; a group of public interest law firms figured the trick could be repeated.

Of the claimants named in the suit who could be reached for comment, those who were aware of the suit at all insisted that they had been steered into the lawsuit by public interest law firms. The firms all receive grants of between $285,000 and $850,000 from the Legal Services Corp., an independent agency established by Congress, plus additional support from what used to be the Health, Education and Welfare Department.

Preliminary hearings led to a pre-trial settlement between CSA and the plaintiffs. The plaintiffs would each receive an amount equal to the maximum allowable under the energy crisis payment program, or $250, yet no attempt was made to identify "all others similarly situated"—the poor on whose behalf the class action was instituted.

CSA rationalizes this deliberate oversight by insisting that reopening the program for such a trifling amount would have caused no end of administrative headaches. In addition, since Congress had already allocated vast amounts for a similar 1980 program, CSA sought a settlement which would "have impact," according to Richard Saul, Chief of Energy Programs at the CSA.

In other words, CSA sought a settlement which would allow it to use the funds to finance pet projects which otherwise might have been terminated because of opposition or a lack of interest in Congress.

How will the $18 million (less $2,000) be spent? As outlined in the legal settlement, $4 million will go to a hypothermia program run by former CSA grantees to alert people to the dangers of freezing to death; over $2 million will be spent to subsidize solar power programs; and roughly $8 million will go to public advocacy and legal services. The remaining $4 million, originally intended for emergency energy conservation kits, will probably end up in the advocacy kits as well.

Here are some of the particulars of the distribution:

—$150,000 will keep the Small Farm Energy Project, a CSA grantee, alive for an additional two years, despite a report by Rural Development Inc., an independent research and consulting firm, that was partly laudatory but also conceded that "the level of major energy innovation is less than what would be necessary to have a significant impact on energy use and income level on cooperating farms."

$1 million will be awarded to consulting firms and 15 Community Action Agencies, essentially to produce reports to inform us that energy is expensive.

—$4 million will go to 23 of the CSA's Associations of Community Action Agencies that were due to be terminated. About $2 million of that sum will flow through to the existing legal service network for various contracts. The associations, such as Energy Alliance, act as consumer advocates, working for such things as utility rates, customer service regulation and challenges to utility projections of capacity needs.

—The National Consumer Law Center will receive $1.8 million directly plus another $500,000 to distribute to Community Action Agencies, legal service organizations and consumer utility advocacy groups. The $700,000 grant the National Consumer Law Center received in 1979 from CSA was to have been its last; CSA didn't anticipate adequate appropriations to keep the NCLC going. Now it has $900,000 a year for the next two years.

—$200,000 for the Associations of Community Action Agencies and Community Action Projects for "training and technical assistance in organizing and coalition building" under the auspices of the Citizens Labor Energy Coalition. These civic-minded experts concocted Big Oil Day last October and more recently participated in Big Business Day.

—Finally, to administer the settlement, CSA created four new positions in its own offices, positions which Congress most probably would never have authorized.

Moot Intentions?

Thus CSA and the public advocacy and legal services groups may have hit upon a marvelous recipe to render Congress's intentions moot and feather their own nests: Leave money unspent, be sued and settle as thou and they can best profit.

"I can prove everything but intention," says Peter Metzger, who runs an internal think tank for the Public Service Co. of Colorado. "You have this friendly lawsuit where all these publicly funded legal services groups rush to court and distribute funds among the litigants."

Assuming CSA could have won the case, fiscal responsibility would seem to demand that it do so and return the $18 million to a government already under attack for excessive spending. And if, as CSA's lawyers assert, the judge gave them reason to believe they would lose the case, then shouldn't the funds have at least been used for the purpose for which they were intended—to alleviate the burden of rising fuel prices on the poor—instead of propping up pet priorities of a floundering agency?

Mr. HATCH. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated May 7, 1981, addressed to me as chairman of the Subcommittee on the Constitution, Committee on the Judiciary from the vice president of the Chamber of Commerce of the United States, Mr. Hilton Davis.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, D.C. May 7, 1981.

Hon. ORRIN G. HATCH,
Chairman, Subcommittee on the Constitution, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR ORRIN: I want to take this opportunity to confirm the U.S. Chamber's complete support for President Reagan's Economic Recovery Program and, in particular, your amendment to abolish the Legal Services Corporation. The record of the Corporation justifies its elimination; however, the states and localities should be allowed the option of providing legal services as part of a comprehensive social services strategy under the block grant approach proposed by the President.

The Legal Services Corporation is a clear example of a well-intentioned concept run amok. Time after time, the Corporation has wasted its resources on ideologically motivated class action suits, and failed to assist citizens and business people in resolving their immediate problems. For example, the Corporation-funded group, California Rural Legal Assistance, has sued in the federal courts to stop research to improve agricultural productivity studies because this research may reduce the need for farm labor. This type of suit benefits no one but those interested in promoting inefficiency and unnecessary increases in food prices.

The Legal Services Corporation was intended to help the poor when they unavoidably become entangled in our complex legal system—but too often legal aid lawyers are using poor people as guinea pigs in an effort to bring about fanciful views of social justice.

Beyond this issue of waste and abuse, there is real doubt as to whether the type of services provided by the Corporation are genuinely needed. Substantial progress has been made in establishing minor dispute resolution mechanisms throughout the country. These grassroots voluntary organizations are making real progress in handling the day-to-day legal difficulties of the poor more efficiently and effectively than any federal bureaucratic program can.

On behalf of the 120,000 members of the U.S. Chamber of Commerce, I urge you to support President Reagan's entire program for economic recovery. Adoption to the Administration's package of spending and tax reductions represents a major step in returning the nation to economic health. As proposed by the President, consolidation of many of the grants provided to state and local government into more efficient and flexible block grants will allow for a reduction in federal spending, while continuing support for services that have high local priority.

Sincerely,

HILTON DAVIS.

Mr. HATCH. Finally, I can just say that we can give thousands of illustrations where these delinquent teenagers have gone awry, where they have exceeded their authority, where this organization has continued to lobby, has sued the Federal Government at the taxpayers' expense for judicial activism and for social activism reasons.

All I am saying is let us change the thrust, let us give these moneys in the form of block grants to the States.

We have found that where the States control the Legal Corporation it has worked well—in some States, frankly—but overall we think it would be a better approach to give legal services to the poor by block grants to the States where the States and local communities can stop these excesses and stop the use of taxpayer funds to do some of these things that are so awful.

Mr. President, I yield the floor.

Mr. HOLLINGS. Mr. President, let me make one statement about this, and that is to divide the time, generally speaking, between the distinguished Senators from Massachusetts (Mr. KENNEDY) and New York (Mr. MOYNIHAN) and the Senator from California (Mr. CRANSTON) and then we will adjust the time if further Senators come and want to be heard.

The PRESIDING OFFICER (Mr. GOR-

TON). Is this to be time taken off the resolution?

Mr. HOLLINGS. I will take my statement off the resolution as will these other Senators.

The Legal Services Corporation does not engage primarily in social engineering and social activism. The actual breakdown of the over 1.5 million Legal Services cases a year are broken down and subdivided into the following categories: 30.3 percent are domestic relations cases, 17.6 percent are housing, 17.2 percent are in income maintenance, and 13.7 percent are in consumer disputes.

So class action suits comprised less than 0.0002 percent of the Legal Services Corporation caseload.

We are arguing an old case. Legal services did get out of hand. I worked with the distinguished Senator from New York, Senator Javits, 7 years ago, handling the budget on the Appropriations Committee. At that time there was a lot of social experimentation with class actions in a large megalopolis like Los Angeles to see if social issues could be settled through this mass production technique.

I did not like that approach and it proved very costly. The Federal money was not getting through to the individual poor.

So now under the new Director, Dan Bradley, we are really being accused of those things the Congress has diligently corrected.

The argument presented by the distinguished Senator from Utah now is simply to the effect that, "Look at all the people violating the income tax law. They are defrauding money here, writing off this interest of X percent," and doing this and doing that wrong.

You can always pick out violations of Federal policy, but we must not let the violations become the policy in and of itself or assume it to be the policy.

The contrary is very, very true. When we had our hearings the distinguished Associate Justice Powell of the U.S. Supreme Court came and we were considering this particular measure, the Legal Services Corporation, in another budget, and he was asked his judgment because he had been a past president of the American Bar Association. His view was that as a Justice on the Supreme Court, and as a past president of the ABA and his experience as a lawyer, there was no more effective and needed program.

I think we ought to bring this issue into perspective for what it actually is. The Legal Services Corporation is filling a need. It cannot totally fill it. We cannot get a Mayo Clinic doctor for every person who gets sick this afternoon, and we cannot get Melvin Belli for all the poor who have cases.

But Congress is trying, and it should not under this amendment say, "Oh, the heck with it let us forget about Legal Services and let the poor struggle for themselves.

Let me yield and let the Senator from Massachusetts, if he is prepared and wants to be recognized, make a statement.

Mr. KENNEDY. Mr. President, first of all I want to express my appreciation for the comments of the Senator from South Carolina in support of the Legal Services programs. I know this has been an issue which he has followed closely over many years. He has had his concerns with that program and has mentioned them to both the Human Resources Committee members as well as to the Judiciary Committee members. But I think it is extremely helpful for the Senate, in understanding this issue, to know of his support for the fundamental purposes and record of the Legal Services Corporation.

Mr. President, I listened with interest to the Senator from Utah describe the Legal Services attorneys as "a bunch of delinquent teenagers" and as an institution of "radicals" who "bypass the political system at the expense of the poor."

It is interesting that every president of the American Bar Association since the Legal Services program was established in 1965, including a current Supreme Court Justice, Lewis Powell, has enthusiastically endorsed the Legal Services program. And it is difficult for me to quite understand how, if the characterizations that have been made by the Senator from Utah that this was a "bunch of delinquent teenagers" in an institution that bypasses the political process were accurate, the American Bar Association, which has a long and honored tradition of upholding the law in this country, would be enthusiastic in its support for the Legal Services Corporation.

Mr. President, I think it is important to understand the actual record of the Legal Services Corporation. The Legal Services Corporation program has extended the protections of the Constitution of the United States to millions of Americans who otherwise would be denied it because of the lack of financial resources.

The major companies and corporations of this country are able to get the best in terms of legal advice and legal services from many of the outstanding lawyers in this country and legal associations in this country.

It is interesting to note that their legal fees are deductible as business expenses. So the taxpayers end up paying for nearly half of the legal fees for those companies and corporations. And that tax loss amounts to some $4 billion a year, according to the Library of Congress—$4 billion a year, which is lost to the Treasury, and must be made up by every American taxpayer.

And the amendment of the Senator from Utah wants to take $100 million away from the Legal Services Corporation that is commited to pursue the constitutional rights and liberties of the poorest people in our society, including large numbers of elderly and handicapped.

Now I think it is fair to ask: What is the track record of the Legal Services Corporation and its attorneys?

Well, the fact of the matter is that nearly 85 percent of all cases are resolved without going to court. But when there is litigation, 85 percent of the cases that Legal Services attorneys bring to the courts they win—85 percent. And if these attorneys are so busy rattling around in social experimentation, harassing companies and corporations, and rattling around in extracurricular activities, how do its critics explain that they win 85 percent of the cases that they bring?

The conclusion you reach is that the causes which they are advancing and fighting for are in accordance with the law and the constitution. Without them, the legal rights of needy people in this society would otherwise not be protected.

Now we might ask ourselves: Is this organization top heavy in terms of administration? Is it one of those institutions of Government that is heavily weighted with bureaucracy? We find that only 3 cents out of every dollar that is appropriated for the Legal Services program is used in administration. I do not know of another Federal program which has a lower overhead than that particular program. Three percent is used for information and research. And the rest, 94 percent, actually goes out into the field to provide for direct legal services for the needy people in our society.

Mr. President, this program is strongly supported not only by the American Bar Association, by judges, but by most of the leading law firms in our society, who are very much involved in this program.

In my own city of Boston, some of the leading law firms are working closely with the local legal service board to expand the quantity and enhance the quality of legal service provided to indigent citizens.

Another interesting fact, Mr. President, is that 60 percent of the membership of every local legal service board is comprised of local attorneys. This corporation is structured to provide local control in local communities. The Congress has given the majority vote in the control of those local legal services programs to local attorneys.

This Nation has asserted the principle of equality before the law as a fundamental right. Yet, until the creation of the Legal Services Corporation, that principle had a small codicil—equality before the law, except if you happen to be poor.

In this society in 1981, we cannot afford to step back into the past when the poor were denied equal access to our system of justice. The simple fact is that tenants were illegally evicted, poor consumers victimized by fraud, elderly Americans denied their legal benefits and thousands of other Americans robbed of their rights because they could not afford a lawyer.

Since 1975, we have witnessed a gradual extension of legal assistance to poor people across this land. The Legal Services Corporation has used its funds wisely and well. It has achieved coverage over the entire Nation, although that coverage remains limited to an average of two attorneys for each 10,000 poor people. Before the Corporation came into being, there were whole regions of the country where the poor had no access to legal counsel. Last year, the local legal services programs served 1.2 million people.

The Legal Services Corporation, for

the first time, has permitted this Nation to state that the poor have a real chance to have their rights and interests represented through the legal system.

Without the Legal Services program, the individuals would be denied effective access to justice. The consequences of that denial can be enormously damaging. It can mean children forced into programs for the mentally retarded without any evaluation of their intelligence, mothers left without money to feed their families when a benefit check stops, elderly persons whose apartments do not have heat because a landlord did not pay the utility bill.

Those who oppose this program do not seem to recognize how Legal Services attorneys actually spend their time. Of the more than 1 million legal matters handled by the local attorneys and paralegal aides, family issues constituted 30 percent of the total—issues spanning adoption, divorce, support, spouse abuse, and custody questions. Income maintenance and housing were the next largest category of legal problems, followed by consumer issues. These basic questions of food, shelter, health, and income are crucial to the survival of the poor.

Even those who are opposing continued Federal funding do not deny that the poor have a need for these services. Instead they argue that it should be a responsibility of the private bar.

Yet, the private bar has spoken out loudly and repeatedly that the Nation needs the continuation of the Legal Services Corporation. The current president of the American Bar Association and every president since 1965 has supported this concept. The Legal Services program that was begun in 1965 under the Economic Opportunity Act had the strong impetus of then ABA president and now Supreme Court Justice Lewis Powell. They all have recognized that the private bar is neither able nor willing to provide these services.

Frequently, opponents of legal services argue that the legal services program is an agent of social or political change. They forget how the law works. They disregard the fundamental truth that legal services attorneys represent clients—breathing, living, human clients. They win only when the courts find that their clients are being treated improperly, unfairly and illegally. If, as a matter of law, individuals are being denied their rights, then the act of bringing that fact to the surface through legal action on behalf of a poor client may produce change, but only change that is in accordance with the law.

I think it should be emphasized that Federal Government spent only $321 million on legal services a year ago to provide for the needs of the poor. Yet, we permitted the largest and wealthiest corporations in this country to have their legal services subsidized by the American taxpayer. Legal services are legitimate business expenses and, as such, are deducted from their taxes. When the Fortune 500 can have their legal expenses covered by the American taxpayer to a significant degree, surely public policy justifies the continuation of a federally supported legal services program for the poor.

We have heard the administration discuss its safety net to cushion the very poor as they are imperiled during the current budget storm. Legal services is a vital means to assure that the laws establishing those "safety net" programs will be enforced. Without it, too many needy families will find that the safety net has been pulled out from under them.

Finally, Mr. President, because I know there are other Members that would like to speak, I have here before me a number of typical cases for legal services in my own city of Boston.

I will just take another minute or two of the Senate's time to illustrate these examples and I will include them all in summarized form in the RECORD and I ask unanimous consent that they be so included.

A 71-year-old man was tentatively hired by a major State agency which later refused to take him on when the agency personnel learned his age. The legal services attorneys interceded directly. The agency head got the man his job and also caused the issuance of a clarification of agency policy, stating that there was no upper age limit for hiring people otherwise qualified.

We also have an example of a client and his wife who were both blind and used their tape recorder as a means of communication, instead of letters, sending tapes to his brother and family in California. The recorder malfunctioned and they returned it to the manufacturer, but after 6 months, they had received no action or response. After phone calls and letters to the management of the store where the recorder was purchased and to the manufacturer of the product, the attorney learned that the client's tape recorder had been set aside awaiting delivery of parts before it could be repaired.

Following the attorney's inquiry, the company wrote a letter of apology to our client and mailed them a check to cover their cost for a new machine and also included the money spent for returning the damaged machine. The clients were elated and called to say how happy they were. Now they could once again keep in touch with their family in California.

There being no objection, the summaries were ordered to be printed in the RECORD, as follows:

GREATER BOSTON LEGAL SERVICES CASES

Mrs. M.: A 73 year old woman living off of Social Security and some money she gets for working in the day care unit of a hospital.

Her case revolved around an old bill of approximately $1,300 from Boston Edison. Her husband had always been responsible for paying the bills. When he died, she tried to open an account for the electric bills for the first time. She discovered that the bill was in arrears of approximately $1,300. Edison could not explain how the bill had gotten that high, since she does not use electricity for heat and the monthly usage is at most about $20.

Edison wanted to work out a payment plan for her to pay off the old bill. Legal Services pursuaded them to wipe out the old bill and start billing her from the date her husband died.—(Grove Hall)

Mrs. P.: Client had been under the care of a private hospital for approximately 12 years. Went to outpatient clinic for diabetes treatment, without any problems with staff.

This past summer a new doctor at the hospital was put on her case. He refused to give her a serious illness letter for the Edison Co.—refused to write a letter to the utility company that she had a serious illness even though client needed an insulin shot daily as per his prescription. It was learned by G.B.L.S. that the doctor personally disliked the client. The client was in danger of having her electricity service terminated (which would mean she could not refrigerate her insulin) unless she got a doctor's serious illness letter. She owed a very small amount of money ($50.87) but as SSI is her sole source of income, she could not get that amount of money together.

Because of the danger of a utility termination, G.B.L.S. made an appointment with another doctor (and drove her to the doctor's office) who, after a thorough examination, wrote a letter stating she had a serious and chronic illness, thereby protecting her from service shut-off.—(Grove Hall)

Mrs. S.: Client was locked out of her apartment in November, 1980. She had letter from landlord stating that she was overpaid in her rent until January, 1981. Client went to the landlord after the lock out—went to HUD (it was a HUD subsidized apartment). She got nowhere. She came to legal services office March 12, 1981 and as soon as a lawyer contacted the landlord they agreed to give her another apartment immediately. The landlord wants her to sign a total waiver and this office is now negotiating that issue—but she definitely has a new apartment. The landlord had written a letter to this office stating that no court action was ever taken. . . .—(Grove Hall)

Ms. H.: H. who is disabled lives with her elderly mother. During the summer of 1980 the furnace that heats their apartment broke down and the landlord informed them that if they wanted heat during the winter that they would have to fix the furnace themselves and pay for it. We obtained an order form from the Housing Court requiring the landlord to fix the furnace and are currently litigating an assessment of damages against the landlord for the failure to provide heat during the winter.—(Fields Corner)

Mrs. S.: Mrs. S. lives in a public housing project. Because of extremely bad conditions in her apartment including several major leaks and falling ceilings, she suffered damage and loss to her belongings (furniture, clothing). We negotiated a settlement with the housing authority and Mrs. S. was compensated for her loss.—(Fields Corner)

Mr. A.: Mr. A. is disabled and when his wife left him he lost his sole means of financial support. He applied for general relief, a state welfare program, but was denied because welfare counted income from his estranged wife as available to him. At a hearing it was proven that he was not receiving any income from his wife and he was determined eligible for benefits. He has also applied for SSI and his application is pending.—(Fields Corner)

CASE A

Ms. A. is a 64-year-old widow, extremely ill with cancer, a heart condition, and severe arthritis. At the time she came to GBLS she had had three cancer operations, a heart attack, and three arthritis operations, including one in which her hip was replaced. She was under constant treatment and suffered severe pain.

Ms. A had lived in her rent controlled apartment for fifteen years and was paying $146 in rent. Her landlord, a large landlord, had gotten permission from the Rent Control Board to increase her rent from $146 to $310. Yet her total income consisted of $360 a month. The apartment also had a number of defective conditions.

The case was settled. The code violations were taken care of and the real estate com-

pany signed an agreement that as long as they continued to be landlord at that address, Ms. A could continue to pay the rent that she had been paying all along, because of the client's inability to pay and her obvious inability to move in her terrible physical condition.—(Grove Hall)

CASE C

Ms. C is a 56 year old widow who had dropped out of school in the tenth grade in order to work in a factory. She had four children, one of whom died of an overdose of radiation (the child was suffering from Hodgkin's disease). Ms. C had worked as a waitress for most of her adult life, when she wasn't staying home to raise her four children. The client came in to the office, literally almost starving to death due to her inability to work after major heart surgery. Ms. C had applied for disability several times and had been turned down each time on application and upon reconsideration. She had had open heart surgery, a lung operation for cancer, and she suffered from petit mal epilepsy. She was taking seven different medications for pain, blood clotting, her epilepsy and so on. She was in constant pain and could not sleep for more than an hour or two at a time.

Legal services appealed her latest denial. Pending her appeal, we managed to get her on General Relief; she had absolutely no funds at all. It took six months to get a hearing, but during that period she was able to survive on General Relief that we procured. The client won the SSI appeal.—(Elderly)

A 71 year old man was tentatively hired by a maior state agency, which later refused to take him on when agency personnel learned his age. We interceded directly with the agency head, got the man his job, and also caused the issuance of a "clarification" of agency policy stating that there was no upper age limit for hiring people otherwise qualified.—(Elderly)

An elderly couple came to GBLS for assistance in avoiding eviction from their apartment. We learned that the eviction process was in its final stages; the landlord had a judgment against the couple, execution had issued and the constable was about to move them out physically. We were successful in persuading the landlord to hold off, while finding public housing and cutting the usual six month public housing processing time to a month, and in obtaining a small grant from a private foundation to cover moving costs. In the course of our representation we arranged for a family service homemaker and obtained an increase in the couple's SSI payments, which, we discovered, had been their entitlement.—(Elderly)

An elderly client in the North End has been retired on Social Security for several years. However, prior to his emigration from his native Italy to the United States, he had been employed in Italy for about four to five years and had been in the Italian Army for a period of 10 years.

We decided to make an inquiry as to whether there was any possibility of his being eligible for any pension payments, similar to Social Security, from the Italian government.

After many months we received a reply, in Italian, which seemed to indicate that such a possibility did exist. Armed with that communication, our staff attorney had several conferences with the U.S. Social Security Administration and the Italian Counsel regarding the existing U.S -Italian agreement covering such matters.

The client recently received a retroactive payment check for $2,484 from the Bank of Naples and we are now further exploring the possibility of a monthly sum of $180 to be continued henceforth.—(Elderly)

A gentleman called legal services to say that he had purchased a tape recorder. The recorder had a malfunction and he had returned it to the factory. For the next six months the client wrote and even sent registered letters to the company getting no satisfactory response. He felt he needed some help with this problem—hence the call to this office.

This client and his wife were both blind and used their tape recorder as a means of communication, instead of letters, sending tapes to his brother and family in California.

After phone calls and letters to the management of the store where the recorder was purchased and to the manufacturer of the product, the attorney learned that the clients' tape recorder had been set aside awaiting the delivery of parts before it could be repaired.

Following the attorney's inquiries, the company wrote a letter of apology to our clients and mailed them a check to cover their cost for a new machine and also included the money spent for returning the damaged machine.

The clients were elated and called to say how happy they both were—now they could once again keep in touch with their family in California.—(Elderly)

Ms. S.: Social Worker refused to give client food stamps. Welfare owed her for increase in food stamps for January–March 1981. Instead of her full budget of $53 she only received $18 for the 2 months. Client's last child was not in budget also. On calling social worker, she said mistake was not her own but the computer's. Client was sent back over to welfare at which time she was given $76 in food stamps and child was put into budget. She will also get what is owed to her within a few months.—(Grove Hall)

Ms. R.: Client is a 48 year old woman with 4 children, one of them a disabled veteran. She lives in a rent subsidized apartment.

Her landlord sent her an eviction notice. The reason given on the eviction notice is that Ms. R. is a poor housekeeper. To support this contention the landlord cited an inspection which he had done, in which he he claimed to find, among other things, that there was excessive frost in the freezer and that the apartment was littered with boxes.

The client has a lot of boxes stored in the closets of her apartment because she is storing the belongings of her deceased daughter. She has a frost-free refrigerator.

The client came to us for help. We requested an MHFA hearing for her, and GBLS represented her at the hearing. The hearing officer did an inspection of the apartment, found it to be clean and orderly, and ordered that the eviction attempt be halted.—(Grove Hall)

Mr. KENNEDY. Mr. President, we are talking about the everyday problems that millions of senior citizens, handicapped people, older people, and needy people are facing in their everyday lives.

What does it cost to hire an attorney? Maybe $200, $250 an hour in the major law firms. What does it take for them to follow the process in a legal system? In some jurisdictions, 2, 3, 4, 5 years, even if they are successful in bringing their case. But the legal service program, with the legal attorneys, are able to advance the cause of those that have legitimate rights and insure that those rights are protected.

Mr. President, my final comment is that when our Founding Fathers talked about equal protection of the laws, I do not believe they were talking about equal protection of the laws only for the very wealthy. They were basically talking about equal protection of the laws of all of our citizens.

We know that today given the tight budget, many families in our society, particularly the elderly, are hard-pressed to live on their social security and retirement incomes. They have more and greater needs than many others in our society. If we as a society can afford to have $4 billion in tax revenues taken from the general public to permit companies and corporations to deduct their legal services, it certainly seems to me that we can afford $100 or $300 million to represent the elderly, the handicapped, and the neediest people in our society.

I ask unanimous consent that two letters from associate justices of the Appeals Court of the Commonwealth of Massachusetts be printed in the RECORD along with the resolution adopted by the justices of the Supreme Judicial Court of Massachusetts, all in support of the Legal Services program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMONWEALTH OF MASSACHUSETTS,
THE APPEALS COURT,
Boston, April 27, 1981.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: I am writing to you in support of the Legal Services Corporation. I am sure you have seen a copy of the Resolution adopted by the Justices of the Supreme Judicial Court of Massachusetts, a copy of which is enclosed. I would like to add my voice to their urging and that of William Reece Smith, President of the American Bar Association, and encourage you not to let the program die.

This country has always prided itself on including among its fundamental freedoms the right of each of its citizens, whether rich or poor, to obtain equal access to the courts. I hope you will agree that our democracy can only function if our legal system is viewed as being available to all our citizens, not only to those who can afford competent legal services.

Sincerely yours,

RAYA S. DREBEN.

COMMONWEALTH OF MASSACHUSETTS,
THE APPEALS COURT,
Boston, April 21, 1981.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: I write in support of continued funding for Legal Services Corporation and the operation of that agency, rather than substitution for it through block grants.

From my side of the bench, I see the community legal service groups performing valuable day-to-day functions for poor persons in need of legal services. To the degree that early in their history the public service legal offices were perhaps too oriented toward great causes than the individual needs of individual clients, I think the balance is now more favorably in favor of the individual and reasonable needs of clients. If we lost the legal service organizations through lack of funding, we would find ourselves having to re-invent and reorganize them a few years from now, at great public cost, and with the loss of considerable talent which would have turned to more profitable careers. As an economy measure, it is hard to see the elimination of the Legal Services Corporation as anything other than symbolic. Of course, that is true of a great many of the budget cuts now being proposed.

Sincerely yours,

RUDOLPH KASS.

RESOLUTION ADOPTED BY THE JUSTICES OF THE SUPREME JUDICIAL COURT OF MASSACHUSETTS

The Chief Justice and the Justices of the Supreme Judicial Court of Massachusetts hereby affirm their strong support of the federally funded legal services program and endorse the continuation of an independent and fully funded Legal Services Corporation.

The Justices believe that the federal government has an important responsibility to ensure that the nation's poor have at least minimum access to our justice system. This responsibility stems from our nation's dedication to the principles of equality under law for all. We believe that these principles and the efficient administration of our nation's justice system make it incumbent upon the federal government to continue to appropriate funds for legal services at at least the current level.

The Justices also believe that legal services should not be joined, for funding purposes, with other social services programs. To do so would undercut the ability of legal services lawyers to render professional services to their clients independently of political and other pressures. The Justices strongly oppose any attempt to retreat from the principles of full and unencumbered representation of the poor.

The Justices urge the bar and judges to support vigorously the principles espoused in this resolution.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. I yield time from the amendment to the Senator from New York.

The PRESIDING OFFICER. The Senator from South Carolina yields time on the amendment?

Mr. HOLLINGS. That is correct.

The PRESIDING OFFICER. Does the Senator have control of the time or does the Senator from New Mexico have control? The Senator from New Mexico is in opposition to the amendment.

Mr. DOMENICI. The Senator from South Carolina is opposed to the amendment.

Mr. HOLLINGS. We both are, really.

The PRESIDING OFFICER. The Senator from New Mexico is manager of the bill. Unless he is in favor of the amendment, he controls time in opposition to the amendment.

Mr. DOMENICI. I am in favor of the amendment.

The PRESIDING OFFICER. Then the Senator from South Carolina has control over the time.

Mr. HOLLINGS. We yield time in opposition to the distinguished Senator from New York. We are not trying to fudge the record.

Mr. MOYNIHAN. Mr. President, is it possible that we need to ask the Legal Services Corporation to straighten out the procedure in this budget debate?

There are other Senators who wish to speak on both sides of the aisle. I will not do more than repeat what I have previously said on the floor and in the Budget Committee where this resolution was overwhelmingly defeated on a bipartisan vote of 8 to 13, almost 2 to 1, one of the rare votes in the Budget Committee where members of both parties joined to say "No." The commitee has already done that. That is why we are here needlessly, if I may say, today.

Mr. President, you are one of the distinguished members of the committee who was in that majority. From a person of your background in the State of Washington, you spoke a great deal of the worth of this program which you, as a practicing attorney and the law officer of your State, had seen in practice.

I might simply record that I, I suppose, must be the only Member of this body who was a member of the task force on poverty which President Kennedy set up in 1963 to begin forming the programs that later came into fruition as the Economic Opportunity Act of 1964.

I worked on the task force under President Johnson which brought these programs into legislative fruition, and then OEO set up legal services.

I served in the administration of the next President, President Nixon, who in 1971 proposed that an independent organization be established to carry out this program.

I think it is worth noting that three Presidents of very different politics, party, and region, all contributed to the program we have now, with a full awareness of what was involved.

When President Nixon in 1971 made his proposal, he observed:

Much of the litigation initiated by Legal Services has placed it in direct conflict with local and State governments. The program is concerned with social issues and is subject to unusually strong political pressures. However, if we are to preserve the strength of the program, we must make it immune to political pressures,

Which is what the Corporation does.

Mr. President, the idea that there are persons in this country who are poor and who are somehow involved in litigation with their Government should be seen as orphans is the ultimate aberration this Chamber should come to. What is the Constitution of the United States about except the rights of U.S. citizens vis-a-vis their Government, the national Government, the State governments, the local governments? U.S. citizens are constantly saying to their Government they do not think it has done the right thing. They go to court and the court decides. It is what due process and democracy is about in this Nation. To find out that there are poor doing it as well as other people is only to find out and establish that we have indeed a considerable degree of equity and an actual realization of democratic ideals in this country.

Nonetheless, it should be made clear that the overwhelming number of matters dealt with by this Corporation having nothing to do with Government, per se, excepting the issue of a lost social security check. for example. One-third of the cases handled are domestic cases, an absolutely fundamental need of persons of low income. About 20 percent have to do with landlord and tenant matters. The rest deal with income maintenance matters in overwhelming proportion.

The Senator from Massachusetts observed that 85 percent of the cases litigated are won. I would make the parallel observation that 85 percent of the matters that come into the Legal Services Corporation are not litigated at all; they are settled. They find the social security check. It was in the mail. The landlord turns on the heat. The support payments that are due from a husband for children are forthcoming.

They do what lawyers do. They arrange for people to keep their agreements. They do not go into court.

Lastly, Mr. President, it seems to me that it should be observed that we have had this program in place for more than 15 years. We have had a corporation since 1975. It works. The plain testimony of the people who know best is that it works.

The American Bar Association does not readily come to these judgments. It comes to the overwhelming conclusion, just as did the Budget Committee, that this program should be preserved, and preserving it at one-third of the proposal in President Carter's budget, much less than it had been for many years. However, I do want to make the point that nothing we do on this floor would affect the budget resolution by any authorizing or appropriations committee on any specific legislative program.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement by William Reece Smith, Jr., the President of the American Bar Association, calling for continuation of the Legal Services Corporation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ABA PRESIDENT CALLS FOR CONTINUATION OF LEGAL SERVICES CORPORATION

We are deeply disturbed by the President's reported recommendation to eliminate the federal program providing legal services for the poor. The proposed elimination of the Legal Services Corporation is unsound, unwise and not in the nation's best interest. Eliminating this important program committed to ensuring access to justice for the nation's poor will, in the long run, cost our society far more than any immediate dollars we may save.

The Corporation has been a successful and cost-effective program. It provides the opportunity for the disadvantaged to obtain access to the legal system and to seek enforcement of their rights through the traditional justice system. Moreover, the Corporation provides a sound base in many communities for the development and continuation of voluntary programs through which the private bar provides legal services to the poor without compensation. The effect of this partnership between government and private enterprise is also threatened.

We regret the President's decision.

BLOCK GRANTS FOR LEGAL SERVICES—A BAD IDEA

The President has not yet announced his specific proposals for the Legal Services Corporation and the 320 civil legal services programs it funds. Indications are, however, that the Administration intends to include legal services in some type of block grant proposal. A block grant approach would not accomplish the bureaucratic simplification the President ostensibly seeks. It would se-

riously threaten continued aggressive legal representation of the poor.

1. Legal services is based on a constitutional guarantee of equal justice. It is not simply another social service that can be lumped into a grab bag for state or local choices about most needed or desirable services. Essential as many of those other services are to the quality of life of the disadvantaged in our society, none of them have the same basis in the Constitution of the United States. This nation has a fundamental responsibility to provide access to justice for persons who cannot afford it, and separate provision for legal assistance is critical to meeting that responsibility.

2. Block grants for legal services creates an inherent conflict-of-interest for state or local officials who would be responsible for allocating funds. The poor's legal disputes very often are with public officials who make decisions about their housing, their income, their health care, their children. There is a direct conflict if funding for lawyers comes from the same officials against whom the poor seek legal representation. Limited experience with state and local funding of legal services as a supplement to Corporation resources provides a number of examples of special conditions which imposed restrictions on suits against state agencies or representation before welfare departments. It was to protect against this kind of conflict that Congress created the Corporation, outside of the federal Executive Branch. That political independence has served the program well.

3. A block-grant approach would impose a whole new level of bureaucracy on a program that is now a model of administrative simplicity. Now, money flows directly from the Corporation to individual providers of legal services. There are no middlemen. Block grants, as far as legal services is concerned, provide no relief for state or local governments—they impose an administrative burden where none now exists.

4. A block-grant approach that lumps legal services with a number of social service programs would almost certainly increase paper work for individual service providers. Limited experience with state and local funding sources invariably indicates complicated reporting and administrative requirements often with little relevance to legal services. The Corporation's own paper work requirements are minimal by comparison—the advantage of a single-purpose funding source not subject to normal bureaucratic requirements of the Executive Branch.

5. A reduction to 75 percent of the current budget for legal services would mean a direct cut in service to poor people of 20 percent or $60 million—even if the state or local agencies administering the block grant did not take a penny. Over 90 percent of the Corporation's current appropriation ($300 million of $321 million) goes directly to legal services providers. Less than 3 percent goes for the Corporation's administrative overhead.

6. The block grant approach would eliminate essential national support and representation that is a key element in effective economical legal services to the poor. National support centers, the Clearinghouse for Legal Services, the national training program and the Corporation's own regional offices provide valuable substantive and technical help to local program attorneys and paralegals as well as the capacity for representation of clients on national issues. Many of these efforts could not be effectively duplicated on a state-by-state basis even if there was an inclination to try to do so (which would be highly unlikely).

A block grant approach requires a total restructuring of legal services. It will impose new layers of bureaucracy in a program that until now has been a model of administrative simplicity. It will destroy the political independence Congress determined was essential to assure true access to justice for the poor.

Why Legal Services Should Not Be Abolished

The Reagan administration has recommended the elimination of federal funding for legal services, i.e., a "zero appropriation" in Fiscal Year 1982. OMB has also announced that none of the funds previously budgeted for legal services will be proposed for inclusion in block grants to states. This means the elimination of the entire $321.3 million currently appropriated.

If such a proposal is adopted, a significant number of people in this country will be denied an opportunity to redress their grievances through the legal system which our democratic government has determined is the appropriate forum for the peaceful resolution of differences. Without government funded legal assistance for the poor, only those who can afford to pay will be able to seek the enforcement of the laws intended for their benefit.

Access to justice must be the basic underpinning of any society based upon law. In this country, the law increasingly pervades every aspect of citizens' lives, particularly the lives of those who depend upon government aid for food, shelter and other vital services. Recognizing the necessity of legal assistance for the poor, Congress has appropriated funds to provide legal services in those parts of the country where no such assistance previously existed. In 1980, the Legal Services Corporation completed its "minimum access plan" so that there is now a legal services program serving low-income residents in every county in the United States.

There are at least thirty (30) million people in this country living at or below the poverty level who are eligible for legal assistance. In 1980, the programs funded by the Legal Services Corporation handled 1.5 million legal matters, affecting the lives of many millions of low-income people. Is this country now willing to shut the court house door on millions of poor persons who seek the protection of the law?

There is no evidence to indicate that any other resources will materialize to substitute for or replace federal funding of legal assistance. Despite the heartfelt commitment and continuing efforts of the private bar, *pro bono services* can meet only a small proportion of the need. At the same time, state and local officials do not view it as their responsibility to fund legal aid lawyers who will represent low-income people in legal disputes with the very same government officials.

The Legal Services Corporation has proved to be an economical and effective structure for funding legal assistance to the poor. Less than 3 percent of Congressionally appropriated funds are used for management and administrative costs. Without any intermediate levels of bureaucracy, the vast majority of funds (over 97 percent) are utilized for the support and direct provision of service. Through the programs funded by the Legal Services Corporation, the poor have been able to effectively make our justice system work for them. Abolition of the federally funded legal services programs will be the equivalent of telling the poor that the protection of the law is now only available to those who can afford to pay.

Memorandum—Class Actions and Legal Services

Introduction

Legal services programs have undertaken class action litigation since federal funding began and continue to bring cases in both federal and state courts under relevant class action rules. Although a small portion of total cases and legal services time is spent on class actions, an inordinate amount of public attention is directed to this procedural remedy. Charges have been made that class action suits are inappropriate in representation of the poor and that such relief is sought only to carry out some other purpose, whether it be "law reform," "social change" or "impact"; indeed, the term "class action" is often used interchangeably with "law reform" or "impact." Legal services program staff have also been accused of emphasizing class actions over other types of appropriate procedures. Some critics of legal services have labelled class actions an abuse of federal funding.

As we demonstrate, these charges have no basis in fact. First, class actions are an appropriate remedial device used under certain narrow circumstances to achieve client rights. Many legal problems of the poor, just like those of the affluent, are better resolved by bringing class actions. It would, in fact, be unethical to limit the use of the class remedy if full representation of a client requires the filing of a class action in order to assert the client's rights effectively. Second, while class actions may have impact beyond the individual case, they are a well recognized form of proceeding that assures that legal assistance is rendered in the most economical and effective manner. Third, legal services program staff bring few class actions (indeed less than .2 percent of the total caseload are class actions) and those which are brought are tightly controlled both by the procedural requirements of the Legal Services Corporation Act and by the continuing supervision which, under both state and federal rules, must be exercised by the courts before which the class actions are pending. There have been no documented abuses of class action litigation by legal services staff.

Legal basis for class actions

A. Federal and State rules

In the federal courts and in virtually all state courts, class actions are authorized if certain requirements are met. In the federal courts, Rule 23 of the Federal Rules of Civil Procedure (hereinafter F.R.Civ.P.) permits individual litigants to pursue their claims on behalf of others similarly situated so long as certain prerequisites are met[1] and other conditions and appropriate court orders are complied with during the course of litigation.[2]

In most state court systems, court rules, statutes and, in some cases, decisional law allow for class actions. Most state procedures are modeled on and are similar to F.R.Civ. P. 23 (Appendix B is an example of a state court class action rule). Under state procedures, courts are required to regulate class action use and have the power to deny the plaintiff's request to allow the case to proceed as a class action if it would be inappropriate or unnecessary.

Two conclusions can be drawn from examination of federal and state rules on class actions. First, the class action is a widely available procedural tool, not an oddity used only by legal services lawyers. Second, class actions are strictly regulated by federal and state court rules, and courts exercise considerable control over such cases as they proceed through litigation.

In general, class action relief has not been free from controversy. However, most of the controversy surrounding class actions, including particularly Rule 23, involves the class action seeking damages. Under F.R. Civ.P. 23 and most state practice, class relief can include damages as well as declaratory and injunctive itself. The controversy has involved three issues: (1) whether damage class actions are manageable; (2) the burdensome effect on business enterprises, particularly from anti-trust, securities and

Footnotes at end of article.

stockholders' derivative suits; and (3) whether such actions are brought because the lawyer is seeking a large fee not because of the needs of the clients. On the other hand, there has been little criticism of class actions when they have been used to obtain injunctions and declarations or rights.[3] The distinction between these two types of class actions is important since virtually all legal services cases are brought to obtain an injunction or declaration of rights and not to seek damages. The few that are brought for damages involve issues in which damages are specifically accorded by statute, such as employment discrimination cases under Title VII of the Civil Rights Act and Truth in Lending cases.

B. Legal Services Corporation Act

The Legal Services Corporation Act specifically authorizes legal services programs to seek class action relief on behalf of eligible clients but requires that class action litigation be approved by the project director in accordance with policies established by the program's governing body.[4] The regulations further clarify the role of the project director and governing body.[5] These provisions in the Act and regulations were enacted to assure that class action litigation would be undertaken according to standards established by persons accountable for the overall performance of the legal services program.

A governing body can establish broad policies that are consistent both with its resource allocation priorities and with the need to protect the rights of an individual client and similarly situated clients. However, neither the Act nor American Bar Association Ethics Opinions[6] permit a governing body to review class action litigation on a case-by-case basis or permit programs to adopt policies that would prevent class actions in appropriate cases.

THE NEED FOR AND ECONOMIES OF CLASS ACTIONS IN REPRESENTATION OF THE POOR

Most cases which clients bring to legal services offices are not appropriate for class action treatment. In some situations, however, legal services programs encounter problems which are shared by large numbers of poor people and which will ultimately require affirmative litigation if effective relief is to be achieved for the client and others. This is typically the case when governmental entities, such as local housing authorities, state welfare departments or public institutions, continue policies and practices which infringe on state and/or federal rights accorded to clients. It may also be necessary when large landlords, nursing home conglomerates or finance companies continue illegal practices affecting large numbers of the poor. In both situations (and there are many similar examples), effective relief for the individual client will require changing the relevant policy or practice, and this will necessitate relief which prohibits the policy or practice for all others.

For example, many state and local school districts failed to establish school lunch and breakfast programs as required by appropriate federal legislation and regulations of the United States Department of Agriculture.[7] Many counties failed to establish food stamp programs, though required to do so by federal law.[8] Similarly, state and local welfare and health departments failed to effectively implement a preventive health program for children, the Early Periodic Screening Diagnosis and Treatment Program (EPSDT).[9] Relief for individual clients required that litigation be brought, and such litigation, to be successful for the individual client, had to proceed as a class action.

There are many other circumstances in which the class action procedure is very valuable—indeed, sometimes invaluable. One of the principal virtues of the class action is that it is an economical means of obtaining relief.[10] Rather than litigating the same issue over and over, a legal services program can achieve a solution for clients that conserves scarce resources.[11] The economy factor is also present for the courts—a judge can try an issue once and for all—and for the other side—a victory by the defendant in a class action suit will bar subsequent suits by class members.[12]

There are related virtues. The relief in a class action case is usually more extensive and effective than in the case brought for an individual client. A class action on behalf of residents of a state school for the retarded can result in an injunction requiring the cessation of unconstitutional practices. A class suit for damages involving a merchant's unscrupulous, illegal practices may be the only way in which a number of small claims could be affordably litigated. Class relief, once obtained, is also easier to enforce. A class member who was not an original plaintiff can move to hold a defendant in contempt if s/he fails to comply with the judgment.[13] Indeed, so powerful is the class action procedure that the possibility of a class action being filed may itself prevent unlawful conduct or may induce a negotiated settlement rather than litigation.

Finally, a properly certified class action will sometimes permit a court to adjudicate a case after the named plaintiffs' case is moot. The Supreme Court has found Article II cases and controversies, in certain actions in which there was controversy between the named plaintiffs and defendants at filing, a live controversy between a named plaintiff or intervener and the defendants at time of class certification and a live controversy between the class and the defendants throughout the remainder of the litigation.

CLASS ACTIONS AND LAW REFORM

Class actions are brought to achieve meaningful relief for all persons similarly situated. These actions often have significant impact and may succeed in striking down a state statute or local ordinance which violates federal or state law or the federal or state constitution. This does not mean, however, that legal services lawyers forget the needs of the individual clients represented; most legal services class actions seek to enforce clear and simple legal rights which are being violated—Truth in Lending claims, Social Security benefits, due process rights in public housing admissions policies, an end to racial discrimination in medical care. Nor does it mean that there are abuses in the use of class actions. Class action law, itself, provides an ample check on any tendency to abuse the device or sacrifice the client to the class. A judge proceeding under F.R. Civ. P. 23 must deny class action status if there are no common claims of law or fact among the alleged class, if the original client's claims are not typical of the class claims, or if the original client and his or her lawyer will not adequately represent the class. Under Rule 23(e) a class action cannot be compromised or dismissed without judicial scrutiny to protect both the named plaintiff and the absent class members.

LEGAL SERVICES CLASS ACTION PRACTICE

The Legal Services Corporation does not collect data on the number of class actions brought, the frequency of legal services involvement in class actions nor the nature of that involvement. The Research Institute did undertake a survey in the summer and fall of 1978 to obtain information on the federal court class action experiences of legal services attorneys; of a random sample of over 1100 legal services attorneys, 592 replied. (The sample did include about 150 legal services attorneys who had previously identified an interest in federal practice issues). The Research Institute survey results lead to the following conclusions:

(1) Class action cases comprise a very small percentage of legal services litigation.—Most client problems in legal services are resolved short of litigation.[14] Only a few cases brought by legal services are class actions.[15] This conclusion is supported by the Research Institute survey, which showed that only 29.1 percent of the random sample of attorneys had participated in Rule 23 class actions from June 1975 to the fall of 1978. Among the 29.1 percent involved, the average number of class actions brought, per attorney, during this three and one-half year period was 3.88 and the median, 3.41.

(2) The Corporation makes clear that the appropriateness of bringing a case as a class action requires careful consideration.—The Regional Offices of the Corporation routinely monitor all legal services programs to determine whether they are in compliance with the Legal Services Corporation Act and regulations. During these monitoring efforts, the evaluators review both the procedures which programs have established to assure project director approval pursuant to appropriate board policy and the types of cases in which actions have been brought. In addition, the LSC Office of Program Support has conducted extensive training programs on federal practice during the past four years and has produced a manual on Federal Litigation. In the training programs and the relevant sections of the manual, legal services staff are instructed to carefully consider all the advantages and disadvantages of bringing a particular case as a class action and, further, that they must discuss the matter thoroughly with the potential named plaintiff clients before they can proceed.

(3) The proportion of class actions seeking damages is small.—Only 6.5 percent of the federal class action cases in the survey were brought under Rule 23(b)(3)—the provision of the Rule most commonly used when seeking class-wide damages. Another 16 percent of the cases apparently sought both damages and injunctive relief. The remaining cases appear to have been limited to injunctive and declaratory relief.

(4) Most classes consist of less than 50,000 people.—The survey results for federal cases between 1975 and 1978 showed that 92.3 percent of the class for which class actions were brought by legal services attorneys had 50,000 or fewer people; 16.7 percent had fewer than 101 members.

(5) Class actions in appropriate cases are very important to legal services lawyers and clients.—Attorneys in the random sample found the class action device an important means of proceeding that increased the benefit of a case for the clients. In 62.7% of the cases brought by legal services attorneys in which the court certified the class, the attorneys felt that certification made a difference. This figure has added significance, since some of the cases did lose on the merits. In 65% of the cases in which the judge did not permit a class action, the lawyers felt the denial was significant. Many of the survey respondents cited incidents of lawless activity on the part of local housing authorities, state welfare departments, large landlords, and finance companies which could only be remedied through class actions.

CONCLUSION

Class actions involve only a small number of the total cases closed by legal services programs and utilize little of the total legal services resources. However, class actions play an important rule in securing the legal rights of the poor. They provide an effective remedy where no others may exist; they are an economical means of obtaining relief; they assure effective enforcement of judicial decisions; and they deter unlawful conduct.

Footnotes at end of article.

Class actions brought by legal services are not an abuse of federal funding. Instead, they are a necessary means of according the poor the full scope of representation available to those who can afford an attorney.

FOOTNOTES

[1] A litigant seeking to maintain a class action must meet the burden of showing that the class complies with all four prerequisites in R.23(a) and one of the three in 23(b). Appendix A is the full text of Rule 23. Under 23(a) the court must find that (1) the class be so numerous that joinder of all members is impracticable, (2) that questions or law or fact exist which are common to the class, (3) that the claims or defenses of the representative parties are typical of the claims or defenses of the class, and (4) that the representative parties will fairly and adequately protect the interests of the class. Most legal services cases are brought under R.23(b)(2) and require a showing that the party opposing the class has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole.

[2] R.23(c) regulates the certification of the class, notice to class members, the scope of judgment and actions conducted partially as class actions; 23(d) provides for continuing judicial supervision over the class; and 23(e) regulates the dismissal or compromise of class actions.

[3] *See* A. Miller, Of Frankenstein Monsters and Shining Knights: Myth, Reality and the "Class Action Problem," 92 Harv. L.R., 664–668, 684–693 (1979).

[4] Section 1006(d)(5) provides: No class action suit, class action appeal, or amicus curiae class action may be undertaken directly or through others, by a staff attorney, except with the express approval of a project director of a recipient in accordance with policies established by the governing body of the recipient.

[5] 45 C.F.R. 1617 (Nov. 23, 1976).

[6] In Formal Opinion 334, issued on August 10, 1974, the American Bar Association Committee on Ethics and Professional Responsibility states:

C. Class Actions. If a staff attorney has undertaken to represent a client in a particular matter and the full representation of that client (aside from any collateral objective such as law reform) requires the filing of a class action in order to assert his rights effectively, then any limitation upon the right to do so would be unethical. Of course, in the case of any proposed class action it is the individual client who must make the decision to expand the suit into a class action after a full explanation of all the foreseeable consequences. However, if the purpose of expanding the suit to a class action is not solely to protect the rights of the individual client, or a group of similarly situated clients, but primarily to obtain law reform, and law reform, as such, is not one of the authorized purposes of the legal services office, the case cannot be expanded to a class action unless the authorized purposes are changed to include law reform. This follows from our determination that it is a permissible function of the board in allocating resources to determine "the various services which the society will make available."

A governing board may legitimately exercise control by establishing priorities as to the categories or kinds of cases which the office will undertake. It is possible that, in order to achieve the goal of maximizing legal services, services to individuals may be limited in order to use the program's resources to accomplish law reform in connection with particular legal subject matter. The subject matter priorities must be based on a consideration of the needs of the client community and the resources available to the program. They may not be based on considerations such as the identity of the prospective adverse parties or the nature of the remedy ("class action") sought to be employed. EC–1.

[7] *Jones* v. *Cleveland Board of Education*, 348 F. Supp. 1269 (N.D. Ohio 1972).

[8] *Madden* v. *Oklahoma*, 523 F.2d 1047 (10th Cir. 1975).

[9] *See*, e.g., *Bond* v. *Stanton*, 504 F.2d 1246 (7th Cir. 1974).

[10] Section 1007(a)(3) of the Legal Services Corporation Act requires the Corporation to insure that legal assistance is rendered in the most economical and effective manner.

[11] For example, in the spring of 1975, tenants in Baltimore, Maryland filed an action against HUD and a Section 236 project owner to enjoin a rent increase resulting from increases in the project's property taxes and utilities because HUD had failed to implement a mandatory program designed to provide rent relief to tenants. Plaintiff's success in this suit spawned numerous other suits, all of which were initially decided in favor of the tenants. Finally, a nationwide class action was filed to end the proliferation of suits. (*Underwood* v. *Hills*, 414 F. Supp. 526 (D.D.C. 1976).) Settlement negotiations were initiated and resulted in a significant victory for tenants. Sixty million dollars would be distributed to eligible 236 tenants. Over 160,000 tenants have received checks averaging $300.

[12] In *Califano* v. *Yamaski*, 442 U.S. 682 at 701 (1979) a nationwide class action involving procedural rights of social security claimants in actions by the Social Security Administration to recoup alleged overpayments, the Supreme Court commented favorably on the use of class actions by legal services attorneys:

". . . (T)he class action device saves the resources of both the courts and the parties by permitting an issue potentially affecting every social security beneficiary to be litigated in an economical fashion under rule 23."

[13] *See*, e.g., *Class* v. *Norton*, 376 F. Supp. 496 (D. Conn.), aff'd. 505 F.2d 123 (2nd Cir. 1974), a legal services case involving delays in granting AFDC benefits to eligible recipients who completed appropriate AFDC applications.

[14] Only 11.6 percent of cases result in court decisions, and 3.7 percent result in negotiated settlement after litigation was brought.

[15] This finding is paralleled in the nationwide statistics on all civil cases filed. During the twelve (12) month period ending June 30, 1980, the class actions commenced represented less than 1 percent of the total number of civil cases filed in federal courts. 1980 Annual Report of the Director, Administrative Office of U.S. Courts.

APPENDIX A

RULE 23

Class actions

(a) Prerequisites to a Class Action. One or more members of a class may sue or be sued as representative parties on behalf of all only if (1) the class is so numerous that joinder of all members is impracticable, (2) there are questions of law or fact common to the class, (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class, and (4) the representative parties will fairly and adequately protect the interests of the class.

(b) Class Actions Maintainable. An action may be maintained as a class action if the prerequisites of subdivision (a) are satisfied, and in addition:

(1) the prosecution of separate actions by or against individual members of the class would create a risk of

(A) inconsistent or varying adjudications with respect to individual members of the class which would establish incompatible standards of conduct for the party opposing the class, or

(B) adjudications with respect to individual members of the class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests; or

(2) the party opposing the class has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole; or

(3) the court finds that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and that a class action is superior to other available methods for the fair and efficient adjudication of the controversy. The matters pertinent to the findings include: (A) the interest of members of the class individually controlling the prosecution or defense of separate actions; (B) the extent and nature of any litigation concerning the controversy already commenced by or against members of the class; (C) the desirability or undesirability of concentrating the litigation of the claims in the particular forum; (D) the difficulties likely to be encountered in the management of a class action.

(c) Determination by Order Whether Class Action to be Maintained; Notice; Judgment; Actions Conducted Partially as Class Actions.

(1) As soon as practicable after the commencement of an action brought as a class action, the court shall determine by order whether it is to be so maintained. An order under this subdivision may be conditional, and may be altered or amended before the decision on the merits.

(2) In any class action maintained under subdivision (b)(3), the court shall direct to the members of the class the best notice practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort. The notice shall advise each member that (A) the court will exclude him from the class if he so requests by a specified date; (B) the judgment, whether favorable or not, will include all members who do not request exclusion; and (C) any member who does not request exclusion may, if he desires, enter an appearance through his counsel.

(3) The judgment in an action maintained as a class action under subdivision (b)(1) or (b)(2), whether or not favorable to the class, shall include and describe those whom the court finds to be members of the class. The judgment in an action maintained as a class action under subdivision (b)(3), whether or not favorable to the class, shall include and specify or describe those to whom the notice provided in subdivision (c)(2) was directed, and who have not requested exclusion, and whom the court finds to be members of the class.

(4) When appropriate (A) an action may be brought or maintained as a class action with respect to particular issues, or (B) a class may be divided into subclasses and each subclass treated as a class, and the provisions of this rule shall then be construed and applied accordingly.

(d) Orders in Conduct of Actions. In the conduct of actions to which this rule applies, the court may make appropriate orders: (1) determining the course of proceedings or prescribing measures to prevent undue repetition or complication in the presentation of evidence or argument; (2) requiring, for the protection of the members of the class or otherwise for the fair conduct of the action, that notice be given in such manner as the court may direct to some or all of the members of any step in the action, or of the proposed extent of the judgment, or

of the opportunity of members to signify whether they consider the representation fair and adequate, to intervene and present claims or defenses, or otherwise to come into the action; (3) imposing conditions on the representative parties or on intervenors; (4) requiring that the pleadings be amended to eliminate therefrom allegations as to representation of absent persons, and that the action proceed accordingly; (5) dealing with similar procedural matters. The orders may be combined with an order under Rule 16, and may be altered or amended as may be desirable from time to time.

(e) Dismissal or Compromise. A class action shall not be dismissed or compromised without the approval of the court, and notice of the proposed dismissal or compromise shall be given to all members of the class in such manner as the court directs.

As amended Feb. 28, 1966, eff. July 1, 1966.

APPENDIX B

MICHIGAN CLASS ACTION RULE

GCR 208

Rule 208 Class Actions

1. Representation. If persons constituting a class are so numerous as to make it impracticable to bring them all before the court, such of them, 1 or more, as will fairly insure the adequate representation of all may on behalf of all sue or be sued when the character of the right sought to be enforced for or against the class is

(1) joint, common, or secondary in the sense that the owner of a primary right refuses to enforce that right and a member of the class thereby becomes entitled to enforce it;

(2) several, and the object of the action is the adjudication of claims which do or may affect specific property involved in the action; or

(3) several, and there is a common question of law or fact affecting the several rights and a common relief is sought.

2. Secondary Action by Shareholders. In an action brought to enforce a secondary right on the part of one or more shareholders in an association, incorporated or unincorporated, because the association refuses or fails to enforce rights which may properly be asserted by it, the complaint shall set forth under oath and with particularity the efforts of the plaintiff to secure from the managing directors or trustees such action as he desires and the reasons for his failure to obtain such action or the reasons for not making such effort.

3. Action by Fiduciary:

(1) When a proceeding is instituted by a fiduciary praying instruction or authorization with respect to fiduciary duties or the trust property and it appears that it is impracticable to bring all of the beneficiaries before the court, the court shall enter an order:

(a) setting forth the form of, and manner for giving notice of the proceedings to the beneficiaries, and

(b) selecting representatives of the beneficiaries to defend for and as representatives of the class.

(2) The contents of the notice shall fairly state the purpose of the proceedings and shall specify the time and place of hearing. Where an applicable statute provides for notice, the court may dispense with other notice.

4. Protective Orders. The court at any stage of an action under sub-rules 208.1 or 208.2 may require such security and impose such terms as shall fairly and adequately protect the interests of the class or association in whose behalf the action is brought or defended. It may order that notice be given, in such manner as it may direct, of the pendency of the action, of a proposed settlement, of entry of judgment, or of any other proceedings in the action, including notice to the absent persons that they may come and present claims and defenses if they so desire. Whenever the representation appears to the court inadequate fairly to protect the interests of absent persons who may be bound by the judgment, the court may at any time prior to judgment order an amendment of the pleadings, eliminating therefrom all reference to representation of absent persons, and the court shall order entry of judgment in such form as to affect only the parties to the action and those adequately represented.

5. Dismissal or Compromise. A class action shall not be dismissed or compromised without the approval of the court. If the right sought to be enforced is one defined in sub-rule 208.1(1), notice of the proposed dismissal or compromise shall be given to all members of the class in such manner as the court directs. If the right is one defined in paragraphs (2) or (3) of sub-rule 208.1, notice shall be given only if the court requires it.

Mr. MOYNIHAN. Last, Mr. President, I, too, must avail myself of an opportunity to comment on the statement that persons who work for this Corporation are "delinquent teenagers."

Mr. President, people who work for the Legal Services Corporation are lawyers, and with the rarest exception they have gone to college for 4 years and law school for 3 years. For them to end up teenagers at the end of that process we are required to understand that an extraordinary number of young Americans entered college at the age of 12.

Mr. HATCH. Mr. President, if I said that the Corporation is a delinquent teenager, I did not mean that to apply to its lawyers. I meant that to apply to the Corporation. I might personally feel that in some limited cases. What I thought I said was that the Corporation, which has been in existence for 16 years, is like a delinquent teenager. If I said the other, I certainly apologize to the Senator.

Mr. MOYNIHAN. The Senator need not apologize. He said what he said and now we understand what he intended.

Mr. HATCH. I meant the Corporation itself is delinquent. We have come here year after year, pointed out these deficiencies, and we have been unable to resolve these problems; they turn right around and continue to do these bad things.

Mr. MOYNIHAN. I accept the Senator's apology. I say this Corporation is not a delinquent teenager one bit. It is a maturing institution of American democracy. We ought to be proud of it, we are proud of it, and we are going to preserve it. The Budget Committee, by a 2-to-1 vote, said that we shall and I think that we will.

I thank the Chair.

Mr. HOLLINGS. Mr. President, how much time do we have left in opposition?

The PRESIDING OFFICER. Approximately 40 minutes.

Mr. HOLLINGS. For the information of my colleagues, the distinguished Senator from Missouri (Mr. DANFORTH), Senators DANFORTH, GORTON, WEICKER, EAGLETON, and CRANSTON, in that order, all wish to be heard. So if our colleagues will govern themselves accordingly and try to limit their remarks, we have 40 minutes remaining.

The PRESIDING OFFICER. The Senator from Missouri (Mr. DANFORTH) is recognized.

Mr. DANFORTH. Mr. President, I thank the Senator from South Carolina. I shall be very brief in addressing myself in opposition to the amendment offered by Senator HATCH.

A lot of people in this country, Mr. President—certainly myself included—disagree with a number of decisions being handed down, either by the Supreme Court or by appellate courts in this country. A lot of us lament the number of issues that are decided not by the legislative branch, but by the judicial branch of Government. I really think, though, that that is not the issue that is before us.

We do happen to live in a country which, for better or worse, puts a great premium on legal assistance and on legal advice; in too many cases, on litigation, that is given. As a matter of fact, it is given to us, not by poor people, but largely by the Congress itself, which creates the courts of this country and which enacts the laws that so often require lawyers to interpret and to litigate.

So, the real issue is not whether or not we agree or disagree with the trends toward litigation and with the kinds of decisions that are being handed down by the courts. The question is, given this situation, who is going to have access to the courts of America? That is the issue that is brought to us by this particular amendment.

Mr. President, it is common knowledge that legal services are expensive in America today. They cost money. A lawyer's time is very expensive and time in court is particularly expensive. So the issue is whether this expensive, but necessary service, given the circumstances that exist in our country, is going to be available to only a portion of the population or whether these services are going to be open to the whole of the population.

It seems clear to me, Mr. President, that if we are going to have a country which, in fact, practices equal justice under the law, then the law is going to have to be equally accessible to all portions of the population. I do not see any way to solve that problem or any way to address that guarantee of equal access to justice other than by Legal Services Corporation unless, somehow, members of the bar are going to be shanghaied into representing people on an involuntary basis. If they were, in fact, so shanghaied, that, itself, would create a cause of action involving the lawyers who had been so placed into servitude against their wishes.

Mr. President, one of the issues before us is whether or not the offering of legal services to the poor should be provided in the form of a block grant to State governments or, instead, whether funds should be separately made available to it. I spent 8 years as the attorney general of the State of Missouri. I worked with State governments every day of that 8-year period of time. There is absolutely

no doubt in my mind that if the furnishing of legal services were left to a block grant approach, that would constitute a fundamental conflict of interest between the offering of legal services on one hand and the defense of certain causes of action on the other hand, where the State is going to be a defendant in lawsuits.

Therefore, I do not believe that the block grant approach is workable, for the reason that it constitutes an inherent conflict of interest.

Mr. President, I think it is fair to say that the legal services concept is solidly supported by the leaders of the bar of this country.

I ask unanimous consent that an open memorandum to the Congress by 14 present and past presidents of the American Bar Association be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

AMERICAN BAR ASSOCIATION,
Chicago, Ill., March 31, 1981.

AN OPEN MEMORANDUM TO THE CONGRESS

To: The 97th Congress.
From: President and past presidents of the American Bar Association.
Re: Legal Services Corporation.

The President and each of the undersigned Past Presidents of the American Bar Association urge you to support continued funding for the Legal Service Corporation, the agency which assures to the 30 million poor of our country access to our justice system.

The American Bar Association established its first committee on legal aid 60 years ago under the Chairmanship of Charles Evans Hughes, later Chief Justice of the Supreme Court of the United States.

In 1965 the first Federal legal services program was instituted, after the American Bar Association, under the leadership of now Justice Lewis F. Powell, Jr., urged its creation to expand the availability of civil legal services to the poor.

Finally, in 1974, President Nixon signed into law legislation creating the Legal Services Corporation to "provide high quality legal assistance to those who would otherwise be unable to afford adequate legal counsel."

Over the past 7 years, the Corporation has done an excellent job of fulfilling its mandate. Today the United States can proudly boast that in all 3,000 counties of the country the poor can participate in our civil justice system—an opportunity which we consider a fundamental right.

Convinced that our state and local governments cannot and will not step in to continue to assure the disadvantaged access to our judicial system, and satisfied that depriving them of such access would be unjust and unwise, we ask that you authorize the continuation of the Legal Services Corporation with funding adequate to perform its assigned tasks.

Wm. Reece Smith, Jr., President, 1980–1981; Leonard S. Janofsky, 1979–1980; S. Shepherd Tate, 1978–1979; Wm. B. Spann, Jr., 1977–1978; Lawrence E. Walsh, 1975–1976; James D. Fellers, 1974–1975; Chesterfield Smith, 1973–1974.

Robert W. Meserve, 1972–1973; Leon Jaworski, 1971–1972; Bernard G. Segal, 1969–1970; William T. Gossett, 1968–1969; Earl F. Morris, 1967–1968; Edward W. Kuhn, 1965–1966; Whitney North Seymour, 1960–1961.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from Missouri (Mr. EAGLETON).

Mr. EAGLETON. Mr. President, if the very concept of equal justice under the law, upon which our Nation was founded, is to have any meaning in our adversary system of legal representation, then every individual must be provided the means whereby he can enforce his rights and redress his grievances.

The federally funded legal services program began modestly in 1965 as a $600,000 pilot program under title II of the Economic Opportunity Act. From its earliest days, it has been an embattled program by its very nature. Much of the litigation handled by legal services lawyers has placed it in direct conflict with Government and thus it has been threatened by interference within the executive branch, by Governors' vetoes, and by congressional efforts to restrict the ability of an attorney to represent his client.

Recognizing the inherent conflict between legal services programs and other Government entities, in May 1971, President Nixon, following recommendations by the American Bar Association and his own Commission on Executive Organization, proposed legislation to have the program transferred to a new independent nonprofit corporation.

At the time an independent corporation was proposed, then Director of OEO Frank Carlucci highlighted the controversy as follows:

It is an act of great self-confidence for a government to make resources available for testing the legality of government practices. We have written laws and created government agencies that provide food for people who are hungry, homes for people who are homeless, and jobs for people who are unemployed.

Consequently, a lawyer who is going to represent poor people is inevitably going to be an advocate for them against governmental agencies. It is to shield legal services from the repercussions generated by suits of this kind as well as those generated by action against private interests that the President proposes creation of an independent legal services corporation.

I can remember no other measure in my years in the Senate which was so hotly contested, deliberated upon for so long, and which finally won the support of so many with widely divergent political and ideological points of view.

Now this administration wishes to set the clock back 8 years by wiping out the Corporation and including legal services as an authorized activity within the social services block grant. The administration's budget document goes on to say that—

Increased pro bono efforts by private attorneys, as part of their professional responsibility, are a major way of augmenting legal services activities financed by the block grant.

Mr. President, stated quite simply, this approach will not and cannot work.

It is totally unrealistic to expect that the States will move forward to provide an effective civil legal services program for their poor. Only about 1 percent of the funding for such services is now being provided by the States. The inherent conflicts of interest, combined with the States' historical nonrole in civil legal services, gives no indication that the States are willing or able to assume the role of provider of legal services to the poor.

As for the pro bono efforts of the private bar, this administration knows well that those efforts, while growing steadily, are simply inadequate. Private attorneys have attempted to address the obstacles to equal justice for the economically disadvantaged since 1876, when the first formal private legal services program was established in New York. Numerous legal aid and public defender programs developed in the early 1900's, and have grown tremendously during this century. Despite these activities, it was and is apparent to everyone that this voluntary effort to provide the poor access to our justice system, while significant, was meeting only a small percentage of the legal needs of the poor.

Mr. President, the purpose of the legal services program is a simple, but essential one—to provide equal access to our system of justice for those persons who cannot afford to pay for legal assistance. That purpose is rooted in the fundamentals of our democratic society.

The legal services program has been in existence for nearly 10 years. To be sure, it has experienced many difficulties in the course of its development since it was established as a part of the Office of Economic Opportunity in 1964, but now it is enthusiastically supported by the American Bar Association and by State and local bar associations across the country—including, as was mentioned by my colleague, the American Bar Association, its past presidents, and by State and local bar associations across the country.

If I may, Mr. President, I shall quote from a column written by a widely recognized conservative columnist, Mr. James J. Kilpatrick, in the Washington Star of Tuesday, June 10, 1980. Mr. Kilpatrick wrote of his original opposition to the Corporation, but then went on to say, after reflection:

The Corporation has come a long way from those angry days in 1973 and 1974 when many of us on the conservative side fought like bobcats against its very creation.

Further along in his column, Mr. Kilpatrick gets to the funding of Legal Services:

The pending Senate bill would authorize $321.3 million for the Corporation in fiscal 1981. It is a seriously needed sum. In the nature of things, poor families can accept the realities of being poor; they are not going to have the food, clothing, housing, higher education and material amenities of the rich. What they cannot accept is the sense of being unfairly ground down by the millwheels of the law.

We never will achieve the ideal of truly equal justice. Outside the antiseptic realms of mathematics, literal equality does not exist and ought not to exist. But at law, we must keep trying. The preamble to the Constitution pledges a national purpose "to establish justice." Let us get on with the job.

Mr. Kilpatrick argues the case with as great an eloquence as I have heard.

In March 1981 Mr. Kilpatrick again devoted a column to the Legal Services Corporation, in which he states that if the Legal Services Corporation dies, it will have done itself in through its own lobbying efforts. But Mr. Kilpatrick concludes that column as follows:

The concept is worth saving. Heaven knows it is! I will cling to the ideal willy-nilly. But perhaps some other mechanism—

block grants to the states, or pro bono services by private attorneys—would be better. If the Corporation dies, the need will still be there.

Mr. President, I ask unanimous consent that the aforementioned columns by James J. Kilpatrick be printed in the RECORD.

There being no objection, the columns were ordered to be printed in the RECORD, as follows:

[From the Washington Star, June 10, 1980]

OF JUSTICE FOR ALL

If there is one concept that our nation cherishes more than any other, it is the commitment that is carved in stone at the Supreme Court. The legend reads, "Equal Justice Under Law." Year by year we creep a little closer toward that distant goal.

That cheerful observation is prompted by a report from the Legal Services Corporation, marketing its first five years of operation. The corporation has come a long way from those angry days in 1973 and 1974 when many of us on the conservative side fought like bobcats against its very creation.

These days the Legal Services Corporation keeps a low profile. That was not the image projected by its predecessor outfit, the legal services arm of the now defunct Office of Economic Opportunity. Many "poverty lawyers" identified with the OEO program were hot-eyed social activists, little interested in the humdrum legal problems of the poor. Conservatives in both House and Senate had good reason to oppose the expenditure of tax funds on firebrand causes.

As a consequence, the bill to transfer the legal services program from OEO to a new corporation ran into a filibuster in the Senate and a bitter floor fight in the House. In order to avoid a presidential veto, sponsors accepted a host of restrictive amendments intended to dispel these lingering apprehensions.

Lawyers attached to the corporation are positively forbidden to engage in public demonstrations, picketing, boycotts, strikes, lobbying, partisan politics, voter registration drives and the like. The act prohibited the establishment of "backup centers" that were seen by many of us as mere seedbeds for hothouse revolution.

By a margin of only seven votes in the House, the legal services bill survived a motion to recommit. The corporation wobbled into existence on rubbery legs. Now, six years later, it stands on its own two feet. Pending bills to extend the program's life for two years (in the Senate version) or three years (in the House) may set off brief thunder on the floor, but no typhoons are in sight.

As one of those who hollered the loudest six years ago, perhaps I may be permitted a round of applause today. Here and there abuses continue. A sneaking suspicion will not go away that the corporation has neatly evaded the law's prohibition against backup centers by creating backup centers and calling them something else, e.g., the National Clearinghouse on Legal Services.

Let it go. As it moves into its sixth year, the corporation is funding 335 independent programs staffed by more than 5,000 attorneys and 2,500 paralegals. In 1979 local offices dealt with more than a million legal problems of the poor. What kind of problems? Child custody. Food stamps. Eviction. Disputed bills. Contested eligibility for welfare benefits. None of this is the stuff from which landmarks are made, but it is the very heart and soul of a legal services program.

The corporation's clients are 57 per cent white, 30 per cent black, 10 per cent Hispanic. Only a fifth of them are employed; most are living on welfare or Social Security. More than a third of the legal problems involve family matters. Another 13 per cent concern landlord-tenant relationships. Half the cases are settled within a month. The corporation proudly notes that only 2 per cent of its budget goes to administration; 95 per cent of last year's $270 million appropriation went directly to legal services.

The pending Senate bill would authorize $321.3 million for the corporation in fiscal '81. It is obviously a substantial sum, but it is a seriously needed sum. In the nature of things, poor families can accept the realities of being poor; they are not going to have the food, clothing, housing, higher education and material amenities of the rich. What they cannot accept is the sense of being unfairly ground down by the millwheels of the law.

We never will achieve the ideal of truly equal justice. Outside the antiseptic realms of mathematics, literal equality does not exist and ought not to exist. But at law, we must keep trying. The preamble to the Constitution pledges a national purpose "to establish justice." Let us get on with the job.

[From the Washington Star, Mar. 1981]

LEGAL SERVICES COMMITTING SUICIDE

(By James J. Kilpatrick)

This is a hard column to write. For the past seven years, in lonesome opposition to fellow conservatives in Congress and in the press, I have been sticking up for the Legal Services Corporation. Now President Reagan wants to abolish it. It hurts to abandon a favorite cause, but maybe the time has come to let it go.

If Congress concurs, it will be said of the Legal Services Corporation that Reagan and the New Right "killed it off." Don't believe it. This would be a case of suicide, not homicide. The Legal Services Corporation, through its own failure to heed repeated warnings against its own activism, will have done itself in.

STRIVE FOR IMPOSSIBLE

The concept was so good. Call me a starry-eyed idealist if you will, but some American ideals deserve a starry-eyed devotion. One of these is carved in stone above the Supreme Court: "Equal Justice Under Law." It is an impossible ideal, to be sure, but no matter. We ought to strive for the impossible now and then.

The idea behind the Legal Services Corporation was to put some element of balance in those famous scales of justice. The idea was to see that the poor person got a fair shake in his encounters with the civil law. Was he being wrongly evicted from his home? Was he being unfairly persecuted by a creditor? Was he being denied some public benefit that rightfully was his? Was he trapped in some impenetrable maze of regulations?

Almost 40 years ago, as a young reporter, I covered what were known as the Civil Justice Courts. Here a rough form of stamp style. Every city has such tribunals. Here merchants and doctors and loan sharks sue for unpaid bills. Landlords seek eviction orders. Many defendants never appear at all. Other defendants stand in bewildered resentment. They never heard of a garnishee, "Judgment granted . . . Judgment granted . . . Judgment granted." Ordinarily the poor fellow never stands a chance.

MISSION TO HELP

Thus in 1974 came the Legal Services Corporation, with a mission to help. And it has helped. Through 323 local programs employing 5,000 lawyers, the corporation has gone to bat for thousands of poor persons in need of legal assistance: domestic relations, child custody, housing problems, welfare check, divorce, employment. Such humble causes are overwhelmingly the business of the LSC.

But the corporation is heavily and unhappily influenced by ideological activists who have grander ideas. They see their role as a remaking of society. Many of the younger LSC lawyers are fresh caught from law school. Often their energy is surpassed only by their immaturity. Their passions cannot be fired by the humdrum fuel of a custody case. They want to be aggressive.

One of the corporation's oldest hands, research director Alan Houseman, circulated a fire-breathing staff memorandum on Dec. 29. He feared for the survival of "committed, aggressive and political staff." He pleaded for "aggressive advocacy," which he defined in terms of "legislative and administrative representation, litigation and community education." He foresaw possible restrictions that would prevent the LSC lawyers from suing local governments.

LOBBYING EFFORT

The Houseman memorandum outlined a comprehensive lobbying effort to preserve not only the Legal Services Corporation but other social programs also. He suggested battle plans for opposing Reagan appointees who might be "hostile to aggressive legal services." He anticipated "severe problems with the Senate." He charted strategies for effective lobbying, and in a companion memorandum he proposed specific lobbying assignments for members of the LSC staff—for Dan, Mary, Mario, Judy, Bruce, Bernie, Gerry, Steve, Alan, Andy and others.

Observers differ on whether the law prohibits the corporation from using public funds for such lobbying. That issue is almost immaterial. The question is whether the corporation, under present law and present leadership, is capable of adhering faithfully to the humble but important duties for which it was created. The Houseman memoranda raise almost insurmountable doubts.

The concept is worth saving. Heaven knows it is! I will cling to the ideal willy-nilly. But perhaps some other mechanism—block grants to the states, or pro bono services by private attorneys—would be better. If the corporation dies, the need will still be there.

Mr. HOLLINGS. I yield to the distinguished Senator from Connecticut.

The PRESIDING OFFICER (Mr. DOMENICI). The Senator from Connecticut.

Mr. WEICKER. Mr. President, I oppose the amendment of the distinguished Senator from Utah.

I find it ironic that only a few days ago, this Nation celebrated Law Day, which date coincides with May Day, or the celebration of the Communist ideology. Our response to that celebration is Law Day, thus clearly highlighting the difference between that totalitarian society and ours—this Government not of men but of laws.

Here we are a few days after the celebration of Law Day, the highlighting of the United States of America as a Government of laws—here we are just a few days after, on the floor of the U.S. Senate, debating an amendment which would deny that great strength common to all Americans to a portion of our society.

Let me read a small portion of the presentation made by Dan Bradley before the Appropriations Subcommittee on State-Justice:

Legal services provides the "safety net" that enables the poor to gain access to the goods, services, and legal remedies that this society, through its elected officials, has determined should be available. It makes little

difference what the law provides in terms of benefits or protections for the poor, unless the intended beneficiaries have the capacity to enforce that law—a capacity that legal services provides.

Legal services is essential in a society that values respect for the law. The availability of legal assistance has done much to demonstrate to the poor that the law need not be viewed as an enemy, that the legal system can be made to work for them just as it works for powerful interests in this country.

Legal services is not just one of many social services that might be provided with public funds. It is an essential service that distinguishes our society from others. It is a hallmark of our democracy. It is a service which assures that the rights, the benefits, the protections and the obligations provided by our laws are enforced effectively and equally among all persons in this country.

This is not a Democrats' program. It is not a Republicans' program. It has been supported by the last four Presidents of the United States and by every President of the American Bar Association since 1965 when Mr. Justice Lewis Powell led the effort that resulted in the creation of Legal Services within the Office of Economic Opportunity. Thoughtful liberals and conservatives have come together in the Congress and throughout the country in support of the fundamental principle of equal access to justice—a principle expressed in the preamble to the Legal Services Corporation Act, a principle given meaning by your action over the past five years to bring minimum access to legal services to the poor in every part of this country.

I wish to make it clear that the impetus for this amendment is clearly in the attitudes of this administration toward this program. I believe the time has come for the Attorney General of the United States and for the President of the United States to speak out for the program. Nobody is going to deny the few abuses that can be pointed to—and, I might add, are pointed to with relish by the opponents of the program. They have occurred in every program ever conceived by Congress or the executive branch of Government.

The fact is that this program works because it takes the differences of our society and places them in the courtroom rather than on the streets of the United States; and that, again, distinguishes our society—that everybody does have an opportunity to be heard; everybody has a right to the protection of those guarantees afforded them by the Constitution of the United States. But all this takes place in a courtroom and not on the streets.

Yes, there have been two standards of justice in this country—one for the strong, whether in terms of politics or economics or race, and one of the weak. This society cannot survive under those circumstances, nor can it survive if even the perception is one of two standards of justice—one standard of justice both in reality and in perception. That gives us the strongest possible type of nation.

So I hope we will resoundly defeat this amendment. I can assure my colleagues that not only will this amendment be defeated here on the floor, but also, I can assure my good friend and colleague, Senator HATCH, that come next week, in conjunction with Senator EAGLETON and others, it will be my intention to see to it that the legislation is reauthorized; and that goes as a signal not only to my friends on this floor but also to the administration, in an earnest plea for their support.

For too long, this subject has been demagoged and sniped at, without understanding of the basic rights that are involved, without understanding that the alternative is lawlessness, the alternative is violence, the alternative is the resolving of disputes in the streets.

Let us reject this amendment, and let us get on with the business of assuring that every American—every American—has the same standing in the eyes of the law and the laws of this Nation.

I yield the floor.

The PRESIDING OFFICER (Mr. DANFORTH). Who yields time?

Mr. HOLLINGS. I yield to the distinguished Senator from Washington.

Mr. GORTON. Mr. President, I perhaps have more immediate and more recent experience with the Legal Services Corporation than does any other Member of this body, as I spent the 12 years ending early in January as Attorney General of the State of Washington; and perhaps I can shed a little light on the frustrations with the Corporation which have been expressed by the Senator from Utah and the praises for it which have been expressed by many other Members during the course of this debate.

I certainly can sympathize with the position of the Senator from Utah on the lobbying activities of the Legal Services Corporation.

I can point out to all Members, on both sides, that as small as the Corporation is in many respects, in many of its fundamental challenges to State policies at least, it has been allied very closely with the Department of Justice, and it is often a State representation which is thin or which is lacking in that comparison.

I also can sympathize very much with the position of the Senator from New York that it is one of the fundamental rights of citizens of the United States to challenge the activities of their government, whether it be the Federal Government, the State government, or local bodies. That proposition becomes a little more difficult to deal with when those attacks are directed at fundamental institutions in our society, as has frequently been the case, or when they are aimed at statutes and policies expressly established by Congress, which also has funded the Legal Services Corporation, and where, as sometimes has been the case, the clients of the Legal Services Corporation are little more than pawns or fronts for particular activities or social policies which certain of the employees of the Corporation wish to establish.

I think in this respect, however, in criticizing the Corporation as the primary focal point of these new challenges to policies we confuse the messenger with the message.

Many Members of this body on both sides of the aisle are restless with and critical of profound social changes established by the decisions of the Supreme Court of the United States and by other Federal courts.

It may be that some of these actions were brought about or contributed to by the Legal Services Corporation, but its employees are merely the messengers and not the establishers of such policies.

Having expressed this sympathy and this understanding for the critics of the Corporation, it seems to me essential, nevertheless, to point out the overwhelming and demonstrated need for legal services to the poor, the primary goal and still the primary function of Legal Services Corporation. It is literally impossible to argue this need. The policies of the Corporation can be changed by the trustees or the managers of that Corporation itself, many or all of whom will soon be appointed by the now President.

Relatively little is left for funding the Corporation in this resolution, something under one-third of the amount of money for the Corporation recommended by the last administration is being utilized during the course of the present year. That amount is, I believe, too small an amount even for the demonstrated and agreed-to needs of the Corporation. But to adopt this amendment and destroy any possibility for the improvement of the Corporation and to destroy its ability to provide these services would be unwise and the amendment should be defeated.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, this matter was rather heavily debated in the committee. The position proposed by the Senator from Utah lost. The committee position is to leave within this function sufficient money to allow the authorizing committee, which he Chairs, to allow up to $100 million for the continuation of the Legal Services Corporation.

While I voted on his side in committee, I feel compelled today to support the committee position and that means that I will vote against the Hatch amendment here today.

I do not know if there is any further time that anyone needs.

Mr. HATCH. I am ready to yield back the remainder of my time.

Mr. CRANSTON. Mr. President, if I may have some time I wish it to be yielded me.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from California.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. CRANSTON. Mr. President, I strongly oppose this amendment and the effort to abolish the legal services program.

This program is absolutely critical to assuring access to our legal system by all citizens, irrespective of their economic circumstances. The legal services program is based upon the very simple, fundamental premise that the poor, no less than the wealthy, are entitled to legal representation to redress grievances and defend their interests.

I strongly believe that our entire society benefits when conflicts are resolved through our judicial system. The legal services program plays an essential role in assuring that result.

Mr. President, in the past several weeks, I have received hundreds of letters from Californians including California judges, elected officials, and members of the Bar, urging continuation of the Legal Services Corporation. I wish to share with my colleagues a few of the comments I have received from these individuals discussing the critical importance of this program.

A trial court judge in northern California wrote:

As a judge in this rural area, I can attest to the significant contribution made by legal aid lawyers when dealing with the every day legal problems of poor and unsophisticated people. On many occasions, these attorneys have been able to settle the frustrating financial entanglements, custody battles, or landlord-tenant disputes in an expeditious manner. More than once, their efforts have resulted in the reduction of tensions between the parties unquestionably saving tax dollars by avoiding costly law suits or the filing of criminal charges against one of the litigants. . . . The private bar cannot and will not absorb the nonremunative cases currently handled by legal aid.

A member of the ninth circuit court of appeals wrote:

Recent proposals to eliminate Federal support for the Legal Services Corporation concern me greatly. In the 14 years I have served on the Federal bench, both in the district court and the court of appeals, I have handled many cases in which parties were represented by legal services attorneys who effectively represented their clients in important suits. . . . I fear that elimination of LSC funding will close the halls of justice to those who most need the protection of our Constitution and laws. That would be a tragic result.

A district court judge in northern California stated:

Since the creation of the federally funded Legal Services Corporation and the program of legal service agencies which draw support from it, I have had numerous meritorious cases before me which would not have reached the court were it not for the program.

If there is to be "justice for all," the poor must be able to bring their grievances to the court. Pro bono representation is no longer a viable concept, especially in small civil matters. The poor have been able to vindicate their grievances by gaining access to the courts because of the Legal Services Corporation.

Mr. President, I would particularly like to share with my colleagues the views of a mayor of a large city in California:

I wish to express my strong support for the continued existence of the legal services program. This program is fundamental to the democratic principles of our society that there be equal access for justice. It allows for the resolution of disputes under law and within the traditional framework of our legal system. As mayor, I can assure you that the legal services program has contributed to the general health of this city and helped to rebuild it.

Mr. President, the legal services program, since its inception, has contributed much to the quality of life for low-income individuals and to upholding the principles of equal justice upon which this Nation was founded. The legal services program is an example of what a fair and just Government can and must do to bring equal justice to its people. A fair and just Government cannot countenance denying people the protection of the law because of their poverty. If the concept of equal justice is to be a real and meaningful force in our society—and more than simply a phrase carved upon the marble of our courthouses to which we pay lipservice—then the legal services program must be continued. I urge the defeat of this amendment.

Mr. BUMPERS. Mr. President, I oppose the amendment of the Senator from Utah to eliminate all budget authority and outlays for the Legal Services Corporation. In my view, the Senator's amendment rests on a faulty premise; that is, that Legal Services is conducting radical social engineering at taxpayers' expense and using the poor as an excuse to carry out its efforts to rearrange our social and political institutions.

Mr. President, the facts—and that is what we should be dealing with here, not overly emotional assumptions or isolated instances—the facts simply do not bear this out. I have a chart which explains the kinds of cases Legal Services attorneys handle. These are national percentages, and they are, in my view, dispositive on the question whether Federal funds are being abused by this program.

Mr. President, 30.3 percent of the cases handled are in the family area, and this means primarily child abuse, divorce, and other family problems. These are the typical kinds of problems that poor people have, and all of us who are lawyers know that there is very little room for social engineering here.

Mr. President, 17.6 percent of the cases are in the housing area, and this means primarily landlord-tenant disputes. Poor people often have to live in shoddy housing, or are sometimes mistreated by landlords. How can it be argued that defending a poor tenant who is being wrongly evicted along with his family from his apartment is social engineering?

Here is another figure; 17.2 percent are in the area of income maintenance; this means assistance in handling disputes over food stamps, supplemental security income, and other welfare programs. Mr. President, it simply makes sense to me that people should not be denied benefits Congress intended them to have. Where is the social engineering here?

Consumer cases constitute 13.7 percent of the cases Legal Services lawyers handle. Poor people do not have the money to purchase goods—used cars, for example—that hold up. They often have disputes with some unscrupulous businesses.

Finally, 11.7 percent of the cases are miscellaneous, 3.1 percent are in the area of employment, 2.9 percent are in the area of individual rights, 0.2 percent health, 0.9 percent juvenile, and 0.5 percent education. There might be room for a measure of social engineering in some of these categories, but not much.

The facts are, Mr. President, that social engineering is simply not something that Legal Services is generally guilty of. A very small percentage of the lawyers in Legal Services, may see themselves as social activists, but most of them just see it as a job where they can get experience in the practice of law.

Most of them, after a few years, move on to more traditional legal jobs representing middle-class Americans, or banks, or insurance companies, or other businesses or individuals. They end up like most lawyers, trying to find a niche where they can make a living.

The point is that some of them while they are with the program may talk like social activists—but even these are few in number—but this is mostly rhetoric, and the facts and figures I have given you about the kinds of cases these lawyers handle simply do not support the social engineering myth.

The Senator from Utah has pointed to instances in which Legal Services lawyers have brought unpopular and controversial cases, and perhaps a good argument can be made that these cases should not have been brought. In my view, it is not necessary to resolve for purposes of this vote whether these cases were improper or not.

The point that these statistics I have given illustrate is that the vast majority of the cases brought by Legal Services are clearly proper, and for the most part this program has been a wise investment of our limited Federal dollars, and that should be our focus in this debate.

The real issue, Mr. President, is whether we think that equal justice under law means anything or not; are we as a Congress willing to continue our commitment to equal justice?

I submit that the $100 million in this bill is not enough, but it would be a travesty of justice to eliminate this program entirely. We who are lawyers know that, without some kind of legal services system for the poor, they would not get equal justice.

Private attorneys would no doubt try to do their part, but they simply cannot make up the difference. Ask the American Bar Association about this; ask most of the State bar associations across this land. You will get the same answer, and it is this:

The Legal Services Corporation is an absolute necessity if the goal of equal justice for all Americans is to be maintained.

Mr. President, if we believe that this program has made mistakes in the past—and the program has made mistakes—then we should work to correct them. We can limit the authority of Legal Services lawyers to lobby, for example, or we can limit their involvement in certain kinds of cases such as class actions. If that is what needs to be done, then let us get on with it.

But let us stop the rhetoric about social engineering and about other allegations which are not supported by facts. Let us get into a thoughtful analysis of the weaknesses and strengths of this program; let us make necessary changes in it; let us fine tune its authorizing legislation; but let us not terminate it. That kind of action simply cannot be justified as a matter of logic, public policy, or human concern. I urge my colleagues to reject this amendment.

● Mr. HART. Mr. President, the Legal Services Corporation provides access to legal assistance for millions of Americans who would otherwise have nowhere else to turn. This access to justice is the basic underpinning of any society based on law. Equal enforcement of our laws is one of this Nation's oldest ideals.

For this reason, I strongly object to the elimination of the Legal Services Corporation.

All Americans, Democrat or Republican, liberal or conservative, black or white, subscribe to it, and cherish it. But there can be no equal enforcement of the law unless all citizens can participate in the legal process.

Federally funded legal services are currently available to more than 30 million people living at or below the poverty line. The Legal Services Corporation now funds more than 300 legal aid programs which operate more than 1,450 offices throughout the country. All 3,000 counties in the United States are served by the program. Last year, legal services handled more than 1.5 million legal matters affecting the lives of millions of low-income Americans.

The Federal legal services program has worked exceedingly well since it was initiated in 1965. It is a model of administrative efficiency and has proved to be an economical and effective structure for funding legal assistance to the poor. Overhead costs are less than 3 percent of its total budget.

In Colorado, low-income people receive assistance with their civil legal problems through four nonprofit legal services programs. These programs receive 80 percent of their funding from the Legal Services Corporation. With this funding, legal services were provided to 12,633 low-income people in the last fiscal year.

The Legal Services Corporation represents Government at its best. It should be maintained at a level of funding adequate to insure that all Americans will have access to our system of justice.

We simply must never reach the point where we interpret our Constitution to read "equal protection under the law * * * only for those who can afford it."●

● Mr. SARBANES. Mr. President, I rise in strong support of the Legal Services Corporation and in opposition to the pending amendment. The Legal Services Corporation has been a critical factor in putting meaning in the words "equal justice under the law" for millions of poor and elderly persons. Without Legal Services, many of our citizens will find their access to the courts blocked and be unable to assert the rights to which they are entitled to by law.

The Legal Services Corporation provides funds to State legal aid programs throughout our Nation. It has been described as one of the most effective and worthwhile Federal programs in existence, while also being one of the least costly. Currently, Legal Services provides needed legal assistance for only a portion of our Nation's 25 million poor persons. In 1979 approximately 1.5 million legal matters were handled by this program.

Legal Services Corporation has been an effective and efficient program in representing citizens, who without this assistance, would never have their day in court. Many of the cases are routine legal disagreements in housing, consumer purchases, and employment. These routine matters, however, often become insurmountable when coupled with the other pressures of a complex society that weigh on a family unable to afford legal representation.

Maryland's Legal Aid Bureau, which receives funds from the Legal Services Corporation, has done an outstanding job of representing over a half a million poor and elderly citizens. The lawyers, paralegals, and assistants in the 13 legal aid offices located throughout Maryland represented 20,000 Marylanders in court last year and counseled many others. It is a program that should be continued in order to serve citizens who otherwise would not be able to afford their legal needs.

Mr. President, Maryland's very able attorney general, Stephen H. Sachs, recently wrote an excellent article on why legal aid is essential to our system. I ask that Attorney General Sachs' article be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Mar. 22, 1981]

LEGAL AID IS ESSENTIAL TO OUR SYSTEM

(By Stephen H. Sachs)

President Reagan's budget cutters want to kill the federally funded Legal Services Corporation, whose 5,000 lawyers serve the legal needs of nearly 30 million citizens who live in poverty.

The attorney general of a state that has frequently been sued by the corporation's local outpost, Legal Aid, might be expected to anticipate the last rites more in satisfaction than in sorrow. As my mother-in-law would put it, I need additional costly legal challenges like I need "water in my shoes," especially when Maryland legislative axes are busily biting into the sinew and bone of an already lean state budget.

But the truth of the matter is that we all need the Legal Services Corporation very much. In fact, of all the trumpeted economies of the new team in Washington, I can't think of any that is more wrong-headed—and mean-spirited—than the plan to scuttle Legal Services.

For many, it is a matter of fundamental fairness. Government at all levels has armies of lawyers on public payrolls to counsel, to sue and to defend against suit. Corporations have found it increasingly necessary to rely on expensive legal advice, which is recognized as a legitimate business expense and subsidized through substantial tax deductions.

The poor have legal problems, too. Big ones. Even their "routine" encounters with the law—injury at work, eviction, divorce—are aggravated by the unremitting bleakness of poverty. Most of us will never know what it is like to fight an unlawful eviction notice—alone.

But the poor also live in symbiotic relation to a faceless bureaucracy that administers a complex web of regulations governing welfare, Medicaid, unemployment insurance and all the other support services that even the new administration regards as a "safety net" for the poor. For such citizens, a bureaucratic error or an administrator's carelessness can produce a life crisis.

Imagine, for example, the effect on a family when a father is injured on the job and is mistakenly denied his application for a $375 monthly disability allowance. It happens. Few of us would think of facing such a judgment uncounseled, or of suffering it quietly if grounds for challenge exist.

Many of the poor, however, not only have no way of knowing that an error was committed; they don't know where and by whom the decision was made. Comprehending the forces that control your life is a bit of a luxury at $8,200 a year, Legal Services' poverty line for a family of four.

For the poor, living with the possibility of a shattering and incomprenhensibe injustice is the badge of their condition. Legal Services is an attempt to alleviate that condition. The program's simple credo is that a nation that professes a belief in "equal justice" should not permit poverty to weigh so heavily on the scales of justice.

When Legal Services lawyers serve their clients they also help to enforce the law. The criminal law, of course, is enforced by federal and state prosecutors and police. But most laws are civil statutes that create legal rights and protections owed to citizens by government. Thus, just as the law protects a local business from a takeover by a foreign corporation or confers on an oil company rights to a depletion allowance to encourage exploration, so, too, does the law give citizens living in poverty certain rights and entitlements to medical treatment, rent supplements and food.

In a perfect world, all of these laws and regulations would be models of clarity perfectly administered. In fact, however, because of the increasing complexity of the law, fiscal pressures on public officials and the occasional inattention or ignorance of administrators, the civil law frequently depends for its administration and implementation—its enforcement, in other words—on the administrative claims or law suits pressed by the affected parties themselves.

Our legal system expects and depends upon this sort of private law enforcement. For corporations and most citizens, such claims are pressed by corporate lawyers and the private bar. For the poor, that enforcement role has been played—quite successfully—by Legal Services Corporation lawyers. Here in Maryland, for example, suits by Legal Aid Lawyers have:

Regained unemployment compensation for 24,000 Marylanders whose benefits were reduced because of an erroneous interpretation of law by a state agency.

Restored Medicaid services to 188,000 Marylanders, mostly elderly and children, whose aid was improperly terminated.

Guaranteed indigent veterans and their widows a right to be heard before termination or suspension of monthly veterans' or widows' benefits.

Established the right of all citizens to a hearing before involuntary commitment to state mental hospitals.

These are only some of Legal Aid's victories in Maryland courts. Legal Services lawyers have prevailed in scores of similar suits around the country. They also, of course, press claims and file suits that do not, and should not, prevail. When they do, my office, and my local and federal counterparts, vigorously oppose them. Legal Services' lawsuits, in other words, are sometimes "wrong." It may also be that some of the corporation's practices, like its aggressive and indiscriminate pursuit of attorney's fees in every civil rights case, need rethinking.

But as we have seen, Legal Services lawyers are often "right." And when they are "right" they have not only won dollars or services or protection for their clients; they have enforced the law, and they have made our proud boast about "the rule of law" a reality for millions of Americans.

Many of these enforcement successes have seriously antagonized some of Legal Services' critics, most notably Mr. Reagan. These critics resist and resent the notion that Legal

Services lawyers rattle establishment cages—especially when they win, as they often did in California when Mr. Reagan was governor. To the extent that these successes have endangered Legal Services' survival, it might be said that the organization sued "not wisely but too well."

The critics believe that Legal Services' attention should be limited to the specific legal problems of the individual indigent client who seeks advice—a divorce, a Social Security claim, a dispute with a landlord. They appear to view poverty law as a kind of charitable calling whose practitioners, like some medieval friars, wander among the poor dispensing legal alms. The view is not ungenerous. It is, however, a form of noblesse oblige—American style. "Oh, look dear, the poor have divorce lawyers just like us!"

But this narrow view of the Legal Services program overlooks the fact that with one attorney for every 6,000 poor people, filing class action lawsuits is good lawyering and often the only way in which Legal Services lawyers can represent their clients. In so doing, these lawyers play exactly the same role as that quite properly played by counsel for industry, labor, trade associations and special interest groups of all kinds when they seek to enforce the civil law for the benefit of their clients.

Finally, Legal Services lawyers ensure that the adversary process—the engine that drives our judicial system—runs well. The root premise of the adversary system is that "the truth," or its closest approximation, is most likely to emerge from the clash of competing courtroom forces, the forceful presentation of opposing views of the law and the facts and the testing of witnesses by vigorous cross-examination. It resembles familiar economic models in its assumption that competitors, each acting in its own self-interest, will produce the most socially desirable result.

But for the system to work, the fight must be fair. Only if both sides are ably represented by lawyers who have the time and the energy to research and investigate and prepare can we be confident that the decision-makers, judges and juries will do—or approximate—justice.

The sound working of the adversary system is uniquely important in the United States. Due no doubt to our federal structure and our written Constitution, almost every great cause eventually becomes a legal issue to be decided finally by the courts.

Lawyers, some feel, are too much with us in America. An Englishman once called us a race of lawyers. We undoubtedly litigate too often about too little and misuse the courts to resolve disputes best handled by mediation and arbitration.

But it surely is little exaggeration say that a reader of the Supreme Court Reports is as well informed about the nature and quality of life in America as is a reader of The New York Times or The Sun. It is difficult to disagree with the notion that courts—which decide almost every issue of public concern, from busing and abortion to prison overcrowding and prayers in schools—have as much to do with governing this country as do presidents, governors and legislators.

Access to the judicial system in this country, then, is access to government itself. Denial of access amounts to a special kind of disenfranchisement. Such a thing would not only cheapen our claims to be a democratic society. It would invite the fatal flaw of every closed society—creation of a bitter underclass with no confidence or stake in the system, ready to abandon rational discourse and to settle its mounting grievances in the streets. And it would come at the worst possible time—when the summary dismantlement of federal programs places the poor in greatest need of legal counsel.

It hasn't been so long ago that we sanctified the sweatshop in the name of "liberty of contract" and perpetuated badges of slavery in the name of "separate but equal." Goldsmith's observation that "Laws grind the poor and rich men rule the law" has, unfortunately, more than a little modern application. But many lawyers, in public and private practice, work very hard all their professional lives to blunt what truth there is in that statement.

Legal Services lawyers are among them. They should be permitted to continue their valuable work. They help make "equal justice under law" more than an empty phrase.●

● Mr. MITCHELL. Mr. President, I will support the pending proposal to retain funding for the activities of the Legal Services Corporation in the budget at a level of $100 million for fiscal year 1982.

This funding level represents a two-thirds cut in the financing of this program, in line with the severe and necessary cuts taken in so many other programs.

I support the level of spending cuts proposed in this budget; they will continue to have my support. I have, in fact, voted for spending cuts far in excess of the savings made in this proposal, and in excess of the spending cuts requested by the President. We must reduce budgetary levels to help combat inflation. I have voted for such reductions and I will continue to support budgetary restraint.

Financing the Legal Services Corporation at $100 million for fiscal year 1982 represents restraint. This will be a cut of $160 million from the agency's budget. This is not a wasteful expenditure of funds for a frivolous purpose.

On the contrary, it is the very bare bones minimum funding required to keep the program alive. More importantly, it is the very minimum necessary to keep alive and give meaning to the constitutional guarantee of equal treatment under the law for all Americans, not just those who can afford to pay for access to the system of justice.

As a former Federal judge, I am acutely aware of the fact that the civil and legal rights Americans enjoy are circumscribed when they cannot be exercised. Those rights are the basis on which our system of government rests. There is no justification in any American political philosophy to deny the exercise and enjoyment of those rights on the basis of inadequate income.

The chief justice of Maine's Supreme Court, Justice Vincent McKusick, expressed that thought in recent letters to Senator COHEN and to me. In behalf of Senator COHEN and myself, I ask that the text of Chief Justice McKusick's letter appear in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SUPREME JUDICIAL COURT,
Portland, Maine, April 21, 1981.

Re Legal Services Corporation.
Hon. GEORGE J. MITCHELL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MITCHELL: I am writing in response to your request for my opinion on continued funding for the Legal Services Corporation. I would greatly regret substantial reduction or elimination of the funding for legal services programs. As a result of such reduction or elimination, access to the courts would as a practical matter be denied to many low income persons now served through grants from the Corporation. For better or worse, many of the economic and civil rights of our citizens have little meaning if they cannot have access to legal services and, in appropriate circumstances, to the processes of the courts. It would in my view be unfortunate if the services now rendered by Pine Tree Legal Assistance in Maine did not continue to be available to those that qualify for them.

These are my individual views. I am here writing for myself, and not for the Supreme Judicial Court.

Very truly yours,
VINCENT L. MCKUSICK,
Chief Justice.●

● Mr. DODD. Mr. President, I wish to record my strong opposition to this amendment offered by the Senator from Utah to eliminate $100 million in funding for the Legal Services Corporation. The assistance provided by this Corporation to the neediest in our country—to the poor, the elderly, the handicapped, and disadvantaged—is essential to a just and humane society. It would be a grave error for us to default on the commitment we have made to provide legal counsel and expertise to those who otherwise could not afford it.

At the heart of this issue is a relatively simple and direct question. Is equality before the law to be a basic right of all Americans or is it to be a privilege available only to the affluent?

If this amendment is adopted, we will in effect be saying that the latter is the case. I do not think we can afford to make that judgment.

Legal services attorneys assist needy clients with counsel and advice, preparation of briefs and documents, court presentation, negotiation and settlement, and other forms of legal aid. Landlord-tenant disputes, child abuse, consumer finance problems, custody and visitation issues, problems in social security, and job discrimination claims are among typical kinds of cases that they handle. Surely in matters such as these, an American citizen's access to our legal system should not be a function of his income.

Those who would eliminate the Legal Services Corporation say that we cannot afford it, that in a time of budget stringency it will not meet requisite tests of necessity or effectiveness. In fact, any fair assessment of its performance will demonstrate that far better than most programs in either the private or public sectors it is both successful and cost-efficient.

A few pertinent facts, in my judgment, make the case for that conclusion.

At a time, when many Americans are concerned that there is too much waste in Government spending, it is significant that only 2 percent of the Legal Services Corporation budget goes to overhead. It is also noteworthy that LSC attorneys—many with substantial experience—receive an average salary substantially below that now paid to new associates by private law firms.

And while the costs are low, the benefits are high. In 1980, the $300 million budget of the Legal Services Corporation allowed its attorneys to assist some 1.2 million Americans in need of legal aid. Eighty-five percent of the cases which

went to trial were won by these attorneys.

Finally, this program should serve as a model for those who advocate a decentralization of social services and greater reliance on State and local organizations and private resources. LSC operates through 1,200 neighborhood offices organized by 320 programs throughout the United States and its territories. LSC programs are managed by boards of directors composed of residents of the communities they serve. They attract extensive participation by private attorneys on a volunteer or reduced fee basis.

In summary, Mr. President, the Legal Services Corporation has performed an essential and useful role in an efficient and effective manner. Its elimination would be a serious blow to the concept of equal justice. It is vital that this amendment be defeated.●

● Mr. METZENBAUM. Mr. President, I rise to express my opposition to Senator HATCH's amendment which would eliminate the Legal Services Corporation.

When the Corporation was created in 1974 the Federal Government made a commitment to deliver America's promise that all citizens may exercise the constitutional right to full and equal access to our legal services. This was not a new or a radical concept. The Federal Government had been providing public funds for legal services since the mid-1960's through the Office of Legal Services in the Office of Economic Opportunity. Creating the Corporation was simply a reaffirmation of an existing commitent to the Nation's poor.

In 1981, more than 6,000 lawyers employed in 323 local and State programs, handled over 1.5 million cases such as housing problems, consumer disputes, family law matters, and other civil law problems.

I believe that this was in keeping with the Corporation's mandate to provide high quality legal assistance to those otherwise unable to afford adequate legal counsel. By effectively serving millions of needy people in forums from local tenant councils to the Supreme Court, this program has proven its value without question.

It is difficult to find another program which responds as effectively and echoes the President's desire for local control, eliminating waste, fraud and abuse, eliminating unnecessary bureaucracy, and making Government work for the people.

Perhaps, this is why the Corporation comes under attack today—for being successful. No one in this country is more subject to Government regulation than the poor. Their jobs, food, shelter, and incomes are affected by daily decisions of local, State, and Federal bureaucrats and lawmakers. A major part of Legal Services' work is making that system responsive to their clients by cutting through redtape and minimizing interference in their personal lives.

Legal Service lawyers have not only moved to press individual grievances but have also brought class action suits to correct injustice. And that is why the program has made enemies among elected officials and bureaucrats. However, this is precisely what it should be doing—pressing the cases on behalf of the poor.

Our legal system is an adversarial one. It generates controversy that seems particularly true when it is used effectively for the poor. The issue is not saving money but preserving justice.

There may be aspects of legal services worth debating; it may even be that economies could be found in its budget. But to kill the program, under the pretense that the States are free to keep it alive, is unconscionable.

Mr. President, this Nation's highest priority must be "justice for all." "The American dream," wrote the late Justice William O. Douglas, "teaches that if one reaches high enough and persists, there is a forum where justice is dispensed. I would let the courts serve that ancient need."

That Mr. President, is the real issue before us. And that is the principle upon which I urge my colleagues to cast their votes.●

● Mr. LEAHY. Mr. President, I plan to vote against this proposal to eliminate funding for the Legal Services Corporation. To eliminate Legal Services would be to make a telling—and unfavorable—statement about our commitment to the needy.

I can speak from my experience in Vermont when I say that few events have had greater impact on the bar and on the quality of life for all segments of our population than the arrival of legal aid attorneys. During my tenure as State's attorney of the most populous county in Vermont, I felt truly privileged to know many members of that bar, including many Legal Service attorneys. I must say that many of us greeted the arrival of these attorneys with some initial skepticism. Here was Government, funding a group of young, talented attorneys whose job appeared to be that of questioning the decisions of Government.

It did not take long for this cliche to be discarded forever. The most important comment that anyone can make about the quality of Vermont legal aid is that it made all of our welfare and social services programs operate more carefully and more efficiently. What time was spent by our State agencies in supplying documentation for fair hearings or in answering the calls of advocates for recipients of our programs was more than made up by the results: more mileage from the dollars spent on AFDC, on aid to the elderly, on benefits for the handicapped, on medicaid and on social services programs.

The Legal Services attorneys did more than raise the dickens with our district welfare directors; they cared for their clients with such an intensity that it was difficult for anyone inside or outside of Government not to look at these important programs with a new vision, and to look at the clients of the programs with a newer and deeper respect. I am especially indebted to Legal Services for not only helping us to get better services for our dollars, but for struggling long and effectively to keep our State from breaking down into separate communities, two Vermonts, one with money and privileges, the other without. When a legal aid attorney helps a family with a fuel assistance problem on a day when it is 35 below zero and the kids in that family go off to school in good health, the value of Legal Services is beyond questioning.

The bottom line is that Legal Services in Vermont and throughout rural America have greatly improved the effectiveness and efficiency of our assistance programs. If we continue to fund our basic aid programs, we should spend the very little bit more we need to spend to make those dollars work. Legal Services has been a conscience and a guide. Vermont lawyers are among its strongest boosters and the organized bar would be hard pressed to duplicate these services should legal aid diminish or disappear.

Mr. President, I believe that continued funding is absolutely necessary for legal aid, and I will oppose this effort to eliminate these services.●

● Mr. BRADLEY. Mr. President, the proposal to abolish federally funded legal services for the poor is an affront to our democratic system. Abolishing the Legal Services Corporation would effectively deny the 30 million poor of our country access to our legal system and would undermine their faith in that system. Without LSC the poor would be expected to obey the laws but would no longer be able to settle their grievances and enforce their rights through the justice system. Equal access to justice and equal justice under law would be meaningless because it would apply only to those who could afford to pay for legal services. Political liberty requires the opportunity to use the legal system, not merely the responsibility to live within the legal system.

The Legal Services Corporation should be maintained not only because it assures all citizens a basic right but because it is efficient and cost effective. Five years since LSC was formed in 1975 it has reached its initial goal of providing 2 lawyers per 10,000 poor people while spending only 1.8 percent of its budget on overhead costs. LSC's 6,200 staff lawyers working in 323 local programs throughout the country earn substantially less than their counterparts in the legal profession. The average starting salary in private law firms for an associate with just 1 year of experience is $21,000; while the average salary for all LSC staff attorneys is $15,959.

LSC has revolutionized the law in some areas and made it more equitable. For example, 15 years ago, landlord-tenant law was built around the right of property. Now landlord-tenant law is appropriately built around contracts so that if one party does not perform, the other party does not have to perform.

The poor have no alternative to LSC. Poverty law like any other specialized area of law, requires that attorneys develop expertise in the area. Therefore, a purely private effort by the organized bar would not be sufficient to provide adequate representation of the poor.

A concerted Government effort is the only way to meet the large load of legal problems of the disadvantaged. With its 1981 budget of $321.3 million LSC is expected to serve approximately 1.2 million of the Nation's estimated 30 million poor people this year. This money will

be allocated to meet the most pressing needs of poor people as determined by priorities set by each local program. Eighty percent of legal services work is in four subject areas—housing, consumer concerns, family matters, and administrative matters. The focus of a local program depends upon needs identified by the local boards of directors composed 60 percent of local lawyers and one-third of eligible clients.

Legal Services Corporation insures that justice is not unduly limited on account of income. It makes possible for all, the American goal of equal justice under law. Without legal counsel justice would not be possible in many civil situations. It is in the national interest to preserve the democratic system which has made our country great—this requires equal access to law.●

The PRESIDING OFFICER (Mr. GORTON). Who yields time?

Mr. HOLLINGS. Does the Senator wish to yield it back?

Mr. DOMENICI. Mr. President, I yield back the remainder of my time.

Mr. HOLLINGS. Mr. President, I yield back the remainder of my time.

Mr. BAKER. Mr. President, before the Senator yields back the remainder of his time, will the Senator yield me 30 seconds?

Mr. HOLLINGS. I yield.

ANNNOUNCEMENT

Mr. BAKER. Mr. President, I notify our colleagues that after this rollcall it is my intention under the order previously entered to receive the Prime Minister of Japan and our former colleague, then Senator, now Ambassador Mansfield. I urge all Members to remain in the Chamber after this rollcall vote is concluded.

Mr. DOMENICI. Mr. President, I yield myself 30 seconds off the bill.

Mr. President, I announce that following this vote the next amendment will be a Pressler amendment, and it is a reduction in the 050, the military preparedness function.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOMENICI. Mr. President, I yield back any remaining time I have.

Mr. HOLLINGS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Utah.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Virginia (Mr. WARNER) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The PRESIDING OFFICER (Mr. QUAYLE). Is there any other Senator wishing to vote?

The result was announced—yeas 24, nays 72, as follows:

[Rollcall Vote No. 91 Leg.]

YEAS—24

Armstrong	Grassley	Nickles
Byrd, Harry F., Jr.	Hatch	Proxmire
	Hawkins	Simpson
Cochran	Hayakawa	Stennis
D'Amato	Helms	Symms
Denton	Humphrey	Thurmond
East	Jepsen	Zorinsky
Garn	Lugar	
Goldwater	McClure	

NAYS—72

Abdnor	Ford	Mitchell
Andrews	Glenn	Moynihan
Baker	Gorton	Murkowski
Baucus	Hart	Nunn
Bentsen	Hatfield	Packwood
Biden	Heflin	Pell
Boren	Heinz	Percy
Boschwitz	Hollings	Pressler
Bradley	Huddleston	Pryor
Bumpers	Inouye	Quayle
Burdick	Jackson	Randolph
Byrd, Robert C.	Johnston	Riegle
Chafee	Kassebaum	Roth
Cohen	Kasten	Rudman
Cranston	Kennedy	Sarbanes
Danforth	Laxalt	Sasser
DeConcini	Leahy	Schmitt
Dixon	Levin	Specter
Dodd	Long	Stafford
Dole	Mathias	Stevens
Domenici	Matsunaga	Tower
Durenberger	Mattingly	Tsongas
Eagleton	Melcher	Wallop
Exon	Metzenbaum	Weicker

NOT VOTING—4

Cannon	Warner	Williams
Chiles		

So Mr. HATCH's amendment (UP No. 72) was rejected.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KENNEDY. I move to lay that motion on the table.

Mr. BAKER. Mr. President, I understand that our distinguished visitors, the Prime Minister of Japan and the American Ambassador of Japan, have not yet arrived in the proximity of the Senate Chamber. For the moment, I think we can proceed to the consideration of the next amendment or I would be happy to suggest the absence of a quorum.

Mr. DOMENICI. Mr. President, if Senator PRESSLER is here and ready, we could proceed with his amendment.

The PRESIDING OFFICER. The Senate will be in order.

The majority leader.

Mr. BAKER. Mr. President, I wish to urge all Members to remain on the floor. It will be only a few moments before we receive the Prime Minister of Japan, the U.S. Ambassador, and their party. I am very anxious to have all Members of the Senate or as many Members of the Senate as possible here and in attendance at the time we receive them. I urge all Members to stay here until we have had that opportunity.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, I join with the majority leader in appealing to our colleagues to stay close to the floor so we might be present to welcome the Prime Minister from Japan and our own Ambassador, Mike Mansfield, when they arrive on the floor, which we presume will be shortly.

Mr. BAKER. Mr. President, I yield to the Senator from Indiana.

Mr. QUAYLE. Mr. President, today, the Senate has before it consideration of an historic and dramatic document, the first concurrent budget resolution for fiscal year 1982.

This resolution is historic because it changes the spending and taxation policies of the past. It is dramatic because it responds boldly to the challenges before us.

Mr. President, this resolution faces squarely the three-headed monster poised near our national throats, threatening to consume us all—excessive Federal Government spending, declining defense posture, and burdensome tax rates.

Senate Concurrent Resolution 19 establishes a target for outlays in fiscal year 1982 at $699.1 billion and revenues at $650.3 billion. The deficit is projected at $48.8 billion.

Real Federal spending will decline 3.4 percent in fiscal year 1982, another 2.8 percent in fiscal year 1983, and 0.9 percent in 1984. With reductions in spending and taxes the Federal share of GNP will decline to about 19 percent by fiscal year 1984. All that is embodied in this resolution leads to a balanced budget by fiscal year 1984.

We are a strong nation—morally, militarily, and economically. But in years past, we have been deceiving ourselves in some vital areas. This deception has created the very economic troubles in which we find ourselves.

The productivity of the United States has slowed and declined. Faced with this decline, actions by the Federal Government have been to attempt to ease the pain rather than insisting on measures to restore solid economic growth. Federal spending was accelerated without adding to our capacity to produce. The result has been a devastating combination of larger Federal deficits and rising tax burdens.

Inflationary pressures have sapped our strength, in national defense as in other areas, but instead of fighting the decline in our productivity, policies of increased spending and taxation have only added to inflation. The decline in real terms in defense spending has undermined our military preparedness and stretched our defenses. It is an unforgivable action in an unforgiving world.

On November 4, the American people stood in the voting booth and said "enough." They said enough to our eroding military strength. They said enough to the excessive growth in Federal Government spending. They said enough to higher tax rates and increasing deficits.

Mr. President, the first concurrent resolution we have before us today answers the American people. We have taken that historic first small step to rebuilding our military strength, to slowing the growth in Federal spending, to reducing the tax burden, and achieving a balanced budget.

I support Senate Concurrent Resolution 19, and I would urge my colleagues to join in this dramatic initiative for the future.

Mr. DOMENICI. Mr. President, I yield 5 minutes to Senator PRESSLER.

THE MILITARY BUDGET

Mr. PRESSLER. Mr. President, I had planned to offer an amendment slightly reducing the military budget, but I am not going to offer the amendment. I did want to say that I think that the Reagan budget and the budget of the Senate could well come in for criticism because of the really high increases in the military budget.

Mr. DOMENICI. Mr. President, could we have order in the Senate.

The PRESIDENT pro tempore. There will be order in the Senate.

Will the staff please take seats at the rear of the Chamber?

The Senator from South Dakota.

Mr. PRESSLER. Mr. President, I recently returned from a trip speaking in support of the President's budget. There were expressions that on the great increases in the military budget, people are for a very strong national defense but they wonder if there is an equal analysis of the military budget as is occurring in many of the civilian areas. They want to be sure there is not waste, fraud, and duplication of weapons systems. They also want to be sure that our European allies and the Japanese are doing more to provide for mutual defense.

I found a strong feeling that many of our European allies, although they have given indications earlier that they were going to do more in terms of national defense and in terms of supporting NATO, have pulled back from some of those commitments.

There is a feeling that some programs, such as the MX program in my own part of the country, are unnecessary procedures that may well cause us great domestic problems.

The amendment I would have offered would have provided for a small cut in military spending to give a signal to the White House and to the country that we are indeed carefully analyzing the military budget. It has been a concern of mine that if we have cuts across the board, the military has been totally exempted. I hope it is not the feeling that the military and the Pentagon have received a blank check.

In view of the hour and in view of the circumstances, I do not wish to offer that amendment at this time but I did wish to express my feelings. I feel strongly that we must carefully analyze our weapons systems to be sure there is not duplication, waste, or fraud, as we are doing in other agencies.

Mr. GOLDWATER. Mr. President, I hope the Senator from South Dakota will remain in the Chamber as I wish to address a few remarks to the amendment he was about to propose.

Having served on the Armed Services Committee for most of the years I have been here, I can assure the Senator that we have gone into this matter of military purchasing more thoroughly than we ever have. I do not know how anybody can stand up and say there can be no waste when you are spending $158 billion or $160 billion. We have to admit that there has been and probably is. But let me remind the Senator of some things we are confronted with of a very dangerous nature.

We are practically out of critical materials. We are dependent upon the Soviet Union and most of the countries of the South African continent for the materials we need to build aircraft, tanks, engines, and we are not producing any of those materials in this country.

We have an industrial system that has almost reached the point that I doubt seriously that we can produce the tools that we need to build our military.

So we are confronted not just with the question of do we need this piece of equipment or do we need that piece of equipment. We are confronted with the question of whether or not the United States can afford the money the Senator is talking about; whether the industrial base of our country can produce as we produced back in the 1930 s and 1940's.

I might remind my friend in this regard that McDonald's hamburgers now employ more people than United States Steel. So we are getting more and more into a service economy than an industrial economy. I can assure my friend that not only have we looked into every piece of equipment that we have recommended an authorization for, but we are continuing to look into it.

My distinguished friend from Ohio (Mr. METZENBAUM) and I have an appointment next week with the Secretary of Defense to followup what he so courageously started and I have been so very happy to join him, to help the Secretary in any way to cut down where we can cut down, to get the decision of the military leaders that we absolutely have to have this weapon or that weapon. I think this is going to bear fruit but it is going to take time.

We are faced in inflation in this country that is practically running us out of the defense business. I will cite two examples:

The main battle tank is one. We have not produced a new battle tank since World War II. It was going to cost $1 million. Now it is $2.7 million.

The PRESIDENT pro tempore. The time of the Senator from South Dakota has expired.

Mr. BAKER. Might I ask unanimous consent that the distinguished Senator from Arizona be recognized in a moment? I would like to ask the distinguished Senator if he will permit me to welcome the Prime Minister of Japan and the U.S. Ambassador to Japan and then proceed.

Mr. GOLDWATER. I have said everything I wanted to say.

Mr. BAKER. Mr. President, I thank the Senator from Arizona for his characteristic dedication to a principle that he has espoused for many years, with which I agree and on which he has made a great contribution.

VISIT TO THE SENATE BY THE PRIME MINISTER OF JAPAN AND DISTINGUISHED GUESTS

Mr. BAKER. Mr. President, I am advised that the Prime Minister of Japan and his party and the U.S. Ambassador to Japan, our colleague, Mike Mansfield, and the Chief of Protocol of the United States are awaiting admission to the Senate Chamber.

The PRESIDENT pro tempore. Under the previous order, the Sergeant at Arms will escort the Prime Minister of Japan and his party into the Senate Chamber.

The Sergeant at Arms thereupon escorted into the Senate Chamber

His Excellency Zenko Suzuki, Prime Minister of Japan;

His Excellency Masayoshi Ito, Minister for Foreign Affairs of Japan;

His Excellency Yoshio Okawara, Ambassador of Japan to the United States;

His Excellency Tsutomu Kawara, Deputy Chief Cabinet Secretary;

The Honorable Takechiyo Kimura, Member of the House of Representatives;

The Honorable Hajime Ishii, Member of the House of Representatives;

The Honorable Koichi Kato, Member of the House of Representatives;

The Honorable Shinichiro Shimojo, Member of the House of Councillors;

His Excellency Yasue Katori, Deputy Minister for Foreign Affairs;

Mr. Shinichiro Asao, Director General, North American Affairs Bureau Ministry of Foreign Affairs;

Mr. Ryuichiro Yamazaki, interpreter;

The Honorable Mike Mansfield, Ambassador of the United States to Japan;

The Honorable Leonore Annenberg, Chief of Protocol of the United States; and

Mr. Cornelium Iida, interpreter, Department of State.

[Applause, Senators rising.]

The PRESIDENT pro tempore. The Senate will be in order.

Mr. BAKER. Mr. President, it is my pleasure and a very great honor to welcome to this Chamber His Excellency Zenko Suzuki, the Prime Minister of Japan.

It is altogether fitting and proper, Mr. President, that we take this time to welcome him here. He is not only the leader of a great people with whom we share strong bonds of friendship, but he is also a distinguished parliamentarian and colleague.

Moreover, Mr. President, our Ambassador to the Prime Minister's Government is also a colleague of ours, one of the best whose presence has ever graced this institution, in my judgment. The Prime Minister should know that in having Mike Mansfield as our Ambassador to Japan, he has the finest expression of public service this Government can offer. As the first Ambassador appointed or retained by the Reagan administration, he also represents a bipartisan expression of the importance we attach to our friendship.

As with any friendship, the relationship between the United States and Japan is not without its disagreements and occasional notes of discord. But the strength of the friendship and the benefits that we share as partners in the pursuit of so many common interests will withstand these tests as it has others in the past.

It is important for us to remember, Mr. President, that although the relationship will be tested, the challenges

that bring us together in defense of our mutual interests are far greater than those on which we have differences of opinion. We will work together to resolve our differences because we are friends, we will work together to meet the challenges that threaten our mutual security because we must.

On behalf of every Member of the Senate, I am sure, I wish for the Prime Minister a fruitful and productive visit to our country. We are confident that when he returns to his country, he will take with him the knowledge that the relationship between our two governments and our two peoples has not only a rich past but a promising future and that the friendship between our two peoples is firm and secure.

Mr. President, I welcome the Prime Minister to the U.S. Senate.

[Applause, Senators rising.]

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, it is a great pleasure now for me to have the opportunity to yield the floor to my colleague, the former majority leader of the U.S. Senate, Senator Mansfield's successor and my great friend, the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

Mr. President, I want to join with the distinguished majority leader in welcoming Prime Minister Suzuki and the members of his party to the floor of the Senate. I also want to join in extending a warm welcome to the Honorable Mike Mansfield, our old friend and former majority leader. This is a joyous occasion indeed.

I know I speak for all Senators when I say that we are deeply honored by the Prime Minister's visit and very pleased that he was able to find the time in his busy schedule to visit the Senate Chamber briefly this afternoon.

The Prime Minister's visit is as timely as it is important. Obviously, visits such as this can only serve to strengthen and solidify the bond of friendship and cooperation which exists between our two great nations.

Mr. President, it is with great pleasure that I join with all of my colleagues in receiving our distinguished visitors from Japan here, in the Senate Chamber this afternoon.

[Applause, Senators rising.]

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate stand in recess for a brief period subject to the call of the Chair so that Members of the Senate may have the opportunity to greet the Prime Minister personally.

There being no objection, the Senate, at 4:36 p.m., recessed awaiting the call of the Chair.

The Senate reassembled at 4:41 p.m. when called to order by the President pro tempore.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The Senate continued with the consideration of Senate Concurrent Resolution 19.

Mr. STEVENS addressed the Chair.

The PRESIDENT pro tempore. The distinguished assistant majority leader is recognized.

Mr. STEVENS. Mr. President, what is the pending business?

The PRESIDENT pro tempore. The budget resolution is pending, with the Senator's amendment.

Mr. STEVENS. Did the Senator from South Dakota offer an amendment?

The PRESIDENT pro tempore. He did not offer an amendment.

Mr. PRESSLER. May I have a moment?

Mr. STEVENS. Mr. President, the Senator from Arizona was interrupted at the time we received the distinguished visitors from Japan. I inquire whether the Senator from Arizona wishes the floor again.

Mr. GOLDWATER. No. I have no use for it.

Mr. PRESSLER. Mr. President, I have high regard for my colleague from Arizona. I speak as one who has received a 100-percent voting record on military matters, in my years in the House and the Senate, from most national security groups.

Mr. STENNIS. Mr. President, may we have order? We cannot hear the Senator.

The PRESIDENT pro tempore. The Senate will be in order. Those who wish to converse will retire to the cloakrooms or the hall.

Mr. PRESSLER. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the April 27, 1981, issue of U.S. News & World Report regarding the areas in the Pentagon where they feel there have been inefficiencies and waste and fraud. This occurs in all our agencies, but we must be vigilant to reduce it.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BILLIONS DOWN THE PENTAGON DRAIN

The Pentagon—the only government department immune to President Reagan's budget-cutting ax—is under pressure to clean up its act.

Even the most ardent supporters of greatly increased spending to strengthen the nation's defenses are turning their guns on massive waste, fraud and mismanagement that send billions of taxpayer dollars down the military drain every year.

They warn that the Reagan administration's proposal to allocate 1.5 trillion dollars for new ships, planes, tanks, missile systems and other programs over the next five years will feed the Pentagon's apparent penchant for squandering money on a staggering scale.

The scope and magnitude of the excesses attributed to the Defense Department are underscored by a random sampling of allegations documented by official investigators—

Failure to equip Navy missiles with a $2 firing circuit leaves millions of dollars' worth of these weapons unusable.

Fraud and incompetent accounting in one Army military office resulted in a loss of 531 million dollars.

Inefficient operation and support of the Navy's new F-18 warplane threaten unnecessary spending estimated at 4.1 billion dollars.

Military reservists pocket some 744 million dollars in payments for exercises they never attend.

Upkeep of marginally useful military bases eats up about 443 million dollars annually.

Slipshod billing practices have forced the Pentagon to pick up the tab for 1 billion dollars in foreign arms-sales costs which should have been billed to customers abroad.

A minimum estimate of the cost of military waste is put at 15 billion dollars a year in a study issued by congressional Republicans, who are noted for their staunch advocacy of a strong military posture. Others say the loss is billions higher.

Some congressional leaders, preparing to vote billions of additional defense dollars, are fighting mad over the waste issue. Asks House Speaker Thomas P. O'Neill (D-Mass.): "Should we be expected to rubber-stamp [Reagan's] defense budget . . . while the Pentagon leases computers for 1 billion dollars a year that it could have purchased for $200,000?"

The challenges are coming from both the conservatives and the liberals. Senators Barry Goldwater (R-Ariz.) and Howard Metzenbaum (D-Ohio), in a joint letter to Secretary of Defense Casper Weinberger, complain that "waste and inefficiency have, over the years, become a way of life for too many in the [Defense] department. The nation cannot afford to permit this situation to perpetuate itself any longer."

What is the Pentagon's defense against these charges?

For one thing, Defense officials argue, a measure of waste is unavoidable in an enterprise of such gargantuan size and sweep. They note that the proposed U.S. military budget for the fiscal year starting October 1—some 222 billion dollars—is more than double the gross national product of India.

Further, Pentagon officials maintain that political pressures exerted by Congress lead to multibillion-dollar excesses beyond the control of military managers—for example, demands to keep superfluous military bases open and to produce unnecessary weapons for the benefit of local defense contractors.

Finally, these apologists contend, the very nature of a nation's defense effort inevitably leads to what is viewed as waste by ordinary business standards. To quote former Defense Secretary Harold Brown: "Individual corporate mistakes can have catastrophic financial effects for many people. But mistaken defense policies can kill us all. That alters the nature of the management process."

"Cap the Knife." Whatever the validity of the explanations, Defense Secretary Weinberger, whose budget-cutting propensities earned him the nickname "Cap the Knife" during the Nixon administration, acknowledges the severity of the waste problem at the Pentagon. And he insists that he is mounting an attack that will result in billions of dollars of savings—a claim that veteran Pentagon observers say must be treated skeptically on the basis of the past record.

What follows is a full picture of the problem that emerges from a wide-ranging inquiry undertaken by U.S. News & World Report and based on a review of government studies and documents as well as interviews with specialists in the field.

WHITE-COLLAR CRIME IN THE MILITARY

The most clear-cut abuses of defense funds stem from fraud, embezzlement and theft. Experts estimate that chiselers skim millions of dollars off the Pentagon budget each year, though no one knows the magnitude of the problem.

One well-established target for ripoff artists: Post exchanges on military bases that function as general stores for uniformed per-

sonnel. According to a recent report from the General Accounting Office, Congress' investigative arm, some procurement officers are known to have received kickbacks of up to $150,000 from suppliers in return for inflating orders. Federal courts in Texas last year convicted 15 military men and civilians in a military-exchange fraud case. Six more individuals are under investigation.

These are not isolated cases. A probe of questionable purchasing practices within the the Air Force's retail exchange system covered 66 of the system's 372 procurement officers, according to one government report. Abuses of varying degree have been confirmed in 23 cases to date.

Investigators admit they probably detect only a fraction of the embezzlement that goes on—and just as worrisome, they say, is the outright theft of merchandise, hardware and even cash, made easier by lax Pentagon bookkeeping. Inspectors estimate that thieves make off with millions of gallons of military fuel each year, taking advantage of accounting loopholes. A recent spot check of 118 company-size Army units found that 30 million dollars in supplies was missing, some of it presumably stolen.

Careless handling of funds is cited as an open invitation to thieves. For example: During a surprise visit to offices of the Army's Military District of Washington, auditors discovered about 500 checks worth $300,000 lying around on desk tops.

Overseas, too, auditors find scams at U.S. military installations. One case cited in an official report: "Widespread collusion and bribery" riddling the supply system at the Navy's vast shipyard in Yokosuka, Japan. Estimated losses: Millions of dollars.

MISMANAGEMENT

Costly as such activities are, they pale in comparison with the sums squandered by profligate spending and mismanagement. Officials estimate that billions' worth of materials, equipment and fuel are wasted each year through needless purchases, unnecessary operations and inept supervision.

Investigators say the Navy is among the worst offenders. According to the House Appropriations Committee, for instance, the Pearl Harbor Naval Shipyard buys 40 percent more material than it needs for ship repairs—and then throws much of it away. In the Navy's eight shipyards, the overbuying runs to 35.5 million dollars, or about 16 percent of all orders. In one case, government auditors found that the Navy approved the purchase of 5.3 million dollars in parts for ship overhauls at the Philadelphia Navy Yard—even though the yard already had 11 million dollars in identical items on hand.

Elsewhere, the Navy simply permits costly equipment to deteriorate for lack of shelter. Example: Despite plentiful inside storage space, 240 propellers, shafts and components at the Oakland Naval Supply Center had to be junked because they had been left uncovered. Cost: Eight million dollars.

The other services come in for their share of criticism, too. The Air Force, for instance, still bases many of its giant C–5A transport aircraft in California even though they are used primarily on transatlantic hauls. Result: Empty planes crisscross the U.S. gobbling up 73 million gallons of fuel and 40 million dollars a year in the process.

On a wider scale, some 6.9 billion dollars' worth of aircraft are being used for unjustified, noncombat purposes, GAO estimates. The investigative agency notes, for example, that Air National Guard aircraft were used to haul military personnel to a bowling tournament in Tennessee—at a cost of $109,000. Another example is the Navy's use of sophisticated antisubmarine-warfare planes for such routine missions as ferrying parts to repair shops. As one exasperated officer says: "This is like using a Cadillac to deliver mail."

Investigative reports are crammed with citations of logistical waste. One Army facility employs five people full time to maintain and manage 17 vehicles, which are driven less than 100 miles per month. The Air Force is spending 1 billion dollars to outfit 105 bases with extra computers, even though the need for them has been questioned. The military, for lack of proper inventory control, wastes 18 million dollars each year repairing inexpensive parts already in stock. The Pentagon forfeits millions of dollars through failure to recover gold, silver, platinum and other precious metals from property being junked.

Then, there is controversy over the prices the military agrees to pay for some supply items. One former Pentagon official sums it up this way: "There are still 50-cent screws that cost 50 dollars."

THE HIGH COST OF POLITICS

Congress, too, emerges as a prime instigator of military waste, pursuing its desire to satisfy the voters and look after local economies. Military men, in fact, claim Pentagon spending could be cut by 5 billion dollars a year if the lawmakers would put the nation's interests before political considerations.

One classic problem is the legislators' habit of forcing the military to buy weapons it does not want. Congress, for example, lays out millions of dollars each year for A–7 warplanes, built in Texas, even though the Pentagon has not requested these planes for years. Critics assert that at least one factor in the A–7 appropriations is the desire of Texas legislators to protect 2,200 assembly-line jobs.

Congress's hand is most apparent in the stifling of Pentagon efforts to trim the military-base system, which far exceeds peacetime requirements. Over the past five years alone, the Defense Department has suggested 634 base closings or reductions in activity. These moves would have eliminated 30,500 military and civilian jobs and chopped expenditures by 443 million dollars annually. Thus far, most of the facilities are still open, protected by congressmen who see them as vital sources of employment for constituents, rather than as examples of military extravagance.

This vignette underscores the point: One retired general recalls that his first assignment as a junior officer was to draw up a plan to close a particular facility. It was still operating when he left active service decades later. In fact, it was the general's last command.

Still, the Pentagon keeps trying to reduce its sprawling base complex. Weinberger's aides are working on a plan to make cuts of between 750 million and 1 billion dollars in the system. The political outlook: Grim. Says a Senate insider: "Base closings are not a good place to start with these congressmen. They'll clobber him."

INTERSERVICE RIVALRIES

In addition, bureaucratic infighting within the armed services has created a convoluted, overlapping management system worthy of Rube Goldberg.

The Army, Navy, Air Force and Marines all strive to maintain their own logistics and training systems, even though consolidation clearly would produce dramatic savings. Some results of this crazy-quilt arrangement, as uncovered by federal investigators:

The Army and the Navy each run helicopter-training schools, costing the Pentagon 63 million dollars a year more than the expense of a combined school.

There are four separate air forces to maintain—one for each major service. Excess repair-depot costs are estimated at between 250 and 400 million dollars annually.

Ground-repair gear for maintenance of military aircraft is not standardized. Excess cost: 300 million dollars.

The services each insist on independent supply functions, which management experts say could be consolidated to provide common services to all. The cost of overlapping: Some 100 million dollars a year and 4,000 superfluous jobs.

The inefficiency is well illustrated by a situation in California, where seven major military bases operate within a 60-mile radius. Each has its own support systems for police, fire, maintenance, transportation and food service. Consolidation, according to the GAO, would trim costs by millions of dollars.

The mismanagement goes beyond duplicated effort. Defense analysts claim the Navy will waste 350 million dollars on spare parts for its F–18 warplanes by purchasing them years from now, rather than at the time the aircraft are produced. Similarly, congressional investigators assert that the Pentagon incurs pointless transportation costs by shipping fatigues and other battle clothing to sites hundreds of miles from the bases where they are used.

Bad personnel-management techniques are another target of Defense Department critics. The GAO maintains that 57 million dollars could be saved each year by substituting civilians for military personnel in various welfare and recreation jobs. Other analysts say the Pentagon could save 41.5 million dollars in payroll and other personnel costs just by processing bad-conduct discharges expeditiously.

COSTLY WEAPONS

Far and away the biggest money burner comes in buying weapons, where waste and inefficiencies are assuming mind-boggling proportions. If the Pentagon could achieve even modest improvements in this field, says the Congressional Budget Office, it could save some 16 billion dollars over the next five years. Few in the Department of Defense dispute this estimate.

The problem is evident in the spiraling cost of new weaponry. In one report to Congress, the Pentagon concedes that the price tag for 47 major programs soared by 47 billion dollars during the last three months of 1980 alone. Examples: Costs for the F–18 fighter rose by 8.1 billion dollars; for the M1 tank, 5.9 billion dollars; for the Army's new infantry carrier, 5.3 billion dollars; for the Trident submarine, 2.9 billion dollars.

A chronic tendency to underestimate the impact of inflation is a major factor in the increases—but it is only one. Another reason, according to defense analysts: The Pentagon's habit of "stretching out" the completion of a weapons system—creating lower rates of construction that cancel out the economies of mass production. This alone pads the price of weaponry by an estimated 10 to 30 percent.

For example, the Air Force estimates that, by cutting production rates for its F–16 fighter from 15 to 8 per month, the Pentagon increased the total costs for the plane by 1.4 billion dollars. Such production "stretch-outs" are taking an even greater toll on the Air Force's new TR–1 spy plane, whose price has nearly doubled from 9.3 million to 17.2 million apiece.

Compounding the effect of inefficiency are wasteful industrial practices, spawned largely by political indecision in Washington. Contractors are reluctant to commit billions for cost-saving mass purchases of materials and equipment because they're afraid some sudden switch in Pentagon priorities might leave them holding the bag. Such delays and administrative flip-flops seem certain to boost the cost of the Marine AV–8B Harrier jump jet by 1 billion dollars. The story is the same in many other weapons programs.

How much is lost each year through such

inefficiencies? No one can hazard a guess. "It would be too frightening," says Gen. Alton Slay, former head of the Air Force Systems Command. "I am sure it is an astronomical figure."

Another major hemorrhage of Pentagon funds stems from faulty management of giant weapons programs. A classic example: The Trident submarine, an enormous missile-firing ship that was supposed to cost 900 million dollars.

Today, the price of the first Trident vessel has hit 1.2 billion, and it is more than two years behind schedule. The cost overrun and delay are chalked up to extensive repair and reworking necessary to make the sub seaworthy, but there is sharp disagreement as to who is at fault. The Navy blames the shipbuilder, General Dynamics Corporation. But company officials insist that the Navy furnished defective equipment and issued numerous design changes—more than 2,900 in the past three months alone.

Another example: The Army's new main battle tank. It has taken 18 years and three separate designs to produce a tank that was considered urgently needed in 1963. In the end, the entire project—including the false starts—will cost more than 21 billion dollars. That works out to 3 million for each of the 7,058 Abrams tanks that eventually will be produced—compared with the estimated $420,000 for the version of the tank designed in 1963.

In store may be another program-management controversy, this one involving the Air Force's proposed CX transport—a giant workhorse the Pentagon wants for hauling troops and cargo to Persian Gulf hot spots. The GAO reports that the military has begun awarding contracts for the project, even though its own mobility-design studies are not yet completed. This, the GAO asserts, "could bring about a repeat of the cost growth and performance problems of the C–5"—an earlier aircraft that ran millions of dollars over budget and requires extensive repairs to its flimsy wings.

Beyond production waste, there is mounting concern over the sheer cost of the Pentagon's love affairs with high-technology equipment. Even some Pentagon officials profess to be worried about a practice known as "gold plating"—that is, paying extravagant amounts for small improvements in weapon capability.

Critics point to the Army's new infantry fighting vehicle. They say that while it packs more firepower than an older model, it costs six times as much and carries 50 percent fewer troops. Then there is the Air Force's hot F–15 interceptor: It is a complex, computerized marvel, but its operation and maintenance costs are twice those of the older, yet still highly capable, F–4 warplane.

Increasingly sophisticated weapons also generate higher training and support costs, one problem that may become critical in the years ahead. "Our philosophy of using emerging technology has generated a cost structure that is growing at a much faster rate than our budget," warns one unofficial Air Force study.

A sore spot. The record of waste is seen by some defense experts as the Pentagon's Achilles' heel when talk turns to vast new spending authority, and Defense Secretary Weinberger is well aware of it.

Accordingly, he has set a goal of saving 28.2 billion dollars by 1985 through increased competition for defense contracts, streamlining of supply systems and elimination of cost overruns in weapons programs. Another part of that effort: Adoption of new personnel policies that may trim up to 15 billion dollars from Pentagon manpower costs by 1986. The military services are also designing easier-to-maintain—and thus, less expensive—planes, tanks and ships.

For its part, Congress is considering a number of measures to make military procurement procedures more efficient. One possibility: Guaranteed funding of large weapons programs on a long-term basis as a means of encouraging contractors to modernize manufacturing facilities.

But skeptics point out that Defense secretaries and Congress have crusaded against the squandering of funds and mismanagement in the Defense Department before, with little success. The experts say that Pentagon waste is easier to identify than to eliminate.

Politics, economic conditions, interservice rivalries, incompetence, greed, dishonesty—all have stymied attempts to crack down. Weinberger, with his reputation for wielding the budgetary knife, is determined to prove that he can beat the system and effectively combat waste in Pentagon spending. His success—or failure—could well determine future popular support for the big boosts in defense spending he claims are essential in the years ahead.

$2.6 BILLION FOR ADVICE—ANOTHER BOONDOGGLE?

Waste hunters are focusing on a new target in the Pentagon: Roughly 2.6 billion dollars spent every year by the Defense Department on private consultants.

A newly issued report from the General Accounting Office, a watchdog agency for Congress, concludes that much of that money is squandered on pointless jobs and that 71 percent of the projects should be done by the Defense Department itself.

A prime example of a contract that the GAO considers wasteful is the $13,843 paid to a private consultant to determine which issues should be called to the attention of the Defense Secretary.

Of 256 contracts examined in a spot check, the GAO found potential problems with all but one.

The fact that more than half of the jobs go to former Pentagon officials prompts the agency to question "the degree of influence used by former top-level officials in securing contracts." Example: A $294,000 contract to study alcohol and drug abuse that went to a consulting firm whose vice president formerly directed Pentagon drug and alcohol-abuse programs. Officials concede they have the expertise to do the work but went to outside consultants to insure an objective review.

The GAO report also criticizes the fact that 80 percent of the contracts are awarded without competitive bidding and that many are renewed automatically—some for as many as 28 years. Investigators also are mystified by such projects as the $79,909 contract for analyzing "nonpecuniary factors in the federal approach to pay comparability and the feasibility of monetizing these nonpecuniary factors for consideration in the pay comparability process."

One member of Congress zeroing in on the billions spent for Defense consultants, Representative Geraldine A. Ferraro (D–N.Y.), warns: "When we're talking about spending more on defense and cutting services like transit aid, we'd better be getting our money's worth in a stronger military and not paying hotshot consultants to talk about a stronger military."

● Mr. EXON. Mr. President, I wish to submit for the RECORD an article entitled "The $150-Billion Misunderstanding," which was written by the distinguished Senator from South Carolina (Mr. HOLLINGS), and which was published in the Armed Forces Journal International of May 1981.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE $150-BILLION MISUNDERSTANDING

(By Senator Ernest F. Hollings)

President Reagan promises to buy and operate the military forces the U.S. needs to meet its expanding obligations, counter the growing Soviet threat, and compensate for years of neglect in defense spending.

That's good news to one who has spent years in the Senate fighting for the right military capability and the proper defense budget levels for the United States. However, the President has underestimated the true cost of his FY 82–86 defense program by over $150-billion. This hidden funding shortfall of 10% over his five-year budget projections is bad news all around. It will force the government to make some truly horrifying choices:

Stretch out procurement buys, putting the brakes on projected defense build-up and perpetuating the inflationary cycle of low production rates and high unit costs; and pare operations to the bone, eliminating the increases in preparedness which the Reagan program seeks;

Abandon hope of balancing the federal budget for the foreseeable future in order to meet the funding shortfall in defense, thus institutionalizing inflation;

Somehow squeeze another $30-billion a year out of federal programs for the poor, elderly, and disabled; or

Increase taxes, killing supply-side economics.

This is not a make-believe scenario. Our major allies, Britain and Germany, are agonizing over the same dilemma and are being forced by economic circumstances to cut both their social welfare programs and their defense programs.

If we cannot find a way to break this cost-spiral in defense, western security will be weaker in 1990. In short, we face a potential disaster.

I am convinced there is a better choice. But the problem won't be solved with voodoo economics which conjure away the ugly facts of inflation. The application of old fashioned, hard-nosed, managerial common sense in defense is needed. I call it supply-side defense economics.

THE REAGAN DEFENSE PROGRAM: YOU CAN'T GET THERE FROM HERE

Before we talk about solutions, we must understand the problem. President Carter's last defense budget projected a six-year total of $1,474.6-billion in budget authority and $1,361.0-billion in outlays for the National Defense budget function. (The function includes the military operations of the Defense Department, atomic weapons production, and miscellaneous small programs.)

President Reagan increases these six-year totals by $194.2-billion in budget authority and $118.1-billion in outlays. (The $76-billion difference in these two increases arises because a large part of the budget authority will go to weapons procurement which will be spent over a longer period than the six years.)

Under the economic assumptions of the Reagan budget, all of this increase is real. He asserts that the increase will buy approximately $200-billion more in defense goods and services than the Carter budget, measured in FY81 prices.

For example, in FY82, Reagan plans to add to the Carter budget about 300 aircraft; over 8,000 missiles, torpedoes, and artillery rounds; 287 new combat tracked vehicles; and six major ship combatants—including two ship reactivations. Though program details have not been made available, one must presume similar planned hardware buys in the outyears. This is a laudable goal and should be applauded by all concerned.

The trouble is, almost two-thirds of the Reagan *budget* increase is likely to be eaten up by inflation. In that case, the Defense Department will be unable to pay for its planned *program* increases.

It seems likely that Reagan and Cap Weinberger have developed their inflation num-

bers from a campaign document rather than by a scientific forecast based on empirical sampling of recent price increases in defense or a close look at potential bottlenecks that go hand-in-hand with the defense acquisition process.

Inflation in the defense budget, under the Reagan/Weinberger forecast, is consistent with the expectations of the Reagan Administration that its supply-side economic policies will reduce the inflation rate over the next five years.

Whatever the merits of a national economics policy based on the power of positive thinking, there is no reason to believe that defense prices will follow the forecast. Indeed, recent experience with prices in the defense budget raises the question whether "positive," or should I say "wishful," economic thinking works at all. The accompanying table compares forecasted with real price changes in defense purchases since FY74.

DEFENSE PURCHASE INFLATORS: FORECAST VERSUS ACTUAL, FISCAL YEARS 1974–81

	1974	1975	1976	1977	1978	1979	1980	1981
Forecast (current)	3.0	5.8	15.0	7.9	6.8	6.2	7.0	8.9
Actual (CBO Estimate)	7.5	12.4	8.0	10.2	7.9	8.7	15.0	12.0

Note: Fiscal year 1977 includes the transition quarter.

Source: DOD Comptroller's Office.

The table shows that in every year but FY76, actual inflation exceeded forecast prices by substantial amounts. This pattern is even more devastating when one considers that it shows, for each forecast, only the first year of a five-year projection. Invariably, five-year price forecasts show declining rates in future years. This means that the Defense Department has had a particularly hard time coping with the 1977–81 rising price trend, since its expectations in FY77 called for falling inflation over that period. In other words, the FY77–81 program was terribly underpriced.

Although I am no econometrician, I feel confident in forecasting that the price estimates in the Regan defense budget constitute wishful thinking.

The Congressional Budget Office, for example, assumes that inflation on defense purchases will average about 9.6% over the next five years. This is 3.1% higher than the average annual inflation estimate for purchases in the Reagan budget. If CBO's forecast is right, the Administration has underestimated its defense program cost by $124.5-billion through FY86.

That is only the beginning of the problem. CBO's forecast does not take into account the most recent cost increase in major weapon systems. These alone could add up to $15-billion (estimate based on an extrapolation of the Five-Year Defense Plan submissions for January 1979, 1980, and 1981 by the Senate Budget Staff) to both the CBO and Reagan estimates for FY82–86, assuming that they are a one-time phenomenon. That is a dangerous assumption.

The unit costs of major defense programs are reaching intolerable levels and they continue to increase. The following examples compare the unit (per copy) costs of the total procurement buy of selected programs as submitted by DoD with its FY81 budget and with the most recent data compiled by DoD one year later.

The few relatively bright spots in this list of cost disasters are worth separate mention. With the exception of the F/A–18 program, our fighter aircraft production teams appear to be holding cost growth to about the national average rate of inflation. But even in these cases, the cost increases are higher than the average inflation on purchases estimated in the Reagan budget. I do not argue that the new Administration is responsible for these price increases—only that it is irresponsible in hiding from itself and the public the budgetary implications of runaway defense inflation.

With the rapid escalation in program unit costs, one wonders whether program management overview is being practiced at all within the Department of Defense, especially in the Navy and, even more, the Army.

PROJECTED UNIT COSTS—TOTAL PROGRAM

[Dollar amount in millions]

Program by service	1981 budget	December 1981 SAR	Percent increase
ARMY			
Attack helicopter	$7.4	$10.2	37.8
Blackhawk helicopter	4.3	5.5	27.9
SOTAS	8.7	28.0	221.8
Roland	0.5	1.2	140.0
Patriot	1.0	1.4	40.0
M–1 tank	1.6	2.5	56.3
IFV	0.9	1.8	100.0
NAVY			
EA–6B	20.9	25.1	20.0
F/A–18	18.6	26.0	39.8
F–14	18.9	21.1	11.6
CH–53	12.8	19.5	52.3
SH–60B	13.4	20.3	51.5
P–3C	19.6	26.8	36.7
Trident missile	11.6	16.3	40.5
DDG–47	922.2	1,125.0	22.0
AIR FORCE			
F–15	15.3	16.6	8.5
F–16	13.6	15.0	10.3
TR–1	21.4	27.6	.0
GLCM	3.2	4.0	25.290

In addition, we have not seen the end of the manpower cost-spiral. Personnel costs now eat up about 50% of the defense budget. The Reagan budget projects a declining share of manpower costs based, in part, on the expectation that pay inflation rates will drop about 5% in 1986. CBO thinks they are likely to be at least two percentage points higher, and this is reflected in CBO's cost projections. What is not reflected in those cost projections is the likely added cost of meeting Congressionally-mandated quality standards in recruitment if unemployment falls as rapidly as the Reagan budget predicts. If these recruitment and retention objectives are met, while competing in a tight labor market, by general, across-the-board pay raises (in addition to the 5.3% added pay raise proposed by Reagan for 1981), then as much as another $15-billion could be added to the cost of Reagan's budget. This projection was extrapolated from data developed by the CBO on the cost of management objectives on recruiting and career manning for FY82-86 as it appears in CBO's Jan. '81 *Resources for Defense*: A Review of Key Issues for FY82-86.

The wisdom of across-the-board pay increases such as the one proposed in the Reagan budget for July, 1981 is certainly questionable. The recruiting and retention benefits which flow from this pay increase (which will cost $10-billion over the 1982-86 period) could be achieved at less than half the cost by the use of bonuses, since a large part of the pay increase will go to career personnel who are on average well compensated. For example, under Reagan's pay proposal, senior O-6s (a colonel or Navy captain) will earn as much take home pay as a Cabinet member.

Many, though not all solutions to the problems our nation's defenses are facing in the next few years, lie in the practice of supply-side defense economics—the essence of which is to provide people with incentive to work, save, and invest in ways that increase productivity and combat inflationary cost-spiral.

When applied to the management of defense resources, supply-side economics means increasing *supply* of qualified manpower at the lowest cost, increasing *productivity* of the defense labor force, and increasing *efficiency* of defense procurement. The incentives which will achieve these objectives are both economic and social.

MANPOWER INITIATIVES

In the manpower area we must first reinstitute the draft. The need is clear. The new shipbuilding program envisioned by the Navy and the Reagan Administration could require over 100,000 men to man the additional ships we would build. Yet, the Navy is currently having a difficut time sending the ships it has to sea because of severe manpower shortages. And, as we succeed in improving our economic situation, the military manpower situation will worsen.

Under the current All Volunteer Force concept, one of our principal recruiting aids is higher unemployment. Many young men are entering the armed forces because there are no other jobs available. However, when these young men enter the Service, they select, and rightly so, the more highly specialized occupational specialities. This further exacerbates an already critical shortage in the combat arms—the men who will actually be called upon to do the fighting. It is difficult to envision a volunteer system where young men in large numbers will choose to carry a rifle, march long distances, and sleep in a muddy hole half filled with water.

So much for need. The principal reason for returning to the draft is one of equity.

One of the major criticisms heard during the war in Vietnam was that the war was being fought by the poor, the black, and the disadvantaged. And yet, we have institutionalized that system through the All Volunteer Force. The burden and privilege of defending this nation should be shared by all our people at every level of society.

Secondly, we must enact a meaningful GI Bill, including a transferability provision of unused benefits to a dependent. This will attract an increased number of high school graduates into service and will assist in retaining the career, middle-level, noncommissioned officers needed to train and lead our fighting men. The cost of such a GI Bill is far less than that of across-the-board pay increases.

Third, we must review our entire pay and benefits structure, with the objective of compensating military personnel on the basis of skills rather than rank. Large, across-the-board pay increases based on longevity are not only the most expensive way to solve the general manpower problem, they may be undermining our efforts to retain the critical skills that our forces desperately need.

O AND M INITIATIVES

In the area of operations and maintenance, we must accept the fact that some of our equipment has become so complex that it is not easily maintainable even with high quality manpower. While some US weapons may be needlessly complex, it is absolutely critical that we maintain our technological edge. Therefore, the US should move toward increased use of more productive contractor maintenance, utilizing modular components whenever possible. It is an old adage that civilians should not serve in a war zone. This rule ignores the experience of Vietnam. Furthermore, with fuel costs for the Department of Defense now approaching $12 billion annually and with no end to the increases in sight, fuel economy must become a major factor in the design and procurement of all non-combat aircraft and vehicles.

PROCUREMENT INITIATIVES

In the procurement picture, we can expect to continue paying for some cost growth. However, there are ways to blunt the impact.

A primary and relatively simple approach to this problem is to change the way our Services (and the Army in particular) view the management of their major acquisition programs. All too often, the job of program manager is viewed as a major detour, if not downright red light, on the road to career advancement. The traditional, so-called ticket punching route to general officer or admiral is designed at each step to identify a man's leadership capabilities in traditional military activities. In the Army, for example, the brightest young officers progress from company commander as a captain through Command and General Staff College, battalion command, senior war college, brigade command, and then general officer. The Services must be persuaded that successful management of a multi-million or billion dollar program is at least as good an indication of leadership qualities and flag rank potential as the ability to lead several hundred men in the field or at sea.

The largest dividends in correcting the defense budget, of course, will come from the most difficult decisions. We, the Congress and the Executive, must have the courage to write off marginal investments. Too often, programs that are poor performers in the R&D phase, go to procurement on the rationale of maintaining our industrial defense base (or satisfying a major campaign investor at home). The Department of Defense can no longer perform the role of employer of last resort for economically depressed Congressional districts.

In the same vein, Congress should encourage the most efficient methods of procurement and production. Stretching out weapons procurement saves money in the near-term but makes unit costs higher, so in the end we buy less equipment than the Services need without realizing commensurate budgetary savings.

The Defense Department should be encouraged to study and report on the feasibility of reducing costs by obtaining second sources on major production runs. Savings from price competition often outweigh the costs of building a second production line.

Additionally, a careful reexamination of Defense roles and missions to eliminate duplication during the acquisition process is necesary, both inter- and intra-Service. For example, there are, including those developed by NATO Allies, several dozen systems to kill a tank. Is it necessary to sustain the cost of research, development, testing and evaluation, and procurement for all of them? I don't see why.

Finally, we should learn to put first things first. Currently, our military planners are charged with sizing and equipping the forces to meet a range of contingencies including a major war in Central Europe, and a lesser war in the Indian Ocean and/or the Western Pacific. By and large, they do a first rate job of planning for what some believe to be an impossibly ambitious task. However, additional weight in the procurement decision process should be given to providing systems for the most probable or lesser conflict. The ability to fight successfully the most probable or smaller war will most certainly have the added benefit of making the major war less likely.●

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

Mr. HOLLINGS. Mr. President——

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DANFORTH). Without objection, it is so ordered.

Mr. STEVENS. Mr. President, the distinguished manager of the budget resolution on this side has asked that he be given an opportunity to confer off the floor. I am going to yield to the Senator from South Carolina, and I ask unanimous consent that I may yield to him with the understanding that when he has finished his remarks, I will regain the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from South Carolina.

THE DEFENSE BUDGET

Mr. HOLLINGS. I thank the distinguished majority whip.

Mr. President, the comments made by the distinguished Senator from South Dakota should not go unrecognized with regard to defense budgets.

As the Senator from Arizona was pointing out, in an attempt to effect different savings in the defense field, several years ago we eliminated what DOD and OMB called 2 percent cut insurance in the defense budget. The presentation by the Department of Defense to Congress was then reduced by 2 percent, because they habitually presented the budget on the calculation that it would be cut in some degree. Therefore, they automatically upped their figures, so they would get what they really wanted even though Congress had cut them somewhat.

Now we hear new ideas on contracting, and the ideas keep changing. One person likes the single source concept; the next likes competive sources and then suddenly we hear of multiyear budgeting and then multiyear procurement.

Now we hear about waste, fraud, and abuse. The Budget Committee, in this particular resolution, and in fairness to the resolution itself, already has a cut of $2.3 billion from the defense budget in fiscal year 1983 and $2.6 billion in fiscal year 1984. They needed these cuts to reach that balance figure for fiscal year 1984 in reporting the budget. They cut for waste, fraud, and abuse and I do not agree with those type of silly cuts. It will only hurt O&M and procurement. So defense was not disregarded, as though it were sacrosanct or, as the Senator from South Dakota said, it was not being subjected to the same review and the same budget discipline as the other functions of Government.

So I think the record should show that the Pressler amendment was not allowed to go unchallenged relative to waste, fraud, and abuse in defense or to the other tests of economic and sound budgeting that we have applied to the other functions of the budget.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER (Mr. QUAYLE). The Senator from Alaska.

Mr. STEVENS. Mr. President, under the previous understanding, I now regain the floor.

I state to the Senator from South Dakota that, as the chairman of the Defense Appropriations Subcommittee, I believe the Senate should understand that the main problem we are having in the area of defense expenditures is the problem of inflation which is persistent throughout the country.

Just yesterday, in our subcommittee, we increased the amount of funding for the defense appropriations in order to meet the inflationary costs. Even setting it at 10 percent in our report to the full Appropriations Committee, we are understating the actual inflation experience that the Defense Department is encountering.

I firmly believe that until we get to the point where we accurately state inflationary costs, we are understating the budget. Therefore, I want my good friend from South Dakota to know that, in all probability, we are going to commit more funds this year to defense than anticipated in terms of appropriated dollars, yet there will be less funds available in terms of real dollars so far as the appropriations process is concerned.

I say to the Senator from Arizona that I agreed to yield to the Senator from New Mexico.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, what my two colleagues have said about inflation is so dreadfully true, particularly in defense, that it is almost boring. I am not going to bore my colleagues by a long recitation of the facts but will cite a few.

I started to talk about the main battle tank. We have not had a new tank since World War II. This main battle tank, which we expected to buy for $1 million, is now $2.7 million.

We have a very effective fire control system for the helicopter. It has gone up three times and is now $2.7 million.

I recall sitting at the drafting board when the first idea of this particular airplane was suggested, and the manufacturer told me that there was no way that airplane could ever go over $4 million in cost. It is now approaching $40 million.

We are buying aircraft that we paid $6 million for 15 years ago and we are paying $60 million for them.

These are just some of the things that we have to face up to and it causes me to say I do not know whether this country has enough money to rearm itself. That fact, coupled with our terrible shortage of critical materials in this country and our very, very critical shortage of skilled labor, makes me wonder. We are going to have a hard time even with the astronomical figures we are dealing with and even if these figures are repeated year after year. We are going to have a hard time coming up in competition with the Soviets who have the ability to build things with practically no money and no labor costs, and while they suffer from inflation they are not suffering it the way we do because we suffer a dollar inflation that as we figure is about 40 percent of the cost of all equipment today.

I wanted to make that clear because my friend from South Dakota might lead some of my colleagues to believe that the amount of money that we are spending on defense is wasted and is not

well thought out, and I can assure my colleagues that every single member of the Armed Services Committee, and this goes back to the days when my good friend, JOHN STENNIS of Mississippi, was chairman of the committee, has always committed himself to the job of spending this money wisely and I think most of us spend more time visiting military establishments around this country and around the world studying the different ways that war can be fought or prevented than we spend on our duties in the Senate, but it is enjoyable and it is a service, and we are going to continue to do it.

Mr. THURMOND and Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, as I indicated heretofore, I intend to yield to Senator THURMOND for an amendment, but Senator ABDNOR, if Senator THURMOND would be patient with us for a moment, has a colloquy that will take 2 minutes with the Senator from New Mexico. If the Senator from South Carolina would beg our indulgence, I yield to him for that.

Mr. THURMOND. That is perfectly all right, and then I will follow on after him.

Mr. ABDNOR. Mr. President, I thank the Senator from South Carolina.

Mr. President, the Committee on Environment and Public Works will, before May 15, consider reporting S. 1095, legislation that I have developed to institute a new approach for assisting State water resources planning and national water research. The money that this bill authorizes—in the area of $36 million in fiscal year 1982—was not included in the President's budget, or, I believe, in the Budget Committee's report now on the floor.

However, in the March 15 report by the Committee on Environment and Public Works to the Budget Committee, we recommended, on an 11-to-1 vote, that $40 million be transferred from the construction budget of the Army Corps of Engineers to the type of programs that are included in S. 1095. I would like to ask the distinguished floor manager if I am correct that legislation, such as S. 1095, would be fully acceptable under the Budget Act and this resolution, so long as there are offsetting reductions somewhere else in the same function?

Mr. DOMENICI. The Senator is correct. The Budget Act covers overall figures. It in no way prevents the consideration by the Committee on Environment and Public Works of S. 1095, or the Senate's consideration of that bill, so long as it is reported by May 15, 1981.

Without passing judgment on where, within the function, the money would come from, that issue would be certainly outside of the Budget Committee's jurisdiction. We do not establish programmatic limitations. We establish overall functional limitations and in the case of reconciliation, we mandate a level of funding reduction, but the committee is given the latitude so long as it does not breach either mandate of the reconciliation or the overall target, and the committee is at liberty to allocate that money however it sees fit.

The fact that S. 1095 is a new authorization and not in the President's budget would be immaterial as far as the budget process and irrelevant other than as to total numbers.

Mr. ABDNOR. I thank the Senator from New Mexico.

Mr. DOMENICI. The Senator is indeed welcome.

I yield to Senator THURMOND.

Mr. DECONCINI. Mr. President, may I ask the manager of the bill a parliamentary inquiry?

The PRESIDING OFFICER. Will the Senator yield?

Mr. DOMENICI. I yield for a parliamentary inquiry, of course.

Mr. DECONCINI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DECONCINI. Mr. President, my question is, Is there a sequence of amendments here or are we going one on the Democratic side and one on the Republican side?

The PRESIDING OFFICER. There has been no order to that effect.

Mr. DECONCINI. May I ask the manager of the bill is that the understanding that there is between the ranking minority member and the chairman?

Mr. DOMENICI. We are going to try to do that as best we can. Senator THURMOND has been expecting to offer his amendment and actually waiting for about the last hour and a half or two. We have no order at this time to go one on each side. Let us see how this goes and if it is the firm desire of the ranking minority member after this particular vote that we atempt to do that I would be more than pleased to try.

But at this point I do not think we are bound by it.

Mr. DECONCINI. Mr. President, if the Senator will yield, Senator HATCH, being on the Republican side, has already had an amendment.

Mr. DOMENICI. That is correct.

Mr. DECONCINI. And Senator PRESSLER had one but withdrew it.

I do not wish to interfere with the President pro tempore, but I have an amendment and if it is not out of order I wish for this side to have an opportunity to offer an amendment at this time.

Mr. DOMENICI. I think we just answered that. We have not entered an order at this time that we would proceed with an amendment first on this side and then on that side. Therefore, as the floor manager of the bill I indicated that I would recognize Senator THURMOND. If the Senator from Arizona wishes to be next and if Senator HOLLINGS wants to inquire after this if the Senator wishes to proceed in the previous manner I will take it up with the distinguished majority leader who indicated to me that we should reserve his leadership rights in that regard, and I have done that at this point.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield.

Mr. HOLLINGS. Of course we discussed it the distinguished Senator from New Mexico, the manager of the bill, knows that we tried to effect a swapping back and forth as we did on the reconciliation bill.

I would have hoped to have a turn now for the minority side because we have have not been able to present an amendment. But I understand and I hope we can work out that agreement.

Mr. DOMENICI. Of course, I hope we can.

I indicated that the majority leader, Mr. BAKER, asked that I protect his leadership prerogatives as to that point and after this amendment we will talk with him and see if that is his desire. As the Senator knows, in this regard, under the Budget Act I am his designee as Senator HOLLINGS is the designee of the minority leader.

He specifically asked me to protect his rights with reference to amendments and has agreed that this is the amendment that he wishes called up at this point.

UP AMENDMENT NO. 73

(Subsequently numbered amendment No. 43.)

(Purpose: To provide for increases in veterans programs and for other purposes)

Mr. THURMOND. Mr. President, I send to the desk an amendment to Senate Concurrent Resolution 19 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. THURMOND) for himself, Mr. SIMPSON, Mr. DOMENICI, Mr. ANDREWS, Mr. CHILES, and Mr. MURKOWSKI, proposes unprinted amendment numbered 73.

Mr. THURMOND. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, line 9, delete "$83,600,000,000" and insert in lieu thereof "$83,300,000,000."

On page 8, line 10, delete "$73,400,000,000" and insert in lieu thereof "$73,250,000,000."

On page 9, line 7, delete "$24,500,000,000" and insert in lieu thereof "$24,800,000,000."

On page 9, line 8, delete "$23,900,000,000" and insert in lieu thereof "$24,050,000,000."

Mr. THURMOND. Mr. President, the amendment that I am offering is cosponsored by Mr. SIMPSON, chairman of the Veterans' Affairs Committee, Mr. DOMENICI, chairman of the Budget Committee, Mr. ANDREWS, Mr. CHILES, Mr. MURKOWSKI, and maybe others whose names I do not have before me right at this moment but we will add to the RECORD at a later date.

Mr. President, the amendment that I am offering will add $300 million in budget authority and $150 million in budget outlays for function 700, the 1982 Veterans' Administration budget. Also, there will be corresponding offset of $300 million and $150 million in function 550. This offset will occur in funds which are above the administration's recommended budget figures for function 550.

Mr. President, my amendment will add additional funds to the VA budget

in 1982 for needed medical care and essential services for our Nation's 30 million veterans. I believe that it is imperative that the quantity and quality of care that we provide our veterans is the highest possible.

Mr. President, the results of the amendment I am offering will conform the 1982 VA budget figures to those figures that the President recommended in his support of the bipartisan effort, commonly known as the Gramm-Latta compromise, in the House of Representatives. I, as well as many of my colleagues, have spoken in support of this bipartisan budget and I am hopeful that the Senate will act today to increase function 700, the veterans budget, to be consistent with that which the President now recommends.

I might say, Mr. President, that the President recommends the Gramm-Latta compromise, known as the Reagan bipartisan, so the President has taken a position in accord now with the step I am taking at this particular time.

Mr. President, I have received correspondence from The American Legion, Veterans of Foreign Wars, and the Disabled American Veterans in support of my amendment. I ask unanimous consent that copies of these letters be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Mr. President, if there are any questions about this matter, I will be glad to try to answer them. I do not feel it is a very complicated matter. It just adds $300 million for budget authority and $150 million for budget outlays, in accordance with the Gramm-Latta compromise which has just passed the House of Representatives, I understand, just a few minutes ago, and it decreases function 550 by the same figure.

So what we are doing now is in accord with the Gramm-Latta amendment which passed the House, and which President Reagan has endorsed, and I feel that this Senate will wish to adopt.

EXHIBIT 1

THE AMERICAN LEGION,
Washington, D.C., May 7, 1981.

Hon. STROM THURMOND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR THURMOND: The American Legion supports your efforts to increase the Fiscal Year 1982 veterans budget when it is considered by the full Senate. We urge additional funding for vital programs and essential services to our nation's 30 million veterans, especially those services providing medical care throughout VA's hospital system.

The American Legion supported the bipartisan budget proposal in the House of Representatives, recognizing that proposal's restoration of desperately needed funds for various activities in the area of veterans affairs. We, therefore, endorse your efforts to gain approval of similar budget totals in the Senate.

Sincerely,

MICHAEL J. KOGUTEK,
National Commander,
The American Legion.

VETERANS OF FOREIGN WARS,
Washington, D.C., May 7, 1981.

Hon. STROM THURMOND,
President Pro Tempore, U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: On behalf of the more than 1.9 million men and women of the Veterans of Foreign Wars of the United States, please be advised that you have my full support in your proposed amendment to S. Con. Res. 19 to restore $300 million in budget authority and $150 million in outlays to the Veterans Administration budget for the fiscal year 1982.

As you may be aware, the Veterans of Foreign Wars supports the Reagan Bipartisan Budget Resolution which would establish a Veterans Administration budget of $24.8 billion in budget authority and $24.05 billion in outlays. Your proposed amendment would support this same level of funding.

With best wishes and kindest personal regards, I am

Sincerely,

ARTHUR FELLWOCK,
Commander-in-Chief.

DISABLED AMERICAN VETERANS,
May 7, 1981.

Hon. STROM THURMOND,
Senate Veterans' Affairs Committee, Washington, D.C.

DEAR SENATOR THURMOND: I have just been informed of your intention to offer an amendment to S. Con. Res. 19, the First Concurrent Resolution on the Budget for Fiscal Year 1982, which would add $300 million in Budget Authority and $150 million in Budget Outlays for Function 700, VA benefits and services.

Senator Thurmond, I want you to know that you have the strong support of the Disabled American Veterans for your amendment.

Adoption of your amendment would greatly enhance the VA's ability to meet its program obligations during Fiscal Year 1982—especially in the health care area—and would place the Senate Function 700 figure "on line" with that contained in the Budget Resolution which is endorsed and supported by President Reagan in the House of Representatives—the so-called Gramm/Latta Bipartisan Substitute.

Again, Senator Thurmond, you have the strong support of the Disabled American Veterans for your amendment. We deeply appreciate your endeavors to secure adequate funding for VA benefits and services.

Sincerely,

STAN PEALER,
National Commander.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the Senator is correct with reference to the effect on this budget of his amendment. The effect is, in terms of the targets that we set, that it zeroes itself out to the exact extent that the distinguished Senator adds to the veterans function. He takes money out of a function which we might call health. That function was increased in the committee deliberations by an amount in excess of the amount he is subtracting; in other words, the increase is about twice the size in the health function of the reduction that is being made in that function in order to add to the veterans function as suggested by the distinguished Senator.

That means that the target in health is higher than the President's. It was higher by almost half a billion dollars in budget authority when we came to the floor as a result of committee add-ons but the veterans number will be returned by an add-on to the number found in the Gramm-Latta bill which was negotiated with the support of the President, and passed by the House, by a vote of 253 to 176.

But with regard to this amendment, the net effect is zero on the budget. We add to the veterans, subtract from a function that we had added to in committee in excess of the President's recommendation, so I leave it to the Senate to decide.

From my standpoint I am going to support it because I do believe that, once the President committed to the House on the veterans function, it is inevitable here in the Senate. Therefore, I will support it, and I commend the distinguished Senator for calling it to our attention and for offering the amendment here on the floor.

Mr. THURMOND. Mr. President, I wish to express my appreciation to the able and distinguished Senator from New Mexico, the distinguished chairman of the Budget Committee, for supporting this amendment. We believe that it is a fair amendment and it is a just amendment.

The House has approved it, the President of the United States approves it, and we hope the Senate will see fit to approve it.

Mr. HOLLINGS. Now, Mr. President—let me just say I have asked the staff to alert the Senators so they will know what is going on.

We had many, many votes on increases for the veterans function during the reconciliation debate.

But now you find a very, very clever approach to increase veterans funding. The budget resolution contains the exact figure that the distinguished senior Senator from South Carolina voted for no less than four times during reconciliation. He described it as one of the most difficult votes in his career, so it was certainly a position consciously taken, and he found that to be the case four times. What do we find here now? An attempt to make amends, I take it, for those votes.

We are now taking funding that had been worked out over the many, many hours of deliberate consideration in the Budget Committee for health care, for nurses training, and for health services and shifting it to the veterans function. I am a little dismayed that the manager of the bill, instead of supporting his own resolution, is moving around to support this amendment.

There was some $400 million added to the budget resolution for community health, for rural health, for mental health, for preventive health, for education and nurses training, and for health research.

I hope that those Senators who are particularly interested in these programs and those who are the authorizing committees would have a little time to come to the floor and tell us exactly what occurred because I can only speak from memory here.

For one thing, health research has proven a magnificent investment. We just had an article over the weekend with respect to a cancer cure developed over many, many years, and the numerous advances that we have made in that area. But we had to try our dead level best to impress upon David Stockman, the divinity student, that what he was recommending for health research was not spending cuts but spending increases. Because when you cut down on these particular research programs, momentarily they might look on a budget page like a saving, but within a year or two you actually are going to increase other health care costs.

So rather than being a budget saving, they amount in reality to a spending increase.

Nurses training: I know the distinguished Senator from South Carolina has fought for years for increases in nurses training because we have appeared before the same groups, and we have tried to increase those amounts.

With respect to community and rural health, there is not any doubt in my mind that that is one of the most effective programs for delivering care to the medically underserved. This need is not being filled by any other entity and most likely will not be filled unless these programs are continued.

I have seen it happen. In my hometown you actually had on the west side of town all the doctors and the medical university complex. But on the east side of town you had the ghetto and no medical services. You literally had within that part of the city no health care whatever until we put in what we called Dr. Fedder's Center, which was named after Dr. Franklin Fedder, who helped, along with other university physicians, to institute that community health care service.

But we all know in this context, how under the original leadership of Joe English, Dr. Tom Bryan, and many others in OEO, medical professionals went into the rural South and found conditions such as kwashiorkor and marasmus malnutrition. And if you look in the medical dictionary it will tell you that in North America these diseases of starvation are not known. Yet they were found in Beaufort and in Jasper Counties. And that is why we put these medical centers out there and we finally got the necessary medical help.

When we started with this, there was not a county health officer that thought a thing of the idea. Yet you could not get many of these rural people in a hospital. You could start at the Georgia line, up through Jasper County and Beaufort County and they all would come up to deliver the baby at Roper Hospital in Jasper County. They would then go back and stay with an uncle and that is the way they got any health care. Now rural health centers are in that area and they are working. It is a very significant improvement.

The last administration even came and kicked off their campaign right in the comprehensive health centers at Beaufort and Jasper Counties in order to be identified with the success of this approach.

To hear them talk you would think they invented community health centers and that they got them going and that they got the health care for the needy.

With respect to NIH on research, all we did was preserve funding so it could continue its present research. There would be no expansion. There would even be some diminution, due to inflation.

But we know, on the defense side, my distinguished colleague from Texas, the great chairman of the Armed Services Committee, knows how inflation eats into the defense budget.

Well, a major inflation factor, as we all know, is in rising health care costs in America. And keeping the same amount for health research, given this inflation, is enough of a cut by our National Government in health research.

I see some others have now come to the Chamber. Now, in the area of mental health, we worked for years for improvements. But, now to come, by sleight of hand, and say, "Oh, don't worry about these health programs. This is an amendment that is going to get the veterans increased health care to the tune of $300 million and you still are going to have a balanced budget."

This is pure eyewash and they know it. They are actually cutting all of these particular programs. Yet it was almost inch by inch, yard by yard that we included funding for them during the budget debates. And we had a bipartisan approach.

The chairman of the Labor and Human Resources Committee—I do not know where he is—the Senator from Utah, ought to be here. He was helping work it out with all the others. We were trying to still hold that budget. But these programs were considered basic and necessary. And now we just cannot casually this afternoon come along, in the spirit of a so-called balanced budget, and eliminate them in this fashion. And we all know this budget is far, far, far from being balanced, particularly with relation to this $300 million amount. And we also must question this add-back when we had four separate votes on this issue unless you are trying to make a voting record and to say, "Oh, we really got you the money now. We really got you money."

No, Mr. President, I hope that the Senate will pay attention to exactly what is going on in this particular matter.

Mr. President, I gladly yield to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I thank the Senator from South Carolina. I think the Senator from South Carolina has made a very strong and persuasive and compelling case.

Mr. President, some weeks ago when this body acted on the reconciliation budget resolution, there were a series of votes at that particular time to increase the resources for veterans' health. And a number of us, including myself, voted in favor of that particular program. We voted to offset that increase in resources by the reduction in other areas. But what we were not doing was trying to strengthen and improve and fight for better health care for the veterans at the expense of other quality health programs for other Americans.

I think, Mr. President, that this is a tragic amendment, indeed, because I do not know of a single veteran in this country that would like to receive better health care if it was going to come at the expense of the immunization of small children and perhaps endanger the health care of children in our society.

I do not know a single veteran in this country that would want to strengthen their health care program and yet deny funds for important research programs to try and do something in the battle against cancer or heart disease or many of the other diseases which afflict our society.

I do not know a single veteran that would like to try and benefit from additional funds for health care and thereby deny people that live in underserved parts of this country, some 53 million Americans, the opportunity of going to a doctor or going to a clinic.

And yet that is effectively what this amendment wants to do. What it wants to do is add resources for the veterans and yet cut back in all of the other areas of preventive health care, health research in NIH and also the ability to maintain at least some rural health services and services in underserved areas.

And so, Mr. President, as one who strongly supported the other amendments that were offered by my colleagues on this side of the aisle, to strengthen the health care systems for the veterans, would gladly support the Senator from South Carolina's amendment if it was not at the expense of the health of the children of this country, of those that live in rural areas, of those that will benefit from the kind of outstanding research that we have seen accomplished through NIH, and those that are being served in the urban and rural communities of this country with those clinics which in many instances make the difference between life and death.

So, Mr. President, I would hope that this amendment is defeated.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I would be very pleased to yield to the able and distinguished Senator from Wyoming, the chairman of the Veterans' Affairs Committee.

Mr. SIMPSON. Mr. President, I thank the Senator very much.

In this instance, I am pleased to rise to support the amendment to Senate Concurrent Resolution 19 offered by my very distinguished colleague and the person I refer to in the Veterans' Affairs Committee simply as "Mr. Veteran." It is offered by him and let the record show that it has been cosponsored by me.

This amendment, of course, would have the effect of increasing the 1982 Veterans' Administration budget originally proposed by the President by some

$300 million in budget authority and by $150 million in outlays. It would accomplish this by reallocating these amounts out of function 550, the health function, and adding them into function 700, the veterans' function.

I think it is important to emphasize, Mr. President, that this amendment is in complete harmony with the administration's present recommendations concerning the budget for both of these functions. The reductions from function 550 will still leave that function with a budget greater than was recommended by the President, and the corresponding increase in function 700 will raise it to precisely the level set forth in the administration-backed proposal just adopted by the House.

Let me just say, Mr. President, in conclusion, that this has been a rather boisterous and exuberant time for me as chairman of the Veterans' Affairs Committee to take over that rather awesome task in the beginning of my third year here in this Chamber.

On March 13, just a day and a half before the Budget Act called for us to act, I was presented with the administration's budget proposals.

I did not have time to properly address the requests of the veterans organizations of America. I did not have time to schedule hearings. I certainly did not have the time nor the propensity to go against the President of the United States, whom I helped to place in that position.

So it is a pleasant experience for me today. I have held myself open to the suggestions, to the requirements, to the need to do something to modestly increase that function if at all possible.

I commend the House Veterans' Affairs Committee and their initiative in developing the so-called Gramm-Latta compromise.

As chairman of the Senate Veterans' Affairs Committee, Mr. President, I am able to endorse this amendment and cosponsor it. This modification will modestly increase VA funding levels, as I say without hindering the President's plan for the economic recovery of this Nation, which is our most pressing mission at this time.

The funds which will be restored through this amendment will permit us even at this time of necessary fiscal austerity to continue, and I emphasize the word "continue," to provide quality medical care and other essential services for the 30 million veterans of this Nation.

We owe them much, and we have always met that obligation. We do so again in this instance.

I am pleased now to join the administration and Senator THURMOND in providing this extra measure of recognition of this Nation's responsibility to its veterans. Thank you. Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. HOLLINGS. I yield to the distinguished Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I have listened in astonishment to the presentation of this amendment this afternoon and I have difficulty following the rationale that is being presented here. We went through a whole series of votes in connection with the Veterans' Administration. We were assured by the chairman of the committee that the amounts provided were sufficient. Now what is proposed at the last hour is to take $300 million out of the health function, out of functions that nave been aptly described here on the floor, the immunization programs, preventive care, nursing training, rural health, mental health, NIH, and adding $300 million to a budget already in the area of $23 billion.

I would appreciate it if the distinguished chairman of the committee, Senator SIMPSON, would give me a little enlightenment on this situation. My specific question is, what has changed since the assurance the chairman gave us on the floor less than 3 weeks ago?

Mr. SIMPSON. One of the things which has changed has been the recommendation of the President of the United States. That has a rather significant influence on my thinking. There was never any attempt to breach the figures. There was simply a reallocation and that is what this amendment does. The amendment would not have been presented if the so-called Gramm-Latta provision had failed in the House of Representatives. The Gramm-Latta provision did succeed just moments ago in the House of Representatives. When it did the administration supported modifications in the 1982 budget totals for the veterans' function.

It is Senator THURMOND's amendment which reconciles the Senate resolution with the Gramm-Latta substitute, adding in the veterans' function and reducing the health function. These modifications are totally in accord with the President's recommendations to achieve economic recovery. We have not come down below the President's recommendations in the health function. We are not lower than that by adopting this amendment. I want to emphasize that.

Those are the explanations. I am sure that the principal sponsor, Senator THURMOND, may have some further commentary. I have given the specifics as to where the adjustment is being made. As to the reasons for it, I think I have tried to explain.

Mr. CHAFEE. Mr. President, I thank the distinguished Senator from Wyoming for that explanation, but speaking as one Senator I do not believe we should be led around by the nose by Gramm-Latta or what takes place in the House of Representatives. That is fine, if they want to do that. As we all know, the President supported that budget because he had a lot of trouble with the Democratic House. That is no secret. He made his changes in order to conform with the best he could get. Namely, he could get the Jones budget. The Jones budget was in imminent prospect of passing, so the President chose to line up with Gramm-Latta.

That is fine, but it does not mean we have to change. We have gone through a whole series of votes.

It seems to me there is a little shifting of ground here and I find it disturbing. I would like to ask the Senator, are there a series of other Gramm-Latta changes that will be presented? If not, why not?

Mr. SIMPSON. Mr. President, I know of no such changes. This is the only one I am familiar with. I became familiar with it exactly yesterday. I visited with the leadership, with the various persons involved, and with the sponsor. As far as I know, there are no other so-called Gramm-Latta conditions, substitutes, aberrations, and so on.

Mr. CHAFEE. Well, Mr. President, I quote from the distinguished Senator from Wyoming, what he said on this subject on March 26 on this floor:

> We restored all the funds that were necessary to assure that VA could maintain the present level of staffing for health care. We did that. We kept the commitment. Not one essential benefit—I urge the Senators' attention to this fact—not one essential benefit, not one pension, and especially not health care for veterans, was cut back in this request.

Mr. President, what bothers me is, one, the procedure we are going through. We took a whole series of very painful votes. As the distinguished senior Senator from South Carolina pointed out, those were difficult votes, and we made them. Who wants to stand on this floor now and not give the veterans whatever is asked? That is not the most popular thing.

At the same time, we did it. We had assurance that what we did was right. Not one single benefit, especially not health care for veterans, was cut back, the Senator said. Now there is a change; we are starting through a new process. But where are we getting it from? We are getting it from the health care for other people.

Mr. President, I think that is wrong. No one can say the health of United States citizens of the lower economic brackets is well taken care of in this country. We are all concerned about it. I do not think we ought to proceed by taking $300 million from this function—look at the list of what it is: community and rural health. In my State, why should I be arguing for rural health? We do not have many rural areas. But we do have one community rural health center that does a magnificent job. I do not want to see that cut.

I am not familiar with the figures here, but I would be interested in somebody telling me what the cut was in the health programs from what it was originally anticipated to what we end up with in this budget. I would venture that there were very substantial cuts in the health budget that was brought forth on this floor.

Now, Mr. President, I supported the President in vote after vote on these tough votes. I am very reluctant to start around this track again at this time. So, Mr. President, for a procedural reason and also for the way it is being done, the cuts that are being made, where the money is coming from, particularly when we had the assurance, just last month, or in late March, that everything was fine, I see no reason for changing and I hope that this amendment will be defeated.

I thank the distinguished Senator.

Mr. KENNEDY. Will the Senator yield for a question?

Mr. HOLLINGS. Mr. President, I am trying to get the figure that the Senator from Rhode Island asked for. I think he brings it right to the fore.

Mr. KENNEDY. I can give the percentages to the Senator from Rhode Island if he would like the percentages.

Mr. HOLLINGS. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Under this budget, there would be an 8-percent reduction from current services for community health centers, mental health and prevention. If the amendment of the Senator from South Carolina is successful, there will be a 32-percent reduction from current services in mental health care programs community health and prevention.

Mr. CHAFEE. Mr. President, I thank the Senator from Massachusetts for that information. What is troubling me here is that we are taking $300 million from a relatively small account where, percentagewise, it is very substantial, and adding it to a budget of—I would appreciate it if the distinguished Senator from Wyoming could tell me what the total budget of the Veterans' Administration is. It is something in the area of $23 billion, is it not?

Mr. SIMPSON. Mr. President, if I may. I shall respond to that and also the remarks of the Senator from Rhode Island, because I think it is important to try to keep a perspective on where we are.

The Veterans' Administration budget is $23.6 billion. It was originally proposed by President Carter to increase that by $2.1 billion. The newly-elected President of the United States reduced that income by $800 million, still leaving the Veterans' Administration with a budget of $1.3 billion above the anticipated budget for 1981.

The health budget for fiscal year 1982 is estimated to be $83 billion. In the Budget Committee the health function was increased $434 million above the President's recommendations for budget authority and $214 million above outlays. Senator THURMOND is simply reducing this increase so that, when we have finished this exercise that seems to be indicated to be so painful, there will still be an increase in the President's function 550 proposals of $134 million in budget authority and $64 million in outlays.

I know the intensity with which Senator CHAFEE has pursued this issue. I sat and voted against a package of his amendments which were thoughtful, considerate, and submitted with total sincerity. So I know of that anguish. I also know the type of anguish that I have as the new chairman of the Committee on Veterans' Affairs, dealing with a budget that is the fourth largest budget in the Federal Government—I am fully aware of that—and also being guided by the modified recommendations of the President of the United States, which, at this time, and for strictly economic reasons, I choose to follow.

Therefore with the change in the President's recommendations and associated OMB projections, when we are through with this, we shall still have a health budget which is $134 million above the President's 1982 budget authority recommendations and $64 million above his outlays recommendation.

Mr. CHAFEE. Mr. President, I just want to say that I think we are starting down a very slippery slope this afternoon. We adopted that reconciliation measure. We went through, I believe the chairman of the committee could tell me, 34 votes. And there are not many people in this Chamber who want to go through that again. They were difficult votes. Now we are reopening it.

Certainly, there are appealing areas that this money could go to. But if we start trimming our sails to the Gramm-Latta bill or what the President said lately, I think we are in for a great deal of trouble, trouble that, certainly, I do not want to go through again. So, Mr. President, again, I urge my colleagues, not only on the merits but also for procedure and precedent reasons, that we defeat this amendment.

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. Mr. President, the first year I was in the U.S. Senate, our deceased beloved colleague, Hubert Humphrey, was seated right here, in front of where I stand. He made a speech on national health insurance. He said that we ought to quit referring to it as national health insurance; we ought to refer to it as national sick insurance, because it does not do anything for you as long as you are in good health. It is only when you are down and sick that it makes any difference.

Then he recited some statistics about how successful HMO's are in Minneapolis, because their incentive is to keep people out of hospitals and keep them healthy.

He cited a very dramatic statistic, that the Ford Motor Co. had demonstrated with preventive health programs; by making their employees go through a semiannual physical checkup and carrying their own insurance on those employees, they saved themselves tens of millions of dollars a year by keeping their people in good health.

When it comes to cost-effectiveness, we are attacking here the most cost-effective program that the U.S. Government finances. I defy anybody in this body to come up with one dollar the United States spends where it gets a greater return on its investment than it does in preventive health.

Three weeks ago, we debated these issues on the floor of the Senate. I voted then to restore funds to the Veterans' Administration for health care. I am prepared to vote for it again today. But I am not prepared to vote for it at the expense of what is easily the most cost-effective program the U.S. Government covers.

I would have thought, as I stood here 3 weeks ago pleading with the Members of this body to restore $6 million—$6 million, 9/1000ths of 1 percent of HHS' budget—for the childhood immunization program, I would have thought that everybody on that side of the aisle would have been clamoring to undo the vote they cast that day. Only two Senators, the distinguished Senator from Florida (Mrs. HAWKINS) and the distinguished Senator from Maryland (Mr. MATHIAS) voted to restore $6 million to the childhood immunization program.

I felt comfortable then that the people on that side of the aisle were simply saying that day that it was not the time or the place to restore those funds, and that all Senators would want at some time in the future to get their names off the "no" vote they cast that day. But today, after the Budget Committee has restored these preventive health funds and given everybody a chance to be uniform, unanimous, in voting for these childhood immunization programs as well as these other preventive health programs, I thought everybody would be clamoring to carry out the committee recommendation.

Now, all of a sudden, we have an amendment to take these funds away again and put us right back to square 1.

I come from a rural State. There are counties in my State which, if you take these funds away, will have no primary health care—at least, sizable segments of some of the counties. I do not want to say that there is not a county in my State that does not have primary health care. But there are sizable areas within many of my counties that depend on these rural health care clinics for their primary health care. It is the only way they know to get into the health system.

The first year I was Governor of Arkansas, I commissioned a poll on health care in my State, and we found that 50 percent of the people did not even know how to get into this system. Fifty-five percent of the people said they did not know what to do in the case of an emergency—if they broke a leg or if their mother was having a heart attack.

These rural health care programs have been essential in helping people get into the health care delivery system where they had no other alternatives. If you vote for this program, you are sending the people in rural Arkansas back to square 1 in health care.

The people in the rural areas in my State, many of whom never knew what to do before, have been provided with a 24-hour telephone number if anything happens to them. What a comfort that is to the elderly, to know that they can at least call a number and somebody is going to answer in the middle of the night.

Mr. President, when I practiced law, I was often involved in domestic relations cases in which one of the parties had

some sort of mental problem. Many times, the judge had no place to refer them for treatment. The wife or the husband would be sent back into the home, with absolutely no chance for health assistance and some counseling, and of course, that meant that family relations deteriorated even further.

Getting back to immunization, Mr. President, I want to put some facts and statistics in the RECORD that I failed to put in 3 weeks ago. In 1978, when Joe Califano was Secretary of Health, Education, and Welfare, we started a measles eradication program. If you want to know why we started it, it was because in 1977 we had 57,000 cases of measles in this country.

We embarked on that program, which just cost pennies, by the way we count money in the Senate; and last year, 1980, we had only 13,430 cases—a 400-percent cut. At this same period in 1980, we had had 5,407 cases of measles; and so far this year, we have had only 942—another 400-percent cut. These figures are nothing short of amazing, but they show that every one of these diseases can be eliminated, just as typhoid and cholera were eliminated. But it cannot be done if we take money and go backward. The polio eradication program alone returns $90 to the United States for every dollar we invest in it.

Mr. President, I ask unanimous consent to have printed in the RECORD a chart prepared for me on the incidence of childhood diseases from 1975 to 1981.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

	1975	1976	1977	1978	1979	1980	1981
Number of cases of childhood diseases from 1975 to 1981:							
Rubella	16,652	12,491	20,395	18,269	11,795	3,837	599
Measles	24,374	41,126	57,345	26,871	13,597	13,430	610
Tetanus	102	75	87	86	81	74	10
Mumps	59,647	38,492	21,436	16,817	14,225	8,531	1,186
Pertussis	1,738	1,010	2,177	2,063	1,623	1,651	22
Diptheria	307	128	84	76	59	5	3
Polio	8	14	18	15	34	9	0
Appropriafions for childhood immunization (millions)	$6.2	$6.4	$17	$23	$35	$24.5	$24.1

SUMMARY OF MORBIDITY DUE TO SELECTED VACCINE-PREVENTABLE DISEASES,[1] REPORTED CASES FOR THE WEEK ENDING APR. 25, 1981—WEEK NO. 16

Area	Measles (rubecla)					Rubella					Mumps					Pertussis, cumulative	
	This week		5-yr mean	Cumulative		This week		5-yr mean	Cumulative		This week		5-yr mean	Cumulative			
	1981	1980		1981	1980	1981	1980		1981	1980	1981	1980		1981	1980	1981	1980
United States (except territories)	93	911	1,249	942	5,407	68	123	593	884	1,570	82	188	546	1,687	4,323	308	306
United States and territories	107	916	1,281	1,078	5,461	68	124	594	888	1,578	91	195	572	1,749	4,408	310	310
DHHS region I		76	69	28	416	3	14	51	77	97	4	25	18	87	415	7	7
Connecticut		19	5	3			1	11	5	10		1	7	17	82	1	
Maine		9	2	4			2	1	31	39		19	6	16	208		3
Massachusetts	7	10	16	18	3	8	11	26	22	2	1	2	25	98	3	4	
New Hampshire	35	16	4	207		1	16	15	21			0	8	10	1		
Rhode Island				2		2	1		5		1	2	17	14	2		
Vermont	34	15	1	182			10				2	3	1	4	3		
DHHS region II	19	253	217	354	1,112	3	36	104	105	171	17	22	52	191	235	26	29
New Jersey		133	36	21	340	1	19	33	37	45	4	2	8	61	68	2	
New York	4	34	115	171	319	2	8	57	44	84	3	9	7	44	57	22	20
Puerto Rico	14	5	29	132	44		1	1	3	7	8	7	21	54	79	2	4
New York City	1	81	35	27	405		8	13	21	35	1	4	15	29	30		5
Virgin Islands			1	3	4						1		2	3	1		
DHHS region III		199	225	94	693	2	6	60	36	31	16	7	28	222	600	17	10
Delaware			1		1		1	1		1			1	3	31		1
District of Columbia			0							1			2		2		
Maryland		6	23	1	27	1		7	1		7	3	5	46	122		1
Pennsylvania		170	113	84	474		1	11	15	6		1	8	72	352	12	4
Virginia		22	71	2	186	1	1	35	5	9	5	1	2	57	40	2	2
West Virginia		1	17	7	5		3	7	15	14	4	2	10	44	53	3	2
DHHS region IV	16	46	64	234	875	7	5	54	87	179	5	13	71	135	745	60	61
Alabama			0		16			0		3		1	2	11	10		1
Florida	16	27	16	151	218	2		10	32	36	3	2	5	52	81	7	7
Georgia		8	8	80	389	1		1	25		1	1	0	22	1	23	36
Kentucky		1	15		33		2	4	11	28		6	35	22	535	19	7
Mississippi		6	2		60			5		1			1	1	21		2
North Carolina			2	3	38		2	9	4	39		1	3	4	63	2	3
South Carolina		3	5		115	2		9	6	45		1	1	5	16	5	3
Tennessee		1	15		6	2	1	15	9	27	1	1	20	18	18	4	2
DHHS region V	12	221	326	57	1,294	22	20	210	193	413	19	90	212	490	1,698	75	88
Illinois	8	4	44	14	149	13		53	55	80		15	48	84	204	11	52
Indiana		4	36	3	44	2	14	18	57	151	6	5	19	69	63	22	13
Michigan	2	30	91	24	157	2	2	41	24	97	8	16	75	202	541	16	8
Minnesota		93	73	1	472		1	1	5	19		3	1	4	8	4	2
Ohio	2	17	17	15	126			62		2	4	46	32	62	700	13	10
Wisconsin		73	65		346	5	3	34	52	64	1	5	39	69	179	9	3
DHHS region VI	55	56	68	129	417		4	26	52	58	5	3	37	93	140	19	38
Arkansas			0		9			1		2			4		14		5
Louisiana			7		7			9	6	5			2	3	41	3	3
New Mexico		1	1		5		1	1	1	5			1			3	
Oklahoma		41	11	5	301			2		1			7			1	8
Texas	55	14	47	124	95		3	14	45	45	5	3	23	90	85	12	22
DHHS region VII		7	94	3	178	15	4	15	47	109	3	10	103	144	161	14	19
Iowa		3	42	1	15			3		3	2	5	26	34	24	2	
Kansas			28	1	45	15	3	8	43	77	1		20	85	46	4	10
Missouri		1	22		59		1	4	3	29		4	57	22	82	7	8
Nebraska		3	1	1	59			0	1			1	0	3	9	1	1
DHHS region VIII		2	41	4	43	2	14	12	28	37	10	8	9	45	91	11	16
Colorado		1	3	4	4	2	2	2	23	6	7		6	33	22	10	11
Montana			11		1		11	3	1	12		8	2	3	43		3
North Dakota			5					4		3					3		1
South Dakota								0					1	1	1		
Utah		1	21		38		1	3	3	16	3		0	8	22	1	
Wyoming								0	1								1

SUMMARY OF MORBIDITY DUE TO SELECTED VACCINE-PREVENTABLE DISEASES,[1] REPORTED CASES FOR THE WEEK ENDING APR. 25, 1981—WEEK NO. 16—Continued

Area	Measles (rubeola)					Rubella					Mumps					Pertussis, cumulative	
	This week		5-yr mean	Cumulative		This week		5-yr mean	Cumulative		This week		5-yr mean	Cumulative			
	1981	1980		1981	1980	1981	1980		1981	1980	1981	1980		1981	1980	1981	1980
DHHS region IX	5	48	120	174	313	13	18	44	203	409	7	10	23	202	173	57	31
Arizona		12	7	2	55	4		2	10	9	1	3	1	10	16		3
California	5	36	108	162	247	8	18	42	187	396	5	7	17	171	144	54	28
Guam			0	1	3								3	1	3		
Hawaii			0		3			1					2	9	3	2	
Nevada			3	9	2	1		0	5	3	1			7	5	1	
Trust Territory			2		3				1	1			1	4	2		
DHHS region X		8	59	1	120	1	3	17	60	74	5	7	20	140	150	24	11
Alaska			0		5					1	1			4	4		1
Idaho			30					5	1	10			5	4	13	1	
Oregon			8					2	15	28	1	1	5	39	41	1	1
Washington		8	21	1	116	1	3	10	44	35	3	6	10	93	92	22	9

[1] Note: Summarized from the morbidity and mortality weekly reports. 5-yr mean completed for week16, 1976–80, (except trust territory, began reporting 1978).

SUMMARY OF MORBIDITY DUE TO SELECTED VACCINE-PREVENTABLE DISEASES,[1] REPORTED CASES FOR THE WEEK ENDING APR. 25, 1981—WEEK NO. 16

Area	Diphtheria					Tetanus					Polio icial					Polio paralytic,	
	This week		Cumulative			This week		Cumulative			This week		Cumulative			Cumulative	
	1981	1980	1981	1980	Mean	1981	1980	1981	1980	Mean	1981	1980	1981	1980	Mean	1981	1980
United States (except territories)			3	1	80		2	13	13	15				3	2		2
United States and territories			3	1	80		2	13	16	20				3	2		2
DHHS region 1								1							0		
Connecticut								1							0		
Maine																	
Massachusetts																	
New Hampshire																	
Rhode Island																	
Vermont																	
DHHS region II			1		2			1	4	5				1	0		1
New Jersey										0				1			1
New York									1								
Puerto Rico									3	4							
New York City			1		2			1		0					0		
Virgin Islands										0							
DHHS region III									2	1							
Delaware																	
District of Columbia																	
Maryland									1	1							
Pennsylvania																	
Virginia									1	0							
West Virginia																	
DHHS region IV		1					1	2	2	5					0		
Alabama								1									
Florida		1								2							
Georgia																	
Kentucky							1		1	1							
Mississippi																	
North Carolina										1							
South Carolina								1	1	0							
Tennessee															0		
DHHS region V				1				2	1	0					1		
Illinois				0						0							
Indiana															0		
Michigan				0				1							0		
Minnesota								1	1								
Ohio																	
Wisconsin																	
DHHS region VI				2			1	2	2	4							
Arkansas								1		0							
Louisiana										2							
New Mexico				1													
Oklahoma																	
Texas				1			1	1	2	2							
DHHS region VII				1				1	1	1							
Iowa																	
Kansas									1	0							
Missouri				1				1		1							
Nebraska																	
DHHS region VIII		1		3						0				1			
Colorado				2										1			
Montana		1															
North Dakota										0							
South Dakota				1													
Utah																	
Wyoming																	
DHHS region IX				6				4	4	2				1	1		1
Arizona				5				1							0		
California				1				3	4	2				1	0		1
Guam																	
Hawaii																	
Nevada																	
Trust territory																	
DHHS region X		1		27						1							
Alaska		1		1													
Idaho										0							
Oregon										0							
Washington				76													

[1] Summarized from the morbidity and mortality weekly reports. 3-yr mean computed from weeks 1 to 16, 1978–80 (except trust territory, began reporting 1978).

Mr. BUMPERS. Mr. President, I thought we were supposed to be on an economy kick in this country. I thought we were supposed to be championing those programs that were the most cost-effective—not the most expensive, but the ones that returned the most to us—the ones that would save us the most money in the long run. If we turn our backs on some of these programs, we are going to be adding billions and billions of dollars to the cost of health care, in the long run, not just to the people of the United States but also to the U.S. Government. The Government is picking up the tab for about 48 percent of the health care in this country.

I beg my colleagues not to turn their backs on health care. If the Senator from South Carolina wishes to offer his amendment separately, I will vote for it. I voted for it 3 weeks ago, and I will vote for it again, but not at the expense of these preventive health care programs.

Mr. DOMENICI. Mr. President, I yield to the distinguished Senator from North Dakota.

Mr. ANDREWS. Mr. President, I share the concern of my colleagues about this amendment.

In the Budget Committee deliberation, we looked very thoroughly at the scope of Federal funding. I offered an amendment, supported by a number of my colleagues, that restored funding in several categories.

One of the categories that we restored involved the National Institutes of Health research against dread diseases. What helps our veterans more than finding better ways of combating heart disease, stroke, arthritis, kidney problems, and the rest? This is an investment in the future, an investment in saving lives down the line, an investment in saving the Government billions of dollars expended in health care that will not have to be expended if research and development can turn the corner in some of these dread diseases that affect our veterans as much as any other segment of our population.

Another part of the funding I put in this amendment in the Budget Committee goes to rural health care centers. The veterans of America are scattered throughout this great Nation in numerous rural areas. Among the problems they face is the lack of ability to get to the health care center they need. This type of funding is an investment in saving money down the line, money that would have to be spent in centralized veterans hospitals if that care was not available close to where the veteran and his family live.

The third part of the funding we restored in the Budget Committee action that our colleague seeks to strike is funding for nurses' training. We talk a great deal about training as an investment in the future of this country. Nowhere have I seen statistics that show there is an overbundance of nurses in this Nation. Nowhere have we found an incentive program to educate adequately the young people who are willing to serve this country and its people; this country's veterans can be better served by keeping this type of capitation grant going.

I do not yield to anyone in my support of veterans programs. I am proud to represent a State that has the highest percentage of its veterans enrolled in veterans organizations because they are proud they served and they want to continue to serve their country, their community, and their State.

But, Mr. President, this amendment, proposed as it is, to support veterans, but striking $450 million from research into finding ways to combat these dread diseases, striking money from rural health care centers, and striking money for nurses training to give us the type of nursing care that our veterans as a group need as much as any segment in our society I think is not the proper way to go at solving the funding needs in the Veterans' Administration.

There is no group that needs an investment in better health care more than our veterans group. There is no group really that needs this type of investment more than the group that we call the American family. The money that they are seeking to take out in this amendment is what should concern all of us because that money was directed at improving the quality of life and the future of all of us as Americans. That is really what the veterans stood for, that is what veterans still stand for, and that is why this amendment should be defeated because it is totally counterproductive. It is taking the money from the wrong source.

I urge my colleagues to defeat the amendment.

Mr. DOMENICI. Mr. President, I know that the distinguished Senator from North Dakota knows that I have the greatest respect for him, because he has a genuine concern for the areas to which he has just alluded, but I wish to compliment Senator THURMOND for what he is trying to do.

We can talk about what happened a couple weeks ago or a month ago, but today we have to face just a very simple reality. Yes; we fought very hard here in the Chamber to protect a veterans target number that the Budget Committee had produced in reconciliation. Yes; it was a very tight number, and it represented a very tight budget on a very exemplary health delivery system that helped everyone.

The veterans health delivery system does not only help veterans. We are talking about preventive medicine. We are talking about senior citizens. There probably is not a health institution in the United States that does more for that group of people than the veterans health system. There are three Nobel winners in medicine out of the veterans health system and all kinds of innovations in research, most of which affect either senior citizens at large or affect some very difficult medical problem.

No; I am not one who knows the details of the veterans' budget like those who handle it in the authorizing committee, but I do know that for whatever reason from the time we voted in this Chamber until this date, the President had his budget people look at that veterans' health function. They have indicated that they were being extremely restrictive in some areas. As a result, the Senate finds itself today in the very practical situation, and I say to the distinguished Senator in the Chair from Rhode Island that he sensed a very difficult problem that we have here today and a process that is very difficult.

But the reality is that STROM THURMOND has offered an amendment to add $150 million in outlays and he has also gone back up through this budget and tried to find $150 million in outlay savings. I can assure you that, if he had not done that, if not this evening then at least tomorrow morning, we would have voted in $150 million or $200 million additional money for the veterans based on the premise I have just described.

He championed the President's budget in the Chamber in holding the veterans' health function down. He and his cosponsors know the practical situation I just described.

He went back with us and looked through to see if he could find some place to effect the kind of savings that were needed to make that veterans' function what it most surely will be, whether it is through his amendment or a free-standing amendment, to add $150 million or $200 million because that will be the reality. Let me add that I am going to resist this effort if it simply adds $150 million in outlays with no corresponding reductions.

I have heard the distinguished Senator from Arkansas talk about preventive medicine, measles shots, and the other things he is talking about.

Let me tell Senators what the Budget Committee function is. The health function has $83.6 billion in budget authority in it and $73.4 billion in outlay estimates in it. Not $5 billion, not $50 billion but $73.4 billion; everything from payments for health care to all the programs we have been talking about. I do not understand why someone identifies programmatic reductions. We do not have any authority to tell those committees what to cut.

What it is is a two-tenths of 1 percent cut in the outlay estimate for this function.

If the Senator wants to assume, and I assume my good friend from North Dakota does in good faith, if he wishes to assume it is going to come out of NIH, let him assume that. If he wishes to assume it is going to come out of those fantastic programs that he has described here that will help veterans as well as other people, let him assume that.

But the truth of the matter is that by the time we are through here and the time we go to conference, we will be very, very close to, if not absolutely higher than, what the President estimated the health function to be. We will be very close, even with this $150 million cut that is going to be transferred to veterans health from the health preventive or basic health programs, rural health clinics, and health payment programs that are in this function.

There is not any miraculous way to solve this problem.

I think I have stated it as clearly as one can. I have no message from the President. There is not anyone around who has one. We do not know that the President of the United States supports each and every number in the Gramm-Latta bill. We do not know that. He supported that thrust which is very close to his, and, as the good Senator from Rhode Island indicated, it is fine for the President to support that. But we do know that when the President and his budget people negotiate with House Budget Committee members and those supporting that resolution in the other Chamber and say, "OK, we will take another $150 million in veterans," we are making the resolution even tighter in other areas.

The political reality is that that turns up in this Chamber as having the unequivocal support of the President and whether it is in this amendment, or tomorrow in a freestanding amendment, we will add that money.

It seems to this Senator the prudent way to do it is to hold the budget target line as far as the totals. Let us negotiate in conference. I absolutely know that no one can predict that any of these specific programs are going to be curtailed by this.

I urge that, if we are going to add to the veterans function, we do it in a manner that is reasonably calculated to hold the health function and the veterans health function somewhat along the lines that the Senate Budget Committee recommended.

Mr. ANDREWS. Mr. President, will my friend yield?

Mr. DOMENICI. I am pleased to yield.

Mr. ANDREWS. I appreciate my colleague's yielding.

Let me answer very briefly one of the points he made. He asked why I assumed this was coming from nurses training, rural health centers, and NIH. I am assuming that because it was my mark in the Budget Committee that increased these fundings specifically for these three categories. That approach was approved by a majority of the members of the Budget Committee, and it is at that mark that this amendment is directed.

I also grant, and my colleague said very persuasively, that this is only 1½ or 2 percent of health care funding in this country. That is right. It is also only 1½ or 2 percent of Veterans' Administration expenditures.

I am fully supportive of the programs for veterans. The need in this Nation is great for veterans care. However, the objection I have to this amendment is that the Senator is counterbalancing veterans care to a unique degree when he takes it out of the nurses training, the health care centers, and the research against dread diseases that is designed to help our veterans most.

I appreciate my good friend's yielding.

Mr. DOMENICI. I also want to say this, Mr. President: When we finish our dollar-rounding the net effect of this on Senator ANDREWS' add-on in committee, the net effect of his amendment, was to add $200 million in outlays for the year 1982.

When we are finished, if the Thurmond amendment passes, there will be $100 million of the Andrews amendment still there. The net effect of the cut and rounding will be that $100 million of the $200 million he added will still be there.

I will acknowledge that it is not the same on budget authority. It is a $300 million cut, but I remind my colleagues of the remarks I made a while ago on this function. The programs that are being espoused are marvelous programs, and quoting Hubert Humphrey on preventive medicine versus those who are sick is a wonderful discussion to have here today, but the truth of the matter is that this amendment represents a $100 million outlay change out of a function that is $73.4 billion in outlay estimates.

I do not think it is appropriate for anyone to say that means community health is going to be cut 38 percent or dread disease research is going to be cut 52 percent. I just do not think that is a fair argument. Someone can say they do not want this to happen, and they can make their point. But they cannot only make it here, they can make it later in the appropriations process, and in authorizing committees as well.

So, I hope that, if we are going to add to the veterans function, we do it in this manner. I yield the floor.

Mr. HOLLINGS. Mr. President, the distinguished chairman makes some very, very dangerous arguments for a chairman of the Budget Committee, and I say that advisedly. He argues, "Look at these large figures; there are no lines." But in the next breath he says, "Hold the line." Now, where are we?

The fact of the matter is the Senator from North Dakota, the Senator from Arkansas, the Senator from Rhode Island, the distinguished Presiding Officer, the Senator from Massachusetts, and all of us working in the field, we all know they are very, very meaningful figures.

When the Director of the Office of Management and Budget comes up and says for example, "Do away with nurses training, there is only $100 million in there," he is actually trying to do away with nurses training and education. And similarly, he is trying to do away with community health services and to do away with rural health services. When you ask him, he says, "Oh, no, we are not doing away with them; we are transferring them back to the States. When we look at the whole health budget, which is $74 billion, this is just a little amount, so it is really not going to matter much."

If he really wants to help out the veterans health programs, and these health services programs, then he should just increase his deficit from $44.8 billion—which is a false deficit—to $44.9 billion, using the argument of the Senator from New Mexico. What is the matter with that? We can have rural health, community health. You could then satisfy all of those interested in health care, and the veterans. Because the truth of the matter is this is not about rural health, this is not about community health, or about veterans health. This is about political health.

We know what has happened. It is political health to certain parties around here. That is the only thing that has changed. They want to get on record, having already voted four times for the present funding and saying it is more than adequate, and now show they really are for veterans. They are going to get another little record out on this too. For whom? Not for the veterans, not for rural health, not for community health, but for their political health. That is what is going on. It is a sham.

We ought to get to moving here, and let us not give any sanctity that that is holding a balanced budget. I say, yes, it would be better to put the $150 million in and increase the veterans, and I will vote for it. But do not give us this thing about how this amendment helps a balanced budget. It is already $44.8 billion in the red under your estimation now. Make it $44.9 billion in 1982, and who knows what in 1983. Everybody has been wrong from year to year, so why worry about the thing? Just go ahead and put the money in. That is better than cutting either the veterans or rural health or community health.

This is a terrible way to do business down here on the floor if we are ever going to really get any kind of discipline in this budget process.

But if we are going to go ahead and help the veterans, and if we are going to try to maintain these health programs, let us do it correctly. Because the administration is telling us every time we turn around, we are going to cut this, eliminate that or eliminate this. And we have gotten the message very, very clearly on many very, very meaningful programs.

But if it is as casual and meaningless a matter to cut budgets and shift money, as you say, you would not have Senators coming back here at this late hour to debate it.

I hope this amendment will fail.

The PRESIDING OFFICER (Mr. ABDNOR). The Senator from South Carolina.

Mr. THURMOND. Mr. President, Senator CHILES of Florida has given me a statement to place in the RECORD, and I would like to read it to the Senate:

STATEMENT OF SENATOR LAWTON CHILES

Mr. President, I am pleased to be a cosponsor of this amendment to restore $300 million to the Budget Resolution for Veterans' medical care. This amendment closely matches the amendment I offered when we considered the Reconciliation bill. Those funds would restore the cuts proposed by the President for staffing, equipment, and other operating expenses of V.A. hospitals and clinics.

Mr. President, I am an enthusiastic supporter of the campaign to fight inflation by cutting excessive federal spending and moving toward a balanced federal budget. I have made the reduction of federal spending my top priority here in the Senate. I voted for the full package of cuts in the Reconciliation bill, and I voted to report this Budget Resolution, which contains billions more in cuts, favorably from the Budget Committee. I support the President in his program to turn around the economy by enacting major spending and tax cuts in 1981 and 1982.

But I do not believe that the American people want to see us cut back on those who cannot fend for themselves—disabled veterans, low income elderly or hungry chil-

dren. The polls taken since the announcement of the President's budget show that while a majority want cutbacks in most spending programs, a full two-thirds oppose cutting veterans programs. This dramatic support shows that the public clearly recognizes that the nation should provide compensation to those people who gave of their lives and bodies in its defense.

Mr. President, medical care at VA hospitals and clinics is one of the most basic of all veterans services. VA medical facilities operate at relatively low cost, but they are still subject to the same costs of inflation as all other services. We must pay adequate salaries to attract competent doctors and nurses. They must pay higher fuel costs. And we must expand services to meet the demand of greater numbers of veterans reaching retirement age.

The President's original budget proposal would have cut about 5,000 staff from direct medical care, it would have required a major reduction in outpatient clinic visits. Another cut that particularly disturbed me was a reduction in community nursing home care and the hosiptal based home care program. My previous amendment would have restored those cuts; this amendment will also do so. I was disappointed that the last time around my amendment failed by a narrow vote. I am hopeful that this time the amendment will pass. Veterans medical care must remain a top priority in the federal budget.

Mr. President, that is the statement by the distinguished Senator from Florida who is supporting this amendment.

Mr. President, I want to say that this amendment, I am informed by knowledgeable people here, will reduce the health budget function 550, by only two-tenths of 1 percent. What is the health budget of this Nation? I believe it is $83.6 billion. I repeat that, $83.6 billion, and my amendment only reduces that by two-tenths of 1 percent.

I believe the veterans of this country are entitled to have this fund restored to the VA budget. There is no question that the original budget proposal by the administration went a little bit too far in its reductions, and that is the reason why President Reagan, it is my understanding, has agreed to the veterans provision in the Gramm-Latta compromise.

Mr. President, you can turn the veterans down if you want to. You can call this politics if you want to, call it anything you want, but these are the men who wore the uniform and saved this country. You would not have a country if it were not for the veterans who sacrificed their lives. All I am asking is just to put in the amount here that Gramm-Latta put in the House. And that budget figure has already passed that body, and the President of the United States has endorsed it. That is all I am asking.

I must repeat that the health budget is $73,400,000,000 and I believe it can stand a cut of two-tenths of 1 percent, especially when the additional funds go to our Nation's veterans.

I wish to say again that the veterans hospitals have carried on research programs. They have carried on programs for the elderly citizens and what they have done has helped all of the people of this Nation. There is no facet of our Government that has helped the general population more than the veterans hospitals and their research programs. It is felt that this is reasonable.

The American Legion sent a letter that I put in the RECORD endorsing this course of action. The Veterans of Foreign Wars has sent a letter endorsing this course of action. The Disabled American Veterans has sent a letter endorsing this course of action.

So, whatever you do here for these veterans will help all the population. I hope the Senate will see fit to pass this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I am confident that the Senator from Arkansas, this Senator from South Carolina, the Senator from North Dakota, and many of the others, were the ones proposing increases for veterans health care. We did not criticize. It was the others who criticized the amount for the veterans health.

What we are saying is that, yes, we are ready, willing, able, and prepared to vote those added amounts and vote them for veterans now. What we resist and what we oppose is the fact that they are cutting the needed health programs that veterans and all Americans, particularly the poor and the disadvantaged, participate in.

I can name the rural health centers, and even a veteran in a particular area that cannot come from Beaufort-Jasper up to the Charleston Veterans Hospital. I know he is down there, because he is calling my office and I am trying to get him in. I have five offices back home helping the veterans get into veterans hospitals. But the health care programs we are talking about here—nursing care, community health, rural health—are enjoyed and appreciated and participated in by veterans and all Americans alike. So we are not trying to cut the veterans.

It was us on this side who were trying to increase veterans funding just a month ago. We still are ready to do so, as they can see, and prepared to present an amendment for the increase. So let us get that record absolutely straight. It is strange that they come along and all of a sudden they were going to present an increase for veterans on the one hand and on the other hand cut out these particular health services programs. And this is all in the spirit of what they call a balanced budget, but which they project themselves to have $44.8 billion in deficits for next year. That is the difference here.

Mr. President, I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I was out of the Chamber when my colleague and friend, the Senator from New Mexico, Senator DOMENICI, made some reference about the total amount of the moneys that were included in this particular budget on health care. And then the Senator from South Carolina, Senator THURMOND, also made some references about the billions of dollars that are in this budget for health care and pointed out that there was only going to be a very, very small percentage of the moneys that would be affected by this particular amendment.

The fact is, Mr. President, that most of the programs that are in this budget on health care are entitlement programs that the President of the United States has not touched and refuses to touch and wisely will not touch, such as the entitlement programs under the medicare. But he has been extremely specific in the areas in which he would touch and he would cut back. Those are in the immunization programs. A 32-percent reduction over current services, very precise, very exact; the primary care programs cut back 25 percent; community health programs that reach out to the underserved areas of this country cut by 25 percent; drug and alcohol abuse programs, cut 25 percent.

So this body should be under no illusion that we have a big pot of general money labeled "health" and all we are doing is taking a few tenths of 1 percent out of it, everyone, because that is not what this budget process is about. And the Senator from South Carolina understands and the other Senators who have been involved in the Budget Committee understand it.

The budget requests and the reductions are extremely precise. The case has been made here by the Senator from Arkansas and by others about what the health implications are going to be. If Senator THURMOND'S amendment is adopted there is going to be a reduction of research in the war on cancer, make no mistake about it, and in the other programs of the NIH.

There are going to be tens of thousands of children that will not be immunized. There are going to be people that live in underserved parts of this country that will not be able to get primary care and probably will not be able to get emergency care. Make no mistake about it. We are not talking about eliminating paperwork and eliminating administrative overhead. We are talking about cutting the real heart out of many of these programs. And that is something that ought to be understood, Mr. President.

I think, those comments by my two friends and colleagues to the contrary, that the record will demonstrate the statistics which I have mentioned here this afternoon.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. I yield to the distinguished Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I think the point that the distinguished senior Senator from Massachusetts has made is very accurate and very valid, because, as the distinguished chairman of the Budget Committee pointed out, the health figure is a large one, but it is important to bear in mind that a substantial portion of that is medicare. And medicare is an entitlement program which the President has said he will not change. So that cannot be cut.

MEDICAID

In the Finance Committee, we made severe cuts in the medicaid program.

We lowered the minimum of the Federal supports. Many States are going to take very drastic cuts in the amount they receive from the Federal Government.

We lowered it from a minimum of 50 percent to 40 percent. We placed a cap on medicaid. So medicaid is not a fertile field to look for further cuts.

When you take both of those out of the health total, what is left is not that big, as has been suggested. So, Mr. President, I think what is proposed here is not a good amendment. It will definitely hurt the health functions of the Nation.

Mr. President, I repeat again that it is my hope that the amendment will be defeated.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I believe we are prepared to yield back any time remaining in favor of the amendment. Is the Senator prepared to yield back any remaining time?

Mr. HOLLINGS. Yes.

Mr. DOMENICI. Mr. President, we yield back our remaining time.

Mr. HOLLINGS. Mr. President, I first yield to the Senator from Arizona.

The PRESIDING OFFICER. Who yields time?

Mr. DECONCINI. Mr. President, I seek recognition.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Arizona.

UP AMENDMENT NO. 74

(Purpose: To increase the budget for veterans' programs)

Mr. DECONCINI. Mr. President, I send to the desk an amendment in the nature of a substitute and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI), for himself, Mr. CRANSTON, Mr. RANDOLPH, Mr. MATSUNAGA, proposes an unprinted amendment numbered 74 in the nature of a substitute for unprinted amendment No. 73.

Mr. DECONCINI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted by Mr. THURMOND, insert the following:

On page 8, lines 9 and 10, strike out "$83,600,000,000" and "$73,400,000,000" and insert in lieu thereof "$83,599,999,900" and '$73,399,999,900", respectively.

On page 9, lines 7 and 8, strike out "$24,500,000,000" and "$23,900,000,000" and insert in lieu thereof "$24,900,000,000" and "$24,150,000,000", respectively.

Mr. DECONCINI. Mr. President, although the amendment of my distinguished colleague from South Carolina is a very welcome change in the majority's previously unyielding opposition to any changes in the President's disastrous budget for veterans' programs, the Senator's amendment does not go far enough, and I urge him to join with me in my substitute amendment to his amendment.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. DECONCINI. I would like to finish my statement.

Mr. President, my amendment would increase fiscal year 1982 levels proposed by the Senator from South Carolina for function 700 by $100 million in both budget authority and outlays. The basis for my amendment is that the assumptions underlying the Senator's amendment include a faulty assumption that an extra $150 million will be realized by enhanced VA debt collection efforts.

Mr. President, as the Senator has stated, his amendment raises the function 700 level to the same levels proposed in the Gramm-Latta substitute, which the President supports.

In function 700 that substitute is identical to the recommendations of the House Budget Committee.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. DECONCINI. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, I wonder if we can get an agreement, and I have discussed this with the distinguished majority leader and the managers, that there will be a vote on the amendment by Mr. DECONCINI with no intervening votes on perfecting amendments.

Mr. BAKER. Mr. President, I had thought and, of course, I am not trying to make a suggestion to the Senator, that what he was going to offer would be a perfecting amendment instead of a substitute, which would have that effect. It does not make any difference to me. What the distinguished minority leader proposes would be equivalent to that. No other amendments would be in order.

I wonder if it would not be more straightforward to have a perfecting amendment to block out any series of amendments. We could agree that there would be either a tabling motion or a vote on the DeConcini amendment as the next vote.

Mr. ROBERT C. BYRD. Mr. President, I would hope that we could have an understanding that there would be no vote on intervening amendment in between.

As to whether or not we lock up an up-or-down vote on this particular amendment would be up to the Senator from Arizona.

Mr. DECONCINI. Mr. President, I have no objection to the suggestions of the minority leader or the majority leader, nor would I have objection to a unanimous-consent request to modify my amendment so it is a perfecting amendment.

Mr. BAKER. Mr. President, as far as I personally am concerned, I would prefer that it be a perfecting amendment. We are willing on this side to agree that there would be an up-or-down vote on the perfecting amendment.

Mr. DECONCINI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, we were in a discussion with the majority leader on the question of considering changing the present substituting amendment to a perfecting amendment. I ask the majority leader if he can see his way clear to letting me proceed here with my substitute. I should like not to delay the Senate for a long period of time tonight, or even tomorrow, and, hopefully, get a vote on this and get hopefully, get a vote on this and get on to other things. I have another amendment I should like to offer that will take some time also. Therefore, I should like to proceed as the amendment rests.

Mr. DOMENICI. Will the Senator clarify for the Senator from New Mexico? He wants to proceed with his substitute?

Mr. DECONCINI. Yes, if the Senator from New Mexico will yield. It is my understanding that that amendment is pending now and I should like to proceed with it.

Mr. DOMENICI. Does the Senator want to vote on that this evening?

Mr. DECONCINI. Mr. President, I should be glad to set a time this evening to vote that amendment.

Mr. DOMENICI. Could the Senator agree to a time? We have seen the amendment. It is a straight add-on for the veterans, as I understand, with no other function being reduced?

Mr. DECONCINI. That is correct.

Mr. DOMENICI. How much time would the Senator need?

Mr. DECONCINI. Ten minutes would be satisfactory for this Senator. I do not know about other Senators.

Mr. ROBERT C. BYRD. Mr. President, I hope we would not agree to a 10-minute time limitation.

Mr. DECONCINI. I said 10 minutes on this side, Mr. President.

Mr. ROBERT C. BYRD. There may be other Senators who wish to speak.

There is 1 hour on amendments to be equally divided.

Mr. ANDREWS. Will the Senator yield?

Mr. DECONCINI. I am pleased to yield without losing my right to the floor.

Mr. ANDREWS. As I understand it, Mr. President, the amendment the Senator from Arizona is proposing increases the budget for the Veterans' Administration but does not take it out of the nurses training funds, the NIH research functions, or the community rural health care centers, which were the add-ons which my amendment provided money for in the markup by the Budget Committee.

Mr. DECONCINI. The Senator from North Dakota is absolutely correct.

Mr. ANDREWS. Then he removes the objection that so many of us have been debating; veterans, yes, but not to take it out of this fund.

Mr. DECONCINI. That is correct.

Mr. ANDREWS. I appreciate the Senator's comments.

Mr. DECONCINI. Mr. President, to continue, I should like to have the rec-

ord show that this amendment is offered on behalf of not only myself and the ranking minority member (Mr. CRANSTON), but the other minority members on the Committee on Veterans' Affairs. Senator KENNEDY and, I am advised, Senator CHILES, of Florida, also asked that they be cosponsors of this amendment. I ask unanimous consent that their names be added as cosponsors.

. The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, in function 700, that substitute is identical to the recommendations of the House Budget Committee, and on page 194 of that committee's report on the first resolution for fiscal year 1982, they explain that their recommendation assumes "$150 million in savings from the collection of veterans compensation, pension, and readjustment benefit overpayments and outstanding loans."

That amount of saving in the House Budget Committee and Gramm-Latta proposals is over and above the collections that both the Carter and the Reagan administrations assumed that the VA would be able to collect in fiscal year 1982 in the debt collection effort that it has been planning for over a year now and for which we provided a great impetus in the provisions of Public Law 96-466, enacted in October of last year. The Gramm-Latta and Thurmond proposals for veterans' programs would, in effect, charge the same assumption against the VA another time.

Mr. President, there is no basis in fact for this assumption and I consider it to be very unfair to veterans in that such a large amount very simply will not be recovered. Thus, veterans programs will have to absorb—through underfunded benefits and services—the amount by which an already bare-bones VA budget would thus be lacking.

Because recoveries of the amount assumed in Gramm-Latta and Thurmond will not be achieved, I believe that claiming those additional amounts as savings is nothing short of the kind of budget gimmickry that, in my view, is already seriously threatening the budget process.

Thus, the dollar amounts in my amendment before us now exceed those in the Gramm-Latta proposal by $100 million to prevent this nonsavings from being charged unfairly against our Nation's veterans in the VA budget.

Mr. President, $50 million of the amount that is assumed in Gramm-Latta and Thurmond would not be added by this amendment. Thus, the VA still will have a very large order to fill. No one should mistake the situation and think the VA is not being charged to collect overdue debts of enormous amounts, because the record is clear that that is still the intent. I think that this more realistic amount is far more honest and more achievable. After all, what we really want to do here, I think, is help our veterans. The attempt has been made to do so prior to this by Senator CHILES' offering the amendment. I think that, now, we have a great opportunity to at least bring it up to the minimal amount.

We are not going to the full $800 million that was proposed in the original budget, but we are raising it to the necessary amount to meet the minimal amounts.

Mr. President, I ask unanimous consent that Senator BURDICK, the senior Senator from North Dakota, be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I should like to suggest a possible unanimous-consent request to see if the Senator from Arizona might be agreeable.

I hope we can get to a vote on the DeConcini amendment and then to the Thurmond amendment. I have discussed this briefly with the distinguished minority leader and the distinguished managers of the bill on both sides. I should like to suggest, Mr. President, that we have a vote up or down on the DeConcini substitute, say, at 7 p.m., to be followed immediately by a vote up or down on the Thurmond amendment.

Mr. President, I expect that there will be rollcall votes on both, but that would get both of those out of the way in a fairly brief period of time. There is much work yet to be done and a number of amendments yet to be dealt with.

I see that the distinguished minority leader is on the floor, with microphone in hand, and I yield to him before I make that request.

Mr. ROBERT C. BYRD. Mr. President, I have an alternate suggestion, which I have not yet discussed with the majority leader.

Would the majority leader and the manager and others on his side and the manager on our side be agreeable to a vote up or down on the substitute by Mr. DECONCINI at 10 minutes to 7; that that be a 15-minute rollcall vote; that that be followed by a vote on the amendment by Mr. THURMOND, as amended, if amended, immediately thereafter; and that that be a 10-minute rollcall vote?

Mr. BAKER. Mr. President, I cannot think of a better arrangement. I believe that is a distinct improvement over the request I was about to put.

Mr. RIEGLE. Mr. President, reserving the right to object, I may want to get into the sequence here. I wonder whether the Senator would repeat the request.

Mr. BAKER. Mr. President, I should like to adopt the suggestion of the distinguished minority leader, and I will restate the request he outlined.

I ask unanimous consent that a vote occur on the DeConcini substitute at 6:50 p.m.; that that vote be a 15-minute vote, if a rollcall is ordered, and I fully expect that one will be; that a vote occur immediately thereafter on the Thurmond amendment, as amended, if amended; and that that vote, if one is ordered, and I expect it will be ordered, be a 10-minute rollcall vote.

Mr. KENNEDY. I object.

The PRESIDING OFFICER. Objection is heard.

Who yields time?

Mr. DOMENICI. I yield myself 5 minutes.

Mr. President, this is a very forthright proposal: $400 million in new budget authority for the veterans function and $250 million in outlays.

Plainly and simply, it does not cut money anywhere else in the budget. It merely says that now, for some reason, we have decided that we are going to add $400 million in budget authority and $250 million in outlays.

I compare that with the amendment of the distinguished senior Senator from South Carolina (Mr. THURMOND), who proposed add-ons for the veterans' function and found corresponding cuts in another function of Government. The net effect of that amendment would be a zero add-on to the budget.

Plainly and simply, the net effect of the DeConcini amendment is to add $250 million in outlays, $400 million in new budget authority.

I do not believe we should adopt it. We have worked very hard to stay within the limits and targets, and now we will break those by the numbers I have just stated.

I have no interest in delaying matters. I believe we all know the arguments on the veterans function. We have heard them this afternoon. I do not believe they have changed in the last hour.

I call to the Senator's attention that whatever the arguments were on the Thurmond amendment, in terms of the add-ons, there is $100 million more in budget authority added on here and additional moneys added on in outlays—$100 million there, also.

Those are two main differences in savings by cutting elsewhere, an additional $100 million over the Thurmond amendment in budget authority, for a total of $400 million new, $250 million in outlays, $100 million over the Thurmond amendment, for $250 million in new.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on both amendments. First, the DeConcini amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. I ask for the yeas and nays on the Thurmond amendment.

The PRESIDING OFFICER. The Chair informs the Senator that it would take unanimous consent.

Mr. HOLLINGS. I ask unanimous consent to make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, if we are going to be honest in this budget and fair to the Nation's veterans, we cannot pretend that the $100 million in VA debt collections assumed in the Thurmond amendment will actually be made. We either must make realistic suggestions as to where in the VA budget this $100 million burden will be placed, or we should reject the assumption that recovery of this amount can be realized.

The assumption that the collections will be realized is worse than a fiction. It is a very bad gamble, and the Nation's veterans would be the losers.

I urge my colleagues to consider the consequences to veterans' programs if the bad gamble included in the so-called debt collection assumption in the Thurmond amendment is allowed to remain. I believe that assumption should not remain, because it is totally unrealistic.

I also believe that we should not be taking funding from valuable health services, to which veterans and all other citizens are entitled, in order to provide for the additions in function 700 suggested in the Thurmond amendment.

I compliment my friend and colleague from Arizona on his effective intervention in this matter and his thoughtful proposed solution. I urge my colleagues to give veterans their due by supporting the DeConcini amendment.

I yield, without losing my right to the floor, to the Senator from West Virginia.

Mr. RANDOLPH. I thank the able Senator from California.

Mr. President, what the Senator from California is saying is sound and reasonable. I endorse what he has told the Members of the Senate.

Mr. CRANSTON. I have endorsed the DeConcini amendment.

Mr. RANDOLPH. It is a privilege to join my Democratic colleagues on the Veterans' Affairs Committee as a cosponsor of the pending amendment.

What he has been saying about the other matters, the $250 million, and so forth, is certainly valid, in my opinion. The proposal deserves positive action by the Senate. The veterans of this country have earned our support.

Mr. CRANSTON. I thank the Senator.

Mr. President, I ask unanimous consent that the name of the Senator from Delaware (Mr. BIDEN) be added as a cosponsor of the DeConcini amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, let us be very clear about one important fact, and that is the position of veterans' organizations—with respect to the two very different amendments that we are considering.

The Senator from South Carolina indicated earlier that he has the support of those organizations—namely, the American Legion, the VFW——

Mr. ROBERT C. BYRD. Mr. President, too many conversations are going on in the Chamber.

The PRESIDING OFFICER. The Senator is correct.

Will the Senator from California suspend?

The Senate will be in order.

Mr. CRANSTON. Mr. President, the Senator from South Carolina earlier indicated that he has the support of those organizations, namely the American Legion, the VFW, and the Disabled American Veterans. Specifically, they support the Senator's effort to increase the veterans' function, but they have not said that they support any reduction in function 550 health programs.

I think that is an important point to keep in mind and I urge my colleagues not to infer that these fine organizations seek to cut funding for health programs in function 550.

Moreover, let me emphasize the veterans' organizations have certainly not indicated that they support the function 700 figure in the Thurmond amendment over the function 700 figure in the DeConcini amendment—which would provide $100 million more for veterans' benefits and services in this resolution than would the Thurmond proposal.

If the veterans' organizations were given the opportunity to make their position known, I am very confident that they would be supporting the DeConcini approach which provides the more realistic and fair budget level for fiscal year 1982 for programs that benefit our veterans and their dependents and survivors.

Mr. President, the final point I wish to make is that the Reagan budget for the VA that was proposed on March 10 assumes that only $21.4 million will be collected in the already ambitious VA debt collection effort. If OMB thought more would—or could—be collected, the March Reagan budget would certainly have included that additional amount.

So clearly this great amount claimed in the Thurmond amendment for VA debt collection is pie in the sky.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield 2 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, let me just add one further dimension to the debate when we are speaking of the veterans' organizations and what they are requesting.

What this amendment would do, of course, is breach the budget limit for the first time in the entire reconciliation process. I think that is what we have to keep in mind. This is it.

I do not think veterans want that or veterans' organizations want that any more than the general population of America wants that.

But let me add this dimension, that the Veterans' Affairs Committee is now considering 14 pieces of legislation all having to do with cost savings, every single one of them. If they were all passed there would be some $900 million in savings. There is no question but that the vehicles are there for the authorizing committees to take care of any problems that come up with regard to the budget.

What is being lost in the discussion is that it is not the Budget Committee that does the internal budgeting in the authorizing committee. It is the authorizing committee.

I can assure the President and I can assure this body and our leadership and the veterans of America we have all the vehicles we can use within the Veterans' Affairs Committee to come up with exactly what the limits are as set by the budget reconciliation process.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Mr. President, is there not a unanimous-consent agreement that we now vote on the DeConcini amendment?

The PRESIDING OFFICER. That request was objected to.

Who yields time?

Mr. DECONCINI. Mr. President, I wish to make a unanimous-consent request for particular reasons that we now proceed to vote on the DeConcini substitute.

Mr. ROBERT C. BYRD. The Senator does not have to if he will just yield back his time.

Mr. DECONCINI. Mr. President, I yield back the remainder of my time.

Mr. DOMENICI. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Arizona.

On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. GOLDWATER (when his name was called). Mr. President, I have a live pair with the distinguished Senator from Florida (Mr. CHILES). If he were present and allowed to vote he would vote "yea." If I were permitted to vote I would vote "nay." Therefore I withhold my vote.

Mr. STEVENS. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Utah (Mr. HATCH), the Senator from Maryland (Mr. MATHIAS), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. D'AMATO) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Montana (Mr. MELCHER), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The PRESIDING OFFICER (Mr. DANFORTH). Are there any Senators in the Chamber who have not been recorded who wish to vote?

The result was announced—yeas 39, nays 52, as follows:

[Rollcall Vote No. 92 Leg.]

YEAS—39

Andrews	Exon	Metzenbaum
Baucus	Ford	Mitchell
Biden	Glenn	Moynihan
Bradley	Hart	Pell
Bumpers	Heflin	Pressler
Burdick	Hollings	Pryor
Byrd, Robert C.	Huddleston	Randolph
Cohen	Inouye	Riegle
Cranston	Jackson	Sarbanes
DeConcini	Kennedy	Sasser
Dixon	Leahy	Tsongas
Dodd	Levin	Weicker
Eagleton	Matsunaga	Zorinsky

NAYS—52

Abdnor	Grassley	Nunn
Armstrong	Hatfield	Packwood
Baker	Hawkins	Percy
Bentsen	Hayakawa	Proxmire
Boren	Heinz	Quayle
Boschwitz	Helms	Roth
Byrd, Harry F., Jr.	Humphrey	Rudman
	Jepsen	Schmitt
Chafee	Johnston	Simpson
Cochran	Kassebaum	Specter
Danforth	Kasten	Stafford
Denton	Laxalt	Stennis
Dole	Long	Stevens
Domenici	Lugar	Symms
Durenberger	Mattingly	Thurmond
East	McClure	Tower
Garn	Murkowski	Wallop
Gorton	Nickles	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Goldwater, against.

NOT VOTING—8

Cannon	Hatch	Warner
Chiles	Mathias	Williams
D'Amato	Melcher	

So Mr. DECONCINI's amendment (UP No. 74) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself a half an hour at this point.

Mr. President, I rise to discuss the first concurrent resolution. For Senators who are here, I have about a minimum of a 30-minute speech, perhaps an hour. I yield myself as much time as that will take. I will talk slowly so everyone can hear what I have to say.

Mr. President, this resolution represents the most dramatic change——

Mr. FORD. Mr. President, may we have order in the Senate? If we are going to have an hour's speech, I would like to hear it.

Mr. DOMENICI. Mr. President, I thank the Senator.

The PRESIDING OFFICER. The Senator's point is well taken. The Senate is not in order.

The Senate is still not in order.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this resolution represents the most dramatic change in the past 25 years in Federal Government spending and taxing policies.

This break with the past, a past that has saddled us with a persistent and demoralizing stagflation, encompasses three major recommendations, all contained in this resolution. First, the resolution recommends that Federal Government spending grow at a much smaller rate than the rate that has prevailed during the decade of the 1970's. Second, the resolution proposes that defense spending increase in order to rectify serious and spreading shortcomings in the Nation's military. Third, the resolution allows sufficient room for the entire 3-year tax cut proposal of the administration, if such a cut is approved by the Finance Committee of the Senate and the House Ways and Means Committee. There would be ample room for that cut in this resolution.

Let me address these three central elements one by one.

The committee's overwhelming judgment is that Federal spending must be curtailed, dramatically and forcefully. The core of this resolution is the conciliation instruction, already approved by the full Senate as Senate Concurrent Resolution 9 earlier this year, that will reduce 1982 fiscal year outlays by $36.9 billion. Outlay savings under this reconciliation proposal would grow to $47.6 billion in fiscal year 1983 and to $56.9 billion by fiscal year 1984.

In addition to the savings recommended by the committee through reconciliation, the committee has recommended cuts in other areas and has gone on record as requesting more than $90 billion in further savings in outlays in fiscal years 1983 and 1984. In all, therefore, this resolution recommends, through reconciliation and a variety of other savings in future years, that Federal spending be restrained by more than $230 billion during fiscal years 1982, 1983, and 1984 below what would be spent in the absence of its recommendations. That is almost a quarter of a trillion dollars in restraint. No comparable effort at Federal spending control has ever been proposed by any congressional committee in the history of the Nation.

By the same token, I feel compelled to tell the Senate today that the dangers of ignoring the committee's recommendations are profound. That $230 billion in savings during the next 3 years may not be passed by the Congress. In that case, that $230 billion will be added to the prospective deficits in those years, further fueling inflation and crippling the ability of our citizens to fulfill their dreams and the dreams of their families. Of all the assumptions underlying the numbers contained in this resolution, passage and approval of the entire reconciliation instruction and other savings is by far the largest and most significant assumption.

Other spending restraint assumptions made by the committee include passage of a strong measure allowing a systematic attack on waste, fraud, and abuse. Senator KASTEN, a valuable member of our committee, has worked with many Senators on both sides of the aisle and has developed such legislation, which I will cosponsor. We assume this legislation will save $7.2 billion in outlays in 1983 and $7.7 billion in 1984 outlays and that these savings are quite reasonable as assumptions of future action. The House recommendation in this area in the original Jones mark, was similar to our recommendation.

A second spending restraint assumption is that the Congress will give, at least on a temporary basis and perhaps permanently, enhanced rescission powers to the President. This is an assumption we make for the outyears. Such a change in the present Budget Act would become especially significant if the Congress failed to approve the entire reconciliation instruction and spending subsequently soared beyond what we have urged. Again, we have been prudent and assumed only $5 billion in savings attributable to such a law change in fiscal years 1983 and 1984, and this is not cumulative.

Finally, we have urged in language in the report accompanying this resolution that Congress involve itself and the administration commit itself to a systematic arrangement to better control outlays when outlays threaten to rise above levels set by both the Congress and the administration. Control of outlays remains a difficult task, but one central to our goal of reducing the rate of growth in Federal spending.

A second major policy assumption underlying the resolution before the Senate is that defense spending will increase during the next 3 years. The committee has made room for the entire defense policy improvements package proposed by the administration. However, the committee has also asked that savings of more than $2.6 billion by fiscal year 1984 be achieved in outlays through improved management efforts in national defense, and that outlays that might occur at a higher rate than estimated by the administration be suppressed so that the outlay estimates in 1982, 1983, and 1984 will, indeed, be achieved. To this end, the committee has received formal written assurance from the Secretary of Defense, Mr. Weinberger, and David Stockman, Director of the Office of Management and Budget, that the defense outlay estimates contained in the President's budget request will be the upper level of spending in defense.

Finally, the committee has made room for the entire 3-year tax cut package proposed by the administration, if the Congress chooses to accept that plan. There is room in the resolution for it. Under the administration proposal, tax cuts of $51.3 billion in 1982, $97.1 billion in 1983, and $144.8 billion in 1984 would occur. That program includes marginal tax rate reductions for individals for 3½ years, beginning July 1, 1981, accelerated cost recovery depreciation beginning January 1, 1981, and certain increased user fees as proposed by the President March 10.

The administration request on revenues would yield a revenue floor of $650.3 billion in fiscal year 1982. I should note that some estimates of higher revenues now exist, but the committee has decided at this time to stay with the early administration estimate in that regard.

The room left for the fiscal year 1982 revenue reduction is identical to the request made by the Senate Finance Committee in its March 15 report to the Budget Committee. That committee, however, did not make any recommenda-

tions on the proper level of revenues in fiscal years 1983 and 1984.

During debate on the revenue floor recommendations, the committee considered and rejected several proposals to reduce certain tax preference items. However, the committee adopted language recommending that the "Finance Committee consider seriously the reduction or elimination of those tax preferences which are no longer justified; provided, however, that all revenues recovered from any such amendments or eliminations would be matched by equal reductions in general tax rates."

In summary, Mr. President, it is clear and unequivocal to all parties involved in the committee's recommendations that the resolution we propose today is the sum and substance of the President's economic recovery package. We have accepted his spending restraint proposals and even adopted more spending restraint measures. We have left room for the entire tax package. We have left room for the entire defense spending increase giving the President and his advisers exactly what they asked for in that regard. We have accepted the concept of regulatory reform and the concept of stable monetary policy, both of which underlie both the President's plan and our resolution's recommendations. And, of the six major elements of the President's economic assumptions, the committee has accepted all but one. Thus, what the Senate has before it today is the President's plan, the plan that he endorsed during his April 28 speech to the Nation.

Mr. President, now that I have firmly established the nature of the resolution now before the Senate—a full endorsement of the economic recovery principles proposed by President Reagan—let me explain why the committee has embraced such a dramatic change in Federal spending and taxing policies.

Since 1950, the total of Government spending—including all Federal, State, and local outlays—has grown by 1,258 percent. Government spending totaled $60.5 billion in 1950, compared to $821.6 billion in 1980. The bulk of this growth has occurred during the past 15 years. Spending, in current dollar terms, roughly tripled from 1950 to 1965, but more than quadrupled from 1965 to 1980. Worse, Federal spending itself is growing at an increasing rate.

In addition, Mr. President, the Federal Government's share of this total Government spending is increasing. For example, Federal grants now account for more than 25 percent of State and local budgets, compared to a 15-percent share in 1965. In 1980, Federal spending accounted for 72.3 percent of all Government spending compared to only 67 percent in 1971. That 1980 share is the highest level since the end of the Korean war.

Another way to look at the increasing instruction of Federal spending in our economy is this: This Nation's gross national product has increased by a remarkable 7.7-percent annual rate in the past 30 years, but Government spending has increased even more—an average of 9.1 percent of GNP every year.

In this year, an example of 1 percent of GNP is somewhere between $35 and $37 billion. Withir this great growth in Government spending, a more subtle pattern emerges—we are spending more and more on domestic programs. For example, the share of Federal outlays devoted to domestic programs has grown from 41.5 percent in 1953, to 78.3 percent in 1978, a virtual doubling. In simple terms, this Nation spent 78 cents on domestic programs for every dollar in defense and international programs in 1953; today, we spend $4.32 on domestic programs for every dollar in defense and international programs.

Accompanying this growth in Federal Government dominance has been a decline in economic performance. Persistent deficits have fueled a virulent inflation that has reached record levels. We have not had a balanced Federal budget in more than a decade. And, while we spent only 2.2 percent of the Federal budget to finance the deficit 30 years ago, that share has risen greatly—to a full 11-percent average during the 1970 decade. It is no surprise that Federal debt growth averaged 2.5 percent during the 1960's, accompanied by an inflation rate of 2.4 percent while, during the 1970's, Federal debt growth averaged 8 percent and inflation grew almost 7 percent. That relationship alone shows the importance of persistent Federal deficits on inflation in this Nation.

What has been the result of this deficit spree Mr. President? Simply an inflation that threatens every person's dreams; an inflation that has persisted in double digits, stunting economic growth and causing unacceptably high levels of unemployment. The 8 million unemployed in this Nation are mute, but powerful, tributes to the ravages of inflation.

The President has recommended, and the committee has adopted in the resolution before the Senate today, that the old way of doing business be changed. We can no longer afford the highest tax burden in history; we can no longer afford profligate Government; we can no longer afford the huge human misery that millions of unemployed dramatically bring home to us every day. So, the resolution clearly is a break with the past. It advocates reducing the rate of growth of Federal spending by a full 50 percent. It advocates a dramatic drop in the rate of growth of tax receipts. It says, in essence, that the policy of this Government ought to be less Federal interference in the daily lives of our people and our economy.

Mr. President, I believe that no single economic package ever debated in this Nation's post-World War II era offers such a clear break with the past. I know that we will hear that our numbers are flawed; we will hear that economic assumptions underlying the resolution are disputed by some traditional economists; we will hear that our outyear assumptions for further cuts are unrealistic and might not occur. We will hear these kinds of theoretical arguments, but we must not be deterred by them. No assumption made by this resolution is more fundamental than simply this philosophical assumption—Government has gotten too big, too voracious in its appetite, too clumsy, and too insensitive. We can argue all we wish about a percentage point of inflation here or a half-point worth of GNP growth there, but that does not detract from the resolution's validity nor its importance to our future. I believe that our assumptions—economic and technical—are sound, certainly as sound as those ever used by any Budget Committee in its deliberation.

For example, the economic assumptions used by the committee fall within the range of forecasts issued by private firms. Our Consumer Price Index assumptions for the 1982–84 period are lower than those of the Wharton model, but higher than those forecast by Merrill Lynch economics. Our unemployment rate assumption is more pessimistic than Evans economics and Merrill Lynch, but more optimistic than Chase econometrics or CBO using Reagan policies.

Our 3-month Treasury bill rate—our interest rate assumptions—are more pessimistic than Merrill Lynch, Evans, and Chase, but more optimistic than Data Resources or Wharton. In sum, in this time of profound uncertainty among economists themselves about the future, the assumptions of the Senate Budget Committee fall completely within the range of best economic forecasting advice.

But, more to the point, Mr. President, I believe that the policies advocated by this resolution are sound and are the policies that will bring hope to the Nation again, jobs to our people, and stability to our economy. I am sure that the Senate will adopt it in the next few days.

Mr. President, I shall now read some of the committee recommendations:

The fiscal policy contained in the Committee's recommendation reflects a reversal of the policies of the past 15 years during which spending and revenues rose rapidly relative to national income, and budget deficits have persisted and widened. In contrast, the budget aggregates approved by the Committee provide for a sharp reduction in the growth of Federal spending and revenues, leading to a balanced budget in FY 1984.

Mr. President, I shall continue on with the committee recommendation:

The Committee's recommendation is based on the view that prudent budget policies, which both serve to reduce the Government's role in the economy and to bring the budget into balance, can effectively reduce the inflation rate through changes in economic behavior. Moreover, if the reversal in past fiscal policies contained in the Committee's recommendation is clearly defined and well understood by the public, reductions in the inflation rate can be accomplished with little loss in output or employment. Changes in tax policy and the reduction of the total tax burden recommended by the Committee will tend to stimulate output and offset economic losses normally associated with restrictive policies.

Table 9 summarizes the spending and revenue targets adopted by the Committee. Under the Committee's recommendation, the growth in Federal spending will slow from a 12-percent average rate during the 1977–80 period to a 7.4-percent average projected for the next 4 years. This slowing in the nominal rates translates into substantial and unprecedented declines in total Federal spending adjusted for inflation. Under the Committee's recommendation, real Federal spending will decline 3.4 percent in FY 1982, another 2.8 percent in 1983, and 0.9 percent in 1984.

The reductions in Federal spending are accompanied by reductions in the growth of Federal revenues. Tax receipts after adjustment for inflation should grow by less than 2.0 percent per year through 1984 compared to an average of 6.5 percent during the 1977 through 1980 period. The reductions in the growth of both spending and taxes translate into a decline in the Federal share of GNP to about 19 percent by FY 1984.

Mr. BAKER. Mr. President, it appears to me that there is no great likelihood that we are going to accomplish anything further tonight. I think that it is going to be more profitable if we go out shortly and come in at a reasonably early hour in the morning.

I see that the distinguished minority leader is in the Chamber and the managers on both sides.

I suggest that we discontinue debate on this measure at this time or shortly and that after we finish a few housekeeping details, calendar work and the like, that the Senate go over until 9:15 in the morning.

I inquire of the minority leader if that is generally suitable to his schedule.

Mr. ROBERT C. BYRD. Mr. President, that is agreeable on this side.

Mr. BAKER. All right.

ORDER FOR RECESS UNTIL 9:15 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 9:15 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business not to exceed 20 minutes in length in which Senators may speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

HUMAN RIGHTS

Mr. KENNEDY. Mr. President, recently, the dean of the Washington College of Law at the American University, Thomas Buergenthal, who also serves as a judge of the Inter-American Court of Human Rights in San Jose, Costa Rica, delivered a speech at the Meridian House on the subject of human rights and U.S. foreign policy.

His argument deserves consideration by my colleagues and by the current administration. It comes from an internationally recognized expert in this field and an international lawyer of distinction.

Dean Buergenthal asserts that human rights should be an essential factor in the design of American foreign policy not only because it happens to accord with our values and international obligations but because it is in our national interest.

The statement, delivered at a meeting sponsored by the Pan American Development Foundation, cogently describes the value of a human rights policy and a human rights perspective for this Nation in competition with the Soviet Union and the Communist ideology. He also notes that it is in our interest because it tends to place us on the side of those who also are pursuing democratic government and social justice, long-term factors for political stability in the international community. Finally, he points out that the present administration's offhand rejection of a vigorous human rights policy in its early days in office has occurred with very little analysis or debate of the damage to our foreign policy interests and objectives in the world.

I ask unanimous consent that the speech by Dean Buergenthal be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

HUMAN RIGHTS AND THE U.S. NATIONAL INTEREST

(By Thomas Buergenthal)

(Speech delivered on March 10, 1981 at the Meridian House under the sponsorship of the Pan American Development Foundation. Judge Thomas Buergenthal is the Dean of the Washington College of Law of the American University. He is the sole American judge on the Organization of American States' Inter-American Court of Human Rights and the president of the recently established Inter-American Institute of Human Rights, which has its seat in San Jose, Costa Rica.)

Ladies and gentlemen:

Few other U.S. foreign policy initiatives have been as misunderstood and as poorly articulated as has our human rights policy. The level of debate on this subject has been and continues to be sophomoric, and that is true of the arguments of its proponents and its opponents. Part of the blame rests with President Carter and the fact that he promoted the policy with the righteous rhetoric of a fundamentalist sermon so that much of the discussion of the subject took on a moralistic tone. And the few efforts that were made by the Carter Administration to justify the policy to the public in terms of our national interest did not get much of a hearing.

The current Administration falls into a similar trap. Its spokesmen criticize and reject a strong human rights policy because they see it as having purely moral but very little, if any, political significance. They view it as a propaganda tool to be used against the Soviets, but not to criticize our allies. They argue that totalitarianism of the left is worse than the repression of the right practised by some of our allies. They contend that the U.S. faces a formidable adversary in Soviet expansionism and cannot afford the luxury of being the moral policeman of the world, imposing its own values on the rest of the world; that the U.S. needs allies and cannot afford to alienate friendly anti-Communist governments even if they are repressive. In short, they contend that what we need is to balance our commitment to human rights against foreign policy assets.

I agree that the Soviet Union and what it stands for presents the most serious threat to the U.S. national interest. But the threat is not only military or subversive, it is also ideological and it must therefore be confronted on the ideological level as well. In today's world, ideology is as much a weapon as is sophisticated weaponry. A sound human rights policy provides the U.S. with an ideology that distinguishes us most clearly from the Soviet Union and seriously undercuts the ideological appeal of Communism. It is the only ideology, the only dream, if you will, that the people of the U.S. share with the vast majority of the people of the second and third worlds. The quest for human rights and human dignity is a phenomenon of contemporary life of universal dimensions and immense significance in the struggle between East and West. And those who do not grasp its significance do not know much about the world we live in and the forces that shape it.

All over the world human beings are dying, human beings are being tortured, human beings disappear, are being imprisoned, and are held in insane asylums—all because they believe in the human rights and freedoms the American people take for granted. To suggest that we are imposing our values on others by promoting human rights in other countries, be it against totalitarianism or oppressive regimes, is to reveal one's arrogance and ignorance. If we do not grasp the political and emotional significance of the human rights movement, we shall forfeit the only real competitive advantage we have in the struggle to contain Soviet expansionism and counteract its influence in the developing world.

The human rights policy which the U.S. followed in the past six years—it all started with Congressional action in 1973–74, with President Ford's strong support of the human rights provisions of the Helsinki Final Act, and President Carter's enthusiastic espousal and promotion of human rights—has had a significant impact. In Latin America, for example, it contributed to the establishment of democratic regimes in Peru, Ecuador and, for all too short a period, in Bolivia. It ushered in a liberalization process in a number of other countries in the hemisphere; it led to the entry into force of the American Convention on Human Rights and the establishment of the Inter-American Court of Human Rights. And, most importantly, the U.S. began to lose the image it has had in the hemisphere as a government which allies itself with and supports oppression in Latin America. The U.S. began to be seen as a country willing to identify itself with the aspirations of the people of the region. This realization opened up democratic alternatives in the hemisphere—one no longer had to choose only between Communism on the one hand and rightist oppression on the other.

Please do not misunderstand my emphasis on the political benefits to the U.S. of a strong human rights policy. I believe in human rights because I believe it is criminal and immoral to deny human beings their basic rights and to violate them with impunity. It doesn't much matter, however, whether U.S. policymakers share my convictions. If they believe that morality has no place in foreign policy, so be it. Let them, therefore, assess the foreign policy benefits of a strong human rights policy in purely Realpolitik terms before they scrap it.

I have already spoken of the comparative advantage we have in this sphere over the Soviets. If the U.S. wants to exploit this advantage, it has to have an ideologically neutral human rights policy. By this I mean that it has to express its opposition to violations of human rights with equal fervor, whether or not the violations are committed by the left or the right. The policy to be effective has to be credible and it can only be credible if it is ideologically neutral. People all around the world have to see that the U.S. stands for human rights—not only for human rights in the Soviet Union, but also in Central America, in South America, in Africa, and in Asia. If instead we close our eyes to violations by our friends and criticize only our adversaries, we will have reduced the policy to a mere propaganda tool—and the world will know it for the hypocrisy it is. And it will not be a foreign policy asset.

All this is not to say that there are no other foreign policy interests that the U.S. must take into account. Human rights

should not and cannot be the only issue decisionmakers have to take into consideration in shaping foreign policy. It needs to be treated as an important foreign policy concern, however, and to dismiss it as moral claptrap is to do serious harm to the U.S. national interest.

A word about intervention which always pops up in discussions about human rights. There is the argument, for example, that it is a violation of international law for one country to compile reports on the state of human rights in another country and to publish these reports. It is also contended that it is illegal intervention for one country to complain publicly that another country is violating human rights. That is nonsense, ladies and gentlemen, both under general international law and under our own hemispheric international law. I don't know of any international lawyer of stature who would seriously espouse that thesis today.

As a political matter, moreover, it is as much intervention for the U.S. today to identify itself with a government that engages in serious violations of human rights as it is to disassociate itself from that government and to take a public stand against those practices. The political reality is that a superpower simply cannot avoid intervention by association; we have to face up to this fact. Given this reality, the only serious issue is whether we are perceived as intervening by identifying ourselves with a repressive regime or by expressing our opposition to repression. I believe it is not in the U.S. national interest to support or be identified with repressive regimes whether of the left or the right.

Those opposing an effective U.S. human rights policy argue that it contributes to the demise of governments friendly to the U.S. In my opinion, this is a simplistic view of the impact of the policy. It is rarely ever a question of the demise or survival of a regime. If a government friendly to the U.S. engages in repressive practices, U.S. policy, if properly managed and articulated, can move the government, over time, either towards more repression or towards less repression. The best example of this phenomenon occurred since the new Administration took over. It was perceived, rightly or wrongly, as opposing human rights, and immediately some governments in the hemisphere began to crack down on human rights activists, not because they had suddenly become a threat to the regime, but because the time was ripe. Most of the once friendly governments lost to the U.S. side were lost because of their long history of repression and our identification with those regimes; they were not lost because of our human rights policy.

Of course, I do not believe that the U.S. should "destabilize" governments, but I believe that it can and should make its influence felt. As a matter of fact, as a superpower, particularly in this hemisphere, it cannot avoid making its influence felt, and the only issue is whether it will opt for a policy that is in the U.S. national interest of detrimental to it.

To conclude, ladies and gentlemen, what worries me most about our current policy direction is that the Administration appears to have decided upon a serious foreign policy change without having thoroughly examined the question whether in fact the U.S. national interest is advanced or harmed by a strong human rights policy. What we have heard thus far on the subject are slogans. What is lacking is substantial evidence and analysis.

I, for one, believe that it would be a serious political blunder for the U.S. to abandon a policy that identifies us with the aspirations of the people of our hemisphere and the world. Given our own political system and traditions, a credible U.S. human rights policy can enjoy the support of the American people, do some good in the world, and advance our national interest. That is why I believe that it needs to be preserved.

TRIBUTES TO SENATOR WARREN G. MAGNUSON

Mr. JACKSON. Mr. President, I ask unanimous consent that there be included in the record of tributes to Senator Warren G. Magnuson (S. Doc. 96-75) remarks in the CONGRESSIONAL RECORD and related material expressing appreciation and gratitude of the Senate to Senator Magnuson for his service to his country; the provisions of Senate Resolution 96, 97th Congress, adopted March 17, 1981; the complete text of the P-I/Northwest edition of February 8, 1981; the official proceedings of the joint session of the Washington State Legislature, March 19, 1981, in celebrating Warren G. Magnuson Appreciation Day, and other activities connected with the celebration of such day; together with appropriate illustrations pertaining to the honoring of Senator Magnuson for his service to his country.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIME MINISTER ZENKO SUZUKI

Mr. STEVENS. Mr. President, earlier today I had the distinct privilege of greeting Prime Minister Zenko Suzuki, of Japan, at the White House. It is an honor to have the Prime Minister and dignitary members of the Japanese Government as distinguished guests of the U.S. Senate. I am also pleased to see my good friend, the former majority leader of the U.S. Senate and present Ambassador to Japan, Mr. Mike Mansfield.

Japan has been a good friend and reliable neighbor of the United States. The friendship that our two nations enjoy has been mutually beneficial. On behalf of my own State of Alaska, I would like to welcome the Prime Minister to the United States. Alaska enjoys a great deal of commerce with Japan. This commerce includes timber from southeast Alaska, fish from the rich waters of Alaska, tourism throughout the State, and natural resources from areas in the State. Japan has been a valuable trading partner not only to the State of Alaska, but to the whole country. I am certain that this healthy exchange will continue to grow under the leadership of Prime Minister Suzuki.

The name Zenko Suzuki means "good fortune." I must say that the United States has "good fortune" to be friends with such an able and respected world leader. Issues ranging from economic to defense will benefit from the wisdom and contribution that Prime Minister Suzuki will provide during the course of his stay in the United States. His visit is symbolic of the strong desire by both of our countries to vigorously address a host of critical issues affecting our respective nations. I am confident that together we will find workable answers.

MESSAGE FROM THE HOUSE

At 2:49 p.m., a mesage from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 238. Joint resolution to approve a Constitution for the United States Virgin Islands.

HOUSE JOINT RESOLUTION REFERRED

The following joint resolution was read twice by unanimous consent, and referred as indicated:

H.J. Res. 238. Joint resolution to approve a Constitution for the United States Virgin Islands: to the Committee on Energy and Natural Resources.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1088. A communication from the Secretary of Defense, transmitting, pursuant to law, a report on violations of the Anti-Deficiency Act; to the Committee on Appropriations.

EC-1089. A communication from the Secretary of the Army, transmitting a draft of proposed legislation to provide authority for additional nominations for consideration for appointment to the U.S. Military, Naval, and Air Force Academies; to the Committee on Armed Services.

EC-1090. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to provide participation by members of the armed forces in international sports activities; to the Committee on Armed Services.

EC-1091. A communication from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report on two construction projects to be undertaken by the Army Reserve; to the Committee on Armed Services.

EC-1092. A communication from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report on three construction projects to be undertaken by the Air Force Reserve; to the Committee on Armed Services.

EC-1093. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Air Force's proposed letter of offer to Australia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-1094. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to repeal the requirement to solicit suggestions from certain military and civilian retirees for method to improve procurement procedures; to the Committee on Armed Services.

EC-1095. A communication from the Acting Director of the Federal Emergency Management Agency, transmitting, pursuant to law, a report on a pilot program on designing and constructing buildings to enhance the ability of the buildings to withstand nuclear explosions; to the Committee on Armed Services.

EC-1096. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the

sixth annual report on the community development block grant program for calendar year 1980; to the Committee on Banking, Housing, and Urban Affairs.

EC–1097. A communication from the Director of the Export-Import Bank of the United States, transmitting, pursuant to law, a report on actions taken by the Bank under the export expansion facility program for the quarter ended March 31, 1981; to the Committee on Banking, Housing, and Urban Affairs.

EC–1098. A communication from the Acting Chairman of the Interstate Commerce Commission, transmitting, pursuant to law, comments on the reports of the Consolidated Rail Corporation, the United States Railway Association, and the Secretary of Transportation concerning future funding and operations of Conrail; to the Committee on Banking, Housing, and Urban Affairs.

EC–1099. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to improve rail service in the northeast region of the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–1100. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize appropriations for implementation of the International Investment Survey Act of 1976; to the Committee on Commerce, Science, and Transportation.

EC–1101. A communication from the Acting General Counsel of the Department of Energy, transmitting a draft of proposed legislation to reduce the costs and eliminate the public reporting burden of the administration; to the Committee on Energy and Natural Resources.

EC–1102. A communication from the Governors of Idaho, Montana, Oregon, and Washington, transmitting, pursuant to law, notice that they have made their appointments to the Pacific Northwest Electric Power and Conservation Planning Council, the Council has met, and should be considered established; to the Committee on Energy and Natural Resources.

EC–1103. A communication from the appointed membership of the Pacific Northwest Electric Power and Conservation Planning Council, transmitting, pursuant to law, notice that they had held their first meeting as an officially established body; to the Committee on Energy and Natural Resources.

EC–1104. A communication from the Acting Administrator of the Energy Information Administration, transmitting, pursuant to law, vol. II of the Administration's 1980 annual report; to the Committee on Energy and Natural Resources.

EC–1105. A communication from the Under Secretary of the Department of the Interior, transmitting, pursuant to law, a report on a determination that four oil and gas companies, as lessees, are entitled to refunds of excess royalty payments; to the Committee on Energy and Natural Resources.

EC–1106. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Need to Reexamine the Federal Role in Planning, Selecting, and Funding State and Local Parks"; to the Committee on Energy and Natural Resources.

EC–1107. A communication from the Federal and the State Cochairmen of the Southwest Border Regional Commission, transmitting, pursuant to law, the annual report of the commission; to the Committee on Environment and Public Works.

EC–1108. A communication from the Acting Administrator of the General Services Administration, transmitting a draft of proposed legislation to authorize appropriations to GSA from the Federal Building Fund for the construction of a border station at Otay Mesa, California; to the Committee on Environment and Public Works.

EC–1109. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Millions of Dollars Could Be Saved by Implementing GAO Recommendations on Environmental Protection Agency Programs"; to the Committee on Environment and Public Works.

EC–1110. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Better Monitoring Techniques are Needed to Assess the Quality of Rivers and Streams Volume I"; to the Committee on environment and Public Works.

EC–1111. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Better Monitoring Techniques are Needed to Assess the Quality of Rivers and Streams Volume II"; to the Committee on Environment and Public Works.

EC–1112. A communication from the Chairman of the United States International Trade Commission, transmitting a draft of proposed legislation to authorize appropriations for the Commission for fiscal year 1983; to the Committee on Finance.

EC–1113. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation making certain social welfare amendments to the Social Security Act; to the Committee on Finance.

EC–1114. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements other than treaties, entered into by the United States within the previous sixty days; to the Committee on Foreign Relations.

EC–1115. A communication from the Acting Special Counsel of the Merit Systems Protection Board, transmitting, pursuant to law, a report on the activities of the Office of Special Counsel, Merit Systems Protection Board for calendar year 1980; to the Committee on Governmental Affairs.

EC–1116. A communication from the Acting Chairman of the Securities and Exchange Commission, transmitting pursuant to law, the annual report of the Commission under the Government in the Sunshine Act for calendar year 1980; to the Committee on Governmental Affairs.

EC–1117. A communication from the Chairman of the District of Columbia Law Revision Commission, transmitting, pursuant to law, the sixth annual report of the Commission for the year ending March 31, 1981; to the Committee on Governmental Affairs.

EC–1118. A communication from the Deputy Assistant Secretary of Defense (Administration), transmitting, pursuant to law, a report on a proposed new system of records for the Department of the Air Force for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–1119. A communication from the Acting Deputy Assistant Secretary of the Interior (Indian Affairs), transmitting, pursuant to law, a proposed plan for the use and distribution of the Fort Peck Assinboine and Sioux Tribes judgment funds; to the Select Committee on Indian Affairs.

EC–1120. A communication from the Acting Commissioner of the Immigration and Naturalization Service, transmitting, pursuant to law, a report on an order suspending the deportation of a certain alien under section 244(a)(2) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC–1121. A communication from the Attorney General of the United States, transmitting, pursuant to law, the annual report on applications made for orders and extensions of orders approving electronic surveillance under the Foreign Intelligence Surveillance Act for calendar year 1980; to the Committee on the Judiciary.

EC–1122. A communication from the Acting Commissioner of the Immigration and Naturalization Service, transmitting, pursuant to law, a report on the suspension of deportation of certain aliens under section 244(a)(1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC–1123. A communication from the Secretary of the United States Railroad Retirement Board, transmitting, pursuant to law, a report on the activities of the Board under the Milwaukee Railroad Restructuring Act; to the Committee on Labor and Human Resources.

EC–1124. A communication from the Chairman of the National Commission on Libraries and Information Science, transmitting, pursuant to law, the ninth annual report of the Commission covering fiscal year 1980; to the Committee on Labor and Human Resources.

EC–1125. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Measurement of Homeownership Costs in the Consumer Price Index Should Be Changed"; to the Committee on Labor and Human Resources.

EC–1126. A communication from the Acting Administrator of the Veterans' Administration, transmitting, pursuant to law, a report entitled "Implementation of Service-Connected Priority"; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–87. A concurrent resolution adopted by the Legislature of Hawaii; to the Committee on Agriculture, Nutrition, and Forestry:

"SENATE CONCURRENT RESOLUTION

"Whereas, the State of Hawaii entered into a contractual agreement with the federal government in 1967 stipulating that state inspection of meat and poultry slaughterhouses and processing facilities in the State of Hawaii would be of a rigorous nature, 'equal to' the strict guidelines of federal inspections; and

"Whereas, the federal government, pursuant to the contract, provides fifty percent of the budgetary requirement for the operation of the state inspection service; and

"Whereas, at least four times a year a team of federal inspectors come to Hawaii to review the meat and poultry facilities as well as the work of the state inspection teams; and

"Whereas, this inspection program has existed for the last fourteen years and reportedly with great success; and

"Whereas, federal regulations simultaneously prohibit processed meat from state-inspected facilities to be exported out of state to other states or territories of the Union, or out of the United States; and

"Whereas, the regulations impose a major impediment to the marketing and sales efforts of meat and poultry producers in the State of Hawaii not to mention the belief expressed that these regulations unfairly infringe upon the generally accepted practices in commerce; and

"Whereas, if the state inspections done have been certified as being 'equal to' federal inspections, then the regulation prohibiting state-inspected products from interstate and international trade seems clearly to be an ill-conceived regulation which unnecessarily hampers economic trade and the health of these industries; and

"Whereas, a rapidly emerging national issue which appears to be gaining growing public support is the conviction that there is an over-abundance of cumbersome and unnecessary federal regulations which adversely impact upon state and local governments; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, the House of Representatives concurring, that the President of the United States, United States Department of Agriculture, the United States Congress, the Governor of the State of Hawaii, and the Hawaii Departments of Agriculture and Planning and Economic Development are respectifully urged to join in a concerted effort to do away with the prohibition on interstate and international commerce concerning meat and poultry products which have been produced by processing facilities which are state-certified, provided that such facilities meet state inspection standards which are at least equal to federal requirements; and

"Be it further resolved That certified copies of this Concurrent Resolution be transmitted to the President of the United States, the United States Secretary of Agriculture, the President of the United States Senate, the Speaker of the United States House of Representatives, each member of Hawaii's congressional delegation, the Governor of the State of Hawaii, the State Director of Planning and Economic Development and the State Chairperson of the Board of Agriculture."

POM–88. A resolution adopted by the Senate of the State of Hawaii; to the Committee on Armed Services.

"SENATE RESOLUTION

"Whereas, the adverse environmental and health impacts caused by exposure to radioactivity have been well documented; and

"Whereas, naval propulsion reactors, although they are considerably smaller than commercial nuclear power reactors, nevertheless produce quantities of radioactivity sufficient to pose an environmental and health threat if that radioactivity is released to the environment; and

"Whereas, although the U.S. nuclear navy has an excellent safety record, the potential exists for naval propulsion reactor accidents to occur which could release significant quantities of radioactivity to the environment, especially when those reactors are being repaired, refueled, or tested; and

"Whereas, it has been alleged that over twenty nuclear powered vessels are based at the Pearl Harbor Naval Shipyard, where they are presumably repaired, refueled, and tested; and

"Whereas, in response to the Three Mile Island accident, the operators of commercial nuclear power reactors and the states and localities in which those reactors are located have been required to make significant improvements in their ability to respond to, and thereby limit the consequences of, accidents involving the release of radioactivity to the environment; and

"Whereas, those required improvements have been summarized in the U.S. Nuclear Regulatory Commission report NUREG–0654 and include upgrades in communications and radiological monitoring capability, the conduct of extensive joint training exercises, and the adoption of an "anticipatory approach" to emergency response planning in which the potential for a given type of accident to degenerate into a more serious accident is assessed in advance; and

"Whereas, although the provisions of NUREG–0654 are currently required to be implemented at commercial nuclear power reactors throughout the country, there is no legal requirement to implement them at military facilities such as Pearl Harbor Naval Shipyard since those facilities are not subject to the U.S. Nuclear Regulatory Commission's licensing process; and

"Whereas, although there is no legal requirement to upgrade emergency response capabilities at military facilities, there is a clear trend for those facilities and the states and localities in which they are located to work cooperatively to upgrade their capability to respond to radiological incidents; and

"Whereas, this trend is best reflected by the recent signing of a Memorandum of Understanding between the U.S. Department of Energy and the State of Washington with respect to radiological incidents at the Department's facility at Hanford, Washington, and the ongoing negotiations between the U.S. Navy and the State of Washington to establish a similar Memorandum of Understanding for the Puget Sound Naval Shipyard; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, that the relevant divisions or departments of the Pearl Harbor Naval Shipyard, the State of Hawaii, and the City and County of Honolulu are urged to follow the applicable guidelines and standards set forth in NUREG–0654 in planning their response to radiological incidents at the Pearl Harbor Naval Shipyard; and

"Be it further resolved That the State Advisory Committee on Radiological Safety is requested to review the State's plans for responding to radiological incidents at the shipyard, and submit a report to the Legislature prior to the start of the 1982 Regular Session recommending priorities for bringing the various elements of the State's plan into conformance with NUREG–0654; and

"Be it further resolved That the State of Hawaii, the City and County of Honolulu, and the Pearl Harbor Naval Shipyard are urged to enter into negotiations for the purpose of establishing Memoranda of Understanding between the State and the Shipyard, and between the City and County and the Shipyard, with respect to emergency response to radiological incidents at the Shipyard; and

"Be it further resolved That those Memoranda of Understanding should clearly delineate the responsibilities of the various concerned agencies in the event of a radiological incident, provide for the establishment of an annual comprehensive training exercise involving all the concerned agencies, clearly specify the conditions under which the public will be notified that a radiological incident is taking place, clearly specify the conditions under which protective measures will be undertaken, and address any other relevant issues; and

"Be it further resolved That the U.S. Department of Defense, the Federal Emergency Management Agency, and the U.S. Nuclear Regulatory Commission are requested to provide whatever staff, technical and financial assistance is available in support of the activities described in this Resolution; and

"Be it further resolved That certified copies of this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the Secretary of Defense, the Administrator of the Federal Emergency Management Agency, the Chairman of the U.S. Nuclear Regulatory Commission, the Commander of the Pearl Harbor Naval Shipyard, the Governor, and the Mayor of the City and County of Honolulu."

POM–89. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Armed Services:

"ASSEMBLY JOINT RESOLUTION NO. 20

"Whereas, The water of the State of Nevada is a scarce and valuable resource which is appropriated on the basis of beneficial use; and

"Whereas, The State of Nevada has developed a comprehensive scheme for the allocation of water to meet effectively the many demands for water within the state; and

"Whereas, The amount of water which the Federal Government will require for the construction and operation of the "MX" missile system will greatly reduce the availability of water for other beneficial uses; and

"Whereas, Agencies of the Federal Government have publicly recognized the necessity of applying for water rights pursuant to state law so as not to disrupt the comprehensive nature of the water law; now, therefore, be it

"Resolved by the Assembly and Senate of the State of Nevada, jointly, That the Nevada legislature respectfully requests the Congress of the United States to recognize and express its intent that water used by federal agencies for purposes of constructing and operating the "MX" missile system within this state may only be obtained by appropriation pursuant to the water law of the State of Nevada; and be it further

"Resolved, That the Congress direct all federal agencies seeking to acquire water rights for the purposes of constructing or operating the "MX" missile system within Nevada to apply for a permit for those rights pursuant to the water law of this state; and be it further

"Resolved, That the Congress make provisions for water from the Colorado River which has been allocated to other western states to become available for use within Nevada to help compensate for the federal demand upon the unappropriated water of Nevada, in keeping with the best interests of the United States relating to national defense; and be it further

"Resolved, That Congress recognize that any permit to use water in the construction or operation of the "MX" missile system expires when the construction is completed or the operation ceases in accordance with the doctrine of beneficial use which requires that when the necessity for the use ceases, the right to use the water expires; and be it further

"Resolved, That a copy of this resolution be immediately transmitted by the legislative counsel to the President of the United States, the Vice President as presiding officer of the Senate, the Speaker of the House of Representatives and to each member of the Nevada congressional delegation; and be it further

"Resolved, That this resolution shall become effective upon passage and approval."

POM–90. A resolution adopted by the Senate of the State of Hawaii; to the Committee on Commerce, Science, and Transportation:

"Whereas, currently in the United States, there is no national type approval program but, rather, a program which identifies agreement with certain specifications, tolerances, and other technical requirements; and

"Whereas, in the absence of a national program fourteen states, four federal agencies, and several local jurisdictions have established their own type approval programs to insure that measuring devices, proposed for use in their respective jurisdictions, are designed to (1) be durable, (2) be free from fraudulent features, (3) be permanent in adjustment, (4) measure correctly, and (5) be appropriate for their intended use; and

"Whereas, the existence of these separate programs is no assurance to the ultimate consumer or to the measuring equipment industry of the uniformity of requirements, since very few local jurisdictions have the requisite personnel, equipment, or resources to conduct a proper type approval program; and

"Whereas, in fact, the separate programs result in a diversity of requirements that tend to be a costly impediment to the measurement device manufacturing industry; and

"Whereas, most American manufacturers of measuring equipment suffer through the laborious time-consuming process of obtaining type approval in each jurisdiction, since none of those involved recognize or have reciprocity agreements with each other; and

"Whereas, the costs involved in such a process are enormous and the quantified value of delayed or lost sales is astronomical, ultimately increasing consumer costs; and

"Whereas, the manufacturers of measuring equipment selling in the international market are compelled to obtain national type approval if they sell in Canada, Australia, South Africa, Japan, most South American nations, and the European Economic Community; and

"Whereas, in the case of the European Economic Community (EEC) member nations limited reciprocal arrangements covering mechanical measuring equipment are in effect, as a result equipment meeting the standards of the International Organization of Legal Metrology (OIML) is usually acceptable throughout the EEC without additional type approval requirements; and

"Whereas, the EEC has declared that measuring equipment, manufactured to meet the present requirements of the United States National Bureau of Standards or the individual jurisdictions' type approval programs, will not necessarily be allowed to be sold in Europe, unless it also meets the standards of the OIML; and

"Whereas, a problem brought about by the absence of a national type approval program has escalated to one of international concern and if our domestic measuring equipment manufacturers are to compete effectively in the international marketplace corrective federal legislation establishing a national type approval program must be enacted; now, therefore,

"*Be it resolved* by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, that the United States Congress is respectfully requested to enact appropriate legislation to establish a national type approval program and to designate the National Bureau of Standards to serve as the nucleus for such a national type approval program; and

"*Be it further resolved* That certified copies of this Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of Hawaii's delegation to the Congress of the United States."

POM–91. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Environment and Public Works:

"SENATE JOINT RESOLUTION

"Whereas, The Congress of the United States has set a national speed limit of 55 miles per hour, which was presented to the people of the United States as a measure to conserve fuel; and

"Whereas, There is no scientifically credible evidence that the speed liimt has acted to conserve fuel, even in the few places and at the few times in which it is observed; and

"Whereas, Matters relating to the control of traffic on highways, including the limitations placed on its speed, have always been concerns of the states in which the Federal Government has not interfered; and

"Whereas, The new administration in Washington has pledged itself to a policy of noninterference in matters which are properly within the province of the states, a policy which should be directly opposed to withholding highway aid to states on the basis that they have not enforced federal measures which are more properly the concern of the states; now, therefore, be it

"Resolved by the Senate and Assembly of the State of Nevada, jointly, That the Congress of the United States is urged to take immediate action to restore to the states their proper powers in the matter of regulation of traffic on the highways by removing the so-called "national speed limit"; and be it further

"Resolved, That the legislative counsel transmit copies of this resolution to the Vice President of the United States as President of the Senate, to the Speaker of the House of Representatives, and to all members of the congressional delegation; and be it further

"Resolved, That this resolution shall become effective upon passage and approval."

POM–92. Resolution adopted by the Christian Church of Northern California-Nevada, Disciples of Christ setting forth their position on certain issues of defense; to the Committee on Armed Services.

POM–93. Resolution adopted by the Homewood Chamber of Commerce, favoring the passage of Tax Relief for Small Businesses, H.R. 2949; to the Committee on Finance.

POM–94. Joint resolution adopted by the Legislature of the State of California; to the Committee on Finance:

"RESOLUTION CHAPTER —

"Whereas, Every landfill in California is presently generating gas; and

"Whereas, Most of this gas is presently being emitted into the atmosphere; and

"Whereas, This gas poses a potential danger to public health and safety in that migration of explosive amounts of these gases have been found in homes and businesses located in close proximity to landfills; and

"Whereas, The United States is presently dependent on foreign sources of energy; and

"Whereas, Landfill gas can contribute to the United States energy security by providing recovered gas for heating and cooking, and, through the use of gas turbines, electricity for lighting; and

"Whereas, Significant economic risks are associated with the recovery of landfill gas; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to amend the United States Tax Code to provide adequate investment tax credits and 60-month depreciation on landfill gas development and recovery investments and to specifically direct the Internal Revenue Service to promulgate regulations reflecting that landfill gas recovery systems are eligible for the investment credits and financial incentives provided by the Crude Oil Windfall Profits Tax Act of 1980 (PL 96–223, Title II, Part III) and the Energy Security Act of 1980 (S 932, Title II, Subtitle B); and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Chairman of the House and Senate Committees on Taxation, and to each Senator and Representative from California in the Congress of the United States."

POM–95. Resolution adopted by the Senate of the State of Hawaii; to the Committee on the Judiciary:

"SENATE RESOLUTION 240

"Whereas, the 1975 amendments to the Federal Voting Rights Act of 1965 were designed to encourage full participation in the electoral process by citizens of this country; and

"Whereas, the amendments require certain states and their political subdivisions to conduct elections in the language of a language minority group which comprises more than 5% of the citizens of voting age of a state or political subdivision and which has an illiteracy rate as a group of higher than the national illiteracy rate; and

"Whereas, the amendments to the Voting Rights Act defines "illiteracy" as a failure to complete the fifth primary grade; and

"Whereas, based on the foregoing criteria the Director of the Census, as authorized by the amendments, identified the following language minority groups in Hawaii: Ilocano in all counties, Japanese in Hawaii and Kauai Counties, and Chinese in the City and County of Honolulu; and

"Whereas, there are many individuals in Hawaii who have learned to read and write the English language without formal education and would therefore not require a foreign language ballot, but are deemed nonetheless to be illiterate for purposes of the Voting Rights Act amendments; and

"Whereas, the experience of the 1976, 1978 and 1980 elections indicate that the printing of voter information forms and ballots in foreign languages is a financial burden on the State, especially when only a few foreign language ballots are requested by voters; and

"Whereas, since 1968 the Office of Lieutenant Governor has developed and conducted its own voter registration and education programs, including voter education by means of outreach workers fluent in Ilocano, Chinese and Samoan who familiarize foreign language groups with the electoral process; providing poll workers fluent in these languages and in Japanese; reproducing election materials in Ilocano, Chinese and Japanese; making radio and television public service announcements in these languages; and publishing instructional advertisements on voting in foreign-language newspapers; and

"Whereas, the guidelines of the Department of Justice, implementing the bilingual requirements of the Voting Rights Act amendments requires Hawaii to expend substantial funds servicing foreign language groups, many members of whom read and write English although they have had no formal education and printing all voting-related materials when only a few of the materials are requested or read; and

"Whereas, Hawaii has a multi-lingual voter assistance and education program tailored to meet the unique needs of its people, including providing services to the Samoan population which is not identified as a language minority group by the Director of Census and providing outreach workers working within the communities; and

"Whereas, this program has been more effective than the requirements of the Voting Rights Act amendments in promoting voter participation; now, therefore,

"Be it resolved by the Senate of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, that the United States Congress is respectfully requested to permit Hawaii, and any other state, to propose its own multi-lingual voter assistance and education program which, upon approval by the Department of Justice or any other designated Federal agency, would exempt the State from the requirements of the Voting Rights Act amendments; and

"Be it further resolved, That the definition of 'illiteracy' in Section 203 of the Voting Rights Act be amended to exclude persons with the ability to read and write English even though the person may not have completed the fifth primary grade; and

"Be it further resolved, That certified copies of this Resolution be transmitted to the President of the United States Senate, the Speaker of the House of Representatives of the United States, and to each member of Hawaii's Congressional delegation."

POM–96. Concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on the Judiciary:

"HOUSE CONCURRENT RESOLUTION

"Whereas, tourism is the chief industry in 23 of the 50 states of the United States and ranks among the top three industries in approximately 40 states; and

"Whereas, travel to the United States

from other countries in 1979 exceeded American travel abroad for the first time since before World War II; and

"Whereas, foreign travelers to the United States represent an important opportunity to help restore America's balance of payments; and

"Whereas, the sincerity of our desire to welcome foreign travelers is sometimes questioned because of the strict enforcement of visa requirements, including advance application and approvals for every nationality except Canada, Bermuda and some Caribbean islands; and

"Whereas, many traditionally friendly nations have eliminated advance visa for United States tourists in their countries; and

"Whereas, these friendly nations have not yet been accorded reciprocal privileges by the United States; and

"Whereas, tourism is Hawaii's largest industry and Hawaii must effectively compete with other tourist destination areas around the world for visitor business; and

"Whereas, Hawaii's visitor industry is vitally interested in promoting tourism growth and in developing means to facilitate that growth; and

"Whereas, there is considerable evidence that the elimination of visa requirements, on a selected basis, will stimulate business, economic development and employment in Hawaii; and

"Whereas, the present visa requirements of the United States are considered obsolete, not cost-effective and may be construed by potential visitors as an unwillingness to receive foreign guests, a perception that is inconsistent with Hawaii's aloha spirit; and

"Whereas, Hawaii welcomes more than 570,000 visitors annually from Japan, who would receive the benefits of visa waivers; and

"Whereas, elimination of certain visa requirements would eliminate significant federal paperwork and costs at United States consulates abroad; and

"Whereas, S. 2727 and H.R. 5083 introduced in the 96th Congress provide for amendments to existing federal law permitting the waiver of certain visa requirements for nonimmigrants seeking temporary admission into the United States for business or pleasure and who are nationals of foreign countries which have a refusal rate for such admissions of less than 2½ percent; and

"Whereas, it is expected that the nations described above would extend reciprocal privileges to Americans if they have not already done so; and

"Whereas, S. 2727 was approved by the United States Senate on June 16, 1980 and the House of Representatives of the 97th Congress is considering a similar bill; now, therefore,

"Be it resolved by the House of Representatives of the Eleventh Legislature of the State of Hawaii, the Senate concurring, that the United States Congress is respectfully urged to support the passage of legislation providing for the waiver of non-immigrant visas for short-term business or pleasure visitors to the United States from countries with a refusal rate of less than 2½ percent; and

"Be it further resolved by the House of Representatives of the Eleventh Legislature of the State of Hawaii, the Senate concurring, that the Hawaii Congressional delegation is respectfully urged to facilitate passage of H.R. 5083 to provide waiver of nonimmigrant visa requirements; and

"Be it further resolved that certified copies of this Resolution be transmitted to the President of the United States Senate; the Speaker of the United States House of Representatives; Hawaii's Congressional delegation; Mr. Fred B. Smales, Chairman of the Board, The Chamber of Commerce of Hawaii; Mr. John D. Bellinger, Chairman, Japan-Hawaii Economic Council; Mr. R. W. Holden, Chairman of the Board, Hawaii Visitors Bureau; Mr. Hideto Kono, Director of the Department of Planning and Economic Development, State of Hawaii; Mr. Nathan K. Crockett, Jr., President, Hawaii Hotel Association; Mr. Tsuneshi Irie, President, Japan-Hawaii Travel Organization; Mr. Shunichi Oyama, President, Japan Travel Bureau; Mr. Yukio "Bob" Takegawa, President, Pacifico Creative Service; and Mr. Naotatsu Nabeshima, Regional Manager-Hawaii, Japan Airlines."

POM-87. Joint memorial adopted by the Legislature of the State of Colorado; ordered to lie on the table:

"SENATE JOINT MEMORIAL No. 7.

"Whereas, The condition of our nation's economy demands that dramatic, sweeping steps be taken by the administration and the Congress to improve America's economic health; and

"Whereas, President Reagan, in his address to the nation of February 18, outlined a wide range of proposals designed to reduce inflation, to provide jobs, and to promote economic growth; and

"Whereas, Among those proposals are a three-year tax cut and a series of across-the-board budget cuts for the 1982 fiscal year totalling $41.4 billion which, if enacted in their entirety, would still permit increased expenditures of 6.2% over those of the 1981 fiscal year; and

"Whereas, The proposed tax and budget cuts were arrived at in an equitable, even-handed manner and will be further examined by the Congress in order to help insure that such cuts do not weigh down in an unfair way on those least able to bear them, especially the poor and the handicapped, the very young, and the very old; and

"Whereas, The future economic health and stability of this nation depend on policies of government restraint in spending and taxing; and

"Whereas, Budget reductions of the magnitude proposed by the President are an achievable goal deserving the support of all Americans; and

"Whereas, President Reagan's proposals are a significant first step on the road to the recovery of national economic health; now, therefore,

"Be it resolved by the Senate of the Fifty-third General Assembly of the State of Colorado, the House of Representatives concurring herein:

"That the Congress of the United States is hereby memorialized to support and to enact the President's economic recovery program including the proposed three-year tax cut and budget cuts totalling at least $41.4 billion.

"Be it further resolved, That copies of this Memorial be sent to the President of the Senate and the Speaker of the House of Representatives of the United States, to each member of the Congress of the United States from Colorado, and to the President of the United States."

POM-98. Resolution adopted by the City Council of New Orleans, Louisiana, relative to federal funding for localities; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 1133. An original bill to amend the National Advisory Committee on Oceans and Atmosphere Act of 1977 to authorize appropriations to carry out the provisions of such Act for fiscal year 1982, and for other purposes. (Rept. No. 97-59).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 46. Joint resolution entitled "United States Tennis Association Day".

S.J. Res. 47. Joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week".

REPORT OF A COMMITTEE SUBMITTED DURING THE RECESS

Under the authority of the order of the Senate of May 6, 1981, the following report was submitted on May 6, 1981, during the recess of the Senate:

By Mr. TOWER, from the Committee on Armed Services, with an amendment in the nature of a substitute and an amendment to the title:

S. 815. A bill to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes (with additional and minority views) (Rept. No. 97-58).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: In the Army National Guard, Reserve of the Army, there are five appointments to the grade of major general and brigadier general (1-MGEN) GEN (4-B) (list beginning w/B Gen. George Eugene Coats); in the U.S. Navy, there are 44 permanent promotions to the grade of rear admiral (list beginning with William A. Williams III); Gen. Kenneth McLennan, U.S. Marine Corps (age 56) for appointment to the grade of general on the retired list, Lt. Gen. Andrew W. O'Donnell, U.S. Marine Corps (age 56), for appointment to the grade of lieutenant general on the retired list; Maj. Gen. James R. Brickel, U.S. Air Force, to be lieutenant general, Maj. Gen. Robert M. Bond, U.S. Air Force, to be lieutenant general, Maj. Gen. Larry D. Welch, U.S. Air Force, to be lieutenant general, Maj. Gen. George M. Browning, Jr., U.S. Air Force, to be lieutenant general, Lt. Gen. James D. Hughes, U.S. Air Force (age 58), for appointment to the grade of lieutenant general on the retired list, Lt. Gen. Charles C. Pattillo, U.S. Air Force (age 56), for appointment to the grade of lieutenant general on the retired list, Lt. Gen. Gerald J. Post, U.S. Air Force (age 55), for appointment to the grade of lieutenant general on the retired list, Lt. Gen. Marion L. Boswell, U.S. Air Force (age 57), for appointment to the grade of lieutenant general on the retired list, Lt. Gen. Kenneth L. Tallman, U.S. Air Force (age 56), for appointment to the grade of lieutenant

general on the retired list; and, in the Reserve of the Air Force, there are 7 appointments to grade of major general and brigadier general (3–MGEN) (4–BGEN) (list beginning w/BGen. Raymond E. Hebrank). I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. In addition, in the Regular Army, there are 989 appointments to the grades of first lieutenant and second lieutenant (list beginning w/Douglas S. Adams); in the U.S. Navy, there are 395 temporary/permanent promotions to the grade of captain and below (list beginning w/Robert W. Aldinger) and 845 Naval Academy Midshipmen to be permanent ensign (list beginning w/Rufus S. Abernethy); in the Navy and Reserve of the Navy, there are 114 temporary/permanent appointments to the grade of captain and below (list beginning w/Gerald P. Arnold); in the Marine Corps, there are 126 permanent appointments to the grade of second lieutenant (list beginning w/William T. Akana); in the Marine Corps and Marine Corps Reserve, there are 456 temporary/permanent appointments to the grade of colonel and below (list beginning w/Joseph H. Alexander); in the U.S. Air Force and Regular Air Force, there are 2,551 appointments/promotions to the grade of lieutenant colonel and below (list beginning w/Raymond E. Abel, Jr.); in the Air Force and Reserve of the Air Force, there are 62 appointments/reappointments/promotions to the grade of colonel and below (list beginning w/Raymond S. Crawford III); and, in the Reserve of the Air Force, there are 38 promotions to the grade of colonel (list beginning w/Omar R. Adame). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of April 7 and 27, 1981, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

S. 1133. An original bill to amend the National Advisory Committee on Oceans and Atmosphere Act of 1977 to authorize appropriations to carry out the provisions of such act for fiscal year 1982, and for other purposes; placed on the calendar.

By Mrs. HAWKINS:

S. 1134. A bill to provide for cooperation between the Armed Forces and Federal drug enforcement officials; to the Committee on Armed Services.

By Mr. SCHMITT (for himself, Mr. GARN, and Mr. JEPSEN):

S. 1135. A bill to extend by 5 years the expiration date of the Defense Production Act of 1950; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. WEICKER (by request):

S. 1136. A bill to amend the Small Business Act; to the Committee on Small Business.

By Mr. COHEN:

S. 1137. A bill for the relief of the Bank of Maine, N.A.; to the Committee on the Judiciary.

By Mr. CHILES:

S. 1138. A bill to prohibit the issuance of phosphate mining leases in Osceola National Forest, Florida; to the Committee on Energy and Natural Resources.

By Mr. JEPSEN:

S. 1139. A bill to provide for automatic adjustment of deduction to individual retirement accounts, and so forth, and for other purposes; to the Committee on Finance.

By Mr. BENTSEN (for himself, Mr. DANFORTH, Mr. BAUCUS, Mr. MITCHELL, and Mr. CHAFEE):

S. 1140. A bill to improve productivity and promote capital investment in small business and for other purposes; to the Committee on Finance.

By Mr. BAUCUS:

S. 1141. A bill to establish the National Forest Investment Fund, and for other purposes; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. HAWKINS:

S. 1134. A bill to provide for cooperation between the armed forces and Federal drug enforcement officials; to the Committee on Armed Services.

MILITARY ASSISTANCE IN DRUG ENFORCEMENT

● Mrs. HAWKINS. Mr. President, today Congressman BILL YOUNG and I are introducing legislation which will clarify the role of our military in assisting drug enforcement efforts. This legislation is intended to remove specific roadblocks which have prevented our military from assisting civilian law enforcement officials in their efforts to stem the tide of illicit drug trafficking into the United States.

At present, the military is unable to provide such assistance due to interpretations of the posse comitatus statute (18 U.S.C. 1385). Consequently, without some modification in the posse comitatus provisions the military cannot even alert civilian law enforcement agencies of suspected drug traffickers.

The posse comitatus statute actually dates from the post-Civil War period. Its original purpose was to prevent the use of U.S. Army personnel in assisting local law enforcement efforts. While the general principle that military personnel should not be used in civilian matters is a good one, the language of this statute is simply too vague. In fact, the courts have made numerous extensions of this statute and most recently it has been interpreted to include other branches of the military besides the Army. As a result, the Department of Defense points to the posse comitatus provisions as restricting its ability to assist other Federal agencies in narcotics interdiction.

The objective of our legislation is to expand the areas in which military support services could be provided to civilian law enforcement agencies, such as the sharing of information and the loaning of equipment and facilities.

The Hawkins-Young bill would continue to prohibit the direct involvement of military personnel in narcotics seizure, arrests, or other civilian law enforcement responsibilities, other than to provide training and expert advice to civilian authorities.

Under this legislation, the military will share information it normally obtains about aircraft and boats suspected of drug trafficking with civilian law enforcement officers. The military is not ordered to undertake any special law enforcement efforts. In no case is the military to take any action that would interfere with its preparedness. But the bill would allow the military to plan training missions such as airborne surveillance training in areas where suspected drug trafficking is occurring. In this way drug enforcement objectives could be achieved as a complement to the primary goal of training our military personnel.

In our home State of Florida, the smuggling of narcotics generates enormous profits, and from those profits traffickers are able to equip themselves with an awesome array of the very finest aircraft, boats, and weapons. At present, they are better manned and better equipped than the agents assigned to stop them. Unless some means are found to better the odds, law enforcement will continue to lose its war against smugglers. One of the key benefits of our legislation is that it allows drug enforcement officials to capitalize on existing programs, facilities, and equipment without having to make the tremendous capital expenditures necessary to install and operate its own radar system or to purchase highly sophisticated aircraft.

This legislation directs the military to use its discretion to pass along information to appropriate law enforcement authorities, it does not expand on the military's authority to gather information. The information that it would provide for civilian authorities would be that which they already gather during normal military operations, such as surveillance flights over the Caribbean. Any direct involvement in domestic law enforcement would be limited strictly to training functions.

Based on the language contained in our bill, only agents of the Department of Justice, Drug Enforcement Administration, Department of Treasury, or the U.S. Coast Guard are authorized to make requests for military assistance. Once information is provided to these Federal agencies, they will be permitted in appropriate cases to make the information available to State and local authorities.

We believe this legislation is badly needed if we are serious about stopping the flow of narcotics into our country. We urge our colleagues to support this legislation.●

By Mr. SCHMITT (for himself, Mr. GARN, and Mr. JEPSEN):

S. 1135. A bill to extend by 5 years the

expiration date of the Defense Production Act of 1950; to the Committee on Banking, Housing, and Urban Affairs.

DEFENSE PRODUCTION ACT EXTENSION

● Mr. SCHMITT. Mr. President, I am today introducing legislation to extend the Defense Production Act of 1950, which expires on September 30, 1981. The Defense Production Act is the foundation for our Nation's defense preparedness capability both in times of war and times of peace. The bill provides the President with the authority to—

Divert certain materials and facilities to defense purposes;

Reduce time required for full mobilization;

Insure availability of strategic and critical materials, including energy;

Insure productive capacity and supply; and

Develop preparedness programs.

The Defense Production Act was enacted in 1950 as an outgrowth of the lack of preparedness that came to light as the Nation approached the Korean war. During the Korean war period DPA programs had a dramatic impact on the expansion of supply of a number of strategic minerals. In a few years these programs doubled U.S. aluminum production, increased U.S. copper mine capacity by a quarter, initiated U.S. nickel mining, created the titanium industry, quadrupled U.S. tungsten mining, and greatly expanded the world columbium-tantalum mining and processing industries, as well as expanding supplies of many other materials for production needs and stockpiles. The latest major nonfuel use of the DPA was an $83 million loan in 1967 in the Vietnam war period to facilitate the Duval Sierrita copper mine development.

These achievements have been gained with relatively little expense to the Treasury. Many DPA activities do not involve direct outlays of Federal dollars, but rather the establishment of purchase agreements that become effective only under certain circumstances, thus limiting the Federal Government's financial exposure. During the Korean war period, for example, over $8.4 billion in gross transactions were undertaken with an ultimate cost of approximately $0.9 billion.

Major materials programs during this period included:

[In billions]

Aluminum	$1.5
Titanium	0.9
Rubber	0.9
Nickel	0.9
Copper	0.7
Manganese	0.4
Tungsten	0.4
Tin	0.2
Molybdenum	0.2
Magnesium	0.1
Cobalt	0.1
Columbium-Tantalum	0.1
Other materials (more than 50)	0.4

At the present time, when we are faced with the realization that U.S. dependence upon foreign supplies of strategic minerals has made our defense industrial base vulnerable to disruptions in supply for a wide range of critical materials, it would serve the Congress well to reexamine the potential of the Defense Production Act for addressing, and to some extent, solving these problems. I am pleased to note in this regard that the Federal Emergency Management Agency has developed four proposals under DPA authorities, that would address our Nation's critical reliance upon imports of titanium, cobalt, refractory bauxite, and natural rubber. Unfortunately, these projects were not acted upon by the Carter administration, but I am hopeful that the present administration will give them very careful consideration.

To begin to move forward in solving the problems we face with these four materials is consistent with the National Minerals and Materials Policy Act of 1980 and would be an auspicious start in the effort to implement an effective minerals and materials policy, a stated objective of this administration.

Several days of hearings conducted last year by the Commerce Committee revealed the depth of our Nation's dependence upon foreign imports of strategic minerals. We are all familiar with the experience of our country in the recent past with the Organization of Petroleum Exporting Countries. This experience illustrates the danger of U.S. reliance upon insecure foreign sources for important raw materials. But the United States produces enough oil to meet roughly half of our domestic requirements; with many of the strategic minerals required by the economy we are 100-percent dependent. Our vulnerability to sudden interruptions in supplies of these vital materials is not offset by the presence of any domestic capacity whatsoever. It is to be hoped that we will recognize the gravity of this situation and take corrective actions before history repeats itself.

The following table shows the comparative import dependency of the United States, the U.S.S.R., the European Economic Community, and Japan for a number of important minerals and metals. This information comes from data supplied by the Bureau of Mines and reflects 1978 statistics, except for the figures from the United States, which are from 1979:

NET IMPORT RELIANCE OF SELECTED MINERALS AND METALS

[Minus numbers show net exports]

Minerals and metals	U.S.S.R.	United States	Europe	Japan
Columbium	0	100	100	100
Mica	10	100	100	100
Strontium	0	100		
Cobalt	0	90	100	100
Manganese	(-20)	98	100	95
Tantalum	0	96		100
Bauxite and alumina	52	93	83	100/27
Chromium	(-44)	90	100	99
Platinum-group metals	(-45)	89	100	98
Asbestos	(-32)	85	83	97
Fluorine	50	82	8	100
Tin	21	81	96	98
Nickel	(-9)	77	100	100
Cadmium	(-29)	66	70	(-5)
Zinc	(-6)	62	71	61
Potassium	(-42)	66		
Selenium	0	40	83	(-123)
Mercury	0	62	79	0
Gold	(-145)	56	99	95
Tungsten	12	59	93	51
Antimony	19	43	95	100
Silver	(-10)	45	85	60
Barium	51	40	(-19)	20
Titanium (ilmenite)	(-9)	46		100
Gypsum	0	33	1	2
Iron ore	(-20)	28	70	99
Vanadium	(-31)	25		100
Copper	(-3)	13	100	91
Lead	(-17)	11	39	76
Aluminum	(-44)	8	76	28

The materials and metals listed above are essential for virtually every aspect of modern American life. Without just a few critical materials, such as cobalt, manganese, chromium, and platinum, it would be virtually impossible to produce certain types of jet engines, missile components, electrical equipment, machine tools, chemicals, stainless steel, electrical and electronic equipment, pipelines, refineries, batteries, iron, steel, aluminum, et cetera. Despite the importance of these minerals, we now rely on imports for more than 90 percent of our requirements of cobalt, manganese, chromium, platinum, columbium, mica, strontium, tantalum, bauxite, and alumina.

The Defense Production Act, which grants very wide authorities to the President and his departments, can be a vehicle for promoting U.S. self sufficiency in a wide array of critical materials through stockpiling, the development of substitute materials, and increased domestic production. I look forward to working with the Department of Defense, the Federal Emergency Management Agency, and other agencies in considering the use of the Defense Production Act to address some of the severe minerals dependency problems currently faced by the United States.

The legislation I am introducing today will extend the existing DPA authorities for an additional 5 years. A 5-year extension is important at this time to give a clear signal that we intend to provide continuity for DPA programs over the coming years as we move toward addressing our overall defense preparedness capabilities.

Due to the time constraints imposed by the May 15 deadline and the heavy schedule of oversight hearings on issues involving Financial Institutions being conducted by the distinguished chairman of the Banking Committee, Senator GARN, hearings on the Defense Production Act extension will not be held at this time. The committee will, however, take up the Defense Production Act later this year, when the administration has had time to develop its position on the FEMA proposals mentioned in my statement.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1135

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166 (a)) is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1983".●

By Mr. COHEN:

S. 1137. A bill for the relief of the Bank of Maine, N.A.; to the Committee on the Judiciary.

RELIEF OF BANK OF MAINE, N.A.

● Mr. COHEN. Mr. President, I am introducing legislation to reimburse a Maine bank for the wrongful loss of interest resulting from an erroneous transfer of funds to the U.S. Treasury.

The increasing use of computers in every field has made Americans more aware of the unfortunate errors that result when fallible human beings enter incorrect data into the computer. These mistakes can—and do—occur in the banking industry, given its growing reliance on high-speed and high-volume electronic transfers of funds.

Generally, when errors in transmitting funds occur, banks simply reimburse one another for any lost interest income, whether the mistake is caused by the sending or the receiving financial institution. This comity, however, apparently does not apply when a bank has the misfortune to misdirect funds to a U.S. Treasury account.

On December 24, 1980, the Bank of Maine, N.A., attempted to transfer more than $2 million to the Bank of Nova Scotia via Bankers Trust in New York. The bank's computer operator incorrectly wired the funds, entering the wrong computer code which sent the money to a U.S. Treasury account at the Federal Reserve Bank of New York, instead of to its proper destination.

In most cases, the receiving financial institution catches a wiring error on the day of the transfer and notifies the sending bank. The funds are then forwarded to the correct location with no loss of interest. The Treasury Department, however, did not discover the error and notify the Bank of Maine until January 1, 1981, 9 days after the erroneous transfer had occurred.

The correct recipient of the funds, the Bank of Nova Scotia, asked the Bank of Maine to reimburse it for the interest lost during the 9 days that the funds were held by the Treasury.

After considerable negotiation, the Bank of Nova Scotia agreed to settle for payment of $9,605.45, the amount of interest computed at the 19.13-percent Federal funds rate for the applicable period and less than 22-percent interest rate on the loan against which the funds were to be applied.

Since the Bank of Maine had to compensate its customer for the loss of interest, bank officials requested that the Treasury pay the imputed interest for the time it held the funds. Stating that it was unable to pay interest on a claim unless pursuant to a specific statutory authority or a court order, the Treasury refused to reimburse the bank. This legislation will provide that statutory authority.

Mr. President, it is clear that the Treasury has been unjustly enriched at the expense of the Bank of Maine. And, although $9,605.45 is a small amount compared to multibillion-dollar Treasury accounts, it is not insignificant to a small Maine bank. I think that simple equity requires that the Bank of Maine be compensated for the loss of its interest.

I ask unanimous consent that this legislation be printed in the RECORD following my statement.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1137

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That the Secretary of the Treasury shall pay, out of any money in the Treasury not otherwise appropriated, the sum of $9,605.45 to the Bank of Maine N.A., Augusta, Maine, in full satisfaction of the claim of the Bank of Maine for interest on funds which were erroneously transferred from the Bank of Maine to the United States Treasury on December 24, 1980, and retained by the United States Treasury until January 2, 1981.

SEC. 2. No part of the amount appropriated by the first section of this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with the enactment of this Act, any contract to the contrary notwithstanding. Violation of the provision of this section is a misdemeanor punishable by a fine not to exceed $1,000.●

By Mr. CHILES:

S. 1138. A bill to prohibit the issuance of phosphate mining leases in Osceola National Forest, Fla.; to the Committee on Energy and Natural Resources.

OSCEOLA NATIONAL FOREST

● Mr. CHILES. Mr. President, today I am introducing legislation to protect an important forest resource in my State, the Osceola National Forest. This 157,000-acre forest in north-central Florida is a valuable source of timber, fish and wildlife species, wetlands, and recreational opportunities.

Unfortunately, the continued management and use of these lands for these purposes is threatened by the possibility that significant portions of the forest will be strip mined for phosphate deposits underlying the forest.

The Department of Interior is presently reviewing 41 preference right lease applications for phosphate mining covering 52,000 acres, or approximately one-third of the forest. I join the State of Florida, local and regional agencies, and interested citizen groups in strongly opposing the issuance of phosphate mining leases in this area.

Environmental studies have pointed to the adverse impact of strip mining on water resources, wildlife habitat, and timber production.

At a time when other phosphate deposits in my State and elsewhere remain undeveloped, I feel it is both unwise and unnecessary to allow for the irreversible alteration or severe limitation of the use and productivity of this great forest.

The legislation I am introducing today would protect the Osceola by prohibiting the issuance of phosphate mining leases at this time and would set up a process for dealing with the pending lease applications under consideration by the Interior Department.

Mr. President, the possibility of strip mining in the Osceola National Forest is drastically inconsistent with the purposes for which these lands were originally acquired—to promote timber management and protect the swamplands. The pending lease applications cover approximately 36,000 acres of pine/palmetto flatwoods.

If these leases are granted significant acreage will be permanently removed from timber production and other areas will experience reduced productivity.

Assuming 28,000 acres would be mined and assuming commercial sawtimber could not be reestablished, there would be 135 million board feet in growth loss during the 30-year mining period and 4½ million board feet loss annually thereafter.

The pending lease applications cover 10,731 acres of cypress swamps, 4,354 acres of bay swamps, and 845 acres of creek swamps. The 1979 final supplement to the environmental impact statement on phosphate mining in the Osceola National Forest cites a high potential for irreversible damage to 16,000 acres of cypress, bay and creek swamps. These figures clearly substantiate that mining would be contrary to effective timber management and swampland protection.

The Osceola National Forest is currently managed for a variety of activities including outdoor recreation, timber production, watershed protection, and fish and wildlife preservation. To allow strip mining in the forest would violate the policy of multiple-use management of the forest as public land.

Multiple use of these lands must be possible before mining can be allowed and, at the present time, it has not been successfully demonstrated that full restoration of strip mining land is possible.

In May, 1980, Secretary of Agriculture Bob Bergland expressed concern about the adverse impacts of phosphate strip mining and requested the Secretary of Interior to withhold leasing on the Osceola National Forest for the immediate future.

He said technology is presently unavailable or unproven to assure mining could be carried out under conditions that would insure the adequate utilization of the lands for the primary purposes for which they have been acquired or are being administered.

Past environmental studies, agency reports, and public testimony have provided a clear record of adverse impacts of strip mining on the forest and have, in my view, presented a convincing case that the exclusive use of these lands for intensive phosphate mining would be inconsistent with the multiple-use management objectives of the Osceola National Forest.

Phosphate mining would significantly impact existing uses of the forest for hunting, camping, vacationing and other recreational activities. Mining would pose serious threats to wildlife habitats and populations found in the forest.

Environmental studies have pointed to the probable irretrievable loss to the forest of several Federal and State listed endangered species including the red-cockaded woodpecker, Florida panther, and gopher tortoise. Other impacts identified in past studies include the loss of suitable habitat and/or high potential for significant adverse effects to other animals in the forest including Bachman's warbler, Florida black bear, gray bat,

eastern indigo snake, Sherman's fox squirrel, and Florida sandhill crane.

It is clear from the information available on this issue that allowing phosphate mining in the Osceola National Forest is not in the public interest. The purpose of the legislation I am introducing today is to make sure no mining leases are issued for phosphate mining in the Osceola National Forest in the near future and to insure fair treatment for any lease applicant who has established a right to a lease.

The history of the pending phosphate mining application dates back to the early sixties when 92 prospecting permits were issued for the Osceola National Forest. Eventually, 41 of these permits resulted in noncompetitive lease applications. Under existing regulations, these lease applicants first must make an initial showing to demonstrate the discovery of minable reserves.

Then they must make a finai showing to prove the current profitability of a mining operation. This final showing, the so-called "valuable deposit" test takes into account, among other things, the costs of operating the mining, of complying with existing governmental regulation, and of meeting reclamation requirements, Forest Service stipulations, and environmental standards.

Meeting the "valuable deposit" test is a condition precedent to issuance of a preference right lease.

At the present time none of the Osceola National Forest lease applicants have yet demonstrated that they have discovered "valuable deposits." The Department of Interior and the Department of Agriculture are in the process of completing the required work to make this determination. Because the Forest Service can impose surface resource protection and reclamation stipulations, and because the costs for complying with these stipulations must be accounted for in determining whether or not a valuable deposit discovery has been made, there is some possibility that, if all environmental costs are taken into account, the deposits covered by the 41 lease applicants cannot be profitably worked.

If such were the case, the Secretary of Interior cannot issue a lease. If, however, the lease applicants can demonstrate that the phosphate deposits can be profitably worked, then it is the position of the Department that the Secretary of Interior has no discretion to refuse to issue a lease, once a right to the lease has been established.

The legislation I am introducing today would prohibit the Secretary of Interior from issuing a phosphate mining lease for deposits within the Osceola National Forest until such time as Congress determines that it would be in the national interest to allow mining to take place. The bill would also provide the means for justly compensating those lease applicants who establish a right to a lease.

Under the provisions of the bill the Secretary of Interior is authorized to determine, within 2 years, which of the 41 pending lease applicants, if any, are entitled to a lease. This determination will be based on whether the valuable deposit test has been met as well as all other requirements of applicable law governing mineral leasing in the Osceola National Forest.

Detailed information on the lease application of any applicant found to be entitled to a lease will then be provided to the Comptroller General, who will then be responsible for assigning a monetary value to the right taken away from the lease applicant as a result of the mining lease not being issued. This monetary value will be the present fair market value of the lease had it been issued.

Any applicant who is shown to be entitled to a lease under existing law will, under the provisions of this bill, have the option to petition the Secretary to suspend the lease application until such time as Congress enacts legislation to allow the issuance of the mining lease.

Or, if the applicant does not wish to have the application suspended, the applicant can, under the provisions of this bill, accept a monetary credit in the amount determined by the Comptroller General to be the fair market value of the lease had it been issued. This credit can be used by the lease applicant for bonus, rental and/or royaltv payments on any lease competitively won.

If any applicant shown to be entitled to a lease does not elect to have the lease suspended or to accept the monetary credit, then the Secretary shall, by purchase or condemnation, acquire the preference rights to any such leases.

In summary, Mr. President, I want to again point out the long history of controversy surrounding phosphate mining in the Osceola National Forest. The legislation I am proposing today seeks to put to rest the possibility that this forest will be unnecessarily damaged by strip-mining operations in the immediate future.

While I certainly recognize the critical importance of providing adequate phosphate supplies for our country, I see no reason to destroy a national forest when alternative undeveloped phosphate deposits exist.

The anticipated deposits underlying the Osceola National Forest are estimated to represent less than 5 percent of Florida's reserve base and less than 1.5 percent of the U.S. phosphate reserve base.

Surely we should put the question of mining the Osceola aside at least until such a time when the supply of phosphate becomes critical, and the supply of recoverable phosphates has been exhausted on private or Federal lands on which the mining would have lesser environmental impacts, or which can be more effectively reclaimed.

For the time being, Congress has a responsibility to encourage an effective management policy for the Osceola National Forest that recognizes the multiple uses and rich natural values associated with this important forest resource.

In addition, it is important that pending lease applications for phosphate mining leases be settled in a timely and equitable manner.

My proposal, Mr. President, seeks to achieve both these goals. By prohibiting phosphate mining in the Osceola National Forest and establishing a procedure for justly compensating applicants who have established a right to a mining lease, this bill sets the stage for resolving the long-lived controversy of strip mining in the Osceola National Forest.

I do want to point out, Mr. President, the complexity of this issue. We are dealing with an important national forest resource; and the question of possible legal and existing rights to mine the forest.

While I am dedicated to saving the forest, I am, nonetheless, open to suggestions on how we go about achieving this protection. I want to be fair to the companies involved, and I want to be fair to the Nation's taxpayers.

I have offered what I feel is an equitable and cost-effective proposal to express my concern that the phosphates in the Osceola not be mined at the present time. The legislation is a starting point for discussions, and when we hear the ideas and suggestions of the administration, my colleagues in the Senate, and other interested parties, there may be additional recommendations made.

I am certainly not locked into any particular approach, and I will not object to any sound and sensible solution that can be worked out to resolve this problem.

I hope the Members of the Senate will join me in supporting this effort to prevent mining activity which would be environmentally destructive to the forest and contrary to the State's and national interest.

Mr. President, I ask unanimous consent that a copy of the bill appear in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1138

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS AND PURPOSE

SECTION 1. (a) The Congress finds that—

(1) 41 applications for phosphate preference right leases have been filed on 52,000 acres in the Osceola National Forest in Florida;

(2) the pending applications cover one-third of the total acreage of the small Osceola National Forest;

(3) the phosphate deposits underlying the Osceola National Forest are estimated to represent less than 1.5 percent of the total United States phosphate reserve base;

(4) the Osceola National Forest is presently a valuable source for outdoor recreational opportunities, rangelands, timber, fish, and wildlife, and the projected phosphate strip-mining activity is inherently incompatible with present multiple renewable and sustained uses and resources of the Osceola National Forest and inconsistent with the purposes for which these lands were acquired;

(5) phosphate mining would—

(A) result in substantial loss of forest productivity and sustained income to the region (assuming only 28,000 acres are mined and assuming commercial sawtimber could not be reestablished, there would be 135 million board feet in growth loss during

the 30-year mining period and 4½ million board feet loss annually thereafter);

(B) pose serious threats to fish and wildlife habitats and populations found in the forest, such as the black bear, and threatened and endangered species such as the Florida panther and the red-cockaded woodpecker;

(C) convert 9,000 acres of forest to water and have a highly undesirable effect on topography and vegetation of the forest;

(D) significantly impact existing uses of the forest for hunting, camping, vacationing, and other recreational activities; and

(E) alter chemical makeup and flow characteristics of forest streams and would result in a high risk of severe damage to the valuable Suwannee River system located immediately downstream; and

(6) technology is presently unavailable or unproven to assure phosphate mining could be carried out under conditions that would insure that these lands could be reasonably restored to serve the purposes for which the year presently managed.

(b) It is the purpose of this Act to protect the productive reserves of timber and other renewable resources and values associated with the Osceola National Forest by providing for the cancellation and suspension of any pending phosphate right lease applications for phosphate mining in the Osceola National Forest.

PROHIBITION OF PHOSPHATE MINING IN OSCEOLA NATIONAL FOREST

SEC. 2. (a) On or after the date of enactment of this Act no agency of the United States Government shall issue phosphate leases embracing lands in the Osceola National Forest, Florida, unless Congress by subsequent legislation determines that the mining of phosphate deposits underlying such Federal lands is in the national interest of the United States.

(b) On and after the date of enactment of this Act no other prospecting permits for phosphate in lands covering the Osceola National Forest shall be issued, and no such permit issued after September 29, 1967, for such lands shall be considered valid.

DISPOSITION OF PENDING PHOSPHATE MINING LEASE APPLICATIONS

SEC. 3. (a) Within two years of the date of enactment of this Act, the Secretary shall determine with the assistance of the United States Forest Service if any of those individuals or companies who have filed a phosphate preference right lease application have made a discovery or discoveries of valuable deposits. Such determination shall be based on finding by the United States Geological Survey pursuant to standards established by part 3520 of title 43, Code of Federal Regulations, as of January 1, 1981. The Secretary shall provide to the Comptroller General the details of each phosphate preference right lease application for which he has determined that a valuable deposit discovery or discoveries exist and that all requirements of applicable law for entitlement to a lease have been met.

(b) The Comptroller General shall determine, with respect to any lease application provided to him by the Secretary pursuant to section 3(a) above, the present fair market value of such leases, if such leases were able to be issued. Exploration costs shall not be considered in determining losses suffered as a result of being denied a lease. The Comptroller General shall forward such determinations of value to the Secretary within three years of the date of enactment of this Act.

(c) (1) Upon the petition of a lease applicant for whom a value determination has been made pursuant to subsection (b), the Secretary shall, at the option of the applicant—

(A) suspend the issuance of a phosphate preference right lease until such time as Congress enacts enabling legislation allowing the Secretary to issue a preference right lease to such applicant; or

(B) extend to the applicant a monetary credit to be used for bonus, rental or royalty payments on any lease competitively won by the applicant in the amount determined by the Comptroller General pursuant to section 3(b) subject to necessary adjustments for inflation in the value of credit during the period of time it is held by the applicant.

(2) If an applicant waives his right to petition pursuant to paragraph (1), the Secretary shall acquire the preference right to the applicant's lease by purchase or condemnation. Effective October 1, 1982, the Secretary is authorized to pay such applicants amounts determined by the Comptroller General pursuant to subsection (b).

(d) Any payments made pursuant to this Act shall be effective only to such extent or in such amounts as are provided in appropriation Acts.

(e) For the purposes of this section the term—

(1) "Comptroller General" means the Comptroller General of the United States;

(2) "Secretary" means the Secretary of the Interior; and

(3) "phosphate preference right lease application" means those applications for leases numbered BLM–A–080538, 080539, 080540, 080544, 080545, 080546, 080547, 080548, 080549, 080093, 080297, 080298, 080299, 080801, 080975, 079903, 079904, 079905, 079906, 079907, 079956, 079957, 079958, 079959, 079992, 080004, 080027, 080028, 080048, 080067, 080069, 080070, 080632, 080634, 080638; ES–0980, 0981, 0982, 0983, 3181, and 3208.●

By Mr. JEPSEN:

S. 1139. A bill to provide for automatic adjustment of deduction to individual retirement accounts, and so forth, and for other purposes; to the Committee on Finance.

INDEX INDIVIDUAL RETIREMENT ACCOUNTS FOR INFLATION

● Mr. JEPSEN. Mr. President, in my opinion one of the most important things Congress has done in recent years is to authorize the establishment of individual retirement accounts or IRA's. This allows an individual to set aside up to $1,500 per year of his taxable income in a special interest-bearing account, with no taxes paid on the principal or the interest until the money is withdrawn after age 60.

Mr. President, IRA's serve two vital functions: They help individuals save for retirement, so that they may retire with dignity, and they help encourage savings, which aids capital formation and industrial expansion.

For too many years it has been the policy of our Government to discourage savings and encourage people to rely on social security for their retirement income. As Prof. Martin Feldstein's work has shown, one of the major reasons that people save is for retirement. If they are led to believe that social security will take care of their retirement needs, then people will have much less reason to save.

Unfortunately, older Americans are discovering too late that social security is not adequate—especially in a time of inflation. Since we cannot increase social security benefits without greatly increasing taxes. we must therefore look at new ways of helping people better prepare themselves for retirement financially. Allowing people to set up individual retirement accounts is an important step in this direction.

Another important thing about IRA's is that they help reduce the absurdly high tax rates suffered by Americans. By allowing people to take up to $1,500 off the top of their taxable incomes, substantial tax savings can be made. A single individual with a gross income of $15,000 per year, for example, would save $407 in Federal income taxes if he put the maximum amount of his income into an IRA.

Because I think that IRA's are such a good thing I believe they should be expanded. Today I am taking a small step in that direction by proposing legislation which would "index" the maximum amount which can be put into an individual retirement account to the rate of inflation. Thus, as inflation increases nominal incomes the maximum amount which can be put into an IRA will also increase. Thus, if inflation went up 10 percent the maximum amount which could be put into an IRA would increase to $1,650 and so on.

Mr. President, for years the Congress has opposed indexing measures for two reasons: They are said to be a "cop-out" in the war against inflation and they are said to be too expensive in terms of lost revenue. Neither reason is valid; first because this proposal would have a negligible revenue impact and second because Congress has clearly shown that it cannot deal effectively with inflation, so we should begin now to start minimizing its impact. Indexing individual retirement accounts is a good place to start.●

By Mr. BENTSEN (for himself, Mr. DANFORTH, Mr. BAUCUS, Mr. MITCHELL, and Mr. CHAFEE):

S. 1140. A bill to improve productivity and promote capital investment in small business and for other purposes; to the Committee on Finance.

SMALL BUSINESS INVESTMENT ACT OF 1981

Mr. BENTSEN. Mr. President, today I am introducing the Small Business Investment Act of 1981.

The program I am proposing today is not inflationary, inexpensive and targeted at increasing productivity in the most important segment of our economy—the small business community. Small businesses account for 43 percent of our gross national product and provide more than 58 percent of all new private sector jobs. My bill today addresses three of the fundamental problems confronting the continued strong economic growth of the small business community: Capital formation; capital retention; and business continuity. All three issues have become a primary concern of the small and independent business community.

My proposal would provide significant relief, not only to small businesses but to all businesses, in meeting their capital formation requirements. Major features of this measure are:

First, capital gains rollover: A proposal which would allow taxpayers to defer the capital gains tax on the sale of an interest in a qualifving small business, provided the proceeds of the sale are invested in small business within 18 months from the date of sale.

Under present law, small businesses are encouraged to sell out to large companies by exchanging the stock of the small company for stock of the larger corporation. The entire transaction is tax free under present law. The small businessman who sells out may defer the immediate payment of capital gains tax until he ultimately sells its new stock. This same advantage is unavailable if the small businessman sells his business for cash to another independent business. In this case he must pay an immediate capital gains tax on the sale.

This proposal would provide greater incentive for reinvesting in small businesses. It would allow anyone owning interest in a small company with a net worth of $15 million or less to sell their interest for cash, reinvest that money in another small business and defer any capital gains tax on the sale until the proceeds are taken out of the small business and not reinvested within the 18 month period.

Second, increase the amount of used equipment eligible for the investment tax credit from $100,000 to $250,000 and a carryover of any unused investment tax credit.

Many small businesses acquire significant amounts of used property. I believe that an increase in the regular investment tax credit for used property is necessary to assure that the small businesses participate in the general upgrading of productive facilities which this proposal is intended to stimulate. Further, the present $100,000 limitation which became a part of the tax law in 1975, has become insufficient in light of the inflation that occurred in the price of equipment today. Finally, by allowing a carryover of any unused investment tax credit we insure that businesses make the necessary investments this year without being deterred from making such investments due to the limitation on the amount of property qualifying for the investment tax credit.

Third, a proposal to expand graduated corporate tax structure by increasing the surtax exemption from $100,000 to $150,000 for 1981 to $200,000 for 1982. The proposal would extend progressivity of the present graduated corporate rate structure enacted by the Congress over the past 5 years.

Further, the proposal would reduce the rate of the present 17 to 15 percent on the first $25,000 of taxable corporate income. It would extend the 30-percent rate which currently applies to taxable income of between $50,000 and $75,000 to an expanded $50,000 to $100,000 tax bracket. Further, it would also extend the 40-percent rate currently $75,000 to $100,000 to an expanded $100,000 to $150,000. Finally it would reduce the maximum rate on corporate income from 46 percent to 45 percent in 1981 and 44 percent in 1982.

This proposal would reduce corporate taxes on the first $50,000 of income by an additional $6,000. These reductions in corporate rates are necessary if we are to stimulate business spending for new plants and equipment. These investments are necessary for increasing the rate of economic growth and holding down the rate of inflation. Lower tax rates enable corporations to retain more funds for capital expenditures. In addition, lower tax rates by reducing double taxation of income from corporate investment, enable corporations to attract more capital.

Fourth, subchapter S. A proposal to increase the number of permissible shareholders in a subchapter S corporation from 15 to 25. This provision will facilitate the use of subchapter S provisions by more businesses and promote increased investment in electing small business corporations.

Fifth, provide a reserve for market-making activities. A significant element of investment in equity securities if the subsequent marketability of the security. This is particularly true in the case of new offering of small business securities by allowing security dealers to defer the recognition of gain on small business stock in which they make a market, it will encourage dealers to make markets for unlisted securities of smaller corporations. I believe that this will make new capital markets available for small businesses.

Sixth, increase the capital gains exclusion from 60 percent to 75 percent. The present rules applicable to capital gains have contributed to both the slower rate of economic growth and to some taxpayers realizing fewer gains than they would have realized if the tax rates had been lower. Further, the present capital gains tax has reduced the incentive to make investments, especially risky investments in relatively new firms and industries. As a result I believe that changes are required of the tax provisions applicable to capital gains. By increasing the capital gains exclusion to 75 percent we will spur additional investment which will more than offset any static revenue loss which would result from this provision. This is evident by the success of the reduction in the capital gains rate in 1978.

Seventh, increase in the minimum accumulated earnings from $150 to $250,000. Since 1975 when the accumulations earnings limit was set at $150,000 there has been a substantial increase in cost which require additional capital to make an investment of the same type and scope. Increased borrowing costs cause small businesses to rely more heavily upon internal generation of capital for possible future needs. Therefore, I believe it is appropriate to increase the accumulated earnings limitation to $250,000.

Eighth, incentive stock option. The issue of incentive stock options would provide employees with an entrepreneurial stake in finding better ways to do the job. Stock option only has value to the employee if the price the company stock increases through growth and its sales and profits. Therefore, options give employees a powerful incentive to find ways to expand the company's business and conduct business more efficiently. Business growth creates more jobs; increased efficiency results in greater productivity.

Further, because of the incentive stock options are a form of noncash compensation, granting them causes no out-of-the-pocket expense to the corporation. Lowering a company's "up front" labor cost in this way results in improved cash flow to the company and can result in lower product price and thereby reduced inflationary pressures.

This proposal has no revenue loss to the Government. In fact the corporations are asking for the opportunity to pay more in taxes to be able to offer incentives to their employees—to improve their company's total performance. I believe the incentive stock options make good economic sense and strong revenue cents.

Ninth, estate and gift tax relief. My proposal creates a $300,000 exclusion from the gross estate in lieu of the present credit approach. It provides a 10-percent rate reduction for estate taxes, raises the gift tax exclusion to $10,000, permits special use of evaluation rules for farmland and closely held businesses, and permits a 5-year deferral, 15-year installment election payment of the estate taxes if 35 percent of the gross estate or 50 percent of the taxable state consist of a closely held business.

Inflation has increased the dollar value of individuals wealth, but not their real value. Estate and gift tax reduction is necessary to offset this inflationary increase. It is clear that the inflationary effect on the estate and gift tax is most severely felt on farms and closely held businesses which often must sell to pay the tax. If families are going to be able to transfer from one generation to the next the family farm, or the closely held business, we must have an estate tax that is not confiscatory.

Further, a decedent should be able to transfer to their surviving spouse any property without a tax being imposed upon the transfer. Husbands and wives have always been viewed as a single economic unit for estate and gift tax purposes, as well as free income tax purposes, thus allowing such a transfer would not result in any kind of tax avoidance or evasion.

There are about 12 million small businesses operating within the United States, more than 97 percent of all American companies. Nine million are sole proprietorships, 2 million are corporations, and 1 million are partnerships. They provide livelihoods for more than 100 million Americans and account for roughly 40 percent of our gross national product. Statistics do not accurately reflect the value of small businesses to our society. They, small business men and women, are what makes America run.

Small business is the strong right arm of our economic system in the United States and we must take steps to insure they remain strong. My proposal is one important step that we can take to insure that they remain strong. This program will reduce small business taxes by $6.6 billion in fiscal 1982. It does not provide an ultimate resolution to all the problems besetting small business, but it is an important step in the right direction. Politics has been described as "the art of the possible" and passage of this legisla-

tion in the 97th Congress is not only possible, it is something I believe legislators on both sides of the aisle will work for.

● Mr. DANFORTH. Mr. President, I am pleased to join in cosponsoring the Small Business Tax Reduction Act of 1981. This bill will provide much-needed assistance to small business seeking to acquire and retain capital.

The importance of small businesses to our economy has been documented in a number of recent studies. A 1979 study conducted by David L. Birch of the Massachusetts Institute of Technology found that firms with 20 or fewer employees accounted for 66 percent of all new jobs in the United States and that small, independent firms accounted for 52 percent of all existing jobs. Small businesses currently account for about 40 percent of our total GNP. Small high technology companies have produced over half the major innovations in the United States and some studies have shown that they create as much as 24 times more "innovation" per research dollar than very large companies.

Clearly, small business has been good for America. But no business can operate without sufficient capital and today's high interest rates are making it more difficult than ever for our Nation's small businesses to raise the capital they need to continue to grow and prosper.

Every provision of this bill, with minor exceptions, was contained in last year's Senate Finance Committee tax bill (H.R. 5829) reported by the committee on September 15, 1980. I look forward to working with the administration and my colleagues in the Senate to determine whether the provisions of this bill should be included in the first or a subsequent tax bill.●

By Mr. BAUCUS:

S. 1141. A bill to establish the National Forest Investment Fund, and for other purposes; to the Committee on Finance.

NATIONAL FOREST INVESTMENT FUND ACT

● Mr. BAUCUS. Mr. President, whether the owner of a corner grocery store or the President of a multinational corporation, every successful businessman knows that timely, adequate capital investment assures the long-term prosperity of any enterprise. Unfortunately, Uncle Sam, as chief executive officer of our National Forest System, has not applied that lesson.

Our national forests, almost 190 million acres in size, yield over $1 billion annually in revenues from timber, minerals, grazing, and other commodities and services. Unlike most revenue producing businesses, however, Congress has never linked these revenues to capital improvements to assure continuous, sustained yield productivity. The result has been a backlog of reforestation activities, timber sale preparation, road construction, grazing land improvements, and a variety of other investment requirements necessary to maintain efficient management of these forest and range lands.

Accordingly, I am today introducing the National Forest Investment Fund Act which proposes a fiscally responsible way to insure that our national forest productivity is sustained at an optimal level. The bill would accomplish three objectives. First, revenues generated by the national forests would be placed in one fund. Second, the fund would be applied through appropriations for lasting capital improvements. Third, the measure would require the establishment of a capital expenditures budget as part of the Resources Planning Act.

FOREST REVENUES

Our National Forest System is a critical element of the American economic picture. With nearly one-tenth of our land base included in the national forests, well over $1 billion annually flows into the Treasury as a result of activities on the forests. This sum includes grazing fees, recreational property lease payments, mineral revenues, and timber sales. The National Forest Investment Fund Act would identify and collect all revenues into a single fund.

Frankly, somewhat similar proposals have been made in the past. Congress has not favored them because they either circumvented the appropriations process or applied the funds to only certain improvements. This bill is designed to function totally within the appropriations process. It provides for capital investment on a sound, economic basis.

Under this bill, funds would be expended for forest capital improvement only where appropriated by Congress. As a result, the fund would not foster unneeded or wasteful expenditures. Unappropriated funds remaining for a period of 4 fiscal years would transfer to the general fund.

The upshot of this approach is that a mechanism is provided to consider critical long-term investment needs. By competing with other spending measures as part of the appropriations process, however, the investment will be placed within the priority setting process. Excessive proposals will thus be weeded out while cost-efficient programs will be funded.

INVESTMENT REQUIREMENT

While I will not attempt to catalog the capital improvements needed on our national forests, I do wish to stress that this bill will not result in make-work projects, endless planning nor pointless paper shuffling. Funds identified under the terms of this act would, instead, be restricted to resource improvements such as reforestation, timber stand improvement, watershed development, grazing land rehabilitation, wildlife management, recreational facilities development, and road construction.

Revegetation of our national forests provides a case in point. With 190 million acres of forest and rangeland in our National Forest System, the timber produced on these lands makes a very significant contribution to the American wood products industry. In addition to this timber resource, however, our national forests also yield some 4 million acre feet of quality water each year, provide critical fish and wildlife habitat, supply grazing for almost 4 million head of livestock, and accommodate 200 million recreational visitors.

Yet, despite the obvious benefits yielded to the Nation as a whole, budget requests for capital improvements such as reforestation have lagged behind in every recent administration. We not only have this sort of a backlog, but, more critically, our national forests are growing only two-thirds of the wood and one-half of the forage they are capable of producing.

Failure to make the needed investment to develop these millions of acres to productivity is undeniably shortsighted. At a time when Congress is actually seeking a balance of payments in our foreign trade, for instance, there is no excuse for this Nation, one of the most efficient producers of timber resources in the world, to be a net importer of forest products. By bringing our timber lands up to full capacity, the economy as a whole will benefit in the long haul.

While reforestation is a pressing need of our national forests, by no means is it the only one. The rangelands in the National Forest System have, for example, the capability to produce almost twice the amount of forage now grown on them. With the mounting costs of feed for cattle and sheep, greater availability of natural forage from our forest lands can have significant benefits for producers and consumers. Again, the key to this greater productivity is investment.

The same case can be made for road and trail improvements designed for forest protection and maintenance, for water development to supply downstream irrigation and municipal water requirements, and for recreational facilities. Regrettably, when budgets are cut, capital outlays are often the first targets for deferral. Because the damage done by long-term neglect is easier to overlook, short-term concerns generally win out. This bill will begin to reverse that unfortunate pattern.

CAPITAL EXPENDITURES BUDGET

The final objective of this piece of legislation is to refine provisions of the Resource Planning Act of 1974 to require the Forest Service to prepare a separate capital expenditures budget in a long-range assessment of the current and future capital investment needs of the National Forest System. This approach will recognize that many of the capital investment needs of the national forests are long-term and continuing in nature. For Congress, in cooperation with the President, to successfully direct national forest policy, budgetary information must recognize this "real world" situation.

In fact, as originally enacted, the Resource Planning Act attempted to focus on annual operating needs for multiple use management together with an equally sharp focus on the capital investment needs of our National Forest System. Nonetheless, the budgets presented by the Forest Service to date have failed to differentiate between operating activities and capital investments.

On the contrary, budgets presented to Congress often obscure the capital in-

vestment requirements of our national forests with ongoing operating needs. This bill, when enacted, will permit an identification of short- and long-term management requirements. By defining each function in a manner that forces budget developers in the executive branch to deal with budget topics in a substantive way, our picture of capital investment requirements will be greatly clarified.

SUMMARY

The underlying philosophy of this measure is straightforward. Business as usual will no longer do. If we are to secure an adequate, sustained yield of benefits of each feasible kind from our national forests, we must plow back a portion of the revenues derived from the forests for essential capital improvements.

This again is the core concept of the National Forest Investment Fund Act. Needed capital expenditures will be made in a manner consistent with the principles of fiscal responsibility. Renewable resource investment will be evaluated in the broad context of all other appropriation priorities. These judgments will, however, be made with an understanding of the benefits to be gained, the costs to be incurred, and the needs to be faced.

I urge my colleagues to join in this effort to chart a path of well-founded capital investment for our national forests. In my opinion this is the next logical step to be taken by Congress for the goal of reasoned and comprehensive forest management policy. Early consideration by the relevant committees and prompt enactment will insure a healthy rate of return to the Nation from our national forests today and for generations to come.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1141

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby established in the Treasury of the United States a fund to be known as the National Forest Systems Investment Fund (hereinafter referred to as the "fund"). The fund shall consist of such amounts as may be credited to it as provided in this Act.

SEC. 2. (a) Except to the extent otherwise provided by subsection (b) of this section, commencing with the fiscal year ending September 30, 1981, and each fiscal year thereafter, all moneys received or net revenues received during each such fiscal year from lands, resources, and services provided by the National Forest System shall be credited to the fund. Any unobligated amounts remaining in any account or fund and for use in connection with the National Forest System as of October 1, 1981, shall be transferred to the fund.

(b) Nothing in subsection (a) of this section shall be construed as affecting, diminishing, or otherwise altering the obligation of the United States to make payments in accordance with the provisions of the Act of May 23, 1908, as amended (16 U.S.C. 500), the Act of June 22, 1948 (16 U.S.C. 577g), or the Act of July 22, 1937 (7 U.S.C. 1012).

(c) As used in this section, the term "moneys received" shall have the same meaning as that provided under the sixth paragraph under the heading "Forest Service" in the Act of May 23, 1908, as amended (16 U.S.C. 500), section 13 of the Act of March 1, 1911, as amended (16 U.S.C. 500), and the term "net revenues received" shall have the same meaning as that provided under section 33 of the Bankhead-Jones Farm Tenant Act.

SEC. 3. (a) Commencing with the fiscal year beginning October 1, 1980, and each fiscal year thereafter, moneys in the fund shall be available, at such times and in such amounts, as provided for in appropriation Acts, for expenditures for capital improvements in connection with the National Forest System land and resources, including the construction and reconstruction of permanent improvements and facilities, reforestation, timber stand improvement, fish and wildlife habitat improvement, soil and water resource improvement, range improvement, permanent roads and trails comprising the National Forest Transportation System and established pursuant to the Act of October 13, 1964 (16 U.S.C. 532), and the Act of August 17, 1974, as amended (16 U.S.C. 1608), facilities to protect the National Forest System from fire and other damage, and facilities required for management of the National Forest System.

(b) Under the procedures set forth in the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1600–1614), and as specifically provided in section 4(1) thereof, the program provided for under such Act for the National Forest System shall set forth those activities for the National Forest System which are capital in nature. The budget request presented by the President to the Congress governing Forest Service activities for the fiscal year commencing October 1, 1981, and each fiscal year thereafter, shall set forth the capital improvements currently required under such program for such fiscal year to meet present and anticipated future needs, and the amount available from the fund to provide for such capital improvements. Moneys appropriated from the fund shall be available for such capital improvements and shall remain available until expended. Any money credited to the fund and not subsequently authorized for expenditure by the Congress within two fiscal years in which such money was credited to the fund, shall be transferred to miscellaneous receipts of the Treasury of the United States.

SEC. 4. (a) It shall be the duty of the Secretary of the Treasury to manage the fund and (after consultation with the Secretary of Agriculture) to report to the Congress not later than the first day of March of each year on the financial condition and the results of the operations of the fund during the preceding fiscal year and on its expected condition and operations during each fiscal year thereafter. Such report shall be printed as documents of the Senate and the House of Representatives.

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (A) on original issue at the issue price, or (B) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the fund (except special obligations issued exclusively to the fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the fund shall be credited to and form a part of the fund.●

ADDITIONAL COSPONSORS

S. 20

At the request of Mr. SASSER, the Senator from Arkansas (Mr. PRYOR) was added as a cospsonor of S. 20, a bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy.

S. 75

At the request of Mr. WALLOP, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 75, a bill to amend the Internal Revenue Code of 1954 to encourage capital investment by individuals and corporations.

S. 170

At the request of Mr. PACKWOOD, the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of S. 170, a bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions.

S. 351

At the request of Mr. WALLOP, the Senator from Idaho (Mr. MCCLURE), the Senator from Florida (Mr. CHILES), and the Senator from North Carolina (Mr. EAST) were added as cosponsors of S. 351, a bill to amend the Federal Mine Safety and Health Amendments Act of 1977 to provide that the provisions of such act shall not apply to the surface mining of stone, clay, and sand work.

S. 360

At the request of Mr. WEICKER, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 360, a bill to amend the Internal Revenue Code of 1954 to improve productivity and employment by promoting capital investment in small business, and for other purposes.

S. 391

At the request of Mr. CHAFEE, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 391, a bill to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying agents, informants, and sources and to direct the President to establish proce-

dures to protect the secrecy of these intelligence relationships.

S. 395

At the request of Mr. WALLOP, the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 395, a bill to amend the Internal Revenue Code of 1954 to provide estate and gift tax equity for family enterprises, and for other purposes.

S. 665

At the request of Mr. CHAFEE, the Senator from Colorado (Mr. ARMSTRONG), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 665, a bill to extend the period during which the Secretary of Defense may repay certain educational loans made to persons who serve in the Armed Forces, and for other purposes.

S. 816

At the request of Mr. THURMOND, the Senator from Florida (Mr. CHILES), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of S. 816, a bill to amend the Clayton Act to limit the circumstances under which foreign governments may sue for violations of the antitrust laws, and for other purposes.

S. 822

At the request of Mr. D'AMATO, his name was added as a cosponsor of S. 822, a bill to amend title 18 of the United States Code to make it a Federal crime to vandalize a house of worship or any other religious property.

S. 872

At the request of Mr. CHAFEE, the Senator from Nebraska (Mr. EXON), the Senator from New York (Mr. MOYNIHAN), the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Colorado (Mr. HART) were added as cosponsors of S. 872, a bill to amend title 38, United States Code, to extend the period of Vietnam era veterans' eligibility for readjustment counseling and related mental health services.

S. 941

At the request of Mr. THURMOND, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 941, a bill to authorize the construction and maintenance of the General Draza Mihailovich Monument in Washington, D.C., in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II.

S. 1120

At the request of Mr. PROXMIRE, his name was added as a cosponsor of S. 1120, a bill to reduce the amount of funds available to an agency unless the agency has reduced waste, fraud, and abuse to the maximum extent feasible or demonstrates that no waste, fraud, or abuse exists in the administration of programs, and for other purposes.

S. 1131

At the request of Mr. DANFORTH, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

SENATE JOINT RESOLUTION 46

At the request of Mr. THURMOND, the Senator from Oklahoma (Mr. BOREN), the Senator from California (Mr. CRANSTON), the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON), the Senator from Connecticut (Mr. DODD), the Senator from Kentucky (Mr. FORD), the Senator from Colorado (Mr. HART), the Senator from Washington (Mr. JACKSON), the Senator from Michigan (Mr. LEVIN), the Senator from Ohio (Mr. METZENBAUM), the Senator from New York (Mr. MOYNIHAN), the Senator from Rhode Island (Mr. PELL), the Senator from Massachusetts (Mr. TSONGAS), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Rhode Island (Mr. CHAFEE), the Senator from New York (Mr. D'AMATO), the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Alaska (Mr. MURKOWSKI), the Senator from New Hampshire (Mr. RUDMAN), the Senator from Alaska (Mr. STEVENS), and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of Senate Joint Resolution 46, a joint resolution declaring "U.S. Tennis Association Day."

SENATE JOINT RESOLUTION 47

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 47, a joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week."

SENATE JOINT RESOLUTION 51

At the request of Mr. DOLE, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of Senate Joint Resolution 51, a joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Inc.), and designating May 10 to 16, 1981, as "CARE Week."

SENATE RESOLUTION 116

At the request of Mr. LONG, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of Senate Resolution 116, a resolution to urge the Civil Aeronautics Board to refrain from extraordinary action with regard to the proposed merger between Texas International Airlines and Continental Airlines.

AMENDMENTS SUBMITTED FOR PRINTING

HEALTH CARE FLIGIBILITY FOR VETERANS EXPOSED TO AGENT ORANGE

AMENDMENT NO. 42

(Ordered to be printed and referred to the Committee on Veterans' Affairs.)

Mr. CRANSTON submitted an amendment intended to be proposed by him to the bill (S. 636) to clarify the Veterans' Administration's authority to recover certain health care costs, to extend the period of availability of funds committed under the Veterans' Administration program of assistance to new State medical schools, to authorize expansion of the scope of an epidemiological study regarding veterans exposed to agent orange, and for other purposes.

Mr. CRANSTON. Mr. President, I am today submitting an amendment, as I announced I would at a Veterans' Affairs Committee hearing last Thursday, April 30, to S. 636—the proposed "Veterans' Administration Health Care Amendments of 1981"—for the purpose of providing certain eligibility for VA health care to veterans who are concerned that their exposure during service to toxic substances or environmental hazards has resulted in health problems. Specifically, my amendment would afford these veterans eligibility for hospital and nursing home care and eligibility, at an appropriate level of priority, for pre- and post-hospital outpatient care and outpatient care that is necessary to obviate the need for hospitalization, for conditions that can be linked by some credible medical evidence to exposure to such substances or hazards.

At the present time, there is great uncertainty as to whether some very serious medical conditions from which certain veterans are suffering are attributable to their exposure during service to certain toxic substances, such as dioxin, the contaminant found in agent orange, or to other environmental hazards, such as the radiation to which nuclear weapons test participants were exposed. With respect to these two specific examples—as well as to other substances and hazards, such as benzine, sulpha, various biologic agents, and hallucinogens, to which certain veterans were exposed during service—there is reason to believe now that the Government was aware that some risks to health were involved in human exposure to those substances and hazards. However, although this may not be the case in all instances, the Government agencies involved believed that because the exposures were controlled to some extent, any adverse effects would be minor and short-term. Certainly, the common denominator with respect to these situations is that the national security priorities then prevailing were considered by military and other authorities to outweigh the known or suspected health risks.

One need not now challenge retrospectively how that balance was struck in order to conclude that there is a governmental health-care responsibility deriving from these situations. Indeed, one can conclude that the Government acted in most cases upon a good faith belief that there existed a limit below which human exposure would not result in chronic or severe acute health difficulties, and still conclude in terms of who should bear the cost of care—the Government or the individual—that the Government should do so since there now are indications that some specific disease entities might be shown to occur or continue many years following what was

once thought to be insignificant exposures.

Currently, however, the state of medical knowledge with respect to the posssible long-term health effects in humans of exposure to such substances and hazards is such that the VA generally is unable to find that such exposure was the cause of a specific veteran's disability and thus relate the disability to the veteran's service. If more scientific information were available, that causal relationship might be established.

Mr. President, epidemiological and other scientific studies are moving ahead in these areas. One example of such an epidemiological study is the agent orange study mandated by section 307 of Public Law 96-151. Section 4 of S. 636 would amend that study mandate to permit the VA to consider, in addition to agent orange, a broader scope of the toxic substances and environmental hazards in Vietnam. In addition, the Air Force currently is conducting an epidemiological study on those service personnel who were exposed to dioxin in connection with their involvement in operation ranchhand—the Air Force's defoliation program in Vietnam; the Center for Disease Control has initiated a review of its birth defects registry in an effort to address the concerns raised by many Vietnam veterans about the possibility that their exxposure may have adverse effects on their children; and the Armed Forces Institute of Pathology has undertaken a review of its tumor registry in order to determine what trends, if anv, can be gleaned with respect to the diagnosed malignancies that Vietnam veterans report. However, adequately definitive scientific findings as to the long-term effects in humans of exposure in Vietnam to agent orange or other toxic substances or environmental hazards will very likely not be available for years—even taking into consideration the most optimistic of forecasts by scientists.

With respect to agent orange exposure the present state of knowledge about the long-term health effects of dioxin exposure may not justify a determination that a particular veteran's disability is service-connected, which would entitle the veteran to disability compensation and to comprehensive VA health-care services for that disability. Nevertheless, I believe that he or she should still be assured of appropriate access to VA health-care services for medical problems for which hospitalization is or might be indicated in those cases in which there are credible indications—although not strong enough to be considered significant or conclusive by the scientific community—that a causative or contributing factor of the disease or disability may have been the veteran's exposure to dioxin during service. My view is that during the ongoing scientific investigations to find more specific answers, the Government should shoulder this responsibility.

Mr. President, a second example concerns the exposure to radiation of the service participants in this country's nuclear weapons tests. Several hearings were held during the 96th Congress by the Senate Veterans' Affairs and the Labor and Human Resources Committees that documented that considerable controversy existed at the time of the atomic tests about the question of what might be a safe exposure standard. It is well known that exposure to very large doses of radiation has been causally linked to the development in humans of certain malignancies, which very often are latent for many years, during which time no symptoms can be detected by physicians.

But not much is known about the long-term effects in humans of exposure to low levels of radiation. The controversy that exists today—which has been a matter of great public concern particularly following the 1979 accident at the Three Mile Island nuclear powerplant in Pennsylvania—focuses on whether any level of exposure to radiation should be considered safe. In this regard, a preliminary report by the Center for Disease Control on the long-term health effects that participants in the atomic test "smoky" have experienced was published in the October 3, 1980, Journal of the American Medical Association. The findings documented in that report indicate a significant increase, over what statistically would be expected in a male population of the size included in the study, in the number of diagnosed leukemias those veterans developed.

Participants in that and other atomic tests report they suffer from a variety of very serious diseases which cannot be service connected based on currently available evidence—but might later be found to be causally related to radiation exposure—and for which they have had trouble obtaining appropriate care from the VA. In order to obtain better information in this area, the national academy of sciences has initiated a major followup study on nuclear-test participants which will focus on the health experiences of 20,000 such participants.

My amendment would provide such a veteran with basic VA health-care eligibility, which generally would enable the VA to provide care for medical problems for which hospitalization is or might be indicated. A further, possibly significant, advantage to providing such eligibility would be to give the VA more experience in dealing with the disabilities or diseases involved. In some cases, this could contribute to advances in scientific knowledge about the nature and causes of such conditions. More generally, it also seems quite likely that this approach could enhance the VA's ability to treat the specific conditions involved more effectively or efficiently.

Mr. President, the practical effect of my amendment would be to relieve the veterans involved of the two alternative requirements that can impede their efforts to receive VA medical services for conditions that may be linked to their in-service exposure. Generally, these veterans have been required either to obtain a VA finding of service connection of the disease or disability involved or to sign the so-called oath of inability to defray the expenses of medical care. Under legislation we enacted last year—section 401(a) of Public Law 96-330—the Congress gave the Administrator the authority, indeed the responsibility, to "look behind" that oath. This means that the oath now is not conclusive of a veteran's financial need, and it will be even more difficult for some non-service-connected veterans to be eligible for any VA care. With respect to priority for outpatient care, the veterans involved would be placed ahead of all other non-service-connected veterans under this proposal.

By providing this level of VA hospital and medical care eligibility for possibly-related conditions of veterans exposed to agent orange, radiation, and other substances and hazards that may yet be found to have serious effects on human health, I am not proposing that a presumption of service connection be adopted in connection with VA benefits. What I am proposing is that we provide these veterans—who served our country in Vietnam, in the atmospheric nuclear weapons tests, and in various defense-related experiments on human subjects—with access to health care from the Government that exposed them to certain hazards while in the Armed Forces.

I would point out that my proposal specifically excludes eligibility where the exposure to a specific hazard or substance was the result of the veteran's willful misconduct or was otherwise not incurred in line of duty. These exclusions parallel those which generally apply to preclude a determination of service-connection for disabilities that are incurred during active-duty service. Also, even where there is credible evidence linking a disability to exposure to a particular hazard or substance, eligibility for health care under my proposal would be denied if, upon the recommendation of the Chief Medical Director, the Administrator makes a determination based on clear and convincing evidence that exposure to that hazard or substance does not cause the disability involved.

I believe that the proposal embodied in this amendment represents a fair middle ground pending the outcome of ongoing scientific inquiries.

Mr. President, I would also note that a very similar approach was ordered reported by the House Veterans' Affairs Committee's Subcommittee on Hospitals and Health Care at its April 30 markup on pending legislation in that body. The House proposal would provide such hospital and outpatient care eligibility to Vietnam veterans exposed to agent orange for disabilities that may be associated with such exposure, but would not include eligibility for veterans exposed to nuclear-test radiation or other toxic substances or environmental hazards.

Mr. President, I ask unanimous consent that the text of my amendment be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 11, below line 9, insert the following new section:

SEC. 4. Chapter 17 of title 38, United States Code, is amended—

(1) by amending subsection (a) of section 610—

(A) by striking out "and" after clause (3);

(B) by inserting after clause (3) the following new clause:

"(4) any veteran for a disability which a physician employed by the Veterans' Administration determines (or, in areas where no such physicial is available, by a physician carrying out such function under a contract or fee arrangement with the Administrator) is a disability with respect to which the Administrator has found, upon the recommendation of the Chief Medical Director, there to be some credible medical evidence indicating that such disability may be caused by the exposure of humans to—

"(A) dioxin if the Administrator finds that such veteran served on active duty in the Republic of Vietnam during the Vietnam era,

"(B) radiation if the Administrator finds that such veteran was exposed to such radiation while participating in a nuclear weapons test while serving on active duty, or

"(C) any other toxic substance or environmental hazard to which the Administrator finds that such veteran was exposed while serving on active duty,

unless the Administrator determines (i) that such exposure was not incurred in line of duty or was the result of such veteran's willful misconduct or (ii) upon the recommendation of the Chief Medical Director, that, despite such credible evidence, on the basis of clear and convincing medical evidence, such disability is not caused by such exposure; and"; and

(C) by redesignating clause (4) as clause (5); and

(2) by amending subsection (i) of section 612—

(A) by inserting after clause (3) the following new clause:

"(4) To any veteran described in section 610(a)(4) of this title."; and

(B) by redesignating clause (4) as clause (5).

SENATE CONCURRENT RESOLUTION 20—CONCURRENT RESOLUTION COMMEMORATING THE AMERICAN RED CROSS

Mr. HATCH submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

SENATE CONCURRENT RESOLUTION 20

Whereas, in 1881 Clara Barton and her associates founded the American Red Cross to mitigate suffering from wars and disasters, in the spirit of the first Geneva Convention on humanitarian law which the United States ratified in 1882; and

Whereas, because of the importance of that work the Congress later chartered the American Red Cross with the mandate to help our government meet commitments under that and subsequent humanitarian treaties; the mandate to serve as an independent medium of communication between the American people and their armed forces; and the mandate to maintain a system of local, national and international disaster preparedness and relief; and

Whereas, the American Red Cross was thus established as an instrumentality of the United States to ensure the permanence of its work, public confidence in its integrity and the support of the people; and

Whereas, the American Red Cross has faithfully carried out those mandates and for 100 years has gained the confidence, respect and involvement of our people and government, and through its development of nationwide volunteer blood services and other vital health, safety and volunteer services in communities across our country has improved the quality of human life by helping people avoid emergencies, prepare for emergencies and cope with them when they occur.

Now, therefore, be it resolved by the Senate (the House of Representatives concurring) That the Congress of the United States, on behalf of the government and its people, extends greetings to the American Red Cross upon its one hundredth anniversary, pays tribute for the century of services to people it has given, notes with gratitude its readiness for a second century of service, and urges all Americans to rededicate themselves to the ideals of voluntary service to mankind so evident in the work of the American Red Cross.

Mr. HATCH. Mr. President, this year the American Red Cross is celebrating its 100th anniversary. In its first century of service tending to the greater health needs of the American people, it has grown to more than 3,100 chapters, 56 service units for the Veterans' Administration, and 57 regional blood programs.

The Red Cross embodies all that is good, vibrant and growing within America's voluntary economic sector. It best illustrates what was promised to us at the founding of our Republic, by James Madison in the Federalist Papers. In Federalist No. 51, Madison vowed that our extended Republic would remain virtuous and strong to the extent that we tolerate and encourage an extensive network of private, community-oriented interests and organizations. The Red Cross exemplifies the energy and resources of volunteers and nonprofit health groups throughout our country, the greatest historical vindication of Madison's faith in the democratic principle.

When Congress chartered the Red Cross in 1905, it was in recognition of 20 years of work by its founder, Clara Barton. Soon after its original founding in 1881, the American Red Cross soon grew to become the largest nonsectarian, private and voluntary health and welfare organization in the world.

Today, there are 1,418,267 volunteers supported by a U.S. staff of 18,353. This does not take into account more than 4½ million blood donors nor the 5 million elementary and secondary school students whose energies are recruited for work which does them and their communities proud.

This is in part why, as chairman of the Labor and Human Resources Committee, I am honored to submit on the floor today a concurrent resolution commemorating the 100th anniversary of the American Red Cross. A similar resolution is being submitted by my friend and colleague in the House, Representative JAMES G. MARTIN, and I solicit the cosponsorship of my colleagues.

NOTICES OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committee on Indian Affairs.

The hearing is scheduled for May 11, 1981, beginning at 9 a.m. in room 5110, Dirksen Senate Office Building. Testimony is invited regarding: First, S. 547, a bill to enable the Secretary of the Interior to erect permanent improvements on land acquired for the Confederated Tribes of Siletz Indians of Oregon; second, S. 262, a bill for the relief of Dolly Akers, Fort Peck Indian Reservation, Mont.; third, S. 478, a bill to provide for the partition or sale of certain trust lands in the State of Kansas; and S. 553, the Tribal-State Compact Act, a bill to authorize States and Indian tribes to enter into mutual agreements and compacts respecting jurisdiction and governmental operations in Indian country.

For further information regarding the hearings you may wish to contact Timothy Woodcock, staff director or Peter Taylor, general counsel, of the Select Committee on Indian Affairs at 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, room 6313 Dirksen Office Building, Washington, D.C. 20510.

SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT

Mr. PACKWOOD. Mr. President, the Subcommittee on Taxation and Debt Management of the Senate Finance Committee will hold a hearing at 9:30 a.m. on Friday, May 8, 1981. I have scheduled three bills for the hearing. The three bills are:

First. S. 639, introduced by myself and Senator BENTSEN, relating to incentive stock options;

Second. S. 702, introduced by Senator BAUCUS, providing a deduction for loss in value of motor carrier operating rights resulting from trucking deregulation; and

Third. S. 738, introduced by Senator DURENBERGER, relating to industrial development bonds issued by the Port Authority of St. Paul, Minn.

The purpose of this statement is to briefly explain the issues raised by these bills. This may help you chart the progress of tax legislation before the Taxation Subcommittee. It also helps assure greater public awareness of tax bills coming before hearings.

INCENTIVE STOCK OPTIONS—S. 639

S. 639, introduced by myself, and Senator BENTSEN, would restore favorable tax treatment for stock options.

Under current law, when an employee exercises a stock option, he is taxed on the "spread" as if it were compensation. In addition, the company issuing the option receives a deduction for the "spread."

When the employee later sells the stock, he may be entitled to long-term capital gains treatment for the difference between the final sales price and the value of the stock when the option was exercised.

Under S. 639, the employee would pay no tax when the stock option is exercised. Correspondingly, the company issuing the option would receive no deduction for the "spread."

When the stock is later sold by the employee, he may be eligible for long-term capital gains rates on the difference between the final sales price and the option price.

For an option to qualify as an incentive stock option, the bill provides that

the terms of the option would have to meet several conditions. These conditions are based on rules provided in prior law for either restricted stock options or qualified stock options (IRC sections 422 and 424).

DEDUCTION FOR LOSS IN VALUE OF MOTOR CARRIER OPERATING RIGHTS—S. 702

S. 702, introduced by Senator BAUCUS for himself and several cosponsors, allows a deduction with respect to motor carrier operating rights which have lost value as a result of last year's trucking deregulation bill—the Motor Carrier Reform Act of 1980.

Under the Interstate Commerce Act of 1935, the ICC granted a limited number of permits and certificates to motor carriers and freight forwarders. These operating rights were necessary to operating a trucking business. Substantial amounts were paid for these rights. They were bought and sold in connection with other assets of a trucking company, and were used as a source of loan collateral. They typically represented a substantial portion of the carrier's assets.

The Motor Carrier Reform Act of 1980—last year's trucking deregulation bill—substantially eased restrictions on granting operating rights. As a result, the ICC, following an opinion of the Financial Accounting Standards Board, has required that the value assigned to certificates of authority in the regulated books of motor carriers be written down to zero immediately.

Under tax rules, a deduction is allowed for certain business losses not reimbursed by insurance or otherwise (IRC section 165). However, it is uncertain whether losses due to a termination of a monopoly right is deductible under section 165.

S. 702 provides the deduction would be allowed ratably over a 36-month period for taxpayers who held motor carrier operating rights on July 1, 1980. The amount of the deduction would be the greater of $50,000 or the total adjusted bases of all motor carrier operating rights held by the taxpayer on July 1, 1980.

ST. PAUL, MINN., PORT AUTHORITY REVENUE BONDS—S. 738

S. 738, introduced by Senator DURENBERGER, would permit the Port Authority of the City of St. Paul, Minn., to advance refund prior issuance of industrial revenue bonds.

Bonds issued by the Port Authority of St. Paul more than 5 years ago contained many restrictive covenants to facilitate marketing the bonds. These restrictions are no longer necessary for the marketing of the bonds. For example, the most serious restriction is the requirement that an additional reserve fund be maintained. This means that major revenue of the port authority is restricted to this fund, rather than being available for the port authority's economic development program.

An advance refunding of these bonds would permit deletion of these restrictions. However, restrictions contained in IRC section 103(b) on advance refunding bar use of this procedure. Under these restrictions, interest on an advance refunding issue is tax exempt only if substantially all the proceeds are used to provide qualified public facilities which are required to be generally available to the general public.

S. 738 contains a limited exception to these provisions, intended to be limited to the Port Authority of St. Paul. In addition, S. 738 limits any debt service savings resulting from the refunding to proper corporate purposes of the issuer, and bars using it to reduce obligations of private companies using the facilities being financed by the refunding.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources to consider the following nominations: W. Kenneth Davis to be Deputy Secretary, Department of Energy; Joseph J. Tribble to be Assistant Secretary for Conservation and Renewable Energy, Department of Energy; Rosslee Green Douglas to be Director, Office of Minority Economic Impact, Department of Energy; and Edward E. Noble to be Chairman of the Board of the U.S. Synthetic Fuels Corporation.

The hearing has been scheduled for Wednesday, May 13, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

For further information regarding this hearing, you may wish to contact Mr. Charles Trabandt at 224–7141.

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. MATHIAS. Mr. President, I would like to announce that the Subcommittee on Governmental Efficiency and the District of Columbia of the Governmental Affairs Committee will hold a hearing on S. 1040, a bill to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia. The hearing will be held on Monday, May 11, 1981, at 9:30 a.m. in room 3302 of the Dirksen Senate Office Building.

For further information, contact Margaret Sims of the subcommittee staff at 224–4161.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy be authorized to hold a business meeting today at 2 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC LANDS SUBCOMMITTEE

Mr. BAKER. Mr. President, I ask unanimous consent that the Public Lands Subcommittee of the Committee on Energy be authorized to hold hearings today on the land and water conservation fund amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ISRAEL IS 33 YEARS OLD

● Mr. LEVIN. Mr. President, on May 7, the State of Israel will celebrate the 33d anniversary of her rebirth. The significance of this Day of Independence will not be lost on those who will participate in this celebration; its date comes just 1 week after Israel memorializes the holocaust.

These two events are inextricably linked. Yet today we do not dwell on the tragedies of the past. Instead, we join in commemorating what is one of the greatest achievements in modern history.

After centuries of dispersal, the 1948 Declaration of Independence and the Ingathering of the Exiles followed what was clearly the darkest period in contemporary history for mankind, and for the Jewish people in particular. It was against all probabilities that Israel reemerged—conceived in the hearts of Jews throughout the world, born in the chamber of the United Nations, and reaching mature adulthood despite wars, calls for its destruction, and economic woes of staggering proportions.

What we see today, Mr. President, is a country rooted not only in 33 years of modern history, but in 5,741 years of tradition. What we see is a country which has used its resources not only to defend itself from external forces, but to build a nation—a nation that not only gives her people a place to live, but nurtures them physically and spiritually. In her 33 most recent years, Israel has absorbed hundreds of thousands of immigrants, built whole cities to settle them, and constructed universities, museums, and concert halls for their enlightenment. She has grown flowers and fruit in the sands of the south, developed fish ponds and lush farms in the valleys of the north, and watched industry spring up throughout the country. And despite the hostile environs of climate and surroundings, she has brought forth this intellectual, agricultural, and industrial development within the framework of stable democratic institutions consistent not only with her heritage, but with ours as well.

Mr. President, Israel is a mosaic—a mixture of people from almost one hundred different lands. She is a diversity of traditions, of cultures, and of opinions, yet with a strength that flows from one heart, Jerusalem, the city of peace. As she approaches her 33d year, it is fitting that we pay tribute to the miracle of her existence, and take pause to remember the horrors which preceded her founding. Her continued well-being and security constitute the best hope that such tragedies will never occur again.●

GRANT LITIGATION AND SECTION 1983

● Mr. HATCH. Mr. President, In *Maine v. Thiboutot*, 100 S.Ct. 2502 (1980), the Supreme Court expanded 42 U.S.C. 1983, the major Federal civil rights statute, to make State and local governments potentially liable in the hundreds of cooperative programs they engage in with the Federal Government.

Grant programs are just one of the areas which are affected by the decision in Thiboutot. Recently, both the Intergovernmental Relations Subcommittee of the Senate Governmental Affairs Committee and the Intergovernmental Relations and Human Resources Subcommit-

tee of the House Committee on Government Operations held hearings to discuss grant reform, particularly the role of the courts in grant programs. Testimony was given at both hearings that the Thiboutot decision is contributing to the current problems in the Federal grant system.

Prof. George D. Brown of Boston College Law School, who specializes in intergovernmental relations, suggested passage of my bill, S. 584, as a first step to remedy the problems associated with grant litigation. Mr. President, I ask that an excerpt of Professor Brown's statement before the Intergovernmental Relations and Human Resources Subcommittee on April 9, 1981 be printed in the RECORD. Professor Brown's excellent analysis points out some of the reasons that Congress should pass S. 584.

The excerpt follows:

EXCERPTS

III. THE ROLE OF THE FEDERAL COURTS IN THE OPERATION OF THE GRANT SYSTEM—A HIDDEN ISSUE IN GRANT REFORM

I mentioned earlier the explosion in grant litigation. The major component of that explosion is suits by third parties to block or alter the award or administration of Federal funds. There are two reasons for the growth of such suits. The first is the increasing number of grant conditions—especially "cross-cutting" ones—and the resultant increase in putative beneficiaries. The second reason is a climate of extraordinary judicial receptivity to third party suits. Let me use as an illustration the recent Supreme Court decision in *Maine* v. *Thiboutot*, 100 S.Ct. 2502 (1980). That case involved the scope of 42 U.S.C. § 1983, which provides that:

"Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges or immunities secured by the Constitution and laws shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

This testimony utilizes Thiboutot as a departure point for an examination of the impact of third party suit on the functioning of the grant system. It begins with a critical analysis of the decision itself. I then argue that third party suits have serious negative consequences for the grant system. In conclusion, it is suggested that Congress should overturn Thiboutot, but that this is only the first step in an overall review of the role of the Federal courts in Federal aid programs.

(1) THIBOUTOT—MAKING IT LOOK EASY

A. The decision: *Maine* v. *Thiboutot* involved a challenge by welfare recipients to a reduction in their payments, which they asserted violated a federal statute. The action was brought in state court, resulting in a ruling favorable to plaintiffs. On certiorari the state sought review of a ruling by its Supreme Judicial Court that plaintiffs were entitled to attorney's fees under the Civil Rights Attorney's Fee Awards Act of 1976. According to the Supreme Court the case presented two issues "(1) whether § 1983 encompasses claims based on purely statutory violations of federal law and (2) if so, whether attorney's fees under § 1988 may be awarded to the prevailing party in such an action." In a somewhat cursory opinion, Justice Brennan, writing for a six man majority, answered both questions in the affirmative.

In resolving the coverage issue he emphasized the "plain language" of § 1983, i.e., its reference to "laws," in addition to the Constitution. He also relied on numerous cases such as *Edelman* v. *Jordan*, 415 U.S. 651 (1974), which appeared to rest on the premise that § 1983 extended to statutory claims. Finally, he analyzed the legislative history as inconclusive, arguing that when Congress added the words "and laws" to § 1983's predecessor it might have envisaged only equal rights laws, or it might have had a broader purpose.

As for attorney's fees, having decided that the original challenge was a § 1983 action, Justice Brennan invoked the plain language of § 1988 to affirm the holding that an award was proper ("Since we held that this statutory action is properly brought under § 1983, and since § 1988 makes no exception for statutory 1983 action, § 1988 plainly applies to this suit.")

In a sharp dissent Justice Powell chastised the majority for deciding the matter "almost casually," and took issue with them both on legislative history and on the weight of prior decisions. Of particular significance for this hearing is his elaboration of the serious policy and programmatic arguments against extending § 1983 to all statutory claims. He noted that states and localities are engaged in "literally hundreds" of cooperative programs with the federal government. He emphasized the broad scope of grant programs, and predicted a vast increase in third party grant litigation.

Part of Justice Powell's objection to this impact of Thiboutot rested on federalism grounds: the spectre of the federal courts overseeing a broad range of state and local activities. He was also disturbed by the potential for a vast increase in damage claims against government grantees and their officials for violations of grant conditions. In the case of municipalities, he noted that the combined effect of Thiboutot and *Owen* v. *City of Independence* 100 S. Ct. 1398 (1980), could be strict liability for such violations.

B. The problems: Opinions on Thiboutot differ. Professor A. E. Dick Howard of the University of Virginia was quoted in Time Magazine as follows: "I have problems with taking a statute aimed at discrimination against blacks at a time when government didn't care about handing out benefits, and applying it 100 years later in a totally different age." On the other hand, the Harvard Law Review has gushed with praise: "At little expected cost, the Thiboutot holding offers the promise that all state and local officials will be both held accountable for past deprivations and deterred from committing future errors. These ends will be served best if Thiboutot plaintiffs are able to recover damages. Only then will effective compensation and deterrence take place", 94 Harv. L. Rev. 230 (1980). With respect, I think the Review is wrong.

As far as precedent is concerned, if the matter were as clear as the majority thinks, one wonders why the lower courts in scores, perhaps hundreds, of cases have engaged in painstaking analysis to determine whether a cause of action could be implied under a particular grant statute. Whenever the defendant was a state or local grantee it would seem that the plaintiff could simply have invoked § 1983 as an express cause of action. It is hard to believe that the lower courts, and litigants, simply missed the point. Indeed, the Court itself seemed to treat the issue as open in a 1979 case. *Southeastern Community College* v. *Davis*, 442 U.S. 397, 404, n.5 (1979).

There is also a serious separation of powers problem with the Thiboutot analysis. The Court's result takes away, retroactively, the remedial issue from the Congresses which have enacted some 500 grant programs. It is important to recognize that Congress has, on occasion, grappled with the question of third party challenges to grantee practices. The best example is the 1976 amendments to the State and Local Fiscal Assistance Act of 1972 (General Revenue Sharing.) Congress was dissatisfied with the Office of Revenue Sharing's administration of the program and with inconsistent court decisions on the ability of third parties to sue. The amendments establish a complaint mechanism, and provide for a private action as follows:

"Whenever a state government or a unit of local government, or any officer or employee thereof acting in an official capacity, has engaged or is engaging in any act or practice prohibited by this Act, upon exhaustion of administrative remedies, a civil action may be instituted by the person aggrieved in an appropriate United States district court or in a State court of general jurisdiction."

It is not clear why Congress bothered to provide for private suits if, as Justice Brennan said in Thiboutot, it was well aware of the Court's "many pronouncements on the scope of § 1983."

Thiboutot will almost certainly mean more third party suits, especially since attorney's fees are now available. The decision also opens up the relatively unexplored issue of damages in grant litigation. In his dissent, Justice Powell identified "unemployment, medicaid, school lunch subsidies, food stamps and other welfare benefits" as "particularly inviting subjects of litigation . . ." Since denial of a benefit essential to health or even to life itself could lead to serious and demonstrable harm his prediction may prove correct. In a somewhat similar vein, Professor Richard Cappalli has explored the possibility of "senior citizen torts," "children's dietary torts," and "poor people's torts." Federal Grants and the New Statutory Tort; State and Local Officials Beware!, 12 Urb. Law. 445, 452–53 (1980).

Whatever the meaning and impact of Thiboutot, it is clear that the decision is one more in a string of victories for plaintiffs, the net result of which is to increase substantially the bringability and the volume of third party grant litigation. For example, standing has virtually disappeared as an obstacle; and the jurisdictional amount has been abolished altogether in federal question cases. These developments have occurred at the same time that an increasing drum beat of criticism is being leveled at the grant system itself. The ACIR report is a good example of this criticism. Some of the critics have noted the role which litigation plays in contributing to these conditions and to the overall complexity of federal grant programs. Let us turn now from Thiboutot to a general consideration of the impact of third party litigation on the functioning of the grant system.

(2) Third Party Litigation—Good or Bad?

A. The case for: The arguments in favor of suits by third parties attacking the award or administration of federal grants are straightforward and somewhat self-evident. Justice Harlan's opinion in *Rosado* v. *Wyman*, 397 U.S. 397 (1970), suggests two purposes which such suits further: making certain that Congress' will is not ignored by grantees, and protecting the individual beneficiaries of federal aid programs. These justifications overlap, but can be examined separately.

Congress attaches conditions to federal aid in order to achieve what it perceives as national objectives. This is true both as to program specific conditions, which prescribe how the money is to be spent, and "cross-cutting" conditions, which further values such as non-discrimination or environmental protection. The very presence of any

string represents a potential displacement of the grantee's freedom to choose, in that the grantee might well not have chosen to follow the course of conduct "mandated" by the string. That is why Congress imposed the condition in the first place. There is thus an inherent potential for grantee evasion and disobedience of virtually all grant conditions. Among the examples of motivation might be a desire to cut costs, legitimate disagreement over how best to operate a program, or an outright desire to convert federal dollars to uses other than those intended by Congress. Allowing third parties to sue to enforce grant conditions is an essential tool to help keep the grantees honest.

It is also important to focus on the types of person likely to bring such suits. In many instances, they will be individuals or groups with little clout in the grantee's political processes. Examples include welfare recipients such as the Thiboutot plaintiffs, racial minorities, classes such as the handicapped, low income persons generally, or those promoting a locally unpopular cause such as environmental protection. (The typical case would be one in which the overwhelming majority of a community wants to build a federally aided facility, but a small group of environmentalists seeks to block it.) A fundamental premise which underlies much of the present grant system is that state and local governments cannot be counted on to respond adequately to such interests. Thus, third party grant suits represent one more instance of the federal courts serving as "the primary and powerful mechanisms for vindicating every right given by the Constitution, the laws, and treaties of the United States" *Steffel* v. *Thompson,* 415 U.S. 452, 464 (1974) (Brennan, J.).

B. The counter-arguments.

1 The traditional objections: Grant litigation has not lacked critics Dissenting in Rosado, Justice Black expressed a strong preference for the administrative process as the initial point for resolution of third party grievances against grantees. He noted that Congress had established detailed provisions for review by H.E.W. of state compliance. Thus, Justice Black saw third party grant disputes as strong case for invoking the doctrine of primary jurisdiction. A second objection to grant litigation might be based on federalism principles drawn from cases such as *Rizzo* v. *Goode* 423 U.S. 362 (1976). It may be undesirable for the federal courts to thrust themselves deeply into the everyday spending decision of states and localities.

Whatever force these objections may have, the Supreme Court has, explicitly and implicitly, rejected them in a virtually unbroken line of precedent stretching from 1968 to Thiboutot. However, one can outline a new and somewhat different set of objections to third party grant litigation. They are liable to be presented with considerable force as a full scale debate on the future of the grant system moves to center stage. These objections are rooted in, and are part of, a fundamental disenchantment with the system in its present form.

2. The grant system—out of control? The ACIR report makes a strong case for the proposition that the system is "overheaded." Problem of effectiveness, efficiency, costliness and accountability are widespread. The ACIR's gloomy assessment is shared, in varying degrees, by many others, including the Office of Management and Budget, the grantee community, and members of Congress.

The problems outlined by the ACIR are serious enough as is. They could lead to worse consequences. One, albeit unlikely, might be a complete dismantling of the grant system, given President Reagan's campaign pledge to "transfer, whenever possible, federal programs back to state and local governments along with the tax sources to pay for them. . . ." If this transfer takes the form of block grants, as seems more likely, the loss to current program beneficiaries may not be great. But if the federal government simply gives up programs, there is no guarantee that states and localities will assume them. In some cases constitutional and statutory limits on taxing and spending may prohibit it. On the other hand, if the system simply remains as it is, potential grantees may forego federal funding. After all, 80 per cent of all grant funds are in 25 programs. There are 524 other programs. There is, in fact, a growing tendency to stay away from federal funds because of the very kinds of problems the ACIR mentioned. If the critics' view of the system is accurate, sweeping reforms will be necessary. For purposes of this testimony, however, it is important to examine the extent to which, if any, grant litigation has helped create the present situation.

3. The courts as part of the problem: Some analysts have suggested that the rising tide of grant litigation is one of the causes of the current problems of the grant system. There are several ways in which third party suits might lead to the type of difficulties cited by the ACIR.

The most obvious is the costs of grant suits. There are the costs of defending the suit. Many such cases are, in effect, brought by independently financed advocacy groups who relish the thought of litigating at the appellate level, and ideally, in the Supreme Court. Thus the litigation, apart from its inherent complexity, is likely to be protracted. Many third party grant suits are brought to stop a federally funded project. Even if the defendant ultimately prevails on the merits, the project may have been substantially delayed. This can increase project costs dramatically. In many instances plaintiffs do win, or a settlement is reached. This can bring into play attorney's fees—since under Thiboutot, grant suits are now § 1983 suits—and, of course, the costs of compliance. These costs will vary widely, depending on the type of suit, but can be quite expensive.

Another aspect of the cost issue is the availability of damages from the grantee and its officials—an open issue after Thiboutot. The issue of damages in grant litigation is beginning to receive scrutiny. As noted, the Harvard Law Review favors damage awards. Professor Richard Cappali, in the article cited above, offers a diametrically opposed analysis. He argues that compensating those hurt by incorrectly administered grant statutes will divert scarce resources away from programmatic ends. He also views such awards as increasing the chances governments will opt out of grant programs.

Third party litigation also contributes to the complexity and difficulty of administering grant programs, issues in the suit itself will frequently be baffling to officials not trained in the law. More serious are the effects of the pendency of the suit on the grantee's decisionmaking processes. Take the case of a nearly bankrupt city which decides to close a federally aided facility as part of an overall austerity drive. Minority plaintiffs sue to enjoin the shutdown on the ground that it will discriminate against them in violation of Title VI of the Civil Rights Act of 1964. If the district court grants temporary relief does the city then make other cuts, or hold its breath and hope to prevail on appeal, assuming the appellate court acts expeditiously? Suppose the district court denies relief, but the plaintiffs appeal. Again, what happens to the municipal budgetary process? One answer might be to rely on the advice of the relevant grantor agency. But the federal courts may not agree with the agency. In the widely discussed Hartford community development litigation the grantee defendants were in compliance with H.U.D. guidelines. Nonetheless, the district court and court of appeals overruled H.U.D.

Despite the possibility of such a result, grantees are likely to insist on elaborate guidance and written assurances of compliance before doing anything. To the extent that they have flexibility, they are likely to be exceedingly timid in exercising it. The following quotation from a Community Development case shows a rare judicial awareness of these problems:

"Allowing a private right of action under the HCDA could cause the Act to lose much of its vitality by making local officials apprehensive to applying for grants because of fears of costly lawsuits. Extensive litigation under HCDA may encourage communities to engage in low-profile activities aimed at minimal compliance with the program requirements, perfunctory environmental assessment and relocation assistance—in short, evading major problems and major controversies whenever possible. For these reasons, protracted litigation could spell serious delay and loss of an opportunity to improve this nation's communities." Montgomery Neighborhood Association v. H.U.D. (unpublished N.D. Ala., Nov. 21, 1978, slip opinion at 4, No. 77-54-N).

Third party suits also aggravate the accountability component of grant programs. Contemporary intergovernmental relations are already loaded with opportunities for finger pointing and buck passing. Litigation complicates the question of who's in charge here. Is it the feds, the grantee, or the judge?

Grant suits can also frustrate the achievement of program goals. Take the case of an economic development project involving federal, local, and private funds, which is attacked on the grounds of inadequate citizen participation. If the court agrees with the plaintiffs and grants an injunction, the resultant delay will drive up costs. The public funds may no longer be sufficient. The developer may pull out. Which would Congress have preferred: the project without the participation, or the participation without the project? The court is not in any position to make such tradeoffs. It must enforce the grant conditions as they are written.

In sum, third party grant suits may well be a major component of what is wrong with the grant system. It is naive for their proponents to trumpet "the promise of Thiboutot" without recognizing the negative consequences. It would be equally naive for grantees, and their allies, to assert that all of their grant related activities should be shielded from judicial review in the interest of a "smoother" system.

IV. THE CONGRESSIONAL RESPONSE

A. Overturning Thiboutot: The role of the courts in the grant system is certain to come under close scrutiny in the Ninety-Seventh Congress. One of the first issues, of course, will be whether to overturn the Thiboutot decision. Senator Orrin Hatch has filed legislation to do so. (S. 554) As the analysis presented in the first half of this testimony suggests, there are a number of excellent reasons to enact it. Congress may simply view the holding that all grant suits are § 1983 suits as wrong. Alternatively, it may be apprehensive about Thiboutot's possible impacts on the grant system, and conclude that one need not wait for them to materialize before acting. Overturning the decision does not present any far reaching constitutional issues of Congress' power over the jurisdiction of the federal courts. Thiboutot involved interpretation of a federal statute, in particular, its relationship to other federal statutes Indeed, Justice Brennan suggested that those unhappy with the decision address their arguments to Congress.●

WORLD BIKE EXPEDITION

● Mr. DANFORTH. Mr. President, I wish to offer my congratulations to five young people—Kristine Horne, David Duncan, Craig Blessing, Donald Duncan, and Laura Robertson for a noteworthy effort they are organizing called the "World Bike Expedition." Kristine is a former staff member in my office and David spent a summer with us as an intern.

The World Bike Expedition is an exciting effort aimed at raising money for the domestic and international Project HOPE. The expedition will take these young Americans 12,000 miles through 18 countries spreading the message of HOPE.

I heartily commend the World Bike Expedition members and wish them every success in their effort.●

RECOGNITION OF DR. AVARD T. FAIRBANKS FOR DISTINGUISHED CAREER IN SCULPTURE AND RECOGNITION IN ITALIAN ARTISTIC CIRCLES

● Mr. HATCH. Mr. President, I would like to make honorable mention of Dr. Avard T. Fairbanks for his distinguished 70-year career in sculpture. Dr. Fairbanks has given America more than 100 sculptural masterpieces such as the angel on top of the Mormon Temple in Washington, D.C., statutes of Marcus Whitman, Esther Morris, and John Burke in the Nation's Capitol, three colossal portraits of Lincoln in Ford's Theater Museum, the colossal bust of George Washington on the George Washington University campus, Lincoln, the Rail Splitter in Hawaii, and a variety of Lincoln works in Illinois.

Dr. Fairbanks has now received yet another international artists honor; elected Academician for Artistic Activities and Capital Gold Medal Accademia Italia della Arte e Pietra Santa Italia. This eminent Utahan returned to his residence in Salt Lake City on March 31 after 2 months of marble carving and bronze casting in Italy. He brings honor to Utah and to the Nation.●

GENERAL OF THE ARMY OMAR N. BRADLEY

● Mr. GOLDWATER. Mr. President, the country grieves at the passing of General of the Army Omar Bradley just a short while ago, so the article appearing on this wonderful person in the Army magazine, is one that I think should be placed in the RECORD so that my colleagues could read of his life and people to follow can be sure to know more about him.

He was an extraordinary individual, a natural leader, a supreme master of strategy and tactics, one who could get along with his troops, in fact a man whose type that will probably not come along again soon.

I ask that the article be printed in the RECORD.

The article follows:

1893–1981: GENERAL OF THE ARMY OMAR N. BRADLEY

There may never be another like him. Three months ago, he attended the inauguration of the new President, the 17th to hold office since he himself was born. He was in full uniform, the legs that had once borne him firmly on some of history's most illustrious occasions now rested in a wheelchair. It is doubtful, though, if any of those who danced the night away enjoyed themselves more.

This was "Brad"—General of the Army Omar Nelson Bradley, at 88 the senior officer in the U.S. military services, who died on April 8, 70 years after being sworn into the Army as a West Point plebe.

The last survivor of the tiny group of giants who wore five stars during and just after World War II, Gen. Bradley carried on an active public life until just a few months before he died of a heart attack in New York. He and his wife, Kitty, were never far away from his beloved Army. They lived in Quarters 1 in the old William Beaumont complex at Ft. Bliss, Tex., and since a General of the Army does not retire, he was on active duty until his death.

Besides being one of the truly great military leaders of his generation, "Brad," as he was called by intimates and referred to by the millions of GIs whose affection he cherished, was one of the most respected and best-loved public figures of our time.

Unassuming and modest to the point of self-effacement, he commanded more than 1.3 million combat troops, the largest body of American soldiers ever to serve under a single field commander, and he did so with brilliance. Directing a difficult group of subordinate commanders who manifested a varied assortment of temperaments, he drew upon their strengths and minimized their weaknesses.

Gen. Bradley will be remembered for many reasons—for his dedicated service to his country in peace and in war, for his superb work as a combat trainer and commander, for reaching the pinnacle of success in his profession, for personifying the best in the typical American, and for excelling at all that he attempted.

"Bradley," Gen. Dwight D. Eisenhower told Army Chief of Staff George C. Marshall, "is, in my opinion, the best rounded combat leader I have yet met in our service . . . he is among our best."

This he wrote from Algiers in September, 1943, when Bradley was a rather obscure corps commander who had just fought in the Sicilian campaign under George S. Patton Jr. Eisenhower was recommending Bradley for assignment to England to prepare the First U.S. Army for the Normandy invasion the following year. It was the most important decision to be made at the time, and the post required a man of skill, tact and, above all, sound military knowledge and judgment. As it turned out, Bradley more than fulfilled Eisenhower's perception of his promise and expectations of his capabilities.

Taking command of the First Army, Bradley also headed the 1st U.S. Army Group, which later became the 12th Army Group. In control of all the American combat units in the United Kingdom, he supervised their training programs, drew the plans for the American landings, worked well and easily with his British counterparts, subordinated himself gracefully to Bernard L. Montgomery, the Allied ground forces commander, and was responsible for the landings in the American zone—at Omaha and Utah Beaches.

If Eisenhower was the supreme director and coordinator for D-day, Bradley was his American executive agent, and Bradley's workmanship, intelligence and drive insured, in large measure, the success of that complex and risky venture.

"Overlord" was, no doubt, one of the high points in Bradley's career. But he was to reach higher peaks. After consolidating the beachhead in Normandy, he captured Cherbourg, the major port deemed so essential to meet the logistical demands of the campaign. When the battle of the hedge-rows in July raised the spector of static warfare reminiscent of the trench fighting in World War I, Bradley formulated his plan called "Cobra."

He concentrated seven divisions under a single corps, called upon heavy bombers to give close ground support, and carried out the attack that broke and penetrated the German defenses in two and a half days.

Gen. Bradley at once recognized and appreciated what Cobra had done, and he acted immediately. Without stopping to pause or regroup, in the midst of a terribly complicated situation marked by fluidity and some inevitable confusion, although not disorder, he shifted the objectives of his units, swung into high gear and moved ahead for 30 miles, a surprisingly long advance.

Within a week he had reached Avranches, the base of the Cotentin peninsula and the open hinge leading to mobile warfare.

If Bradley had done nothing more, Cobra and its immediate exploitation would have given him an enduring place in the annals of field generalship. But more triumph lay ahead. Taking command of the 12th U.S. Army Group, Bradley gave Courtney H. Hodges the First Army and inserted Patton and his Third Army into the battle. Jockeying these contrasting personalities with skill, Bradley capitalized on the special qualities of each—Hodges the infantryman solid as a rock, Patton the tanker bursting with near-reckless ardor. Hodges contained the dangerous German Mortain counterattack, and Patton ran wild westward through Brittany and eastward to the Seine River.

The Argentan-Falaise pocket formed in conjunction with the British and Canadians produced about 50,000 German casualties, although many Germans escaped through the gap. As the two German field armies defeated in Normandy retreated toward the German border, the Allies pursued. By the early days of September, three months after D-day, the Allies had liberated most of France. That massive liberation had been triggered by Bradley's Cobra and sustained by his firm direction of the subsequent operations.

On 1 September, 1944, when Eisenhower took personal command of Allied ground forces, Bradley became co-equal with Montgomery, and both now served as army group commanders under Eisenhower. Later that month, Jacob L. Devers, moving from the south of France with American and French armies, came under Eisenhower's control and joined Bradley and Montgomery as another army group commander.

This was the team that gained victory in Europe. For Bradley, at least two more campaign highlights remained. When the Germans launched their Ardennes counter-offensive in December, broke through the First Army lines, and created the Bulge, Eisenhower re-drew the army group boundaries. He gave Montgomery control of the Anglo-American units on the northern shoulder of the Bulge, Devers a larger area to cover, and Bradley in the center the task of attacking the southern shoulder.

With Devers extended and Montgomery largely quiescent, Bradley carried out the actions that turned the Germans back and prevented them from exploiting the surprise they had attained into a strategic victory. By defeating the Germans in the battle of the Bulge and in the fighting immediately

following west of the Rhine River, Bradley made possible the relatively easy conquest of the enemy homeland in the spring of 1945.

East of the Rhine, Bradley commanded three U.S. field armies, Hodges', Patton's, and William H. Simpson's Ninth, which had earlier been under Montgomery. Striking quickly, Bradley surrounded the Ruhr, Germany's industrial region, then sent his victorious armies to overrun central and southern Germany, part of Austria, and the Pilsen area of Czechoslovakia to their historic meeting with the Russians along the Elbe and Mulde Rivers.

The quiet commander who eschewed personal flamboyance had engineered a remarkable feat of arms. He had directly managed and led more combat troops than any American before him, more than John J. Pershing, more than Ulysses S. Grant. His professional proficiency made his attainment seem easy.

Where did he come from? How did he develop his capacities? What explains how this country boy with natural shrewedness and simplicity grew to a starring role on the center stage of world history?

He was born in the flat farmlands of Clark, Mo., the son of a schoolteacher-farmer, and his early life was the usual one for a farm boy. He kept the woodbox for the kitchen stove full of chips and kindling wood, the bucket full of water from the well; he helped milk the cows and feed the chickens. He led an orderly and rhythmic existence, plain and strenuous, and from his chores he learned the exacting demands of self-discipline.

From discussions with his parents at table, he came to understand the eternal values, love of country, right from wrong. From his father, who gave him a .22 when he was seven and a shotgun at 13, he learned to hunt and become a deadly-later legendary—marksman.

When his father died, Omar moved with his mother to Moberly, Mo., where he attended high school, captained the baseball team, and did physical labor for the Wabash Railroad in the summertime. He was determined to work his way through college until his Sunday school superintendent suggested the U.S. Military Academy, where education was free.

He entered the academy in August 1911, worked hard at his studies, and relished his associations with his class and schoolmates. The Corps of Cadets numbered only 600 men, and Bradley came to know them well. He said many years afterward. "When I had to choose combat commanders, I made use of my knowledge of officers as cadets because they do not change too much. . . . In general, I think you can plan on a man having pretty much the same characteristics 30 years later as had as a cadet."

Bradley was an outstanding athlete at West Point. During three years of varsity baseball, he was an exceptional batter. He hit for an average of .383. As an outfielder, his throwing arm was respected throughout college baseball circles. He played center on the football team and was a fine blocker and tackle. He continued to show his prowess with firearms as a sharpshooter.

He graduated 44th in the 1915 class of 164 men, and the yearbook, the *Howitzer*, predicted: "His most prominent characteristic is 'getting there,' and if he keeps up the clip he's started, some of us will some day be bragging to our grandchildren that "sure, Gen. Bradley was a classmate of mine.'"

Nearly 20 men of that class, among them Eisenhower, would reach general officer rank in World War II, and Bradley would be the first to do so.

Assigned to the 14th Infantry, he remained in the United States during World War I, rising to the temporary rank of major before being reduced to captain in the postwar adjustments. He then performed ROTC duty at South Dakota State College, and in 1920 went to West Point for four years as an instructor in mathematics.

After graduating from the advanced course at the Infantry School at Ft. Benning, Ga., he conducted the National Guard and Reserve Affairs for the Hawaiian Islands. He then attended and graduated from the Command and General Staff School in 1929.

For four years, he was an instructor in tactics and weapons at the Infantry School, where he earned the respect and admiration of George C. Marshall. He graduated from the Army War College in 1934, then became instructor in tactics at West Point, later plans and training officer.

In 1938, he reported to Washington for general staff duty and was appointed assistant secretary of the general staff in the following year. In February, 1941, promoted at Gen. Marshall's recommendation from lieutenant colonel to brigadier general, he became commandant of the Infantry School.

At this point in his career occurred one of those curious historical junctures: he replaced Courtney Hodges who was to move up to be chief of infantry in Washington. Also at Ft. Benning at that time was George Patton, commanding the 2nd Armored Division. For a short while, all three officers were together. Thus took place a foreshadowing of things to come in World War II. The difference was that Bradley at Benning was the junior officer; three years later he would be the immediate superior of the two others.

At Benning, Bradley set up the officer candidate program that eventually commissioned more than 45,000 combat leaders before the end of the war. Two months after Pearl Harbor, he took command of the 82nd Infantry Division, and in February, 1942, received a promotion to major general. Shortly thereafter, he was transferred to command the 28th Infantry Division in Louisiana.

George Patton sent Bradley a letter to congratulate him on his promotion. He added a telling comment, letting him know of his high regard for Bradley. "My dear Omar," Patton wrote, "during our service together at [Ft. Benning] I never was associated with anyone who more wholeheartedly and generously cooperated with everything we worked on together."

It is a striking testimonial from a man who was unsparing in his judgment of his contemporaries.

Early in 1943, Bradley went overseas to North Africa. His classmate Eisenhower had asked for him "to serve as my personal representative in a very broad capacity." In March, when Eisenhower relieved Lloyd R. Fredenall from command of the II Corps in Tunisia after the disastrous battle of Kasserine Pass and put Patton temporarily in command of the corps, Eisenhower made Bradley available to Patton, "for any duty you may desire."

A day later, Patton detailed Bradley to be his deputy corps commander. This was Bradley's introduction to combat. Without battle experience, he observed Patton's performance much in the manner of an understudy. With Bradley as his right-hand man and demonstrating an inherent flair of his own, Patton rehabilitated the ravaged II Corps and restored its morale in the attacks on El Guettar and Maknassy.

In the middle of April when Patton returned to Morocco to prepare for the invasion of Sicily, Bradley took his place at the head of the II Corps, his first operational command in wartime. He was an instant success, and triumph crowned his efforts during the final phase of the Tunisian campaign. While British troops entered Tunis, American units under Bradley took Bizerte.

Patton was high in his praise. "Please accept my most sincere congratulations," he wrote, "on your magnificent work. I am just as tickled as if I had been there myself. Everyone tells me what a magnificent job you have done. I spent yesterday with Ike who was loud in your praise, and I believe you will soon be promoted. I certainly hope you will, and in fact have ordered some stars for you."

To his wife a few days later, Patton wrote, "Omar did a swell job." Several weeks later in his diary he recorded, "Had a long talk with Bradley. He grows on me as a very sound and extremely loyal soldier."

Bradley's II Corps, part of Patton's Seventh Army, went ashore in Sicily in July, repulsed a dangerous German counterattack at Gela, drove from the southern shore across the middle of the island to the northern shore, turned east, and took Messina to bring the campaign to a close. Patton immediately wrote to Bradley "to make a permanent record," he said, "of my frequently expressed admiration for and appreciation of the magnificent loyalty and superior tactical ability you have evinced throughout the campaign of Sicily."

Several weeks afterward he said of Bradley, "I consider him among our better generals."

Launched upon his greatest endeavors, Bradley shone and sparkled, a jewel in northwest Europe. He sustained his good relations with Patton, his former superior now his direct subordinate. He dealt successfully with the other *prima donna* in the theater, Field Marshal Montgomery. And, no doubt he steadied Eisenhower and was no trouble or problem to him—as a matter of fact, he was a great comfort to Eisenhower, who had nothing but praise for his steady and solid performance.

A four-star general by the end of the war, Bradley left Europe for Washington, where he took charge of the Veterans Administration, a vast $8 billion agency. For two years during the critical postwar demobilization period, he directed its operation. "There is no (other) job I would rather have," he said, "none in which I would want to do better."

In February, 1948, Bradley succeeded Eisenhower as U.S. Army chief of staff. At that time of upheaval, of new pressures and organizations, of the formalization of the Joint Chiefs of Staff, Bradley contributed his usual steadfast and quiet competence to the solution of new problems.

In the following year, Bradley became the first chairman of the Joint Chiefs, a difficult position he filled for four years. He defined and stabilized the post and served during the dangerous years of the cold and Korean wars. It was Bradley who explained most succinctly why escalating the war in Korea was unsound—an expanded conflict on the Asian mainland, he said, would be "the wrong war at the wrong place at the wrong time and with the wrong enemy." His viewpoint proved eminently sane.

As chairman of the Joint Chiefs, Bradley received his highest honor, promotion to the five stars of general of the Army. The only military man to receive a fifth star after World War II, he joined the elite ranks of the legendary Army heroes of that war, Marshall, MacArthur and Eisenhower.

Although not retired, Gen Bradley went off active duty in 1953 after 43 years of active service, and, at the age of 65, became an executive of Bulova Watch Co., and in 1968 its chairman.

Gen. Bradley received the Association of the U.S. Army's highest award, the George Catlett Marshall Medal, in 1964 for "selfless and outstanding service to our country." Among his many other awards was the 1973 Sylvanus Thayer Award, the highest nonor of the Association of Graduates at the U.S. Military Academy.

At both ceremonies a host of dignitaries paid tribute to "the GI's General," America's only living five-star general. They all felt very much what Lt. Gen. Raymond S. McLain, the only National Guard officer to attain command of a corps in World War II, had said about Bradley 20 years earlier.

Bradley was, according to McLain, "a combat infantryman, still ramrod-straight, who has grown old in his country's service." To McLain, Bradley had "judgment, determination, tenacity, courage, daring and general analytical capacilities equal to that of anyone in the field, and he will compare favorably with the top generals of history."

Gen. of the Army Omar N. Bradley will be remembered for many reasons. Some of us will always think of him as we saw him on 5 and 6 June, 1974, at the ceremonies commemorating the 30th anniversary of D-day. Along the beaches of Normandy, where a persistently cold and clammy rain fell, he was the principal U.S. Army representative.

The official procession of cars visited the important points of the landings and the cemeteries of the combat dead nearby, the first day dedicated to the British and Canadian sites, the second to those of the Americans. Everywhere, at the luncheons and dinners and banquets, in the towns and villages along the coast, he quipped goodnaturedly with children and adults who came to exchange a few words with him or to ask for his autograph. He was natural, relaxed, infinitely human.

And at each of the places where bands played, officials orated, and chaplains prayed, Gen. Bradley performed his role. In uniform, disdaining raincoat and umbrella, he stood, ramrod-straight and still youthful at 81 years of age. He carried an immense dignity that he wore lightly. His salute was dazzling and awesome.

As we looked at him, he made us all feel warm and proud, for he epitomized the humility and excellence and other fine qualities that have ever been the ideal of the American soldier and citizen. He was a great soldier and a great man.●

U.S.S.R. ATTEMPTS TO MUZZLE THE TRUTH FROM WITHIN

● Mr. DOLE. Mr. President, next week, on May 12, the fifth anniversary of the founding of the Moscow Helsinki Monitoring Group will take place. This group of courageous men and women—led by Professor Yuri Orlov—took it upon themselves at great personal risk to monitor their government's compliance with the provisions of the 1975 Helsinki accords. Their daring efforts were soon emulated by Helsinki monitors in Ukraine, Lithuania, Armenia, and Georgia. Shortly thereafter, a citizen's group in the United States was also formed: The New York-based Helsinki Watch, chaired by Robert Bernstein and Orville Schell. As cochairman of the Commission on Security and Cooperation in Europe—commonly known as the Helsinki Commission and tasked with evaluating and monitoring the Helsinki accords—I have had the privilege of working with the U.S. Helsinki Watch and have admired its efforts in behalf of human rights both here and abroad.

This organization has been successful in helping to focus the spotlight of public attention on abuses of human rights in the Helsinki countries. Most recently the executive director, Jeri Laber, wrote a sobering article in the Washington Post on the continuing repression of writers by the Soviet authorities. The article highlights the virtual crackdown over the past 18 months on prominent Soviet writers, who have been imprisoned, banished into internal exile, stripped of their citizenship, expelled from the country, or refused the right to publish. A standard practice is to expel writers from their "trade association," for only those writers who are recognized as members of the official Union of Soviet Writers are allowed to publish. Through this and other controls, including the vast censorship apparatus, the Soviet authorities decide what can be published and what cannot—and hope to intimidate the Helsinki monitoring groups and prevent the spread of truth about Soviet violations. The Union of the Soviet Writers also decides which writers are given permission to travel abroad and which may communicate with writers and publishers of other countries. By thus further breaking the Helsinki accords, Russia hopes to escape condemnation for its crimes against its own peoples.

This is not to be. The signatory nations of the Helsinki agreement are now meeting in Madrid for a review conference of past compliance and future prospects for the accords. The Soviet Union has been roundly condemned, on a case-by-case basis, by nearly all the non-Communist nations in close agreement with our own delegation. As long as the Soviet Union refuses to abide by the letter and spirit of the treaty it signed in 1975, and tries to separate the essential human rights elements from that treaty, future agreements with the Soviet Union remain necessarily in doubt.

I commend Ms. Laber for her article and ask that it be printed in the RECORD.

The article follows:

THE MOSCOW FAIR: BUT WHERE ARE THE WRITERS?

Soviet writer Anatoly Marchenko was arrested on March 17, 1981, for the sixth time in his 43 years. On that very day, ironically, three Soviet publishing officials were in the United States promoting the Third Moscow Book Fair, scheduled for September. Many of us who attended the last Moscow fair in 1979 remember Marchenko: He was the guest of U.S. publishers at an unusual literary reception held in a fashionable Moscow restaurant one evening, several days after the fair had opened.

Making advance arrangements for the reception, we found the restaurant manager relaxed and congenial, eager to accommodate foreign visitors and to take our order for food and drink. On the night of the party, however, he stood frozen against the corridor wall, his face slack with disbelief, as Soviet writers—including such notables as Andrei Sakharov, Lev Kopelev, Roy Medvedev and Vasily Aksyonov—passed through a band of KGB plainclothes men milling around outside the restaurant and climbed the stairs to the banquet room where they were warmly greeted by their U.S. hosts.

A few of the more than 40 Soviet guests were published authors in the Soviet Union, members in good standing of the official Soviet Writers Union. Others had recently fallen from grace for having asked permission to publish a non-political literary journal called Metropol. Still others were well known "dissidents," long since silenced in their own country but still published and read abroad. The decision to attend our party was a courageous one, both for those already in disfavor and for those who still had something to lose. The noise, the laughter and the high-spirited toasting could not still an undercurrent of tension, the depths of which we outsiders could barely begin to fathom.

Standing in a corner, obviously ill at ease, were Anatoly Marchenko and his wife, Larisa Bogoraz. Their's was hardly a well-publicized romance, yet it had caught my fancy over the years. Reading between the lines, I had learned the following: that Larisa, a linguist and intellectual, had worked courageously to defend her first husband, writer Yuli Daniel, who, in the notorious 1966 Sinvavsky-Daniel trial, was accused of publishing pseudonymous works abroad; that Yuli Daniel was sent to prison, where he met Marchenko, an uneducated worker from Siberia who was determined to expose the injustices he saw in the camps; that Daniel put Marchenko in touch with Larisa after his release from prison; that Larisa, 10 years older than Marchenko, welcomed Marchenko into her Moscow circle where he wrote his prison memoir, "My Testimony"; that they were soon separated by arrest and exile, only to meet again in Siberia, where they were married in 1971.

In person, I found that this "Lara" and her husband bore no resemblance to the romantic protagonists of "Dr. Zhivago," with whom I had somehow identified them. Shabby clothes, missing teeth and the sallow complexions that tell of deep-seated illness revealed the world of poverty and hardship to which they had been consigned in the provinces outside of Moscow. Unhappy and self-conscious, they remained apart from the festive reception—stunned, perhaps, by the lavish food; aware, of course, of the KGB threat outside the door. Their presence was a grim warning to the other guests of a fate that each was tempting.

And what has been the fate of our guests in the year and a half since that Moscow party? Andrei Sakharov, then thought to be "untouchable," was deported from Moscow to the closed city of Gorky where he must remain in unremitting isolation. Lev and Raya Kopelev, Vasily and Maya Aksyonov, and Vladimir and Irina Voinovich are now in the West, the Kopelevs and Aksyonovs stripped of their Soviet citizenship. Pyotr Yegides has emigrated to Paris. Georgi Vladimov suffered a heart attack shortly after interrogation by the KGB. Viktor Erofeyev, Vladimir Kornilov, Semyon Lipkin, Inna Lisnyanskaya, Yevgeny Popov and Feliks Svetov have either resigned or been expelled from the Writers Union, thus barred from any literary work. Yuri Druzhnikov has become a non-person, waiting for a visa that does not come.

And now Anatoly Marchenko, who has already served 15 years in camps and exile, faces the threat of yet another long sentence, such as those still being served by Mykola Rudenko, Viktor Nekipelov and many other Soviet writers.

It is against this literary backdrop that the Third Moscow International Book Fair, dedicated to peace and progress, will open.●

REGULATORY REFORM BILL—S. 1080

● Mr. DURENBERGER. Mr. President, I am proud to join my colleague, the distinguished Senator from Nevada, in cosponsoring the regulatory reform bill of 1981.

Without question, the most significant challenge to the Congress and the new administration is to chart a different course for our Government. We are in a new era characterized by needs and values in sharp contrast with those of the past. This new era calls for innovative actions to handle extremely complex, interrelated problems. It calls for

less reliance on the Federal Government and more reliance on individuals, the private sector, and State and local governments.

The first order of business is to put our economy on a sound footing. One of the necessary steps toward revitalizing the economy is to lift some of the restrictions that have hampered productivity, investment, creativity, and growth. In other words, we must rethink, restructure, and reorient many Federal Government regulations.

Through regulation, the Government now channels a tremendous proportion of this Nation's resources. Some have referred to regulation as a hidden tax. I regard it more accurately as hidden national economic planning. Through regulation, the Federal Government mandates how businesses, and State and local governments will spend their revenues, what products they will buy, what investments they will make, who they will hire, and what kind of a place the employees will work in.

No one would argue with the goals of most regulations; they are intended to protect us from health hazards, discrimination, accidents, and a host of other harmful results. The regulatory controversy focuses less on goals we strive for than on concerns; the sheer number of regulations designed to protect us; the heavyhanded approach used to achieve health, safety, and environmental goals; the costs of complying with regulations. There is no need to abandon legitimate health, safety, and environmental objectives; there is a clear need to be more thoughtful in developing regulations and to look for alternative ways of achieving our national goals.

The regulatory reform bill introduced today would begin that process of regulating with an eye toward consequences and costs, as well as benefits. The requirements of this bill would force regulators to weigh costs and benefits; to entertain several approaches to meeting a goal, including techniques such as incentives which do not require regulations at all; to solicit ideas from the public; and finally, to select the most cost effective approach.

Furthermore, the bill would help us get rid of regulations that were ill proposed in the first place, or which are no longer necessary. Each agency would be required to review all of its regulations, over a 10-year period, and weed out those it can no longer justify.

These two provisions—for cost-benefit analysis and for review of existing regulations—are the linchpins of the regulatory reform bill. If only these two sections were enacted, we would have done the country a great service.

Significantly, this bill is not called the omnibus regulatory reform bill. It does not address all the problems associated with regulation, and it was not designed to do so. However, there are two issues I believe the Congress must consider if it is to deal adequately with the regulatory problem.

First, I propose that the Congress and the administration will not get a handle on Government regulation and what it does to businesses, State and local governments, and individuals until we begin to look at regulations in a comprehensive fashion. We need to take a broader perspective, and to look at and understand the relationships among seemingly discrete regulations. We need to assume the perspective of the one who is regulated, and focus on the constrained environment he or she is forced to contend with just to carry on daily operations. We have been told, repeatedly, that regulations conflict, and that some of them impose requirements which cannot be met. Yet, we continue to consider regulations on an individual basis, as separate and unrelated.

We need a framework for viewing the entire body of regulations and examining their relationships. We need to impose some discipline on the creation of new regulations, and particularly on the costs of complying with them. Armed with such information and with some self-imposed constraints on costs, we will be in a better position to consider tradeoffs among regulatory goals, to make independent judgments about the hardships of complying, and to phase compliance over a realistic time period. Importantly, we will be in a better position to judge what proportion of our national resources are committed to achieving regulatory goals, and whether that level is appropriate or not.

Shortly, I will be introducing a bill which calls for a regulatory budget. The regulatory budget is based on the concept that both the administration and Congress must impose some constraints on regulations and their costs, and begin asking the significant regulatory questions.

Second, I would propose that regulations can be improved if all those who will be affected by them are encouraged to have a part in developing them. All parties should be given equal opportunity to be a part of the rulemaking process. Their expertise should be sought by the regulators. None should be disadvantaged because of lack of financial resources. I do not believe the bill before us addresses the issue of participation in the rulemaking process adequately. I suggest that there would be great benefit from broader consultation with all interests involved, and I further suggest that the Congress should insure equal access for all parties who have a legitimate stake in a particular rulemaking.

Mr. President, I commend my colleague from Nevada for taking the initiative in developing this important piece of legislation. It will enhance the great work already underway in the executive branch to rid the country of costly, unnecessary regulations. Under the able leadership of Vice President BUSH, major regulations are now being scrutinized and many have already been judged superfluous. We can insure that this initiative to change the role of Government will become institutionalized by moving ahead with the regulatory reform bill.●

JAPANESE STUDENT EXCHANGE PROGRAM

● Mr. JEPSEN. Mr. President, I was pleased today to learn that Prime Minister Suzuki and the Japanese Government will establish and fund a unique exchange program between the United States and Japan. Over the next 5 years, 100 highly qualified American students will be selected annually to spend a summer as guests of the Japanese people.

This gesture means a great deal to Iowa. We live in a world today which is increasingly interconnected and interdependent. I can be in instantaneous telephonic communication with a Japanese colleague. I can be face to face with him or her in less than 12 hours. This proximity is not without cost or sacrifice. Misunderstandings arise with greater frequency.

The fact that I can instantaneously reach Japan does not mean that fundamental cultural distinctions will dissipate anywhere as quickly. That takes time and opportunity. It takes the involvement of our young people. It takes the kind of program Japan is sponsoring. I cannot overstate how important a promise this project holds. I pledge my continued support to it.

Almost as important as the program itself, is the organization overseeing it. I would be remiss if I did not mention how pleased I am that Youth for Understanding will be the coordinator of this initiative. As the largest student exchange program in the world, it has done more to promote international goodwill than we will ever know. Youth for Understanding was an ideal choice.

I speak from personal experience. On a per capita basis, Iowa is Youth for Understanding's largest constituency. This year 285 Iowa families are hosting high school students from 22 different countries. Accepted for a year as a member of these families, they attend local schools and are assimilated into every aspect of American life. They are located in our big cities, our towns, and on small farms all over Iowa. The hosts receive no payment for their efforts on behalf of these students. I believe this voluntary aspect of Youth for Understanding accounts for its extraordinary success.

Of course, the program would not be a true exchange if Americans did not go overseas. In 1981, 70 Iowans will spend time abroad under identical circumstances to their foreign counterparts here. They will come back wiser and with a better understanding of how important international communication is. I think it says a lot about Iowa that we have taken the lead in this area. I thank Youth for Understanding for helping us do it.

Again, my appreciation to the Japanese Government. I believe this informal diplomacy will pay big dividends for everyone involved.●

INTERIOR SECRETARY JAMES WATT, THE FIRST 100 DAYS

Mr. LUGAR. Mr. President, for the past 3 months I have had the good fortune to work closely with one of the most capable persons ever to serve as Secretary of the Interior.

James G. Watt has the commonsense to understand the environmental and natural resources issues which we as a Nation must face. Secretary Watt has

the intelligence to work out solutions to these problems. Most important of all, he has the dedication and the courage to propose changes in policy even when he knows that his proposals will bring down upon him the wrath of the special and the narrow interest groups.

Shrill voices have had a grand day in the media. They have used Secretary Watt as a boogeyman to recruit for their memberships and replenish their coffers. Secretary Watt has not allowed himself to be deterred by these tactics, nor has he been lured into wasting his time and effort in responding to emotional charges. Instead, the Secretary and his staff have committed themselves to making the changes in the Department of the Interior policies and programs to carry out the mandate of the American people.

Mr. President, the Secretary's office recently compiled a summary of policy statements and actions taken during the first 100 days of the administration. I believe that anyone who takes the time to consider this will see that Secretary Watt has brought a new balance and understanding to those issues which involve the Department of the Interior.

Mr. President, I request that this summary be printed in the RECORD along with some recently published articles on the Interior Department.

The material follows:

"THE NEW BEGINNING" FOR GOOD NEIGHBOR STEWARDSHIP OF FEDERAL LANDS

To achieve environmental and economic goals of the Reagan Administration, Secretary Watt has made important policy and program changes. Significant budget cuts were proposed for Interior as part of the effort to trim Federal spending and to restore America's economic vitality. Secretary Watt believes America must have a sound economy to be a good steward of its natural resources, and America must use its natural resources wisely to have a sound economy. Orderly development of energy and mineral resources is essential, the Secretary says, to avert crisis development which would be catastrophic to the environment. So that all Americans who have an interest in preserving, protecting, and utilizing our resources can know how a potential course of action will likely be received, the Secretary believes the department must be predictable in its management decisions and in the philosophy which underlies its actions. He also is committed to return of authority to State and local governments and to greater involvement of the private sector to provide services. Here is a summary.

Good stewardship, Secretary Watt said in his confirmation hearings, means taking care of what we have rather than continuing to reach out for more than the government can properly manage. One of his first concerns and top priorities is the condition of National Park System facilities which have deteriorated severely during recent years of rapid expansion. "There will be no park 'hit list,'" he said, "nor will we be arbitrarily tampering with the boundaries of established parks, even though I would recommend against establishing new urban parks at this time unless such areas met the high standards of uniqueness that have historically been required for Federal ownership and management." Deeply concerned about public health and safety hazards such as those cited in a recent report by the General Accounting Office, Secretary Watt proposes action to correct and prevent such defects, to provide better care for the parks, and to improve public access while protecting the natural features. Actions have included:

Proposed appropriation of $105 million from the Land and Water Conservation Fund for National Park restoration and improvement.

A moratorium on Federal land acquisition until a large backlog of needed work in existing parks can be accomplished.

Challenges to the private sector to help devise new approaches for helping people enjoy the parks without massive Federal expenditures.

A critical review of actions taken in the past which might tend to make access to the parks more difficult for the public.

Reinstitution of the traditional policy that henceforth only parks of national significance should be recommended for Federal jurisdiction.

Secretary Watt also directed efforts to improve stewardship of more than 300 million acres of public lands under jurisdiction of the Bureau of Land Management. He has:

Reconfirmed multiple use as intended by law as a key policy in the management of these lands.

Begun discussions of possible ways of reopening to multiple use those areas which are found not suitable for wilderness designation yet are now off-limits to the public for most uses.

Approved a multiple use plan for the California Desert Conservation Area, noting that it is a dynamic plan which can be modified to meet changing conditions and demands.

Secretary Watt stated in hearings before Congress that he believes in the environmental ethic which has been institutionalized in law, and that he will make no proposals to weaken these laws.

"We can build a stronger America that will provide an opportunity for economic freedom and the enjoyment of our natural heritage," Watt said. "But this can be done only if there is a commonsense approach to the balanced use of our natural resource base under concepts that have already been established by the Congress."

The Secretary has indicated plans to change the emphasis in some programs. For example, during times of limited funding more attention will be given to recovery efforts for endangered and threatened species and less to the listing process.

ENERGY

"We want the right kind of development to come over time, not the wrong kind of development to come in a crisis," Watt said in expressing his concern that over-restrictive policies in managing Federal lands would be environmentally disastrous in the long run. He has emphasized the need for increasing domestic oil production to reduce inflationary oil imports and to cut down on shipping by foreign registry tankers which statistically are much more environmentally hazardous than offshore oil wells. To achieve these goals, the Secretary has:

Proposed streamlining of Federal offshore oil and gas leasing procedures while strengthening environmental safeguards.

Drafted a revised schedule calling for 42 lease sales in 1982–86, six more than the previous five-year plan, and designed to allow rapid exploration of high potential areas.

Scheduled the leasing of Federal tracts off the central California coast after a comprehensive environmental review costing some $20 million.

Called for industry and the public to identify areas of interest among more than 100 million acres of land under consideration for oil and gas leasing in Alaska to assist in developing the first Federal onshore leasing program in that State in 15 years.

Asked for industry and government assessment of the National Petroleum Reserve in Alaska to prepare the way for potential onshore lease sales of two million acres.

Ordered steps to improve monitoring and accounting of $4 billion annually in royalties from oil and gas leasing on Federal and Indian lands.

Recognizing the importance of coal in meeting America's energy needs, the Secretary ordered revision of regulations to return to the States the responsibility intended by Congress for administering the Surface Mining and Reclamation Act of 1977.

Steps also were taken which could encourage coal and oil shale production by making it easier for industry to lease State and Federal lands in tracts large enough to make energy-producing ventures economically feasible.

MINERALS

"We will address our strategic minerals responsibilities to bring about a policy that will secure the national defense and improve the quality of American life," Watt said upon becoming Secretary. He has:

Worked actively with other Cabinet agencies and the Cabinet Council on Natural Resources and the Environment, of which he is Chairman pro tem, to advance the Administration's development of a strategic minerals policy.

Removed needless regulatory barriers so that minerals exploration of wilderness areas could proceed as provided by law.

Secretary Watt also urged careful consideration of the proposed Law of the Sea Treaty to assure that the United States will have adequate access to the important minerals on the ocean floor.

GOOD NEIGHBOR POLICY

"We will consult with users of the land and State and local governments to see to it that there is a good neighbor policy in fact and not just in word," the Secretary said. This was followed up by these actions:

Meetings with governors, attorneys general, legislators, and other elected officials at the State and local levels, especially those from States where there are large areas of Federal lands.

Requests to western governors to identify small parcels of Federal lands which could be used by State and local governments for beneficial public purposes.

Proposed redesign, restoration and funding of the "Payment in Lieu of Taxes" program which helps meet local government needs in areas where Federal lands diminish the property tax base.

A series of actions designed to implement the Alaska lands legislation with the cooperation of the people of that State.

Appointed by the President as Chairman of the Advisory Commission on Intergovernmental Relations, the Secretary set out to make the "good neighbor" policy a basic tenet of government.

REDTAPE REDUCTION

In one of his first actions, the Secretary invited governors and elected officials at all levels of government, Department employees, industry leaders, and conservation organizations to suggest specific regulations which could be abolished or amended. "The Department will end unnecessary and burdensome regulations now frustrating America's mineral development programs, the balanced management of our Nation's resources, and the Nation's economic recovery itself," the Secretary said. Hundreds of proposals were received and are being evaluated in an ongoing review to eliminate regulations which are excessive, burdensome or counterproductive.

EFFICIENCY AND ECONOMY

Carefully selecting an experienced, well-rounded staff, the Secretary confronted the task of paring down the Department's budget in keeping with the Administrtion's Economic Recovery Program. Actions include:

Proposed budget cuts of $383 million for

FY 1981 and $877 million from the previous Administration's proposed FY 1982 figure.

Movement of important functions of the Heritage Conservation and Recreation Service into the National Park Service to eliminate unnecessary or redundant functions and to improve efficiency of operations.

A travel moratorium on himself and his staff, and on all Departmental officials except in "most essential" circumstances so that full attention could be given to staffing and managing the Department.

A survey of consulting contracts to find and eliminate any potential fraud, waste, or duplication.

WATER

As Chairman pro tem of the Cabinet's Council on Natural Resources and the Environment, the Secretary is overseeing efforts to establish a new office of water policy to replace the Water Resources Council. The proposed office would work with the States, interested citizens, Congress and other Federal agencies in developing and coordinating water policy. "As a Nation, we clearly need to rethink our approaches to conserving water resources and meeting water resources requirements," Watt said in directing Interior policy. "This needs to be done in a framework of State and Federal cooperation." The Secretary has:

Announced that the era of Federal opposition to dam-building has ended and funding for new project starts can be expected as soon as the President's Economic Recovery Program takes hold.

Stressed that Federal policy now will be to respect State water rights and State management of their water resources.

Redirected and revised the previous Administration's proposed regulations for acreage limitation under the Reclamation Act of 1902, and promised to submit new legislation to revise the obsolete 160-acre limit on size of farms served by Federal project water.

INDIAN AFFAIRS

"We are going to bring about a more aggressive program for self-determination in working with American Indian tribes and their elected leadership," the Secretary said. A major step in this direction would come through a proposal for block grants to Indian tribes in place of several programs now administered by the Bureau of Indian Affairs. In describing the plan, the Secretary said: "The block grant approach will provide for direct funding and significant program flexibility for tribal governments and will permit reduction of up to 400 positions in the Bureau of Indian Affairs. It is my hope that tribal leaders will view this as an important new opportunity for them in their pursuit of self-determination."

[From the New York Times, Apr. 27, 1981]

INTERIOR SECRETARY SAYS HE WON'T TRY TO DROP ANY PARK LANDS NOW

(By Seth S. King)

WASHINGTON, April 26—James G. Watt, whose actions in his first months as Secretary of the Interior have been condemned by conservationists and cheered by developers, said today that he would seek no major changes in the nation's land use and protection laws, nor would he try at this time to drop any units from the National Park or Wildlife Refuge systems.

In an interview, Mr. Watt said the Reagan Administration's legislative program for natural resources was "nonexistent."

"And I hasten to add that this Administration, including myself, does not have a plan for divesting any of the units of the National Park system," he said. "We have not addressed this. We do not have a hit list."

SUGGESTIONS FOR CUTBACKS

He was replying to questions about earlier statements by Russell Dickenson, director of the National Park Service. to the effect that the costs of maintaining existing parks were outrunning available funds and that "one option" to solving this would be divestiture, or turning over to the state or local governments, control of some units, such as the Gateway National Recreation Area in New York and New Jersey and Golden Gate Park in San Francisco.

"But I would be irresponsible if I did not consider the advice I'm getting on this," Mr. Watt said. "It has ben suggested by the National Park Advisory Board, and by members of Congress, that such actions should be looked at, though no particular parks were mentioned.

The question whether the National Parks and Wildlife Refuge systems have grown too large for proper management should have been addressed by his predecessors, he said, they were "too cowardly" to do this.

"I have been politically courageous enough to ask the question," he said. He laughed and added: "Time will tell whether I have the political courage to do anything about it. As of this time, I'm not ready to move."

Mr. Watt, 43 years old, considers himself to be ideally equipped by background for the controversies that swirl around most actions a Secretary of the Interior takes. He notes that he spent six years in the Interior Department in previous administrations, first in agencies concerned with development on Federal lands and then in those concerned with protecting them.

He says he has also participated in the legislative process by serving as a Senate aide and in the special-interest sphere by being an official in the United States Chamber of Commerce. He has been a regulator as a member of the Federal Power Commission and has served as an advocate in heading the Mountain States Legal Foundation. a conservative public-interest law firm that has fought many Interior Department actions in the last four years.

"I understand the power flow in Washington," he said. "I've been in all segments of that power. I'm prepared to cope intellectually, emotionally, spiritually with the pressures, and I'm tough enough, I hope, to do it."

Mr. Watt said he had reviewed the many major land-use and protection programs adopted by previous Congresses and found them "good and adequate."

"We don't need to amend them in major ways," he said. "We can use them to be good stewards of what we have before we reach out for more."

There will be no new starts on the water projects the Western supporters of President Reagan have been clamoring for, he said, until economic conditions improve. This, he hopes, would occur by the middle of next year.

[From the U.S. News & World Report, Mar. 10, 1981]

THE "SAGEBRUSH REBEL" SHAKING UP INTERIOR

The man who holds the key to the nation's natural resources has wasted no time establishing policies that make environmentalists' blood boil.

James G. Watt, the 43-year-old Denver attorney who heads the Department of the Interior, has moved quickly toward policies designed to put more land and mineral wealth within industry's grasp. In short order, Watt has:

Promised to ease strip-mining rules, end the visits of both state and federal inspectors to mine sites and speed transfer of federal surface-mining authority to state officials.

Vowed to open up more federal land to mining and logging and to establish a stockpile of key minerals important to industry and national defense, such as cobalt, uranium and chromium.

Announced plans to add four California coastal areas to an offshore-oil-and-gas-lease sale, despite the objections of environmentalists who say exploration will kill sea otters.

Pledged a review of the national-park system, with an eye to turning some federal parklands over to the states and, possibly, selling others to private interests.

Citing these moves, Brock Evans, a Sierra Club omcial in Washington, D.C. says: "What we feared has come to pass—and then some."

On the other hand, the Interior Secretary's freeze on surface-mining regulations and his willingness to seek advice from mining, timber and ranching interests on how to rewrite agency rules draw raves from industry.

Moreover, Watt's decisive management skills have earned him high marks from administration officials. He is often named, along with Secretary of State Alexander Haig and Transportation Secretary Drew Lewis, as a leader in taking hold of his new job.

Within days of his confirmation, the tall, balding former high-school sports star addressed more than 3,000 Interior employes in four sessions. He told them of the coming "change in direction" for the department, noting that dedicated environmentalists "should seek opportunities elsewhere." On March 19, he fired 51 Interior employes who he said were victims of Jimmy Carter's "blatant disregard of the budget and hiring laws."

The bespectacled Watt is an exception in Reagan's millionaire cabinet. He lists $65,000 in assets, lower than any other member's except for Budget Director David Stockman's $55,000. A native of Lusk, Wyo., a small oil and ranching town in the eastern part of the state, Watt, identified early with the "sagebrush rebellion" of Western states against government policies that keep federal lands out of reach of commercial interests.

Before taking over Interior, he directed—at a salary of $73,500 a year—the Mountain States Legal Foundation, a group he helped found in 1977. As he describes it, Watt led 47 court and administrative fights to "defend individuals and the private sector from illegal and excessive bureaucratic regulation."

Among other things, Mountain States' lawyers have blocked attempts in Colorado and Utah to have homeowners and businesses subsidize low-cost electric and gas service for the poor. They also have battled the Occupational Safety and Health Administration over business inspections and have fought tough auto-emission controls.

Despite his ties to the West, Watt is no stranger to Washingon. In 1962, fresh out of the University of Wyoming College of Law, he joined the Capitol Hill staff of former Senator Milward Simpson of Wyoming. Four years later, as the U.S. Chamber of Commerce's nature resources specialist, he fought federal clean-water and strip-mine laws.

A seven-year career at the Department of the Interior, beginning in 1969, culminated in his appointment as chief of the Bureau of Outdoor Recreation. Then he moved on to a two-year stint as a member of the old Federal Power Commission before being lured by brewer Joseph Coors to start the Mountain States Legal Foundation.

Tough advocate. This long history as an opponent of environmentalists can be traced to a common Western "wariness of the Eastern Establishment," said Tom Garrett, a Wyoming rancher and conservationist close to Watt. "His idea is not to roll with the punches. One sure way of not changing him is to fight him. He reacts defensively."

Environmentalists agree that, in Watt, they face a tough Washington-savvy advocate of industrial and energy development. Lewis Regenster, vice president of the Fund for Ani-

mals, emerged from a recent meeting with the Secretary to say, "It's very clear that he is hostile to environmentalists, especially those who opposed his confirmation and Ronald Reagan's election. At least there's no hypocrisy with Watt."

Jousting with the environmentalist lobby may be one of the easier tasks Watt will have to confront. Ahead of him is a bitter battle over use of the West's limited water resources, one that pits energy development interests, ranchers, farmers and loggers against each other.

Says Peter Metzger, an official of the Public Service Company of Colorado and a longtime friend of Watt's: "The environmentalist battles are light. The real problem is: How do you make 1 acre-foot of water do the work of 10?"

The Interior Secretary says that his most important role is to launch " a reasoned, environmentally conscious" development of natural resources. He warns: "Unless we have such a program, economic, social and political pressures will grow to such an extent that the federal government will be forced, in a crisis situation, to mount a crash program to develop coal, uranium, oil shale, tar sands, oil and gas."

[From the Denver Post, Mar. 1, 1981]

IT TAKES A LOT OF ENERGY TO KEEP UP WITH INTERIOR'S JIM WATT

(By Bill Hosokawa)

WASHINGTON.—At 7:30 one recent morning Secretary of the Interior Jim Watt held a quick staff meeting. Then he sat down for a get-acquainted session with freshman members of the House Interior Committee over an unpretentious breakfast served in his office by caterers from the department's employee cafeteria.

By 8:45 Watt was on his way to the White House for a Cabinet meeting. Secretary of State Alexander Haig, by reason of the seniority of his department, sits at the president's right. Watt's chair is next to Haig's, which puts him close to the center of power.

At 10:15 Watt was in the office of Congressman John Rhodes, the Republican powerhouse from Arizona, and 45 minutes later he was closeted with Appropriations Committee members to discuss budget.

At lunch Watt spoke to some 75 members of the Environmental Study Conference, a bipartisan group of senators and representatives. That was followed by an hour's budget discussion with some members of the Senate Energy and Natural Resources Committee.

Back in his office at 2:30, Watt met with Senator Pete V. Domenici, R-N.M., about a water desalting program. A half hour later Massachusetts Gov. Edward King dropped in to talk about drought in the Northeast.

From 3:30 to 4 Watt went over papers and problems with his personal secretary. Kitty Smith ("I hired her because she is as abrupt as I am.") and other members of his immediate staff.

At 4 p.m. there was a 45-minute meeting with people from the Smithsonian. Audubon Society, Friends of the Earth and other environmentalists who were to attend a meeting on endangered species in New Delhi.

At 4:45 Watt met with Lyn Nofziger of the White House staff on departmental appointments.

5:30 was "open door" time for any of his staff who had to confer with the boss.

At 6:30 Watt attended a reception for new Cabinet officers, and on this particular day he went to the Capitol at 8:30 to hear the president's speech on the economy.

Watt reached home, a modest townhouse on fashionable Massachusetts Avenue, about 10 p.m., filled out an application to open a personal checking account, signed some papers covering sale of his Denver residence, and then telephoned his son in college before retiring to rest up for the next busy day.

Except for differences in detail, this is the kind of schedule Watt has been keeping since he was confirmed as the 43rd U.S. secretary of the Interior on Jan. 22. He loves it, not for the sense of power, but "because of the impact for good that I can have on the future of my country."

It was not a job that Watt sought, although he had been looking askance at the nation's failure to harness its resources. As an issue-oriented public figure he was interested in making an impact on public policy.

But he was busy and happy as president and chief legal officer of Mountain States Legal Foundation, a sort of conservative Ralph Nader-type (the description is his) public interest law center headquartered in Denver and concerned with constitutional issues affecting the free enterprise system.

Then last Dec. 4 he received a call from someone on the Reagan transition committee which, frankly, was having a problem finding a suitable Interior secretary. Cliff Hansen, former U.S. Senator from Wyoming, had been the first choice, but he declined because of a possible conflict of interests. Watt's name had come up in a discussion among a group of Western Republican senators. He had the experience and the philosophical slant they were seeking. Was he interested?

Without hesitation, Watt said he was, provided the senators could guarantee his confirmation. He remembered a trying period in 1975 when the Senate took nearly a year to sift through a tangle of charges before agreeing they were without foundation and he was fully qualified to be confirmed as a member of the Federal Power Commission.

A few days later he was in Washington for a meeting with Sen. Paul Laxalt of Nevada, a principal Reagan adviser. By then the news had been leaked to liberal elements who predictably, mounted an attack on Watt's conservative record.

Watt met Reagan for the first time at Blair House soon afterward. The meeting had been scheduled for 10 or 15 minutes, but went on for nearly double that time as the president-elect listened closely to Watt's agenda. In brief, he had four priorities:

Open up public lands for public access—for recreation, grazing, mining, lumbering, energy development. "I believe some parts of the country are so beautiful they need preserving," he explains. "But I also believe we need dams and resource development. We will mine more, drill more, cut more timber to use our resources rather than simply keep them locked up."

Develop a strategic minerals policy in cooperation with other Cabinet departments. "We face a hidden crisis in our failure to provide for a supply of strategic minerals for defense and industry."

Make the national park system more accessible for public enjoyment. "We're running the parks under outmoded concepts. We can learn a great deal from Walt Disney's crowd management principles."

Improve the management of all Interior departments and cut out the fat. "We have a dedicated staff of professionals—geologists. range management specialists, water engineers—who felt abandoned under the previous administration's reference to resource developers as the rape, ruin and run boys. The bureaucracy is hungry for political leadership."

As Watt remembers, he told Reagan: "Mr. President, I know I will bring controversy to your administration. To carry out the program I have outlined will create tremendous conflict. But I believe it is necessary for the nation. If you believe as I do, you will need to back me up and back me up and back me up again, and when you can no longer back me up, then you must fire me."

After a month in office Watt has seen no need to change his priorities. Senator Laxalt assured Reagan that Watt would be a tough, loyal administrator, and he has been.

Jim Watt's appearance adds to the perception of toughness. At age 42 he stands a ramrod straight 6-foot-2 and a lean 185 pounds. A high bald dome and thick-lensed glasses contribute to an Orwellian image. (One observer asks how Watt would project if he wore a wig and contact lenses.)

Yet, one-to-one, Watt comes across as a warm, compassionate individual. He is "Jim" even to his middle-level administrators. Civil servants who worked with Watt when he was undersecretary of the Department of Interior, deputy assistant secretary, and director of the Bureau of Outdoor Recreation, welcomed him back and not just because they were currying favor with the big boss. Strangers recognize Watt on the street and at the airport and stop to wish him well.

His predecessor at Interior, Cecil Andrus, had six secretaries. One left with Andrus. Watt kept the other five and added Kitty Smith. He also retained Andrus' driver.

Many of the department's political appointees left on their own with the change of administration and Watt has brought in his own policy-makers. The Senior Executive Service protects jobs of upper level administrators for 120 days while they prove they can work with the new boss, and Watt expects only a few to seek transfers.

Watt is regarded as an extreme conservative, but he sees himself as "a philosophical soul mate" of the president in a Cabinet of principled, disciplined, dedicated men who have been successful in their own callings. Working in such company is a heady experience but Watt has no problem keeping his feet on the ground.

Witness:

Watt wears a $29 digital watch. When he touches a button it shows Mountain time. He touches the button frequently—"this is my favorite toy"—to remind himself of his Western origins and obligations.

Watt's parents, who moved from Wyoming to retire in Denver some years ago, have never been demonstrative about his successes. But when Jim was named Secretary of the Interior his mother showed him a scrapbook she was starting. The clippings were pasted into an old mail order catalogue.

There's a much more presentable scrapbook now, but the memory of his humble, frugal origins remains.

[From the Los Angeles Times, Mar. 2, 1981]

WATT LEADS QUICK SHIFT AT INTERIOR

(By Bill Stall)

WASHINGTON.—While President Reagan's economic plan may face a tortuous journey through Congress, his program for opening up Western lands to vigorous new commercial development is riding high, wide and handsome at the fortress-like Interior Department building three blocks from the White House.

In just one short month, there has been an eye-opening turnabout in the sprawling agency that manages most of the federal domain:

A speedup in mining and oil and gas leasing.

Elimination of park and recreation grants to cities and states.

New life for the dormant dam-building program.

A shift of land management attitudes back toward meeting the needs of the prospector, the stockman and the oil geologist.

And in 43-year-old James G. Watt, the new secretary of the Interior, Reagan has found the man to take on those he calls "extreme environmentalists" and to open up more federal land to logging, mining and petroleum development.

STUNS ENVIRONMENTALISTS

A sometimes blunt, sometimes genial man who makes no apologies for his commitment

to economic development of "locked-up" public lands, Watt has stunned traditional environmentalists by the speed with which he has changed the source of policy-making at Interior.

This is happening, of course, because the Nov. 4 election results, particularly in the West, indicated that the people agreed with Reagan's campaign thesis environmentalists have had their way too long, have shielded too much of the public domain from economic development.

Given the November returns, it was inevitable that things would be different at Interior, that Sierra Club members in turtle necks and blue jeans would no longer roam Interior's halls the way they did—their place taken, more often than not, by a visitor in a western-tailored suit and cowboy hat just in from Cheyenne, Bozeman or Susanville.

"NIGHTMARE . . . REALITY"

What is surprising is that changes have come so rapidly and in such contrast to the more environmentalist-inclined department under the last secretary, Democrat Cecil D. Andrus.

Before the dust settled from the Feb. 18 budget cuts and reordering of Interior Department priorities, Rep. Phillip Burton (D-San Francisco), a flag-carrier for conservationists, declared: "The worst nightmares of the environmental movement have become reality."

But in Watt's first meeting with the Washington press corps the next day, he made it clear that he was willing to take such flak and give it back in kind—sometimes with a candor that borders on bluntness and sometimes with a flash of down-to-earth good humor.

Making decisions means taking risks, Watt said, adding: "I'm a decision-maker . . . I will take risks. I obviously am a risk-taker or I wouldn't have taken this job. I'll make mistakes and I'll make some good decisions. If I make more mistakes than are tolerable to the President, he'll give me the opportunity to seek other employment."

Watt went on to take a shot at the "shrill opposition" in California to offshore oil drilling, and to accuse the city of San Francisco of "dumping" a playground on the National Park Service, the sort of facility that Watt said has no place in national parks.

Then Watt disclosed that he was "terminating" the giant-making functions of the Heritage Conservation and Recreation Service—a federal agency Watt headed in the early 1970s—and transferring its remaining duties to the Park Service.

When was he doing that? Watt was asked.

"Today," he said.

"Today?" His questioner gasped. "You mean as of today it is no longer an agency?"

"That is correct," Watt said. "When we know what we're going to do, we move quickly." He had acted before breakfast.

All of this is hitting the Interior Department like a 7.5 earthquake on the Richter scale. Most of the "preservationists" holding high-level positions in the department under Andrus are gone. Many left before Watt was confirmed on Jan. 22. Others who harbored such sympathies were handed their walking papers the following week.

SOME WELCOME ARRIVAL

To some of the veteran bureaucrats who came to Interior during the heyday of dam building and before environmental impact statements had to be filed on all projects, Watt's arrival is welcome. To them it recalls the good days when the department more often than not saw the public domain chiefly in terms of the production of electric power, irrigation water, well-grazed livestock and oil and gas.

"Those old nesters—it's kind of hard to rustle their feathers," one longtime Interior Department employee said: "I'm a lifelong Democrat and I'm prepared to accept an awful lot of change. We've got to if the economy is going to get any better."

Another person familiar with the department's workings said that view is in the minority. The majority of the Interior Department's career staff, this source said, believed in the new directions taken in recent years—supported putting the emphasis on conservation and preservation. He cited, for instance, initiatives to modernize the Bureau of Land Management to make it more than just a benign and generous landlord over the vast grazing land it leases to stock growers.

EMERGES AS KEY AGENCY

BLM has emerged as a key agency in part because it has been playing an active role in determining the environmental suitability of electric power plants in places like southern Utah, Arizona and Nevada. Most of the power generated would go to serve homes in Southern California.

Watt said last week that he will support basic environmental laws and protect long-established national parks (they would get more money, in fact, for modernizing rundown facilities)—but that priority now must shift more to managing the federal estate on behalf of the broad public—those he called "the users."

Watt, a 1962 law graduate of the University of Wyoming, is no stranger to Washington. He came to the capital in 1966 to work for former Sen. Milward Simpson, father of Sen. Alan K. Simpson (R-Wyo.), and later was on the staff of the U.S. Chamber of Commerce.

He worked in the Interior Department from 1969 to 1975, including a stint as director of the Bureau of Outdoor Recreation, and was on the old Federal Power Commission from 1975 until 1977.

Watt then went to Denver to form the Mountain States Legal Foundation with the financial backing of conservative brewer Joseph Coors. The foundation represented ranchers, miners, power companies and oil and gas interests, among others, in challenging what the clients believed was overly restrictive regulation of Western resources.

In effect, Watt and his lawyers used the same legal tactics that had worked so well for the environmental groups in seeking to slow or halt development.

The foundation was patterned after the Pacific Legal Foundation in Sacramento, which was started nearly a decade earlier by former Reagan aides.

It was Mountain States' record, including some suits involving the Department of the Interior, that prompted environmental groups to argue in the Senate that Watt should not be confirmed because of the potential conflict of interest created by his representation of clients who could come before the department later.

Watt was confirmed by a wide margin after signing a statement pledging that he would remove himself from any such decision.

In the coming months, the disputes that will flare between Watt and his development-oriented assistants on one hand and environmental groups and their supporters in Congress on the other will be marked by a language barrier that symbolizes the ideological gulf between them.

When Watt declares that he intends to be a "good steward" of the nation's resources, it means one thing to him and another to his critics. They believe Andrus was a good steward because he oversaw massive additions to the National Park system, particularly in Alaska and California.

When Watt said he and Reagan are "in the mainstream of the environmental movement" in America, he speaks from the standpoint of someone who grew up on the arid plains of eastern Wyoming—as someone who has experienced the harshness of the long bitter winters, the droughts and the flash flood as well as pretty sunsets and majestic mountain vistas.

To Watt, it is as hallowed a purpose to use the land—with common sense and "the right kind of development"—as it is to the environmentalists to have it protected just as it is for future generations.

You can have it both ways, Watt said he believes. You can not, say his critics.

Some of the early appointees and nominees have come out of interest groups that favor more economic development of the West's resources. These include timber harvesting, ranching and electric power development.

The nominee for assistant secretary for fish and wildlife, G. Ray Arnett of Stockton, formerly was a petroleum geologist but also developed a credible reputation during seven years as Reagan's state fish and game chief in California.

But many outside of the environmental movement believe it is time for the pendulum to swing the other way a bit, after a decade of addressing major conservation concerns.

[From the Arizona Republic, Mar. 3, 1981]

JIM WATT: INTERIOR SECRETARY ECHOES VALUES OF AMERICA'S FRONTIER

(By J. J. Casserly)

The motto of the U.S. Military Academy—"Duty, Honor, Country"—rises like a stark. Wyoming winter's dawn above the desk of James G. Watt.

"Those are my priorities," the new Interior Secretary said like a plebe.

Watt was born in and cut from the wide, windswept, rocky range land of Wyoming.

He is as open and frank about his life and aims as a farm boy talking about his chores and hunting dogs.

Watt lives at the pinnacle of power in Washington today, but still exudes the basic beliefs and faith of the frontier.

There is an unabashed Big Sky vision of America's call-to-greatness in his talk; an uphill, Western prairie ruggedness in his walk.

As is said about his native land, Jim Watt is what America was.

He's proud to walk in the ways of old-fashioned morality. For him, the best of the past is prologue.

Watt speaks with zeal about his "mission" at Interior. He promises to do his best for the West in solemn tones, like the oath of a cowboy promising to ride the extra mile for a friend.

The 43-year-old native of lonely, little Wheatland, and graduate of the University of Wyoming's Law School, reads a single document for inspiration.

It is the "old soldiers never die, they just fade away" speech of General Douglas MacArthur before a joint session of the U.S. Congress on April 19, 1951. MacArthur had been fired by President Harry Truman as commander of American forces in the Far East because of his expressed views to expand the Korean War.

MacArthur was a masterful writer and a magnificent orator who told a rapt Congress and wildly cheering congressmen that he had fought for them "with but one purpose in mind—to serve my country."

That is Watt to the core:

"I'm not going to let this country become a socialist democracy. We're going to change the course of this government, bring back true liberty and freedom, and offer people hope.

"I accept the challenge. We are the forces of change in America today. Ronald Reagan is asking to turn this country around, and we're going to begin again."

In seeking to put Watt in the perspective, I spoke with old friends now working on the White House staff. Their consensus on the man is this:

"The three most forceful men in cabinet meetings are (Secretary of State) Al Haig,

(Office of Management and Budget Director) Dave Stockman and Jim Watt—not necessarily in that order.

"Watt is as brilliant as Stockman and as tough as Haig. No one is more prepared or appears more secure in his job. Jim Watt is the surprise star of the Reagan Cabinet."

How does Watt react to those words?

"If 150 players showed up to make a football team," he said, "all the coach has to do on the first day of practice is to ask the first team to step forward.

"The best players and leaders will always step forward. All I ask is a few good men around me."

Watt has already begun diminishing federal controls over various land and water rights in the West, but he emphasizes he has just begun to remove the massive influence of Washington over the region.

"I'm going for the long ball. I'm Ronald Reagan's high-risk player. He didn't tell me to just plug away and gain three yards. The president said he wanted big gains in the West and I'm going to run as far as I can."

Watt's tone rings long after his words are spoken and there is usually a solemnity about them: "Family and friends. That's all I want."

He and his wife, Leilani, skip the Washington cocktail circuit and prefer the quiet company of old friends. Neither drinks nor smokes and they even avoid coffee. They have two young children.

Aides describe him as "tireless" and a "task master."

Watt is frank to the point of bluntness and maintains a day-long wry sense of humor.

One always knows where Watt stands.

He always seems to be standing on a typical, lonely, windswept prairie in Wyoming calling on others to make a pilgrimage.

He harkens others to old-fashioned values and a bygone spirit.

Come, follow me, he says. One wonders if he will find the "few good men" he seeks.

NATIONAL DAY OF PRAYER, MAY 7, 1981

● Mr. JEPSEN. Mr. President, over the years there have been numerous Presidential and congressional proclamations declaring national days of recognition. Perhaps none, however, as far reaching and spiritually motivating as today, May 7, which has been declared by our President as a National Day of Prayer.

Since our forefathers knelt in prayer beside the U.S. Constitution, the foundation of American society, and asked for God's blessing upon that document and the American people, God has richly blessed this Nation. Today my prayer is that God will renew a spirit of oneness not only with our fellowman, but also with our Lord and Savior.

This morning, in the Cannon House Office Building, several of my colleagues joined with members of the executive and judicial branches of Government to pray and ask for God's blessing upon this Nation and its leadership. Although many others were unable to attend because of busy schedules, people throughout the city and the country were brought together in spirit.

Jim Irwin, the former astronaut, said it so well:

> It is more significant that God has walked on earth than that man has walked on the moon.

My hope and prayer is that today, on this day of prayer, men and women across the country will join together with this Nation's leadership and establish a renewed faith in our Creator.

Mr. President, I request that the President's proclamation be printed in the RECORD.

The proclamation follows:

NATIONAL DAY OF PRAYER, 1981

Our Nation's motto—"In God We Trust"—was not chosen lightly. It reflects a basic recognition that there is a divine authority in the universe to which this Nation owes homage.

Throughout our history Americans have put their faith in God and no one can doubt that we have been blessed for it. The earliest settlers of this land came in search of religious freedom. Landing on a desolate shoreline, they established a spiritual foundation that has served us ever since.

It was the hard work of our people, the freedom they enjoyed and their faith in God that built this country and made it the envy of the world. In all of our great cities and towns evidence of the faith of our people is found: houses of worship of every denomination are among the oldest structures.

While never willing to bow to a tyrant, our forefathers were always willing to get to their knees before God. When catastrophe threatened, they turned to God for deliverance. When the harvest was bountiful the first thought was thanksgiving to God.

Prayer is today as powerful a force in our Nation as it has ever been. We as a Nation should never forget this source of strength. And while recognizing that the freedom to choose a Godly path is the essence of liberty, as a Nation we cannot but hope that more of our citizens would, through prayer, come into a closer relationship with their Maker.

Recognizing our great heritage, the Congress, by Joint Resolution approved April 17, 1952 (36 U.S.C. 169h; 66 Stat. 64), has called upon the President to set aside a suitable day each year as a National Day of Prayer.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby proclaim Thursday, May 7, 1981, National Day of Prayer. On that day I ask all who believe to join with me in giving thanks to Almighty God for the blessings He has bestowed on this land and the protection He affords us as a people. Let us as a Nation join together before God, fully aware of the trials that lie ahead and the need, yes, the necessity, for divine guidance. With unshakable faith in God and the liberty which is heritage, we as a free Nation will surely survive and prosper.

In witness whereof, I have hereunto set my hand this nineteenth day of March in the year of our Lord nineteen hundred eighty-one, and of the Independence of the United States of America the two hundred and fifth.●

U.S. POPULATION

● Mr. PACKWOOD. Mr. President, I wish to report that, according to the latest U.S. Census Bureau approximations, the total population of the United States on May 1, 1981, was 228,886,733. This represents an increase of 151,016 since April 1, 1981. During the past month we have added enough people to more than fill Santa Barbara, Calif., two times.

Currently in the United States, there is approximately one birth every 9 seconds and one death every 16 seconds. One immigrant enters this country every 60 seconds and one emigrant leaves every 15 minutes. This results in an addition of one person to our population every 16 seconds.●

HEALTH MANPOWER AND NURSE TRAINING

● Mr. HATCH. Mr. President, the Committee on Labor and Human Resources has been focusing on the issue of health manpower and nurse training. In view of this I would like to bring to the attention of my colleagues the following article from the March 15, 1981, issue of Parade magazine entitled "Nursing—Can We Solve the Crisis?" by Joan Heilman. As the article states the reasons for nurse shortages are many and varied; poor working conditions, decreased interest in nursing as a career option, career burnout, wages, the list continues.

The Federal Government has seen the need to fill this critical shortage but recognizes its limited ability to do so. We have subsidized the expansion of nurse training, but educating new nurses is only one small part of the solution. Answers must ultimately come from the nursing profession itself. The article mentions several programs by hospitals and nursing organizations to recruit and retain nurses by: Improving the conditions they work in, modifying schedules, providing group discussions for staff nurses to share information and express needs; and more closely examining the reasons nurses leave their field.

In my home State of Utah, nursing shortages are a problem that health planners and hospitals deal with daily and I commend those who seek for solutions to these problems and urge that more be done. Nursing is a time honored career and one essential to the preservation of our Nation's health. Working together with hospitals, local communities, and other health professionals. I am confident that nursing can and will find solutions to the critical problems facing their profession.

The article follows:

NURSING—CAN WE SOLVE THE CRISIS?

Gloria Douglas lay in her hospital bed, ringing for the nurse. She needed her pain medication, now overdue, and help to go to the bathroom. More than 20 minutes passed before a nurse appeared who even then had little time to spare. A hard-hearted nurse, thought Mrs. Douglas, unaware that her frustrating plight was not at all due to bad luck. Rather, it was the result of a problem that is plaguing almost every hospital in the United States: a severe shortage of nurses.

The federal government was worried enough, an Associated Press series reported recently, to give the National Academy of Sciences more than $1.6 million to study the problem.

Because of the shortage, nurses are frequently overworked, rushed, tense and unhappy. Worse, hospitals have been forced to close down beds and even whole floors for a lack of nurses to staff them. Denver General Hospital shut down an entire 36-bed floor. Prince George's General Hospital in Cheverly, Md., was short 12 nurses in a specialized-care unit, forcing the existing 27 nurses to work extra shifts. Last summer, at George Washington University Medical Center in Washington, D.C., there were occasions when only seven or eight critically ill patients could be treated at a time.

According to the American Nurses Association, Kansas City, Mo., there are more than 100,000 vacancies in budgeted full-time nursing positions. And the National Association of Nurse Recruiters in Pitman, N.J., reports that the average hospital has 37 full-

time positions open. The national turnover rate for nurses is 30–40 percent a year. Hardest hit are night shifts, large hospitals—especially high-technology university hospitals—critical-care units, and medical/surgical units.

Hospitals, especially in the West and the South, have curtailed their services, closed beds, and cut the ratio of Registered Nurses (RNs) to patients, sometimes replacing them with practical nurses or nurse's aides. And they have resorted to expensive recruitment campaigns, costing from $150 to $4,000 per nurse. A hospital in the Boston area was desperate enough recently to run this ad: "Sea and ski nurse. This hospital is minutes from sandy beaches, close to the best skiing in the Northeast. Enjoy the night life and culture of Boston, just half an hour away. . ."

The problem has become so acute that the American Hospital Association in Chicago has launched a huge national nurse recruitment and retention program and has scheduled public hearings.

Greater need. Although there are more RNs today than ever before, many more are required. Advancing medical technology is keeping many more seriously ill people alive much longer now. Such specialized-care units as burn and respiratory therapy—plus coronary care, trauma and intravenous units—cannot be run without an inordinate number of trained hands. One RN is often required for each patient, around the clock, says Kevin Morrissey of the National League for Nursing in New York. Also, nurses are being drawn away from hospitals by the new preventive and community health programs starting up nationwide, as well as by the proliferating nursing homes.

Few nurses choose to stay at one job for very long, though most do stay in their profession. Still, some are leaving nursing. Leslie Rojohn, an RN for 11 years in Atlanta, is now a masseuse in a health club. Joan McKee, RN, teaches nursing full-time at Georgia State University. Lynne Edwards, RN, of Harrisburg, Pa., has become a financial planner. Other nurses—and this is a growing trend everywhere—are signing up with temporary-employment agencies that place them in short-term jobs when they like.

Nursing school enrollments down. One reason for this, simply, is that there are fewer high school graduates every year. Another is that, as publicity mounts about nurses's discontent, fewer potential candidates see nursing as an attractive career.

WOMEN'S LIB A FACTOR

Especially relevant today, women are turning off from the traditional "female" careers (scarcely more than 2 percent of nurses today are male). Women don't have to be nurses or secretaries; they can choose to be doctors, even auto mechanics.

POOR WORKING CONDITIONS

Nurses are becoming more assertive, refusing to accept poor working conditions. Of New York's 16 municipal hospitals, 10 experienced nurse walkouts last year. The nurses at Englewood (N.J.) Hospital picketed for 97 days. Says RN Gail Hallas, a health educator who led nurses in a march to protest a license-fee rise in Florida last year: "There is grave unrest among women in the nursing profession. Nurses are perhaps the last of the women's groups to speak up and demand their rights."

Too few to do too much. Understaffing produces overwork for those nurses who remain on the job. They must often perform duties that should be shared by several RNs. In many cases, nurses do such jobs as serving meals, cleaning rooms, answering phones, transporting patients—all of which should be done by support services, and the latter are also shortstaffed or poorly supervised.

PAPERWORK BLITZ

Paperwork has burgeoned, taking nurses away from patient care. Their medical and legal responsibilities also have grown enormously as hospitals admit far more critically ill patients and have far fewer nurses to care for them.

CAREER "BURNOUT"

Many of the nation's Florence Nightingales, physically exhausted and under emotional stress, experience "career burnout" and often quit. Says Audra Bourneuf, an RN in surgical intensive care at Grady Hospital in Atlanta: "We don't close beds here, so sometimes we have nine patients—five of them on ventilators—and only two nurses." Kathleen Sweeney, also of Atlanta, quit as an acute-care supervisor after five years. She says: "I couldn't take it—the 16-hour shifts, the lack of help, plus no social life. If someone had told me in 1975 that I'd consider leaving nursing, I'd have said he was crazy." But today she is looking for a sales job. In addition to their complaints about long work shifts, many nurses object to the practice of "floating"—being taken from their usual work units and placed to fill a need elsewhere in the hospital, another response to the shortage.

POOR WAGES

Add to all of this the factor of low pay. Nationwide, the mean hourly pay of an RN is $6.85; the average annual salary for a staff nurse is $12,500.

Pay is lowest in the South, highest in California and New York. Moreover, experience and promotions net nurses very little more. According to the *American Journal on Nursing*, there is a mere $2,000 difference between the average salaries of beginning nurses and those with 20 years of experience. Mary Mallison, assistant director of nursing at Grady Hospital and president of the District Nurses Association in the Atlanta area, says: "In Georgia, there's less than $6-an-hour difference between the newest nurse and the most experienced director of nursing." Says Florida nurse Gail Hallas: "The head nurse of an intensive care unit, responsible for supervising 10 patients around the clock, may make $16,000. Grocery clerks make more. Engineers in their first jobs can get $20,000."

A sore point is the huge gap between doctors' and nurses' earnings. According to the American Medical Association, doctors now average $68,600 yearly, "while we take care of their patients," says one nurse.

Little respect. Wages are also indicators of status, which raises another, even sorer point: Many nurses are no longer willing to be the doctors' "handmaidens," doing all the work, but none of the decision-making: "Doctors are working fewer hours today," says Linda Aiken, past president of the American Academy of Nursing, headquartered in Kansas City, Mo. "The combination of sicker patients, more complex medical technologies and physicians' changing work-styles requires that nurses be able to make decisions about patients under their care." Says one surgical nurse: "Doctors regard us as servants, give us orders instead of respect. That doesn't sit well anymore."

No mobility. "Nowhere to go" is another nurse's complaint. The only step up is into administration, note some nurses. But, says one Chicago RN: "I'm a nurse because I like to work with *people*. I don't want to be turned into an office worker or a paper-pusher. I want to take care of patients."

What's being done?

Obviously, the crisis in nursing must stop. It is harmful to our health. Without good nursing care, anybody who enters a hospital is in trouble.

In some cases, nurses have taken matters into their own hands and have unionized. For example. the Connecticut Health Care Associates Union in Wallingford now represents 3000 RNs and LPNs (Licensed Practical Nurses), according to its executive director, Mary Lou Millar, an RN for 23 years. "We are negotiating changes," she says. "For example, in some hospitals the shift-rotation system has been phased out or modified, so you aren't forced to work constantly changing hours. We've altered the hiring system where we can. Suppose you're an RN on the night shift. With small children, this was what you wanted, but now your kids are in high school and you want to work days. You can't switch. You are literally stuck on nights because the hospital can more easily hire new people for the day shift. All you can do is leave. We've negotiated a ruling in some hospitals that jobs must first be offered to the staff before going outside."

Hospitals have finally recognized that they must do more than hire nurses away from other institutions. Many are examining their policies and making big changes. "The nursing shortage isn't universal," say Grady Hospital's Mary Mallison: "There are hospitals here in Atlanta with 170 nursing vacancies, and others with zero vacancies. Why? Because some hospitals work at keeping their employees happy."

Smart hospital administrators are raising pay, eliminating poor working conditions, giving nurses more say over their own jobs, setting up liaison committees for nurses with administration and doctors. Some have organized day-care centers and adjusted hours to suit working mothers. Others provide housing, use nursing pools to bring in part-time nurses on a regular basis.

These improvements will mean that you, the consumer, will get better care when you have to enter a hospital. It also means you'll be paying more for it. And it means that poorly managed hospitals may close.

Says Rose Muscatine Hauer, director of Nursing Services at Beth Israel Medical Center in New York, "It's too bad hospitals waited until a dangerous shortage forced them to bring nursing into the modern world. But we've got to make changes."

"I always wanted to be a nurse," asserts Gloria Hayes, a staff nurse in San Francisco. "And I still love my work, except for all the hassles. If you're happy in your job, you'll do much better at it. When your job is taking care of people, doing it well is important."●

THE RELIGIOUS FREEDOM PROTECTION ACT

● Mr. D'AMATO. Mr. President, the founders of this Nation wrote into our Constitution the ideal of religious liberty for all. From the birth of our Nation, millions have come to our shores in search of that liberty, at first with the hope, and then with the sure knowledge that this precious freedom would be protected.

There have been times in our history when some individuals and groups of individuals have acted with hatred and violence toward those who held certain religious beliefs. The American Government has always had the responsibility to insure that the right of religious freedom of all citizens is safeguarded, and it is because of this responsibility that S. 822 has been introduced by my distinguished colleague, the Senator from New Jersey. This bill makes it a Federal crime to intimidate or interfere with a person or group exercising religion or to damage any cemetery, or religious building, or religious article.

In a time when desecration and vandalism against religious buildings and

particular religious groups have begun once again to rear their ugly heads, we—all of us—must renew our commitment to the protection of religious liberty. We must never allow conditions to develop which would condone religious bigotry—we have seen in our own century the horror of bigotry, and we must never again allow them to occur. It is for this reason that I am privileged to cosponsor S. 822, The Religious Freedom Protection Act.●

NATIONAL DAY OF PRAYER

● Mr. DENTON. Mr. President, I take pleasure in joining President Reagan in asking the people who enjoy the blessings God has bestowed on this land to give thanks to Him on the National Day of Prayer May 7, 1981.

As we give thanks on this day it is important to understand the divine intervention of God in the founding of our Nation. The fact of the early settlers coming to this land for religious freedom is established in our heritage. One fact that is not as well known is that the deam of this land was inspired in divine prayer.

In Christopher Columbus' Book of Prophecies, Columbus establishes this fact and I would like to quote from it. These are Columbus' own words:

It was the Lord who put into my mind (I could feel his hand upon me) the fact that it would be possible to sail from here to the Indies. All who heard of my project rejected it with laughter, ridiculing me. There is no question that the inspiration was from the Holy Spirit, because He comforted me with rays of marvelous inspiration from the Holy Scriptures. . . .

I am a most unworthy sinner, but I have cried out to the Lord for grace and mercy, and they have covered me completely. I have found the sweetest consolation since I made it my whole purpose to enjoy His marvelous presence. For the execution of the journey to the Indies, I did not make use of intelligence, mathematics or maps. It is simply the fulfillment of what Isaiah had prophesied. . . .

No one should fear to undertake any task in the name of our Saviour, if it is just and if the intention is purely for His holy service. The working out of all things has been assigned to each person by our Lord, but it all happens according to His sovereign will, even though He gives advice. He lacks nothing that it is in the power of men to give Him. Oh, what a gracious Lord, who desires that people should perform for Him those things for which He holds Himself responsible! Day and night, moment by moment, everyone should express their most devoted gratitude to Him.

Prayer was fundamental to the creation of our Nation and the establishment of our Government. We must never forget the importance of prayer to our Nation. In my view, our very future as a nation is more dependent upon prayer than was our birth as a nation. My prayer is that this day will mark the beginning of an outpouring of prayer as we seek guidance as citizens to work as God's instruments in achieving His purposes for this blessed land.●

ADDRESSING FAIR ENFORCEMENT OF ANTITRUST LAWS FOR SMALL BUSINESSES

● Mr. BAUCUS. Mr. President, securing the economic development of Montana is one of my top priorities. Assisting small businesses that are located in my State and located throughout the Nation should be one of the highest priorities in this Congress.

One serious problem faced by some small- and medium-sized businesses today is their liability as defendants in large antitrust suits. Congress has investigated this problem previously and again last week held hearings chaired by Senator THURMOND, chairman of the Judiciary Committee.

Mr. President, I believe that when a small business is involved in a large antitrust suit and is found guilty, it should be punished. Current law requires this retribution. Treble damage provisions, such that a guilty defendant would pay three times the actual damages that it caused, are good. Price fixing is probably the most reprehensible type of antitrust violation and our laws must be quick and decisive in inflicting punishment.

Unfortunately, Mr. President, current law goes one step further and I think one step too far. A small business found guilty of price fixing also can be forced to pay treble damages for the violations of every other business in the industry. This is because of the principle of joint and several liability. While this principle is useful as a deterrent to price fixing, it also discriminates against small businesses. Under the principle of joint and several liability, small businesses are liable for the treble damages and attorneys' fees of an entire industry even if they represent only 1 or 2 percent of the entire market.

During hearings held last week on this bill, situations were brought to our attention were small businesses suffered this injustice. In one case, a small family-owned business was caught up in litigation involving 50 class action plaintiffs and 37 other company defendants. The result for the small business was that its potential damage exposure was literally in the billions of dollars. Faced with this potential liability, the small company came under tremendous pressure from its financers. They opted to settle for $5.5 million despite their contention that they were innocent of all charges.

Many small businesses simply cannot pay the potential damages caused by the other coconspirators. Many small businesses will be forced out of existence and this result is too harsh. While it is important to punish lawbreakers and deter further violations, our penalties should not be so severe that they effectively put small businesses out of business. It seems to me that one of the underlying themes of antitrust law is to preserve and protect businesses that are small. This cannot be accomplished with punitive measures that lead to bankruptcy or dissolution.

In addition, small business often pays a higher rate of settlement than larger corporations since it bargains from a position of weakness. The effect of joint and several liability is to allow the plaintiff to negotiate an inexpensive settlement with one defendant and force the remaining defendants, often a smaller business, to settle at a higher price. The small business will comply with the higher settlement rather than run the risk of litigation and liability for everybody else's damages. The bigger corporations will settle out because they can afford to and the small business will be left holding the bag. The small business, whose resources are limited and whose existence often depends on the good will of creditors, is caught in a whipsaw and has the choice of settling or losing its ability to secure financing and going out of business.

A more serious problem with the doctrine of joint and several liability is its deleterious impact on businesses who are charged with violations of price fixing, but are innocent. The total liability of the entire industry's damages trebled, lead to innocent defendants being coerced into a settlement. This situation is totally unfair and works against the central principle that we hold dear in our American system of justice, the presumption of innocence.

Many small businesses would rather admit guilt to a price-fixing charge that they are not guilty of simply to get out from under the threat of paying the trebled damages caused by the other indicted coconspirators. Furthermore, the cost of litigation alone can prevent a small business from having its day in court.

Mr. President, Senator THURMOND introduced a bill which I cosponsored along with Senators DECONCINI, HEFLIN, and LAXALT that would address these problems.

Our proposed amendment to the Clayton Act would allow a defendant to seek contribution from anyone else adjudged to be a coconspirator whether or not sued by the plaintiff. The defendant could do this in the same action or by instituting a separate action. As a practical matter, this would mean that in most cases a defendant would be liable in the end only for damages caused by his sales.

Some critics claim that this measure, although more fair, will weaken deterrents to price fixing. They claim that contribution would lower each antitrust conspirator's potential liability and by allowing each conspirator to assess more fully in advance his potential exposure, it would make the cost-benefit analysis of whether to enter an antitrust violation more predictable.

Mr. President, deterrence is a critical consideration and our colleagues who raise this issue have a legitimate concern. However, our bill actually increases deterrence. Contribution will increase the deterrent effect by making it more likely that all members of an antitrust conspiracy will be sued by somebody,

either by the plaintiff or by a defendant seeking contribution.

Mr. President, we believe in strong antitrust enforcement. However, we also believe that minor modifications of the law are sometimes necessary to avoid unjust results. If when throwing a net over a group of industry alleged coconspirators we not only catch the killer shark, but also include the endangered species, the small businesses, then protections must be made. Small businesses need protection and our bill provides that. I ask that our amendment to the Clayton Act be printed in the RECORD.

The bill follows:

S. 995

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Clayton Act (15 U.S.C. 12 et seq.) is amended by inserting after section 4H the following new section:

"SEC. 4I. (a) Two or more persons who are subject to liability for damages attributable to an agreement to fix, maintain, or stabilize prices under section 4, 4A, or 4C of this Act may claim contribution among them according to the damages attributable to each such person's sales or purchases of goods or services. A claim for contribution by such person or persons against whom an action has been commenced may be asserted by cross-claim, counterclaim, third-party claim, or in a separate action, whether or not an action has been brought or a judgment has been rendered against the persons from whom contribution is sought.

"(b) A release or a covenant not to sue or not to enforce a judgment received in settlement by one of two or more persons subject to contribution under this section shall not discharge any other persons from liability unless its terms expressly so provide. The court shall reduce the claim of the person giving the release of covenant against other persons subject to liability by the greatest of: (1) any amount stipulated by the release or covenant, (2) the amount of consideration paid for it, or (3) treble the actual damages attributable to the settling person's sales or purchases of goods or services. Under item (3) above, actual damages shall not be trebled in proceedings under section 4A of this Act.

"(c) A release or covenant, or an agreement which provides for a release or covenant, entered into in good faith, relieves the recipient from liability to any other person for contribution, with respect to the claim of the person giving the release or covenant, or agreement, unless the settlement provided for in any such release, covenant, or agreement is not consummated.

"(d) Nothing in this section shall affect the joint and several liability of any person who enters into an agreement to fix, maintain, or stabilize prices.

"(e) This section shall apply only to actions under section 4, 4A, or 4C of this Act commenced after the date of enactment of this section.".●

CONTINUITY IN THE EXERCISE OF PRESIDENTIAL AUTHORITY

● Mr. PELL. Mr. President, we all rejoice at the rapid and vigorous recovery President Reagan has made from the gunshot wound he suffered last month. His recovery, however, should not obscure the need for thoughtful consideration of the problem of the exercise of Presidential authority during a period, however brief, when a President of the United States may be disabled.

Arthur Goldberg, who has served with great distinction as an Associate Justice of the Supreme Court, as Permanent Representative to the United Nations, and as Ambassador at Large and Secretary of Labor, presented a cogent analysis of this problem in a recent article in the Washington Star.

As Ambassador Goldberg notes in his article, continuity in the exercise of Presidential authority is especially important in the field of foreign affairs.

Mr. President, I commend Ambassador Goldberg's article and ask that it be printed in the RECORD at this point.

The article follows:

COMMENT

(By Arthur J. Goldberg)

Thank God, President Reagan and his men have been spared. We are, in light of our continuing opposition to hand gun control, a luckier nation than we deserve to be.

But, putting gun control aside, there is a grave problem which requires immediate attention.

This problem is the absence of a carefully considered and articulated foreign affairs command authority to function in the event of temporary disability of a president.

We have such an authority with respect to the military. This authority, derived from the president's constitutional designation as commander in chief of the armed forces and the National Security Act of 1947, authorizes the president in advance of an emergency to delegate authority over the military, when he is unable to act, to the vice president, the secretary of defense and to our field commanders, in this order.

We lack a comparable authority in a foreign affairs crisis.

True, Vice President Bush has been designated as our crisis manager, whatever that term means. But, this designation contemplates a president able to act, to give policy directives and to supervise their implementation. In other words, a chief executive to whom the manager is subordinate and must account.

If the president is unable to perform these functions, there is a lacuna in foreign policy decision making.

True also, we have the 25th Amendment to the Constitution. This amendment, in substance, provides that when a president, temporarily or permanently is unable to discharge the powers and duties of his office, the vice president and a majority of the Cabinet shall designate the vice president to be acting president. The amendment also makes provisions for the president to resume his office when he is able to do so.

This amendment could have been invoked in the terrible case of the shooting of President Reagan. It was not invoked, presumably because the White House staff and cabinet officers conceived that the determination of a temporary presidential disability would cause panic here and abroad.

I disagree. It is simply inconceivable that the president can exercise executive authority in a foreign affairs crisis, such as the possibility of an imminent invasion in Poland, while undergoing major surgery requiring a general anesthetic and sedative pain medication for some days thereafter.

It would appear to me that such a situation is more likely to arouse concern than the uncertainty of who is in command and the credibility gap about the president's capacity to make major decisions under the given circumstances.

My apprehension, in this regard, surely is shared by the American people and by our allies and adversaries alike. Whatever their views, they do not fail to understand the impact of a major operation.

Almost all governmental problems can, without serious consequences, await the president's recovery from a temporary disability. But some cannot. Had the Soviets invaded Poland while President Reagan was under general anesthesia or under medication for some days thereafter, the unresolved question is who, in the executive branch, would be authorized to order the appropriate response, on our own, or better still, in concert with our allies.

I am confident that contingency papers exist. But, since we cannot be sure of the exact nature of the final action by the Soviets and their Warsaw Pact allies, our response must be tailored to what they may do. Time may be of the essence. And only a fully alert president or a similarly alert and expressly delegated surrogate is in a position to issue the necessary policy directions.

We have, it would appear, ruled out military intervention in Poland. But there are a variety of other measures in our non-military arsenal, some short-range, others long range. Whatever the measures, it is of utmost importance that Soviet intervention, if it occurs, be met with an immediate response. And if we are to have the imperative concerted action by our allies, they must know and be consulted about what we propose to do.

Happily, President Reagan's disability seems under control and the president appears to be able to react to whatever may appear in Poland or elsewhere. But in light of our experience in the recent past, realism requires that we provide for the future.

Even if we are able to escape further assassination attempts, presidents, like the rest of us, may be subject to disabilities requiring major operations or treatment, with attendant consequences. We have only to recall what happened to President Eisenhower during his tenure.

We can muddle through, as we now have done. Better still we can avoid some of the confusion which occurred at the White House upon being advised of the horror of March 30. And we can reassure our people and our allies and put our adversaries on notice that we have adopted appropriate measures to enable us to cope with military and foreign policy emergencies in the event of a presidential disability.

SOME PROPOSALS

Given the reluctance to invoke the 25th Amendment, even for a limited period during a president's temporary disability, I venture to make the following proposals.

Presumably, we have made provisions for military emergencies by the Military Command Authority. Parenthetically, I can see no good reason why we, the public, should not be given more details about how this will operate so that we can make an informed judgment as to whether the authority is adequate, inadequate or excessive to meet such emergencies. Of course, certain military planning should remain classified. But we are entitled to know more than that the Military Command Authority runs from the president to the vice president, to the secretary of defense and ultimately to our field commanders—presumably, although not stated, through the Joint Chiefs of Staff.

The Foreign Affairs Command Authority which I envisage and propose would follow the same pattern, although in the case of

foreign policy, the constitutional base is the president's power to direct our foreign affairs.

The Foreign Affairs Command Authority would run from the president, to the vice president, the secretary of state and then other involved executive departments and the bureaucracy.

It also seems to me that in both cases, that of the Military Command authority and of the proposed Foreign Affairs Command Authority, some form of congressional consultation or review is essential to prevent overreaching or abuse.

In the 25th Amendment a formal vote of Congress is required under certain circumstances. A less formal procedure, e.g., consultation with the leadership of both parties, may well be the appropriate measure in the case of the temporary disability of a president with respect to which the amendment is not invoked.

ANNOUNCED IN ADVANCE

Further, it is essential for the sake of public confidence that any arrangement of this sort be made public in advance of any foreign policy crisis occurring during a presidential disability, And certainly, in light of President Reagan's welcome recovery, it should not apply in present circumstances even if untoward events take place in Poland. Also, the authorization of a Foreign Affairs Command Authority should be as detailed and as public as possible.

A Foreign Affairs Command Authority publicly promulgated to function during a future presidential temporary disability which is conceived not to warrant invocation of the 25th Amendment, it seems to me, would minimize confusion by those in authority as to who is minding the store and appreciably avoid panic here and abroad.

Finally, there is no possible justification for not resorting to the 25th Amendment where a president, as in the case of President Wilson, suffers a permanent disability preventing him from discharging his constitutional duties and responsibilities for a prolonged period of time.

In these parlous times, the functions of our chief executive should, of necessity, temporarily be delegated to his second in command in the case of a transient but disabling impairment. It is dangerous that in the event of and during such impairment, no such delegation is made by advance and public authorization either through invocation of the 25th Amendment or by some other appropriate means.●

ARTHUR BURNS' COMMENTS ON THE REAGAN ECONOMIC PROGRAM

● Mr. LUGAR. Mr. President, as we commence debate today on the first concurrent budget resolution for fiscal year 1982, I wish to share with my colleagues an important article written recently by Arthur F. Burns. As my colleagues know, Arthur Burns is not only the former chairman of the Federal Reserve Board, but also one of the Nation's foremost economists.

Mr. Burns' article, "The Reagan Economic Program," which appeared on April 5, 1981, in the Washington Star, is a thought-provoking piece which offers the suggestion that the "Reagan economic program is better viewed as an evolving plan for restoring the Nation's economic health than as a static plan that warrants minute critical dissection."

This is an important piece and I commend it to my colleagues. I submit this article for the RECORD.

The article follows:

[From the Washington Star, Apr. 5, 1981]

THE REAGAN ECONOMIC PROGRAM

(By Arthur F. Burns)

By and large, the reaction to President Reagan's economic program has been favorable across our country. That was to be expected, since there is now a broad consensus that governmental spending has gotten out of hand; that some reduction of tax rates would be helpful to the economy; that governmental regulation of industry and commerce has become unnecessarily burdensome; and that a lower rate of growth of the money supply would aid in curbing inflation.

But the very fact that the President's program has struck such a responsive chord makes it all the more important to inquire how soon, and to what degree, that program can reasonably be expected to end the sluggishness of the economy and at the same time unwind the inflation that has been afflicting us.

The theoretical case for accomplishing the first of these two objectives can perhaps be best put as follows: Lower tax rates for individuals and business firms will strengthen incentives to work and to innovate. Tax relief will also enlarge the pool of funds available for investment. With savings increasing, new investments in plant, machinery, and equipment will be facilitated. The basic force driving capital investment forward will be the emergence of a new economic environment—an environment in which the government is committed not only to cut taxes, but also to curb its own spending, to remove regulatory obstacles to business enterprise, to pursue a dependable monetary policy, and to improve our country's international political position. As business confidence increases, capital investment will therefore keep expanding, and so too will job opportunities and economic activity at large.

Given such a prospect for economic expansion, the question remains whether the rate of inflation can be simultaneously reduced. The Administration's belief that this will happen appears to be based on five propositions.

First, the gap that has existed in recent years between the growth of money and the growth in the physical volume of production will progressively diminish; hence the money available for chasing goods and services will be effectively restrained.

Second, a spirited increase in business capital investment will modernize much of industry, put an end to the sluggishness of productivity, and thus tend to relieve the upward pressure of wages on unit costs of production.

Third, both tax reductions for individuals and various cutbacks in Federal outlays on social services will increase the effective supply of labor and thereby tend to limit the increase of wages.

Fourth, the extensive curbs on Federal spending will reinforce the reduction in inflationary expectations that is generated by better control over the money supply, better performance of productivity, and the increased supply of labor.

Finally, fifth, as inflationary expectations are reduced, wage and price demands will moderate and the dollar will become stronger in foreign exchange markets. The inflation premium that has become embedded in interest rates will therefore drop; and the improvement in financial markets will further encourage the gathering forces of capital investment.

As far as I can judge, this theory underlying the Reagan economic program has not as yet won as much support as the program itself. That should not be surprising, first, because the theory is new and as yet untested; second, because it projects a vision of economic life that departs radically from the economic thinking and practices that have become commonplace in our country and throughout the industrial world since the 1930's.

Scepticism concerning the underpinnings of the Reagan program is not confined to traditional liberals. It is also felt to some degree by economists, businessmen, and others who are entirely sympathetic to the President's philosophy that the restoration of a healthy economy requires much more reliance on the free market and less on government.

The basic question about the Reagan program is whether a declining rate of inflation is likely to accompany the consistently high rate of growth in the physical volume of over-all production that the program projects for the five-year stretch from 1982 through 1986. The Administration's reasons for expecting that to happen must not be dismissed lightly; but neither can we overlook the fact that once a business expansion gets under way, upward pressures on prices and wages normally accelerate at about the same time or not much later.

There are numerous more specific questions about the President's program or its theoretical underpinnings. For example, will the projected increase in the money supply prove sufficient to finance the expected growth in the dollar volume of the gross national product?

Again, does convincing evidence exist that lower income tax rates for individuals are likely to lead to a significant increase in the over-all willingness of people to work? May not tax relief for individuals stimulate consumption much more than saving? And will not a large part of whatever increase occurs in saving be used to finance homebuilding?

But even if all of the increased saving made possible by tax relief for individuals and corporations were used to finance capital formation, would not considerable time necessarily elapse before the new plant and equipment came to fruition? Does not this mean that the contribution of the new facilities to aggregate supply will come well after the increase in aggregate demand that is generated by their construction? And may not tendencies for inflation to moderate be weakened over the next year or two in the process?

Moreover, are we not expecting too much from a revival in industrial productivity since even large increases in business capital formation over the next two or three years will bring about only small additions to the total stock of existing capital?

Still more troublesome questions might be raised about the Reagan economic plan. Since one of the primary objectives is saving, is it wise to delay a balanced budget until 1984? And must not the accumulated rigidities of our wage and price system be somehow tackled lest they upset the entire plan?

A fair amount of questioning along these lines has already been voiced in the press and in Congressional halls, and much more will be heard in the months ahead. In view of such questioning, it is obviously desirable to try to see the Reagan program in historical perspective.

We need to keep in mind, in the first place, that the Reagan program marks a revolutionary departure from the thinking that has dominated economic policy making in our country since World War II. Whatever the merits of this new economic program, some serious doubts about it were bound to arise. That is precisely what happened to Keynes' theory of how a modern economy should be managed when it was originally unveiled in the 1930's.

In the second place, the Reagan program is, practically speaking, the only viable program now before our nation. To be sure, numerous questions have been raised and various adjustments in the recommended

policies have been suggested. But there has been rather little dissent from the President's diagnosis of our nation's economic difficulties or from his general approach for dealing with them. Even some articulate old-time Keynesians appear to be accepting much of the President's program; for they too recognize that their favorite policies, which worked remarkably well for two decades or longer after World War II, are by now more apt to intensify inflation than to promote economic growth.

In the third place, it is more useful to view the Reagan program as a plan that is still undergoing evolution rather than as a finished, final blueprint for action. As such, it merits neither acceptance of every detail nor criticism that stops short of providing a practical alternative. There is considerable evidence that the President himself views his economic program in just that way.

During the early stages of last year's political campaign, Mr. Raegan argued, or at least appeared to be arguing, that the large reductions that he favored in income tax rates would reinvigorate the economy so promptly that total tax revenues would not suffer. But later in the campaign, Mr. Reagan modified his claim concerning the feedback of lower tax rates on total revenues. In addition, he emphasized the need to couple sharp reductions in projected Federal spending with sharp reductions in tax rates.

Since the election, as the President became more familiar with the sorry state of Federal finances, he has decided that it would be wise to postpone the initial reduction of the income tax for individuals to this July, instead of making it retroactive to the beginning of the year as he originally intended.

Moreover, as the numerous and well-organized lobbies started clamoring for retention of spending programs that nourish their constituents, the President's response has been to propose even larger reductions in projected Federal spending than were called for by his preliminary budget presented in February. He has also proposed sizable decreases in off-budget outlays and in government guarantees of private borrowing—matters on which he had little to say previously. These actions suggest that the President has become increasingly mindful of the effects of the Federal budget on capital markets and on the state of inflation in our country.

As yet, the President has made no legislative recommendations on the subject of labor. It has been said that his reason for not doing so is that he has already put before the members of Congress as much as they can digest. It would not be surprising, however, if he spoke out firmly later this year or early next year on reforms needed in the Fair Labor Standards Act and the Davis-Bacon Act, since both have served to run up labor costs and deny employment opportunities—particularly to our young people.

Nor would it be surprising if the President eventually found it necessary to recommend that the Federal budget be partially relieved of the costly burden of automatic indexing of social security benefits and Federal retirement pay.

Meanwhile, the Congress has heeded the President's request to frustrate the efforts of the milk lobby to push up milk prices legislatively. As the Congress continues working on the President's program, some changes in what he has proposed will undoubtedly be made. It is surely proper, and probably also wise, for the President to stay with the substance of his campaign pledges on tax reduction. The members of Congress, however, are not subject to this restriction. They may decide, for example, to tilt the structure of tax reduction more strongly toward business. Some modifications of the President's tax proposal would not be inconsistent with the basic thrust of his economic program, and they could improve its chances of succeeding.

In conclusion, it is my judgment that the Reagan economic program is better viewed as an evolving plan for restoring the nation's economic health than as a static plan that warrants minute critical dissection. The plan has been evolving in a constructive direction. Its accent on curbing inflation is now stronger than was the case in the early stages of last year's political campaign; and as the program continues to evolve, I would expect this acccent to become stronger still That is highly important because unless inflation is brought under control, we cannot have sustained prosperity in our country.

I particularly hope, therefore, that the President will in due course see fit to urge a revision of Congressional budgetary procedures so that it will become much more difficult to run budget deficits in the future.

Immediate results in restoring our nation's economic vitality are not to be expected, as the President and his associates have repeatedly emphasized. But if the President's economic program keeps evolving constructively, as it has been doing, it will carry the promise of gradually ushering in an era of renewed and stable prosperity. The long-range outlook for our nation's economy is now better than it has been for some years.●

MEMORIAL DAY, 1981: LETTER TO A FRIEND

● Mr. GOLDWATER. Mr. President, how often all of us stop to think about old friends who are no longer with us is hard to tell, but I know we all do it. Appearing in this edition of the Army magazine is a copy of a letter written to a friend entitled "Memorial Day, 1981: Letter to a Friend." It so expresses the feelings that I know go through all of our hearts, that I ask that it be printed in the RECORD.

The letter follows:

MEMORIAL DAY, 1981: LETTER TO A FRIEND

(By Richard C. Cacioppe)

Dear Bill,

I've been trying to write this letter for 15 years. Initially the shock of your death made it impossible. It became even harder when I returned home from Vietnam and saw the controversy and hostility generated by our involvement in that country. It really wasn't until I visited your grave at West Point that I was able to fully understand and accept what had happened.

It was several years after I came home before I was ready to visit West Point. I wanted to go back to the academy because it had always been a source of inspiration for me. However, the thought of seeing your grave caused me to put off my visit time after time. Finally, I realized that if I were to find any peace or understanding of your death, it would be there.

I remember that it was a warm, sunny day in May that Peg and I drove up to the academy along the same route that you and I had traveled so many times together. We didn't talk much during the drive. We were lost in our own thoughts of how much had changed since those earlier trips.

On the surface, West Point hadn't changed. The grounds, the buildings and the Plain had that ageless look they had had when you and I were cadets. The visitors that crowded West Point on that beautiful spring weekend and the precision marching by the corps seemed equally unchanged.

Yet, there was a difference. The innocence and invincibility we had felt as young cadets had been shattered by the war in Vietnam. As I sat watching the parade, my bitterness and sorrow clashed with memories of the pleasant and uncomplicated years we had spent there on the Hudson.

At the conclusion of the parade, Peg and I walked slowly down to the cemetery while the festive crowd scattered to other parts of the grounds. The silence and peacefulness of the cemetery were in overwhelming contrast to the noise and activity we had just left.

I remembered that you and I had last been to the cemetery during our senior year. We had attended a funeral for a classmate who had died after an illness. Then, we had thought of ourselves as indestructible. We couldn't really comprehend the loss of even one of us. Now, in answer to my question, the caretaker directed me to the Vietnam section of the cemetery. It was an entirely new section that had been unused on our earlier visit.

Now it was filled with the names of many of our classmates who had stood with us on that cold, rainy December morning only a few years before. The sadness of losing one friend then was greatly intensified now by the loss of many friends. This only increased my dread of seeing your grave.

But as I slowly walked among the headstones, I felt a closeness to the history and sacrifices those markers represented. Although it didn't lighten my sorrow, somehow being among those fallen heroes helped me to understand your death for the first time. By the time I got to your grave, I felt a peace I hadn't known since you left us.

I couldn't help but feel that others like me had come to this place after other wars, also seeking answers. I came to realize that the answer couldn't be found by examining your sacrifice or Vietnam alone. It had to be examined in the context of the continuing struggle of Americans to preserve freedom. So, what mattered most was that you were like those other brave heroes resting quietly beside the Hudson.

Controversy still clouds our involvement in Vietnam. The one thing that is clear, however, is that you, as a soldier and citizen, did your duty. It was no less an effort than those of earlier soldiers at Bunker Hill, Gettysburg or Guadalcanal.

Yet, even now, I hesitate in writing this letter. For a long time I felt I should protect the privacy of my feelings because the country seemed incapable of understanding. It seemed that almost everyone wanted to forget Vietnam, even if it meant forgetting all those who served there.

But these are challenging times for all Americans. We need now, more than ever, to understand and reflect on the strengths, courage and sacrifices that have preserved our great country.

God knows, I pray that Americans will never again have to go to war. Soldiers who have seen war know better than anyone how horrible it really is. But we also know there is something worse than war: giving up our freedom that you and so many others fought so hard to preserve.

Well, Bill, it's time to go. I couldn't let another Memorial Day go by without trying to write how I felt. For many Americans, Memorial Day will be just another holiday. But for those of us who have lost a loved one or a friend, it will be different. It will be a day of quiet reflection, of happy memories of times together and sad thoughts of things that will never be.

So rest peacefully, old buddy. We miss you. We'll never forget you.

This letter was written in tribute to Capt. William A. Hoos who was killed in action in Vietnam on 14 February, 1966. Born in East Chicago, Ind., young Hoos graduated from East Chicago Washington High School and attended Valparaiso University before entering the Army as an enlisted man.

He was assigned to the USMA Prep School,

then at Ft. Belvoir, and after a year received an appointment to West Point, entering the academy on 1 July, 1958, as a member of the Class of 1962. In his senior year he was appointed company commander of G1 Company; upon the death of a classmate midway through the year, he became battalion commander of the 3rd Battalion, 1st Regiment, of the Corps of Cadets.

Commissioned in the infantry, Lt. Hoos later completed courses at the Airborne and Ranger Schools and was assigned to the 25th Infantry Division in Hawaii in early 1963; he accompanied the division to Cu Chi, Vietnam, in January, 1966.

He was killed in action while serving as a company commander in the 1st Battalion, 5th Infantry (Mech), and is survived by his wife, Barbara Jean, a son, William, and a daughter, Terry.

The author of the letter was Capt. Hoos' roommate at West Point for three years and best man at his wedding.●

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have a number of unanimous-consent requests.

Mr. President, I inquire of the distinguished minority leader if there are items on his legislative calendar on the Calendar of General Orders that we might proceed to for disposition routinely this evening? And before he answers I might say that on our side we have cleared and are ready to consider Calendar Orders Nos. 72, 73, 74, 75, and 76.

Mr. ROBERT C. BYRD. Mr. President, those items are cleared on this side.

Mr. BAKER. Mr. President, I thank the minority leader.

THE CALENDAR

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar Orders Nos. 72, 73, 74, 75, and 76.

The PRESIDING OFFICER. Without objection, it is so ordered.

GRATUITY TO CHARLES M. BERGESON AND BETTE A. BERGESON

The resolution (S. Res. 123) to pay a gratuity to Charles M. Bergeson and Bette A. Bergeson, was considered and agreed to, as follows:

S. RES. 123

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Charles M. Bergeson and Bette A. Bergeson, parents of Jeffrey C. Bergeson, an employee of the Senate at the time of his death, a sum to each equal to one-half of two months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO EDNA L. BURBY, RALPH H. WHITMUS, AND JOHN N. WHITMUS

The resolution (S. Res. 124) to pay a gratuity to Edna L. Burby, Ralph H. Whitmus, and John N. Whitmus, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Ralph H. Whitmus and John N. Whitmus, brothers of Doris J. Whitmus, and Edna L. Burby, sister of Doris J. Whitmus, an employee of the Senate at the time of her death, a sum to each equal to one-third of four months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO HAZEL ADKINS CARTER

The resolution (S. Res. 125) to pay a gratuity to Hazel Adkins Carter, was considered and agreed to, as follows:

S. RES. 125

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Hazel Adkins Carter, widow of William J. Carter, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO GLORIA J. MARTIN

The resolution (S. Res. 126) to pay a gratuity to Gloria J. Martin, was considered and agreed to, as follows:

S. RES. 126

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gloria J. Martin, widow of James F. Martin, an employee of the Senate at the time of his death, a sum equal to ten months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO HILDA K. MEADE

The resolution (S. Res. 127) to pay a gratuity to Hilda K. Meade, was considered and agreed to, as follows:

S. RES. 127

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Hilda K. Meade, widow of Roger N. Meade, an employee of the Architect of the Capitol assigned to duty on the Senate side of the Capitol at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Might I inquire of the minority leader if he is in a position to consider this evening items appearing on the executive calendar, and I refer particularly to calendar orders under "Department of State" numbered 138, 140, and 141?

Mr. ROBERT C. BYRD. And 142 on this side. Those items have been cleared on this side.

Mr. BAKER. Mr. President, I thank the minority leader.

DEPARTMENT OF STATE

The assistant legislative clerk read the nomination of Nicholas A. Veliotes, of California, a Foreign Service officer of the class of Career Minister, to be an Assistant Secretary of State.

The PRESIDING OFFICER (Mr. DURENBERGER). The nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The assistant legislative clerk read the nomination of Deane R. Hinton, of Illinois, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to El Salvador.

The PRESIDING OFFICER. The nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTERNATIONAL BANKS

The assistant legislative clerk read the nomination of Donald T. Regan, of New Jersey, to be the U.S. Governor of the International Monetary Fund, the U.S. Governor of the International Bank for Reconstruction and Development, a Governor of the Inter-American Development Bank; and U.S. Governor of the Asian Development Bank and U.S. Governor of the African Development Fund.

The PRESIDING OFFICER. The nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT REFERRAL OF THE NOMINATION OF LAWRENCE BRADY TO BE ASSISTANT SECRETARY FOR THE TRADE ADMINISTRATION

Mr. BAKER. I ask unanimous consent that the nomination of Lawrence Brady to be Assistant Secretary for the Trade Administration be immediately discharged from the Committee on Commerce and jointly referred to the Committee on Banking and the Committee on Finance.

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the minority leader.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I know of no further business to come before the Senate or that we can transact this evening. I might say that we have an order to convene the Senate in the morning at 9:15.

Mr. President, what will be the pending measure, the pending business, before the Senate in the morning at the time of convening?

The PRESIDING OFFICER. The pending business before the Senate in the morning will be Senate Concurrent Resolution 19, to which the pending question will be the amendment of the Senator from South Carolina (Mr. THURMOND).

Mr. BAKER. I thank the Chair.

Mr. President, might I inquire, are there special orders for the recognition of Senators on tomorrow?

The PRESIDING OFFICER. There are none.

LEGISLATIVE PROGRAM FOR TOMORROW AND MONDAY

Mr. BAKER. After the recognition of the two leaders under the standing order, the Senate will then proceed to the consideration of Senate Concurrent Resolution 19. The pending question will be the amendment of the distinguished Senator from South Carolina (Mr. THURMOND). It is expected that a number of amendments will be considered in the course of the day tomorrow.

The Senate will be in until a relatively late time on tomorrow afternoon, I would estimate until sometime in the vicinity of 5 or 6 o'clock. I would hope, of course, that we could finish the consideration of this measure tomorrow, but in all fairness I must say it would appear now that it will probably be the first part of the week before we can do that. In any event, it is the intention of the leadership on this side to proceed with the consideration of Senate Concurrent Resolution 19 as rapidly as possible, with the hope that we can dispose of it in time to go to conference with the other body, if necessary and if requested, as early next week as possible, keeping in mind, of course, that the statute requires that we adopt a first concurrent budget resolution—in this case a third concurrent resolution as well—by May 15.

So, Mr. President, we will have a busy day tomorrow. There will be a number of votes. I expect the Senate to be in session until 5 or 6 o'clock. I do not now anticipate a Saturday session. I expect we will convene at a reasonably early hour on Monday next, that we will continue dealing with amendments as they may be offered to the resolution on Monday with the hope that we can complete consideration of this measure during the day on Monday and prepare to go to conference with the House of Representatives.

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:15 a.m. tomorrow.

The motion was agreed to; and at 8:06 p.m. the Senate recessed until Friday, May 8, 1981, at 9:15 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 7, 1981:

INTERNATIONAL BANKING ORGANIZATIONS

Donald T. Regan, of New Jersey, to be U.S. Governor of the International Monetary Fund for a term of 5 years and U.S. Governor of the International Bank for Reconstruction and Development for a term of 5 years; a Governor of the Inter-American Development Bank for a term of 5 years; and U.S. Governor of the Asian Development Bank and U.S. Governor of the African Development Fund.

ACTION AGENCY

Thomas W. Pauken, of Texas, to be Director of the ACTION Agency, vice Samuel Winfred Brown, Jr., resigned.

PEACE CORPS

Loret M. Ruppe, of Michigan, to be Director of the Peace Corps, vice Richard Frank Celeste, resigned.

DEPARTMENT OF STATE

Nicholas A. Veliotes, of California, a Foreign Service Officer of the Class of Career Minister, to be an Assistant Secretary of State, vice Harold H. Saunders, resigned.

Deane R. Hinton, of Illinois, a Foreign Service Officer of the Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to El Salvador.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Thursday, May 7, 1981*

The House met at 10 a.m.

Dr. Kenneth W. Fields, pastor, First Baptist Church, Grand Bay, Ala., offered the following prayer:

Almighty, eternal God, on this National Day of Prayer, we pause in the midst of pressing duties and commanding needs to open our hearts before You in prayer.

Dear God, in these moments of prayer, remind our spirits that Thou art the source of goodness and love and truth. Let Your light shine upon our life and illumine the way to righteousness, to justice, and to peace.

Bless these Congressmen as they meet today. Give them wisdom to make sound decisions, courage to walk in the way of justice. Bless the Speaker of the House as he presides over the affairs of the day. Bless our President. Bless all who are involved in the Government of this Nation. May we be our best as we face the tasks of this day.

In the name of Jesus. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

DR. KENNETH W. FIELDS

(Mr. EDWARDS of Alabama asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of Alabama. Mr. Speaker, our invocation today was given by Dr. Kenneth Wayne Fields, pastor of the First Baptist Church of Grand Bay, Ala., which is in my congressional district.

In addition to his church and civic activities throughout Mobile County, he is active in both the Alabama Baptist Convention and the Southern Baptist Convention. He recently served as secretary and treasurer of the Alabama State Convention's Pastors Conference and currently is serving in the same post with the Southern Baptist Convention's Pastors Conference.

Dr. Fields earned his doctor of ministry degree in 1978 from Luther Rice Theological Seminary in Jacksonville, Fla.; his master of arts in 1975 from Scarritt College, Nashville, Tenn.; and his bachelor of arts in 1973 from Athens College, Athens, Ala.

Dr. Fields has had articles published in national religion publications, and he is a member of a number of honor societies, including Phi Tau Chi, national honor religion fraternity, and Sigma Tau Delta, national honor English fraternity. In 1978, he was awarded the "Outstanding Young Religion Leader Award" in Lauderdale County, which was presented by the Florence, Ala., Chamber of Commerce.

A native of Mobile, Ala., Dr. Fields married a fellow Mobilian, Terry Ann Tucker, and they have three lovely daughters, Paula, Angela, and Rebecca.

It is indeed a pleasure for me to welcome Dr. Fields to our Nation's Capitol and to thank him for offering our opening prayer today.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO SIT TODAY DURING 5-MINUTE RULE

Mr. BRINKLEY. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have permission to sit during the 5-minute rule today.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mrs. SCHROEDER. Mr. Speaker, I object.

The SPEAKER. Under the rules, there is a requirement that 10 Members object. Ten Members not having risen, permission is granted.

THE DEATH OF BOBBY SANDS, MEMBER OF PARLIAMENT

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan Ad Hoc Congressional Committee for Irish Affairs I wish to express my profound regret about the recent death of Bobby Sands, Member of Parliament, and convey my profound concern about the status of other hunger strikers in the Maze Prison in Northern Ireland.

I reiterate my charge that the intransigence and arrogance of the British Government throughout the entire Bobby Sands ordeal is to be condemned. Prime Minister Thatcher spurned pleas from around the world—including the Pope's—for a humanitarian resolution of the matter. The British Government has again revealed the moral bankruptcy of their policies in Northern Ireland.

The British Government appears adamant in their refusal to negotiate over the issue of prison reforms which is what Bobby Sands died for—and which others appear willing to do. One of the hunger strikers—Frankie Hughes, is deteriorating rapidly. Therefore, today I will send a telegram to U.N. Secretary Kurt Waldheim to urge the United Nations to offer itself as a mediator in this dispute. The British Government may try and pass this matter off as an internal matter, yet the fact remains human rights are involved. A key element of the United Nations Charter is advocacy for human rights of which Great Britain is a signator. I ask my colleagues to join me and work for a humanitarian resolution to avert other deaths in Northern Ireland.

IN PRAISE OF CONGRESSMAN JIM JONES OF OKLAHOMA, CHAIRMAN OF THE BUDGET COMMITTEE

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, as round 1 of the great budget debate draws to an end there is one man who deserves our praise, our thanks.

I will vote for the Gramm-Latta substitute knowing it imperfect but recognizing that it adds reconciliation muscle to the budget cuts as proposed by the Budget Committee and because it gives the President's economic recovery program a chance to succeed or fail—a chance demanded of us by the American people.

However, I would be remiss if I failed to publicly thank the chairman of the Budget Committee, JIM JONES of Oklahoma, for the tremendous job he has done in fashioning the so-called Democratic alternative.

JIM JONES was supported for his leadership position by me and other economic conservatives because we felt he was the best man for the job. He has lived up to our great expectations in nearly every respect.

Under impossible demands he has served us with honor and honesty. Under attack from the left and the right he has presented a proposal far closer in spirit and fact to the imperatives of economic sanity than I thought possible just a few weeks ago.

I salute JIM JONES and say to those who have heaped vicious, personal attacks on his efforts—particularly those few groups outside this Chamber who are elements of what I call the radical

right—that if ignorance is bliss then you must be the happiest people in America.

SEND ECONOMIC EQUITY ACT FOR MOTHER'S DAY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, Sunday is Mother's Day. Mother's Day is a symbol of our national feeling of guilt for making child care an activity of high rhetoric and low prestige. The cliche that nobody is against motherhood does not hide the many ways we put mothers down.

Many of us have been up nights to think up an original gift to give to the special women in their lives.

Today I have just the gift for them: The Economic Equity Act of 1981. My colleagues can thank their mothers, wives, daughters, and special friends by telling them they have joined the list of representatives concerned about economic equity for women. They can put some substance behind the 50-cent card and the bouquet of roses by cosponsoring this important legislation.

The Economic Equity Act promotes equity for women whether they are single mothers, homemakers, paid workers, or older widows. By seeking far-reaching reforms in public and private pension laws, tax policy, insurance, and Government regulation, the act changes existing laws to accommodate the variety of roles that women are playing in today's society. Since its introduction on April 7, the bill has rallied support from several major women's organizations and cosponsorship of 11 of my male colleagues.

Just because the administration is focusing on economics this year does not mean they can put women's issues on the back burner. We need to remind President Reagan that women's concerns are economic concerns.

The Economic Equity Act is a perfect way to show appreciation for that special woman, no matter what role she plays. I urge my colleagues to do women and themselves a favor by cosponsoring this legislation. It is a Mother's Day gift that is original, important, and sincere.

THE DEATH OF BOBBY SANDS, MEMBER OF PARLIAMENT

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, it is with deep regret and sincere remorse that we acknowledge the death of Bobby Sands. Bobby Sands: Son, student, Irish patriot, parliamentarian. Bobby Sands died a short 27 years after his birth, on the 66th day of his hunger strike—a protest staged to persuade British-ruled Northern Ireland to treat arrested soldiers as political prisoners.

There are those who would have us believe, and have the world believe, that Sands' death was the self-inflicted, irresponsible, purposeless act of a rebel with no real cause. Bobby Sands' cause is the very cause that built our own Nation—Freedom. There are more of us who know that Bobby Sands' choice to die was not because he hated life, but rather that he loved it.

The unresolved "Irish question" will sustain that very status until such time that we as a nation, joined by all other nations who stand for equality and justice, speak out against domination of Northern Ireland. The body of Bobby Sands is laid to repose today, but his spirit yet echoes an unfulfilled dream of freedom and dignity. Perhaps the best epitaph for Bobby Sands would be a poem translated from Irish verse:

HE WHOM A DREAM HATH POSSESSED

He whom a dream hath possessed knoweth no more of doubting,
For mist and the blowing of winds and the mouthing of words he scorns;
Nor the sinuous speech of schools he hears, but a knightly shouting,
And never comes darkness down, yet he greetest a million morns.

He whom a dream hath possessed knoweth no more of roaming;
All roads and the flowing of waves and the speediest flight he knows,
But wherever his feet are set, his soul is forever homing,
And going he comes, and coming he heareth a call and goes.

He whom a dream hath possessed knoweth no more of sorrow,
At death and the dropping of leaves and the fading of suns he smiles,
For a dream remembers no past and scorns the desire of a morrow,
And a dream in a sea of doom sets surely the ultimate isles.

He whom a dream hath possessed treads the impalpable marches,
From the dust of the day's long road he leaps to a laughing star,
And the ruin of worlds that fall he views from eternal arches,
And rides God's battlefield in a flashing and golden car.

—*Shaemas O'Sheel.*

□ 1015

WOMEN'S ECONOMIC EQUITY

(Ms. FERRARO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. FERRARO. Mr. Speaker, Sunday, May 10 is Mother's Day. Some of us will look forward to breakfast in bed and flowers. For many women, however, Mother's Day is a reminder that women do not have the same economic opportunities as men. For many of us, Mother's Day is a reminder that women's economic equity is the No. 1 item on the agenda for women.

On Mother's Day we are forced to face some very disturbing facts: That women earn 59 cents for each $1 men earn; that women comprise 72 percent of the elderly poor—and that we are witnessing the feminization of poverty; that it is estimated that only 5 to 10 percent of widows receive survivor annuities from their husband's pension. These facts force us to ask what mothers really need on Mother's Day, the day of special recognition for women.

My colleagues in the House and Senate have joined me in introducing the Women's Economic Equity Act, a comprehensive package of legislative proposals which address women's economic issues. This bipartisan effort is a major attempt to address the bread and butter issues that affect women. This bill covers such vital areas as pensions, discrimination in insurance, day care, child support, and regulatory reform. We are confident that this legislation will have a significant impact on improving the economic status of women in this country.

The time has come for us to pass legislation that will remedy the economic inequities faced by women. I urge my colleagues to restate their commitment to women's economic rights by supporting this legislation, which will help insure that Mother's Days in the future will be truly happy occasions for all women. Thank you.

PROBLEMS OF NORTHERN IRELAND

(Mr. CARMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARMAN. Mr. Speaker, I am proud to be an Irish American, but the tragic events in Northern Ireland just simply transcend one's ethnic background. I regret the death of Bobby Sands and hope that a humanitarian resolution will be brought to the problems that beset Northern Ireland.

The conditions that exist in Maze Prison are a humanitarian abomination. The arrogance of the British policies toward intransigents are only evidence of the bankrupt policy that they have exercised in Northern Ireland, and they must not continue.

And what of the other hunger strikers such as Frankie Sands? Must there be further sacrifice for their deaths, for their tragedy? When will the British finally understand that people of good will everywhere want a humanitarian resolution to the problems that beset Northern Ireland?

ADOPTION OF BUDGET PROMISES NEW DIRECTION FOR AMERICA

(Mr. McCOLLUM asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. McCOLLUM. Mr. Speaker, let me say to my colleagues that later today we will have an opportunity, in voting on the Gramm-Latta bipartisan Reagan substitute for the budget, to vote on and to adopt one of the most historic changes in American history, not because of the substance necessarily, not because of the great changes that will occur immediately as a result of this budget adoption, but simply because of the fact that it changes the direction in which this country has been headed and gives us the opportunity to redirect our efforts in the coming months toward those things of substance that are absolutely necessary. It gives us, further, resolution to reduce the scope of this Federal Government and to once again restore a greater degree of individual liberty, opportunity, and free enterprise that we and all Americans must have and demand.

Let us get on with it, Mr. Speaker.

CLARIFICATION OF YESTERDAY'S COLLOQUY IN DEBATE ON OBEY SUBSTITUTE

(Mr. OBEY asked and was given permission to address the House for 1 minute.)

Mr. OBEY. Mr. Speaker, yesterday, while the gentleman from Vermont (Mr. JEFFORDS) was at the mike, an exchange took place between the gentleman from Massachusetts (Mr. DONNELLY) and myself which if not clarified might be interpreted to unfairly reflect on the gentleman from Vermont (Mr. JEFFORDS).

I simply want to say at this point that I appreciate the gentleman's support for my amendment yesterday. I apologize to him if the exchange between the gentleman from Massachusetts and myself carried any implications or implied anything as far as the gentleman from Vermont is concerned, because he certainly would not have deserved that.

The gentleman from Vermont has a long record of trying to find compromises between the two political parties on CETA, on agriculture, and on a number of other items, and the House has been well served by his being here. If there was any implication which reflected on him in any way yesterday, I apologize for it.

FIRST CONCURRENT RESOLUTION ON THE BUDGET FISCAL YEAR 1982

Mr. JONES of Oklahoma. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. con. res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

The SPEAKER. The question is on the motion offered by the gentleman from Oklahoma (Mr. JONES).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. McCOLLUM. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 400, nays 5, answered "present" 1, not voting 24, as follows:

[Roll No. 34]

YEAS—400

Addabbo	Chisholm	Erdahl
Akaka	Clausen	Ertel
Albosta	Clinger	Evans (DE)
Alexander	Coats	Evans (GA)
Anderson	Coelho	Evans (IN)
Andrews	Coleman	Fary
Annunzio	Collins (IL)	Fascell
Anthony	Collins (TX)	Fazio
Archer	Conable	Fenwick
Aspin	Conte	Ferraro
Atkinson	Conyers	Fiedler
Badham	Corcoran	Fields
Bafalis	Coughlin	Findley
Bailey (MO)	Courter	Fish
Bailey (PA)	Coyne, James	Fithian
Barnard	Coyne, William	Flippo
Barnes	Craig	Florio
Beard	Crane, Daniel	Foley
Bedell	Crane, Philip	Forsythe
Beilenson	D'Amours	Fountain
Benedict	Daniel, Dan	Fowler
Benjamin	Daniel, R. W.	Frank
Bennett	Danielson	Frenzel
Bereuter	Dannemeyer	Frost
Bethune	Daschle	Fuqua
Bevill	Daub	Garcia
Blanchard	Davis	Gejdenson
Bliley	de la Garza	Gephardt
Boggs	Deckard	Gibbons
Boland	Dellums	Gilman
Boner	DeNardis	Gingrich
Bonior	Derrick	Ginn
Bonker	Derwinski	Glickman
Bouquard	Dickinson	Goldwater
Bowen	Dicks	Gonzalez
Breaux	Dingell	Goodling
Brinkley	Donnelly	Gore
Brodhead	Dorgan	Gradison
Brooks	Dornan	Gramm
Broomfield	Dougherty	Gray
Brown (CA)	Dreier	Green
Brown (CO)	Duncan	Gregg
Brown (OH)	Dunn	Grisham
Broyhill	Dwyer	Guarini
Burgener	Dymally	Gunderson
Burton, John	Dyson	Hagedorn
Burton, Phillip	Early	Hall (OH)
Butler	Eckart	Hall, Ralph
Byron	Edgar	Hamilton
Campbell	Edwards (AL)	Hammerschmidt
Carman	Edwards (CA)	Hance
Carney	Edwards (OK)	Hansen (ID)
Chappell	Emerson	Hansen (UT)
Chappie	Emery	Harkin
Cheney	English	Hartnett
Hatcher	McKinney	Schroeder
Hawkins	Mica	Schulze
Heckler	Michel	Schumer
Hefner	Mikulski	Seiberling
Hendon	Miller (CA)	Sensenbrenner
Hertel	Miller (OH)	Shamansky
Hightower	Mineta	Shannon
Hiler	Minish	Sharp
Hillis	Mitchell (NY)	Shaw
Holland	Moakley	Shelby
Holt	Moffett	Shumway
Hopkins	Molinari	Shuster
Horton	Mollohan	Siljander
Howard	Montgomery	Simon
Hubbard	Moore	Skeen
Huckaby	Moorhead	Skelton
Hughes	Morrison	Smith (AL)
Hunter	Mottl	Smith (IA)
Hutto	Murphy	Smith (NE)
Hyde	Murtha	Smith (NJ)
Ireland	Myers	Smith (OR)
Jacobs	Napier	Snowe
Jeffords	Natcher	Snyder
Jeffries	Neal	Solarz
Jenkins	Nelligan	Solomon
Johnston	Nelson	Spence
Jones (NC)	Nichols	St Germain
Jones (OK)	Nowak	Stangeland
Jones (TN)	O'Brien	Stanton
Kazen	Oakar	Staton
Kemp	Oberstar	Stenholm
Kildee	Obey	Stokes
Kindness	Panetta	Stratton
Kogovsek	Parris	Studds
Kramer	Pashayan	Stump
LaFalce	Patman	Swift
Lagomarsino	Patterson	Synar
Lantos	Paul	Tauke
Latta	Pease	Tauzin
Leach	Pepper	Taylor
Leath	Perkins	Thomas
LeBoutillier	Petri	Traxler
Lee	Peyser	Trible
Lehman	Pickle	Udall
Lent	Porter	Vento
Levitas	Price	Volkmer
Lewis	Pritchard	Walgren
Livingston	Pursell	Walker
Loeffler	Quillen	Wampler
Long (LA)	Rahall	Watkins
Long (MD)	Railsback	Waxman
Lott	Rangel	Weaver
Lowery	Ratchford	Weber (MN)
Lowry	Regula	Weber (OH)
Lujan	Reuss	Weiss
Luken	Rhodes	White
Lundine	Richmond	Whitehurst
Lungren	Rinaldo	Whitley
Madigan	Ritter	Whittaker
Markey	Roberts (KS)	Whitten
Marks	Roberts (SD)	Williams (MT)
Marlenee	Robinson	Williams (OH)
Marriott	Rodino	Wilson
Martin (IL)	Roe	Winn
Martin (NC)	Roemer	Wirth
Martin (NY)	Rogers	Wolf
Matsui	Rosenthal	Wolpe
Mattox	Rostenkowski	Wortley
Mavroules	Roth	Wright
Mazzoli	Roukema	Wyden
McClory	Rousselot	Wylie
McCloskey	Roybal	Yates
McCollum	Rudd	Yatron
McCurdy	Russo	Young (FL)
McDade	Santini	Young (MO)
McDonald	Savage	Zablocki
McEwen	Sawyer	Zeferetti
McGrath	Scheuer	
McHugh	Schneider	

NAYS—5

Evans (IA)	Kastenmeier	Sabo
Ford (TN)	Mitchell (MD)	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—24

Applegate	Crockett	Heftel
Ashbrook	Dixon	Hollenbeck
AuCoin	Downey	Leland
Biaggi	Erlenborn	Rose
Bingham	Foglietta	Stark
Bolling	Ford (MI)	Vander Jagt
Clay	Gaydos	Washington
Cotter	Hall, Sam	Young (AK)

□ 1030

Mr. GUARINI changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 115) with Mr. FROST in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, May 6, 1981, pending was an amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. LATTA).

The Chair recognizes the gentleman from Ohio (Mr. LATTA).

(By unanimous consent, Mr. LATTA was allowed to proceed for an additional 25 minutes.)

The CHAIRMAN. The gentleman from Ohio is recognized for 30 minutes.

□ 1045

Mr. LATTA. Mr. Chairman, at the outset let me say that we have heard a pretty good discussion of the bipartisan substitute for the last couple of days. It seemed like everybody has been talking either for or against it. I could go through every single one of some 300 suggestions that have been made by the White House and perhaps keep us here until midnight, but we do not want to do that. I think we want to vote. I think the Members of this House have pretty well made up their minds.

Mr. BEDELL. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. LATTA. I will be happy to yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

Mr. Chairman, the economic package which we are about to vote on concerning the budget addresses the critical need for our country to attack excessive Government spending, waste, bureaucratic regulations, and paperwork. In this regard, I strongly support the President in his efforts. Ever since coming to Congress, I have supported and worked for the elimination of many of the wasteful programs the President has mentioned as well as others that he did not.

There is no question that the Federal budget has grown at an alarming rate, and that the Nation is suffering from the deleterious effects of this growth. Clearly, we must learn to live within our means, and toward that end I support the balanced budget efforts. I commend the President for his initiative and commitment to rein in galloping Federal budget growth. As we enter a new era and decade, I think it a prudent and wise endeavor to reassess our Federal activities and priorities so that those Government programs which have outlived their need and usefulness may be culled to allow those that are the proper province of government to continue to function as intended.

Since the President first detailed his program for economic recovery to the Nation, I have personally put a great deal of thought and study into the specifics of his proposal. Although I am generally supportive of most of the cuts, I am also somewhat perplexed by the proposed reductions in funding for certain programs, such as the alternative energy, conservation, and alcohol fuels efforts, while an increase is proposed in nuclear energy programs. And even though I support efforts to balance the budget and reinvigorate our crippled economy, I do not believe that any one sector or group in our society should bear an unfair burden of the budget cuts.

Mr. Chairman, I have just recently returned from northwest Iowa where I held open door meetings in 21 of 22 counties in my district to discuss the administration's economic program. I thought it absolutely essential that I discuss the magnitude of these cuts with the people I represent in order to receive their thoughts and ideas on the budget. I was pleased to find that we share a mutual concern about wasteful Government spending and the need to curtail the growth of the budget.

Since a considerable amount of my time in the Congress has been spent trying to cut spending and reduce waste, this support was especially gratifying. In addition, however, my constitutents expressed their reservations about the tax cut proposal of the economic package. For example, 86 percent of those attending did not agree with the 30-percent 3-year tax cut proposed by the administration. Specifically, 46 percent of them would rather see a targeted tax cut no greater than the spending cuts, and 40 percent want a balanced budget before tax cuts. Additionally, more people were opposed to some of the increases in defense spending than were in favor of the President's proposal. My people also thought it was foolish to abandon the energy program that has been developed in the last few years by cutting funds for conservation and alternative energy development, while increasing funding for nuclear programs. Indeed, the people of northwest Iowa would rather see more spent on alternative energy research in order to reduce our dependence on foreign oil.

The administration's program is intended to improve the economic health of this Nation by increasing productivity and lowering inflation.

We all agree that the need for an economic boost is urgent. We do not all agree, however, that the components of the program are consistent, and act in concert to produce our desired results.

My gravest concern with the program is the proposed 3-year 10-percent-a-year tax cut. The administration says the cuts in Government spending are going to pay for extra military expenditures. It also says these cuts will pay for the proposed tax cuts. However, the sums to be spent and saved do not match. For 1982–84, a $197 billion cut in civilian spending does not counterbalance a $301.3 billion tax cut and a $262 billion increase in defense spending. If we are concerned about inflation, and if we agree that the size of the Federal deficit adversely affects inflation, then it appears that we are inconsistent to say we are going to increase our tax cuts and defense spending much more than we decrease other Government spending. Supply-side economic theory cannot be put to practice in an environment ravaged by continuing inflation.

In examining our economic problems, it appears to me that it is essential that we address our steady decline in productivity. Last year the average Japanese worker increased his productivity by 5 percent, the German worker realized an increase of 3 percent while the average U.S. worker suffered a 1-percent decline. In light of these startling facts, it is proper to question whether this personal tax cut, which is directed primarily at the wealthier segments of our society will end up being invested in plants and equipment and lead to an increase in productivity. Let me illustrate with this example: If a person invested $1,000 5 years ago in gold, Iowa farmland, and the stock market, he would have had an average annual return of 32 percent for gold, 13.5 percent for farmland; and only 6.5 percent for the stock market. With this in mind, I do not think that wealthy people, who would get a sizable tax cut, would rush out to invest in the stock market to increase the production capital. These tax cuts are supposed to stimulate savings and investment. This across-the-board approach, however, is faced with the fact that the average American family saved only 5.6 percent of its income in 1980. We cannot afford to add more consumption of this magnitude to our economy. We need to cut consumption and increase investment in productive oriented activities and not consumptive or speculative activities.

Second, if the 30-percent tax cut is enacted, there would be no room to target the kind of tax cuts actually needed to increase productivity or correct inequitable tax burdens. For example, we should eliminate double taxation of dividends; increase the

amount of interest and dividends that may be excluded from taxation; change the inheritance taxes to preserve the family farm and business; and eliminate the marriage penalty tax, which taxes two working married people at a higher rate than two working single people. These proposals would provide much-needed incentives to save and invest and increase productivity. However, if we enact the Kemp-Roth 30-percent tax cut—a tax cut which is larger than the proposed spending cuts—we will increase the budget deficit to $45 billion and leave no room for the targeted tax cuts.

Many economists agree that our current problem with inflation started with President Johnson's refusal to raise taxes to cover the costs of the military buildup during the Vietnam war. The administration proposes an increase in defense spending that—in terms of real dollars—greatly exceeds the increase during the Vietnam war. At the same time it proposes that we institute one of the largest tax cuts in our history. Surely we should learn from history and our past mistakes. There is no free lunch.

But let us suppose that through some strange quirk those wealthy people who get the larger tax cuts do decide to invest their savings in machinery and equipment to increase productivity. Where do you think it will be invested—in retooling our steel and automotive plants, or to tool up for the gigantic Government arms contracts?

Make no mistake about it. We are in a productivity race with Japan, Germany, and other industrialized nations. One of the reasons they are able to challenge our industry is because they invest less of their gross national product (GNP) in military expenditures and more in savings and investment then we do, leaving them more money with which to automate their factories.

It is proposed that we embark upon a tremendous military production buildup without a similar increase by our competitors who can concentrate their efforts to further automate their automobile and television factories while we spend our efforts refurbishing obsolete battleships and covering the West with MX missile mole holes. At the same time our automobile producers will become less and less competitive in world markets.What fools are we? I agree that we need to strengthen our military capability. But it does not make sense for us to station forces in Germany if we do not expect Germany—one of our competitors in international trade—to spend at least as much of its wealth for its own defense as we provide.

I have received numerous letters urging me to support the administration's program. I support that program for its spending cuts, and will continue to work to bring control to the waste that exists in the Federal Government. In fact, I am supportive of the House budget proposal which calls for larger cuts than the administration's proposal.

Mr. Chairman, I cannot support a budget proposal which includes a 30-percent income tax cut directed primarily at the wealthier segment of our society. I cannot support a proposed tax cut that results in increased deficits which will increase pressures for still higher inflation and interest rates; and which together with the proposed military increase will, in my opinion, make us even less competitive in the world market for manufactured goods.

My people want to bite the bullet and attack the problems we have in our society. I agree. But, we do not do it by instituting a 3-year tax cut so large that it will increase the Federal deficit and the inflation rate.

We cannot afford to destroy the competitive strength of our weakening domestic economy. Putting our human and physical capital into defense further weakens our civilian markets. What good does it do to dominate missile markets and be beaten in consumer markets? In the long run, a civilian economy that consistently fails in competition abroad will be unable to produce defense equipment for an effective military economy.

Mr. Chairman, it is most unfortunate that this vote has taken on partisan political overtones. For me, this is not a partisan vote. The problems in our economy are far too serious for partisan politics. When I thought former President Carter was wrong, I said so. Surely, I should have the courage to do the same when I disagree with a Republican President. The administration's budget projects interest rates for 1982 to be 8.9 percent on Treasury bills compared to 15.9 percent today, and an increase in real growth of GNP of 4.2 percent for 1982 compared to 1.1 percent in 1981. I believe these forecasts are overly optimistic, and even with these projections they still project a deficit of $45 billion for 1982 compared to the Budget Committee deficit of $25.6 billion.

I believe in balancing the budget—and the people of northwest Iowa also believe we should balance our Federal budget. Regardless of political parties, I cannot represent my people and vote for a budget calling for larger deficits and higher inflation and interest rates. To do so would contradict the interest and wishes of my constituency.

Mr. LATTA. I do not think there is any particular need for lengthy debate on this. What I want to do is run through very quickly the major provisions of the President's program. We have made a few changes, very minor changes, and I will point those out.

At the outset I would be remiss if I did not commend the Members on the minority side who helped put his package together, who worked so diligently in the committee. Without their help we would not be here today. I certainly am grateful, as will be the Nation, when this legislation becomes law.

Second, let me compliment the staff on our side. We have a very small staff. As a matter of fact, we are outnumbered some 8 to 1. But they have done yeoman work. As a matter of fact, most Members on this floor do not know it, but the one person on our staff who has been with us the longest, Jim Hedlund, actually collapsed last week and had to have some help from the rescue squard. That is the type of work that has gone into this substitute.

Let me say on the majority side I know the staff has worked very diligently on the Jones proposal, and certainly we commend them for their efforts.

Let me ask you a very simple question: What has brought us to the point we are at today? We are not here just by accident; we are here by necessity. It is more or less agreed by the majority as well as the minority that something has to be done. We have had spending out of line. We have got taxes out of line. We have got deficits out of line. We have got inflation out of line. We have got an increasing negativeness in America that must be reversed. We have got a negative productivity growth in our last 3 years in our nonfarm sector.

I have resurrected an old chart that probably some of you have seen before. We did not have to prepare a new one; we just had to extend a little piece on the top to show you where we are going unless changes are made. Let us take a look at it.

This happens to be Federal spending since the year 1955. Many of you cannot see it, but in 1955 we had Federal spending at $68.5 billion. We never reached $100 billion in total spending—total spending—by the Federal Government until the second year of President Kennedy's term.

In 1975 you can see that we reached $326 billion in spending.

By 1980 we see spending going up to $579 billion; in 1981, $660 billion. Unless something is done to reverse this tremendous explosion in Federal spending, in 1982 we will see Federal spending at $714 billion.

Let us go on to 1983. In the Jones budget, in 1983, we see Federal spending at $779 billion, and in 1984, $839 billion—$839 billion.

Mr. DORNAN of California. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will be happy to yield to the gentleman from California.

Mr. DORNAN of California. I thank the gentleman for yielding. I hesitated

to interrupt his rhythm there because I think he has earned a place in American history, along with his co-pilot, Mr. "Aristotle" GRAMM from the great State of Texas. There are coffee klatches going on all over my district on cable television watching the proceedings of the House today. This is a glorious moment in history, thanks to the gentleman and the minority members of the Committee on the Budget.

Mr. Chairman, I add to the distinguished gentleman from Ohio's peroration. Congress has been debating over a new economic policy for years. At long last, we have achieved a balanced, bipartisan plan—the Gramm-Latta substitute.

If the recent elections did not deliver the message that Americans want less Government spending and a reduction in tax rates, I am sure any recent conversations with constituents did. Most of us were elected last November with a mandate to restore growth and productivity to the marketplace. The Gramm-Latta substitute embodies that mandate.

It is rare that we see such strong support for a budget program—support that cuts across party lines. It is rarer, still, that we find ourselves facing the economic choices before us. Will we continue to permit the Federal tax burden to suppress economic growth, or will we reduce the increase in taxes and spending this year? If Congress fails to act, tax revenues will double in the next 5 years. This is hardly the prescription for greater capital investment or work incentive. When Uncle Sam's income goes up, the taxpayer's income usually goes down. An unrelentingly expanding tax burden would mean that people would continue to use almost their entire paycheck just to survive. The Gramm-Latta substitute, with its more moderate tax increase, will encourage the creation of millions of new jobs in the private sector and permit the beleaguered middle-income taxpayer more control over the dispensation of his own money.

That the Federal budget has grown out of control is almost beyond dispute. From 1972 through 1973, the budget increased at an annual average rate of just over 8 percent. In the last 2 years, the budget rose at an average annual rate of 16 percent. I do not have to belabor the point. Spending must be controlled as soon as possible.

This vote will demonstrate our commitment to the future. Will we continue to vote for the same tired economic formula, or will we vote for a remedy? I urge my colleagues on both sides of the aisle to support Gramm-Latta.

Mr. LATTA. I thank the gentleman from California. He has always been on our team. He knows something about the charts and the direction in which we are heading.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will be happy to yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding, since he has already broken his rhythm.

Mr. Chairman, I rise in support of the Gramm-Latta resolution.

Mr. Chairman, it is baffling to me how this Congress can oppose the Reagan-Gramm-Latta bipartisan budget resolution and still consider itself the representative of the American people.

Pick up almost any newpaper, from the Washington Post to the smallest Kentucky weekly, and you will read how strongly this Nation is backing the President in his efforts to heal our economy.

Even after specific spending cuts were announced, the American people showed a willingness to accept the so-called bad cuts for the sake of the Reagan program's overall goals.

Soon, we will be choosing between the Reagan bipartisan budget resolution and the alternative budget resolution offered by Chairman JONES. But if we consider the proposal sponsored by Chairman JONES, and supported by you, Mr. Chairman, we might wonder if its backers have even bothered to read the papers lately, let alone talked to their constituents.

The difference between the Jones-O'Neill and Reagan bipartisan plans could mean the difference between economic recovery and economic disaster. The business-as-usual approach proposed by the Jones-O'Neill budget resolution puts Federal spending at higher levels than the administration's, takes money from defense and places it in social programs—this against the November wishes of a majority of the voters.

And it does not take into account the need to give the heavily burdened American taxpayer the relief needed to stimulate our economy.

Through his backing of the economic recovery plan, Candidate Reagan changed the attitude of the people during last year's elections. Now, President Reagan has given them hope, just by trying to follow through on his promises, that things can be changed for the better.

Taxes still will rise, but under the bipartisan tax plan they will rise $23.4 billion less than under the Jones-O'Neill plan. I do not know how that will affect your constituents, but the average family of four in Kentucky could save $1,789 under the bipartisan tax proposals. The average family of four in my hometown, Lexington, could save $2,365. Now that might not seem like a lot of money to those of you who are used to spending millions of dollars on programs you have sponsored, but few families I know in my district would turn it down.

We have a chance to give some real economic relief to the American people and we must take it. For the past 20 years, this country has been plagued by a choking dust storm of economic mismanagement and Government-sponsored extortion. The Reagan-Gramm-Latta plan is the spring shower we need to clean the air.

Mr. LATTA. Before we take down this spending chart, just let me point out the little bit of difference that will take place if the President's program is enacted, and this is scary, too. This is scary. Let us look at 1982. In 1982 with the President's program in place, we still have $689 billion worth of spending.

In 1983 we still have $731 billion worth of spending.

In 1984 we still have $770 billion worth of spending. The budget that President Carter sent to us before he left office called for an increase in Federal spending over fiscal year 1981 of 11.6 percent. Even with the budget that the President has submitted to us, we are still going to be over 6.1 percent, so we are really not cutting that budget; we are merely restraining its growth; and that we must do.

Let us take a look at another chart that is also scary, one on deficits. I have said many times from this well this really hurts me more than the spending. Why? Because we have been living on our children's and our grandchildren's credit cards, and that does not make me happy, even though I have not voted for most of these programs that have caused this explosion. We ought to feel ashamed of ourselves. We ought to feel ashamed of ourselves, and I think many of us do, as to what we are putting on their backs and what we are putting on their backs is exactly this. When they become taxpayers, they are going to have to pay not only their current cost of Government but also that tremendous interest charge that they inherited from us.

I do not care which budget you go for today, they are going to pay from $85 to $90 billion worth of interest in that budget, and they are not getting any benefits.

Let us take a look at this explosion. In the year 1955 the Federal deficit stood at $274 billion. Here is where we are in 1977: $709 billion; and here in 1981 we go to $994 billion.

One of the first actions of this House was to increase the debt limit to $985 billion, and as sure as I stand in this well today, before this year is up—and I speak of the calendar year—you are going to have to go over that trillion dollars in debt, and that is not good.

In 1982 it goes off the chart, right off the chart. That is what we are talking about, and we are not happy about it. You almost have to have two

sheets of paper when you start to put the debt down. In 1982 that debt has got to go to $1,060,000,000,000, no if's, and's or but's about it, and that is what brings us here.

Now let us take a look at just one other chart and that has to do with taxes—taxes. These are changes in personal taxes. If we adopt the bipartisan substitute, we look at the blue. If we do nothing, the current law increases are in red. The Jones proposals are in black. In fiscal year 1981 you have no changes under Jones.

In 1981 there is $25 billion in tax increases, if you do nothing—if you do nothing. If you adopt the President's program, there is only $6 billion changes.

In 1982 the President's program calls for $44 billion in cuts, but we still have not caught up with the increases. The increases will be $52 billion. So we are still behind. But under the Jones proposal we are going to be back at $21 billion. See the gap. We are not catching up with the tax increases, in personal taxes. These are your constituents paying these taxes.

In 1983 under our proposal you go ahead slightly over the increases, $81 billion as opposed to 1980. Under the Jones proposal you are at 31.

In 1984 under our proposal you go to $118 billion, and you are just slightly ahead there, 112. The Jones proposal, $76 billion. That is what we are talking about.

I could get into a couple of other matters on inflation, but we all know about inflation. Everybody back home knows about inflation. We have been hearing about it; we are going to do something about it. I am finished with the charts.

We had an election last November. Everybody knows that. And our President made no bones about his position. He told the American people, you elect me President of the United States and we are going to turn this thing around. What was he talking about? He was talking about some of the things I have just pointed out to you on the charts that are indisputable. You cannot dispute them, and you cannot feel happy about them. They are there.

What did the people say? They gave him an overwhelming mandate—an overwhelming mandate to make changes. And he came forward and made requests to this Congress pursuant to the mandate the people gave him to make those changes. That is what it is all about. That is what it is all about. He said, I have got a package. I have got a package that must be adopted—a package No. 1 of spending reductions, tax cuts, regulatory reform. Everybody has heard from back home. If you have been here long enough, you have heard for years about all of those regulations that are choking American industry and American business. I do not care how large or how small you are in business, you felt that yoke around your neck getting tighter and tighter. Everybody has complained about it, and this President said, we want to get some regulatory reform.

The fourth part of his package is some stable monetary policy.

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Now, before getting into some of his proposals, let me point out a couple other things.

I do not agree with every suggestion that is in this package, but I agree with the direction that package will take America. If I were putting it together, I probably would have tinkered a little bit here or there, made some major changes, maybe, I do not know. But it was not mine to do. I was not elected President of the United States. I was not elected President. So we have to rely on his good judgment because, after all, he is the President of all the people, all the people.

So I more or less take the bitter with the sweet, as the old saying goes; but there is an awful lot of sweetness in here for the economy of this Nation that must be there if we are going to reverse this trend that showed up so well on these charts that the Members have just seen.

Now, what are we talking about in a budget resolution? We are talking about targets. We are talking about numbers. And listening to all of this debate here for the last couple of days, you would have thought that we were writing into the budget resolution every single program. My, I can recall so well the gentlewoman from Maryland always saying, "we don't get into line items in the budget." Even when my good friend from Maryland was on the Budget Committee, we never got into line items. We merely directed—directed—the committees in the direction in which they should go. We gave them certain parameters and said,"Here are the figures, now you come up with a program."

Well, the President has made suggestions in this package. He has made suggestions. Now, that does not mean that in every single item you are going to rubberstamp it in this Congress, but numberwise it is a different story; you are going to fit them in, you are going to fit them into the package. That is what the budget process is all about.

So all of this talk that we have heard for the last couple of days about the dire consequences that are going to happen——

Mr. WEISS. Mr. Chairman, will the gentleman yield on that one point?

Mr. LATTA. Well, I would like to complete my statement, but since my good friend, the gentleman from New York, and I see eye to eye on one thing—we both own red vests, but the gentleman has more courage than I have, I have not got courage enough to wear mine—I will yield to the gentleman very briefly.

Mr. WEISS. I thank the gentleman for yielding.

Just on the point that the gentleman was making, that he is not the President of the United States and all he is doing is forwarding the President's suggestions in the budget resolution before us now, is it not correct that the President's recommendation was for a reconciliation of some $8 billion in the function 500 category but that the Gramm-Latta resolution that is before us is $13½ billion, some $5½ billion above that?

Now, how does the gentleman explain his veering from the President's recommendation when he said he was not elected President to do that?

Mr. LATTA. I did not say we did not veer. We would have introduced his as written. But there are some changes, there is no question about that, and the gentleman points some of those out.

Mr. WEISS. I thank the gentleman.

Mr. LATTA. Sure. And I certainly did not infer, even, that there were not any changes. But we can go through them line item by line item.

How did we get all of this talk about education, for example, being cut to the bone, and all of these programs that we have heard so much about?

Well, the President proposed something new, for a change. And we have heard all about Washington, you know, the cost of government; they always take that large brokerage fee out down here before they ever send anything back home. That is what the cost of bureaucracy is. It does not help them back home, other than the fact that it sends a lot of redtape back to them. And that costs the consumer back home if you are in business; it costs you in education. You have to hire people, you know, to come down to Washington.

I was surprised the other day to read in one of our local area newspapers that they had hired some lobbying firm here in Washington, D.C., at over $100,000 a year, just to come up with ways to get at Federal money. Can you imagine that, spending taxpayers' money to do that? But that is going on.

Now, what the President is proposing is that you take 89—get that—89 programs and send them back to the States in 6 block grant programs. That is what it is all about. Let the States sort out how they are going to spend that money.

Now, we have heard a lot of complaints about that on the floor here this week. My question is: Do we not trust our States? Do we not trust local government? Have we got all of the brains in Washington? Well, I know that we have got all of the bureau-

crats, almost. And we could use a few less.

The people back home, you talk to them, and they say, "Send the money back," send it back there, "and let us decide, for a change, within the State what we need."

Now, I do not want to read all of these programs, but they are right in this little book here. You know, it is only about an inch and a quarter thick.

On education, for example, 45 programs—45 programs—that go back to the States in 2 block grants.

Anything wrong with that?

Well, the only thing we have heard about is that they are going to cut out the cost of bureaucracy, they are going to cut out the cost of redtape, and they estimate that is going to be about 25 percent—25 percent.

That is about right.

Mr. PEYSER. Mr. Chairman, will the gentleman yield on that point?

Mr. LATTA. Now, my friend has spoken on that time after time. The gentleman disagrees, and there is no use in getting into any kind of colloquy on it. I appreciate my friend requesting me to yield to him.

I would like to say, in support of the block grants, we have heard about States' rights, this, that and the other thing, for a long time, sometimes with the wrong color on it; but, actually, there is a performance that must be had back home. They have a responsibility, or else abolish the States—and I am not advocating that, and that I would not want anybody to think that. But there is a need for the State government. And actually, over the years that I have been here, we have seen function after function taken over by the Federal Government that should have been left to the States. And maybe that is how we got into all of that trouble that we are in, because down here there has been a tendency to say, "Yes, yes, yes," to every special interest group that has got a problem, without ever thinking that there is a day of reckoning coming—and that is today. That is today.

Now, let me say something about the programs.

As I pointed out, the President has four parts of his program, and we cannot do the job piecemeal.

Now, our good chairman has his proposal. We considered it in the committee. It came out 17 to 13. And I was pleased to hear Chairman JONES speak last Thursday of a goal of reduced inflation, limited Government spending, tax relief, a balanced budget sometime, and improved productivity. These are the goals outlined by the President. But there is a difference. There is a difference betweeen the two programs. Those goals will be achieved far more completely and more surely by the President's plan—that is, the bipartisan substitute—than by the chairman's proposal.

On Tuesday the House agreed with the defense figures in a bipartisan substitute. And, fortunately, this one part of the President's package has been agreed upon. That is a moot question before this House now. They agreed with our figures on defense, even though in committee they did not agree. But there are many other parts of the President's package still undecided, and it is in these areas where the chairman's budget and the President's are in wide variance. Let us look at the functions:

International functions (150). In the international affairs function, the bipartisan subtitute is identical to the President's proposals. The Jones proposal, on the other hand, makes two policy cuts in security-related programs, which evidence a serious misunderstanding of what is needed in terms of funding and procurement practices to support U.S. security in periods of international crisis, and a third change increasing subsidized export lending.

First, the Jones proposal would reduce 1982 military and economic assistance contingency funds by $250 million in budget authority—from $350 million to $100 million. Outlays would be reduced by $100 million. Recent events such as the invasion of Afghanistan clearly demonstrate the importance of a U.S. capacity to provide assistance quickly to friendly countries engaged in or on the periphery of such conflicts. A rapid response can be psychologically as well as substantively important and may require less funding than a delayed reaction. Even where congressional support for crisis aid is strong, obtaining funds through the regular authorization and appropriations process can unacceptably delay U.S. action. No regular foreign aid appropriation has been enacted for nearly 2 years. The potential crises that may occur could require relatively large scale funding. Reprograming such amounts would seriously impair security related aid programs in other countries. Thus, the reduction proposed by the House Budget Committee would deny the President a critical instrument meeting the foreign policy needs of the 1980's.

Second, the Jones proposal would eliminate the special defense acquisition fund, increasing 1982 outlays for the international affairs (150) function by $321 million. This fund would not increase the budget totals over time. It is a Reagan budget initiative aimed at making an important improvement in managing the procurement of certain types of military equipment commonly used by U.S. Forces and friendly countries. An international crisis such as the October 1973, Middle East war can call for the United States to supply critical military equipment to friendly countries to support U.S. security. In such a situation, it is very likely that U.S. military service inventories must be drawn down to meet the need. While the resulting impairment of U.S. military preparedness may be acceptable over a short period of time, some equipment has unacceptably long leadtimes between the placement of new orders and the delivery of replacement items to military inventories. The special fund would place advance orders for such equipment, assuring that it will already be on the assembly line and available early if needed to replenish service inventories. If not needed, the items coud be used in the normal course of U.S. arms transactions with other countries. The fund is intended to be financed with certain receipts from military sales operations. Because most of the items ordered by the fund will not be available for delivery for some time, receipts will build up in the fund in its early years creating negative outlays, $321 million estimated in 1982. The Jones alternative would deny this ultimately costless management improvement, restoring the receipts to the national security (050) function and increasing (150) outlays.

Third, the House Budget Committee change would increase Export-Import Bank direct lending by $150 million in budget authority in 1982 and by larger amounts in 1983 and 1984. The Reagan budget and bipartisan substitute proposes $4 billion in Eximbank direct lending. This amount is less than could be used if the program were operated as an entitlement activity to meet all perceived foreign official competition but would be fully adequate to provide targeted support in the most important competitive situations. In a period when most Americans will be affected by the proposed budget reductions, the budget should not continue unlimited the heavily subsidized lending at a loss to the Government and taxpayers that the bank now provides to a handful of large manufacturing firms. The overall improvement in the U.S. economy from the President's economic recovery program will benefit exporters far more than the House Budget Committee proposed increase in direct lending.

The Jones-House Budget Committee alternative provides policy increases for a large number of domestic programs. These policy increases are not necessary and they would distort the well-balanced plan for budget restraint provided for in the Reagan-bipartisan substitute.

General science, space and technology (250). The bipartisan substitute is identical to the Reagan proposal for this function. The Jones-House Budget Committee proposal would provide a fiscal year 1982 increase of

$50 million over the Reagan budget. The $50 million that the committee wishes to add would be used for science and engineering education assistance and for additional research grants in the social, behavioral, and economic sciences.

The President's proposed budget for the National Science Foundation included an increase in funding for basic research in the natural sciences and engineering of 15 percent. Support of this type of research is critical to the maintenance of a sound economy and to the advance of scientific knowledge. But NSF has always had a very peripheral role in supporting social science research, most of which is supported by universities and private foundations. Thus the President's budget—and the bipartisan substitute—propose a redirection of NSF's effort into the areas where the money will do the most good.

The programs that the committee wishes to increase have been demonstrably of little importance to science education or to support of high-priority social science research. Indeed, much of the money would go for the restoration of programs that are politically popular but very low in priority—the education grants that are distributed across the country—rather than the enhancement of programs that actually contribute to new scientific knowledge.

The bipartisan substitute, as noted above, permits a substantial increase in NSF funding even in the midst of the current austere budget environment. the Jones proposal avoids making hard choices by simply putting money back for some popular, but lower priority, NSF programs.

Energy (270). The Jones-House Budget Committee proposal would keep alive the discredited Carter energy philosophy of using taxpayer dollars to subsidize private business ventures and permit restoration in fiscal year 1982 of $700 million in energy pork barrel projects eliminated in the Reagan budget and the bipartisan substitute. In addition, the committee proposal would perpetuate the Carter antinuclear bias by making an arbitrary reduction of $100 million in nuclear fission programs. The committee proposal also includes an increase of $200 million in revenues from the Department of Energy's uranium enrichment sales that is unattainable because the so-called fair value price assumed in the committee revenue estimates is higher than competing foreign suppliers would charge U.S. utilities.

The President very carefully preserved the Synthetic Fuels Corporation's $17 billion program of financial assistance to private developers of synthetic fuels who are willing to share the risks associated with new plants. But the committee proposal expressly provides $1 billion in authority over the fiscal year 1982-84 period to preserve an unspecified number of the DOE synfuels projects the President wishes to terminate. Unfortunately, this amount is not sufficient to fully fund even one of the DOE demonstration plants. By keeping the DOE plants in the budget in fiscal year 1982, we will make it much harder to terminate Government grants to private synfuels developers—support that could cost almost $4 billion over the next 5 years if we continued down the path laid out in the Carter budget, not the $1 billion visible in the committee recommendation.

The Jones committee proposal also includes an increase of $500 million above the Reagan bipartisan level for solar and conservation programs in fiscal year 1982. While this would keep DOE grants flowing to private industry, DOE contractors, and State and local governments, this money will do little or nothing to augment the massive private conservation efforts already underway in response to higher oil prices, nor will it accelerate commercial development of solar power. The Reagan bipartisan budget permits the maintenance of a strong Government research program for new conservation and solar technologies. By restricting Government support of new technologies to the research stage, it permits major savings by avoiding the necessity for the Federal Government to build factories or production equipment for private commercialization ventures—which is substantially more costly than research activities, yet which yields benefit usually only to one company, not the general public.

As noted above, the Jones committee proposal includes a number of false economies in the nuclear area. By reducing nuclear fission programs by $100 million in fiscal year 1982, the committee proposal will probably require a major delay in construction of the Clinch River breeder reactor. This will only add to the cost of this major research effort, to which Congress has already appropriated over $100 billion.

The committee proposal also saves $200 million by slowing construction of the gaseous centrifuge enrichment plant. This will ultimately drive up electric costs by increasing the cost of nuclear fuel for utilities. The GCEP program will permit the production of new reactor fuel using only 4 percent as much electricity as the current technology. Keeping the program on schedule, as proposed by the bipartisan substitute, will permit replacement of existing uranium enrichment plants, substantial reductions in electricity consumption, and lower production costs for nuclear fuel sold to utilities. Since the full cost of the program is recovered through fees charged to utilities for enrichment, the construction slowdown proposed by the committee does not even yield a net budget savings over the long run; it merely shifts outlays to later years.

The other major difference between the committee proposal and the bipartisan substitute is in the strategic reserve program, which is funded through private sources under the bipartisan proposal and under a hybrid arrangement in the committee proposal. Recent testimony before the Senate Energy Committee has supported the feasibility of private financing for the strategic reserve. There is no justification for the hybrid approach proposed by the committee.

Natural resources and environment (300). The Jones committee proposal appears to be less costly than the bipartisan substitute in this function. But by committing to a $250 million increase in the land and water conservation fund and the historic preservation fund and rejecting the President's proposal to spend $105 million per year on a program to upgrade maintenance at existing national parks, the committee proposal will lead to substantially increased budgets in the future. Adding another $250 million per year worth of grant moneys for State recreation and Historic preservation programs will continue activities more appropriately funded by State and local governments while postponing needed long-term maintenance in our national parks. Added funding for new park land acquisition will expand the future need for more parks operating funds. Public criticism of the serious deterioration in facilities at the crown jewel parks, such as Yellowstone would go unheeded in the committee proposal. The bipartisan substitute represents careful husbanding of our existing park resources, while the committee proposal would allow deterioration to go unchecked in order to satisfy the politically expedient desire of some Members to create new parks in their districts.

The committee proposal also includes $400 million in unattainable savings from unspecified reductions in administrative expenses, further delays in cancellation of some unspecified water projects, and accelerated introduction of the President's proposed user charge for deep draft marine channels. Because the State and local authorities that will administer the user charges will require considerable time to work out an appropriate system—even after allowing a lengthy delay for congressional consideration of the enabling legislation—it is impossible to achieve the $250 million acceleration proposed by the committee. Similarly, the bipartisan budget levels for administrative and water resources are already at the bare minimum

needed to maintain essential, high-priority activities.

In short, an accurate evaluation of the committee proposal in this area would show that it is $250 million above the bipartisan substitute, not $200 million below, even including the committee's shortsighted proposal to cut park maintenance funds by $100 million.

Agriculture (350). The House Budget Committee proposal claims to save $50 million by eliminating the emergency feed program of the Department of Agriculture. Because this proposal is a part of the Reagan farm bill, it was already incorporated in the bipartisan substitute. Thus the committee's claimed savings will in fact have to come out of some other, unspecified program in agriculture. The bipartisan substitute maintains essential farm programs that contribute to productivity; presumably one of these vital programs will have to bear the $50 million reduction in the committee proposal.

Commerce and housing credit (370). In the area of commerce and housing credit, the House Budget Committee proposes to reduce 1982 budget authority $1.5 billion in 1982, but then increase budget authority $1.15 billion in 1983 and $1.05 billion in 1984. The changes would not produce net outlay savings in 1982. Outlays might decline $1 billion in 1983 and $50 million in 1984, but as the committee report itself acknowledges, outlays in 1985 and 1986 would increase.

Most significant in these figures is the proposal of the committee to continue the GNMA (Government National Mortgage Association) tandem mortgage subsidy program rather than terminate it. The committee proposes to continue the deep mortgage subsidies this program provides, and thus proposes to continue to load the budget with up-front subsidies that conceal the true cost of providing subsidized housing and mortgage our future as well. Tandem programs subsidize both section 8 subsidized housing and middle-income rental apartment projects—the latter a credit subsidy extended to the few fortunate developers who build them and the few consumers who rent them, at the expense of other businesses and taxpayers. The bipartisan substitute proposes, with the Reagan administration, to end the tandem subsidy program, but we believe it can be done for considerably less than the administration proposed.

The committee also proposes to add about $100 million in budget authority in 1982, 1983, and 1984, and comparable amounts in outlays, to preserve the National Consumer Cooperative Bank. This bank provides heavy subsidies to a particular form of business enterprise—the cooperative. While the bank has claimed that it could be self-supporting, we think otherwise. It is not a viable organization nor is it a necessary one. Cooperatives can borrow, as do other small businesses, from local banks; and larger cooperatives that are well managed should have no problems obtaining credit.

Eliminating the bank will save hundreds of millions of dollars over the next several years. The committee's commitment to further funding of the bank is a measure of its failure to understand the importance of controlling Federal outlays and the Federal allocation of credit in the Nation's capital markets.

The committee also proposes to add back $150 million in budget authority and outlays in 1982, 1983, and 1984 for revenue foregone subsidy payments to the U.S. Postal Service. Even with the reductions proposed in the bipartisan substitute, subsidies will continue. These subsidies are now so great that some subsidized mailers send out duplicates rather than screen their address lists. The subsidy reduction would affect nonprofit organizations. But these subsidies represent less than 0.2 percent of the net nonprofit income reported by nonprofit organizations, and these same organizations receive billions in Federal grants and other benefits.

Finally, the committee's budget would be much higher than it is were it not for presumed administrative savings through debt collection. The committee has thrown in an extra $200 million in 1982 and another $300 million or so in 1983 and 1984. These savings duplicate what is already included in the bipartisan substitute budget, and while we support all reasonable improvements in debt collection, we do not believe in estimating savings that are unlikely to occur and thus giving the impression that the Federal budget is in less trouble that it actually is.

Transportation (400). In comparison to the bipartisan substitute, the House Budget Committee proposes, for the transportation function, increases in budget authority due to policy changes of $1.1 billion in 1982, $1.3 billion in 1983, and $1.6 billion in 1984, with consequences for outlays of an increase of $600 million in 1982, $900 million in 1983, and $1.3 billion in 1984. Increases in the budgets of Urban Mass Transit Administration (UMTA), the Amtrak, and Conrail constitute about 80 percent of the difference between the two proposals.

Not only does the committee increase the amount the bipartisan substitute budget proposed for 1982 for mass transit operating subsidies—it also proposes to maintain the program at its current level indefinitely, on the grounds that it must have time to review it. But this is not a time for review—this is a time for action.

We all know that mass transit operating subsidies benefit the people who live in the local area: This is a Federal program to support local needs and local benefits. It creates a Federal bureaucracy and encourages local governments to make poor decisions about how to use transportation funds and how to manage their local transit operations. The undesirable effects of Federal subsidies could be dealt with only by an active Federal role in making decisions about fares, wage rates, service levels, and management practices. Certainly this is not the direction in which the people of this country want the Federal Government to go.

Thus, the committee adds back to the bipartisan substitute amounts of $300 million in budget authority in 1982 and $370 million in 1983 and $740 million in 1984, with corresponding increases in outlays.

To the administration's and the bipartisan substitute's request for Amtrak, the committee has added back $200 million in budget authority and outlays in 1982 and $300 million for budget authority and outlays in 1983 and 1984, These added subsidy amounts will encourage Amtrak to continue its inefficient labor and management practices and continue the high subsidies that train passengers receive. Amtrak needs a restricted budget within which it must make the difficult choices that need to be made. It will not help Amtrak or the U.S. taxpayer to continue subsidies that encourage inefficiency and poor decisionmaking. There are Amtrak routes on which it would be cheaper to give the passenger an airline ticket than provide the subsidy. The Washington, D.C., to Cincinnati trip is an example.

The committee proposal also continues subsidies to Conrail, at a level of $300 million in budget authority and outlays in 1982, 1983, and 1984 over the substitute proposal, and its report speaks of a more efficient and profitable Conrail. The administration's position is that a private sector solution to the Conrail problem and the billions it has cost the American public must be found. In that process, we recognize that there may be outlays in addition to those included in the March 10 budget submission. We accept those outlays only for the purpose of ending the extraordinary budget demands Conrail has placed on the taxpayer. At this juncture, we see no useful purpose in estimating continued subsidy costs for Conrail in the 1982–84 period.

The committee's mark for transportation would be $100 million higher than it is, had the committee not only assumed the collection of the Coast Guard user fees estimated by the administration and the bipartisan substitute budget, but another $100 million as well. I can only encourage them to support the legislation the administra-

tion has on the Hill authorizing the collection of such fees. We would not want the opportunity to assess charges where they rightfully belong and eliminate an indirect subsidy to yacht owners and others who benefit from Coast Guard services to die in the Merchant Marine and Fisheries Committee.

Community and regional development (450). For community and regional development, the Budget Committee alternative, in comparison to the bipartisan substitute, proposes to reduce 1982 budget authority by $0.2 billion and increase 1983 and 1984 budget authority by $0.5 billion and $0.6 billion. These changes alone—that is when outlay estimates by CBO are not considered—are estimated to reduce both 1982 and 1983 outlays by $0.2 billion and have no effect on 1984 outlays. This outlay effect is highly suspect—increasing budget authority yet decreasing outlays—and is presumed to increase 1985 and 1986 outlays substantially. When the outlay reestimates are also considered, outlays are estimated to increase by $1.1 billion in 1982, $0.2 billion in 1983, and $0.3 billion in 1984. The largest outlay reestimate is in the community development block grant program and is not substantiated by OMB analysis. In addition, there is a decrease in outlay estimates for disaster relief and flood insurance programs, which in the light of recent experience is regarded as unobtainable.

The committee recommendations differ significantly from the bipartisan substitute in three major respects. First is the committee recommendation to maintain at high spending levels the Economic Development Administration (EDA). The committee provides a 1982 funding level of $360 million. This funding level would increase to $400 million in 1983 and 1984. There is no convincing evidence to show that the EDA has really been effective in creating new jobs or new investment on a national level, or is actually needed to promote local and regional development since such development would generally have occurred without assistance from the EDA. Without this type of evidence, maintaining this program at such high levels is unnecessary pork-barrel politics which the country cannot afford during a time of necessary budget reductions.

Second, the committee has recommended higher funding levels for Indian programs, an increase of $55 million. Though a relatively small increase, the bipartisan substitute feels this increase is totally unwarranted. The substitute's requested funding level for this program provides sufficient resources given historical experience and anticipated need. A higher funding level is simply not needed and jeopardizes the administration's goal of reducing unnecessary Federal spending and eliminating unnecessary dependence on the Federal Government.

Third, the committee has recommended the rejection of the proposed merger of the community development block grant (CDBG) and urban development action grant (UDAG) programs into a single, more efficient program to be funded at $4.166 billion in 1982. In rejecting the proposal, the committee has recommended that the programs be maintained as separate programs, with CDBG funded at $3.666 billion and UDAG at $500 million in 1982. For 1983 and 1984, CDBG funding would increase to $3.946 billion and $4.076 billion, respectively, while UDAG funding would remain at $500 million for each year. Though the budget authority figures for 1982 total the requested 1982 level for both programs when combined, the authors of the bipartisan substitute still believe that combining the programs will prove more effective and efficient. The committee seems to have overlooked the proposal to expand CDBG-eligible activities to include UDAG-type activities. If approved by Congress, any need for a separate UDAG program not merged with CDBG program is indefensible and will only continue grantsmanship, Federal, not local, decisionmaking, and expensive Federal program administration. As for 1983 and 1984, the committee recommends higher budget authority which will jeopardize the President's goal of reducing Federal spending.

Finally, the committee's budget would be even higher if it were not for an assumed $70 million in 1982 outlay savings from improved debt collection, with larger outlay savings in 1983 and 1984. These savings duplicate savings which the bipartisan substitute has already assumed in its figures. While we totally support increased debt collection activity, the savings should not be counted twice.

Education, training, employment, and social services (500). The committee proposal for wholesale add-backs in education, training, employment, and social services programs is a major source of the Budget Committee proposal's excessively high levels of Federal spending.

Taken as a whole, the committee would raise spending by $2.0 billion in fiscal year 1981, $1.5 billion in fiscal year 1982 and by over $3.6 billion in fiscal year 1983-84. The outlay consequences of these appropriations decisions would add $300 million to the fiscal year 1981 deficit, and widen the deficit by $2.1 billion in fiscal year 1982.

The committee's treatment of the President's block grant proposals in this function clearly illustrate the committee's unwillingness to accept fiscal discipline in discretionary social programs. The President has proposed that by eliminating Federal overhead and improving program delivery through the elimination of redtape and overlap, savings of 25 percent could be achieved without undue distress at the State and local level. Yet the committee recommends more than halving these savings, holding block grants in the social services area to a 12-percent reduction, and cutting the President's proposed savings to 10 percent in education. In effect the committee's actions, by ignoring the savings the administration can achieve through reducing Federal administrative costs and lightening the burden on local operators, represents a program increase in these two areas.

A similar unwillingness to accept fiscal discipline is evidenced by the committee's general approach to these programs. The committee has called for wholesale rejection of the administration's rescission proposals for fiscal year 1981. Because most education programs are forward funded, the committee's action would force the Congress to forgo all opportunities to reduce outlays for these programs in fiscal year 1982.

In addition to abandoning any pretense of fiscal discipline in the near term, the committee proposal implicitly rejects several key elements that promote fairness and balance in the President's program. Proposed changes in the guaranteed student loan (GSL) program, for example, would be delayed until October 1, making savings impossible to achieve in the 1981-82 school year. In the Pell grant program, the committee has apparently rejected the President's request that high-income eligibles bear a reasonable share of the cost of education. Under current law, a family of four with an income of $15,000 is expected to spend only $646, or 4.3 percent of its gross income, on educational costs. Under the President's proposal, that percentage would be raised to 8.2 percent. In rejecting this proposal, the committee would not increase assistance at all to those with very low incomes. Rather, the full effect of the committee's $450 million increases in fiscal year 1982 would go to families on the upper end of the Pell grant eligibility scale.

Other examples of the committee's recommended add-ons provide strong evidence that the committee is far more interested in constituency appeasement than it is in providing a responsible level of funding for services to low-income Americans. Low-priority programs of the Corporation for Public Broadcasting, the National Endowments for the Arts and Humanities, and the Institute for Museum Services, are the beneficiaries of an additional $100 million in scarce resources in the committee's recommen-

dations. If the committee's interest truly centers on helping low-income families in a time of budgetary restraint, these accounts are the last place on Earth deserving special treatment.

Finally, the committee proposal casts a strong negative judgment on the ability of State and local program administrators to serve the needs of unemployed youth. The President has proposed an increase in funding under titles II-B,C of CETA for the express purpose of giving local prime sponsors added resources to fold into a coherent employment and training program responsive to the needs of young and old alike. Unwilling to trust local sponsors with this task, the committee has called, instead, for a restoration of narrow categorical youth programs, adding $600 million in spending authority at the expense of local flexibility.

In all, the committee proposal for function 500 marks a clear step backward from the approach proposed by the President and embodied in the bipartisan substitute. Rather than crafting a balanced approach to meeting the educational and service needs of the American people, the committee has instead retreated to the time-honored method of showering scarce resources on various constituent groups. I am certain that my colleagues will see through this exercise, and add the committee's proposal in function 500 to the long list of reasons for rejecting the committee's proposal, and embracing the bipartisan substitute.

Health (600). The committee's proposal for program add-backs in the health function are yet another example of the committee's unwillingness to engage in serious fiscal restraint.

The committee proposes to increase spending authority by $800 million in fiscal year 1981, $1.4 billion in fiscal year 1982, and by more than $4.6 billion in fiscal years 1983-84 over the level supported by the President and proposed in the bipartisan substitute. These program add-ons would add $300 million to the fiscal year 1981 deficit, $650 million in fiscal year 1982, and more than $3.0 billion in red ink in fiscal year 1983-84.

The committee proposes to reject the President's effort to cap the medicaid program, abandoning all pretense of achieving savings in this costly effort. Recognizing the wide variation in medicaid programs State-by-State, the President has proposed to give the States wide flexibility to adapt their current programs to the fiscal realities of the 1980's. The committee, by contrast, proposes to reject the State-by-State approach, and calls instead for even more Federal tinkering with the system. Given the inability of Federal regulatory efforts to date to achieve cost restraints, the committee's alternative is likely to cost the taxpayer far more than the $5.8 billion in 4-year savings that the committee has explicitly repudiated.

Developments over the last few years have demonstrated the inability of the approach embodied in the committee request to seriously control costs. In fact, in the 1980 omnibus reconciliation bill, the Congress wound up placing benefit add-ons in a bill that was supposedly designed to reduce the burden these programs place on the taxpayers. The savings achieved in that process consisted of an accounting gimmick designed simply to transfer outlays from fiscal year 1981 to 1982. This year, the committee proposes to hang on to these provisions. I believe my colleagues will agree that these efforts are an affront to the budget process, and will join me in rejecting them in favor of the proposals made by the President and incorporated in the bipartisan substitute.

Similarly, the committee proposes to salvage the failed regulatory efforts of the past decade, in lieu of the more far-reaching approach embodied in the President's proposals. Strong evidence is available that the health planning and PSRO programs have no measurable effect on health care costs. The President calls for elimination of these programs over a 3-year period in favor of major new initiatives to restore private market discipline on the health care system.

The committee's unwillingness to engage in serious fiscal restraint is also evidenced by its proposal to slash the savings achieved by the President's health consolidation proposals from 25 to 10 percent. The President's block grant initiatives, by eliminating Federal overhead and providing State officials the flexibility to eliminate redtape and program duplication, provide a means of achieving substantial program savings without jeopardizing the ability of local program officials to maintain needed services. The committee's proposed add-back to the block grant legislation calls, in effect, for a real increase in funds available for these proposals at the local level. While such an increase may be desirable down the road, it flies in the face of the need to sharply pare back Federal spending at all levels.

Income security (650). The committee's proposals in the income security function are the clearest possible evidence that the committee simply has not gotten the message that the American people want meaningful restraint in Federal income transfer programs.

The committee's proposals call for an increase, over the President's levels as embodied in the bipartisan substitute, of a phenomenal $66 billion over the next 4 years. Budget authority would be increased by $2 billion in fiscal year 1981 and by a whopping $13.2 billion in fiscal year 1982, with further massive increases totaling nearly $32 billion in fiscal years 1983-84. The effect of adopting the committee's misguided economic assumptions would add another $14.2 billion over the 4-year period. While the outlay consequences of this spending authority buildup are lower in the near term, outlays build to the point where, by fiscal year 1984, the committee proposal calls for $18.3 billion in higher spending than provided in the bipartisan substitute.

The major difference between the President's proposals and the committee's fall in the area of subsidied housing programs, whether the committee proposes to expand new starts from the 175,000 level recommended by the President to a level of 250,0000, a staggering 43-percent increase. Other add-backs in construction accounts and rent subsidy provisions would build in a total increase of $41.55 billion in these programs in the fiscal years 1981-84 period. The President's proposal to limit new starts in these programs is based on the understanding that the 30-year spendout stream already built into these programs is mortgaging the Nation's economic resources well into the next century.

Similarly, the committee proposes to reject the administration's far-reaching reforms in cash assistance programs, adding $600 million to the fiscal year 1982 deficit and $1 billion per year after 1983. Rather than endorsing the President's effort to restrict cash subsidies to those who have no other means of support, the committee proposes only minor tinkering with eligibility and benefit formulas, achieving only token savings. I do not believe that the committee understands that the American people want these programs sharply reoriented toward supporting only those who are truly unable to support themselves.

In the same way, I believe that a majority of my colleagues know that the voters want overlap and duplication in the Federal benefit program eliminated. The committee, apparently, does not. The committee rejects the President's efforts to eliminate duplicate nutrition benefits in food stamps and the WIC program, and proposes $1.25 billion in fiscal year 1982 spending to assure that these duplications continue unchecked.

Veterans' benefits and services (700). I know that my colleagues share my concern that the income and health care needs of the Nation's veterans be adequately met. As we work to increase the amount of resources available to assure adequate defense capability, we must not forget the needs of those who have given of themselves so generously in the past to maintain our Nation's security.

The bipartisan substitute represents a responsible effort to meet these pressing needs. It provides for an 8-percent increase in funding for the Veterans' Administration in fiscal year 1982, to a level of $24.8 billion, and provides the further increases in ensuing years, to a level of $28.5 billion in fiscal year 1984.

These funding levels will be more than adequate to meet the highest-priority concerns that Members have about funding levels for veterans' programs. Under the bipartisan substitute, which the administration has embraced, funds will be available to insure adequate employment levels in the Department of Medicine and Surgery of the VA, and sufficient personnel to staff the VA's 58 regional offices. While the pressing need to insure needed resources for the existing VA system has induced the President to request deferral of pending system expansions, I can assure you that the resources provided by the bipartisan substitute are more than adequate to support the present medical system without hospital closings or other measures that would reduce the access of the Nation's veterans to quality medical care.

Administration of justice (750). The House Budget Committee's proposals for the administration of justice differ from that of the bipartisan substitute by providing $200 million additional in budget authority and outlays in 1982, 1983, and 1984 for the Legal Services Corporation.

Legal assistance in civil cases is an eligible activity under the social services block grant proposal by the Reagan administration. We believe it is time to let States and localities determine the purposes for which available funds for a variety of social services shall be spent, in accordance with local needs and resources.

General government (800). The committee's budget for the general government function is $250 million in budget authority above the bipartisan substitute for 1982, and assumes outlay savings of $100 million in that same year. The committee proposes to spend about $200 million throughout the Federal Government to replace obsolete computers. Unfortunately the budget savings could not be realized in 1982—in fact, we do not believe any savings would be realized for at least 3 years, if not longer. Agencies of the Federal Government spent $1.4 billion for ADP in 1980. Additional funding through GSA for this purpose, which will already spend $4 million in 1982, is unwise and unnecessary.

Also, the Budget Committee's proposal for additional IRS staff is unnecessary. Funds are already in the bipartisan alternative for augmenting the IRS staff sufficiently to maximize revenue production.

General purpose fiscal assistance (850). The committee proposes to reduce budget authority for general purpose fiscal assistance from the level recommended in the bispartisan substitute by $400 million in fiscal 1982, 1983, and 1984. Outlays would be reduced $300 million in 1982 and $400 million in 1983 and 1984.

The committee proposes to achieve this reduction primarily by cutting funds for general revenue sharing to less needy communities. But general revenue sharing was designed to share Federal revenues with all local communities—not to help selected communities with special problems. General revenue sharing can help communities take greater responsibility for their needs without imposing a massive Federal bureaucracy, and we do not believe the amount or the formula should be changed at this time.

The remaining functions of the budget that require explanation are those dealing with interest, allowances and offsetting receipts since here, too, the Budget Committee differs from the Reagan bipartisan substitute.

Interest (900). The House Budget Committee's assumptions with respect to interest rates are simply not realistic. Adoption of the Reagan-bipartisan substitute—along with the administration's regulatory reform program—will provide the changes in the direction of Government activity that is needed to provide the basis for stable monetary policy and dramatic recovery of the economy. The bipartisan substitute provides the basis for encouraging savings and investment, stimulating growth, reducing inflation, and thus will provide a sound basis on which future activity can be planned by the private sector. Adoption of the bipartisan substitute, together with the change in our economic policies called for by President Reagan, justify the lower interest rate assumptions that the bipartisan substitute assumes.

The reduction in financing requirements that the House Budget Committee assumes comes primarily from higher taxes. These higher taxes would restrain economic growth and vitality and prove self-defeating by producing a drag on the economy and on receipts. The result would be a significantly higher deficit than the Budget Committee assumes.

Allowances (920). The House Budget Committee distributed by function assumed savings from accelerated debt collection and reduced program waste and inefficiency. The bipartisan substitute makes realistic estimates of savings from these activities and then nets those savings against the allowance for civilian agency pay increases.

The House Budget Committee also included only the cost of 1 year's civilian agency pay raise in allowances; that is, the cost of the pay raise effective at the start of each fiscal year. Other costs of other pay raises are distributed by function. For 1983 and 1984, the committee does not assume any unspecified savings, presumably having distributed all estimated savings by function.

The House Budget Committee is alone in having allocated by function these large assumed savings. The administration, the bipartisan substitute, and the Senate Budget Committee all believe that additional savings are needed but that they cannot be allocated so precisely at this time.

Undistributed offsetting receipts (950). The House Budget Committee assumes higher offsetting receipts because of its higher interest assumptions and higher estimated receipts from rents and royalties in the Outer Continental Shelf (OCS). The interest rate assumptions are invalid for the reasons noted in the discussion of the interest function. The higher estimated rents and royalties from the OCS are based upon an assumption that crude oil acquisition prices will be higher than those assumed by the administration. The committee gives no justification for its assumption, which raises a question as to whether its principal justification is merely that it produces higher offsetting receipts and lower outlays.

Mr. Chairman, I have reviewed the significant differences between the Jones proposal and the President's. They add up to higher spending, higher taxes, and a continuation of the business-as-usual approach which has gotten this country into our present economic troubles.

For our country's sake, we must adopt the President's bold approach as embodied in the bipartisan substitute and reject the Jones' alternative.

Now let us look at the spending levels. When we consider and vote on a budget resolution, we specify both budget authority and outlays. As we all know, the primary focus must be upon outlays because it is the outlay targets which show how serious we are about holding down spending this year.

Now, the chairman introduced some confusion in this matter by using different economic assumptions and making "reestimates," and then claiming that his alternative is somehow more stringent than the bipartisan substitute.

You cannot hide the fact that his proposals, regardless of assumptions, call for substantially higher planned spending levels than the bipartisan substitute, nearly $26 billion higher in 1982, $714.55 billion compared to $688.8 billion; $47.65 billion higher in 1983, $779.5 billion in the Jones proposal compared to $731.85 billion in the bipartisan substitute; $68.75 billion higher in 1984, $839.05 billion compared to $770.3 billion.

For the 3-year period, the chairman's proposal contemplates outlays of $142.15 billion more than the bipartisan substitute.

These figures cannot be hidden or explained away by reestimates or talk about economic assumptions. Those are dollars to be spent, and those dollars either have to come out of the hides of the taxpayers or be borrowed from our children.

All of the Members of the House of Representatives who watched the steady growth in Federal spending, the steady growth in the share of income taxes paid——

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will be happy to yield to my chairman.

Mr. JONES of Oklahoma. I am intrigued by how the gentleman is arriving at the fact that over the next 3 years the committee resolution would spend more.

Is it not true that the gentleman is using totally different economic assumptions, plus including unspecified cuts that have not even been specified by the gentleman's substitute in order to arrive at that conclusion?

Mr. LATTA. And so is the gentleman, in the outyears.

Let me say this to my chairman: Absolutely, we are using different economic assumptions. We could not agree in committee, we cannot agree here, we cannot agree next week. As a matter of fact, the gentleman had to spend over three different sets before the gentleman came back with the one that he wanted. So we have his banter of economic assumptions before us; and we do not want to look into that crystal ball. The American people want to know, "How much is this going to cost me in taxes? How much is this going to cost me in inflation?"

Mr. JONES of Oklahoma. If the gentleman will yield further—if the gentleman can find somepiace to loan him money at below 9 percent next year, I hope the gentleman will let the gentleman of Oklahoma in on such a deal because I do not think the Federal Government will be in on it.

Mr. LATTA. I hope the gentleman will eventually go along with us and come in, as he did on defense, go along with the President's package. And I am talking about the package. We are not merely talking about this one single part—this is only one-fourth of what the President has requested. Give him the package, and then we can get that inflation down. That is what the President is talking about. That is what we are talking about.

Using estimates provided by the committee, Mr. JONES' proposal contemplates tax receipts in 1984 that are more than a quarter of a trillion dollars above 1981 levels. Get that. $253.95 billion, to be exact; $864.85 billion in 1984 compared to $610.9 billion in 1981.

The bipartisan substitute would permit real tax relief and still achieve a balanced budget by 1984. I would like to have it in 1981. I would like to have it in 1982 as preferred over 1984. Or 1983. But we cannot have it with all of this spending that has been going on.

Chairman JONES' proposal assumes higher receipts from home, the taxpayers, than the bipartisan substitute in all years, specifically $31 billion higher in 1982, $61 billion higher in 1983, $86 billion higher in 1984. That adds up to a total of $178.05 billion more during the 3-year period from 1982 to 1984 under the Jones proposal.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has expired.

(At the request of Mr. SIMON and by unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from Ohio (Mr. LATTA), at the outset of his remarks, had requested 30 minutes, proceeding under the 5-minute rule, and was granted 30 minutes under unanimous consent.

The gentleman may proceed for 5 additional minutes.

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Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. SIMON. I have just read the letter that I understand was delivered to the chairman of the committee about 30 minutes ago on the gentleman's economic assumptions. I find economic assumptions for 1981. I do not find any economic assumptions for 1982 and beyond.

Now if the gentleman could tell me, is he accepting the administration's assumptions, for example, on interest rates for 1982?

Mr. LATTA. That is right.

Mr. SIMON. And revenue and the other things.

I thank the gentleman.

Mr. LATTA. Let me say something about that. Here we have an administration. We have OMB. They are with us all the time. We have the Treasury Department. Certainly in my humble opinion, their forecasts have to be better than what I could come up with individually or even our good committee staff, whether it is the Democratic or Republican committee staff, could come up with. They have the expertise. I do not think we ought to quibble about economic assumptions.

As I say, the American people want tax relief and they want tax relief now. They want relief from inflation. They want it now. They could not care less about economic assumptions. They want action by this Congress and by golly I think this Congress is prepared to act.

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I am happy to yield to my friend, the gentleman from Texas.

Mr. GRAMM. I thank the gentleman for yielding.

I would like to make several points at the outset of this debate that I think might allow us to focus in on what we are debating here today. I hope people will indulge me so that I might do this so that maybe we could focus on the real issue. I want to talk about cuts. I want to talk about taxes. And I want to talk about assumptions.

Now, granted we are dealing with budgets that make different economic assumptions so it is hard to make comparisons. Who is right? Probably both sets of assumptions are wrong. But there is one comparison that is relatively independent of economic assumptions, the cuts that are being mandated in reconciliation. As the chairman of the Task Force on Reconciliation said, the budget process is only as effective as the enforcement of reconciliation.

What are we talking about in terms of reconciliation? What cuts are we mandating be made?

The Jones budget proposal mandates reconciliation cuts in actual programs of $15.8 billion in 1982. The bipartisan substitute mandates $36.6 billion of reconciled cuts. In 1983, the comparisons are $20.7 billion for the committee, versus $48.2 billion for Gramm-Latta. In 1984, it is 28.8 to 58. If we add up the 3 years, the Budget Committee mandates cuts of 61.3. The President's bipartisan budget mandates 142.8. That is what is binding about this budget.

Now, the question that Members of this body have got to ask is: Do we want to force the committees that we serve on to make those cuts. These cuts are real. They are binding. They are going to have to be made. Committee chairman after committee chairman has stood in this well and said, "These boys, GRAMM and LATTA, are shooting with real bullets," and they are right.

Now we will have a choice within the committee. It will be the committees of authorization that decide where the cuts are made. But do not be deceived. We are going to have to cut $36.6 billion if we adopt this substitute and unless we are serious about it, unless we want to make those cuts, if we want to be let off the hook, do not vote for Gramm-Latta because this is real and this is serious. That is the issue.

Now we have had a lot of talk about tax cuts. The gentleman from Ohio has made a strong case for Kemp-

Roth, for the President's tax program and it is a legitimate issue to talk about here today. It is part of the budget. But nothing we do here today is going to bind the Committee on Ways and Means. Do not deceive yourself into thinking that we are really voting on taxes. We are voting on reconciliation. If we are serious about balancing the budget, do we want to cut more or less? The answer is: We want to cut more. So we are not voting on taxes.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has expired.

(At the request of Mr. GRAMM and by unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. GRAMM. If the gentleman will continue to yield, nothing we do today will, should or can bind the Committee on Ways and Means, the action of this body, the other body, or the President on the tax issue.

Finally, let me talk about economic assumptions. The President has set out assumptions under which he says he can run the Government. The Budget Committee has said in its budget: "Take more money, take more money, we believe you are going to need it."

The President has said, "Do not make me take the money, give me a chance to make it work."

Now what can happen? What are the options? Let us say the President is right. Who wins? The American people will win because we spend less money.

Let us say the President is wrong. What happens? Well, one, he puts heat on every agency in Government to tighten their belt, to ferret out fraud, waste, and abuse and he squeezes on the programs. Who wins? The taxpayer and the consumer.

Let us say he cannot make it work. Let us say we have to come back with another budget resolution. Is that the end of the world? Do we get paid overtime for passing that resolution? No, quite frankly we are not doing something that might be harmful during that period of time. Who loses? Nobody loses.

So, let us give the President a chance to make his economic assumptions work and let us also note that there are differences in economic assumptions, not just about interest rates, but economic growth. We are going to hear discussion today about how we are not going to be able to bring 1981 supplemental appropriation to the floor because it will violate the ceiling in Gramm-Latta. But if we accepted the growth rate contained in the chairman's budget, in the Budget Committee's budget, we would clear that ceiling by $2 billion.

So this economic assumption issue cuts both ways. They are lower in interest rates and they are higher in economic growth. According to the Budget Committee staff, each one-tenth of 1 percent in growth means outlays are down by $100 million. In 1981 alone they are five-tenths of 1 percent above us. That is a $500 million decrease in outlays.

So the economic assumptions issue cuts both ways.

Finally, let me focus in on a final point and I thank everyone for their indulgence in letting me speak out of order.

The issue here is a simple issue. The Jones Budget Committee proposal is not a bad budget. As an extension of the past, it is actually a slowdown in the growth pattern that we have had and we can applaud it for that. But the American people do not want a slowdown in that growth pattern. They want it reversed. At its very base the issue is here: Are we going to retrench; are we going to slow down? Are we going to make cuts now in the appropriations process and keep all these agencies alive thinking in a year or two the public will tire of this effort or are we going to have a clean break?

The President's budget as revised by the gentleman from Ohio (Mr. LATTA) and myself gives us that clean break. The American people want it. If the Members want it, then vote for Gramm-Latta.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Georgia.

Mr. LEVITAS. I thank the gentleman for yielding.

I would like to address my question, if I may, to the gentleman from Texas or the gentleman from Ohio.

I have been following the debate very carefully and reading as much information as I can get and perhaps more than I ever wanted to read. But one question that I still have and hope that one of the gentlemen would address—the gentleman from Texas addressed the question of spending cuts, taxes, and assumption. But there are many of us in this body who have for years sought to achieve a balanced budget, have wanted to avoid increasing deficits as the President said, piled one on top of the other, year after year. There are those of us who feel that way, who are concerned that the deficit level of the substitute is higher than the deficit level almost by twice as that in the Budget Committee budget.

Mr. LATTA. That is incorrect. Let me say our deficit is $31 billion. The Jones budget deficit is $25.6 billion.

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Texas.

Mr. GRAMM. Additionally let me go back to a point I made. The vote today does not bind the Committee on Ways and Means. If the Members do not want to vote for a tax cut as high as we are recommending, then they are going to have an independent opportunity to cast that vote, but they will never have an opportunity again, at least in this fiscal year, to vote to cut $36.6 billion.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

(At the request of Mr. LEVITAS and by unanimous consent, Mr. LATTA was allowed to proceed for 1 additional minute.)

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Georgia.

Mr. LEVITAS. I thank the gentleman from Texas and the gentleman from Ohio for their response.

Mr. Chairman, after much careful study and listening, deliberation, and questioning, I have decided to vote for the substitute to the first budget resolution offered by Mr. LATTA. Quite frankly, I have some grave misgivings about the Latta substitute and whether it will work, or whether it will cause more serious economic and social dislocations. The Latta substitute has been endorsed by President Reagan and his administration.

But the major questions to be asked in considering this substitute are these: Will these policies really lead us to the accomplishment of the major goals set forth by the President in his program for economic recovery? Which budget proposal can best lead us to significant reductions in Federal spending, lower taxes, and reductions in burdensome Government regulations—those in the budget resolution reported by the House Budget Committee, or those in the substitute proposal offered by Mr. LATTA? Which of these two proposals can lead us most quickly to a smaller Federal deficit and a balanced Federal budget? Which of these proposals will best reduce interest rates from their present soaring heights?

The goals of reducing Government spending, Government regulations, and taxes are shared by most of us in this Congress; and these goals have the enthusiastic support of the people of this country. Many of us, including myself, have been working for these goals for many years—long before Ronald Reagan came to Washington. President Reagan has adopted these goals as the major objectives of his administration, and he believes that the Latta amendment will best lead us to their accomplishment. And, again, many people across the Nation enthusiastically share this belief. Although I cannot say that I am fully convinced that the Latta proposals will actually achieve these goals, I have decided to support the President and the Latta

proposal in order to give their plan at least a first chance. For the benefit of our Nation, I sincerely hope that my misgivings will prove to be unfounded.

In a meeting I had with President Reagan in his office last Monday, I told him that I support spending reductions at least as deep as those he has proposed. At the same time, I expressed my concern about the high deficit in his budget—a deficit which some people estimate is almost twice that of the House Budget Committee's proposal. I expressed my concern that high deficits mean unbalanced budgets, a rising national debt, and increased interest rates. I also expressed my disagreement with some of the specific legislative policy proposals which David Stockman, the Director of the Office of Management and Budget, has assumed is the way for achieving these spending cuts.

Although many people have taken the President's public comments to mean that there are no alternatives within his budget proposals, the President made it clear to me that he is aware that there are different approaches. He acknowledged that there was flexibility in the ways we could achieve these spending cuts, and that support of the administration's overall aggregate spending limits does not require support for the administration's specific detailed proposals on how to achieve these cuts.

The American people know that they want a change in direction. They do not like what we have been doing in the past. The way we have been spending and the way we have been taxing has obviously not worked. The people are not sure that President Reagan's plan will work. They may not think it is perfect. But they do know that it offers a significant change in direction and that is what they want. The people know for sure that more of the same is not the way they want to go.

We have to bring this raging level of inflation under control, and one way to begin to do this is to decrease substantially our exorbitant rate of Federal spending. In considering the cuts in spending rates encompassed by these budget proposals, we are seeking to chart a new course. We are seeking to do away with extravagant Federal spending because too much Federal spending has been one cause of high deficits and higher public debt. These high deficits have resulted in outrageously high interest rates as Federal borrowing has drained away money available for private investment.

What President Reagan is saying we need and what the American people have said they want is a change in the Federal Government which will mean operating with lower levels of Federal spending, a balanced Federal budget, and less Federal Government control over the day-to-day activities of the American people. The Federal Government is strangling the American public and the economy and we must put an end to it.

For the benefit of the Nation, I sincerely hope that Mr. Reagan's plan works. I hope that the aggregate budget figures in the Latta substitute will put us on the road to achieving our goals of economic recovery.

It is important to note, however, that what we are considering today is a first budget resolution which simply sets targets and goals. To a great extent, votes on these proposed specific targets are chiefly symbolic. We are saying that we are going to reduce the rate of Federal spending. Both of the budget proposals we are considering at this time incorporate large spending reductions. In fact, there is very little difference between the aggregate levels of spending proposed in the Latta substitute and the House Budget Committee recommendation. The House Budget Committee sets a level of spending which is $19.22 higher on a per capita basis than the Latta substitute. The aggregates are not that different.

There are some differences in the specific details recommended to achieve the aggregate levels of Federal spending. I have some disagreements with the administration as to how we should arrive at these aggregates. I also have some disagreements with the Budget Committee's recommendations for arriving at their aggregates. But these specific details are not being considered or voted on at this time. These specific cuts for specific programs will be determined by the authorizing committees which have jurisdiction over the programs.

This brings up one of the major problems we have faced in debating the budget proposals before us. What we are voting on today is misunderstood not only by a great number of the American people, but by a great number of the Members of Congress as well. The debate has centered to a great extent on the recommendations for specific program cuts to achieve the cuts for functional categories. Yet the manner in which we are considering this resolution does not even allow us to amend the aggregate levels of spending set for functional categories, much less decide now what specific programs will be cut. But this is not understood by many people, and many people are not even aware of the recommendations incorporated in the proposals that they say they are supporting.

It is discouraging for me to hear from so many people who ask me to support one proposal or the other, "intact," "100 percent," "without change." However, almost without exception few of these people know what is in either budget proposal, or what recommendations underlie these proposals. This lack of information or understanding has led to much inconsistency in advocacy. This is illustrated by a letter from a constituent which said the following:

> I strongly support the program which President Reagan outlined to the Congress on February 18th, and urge you to fully support him.
>
> I deplore the reported administration plan to limit cost of living pay raises for Federal retirees to one per annum. I hope you will oppose such action.

Now this constituent obviously wants me to support the President but he does not want me to support one of the President's specific proposals to achieve the spending cuts contained in the administration's overall budget targets. It makes me wonder whether or not this constitutent realizes that the change in the cost-of-living adjustment is a part of the President's plan which he wants me to support. This type of communication is typical of a lot of constituent contact I have received. In fact, it is interesting to me that many people who are now protesting specific budget cuts for particular programs really support the concept that one needs to reduce Federal spending overall, and many of them even voted for Mr. Reagan last year. They must realize that there are consequences to be faced with the outcome of elections.

For our system of representative government to work, people must communicate informed—I repeat, informed—opinions to elected officials. It is a mockery of the system for the people to advocate blind, total support for a proposal, especially one spending $700 billion, without any specific knowledge about what is in the proposal, or without having read or seen the proposal. Government by slogan and lack of information is dangerous.

Particularly since the public discussion has focused so much on the specific recommendations for cutting individual programs, I believe we should have had an opportunity to vote separately on funding for these individual programs, or for deficit levels, or for tax proposals. For this reason, I tried to convince my colleagues that we should have considered this budget resolution and the amendments to it under an open rule, rather than under this modified closed rule, which is in effect a gag rule. This rule prevents the elected Representatives of the American people from debating and voting on some of the most vital issues that we will have to face during the next 2 years. I believe the leadership of this body—of both the Democratic and the Republican Parties—has made a serious mistake and has done a disservice to the American public by not letting Republicans and Democrats go on record as to their positions on the levels of funding for individual programs, and the tax cut proposals, and

the deficits, assumed in these budget proposals.

Frankly, I support an approach which would have made deep across-the-board cuts. If we are going to take this program-by-program approach to budget cutting, rather than an across-the-board approach, then we must be willing to stand up and face the issues squarely. We must be willing to set our priorities in the open, not by passing a precooked package of cuts with differing significance. But since we are forced to consider this resolution under a closed gag rule, I must accept the alternatives as they are offered.

I do question many of the specific recommendations which have been stated as specific ways to achieve the spending levels we are voting on. For example, how can it serve the interests of the economy to cut so drastically the funding level for the Small Business Administration? Small business is the backbone of the American economy, providing more jobs and contributing more to productivity than any other sector of the economy. It seems to me we should continue strong support of programs to aid small business in these economically troubled times.

I am also concerned about the National Aeronautics and Space Administration. In light of the recent grand success of the *Columbia* Space Shuttle and the revival of our space program, why should we slash the NASA budget, which includes programs valuable to our national defense capabilities as well as to our scientific and technological advancement?

I should also clearly point out that there are many praiseworthy aspects of the House Budget Committee proposal which commend it to me. For example, the lower deficit, nearly half that of the administration's budget, according to some, is a very attractive feature to me as one who has worked for a balanced budget for years. In addition, there are certain important programs which are likely to fare better under the higher spending limits contained in the House Budget Committee proposal. Some of these important programs include the school lunch program, child abuse prevention, community health care and preventive services, senior citizen concerns, drug and alcoholism programs, energy conservation and alternative energy programs, education, and maternal and infant nutrition programs, just to name a few. These programs make a real contribution to our quality of life and our investment in the capital of human resources which make our Nation great, strong, and compassionate.

On the other hand the higher level of expenditures in the House Budget Committee, as compared to the Latta proposal, is a troublesome feature. The Latta proposal sets spending limits at less than the House Budget Committee. As I have pointed out before, everyone knows that one of the problems that has caused our inflationary mess has been high levels of Government spending and great leaps in that spending. In 1960 the Federal budget was about $92 billion, and by 1970 it reached $196 billion. By 1975 the Federal budget had jumped to $326 billion, and just 5 years later it had amounted to $579 billion. And now just 2 years later we are considering budget outlays of around $700 billion. This spiraling rate of spending must be broken. This inflation and the contributing factor of tremendous Federal spending must be curbed.

Leaving aside the validity of contentions that last year's election was a mandate for this, that, or the other action, I think it is clear that there is a prevailing mood in this country that people want to see inflation curbed, the Federal Government reduced in size, Government regulation reduced and controlled, and taxes lowered. Although less than 28 percent of eligible voters voted for President Reagan, hardly a mandate, I have no doubt what the prevailing feelings are in my district and in our country. My own listening and all polls I have read confirm this. The American people want to see these goals accomplished. They believe the way the country and the economy has been going has not been right. They do not want more of the same. They want a change of direction.

Rightly or wrongly, the American public also perceives that the general thrust of the administration's proposal will provide an opportunity to make these changes and achieve the goals I have described. There is an important element of perception involved in bringing about change and reaching private decisions on savings, investment, and spending. Call it psychological, if you will, but it is still real.

For that reason, it may well be that passage of the administration's general approach in the first budget resolution is an important statement, or psychological impetus in the direction of economic recovery. Perhaps more importantly, the rejection of the administration's proposal at this time might have the effect of raising doubts as to the commitment to bring about these necessary changes to improve our economy and get it back on the right track. Since the psychological or perceived situation becomes the reality, we cannot ignore the importance of this impact.

A recent poll I conducted in my district discloses that the people may have some specific opposition to various proposals in the administration's approach, but on balance they strongly support its general thrust and would like to see it started. Even some people who protest about one part or the other, seem to recognize the need to start with a major shift in direction along the lines President Reagan has proposed.

Even more interesting, a survey taken by the respected pollster, Burns Roper, indicates that there is strong support for the President's plan even though the majority of these same people say they believe it is inequitable, that it favors wealthy people significantly more than middle-income people, and that many of the specified cuts recommended in the Reagan plan should be enacted.

Consider some of the results of this poll: 65 percent of those polled said they strongly favor or generally favor the President's new tax cut and budget cutting proposals, even though 65 percent of these same people believe the President's plan favors some groups at the expense of others. When asked about how the Reagan budget and tax proposals would affect certain groups, only 4 percent said it would favor senior citizens, 6 percent said it would favor low-income people, and 9 percent said it would favor middle-income people; yet, 68 percent said it would favor high-income people. In responding to whether the program was unfair to certain groups, 54 percent said they thought it was unfair to low-income people, 45 percent said it was unfair to middle-income people, but only 2 percent said it was unfair to high-income people.

With regard to specific programs, many of these people who said that they favor the President's plan do not believe certain program cuts recommended by the administration should be made. Sixty-six percent of those polled feel that spending for the development of synthetic fuels should not be cut; 69 percent feel that spending for medicaid should not be cut; 53 percent feel that spending on grants for scientific research should not be cut; 55 percent feel that spending for day care centers should not be cut; and 54 percent feel that spending for school lunches should not be cut.

What these poll results indicate is people do not realize what they are saying when they say please support the President's plan 100 percent; or they are saying that we have got to make significant changes, and even though the President's plan is not perfect, it is a start toward making these changes. They are saying that we have got to support this effort in order to make a start toward achieving the fundamental changes needed in our spending and taxing habits. In fact, 65 percent of the people polled say they support the President's program even though they have serious objections to parts of it and are concerned about its fairness.

Fortunately the nature of our budget process is such that we can start with a directive set by targets in

the first budget resolution, and as we proceed with specific legislation and tax proposals down the line, we can make adjustments and changes as we see the developing impacts of earlier decisions and early assumptions in light of current economic and social conditions. There is a time for change and adjustment, but if we do not start off with a perceived new direction, we will never know how to test and evaluate the possibility for success of that approach.

President Kennedy advocated supply-side economics when he proposed a tax cut similar to the Kemp-Roth plan in January 1963. I would like to point out, however, that when the Kennedy tax plan passed in March 1964, the budget deficit was only $5.9 billion, unemployment was 5.2 percent, the prime rate was only 3.8 percent, and inflation was only 1.3 percent. Today, we are looking at a very different situation, with the budget deficit for fiscal year 1981 estimated to be about $60 billion, unemployment estimated to be around 7.5 percent, the prime rate up to 19 percent, and inflation running at 11 percent.

We will have to consider the economic conditions when we take up the tax bill this summer. I am a firm believer in the use of tax cuts to spur the economy, and believe in supply-side economics. As an early cosponsor in the last Congress of the Kemp-Roth plan to cut the rate of growth of individual income taxes 10 percent annually over a 3-year period, I also believe tax cuts are most effectively targeted to stimulate investment and savings particularly in times of high inflation.

I do believe in supply-side economics. I believe it is good for the economy to let private individuals retain more of the income they are now sending to the Federal Government in the form of taxes so that they can make their own decisions on whether to save this income, invest this income, or spend this income. I believe this approach is better for the economy and better for individuals. But the timing and the structure of the tax cut we consider this summer will be crucial, for an improperly structured tax cut at the wrong time would only fuel the inflationary fires which are now engulfing us. Surely everyone wants a tax cut, but not at the expense of higher inflation and higher deficits in the Federal budget. I and the rest of my colleagues will have to make those judgments and decisions later this year.

These are critical times for our Nation. The American people are demanding and they deserve action. Today this Congress has an opportunity to send a clear signal to the American people that we are serious, as serious as they are, about correcting the economic ills of this country.

President Reagan has a plan—a plan which he believes can correct our problems. The plan may not be perfect, but it deserves a first chance to be embodied in this first budget resolution.

Down the road, when the effects of the policies can be judged, President Reagan and his administration can take credit if it works. I hope we can congratulate them for reviving our economy and setting us back on the road to prosperity. But if that is not the case, and our economy still faces the blight of high inflation, high interest rates, and other social and economic disintegration, the President and his administration will have to bear the blame. Now let us go forward with energy and hope.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from New York.

Mr. DOWNEY. The gentleman and I share a very different philosophy about the nature and the role of the Federal Government, but I think the gentleman has done us all a valuable service today in pointing out exactly what this first budget resolution means.

I would ask the gentleman how he would respond to some of my Republican colleagues who have been to the White House, who have been promised, "Do not worry about Conrail; do not worry about the student loan program, rural electric; do not worry about those things because these are vague targets and we are going to have lots of time later on to deal with that."

If I understand the gentleman from Texas correctly, when we vote for this, we vote to cut those programs.

Mr. LATTA. If I may respond, I know nothing about what has been going on down there. As a matter of fact, I have not even gotten any cufflinks.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

(At the request of Mr. DOWNEY and by unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. LATTA. Let me say that in my humble judgment what we pass in this resolution, as far as I am concerned—and I am sure I speak for the gentleman from Texas—we are going to adhere to this. We are going to adhere to this as far as we possibly can.

Now there might be some changing around within the functions, but when it comes to the total numbers within those functions, we want them to live within those functions. Certainly we are going to have to deal with the Senate, as the gentleman knows. We are going to have to go to conference and there are going to be some changes. But certainly we are going to do everything we possibly can to do that.

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Texas.

Mr. GRAMM. I have tried to follow up on some of these comments that I have heard. The way I read the comments is the President is basically talking about the Budget Act and what he is saying is this: We are mandating in reconciliation cuts down to the committee level. Within the committee we are not mandating a cut for Conrail. We are mandating that the committee that has authorization for Conrail cut a certain amount, but that committee will make the decision on the cuts.

So, it is absolutely binding on the totals, but within the committee we will have choices.

Mr. MILLER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Ohio.

Mr. MILLER of Ohio. Mr. Chairman, they never said this job was going to be easy, and so it is with today's vote on the budget resolution. For years I have stood on this floor and called for a gradual reduction of Federal spending, a reduction to be accomplished in small increments of 1 or 2 percentage points of Federal outlays annually. More often than not my pleas fell on deaf ears as I saw most of my budget-cutting amendments go down to defeat at the hands of my colleagues.

I hesitate to stand here at this time and say I told you so, but you will have to admit that if we had made a concerted effort over the years to systematically reduce the cost of government, as I had proposed, we would not be faced with the dilemma we are faced with today, that of voting for a sizable reduction in Federal spending that many feel is too big and too sudden.

At this juncture, there is little alternative but to vote for the proposals put forth by the President. We have let our problems get to the point where drastic remedies are the only solution. Unless we take action now the future funding of all social services will be in jeopardy. Just like other maladies, when you neglect the ills of our economy, they get worse instead of better. Instead of the easy cure which would have worked at the outset, the treatment now must be more severe. Our economy is suffering from years of neglect, from years of deficit spending and mismanagement. Unfortunately, there is no quick cure that can be prescribed. The recovery is almost certain to be slow and painstaking, but it appears to be the only treatment at this point that will work.

There is no question that it will mean sacrifice on the part of all Americans, but in the end it will mean

a better America for all Americans. Once our economy is healthy and inflation is under control, all Americans will benefit from a stable dollar; paychecks and social security checks will go further in the marketplace; savings will retain their value; and there will be less unemployment and more meaningful opportunity for everyone.

Our office has received a large volume of mail from constituents who are concerned that many forms of assistance available for the poor, the elderly, and the handicapped will not be available once the Reagan budget proposals are enacted. I would like to ease some of these concerns by pointing out to these people that those programs that comprise the social safety net for the truly needy are slated to increase in size over the next 3 years by 4 percent, not decrease as some critics of the administration would have you believe. By 1984, the share of the Federal budget being devoted to safety net programs will grow from the present 37 percent to 41 percent.

Furthermore, I would like to say that the President's proposals are not designed to eliminate any of the services the rural poor of southeastern Ohio receive, but simply to transfer the administration of these programs to the State and local level. Moneys will continue to be provided by the Federal Government to the States for a broad range of social service programs, the difference being that the States rather than the Federal Government will determine how the money is to be spent. In my judgment, this is a healthy change, for the closer the management and responsibility for these social service programs are to the people, the more direct the recourse can be on the part of the public regarding the operation of these programs. As it is today, these programs are conceived and implemented out of Washington by bureaucrats who have limited understanding of local needs. They make decisions on programs without knowing how those programs relate to existing services being provided by State and local governments.

It is very upsetting to me to receive letters from constituents who have been misled by opponents of these changes into believing that such programs as the nutrition program for the elderly, are to be discontinued. For one, the Older Americans Act programs are not to be included in the block grant consolidation, and will continue to operate much as they have been operating, as will the Head Start and work incentive (WIN) programs. Second, though a program such as training for the handicapped will be folded into the social services block grant, it does not mean it will lose its identity as a program. Surely the State government appreciates the need for this type of assistance as much as the Federal Government does. In fact, in talking with the State authorities administering the social service programs for the State of Ohio, we were assured that they are in sympathy with the objectives of the programs to be consolidated into the social services block grant and will do everything they can to maintain them at their present levels. Admittedly, the overall Federal funding level for these programs will be reduced, but it is the administration's contention that the savings to be realized by reducing the administrative overhead associated with these programs will offset this reduction and that the amounts for the actual operation of these social services will remain essentially the same.

As I said earlier, it is not the intent of the administration to do away with the assistance programs for the truly needy. The Government has an obligation to help the less fortunate. But it is the intent of the administration to better focus these programs and services so as to better assist those they were originally designed to help. When numerous people of questionable eligibility receive benefits, there are less benefits for the truly needy. It is this type of problem the President is trying to correct.

When a family receiving subsidized housing assistance in New York City can receive as much as $1,379 a month in rent subsidies, something is wrong with our system. When the child of a parent earning $200,000 a year is entitled to receive a subsidized low-interest loan to attend college even though that parent is fully able to underwrite the cost of that education, something is wrong with our system. When an individual's welfare benefits increase with each illegitimate child they have, regardless of how many, there is something wrong with our system. When one out of every three households in this country is receiving some form of noncash benefit from the Federal Government, it is apparent that we have gone about as far as we can go without bringing the whole system down around us. If we want to be able to continue funding the type of social services we as a nation want for the truly needy, we are going to have to better focus the aid available and cut out the fat and waste that presently exists. This is what the President is trying to accomplish with his approach and I for one ask you to give his program a chance.

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So let us not convey the impression that Conrail is not going to be an issue on reconciliation.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, I perfectly understand the point the gentleman is making concerning the Senate action. I am referring to what this House is doing, and I am making the point that while there is going to be a major battle here on Conrail, it is not in this resolution which is before us today. It is that simple.

Mr. PANETTA. If the gentleman will yield——

Mr. LATTA. I am happy to yield to my friend from California.

Mr. PANETTA. We are talking about, under the Latta substitute, of an additional few billions of dollars that have to be taken out of the area of public works. There are only so many areas that we can look at—there are only so many areas that we can look at in the committee, and if the committee is going to exercise its responsibility, it is going to have to look at Conrail, at Amtrak, and at a number of other areas that were indicated by the Senate. So let us not assume that this resolution has no relationship to what committees are going to be doing.

We are going to provide a specific target to the committees. The gentleman is absolutely correct that the committees will have some discretion as to the areas they will consider to meet those targets; but make no mistake about it, the targets are going to be provided to the committees and it is going to be very tough to exclude some $400 million to $500 million and put it aside, because that committee is going to have to find it someplace else.

Mr. LATTA. May I just complete my statement? I do not want to take all the time.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

(At the request of Mr. DOWNEY and by unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. LATTA. Let me say to the Members of the House that we have on this desk, if they have not already seen it, a comparison by function—a comparison by function—of the Johnson substitute versus the bipartisan substitute. It shows the increases and the reductions. So, if Members have not seen this, I would be happy to go through it, but I think in the interest of time they can get copies. We will be happy to give them copies, and it will save some time.

Let me just clear up a couple of points. Members have heard preached on the floor for several days that this Reagan budget, or the bipartisan substitute, is going to hurt the poor. That simply is not true. That simply is not true. There is a definition—now, let us take a look at one of these programs that we hear so much about and see what will happen under the President's program.

Believe it or not, here is a program that started out, and I can recall it as

if it were yesterday, when the gentlewoman from Missouri, Mrs. Sullivan, was the mother of this project. This program was going to cost us about $300 million, and it was going to go to the truly needy, the truly needy of this country. Believe it or not, now we are up to about $12 billion a year. Would you believe it? We have got 22 million—get that—22 million—22 million people on food stamps in America. That is one-tenth of our population. Now, I do not know where the gentlewoman from Missouri is today, but certainly if she came in here she would have to say, "I really did not envision us doing all that."

Now, what are we talking about? The President proposes that even with his program in place there would only be 350,000 of those people, of the 22 million, being ineligible for food stamps. He is saying:

Reduce from about $14,000 a year to about $11,000 the income eligibility for food stamps for a family of four.

That is $900 a month, net—net income under the President's program, and you would still be getting food stamps.

Now, where I come from that is not the truly needy. It might be in New York City where I pointed out the other day that the Jack Anderson column said that under section 8 rental housing they are subsidizing to the tune of $1,800 a month a $2,000 a month apartment, and the person is only picking up $200. But, where I come from, we do not take taxpayers like that; $900 a month under the program envisioned by the program for a family of four, I say, is enough. We have still got 21 million people on food stamps. There is not a person in this Chamber who has not heard from the taxpayers back home about the irregularities of this program. It has got to be cleaned up, but to listen to all of the oratory—and it was fine oratory, I have complimented several of them, they almost convinced me until I looked at the figures—you would think we were going to bring the House down on food stamps. Ridiculous. They never even took a look at it before they teed off. You know, this has been available to everybody. We have not hidden anything. We had this before the Budget Committee.

We have heard about medicaid. One would think that we were going to stop medicaid under the President's proposal. Much of this oratory Members we have heard down here on this floor in opposition to the President's proposals has been overstated, the President is merely proposing something that we should have adopted a long time ago. It shows how ridiculous we have become.

Under this program we send moneys to the States without ever putting a lid on them, and they spend and spend and spend and spend. What the President is saying is, "We ought to put a cap on it."

Is there anything wrong with that?

The CHAIRMAN. The time of the gentleman of Ohio has again expired.

Mr. LATTA. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. The Chair would advise the gentleman from Ohio that he has now consumed a total of 51 minutes.

Mr. LATTA. I will take my seat.

The CHAIRMAN. The gentleman from Ohio does not request any additional time at this point.

Mr. JONES of Oklahoma. Mr. Chairman, I rise in opposition to the amendment.

(By unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 25 additional minutes.)

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from North Carolina.

Mr. HEFNER. Mr. Chairman, before we get into the real debate from the chairman, I would just like to not talk about assumptions, about deficits, or about the taxes or whatever. I would just like to make a few comments here. First of all I would like to commend Mr. LATTA for the very cooperative way we have worked in the committee, and with the members of the committee. We have had some very difficult discussions. We have had a lot of hearings, but I would like to commend Mr. LATTA for the very cooperative way he has worked with us.

I would like to commend the President of the United States—and I am serious about this. I had been in the entertainment business for a lot of years, and had I been able to tune the instruments and get my act together like the President has, I would stay in the entertainment business and be very successful. I want to commend the President for being one of the greatest communicators we have ever had in this country.

Third, I think this House, whether one supports the Jones substitute or the Jones budget, or whether one supports the Gramm-Latta, I think we owe this man a tremendous debt of gratitude because he had taken what probably has been more abuse in his district and across the country, and much of it on false assumptions, and the very tough things he has had to do; he stuck with it, and I think we have something to say for somebody who would take this abuse and stick by his guns and offer an alternative.

I think we as a democratic form of government owe this man a debt of gratitude for making this effort because certainly it is a democratic process at all times.

Mr. JONES of Oklahoma. I thank the gentleman.

Mr. HEFNER. I just want to commend him on a very difficult situation, and I just want to commend the Budget Committee because I think basically, overall, we have done a good job and the American people can be proud that this process does work.

Mr. JONES of Oklahoma. Does the gentleman need more time?

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, let me also join in lauding our chairman. Certainly a year or two ago we would not have been in this position. You know, there are not too many changes, but they are real changes between our two substitutes. We are getting closer together. We realize there are problems. The chairman realizes there are problems, and I salute him for making the effort, and I know, under different circumstances than we had. We know something about the politics in committee and elsewhere.

Mr. Chairman, you have done a good job.

Let me just comment about the President. You know, one can talk about the entertainment business or anything. I call it leadership—leadership. This President has leadership, and I am telling the Members this country needs that kind of leadership. I think the people out there were right last November to give us the type of leadership, certainly in this area, that we needed. I think everybody in America today feels a little better than they did 1 year ago. We are a little prouder to be Americans, whether we are Democrats, Republicans, or Independents. We are happy to be Americans.

Mr. JONES of Oklahoma. Let me reclaim my time. I thank my colleagues for their kind remarks.

I think it is very interesting to point out how the economic and political landscape has changed in this debate. Think back a while with me, if you will. If Jimmy Carter as President of the United States had sent a budget to the Congress, and by his own admission said we are going to assume a $45 billion deficit next year, I wonder how many people on either side of the aisle would be defending that kind of deficit budget? If Jimmy Carter, in order to keep that budget deficit down to $45 billion—mind you, down to $45 billion—had said, "We are going to save an additional $10 billion to $12 billion next year because somehow, magically, the Federal Government is going to be able borrow money at below 9 percent next year," I think he would have been hooted out of the ball park. So the political and the economic landscape certainly has changed, because those are the things the House of Rep-

resentatives and the American people are being asked to accept on faith.

Now, I will admit that there are many, many similarities between these two budget proposals. There is a similarity on defense. That issue has been resolved, whether one likes the resolution or dislikes it. Both the Latta substitute and the committee resolution have the same amount of budget authority and outlays on defense.

In program cuts, the committee resolution has adopted and endorsed 75 percent of what the original administration recommendations were. The gentleman from Ohio has mentioned food stamps. There were six basic reforms to the food stamp program. The committee, after consultation with other committees responsible for writing the legislation, has accepted and endorsed five of those six recommendations and reforms, which will save $1 billion next year. There were a great many similarities there.

If we will use common language as to what economic assumptions are and whether or not we are going to accept unspecified cuts, then the spending in the Latta substitute as well as in the committee resolution is virtually the same over the next 3 years. For instance, if it is fair to say that interest rates are going to be below 9 percent for the Latta substitute, then it is fair to say that interest rates are going to be below 9 percent for the committee resolution. If it is fair to say that somehow, magically, in 1983 and 1984 we are going to cut $74 billion from social security, veterans, entitlement programs, and national defense under the Latta substitute in some unspecified way, then it is fair to say that the committee resolution will also find $74 billion of unspecified cuts.

So, if we talk on common language, the total spending under either plan over the next 3 years are virtually the same.

There are a lot of similarities, but there are also some basic differences that I think we ought to be aware of. The differences, in my judgment, make the case for the committee resolution rather than the Latta substitute.

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Actually we have been trying to make the case for the committee resolution for the past 4 weeks or so. I do not really think that I can make the case any better than just pointing to today's Washington Post and reading the headlines that make the case for me. Here is the first one. "Financial Markets Uneasy Over Reagan Plan." "Regan: Higher Rates, Business Slowdown Possible." "$60 Billion Budget Deficit Likely." Another headline: "Treasury Notes Get Record 14.56 Percent Yield."

These headlines and these stories make the case for us, because we have barely gotten to the masquerade ball and the masks are already coming off. Those who said we were wrong on interest rates, those who said we were wrong on deficits, are the same ones who are now having to admit under questioning that we were right. The issue is going to be whether we have enough courage in this body to do what is right today, something that will hold up 12 months from now, or whether we are going to do the easy and the political thing today and come back 1 month from now, 2 months from now, 6 months from now, or 12 months from now and say, "I'm sorry. We were wrong. We gave in to political heat."

It is a matter of courage, it is a matter of judgment, it is a matter of vision. What are you going to say 12 months from now when your constituents ask you the question: "What are you doing for that $60,000 a year or so? We sent you up there to represent us, and what are you doing to earn your money? What are you doing for that? Are you using your own intellect?"

I made a commencement speech for Oral Roberts University in my district last Sunday, and I pointed out that "one of the most important things you have to do in the years ahead is to use your education and use your intellect. That is what your education is for."

I say to the Members, do not bend to the wind. Do not bend to the political passions of the moment. Are you going to answer your constituents this way: "Well, it was tough back in those days. Yes, it was tough, and I did what I thought you wanted me to do, even though I knew you were wrong, as many of you have told me?"

So there are some differences, but I think they are significant differences. Let me point out just what some of those are. In the first place, there is the size of the deficit. That is a significant difference, because when we started this exercise, we started the exercise for one major purpose, and that is to get inflation down.

What difference does the size of the deficit make? It makes a big difference. Look at today's headlines. Ask Henry Kaufman. Ask the Wall Street financial markets. Read the testimony of Paul Volcker. These are the people who determine what interest rates are.

What is the signal they examine, what is the indicator they use to determine whether we are serious about fighting inflation? They look at the size of the deficit. If they see large deficits, if they see continuous deficits, what do they do? They increase the cost of money to compensate for inflation. The long-term borrowing in the bond market is dead, and it is going to stay dead as long as deficits stay high. The size of the deficits is a major difference between the budget proposed by the gentleman from Ohio (Mr. LATTA) or, more accurately, Mr. Stockman, and the budget recommended by the committee.

The second major difference is the composition and the continuity of the tax bill, and I think we ought to focus on that difference. The Latta substitute encompasses the Kemp-Roth tax bill.

Now, the Members may wish that were not so. They may say, "I can go ahead and vote another way when it comes up, but one of the things which ought to be clear is what is assumed in the budgets we are asked to select." The Latta substitute assumes the Kemp-Roth tax bill, as the President of the United States himself said before this very body just about 1 week ago.

Now, if you say to your people, "I am going to support the Latta substitute because the President wants it," then you have got to be consistent. You cannot come back later and say, "but for" or "not this" or "not that." It contains the Kemp-Roth tax bill, and you ought to admit that to yourselves and your constituents.

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will yield at the end of my statement.

The President said Kemp-Roth is an integral part of his economic recovery program and he supports the tax cut as contained in Kemp-Roth and all the other things in that budget.

I might point out that Kemp-Roth is not just a 1-year tax cut or a 10-percent cut; there is another 10-percent cut automatically in the second year, and there is another 10 percent automatically in the third year.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, the gentleman knows we merely make provision for a tax cut like the Kemp-Roth bill. We do not mention Kemp-Roth; we do not mention anything; we merely provide in dollars——

Mr. JONES of Oklahoma. Mr. Chairman, let me say to the gentleman from Ohio (Mr. LATTA) that I recognize that. Neither the gentleman nor the gentleman from Texas (Mr. GRAMM) mentioned it. They were conspicuously silent on that subject, but the President of the United States mentioned it. He has mentioned it over and over again, and the Secretary of the Treasury has mentioned it. There is no denying that and we have to assume that is the administration's program. It is part of the whole loaf, and I just think we ought to be aware of that.

Now, we can pass the Kemp-Roth tax bill or we can adopt the tax legislation assumed by the Budget Committee and as offered by the gentleman

from Illinois (Mr. ROSTENKOWSKI), chairman of the Committee on Ways and Means. That would be a smaller tax bill, but it provides a permanent tax cut next year. It would target tax relief to the middle-income people, and specifically it would target incentives for savings and investment. That is what the United States needs, investment and savings to get the supply side built up. We do not need to stimulate demand, and I think we ought to recognize that.

I was pleased that when my friend, the gentleman from Ohio (Mr. LATTA), showed us his charts he at least had the foresight to show the chart representing the so-called Jones resolution or the committee resolution in black and to show the others in red or blue. I think the committee resolution will put us in the black much quicker and in a much more sound fashion than his proposal.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. Let me first finish my statement, and then I will be happy to yield.

Mr. Chairman, that is the second difference, the size of the tax bill and the continuity of it. We agree that we ought to have tax cuts in 1983 and again in 1984. The only difference is that we think we ought to cut spending first to get the deficits down before cutting taxes. That is a significant difference.

Now, the third difference is this: Where did the cuts occur? Where are the differences? One major difference is the strategic petroleum reserve. The Latta substitute says that somehow, in some new yet undevised financing mechanism through the private sector, we will save $3 billion on filling the strategic petroleum reserve beginning in October of this year. There is not a single person to my knowledge who has testified to our committee or who has any hope that we are going to save $3 billion on the strategic petroleum reserve next year if we fill it at the rate we say we need to for our own national security. And if we fill it and cannot pay for it in any other way, we are going to have to come back and say, "We have to raise the budget. We have got to pay for it." So you may be casting a vote again to raise the budget to pay for the strategic petroleum reserve.

Now, let us take a look at some of the real cuts the gentleman from Texas talked about. And again we have to assume the administration will do what it says it wants to do.

In the elementary and secondary education area, most specifically education for the handicapped—the administration assumes a 25-percent cut beginning in October 1981. We think that is too large. We think it is going to do damage to local school districts. We think it is going to force local property taxes to increase. We cut it 20 percent, but we think 25 percent is too big. Thirty days from now, if we pass the Latta substitute, we are going to have to vote cuts in education of 25 percent. That is in the reconciliation recommendations.

In the school lunch program, the administration assumes an immediate cutoff in October 1981 of the so-called middle-class subsidy and a 43-percent cut in the school lunch program immediately on October 1. That is in the reconciliation recommendations. We will have to implement that 30 days from now.

Both budget alternatives cut vocational education and job training somewhat. The Latta substitute, which adopts the administration's proposals, recommends at a time when we are cutting 350,000 young people from jobs that we also cut vocational education training below this year's level by $150 million. We fund this program to get it to this year's level. The Latta substitute recommends cutting job training for these young people. We say, let us put in at least some money for the private sector job training for these people who we want to get into private employment. There is a major difference there, and we are going to be voting on that 30 days from now.

If we look at the agriculture budget, $2.5 billion will have to be cut within the next 30 days under the Latta substitute. Members may think, if they come from a dairy State, that they can vote for 75 percent of parity. That is not true. They have got to look at what the assumptions are. That $2.5 billion means, according to the Secretary of Agriculture's own testimony, 70 percent of parity. We have got to understand that, because how we vote today is the way we ought to vote tomorrow and next month.

Another difference is the realism. We tried in the committee to realistically look at the expectations. At what rate next year are we going to have to borrow money? What is unemployment likely to be? What is the CPI likely to be? Those are costs to the Government over which you and I and the President have no control. They are automatic costs. If we play "Alice in Wonderland" with those figures, it does not mean they will go away. We may wish that interest rates would go below 9 percent, but that does not make it so. If they are 12 percent, we pay approximately $10 billion more automatically.

That means you are going to come back again with a red face and say, "Oh, I'm sorry, folks. I made a mistake. I really was hoping those interest rates would be lower, but we have got to pay it."

That is another difference that I will point out, since it has been mentioned that we are "playing with real bullets," as the gentleman from Texas (Mr. GRAMM) has said. The 1981 supplemental appropriations is before the Committee on Rules right now. Yesterday by unanimous vote the Budget Committee voted not to grant a waiver against a point of order unless $500 million was cut out of that appropriation bill. It is going to happen, and whatever we vote on today will be enforced by this committee and this chairman.

So all I say to the Members is, "Don't kid yourselves." We talk about being honest with our constituents, and we talk about being consistent. I have heard far too much about this. I have read "Dear Colleague" letters saying, "Well, I am going to vote for the administration's package, but that does not mean I am going to vote against Conrail, that does not mean I am going to vote against dairy price supports, that does not mean I am going to cut off highways and highway construction by 20 percent next year, that does not mean I am going to vote against programs for little kids, and that does not mean I am going to vote to do away with the Meals on Wheels."

For your sake and our Nation's sake, if you want to be honest and consistent, be careful about how you cast your vote.

Mr. Chairman, I just hope that the Members will look at this carefully and that when they do, they will vote for the committee resolution.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from New York.

Mr. DOWNEY. Mr. Chairman, I think the gentleman from Oklahoma (Mr. JONES) has done a masterful job as committee chairman, and I can hear the strains of "America the Beautiful" as I compliment him.

The fact is that, as the gentleman from Texas (Mr. GRAMM) has correctly pointed out, he is firing real bullets, and they are going to hit people, and when they hit some of these programs, they are going to kill people.

If we believe for a moment that the Budget Committee is not going to be serious and hold us in reconciliation to the cuts, we are making a very, very big mistake.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I would like to know if the gentleman can make some more valid assumptions, because some of us feel we want to have a little more valid assumption on CPI and the placing of interest rates for the projected period of the 1982 budget, which is October 1 through September 30, not what the interest rate will be in September 1982 or what the inflation rate will be in

September 1982, but during this total period.

Can the gentleman give me some idea, with the Kemp-Roth, what it would do as far as inflation is concerned, with the total amount that is in the defense budget, what it will do to inflation? With all of these things added together, does the gentleman have any projection on the deficit under the Gramm-Latta substitute?

Mr. JONES of Oklahoma. Mr. Chairman, I think the most realistic assumptions and the most optimistic projection given by the Congressional Budget Office are that next year the Latta-Gramm substitute would have a deficit of $38 billion. Most people think it would be higher than that.

□ 1200

Mr. VOLKMER. In other words, it could go up to even $45 billion?

Mr. JONES of Oklahoma. That is correct.

Mr. VOLKMER. That would depend a lot on the unemployment rate; in other words, 1 percent of unemployment, if it is even a half percent more, we are talking about at least $10 billion?

Mr. JONES of Oklahoma. That is correct.

Mr. VOLKMER. If interest rates are twice, 2 percentage points above, which most of us feel it will be, we are talking about another $20 billion?

Mr. JONES of Oklahoma. The difference between our assumption of interest rates and their assumption is about $10 billion.

Mr. VOLKMER. Now, the other thing that was brought out here by some of the proponents of Gramm-Latta was, and I kept hearing this last week through this week, if you vote for Gramm-Latta you are not necessarily going to vote for Kemp-Roth, one does not include the other. Is it not also true that under the gentleman's proposal, the committee proposal, if that should pass and beome law, that does not bind me to vote for all the spending that is provided in there, does it? In other words, I can vote for less spending.

Mr. JONES of Oklahoma. You can vote for less spending.

Mr. VOLKMER. Individually, I can always do that.

Mr. JONES of Oklahoma. You can always do it, but I think we have to be honest with ourselves. What is assumed in these budgets is what we ought to be voting on when the individual bills come down.

Mr. VOLKMER. But once you put the lid on, theoretically——

Mr. JONES of Oklahoma. You cannot exceed it.

Mr. VOLKMER. You cannot exceed it?

Mr. JONES of Oklahoma. That is correct.

Mr. VOLKMER. So basically, if you want to have a little safety valve, there are certain areas where there is no safety valve, like the gentleman pointed out, if the gentleman will yield further, in agriculture——

Mr. JONES of Oklahoma. That is correct.

Mr. VOLKMER. On which our committee is working; there is no question in my mind what will happen to many agricultural programs if we stick to it, if we stick to the amount that is provided in Gramm-Latta and if that should become law, then there is no question in my mind that either we are not going to have disaster relief or an insurance program for our farmers next year in the event of a drought or say in the event of a flood, or we are not going to have a peanut program for the peanut farmers of this country, or we are not going to have a dairy price support of 70 percent, possibly even less than 70 percent, or we are not going to have price supports for our wheat farmers or our corn farmers to keep them in production; we are going to lose a lot of farmers out there.

Now, some of this has to happen. You cannot have it all.

Mr. JONES of Oklahoma. You cannot have it both ways.

Mr. VOLKMER. If we have it all, we are at what the Senate Agriculture Committee and the chairman over there has now, what they have developed is twice as much as the Gramm-Latta, twice as much.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. Let me yield to the gentleman from Wisconsin, a member of the committee.

Mr. OBEY. I would just like to ask the chairman a question. There have been a lot of questions raised about the committee's decision to bring in its own set of estimates. I think somehow the impression, whether it is meant to be given that way or not, I think somehow the impression is left the committee did this in order to make it more convenient for our numbers to fit.

Is it not in fact true that if we had stuck with the President's estimates, that the chairman's own budget that he is bringing to this floor today would have shown under his own proposal an even smaller deficit of about $2½ billion?

Mr. JONES of Oklahoma. The gentleman is absolutely correct. Under the same assumptions the administration gave us, they would be spending $695 billion next year, and we would be spending under the committee resolution as it now exists about $692.5 billion.

Mr. OBEY. So does not that, in fact, demonstrate that the reason that the committee brought out a new set of assumptions was not for political convenience, because political convenience would have dictated that we would have gone the other way? What we did, we did because we felt we had the best and latest information available and the most sound information on which to make some very complicated judgments.

Mr. JONES of Oklahoma. The gentleman is absolutely correct.

I might point out that this is not a new phenomenon. Every year since the Budget Act has been in effect, a requirement of the Budget Committee is to look at all the assumptions and to analyze them and to try to make them as realistic as possible. In virtually every year the Budget Committee has changed the administration's assumptions, whether the administration is Jimmy Carter or Gerald Ford, and the history shows that the congressional budget recommendations are much closer to the mark than any that the administration has been, whether it is a Democratic or Republican administration.

Mr. OBEY. If the gentleman would yield further, I would like, in further support of the chairman's remarks, I would just like to relate something which Chairman Volcker said to a number of us about a year ago. At that time the House may recall we had interest rates approaching 20 percent. In fact, they have gone above 20 percent. We were trying to make a reduction in President Carter's budget that year, meeting in Senator BYRD's office for a number of weeks, going over possible budget reductions. A number of us asked Mr. Volcker informally, "What is the cause, why are these interest rates going crazy? Why are the money markets going crazy?"

He said:

> It is very simple. They took a look at two things. They took a look at the President's budget. They assumed that his deficit was being understated and his expenditures were being understated, and that was worry No. 1. Then secondly, they also took a look at the defense budget and assumed that the Congress is going to go far above anyone's projections on the defense budget. They added up the numbers and it indicated to them that there was nobody in control, that everything was out of hand. That is why your numbers went up.

It would seem to me, if the chairman would yield further, that we are in almost precisely the same situation today. Again we are trying to make some reductions in domestic programs, but the expansionary effect of Kemp-Roth and the increased defense figures which the administration is proposing in a combined nature gives us numbers that really dictate very serious problems for interest rates.

I congratulate the gentleman for trying to do something about it.

Mr. JONES of Oklahoma. Well, the gentleman is correct.

I would just say that what we have here is a difference of opinion in two economic schools of thought; one to which I subscribe says that continuous

large deficits put pressure on high interest rates and put pressure on inflation. Therefore, you have got to get the deficits down. You have to cut the spending before you cut the taxes.

The other school of thought, which is represented by the Kemp-Roth tax philosophy, says the more important ingredient is the size and continuity of tax cuts. It is an honest difference of opinion, but I would rather take the risk out of this economic program to make it succeed. That is what I think the committee resolution has done.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to my friend, the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman yielding.

I first want to compliment both he and the full committee for their commitment to abide by the reconciliation process, which is very much a part of this resolution, and to make sure that waivers are not asked for in the Rules Committee. Many of us have been fighting for that for a long time. I think the gentleman is to be complimented for enforcing or attempting to enforce that reconciliation process, which is very much a part of this budget.

In one area, I would like to kind of discuss with the gentleman, the gentleman has mentioned several individual areas of functional categories where the gentleman has mentioned that the cuts——

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. JONES of Oklahoma. I would be happy to yield.

Mr. ROUSSELOT. The gentleman took education, for instance. I am sure the gentleman did not mean to imply in his statement that either the committee or the Gramm-Latta substitute is drastically cutting the level of expenditures say in education for this year. Both of you have merely restrained increases. Both gentlemen basically worked from the Carter budget recommendations; is that not true? When we talk about spending cuts, we are really talking about restraints in increases.

Mr. JONES of Oklahoma. Well, I have said across the board we are talking about restraints in spending.

Mr. ROUSSELOT. Right.

Mr. JONES of Oklahoma. But it is true that from the budget recommended in January, the Latta substitute would cut 25 percent from elementary and secondary education, mostly in handicapped education, and 43 percent from the school lunch program and $150 million from vocational education and $500 million from student loans.

Mr. ROUSSELOT. But as a general rule, both resolutions are merely restraining increases in expenditures or spending and in most cases you are not drastically cutting them. I wish that you were cutting some of them more.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from Wisconsin for his comments.

Mr. OBEY. Well, I would just like to respond to the gentleman from California by saying this. The point the gentleman from California is trying to make is an old trick, but it does not wash. The fact is that the President does different things in different parts of that budget and what we find is that because he has made a phenomenal increase in defense, because he has not laid a glove on entitlement programs, and because his program is going to be calling for very high payments of interest; in fact, there is a huge increase in that portion of the budget this year, but in the investment portion of the budget, including education, including health, there is a net real reduction in that budget this year. There is a dollar reduction in the investment portion of the budget of about 16½ percent. When you add inflation to that, you have a substantial crippling of investment programs in this country. So it does not make any sense to say that we are trying merely to restrain the size of growth, because there is no growth in the investment portion of the budget if we accept the Gramm-Latta package.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from Louisiana.

Mr. ROEMER. I would like to thank the gentleman for the work he has done. I listened with much admiration to his presentation today.

There is a point for my information that I would like clarified, if the gentleman would. The gentleman has said throughout his presentation that one of the differences between the Gramm-Latta substitute and that of the gentleman's own committee is that the Gramm-Latta substitute is firing real bullets.

The gentleman also says that he believes in the economic theory that we have to begin with the budget cuts.

Now, if, in fact, the two proposals are similar in their budget cuts, but one fires real bullets, what is wrong with that? Does the gentleman's proposal not fire real bullets?

Mr. JONES of Oklahoma. No. They both do, and it is a question of how you do it. In this body we have had the precedent of not reconciling authorizing levels.

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

(By unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 1 additional minute.)

Mr. JONES of Oklahoma. All we have reconciled were entitlement programs. The other basic enforcement tool was to hold appropriation bills at the desk and not let them become law, not let the money be spent, if they exceeded the limitation; but that gave the authorizing committees the flexibility and some time to look at this budget before the fiscal year begins to determine how those cuts would occur. The cuts will be real, in any instance, under either instance.

Mr. ROEMER. I appreciate that clarification.

One final question for the gentleman, if the gentleman will yield further.

The gentleman makes a point on several occasions here and uses in evidence newspaper headlines about the current state of the economy. In the gentleman's opinion, does that reflect the judgment of these proposals or the conditions brought upon by the acts of this Congress over the last decade?

Mr. JONES of Oklahoma. I cannot state precisely why the stock market does anything; but I can state what is reported over the last 4 weeks as stories came out that the administration's entire program would be adopted, it sent shivers through Wall Street and the financial market, the result being that there was a drop in the stock market and interest rates did go up as a result of the projected deficit. I cannot say whether it is accurate or not. That is what I have read as being reported.

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

(At the request of Mr. MONTGOMERY, and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 1 additional minute.)

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I appreciate very much the gentleman yielding.

I know the gentleman would like to have my vote more than my praise. I would certainly like to commend the chairman for being very fair with some of us. He always kept the door open. We could go in and talk to him about the budget and he would listen and make his points. I am proud that the gentleman is chairman of our Budget Committee; I appreciate the work he has done. The gentleman

never got mad; he handled himself very well, in my opinion.

Mr. JONES of Oklahoma. I thank the gentleman very much. It reminds me of a very solid Republican community at the edge of my district where it has been said that I have more friends and fewer votes than anywhere else.

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

(At the request of Mr. KEMP, and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 2 additional minutes.)

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from New York.

Mr. KEMP. As a new member of the Budget Committee, I would like to share in the applause for the gentleman from Oklahoma. He has done an admirable job and kept his cool most of the time, other than the time the gentleman called me a Keynesian.

Mr. JONES of Oklahoma. Well, we did get rough there for a while.

Mr. KEMP. The gentleman talked about sending shivers through the financial markets and the very great concern that both the gentleman and I share over the bond markets, the credit markets, the financial markets, the equity markets, et cetera, because these are integral parts of making our economy grow and expand and recover.

The gentleman interprets the headline in the Washington Post as suggesting that the financial markets are making a judgment about the Reagan program. I wonder if the gentleman would not agree, or at least share some thought with us, as to what kind of shivers it sends through the financial markets when they see the U.S. Government borrow $65 billion in the first 6 months of 1981, by 50 percent the highest amount of borrowing the Federal Government has ever had to borrow in the first 6 months of any year in recorded history.

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I wonder what kind of shivers it sends through the financial markets to see the Federal Reserve double the rate at which it has increased the FRB credit, the Federal Reserve Board credit, in the first 6 months of 1981. I wonder if part of those shivers are not the result of the Federal Reserve's erratic behavior with regard to the monetary base which has more than tripled in the first 6 months of 1981. Could it be that they are looking at the Federal Reserve and suggesting that the manipulation of interest rates and that the incredible mismanagement of monetary policy in this country has caused very severe problems of credibility, and whatever the gentleman wants to do, I think President Reagan is going to have an equal problem until he and the gentleman from Oklahoma (Mr. JONES) get a handle on monetary policy.

I recognize it is independent, but it is not a shibboleth. We ought to start looking at the monetary policy in this country and what it has done to discredit the interest rates and the absorption of private capital in the United States of America.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 30 additional seconds.)

Mr. JONES of Oklahoma. I have been saying for several years we have to harmonize fiscal and monetary policy. The only other way to bring interest rates down is to take political control of the Federal Reserve System, and I think that has as many drawbacks as it has advantages. Therefore, that is why I am going so strongly to try to get the deficits down.

Mr. KEMP. The gentleman is not endorsing the recent behavior of the Federal Reserve System?

Mr. JONES of Oklahoma. I am never going to endorse high interest rates.

Mr. KEMP. I am glad to hear that because I will bring it back up later.

Mr. REGULA. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak in support of the amendment.

(By unanimous consent, Mr. REGULA was allowed to proceed for 5 additional minutes.)

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the Reagan Gramm-Latta substitute to House Concurrent Resolution 115, as reported by the House Committee on the Budget. For 3 days, we have debated this resolution and the substitutes proposed to it. These days of debate are among the most significant of this session, because the vote toward which they are directed—the ayes and nays on Reagan Gramm-Latta—involve the economic recovery of this Nation.

The Reagan Gramm-Latta substitute is designed to slow the pace of sprinting Government spending, taxation, and regulation. Decelerating these Federal initiatives is essential to every State in the Union, including my native Nebraska. Perhaps for that reason, of the four substitutes brought to the floor, the only one which bears a bipartisan label is Reagan Gramm-Latta.

Compared to the Budget Committee version—and to the other substitutes—Reagan Gramm-Latta is the only comprehensive approach to getting Federal spending under control. That is because it combines budget cuts, tax-rate reductions, regulatory relief, and monetary restraint in one package, with the aim of achieving a balanced budget by 1984.

Rather than a patchwork of old methods threaded with novel enticements, Reagan Gramm-Latta is a new program. Nebraskans, for the most part, agree with the President that it is "time to try something new." After all, even with Reagan Gramm-Latta, we are facing an $81.75 billion interest payment on the national debt in fiscal year 1982.

The late Senator Everett Dirksen is reported to have joked, "A billion here, a billion there, and pretty soon you're talking about real money." You can be sure that, when appropriations for fiscal year 1982 are considered by the Appropriations Committee, I will view not only the billions but also the millions—and even the thousands and the tens—as real money.

With May 10, Tax Freedom Day, rapidly approaching, we would do well to reflect on the fact that, until then, the Nation's net output goes for Federal, State, and local taxes.

I could use this time to outline the figures in Reagan Gramm-Latta or, as I did last week to indicate the effects on my State of authorities and outlays for defense, energy, natural resources, agriculture, education, health, and veterans' benefits.

Let me say, rather, in the short time allotted to me, that the President's program—as reflected in Reagan Gramm-Latta—proposes to reduce the rate of increase in Federal spending, not to decrease the overall budget target. Cutting back on the rate of increase is a new approach. With Americans already working for more than 5 months of the year to fulfill tax burdens, let's work together—by passing Reagan Gramm-Latta—to keep Tax Freedom Day from moving into the dog days of August.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. I thank the gentleman for yielding. I rise in support of the amendment.

Mr. Chairman, today the House is debating a proposal which can have a dramatic and positive impact on our Nation's economy. We are being given the chance to vote for a substitute budget resolution which would alter the course of the Federal Government's deficit-ridden, inflation-fueling policies and take the first step to bring its spending habits, at long last, under control. The Gramm-Latta bipartisan substitute takes a realistic approach and recognizes that there are limits to the Federal Government's largess.

While recognizing legitimate human and defense needs, we can no longer afford to fund programs whose purposes are dubious, benefits negligible, or results unsatisfactory. Even some worthwhile programs and projects must be deferred. We cannot do everything at once. The Gramm-Latta bipartisan substitute budget resolution will enable the Congress to continue programs serving legitimate national goals while it maps a strategy for ending deficit spending which the citizens of our Nation have paid for with double-digit inflation for the past 2 years.

It should be stressed that the bipartisan substitute is not the devastating reduction in Federal spending some believe. Make no mistake, it does call for curbs on spending and will force some painful decisions upon Members of Congress. However, the substitute only reduces the rate of growth of Federal spending; it would, in fact, increase Federal spending over the current fiscal year level.

Much has been said and written about the impact of the Gramm-Latta bipartisan substitute on areas where the Federal Government has taken an increasingly active role in recent years: health care, education, aid to the poor. The bipartisan substitute does not ignore these needs. In fact, under the Gramm-Latta proposal, spending on human needs programs would be increased over the next 4 years.

I want to commend Messrs. LATTA and GRAMM for acknowledging the impact of outyear expenditures on the budget process. Outlays from prior-year contracts and obligations have risen because some Federal spending, such as that for construction and hardware procurement, takes place over a period of several years. Outlays from prior-year contracts and obligations have represented 16 to 17 percent of budget outlays in recent years. Only through careful scrutiny of these outyear financial commitments can any effective and long-term controls be placed on Federal spending.

It should be kept in mind exactly what it is we are being asked to vote on today. It is a broad plan to establish a sound fiscal policy—a framework—to guide the Congress in its consideration of programs, benefits, and appropriations for coming fiscal years. Specific program and funding issues raised by the administration will have to be considered by the appropriate committees and again on the floor during the months ahead. Members will still have the right and the opportunity to support or oppose specific legislative and spending proposals. However, I believe it is of the utmost importance that our evaluation of specific benefits and programs be carried out within the context of the lower spending targets which would be established by adoption of the Gramm-Latta substitute. If we allow ourselves the luxury of the higher figures for outlays and budget authority recommended by the Budget Committee, I feel certain this body will not be as diligent in slowing the growth of Federal spending or in tackling waste, fraud, and abuse in Government programs as we would be if working with the Gramm-Latta spending targets.

The American people suffer the twin burdens of high inflation combined with high taxes. Both must be addressed in bold, new ways—a slower growth rate of Federal spending to bring down inflation and substantial tax cuts. A major difference between the Budget Committee's resolution and the bipartisan substitute concerns their assumptions about tax cuts. The Gramm-Latta bipartisan substitute would allow for about $20 billion more in tax relief next year than the committee's proposal. Over the next 3 years, the committee's resolution would provide for only about one-third the total tax cuts figured into Gramm-Latta.

While tax reduction legislation will be considered soon by the Congress, I believe it is essential to signal the American people now that this body is firmly committed to acting on significant tax relief for the citizens of this Nation. The Gramm-Latta substitute allows for this action and I urge my colleagues to support it.

Mr. REGULA. Mr. Chairman, we have thus far focused on the numbers, and for a few minutes I would like to focus on the goals. A budget is a rather prosaic document, but it reflects the aspirations and the priorities of our people. I will never forget several years ago as a relatively new Member in this body when the distinguished commentator Howard K. Smith stood in the well on Flag Day and addressed this body. He began his remarks by saying, "Ladies and gentlemen of the House: The only reason there are not 225 million of us here today is because the room is not large enough."

He went on to say, "You are us."

There is a great wisdom in those comments. We are the people, and what we are talking about today are the goals and the aspirations of those we represent.

We have heard in the last several minutes about judgments being made on the pages of the Wall Street Journal and the Washington Post. I submit the most important judgment that has been made was that made on November 4. On that day the people of this Nation said, "we are not happy with what we have. We are not happy with the direction that this country is taking." Therefore, we have a responsibility to those who made that judgment to head in a new direction.

What are the goals of a budget resolution? First of all, it is to establish targets, to set a blueprint of fiscal policy; second, it is to establish the Nation's priorities; third, it is to create the tools that will allow this to happen.

In the amendment before us there is strong reconciliation language. It has been alluded to by several of the speakers. But I would point out that Chairman JONES in his comments said reconciliation "recommendations." It is not cast in concrete. The reconciliation language is a recommendation to the authorizing and the appropriations committees. Without strong language, it is not going to happen.

I know the gentleman from California (Mr. PANETTA), who did yeoman service last year in dealing with this problem recognizes the difficulties. It will be painful, but if we are to accomplish the turnaround in the direction that our country mandated on November 4, it cannot be without some pain.

A budget resolution should produce a climate that will cause real growth, growth that will improve the quality of life for the people of this Nation.

The budget resolution should provide for the military strength that we need to get to the bargaining table to get a meaningful, realistic, and fair Strategic Arms Limitation Agreement. We saw the evidence in the past 4 years of not having that strength, an agreement that was rejected by the majority party at that time in the other body, the party of the President at that time. We need a military budget that will cause negotiations to start on achieving a mutual balanced force reduction in Europe to allow nations to assign more of their own resources to help improve the quality of life for all people. We do need more money for defense, but let me say to you that I pledge as a member of the Military Construction Appropriations Subcommittee not only to get more money for defense but also more defense for the money.

We need a budget that will provide the economic base for the long term to insure that the social safety net will be maintained, that will insure that in the years ahead we will have the economic base that will produce the revenues in the local communities, in the States, and in the Nation to provide a high quality of education, to provide a high quality of services to the less fortunate, to the handicapped—as was mentioned earlier. To achieve those goals we have to have a strong economy. That is what we are talking about today—a budget resolution that will reduce Government's invasion of our personal and economic lives, a budget resolution that will improve the quality of life in the United States.

I personally think we are on the threshold of a great potential with this magnificent heritage called the United States of America.

I would like to quote from an editorial that appeared in the March 15, 1981, magazine Financial World by the editor-in-chief, Alfred Kingon. He says in part:

The Reagan program promises growth and a rehabilitation not only to previous high levels but, perhaps to the greatest vitality the nation has ever seen.

For years I have been saying here and elsewhere that the United States of America was going to reach a critical point of no return, and would be compelled to face fundamental and irrevocable decisions. That time has come. We are at that tiny moment in history that will be cited centuries hence as the American watershed.

The path has never been more divided, the choices never clearer.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Missouri.

Mr. COLEMAN. I thank the gentleman for yielding. We have talked a lot about proposed cuts in various programs, but I think we are underestimating the American people, the voters and taxpayers of this country, in thinking they are not serious about cutting back some of these programs. They spoke very loudly and clearly on election day. I think the people are willing to make the sacrifices individually in order to accomplish what is good for this country.

I am buoyed by the fact that every year I have asked this question in a survey I have sent out to my constituents: Would you be willing to give up benefits from the Federal Government, or see them reduced, if you knew it would balance the budget, slow inflation, and bring down Federal spending? This year I got the biggest positive response; 79 percent of my constituents said, "Yes, they were willing to make that sacrifice."

I think there is support for these cuts. The public is for it. It is the first comprehensive economic package presented to do the job, and we ought to go ahead with it and pass the Gramm-Latta substitute today.

Mr. Chairman, this past fall, when Americans went to the polls, they were confronted with a crisis of confidence, self-reliance, and leadership. Americans were clearly ready for a change and they said so. On Tuesday, November 4, 1980, they spoke loud and clear.

Their desires were simple. All they wanted was a change—a change in the economy and a change in the size and growth of Government. Even as Americans voted, the inflation rate was an astronomical 15 percent, interest rates had skyrocketed to 15 percent, unemployment was on the upswing, and the economy was in dire straits. Needless to say, voters were tired of the big spenders in Washington. They wanted less Government, less regulation, less interference, lower taxes, and a stronger foreign policy.

Today we are at a major turning point in our Nation's history. In 1980, our economy stagnated, There was no economic growth. Capital formation was extremely low. Inflation remained unacceptably high causing great harm to both individuals and the private business sector. Government spending and taxes both continued their unrelenting rise. The weight of this burden was greater on Americans than at any time in our Nation's history.

To remedy these problems and to restore a spirit of hope and optimism, President Reagan has prepared a bold and courageous plan for economic recovery. His budget proposals go right to the heart of these problems. The President's budget is a budget of determination to do what must be done. The American people realize this and are prepared to make the sacrifices that their President asks of them. In this respect, the Gramm-Latta substitute is supported, not just by the administration, but the American people. The old saying, "Don't cut you, don't cut me, cut the man behind the tree," is a statement of the past.

Americans are prepared to do everything they can to make the President's economic recovery program work. They feel that this proposal is fair and that when these cuts affect them personally, they know that they are carefully considered and truly necessary to the overall success of the program. Simply put, Americans are willing to make individual sacrifices for the good of the country.

President Reagan's proposal represents the first comprehensive economic package presented to the country and the Congress in decades. It strives to solve severe economic problems which have been long ignored. Without question, the President's proposal has the support of the vast majority of Americans and it deserves our support as well.

Personally, I am very heartened by the results of my most recent opinion survey. When asked the question, "Would you support across-the-board cuts in Federal spending even if it meant a budget reduction to programs you might benefit from?", the people of my district responded overwhelmingly, "Yes." I have asked this question for 4 consecutive years, and this year the positive response was higher than ever; 79 percent of north Missourians said they were ready to give up a benefit or a reduction in benefits if they knew it would go toward balancing the budget and slowing inflation. Mr. Chairman, .the issue before us today is clear. Will we support or ignore the mandate for change which was so clearly sounded this past November? If we do our duty, there is but one choice and that is to support President Reagan's economic recovery plan. I urge my collegues to adopt the Reagan backed Gramm-Latta budget proposal, and in doing so cast a vote for the future of America.

Mr. REGULA. I thank the gentleman for his comments. The American people do recognize we are at a watershed in history. We can achieve a greater future if we will each exercise some restraint.

The Reagan bipartisan budget plan is more likely to achieve the goals we talked about in that editorial—not perfectly, I agree. I and every Member in here would have some different priorities for example, less for defense and more for education but the important point is that it points our Nation in the right direction.

First, it shifts the priorities to establish a growth economy. Too long in this body and downtown we have had antigrowth attitudes. They have prevailed in the agencies of Government. They prevailed in the fiscal policies of this Congress, and the result was repudiated on November 4.

Second, it will reindustrialize America. In the past several months the word "reindustrialization" of America became almost a buzzword, but we should not lose sight of the fact that we need to accomplish that objective here. we have a budget that will do much to achieve that goal.

Trade Ambassador Bill Brock has just come back from Japan, and we have the Prime Minister of Japan visiting us. What Ambassador Brock bought was time. He got an agreement that will help the domestic auto industry to retool, to reindustrialize, to get new technology to make that industry competitive not only in the United States but in the world. What we have bought with the recent voluntary limitation on auto imports is simply time.

We also need to increase trade, and this budget resolution amendment is geared to that objective, to create the conditions where our industries and our businesses can compete in the world of free trade and can build from that point on.

Finally, we need to enhance productivity in our country. Witness after witness who appeared before the Committee on the Budget, liberals and conservatives, all addressed the fact that we need to increase productivity, that the flat growth of productivity, has been one of the cripplers in our economy.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. REGULA was allowed to proceed for 3 additional minutes.)

Mr. REGULA. Here we have a budget resolution, an amendment, that will accomplish that goal. We need to get back that productivity dividend that we had for 30 years after World War II that enhanced the quality of life, that allowed us to expand our education, and the many other

great social programs. We need a budget resolution that will create jobs—not temporary Government jobs but permanent private sector jobs—jobs so you can borrow money to build houses, jobs that you can use to achieve your goals, whatever they might be.

I am distressed when I read we have 17 percent unemployed among teenagers, and 36 percent among teenage minorities. The goal of the fiscal policy of this Congress should be to solve that problem on a permanent basis, not a temporary basis.

I submit that this amendment is designed to head this country in that direction.

Let me close by simply quoting to you what is obvious to every Member of this Chamber if you will look up above the press gallery, and that is the quotation of Daniel Webster when he said:

> Let us develop the resources of our land—call forth its powers—build up its institutions—promote all its great interests—and see whether we also in our day and generation may not perform something worthy to be remembered.

I say to you, Mr. Chairman, that today we have an opportunity to do exactly that with the amendment that is before this body.

Mrs. SNOWE. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentlewoman from Maine.

Mrs. SNOWE. I thank the gentleman for yielding. I fully support this first step in our efforts to revive the economy.

I happen to come from one of the 10 most impoverished States in the Union, and after factoring in the energy costs, it certainly becomes one of the poorest States. No one hurts more from stagflation than the poor and those living on fixed incomes, and the elderly. And no one will benefit more from a healthy economy than these groups of individuals.

I support the Latta-Gramm proposals. It is the first step in the right direction, and we need to take it now.

Mr. Chairman, in his recent address before the joint session of Congress, the President spelled out a clear choice for the Congress in its budget deliberations. I plan to support the President and vote for the Gramm-Latta budget proposal as a first step in our efforts to revive our economy.

The administration has fully embraced the Gramm-Latta proposal: As the President said:

> Reducing the growth of spending, cutting marginal tax rates, providing relief from overregulation, and following a noninflationary and predictable monetary policy are interwoven measures which will insure that we have addressed each of the severe dislocations which threaten our economic future.

There can be no doubt that we are facing an increasingly severe economic crisis. Federal spending, taxes, and inflation have exploded in recent years, and the Federal Government has been one of the major detonators.

In 1970 Federal budget authority was $212 billion; by the end of the decade, it had surged to $568 billion, or 23 percent of the gross national product. Unfortunately, revenues have not kept up with runaway spending. Consequently, the Federal budget was in deficit every year of the past decade. In 1970, the deficit was a modest $2.8 billion; in 1980 it was nearly $60 billion. These annual deficits have caused our total national debt to more then double in the past decade, going from some $400 billion in 1971 to nearly $1 trillion today. It cost this country $73 billion last year just to pay the interest on this trillion dollar debt. Obviously this profligate spending must stop, but it is not easy to bring to a halt the lumbering, voracious giant know as the Federal budget.

One of the greatest obstacles to fiscal discipline is the problem of entitlements spending mandated by law or contract. The share of the budget taken by entitlements has grown by two thirds in the past 14 years—from 36 percent in 1967 to 59 percent today. With 16 percent of the budget going to borrowing authority, guaranteed loans, and off budget agencies, less than 25 percent of the budget remains in direct control of Congress. One need only look at some of these programs to understand how massive and uncontrollable the entitlement problem has become. Food stamp costs have doubled in the past 3 years, from $5.2 billion in 1979 to $10.3 billion in 1981. Six million Americans were added to the food stamp roles in that period, so 23 million people, or 1 out of 10 Americans, now participate in the program. Medicaid is another disturbing example. Costs of medicaid rose from $5.2 billion in 1970 to $29 billion in 1981; an average of over $1,300 is spent annually on each medicaid recipient.

Uncontrolled Federal spending is a problem in itself, but it creates an additional problem, namely inflation. Lax monetary policies have resulted in a climate of continuing inflation. Inflation has grown from 1 percent per year in the early 1960's to nearly 13 percent in the last 2 years. In December we saw record high inflation of 13 percent and short-term interest rates of over 21 percent. The basic necessities—food, housing, clothing, and health care—have skyrocketed. For example, mortgage interest rates now average almost 15 percent, and more than 90 percent of those who rent cannot afford to buy a home.

Inflation also exacerbates the problem of high taxes. Inflation creates bracket creep, whereby individuals are pushed into higher and higher tax brackets after receiving wage increases designed to offset inflation. Instead, taxes offset the wage increase, as taxes rise faster than inflation. Every 10-percent increase in income produces an astonishing 15-percent increase in Federal personal income tax receipts. Federal personal taxes on each family have nearly quadrupled in the past 15 years, growing from $1,500 for an average family in 1965 to $5,500 in 1980. You do not have to be an Einstein to know that you cannot get ahead under such conditions.

Given these conditions, it is no surprise that savings rates have plummeted. In the late 1960's and early 1970's, Americans save between 7 to 9 percent of disposable income. In 1980, the rate had dropped to 5 percent. This appalling rate of savings contributes to a serious shortage of capital needed for investment, to improve productivity, and promote long-term growth.

This country faces significant economic problems, but they are certainly not insurmountable. A plan must be adopted to reduce Federal spending, cut marginal tax rates, provide relief from overregulation, and maintain a predictable monetary policy. Gramm-Latta is such a plan.

The Gramm-Latta bipartisan proposal contains $6.3 billion less in budget authority, $6.1 billion less in outlays, the same amount of revenues, and a deficit $6.1 billion lower than the Reagan plan. It is an effective bipartisan approach. Conversely, the Jones budget provides more of the same policies that created the economic quagmire. The Jones measure provides more spending than the bipartisan budget, and substantially less tax relief. In effect, Mr. JONES proposes to offer a lower deficit through higher taxes. This is unacceptable.

Some individuals have questioned the wisdom of the President's tax cut proposal, and would prefer to see a balanced budget before reducing taxes. I think a few points need emphasis. Actually, the President is not proposing to reduce Federal taxes, but only to reduce the rate of increase in taxes. A gigantic tax increase is built into the system, and the real question becomes one of reducing the amount of that increase. Without the President's proposal, Federal tax receipts will increase some $308 billion over the next 3 years. President Reagan wants to cut that increase by $136 billion.

The President proposes to cut individual tax rates across the board for 3 years. The tax cuts would be concentrated on the middle class; taxpayers with net earnings of $10,000 to $60,000 now pay 72 percent of all personal taxes, and would receive 73 percent of the benefits under the President's plan.

The President would also allow faster writeoffs of investments on new

plants and equipment. The combined reduction of personal and business taxes will provide vital incentives to work, save, and invest, because taxpayers will be able to keep more of the money they earn.

As this program returns economic autonomy to the taxpayer, it also returns decisionmaking authority to the State and local level. State and local governments will decide on their priorities, what services to fund and how to deliver those services. This in itself will produce savings and efficiency.

A number of people have expressed concern over the effect the cuts will have on the most needy. I am acutely aware of these concerns because I come from one of the poorest States in the country. In terms of per capita income, Maine is among the 10 most impoverished States; after factoring in the high cost of energy, we are actually the poorest State in the Union. I assure you that I understand the importance of acting prudently to protect the people of my State, and of the Nation. But we must remember that our problems did not evolve overnight and they are not going to go away overnight. This is the first step, not the final solution; but this first step is very important and we must take it now. The plan is not written in stone, it is likely that some adjustments will be necessary. The program will be scrutinized closely but it has to be given an opportunity to work. No one is hurt more by stagflation than the poor, the elderly, and those living on fixed incomes, and no one will benefit more from reduced inflation and a healthy economy.

I will certainly continue to monitor the program with the interests of my State and this Nation in mind. Today we start a New Beginning, tomorrow we will achieve a new success.

Mr. COATS. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Indiana.

Mr. COATS. I thank the gentleman for yielding. I rise in support of the amendment also.

Mr. Chairman, I would first like to respond to remarks made earlier by the gentleman from Oklahoma in which he referred to the fact that adoption of the administration-endorsed Gramm-Latta budget amendment would mean that we would have to eliminate the middle-class subsidy for the school lunch program.

I would like to suggest to the gentlemen that at a time when the Federal Government is running a $65 million deficit, at a time when the Federal debt is nearly one trillion dollars, at a time when taxes are so high that we destroy the incentive to earn and save and be productive, at a time when Federal regulations are so burdensome to American business and industry that they can no longer compete with other nations, at such a time as this, I would suggest to the gentlemen, this Government cannot and should not continue to subsidize the middle class.

The President's plan calls for the continuation of the school lunch subsidy for families of four with an annual income of $15,630 or less. This is a totally reasonable proposal. We are not seeking to cut off school lunches to poor or needy school children. We are simply saying that the Federal Government is broke—that we can no longer afford to pay for every possible program, even some desirable programs like school lunches, to the extent that we have done in the past.

I want to emphasize the fact that we are not ignoring the needy or taking school lunches away from children that are truly needy. We are merely saying that we can no longer afford—nor can we continue to ask the American taxpayer—to help finance school lunches for those families making $30,000, $40,000 or even $100,000 a year.

Mr. Chairman, I would also like to note that I have the great privilege to represent more than 500,000 people in north eastern Indiana. There are good, decent, hardworking people. These are people who have given an honest days labor for an honest day's pay, who have known the value of putting aside some savings and investment for the future, and who have believed in the American dream and hope for a better tomorrow.

What is this dream? What is this hope? It is nothing more than to be rewarded for hard work, for initiative, for being industrious. The hope that if I work hard, save some money, then I will be able to provide a better living for my family, that I can buy a house, educate, clothe, and feed my children and share in the wonderful freedoms of this country.

Yet in the last decade, the people of the Fourth District of Indiana have seen this dream and hope begin to slip from their grasp. They have witnessed a Federal Government growing larger than they ever though possible or necessary, an uncontrollable monster reaching into every life and every pocketbook to satisfy an insatiable spending habit. They see the special interests and the bureaucracy prospering at their expense, taking more and more of their hard-earned dollars, and depreciating the value of what they earned by printing phony dollars to cover the excesses of unprincipled spending.

I do not need to cite the grim statistics. The loss of earning power, the freezing out of the home market, the bankruptcies due to high interest rates, the debilitating effects of inflation. We all know the statistics. We all know that the day of reckoning is upon us. We all know that if we do not begin now to make meaningful changes, the opportunity may not again be ours.

Perhaps, as some would argue, Government is not the only cause, or even the major cause, of all this. But can anyone doubt that Government must take the lead to provide the solution? Can anyone doubt that the American people are looking to Government and to this Congress to provide badly needed solutions?

We speak too much of numbers, statistics, projections, dollars, earnings, spending levels, revenues, and economic assumptions. We speak too little of how to restore confidence and hope for the future. The American people have determined, whether or not some of our colleagues agree, that it is the President's plan that will finally get ahold of this runaway Federal monster. The American people have chosen to support and rest their hopes for the future on the President's plan. Can anyone in this House doubt which plan the American people support?

Can anyone doubt that substitution of any other plan will be perceived as a defeat for what the people so clearly asked for in November and what they now so clearly indicate they want out of this Congress?

I commend those Democratic colleagues of mine who join in support of the Gramm-Latta substitute, the President's plan. I commend them for recognizing the urgency of the hour and the desperate need to restore the hopes and dreams of the American people. For make no mistake, this Nation was built on hopes, dreams, and aspirations, not Government programs and Government spending. It is these hopes, dreams, and aspirations that we in the Congress must restore.

Mr. REGULA. Mr. Chairman, I yield back the remainder of my time.

Mr. OBEY. Mr. Chairman, I move to strike the requisite number of words, and I rise to oppose the substitute.

Mr. MARTIN of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. OBEY. Surely.

Mr. MARTIN of North Carolina. I thank the gentleman for yielding.

Mr. Chairman, let us look at the fundamentals: Fundamentally, there are two differences between the Jones budget of the Democratic leadership and the Reagan bipartisan substitute. Just two main differences. The Jones budget was passed by a packed committee, a budget committee with an excess ratio of Democrats, packed so as to insure that the committee would not report out the Reagan Economic Recovery Act—just as the Ways and Means Committee was similarly distinguished again by an excess ratio of Democrats so as to insure that the President's tax package be not reported by that committee.

Yet, there are two differences; first there is spending. Under the Jones partisan bill spending is $26 billion higher than under the Reagan bipartisan bill. That is all for continued growth in social programs, because the defense levels are the same, thanks to the Hefner amendment. That is a big difference, $26 billion.

The chairman of the committee asserts that his bill has a smaller deficit. Hmmm. Well, how do you manage to spend more, $26 billion more, and borrow less, with a smaller deficit? How can that be done? It is very simple: you just increase taxes. That is exactly what the Jones bill does, is defer tax relief so as to allow taxes to continue increasing due to bracket creep. That way they can increase taxes $31 billion as a way to finance their higher spending rates.

That is the two differences: the Jones budget increases spending and increases taxes above the President's proposal—by substantial amounts.

Much has been made of the impact of spending cuts, which will reduce the generosity of Government to every region and nearly every sector of Federal subsidy and low interest loans. That is one side, the negative side of the story advanced by those who want to preserve the so-called Great Society.

The other side is that if we can achieve the goals of the President and reduce the growth rate of Government, and reduce the inflation rate and interest rates and unemployment rates, then we will gain far more than we will lose. We simply cannot afford to rip more money out of the private sector in order to pay for the old policies of increasing dependency on Government.

No, we must cut spending and cut taxes, now.

Mr. OBEY. Mr. Chairman, I simply want to urge support for the Jones and the committee package in opposition to the Gramm-Latta amendment for three simple reasons: No. 1, I think you find in the Jones package a stronger attack on inflation; No. 2, I think you find a bit more social and economic justice in the Jones package than you do in the Latta proposal. I certainly believe that you find items which will be more helpful in providing productivity increases in the Jones package than you do in the Latta substitute.

□ 1230

I would like to say one thing about those who suggest that the Reagan budget is really going to get us to a balanced budget by the fourth year of his Presidency.

How many of us remember the optimism with which President Carter came in here, promising us the same thing. Within 4 years we were told, we were going to have a balanced budget?

I am sure that Ronald Reagan thinks that he is going to have a balanced budget in the fourth year of his administration. Every President does. There is nothing new about that. But the tragic fact is that people with the most experience at evaluating what happens in the economy have predicted that the President will not have a balanced budget under any year in his administration and, in fact, a number of them predict deficits which will be constantly rising over his 4-year term.

I believe under those circumstances we have a right to take a look in the most appropriate manner, which is on this budget resolution at the dangers that we face if the administration's package fails.

The problem that I see with the administration's package is that it has no fallback position. We have no idea what we will do to repair the damage if the risks we are taking under the Reagan proposal in fact proves to be too much for the economy.

I want to say just a word about the mandate which has been mentioned all too often on this floor. I do not believe that the election last fall was a mandate by the people of this country to take every line, every word, every dotted "i" and every comma of the President's proposal without reviewing it for details. I think elections are choices between individuals, and to the extent that they can communicate their differences on philosophy, I suppose to that extent they are also, then, choices between political philosophies.

What happened in this last election was very simple. People saw high unemployment, they saw high inflation, they saw high interest rates. They really did not understand, they never had effectively communicated to them, what the Carter administration was trying to do about those problems, and they were never really certain what the causes were, although they thought that Government deficits were a big part of it; and so what they did was opt for change. There were not many taxpayers running around the main streets of America saying, "I am voting for Ronald Reagan because I am just rabid about getting the Kemp-Roth tax cut."

In fact, if you look at public opinion polls today, you see that by a margin of 2 to 1 they are scared about that Kemp-Roth tax cut, and they would rather have a smaller deficit and a smaller tax cut than a larger deficit and a larger tax cut. And I agree with them.

All the Jones package is suggesting is that we take a little less than 2 percent of the money in the President's program in terms of actual spending and put it in places which will provide a little more justice. That is all that it does. And I would suggest that any time the President is getting 75 percent of his package and 98 percent of the overall spending pattern the way he wants it, he is getting the lion's share of the deal—far more than any other President that I can recall.

I would ask the Members this: What are your people going to say to you a year from now when they say, "We did not know that we were going to raise the cost under the Reagan proposal of student loans by $4,000 for every kid who borrows the maximum under the student loan program?" They do not know how many student scientists the Reagan budget is going to train at a time when our competitors are training more and not less. They do not know how many housing units are being cut out of the President's budget. They do not know the answer to a lot of these questions, and I submit that we have a right to ask those questions and the obligation to try to provide those answers before we vote on this package.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has expired.

(At the request of Mr. JONES of Oklahoma and by unanimous consent, Mr. OBEY was allowed to proceed for 30 additional seconds.)

Mr. JONES of Oklahoma. Mr. Chairman, if the gentleman will yield, I would like to express my personal appreciation to the gentleman from Wisconsin for his outstanding work on the Budget Committee.

As is known, the two of us were in a two-tie vote for the chairmanship and I won it by a very narrow margin. I can say, without any question, that the gentleman from Wisconsin has done what is good for America at every step of the way and has tried to do what is right for the country and put aside any partisan or other differences in this budget process. I want to commend him and thank him for all of his outstanding work.

Mr. OBEY. I thank the chairman, and I congratulate him for his leadership. It has been outstanding.

Mr. JONES of Oklahoma. Mr. Chairman, I ask unanimous consent that debate on the Gramm-Latta substitute be limited to 3 hours, the time to be equally divided between the majority and the minority.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. VOLKMER. Mr. Chairman, reserving the right to object, I would like to first inquire of the gentleman from Oklahoma, and the reason I make the inquiry is that some of us who have never said one word, basically, on this floor in regard to this piece of legislation in the many hours, and have counted the number of hours that some of the Members who have spoken on it, would like to know if there is any assurance that those of us

who are not on the committee and who have tried to say a few words would have the opportunity to do so, because even though there may not be anybody waiting to hear us, there may be an opportunity for us to have something in the RECORD.

Mr. JONES of Oklahoma. If the gentleman will yield, yesterday and today, various Members, including the gentleman from Missouri and the gentleman from New York, who is also standing, asked for time.

Mr. VOLKMER. Yes.

Mr. JONES of Oklahoma. Should there be a limitation, I would tell both gentlemen that time has been allotted for each gentleman to speak on this issue even if this unanimous consent request is adopted.

Mr. VOLKMER. Then I would be able to say a few words anyway.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. WEISS. Mr. Chairman, reserving the right to object, my concern is not really just for myself. As a matter of fact, there will be a lot of Members here who will think that I have already spoken too frequently and spent too much time in discussing this subject. However, the fact is that even though yesterday the request was to limit debate to 3 hours, 1½ hours on each side, the distinguished chairman and the distinguished ranking member of the committee, although they have spent a great deal of time, justifiably, on previous occasions in talking about the budget, took occasion, in the instance of the gentleman from Ohio (Mr. LATTA), of speaking for 51 minutes and, in the instance of the gentleman from Oklahoma (Mr. JONES), for 37 minutes, to make their positions even clearer.

It seems to me that, when we are discussing a subject as important to the Nation as this, we really ought to allow every Member who wants to speak the occasion to do that. So the debate will go for an extra hour or two. Perhaps we will not even use the 3 hours, I do not know. But I think it is unseemly, really, to try to curtail debate at this point.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, perhaps we could have a better resolution of the time, and may I suggest to the gentleman from Oklahoma that he may provide in his motion or in his unanimous-consent request that no Member who has already spoken on the issue would have the opportunity to take the floor. I think we could probably get rid of this pretty fast.

Mr. WEISS. Mr. Chairman, further reserving the right to object, in the same way that the distinguished chairman and the ranking member found it necessary, in spite of the fact that they have spoken at great length, to speak again at great length, I do not think that any Member ought to be put into that kind of straitjacket. Perhaps we will use less time if we just proceed and in fact debate it.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, while the gentleman makes a good point, this budget was supposed to have been voted on yesterday, and there are a lot of Members who have to leave here late this afternoon. I think that the request to limit the debate is appropriate, with the understanding that everybody who wants to speak on the issue, particularly those who have not talked, are given that opportunity.

But I do think that, given the hour, it is not altogether unreasonable.

And I have also watched the gentleman from Oklahoma, and half of his time was yielded to other Members of this body who wanted to speak on the matter.

Mr. WEISS. Mr. Chairman, further reserving the right to object, again I do not know what the rush is. Under the statutory timetable, the deadline for adoption of this first concurrent resolution on the budget is May 15. This the 7th of May. So it seems to me that we have ample time. Certainly, the impact of this budget resolution is going to be felt for a long, long time.

Mr. LATTA. Regular order, Mr. Chairman.

The CHAIRMAN. The Chair will restate the unanimous-consent request.

The unanimous-consent request is that all debate on the Latta amendment end in 3 hours, that the time be equally divided and equally controlled by the gentleman from Oklahoma and the gentleman from Ohio.

Is there objection to the request of the gentleman from Oklahoma?

Mr. WEISS. I reserve the right to object, Mr. Chairman.

The CHAIRMAN. The gentleman will briefly state his reservation.

Mr. WEISS. Mr. Chairman, there are a number of Members who spoke to me earlier today who, because we have allowed committees to engage in markup sessions, said they would be coming back later today to participate. I think it would be unfair to curtail debate at this point.

Mr. Chairman, I object.

The CHAIRMAN. For what purpose does the gentleman from Ohio (Mr. LATTA) rise?

Mr. LATTA. Mr. Chairman, I move that debate on the Gramm-Latta substitute be limited to 3 hours, the time to be equally divided between the majority and the minority.

The CHAIRMAN. The Chair would advise the gentleman from Ohio that any motion cannot include the allocation of time. A motion would be appropriate if it simply limited the amount of time but did not state the allocation.

Mr. LATTA. I make such a motion, Mr. Chairman.

The CHAIRMAN. Is the gentleman's motion to limit the time on the gentleman's amendment to 3 hours?

Mr. LATTA. To 3 hours.

The CHAIRMAN. The question is on the motion offered by the gentleman from Ohio (Mr. LATTA) to limit debate to 3 hours.

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. VOLKMER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1245

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members having responded, a quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Missouri (Mr. VOLKMER) for a recorded vote.

A recorded vote was refused.

So the motion was agreed to.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Under the precedents, the Chair is entitled to exercise his discretion to allocate the time equally, 1½ hours to be controlled by the gentleman from Oklahoma (Mr. JONES) and 1½ hours to be controlled by the gentleman from Ohio (Mr. LATTA).

The Chair recognizes the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I yield to the gentleman from Indiana (Mr. BENJAMIN).

Mr. BENJAMIN. Mr. Chairman, the Latta substitute denies the Federal interest in transportation derived from the constitutional directives that the Federal Government regulate inter-

state commerce, establish postal roads, provide for the national defense, and promote the general welfare.

Transportation is undeniably the backbone of the Nation's defense and economy. Any plan for a coordinated national transportation policy which is freely competitive and compatible with the public interest while internally equitable in its treatment of competing transport modes has and will require public assistance. Public funds were required for the construction of westward highways in 1806, improvements of rivers and harbors in 1824, railroad building in 1840, and will be required for automatic rapid transit, rapid surface rail and jet aircraft in the remainder of this century.

Budget authority for the Federal transportation function was $18.2 billion in fiscal year 1980. The final authority for this fiscal year was projected at $24 billion by the previous administration, $25.1 billion by the House Budget Committee and $24.8 billion by the pending amendment. The dramatic change is projected for fiscal year 1982.

The previous administration recommended $24 billion for fiscal year 1982. The House Budget Committee trimmed this projection by $2.65 billion to $21.35 billion. The Latta amendment reduces the transportation function to $20.2 billion. Otherwise said, while the House Budget Committee cut 11 percent, the Latta amendment cut 16 percent from the original transportation budget submission.

Like most other Members of this august body, I am not inclined to support higher budget allocations in any spending function unless absolutely vital to the Nation's development. However, like the distinguished gentlemen from California who spoke in previous days, Chairmen ANDERSON of the Surface Transporation and MINETA of Aviation Subcommittees, I am not willing to dismantle the U.S. transportation system, patchwork though it be.

I pointedly advised the Secretary of Transportation of my apprehension that Democrats would visualize transportation as public works and Republicans as social service with the end result being that it would fall through the gap, never to be recovered, although transportation constitutes 20 percent of the national economy and until recently, 3 percent of the national budget.

Within the past 20 years we have circumscribed an entire policy. President Kennedy attempted to define a national transportation policy. President Johnson attempted to implement a national transportation policy. President Nixon attempted to consolidate the working aspects of transportation. President Ford attempted to reduce the national commitment to transportation. President Carter attempted to remove the economic regulation of transportation while continuing Government promotion. Today, the Latta amendment seeks to dismantle the national transportation network and terminate the Federal interest.

Hearings have been conducted since February on the administration's proposal. It has become evident that the theory by which the administration proceeds is that transportation is inherently a private sector responsibility and if not assumed accordingly, the burden falls upon States and local government units. If resources are not available, then the Federal Government should proceed with the employment of user charges.

I have no reluctance to have the private sector, State or local governments participate to the fullest extent in developing and maintaining the national transportation network. Unfortunately, these responsibilities were, for the most part, theirs at one time or another. Their failure to handle the responsibilities compelled the Federal Government to assume its present posture on behalf of all Americans.

Generally, this administration intends to severely curtail available resources but offer advice. It believes that public entities cannot handle aspects of the transportation program efficiently. To compensate for this perceived inability, the Department of Transportation intends to hire experts, presumably from the private companies that originally could not make it in transportation, to teach the public entities how to be more efficient. This effort betrays all sense of history.

Mr. Chairman, the signals are confusing. We were originally told that the administration's proposal was hastily compiled and the mix was subject to modification following hearings and appropriate study. We are now told that the mix is fixed and any modification would be arbitrary and capricious. Likewise, the Congress is advised that it must support the Latta amendment or the Nation will self-destruct. On the other hand, to persuade the hesitant and cautious, the administration is privately advising Members that transportation projects and activities in their districts or areas of concern will be protected and there may be other ways to get the bottom line other than cuts.

Contrary to these confused signals, be assured that what you see is what you get. For instance, the essence of the difference in the House Budget Committee and Latta recommendations is $179 million less for Amtrak, $300 million less for Conrail and $260 million less for mass transit. This would provide for the disposal of Conrail, limit Amtrak basically to the Northeast corridor, and reduce tier 1 operating subsidies for all mass transit systems by 30 percent, meaning such losses as $45 million to New York City and $10 million to Philadelphia.

Some of the consequences of the Latta proposal are:

First. Mass transit operating subsidies will be reduced immediately by 30 percent in tier 1 and phased out by 1985. As the Federal Government reduces subsidies for transit operating expenses, State and local governments and transit operators will face decisions on whether to: raise State and local subsidies; increase transit fares; or reduce services.

Second. Reduction in Amtrak fare subsidies leaving operation basically viable in the Northeast corridor.

Third. Elimination of Federal support for low-volume railroad branchlines.

Fourth. Eliminating subsidies for airport and airway users. An increase in aviation user taxes is to begin in 1982. The administration also proposes a ticket tax, freight waybill tax, and other miscellaneous taxes. This proposal follows the Federal Government promise to the taxpayer that energy and transportation costs will decrease due to the windfall profits tax and deregulation.

Fifth. Elimination of the airline subsidy program for airline development. The 406 program was created in 1938 in order to develop the air transportation industry in the United States and to improve mail service. The administration proposes to substitute the 419 program which was created to guarantee air service to communities served by no more than one airline.

Sixth. Termination of funding for and sale of Conrail.

Seventh. Reduction of Federal highway construction grants. The administration proposes to stretch out and slow down construction of lower priority highway projects.

Eighth. Reduction in Federal mass transit capital grants. The revised administration budget reduces funding levels for mass transit capital grants. The budget savings are primarily achieved by reducing the amount of funds for constructing new rail transit systems and extending existing systems. No new starts or extensions or planning activities associated with such systems will be federally financed. Downtown people mover and urban initiatives are terminated but urban initiative projects under construction may be completed.

Ninth. Reduction of airport construction grant program. The administration's budget assumes passage of legislation to reduce the annual funding available for airport construction grants during 1981–86 by 33 percent.

Tenth. Reduction of highway safety grants program to include elimination of funding to States for the enforcement of the 55-mile-per-hour speed limit.

Eleventh. Elimination of the highway beautification program which includes junkyard and outdoor advertising control which provides Federal participation in payments made for the relocation, removal or disposal of nonconforming junkyards, and outdoor advertising signs and sites.

Twelfth. Elimination of the national scenic and recreational highway program known as the Great River Road being constructed within the 10 States bordering the Mississippi River in a single continuous route from Lake Itasca, Minn., to Venice, La.

Thirteenth. Elimination of the territorial highway program which assists the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands in the improvements of their highway systems.

Fourteenth. Elimination of the access highways to public recreation areas on certain lakes.

Fifteenth. Elimination of the waterborne transportation demonstration projects.

Sixteenth. Elimination of the Notre Dame-Vought cooperative research project on cold weather effects on AGRT systems.

Seventeenth. Elimination of railroad-highway crossings demonstration projects.

Without question, other areas of transportation concern will also be reduced or eliminated.

For the past few days I have been hearing public witnesses relate areas of concern that must be addressed for a viable national transportation network. Many, similar to my colleagues, want higher funding for their concerns but a reduced transportation function. The height of audacity was the testimony of one such witness on behalf of many of the Nation's leading businesses who support the Latta amendment. This business spokesman urged transportation appropriations greater than that allowed by the House Budget Committee resolution—yet he supported the smaller Latta transportation function.

Mr. Chairman, the pie is only so big. Regardless of the ideal size of each slice, there just "ain't" any way that the Latta amendment can accommodate the basic and minimal needs of transportation.

In essence, the House Budget Committee transportation figure can never solve the transportation needs of the country. It is $2.65 billion lower than the austere budget proposal of January 15. On the other hand, it is $860 million more in surface and $305 million more in air transportation than Latta. The difference, practically minute in terms of overall budget authority, means the difference between a workable and a dormant transportation program.

From that famous old and venerable hymn, may we fight our country's battles in the air, on land and sea, because it is a fight for right and freedom to keep our honor clean—the honor of one nation united by its transportation system not dismantled by the Latta amendment—a loss from which we could never recover.

Mr. SIMON. Mr. Chairman, first of all, I want to join in the commendation to the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES). He has done an exceptionally fine job in pulling a package together and I am proud to serve under his leadership and to follow him on this matter.

I would like to briefly make five points: One, economic assumptions are not frivolous. They go to the heart of what we are talking about. The Reagan-Latta program makes the assumption that starting October 1, for fiscal year 1982, we will have 8.9 percent average interest rates. Yesterday, my friends, yesterday 3-month Treasury bills were selling for 16.45 percent. Let us not live in a dream world.

There is a basic inflationary thrust here in the Latta proposal, in the administration proposal, that should not be escaped. It is just a little complicated, but let me point out that we have twice before gone through very substantial escalations in defense expenditure, once during the Korean war when Harry Truman said let us put some taxes on and pay for this. We kept inflation down.

During the war in Vietnam President Johnson, somewhat understandably was reluctant to ask for a tax increase, and every economist will tell us that is one of the reasons for inflation right now.

Now we are being asked in the next 5 years to have a rate of increase in defense expenditures, including the inflationary impact, triple the rate of growth from 1965 to 1970. Anyone who examines those statistics, who does not recognize a basic inflationary thrust in this budget, misses an extremely important point.

I do not believe the people in my district—and I am getting the same mail as those in North Dakota, Texas, and everywhere else—I do not believe the people want us to be a rubberstamp. If we accept the Latta amendment, we will for the first time in the history of the budget process have accepted the rosy assumptions of an incumbent administration. We did not do that under Jerry Ford. We did not do that under Jimmy Carter. But now, for the first time, we will be doing that.

Third, and I appeal to all my colleagues, the question of equity and balance. Most of us who are Members of the House could be earning more money doing something else, but one of the reasons we are in this House is that we get some personal satisfaction out of doing some things. I ask my colleagues to take a look at that equity and balance question.

I was in Metropolis, Ill., and a woman came up to me wearing some clothing that indicated she had economic problems and she said, "I am trying to get by on social security." She said, "I am just barely getting by. I don't know how I am going to pay my light bill this month." Then she asked me, "Is it true you want to take away my $14 worth of food stamps?"

I thought to myself that is what we may be doing and then giving me and all of us here in Congress a 10-percent tax cut. Equity? I do not think it is there.

If this amendment is adopted, I do not think we can go back and view the handicapped people in the communities where we serve and say with pride, "I cut handicapped education by 25 percent." To my friend, the gentleman from Ohio (Mr. LATTA), who says, "Don't you trust the States?" let me just take the Members back a few years when those States were providing education for only 30 percent of the handicapped of this Nation. What about your senior citizens? Are we going to say to them with pride, "We are cutting back on your nutrition programs?" Or school lunch programs, when you see that boy or girl walking down the street, are we going to say with pride, throw our shoulders back and say, "I had a part in denying that boy or girl school lunches." I do not think we are going to do that.

I saw the "Dear Colleague" letter of our colleague from Montana (Mr. WILLIAMS).

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has expired.

Mr. OBEY. Mr. Chairman, I yield one additional minute to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. There are a host of other areas where we have inequities. The American Indians represent less than one-half of 1 percent of the American population. They get 2½ percent of the cut. Seven hundred thousand students, roughly, are going to be denied help under this program. I have a host of notes here that I am going to have to skip because of time.

Let me conclude by saying it is tough to build. It is easy to wreck. What we are being asked to do in this budget is to wreck, wreck, wreck, wreck.

If this amendment is adopted, and apparently it will be if the newspaper accounts are correct, it will be a grim day for this Nation.

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I yield to the gentleman from Wyoming (Mr. CHENEY).

Mr. CHENEY. I thank the gentleman for yielding.

I rise in support of the bipartisan substitute.

Mr. Chairman, I rise today on behalf both of myself and of the House Republican Policy Committee, of which I am chairman. The Republican Policy Committee Monday unanimously endorsed President Reagan's bipartisan budget resolution pending here today.

The members of the committee did so for clear and compelling reasons.

Our economy is on its knees. There is no greater task facing Congress than the restoration of the economic health of this country. Interest rates during the past 4 years have soared. Unemployment shot upward to the point where now almost 8 million men and women cannot find work after 4 years of economic stagnation. And the mounting Federal deficit continues to eat up funds that should be devoted to business modernization and expansion, to help create those needed jobs.

The cause for our economic plight is simple. Our Government fuels inflation and stifles the economy in the most basic way—it spends too much. It spends too much because it is too big.

On leaving office, President Carter presented us with spending plans calling for a fiscal 1982 budget increase of some 11.6 percent—up from $662 billion in fiscal 1981 to $739 billion in 1 year.

President Reagan's bipartisan resolution proposes simply that the rate of growth of the Federal budget be slowed to a manageable 6.1 percent and that Federal spending be limited to $688.8 billion next year.

It is a proposal that will control Federal spending, reduce the rate of growth of taxes, provide for a strong national defense capability, and stimulate the economy to provide those badly needed jobs.

Mr. Speaker, one of the most important events that has happened since this Congress convened in January came a few weeks ago when we went home for our 2-week spring district work period.

I believe there is not a Member in this Chamber who did not hear loud and clear from the overwhelming majority of their constituents that they want President Reagan's economic proposals adopted. They want to know that we got the message they delivered all across the Nation last November 4.

It is the message being delivered by the countless young couples who cannot buy family homes because of interest rates, which have averaged 15 percent for the past 1½ years and more.

It is the message being delivered by the hundreds of thousands of unemployed auto workers who have been laid off because their industry is stalled in its attempts to meet needed changes due to the high cost of money.

It is the message being delivered by State and local governments which are cutting back on services because they can no longer sell their bonds in the current economic climate.

We are facing a national problem. It is not a problem for the Republican Party, or the Democratic Party. It is a problem for the United States of America. It is a problem that transcends partisan considerations. And the solution demands support from both sides of the aisle that separates this chamber.

That is the message we all heard when we returned home for that district work period.

The American people want to give President Reagan, and his programs, a chance. They know the answers of the past 30 years and more have not worked. They know that, worse than failing, those programs have been the root cause of the economic crisis we now face.

They want to chart a new course, to try something different, and they want the package that President Reagan has proposed.

The American people are watching what we do here today. They want us to act, and to act now.

For those American workers and taxpayers are the ones who will suffer, and ultimately pay the bills, if we fail. Only a fullfledged program of national economic recovery can break the 30-plus year cycle we have fallen into, and that is what President Reagan has offered us in the bipartisan budget resolution.

Mr. Speaker, as President Reagan said in his moving address to the joint session last week, "the time for action is now."

Mr. FRENZEL. Mr. Chairman, this House is about to face its moment of truth. We have already endured 6 days of debate, all of it instructive, on this budget. The few points that I want to make in favor of the Latta-Gramm amendment are therefore not new, but I think they deserve restatement today.

First, the vote on the Latta-Gramm amendment is a big one. If the President's proposal is not the vote of the half century, it is at least the vote of the decade. On this issue one can run, but one cannot hide.

Second, this is a vote to reduce spending. Make no mistake about that. Whatever we think about the President's tax proposal, whatever we think about specific programs that concern each of us, this vote will universally, and correctly, be interpreted as a vote to cut spending generally. On the basis of this vote the Congress will be classified into two groups, those who want to spend more and those who want to spend less. The issue is that simple.

Third, there is a difference. The Latta-Gramm amendment spends $25.7 billion less than the committee resolution. Never mind the economic assumptions or the economists who make them, the recalculations, or other clever arguments. It all boils down to a $25.7 billion difference.

Fourth, compassion has not gone out of style. It is not a compassionate act to lay a 14-percent inflation rate on every individual in our society. It is not compassionate to spend the tax money of the working poor on programs of doubtful value. Only a healthy economy can provide the job opportunities we need. Only a healthy economy can guarantee improvements in the quality of American life.

Fifth, it is an easy vote, but it will inevitably cause harder choices later. This vote only establishes the aggregate limits. Support for the President today is popular. That is what makes this an easy vote. But the individual program choices it will force in the future will be much more difficult.

□ 1300

Sixth, the Budget Committee made a serious effort. I join the other Members in my congratulations to its chairman. It did good work to reduce spending, but it fell short, $25.7 billion short, to be precise. It also allows taxes to rise, hardly what the voters had in mind in November.

Finally, we have a great opportunity, a chance to turn our economy around, to reduce inflation, to get the Government off the backs of the people, and to get our economy growing again. We cannot afford to let that opportunity pass. As the President told us, the people are watching and waiting.

Mr. RINALDO. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from New Jersey.

Mr. RINALDO. Mr. Chairman, the No. 1 problem facing all Americans today is inflation. This serious economic disease has crippled businesses, particularly the auto, housing, and construction industries, and has wiped out the wage increases of millions of American workers.

The average worker's hourly earnings, after adjustments for inflation, are lower today than they were 6 months ago. During the same period, 6,000 businesses have been forced to close their doors and 8 million people remain unemployed. Those living on fixed incomes, particularly elderly retirees, have been the hardest hit by the steady increases in prices.

There is widespread agreement that deficit spending by the Federal Government contributes heavily to rising rates of inflation. The Federal Government's need to borrow continually to finance the deficit has driven interest rates to a level that puts home

mortgage and other loans beyond the reach of all but the wealthiest Americans and the largest businesses. The Government's need for constantly growing revenues drains the Nation's productivity by demanding an ever-increasing share of the gains realized by workers and businesses.

No solution for the problem of inflation has been proposed that would not involve a sizeable reduction in Federal spending and a redirection of the Federal Government's financial policies. President Reagan has offered a course of action that would not only reduce Federal expenditures, but would also return spending decisions to the State and local governments that are closer to the people.

The President made this economic recovery program the centerpiece of his election campaign. His landslide victory last November indicated the will of an overwhelming majority of Americans that his plan be put into effect and allowed to work. A substantial majority of my own constituents have expressed the view that the economic plan proposed by the President should be implemented to curb the underlying problem of inflation. Of 18 municipalities in my district, almost all of the local governing bodies have formally passed resolutions supporting the President's budget cuts.

Admittedly, I have serious reservations about specific program reductions recommended by the President in the areas of mass transit, education, social services, health, and low-income energy assistance. It is unfortunate that the majority-controlled Rules Committee has denied us the opportunity to amend the provisions of the only two versions of the budget resolution that have attracted widespread support in the House.

After careful consideration of both the Gramm-Latta proposal and the budget resolution approved by the House Budget Committee, it is apparent to me that the Gramm-Latta version of the budget represents the only opportunity to carry out President Reagan's economic recovery program. The Jones committee version of the budget makes many of the same reductions originally requested by the President and included in the Gramm-Latta proposal. Both versions, for example, assume that public service employment under CETA will be terminated. The figures for veterans' benefits and services are the same for both versions. Outlays for national defense would increase under both the Jones and the Gramm-Latta versions of the budget. The Jones version of the bill assumes adoption of the President's proposals for reforms in welfare and unemployment insurance programs.

The Jones version of the budget makes these cuts in programs without going the whole way toward a rational fiscal policy that will reduce inflation. It is a half-way measure designed to placate demands for lower spending while preserving the economic status quo to the greatest possible extent. The present economic situation is detrimental to the majority of Americans, however, and they have given us a mandate for substantial change.

Under these conditions and in view of the national directive for a cutback in Federal spending, I feel that the President's program should be given a chance, and I intend to vote for Gramm-Latta. However, I also feel it is incumbent on Congress to take the lead in correcting any inequities or shortcomings in the plan as it goes from the drawing board to reality. In particular the authorization and reconciliation process should be used this year, and any other fine tuning that is required should be included in next year's budget so that the burden falls equally upon all regions of the country and all programs.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, after weeks of reading volumes of information, listening to my colleagues debate and communicating with my constituents, I have reached the conclusion that, of the two real options before us, I must come down in favor of the resolution recommended by the Budget Committee, the so-called Jones budget.

I have no quarrel with the President's commitment to cutting Government spending. I embrace that goal. I know that there is a strong, patriotic sentiment surrounding the Gramm-Latta substitute. I am patriotic, too, and I have serious reservations about the implications that Gramm-Latta holds for our Nation's economic future.

I have come to believe that balancing the budget is imperative if we are to deal with inflation and bring interest rates down from their obscenely high levels today. And that is a concept which many of my colleagues who endorse Gramm-Latta have believed in as well. But, Gramm-Latta does little toward balancing the budget, and, indeed, projects larger deficits than does the committee proposal. Gramm-Latta projects a 1982 deficit of $31 billion; in fiscal 1983 that would be $14.5 billion and there would be a balanced budget in 1984. Using the same economic assumptions as were used in developing the Jones proposal, those figures would be $43 billion in 1982, $50 billion in 1983, and $59 billion in 1984. The Jones budget, on the other hand, projects a $25.6 billion deficit in fiscal 1982, $1.3 billion in fiscal 1983, and, not only a balanced budget, but a surplus of $25.8 billion in 1984. And, remember, to retire the huge debt we have accumulated over the years, we are going to need some surpluses.

Further, because of the underlying assumptions on which Gramm-Latta is based, it is entirely possible that the deficits will be even greater than the projections which its supporters foresee. The Gramm-Latta substitute assumes an interest rate of under 9 percent during fiscal 1982, and I would remind you that the current prime rate is 19 percent. It assumes an inflation rate of 8.3 percent. The Jones budget makes different assumptions. It is based on an interest rate of 12 percent for the same period and an inflation rate of 10.4 percent. The substitute's overly optimistic assumptions could lead to billions in hidden deficits in the 1982 budget.

The substitute's 10-percent across-the-board tax cut also troubles me. It would put more money in circulation, and that is—without question—inflationary especially when it is financed by greater deficits. It also favors the very rich. The committee resolution targets tax cuts at those in our economy that need them the most, including middle-income Americans, at encouraging savings and at addressing the critical problem of helping business provide jobs and revitalize our industrial base.

Some are saying vote for Gramm-Latta and then oppose the tax cut proposal which it embraces. At best, that is sloppy budgeting. At worse, it amounts to deceiving the American public. Even if Congress passes the budget resolution premised on a large, across-the-board tax cut, I can foresee the time when we will have to renege on the tax side because of the pressure of growing deficits. That is the deception of which I speak.

Again, I agree with the President that we must cut spending. The committee cuts more than 75 percent of what the President proposed. Mr. Reagan has won a major victory in getting Congress to accept such a sizable majority of his budget cuts. I would vote for virtually all of the cuts and possibly more in total dollar figures. In fact, if the Gramm-Latta substitute were coupled with a reduced tax cut so that we could achieve a budget without deficit, I would be voting on that side of this question. That and only that will, in my judgment, bring interest rates down.

We are told that supporting Gramm-Latta is symbolically a vote for cutting spending. I am more than symbolically for cutting spending. I am serious about results. If that substitute passes, I am convinced that we will have large deficits and more inflation. Then the American public will wonder why all those cuts in spending have not lowered inflation and balanced the budget and why all those tax cuts have not helped put money in their pockets.

Then we have to go back home and tell our constituents, "Well, we voted for Gramm-Latta because it seemed the patriotic thing to do. It was symbolic mostly." And they will rightly question what good symbolism did for them and for our economy.

Today, I vote for the Jones budget proposal because I simply believe that my constituents want less inflation, lower interest rates, and a balanced budget. They do not want symbols; they want the real thing.

But, whatever happens, I will support the final version of the budget resolution reached as a result of the debate and votes this week. Our country clearly needs a budget resolution in place so we can get on with the work of cutting spending and getting our economy back in shape.

Mr. Chairman, I have agonized over this vote, and I think unless one is a knee-jerk partisan of either party, it is a question of agony. I feel like the American Express ad, where the couple loses their American Express traveler's checks, sees Karl Malden and asks, "What will we do?"

For the last 2 weeks I am trying to figure out, what will I do.

I support the spending cuts of the Jones budget, and could also vote for the cuts in the Gramm-Latta substitute, but this issue relates to much more than spending cuts. That is half the issue. The other battle is the tax and deficit part of the picture.

Now, can I vote symbolically for the President, whom I truly think has done more to cause us to think about reducing spending than any other President in my lifetime, and then go take a walk on future tax issues, on future appropriations bills, as has been suggested? I think intellectually I cannot do that. I applaud and support the spending cuts, but the other side of the picture, the big deficits and the high interest rates which may be caused by these enormous tax cuts, is an enormous gamble to take, and it is not a gamble that I think there are very good odds on right now.

The interest rates that are going up are not going up just because Paul Volcker is tightening the economy. They are going up partly because the financial markets are worried that the Kemp-Roth tax reduction bill and the very large deficits that it may create might cause those interest rates to go much higher, even into the middle twenties, which is something our small business people and agricultural people cannot stand.

All I am saying is this: We have done a good job reducing spending. That is a tribute to President Reagan. But if you vote for the Gramm-Latta package you are accepting the entire package; you are accepting the tax cuts; you are accepting the deficits. I cannot do that right now. I applaud spending reductions, but I urge my colleagues, when considering the two real options before us—the Jones budget or the Gramm-Latta budget—to vote for the Jones budget.

Mr. BETHUNE. Mr. Chairman, I yield 4 minutes to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, I certainly want to commend the gentleman from Kansas for his statement, but I do disagree that if you do vote for the President here, that you have to take a walk when the critical votes come. I intend to vote with the President, but I intend to fight for some changes. I was one of a few that had courage to vote against the Bauman amendment last year on Federal retirement benefits. I have the courage to make tough votes to cut spending. Yet I will fight hard against unreasonable cuts as I will now state.

Mr. Chairman, I would like to tell you a true story. Night before last, I had a nightmare. I had just returned from the theater where I saw the Winslow Boy; a story of an English family, nearly destroyed fighting for the principles in which it believed. In my dream, I, too, was involved in a struggle for principle. I was being chased by a car, containing men who sought to do me in. I woke in a sweat with a racing heart. That night, I was sure it had been the White House limousine. After last night's debate, I am not so sure it was not from the majority's carpool.

When I examine the budget alternatives I ask myself: why all the anguish? All the outlay spending totals, even those of the Black Caucus, are within 1 percent of each other in fiscal 1982, in an apples and apples comparison.

In the various function levels, the Jones proposal also has substantial cuts. The levels, and the programs, could be adjusted in formal compromise with more humane and reasonable results. The Jones-Rostenkowski tax package is startling in its nature. It recognizes the need for supply side economics. It recognizes the need to restrain deficit spending. Mutual ground can be found. I commend Chairmen JONES and ROSTENKOWSKI for their efforts. Many on my side find their proposals acceptable, if not preferable. A year ago, would anyone have thought we could be this close? Where then does the problem lie?

Chairman JONES informed me the White House made no effort to reach an agreement. Dave Stockman told me that Mr. JONES made no effort. My suggestion and position that the White House should spearhead the compromise, and that the failure to compromise would backfire next year, led to unpleasant events which I want now to forget.

Now that victory on our side appears to be at hand, there is a fervor among some Republicans for unconditional surrender—no compromise. On the other side, there is a feeling, a prevailing one I am afraid, "give them everything they want, make them stick to it—and then stick their noses in it when the results really hurt in 1982."

What concerns me is when we are in a position, when the sides are so close, where compromise is possible—where a national consensus is reachable as at no time in recent history—would it not be better to get together—to settle our petty party motives—and consider the people we were elected to serve.

In anticipation of my voting with the President today, and Mr. OBEY yesterday, I was criticized last night for inexplicable inconsistency. If viewed substantively the way I would have liked to view these votes, my positions would be inconsistent. But the issue before us today has been converted by the President's incredibly successful speech, powers of persuasion, and even unfair economic comparisons, to a vote on whether or not we support the President's overall economic strategy.

Yesterday, I voted for the version of the budget which I felt best for my constituents, consistent with the President's program. Today, I am voting to show my support for the President's overall program. I am doing so because I have faith that the President will rise above the urge to obtain total surrender—that he will work to reach a national consensus, as he has told my colleagues he would do.

I urge all of you to join me, trust him. I have criticized the White House for turning this vote into a symbolic decision, but that is what has occurred. Let us today show our support for the economic recovery program, and then fight together to get those compromises that will give us the national consensus which is needed to get us through the difficult year ahead.

The CHAIRMAN. The time of the gentleman from Vermont has expired.

Mr. BETHUNE. Mr. Chairman, I yield 1 additional minute to the gentleman from Vermont.

Mr. HOLLENBECK. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from New Jersey.

Mr. HOLLENBECK. As the gentleman knows, I share the gentleman's dilemma in deliberating whether or not to support the Latta program, and I concur with the gentleman's conclusions and compliment him on his remarks.

Mr. Chairman, as the House concludes consideration of the first concurrent budget resolution for fiscal year 1982, I find myself faced with the difficult choice of deciding how to cast my vote on budget proposals which I feel do not adequately address several critical economic concerns. The pro-

posals before us all claim to present an economic program that is designed to revitalize the economy, curb inflation, reduce taxes and the growth of the Federal budget, and establish sound monetary policy. Although these goals are worth while and have my support, I have doubts that these objectives can be met if national decisionmaking assumes that all States have the same economic problems and needs. As an economic program takes hold, the older industrialized States of the North and the expanding States of the South and West will simply not be starting from the same position.

My concern is that the Northeast-Midwest region's relative position will continue to decline if the disparities among regions are ignored. If we assume that growth will affect all regions equally, we run the risk of shaping an economic program which contributes to the decline of some areas of the country while favoring others.

Variations certainly exist within regional economies. However, many Northeastern States are faced with reduced business investment, abandoned factories, high unemployment, declining tax bases and the increasing difficulty in financing locally vital services. In New Jersey, we simply do not have the new industry, new housing, the clean air, water and sewers, the transportation facilities or the energy to meet the demands for services next year that would result from the proposed Federal budget cuts.

Conversely, in the South and West, most States enjoy higher investment, greater business expansion and lower unemployment. According to an OMB report issued on April 23, more than 3.4 million residents left the Northeast and Midwest to other regions resulting in the loss of over 800,000 manufacturing jobs. Meanwhile, 60 percent of the new jobs in the service sector were created in the South and West. And, nearly twice the amount in investment for new capital equipment is in the South and West.

In the past, the Federal Government has intervened in the southern and western regional economies through capital investment in ports, dams, roads, water systems, and defense installations, without which the economic foundations for these regional expansions would not have occurred.

The resulting effect has been a flow of Federal dollars from the Northeast and Midwest to the South and West. Between 1975 and 1979, the older industrial States of the North paid $165 billion more in taxes to the Federal Government than was returned in spending, while the South and West enjoyed a $112 billion surplus over their contribution to Washington.

By favoring the construction of new facilities over the rehabilitation of existing plants, the Federal tax system has encouraged a rapid shift in investment away from the northern industrial tier. This trend continues today and it is important to recognize that current Federal tax policy inhibits the ability of older urban areas to retain existing businesses and attract new investment.

It is also extremely distressing to me to note the effect of increased defense spending on regional economies. Because a disproportionate share of all Defense Department personnel—over 75 percent—are located in the South and West, these areas will reap the benefits of both increased defense employment and expenditures. We all realize that defense is a national rather than a regional concern. However, while the security impact of defense is national, the economic impact of defense spending is felt in the region in which the money is spent. For instance, the DOD report entitled "Estimated Expenditures by State Fiscal Year 1982" reveals the following per capita regional expenditure patterns:

Northeast	$233
Midwest	224
South	638
West	707

A closer look showing a comparison with the same figures for fiscal year 1981 shows that the 1 year increase will be skewed very heavily toward the South and West.

	Per capita		
	fiscal year 1981	fiscal year 1982	Change
Northeast	$162	$233	$71
Midwest	160	224	64
South	469	638	169
West	494	707	213

REGIONAL DIFFERENCES IN STATE AND LOCAL FISCAL CAPACITY

State and local governments will have to assume the responsibilities being relinquished by the Federal Government and their ability to assume these functions will depend upon the amount of available resources.

According to projections of the National Governor's Association, States of the South and West will average a budget surplus of 10 percent of their 1980 expenditures. Furthermore, the higher cost of living in the Northeast reduces the real purchasing power of the additional income predicted to flow from spending and tax cuts. In reality, a dollar of Federal assistance simply will not purchase as much in New Jersey as it will in Mississippi.

Two important terms must be used to assess State and local governments' ability to assume responsbility for programs and services—tax effort and tax capacity. Tax effort measures per capita taxation. Tax capacity measures the ability of these jurisdictions to raise taxes from their own sources. The Advisory Commission on Intergovernmental Relations has monitored the relationships between these terms and concluded that the NE/MW region States generally have higher tax efforts than other States. The Commission also suggests that significant additional tax capacity remains in Southern and some Western States. Since States with higher tax efforts are already contributing more to the financing of their programs than States with lower taxes, they will find it more difficult to replace the withdrawn Federal funds. Since many of the proposed budget reductions rely on each State's ability to share program costs, fiscal capacity is an important part of a regional analysis and points to an unfair burden for Northern States.

If I were free to fashion my own budget, I would spend less money for military purposes than do either of the two major budgets before us today and would provide higher levels of spending for nondefense programs. Unfortunately, the Democratic-Controlled Rules Committee has placed limitations on each of us by not permitting Members reasonable freedom of choice to vote on any measure that more precisely expresses my budget preferences than the two major proposals currently before Congress.

After careful study and analysis, I have concluded that the Jones House Budget Committee proposal is seriously flawed. It does not allow the kind of tax cuts I favor and makes unreasonable and optimistic revenue estimates. While I do not support the exact approach of the Kemp-Roth tax-cut proposal, I do believe that tax cuts are necessary to stimulate the American economy. The Gramm-Latta measure does allow the Ways and Means Committee greater flexibility to shape reasonable and equitable measures. The unreasonable revenue estimates included in the Jones budget were calculated for the purpose of making the House Budget Committee bill attractive enough to succeed on the House floor. I, for one, find this approach deceptive, as well as destructive to the budget process and most importantly to the economy. Therefore, I reject the Jones budget because of its inadequate tax relief and fanciful revenue estimates.

The impact of the Gramm-Latta budget on the State of New Jersey will mean a large dollar loss in Federal assistance for nondefense programs for fiscal 1982. Several programs are essential to the economic health of older industrialized areas such as community development programs, subsidized housing, and unemployment insurance. The proposed budget cuts may place added burdens on States and communities already undergoing economic hardships. The disproportion-

ate regional impact of cutbacks on Conrail, trade adjustment assistance, CETA, mass transit, health, and social services are particularly distressing to me.

For example, the NE/MW receives 60 percent of mass transit operating subsidies and the measures before us eliminate or severely reduce these subsidies. In addition, the proposal to establish education block grants would shift 12 percent of current Federal costs to State and local governments. In New Jersey, alone, this will place additional pressure on the State since it is already cutting back on its own funding, placing public school systems in deeper financial crisis.

Therefore, although I will cast my vote for the Gramm-Latta budget substitute as the best available choice, I pledge to continue to fight to provide a more equitable spending mix for military and nondefense programs. While I do believe it is necessary to spend more to improve military pay to attract and retain qualified personnel and to improve military readiness, I am skeptical that the enormous increase in defense dollars provided by Gramm-Latta can usefully and efficiently be spent on military hardware next year.

I want to make clear that my vote on the budget resolution does not commit me to the ratio of defense and nondefense funding embodied in the Gramm-Latta package. I will use the authorizing and appropriations process to change that mix and to have the change reflected in the second budget resolution this fall. Finally, I also have begun work now with like-minded Members of Congress to accomplish this end.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. McHUGH).

Mr. McHUGH. Mr. Chairman, I thank the gentleman for yielding. I rise in support of the House budget resolution and in opposition to Gramm-Latta.

I believe that the House Budget Committee resolution is a more honest, a more fair, and a more economically sound budget package than the Gramm-Latta package. On the merits, the Gramm-Latta substitute should be defeated. Moreover, Mr. Chairman, because of the procedure dictated by the rule we have adopted, we must first reject Gramm-Latta in order to have a vote on the Budget Committee's resolution. If we adopt Gramm-Latta, we will never have the opportunity to vote on the Budget Committee resolution.

In rejecting Gramm-Latta we must reject President Reagan's appeal to support it. As we all know, he favors Gramm-Latta. Personally, I regret that we must oppose President Reagan on this issue. He is not only very popular at the moment, but we all share his desire to improve our economy. We also share his general goals of slowing the growth of Federal spending, of providing the American people with some tax relief, and of promoting savings and investment, all of which are important in getting our economy back on track.

Unfortunately, these commonly shared goals will not be advanced by the Gramm-Latta substitute.

I say that, first, because Gramm-Latta proposes an excessively large budget deficit of $38 billion. The President's original budget proposal had an even larger deficit of $45 billion. In both cases, unrealistic economic assumptions are being used, which means that the deficit will be much larger than those proposals project.

For example, the President's budget assumes an inflation rate of 7.2 percent for fiscal year 1982. Is there anyone in this House who really believes the inflation rate will be that low next year? Much as I would like to believe it, I do not, and neither do virtually all objective observers.

The President's budget further assumes that in fiscal year 1982 the cost of Government borrowing will average 8.9 percent. Is there anyone in this House who really believes that the interest rates will be that low next year? Much as I would like to believe it, I do not, and neither do virtually all objective observers.

The unpleasant truth is that these assumptions have no relationship to economic realities. We know that inflation and interest rates will be higher than that next year, and that therefore the deficit projected by the President is unrealistically low.

The American people did not vote in 1980 for this large a deficit. They wanted more progress toward a balanced budget, and the House Budget Committee resolution, which projects a deficit of $25 billion, would provide us with that progress.

Moreover, the Budget Committee resolution uses realistic economic assumptions in projecting a smaller defict. It assumes an inflation rate of 9.9 percent next year and an interest rate of 12 percent. These are honest projections and, accordingly, we can have greater confidence in the deficit which the resolution projects.

As a candidate for President, Mr. Reagan argued forcefully that Federal deficits substantially contribute to inflation. The American people believed him, and most of us pledged to reduce if not eliminate such deficits. How then can he and we support a budget such as Gramm-Latta which projects so large a defict?

Beyond imposing so large a deficit, the Gramm-Latta substitute is fatally deficient for other reasons. The spending cuts it proposes are unfair, falling especially hard on the most vulnerable in our society. Moreover, in many cases these cuts would simply shift costs to local or State budgets, or actually increase costs to society by eliminating essential investments. Consider these examples:

Elementary and secondary education programs would be cut by 25 percent, a deep reduction which would have to be picked up by State and local taxpayers or result in a loss of essential help for the handicapped and disadvantaged.

Eligibility and support for college loans and grants would be sharply reduced, making it impossible for large numbers of lower- and middle-income students to attend school.

Vital job training programs would be eliminated, resulting in greater welfare costs.

Many health programs would be cut by 25 percent, affecting medical care for the elderly and veterans, among others.

Economic development programs of great importance to job development in the Northeast and other distressed areas would be eliminated.

Support for rail service would be eliminated and there would be substantial cuts in other mass transit programs.

These are just a few examples, but they serve to illustrate the inequity and shortsightedness of the President's approach. Other deep cuts would affect items like child nutrition, legal services for the poor, energy assistance, housing, and many other programs which seek to address real needs. We know that budget restraint will require cuts in many programs, including ones which help our constituents and region, but these proposals lack balance and vision. There is no safety net, despite the administration's claim to the contrary.

With such deep cuts, one might well ask why the President's budget deficit is so large. The answer is that there are substantial increases projected for defense spending, and there is a significant loss of revenues projected because of his tax cut.

Let me say at this point, Mr. Chairman, that I support some increases in defense spending, as well as some reductions in the tax burden. However, I believe that the size and direction of the President's defense and tax proposals are unfair and economically unsound.

For fiscal year 1982, there is little or no difference between the defense proposals of the President and the House Budget Committee. But if we consider the President's projections for military spending in the outyears, the increases are truly astounding and pose serious risks for our economy. Over a period of 4 years, the President proposes to increase military spending from its current level of $162 billion to

$304 billion. This means that military expenditures, which now represent 24 percent of our total budget, would rise to 33 percent. The magnitude of this military buildup becomes clearer when one considers that, after adjusting for inflation, it would represent a buildup three times as large as the one that took place during the Vietnam war.

One of the chief causes of our current inflation was President Johnson's refusal to raise taxes to pay for the costs of that military buildup. While I believe that some increases are necessary in our defense budget, we can hardly afford to wreck our economy by throwing money at the Pentagon. It cannot absorb that much money efficiently. We must be more selective in identifying our security priorities, spending the money where necessary, but not wasting it.

Finally, the President's tax proposal is unfair and based on a faulty premise. It is unfair because under Kemp-Roth, the foundation of the President's tax proposal, most of the benefits would go to upper-income Americans. The President does not dispute this, but he argues that upper-income Americans will save and invest most of their benefits and this will boost the economy, thereby helping all Americans.

And that is the faulty premise. While we do need more savings and investment, there is no reason to believe such benefits will be saved or invested. In fact, economic history demonstrates that most of them will be spent, and this will be even more true today when the expectation of inflation is still with us. If this is true, demand will increase, pushing prices up still higher. Instead of assuming people will save and invest, the tax bill should reward people, including low- and middle-income people, who actually do save or invest.

Mr. Chairman, I would like to support President Reagan. I share his concern for our economy and his general goals. Unfortunately, the particulars of his program will not achieve the economic goals we all wish to achieve.

Therefore, I urge my colleagues to reject the Gramm-Latta substitute and to support the Budget Committee's resolution. It features a much lower deficit; a tax cut which is more fairly allocated and targeted to promote savings and investment; and, because that tax cut is more modest, it will restore some funds for absolutely vital domestic programs.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. WOLPE).

Mr. WOLPE. Mr. Chairman, I rise in support of the resolution reported by the House Budget Committee and in opposition to the Gramm-Latta substitute. There is not a Member in this Chamber, Democrat or Republican, who does not share the President's dream of an economically renewed and strong America, and every alternative budget that has been placed before this House reflects that consensus. Each alternative projects aggregate spending levels lower than those recommended by the Carter administration in January, and each alternative seeks to move us toward a balanced budget as rapidly as possible.

The issue before us is not whether we will exercise restraint. That question has already been decided. The critical issue before this Congress is how we shall exercise restraint. Those of us from the Northeast and Midwestern part of our country are acutely aware that the spending priorities in the administration's economic proposals that are reiterated in the Gramm-Latta substitute area prescription for economic disaster in our region. It is not surprising, then, that our voices have been raised in protest, a protest not meant to derail the effort to reduce Government spending, but, instead, a protest to insure that the burden of budget reductions is borne equitably by all regions of the country.

Already, the unfavorable balance of Federal payments for States in the Northeast and Midwest has eroded our region's ability to maintain a solid financial base. In my own State of Michigan, last year Michigan taxpayers sent over $7 billion more to the Federal Government than we received back in Federal expenditures, and yet it is my State that leads the country in the rate of unemployment and the level of economic distress. And what needs to be understood is that the budget priorities reflected in the administration's recommendations actually exacerbate and widen that growing disparity between the Midwest and the Northeast, on the one hand, and the States of the South and West on the other.

The Budget Committee has performed its constitutional obligation to present a resolution reflective of its own judgments on the nature of our economic problems, and the prescription necessary to remedy them. Happily that prescription is sensitive to the unique problems of our region. Indeed, I think it can reasonably be argued that the Budget Committee resolution is the true bipartisan proposal based on the administration's recommendations and improved by the collective thinking of the committee.

It is my hope that the Congress will act in a responsible way. It is my hope that this Congress, cognizant of the dangerous side effects of spending priorities prescribed by the Gramm-Latta substitute, will act to improve the chances of the President's economic recovery program by supporting the committee-sponsored resolution.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. WOLPE. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, I would like to associate myself with the remarks of the gentleman in the well. I think he is right on target. I rise in strong support of the committee resolution and in opposition to the Gramm-Latta substitute.

Mr. Chairman, I would like to make three points about the economic program we are considering using a minimum of confusing numbers and a maximum of commonsense.

I oppose the Reagan economic plan, as embodied in the Gramm-Latta substitute amendment—for three simple reasons. First, the program prolongs inflation and deficit spending in the Federal budget. Second, the Reagan budget is unfair and destructive to my region of the country and to poor and disadvantaged people throughout the country. And third, the massive, unprecedented increases in military spending under the Reagan program are economically disastrous and counterproductive to our true security needs.

The administration is selling its program to the public on the basis of its supposed cuts in Federal spending. Everyone supports such a policy but the Reagan budget cuts amount to no reduction in overall Federal spending. Spending under the Reagan program will rise from $655 billion this year to $912 billion in 1986 by the President's own estimate. The key element of the Reagan budget program is a transfer of Government spending from domestic programs to military programs. As spending increases, the Reagan program calls for massive reductions in revenues through huge tax cuts for business and individuals. No one is asked explicitly to pay for a military buildup three times the size of the Vietnam war mobilization, but we will all eventually pay with increased inflation and a more unstable economy. Our previous commitments to the elderly, the disdvantaged, and the disabled are now being shrugged off. Windfall tax cuts will fall into the laps of the rich with no restriction that this money be invested where it is needed to revitalize our economy.

What happens to the economy in the midst of all this? The Laffer curve suggests that tax cuts will somehow increase tax revenues. It is an idea crazy enough to get the attention of the media and politicians. But commonsense says otherwise. Increased spending and decreased revenues simply mean higher deficits. Increased consumer demand without the investment needed to increase productivity and output simply means more inflation. Massive spending on weapons that blow up or sit in underground

silos simply means investments sucked out of productive sectors of the economy.

The second point I want to raise is on the question of the fairness of the Reagan program. For example, should a program truly aimed at eliminating waste in the Federal budget endorse tobacco subsidies, boondoggle water projects, or tax deductions for martini lunches for businessmen. The Reagan program is not fair and it does endorse these wasteful programs. The Reagan program ignores the fact that different cities, States, and regions have different needs. The program does not consider where Federal help is needed or where help will do the most good. Current Federal policy has the effect of draining tax payments from the industrial States of the Northeast and Midwest to subsidize new economic expansion in the South and West. Between 1975 and 1979 the Northern States sent $166 billion more in taxes to Washington than they got back in Federal spending.

The Reagan economic program would intensify this regional bias. Nowhere is this more clear than in the area of defense spending. Anyone familiar with the regional patterns of defense spending can see that the administration's massive investments in ships, planes, and missiles will mean jobs and economic stimulus for the South and West. Meanwhile, budget cuts in economic development programs to leverage private investment in distressed areas, and social programs to help the urban poor and elderly are eliminated or reduced. Oil price decontrol and proposals to decontrol natural gas will drive up the cost of living in the North while cutbacks in energy conservation programs and fuel assistance erode our ability to deal with these rising costs.

Besides the regional winners—the South and West—the wealthy are the beneficiaries of the Reagan economic program. It is a matter of simple arithmetic that the rich, who pay more taxes, will benefit by the Reagan proposal to cut income taxes by 30 percent. In fact, one-third of the benefits of the Reagan tax program will go to those earning $50,000 a year who represent only 4.1 percent of the American public. Beyond that, the Reagan business tax cuts primarily benefit investment in commerical real estate, drawing investment away from existing and usable plants. Speculators of all kinds would benefit from the Reagan proposal to cut the capital gains tax including investment in both plant and equipment and speculative investment—in land, homes, gold, paintings, antiques, and so forth. This will force investment out of productive areas and into speculative investments since speculative investments pay off faster.

Finally, I have to address the Reagan defense buildup, the largest long-term mobilization of our Armed Forces since the Second World War. Never has so radical and enduring a policy change been entered into with so little deliberation or sureness of purpose. We have to compare this defense strategy with the policies of the French in the 1930's under General Maginot. I realize that this is a political hot potato, but let is not preach about restoring the health of our economy while we ignore the most inflationary, nonproductive element in the budget. Like the French in 1940 we may find ourselves beaten because of the threats we, in our haste, are ignoring. Who denies that America's primary strength is in economic power and our compassionate and fair society. If we destroy these strengths to build up the military, we will be weaker in the long run.

I have supported real increases in defense spending to meet real defense needs. However, the Reagan proposals would increase defense spending by three times the amount of the Vietnam war mobilization. What is the threat perceived in this buildup and how is the administration answering this threat? Clearly, the money for defense will go into huge projects like the MX missile which will become obsolete nearly as soon as they are completed. Money will immediately be poured into a defense industry which is already operating at capacity, and the prices of planes, tanks, and bombs will simply be inflated to absorb the new money being thrown at our defense needs by the Pentagon and the Reagan administration.

I would prefer to focus on proposals like H.R. 1400, a revised GI bill which would offer education benefits as an incentive to retain experienced, quality personnel in the service. We need to spend money on people and the operation and maintenance of our existing forces in reasonable and economically viable ways. Frankly, I am discouraged that we seem to have entered into a bidding process for Members' votes by blindly upping the defense budget. This lack of thoughtfulness is disgraceful and counterproductive to meeting every true domestic and military need that we have.

I have outlined my objections to the Reagan economic program and I recognize that there are sensible alternative proposals being presented to the House. I simply support a policy of balancing the Federal budget through real and reasonable reductions in expenditures. I support a policy of curbing inflation through policies aimed at increasing savings and investment and increasing productivity. I support a strong defense based upon addressing real needs in the areas of personnel and conventional forces. The House Budget Committee and others have come up with reasonable alternatives that meet the standards I have set and I support these proposals. I view this as a constructive contribution to the formation of and economic program which will reach the goals shared by all Americans—curbing inflation, reducing taxes, and stimulating renewed economic growth.

□ 1315

Mr. BETHUNE. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, President Reagan has proposed an about-face in U.S. economic policy.

This economic and political policy switch will take place through three devices—reduced Federal spending, reduced Federal taxes, and reduced Federal regulation. In addition, monetary policy will be put on a noninflationary course.

The Reagan economic program will increase productivity and economic growth, reduce unemployment and federal deficits, fight inflation, and improve the standard of living for all Americans.

The Latta substitute embodying the President's program is built on supply-side principles that will give us strong economic growth. Admittedly, the budget deficit is slightly higher under the Latta substitute than under the Budget Committee proposal. But the foundation for long-term economic growth and prosperity is much more solid under the Reagan plan than in the Budget Committee version.

The core of the debate is the difference in tax policy. The spending totals are larger under the Budget Committee proposal, but the personal tax cuts are considerably smaller, and the economic benefits are thus greatly watered down.

Giving rise to our sorry economic performance has been an economic policy that has been based for 45 years on Keynesian demand management. The economy has been juiced up or slowed down by stop and go Federal fiscal policy, primarily by increasing or decreasing Federal budget deficits.

In the midseventies, the Joint Economic Committee Republicans decided it was time to launch out into brandnew policy directions. The old policy prescriptions simply were not working. The JEC Republicans began to embrace, develop, and refine so-called supply-side economics. We were joined in this effort in the 1979 and 1980 JEC reports by the Democrats, under the leadership of Senator LLOYD BENTSEN.

The program called for moderately tight monetary policy, Federal spending restraint, reduced tax burdens on both businesses and individuals and reduced regulatory burdens. If the package sounds familiar, you are perceptive, because those are the exact

planks of the Reagan program for economic recovery.

The Reagan administration has picked up the supply-side banner and has sallied forth with the policy prescriptions the Joint Economic Committee has been advancing for several years now.

The major analytical breakthrough in the Joint Economic Committee reports and in the Reagan program is that taxes affect decisions to work and save and invest by affecting rates of return on capital and labor by altering incentives.

In Keynesian analysis, it is the flow of funds in the spending stream that is important. In supply-side analysis, it is aftertax rates of return and their impact on incentives to work, save, and invest that matter.

In Keynesian policy development, all policy variables are either placed on stop or go—everything moving in the same direction either to slow down demand or stimulate demand. If unemployment is rising, all policy tools are set to expand demand. If inflation is rising—and unemployment is falling—all policy tools are set to slow down demand.

An important concept not used by demand-oriented Keynesian economists is that fiscal policy can be split. It is not just one weapon. It can be two or more weapons. A gradual reduction in the rate of growth of the money supply and a tight Federal spending posture can be used to attack inflation. At the same time, tax cuts, carefully drafted to stimulate work effort, saving, and investment, can be used to fight unemployment.

As a Representative of a major midwestern industrial State, I am very conscious of the criticism that the Reagan budget will impact the Northeast and the Midwest more severely than other areas of the country. But it is important to remember that Ohio is a net loser under current Federal spending policies.

While it is true that Ohioans receive billions of dollars in Federal assistance each year, Ohio taxpayers actually send more tax dollars to Washington than we receive back in benefits.

During the 1979 fiscal year, for example, Ohio had a deficit in its Federal balance of payments that exceeded $6.5 billion. For every dollar Ohio taxpayers sent to Washington, we received only 71 cents back in Federal benefits. Only four other States in the Nation receive less per capita Federal aid than Ohio.

It is clearly to the advantage of Ohio taxpayers to support the President's efforts to bring a halt to the rapid growth in Federal spending that has taken place in recent years.

The second fact to keep in mind is that the President's budget provides for greater efficiency in the allocation of Federal funds and a stronger role for State and local governments in deciding how the Federal funds they receive will be spent. This will be accomplished through a shift from categorical programs, which earmark funds for specific purposes and have very high administrative costs, to block grants, particularly to fund health and education programs.

Every dollar we can save in administrative costs is a dollar that will come out of the Washington bureaucracy's budget instead of out of funds delivered in aid to State and local governments in Ohio and across the country.

We must all be willing to accept the fact that our Nation cannot afford to continue business as usual. Ohioans are prepared to see Federal spending reduced if taxes also are reduced in such a way as to assure healthy economic growth in the future.

We cannot really hope to have balanced budgets in the long run without vigorous economic growth. The full personal tax cut package is crucial to that vigorous economic growth. We will have to absorb some shortrun deficits while the tax cuts do their work. But with patience, by 1984 and beyond, we will reap the benefits of this courageous economic program. We will have budget surpluses and vigorous economic growth at the same time.

Let me illustrate to you how potent a little more economic growth can be. If U.S. real GNP had grown only 1½ percentage points faster each year since 1950, today we would have a $3¾ trillion economy instead of a $2.6 trillion economy. With an economy that size, we would have $200 billion more in Federal revenues, balanced budgets, stable prices, 50 percent higher living standards, millions more jobs, a solvent social security system, a productive economy three times the size of the Soviet Union's instead of twice their size, and unquestioned military superiority. Economic growth of this magnitude is not unrealistic—it was achieved by our industrial competitors in Europe during this period.

It is my hope that if there are any alterations in the President's tax proposals they can be restricted to those which sharpen and refine its incentive-oriented supply-side thrust and which focus even more intensively on savings and investment aimed at economic growth.

The Reagan budget package, represented in the Latta substitute, is a blueprint for economic growth, rising employment and reduced inflation. The Budget Committee proposal, on the other hand, still clings to the outmoded Keynsian approach, which has given us 15 years of frustrating stagflation.

It is time for a new approach. Government tax policy, budget policy, monetary policy, and the regulatory policy which make up the Reagan program will give us the results we are seeking. Let us get on with it.

There are two additional important reasons to support the Latta substitute over the Budget Committee version from an Ohio perspective, as well as a national perspective.

First, the Budget Committee version cuts $340 million in revenue sharing funding for next fiscal year. This would mean the loss of $13.6 million in local government revenue sharing funds in Ohio. As any local official will tell you, this the last Federal assistance program which should be cut. It is the most efficient aid program ever developed, both from a standpoint of cost effectivness and from a standpoint of local control and flexibility.

Second, the Budget Committee version cuts $300 million from the gas centrifuge enrichment plant at Piketon, Ohio. There are two major reasons why this would be a major mistake.

First the uranium enrichment program is a moneymaker; fiscal year 1982 revenue will exceed $1.8 billion. Moreover, foreign sales of enriched uranium have added $2.8 billion to the U.S. balance of trade. GCEP, 20 times more efficient than existing diffusion plants, will maintain U.S. competitiveness and world leadership in the rapidly expanding foreign enrichment market. However, any GCEP schedule slippage will make us appear to be an unreliable partner in the nuclear energy area. According to the American Nuclear Energy Council, DOE has lost 10 foreign enrichment contracts worth $29 billion since 1978 due to U.S. policy uncertainties.

Second, the Portsmouth gas centrifuge will use less than 5 percent of the electrical power required by our three current gas diffusion plants. DOE estimates GCEP will save 1.5 billion barrels of oil equivalent over its lifetime in lower plant costs and will avoid the need for over $3.5 billion in new electric generating capacity. Costs of power amount to over 75 percent of the operating costs of the enrichment program.

Mr. Chairman, I urge my colleagues to support President Reagan's budget proposals as embodied in the Latta substitute.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I rise in strongest opposition to the Gramm-Latta substitute and the "Reaganomics" it represents, deeply believing that it will produce an economic and social tragedy for the Nation along the lines that we have seen in Great Britain, that experience on which the Reagan program is patterned.

Let me paraphrase for my friends and colleagues a slogan that was

coined by one of the most distinguished Members of the opposition party: "In your hearts you know he's wrong."

In your hearts you know it is wrong to throw the fuel of a $50 billion deficit, multibillion-dollar defense spending increases, and tax cuts on the fire of double-digit inflation which is robbing all Americans of their earnings.

In your hearts you know it is wrong to throw 1,750,000 Americans off of jobs onto relief rolls, leaving them only the speculation of private sector expansion which, if it occurs at all, will occur years in the future.

In your hearts you know it is wrong to dissemble our efforts to relieve our dependence on imported oil—our greatest national security threat and, with $100 billion flowing out of our country, a principal cause of our devastating inflation, imbalance of payments, and depreciation of the value of the dollar.

In your hearts you know it is wrong to abandon our cities, leaving them without the resources to attack urban blight, crime, unemployment, and deteriorating housing.

You know it is wrong to destroy our mass transporation system and leave us as the only major industrialized nation in the world without a national railway system.

In your hearts you know it is wrong to wage war on the poor and the working poor, leaving them with the cynical promise of a "safety net" so riddled with holes that most will certainly fall through.

In your hearts you know it is wrong to deprive senior citizens, the handicapped, and the poor of adequate health care resources. No American should be deprived of health care because of his or her financial position.

In your hearts you know it is wrong to destroy the educational system of our country, for our children are our future. No American should be deprived of an education because of his or her financial circumstances.

In your hearts you know it is wrong to destitute our senior citizens and deprive them of the means to obtain adequate food, housing, and health care.

In your hearts you know it is wrong to deprive veterans of adequate health care facilities and to renege on the President's promise to maintain educational, health, and support facilities for Vietnam veterans who have been treated so miserly compared to the veterans of other wars.

In your hearts you know this is a program which attacks the social and economic fabric of the Nation, that will result in a shrinking ability of America to meet the challenges of the future and the intense competition from abroad.

So I ask you to do what you know in your hearts is right and reject this mean and counterproductive economic gobbledygook which proceeds on the basis of ideology rather than reason.

I will now set forth in considerable detail the harm I believe the various aspects of the Gramm-Latta budget will do to the Nation and to my constituents.

The budget amendments before us today offer starkly different visions of the future of the country. Two—those offered by Mr. OBEY and Mr. FAUNTROY—are calls to rebuild America and invest in our future. The Gramm-Latta proposal is, on the other hand, a virtual call to arms.

The President, through the Gramm-Latta amendment, proposes the elimination of commitments that if passed, will literally tear apart the fabric of our society. He proposes a massive shift of resources to military expenditures and away from investments in the very programs that are crucial to the strengthening of our country and rebuilding of our economy.

He proposes a new philosophy of Government that is marked by a meanness of spirit that appalls many of us. He proposes a shrinking, shriveling America whose role in the world is more and more reduced to a military one.

At a time when our economic competitors devote a much greater proportion of their wealth to investment and less to defense, the President wants to reduce investment in mass transit, a move that will cripple many urban economies; he wants to slash aid to education, intentionally mortgaging the future of our most precious resource, our people; he will end job and training programs, sending countless numbers back to the welfare rolls, with no hope of employment.

The Gramm-Latta proposal abandons our efforts to reduce our dependence on foreign oil, our greatest economic and national security threat. The proposal emasculates conservation and eliminates weatherization and even gambles with funding of a strategic oil reserve. Yet it does not reduce by a penny the billions of dollars in tax subsidies for oil companies.

The President proposes a new beginning, but one based on fewer job and educational opportunities, increased health care costs, greater housing shortages, higher interest rates, decaying cities, increased outlays for foreign oil imports, higher deficits.

But there will be plenty of money for the military. Although he has yet to develop a coherent foreign policy, the President would engage us in an arms race with the Soviets that can only further endanger our national security. And while we spend billions on an unproductive military buildup, our economic competitors in Europe and Japan will invest billions in their industries and their future economic growth. We will concede economic strength to fight an illusory battle for military superiority.

In the name of national security, we will tear apart the very fabric of our society and our economy and make a mockery of our efforts to protect ourselves.

How will we fund this call to arms? Incredibly, the President proposes to do so by tax cuts. He favors the same Keynesian roulette played by President Johnson at the height of the Vietnam war. The result will be the same: huge budget deficits, the draining of our capital markets, and a new round of inflation as the economy strains to keep up.

As our standard of living continues to decline, the President will be busy removing many of the programs that are an integral part of our society and crucial to any economic rebuilding program.

No rebuilding program can be successful without a concerted effort to provide jobs. The decline in productivity is caused in part by our unconscionable and futile efforts to fight inflation through recession, by putting millions out of work. Only by providing jobs will our economic growth resume. Jobs require training—and education.

JOBS

The President has gone on record saying that his budget protects the truly needy and provides a safety net for the poor. In reality, the administration's budget poses devastating hardships for the poor and, in fact, over 60 percent of the proposed cuts in budget authority would fall on the poor and working poor. Perhaps the worst aspect of these cuts is that they penalize people who work and will force thousands onto welfare.

Drastic reductions in Federal jobs programs will mean the elimination of over 1.1 million training opportunities for the economically disadvantaged. Nationwide, over 300,000 disadvantaged persons employed in public service jobs under CETA by local governments and nonprofit agencies, will be out of work as of October 1 under the Reagan plan. These are people who are poor and whose incomes do not exceed $7,830 to $9,740 for a family of four, depending on the geographic area.

Of the 79,000 people served by the public service jobs programs in New York State last year, 28,500 or 36 percent had been public assistance recipients prior to their participation in the program and 11,200, or 15 percent, had been receiving unemployment insurance. Forty-one percent of PSE workers are under 22 years of age and with the termination of the CETA public service jobs program, youth unemployment, already high at 19 percent, will certainly rise.

Municipalities across the country will suffer terribly as a result of the elimination of CETA public service jobs. Close to 2,000 disadvantaged people in my congressional district participate in the PSE program. CETA employees are working in virtually every village, town, and city government in Westchester County as well as with such nonprofit organizations as the Mount Vernon Neighborhood Health Center, Westchester Legal Services, College of New Rochelle, Wildcliff Museum, New Rochelle Board of Education, Westcop weatherization program, New Rochelle employee assistance program, the community office of the Congress of Italian American Organizations, ASPIRE program in Mount Vernon, the Young Men and Young Women's Hebrew Association, Boys Club of New Rochelle, the Pelham Art Center, Salvation Army, Animal Welfare League. Many of these organizations will jeopardized by the elimination of the PSE programs.

In the city of Mount Vernon, N.Y., CETA cuts will mean that facilities such as the Doles Community Center and the Mount Vernon Armory Senior Citizen Center will not have the necessary maintenance staff to keep the buildings in shape. The Mount Vernon library will have to cut its scheduled hours of operation since it depends on the availability of PSE, CETA workers to keep open. The Mount Vernon Animal Shelter reports that cuts in CETA staff will probably mean that more animals would have to be put to death more quickly rather than being kept for long periods of time waiting for new owners.

Although the President intends to save $4 billion next year by elimninating the CETA public service jobs programs, he will end up saving only 75 to 85 percent of that amount because of offsetting increases in other Federal programs. According to the Congressional Budget Office, cuts in the PSE program will result in $120 million in increased spending on public assistance and food stamps. The Labor Department has noted that the Federal cost of unemployment compensation would increase almost $300 million. States will have to dole out greater unemployment insurance payments while receiving less in payroll tax revenues. Local businesses will lose revenues from public service jobholders who normally spend all of their income on necessities. Federal income tax receipts would decrease by close to $240 million next year, with social security payroll receipts similarly affected.

Not only does the President want to disassemble the Public Service jobs program, but he also proposes to consolidate and slash funding for youth and training programs. These cuts will eliminate training and employment opportunities for 200,000 participants currently served by separate youth programs. An analysis by the Labor Department has indicated that the CETA title IV youth programs have accounted for almost all of the progress made in addressing black youth unemployment, the rate of which remains dangerously high at almost 40 percent.

Termination of the Youth Adult Conservation Corps (YACC) and the Youth Conservation Corps (YCC) as proposed by the President will mean the closing of 1,339 Forest Service camps and 1,114 Interior Department camps. It will mean the elimination of over 45,000 employment and training slots for young people. Both of these programs have been remarkably successful in my congressional district, Westchester County, N.Y.

Under the YACC program, in Westchester, for every dollar spent, there was a $6.30 return in work accomplished. The total value of the work done was $873,537.

There were 49 new hires in 1980. Of these, 23 or 47 percent were minorities; 20 or 45 percent were high school dropouts, and 21 or 35 percent had prior criminal records. Of the total, 52 percent were minorities, 45 percent were dropouts, and 57 percent were economically disadvantaged.

In the 2 years of its existence, YACC in Westchester has enrolled roughly 134 young people. The work performed includes: Construction of leantos and trail work in Pound Ridge; farm work, debrushing fields, animal care, restoration of antiques, and visitor guides at Muscott Farm; timbercutting, firewood production, trailclearing, opening of the Mt. Lakes Camp; creating trails, felling dead trees, building a bridge at Cranberry Lake; trail work, pruning, thinning, and acting as the curator's assistant at Rye Marshlands; rebuilding, reconstruction, and cleaning, a maple sirup program at Lenoir Preserve.

For 5 years the Westchester YCC has employed 64 young people between the ages of 15 and 19. YCC is a 7-week summer program. In 1980, the value of conservation work performed in New York State by YCC participants was estimated at $2,905,819—a return of $1.84 for each Federal dollar expended. Some of the work performed in Westchester by YCC enrollees includes: Tree surveying and tree thinning in Tarrytown; park and picnic area development at Gedney Park, Millwood; tree removal and clearing at Baldwin Park, White Plains; tree thinning at Westchester Community College; stream bank stabilization at Carroll Park in Chappaqua; and development of a physical education trail in Pleasantville.

What are these young people going to do when Federal jobs and training opportunities are taken away from them? Will the private sector or the local communities take up the slack and hire the roughly 200,000 kids currently served by Federal youth programs who will be out of an opportunity? A more realistic scenario is that these youths will go to the streets and become involved in unproductive, even dangerous activities.

The mayor of the city of Mount Vernon, Thomas Sharpe, stated the effects of the shift in Federal jobs policy very bluntly when he said, "Killing CETA will not only impair the ability of the city government to function, but would tear the social fabric of the city as well." He went on to note, "If the CETA program is cut, we are going to take people who want to work and put them right back into the welfare quagmire."

Job training programs are only one way in which we must develop our most precious resource—our people—as part of our economic rebuilding program. A sound educational system is another.

EDUCATION

The Reagan administration's education budget would radically restructure Federal education spending and severely damage our country's education system. The impact of the cuts of over 30 percent would be devastating to local school systems, colleges and universities, and individual students and families. And, ultimately the very future of our Nation would be in danger if these cuts were enacted, because education is vital to the solution of critical problems we face in America. The economic growth and security of our country both depend on a trained and knowledgable store of human talent.

If the Reagan budget is adopted, $4.6 billion will be lost to the public schools in 1981 and 1982 at a time when public schools are already hard pressed to maintain their commitment to quality education for all students. The proposed cuts are deep. Title I of the ESEA, impact aid, education of the handicapped, vocational education, adult education will all be slashed. Such drastic reductions in Federal funding will either force States and local school districts to raise the revenues necessary to continue ongoing programs or result in substantial reductions of services. Given the precarious state of most local school budgets, and taxpayer resistance to increases, I fear that education programs for millions of Americans will be eliminated.

Among the most devastating is the cut proposed in ESEA title I funding which now provides support for programs of compensatory education for disadvantaged students. Title I has a proven record of success. If the cuts are approved, 1 million children nationwide and 120,000 in New York

State will be denied the extra educational services necessary for them to keep up with their more affluent classmates. They would continue to fall behind, to drop out of school, and to become dependent upon welfare and unemployment assistance rather than acquire the skills necessary to become productive citizens.

Last year, Westchester County schools received over $6.5 million in Federal aid under title I; a cut of 25 percent would be simply devastating. In Mount Vernon alone it would mean 331 fewer children would be served, and teaching positions would be eliminated. This kind of loss in the development of our Nation's children can never be fully recouped.

The proposed education cuts at the elementary and secondary school level would affect not only low-income students, but all students.

Handicapped children are now entitled to a free, and appropriate public education. Although Federal funds are nowhere near adequate to cover the extra costs of providing this education for handicapped students, disaster will follow a cut of current funding by at least 25 percent (and perhaps altogether if the President's block-grant legislation is passed). We will not be saving money as the President suggests, we will be shifting the burden—what is now paid for in some small part by the Federal Government will have to be paid for by State and local taxes. In places where the additional money cannot be raised, funds will have to be shifted from other school programs—all students will suffer. If the block grant program for elementary and secondary education programs is adopted, local school districts could be forced to allocate their entire block grant for the handicapped programs at the expense of all other school programs.

In addition, all students will be adversely affected by the cuts in the school lunch program. Although the President stated that school lunches for the truly needy would not be affected by the budget cuts, this is simply not so. As the costs of the program go up—lunch prices for middle class students will double—many families will be forced to drop out of the program and many schools will then be unable to finance the program or unwilling to continue it for only a few participants.

It is estimated that the cuts proposed could cause 35 to 40 percent of the schools nationwide to drop out of the program. In New York State, 1,900 elementary school lunch programs will probably close, including the program in Yonkers which feeds 11,000 students. The Mount Vernon School lunch program could lose almost $40,000 and New Rochelle almost $30,000. What we will end up with are many hungry, poor children eligible to receive a free school lunch but with no program to provide it. We should all know by now that children simply cannot learn on empty stomachs.

And it is not only students who will suffer. Thousands of teachers, administrators, cafeteria workers and other school personnel will lose their jobs as a result of these cuts. This will mean increased expenditures for unemployment compensation, food stamps and other forms of public assistance.

At the higher education level, the cuts will be just as devastating. Thousands of young people will not be able to afford a college education, while thousands of others who have the ability to attend top colleges and universities will be forced to settle for less competitive institutions.

According to the American Council on Education, the President's proposed cuts in financial aid programs could force 500,000 to 750,000 students out of college and shut down nearly 300 smaller institutions of higher learning. This would be simply devastating—a real step backward in our effort to assure equal access and choice in higher education.

The most immediate impact will be on those groups within our society, minorities and others from economically deprived backgrounds who would benefit the most, not only personally but in helping to break the generational patterns of poverty. But the effects of the proposed cuts will reach well into the middle-income groups as well. The proposed changes in the Pell grants program and the guaranteed student loan program will all but repeal the Middle Income Student Assistance Act of 1978, which finally recognized the economic pressures on middle-income families by opening up student aid programs to their children. I wholeheartedly supported this expansion as did the majority in Congress and I stand by that commitment, but the Gramm-Latta proposal prevents funding it.

If the changes in the student guaranteed loans are enacted, student loan dollar volume for New York State would be reduced by 50 percent—145,000 students presently eligible would be unable to borrow. Westchester County residents borrowed $52 million in 1980, a 50-percent reduction would be a loss to students of $25 million in our county alone. In our county, education has been an avenue to opportunity and achievement open to all. Furthermore, it is perhaps the principal economic attraction bringing businesses and people to the county.

Federal support of education at all levels is the best investment in our country's future and its people. The Reagan administration's budget cuts undermine this Federal commitment and will jeopardize the strength of our educational system for years to come.

Any economic rebuilding program requires a healthy society to be successful. Yet many budget cutbacks proposed by the President are likely to prove very expensive in the long run, undermining our efforts to improve the economy.

SOCIAL SERVICES

Programs in the social services are among the most severely affected by the funding cuts and policy changes being proposed by the administration. Outrageously, more than 70 percent of the cuts fall on the elderly, needy children, handicapped and unemployed. In addition, the cuts penalize most, those seeking to be self-sufficient. These programs often make the difference between subsistence and destitution for poor Americans. Their approval of the cuts would be extremely counter-productive and have terrible consequences for poor Americans and middle income taxpayers alike.

The President has proposed consolidating a number of social service programs into a block grant, reducing funding by 25 percent, and leaving it up to the State to decide exactly how the funds are spent. The loss to New York State would be over $120 million next year.

Scheduled to be consolidated are: Title XX (social services, day care), child welfare services, foster care and adoption assistance, child abuse prevention and treatment, runaway and homeless youth programs, developmental disabilities programs, rehabilitation services and community services administration programs.

If these programs are cut back or eliminated—we will see an increase in welfare as day care is unavailable for low-income working mothers; we will see an increase in foster care placement if preventive services are unavailable; we will see increased institutionalization if homemaker services are unavailable; and we will see thousands of older Americans with no hot meals, no place to go for companionship, and in some cases little to live for if funds for senior centers and senior nutrition programs are cut back.

The goal of all of these programs is to increase self-sufficiency. Their thrust is preventive. Cutting their funding in order to save money will backfire—costs to the taxpayers will soar and human suffering will increase many times over.

Health care is another area where the administration is likely to achieve short-term gains, yet face huge cost increases in the long run. Cutting economical health care delivery systems only forces people to seek high-cost solutions, which, for poor people will be paid for by the Government. Many of the working poor may be forced to go without nonemergency health care altogether.

HEALTH

The bulk of Federal spending on health programs each year goes to expensive treatment of illness and hospital care. A scandalously small portion of Federal health funds is spent on preventing disease and illness. Yet, the administration has proposed cutting these vital prevention and basic health programs which, in fact, save the Federal, State, and local governments as well as businesses and private citizens millions of dollars now and on into the future.

The administration has proposed a cut of 25 percent—more than $3 billion—in discretionary health programs and a major restructuring of these programs. The President wants to reduce the role of the Federal Government in providing health care by consolidating health programs into block grants and turning the Federal funds and decisionmaking over to the States and local governments. He also proposes to place a cap on Federal expenditures for medicaid which will force States and local governments to either absorb the increased costs or deny eligibility and services to the poor, low-income workers, and the elderly.

Scheduled to be consolidated in block grants are such diverse programs as: alcohol, drug, or mental health efforts and programs for migrants, for the medically underserved, for persons with venereal diseases, and high blood pressure. Also included in a block grant are the community health centers programs, family planning programs, and emergency medical services. Under the block grant concept these programs would be forced to compete with each other for the reduced Federal funds and none could be assured of continued financial support.

In my view, this is an abandonment of the vital health programs created by Congress in response to demonstrated needs not being met by State and local governments. The reduction in funding and the health block grants will lead to reductions in health benefits for the poor, working poor and middle income people, elimination of important health programs in many States, and increased, not decreased, costs for Federal, State and local governments. The impact of the cuts will be felt directly or indirectly by all Americans.

A clear example of the cost ineffectiveness of the administration's plan can be seen in the community health center program. New York has 65 community and mental health centers, serving 300,000 people. Under the block grant proposal, 50 to 75 percent of these programs are expected to close. In Westchester, community health centers in Mount Vernon, Ossining, Peekskill and Greenburgh are operating with nearly $1 million on Federal assistance. Now their future is uncertain.

The health centers nationwide have proven to be highly effective and efficient when costs of health services are compared to other providers. Health centers have reduced hospitalization for their patients by 25 to 50 percent, thereby saving millions of dollars of public and private health care expenditures. Without health centers, patients would resort to vastly more expensive care provided in hospital emergency rooms. The health center program is probably one of the most cost-efficient and cost-conscious programs in the entire Federal system, yet the Administration is threatening the future viability of this program.

Another example of cost ineffectiveness is the proposal to consolidate the alcoholism and drug abuse programs into a block grant and reduce their funding. Effective treatment of these problems results in savings to the health care system, criminal justice system, and social services system as well as increased productivity in the workplace. If the administration were really interested in saving money, it should be attempting to strengthen these programs, not cut them back. In all the health cuts, the administration seems to ignore the fact that a healthy economy depends on a healthy work force.

The administration has called for the elimination of programs which encourage cost savings such as health planning agencies. The Hudson Valley Health Systems Agency, which serves the seven countries around Westchester, can demonstrate firm curtailment of health care costs which unnecessarily fuel the inflation spiral. During the past 2-year period, the HVHSA approved hospital expansion programs amounting to $33.7 million. In the same period, the agency took actions resulting in the disapproval, deferral or withdrawal of applications amounting to $32.9 million. This amounts to $16 saved for every dollar spent by the agency.

Perhaps more important, these efforts also curtailed the future operational expenses that would have been incurred as a result of the capital expenditures. It is clear to me that the elimination of this program as proposed by the administration will cost the taxpayers billions in an effort to save the small amount now allocated to health systems agencies.

At the national level, the administration's health budget calls for reductions in funding for medical research and research training. Great advances in the treatment and prevention of disease and illness have been achieved by research supported by the Federal Government's grants and programs. Without a doubt, cutbacks in these programs will slowdown efforts to find a cause and cure for cancer and other diseases now affecting millions of Americans and their families.

The proposed cuts in aid to medical schools, elimination of scholarships for qualified low-income students, and termination of the nurse scholarship program will result in higher tuition, deny low- and middle-income students the opportunity to study medicine, and aggravate the already acute shortage of trained nurses. I simply do not believe that the majority of Americans want our splendid research and research training programs—one area where the United States has consistently led the world—dismantled or access to medical education limited to the wealthy.

It is clear that the administration's health proposals are extremely shortsighted and counter productive medically, socially and economically. If significant reductions are approved, we are putting at risk the health of millions of Americans now and in the future.

Housing is another one of our fundamental needs, and the shortage of housing has been one of the fundamental causes of inflation in the 1970's.

HOUSING

In the Housing Act of 1949, Congress declared:

> That the general welfare and security of the nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas . . .

Today, the basic right of every American to affordable, decent, safe and sanitary housing is seriously threatened by the administration's budgetary plans.

At a time when high-interest rates, dangerously low levels of housing production, and a dramatic rise in condominium conversions make rental housing increasingly and alarmingly scarce, the President is proposing massive cuts in the section 8 lower income rental assistance and public housing programs for persons of low and moderate income. The President also intends to increase over 5 years the amount of income which a low-income tenant must contribute toward his or her rent from the existing 25 to 30 percent. Public housing modernization funds are proposed to be slashed by $500 million next year, and a $100 million supplemental request for Federal assistance to public housing agencies to cover the shortfall from rising utility costs has been eliminated entirely. Three million families, most of whom are below the poverty line, will be affected by the mandated increase in rent contribution. Many of them will have to suffer nutritional deficiencies to afford higher rents from which

there is no escape since no alternate cheaper housing exists.

With regard to the redirection in the section 8 program away from new construction, what the administration does not seem to realize is that this cost-cutting approach to reduce new and substantially rehabilitated housing construction for lower-income families will sharply reduce supply and have an inflationary effect on rents in existing units.

This year alone, Westchester County, N.Y., is slated to receive 1,265 assisted housing units amounting to roughly $8 million. Roughly 60 percent of these units are for new or substantially rehabilitated housing. These new and substantially rehabilitated allocations were sent back to Washington from the area office because, I presume, HUD is awaiting the resolution of the budget. The result of this holdup is that the desperately needed units are not getting out to the people.

What is even more troubling is that the area office is forbidden to spend more than 30 percent of its funding in the last quarter of the fiscal year. Does the administration intend to impound this desperately needed assistance until the time when only a portion of the funds can be used regardless of the outcome of the budget?

Cuts in rental assistance will be devastating to the low- and moderate-income people living in Westchester County. Even with the minimal amounts of assisted housing available today—one-third more than will be available if the Reagan budget passes—prospective tenants are on 3- to 4-year waiting lists. In the city of Yonkers alone, there are 700 people on the waiting list for section 8 housing.

The administration also proposes to terminate the section 312 rehabilitation loan program which provides 3-percent, 20-year mortgage loans for rehabilitation in situations where other sources of financing are not available at an affordable rate. As interest rates have risen, 312 loans have become the only usable loan source for many developers, especially nonprofit developers of housing in blighted areas.

The 312 program has worked extremely well in my congressional district. It is the experience of both those who administer the program on the local level and by the beneficiaries of the loans that 312 is one of the least complicated Federal programs and involves no Federal administrative costs. Further, the program directly addresses a critical problem faced by many older cities—the need to provide a moderate level of housing rehabilitation to avert massive deterioration and decay.

It just seems "pennywise and pound foolish" to eliminate a program which will lend $5,000 or so to preserve a house now, rather than to let it decay and have to lend $75,000 to replace the structure a few years from now. The result of this will be more dilapidated housing—especially in light of the tremendous cuts in subsidized housing assistance—elimination of prospective 312 recipients, decreases in the payment period for loans, and double monthly payments.

Overcrowding and increasingly deteriorated housing stock can be the only result of the administration's proposals in the assisted and rehabilitated housing area. The working poor and the elderly living on fixed incomes will already be digging deeper into their shrinking pocketbooks to cover the cuts in food stamps and medicaid. Cuts in assisted housing will add an additional burden to these already overly encumbered members of our society.

Housing for low- and moderate-income people is not the only housing area affected by the President's budget ax. The Reagan administration is proposing cuts in the Federal Housing Administration's mortgage loan guarantee program which has assisted middle- and upper-income families purchase new and existing homes. In Westchester County alone in the past 2 years, FHA mortgage insurance has amounted to $25 million.

COMMUNITY DEVELOPMENT

The Reagan administration proposes to eliminate the Economic Development Administration and combine this and other useful programs with sharply reduced existing community development block grant and urban development action grant programs into a single block grant program. Federal requirements for the expenditure of these funds will be relaxed and additional eligible activities will be added to the program, thus taking into account elimination of the section 312 rehabilitation loan program, section 701 Planning Assistance, neighborhood self-help, and weatherization assistance.

For next year, the President will cut $469 million from the existing budgets of the community development block grant and urban development action grant programs to form the new community support assistance block grant program. In essence, the President proposes to reduce our attack on urban blight and decline by eliminating the Economic Development Administration's programs, terminating CETA public service jobs, and absorbing existing rehabilitation, weatherization, urban planning programs in a reduced community and urban development block grant program.

Municipalities in my congressional district received $15 million last year in community development block grant funds. Over the past several years, they have received almost $12.5 million in urban development action grant funds. Community development block grant funds have assisted a range of community activities and needs from flood control in Mamaroneck to the construction of a shopper parking area in Harrison to the funding of a nutrition program for the elderly in New Rochelle to assisting the Literacy Volunteers in Mount Vernon.

Urban development action grant dollars have funded the Southern Westchester Industrial Park and are committed for the Loral Expansion in Yonkers; the construction of the OIC office building/skills training center, the expansion of Midland Industrial Park, and the expansion of Modern Tobacco Co. in Port Chester; the development of the dormant freight yards for Bally Shoes location in New Rochelle; and the expansion of Semi-Alloys in Mount Vernon. Each Federal dollar invested in these projects has or will generate on the average 5 private dollars. Tax bases in these areas have been strengthened and both construction and permanent jobs have been created as a result of the urban development action grant program.

Considering the increased demands on the new community support assistance block grant program and reduced funding levels, it is very doubtful that significant urban development projects will be undertaken by distressed cities across the Nation once the two programs are consolidated.

ECONOMIC DEVELOPMENT

In a drastic change in government philosophy, the President has recommended the immediate dismantling of the Economic Development Administration which provides the basic structure through which our Government participates in encouraging jobs in economically distressed areas throughout the country. In the words of Office of Management Budget Director David A. Stockman before a House Public Works Subcommittee, "We believe that government should get out of the regional development and job creation business."

The Economic Development Administration has directly created from 70,000 to 150,000 jobs per year and indirectly stimulated 1.5 million additional jobs. Almost one-fifth of these jobs last year were expected to go to the long-term unemployed.

A study of 86 public works projects found that the $93 million in EDA funds given to these projects stimulated $140 million in private sector investment. It has been determined that the average public works permanent job costs just $3,789 in direct EDA funds and that these funds attract an additional $16,722 of private capital and $2,134 in other public funds.

Closing the doors of the Economic Development Administration will not only mean the loss of more than 1 million jobs, but will also force the abandonment of public works projects across the Nation, and dismantle a government structure designed to re-

spond immediately to downturns in our economy.

The local public works program of several years ago, which was administered by the Economic Development Administration, directed millions of dollars to Westchester County, N.Y. These funds provided for the construction of critical public facilities, infrastructure and industrial improvements, and school and recreation facility rehabilitation. Most importantly, the program provided much needed construction jobs at a time when unemployment in the construction industry was over 25 percent in Westchester.

The city of Yonkers received over $7 million in local public works funds for a total of 13 projects for infrastructure improvements, industrial park improvements and school rehabilitation. Mount Vernon received over $3.5 million in local public works funds for the construction of the Third Street Fire Station, Neighborhood Health Center, and Fleetwood Garage. New Rochelle received roughly $2.6 million which was used for Division Street improvements, Lawton Plaza, McKenna football field, weatherization of New Rochelle Community Center, city greenhouse and three fire stations, the Anderson Street Walkway, and Stephenson Trunk Drain. Ossining received $1 million for the construction of its community center. Port Chester received $3.4 million for the reconstruction of South Regent Street, storm drainage work, alterations to the fire department, and road resurfacing. Rye Town received $1.1 million for street reconstruction, recreation facilities for schools, town hall alterations, extension of sewer lines, and storm drainage. White Plains received roughly $1 million to weatherproof the Municipal Building and Annex and fire stations No. 2 and No. 4, for locker room facilities at White Plains High School, and for street reconstruction.

More recently, the city of Mount Vernon used $48,000 in Federal EDA funds to come up with a plan to cover and develop the railroad cut which runs through the center of the city. That report has been released and calls for the building of a parking garage, a transportation center, and office and light industry in the railroad cut redevelopment area. The city was counting on EDA funds for the garage and public improvement work on this project.

The city of Yonkers has been awarded $75,000 for the past 2 fiscal years in planning assistance from the Economic Development Administration. These Federal funds have resulted in the development of an $850,000 loan program with local banks for commercial revitalization; a study of Nepperhan Industrial Valley geared toward designing an industrial revitalization program in that area; studies of the city's labor force; an inventory of developable sites; an update of central business district improvement plans; development of an economic development profile used in assisting businesses and determining the impact of their proposed projects on the local economy; helping initiate market feasibility studies for the proposed waterfront development and an environmental impact statement for the waterfront; and the publication of an overall economic development program which identifies the assets and liabilities of Yonkers and sets out a strategy to encourage the expansion of business, a better tax base, and programs to cut unemployment in the city.

Westchester EDA public works projects already in the pipeline have been frozen as a result of the President's proposal to terminate EDA. The city of Peekskill and the village of Port Chester both have applications pending for EDA assistance. The Peekskill application is for $841,000 for revitalizing an industrial park at Charles Point. Port Chester's application is for $420,000 for land assemblage costs associated with the construction of an office/skills training center by the Westchester OIC. Other depressed and struggling communities in Westchester—indeed in the entire Nation—have predicated their essential redevelopment efforts on the availability of EDA funds.

How will cities like Yonkers and Mount Vernon that tax their people to the limit, whose industrial and commercial tax bases are declining, and whose infrastructure and physical stock is decaying, cope with Federal retrenchment in the public works area? My guess is that in many instances depressed cities, towns, and villages across this country will go without planned public improvements, and thus the quality of life in these areas will deteriorate, local taxes will escalate, and the dangerous spiral of physical blight and decay will pick up once again.

No one would deny the crucial role public transportation plays in the economies of every one of our major urban centers. A well run mass transit system is more than a luxury or a convenience. It is a vital link that permits economic growth in cities. A decaying transit system encourages the flight of businesses from cities. It encourages an economy totally dependent on the automobile and escalates expensive oil use. In the long run, it damages the quality of our lives and places huge economic burdens on all of us, as we must support decaying cities.

TRANSPORTATION

MASS TRANSIT

Seventeen years ago, in response to a perceived need to promote mass transportation and in the wake of failing private transit systems, Congress enacted the Urban Mass Transportation Act. This act was legislated "to assist in the development of improved mass transportation facilities, equipment, techniques and methods . . . to encourage the planning and establishment of areawide urban mass transportation systems needed for economical and desirable urban development . . . and to provide assistance to State and local governments and their instrumentalities in financing such systems, to be operated by public or private mass transportation companies as determined by local needs."

Today, the Federal Government is preparing to abandon its operating support of public transit systems—systems which have become the lifeline of so many urban areas across the Nation. The President intends to eliminate all Federal mass transit operating assistance by 1985—a $1.5 billion reduction in Federal spending. This action by the Federal Government will result in increased fares, reduced service, increased State and local taxes, deterioration in the physical condition of our transit systems, and traffic conjestion, pollution, oil import increases and urban decay.

The Federal retrenchment in this vital area will force some transit systems to close down altogether. Critical rail links supporting industry and business will be lost. For many commuters, this drastic change in Federal policy will force them back to their cars. For those who continue to ride mass transit—many by necessity—the President's program will mean at the very least higher transportation costs and less convenience.

If $1 billion of the President's cut in operating assistance for mass transit had to be recovered in the fare box, fares would jump an average of 37 percent nationwide, according to a study of the Regional Plan Association. Fare increases would be roughly 15 percent in New York and more than three times that amount in small cities across the country contributing to hardship and inflation. Just this year, fares have already jumped in Chicago, Dallas, Miami, Milwaukee, Salt Lake City, Toledo, and Washington, D.C. Other cities, like New York, are considering fare increases in the months ahead.

The same study by the Regional Plan Association indicates that if fares rose to cover the loss of Federal operating assistance, transit ridership across the country would drop by 11 percent, and 80 percent of these former riders would switch to the car. This would mean an added 2.4 billion miles per year in car travel and the burning of 167 million extra gallons of gasoline. U.S. payments abroad for oil would rise between $445 million and $650 million annually and the GNP would drop as much as $1.1 billion.

The metropolitan transportation authority, which serves the New York metropolitan area and 166,000 of my constituents daily, will receive $207.9 million this year in Federal operating assistance, accounting for 7 percent of the MTA's annual operating budget. Faced with shrinking budgets and rapidly deteriorating equipment, facilities, and shops, the MTA must turn to the transit rider and to the local and State governments to help cover Federal cuts in operating assistance. There are few other alternatives. New York's mass transit system cannot be allowed to go under because its demise would mean the strangling and eventual collapse of the economy of the entire New York metropolitan region.

CONRAIL

The elimination of all Federal assistance to Conrail will debilitate rail freight transportation in the Northeast and Midwest, threaten the economic health of the shippers, and have devastating effects on the economies of those communities in the Northeastern and Midwestern regions of the country served by the system. The administration's proposal signals the abandonment of a Federal policy to preserve Northeastern rail service and the hastening of the loss of a Northeast/Midwest industrial base.

The loss of Federal aid will force Conrail to cut 4,000 miles of light-density lines and consolidate its duplicate East-West mainlines which would probably end service to small, one-industry towns along branchlines, small cities located along duplicate mainlines, and some agricultural areas in Illinois, Indiana, and Ohio. As many as 50,000 Conrail employees will lose their jobs and the already troubled railroad retirement fund will be placed in greater jeopardy. The elimination of the Federal subsidy to Conrail and the resulting layoff of thousands of Conrail employees will cost an additional $1.6 million in labor protection funds.

AMTRAK

Proposed drastic reductions in Amtrak assistance and strict cost recovery mandates signal the end of a national rail passenger network in the United States—the only major industrial country in the world which will not support such a system.

The dismantling of 75 percent of the Amtrak passenger service comes at a time when ridership is up from 18.9 million people in 1978 to 21.4 million in 1979 and when on-time performance has increased from 57-69 percent between 1979 and 1980.

The immediate effects of the administration's proposed cuts in Amtrak assistance will mean route reductions and drastic increases in fares. By 1985, fares in the Northeast corridor—the only part of the Amtrak system that comes close to recovering the required 50 percent of operating costs—will have to increase fares by 50 percent to keep up with operating expenses. To allow other Amtrak routes to remain in operation at 50 percent of cost recovery would mean immediate fare increases of about 60 percent on short routes and up to 75 percent on longer routes. It is expected that with the 50 percent cost recovery requirements imposed by the administration, by 1985, only the Northeast corridor and a few other short haul routes around the country would remain in operation, and clearly Congress will not long continue subsidizing a system which just serves the Northeast, so that service, too, can be expected to expire.

Twenty thousand Amtrak jobs are threatened by the President's budget proposal. Many communities across the country will be severely hurt. The dismantling of Amtrak will restrict intercity mobility and the shutting down of Amtrak or substantial reductions in its routes will force more people back to their cars, increasing our dependence on imported oil, aggravating the automobile pollution problem, and requiring increased Federal aid to improve the highways. It is very doubtful that intercity rail lines could be sustained privately as the administration hopes.

Finally, the President intends to change the focus of the Northeast corridor improvement project to deemphasize increasing train speed as a primary goal of that program. It is generally agreed that if any Amtrak line can survive the Reagan plan, it is the Northeast corridor; however, increased speed and faster service are essential to offset the inevitable increase in fares and their effect on use of the service.

The havoc the President will wreak on the many elements of our society will seriously damage the ability of small business to compete. Lack of skilled labor, lack of transportation, lack of effective housing and economic development strategies all combine to create a poisoned atmosphere in which small businesses must operate. Those businesses dependent on borrowing to maintain inventories will be bankrupted.

SMALL BUSINESS

The administration's economic plan will create often insurmountable hardships for small business. Its proposed budget reductions for the Small Business Administration can only make these hardships more severe.

The administration plans to reduce the SBA's fiscal year 1982 budget by 22 percent. This includes a 27 percent cut in programs financed by the Business Loan and Investment Fund (BLIF), such as economic opportunity loans, handicapped assistance loans, and energy loans. The administration also proposes a 53 percent reduction in budget authority for physical disaster loans. These particular loans are vital to Westchester residents who count on them when their homes and businesses are destroyed or damaged by flooding.

The administration's proposals will result in for fewer small businesses receiving SBA loan assistance. According to the SBA, almost 7,000 fewer loans will be financed by the business loan and investment fund in 1981, and consequently, 33,000 jobs will be lost. In fiscal year 1982, the cutbacks will be responsible for 9,700 fewer loans and the loss of about 45,000 jobs. Coupled with reductions in jobs programs such as the CETA program, we can undoubtedly expect a growth in the number of needy individuals (and likely an increase in public assistance applicants). More people will be out on the streets and we may witness a corresponding increase in crime.

The administration's proposals will retard the efforts to provide management and technical assistance to small business men and women. We will find ourselves unable to compete with other nations in the development of new technologies. Indeed small business as always played a historic role in developing these new technologies for our country, but will no longer have the resources to do so as a result of the administration's cutbacks. The appropriate technology program, for example, to help small businesses capitalize proven investors is generally out in the Reagan budget altogether.

In my district in Westchester County, we will certainly feel the impact of these reductions. In the 24th Congressional District alone, small business received about $2 million in guaranteed loans and $400,000 in direct loans in 1980. Disaster loans in my district amounted to about $536,000 according to the SBA. If the administration's proposals are implemented, my constituents can expect to see far greater unemployment, more jobless youths on the streets, and it will be more difficult for us to receive disaster loans for flood damage.

The administration's small business cuts will change the quality of life for many Westchester residents. It will destroy the entrepreneur whose successful business depends on SBA assistance and throw out of work his or her employees.

Small business is the backbone of the American economy. It employs most of our labor. It produces most of our goods and services. It is the generator of most of our technology. To impair its operations and jeopardize its future threatens an important part of American life and our economy.

LEGAL SERVICES

The proposal to eliminate Federal funding for legal services is another example of how the administration is jeopardizing the economic and social stability of our Nation. The adminis-

tration has recommended the elimination of the entire $321.3 million currently appropriated to legal services. If this is adopted, a significant number of people in this country will be denied their fundamental right to redress their grievances through the legal system.

There are at least 30 million Americans living at or below the poverty level who are eligible for legal services funded by the Legal Services Corporation. In 1980, these programs handled 1.5 million legal matters. The Legal Services Corporation funds more than 300 civil legal aid programs for the poor at the State and local level in all 3,000 counties in the United States.

If federally funded legal services are abolished, the courthouse doors will simply be closed to most of the needy. Since the Legal Services Corporation provides 85 percent of the funding for legal aid programs throughout the country, most of the 1,400 offices would close. Most of the poor would be denied justice by the Constitution. Those who cannot redress their grievances through the legal system may take the law into their own hands; our streets may become more violent as our needy grow more resentful.

In my own area, Westchester Legal Services took on over 3,000 new clients in 1980, and over the past 14 years has served over 30,000 Westchester residents. If federally funded legal services are abolished, Westchester Legal Services will have to fold four of its five offices. It will only be able to accept one-third of its normal new client caseload. Thousands of others will be left to fend for themselves.

Abolishing the Legal Services program is the equivalent of telling the poor that the protection of the law is now only available to those who can afford to pay. Abolition will not only have severe economic affects on those who cannot afford litigation, but will also demonstrate to them that the American judicial system excludes them. The long-term effects of this perception are frightening.

No economic program can succeed without a well developed energy policy. In 1970, we spent roughly $10 billion, or 1 percent of our gross national product, on imported oil every year. We now spend roughly $100 billion for that oil—approximately 4 percent of our GNP. That single fact represents the greatest threat to both our economy and our national security. If we cannot reduce that threat, we cannot rebuild our economy.

We need desperately to devote more of our resources to becoming energy self-sufficient. An energy policy must be geared to bringing the economic and strategic cost of energy under control. That has been the goal of three previous administrations and the Congress.

ENERGY AND THE ENVIRONMENT

President Reagan's energy budget would completely reshape national energy policy abandoning the efforts that have proven successful in reducing our dependence on foreign oil imports. The administration's budget would kill almost all Federal spending for conservation, solar energy, and alcohol fuels. At the same time, it would increase Federal spending on nuclear power and revive the controversial Clinch River breeder reactor.

The administration proposes to cut the total energy budget by 31 percent in fiscal year 1981 and by 26 percent in fiscal year 1982. The fiscal year 1982 budget would reduce conservation programs by 78 percent, solar and renewable energy by 67 percent, fossil and synthetic fuels by 72 percent, regulation and information programs by 66 percent, and eliminate the Solar Energy and Energy Conservation Bank entirely. Nuclear programs which just address the 7 percent of our oil which is used for electricity generation, would enjoy an irrational 22-percent increase, with civilian nuclear fission, already commercially established, receiving a 42-percent increase.

President Reagan's program eliminates important natural resource programs also. Mr. Reagan's environmental spending cuts are a $54.7 billion cut in appropriations, and a $34.8 billion cut in actual spending in fiscal year 1982.

In areas related to pollution control, natural resources and energy, the lower-priority projects Reagan has taken aim at include:

Alcohol fuels and biomass programs, which would be eliminated.

The synthetic fuels program, which would be cut by $800 million.

The $3 billion Solar and Energy Conservation Bank which would be eliminated.

Sewage treatment construction grants which would be cut by $1 billion in fiscal year 1981 and zeroed-out in fiscal year 1982.

Coastal zone management and coastal energy impact assistance, which would be terminated.

The Land and Water Conservation Fund, which would be cut by half in fiscal year 1981 and zeroed-out in fiscal year 1982.

Perhaps the most profound harm being done to the Federal Government's budget—and to the future of our Nation in general—is in the energy/environmental areas.

The administration plans severe cutbacks in the energy programs directed at 93 percent of our oil use—in transportation, industry, and buildings; while vastly increasing nuclear expenditures, addressing only electricity's 7 percent of oil use. It thus assures our continued dependence on imported oil and the resulting national security risks and $100 billion import drain on our economy. The administration postulates the marketplace as resolving our energy problems but applies this principle only to conservation and renewables. Nuclear is treated to increased subsidies and, despite the President's rhetoric about a free market national energy policy, his budget makes no effort to recoup losses to the Federal Treasury from the $6 billion annual tax subsidies to oil companies. This is particularly astounding in light of his early decision to decontrol the price of crude oil.

In his message on decontrol, the President said that he was lifting controls as a positive first step toward a balanced energy program. I fail to see balance in a policy that allows oil prices to rise to a level set by the OPEC cartel but fails to evaluate production tax subsidies in the context of oil's increased value. This is particularly astounding when the impact on the budget is in the billions of dollars.

Last year, before oil decontrol, energy companies earned 40 percent of the profits of all American manufacturing corporations—on which the majors paid an effective tax rate that is just a small fraction of the average American corporate tax.

It is clear, that with profits of this magnitude, the energy companies do not need any additional incentives for the exploration and development of oil. But it appears that we in the Congress are afraid to go to the oil companies and say enough is enough.

Subsidies to oil companies should be repealed because the marketplace is providing lucrative, indeed excessive, incentives for exploration and development.

It makes no sense to slash coal, solar, and conservation incentives in the name of the adequacy of the marketplace and leave untouched subsidies to the oil and nuclear industries.

Our dependence on imported oil is our greatest national security threat and probably the greatest contribution to our inflation. We need a drastic, priority program to produce more efficient cars and alternate fuels, to insulate our buildings and install solar heaters on them and to accelerate our industrial energy use efficiency. The Gramm-Latta substitute abandons this effort almost entirely, and that is probably the most economically damaging of the Reagan proposals.

IMPACT ON WESTCHESTER

The administration has called for the elimination of the solar and conservation banks, making it more difficult for Westchester residents to obtain the loans they need to cut fuel costs—the highest in the Nation.

The President's proposals could also result in the cancellation of Nestle Corp.'s solar energy project in Puerto Rico, one of the most promising.

The administration's proposals will cause a sharp reduction in energy conservation grants for schools, hospitals, and public buildings. That program would be cut in half in this fiscal year. The program last year provided a $134,000 grant for the College of New Rochelle and $215,000 for the White Plains Hospital Medical Center, both for the installation and implementation of energy conservation measures.

The program also provides smaller grants to audit buildings for ways to reduce energy consumption, grants that went to Yonkers, Port Chester, New Rochelle, Pelham, Briarcliff Manor, Pelham Unified Free School District, Ossining, Webster Central School District, Harrison Central School District, Byram Hills School District, Iona College, Mamaroneck Union Free School District, Port Chester-Rye Union Free School District, New Castle, Larchmont, and White Plains public schools.

These cuts in energy and environmental programs will have an impact on all of the residents of Westchester County. The poor- and low-income residents will not be able to pay their increasing fuel bills, nor will they be able to get low interest loans or help to insulate their homes to forestall crisis. Middle-income residents will not be able to obtain loans to purchase the still expensive conservation materials that they need to cut down on their huge Con Ed bills.

The Reagan budget cuts in the environmental area will hurt all of us through the air we breath, the water—if there is any left by the end of the summer—we drink and the force to which we will be exposed. The Reagan administration's environmental budget proposals are appalling and mindless. We will pay a fearful price in ignoring depletion of our natural resources and environmental threats to our health and safety.

While the administration dismantles huge sections of the foundation of our economy, it is shifting enormous resources into expansion of the military.

DEFENSE SPENDING

The administration's proposed increases in military spending will create economic havoc without providing any significant improvement in our national security. The administration proposes $226.3 billion in budget authority for defense in fiscal year 1982. Between fiscal years 1982 and 1986, $1.5 trillion would be spent on the military. The massive buildup envisaged in the proposal is three times as large as the one that took place during the Vietnam war and in that context, we are doomed to repeat our economic experience of that war, particularly the rapidly rising inflation.

The massive buildup requires that skilled manpower, raw materials, and capital goods and equipment be quickly redirected to military production. This will place tremendous strains on our economy. To avoid civilian shortages and increased prices, and to insure that the military has greater access to our resources, a tax increase would have to be imposed to restrain civilian consumption. Without this tax increase, the military will have to pay more for skilled manpower and raw materials, and this will drive prices up. The result will be a rapid rate of inflation, as occurred during the Vietnam era. Only this time we will be adding inflation to an economic system which already has an 11 percent rate of inflation compared to an economic system which had an inflation rate of less than 2 percent at the outset of the Vietnam war.

The administration's proposal will also lead to tremendous deficits. It is impossible to balance the budget when you are spending in excess of $1 trillion on defense and receiving $400 billion less in tax revenues—under the Kemp-Roth plan.

The proposal will also jeopardize our international trading position. As the United States sharply increases its military expenditures, its competitors are reducing theirs or maintaining them at current levels. Thus, while we divert our capital resources into the military industry, our allies are able to use their resources for civilian markets in competition with us. As we concentrate on our military buildup, foreign companies will be taking over a larger share of our domestic and foreign markets. We will be assuming a larger share of the defense burden for the free-world while our allies enjoy a higher standard of living. In an article for the New York Review of Books, economist Lester Thurow wrote:

> What will happen to the United States if the industries that manufacture semiconductors are forced out of business while the nation is rearming itself? . . . In the long run, a civilian economy that consistently fails in competition abroad will be unable to produce missiles for an effective military economy.

These massive military increases will not only wreck our economy and virtually ruin our standard of living, but also leave us less secure than ever. I was pleased to read an article in the Washington Post by my distinguished colleague from Georgia, Mr. Gingrich, who argues that merely spending more money on the military will not increase our national security. We are experiencing a terrible manpower shortage which threatens our ability to defend ourselves. It seems ludicrous to spend billions of dollars on sophisticated weapons when you do not even have the skilled personnel to operate those systems. I fully agree with the gentleman from Georgia when he says:

> The grave danger we face is not that the Soviet Union has more men under arms, or that they spend more than we do, or that they have more equipment. The danger is that the Soviet officer corps has begun to be better trained intellectually, more deeply steeped in history, and is asking the right questions about war . . .

I might add that by eliminating jobs and education programs, we are simply going to produce less skilled and educated potential recruits for our Armed Forces.

Finally, I fear that just as we are doomed to repeat the economic mistakes of the Vietnam war, we will also repeat the grave strategic errors of that time. We are going to escalate the arms race at a tremendous pace. In the 1960's, we began a massive production of MIRV's, and it was not long before the Soviets felt compelled to engage in their own MIRV production. As a result, we are now less secure because it is harder to detect multiple warheads than it was to count missiles. These problems will be multiplied by the MX system if it is deployed as the Reagan budget proposes.

Clearly, the administration's proposal will have a severe effect on all of our lives. Inflation will run wild, our standard of living will decline, our international economic position will deteriorate, and we will find ourselves in a dangerous and less secure position with the Soviets. Former Congressman and Secretary of Defense Melvin Laird once said:

> The worst thing that can happen is for the nation to go on a defense spending binge that will create economic havoc at home and confusion abroad and that cannot be dealt with wisely by the Pentagon.

The worst will happen if the administration's proposals are implemented.

At least part of our massive rearming will come at the expense of those who fought our past wars.

VETERANS BENEFITS

The administration has proposed slashing veterans' benefits in fiscal year 1982 by $900 million.

The largest proposed reduction—$400 million—is in medical care for veterans. The real purpose of these cuts is not to trim excess spending. Rather, as the National Commander-in-Chief of the VFW has stated, the administration is seeking the programed destruction of the VA hospital and medical care system.

The administration has proposed cutting another $100 million by eliminating programs to provide readjustment benefits for Vietnam-era veterans. This cut—while insignificant to the President's effort to control the budget—will be devastating to Vietnam veterans.

While campaigning before a veterans group last August, President Reagan said:

> . . . to me, it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health care personnel within the VA.

I believe that President Reagan was right last August when he made that statement and I am strongly opposed to this effort to deny decent and adequate health benefits to those who have served their country.

BALANCING THE BUDGET

What is saddest about these radical shifts in resources is that they do not have to take place. In fact, the cuts will hamper—or cripple—our efforts to rebuild the American economy.

We can do better. We can balance the budget, which will free billions for the private investment we so desperately need. We can bring Federal spending under control without destroying the economic and social base of our society. And we can make public investments in increased productivity and exports beyond those proposed under either the Obey or Fauntroy amendment.

I have drafted such a proposal. Many of its spending proposals are drawn directly from the Obey and Fauntroy amendments. But I believe its revenue proposals show most dramatically what we have the resources to do.

The budget I would propose would postpone the personal income tax reduction in favor of a balanced budget, a choice recent polls show Americans overwhelmingly favor. It would provide the business tax cut that, if properly shaped, could be so beneficial to our efforts to improve productivity.

The budget I would propose would offer the Nation many more options than those we are considering today, because it would eliminate many of the tax subsidies that are nothing more than welfare for wealthy corporations.

There is no reason why tobacco, peanut, and rice growers; oil, timber and mineral companies; and the many other special interests that receive tax subsidies, should not pay their fair share of taxes. The oil companies, for example, evade $6 billion in taxes per year and pay, even with the windfall profits tax, only 13.4 percent on their gigantic profits. That $6 billion should be returned to the Treasury and they should pay taxes comparable to the 48 percent paid by other corporations.

My proposed budget, not only balanced this year, but providing a $9.3 billion surplus and providing hefty productivity incentives, is as follows:

[In billions of dollars]

	Outlays	Budget authority
Defense (050)	$186.6	$196.9
International affairs (150)	11.2	17.2
General science (250)	7.0	7.3
Energy (270)	8.3	8.0
Natural resources (300)	12.3	8.0
Agriculture (350)	5.0	5.4
Commerce and housing (370)	4.8	11.7
Transportation (400)	21.1	21.4
Community and regional development (450)	10.4	8.2
Education, employment, and social services (500)	34.4	37.2
Health (550)	75.1	84.8
Income security (600)	249.5	281.8
Vets (700)	$24.0	$24.8
Administration of justice (750)	4.5	4.3
General government (800)	4.9	5.3
General purpose fiscal aid (850)	6.1	6.0
Interest (900)	88.5	88.5
Allowances (920)	0.7	-0.7
Undistributed offsetting receipts (950)	-34.6	-34.6
Total	719.8	782.9
Revenues	729.1	
Surplus	9.3	

Summary of revenue measures

	Billions
Estimated revenues with business productivity tax cut	$712.75
Elimination of 50 percent of waterway users subsidy	0.56
Addition of Coast Guard users fee	.68
Addition of deep draft navigation fees	.54
Elimination of oil depletion allowance	2.3
Elimination of intangible drilling costs	2.9
Reform of capital gains for timber and mineral industries	1.1
Increase in cigarette excise tax	3.0
Added receipts from increase in IRS funding	.3
Addition of airport users fee	.9
Elimination of of bad debt reserve for financial institutions	.965
Elimination of tax deferral and foreign tax credit for oil companies	3.1
Total	729.095

There is nothing radical about this proposal. It merely makes the kinds of investments necessary to maintain the social and economic infra-structure of our Nation and resume our economic growth. And it recognizes that the complexities of foreign policy cannot be resolved by massive unfocused increases in military spending.

President Reagan's budget and economic program represent an unprecedented retreat from the Federal Government's commitment to our historic national goals—social justice, economic security, a better life for all our people. They would produce severe hardships for hundreds of thousands, even millions, of American families. They threaten to undo much of the progress that New York and other Northeastern States have made toward full economic recovery and renewed growth. They would do little or nothing to cure the problems of inflation. And they would result in an unprecedented shift of public resources from needed domestic programs into extremely questionable military spending.

The President's proposal will inevitably lead to higher inflation and a further decline in our standard of living, It restricts our world role to that of a decaying militaristic economic giant.

It is a fearful future, one which we can avoid.

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. PARRIS).

Mr. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I am happy to yield to the gentleman from California.

Mr. CLAUSEN. Mr. Chairman, I rise in support of the Gramm-Latta legislation and in support of the President.

I commend the members of the Committee on the Budget for their work and their diligent effort.

Mr. Chairman, we need to go through with this period of adjustment, and we look forward to the benefits that will accrue from it.

Our vote today on the budget recommendations will be an historic moment. It will be the moment the American people have waited for since they voted overwhelmingly for a change in our economic direction last November 4. In order to implement that change which the people demanded we must support the Gramm-Latta substitute.

I would like to point out that we have endured 25 years of trying the alternative. To repeat these mistakes would only be a repeat of those errors which have enjoyed minimal success at maximum costs. The past 25 years has been a testimony to the fact that increasing taxes is not the panacea to curing the Nation's economic woes—rather it is the stimulus which has caused the rampant, reckless spending we now see in government. It is time we heeded the mandate given us in November and take to heart the feelings of Americans everywhere that it is time to get this country moving again. I maintain that we will only start to move again if we can get back on our feet.

Unprecedented interest rates and an inflation problem that fails to go away, have been especially damaging to young people who are entering the home buying market. The young people are simply unable to buy a home. This slacking of our home building industry which has been primarily caused by misdirected government policy has had a significant effect on the economy of our Nation and in particular the economy of the north coast of California. The people in my congressional district have felt the crunch of policies pursued by those supporting the House Budget Committee Resolution. They are tired of these policies and they demand a change—a change that will move us toward stability and predictability in and for the future.

Those of us in this Chamber have designated next week as National Small Business Week. If we continue to pursue the failed policies of the past, by 1987, we might be designating "Remember Small Business Week." Let us not make these same mistakes.

Let us pursue policies which provide incentives to the job creating private sector. We must remind ourselves of all the jobs in the private sector. Unlike public sector jobs which consume tax revenue, these private sector jobs stimulate the economy and produce tax revenue. By voting for the President's proposals, we can take the first step toward making the 1980's a "National Small Business Decade," a decade not of continued decline, but of unprecedented prosperity.

Mr. Chairman, the programs of the past 25 years have been designed to appeal to the weakness in mankind. We have provided Band-Aids and crutches to heal society. It is time to do an about-face and appeal to the strength of our people. We need to create an atmosphere in which all Americans have the incentive to rise to their full potential.

Today, we have the opportunity to change the self-defeating economic pattern of our Nation. In the Gramm-Latta substitute, I see hope for our troubled economy. I urge full support for this resolution.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, I rise in support of the Latta-Gramm substitute to House Concurrent Resolution 115, the first concurrent resolution on the budget for fiscal year 1982.

There is no question that our country faces an economic crisis. Inflation has continued to surge and deficits have continued to grow. Productivity has continued to deteriorate and personal savings have literally shriveled. Without a dramatic change, our country's economic situation will come to what some call a crash landing having profound ramifications within the United States as well as worldwide.

Unfortunately, we, as legislators, have no choice but to ask our constituencies to sacrifice. Yes—sacrifice—to protect our country's economic and political well-being. This, of course, does not sit well with some of my colleagues because special interest groups will be challenging their decisionmaking process regarding many of the specific budget cuts. I, too, have been challenged, and have made some hard decisions about budget cuts affecting my constituency. However, I firmly believe that the Latta-Gramm substitute provides budget cuts which will be fair to all Americans.

Virtually everyone in this country will be affected to some degree by reductions in the budget. And, although I am opposed to some of the specifics of the program, there is no doubt in my mind that the brakes need to be applied to the spending, taxing, and regulatory growth of the Federal Government.

In recent years, much of the public viewed inflation as something created by the private sector: Business lifting prices and pulling in higher profits; workers demanding raises; bankers asking higher interest rates. It is only very recently that we have understood and accepted that government is at the root of our current inflationary crisis. As a result, I believe the Federal Government should be the first place to make a change. And, after thoroughly reviewing the administration's proposed budget, the Jones substitute, and Latta-Gramm, I have made a decision to support the Latta-Gramm substitute. The Reagan economic recovery program and the Latta-Gramm resolution are founded on the idea that a reordering of Government priorities and a restructuring of many Federal programs are necessary for economic recovery—sentiments I have related to my constituency for some time.

I have embraced the Latta-Gramm substitute as a proposal which leaves the administration's plan intact while accepting bipartisan suggestions to effect even greater savings. The savings would be offset by more than $400 million in additional spending over and above the Reagan budget for continuation of the Economic Development Administration, funding for vocational education and restoration of some veteran's benefits and services.

Latta-Gramm, which calls for a decrease of $6.1 billion under what was originally recommended by the President and subscribes to the theory that Government spending can and must be cut dramatically, is the first of many necessary steps needed to restore our economy to a healthy state.

Inflation is a decline in the value of money—and only government has the power to debase the currency by creating too much of it. Some examples of how our Federal Government has done just that are as follows:

Twenty years ago, social programs were running a little more than $20 billion a year. Today, they are costing the taxpayer $300 billion a year.

Recent Federal spending has been growing at about 16 percent per year.

Deficits this year are around $80 billion, including over $55 billion in the Federal budget and $25 billion hidden in so-called off budget programs.

The percentage of income paid by individuals in Federal taxes has doubled since 1960—all to pay the costs of expanding Federal programs.

These figures reenforce my belief that drastic changes need to be implemented immediately. And, although sacrifices will have to be made, I feel the overall benefits of the Latta-Gramm proposal to the average American will be substantial.

The Latta-Gramm proposal will slash today's double-digit inflation in half by 1986. The program will also reduce tax burdens and increase private savings. The end result will mean that private savings will be able to provide funds for productive investment resulting in 13 million new jobs by 1986.

Although the favorable effects of this proposal will take time, I personally see no better way for our country to reduce the spiralling inflation rate and the growing tax burden. Like so many of my constituents, I too have faith in the future of this country, and am willing to do whatever is necessary to restore its moral, economic, and political health.

For this reason, I urge my colleagues to join me in support of the Latta-Gramm substitute to House Concurrent Resolution 115.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I yield to the gentleman from California.

Mr. LEWIS. Mr. Chairman, I appreciate the gentleman's yielding, and I rise to express my strong support for President Reagan's budget proposal and to urge the House to reflect the will of the American people by giving a resounding vote of support for the President's proposal.

The American people are ready for a change and for the first time in two decades they will have it. They will have it because Americans from every background, every ethnic heritage, every rung of the economic ladder are ready to regain responsibility for their own lives. They will have it because the American people have sent an unmistakable signal to each and every Member of this Congress that they have united behind their President and behind the ideas on which his administration is based.

President Reagan responded to the demand for change by offering a blueprint for economic progress. The President realizes, as do the people, that there can be no improvement in social problems, no lessening of dependence on government unless the Nation's economy is prosperous and dynamic. The program was straightforward:

Increase aftertax incentives for both labor and capital to encourage increased work, saving, investment, and enterprise;

Reduce unnecessary spending to reduce the share of private resources which are siphoned off by the Government for counterproductive uses;

Stop inflation through a sound money policy; and

Eliminate the costly and unnecessary overregulation of business and individuals.

Each of these four elements is an integral part of the President's program for revitalizing the economy. None of them can be deleted without endan-

gering the success of the total package. The President has taken the first steps in lessening the regulatory burden and in supporting sound money policies by the Federal Reserve Board. He has also taken the first steps in budget and tax rate reform by sending the Congress detailed proposals for limiting Federal spending growth and reducing the marginal tax rates of individuals and business. The next steps belong to the Congress.

Since the President first presented his economic program on March 10, there has been a tremendous amount of debate and consideration of every aspect of his program. From this debate has come a spirit of cooperation in the Congress unequaled since Franklin Roosevelt called the Nation to arms.

Under the distinguished leadership of DELBERT LATTA and PHIL GRAMM, the President's budget request has been transformed from the administration's proposal into a bipartisan proposal. The strong support this budget has, on both sides of the aisle, comes from the desire of all Members to restore the basic principle of individual effort and liberty to governing the Nation.

The first essential of understanding the Reagan bipartisan budget, as President Reagan himself pointed out, is that there has been no reduction in Federal spending or revenues. This budget is simply a restriction of the rate of growth which has plagued Federal programs for the past 20 years.

TABLE 1.—FEDERAL SPENDING AND REVENUES, 1979–82

[In billions of dollars]

	Actual		Proposed	
	1979	1980	1981	1982
Spending	493.7	579.6	660.0	688.8
Revenues	465.9	520.0	603.3	657.8

Federal spending and revenues under the bipartisan proposal will decline to 19.3 percent of GNP by 1984, compared to 20.3 and 21.1 percent respectively for 1980 and 1981. Thus, while the Federal share of resource use will be declining, the actual level of spending will continue to increase.

In the 1980 campaign, President Reagan pledged that the major changes which he intended to make in the distribution of national resources would not adversely affect those receiving benefits under what he called the social safety net. His budget message reiterated this pledge:

> While recognizing the need for bold action, we have ensured that the impact of spending reductions will be shared widely and fairly by different groups and the various regions of the country. Also, we have, as pledged, maintained this society's basic social safety net, protecting programs for the elderly and others who rely on government for their very existence.

The bipartisan budget proposal reflects this pledge. In the two budget functions concerned with basic human needs, health and income security, the Reagan proposal calls for substantial increases over the next 4 years:

TABLE 2.—GROWTH OF SPENDING FOR BASIC HUMAN NEEDS

[In billions of dollars]

Item	1980 actual	Proposed			
		1981	1982	1983	1984
Health	$58.2	$66.8	$74.5	$81.6	$90.3
Income security	193.1	227.3	241.2	260.1	277.1

Even as the spending for these functions is increasing, the funds will be spent more efficiently, thus providing more assistance to those who require it. A comprehensive policy of block grants to the States will be used to channel funds to those who need them, rather than consuming billions of dollars supporting an inefficient Federal bureaucracy. Local control of spending will be a significant factor in reducing waste, duplication and deliberate fraud.

The Reagan bipartisan budget quite clearly provides for those who need our help. There will be no refusal of health care for the elderly or the poor who are unable to work; there will be no reduction in school nutrition programs for children whose diets are inadequate; there will be no families left without shelter and heat when they have no means to provide for themselves.

There should be no mistake about the fears of those who oppose the social program elements of this bipartisan budget. Their fear is not for those who are truly in need. The real fear is the wrath of voters and taxpayer who have final proof that the Federal tax and spending machine has indeed been the cause of economic decline; that it has been the vehicle for locking a generation of America's poor into an endless cycle of demeaning public assistance.

Some critics of the bipartisan budget claim that social goals have been slighted in favor of the national defense. As one of my colleagues pointed out, however, national defense is an overriding social goal. Without security for our basic freedoms there can be no democracy and no human dignity. The foremost function of the Federal Government, therefore, must be to provide for the security of the Nation.

The bipartisan budget provides for significant increases in defense spending. They are long overdue. The share of GNP devoted to national defense has been in steady decline over the past 20 years. We are currently spending well under 6 percent of the GNP on national defense. This will increase under the bipartisan proposal to 6.4 percent in 1982.

President Reagan's tax package has but one goal: To restore aftertax incentives for both labor and capital to encourage increased work, saving, investment, and enterprise.

The single driving idea behind the tax package is that both labor and capital offer resources to the market based on the real aftertax rate of return to those services. As tax rates rise, the lower returns induce an increasing number of workers and entrepreneurs to seek the untaxed havens of leisure and sheltered investment. Tax rate reductions are necessary to reverse this trend, returning economic resources to their most productive uses.

The Reagan bipartisan budget does not specify the particular tax proposals which will be incorporated in the final Ways and Means Committee bill. It does, however, make adequate room for adoption of the entire tax program which the President unveiled on March 10.

A strange force has come over the Congress in the last 3 months. Not only has the intellectual battle over the effect of marginal tax rate reduction been won, but, there is now virtually no disagreement over the size of the total tax reduction program. The only substantive disagreement remaining is over minor details of writing the actual tax bill.

The optimism of the people over their ability to take charge of their own destiny has permeated this debate as it has that over spending. The Congress has increasingly come to realize what the people have long known: Increased incentives will bring forth effort and achievement which lie dormant under oppressive taxation.

Under President Reagan's original tax program, these increased incentives would be achieved by permanently reducing personal tax rates by 30 percent over 3 years and by providing business with a greatly simplified system of accelerated depreciation. At the end of the phase-in periods for each program tax rates will be reduced greatly. Marginal rates on personal income will be reduced from a range of 14 to 70 percent to one of 10 to 50 percent; the top capital gains rate will fall from 28 to 20 percent; and the depreciation period for industrial machinery will be reduced to 5 years.

Criticisms of the Reagan tax package have been confined almost universally to the reduction in personal rates. There is little concern that the tax reduction for business will have any adverse effects on the economy. This stems from a widespread failure of politicians and economists to appreciate labor as a factor of production. Luckily, American workers made no such error.

It is argued that a reduction in personal income tax rates will be infla-

tionary. This view is offered by those who refuse to recognize that inflation is a monetary phenomenon. They argue that tax reductions in excess of spending reductions will increase aggregate demand and thus increase prices.

Suppose that cutting taxes reduced revenues in the short run compared with what revenues would have been without these reductions. For every dollar of lost revenue, taxpayers have an extra dollar of disposable income. But for every such extra dollar there is one less dollar someplace else. This is caused by the need of the Government either to cut spending $1 or to borrow $1 to pay for continued deficit spending. Either way, the total amount of money in the economy stays the same.

There cannot be any more aggregate income and demand in real terms unless people are encouraged to earn more income first—by working and investing more.

In short, it cannot be inflationary for workers to spend their money and noninflationary for Government to do so. This whole argument is a curious new defense of big Government, given that the whole Keynesian justification for high tax levels has always been that individuals save too much and reduce aggregate demand.

The second major argument against the tax rate reductions has been that an increased rate of return will induce the majority of workers to actually reduce their hours of work. This is based on the notion that families have a target level of income after which they prefer to take leisure rather than increased hours of work. Those who make this argument ignore several key facts.

First, as the argument above shows, there is no change in aggregate income as a result of the tax rate reductions. Income is simply returned from Government to taxpayers. If there is no change in aggregate income, there can be no possibility of labor offering less work as a result of higher incomes. Aggregate income will not increase unless work effort, efficiency, and output increase; that is, until there is a supply-side response.

Second, if workers in the aggregate work less and entrepreneurs in the aggregate engage in fewer projects, total output will decline. With constant nominal income and less output, prices will rise to the point that workers will have to return to their former levels of work just to stay even. Thus, there is no possibility of reduction in work effort even if workers maintain target levels of income.

Aside from the technical aspects of this argument, I cannot help but wonder at the view many of my colleagues take of American workers. They are willing to provide reduced taxes for business on the theory that business will produce more, but simply refuse to apply the same logic to the most essential factor of production: labor.

A final criticism made is that the Reagan tax program is biased in favor of the wealthy, that it reneges in some mysterious way on the progressive income tax. Nothing could be further from the truth. As indicated in the table below, after the full phasein of the personal rate reductions, the tax distribution will actually be slightly more progressive than at present.

TABLE 3.—TAX LIABILITY BY INCOME GROUP

	Tax liability			
	Current law		President's proposal	
	Millions	Percent of total	Millions	Percent of total
Adjusted gross income (000):				
Under $10	$6,224	2.2	$3,760	1.8
$10 to $20	39,304	13.7	27,834	13.4
$20 to $30	58,558	20.4	42,079	20.2
$30 to $50	85,706	29.9	62,055	29.8
$50 to $100	51,631	18.0	37,525	18.0
$100 plus	45,235	15.8	35,150	16.9
Total	286,659	100.0	208,373	100.0

Source: U.S. Treasury, Feb. 16, 1981.

The error made is one of attempting to equate the dollars of tax reduction rather than the rates of taxation. Under the Reagan plan a family making $10,000 per year receives tax relief amounting to 1 percent of total income, a family making $50,000 receives 5 percent of total income and the family earning $200,000 receives 10 percent.

What does this mean? It means that the family making $10,000 now pays 4 percent of its income in taxes; the $50,000 family, 19 percent; and the $200,000 family, 38 percent.

It means that the $50,000 family now pays 25 times as much in taxes and the $200,000 family 202 times as much as the $10,000 family.

But does the President's tax plan change the fairness of the Tax Code? In 1984, the $50,000 family pays 26 times as much as the $10,000 family, and the $200,000 family pays 209 times as much. In other words, the net effect of the tax rate reduction is to increase slightly the share of the tax burden paid by upper income taxpayers. It is beyond all reason to call this unfair.

The Reagan bipartisan budget package has been designed to increase the rate of economic growth, provide more jobs and lower rates of interest, inflation, and unemployment. These will be the results of prescribed policy changes. Prosperity requires sound fiscal and monetary policies consciously carried out by the Government.

The House Budget Committee has refused to recognize this fact. In 4 days of writing its own budget, the committee was never certain whether it and the Congress have the power to change policies and thus affect economic performance or whether economic performance is independent of policy and therefore becomes the driving force behind the budget.

This confusion tempted Chairman JONES and the majority of the committee's members to adopt a budget which, if passed by the Congress, by the House Budget Committee's own admission, would cause a significant deterioration in economic performance over the next 4 years.

According to the committee, their budget will slow the growth of the economy and, in 1982, put an additional 400,000 workers out of jobs compared to the President's program. Further, it would result in increased inflation and higher interest rates than the bipartisan alternative.

The following table illustrates the different economic results coming from the Reagan bipartisan budget and that of the committee. The figures for the committee are those provided by the chairman in his budget document.

TABLE 4.—HOUSE BUDGET COMMITTEE VERSUS REAGAN BIPARTISAN BUDGET: ECONOMIC PERFORMANCE

Item (1982)	Percent		Practical result
	Reagan bipartisan	HBC	
Unemployment	7.0	7.4	1 percent unemployment puts 1 million Americans out of work.
Real GNP growth	4.2	2.4	Incomes reduced by $30 billion, $300 per family.
Interest rates	8.9	12.0	Federal interest payments up $8 billion; increase in monthly mortgage payments of over $150.
Inflation	7.2	9.9	Increase in Federal income taxes of $18.9 billion due to bracket creep; increase in spending of $13.5 billion.

This budget is not the budget of the American people. The American people are optimistic. The people want economic growth without inflation, jobs in which they advance and excel, a rising standard of living earned by their own efforts.

What does the House Budget Committee offer? It offers more of the same pessimism, the same rhetoric of pain and suffering that has plagued the Nation for two decades. It offers austerity in place of growth, inflation in place of sound money, unemployment in place of jobs. The House Budget Committee asks the American taxpayer to suffer just a little more, to wait just a little longer, and the policies which have always failed in the past will finally bring them their salvation.

The President put it best when he said, "Well, that's not acceptable anymore." The taxpayer has lost patience with those who believe that the Federal budget problems will be solved if taxes are raised just one more time. The House Budget Committee is making the same mistake which has plagued Congress for the past 4 years. Federal fiscal discipline cannot be reached on the backs of the taxpayers.

TABLE 5.—HOUSE BUDGET COMMITTEE VERSUS REAGAN BIPARTISAN: REVENUES

[In billions of dollars]

	1981	1982	1983	1984
HBC	610.9	688.9	778.2	864.8
Reagan bipartisan	603.3	657.8	717.3	778.9
Difference	+7.6	+31.1	+60.9	+89.5

The House Budget Committee is counting on the effects of continued high inflation to balance the budget. The committee would add an extra $189 billion of revenues over the next 4 years, it would increase taxes by the equivalent of the incomes of 9.5 million American families.

Allowing tax revenues to increase by failing to adjust tax rates for inflation leads to a decline in work, savings, investment, and entrepreneurial activity. As these activities are discouraged, output falls, unemployment rises, and Government expenditures skyrocket as more Americans are put out of work.

According to the Congressional Budget Office, each percentage point of unemployment widens the Federal deficit by $25 to $29 billion—$20 to $22 billion in lost revenues and $5 to $7 billion in higher automatic spending on unemployment, welfare, and similar programs. Over the past decade the minimum unemployment rate achieved at any time has risen from less than 4 percent to almost 6 percent.

The last 4 years have shown that the budget will never be permanently balanced unless we reduce tax rates. With so much historical experience, why does the HBC attempt to balance the budget with a 4-year tax increase of $212.2 billion compared to 1980? To do otherwise would be to admit that 25 years of controlling by the Congress have led only to wasteful programs and needless taxation. It seems preferable to behave as though the electorate has not already learned this.

The HBC budget contains an increase of $25.8 billion in spending over the Reagan bipartisan budget for 1982, an increase of $81 billion over the second concurrent resolution for fiscal year 1981.

The committee claims these increases are due mainly to technical reestimates, the magic elixir of budgetary wizards. In fact, they are brought about through a series of well-orchestrated policy changes.

National defense—by means of one of the better examples of legislative legerdemain Congress has seen in recent years, Chairman JONES and the committee assert that the committee figures for national defense are higher than those of the President's budget and that any policies which he has advocated will be accommodated by their budget. The facts are different.

The committee's original mark was based on a series of policy changes which would have been crippling to the President's defense efforts. Ostensibly, these were made to stay within the President's spending limit as reestimated by the HBC staff. The recommended reductions give some idea of the concerns of the HBC for the Nation's defense.

Just as the HBC budget denies the importance of American labor, it denies the importance of the backbone of our Armed Forces, the fighting men and women who stand ready to defend our Nation. The HBC budget recommended denial of the special military pay raise so essential to retaining highly skilled combat veterans and technicians. Moreover, it singled out as unimportant to military preparedness the provision of adequate housing, schooling, and facilities for the families of our fighting forces. For a Nation built on family unity and strength it is sad to hear that the families of our soldiers are considered unimportant to the total defense effort.

A further indication of the low position of the individual in the eyes of the HBC is a suggestion that any further increases in oil prices be absorbed by the armed services without further funding. What are the effects of this policy?

Historically, absorption of cost increases has been taken from operations and maintenance funds. This has meant that increases in some prices led inevitably to purchases of fewer spare parts and reduced funding for training maneuvers, both critical for maximum readiness. The alternative in the case of increased oil prices is to buy less oil. With increased steaming time for the Navy in the Persian Gulf, increases in support flights in Saudi Arabia and a number of potential trouble spots looming, this could only mean that oil for training would be reduced.

Chairman JONES and the HBC withdrew from their recommendations, they claim, when they discovered that the reestimates they had so carefully made were erroneous. They would hold defense spending to the President's level after all. Or would they?

In the lexicon of Federal budgets we deal with actual outlays of Federal funds. We also deal with the contracting and spending authority which is allocated to each account in the Government. HBC did, indeed, leave the outlay level at that recommended by the President. What it did not do was provide the contracting and spending authority to reach that outlay level. That is HBC said to the Defense Department, "You pay your contractors, but you can't write contracts."

Catch-22: The unpopular policies advocated by the majority of the HBC members were not spelled out in the final report, the funds were simply removed.

It is interesting to note that a motion by one member to reduce the pay of senior members of the Armed Forces passed the committee on a voice vote, only to be defeated when the roll was called.

Social spending: The Federal Government cannot better the lives of the American people through massive infusions of money which destroy incentives, break up families and place millions of young Americans permanently outside the free-enterprise system. This is the overriding lesson of 20 years of social planning and spending. Programs begun under Presidents Kennedy and Johnson and greatly expanded under all Presidents since have failed to solve the problems of economic and social immobility faced by millions of our fellow citizens.

The House Budget Committee has not learned. It offers social spending totals which are $12 billion higher for fiscal year 1982 than the bipartisan substitute. It offers budget authority which is almost $22 billion higher, budget authority which would be spent in future years making fiscal restraint ever more difficult to attain. Over the next 4 years, spending for social programs will exceed the bipartisan budget by more than $40 billion.

Why such a large difference?

The House Budget Committee does not have the faith and the optimism shown by the American people. It still lives in the theories of the past which deny the willingness and ability of those at the lower end of the economic ladder to achieve and succeed.

Those who support the committee's budget would say to the American people, "You cannot be trusted with your own future." They would tax growth, ambition and hard work to

subsidize nonwork and mediocrity. They would bring stagnation not only to the economy as a whole but to the individual lives of millions of Americans.

The great ethnic minorities which came early to this Nation's cities succeeded in climbing to the top through hard work and devotion to family ideals. Italian, Irish, and Polish immigrants found lives of prosperity and growth.

The black and Hispanic immigrants to our cities, blacks from the rural South and Hispanics from our neighboring nations, have found similar dreams grounded by Federal programs which destroy the basic fabric of family life and taxation and wage policies which virtually exclude them from the traditional economic system. We cannot continue to sponsor social engineering and social planning at the expense of yet another generation of those whose only desire is to work hard for goals shared with all Americans. That, too, is not acceptable anymore.

The Reagan bipartisan budget provides ample funding for those who are unable to help or care for themselves. We would not propose and the American people would not tolerate any other policy.

The HBC budget calls for 1982 revenues to be $31 billion higher than recommended in the bipartisan budget. Following the mistaken notion that the budget can be balanced by raising taxes, the HBC is committed to achieving fiscal discipline by further squeezing taxpayers rather than by reducing extravagant Federal spending.

While lowering marginal tax rates in dollar terms, the Reagan bipartisan budget tax package calls only for reducing the increase in Federal revenues which is already built into the tax system. The HBC plan would accept some of the President's reductions while rejecting others. Those rejected tell an interesting story. Here is the proposal:

Provide the President's full 30 percent cut in tax rates only for those earning more than $215,400—those in the 70-percent tax bracket. The top rate would be lowered to 50 percent.

Provide accelerated depreciation for business.

Increase the refundable earned income tax credit for low-income families.

Widen tax brackets for middle-income families by a scant 10 percent—not enough to prevent an actual tax increase.

A new wrinkle in the Jones-Rostenkowski tax proposal—one which I would welcome as part of a larger package—is elimination of the distinction between earned and so-called unearned income. The HBC proposal would lower all personal tax rates in the 50-to-70 percent range to 50 percent. This would provide incentives for savings and investment among the wealthiest Americans.

It should be noted that the President's tax package also lowers the top tax bracket to 50 percent by 1984. The major differences are that President Reagan would provide equal tax rate relief to all taxpayers. Taxpayers would not reach the top bracket until $215,400 under the Reagan plan, whereas they would hit the top tax rate at about $60,000 under the Jones-Rostenkowski plan.

The HBC plan fully accepts the notion that business depreciation must be streamlined, that business taxes must be reduced to stimulate output, productivity, and growth. Business gets its share.

The working poor are also given a boost through the earned income tax credit. This provides a major incentive for these families to continue working and remain off the welfare rolls.

But what about the middle income family? While those in the top bracket are receiving tax reductions of up to 30 percent, there would be no tax rate relief for most middle income families. The family of four which earns the midian income is in the middle of the 24 percent tax bracket. Widen the bracket 10 percent and this family stays just where it is. Not only will there be no increase in incentives for this family, but, due to the crush of taxes and inflation, there will simply be no prospect of increased savings and therefore no hope for the future. With tax rates in the brackets above them remaining at current levels, the feeling of frustration which has stymied new economic activity during the past decade will continue.

Will this policy succeed? It will not.

Provide as many incentives for top earners as you will—give as many incentives for investment—bring as many people out of tax shelters as you can—you simply cannot increase the production of goods and services without labor.

The HBC tax plan denies any increase in incentives to labor. It will produce no increase in willingness to work harder or more efficiently, no incentive to seek more overtime, no incentive to improve skills and add to human capital, the mainstay of any economy.

The end result of implementing these policies will be to totally eliminate the progressive tax system of the 1980's. With the top rate set at 50 percent and inflation continuing as called for in the committee budget, bracket creep would push families now earning $20,000 per year into the top bracket by 1990. Those now categorized as below the poverty level would reach the 50-percent bracket in the 1990's, half their income gone in taxes and still, with little wonder, classed as poor.

These are the policies that try finite patience.

How do we know they will fail? Look to England. There are virtually no taxes on British business. Depreciation allowances are among the most generous in the world. When Mrs. Thatcher came into office she lowered the top tax rates by 23 percent and lowered the top rates on earned income by 20 percent. Taxes were raised on middle-class British families.

The British economy is in a shambles. Output has continued to decline. Tight money policies unaccompanied by tax relief and reduced Government spending have brought the economy to a virtual halt. The Government is depending on the discipline of recession to bring efficiency to British business.

The House Budget Committee intends to bring the economics of Margaret Thatcher to the American economy.

These misguided policies ignore the basic driving force of any free-enterprise economy—the small entrepreneurs. The neighbor down the street with the new idea, funded by his family, his doctor, and his lawyer has always been and will always be the predominant force in economic growth and activity. They are the force for innovation, for injecting hope and vitality into the system. Without their activities there is no capitalism, there is no democracy.

For 25 years entrepreneurs have been ignored here and abroad. As a consequence, productivity is falling, job creation is inadequate and output is stagnant.

The House Budget Committee wants more of the same.

The American people sent Ronald Reagan to Washington to change economic policies. The voters were fully aware of the Reagan program as they went to the polls in November. Support for the program was and remains overwhelming.

On April 28 the President came before the Congress to announce that through the extraordinary cooperation of both sides of the aisle, a bipartisan budget had been forged which met all the goals of his administration, and, more importantly, all the demands of the American people.

It is time to listen to our people. Share their optimism. Join them in their enthusiasm for the future of the Nation.

Mr. PARRIS. Mr. Chairman, in the elevator in this building yesterday one of my colleagues on the other side of the aisle observed that I was wearing what he called a skull and crossbones. It is in fact, crossed baseball bats worn by those of us who are going to bat for the President of the United States and for his program and playing ball with the people of this Nation.

I observed, in response to this observation, that "This is not a skull and crossbones."

This pin represents a delicate precision surgical instrument with which we are going to save the economy of this Nation. I respectfully submit, Mr. Chairman, that we are engaged in the classical political struggle of our time. Over the last several days we have engaged in furious debate. There has been great activity on and off the floor of this Congress, and the lobbying has been the most intense in this Member's recent memory.

There are a number of us who do not agree with the gentleman from Oklahoma (Mr. JONES). We respect him, but we simply do not agree with him. I think his "Dear Colleague" letter that was circulated about 3 days ago makes the point for our side as well as any material I have seen in this entire program and I would like to share several of his statements with you.

Time does not permit me, Mr. Chairman, to quote from that statement, but let me paraphrase at least several parts of it. The gentleman from Oklahoma (Mr. JONES) makes the point that the overall spending limits in the two proposals, Gramm-Latta and Jones, are virtually the same, but the President's bipartisan proposal, the Gramm-Latta proposal, contains additional tax cuts in the amount of $251 billion over a 3-year period. That is a fact that we often overlook.

There are economic assumptions contained in this legislation. The language of this bill does support tax-cut assumptions, and I sincerely hope at enforcement time under this legislation, Mr. Chairman, the Members of this House will remember that.

The gentleman from Oklahoma (Mr. JONES) says that the Latta reconciliation cuts are "so deep that many authorizing committees will have no option but to cut basic laws and programs under their jurisdiction." And to that, Mr. Chairman, I say, "Amen" and respectfully submit that the fact is not an accident, but a conscious decision that is in concert with the desires and hopes of a majority of the citizens of our Nation.

Lastly, Mr. Chairman, the gentleman from Oklahoma (Mr. JONES) points out in his "Dear Colleague" letter that reconciliation is—and this is underlined, with emphasis added—binding. "A vote for the Latta substitute is a vote for binding outlay cuts of over $36 billion which must be reported to the Budget Committee by June 15, 30 days from today."

That is true. Those cuts are designed to show a concerned commercial and indutrial community of this Nation and a watching world that this Congress is serious about reducing the burdens and cost of Government and wants to place the growth of Government on a shorter chain so as to stop the ravaging of the savings and earnings of the citizens of this Nation and reduce the rampant inflation that is plagueing us all.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman form Michigan (Mr. KILDEE).

Mr. KILDEE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, before we vote on this amendment, I would urge my colleagues to closely examine the economic assumptions on which it is based and the actual impact of the budget cuts.

The Reagan budget asks us to accept on faith economic assumptions that are, at best, questionable. When he was asked on what the economic assumptions were based, Murray Weidenbaum, the Chairman of the Council of Economic Advisers, told one committee that they were based on his "gut feelings." To date, we have not seen any data that would support their assumptions. To the contrary, the evidence would indicate that his gut feeling is inaccurate. This amendment, which restores the original Reagan budget, assumes an interest rate on U.S. Treasury bills of 8.9 percent in fiscal year 1982. The House Budget Committee made a more realistic estimate of 12 percent. The Reagan budget assumed a Treasury bill rate of 13.5 percent in the quarter just completed—the actual rate was 14.3 percent. The Reagan budget assumes Treasury bill rates for the present quarter of 10.5 percent—this week's rate was 15.9 percent.

Although imperfect as an indicator of business confidence, the recent trends in the stock market would certainly indicate that the business community is far from euphoric about the economic prospects of President Reagan's budget.

I would also ask that my colleagues consider whether or not the majority of economists agree with these assumptions or whether we are being asked to accept the assumptions of a fringe group of economists.

As much as I would like to believe that the condition of our economy would markedly improve if this amendment passes, wishful thinking does not change economic realities. Based on analyses of the budget, I can only conclude that the proposal before us will exacerbate the difficulties facing many individuals, many small businesses, and many local government and school districts. We have heard the distinguished chairman of the Select Committee on Aging describe how these budget cuts will harm thousands of our senior citizens. In the Education and Labor Committee, we heard examples of school districts which would have to discontinue hot lunch programs if the cuts in the school lunch program were enacted. The Michigan Department of Education has estimated that changes in the student loan program will mean that 70 percent of those students presently receiving loans in Michigan will be ineligible. The cuts in alternative energy and energy conservation programs will reduce our national security by prolonging our dependence on imported petroleum.

To get an idea of what the impact of the program would be, I had my staff go over the Reagan proposals line by line and determine what the impact would be on my district, the 7th District of Michigan. It was a long and tedious task, but it ultimately gave me a microanalysis of what the impact would be in one area. I would point out to my colleagues that my district is, in many ways, a microcosm of our entire country—it has urban areas, small towns, and rural areas. Admittedly, it is experiencing more economic problems than many other districts, but it does have characteristics of our entire country. The Reagan budget would result in a withdrawal from the 7th District economy of a minimum of $75 million for meaningful and specifically targeted purposes. That figure does not include programs that are not localized such as the changes in the energy program. That figure does not include grant programs that cannot be accurately predicted, such as Environmental Protection Agency sewer grants, Economic Development Administration grants, or Urban Development Action grants. It also does not include figures for programs that are dependent on economic conditions such as unemployment insurance or food stamp payments.

The $75 million figure is a baseline minimum of what the Reagan cuts will mean to one district. The actual figure will be much higher. I would ask my colleagues to remember that the money actually multiplies as it is put into the local economy. It means more business and more jobs.

I ask my colleagues to think of what these cuts can mean to their own districts and to the Nation as a whole. Both budgets provide a much-needed tax cut. The major difference, therefore, is in economic assumptions and program reductions.

To counter these cuts, we are being asked to have faith in questionable economic assumptions. Faith should not replace judgment. We have a responsibility to independently exercise our best judgment. I do not have enough faith in the wishful thinking of those who can present us with no statistical validation of their assumptions. The stakes are too high to make the blind leap of faith when my judgment tells me that the assumptions are constructed out of wishes and hopes.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Chairman, I come from Long Island, and it is no secret that on Long Island the President of the United States did very well. He carried my district and carried the Island.

Yet I do not believe it is the mandate of the 1980 election to require middle-class parents to forgo the opportunities for their children to go to college.

I do not think it is the mandate of the 1980 election to make it difficult for middle-class people to ride on mass transit, and I do not think it is the mandate of the 1980 election to require my county executive to determine whether or not he is going to feed pregnant women or their children.

During the last 35 years Democrats and Republicans alike have joined in the notion of economic prosperity and social justice. By "social justice" I do not just mean feeding programs and health programs for the poor, the elderly, and the indigent; I mean the right of Americans to have clean air, clean water, and a safe working environment, along with the opportunity to educate their children.

It is clear to me that since the economic pie has stopped growing, some of us have decided to "scapegoat" that problem, to find an easy scapegoat for why those problems have occurred, and that easy scapegoat has been the Federal Government.

In the last 20 years of this century the Federal Government has had an important role to play in helping to manage part of our economy, to help feed people and to provide for their education. We have attempted to limit that goal with the Jones substitute, but Latta destroys the notion that we can have social justice and economic prosperity.

Consider the weaknesses of our current economy.

First, we are unacceptably dependent on imported oil. The Latta/Reagan program will not cure this vulnerability or even treat it; on the contrary, it will compound the problem by emasculating conservation programs and wiping out our efforts to build a strategic petroleum reserve. It feeds us helpless into the hands of the Arabs. How ironic that we should spend tens of billions for weapons to protect our oil supplies, but cancel the much smaller amounts which would gain us oil by peaceful means.

Second, our interest rates are too high. As we are already finding out, the Latta program will make these even higher.

Third, we have not come to grips with the problems of indexing and its inflationary ramifications. The chairman of the Budget Committee, Mr. JONES, has written that this is the key to our economic future. The administration, apparently, is less concerned.

Fourth, there are severe regional disparities which the Latta program exacerbates rather than treats. My own area of Long Island will be particularly devastated. I have prepared a report which explains this in detail. I now insert this report in the RECORD.

THE REAGAN BUDGET: AN ANALYSIS OF HOW SELECTED SPENDING CUTS WILL AFFECT LONG ISLAND

(By Representative Thomas J. Downey)

I have prepared this report because I believe it is time to speak plainly and candidly about how these budget cuts will affect Long Island, and what they will mean in changing the role of government in our lives.

The debate on the federal budget has continued now for a number of months. Tax cuts, spending cuts, rescissions, and restorations—all in the many billions of dollars—have been discussed extensively in the press and in Congress. But in all these debates and discussions, some fundamental questions of national policy and social philosophy have not been given the attention they deserve. The federal budget is not just a matter of juggling revenues and expenditures. It is much more than that. The size and structure of the national budget is a basic reflection of how our society sees the role of its government and how it defines its concept of the public welfare. The budget represents our consensus of public priorities. As President Kennedy said, "The power of the budget is the power to choose."

In this battle of budget philosophies, the Reagan administration is guided by the desire to "get the government off our backs." Now, many Americans can sympathize with this sentiment. No one likes high taxes, complicated rules and regulations, or lengthy government forms. Certainly taxes must be cut, although Kemp-Roth does not seem like the best way to do this; excessive regulation must be reduced; and the mountain of bureaucratic paperwork must be cut. But in this necessary effort to control the size of government, we should not get carried away into thinking that government is the great enemy of the people.

Our national, democratically elected government has many functions which are legitimate, necessary, and desirable—especially in such areas as clean air and water, the health and safety of workers, the conservation of energy, and the support of those in distress. This has been the tradition of the Democratic Party: that government has a legitimate role in helping to pay the costs of education for young people, in providing adequate health care and nutrition for those in need, and in removing obstacles to equal opportunity for all Americans. In short, this tradition has sought to make the government a catalyst for self-help. And this is a tradition I'm proud of.

Today we face serious economic problems, and we have more limited resources than we had in the past. Our budget policy must reflect these new circumstances. Today our goal should be a truly "balanced" budget—balanced not just in terms of spending and revenue, although that is an important objective; it must also be balanced between the values of social responsibility and fiscal responsibility; between the needs of distressed people and regions, and the operation of free market forces. The national budget must fulfill its most vital social functions, but it must seek to do these things without discouraging economic growth or new capital investment.

The federal budget must do more to encourage savings and investment for economic expansion. But the budget cannot be devoted solely to physical investment. It must also carry out a public commitment to human needs: to health, public safety, equal justice under the law, education, nutrition, environmental protection, and other vital areas of public concern. Many of these programs can certainly be tightened, trimmed, and their costs reduced. Some of them could even be consolidated into block grants. But most of these programs cannot be drastically cut or eliminated. Such severe cuts in vital human services would be very shortsighted and, in the long run, would hurt our economy, not help it.

In our necessary emphasis on private business investment to restore growth and prosperity to the American economy, we cannot afford to neglect public investment in mass transit, roads, bridges, and our aging water systems. This physical "infrastructure" plays a vital role in our economy, and to neglect it would also be shortsighted. We would surely pay for such neglect in the years to come.

There is one final requirement for a truly balanced budget—that the cuts in spending be fair and evenhanded. The Northeast, with its special energy, transportation, and urban problems, must not be asked to bear more than its fair share of spending reductions. Nor should our metropolitan areas be targeted for more cuts than they can handle. And the poor certainly cannot be expected to shoulder the heaviest burden of budget-cutting. A budget that takes from the hard-pressed and violates the principles of equity and fairness will not be acceptable to the American people.

This job of budget-balancing will take courage, creativity, and a willingness to cut or reshape old programs, those which are not working or which have become burdened with bureaucratic waste and inefficiency. Some of the President's suggested cuts are wise and necessary. Others are unwise and would damage the long term interests of this country. In order to evaluate the many cuts being proposed, the people must be aware of the potential impact of these reductions in the federal budget.

It will be the job of all responsible, thoughtful Americans to find the new points of balance in the national budget. For the Democratic Party, this effort will be part of its new agenda for the eighties.

THOMAS J. DOWNEY,
Member of Congress.

SUMMARY OF THE IMPACT OF SELECTED BUDGET CUTS ON LONG ISLAND

FEDERAL STUDENT LOAN PROGRAMS

$14 million in student aid for Long Islanders could be lost if the Reagan Administration's proposal for cuts in the Guaranteed Student Loan Program and Pell Grants is approved. The Social Security Student Benefit will be phased out, and the National Direct Loan is also in jeopardy. A conservative estimate of the number of students who will have to drop out of college ranges from 6% to 10% of those presently attending. Some private colleges could lose as much as 15% to 25% enrollment.

FOOD AND NUTRITION

A total of nearly $17 million in federal funds will be lost in the following programs:

(1) Women, Infants, and Children Program: a 30% cut resulting in a loss of $364,200 for Suffolk County and $112,000 for Nassau County.

(2) Food Stamps: Nassau will lost $2.3 million, Suffolk—$4,176,000 in assistance out of a total nationwide cut of $2 billion; the impact will also be felt in a decline in general economic activity, especially in the retail sector.

(3) School Lunch Programs: reduced funding could cost Suffolk County as much as $5 million, Nassau—$3.8 million, cutting eligibility and jeopardizing school lunch and school breakfast programs in many districts.

PROGRAMS FOR THE ELDERLY

A whole series of federal budget cuts will seriously affect the well-being of many senior citizens. Some examples (which total $32 million):

(1) Medicaid cap: a loss of $8 million in aid in Suffolk; $11.2 million in Nassau.

(2) Food Stamps: a loss of $2.5 million in Suffolk County, affecting more than 1,700 seniors; a loss of $3.5 million in Nassau, affecting more than 2,450 seniors.

(3) Social Security Minimum Benefit: over 1,400 individuals will lose $865,000 in benefits in Suffolk and 2,020 elderly will lose $1.2 million in Nassau.

(4) Low-income Energy Assistance and Weatherization: over $4.8 million will be cut for 16,140 recipients on Long Island.

TRANSPORTATION

Federal Highway Subsidies will be reduced, threatening funding for projects on Sunrise Highway and the Long Island Expressway. Service and ticket prices could be affected on the Long Island Railroad by proposed phasing out of federal subsidies for mass transit operating costs. MTA officials estimate that LIRR fares could increase anywhere from 20 percent to 50 percent with cuts in federal and state funding. Suffolk County's plan to improve bus transportation for the elderly, the infirm, and the handicapped would be threatened by proposed cuts in funds for the Urban Mass Transit Agency. Plans for bus purchases would be endangered. A total of $2.4 million for improvements at the Suffolk County Airport would also be in doubt.

ENERGY ASSISTANCE

Federal aid will be cut for low-income energy assistance. A total of $4.1 million is currently paid to Suffolk County citizens to help defray the costs of home heating oil. Low-income weatherization, about $1 million annually in Suffolk, will also be eliminated. All energy conservation programs to assist private and public businesses and services to reduce their energy costs will be cut by 50 percent. At Brookhaven National Laboratory, many "near term" projects (near completion) will be affected. Brookhaven's budget will be cut from $6.1 million to $2.6 million in fiscal year 1982.

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

Nassau and Suffolk Counties' effective CETA program will be eliminated by September. Over 2700 jobs will be lost and $31 million in funds are affected. With fully 100% of those participating under Title II-D eligible for welfare, and with 38% having actually come off the welfare rolls, the result of ending the CETA program will be an increase in the cost of public assistance and, as a result, an increase in state and local taxes.

SEWAGE TREATMENT PROGRAMS

Cuts in federal aid will jeopardize a number of sewage treatment projects in the towns of Riverhead, Patchogue and Port Jefferson/Stony Brook. Of particular importance is the cut in matching funds for such projects as the Flow Augmentation Needs Study (FANS) for the Southwest Sewer District. $100 million is needed to monitor the effect of the sewer project on ground and surface water leading into the Great South Bay, where a multi-million dollar shellfish industry is at stake. The choices are clear: to abandon the projects or raise local and state taxes to make up for the loss of federal funds. Lee Koppelman, Director of the Long Island Regional Planning Board, estimates that the adverse effects on Suffolk County of budget cuts in Waste Water Treatment, EDA, and Housing and Urban Development (and the domino effect on construction and local industries) would be upward of $1 billion.

ECONOMIC ASSISTANCE

Using just the statistics of the Second Congressional District, a 25% cut in loan authority under the Small Business Administration would mean a loss of approximately $2.4 million in the Second District. Last year the SBA provided nearly $9.5 million in direct loans and loan guarantees to small businesses in the district.

LEGAL SERVICES FOR THE POOR

Over 250,000 Nassau and Suffolk residents meet the poverty guidelines for free legal services. If the Legal Services Corporation is abolished, as the President has requested, 6,000 Long Islanders annually, will not receive legal representation.

ELEMENTARY AND SECONDARY EDUCATION

The Administration's proposed cut of 25% in aid to education would result in the loss of over $2 million in funds for the schools in the Second Congressional District alone. Aid would be consolidated into two block grants, so there would be some administrative savings as a result of a reduction in federal regulations. A cut of 25% will not have a drastic effect on the ability of most school districts to fund their programs, since only 6% to 7% of the education funds come from the federal government. Still, there will be some adjustments on the local level—either in loss of programs or increases in taxes.

MEDICAID

There are 74,000 recipients of Medicaid in Suffolk County, 48,000 in Nassau. In 1981, Suffolk County's budget for this program was $130 million. The Reagan Administration proposes to cap Medicaid and tighten the eligibility requirements for Aid to Families with Dependent Children (AFDC). As a result over 7,000 persons in Suffolk County alone, would lose their eligibility for Medicaid.

STUDENT LOAN PROGRAMS

Education cuts

Federal funds to promote higher education are primarily given in the form of grants and loans to students in training programs for professions, colleges, and universities. The President has proposed to reduce the upper income level for eligibility for the Pell Grants (BEOG) and to tighten the loan programs. Twelve local colleges and universities on Long Island were contacted to learn what effect this proposal would have on the schools and their students. Together, the school financial aid directors reported that a total of over $14 million would be lost with a resulting decrease in student population of about 10%. The largest losers would be the independent higher tuition schools, with some gain in the short term being registered by the public institutions. Those students who were financially marginal at the public institutions would be lost altogether, having no alternate source of funding. The schools reported that together they would expect to lose over 8,500 students, of which over 3,600 attend private colleges. Presumably, most of these students could recoup losses by switching to public colleges. However, for the remaining 5,000 who could not go to less expensive institutions, there would be no recourse.

The total enrollment for these same twelve colleges and universities is just over 86,000; therefore, it could be said that almost 6% of Long Island's college students will be forced to give up higher education under the circumstances the President has suggested. This is true assuming no alternate source of funding becomes available from each State or private financial institutions.

There are four basic programs of Federal loans and grants for higher education which will be affected by the administration's budget proposals:

(1) *The Guaranteed Student Loan Program:* In 1980, this program guaranteed subsidized low-interest loans of up to $2500 per year, totalling $4.84 billion to 2,314,000 recipients. The current rate of interest is 9%—substantially below the rate offered by private banks. There is no income test for eligibility. The administration proposes to raise interest rates for the Parent Loan Program, institute a complicated "remaining need" test designed to limit eligibility, and begin charging interest on the loan from the time the money is borrowed, thus eliminating the current provision which defers the interest payment until after the student graduates.

(2) *The Pell Grants:* Formerly known as the Basic Educational Opportunity Grants, this program currently awards $2.375 billion to 2,650,000 recipients. For these grants there is a means test, normally excluding those with a total family income above $25,000. Among possible changes, the administration proposes to lower the income ceiling to $21,000 and impose a $750 self-help student contribution, which would obviously discriminate against lower-income students. Rep. Peter Peyser (N.Y.), a member of the House Postsecondary Education Subcommittee, estimates that, over the next two years, the Reagan proposals would make 600,000 students ineligible for Pell Grants.

School	Students	Dollars	Decrease in students	Decrease in dollars
Government student loan program figures:				
St. Josephs	283	440,000	67	90,000
S.U.N.Y. at Stonybrook	5,143	9,000,000	643	1,125,250
Molloy	875	1,000,000	328	606,800
Nassau Com.	2,184	2,487,065	200	250,000
Suffolk Com.	3,500	4,623,433	105	173,250
S.U.N.Y. at Farmingdale	1,106	1,721,518	332	516,592
Hofstra	4,500	7,800,000	200	760,000
Dowling	1,000	1,000,000	150	150,000
Adelphi	4,500	6,750,000	1,013	1,519,500
N.Y. Institute of Technology	3,750	7,000,000	938	1,782,200
S.U.N.Y. at Westbury	400	650,000	10	16,260
L.I.U.	4,050	9,998,654	1,025	2,606,000
Total	31,291	52,471,070	[1]5,011	[2]9,595,852

School	Students	Dollars	Decrease in students	Decrease in dollars
Pell grant program figures:				
St. Josephs	220	220,000	44	44,000
S.U.N.Y. at Stonybrook	4,615	6,000,000	577	750,100
Molloy	412	227,000	28	15,400
Nassau Com.	3,219	2,679,759	500	325,000
Suffolk Com.	5,000	3,629,551	150	105,000
S.U.N.Y. at Farmingdale	2,000	2,013,000	325	325,000
Hofstra	2,500	2,700,000	313	356,820
Dowling	863	1,000,000	86	99,674
Adelphi	3,000	2,100,000	500	350,000
N.Y. Institute of Technology	4,000	4,800,000	1,000	1,200,000
S.U.N.Y. at Westbury	1,700	2,014,500	100	118,500
L.I.U.	2,761	3,342,323	193	351,100
Total	30,290	30,726,133	[3] 3,816	[4] 4,040,594

[1] 16 percent decrease in the number of students.
[2] 18 percent decrease in the amount of money.
[3] 13 percent decrese in the number of students.
[4] 13 percent decrease in the amount of grant money.

(3) *Social Security Student Benefits:* This is the smallest of all the college aid programs. As of December, 1979, 793,190 people were receiving grants totalling $153,914,000. These were the college children of retired or disabled workers, and of deceased wage-earners. The average benefit in New York is $203 per month with a cost-of-living adjustment added each year. The administration, after initially proposing an abrupt end to the program by August 1981, has now proposed allowing no new students to enter the programs and phasing out the Student Benefit over a four-year period, decreasing benefits by 25% per year and eliminating the cost-of-living increases.

(4) *National Direct Student Loans:* In 1978–1979, this program loaned approximately $642 million to over 800,000 recipients. Money is sent directly to the individual school to be loaned out by that school at its own discretion. Few people realize that these so-called "school loans" are actually government-subsidized and guaranteed loans at 7% interest. There was an early Stockman proposal to phase out the program with a 25% per year cut for the next four years, but it is not now clear just what the administration wants to do with NDSL.

SOCIAL SECURITY STUDENT BENEFIT PROGRAM FIGURES

	Total	Retired worker parents	Surviving students	Disabled parents
United States as of December 1979				
Students	793,190	148,871	484,466	159,853
Amount	$153,914,000	$23,399,000	$109,758,000	$20,757,000
As of June 1980				
Students	760,199	138,104	464,682	157,413
Amount	$169,803,000	$25,005,000	$121,180,000	$23,618,000
New York State as of December 1979				
Students	75,512	14,036	44,511	16,965
Amount	$15,155,000	$2,428,000	$10,384,000	$2,342,000
As of June 1980				
Students	74,687	13,146	43,930	17,611
Amount	$17,071,000	$2,584,000	$11,709,000	$2,778,000
Suffolk County as of December 1979				
Students	5,622	709	3,394	1,519
Amount	$1,142,000	$129,321.60	$821,687.40	$209,318.20
Average benefit per student				
Amount	$203.00	$182.40	$242.10	$137.80

SOCIAL SECURITY STUDENT BENEFIT PROGRAM FIGURES

School	Students	Dollars	Decrease in students	Decrease in dollars
St. Josephs	41	61,500	8	12,000
S.U.N.Y. at Stonybrook	[1]	[1]	[1]	[1]
Molloy	[1]	[1]	[1]	[1]
Nassau Comm.	1,600	[1]	800	[1]
Suffolk Comm.	850	[1]	[1]	[1]
S.U.N.Y. at Farmingdale	[1]	[1]	[1]	[1]
Hofstra	600	[1]	330	[1]
Dowling	90	[1]	[1]	[1]
Adelphi	300	[1]	[2]	[1]
N.Y. Institute of Technology	[1]	[1]	[1]	[1]
S.U.N.Y. at Westbury	38	75,000	0	0
L.I.U.	[3] 148 +	[1]	88	[1]
Total	3,667	136,500	[4] 1,451	[5] 12,000

[1] Not available.
[2] 75 (dropout) 150 (transfer).
[3] Figure is for only 2 out of the 3 campuses of L.I.U.
[4] 40 percent decrease of the number of students.
[5] 9 percent decrease of the amount of benefit money.

NDSL PROGRAM FIGURES

School	Students	Dollars	Decrease in students	Decrease in dollars
St. Josephs	47	28,500	9	5,400
S.U.N.Y. at Stonybrook	714	500,000	89	62,300
Molloy	67	41,250	13	7,150
Nassau Comm.	139	62,319	0	0
Suffolk Comm.	0	0	0	0
S.U.N.Y. at Farmingdale	989	517,321	200	104,600
Hofstra	975	780,000	114	92,340
Dowling	356	257,295	45	32,535
Adelphi	600	600,000	9	9,000
N.Y. Institute of Technology	200	200,000	120	120,000
S.U.N.Y. at Westbury	100	82,988	0	0
L.I.U.	1022	746,878	311	245,968
Total	5,209	3,816,551	[1] 910	[2] 679,293

[1] 17 percent decrease of the number of students.
[2] 18 percent decrease of the amount of loan money.

Total effect of proposed cuts in student loan and grant programs

Considering the cuts in the three loan and/or grant programs and the phasing out of the Social Security Student Benefit Program, the total enrollment of the schools surveyed could drop by as much as 10%. The approximate loss in loan and grant money for Suffolk County will be $14,300,000 out of $87 million (a drop of 16%).

In talking with representatives of eleven post-secondary schools, a pattern emerged. The private schools will be hurt the most (in terms of a decrease in enrollment), then the state and community schools will follow. Private schools could lose about 15% to 25% of their students, and state and community schools will lose between 2% and 13% of their students.

There is a historical example of a decrease in enrollment because of higher educational costs. In 1976, tuition was charged to City University of New York students for the first time. The enrollment before tuition was 252,000 and afterwards it was 172,000. According to the CUNY study, approximately 80,000 did not complete their post-secondary education as a result of the higher costs.

TOTAL EFFECT ON ENROLLMENT FIGURES

School	Enrollment	Decrease	Percent decrease
St. Josephs	744	1022	[1] 14
S.U.N.Y. at Stonybrook	16,000	2,000	12.5
Molloy	1,500	320	[2] 21

TOTAL EFFECT ON ENROLLMENT FIGURES—Continued

School	Enrollment	Decrease	Percent decrease
Nassau Comm	21,000	475	2
Suffolk Comm	7,000	210	3
S.U.N.Y. at Farmingdale	8,760	438	5
Hofstra	5,800	870	15
Dowling	1,500	300	20
Adelphi	9,000	2,025	22.5
N.Y. Institution of Technology	3,700	925	25
S.U.N.Y. at Westbury	3,125	10	3
L.I.U.	8,122	975	12
Total	86,251	8,650	10

[1] The 102 figure is 20 percent of those on financial aid.
[2] The 320 figure is 32.5 percent of those on financial aid.

Program	Dollars	Decrease in dollars	Percent decrease
Pell grant program	30,726,133	4,040,594	13
GSL program	52,471,070	9,595,852	18
NDSL program	3,816,551	679,293	18
Total	87,013,754	14,315,739	16

FOOD AND NUTRITION PROGRAMS

Women, Infants, and Children Program

The Women, Infants, and Children Program (WIC) currently receives $900 million and serves 150,000 out of 500,000 eligible applicants. The President's Economic Plan for Recovery proposes to cut the fiscal year 1982 appropriations by 30 percent to $742 million. The Reagan program would prohibit non-breast feeding women and infants and children with no documented nutritional deficiencies from participation in the program. under WIC, New York State received $59 million for fiscal year 1981. In New York, the program will lose $22 million and 55,000 to 60,000 people will have to be cut from the program.

It should be noted that infant mortality is the eighth (8th) leading cause of death in this nation. WIC cuts infant mortality by one-half and every $1.00 spent in the program prevents $3.00 in hospital costs. In Suffolk County, we will lose $364,200 if the proposal is approved.

FOOD STAMP PROGRAM

The Food Stamp program serves 22 million people. Eighty seven percent of these recipients have gross incomes below the poverty line of $589 per month for a three-person household. The Reagan budget seeks to cut $2 billion from the program.

New York State stands to lose $145 million in food stamp benefits, which could result in a loss of 11,000 jobs. The effect on the recipients would be a reduction of benefits for 860,000 people in New York State and a total loss of benefits for 50,000 people. One proposed change in the program that will be costly and will take two years to implement is the suggestion to convert from prospective to retrospective budgeting.

Finally, Suffolk County is expected to lose $4,176,000 in food stamp aid. This in turn could create a total financial loss of over $15 million in generated economic activity and a loss of $1,461,000 in retail food sector activity due to purchasing by food stamp recipients.

ELIGIBILITY LEVEL IN SUFFOLK COUNTY—1981

People/family	Gross [1]	Unearned [1]	Net [1]	Benefit/month
1	$645	$516	$316	$10–70
2	773	618	418	10–128
3	900	720	520	27–183
4	1,026	821	621	47–233

[1] Income/Month and figures were established as of Jan. 1, 1981.

SCHOOL LUNCH PROGRAMS

The President has proposed to eliminate support for full-price lunches at 39.5¢ per meal and to reduce support (at a cut of 49.5¢ per meal) for reduced price lunches. This will mean a cut of $860 million in federal subsidies nationwide and will probably cause 40,000 schools to drop participation in the school lunch program. Furthermore, part of the nutrition program, the school milk program will also lose $95.3 million in federal funds.

This will result in a loss to New York State of $53 million and prevent 3400 schools from serving lunches to 825,000 children. At the bottom line, Suffolk County stands to lose $4,949,000 for its school lunch program and $9,622,200 for its food programs altogether. The Second Congressional District will lose $1,600,826.40 for its school lunch program.

LOSS IN FUNDS FOR SUFFOLK COUNTY FOOD PROGRAMS

Food stamps	$4,176,000
WIC	364,000
School lunch	4,949,000
Child care	82,000
Summer food	51,000
Total	9,622,200

SCHOOL LUNCH PROGRAMS—SECOND CONGRESSIONAL DISTRICT

School	Federal breakfast	Federal lunch
Deer Park	0	$179,794.48
N. Babylon	0	410,216.46
W. Islip	0	206,267.96
W. Babylon	0	168,816.84
Amityville	0	211,113.95
Copiague	0	265,677.87

SCHOOL LUNCH PROGRAMS—SECOND CONGRESSIONAL DISTRICT—Continued

School	Federal breakfast	Federal lunch
Lindenhurst	0	$256,292.99
Bayport-Blue Point	0	87,670.42
Sayville	0	160,286.85
Connetquot	0	246,393.98
Central Islip	0	448,008.53
E. Islip	0	156,705.35
Hauppauge	0	128,992.16
Brentwood	$145,998.16	990,112.71
Bay Shore	0	246,411.89
Fire Island	0	939.68
Wyandanch	62,891.29	231,736.94
Sachem	0	455,195.84
Babylon	0	69,531.48
Half Hollow Hills	0	207,033.67
Total	208,889.45	5,127,199.04
Grand total		5,336,088.49
30 percent		1,600,826.40

THE EFFECT OF THE FOOD STAMP PROGRAM ON THE NEW YORK ECONOMY

The purpose of the food stamp program is two-fold: to improve the level of nutrition among low income households and to strengthen the nation's agricultural economy by increasing sales of food through wholesalers and retailers.

The program not only benefits the 22 million Americans who use food stamps but also significantly benefits farmers, food retailers and other segments of the economy.

Participation in New York

Currently, approximately 1,800,000 residents of New York receive food stamp benefits (approximately 2,500,000 residents are eligible to receive benefits).

Food stamp benefits for these recipients total $62 million each month or $744 million per year. This money is spent in New York's food stores and supermarkets who order more goods from wholesalers and producers who in turn buy more food directly from farmers.

Effect on Food Retailers

While it is true that all food stamps must be spent for food, some of the food stamp benefits are actually substituted for purchases which would have been made with other household income. This is called the "food buying effectiveness" of food stamps. The most recent study by the U.S. Department of Agriculture indicates that food stamps increase actual food by about 50 cents per dollar. That means that due to the food stamp program an additional $31 million per month or $372 million per year are spent on food in New York's food markets.

How Food Stamp Dollars are Spent

Recent studies have shown that food stamp users do not spend a disproportionate amount of their resources on either non-nutritious junk foods or high-priced cuts of meat. They buy less snack foods, soda pop and as a group squeeze 5-27 percent more nutrients from each food dollar than higher-income shoppers.

In New York, the additional $372 million in food sales generated by the food stamp program were spent as follows:

	Millions	Percent
Meat products	$135.8	36.5
Dairy products	51.3	13.8
Eggs	13	3.5
Fruits and vegetables	51	13.7
Flours and cereals	19.3	5.2
Bakery products	28.7	7.7
Fats and oils	12.3	3.3
Sugars and sweets	10	2.7
Snacks	2.2	.6
Non-alcoholic beverages	26.4	7.1
Other	22	5.9

Obviously, without these sales, retail food receipts in New York would be considerably lower.

Impact on Farmers

The American farmer ultimately receives 36 cents of every dollar spent on food. In 1980, of the approximately $10 billion in food stamp benefits, the farm sector received $3.6 billion or an additional $1.8 billion they would not have received if the food stamp program were not in place.

Since New York produces about 1.8% of all American farm goods, the additional dollars generated by the food stamp program meant $324 million in additional food sales for the farmers of New York each year.

What if the Food Stamp Program is Cut Back?

The Administration is currently considering plans to cut the food stamp program by about $2 billion. A cut of this magnitude would mean that low income families already hard-pressed to meet demands in other segments of the economy would not be able to substitute cash for the loss of food stamps. Naturally, food sales would drop: by $1.8 billion and farm sales by $720 million.

The effect in New York would be a loss of an additional $74.4 million in food sales and a drop in farm sales of $6.5 million each year. New York will lose $12.4 million in food stamp benefits each month.

IMPACT OF BUDGET PROPOSALS ON THE ELDERLY IN NASSAU AND SUFFOLK COUNTIES

	Nassau		Suffolk		Bicounty	
	Amount	Number	Amount	Number	Amount	Number
Medicaid	[1] $11,200,000	[2] 1,004	[1] $8,000,000	[2] 717	[1] $19,200,000	[2] 1,721
Title XX	798,000	6,153	570,000	4,395	1,400,000	10,548
Food stamps	3,500,000	2,450	2,500,000	1,750	6,000,000	4,200
Energy assistance	1,900,000	8,680	1,400,000	6,200	3,200,000	14,280
Social security minimum	1,200,000	2,020	865,000	1,443	2,000,000	3,463
CETA	385,000	108	275,000	76	660,000	185
Subsidized housing Sec. 8 (units)	(122)		(87)		(209)	
Weatherization program	882,000	735	630,000	525	1,500,000	1,260
Total dollar impact	19,865,000		14,240,000		34,105,000	
Total number of elderly lost		20,537		14,668		35,205

[1] Dollars lost in revenue for programs.
[2] Numbers of persons no longer eligible for program.
Source: New York State Office for the Aging, Contact Dick Wendover.

Social security benefit cuts

The President has proposed two major revisions for this program. One would eliminate student benefits paid to children of deceased, disabled or retired workers, and the other would eliminate the guaranteed minimum benefit to low wage earners and their families.

The Student benefit program was inaugurated when the OASI Trust fund was in good shape financially. The philosophy of the day was to encourage children of workers to continue their education by helping them to pay college costs. This benefit has only been available to those students in institutions of higher learning, between the ages of 18 and 22, who are studying full time. As the chart on student benefits illustrates, recipients receive an average benefit of $203 monthly for an individual yearly total of $2436. On Long Island a college student could not attend any four-year institution on this income alone.

The combined effect for Social Security Student beneficiaries who stand to lose not only these checks but their ability to obtain federal grants and loans for education will be severe. Some schools have indicated how many of these students they would expect to drop out. Others have indicated that without accurate financial statements from every student they would not even venture a guess. As of December, 1979, the most recent date statistics were available from the Social Security Adminstration Data Division, there were 5,622 students in Suffolk County receiving a total monthly amount of just over $1 million, for a yearly influx of funds totaling over $13 million.

The minimum benefit program is a guarantee that a base of benefits would be provided whether or not the worker had invested enough in the system for these beneifts to be paid. Presently, the minimum benefit is $122 monthly at age 65, and $97 monthly for a worker taking early retirement at age 62. Under the Reagan proposal benefits would be reduced to an average monthly subsidy of $50. In Suffolk County approximately 11,200 recipients receive the minimum benefit which brings a total of $1,366,400 into the County each month. Receiving the minimum benefit does not necessarily mean the retiree is a low-income individual. In fact, almost half (45%) of the minimum beneficiaries have other sources of income, according to a GAO study. These additional incomes include spouses benefits, federal pensions, and SSI benefits. To calculate the effect of the loss of this minimum benefit on the individual is impossible. It is far easier to calculate the total loss of money coming into the County. At an individual average reduction of $72.00, multiplied by the approximate number of recipients (11,200), the loss to our area might be as high as $806,400 each month or over $16 million each year. Who gets this money? In Suffolk County 172,406 people receive some form of Social Security payment. Of these, 105,674 are over 65 years of age. Nationally, 6.5% of all social security benficiaries are getting the minimum benefit. Nationally, 7.3% of all children beneficiaries, of which there are 28,136 in Suffolk, receive the minimum benefit. If these percentages are applied County figures, it could be surmised that of the 28,136 child benefit recipients about 2,000 of them are getting the minimum benefit. Realistically, probably not more than 55% (or 6,160) of these minimum beneficiaries will lose an average benefit of $50.00 each for a total yearly loss of $3,696,000 to the County.

The total loss in funds to Suffolk County from the two proposed program cuts for Social Security could be approximated at about $17 million for 1982. What effect this will have on the local economy is difficult to say. What effect it will have on the individual beneficiaries is even more difficult to calculate. New York State estimates that as many as 14,000 elderly needy would seek public assistance programs at an additional cost of almost $22 million, after losing their minimum benefits.

Source: Social Security Administration-New York State Office of the Aging.

Social security minimum benefit factsheet

Nation—As of 1978 (the latest year, figures are available) 2,230,000 were receiving minimum benefit due to strict entitlement.

Eight hundred thousand more were receiving the minimum benefit calculated on their true earnings record; 270,000 children were receiving the minimum benefit; 6½ percent of all Social Security beneficiaries receive the minimum benefit.

Seven and one-half percent of all children Social Security beneficiaries receive the minimum benefit.

Suffolk County—172,406 individuals receive Social Security benefits; 105,674 Social Security recipients are over 65; 28,136 are children beneficiaries.

Approximately 11,200 receive minimum benefits. Approximately 2000 of the minimum beneficiaries are children.

The minimum benefit is $122.00 monthly. This year with the cost-of-living increase the minimum benefit pays an average of $145.00. Under the Reagan proposal the average minimum benefit would be $50.00.

TRANSPORTATION

Anyone living on Long Island knows the importance of transportation to our communities. During the next four years, Long Island was slated by New York State to receive the lion's share of all federal highway funds, particularly for improvements, grade separation, and overpasses on the Sunrise Highway.

However, the Federal Highways program has now been targeted by the current Administration. It is not clear on which specific projects the budget cuts will fall most heavily.

The Administration also proposes to phase out federal subsidies for mass transit. Obviously, this would affect the Long Island Railroad.

With a limited area on the Island for road and rail expansion, and with potential cuts in highway improvements, an expansion of bus service would appear to be one of the few alternatives for improving our transportation situation. But the budget axe is also falling heavily in the area of bus purchases under Tier IV of the Formula Grants Program. It looks as though the 30 new buses Suffolk County will get in June of this year may be the last new mass transit vehicles we will see for a long time. The County might not be able to complete its phase I Transit Plan to bring service to the elderly, the infirm and other transit-dependent citizens of Suffolk County without federal help.

The OMB proposes cuts in the total capital grant budget authority for mass transit from $21 billion to $13.4 billion for FY 1981-85.

Suffolk County is currently getting a $5 million package of UMTA grants. The County has been trying to get status as an "Urban Designated District" (UDD). As a UDD, Suffolk would have gotten an additional $15 million in UMTA grants this year, but if funds for UMTA are curtailed, there is no point in the County continuing to seek UDD status.

The OMB plan calls for cutting the budget for Federal Highway Programs by $14.9 million in fiscal year 1981-85, which would affect numerous separate categorical programs designed to meet a variety of objectives. (The specifics of options which might be chosen to accomplish these across-the-board cuts have not yet been decided.)

Mr. Austin Emery, the State Department of Transportation Regional Director for Long Island, has said that $82 million out of a total of $110 million which New York is scheduled to receive from the federal government for primary road projects in fiscal years 1981-85 would be devoted to Sunrise Highway. (He put a cost estimate of approximately $53 million in "1979 dollars" on the Sunrise Highway overpass projects.) Suffolk County's portion of these monies would be $30 million to be spent at the discretion of the County.

The State Department of Transportation has also estimated that an additional $8 to $10 million will be needed for the necessary grade separation work on Sunrise Highway to avoid delay in the overall renovation program.

Federal funding of $26 million is also needed for a motorist information system in the Long Island expressway corridor from Queens to Hauppauge.

Suffolk has a Phase I Master Transit Plan, the goal of which is simply to create a bus "system" out of the existing small, independently owned bus routes around the County. The thrust of capital expenditures under this plan are:

A. Replace the buses over 12 years old.

B. Purchase new buses to meet the needs of transit-dependent residents of the County.

The total Suffolk has gotten from UMTA is $3,093,329. This is under three separate grants, for purchase this year of 25 large buses (45 passenger) and 5 small transit vans; also included are related equipment, bus shelters, radios, etc. A new application was filed in September, 1978 for a $4 million grant from UMTA, which has not yet been acted upon. In September of 1980 Suffolk (on advice from UMTA) filed an amended application for $7.6 million (as the federal contribution to a $9.5 million project) to purchase 33 large buses, 35 small transit vans, and related equipment. Approval of this latest application would complete Phase I of the Suffolk County Transit plan designed to meet the most basic transit needs of the county. If federal funding is not forthcoming, there are no other means of financing these bus purchases.

The County Executive's Office reports that the Suffolk County Airport at Westhampton has several applications for ADAP funding pending. These are part of the master plan for airport improvement, which does not involve enlargement, only safety and maintenance improvements to the County Airport.

A. An application for $1.2 million for maintenance of the main runway (filed with FAA in 1978) to allow the airport to service cargo aircraft.

B. Nine other projects on file with FAA, (pending ADAP reauthorization for official

application), for various airport improvement projects—ground lighting, taxiway guidance systems, visual approach slope indicator, etc.—Total, $1,163,900.

LONG ISLAND RAILROAD

Of the total national operating subsidies for commuter railways, the MTA receives 3.1% for the Long Island Railroad and Conrail, which in 1981 was $34.6 million. The MTA expects the same funding for 1982, but funds will drastically decrease for 1983-85. In 1983, funding is estimated at $22.8 million; 1984—$11.3 million; and 1985—0.

MTA officials estimate that with federal and state cuts in funding, the LIRR fare could increase anywhere from 20% to 50%.

In addition, for those who travel the LIRR to work in Manhattan, the cuts in funding could also increase fares on buses and the subway.

DEFENSE

The Administration's economic proposal calls for an increase in defense spending and two Long Island companies, Grumman Aerospace Corp. and Fairchild Republic would be the principal beneficiaries. Funds to actually be spent on Long Island during the next fiscal year, are as follows:

GRUMMAN AEROSPACE CORPORATION

Navy:

6 F-14 interceptors=$80 million.

8 A-6E all weather attack bombers=$45 million.

4 EA-6B electronic jamming aircraft=$40 million.

C-2 transport/dev't money=$15 million.

FAIRCHILD REPUBLIC CO.

Air Force: 60 A-10 close support aircraft=$200 million.

ENERGY

The first point to be made about the energy budget is that as of now, there is no indication of how decontrolling oil will affect the budget in terms of inflation, employment and economic growth. Further, if the Administration sends legislation to the Congress requesting the decontrol of natural gas, new factors will be introduced which are essential to making judgments on the workability of the Administration's economic program.

Low-income energy assistance

This program of block grants to states established certain broad priorities for assistance, including a maximum income limitation for recipients. Funds are allocated among the states based on climate, energy costs and the size of the poor population. Not surprisingly, New York State received a lion's share of the $1.85 billion which was appropriated for fiscal year 1981. Of this amount, $223,068,000, Suffolk County low income residents received about $4.1 million to pay increases in heating cost. Energy costs have been a heavy burden in the Northeast over the past few years, but the effects of crude oil decontrol will vastly increase that burden. Nationally, low-income households use 50 percent less energy than median-income households, yet the low-income family spends over 45 percent of its income on energy. This figure is about 13 percent for median-income households. Oil decontrol will increase the low-income family's energy expenditure to over 40 percent of household income this year. The Reagan plan is to fold low-income energy assistance in with emergency social service assistance, both at 26 percent reduced levels.

Low-income weatherization

Currently 1260 seniors in Nassau and Suffolk Counties benefit from this program, now making about $1½ million available annually. Although the administration's plan is to fold this program into a block grant program with others, no new funds will be available. Therefore, low-income weatherization goals will have to compete with other programs which often promise more instant results such as neighborhood social service programs and local public works.

Energy conservation programs operated in concert with the NYS Energy Office

An Energy Advisory Service to Industry faces significant cutbacks as a result of Administration cuts in DOE funding. This program provides on-site energy surveys of industrial plants of mainly small and medium size. The program involves no cost to the industry. On Long Island, the Association of Commerce and Industry is one of the original participants. A total of 70 energy surveys have been completed in this area. An expected 80 surveys were on line for 1982. All are now jeopardized, not by specific line item cuts, but by the overall cut in operating funds for the NYS Energy Office. Furthermore, without NYSEO backing, the Oil Heat Institute of Long Island may not be able to continue performing free combustion efficiency tests in Suffolk County. Thus far, 37,344 such tests have been conducted in association with 94 oil dealers.

Schools and hospitals, local government buildings and public care institutions

Though recently criticized by the GAO, this program has operated successfully in Suffolk County. Basic services include energy audits, technical assistance studies and energy conservation (installing equipment and implementing modifications to buildings). The attached list reveals the extent of the program's use on Long Island. Buildings in which actions have been taken are yielding average savings of 27,000 equivalent gallons of oil annually valued at $22,000 at today's prices. The Reagan Administration has proposed a 50% reduction in funding for this program. While this does not necessarily mean a 50% reduction in funds for Suffolk (funds are meted out through a non-region prejudiced formula) the number of applications received from around New York State, when compared to the number funded is about 30:1. The President's proposal calls for a 55% rescission for 1981, which could mean as little as $6¼ million for the program. As of March 24, requests between $40 and $50 million have been received in the State Energy Office.

Brookhaven National Laboratory

At Brookhaven National Laboratory many "near term" projects (near completion) will be affected. Projects which examine burner efficiency, development of low-cost solar collectors and insulation studies will be deprived of necessary funding. Brookhaven's conservation budget will be cut from 6.1 million dollars to 2.6 million dollars in fy 1982.

SUMMARY

Although it is impossible at this time to analyze in detail how proposed cuts would affect all programs, the following is an important indication of how conservation programs will be valued by the new administration. Grants for State Energy Offices (46 of the 50 states now operate such offices) and public outreach programs are terminated. Grants for conservation activities in public and non-profit schools and hospitals will continue at approximately one-half their current levels. All activities of the NYSEO would lose federal funding (with the exception of schools and hospitals). SEO derives 50% of its budget from the Federal Government. If OMB's proposals become reality, 100 jobs will be terminated and with them, a significant portion of the state's efforts to promote conservation.

[EXHIBIT F]

GRANT AWARDS IN SUFFOLK COUNTY—FEDERAL GRANT PROGRAM FOR SCHOOLS, HOSPITALS, UNITS OF LOCAL GOVERNMENT, AND PUBLIC CARE INSTITUTIONS

Institution name	First cycle		Second cycle		Total
	Energy conservation measures	Technical assistance	Energy conservation measures	Technical assistance	
Mount Sinai CSD				$4,000	$4,000
Three Villages CSD	$54,250				54,250
Northport-East Northport UFSD	26,960	$22,725			49,685
Sachem CSD	91,500				91,500
Eastern Long Island Hospital	83,640				83,640
Bayport-Blue Point UFSD		5,000			5,000
Amityville UFSD		4,856			4,856
Bayshore UFSD		36,930			36,930
Rocky Point PS		17,700			17,700
Patchogue Regional Catholic SD		1,380			1,380
South Country CSD		16,817			16,817
Infant Jesus Catholic School		1,009			1,009
LaSalle Military Academy		13,546			13,546
Port Jefferson UFSD		4,500			4,500
SUNY at Stoneybrook		38,000			38,000
SUNY at Farmingdale		40,000			40,000
Friends World College		1,260			1,260
BOCES Suffolk County		4,865			4,865
St. Charles Hospital		9,000			9,000
Southampton Hospital		6,062			6,062
Good Samaritan Hospital (of LI)		7,500		$300,000	307,500
Kings Park Psychiatric Center		11,200			11,200
William Floyd CSD				3,872	3,872
Southold UFSD				6,588	6,588
Brentwood UFSD				42,480	42,480
Brookhaven-Comsewogue UFSD				31,265	31,265
Central Islip UFSD				8,164	8,164
Copaigue Public Schools				4,600	4,600
Elwood Public Schools				7,200	7,200
Half Hollow Hills CSD				27,530	27,530
Mattituck Cutchogue CSD				4,543	4,543
Middle Island CSD				7,300	7,300
North Babylon UFSD				16,177	16,177
Riverhead CSD				25,103	25,103
Kings Park CSD				28,440	28,440
South Manor UFSD				2,000	2,000
Suffolk Comm College				32,398	32,398
Smithtown CSD			133,400		133,400
St. Hugh of Lincoln			4,065		4,065
——— Islip CSD		34,743			34,743
Suffolk Child Development Center		1,150			1,150
Town of Babylon				6,624	6,624
Central Islip Public Library				1,204	1,204
Town of East Hampton				600	600
Town of Huntington				5,709	5,709
Town of Islip				2,196	2,196
County of Suffolk				106,303	106,303
Village of Lindenhurst		2,290			2,290
——— Nursing Home		3,125			3,125
Total	256,350	283,658	437,465	374,296	1,351,769

Note.—Number of institutions funded: 49

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

President Reagan's budget proposals provide for the phaseout of all comprehensive Employment and Training Act (CETA) public service employment positions by the end of fiscal year 1981. To achieve this phaseout, the President's proposal includes a Title II-D deferral and a Title VI rescission in the total amount of $841,147,000. The revised FY 1981 budget will provide sufficient funds to enable the prime sponsors to phase out the Titles II-D and VI programs by the end of the fiscal year.

Elimination of public service employment will have a dramatic impact on the CETA-eligible population of Long Island, as well as having a dramatic effect on local governments and economies. In assessing this effect it is important to consider the local income transfer payments which will be

needed to compensate for the loss of public service employment positions. It is possible that as many as 50% of those currently working in CETA jobs will require some public assistance. Fully 100% of those participating under II-D are welfare-eligible, with 38% actually coming off the welfare rolls.

In early December 1980 a freeze on new hiring was put in place by the new administration. By February 27, 500 employees had been fired in Suffolk county. Finally, on March 31, the remaining CETA workers in Suffolk were removed from the rolls. This number was about 1200 workers. The total number of people affected is about 1800.

The Suffolk County program has always been considered one of the best in the country. Typical jobs included providing security for area schools and government buildings, custodial work for the county, keypunch and data entry and general clerical work in the social services, health services and probation departments. the Town of Babylon employed 70 CETA workers; the Town of Islip employed 90.

By far the most successful of the CETA titles used in Suffolk County has been the Title II-D program. II-D provides comprehensive services to the economically disadvantaged in order to help them secure and retain employment. Within this complex frame work, CETA public service employment programs have worked. Activities include classroom training, on-the-job training, work experience, services to participants, and upgrading and retraining programs. the goal is a "positive termination", in which a person actually gets an unsubsidized job, enrolls in school, or transfers to another training program not funded by CETA. In FY 1980 Suffolk County spent $12,901,320 serving 3,224 people. The positive termination rate was 43%, or 1,386 people in new jobs or in school preparing for new jobs.

Without this program, based on current data, and using an average public assistance "basic case grant" of $320 per month, there could be a $471,680 increase in assumed welfare costs if 80% of those individuals who were eligible for welfare payments prior to participating in Title II-D programs return to the welfare rolls after their unemployment insurance compensation expires. A conservative estimate shows clearly how such a shift would create many more "tax users" than tax payers.

While these cuts have a potentially high fiscal cost, especially to state and local governments, it is important also to realize the human costs in lost services. Many city and county governments rely heavily on CETA workers and programs to provide a wide variety of needed and expected services to their constituents. CETA employees, for example, serve the elderly by providing much-needed transportation to shopping areas and making hot lunches available to those who would not otherwise have them.

SEWAGE TREATMENT PROGRAMS

The President's proposal to cut federal matching grants from 75% to 50% for sewage treatment projects means that many pending projects will have to be abandoned, even though millions may already have been spent in the planning stages.

In the period 1970 to 1981 Suffolk County received (under sections 206 and 202B of PL 92-500) $260.8 million. (EPA Needs Survey estimates that Nassau/Suffolk SMSA needs $100 million in sewer grants in FY 1981.) Lee Koppelman, Suffolk County planning Director, estimates that the adverse effects on Suffolk County of budget cuts in Waste Water Treatment, EDA and HUD (and domino effect in construction and local industries) would be upward of $1 billion.

1. Three projects currently on fundable list =$1.05 million (without federal matching grants at current 75% level these projects for sewer overhaul would probably not go forward.)

2. FANS (Flow Augmentation Needs Study)—in Southwest Sewer District is estimated as a $100 million project in the step 2 construction phase. It is doubtful it could be undertaken without 75% federal matching funds, even though $3.5 million has already been spent in step 1 Design phase. The failure to complete the FANS project could have a multimillion dollar effect on the shellfish industry of the Great South Bay.

3. Three more sewage overhaul projects in Riverhead, Patchogue and Port Jefferson/Stony Brook may also have to be abandoned if federal matching funds fall below 75%.

The most vital of these imperiled projects is the FANS program to monitor the effects of the Southwest Sewer project on ground and surface waters leading into the Great South Bay, where a multimillion dollar shellfish industry is at stake. But also important are smaller sewage overhaul projects needed by various Suffolk County communities. If federal matching grants fall by 25%, these communities will be left with few alternatives: one, try to raise the additional monies elsewhere, either by raising local taxes or by appealing for State funds, which will be in short supply; or, simply abandoning the needed sewage treatment improvements.

Sewage treatment programs

OMB proposes a 26% cutback in spending in FY 1981-85 reducing the budget authority by 52% from $20.1 billion to $9.5 billion.

1. *Section 201* of the Federal Pure Waters Act (planning monies for the actual brick and mortar plan on which federal matching grant would be based):

Patchogue, Riverhead, Port Jefferson and Stony Brook are all currently in the midst of section 201 plans. If matching grants are cut off, they may have to halt their projects.

2. *Southwest Sewer District*—to open shortly, it has received most of its federal matching monies—OMB plan does not call for any cut in spending in FY 1981 for sewage treatment grants, however the FANS project may be affected.

3. Only three programs in the Nassau/Suffolk SMSA are currently on the fundable list, totaling $1,050,000. These three projects are:

A. Ocean Beach—infiltration study on existing sewer system

B. Huntington—infiltration study on existing sewer system

C. Suffolk Co. facility—designing of secondary treatment facility.

It should be remembered that the EPA Needs Study concluded that the Nassau/Suffolk SMSA needs $100 million in sewer grants. At this time only the $1 million projects listed above were on the fundable list. The EPA points out that Nassau/Suffolk is one of the most needy SMSA's in the nation for sewage treatment projects.

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

Of the several government programs designed to stem the tide of unemployment and deterioration in recent years, none has shown the promise of the public/private sector partnerships brought about by Economic Development Administration programs.

EDA budget authority for FY 1981 is $624 million in funds and $425 in loan guarantees. The Reagan proposal originally sought to rescind $342 million in appropriated funds and $262 million in loan guarantees. However, after a trip to New York City in March, the President was convinced that $70.8 million in EDA projects in 24 states should not be eliminated for FY '81.

The Town of Babylon had long been planning its New Horizons Business Center at the former Zahn's Airport site. According to Town Supervisor, Raymond C. Allmendinger, "This extremely worthwhile project specifically meets the Reagan Administration's objective of having local government identify its own needs, while acting as a catalyst to spur the private sector to create jobs, broaden the tax base and other resultant economic spin-offs associated with a project of this magnitude and scope." Indeed, the new Long Island Development Agency was premised on the continuing availability of EDA monies. After being notified originally that the project was "frozen," despite having completed 80% of its funding goal, the project will be completed. It was one of the favored projects. Additionally, two more projects in Suffolk County, a $550,000 grant for construction of a fishing pier in Southampton, Long Island and a $445,000 grant to rehabilitate the Town Hall, will not be funded. Together, these projects had been projected to create over 300 jobs.

Currently, most of the battling over EDA monies has been conducted over current fiscal year funding needed to complete projects already underway.

EDA BUDGET AUTHORITY—FISCAL YEARS

[In thousand of dollars]

	1981	Rescission	Revised 1981	1982
Funding	624,650	(342,350)	282,300	0
Loan guaranties	425,000	(262,000)	163,000	0
Total	1,049,650	(604,350)	445,300	0

Funding per town

Islip	0
Babylon:	
Current funding	$2,750,000
Expected loss	0
Estimated number of jobs created	2,000
Expected loss	0
Project (Zahn Airport)	1
Projects curtailed	0

For 1982, however, the Administration has proposed total elimination of all funding and since the visit to New York, the President has said nothing of reinstating any of this money. It is unclear how this would affect Suffolk County because planning for Fy '82 projects was not underway when word came about the cutbacks. It is clear, though, that the program can create employment in our region.

In the Second Congressional District, Islip would not be affected because it does not receive any EDA funding. Babylon is concerned over the Zahn's Airport industrial park, now scheduled to be completed.

SBA

Despite the fact that 80% of all new jobs are created by firms with fewer than 250 employees, and produce about four times as

many innovations per R & D dollar as do medium sized companies, and 24 times as many as do the largest firms, the effects of rescission and ever-rising interest rates make small businesses the sector of our economy most affected by inflation. Still, according to the Small Business Administration's own 1980 Annual Report, "government inattention created unprecedented problems for small business by mid-1980."

The administration has proposed to reduce Small Business Administration lending programs in Fy 1981 and Fy 1982 by about 33% and 25% respectively, but has provided no details on the degree to which SBA lending activity would be restricted, which programs would be restricted, which programs would be affected, or how eligibility standards would be revised.

Taking the broad cuts, the Second Congressional District's experience over the last completed fiscal year is a good example of how these cuts might affect the ability of smaller firms to capitalize in such an unstable economic environment. Four firms received direct loans totaling $177,000. Forty-five firms received loan guarantees totaling $9,434,000. A 25% cutback in such aid would have meant one of the four direct loan recipients, either a bakery, a sports shop or a wood shop would have lost out, perhaps meaning the loss of jobs and of course the possibility of bankruptcy. Direct loans, it should be noted, are only given by the SBA when private lenders have refused to make the loan themselves or to take part in a guaranteed loan. Therefore, direct loan funds are limited, and demand far exceeds the supply of funds. Yet this program has successfully saved thousands of small businesses over the past few years. The average loan is only $115,000, paid back with interest over the average of eight years. Such programs are not giveaways. They are valuable sources of loan money for an important sector of the economy on Long Island, at a time when current inflation rates and monetary policy mean very little money to small businesses. The interest rate on direct loans and SBA's share of immediate participation loans may not exceed a rate set by a statutory formula relating to the long term average cost of money to the government. A 25% cutback in SBA loan guarantee assistance would mean a loss just to the Second Congressional District of $2,358,500 and $44,250=$2,402,750.

In Fiscal Year 1980, there were no disaster loans given out. A complete list of those in District Two receiving SBA assistance is attached.

SMALL BUSINESS ADMINISTRATION LOANS FISCAL YEAR 1980—CONGRESSIONAL DISTRICT TWO—CONGRESSMAN DOWNEY

[Dollars in thousands]

	Amount	Date
Direct loans—4:		
Samuel Allen—Bonnie Bakers, Wyandanch.	$50	Oct. 4, 1979
Ronald E. Seabrook, East Brentwood	67	Apr. 1, 1980
S. W. Tennis Supplies and Equipment, Huntington Station.	20	Aug. 14, 1980
Vincent Rizzo, Jr., d.b.a. Wood Creations, Deer Park.	40	Sept. 30, 1980
Guaranteed loans—45:		
Dial Interconnect Systems, Inc., Huntington Station.	100	Oct. 16, 1979
Jericho Laboratories, Inc., Hauppauge	350	Oct. 3, 1979
Joseph M. Lopez—Towne Cleaners, Central Islip.	15	Oct. 4, 1979
A. & B. Chicken Corp., Hauppauge	120	Nov. 8, 1979
Norsal Industries, Inc., Brentwood	100	Nov. 16, 1979
B. & V. Enterprises, Inc., Holtsville	290	Nov. 8, 1979
LHP Distributors, Hauppauge	250	Dec. 11, 1979

SMALL BUSINESS ADMINISTRATION LOANS FISCAL YEAR 1980—CONGRESSIONAL DISTRICT TWO—CONGRESSMAN DOWNEY—Continued

[Dollars in thousands]

	Amount	Date
G. & H. Detergent/Chemical Corp., Ronkonkoma.	$50	Dec. 26, 1979
Denrose Electrical Corp., Hauppauge	66	Dec. 27, 1979
Genco Auto Electric, Inc., Holbrook	150	Dec. 3, 1979
CMR Industries, Inc., North Bayshore	215	Dec. 26, 1979
Double B. Machine Corp., West Babylon	388	Dec. 4, 1979
Lindenhurst Car Wash, Inc., West Babylon.	75	Jan. 4, 1980
John/Robert/Thomas Hargreaves, Deer Park.	195	Feb. 11, 1980
All Town Construction Corp., Amityville	75	Feb. 4, 1980
Bonus Warehouse, Inc., West Babylon	210	Feb. 1, 1980
Hearthstone Inn, Inc., et al., Brentwood	150	Feb. 22, 1980
Norsal Industries, Inc., Brentwood	200	Apr. 2, 1980
Dan Jones Spray Equipment Corp., Deer Park.	120	Apr. 9, 1980
William T. Swengros, Inc., Copiague	125	Apr. 22, 1980
Maxi Auto Body & Painting, Inc., Amityville.	300	Apr. 23, 1980
Lunn Industries, Inc., Wyandanch	550	Apr. 15, 1980
C. Broman Leasing, Inc., West Babylon	550	Apr. 9, 1980
Staver Co., Inc., Bay Shore	550	Apr. 14, 1980
Scott Michael Carburetors, Inc., Hauppauge.	210	May 20, 1980
Suffolk Package, Inc./Vaughn Products Inc., Lindenhurst.	125	June 24, 1980
Comcoach Corp., Ronkonkoma	550	June 18, 1980
Fisher-Merlin Industries, Inc., Bohemia	125	June 18, 1980
Centron Enterprises, Inc., Bay Shore	50	June 3, 1980
Compac Development Corp., Deer Park	100	July 23, 1980
Emercon Systems, Inc., Bohemia	375	July 3, 1980
Precision Concepts, Inc., Bohemia	500	July 3, 1980
Mac Tun Motors, Inc., Lindenhurst	150	Aug. 27, 1980
Wire Tronics, Inc., Bohemia	150	Aug. 25, 1980
Nicky's Auto Sales Ltd., Islip	150	Aug. 26, 1980
Stand Pat Vending Corp., North Amityville.	225	Aug. 15, 1980
Park Volkswagen, Ltd., Amityville	200	Sept. 25, 1980
Thermo Rite Sales of New York, Inc., Ronkonkoma.	400	Sept. 15, 1980
Thermo Rite Sales of New York, Inc., Ronkonkoma.	100	Sept. 15, 1980
Lard Maintenance Corp. et al., Babylon	100	Sept. 5, 1980
Fraccaro Industries, Inc., South Ronkonkoma.	450	Sept. 25, 1980
Walsen Design & Mfg. Inc. et al., Bohemia.	165	Sept. 5, 1980
Bettman Nut Enterprises, Inc., Islip	35	Sept. 9, 1980
Amel R. Massa, d.b.a. Wildflower Decoys, Babylon.	60	Sept. 30, 1980
Annie Tique's Inc., Oakdale	20	Sept. 17, 1980

LEGAL SERVICES FOR THE POOR

Over 250,000 Nassau and Suffolk residents meet the guidelines to be eligible for free legal services by the Nassau-Suffolk Law Services. The President has called for the elimination of the Legal Services Corporation, of which Nassau-Suffolk Law Services is an affiliate.

If this program is abolished over 6,000 Long Islanders would annually go without legal access or representation. Over 25 percent of Nassau's low-income residents face civil legal problems each year.

Less than 2 percent of the funds of the Nassau-Suffolk Law Services go for administrative costs. The program has proven to be a highly cost-effective service.

Since its creation in 1966, Law Services Inc. has provided legal assistance to tens of thousands of indigent clients. They have six offices located throughout Long Island. The attorneys deal only with civil cases including: evictions and housing standards; medicare and medicaid; social security and SSI; welfare; consumer problems; and marital difficulties.

This program is vitally needed on Long Island.

ELEMENTARY AND SECONDARY EDUCATION CUTS

The administration's proposal on funding for secondary and elementary education would reduce funds by an average of 25 percent in most categories; however, in at least one instance, vocational education, funding is now based on a formula similar to that used for medicaid funding. This formula is almost certain to be adjusted to reflect current per capita income or some other more recent population figures from the 1980 census.

The administration has proposed that funding for the elementary and secondary education programs will be combined into two block grants; one block grant will be called the local education agency grant (LEA) and the other will be labeled the State education agency grant (SEA).

Without trying to second-guess the States and local governments on the issue of block granting funds with a minimum of Federal regulation, this report analyzes the straight dollar amounts currently going to local schools in the Second Congressional District.

The purpose of the LEA grant is to allow local areas the determination of where and how Federal funds will be spent for local programs. The few restrictions are that LEA must provide the same services to private schools that it provides to public schools and each LEA must publish a 3-year plan outlining its priorities, goals, and performance criteria. Only 5 percent of the LEA's funds can be spent for its administrative costs.

The SEA grant is to give States the ability to administer, as they see fit, educational programs within the State. Each SEA must prepare for the Federal Government a 3-year plan on the goals of its funding program and the criteria by which the plan will be judged. Furthermore, all decisions must provide an equal amount of funding for the needs of private schools as well as public schools. Finally, the SEA can only spend 10 percent of its funds for administrative costs. The initial amount to be cut from the LEA's programs is $993.84 million and the SEA's program is $135.62 million for a total cut of $1,129.46 million. This is a 20-percent reduction in Federal funding for elementary and secondary education programs.

According to representatives from the State University of New York, the Board of Regents, and the Commission on Education, there are two problems with the proposal. One, the State is an important connection in determining the direction of the money to the local programs. This program bypasses that level and it gives the funds directly to the LEA's. Two, under the proposal the grant money could be spent through a general education fund rather than being directed to specific groups through specific programs.

In speaking to local school administrators the following opinions were given:

The superintendent of the Half Hollow Hills School District feels the proposed changes will have no impact on their elementary and secondary education programs.

The superintendent of Central Islip schools feels that the program may impact certain programs because of less funding available. If the LEA's decisions to direct money results in better managment and less waste, the proposal is a good one.

A representative of the Brentwood School District felt the proposed 20-percent cut would be devastating. Programs would not receive adequate funds. Also, the money may be directed to a general education fund rather than specific programs which could be disastrous to the Brentwood School District.

In conclusion, the general feeling of school districts polled was that the block grant proposal should be given a try. Since New York State elementary and secondary education programs receive only 6 percent to 7 percent of their education program

FEDERAL EDUCATION FUNDS RECEIVED BY 2D CONGRESSIONAL DISTRICT

District	ESEA I	Handicapped plus title VIB	Vocational education	Impact aid	ESEA IVB	ESEA IVC	Adult education	Total
Amityville	$269,617	$32,725	$15,760			$5,610	$6,800	$330,512
Babylon	110,590	24,500				2,686		137,776
Bayport-Blue Point	77,778	19,600		$36,024				133,402
Bay Shore	338,598	48,300				16,195		403,093
Brentwood	969,929	247,450			$106,824	8,100	31,998	1,364,301
Central Islip	621,518	70,000			47,336			738,854
Connetquot	168,956	187,600	55,165	38,232				449,953
Copiague	370,997	52,000						442,997
Deer Park	181,000	91,500	37,800			8,826		423,226
East Islip	216,802	37,275		28,936				283,013
Fire Island	14,076	300		81,361				95,787
Half Hollow Hills	217,246	117,775				16,291		351,312
Hauppauge	103,885			37,642				141,527
Lindenhurst	292,935	125,300	45,544			48,097		511,876
North Babylon	313,375	73,150						386,525
Sachem	418,046	158,200		132,526		13,009	4,000	725,781
Sayville	71,747	28,000		44,710	23,737			138,194
West Babylon	186,569	66,500	29,858			19,020		301,947
West Islip	184,389	74,375			59,462	1,613		319,839
Wyandanch	431,097	51,975			9,778			492,850

Source: New York City Department of Education, Mar. 27, 1981.

The President has proposed an average reduction of 25 percent in these programs—if this passes:

District	Current funding	25-percent cut	Reduced funding	District	Current funding	25-percent cut	Reduced funding
Amityville	$330,512	$82,628.00	$247,884.00	Fire Island	$95,787	$23,946.75	$71,840.25
Babylon	137,776	34,444.00	103,332.00	HHH	351,312	87,828.00	263,484.00
Bayport-Bluepoint	133,402	33,350.50	100,051.50	Hauppauge	141,527	35,381.75	106,145.25
Bay Shore	403,093	100,773.50	302,319.75	Lindenhurst	511,876	127,969.00	383,907.00
Brentwood	1,364,301	341,075.25	1,023,225.70	North Babylon	386,525	96,631.25	289,893.75
Central Islip	738,854	184,713.50	518,638.50	Sachem	725,781	181,445.25	554,335.75
Connetquot	449,953	112,488.25	337,464.75	Sayville	138,194	34,548.50	103,645.50
Copiague	442,997	105,749.25	317,247.75	West Babylon	301,947	75,486.75	226,460.75
Deer Park	423,226	105,806.50	317,419.50	West Islip	319,839	79,959.75	239,879.25
East Islip	283,013	70,753.25	212,259.75	Wyandanch	492,850	123,212.50	369,637.50

Source: New York City Department of Education, Mar. 27, 1981.

funds from the Federal Government, a cut of 20 percent to 25 percent will not have a drastic effect on the LEA's and SEA's ability to fund their programs.

MEDICAID

The administration's budget recommends that Federal medicaid spending be capped at $100 million below the $16.2 billion that was estimated to be spent in fiscal year 1981. This arrangement would replace the existing system of the Federal Government matching expenditures by the State for health care for the needy. The Reagan administration has also announced a quid pro quo arrangement whereby:

Legislation will be proposed giving States additional flexibility to target services to the truly needy and to develop innovative methods for the financing and delivery of services.

Suffolk County has 74,000 recipients of medicaid of which 31,000 are non-public-assistance recipients. There are 2,800 in nursing homes and 11,200 are on SSI. The 1981 budget for Suffolk County for medicaid was $130 million. Nassau County has 48,000 medicaid recipients.

The Reagan administration proposes to put a cap on medicaid and to tighten the eligibility requirements for AFDC (aid to families with dependent children). Secretary Richard Schweiker of Health and Human Services has stated that 20 percent of those now receiving AFDC funds would not be eligible under the new Reagan guidelines. Using that formula and translating it to medicaid recipients who also receive AFDC, over 7,000 persons in Suffolk County alone would become ineligible for medicaid. Who will pick up their medical costs?

BUDGET DATA—AFDC, FOOD STAMPS, AND OTHER PROGRAMS FOR WORKING VS. NONWORKING FAMILIES

See attached article from New York Times by University of Chicago.

Important points to remember from article.

The Chicago Center found that the Reagan proposals would hit hardest at the working poor.

The Center studies the budget effects on 10 states. New York was one. In New York, a working mother with 2 children earning $592 a month and getting other benefits would have about $754 of income to spend. A non-working mother under current program law would have $542 monthly. The working mother gets a benefit of $212.00. Under budget cuts, their income difference becomes $37.00 a month. This difference is carried out in all the states studied.

	From a difference of	To a post budget difference of
Arkansas	$113	$33
California	118	15
Louisiana	64	
Michigan	104	4
Mississippi	186	113
Missouri	146	49
New York	162	15
Oklahoma	102	9
Texas	81	19
Utah	116	8

[From the New York Times, Mar. 20, 1981]

STUDY SHOWS PLANNED WELFARE CUTS WOULD HURT POOR WORKERS THE MOST

(By David E. Rosenbaum)

WASHINGTON, March 19.—President Reagan's proposed budget cuts would reduce the disposable income of poor workers by so much that their families would be little better off than those who relied entirely on public assistance, according to the first comprehensive study of the potential effects on individual families on welfare.

The report, by the University of Chicago Center for the Study of Welfare Policy, examined the aggregate impact that proposed reductions in six Federal programs would have on representative poor families in 10 states, including New York.

The center, which is based in Washington, is directed by Thomas C. W. Coe, who was a ranking welfare official in the Nixon Administration and the principal author of the new study. The center has the reputation among social scientists as being one of the most reliable sources of nonpartisan information on welfare matters.

Edwin L. Dale Jr., a spokesman for the Office of Management and Budget, said today that he could not comment on specific points of the study because he and his colleagues had not seen it, but he did not dispute the study's methodology or its statistical findings. He said that the Administration had not done a state-by-state analysis of the potential impact of the proposed budget reductions on individual families.

Mr. Dale acknowledged that the effect of the Administration's proposals would be to penalize low-paid workers who were still eli-

gible for public assistance, but he termed the penalty "modest" and said it was not "a major change in the work incentive."

"The policy decision," Mr. Dale assserted, "is that welfare is a safety net and not an income-supplement program."

APPARENT DEPARTURE FROM PAST

That philosophy marks an apparent departure from past practice. For years, welfare payments have been made to working parents whose earnings left them still in poverty so that there would be an incentive for those on welfare to work.

The Chicago Center found that even the poorest families would suffer some loss of income if the Reagan proposals were enacted but that the hardest hit would be the working poor. In all 10 states studied, it found that the gap would be narrowed between the disposable incomes of a family in which the wage earner's income was so low that the family was still eligible for welfare and a family that relied entirely on public assistance.

In New York, for example, a mother who works full time, has two children and earns $592 a month, or nearly $4 an hour, would have under the Reagan plan a total disposable income of $555 a month, counting earnings, welfare, tax credits and food stamps and subtracting work-related expenses and payroll taxes. A similar mother who does not work would have a monthly disposable income of $518, a difference of $37 a month.

Under current law, the working mother has a disposable income of $754 a month, and the nonworking mother has $542, a difference of $212.

LOUISIANA CASE AN ILLUSTRATION

The most extreme example found by the Chicago Center was in Louisiana, where, under the Reagan plan, a worker earning $150 a month, the average pay of a working welfare mother with two children in that state, would have the same disposable income as a mother who did not work at all. Under current law, the working mother has $64 more than the nonworking mother each month.

"The basic notion that those who work should be better off than those who do not is violated by this trend," the study asserted.

In calculating the benefits that would be paid to welfare families under the Reagan Administration plan, the Chicago Center took account of these four proposed changes in the law:

A change in the formula under which work-related expenses such as Social Security taxes, transportation and child-care are subtracted before calculating the benefits a family is entitled to under Aid to Families with Dependent Children, the principal Federal-state welfare program.

A proposal to exclude entirely from the dependent children program any family with an income exceeding 150 percent of the "state need standard," an amount set by each state that is supposed to be the minimum level required to live in that state. In New York, the standard is $394 a month for a family of three.

A proposal to count the earned income tax credit, which is given to workers earning under $10,000, as income when calculating welfare benefits.

A proposal to deduct from families' food stamp allotments $1.20 each school day for each schoolchild to offset the Government-sponsored free lunch that some children receive at school. The study center calculated that this would amount to an average of $12 a month for each child, taking account of weekends, summers and holidays.

In comparing the impact of the Reagan proposals on working and nonworking families, the study included only changes in Aid to Families with Dependent Children and food stamps. However, in its report, which runs more than 100 pages, the Center also assessed the probable effect of proposed changes on such other programs as emergency fuel assistance, Medicaid, public housing and jobs.

"Taken alone," the study concluded, "each cut seems to be small enough to allow a recipient to absorb it with other income. Taken together, the effects of the cuts are great enough that many families will be unable to meet their monthly living expenses."

As for Medicaid, which pays the health costs of the poor, the Administration has proposed limits on Federal grants to the states. The states would have to make up the difference by increasing state funds for the program, reducing eligibility or saving money through efficiencies.

The Chicago Center noted that 41 percent of all Medicaid funds are spent on the 6 percent of recipients who are institutionalized, primarily aged or disabled people in nursing homes. Since the states are unlikely to reduce benefits to those people, the Center said, the bulk of the cuts will be felt by younger families with children.

SOME IMPACT ON HOUSING AID

Relatively fewer people would be affected by the proposed changes in housing and jobs programs, but, for those who now receive such aid, the study found, the impact could be severe.

The authors of the study said that it was intended "as background for considering the legislative modifications which Congress is being asked to consider this year."

"It is incumbent upon us," the authors wrote, "to find less onerous ways of reducing Federal spending without abandoning the commitments to economic and social justice which our nation has made."

MONTHLY DISPOSABLE INCOME OR WORKING AND NONWORKING MOTHERS IN 10 STATES

[Based on average earnings of a mother receiving Aid to Families With Dependent Children (A.F.D.C.), comparing benefits under the current system with those proposed by the Reagan Administration]

	Current system			Administration proposal		
	Earner	Non-earner	Difference	Earner	Non-earner	Difference
Arkansas	$434	$321	$113	$330	$297	[1] $33
California	721	533	188	524	509	15
Louisiana	394	330	64	306	306	.....
Michigan	636	532	104	512	508	4
Mississippi	462	276	186	365	252	113
Missouri	528	382	146	407	358	49
New York	704	542	162	533	518	15
Oklahoma	508	406	102	391	382	9
Texas	371	290	81	285	266	19
Utah	588	452	116	436	428	6

THREE EXAMPLES OF BENEFICIARIES IN NEW YORK: THE CURRENT SYSTEM VERSUS ADMINISTRATION PROPOSALS

Monthly benefits	Mrs. A (Nonearner)		Mrs. B ($204 per month) [1]			Mrs. C ($457 per month) [2]	
	Current	Proposed	Current	Proposed	After 4 Mos.	Current	Proposed
A.F.D.C.	$477	$477	$335	$274	$143	$237	[3]
E.I.T.C.	[3]	[3]	40	40	40	30	30
Food stamps	65	41	35	17	56	30	68
Total disposable income	542	518	704	625	533	754	555
Percent of poverty [4]	92	88	119	106	90	128	94

[1] Average net income of an working mother with two children receiving Aid to Families With Dependent Children (AFDC), subtracting average work-related expenses.
[2] Gross monthly income minus average work-related expenses.
[3] None.
[4] Total monthly disposable income divided by $7,070, the official poverty level for a family of three, effective Apr. 6, 1981. (AFDC benefits to a nonearning mother are based on the 1981 maximum payment level for a family of three; Earned Income Tax Credit benefits (EITC) are usually paid as an annual lump sum, with only a small proportion of AFDC recipients applying for the credit on a monthly basis.)

Source; The University of Chicago Center for the Study of Welfare Policy.

The CHAIRMAN. The time of the gentleman from New York (Mr. DOWNEY) has expired.

Mr. BETHUNE. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey (Mr. COURTER).

Mr. COURTER. Mr. Chairman, I would like to rise in support of the Gramm-Latta substitute. This budget deserves the support of every Member whose compassion for our people includes a desire to see America prosperous once again. I have been hearing a lot of talk recently about how President Reagan's program is heartless when it comes to caring for the poor in our country. I think this talk is misplaced; for if there is anything that

will increase poverty and suffering in America, it is a choking, staggering economy. We must never forget that just as a poor person cannot buy as much as a rich person, a poor economy cannot buy as many necessary Government services as a rich economy.

I have also been hearing a lot of talk about how the proposed tax rate cuts will increase the deficit and harm our economy. I think that this talk is also misplaced. For 15 years, we have tried to balance the budget by raising taxes and we have failed every time. What we have done, however, is to overtax and overregulate productive activity so much that we will never balance the budget until our economy starts growing again, and we will never get growth until we cut tax rates and restore incentive to America.

The other budget substitutes reflect a strong sentiment against cutting taxes. In fact, all of them propose real tax increases on our people. But who in this body can argue today that another tax increase is what our people need to give them economic health?

I stand here to support the bipartisan substitute because it is the only measure before us today that is designed to induce a change of direction in our economy. It is the only measure with a coherent, comprehensible economic philosophy behind it—a philosophy that our people not only understand, but have demanded. It is the only measure that recognizes that if you are not for cutting taxes, you are for raising them—because they are going up automatically as inflation pushes people into higher tax brackets. This inflation dividend no longer fools the American people. So, it is incumbent upon the supporters of the Budget Committee's resolution to explain how a $31.2 billion tax increase is good for the American economy.

The bipartisan substitute has many other strong points which commend it, it incorporates the administration's block grant proposals—an approach which the other budget resolutions lack. What other measure before us today so efficiently cuts redtape and encourages local control over local problem solving?

The bipartisan substitute is also unique in the strength of its reconciliation requirements. What else could more solidly affirm this body's commitment to budgetary discipline? Today, however, I received a critical letter from the distinguished chairman of the Budget Committee. He advised that the reconcilitation requirements of the bipartisan substitute make it an Executive tool for the domination of Congress. If I may respectfully take exception, I would like to ask: If the Congress votes for the President's program, who is dominating whom? A vote in this body is a sovereign act of the Members of one branch of our Government. No other branch of government is forcing us to vote one way or the other. If we vote for strong reconciliation requirements, we are merely voting to discipline ourselves.

Finally, as a member of the Armed Services Committee, I believe that the bipartisan substitute provides the funding in both authority and outlays that is needed to enhance our national defense posture. There is no question that our strategic and conventional forces are in dire need of upgrading, if we are to be able to defend ourselves, our allies, and our interests abroad.

Mr. Chairman, the American people have demanded a change—a change in the direction of prosperity and national strength. Unfortunately, too many of the measures before us offer only more of the same—rising taxes, increased regulation of people's lives, and all the economic impoverishment that comes as part of the package. The bipartisan substitute is the only measure which will start to change all this. We will withhold support from it only at our peril.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Chairman, I rise in support of the committee bill and in opposition to the Republican amendment.

The major flaw in the Reagan budget plan, now his new substitute plan advanced by Congressman LATTA, is that there is no room for a margin of safety if our national economic situation should change for the worse.

Granted, the economic conditions in the United States today are not at all as we would like them, but under the stringent budget cutting proposal of the President, captured now by Mr. LATTA, there will be social help programs for individuals and families either obliterated or so severely reduced in spending levels that they may become almost useless.

I am opposing the Congressman LATTA and administration plan and supporting the House Budget Committee proposal on spending ceiling guidelines which is the more appropriate legislative Federal budget vehicle to—still substantially reduce Federal Government spending—but at the same time trim out the excess.

The House Budget Committee plan supported by myself and most Democrats preserves that margin of safety for Americans and their families who exist at the lower income levels and who are and who will, based on all economic projections, be the people most oppressed in the months ahead given today's economic condition of high prices, job cutbacks and losses, and reduced Federal spending which will occur under any of the budget proposals.

But, under the House Budget Committee plan there will be far less suffering as special programs to help the poor and lower income groups are not devastated to the tune of the over $50 billion Reagan administration and Latta budget cut that has been given the best chance to pass the House.

It is regrettable that the destructive effects of the President's plan has gained so much support in the House of Representatives.

Under the administration and Latta plan, if there is an economic emergency and aid is needed by thousands or millions of American consumers, workers, taxpayers, and their families, Congress would have to come to the immediate rescue with substantial increases in perhaps many supplemental appropriations bills later this year.

While these budget plans are indeed but guidelines for spending by the authorizing and Appropriation Committees of the Congress, they nonetheless set the pace of spending levels to which the committees are supposed to set the final budget figures for each Federal program.

Also, the Reagan/Latta plan is flawed because it is based on a full 3-year tax cut plan which is supposed to balance the drastic and destructive budget cuts. This is why the Reagan/Latta plan has been labeled as voodoo economics by no less a person than Vice President GEORGE BUSH in last Presidential campaign, and that White House economists are using mirrors and smoke to balance the budget.

There is no way that any economists in or out of government can predict with such great certainty as the Reagan administration professes to do what exactly the economic future will be. Nor, are they able with any great exactness to predict that a 3-year, 10-percent-a-year tax cut will work to support the over $50 billion budget cut for just fiscal year 1982 while budget plans for the following 2 fiscal years have yet to be prepared.

Congress will have to come in later and save the day if the Reagan/Latta plan is adopted.

As 19 chairmen of the major legislative committees of the House wrote in our letter to our colleagues this week:

> The net effect is to set legislative policy for 3 years by mandating cuts in individual programs and to do so in accordance with the economic assumptions and projections upon which the Latta substitute was developed last week. There will be virtually no latitude to write laws to react to new situations, amend existing laws (except by repeal), or to conduct credible oversight.
>
> Since the Latta substitute mandates dismemberment or termination of programs and laws, it wipes out traditional flexibility afforded under the Budget Act for legislative committees to act cooperatively with the Appropriations Committee to comply with the overall spending ceiling established in the budget resolution and renders it im-

possible to consider policies and programs on an annual basis.

The Latta substitute turns back to the executive branch the control Congress regained with passage of the Budget Control and Impoundment Act of 1974, and eliminates any semblance of an orderly congressional process to determine policy for raising and expending Federal revenues within the targets and ceilings of the budget resolution.

With the Reagan-Latta budget plan removing certain congressional control, the American people will be the losers—losing a great part of their representative government control.

I would like to make one point before all others. The Republican substitute is fiscally irresponsible in the extreme. It proceeds to commit the United States to a 3-year budget structure on what are most obviously poorly thought out assumptions, or worse, grossly political judgments, not bottomed in fact or careful economic analysis.

I insert for the RECORD aggregate comparisons of the committee resolution and the subsitutes for fiscal years 1982, 1983, and 1984 provided by the Democratic Study Group.

[In billions of dollars]

	Committee	Gramm/ Latta	Obey	Fauntroy
Budget authority:				
1982	$787.6	$764.5	$793.7	$777.9
1983	865.5	811.0	860.4	(1)
1984	923.2	856.3	924.8	(1)
Outlays:				
1982	714.5	688.8	716.5	709.8
1983	779.5	731.8	775.6	(1)
1984	839.0	770.3	838.1	(1)
Revenues:				
1982	688.9	657.8	717.0	717.7
1983	778.2	717.3	790.9	(1)
1984	864.8	778.9	867.8	(1)
Deficit:				
1982	25.6	31.0		
1983	1.2	14.5		
1984				
Surplus:				
1982			0.5	7.8
1983			15.3	(1)
1984	25.8	8.6	29.7	(1)

[1] Fiscal year 1983 and fiscal year 1984 aggregates for the Fauntroy substitute are not available.

Observe that while outlays in the committee bill are slightly larger, the deficits in all years are smaller.

The Budget Committee proposal has a budget deficit of $25.6 billion in 1982. The Republican substitute has a deficit of $42.65 billion using the assumptions of the House Budget Committee.

Now the administration uses older figures than the House Budget Committee, figures dating from January 1981 instead of March 1981, but no matter, if you use the same assumptions the administration deficits are still larger for all fiscal years 1981–83.

Now in 1982 and 1983 the figures as to deficits are the same.

[In billions of dollars]

Fiscal year 1983:	
Budget Committee	−$1.250
Latta substitute	−50.100
Fiscal year 1984:	
Budget Committee	+25.8
Latta substitute	−58.650

The principal difference between the two proposals lies in the revenue loss anticipated by the Kemp-Roth tax bill which the administration insists be included as part of its budget plan and which causes an enormous deficit during the fiscal years 1983 and 1984.

I will address this matter later, as to the impact of this tax proposal on the economy. Suffice it to say, the administration tax proposal cuts taxes more than it cuts expenditures even if you disregard the fact that balancing the Republican substitute budget is accomplished by "plug lines" or large and unspecified cuts to be later made.

Those unspecified reductions in expenditures total $23.55 billion in fiscal year 1983, and $39.7 billion in fiscal year 1984.

It should be made clear no one really knows or will say where these cuts will be made. Will they be in defense, social security, in natural resources programs or energy; or will they be made in health programs, veterans' benefits, education, programs for the young, unemployment, or will they be in agriculture, science, and research, or in nutrition and food stamps?

We do not know, nor will the administration or the sponsors of the Republican substitute tell us where these cuts will occur.

The consequences of these Republican deficits will be more inflation resulting in the Government siphoning more money away from the financial markets which has the effect of raising interest rates to business, industry, and consumers. All of this is counterproductive to our efforts to restore American industry to a competitive place in the world economy.

Keeping these factors in mind, it is very interesting that two assumptions of the Republican proposal are that the interest rate next year will be less than 9 percent and that the inflation rate will be 8.3 percent.

The Budget Committee is more careful in its assumptions. It makes these more realistic projections: Interest rate on 91 day Treasury bills, 12 percent in 1982; inflation, 9.7 percent.

If the Budget Committee assumptions are correct, and they appear to be realistic, much more so than the wildly hopeful assumptions of the administration, then the committee bill will assume a 1982 deficit of $25 billion and the Republican proposal a deficit of about $50 billion.

Obviously, more careful and prudent assumptions are in order here. If the administration is in error by predicting an inflation rate of 8.9, the universally accepted level of inflation is realized and deficits of billions of dollars will be added by reason of vastly larger interest payments on the national debt and by large generally inflationary impacts on expenditures in the Federal budget.

The tax cut proposal of the chairman of the Ways and Means Committee and the Democratic leadership while smaller than the tax cut proposed by the administration is fairer to all classes in our society.

It will be for 1 year instead of 3 years, in order that we can see what will happen in the economy next year. Then we can determine better what should be done.

Obviously, then, the Republican substitute is the most inflationary and the most economically irresponsible of all those before us.

Interestingly, if you use the assumptions and figures of the administration you get the following in 1982:

[In billions of dollars]

Administration proposal:	
Revenues	650.0
Outlays	695.5
Deficit	45.1
Budget Committee proposal:	
Revenues	671.0
Outlays	693.3
Deficit	22.5

Note that the budget deficit in the Republican proposal is greater than the Budget Committee proposal, if you use the administration's own assumptions.

I would like now to address the Kemp-Roth tax proposal. In addition to being inequitable and favoring select classes of our society, the Kemp-Roth proposal has serious economic defects.

First it gives so much to private taxpayers, mostly in the high tax brackets, that little remains to provide needed incentives for modernization of U.S. industry. Indeed, under the administration tax proposals, so little is left for stimulating American industry that stimulus to business investment is phased in over 5 years.

Obviously, when we have a high rate of inflation, and there is no stimulus to industry, industry cannot hope to be competitive at home and abroad and there are slim prospects for restoring our industry to a really competitive posture.

This problem is not mitigated by the administration tax proposal. Instead, consumption is stimulated. Industrial investment and reinvigoration are delayed. The consequences can only be stimulation of imports and long term loss of U.S. and foreign markets to U.S. industry.

Obviously then, the Republican budget and tax proposals cause joy in the board rooms—the board rooms of Japan, not in the United States.

Loss of markets of this sort is not short term, rather it is long term. And this results in long-term loss of jobs and prosperity.

To turn briefly to some consequences which have already been dis-

cussed, I receive, constantly from the government leaders of our State of Michigan projections of what will happen under the Republican proposal. They tell me it will:

First, cause large additions to unemployment by terminating programs which encourage the poor to get off welfare and to work;

Second, cause massive increases in State welfare expenditures by reducing trade adjustment assistance, trade readjustment assistance and unemployment compensation expenditures;

Third, adversely affect programs for health resulting in even larger additional expenditures by the State of Michigan;

Fourth, adversely affect educational programs at State and local levels in Michigan resulting in larger additional expenditures by the State of Michigan—one consequence here may well be large tax increases at State and local levels to meet the shortfall in Federal funding;

Fifth, reduce the effectiveness and even eliminate natural resources programs like air and water pollution cleanup. The conseqences are, again, program reductions at the State level, more pollution, or increased State and local expenditures and increased State and local taxes; and

Sixth, impose hardships on the poor, the young, the sick, the aged—all through program cuts. The cure for this at the State level is more program cuts, more taxes, or more State expenditures, or some mix of the above.

What I have described here is a budget and tax proposal fraught with inequities and misguided assumptions. If you vote for the Republican budget proposal you vote for a plan which will impose impossible burdens on the people, you vote for a plan which will cost our States billions of dollars, you vote for a plan which does injustice to our basic industries, you vote for a plan which is not in the best interest of our economy.

The people of Michigan have grave interest in two other matters in the Republican substitute.

Under that proposal, the funds for both Conrail and Amtrack would be cut so drastically as to virtually kill both these important transportation services. Both are vitally important to the industry of the entire northeast quadrant of the Nation. When Penn-Central was threatened with bankruptcy, my office, the offices of all of my colleagues, and the press were deluged with promise that if that railroad went bankrupt that economic disaster was certain for the area served, especially for Michigan and our Michigan industry.

If Penn-Central, predecessor to Conrail ceased service, we were told that the steel industry would have ceased functioning in 7 days, the auto industry would have closed in 3 weeks, the electrical utility industry's ability to function would have been substantially impaired, and the gross national product and economic activity of the Nation grossly depressed.

If the Republican substitute prevails, all that will remain of these two essential services will be a Northeast corridor for Amtrak between Washington, D.C., New York, and Boston.

Conrail will be compelled to go into bankruptcy or to sell off its assets piecemeal by yearend.

That kind of sale assures losses of massive proportions to the Federal Government which has invested, successfully, billions of dollars to restore Conrail to solvency and profitable adequate service.

This kind of sell off means abandonment of many lines, loss of service to many communities, businesses, and industries which have no other equivalent transportation service. The consequences of this will be job losses and business closures in an area already in the throes of major unemployment and recession.

The financial markets and financial experts are now reacting adversely to the Republican substitute, the administration economic policy, and to the Kemp-Roth tax package.

Henry Kaufman, a respected Wall Street economist, said recently that Congress should not enact an across-the-board tax cut because the Reagan administration's tax and spending policy is "excessively expansionary" and will lead to high interest rates and a continuance of inflation.

Mr. Kaufman says that the administration policy is "exceedingly expansionary, does not pursue a course that fights inflation vigorously along the way, and will place nearly all the anti-inflation effort squarely on monetary policy."

What he was saying is that our only effort against inflation, because of the massive deficits in the administration budget, will be high-interest rates and a reduced money supply. This means very little mortgage money, constriction in money for business and industry, and enormous financing difficulties for States and municipalities in financing their capital budgets.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. ERTEL).

Mr. ERTEL. Mr. Chairman, I rise in opposition to the Gramm-Latta substitute to the first budget resolution for 1982.

My reasons for opposing Gramm-Latta are straightforward and I want to outline them clearly and concisely.

Let me begin by dispelling one misconception—Gramm-Latta does not balance the Federal budget in 1982. In fact, by its own numbers, Gramm-Latta projects a budget deficit of $31 billion in 1982—$6 billion more than recommended by the House Budget Committee. I would stress, too, that the Gramm-Latta deficit is a "low" $31 billion only because of a series of unrealistic economic assumptions. For example, Gramm-Latta assumes that interest rates will be 8.9 percent by the end of this year. But just yesterday, the prime interest rate jumped to 19 percent. Because it ignores economic reality, the Gramm-Latta budget deficit in 1982 probably will exceed $43 billion.

Gramm-Latta projects a balanced Federal budget in 1984 only because it assumes an additional $70 billion of spending cuts in 1983 and 1984. Yet, Gramm-Latta does not specify any spending cuts for 1983 and 1984. The House Budget Committee on the other hand already has identified an additional $50 billion in Federal spending cuts for 1983 and 1984 and mandates these cuts through reconciliation.

Gramm-Latta fails to provide an adequate incentive for savings and investment. Only 20 percent of the tax cut embodied by Gramm-Latta is designed to stimulate savings and investment, and this 20 percent occurs only because Gramm-Latta has embraced the accelerated depreciation writeoff legislation authored by Budget Committee chairman JIM JONES. The House Budget Committee recommends that 50 percent of any tax cut be directed toward stimulating savings and investment. In addition to stepped-up depreciation writeoffs, the House Budget Committee provides for a small business tax deduction, expansion of individual retirement and Keogh accounts, and the immediate elimination of the distinction between earned and unearned income. Gramm-Latta embodies none of these savings and investment incentives and even fails to provide for the continuation of the very limited tax deduction for savings account interest and ordinary stock dividends now on the books.

On the individual tax cut side, Gramm-Latta fails to correct such basic Tax Code inequities as the "marriage penalty," which taxes working spouses more than if they were single and earning the same incomes.

Gramm-Latta fails to take account of this Nation's continued energy dependency on the OPEC cartel and cuts funding for the strategic petroleum reserve.

Gramm-Latta fails to provide for rail transportation in the Northeast. Over the last 5 years, 426 industries located in Pennsylvania with investments in excess of $823 million and providing the state with 18,000 jobs because of the availability of rail transportation. Countless other businesses in Pennsylvania and in the Northeast depend on the availability of rail transportation. If one service is a necessity for economic development, it is rail transpor-

tation. Gramm-Latta provides funds only adequate for the dismemberment of Conrail.

I want to emphasize that Gramm-Latta is not the budget proposed by the President on March 10. Gramm-Latta adds money to Federal programs where the President's budget did not; Gramm-Latta cuts money from Federal programs where the President's budget did not.

Last year, I outlined my own thoughts on the economy in the CONGRESSIONAL RECORD. I noted the tax receipts windfall inflation gives the Federal Government and called for individual tax relief. I recommended business tax relief including faster depreciation writeoffs. I recommended that the effort toward regulatory reform go forward. And finally, and perhaps most importantly, I stated my belief that the Federal Government move toward a more responsible fiscal policy and in particular, that the Federal Government make a firm commitment to a balanced Federal budget.

But, Gramm-Latta is a wolf in sheep's clothing. In the name of economic recovery, Gramm-Latta ignores economic reality, raises the specter of continued deficit spending, and offers only higher interest rates and higher inflation. In short, Gramm-Latta raises the threat of a hemorrhaging Federal deficit in 1983 and 1984.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. SOLARZ).

Mr. SOLARZ. Mr. Chairman, let me first of all pay tribute to the chairman of the Committee on the Budget, the gentleman from Oklahoma (Mr. JONES) for really having done a brilliant job in putting together the resolution which was reported out of our committee and which is under consideration today.

I think it is very important at this stage of the debate to be very clear as to exactly what the differences are between the two resolutions we are about to vote on. If we eliminate the differences between them which are due to differing economic assumptions, it is quite clear that both the Gramm-Latta substitute and the House Budget Committee resolution call for roughly the same level of Federal spending in the next fiscal year, and both of them, therefore, require roughly the same level of reductions in Federal spending.

The issue, therefore, is not whether to cut Federal spending or, for that matter, even by how much to cut Federal spending, but where to cut the Federal budget and how to cut the Federal budget. It seems to me that when we look at it in that respect, it is very clear that the resolution reported out by the Budget Committee is infinitely more desirable.

By adding to defense, interest, and the so-called safety net programs the Gramm-Latta substitute decreases the all-other categories of the budget from 28.1 percent of the total in 1981 to 17.9 percent in 1984.

As the House Budget Committee resolution makes clear, it is possible to cut the budget more equitably than the administration has done. Reagan is using budget cutting as an excuse for an attack on social programs.

Cuts in AFDC, food stamps, and medicaid will reduce the spendable income of over 7.5 million poor and working poor families at a time of high inflation and high unemployment.

The proposed cap on medicaid will place an intolerable burden on States and localities and will inevitably result in service cutbacks. The House Budget Committee restores $700 million and rejects the cap.

The proposed education block grants will cut $1.5 billion or 25 percent in fiscal year 1982. The administration claims that increased efficiencies will result in the same level of service to our schoolchildren. When administrative costs average 4 percent, it is more realistic to assume savings on the order of 1 or 2 percent rather than 25 percent. The school districts which will suffer from these cuts will be those with the largest enrollments of low-income students. The Budget Committee restores $900 million or 15 percent of these education cuts.

The administration proposes $700 million in AFDC cuts that eliminate the work incentive. This cut is shortsighted and bad social policy. The Budget Committee restores $500 million and preserves the work incentive.

The administration cuts $2.3 billion in child nutrition programs which will force many schools to eliminate their school lunch and nutrition education programs altogether. The Budget Committee restores $1.1 billion of these cuts and fully funds the WIC program for mothers and infant children.

At a time when rental housing in urban areas is in short supply and rents rising, the administration proposes to reduce subsidized housing from 250,000 units to 175,000 units.

The committee resolution funds a level of 250,000 units.

While we are still dependent on foreign energy supplies, the administration proposes to rely on the inequitous technique of energy conservation through price.

Gramm-Latta proposes to cut $1 billion from conservation and solar programs.

The committee restores $350 million for these programs.

Gramm-Latta suggests a cut of 25 percent in low-income energy assistance.

The committee restores $400 million or 80 percent of these cuts.

Finally, Gramm-Latta assumes that the strategic petroleum reserve can be entirely funded through the sale of bonds. It is bad policy to rely totally on untested schemes in so important an area as quickly filling SPRO.

The committee provides for partial financing with Government backup.

With the administration cuts we mortgage our future.

The Latta proposal guts the guaranteed student loan and Pell grant programs at a time when we must educate young people to be more productive in a world where our ability to compete is eroding.

The committee restores $650 million for these programs.

Gramm-Latta guts CETA training at a time when minority youth unemployment is between 40 and 50 percent. We will create a permanent underclass with this kind of proposal.

The committee restores $600 million for training.

Gramm-Latta mainly assumes that the private sector will provide capital resources for highways, railroads, mass transit, long-term scientific research and development, and support for the arts and humanities. It assumes the private bar will provide legal services for the poor. The reason the Federal Government is involved in these activities is because the private sector cannot, or will not, afford them.

In all of these areas, the committee assumes that there must be a Federal presence.

Equally bad is that Gramm-Latta assumes the Kemp-Roth tax cut. Its obvious inequities aside Kemp-Roth is inflationary. We need no more proof that the recent rise in interest rates which the administration is now blaming on the Federal Reserve. The committee tax cut is smaller and more oriented to productivity than consumption.

When the economy declines further, the administration will find another scapegoat. In the end, the American people will put the blame where it belongs—on poorly conceived and poorly implemented shortsighted Reagan policies.

The real issue is whether we attempt to cut the budget on the backs of the poor, the elderly, the hungry, the unemployed, the deprived, and the disabled or whether we move in a more equitable and compassionate manner as the committee budget resolution does.

I urge my colleagues to reject the Republican budget amendment.

□ 1330

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. PORTER).

Mr. PORTER. Mr. Chairman, in January 1790, the first Congress of this new Nation met in its second ses-

sion. The first session had been largely devoted to organizing the Houses and their relationships with one another and with the executive branch, confirming appointments and establishing some of the ceremonial functions that we follow even today. Now it was down to substantive business.

The first order was the huge national debt, owed not only to American citizens who had loaned millions to the Confederation Government to fight the British, but to France and Spain, and to Dutch banking interests which had advanced many additional millions and now held American indebtedness.

Alexander Hamilton, our first Secretary of the Treasury, was directed by the House of Representatives to prepare a financial plan. It was his intent that the fledgling United States establish itself above all as a worthy credit risk.

He knew more loans would be necessary to our developing Nation, and nothing would be of greater disadvantage than the perception of our country as one unable to pay its debts and put its financial house in order. Hamilton proposed to pay all indebtedness and all interest accrued in full.

There were many then in the Congress, though recognizing instantly the wisdom of Hamilton's plan, who felt it would be unfair to the poor, many of whom had sold their "Continentals" to speculators at 10 or 20 cents on the dollar because they had needed the cash and now would suffer extreme inequity.

This first great debate of the Congress raged back and forth for 6 months. Even James Madison of Virginia, the leader in the House of Representatives and Hamilton's ally in the Congress, could not come to grips with the battle within him. His heart said to pay off a portion only and provide protection to those who had to sell. His head said the Nation must have unquestioned credit if its future was to be secure. He finally proposed a weak compromise, listening to the dictates of his heart. It lost.

Two months later Congress finally adopted full funding and agreed to raise the money to pay off all the debt in full.

The measure brought a new climate of economic stability and confidence to the country. It strengthened the National Government, established its credit, and encouraged business optimism and growth. It drew capital to America to assist in the Nation's development. It was a critical moment in our Nation's history and the Congress acted with courage and wisdom.

We are again at such a juncture of history. Our dollar is weak. Inflation is high. Our economy is stagnant. Foreign competition threatens the very existence of our basic industries.

Our heads tell us instantly what we must do.

Yet the needs of our Nation's children, the poor, the handicapped, the disadvantaged minorities all beckon our hearts.

We are faced with a choice of heart or head. Obviously, there are times in our history for each.

I believe this is a time that the wisdom of our heads must prevail. They are telling us that former policies simply have not worked, and have, in fact, brought us to this low position. And they are right. They are telling us that new policies are needed: To control the rate of increase in Federal spending; to remove the tremendous burden and pressures on money markets for ever higher rates of interest; to lower marginal tax rates to encourage personal savings and business investment and to increase incentive and productivity; to squeeze waste and fraud and abuse out of our programs; to end unnecessarily costly regulations that burden our business enterprises; and to control the expansion of money and credit and curb inflation. And our heads are again right.

Let us be steadfast in our belief that wise judgment now will ultimately lead to a revitalized and newly vibrant and strong economy, one growing and creating jobs and competing successfully on world markets. And one producing ever-increasing amounts or revenue to finance those times when our hearts will prevail.

That First Congress had the courage to decide upon the right course, not just for that day, but for the future of a new country dedicated to the freedom of mankind.

We must have that same courage and remember that the principles we believe in and our country embodies must exist not just in our place and time, but, we would hope, for all time.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. BAILEY).

Mr. BAILEY of Pennsylvania. Mr. Chairman, I rise in opposition to the Reagan-Latta substitute.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. Mr. Chairman, I rise in opposition to the Latta substitute and in strong support for the committee resolution.

Mr. Chairman, no reasonable person argues against cuts in Federal spending. But the Gramm-Latta amendment is flawed in two major ways. First, it exempts the Pentagon from the budget discipline inflicted on ordinary people. Indeed, Gramm-Latta calls for the largest, most expensive military spending plan in history—$226.3 billion next year, almost exactly the dollar amount spent to fight the final decade of the Vietnam war.

Second, the Gramm-Latta amendment calls for a $40 billion deficit while assuming that the prime interest rate will come down to 8.9 percent by October 1. The prime rate cannot possibly fall that far that fast; if it does not, revenues will be off and the deficit will explode.

I support the Budget Committee's plan because it produces a much smaller deficit and requires less Federal borrowing. Less Federal borrowing means lower interest rates, less inflation, more housing, more jobs.

The third major problem with the Gramm-Latta proposal that it incorporates the Kemp-Roth tax-cut plan, calling for three successive 10-percent tax cuts in personal income taxes over the next 3 years, totaling $110.6 billion.

Congress has had an almost alcoholic addiction to passing tax cuts—usually in election years—even though long-term economic consequences have been harmful. But this year, more than ever before, this question is being asked first: Will such tax cuts stimulate noninflationary economic growth?

In the case of the Kemp-Roth plan, there is, unfortunately, no economic evidence or experience to suggest that it will. We have to go on faith—faith that everyone will put those new funds into savings, or otherwise invest them in productive assets. But is this a realistic assumption?

Fifty-nine percent of all Americans, and 59.2 percent of Oregon taxpayers earn less than $15,000 a year. Kemp-Roth tax cuts would give them $75 or less. Given the daily rise in food costs and mounting family bills, what is the typical family likely to do with a personal tax cut of $75? Put it in savings? Invest it? Some will. But my guess is that most families will spend it to cope, however so slightly, with pressing household and family costs.

But if it is spent, then the tax cut will stimulate demand, instead of stimulating economic expansion. Without economic expansion, new jobs will not be created, new income will not be generated, and offsetting new revenue will not flow to the Treasury. This in turn would mean that most of the personal tax cuts would be added to the deficit, which could easily mount to $75 or even $80 billion.

The economy simply cannot withstand a deficit of this magnitude; the new inflation it would ignite would more than erase the benefits of the tax cuts for most taxpayers.

For the offsetting new revenue needed to cover the tax cut, a 4-percent rate of real growth in the economy would be needed next year, and a 5-percent rate of growth would be needed by 1983. If these targets are off by as much as 1 percent, a shortfall in

Treasury receipts will add an additional $10 billion to the Federal budget deficit. Not since 1961-66 has the economy experienced a 4- to 5-percent rate of real growth. These growth targets assume the most spectacular recovery since the Great Depression.

No economic recovery in history has occurred while saddled with a monetary policy of tight money and high interest rates. Yet a strict monetary policy is an integral part of the new economic plan.

In support of its assumption the taxpayers will save and not spend their tax cuts, advocates of the Kemp-Roth plan point to the experience during the Kennedy administration, when a tax cut led to an increase in savings. But conditions are not the same as in 1963. In the Kennedy years, it was possible to keep ahead of inflation with money in a savings account because inflation was running at 1.2 percent a year. Today the inflation rate is 12 percent, which means that for most consumers, it is cheaper to buy now, and avoid higher prices later, than to earn a 5- to 6-percent yield on a savings account.

If tax cut dollars are spent and not saved or invested, the consumer price index will react predictably and quickly. In turn, an increase in the money supply that is essential for economic growth will not take place; jobs, accordingly, will not be created and the Federal deficit, in turn, will take a quantum leap. That is the enormous risk the Kemp-Roth tax plan runs.

It is not necessary to run this risk. Almost no one argues against a needed tax reduction—or against encouraging savings and investment. But instead of gambling that tax-cut dollars might be saved and invested, it is wiser and safer to enact a tax policy to insure that they will be saved and invested. In short, at this strategic moment, tax cuts must be focused on the "structural" economic weaknesses of the American economy: Savings, depreciation of capital assets, research and innovation.

Mr. Chairman, for these reasons and many more, I oppose the Gramm-Latta amendment and support the House Budget Committee bill.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky (Mr. MAZZOLI).

Mr. MAZZOLI. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, if I had my druthers, the Gramm-Latta budget for fiscal year 1982 would contain more money for programs which have served America and Americans well, such as food and nutrition programs, elementary and secondary school aid, student loan programs, and programs for the elderly.

And, it would contain less funding for the military, which may not be able to absorb and spend efficiently all the dollars provided by this budget proposal.

And, if I had my druthers, the reconciliation portion of the Gramm-Latta budget would affect the Education and Labor Committee function less than they will.

I am for shooting real bullets at wasteful Government spending, but I am not sure the bullseyes are evenly distributed in this budget.

But, then, Mr. Speaker, if I had my druthers the Budget Committee's proposed budget for 1982 would provide for more than a 1-year plan for tax reduction.

I am not sure that so-called Kemp-Roth 3-year, 10-percent-a-year across-the-board tax cut will do the job. But, there is a need for no less than a 2-year tax program. Individuals and businesses need to plan ahead, and they need the predictability and the assurance of a multiyear plan of tax reductions and tax changes.

Further, I wish the Budget Committee had not just seemingly tinkered and jiggered and fiddled around with numbers to come up with the budget for the next fiscal year.

I am persuaded that the old remedies and approaches have not, in practice, done the job. And, something new and different should have been offered by the Budget Committee under the distinguished leadership of JIM JONES of Oklahoma.

But, Mr. Speaker, having said all this, in the final analysis, I cannot have my druthers. I have to take what is before me.

The judgment I make today—and the vote I cast—with but one or two exceptions, have caused me more anxiety and worry than any other judgments and votes I have confronted since coming to this distinguished body over 10 years ago.

While other votes may have caused my stomach nearly as much upset, no vote has been weightier or more meaningful.

This vote establishes a mood, a direction, a tempo, a philosophy for this Govenment—and, so, for the free world—for the years to come.

And, the really vexing part is no one knows—not the President, his economic advisors, nor Messrs. GRAMM and LATTA—whether this budget approach will work.

We, therefore, are taking a great leap into darkness. We are speculating. We are hoping that this is the right remedy for the patient.

Well, Mr. Speaker, I have tried here to convey what process I have used to reach my decision to support the bipartisan alternative to the House Budget Committee alternative.

It has not been easy. It has caused me sleepless moments and it could cost me much more in the months and years ahead if it falls short of the mark of revitalizing American industry, of returning American workers to work, of reducing inflation and of greening this wonderful and great land.

I have concern for those of my constituents who rely on the programs which will be curtailed or even ended by the Gramm-Latta proposal.

I hope they do not feel I have lost that compassion, that sympathy for the human plight which, I believe, has characterized my service in public life. I have not.

I pledge to go to bat for them to get their fair share of the programs which will continue. And it should be noted that many hundreds of programs, spending many billions of dollars, will remain on the statute books.

I also pledge to use my influence in whatever way necessary at Frankfort, the State capital, to be sure block-grant money is fairly distributed into Jefferson County and to all parts of the Third Congressional District.

I do not believe State government officials will be as narrow and hard as characterized by those who fear the move into block-grant funding for many of our most useful and fruitful social service programs.

But, if I am wrong and have misplaced my confidence and trust, I promise to do everything in my power to restore equity and fairness into the handling and distribution of these funds.

One final note, Mr. Speaker. I grieve today most especially for Chairman CARL PERKINS, the distinguished and renowned dean of the Kentucky delegation and the chairman of the House Education and Labor Committee.

Chairman PERKINS stands to be most affected by the budget cuts and the reconciliation order.

I pledge to my friend that I will give him all possible support and every effort I can muster in his efforts to preserve those human services programs he feels are most needful for the people of the Commonwealth and of the Nation.

Mr. Speaker, today we come to the end of one road. But, we reach the start of another.

When all the cheers have died down and the tears dried away, we all—Democrat and Republican, urban and rural—have a joint task ahead of us.

We have to get America back on the track and moving again. And, that will take the best from all of us working together to accomplish this mission.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. MURPHY).

Mr. MURPHY. Mr. Chairman, I find it ironic that a President who campaigned on the promise of no Federal deficits is supporting a budget that calls for over a $43 billion deficit as

opposed to the House Budget Committee's version that projects slightly over half of that.

Only last February this administration supported raising the national debt to over $900 billion. My concern, and that of my constitutents, is that any further budget deficits will push the national debt to the $1 trillion mark. On this point alone the argument could be made to reject the Gramm-Latta budget proposal.

I am most disturbed by some of the economic assumptions that have gone into the administration's budget proposals. They assume that interest rates will drop to 8.9 percent next year. They assume the rate of inflation will drop to 8.3 percent. Frankly, I hope they are right. But, if they are not, each percentage point they are off will add millions to the national debt and we will be even closer to the $1 trillion mark.

The administration's proposals do not truly reduce Federal spending. They merely transfer funds and increase the national debt.

To pay for this increase in Federal spending, the administration is banking on an economic boom. It would seem to me that the future of our Nation's economy is far too important to gamble with.

We must work toward reducing our national debt and balancing the Federal budget. But we must do so in a sensible, responsible manner.

Gramm-Latta does not provide for a balanced budget. For 4 years I have voted consistently for a balanced budget. The administration will provide funds for this budget with the Kemp-Roth tax proposal which in no way provides tax relief for middle- and low-income families. It is based simply on tax cuts for the wealthy. The Federal budget must be reduced, but there are areas, such as foreign aid and unnecessary water projects, that could be reduced and not at the expense of veterans, the elderly, and college students.

I fully agree that waste, fraud, and abuse of Federal programs must be eliminated. But the administration's proposals do not address these problems. They simply cut funds. While they are cutting these programs which help people, they are not doing anything to hold down the cost of gasoline and home heating oil, interest rates or the cost of food. I would prefer to see the tax loopholes for big oil companies, real estate speculators, and the wealthy eliminated before we cut spending for the elderly and veterans.

This budget also cuts back on college scholarship loan guarantees for working and middle-income families. For many persons, this is the only tangible thing they get for all the taxes they pay.

Proponents of Gramm-Latta will try to say that those who oppose it are sacrificing our national defense. Nothing could be further from the truth. Only yesterday we passed the Hefner amendment which provides for an increase in defense spending over what was originally proposed in the House Budget Committee. So the defense spending argument is irrevelant in this debate. Both bills would provide for a substantial increase in defense spending, and, ultimately, provide for the strong national security.

The issue really boils down to how we will raise revenues to support these two budget proposals. That is the central issue and that is where Gramm-Latta fails. For the revenues to pay for the Gramm-Latta budget will come from the Federal tax burden on the middle- and low-income families, while the wealthy receive substantial tax cuts.

How will a typical American family feel a year from now when they are still paying the same taxes and receiving less services? How will they feel when they have to go into debt to finance their children's college educations?

I submit we can achieve a balanced budget, provide for the needs of our citizens, and provide a strong defense if we approach the issue in a sensible, fair manner.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. PHILLIP BURTON).

Mr. PHILLIP BURTON. Mr. Chairman, I rise in opposition to the Latta-Reagan substitute. I quite confidently predict that this is going to prove the economic equivalent of the Tonkin Bay resolution to declare war in Indochina.

This substitute is a declaration of war against America's poor and powerless, against the working people of this country, and against the environment. This proposal will make the rich richer and the poor poorer. It is, in short, a blueprint for economic disaster. I urge its rejection.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, today I am voting for the Gramm-Latta substitute which in reality is the Reagan administration budget proposal. I am doing so not out of any great amount of joy, belief or faith that it will do all the things that its proponents have said it would do.

The revenue loss proposed in the Gramm-Latta substitute is too large and envisions the passage of the Kemp-Roth tax bill for 3 consecutive years. I cannot and will not, when the time arrives, support the 3-year tax cut. I believe such action would be castastrophic to the country, would promote undue inflation, high interest rates and in the long run a recession. Nor do I support the Kemp-Roth proposal of 10 percent across the board with reduction of unearned income at 20 percent. I believe this is quite unfair to middle-income and low-income taxpayers.

Most of the economic assumptions used in formulating the proposals, especially in the last changes, for inflation, CPI, interest rates, unemployment, and expenditures for 1982, 1983, and 1984 are invalid.

Then why would a person such as I vote for this proposal?

For the simple reason that it reduces Federal Government spending more than the Jones proposal and I personally believe that we must reduce spending in order to arrive at a balanced budget. I would prefer to have the revenue loss shown in the committee budget proposal of Mr. JONES of Oklahoma and I will fight when the time comes for that type of tax proposal. Thus, with the Jones tax proposal and the spending limits of the Reagan proposal we will be much nearer to arriving at a balanced budget.

Thus, Mr. Chairman, I plan to vote for the Reagan adminstration substitute in order to reduce Federal spending and thereafter hope to be able to persuade the Members of the House not to vote for the Kemp-Roth proposal but to vote for a 1-year tax cut for individuals and necessary economic tax cuts for corporations, including capital cost recovery and other incentives to business. I also feel that a tax cut to individuals should include and must include a provision to give incentive to people for savings by exempting a certain amount of interest or dividends for taxation.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, I urge defeat of the substitute.

Mr. Chairman, I think that I have been a little confused as a new Member with some of the rhetoric I have heard, including today when one of the coauthors of the Gramm-Latta substitute disclaimed not only fatherhood, but even full support.

It seems to me we are presented with a paradox of people who alternate enthusiastically supporting Gramm-Latta while enthusiastically repudiating many of its particulars.

I think, Mr. Chairman, what we need is an index. this is a period of indexation. To deal with the inflation in rhetoric. I believe we need to construct what I think ought to be called the hypocrisy index.

Now, in the hypocrisy index, you get one point for voting for a closed rule, so that Gramm-Latta cannot be amended. You get a second point for

voting for Gramm-Latta. Then you take your total, which is 2 in most cases, I suppose, for a lot of Members, and you multiply that by the number of programs that you are going to raise above the Gramm-Latta total; that is, if you voted for a closed rule and you voted for Gramm-Latta and you have gone back and told people that you are going to give more student aid, and more money for public transportation and more energy assistance and 2 or 3 other things, if you have 5 programs you are going to raise above Gramm-Latta, your hypocrisy index is 10.

I think that we need, Mr. Chairman, to keep track of what is happening, because I think the people are going to be confused by a House and by Members who announce their strong support for Gramm-Latta and then promise people that they are going to change most of what is in it.

What this is, Mr. Chairman, is a manifestation of a phenomenon I have come to call the reverse Houdini, which is something that many legislators are very adept at. you all remember Houdini, who was the man whose trick was that he would get people to tie him up in knots and then he would go before the public and get out of the knots.

The reverse Houdini consists of tying yourself up in knots and then going before the public and saying, "Gee, I would love to help you, but I am all tied up in knots."

What you do here is, you vote for a closed rule, so the program cannot be amended. Then you vote for Gramm-Latta, which cuts programs way down; then you go to people and say, "Boy, I would love to help you to get more money into that program but, you know, I have these terrible constraints," which are, of course, self-imposed.

Now, this only works with a time lag. You have got voters who are busy trying to do their work and taking care of their families. They cannot become quite as expert in the rules of the House as some of us can or some of us try to be. Therefore, you have laid the groundwork for confusing them by voting for Gramm-Latta while objecting to its specifics.

I heard the distinguished ranking minority member of the committee say that he did not do Gramm-Latta, the President did it. I guess apparently the only change was the name and not the authorship; but he certainly does not support everything in Gramm-Latta. Other people do not support it who plan to vote for it.

People have gone to the White House and come out and said that the President has given them a note. I guess it is a little bit like going to school. You go to the White House, you pledge to vote for Gramm-Latta and the President gives you a note, "Please excuse so and so from voting against the fuel assistance program, or please excuse him for voting against this program."

Well, it does not wholly wash.

I understand there is a tendency in legislative bodies——

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield the gentleman 30 additional seconds.

Mr. FRANK. Well, I guess what it comes to, when we have had the analogy of bullets, real bullets and firing bullets, what we have got, I think, is a very simple maxim, which I think holds in the law, which I have so far successfully avoided practicing, and that is that when you pull the trigger, you have got some responsiblity for where the bullets land.

Vote for a closed rule, vote for Gramm-Latta, vote for substantially lower program totals; then it does not seem to me without getting a very high score on the hypocrisy index that you can go back and tell people how you are going to substantially raise the programs above the level.

Votes in this body ought to mean something.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. I thank the gentleman for yielding. I think my position was staked out very clearly over the last 2 or 3 days. I am in vehement opposition to Gramm-Latta.

Mr. Chairman, on this final day of debate on House Concurrent Resolution 115, I must continue to urge the defeat of the Latta substitute. I must reiterate the grave dangers of several very critical areas in the income security function as contained in this substitute.

In our vital aid to families with dependent children (AFDC) programs, the adoption of the Latta substitute will force us to work within the confines of an $802 million in budget authority reduction, and an $845 million in outlays reduction. It is proposed by the administration, and thus, the Latta substitute, that the savings be achieved in the following ways:

First. Inclusion of food and housing assistance as well as stepparents' income in determining benefits, and payment of benefits on income earned in the previous month rather than on anticipated income in the current month.

Second. Requirement that all jobless AFDC recipients work about 20 hours a week in return for their benefits, except the elderly, mothers of children under 3—under 6 if day care is unavailable—teenagers, and the disabled.

Third. Standardize deductions for child care and other work-related deductions.

Fourth. Provision of benefits only to families that earn less than 150 percent of the State needs standard and eliminate benefits of less than $10 a month.

Now, some will assert that from a strictly administrative standpoint, such revisions might be in order. To this notion, I say, we must not delude ourselves. Moreover, we must examine realistically, the projected impact of such changes. The Department of Health and Human Services has estimated that under the proposed Reagan revisions, benefits to 400,000 families with more than 1 million children would be eliminated. In addition, we would be faced with a drastic reduction in assistance to 258,000 families with more than 600,000 children, virtually all of whom are below the poverty level. We do not even have to appeal to a sense of moral consciousness to examine the economic implications of the loss of such services for so many families. For example, the questions of our financially strained States assuming the costs of such services have not been answered. Even the prevailing block grant recommendation for such vital program services does not provide the solution.

While the proponents of these AFDC revisions profess to prioritize the family orientation, it is quite ironic that the proposed restructuring of the AFDC program implementation threatens many families' ability to provide health care for their children. On another note, the counting of the stepparents' income in determining eligibility for program participation, constitutes merely an AFDC version of the marriage penalty tax. Yes, under the administration's proposal, a poor married couple would lose benefits and be less able to provide for their children's needs than if they remained unmarried!

On a final note, the proposed AFDC revisions will actually reduce the incentive to work. The application of the savings provisions will bring about a loss of more benefits for working families than for nonworking families. This is an irony which certainly deserves closer scrutiny.

While the reduced budget authority and outlay amounts certainly alarm us, we must also be very aware of the senseless way in which the proposed savings must be achieved. The savings are questionable, and certainly the detrimental impact on thousands of families should move us to rethink the administration's approaches.

A vote for the Latta amendment restricts any attempts to rethink such approaches, and I emphatically urge its defeat.

I must urge my colleagues to take a very serious look at the administration's proposal to block grant our many vital human services programs. I only ask that my colleagues remember the projected strain of such a proposal on all of our States and remember that a vote for the Latta substitute will lend added support to the assumption that the implementation of community education, health and other programs can be most effective through block grants.

Entrusting the State and local jurisdictions with the sole responsibility in this area will surely impede the provision of services to many poor, elderly, and minority residents; interrupt the protection of certain individuals currently afforded specialized services through Federal guidelines; and, leave room for the use of Federal moneys to boost fiscal stability in ways other than meeting human needs.

The block grant approach is proposed for the following vital programs, among others: Energy assistance and weatherization; rehabilitation services for the severely handicapped; Elementary and Secondary Education Act title I programs; and community health centers. These programs are critical to the general welfare of most low- and moderate-income citizens, and since local officials must address different types of community priorities, it is essential that the Federal Government continue to insure the targeting of funds for special services. This has been the reason for the categorical grant approach, and the replacement of this with massive block grants seriously impedes the ability of the Federal Government and/or local authorities to assure the necessary targeting or focus.

Local officials and administrators will admit that, with the block grant approach, there is a tendency to base targeted funding solely on population. In this case, additional variables, such as poverty concentration or prevalence, become secondary in needs assessment evaluations. To add to this, it is no secret that the local control of program moneys in the absence of Federal monitoring lends itself to battles and victories by special interest groups to control these funds and the program implementation. For example, how do we avoid the disputes over title I moneys by various local education groups if they are not targeted specifically for disadvantaged students as defined by standards which are currently acceptable to Federal, State, and local levels?

It is alarming to note also that the administration's massive block grant initiative will provide for the dispensation of moneys to State or local levels, and either relax prevailing rules and regulations, or rely on these jurisdictions to develop alternative guidelines for implementation. As we all know, without Federal monitoring, most States have had a poor record in such areas as adoption assistance, and the implementation of other human services programs.

I am certain that with the gradual reductions in funding for these programs, we can ill-afford to risk the total elimination of Federal monitoring when local authorities have total discretion in the use of program funds.

I certainly would like to see the elimination of fraud, waste, abuse, and duplication in the implementation of Federal human services programs. We all share the desire to rid these vital programs of such elements so that many truly deserving citizens might be served equitably. However, we are not addressing these problems if we support the erosion of funding or the complete eradication of Federal participation in the administrative processes. We are, once again, dealing with the symptoms and not the illness.

Mr. Chairman and my colleagues, we can assume that the prevailing block grant approach recommendation may not stand during the appropriations deliberations. I say, let us not take the chance of risking the inclusion of such a mandate in our first concurrent budget resolution. We should cast a no vote for the Latta substitute.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. MAVROULES).

Mr. MAVROULES. Mr. Chairman, I rise in support of the American people and in opposition to the amendment offered by the gentlemen from Texas and Ohio—the Gramm-Latta substitute.

Today is a momentous occasion as we vote on a budget that will set the Nation's direction during the decades ahead.

Either that direction will be toward a healthy economy and, as Government has an impact on the economy, toward a leaner, more efficient, responsive Government as mandated by the American people.

Or it will be toward continuing, ever higher inflation, growing joblessness, and an inequitable redistribution of the Nation's wealth as Gramm-Latta threatens to do.

Now, what exactly are we talking about when we talk about the differences between the committee resolution and the Republican alternative?

If we are only talking about the important issue of Federal spending, about the differences in total spending between the two major proposals, then on the surface at least, we are literally splitting hairs.

As was said the other day, the difference barely amounts to a drop in the bucket.

So, let us get that straight once and for all. In the aggregate figures, with the exception of the projected deficits, a matter which I will address in a moment, both major alternatives are quite close if the administration makes good on its promise of unspecified spending cuts.

It is at this point, however, where the real differences between the committee resolution and Gramm-Latta begin to surface.

While Gramm-Latta and the Reagan administration have given specific figures for the spending cuts scheduled down the road—$23 billion in fiscal 1983 and $39 billion in fiscal 1984—the actual cuts remain unspecified.

Looming over all our heads, then, and over the heads of all Americans, is the threat, if we agree to Gramm-Latta and if these unspecified cuts are not made, that our deficits for 1983 and 1984 will easily exceed $40 billion each year.

This is not acceptable to the American people, nor should it be acceptable to their elected Representatives in this body.

But there are other differences between the Republican plan and the committee resolution that commend the latter to our attention.

Let us again talk about the projected deficit for fiscal year 1982, and let us accept Gramm-Latta at their word.

The committee resolution's deficit is about one-half as large as that of Gramm-Latta. Just 1 short year ago, that would have meant a lot to many who today are supporting Gramm-Latta.

Then, they would have acknowledged that deficits are a contributor to the Nation's No. 1 problem of inflation.

Nothing has changed. Deficits keep interest rates high and therefore keep prices high.

So let us cut the deficit and support the committee resolution, and realize a balanced budget 1 year earlier than Gramm-Latta would realize one.

Let us recognize that Gramm-Latta eats away at its projected savings in Federal spending with that huge, inflationary, and inequitable tax plan that is the centerpiece of the Reagan program for economic recovery.

And not only does this tax plan balloon the Federal deficit but it fuels the fires of inflation, the Nation's No. 1 problem.

I remind this body that it is the wish of the American people to curb inflation, to lift the burden these problems create from their shoulders.

The committee resolution, on the other hand, suggests a smaller, more targeted tax cut, aimed at helping the lower- and middle-income wage earner keep pace with inflation, and also at helping our businesses, both large and small, revitalize themselves.

Mr. Chairman, the committee resolution is a better proposal for all these reasons. But there is one more, equally

important reason why we should support it.

The committee resolution, like Gramm-Latta, urges fiscal restraint. Make no mistake about that.

But it would couple that fiscal restraint with Government's responsibility to the American people in such areas as: national security; energy research and development; health and educational programs; aid to our older urban centers; and aid to the poor, elderly, and those living on fixed incomes to meet their fuel bills, or housing costs, or their daily nutritional diet.

The committee resolution, in its mission to save a dollar here, a penny there, does not, indeed, forget its just as important commitment to all the American people.

I believe that was the mandate of the American people, delivered last November 4, responsible and responsive Federal spending.

That was their demand.

And the committee resolution meets that demand.

Mr. BETHUNE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, I rise in strong support of the Gramm-Latta bipartisan substitute to the House Budget Committee's recommendation.

Today we have the opportunity, by the vote that we are about to cast, to truly change the direction our country is moving. The vote we are about to cast will be the easiest vote that we cast this year. The tough votes will come as we go into the committee work to make the actual determinations of how we live within the budget we are about to impose.

I have heard the concerns of many of my colleagues today, particularly on my side of the aisle, who have expressed concern about the elderly and the poor. I, too, share that concern; but surely when we take the $689 billion that we are about to approve and we substract the $188 billion for defense and the $82 billion for interest, surely the $419 billion that we will have remaining to spend on those programs to meet the needs of the truly needy, surely we are going to be smart enough, collectively and bipartisanly, to meet those needs. The bottom line is simply this: The problems we have had with our economy today have been brought about by those who now oppose the bipartisan substitute. Every man, woman, and child in the United States will have to earn and pay in taxes $360 each just to pay the interest on the debt we have accumulated by the spending programs that we now have the opportunity to bring under control.

Let me say in closing, I accept the challenge that our distinguished chairman has made very clear. I appreciate very sincerely the work that he has done and the challenge that he has issued to all of us. I accept my one four-hundred-and-thirty-fifth share of the responsibility that will go with this vote to make it work for a better America.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Chairman, I have asked for this time because I think it is vitally important for Members to understand exactly what the Gramm-Latta substitute will mean in terms of the jurisdiction of the Committee on Ways and Means. Each and every Member ought to understand just what will be required in order to achieve the additional $2.8 billion in outlay reductions which the substitute would mandate.

Not one of us—Democrat of Republican—entered the Congress with any illusions about the painful task of cutting Federal spending. There is not one of us—even the most gung-ho budget cutter—who has not weighed the political and economic realities of chopping existing social benefits. Yet most of us will vote for budget cuts because we have at times asked the Federal Government to take on too much—at too great a cost.

But let us not turn a reasonable—albeit unpleasant—commitment into an ideological crusade. The choice between the Budget Committee proposal and the Latta substitute is the difference between a discriminating, intelligent response to our desire to reduce spending, and an insensitive, counterproductive, meat-ax approach.

When the President asked for almost $50 billion in cuts, many on the committee thought the target impossible. Even less likely to be met was the $8.7 billion that lay in our jurisdiction. The fact is that the Ways and Means Committee—because of its jurisdiction—is largely responsible for the height and strength of the so-called safety net. That $8.7 billion comes out of benefits now offered to mothers with small children, the elderly, the disabled, the jobless, those in need of health care.

Over the days that followed the President's request, members of the committee—Democrats and Republicans—worked painfully toward his goal. We did not simply work with sharp pencils and computer printouts. We worked with our heads; we worked with a measure of compassion and resourcefulness borne of many years of understanding. Most of all we worked in a real world, full of real people.

In the end, we saved the Federal Government $8.8 billion—even more than the President asked. But we did it with a paring knife, not a cleaver. For example, instead of wholesale, indiscriminate cuts in the very social programs which the administration refers to as safety net items, our Subcommittee on Public Assistance and Unemployment Compensation chose to recommend the taxation of the benefits of certain unemployment compensation beneficiaries who have relatively comfortable levels of income. This was an action applauded by all of the membership of the subcommittee. Under Gramm-Latta, this kind of innovation cannot happen, since, for its purposes, only outlay reductions count.

The Gramm-Latta budget will require Ways and Means to cut title 20 social services funds by approximately 25 percent—upwards of $800 million. As a result, States will be forced to cut back on necessary programs like meals on wheels. They will have to drastically reduce protective services for abused and neglected children, day-care centers for low-income children, and training and other community services for mentally retarded youngsters. Thousands of our elderly could be forced into State institutions because of reduced funds for the homemaker services which make it possible for them to remain in their homes.

Gramm-Latta assumes a $2.8 billion reduction in State and Federal payments to children receiving aid to families with dependent children. Approximately 700,000 families, including 1.3 million children, would lose all benefits, including medicaid, or have their monthly AFDC payment reduced under the proposed changes assumed in Gramm-Latta. Some of the assumed changes in AFDC will make it more profitable for a mother with children to quit working and go completely on welfare. In other words, the financial incentives which have carefully been built into the current system to encourage people to seek work would be eliminated. Let me offer an example:

A mother with two children living in Chicago, working at a full-time minimum wage job has net earnings—that is, after all her expenses such as child care, work expenses, and so forth, have been deducted—of $313. Under current law she is entitled to aid which brings her spendable income up to $564. Under Gramm-Latta this figure is reduced to $418. If she quits work and goes completely on welfare her spendable income will be $463—a $45 disincentive to keep working.

This is the meat-ax approach at its worst, in my view.

Let us take a look at the effect of Gramm-Latta on social security. If Gramm-Latta passes, Ways and Means must find $700 million in outlay reductions over and above what has already been considered. This means the elimination of the minimum benefit—a benefit worth about $122 a month—a benefit primarily received by 1.3 million elderly poor beneficiaries. Many

of these elderly people have been living for years at or below the poverty line, relying on their social security benefit plus whatever small savings or other income they might have. This sudden reduction will cause them to apply for welfare or general assistance, which they have so far been able to avoid because of their social security. Many of them will be widows unable to claim SSI benefits because they are not old enough.

The Gramm-Latta substitute assumes that this provision will be effective no later than October 1, 1981. More importantly, it assumes that the House of Representatives will be willing to vote to reduce the current social security benefits of these 1.3 million retirees next month. We should all remember that this change must apply to those elderly Americans already on the retirement rolls if it is to achieve the savings demanded by the Gramm-Latta reconciliation instruction. If this substitute is adopted, I will watch quite closely to observe whether those of my colleagues on the Ways and Means Committee who feel it is politically necessary to support Gramm-Latta will have the same courage and determination in the next few weeks when we vote to implement their amendment in committee and move to reduce the checks of these elderly people. Only time will tell if the will to legislate such an immediate reduction will be as strong as the willingness to espouse it today.

Gramm-Latta also assumes the elimination of students benefits under social security beginning in July. This means that a young person now graduating from high school will have his benefits cut off in August, with no time for him or his guardians to plan for other ways to finance his education. In most of these cases, at least one parent is either dead or disabled, and in many cases the deceased parent had planned the family's insurance based on the assumption that social security would provide for the education of college-age children through age 21. So much for not invading the sanctuary of social security.

Gramm-Latta also forces the administration into positions which it chose not to take just a few short weeks ago. For example, the administration's proposed trade adjustment assistance program of $350 million included 52 weeks of basic income maintenance benefits, plus 26 weeks of training allowances, job search and relocation assistance. Even the administration understood that these latter items were the heart of the program, the part which made the assistance cost-effective in the long run by helping displaced workers find new jobs. Under Gramm-Latta, however, only the 52 weeks of income maintenance are retained, at a cost of $165 million. In other words, Gramm-Latta does not cover the full cost of the administration's own proposal—a proposal it has strongly urged on our committee.

I would be remiss if I did not address the impact of Gramm-Latta on the tax cut. It places the House on record in favor of cuts of unprecedented magnitude through fiscal year 1984, regardless of prevailing economic conditions in those future fiscal years. This is high risk legislating.

While some have said this is a target "floor" for revenues that the Ways and Means Committee and the Congress are free to ignore, I have little doubt that proponents of the "cut now, pray later" policy of tax economics will use the vote on this substitute to proclaim the mandate of Kemp-Roth.

Let me remind you that just a few weeks ago serious questions were raised, in light of new economic data, about the size of even the smaller tax cut I had proposed for fiscal year 1982. My suggestions amount to a gross cut of $40 billion—not the $51 billion in Gramm-Latta.

In addition, on April 22, one of Wall Street's most highly respected economists, Henry Kaufman, cautioned against any tax cut at this time, noting that the President's program will lead to high interest rates and the continuance of inflation. We should not rush to embrace the most extreme version of an economic medicine that few view as a cure to anything that ails us.

Also, let me remind you about the serious concerns expressed at the Ways and Means Committee hearings about the full Kemp-Roth proposal. The most serious objections to the proposal are that it is based on economic projections rooted in untested assumptions—assumptions which are at odds with virtually all private forecasts—and, that the whole program assumes billions of as yet unspecified additional spending cuts. Without knowing what those cuts are, how many of you are willing to commit to them? That is exactly what you are being asked to do under the Gramm-Latta substitute for fiscal years 1983–84.

We cannot legislate economic miracles, and the attempt to do so will merely render our budget process meaningless rhetoric. I fully support the President's goal of a balanced budget by fiscal year 1984, and we must act responsibly to achieve that goal. We must structure a tax cut consistent with that objective, matched with achievable spending reductions. We are just kidding ourselves and trying to kid the public if we do anything else.

There is an old adage about trying to "gild the lilly"—about trying to do too much of a good thing. Right now, the country is strongly for budget cuts, and it is almost the fashion to see who can outdo the other. There is no question that we need to cut, but let us not in the process cut so deeply or so indiscriminately that we cause a reaction which will negate our best efforts to get spending down. The Budget Committee has provided Ways and Means with a sensible, realistic and compassionate set of budget goals. And in the process, it has given us a lower deficit for fiscal year 1982 and a much more realistic opportunity for a balanced budget in the years ahead.

I urge a vote against the Republican substitute.

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Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. MOAKLEY. Mr. Chairman, I rise to strongly demonstrate my opposition to the Latta substitute to the first concurrent resolution on the budget for fiscal year 1982.

Throughout this debate on the budget, we have heard a great deal of discussion on economic scenarios, assumptions, and dunkirks. We have heard that President Reagan's proposed economic program, through the Latta substitute, should not and cannot be critically reviewed by the Congress. We have been asked to accept higher budget deficits, the hit or miss Kemp-Roth across-the-board tax cut, and $63 billion in additional but unspecified future budget savings, all under the guise of the Latta substitute.

Mr. Chairman, I see the Federal budget as an investment in the future of America. For our Nation to continue to grow and prosper, we must invest in our people and in our capital stock.

I do not believe it is prudent public policy to eliminate, as the Latta substitute proposes, $500 million more than the committee resolution in elementary and secondary education funds and $700 million more for student financial aid programs. I do not believe it is wise to cut off $600 million more, or half the youth employment and training programs. To do so would be to eliminate good investments in human resources that will make people more productive in the future.

Equally vital is the well-being of our population. Yet the Latta substitute calls for a cut of $2.3 billion in our child nutrition programs and a 25-percent decrease in funding for discretionary health programs which provide care for poor and other medically underserved people. These are devastating reductions.

For our capital budget, the Latta substitute means deeper cuts in Amtrak, Conrail, and mass transit. It will effectively halt Federal alternative energy and conservation efforts and increase our dependence on imported oil. The Latta substitute will

further cut our commitment to basic scientific research. We may never know what technological advances and improvements in industrial productivity were foreclosed for the future by this shortsighted policy.

Mr. Chairman, I recognize the need and mandate for restraint on the growth of Federal spending. But we need a budget that will stand the test of time. The American public demand cuts but they also demand that the cuts be responsible ones.

Another area I deem the Latta substitute to be irresponsible in is the deficit. I have heard many times on the House floor that one measure of the fight against inflation is the Federal deficit, and yet the Latta substitute includes the highest budget deficit, $31 billion, of all the proposals offered before the House. For at least the next 2 fiscal years, the Latta substitute offers no hope for a balanced budget even if we accept the Latta assumption of more than $60 billion of unspecified future cuts.

One large contribution to these deficits is the inclusion of the 3-year Kemp-Roth tax bill. It makes no sense whatsoever to pass 3 years of tax cuts while not even completing 1 year's worth of spending cuts. I support including the committee recommendation of individual and corporate tax cuts. We need individual tax cuts that focus on offsetting the recent tax increases from social security and inflation, increasing incentives to work and save, and offsetting the marriage penalty. We also must provide for business tax cuts to increase investment in new plants and equipment and in expanded research and development efforts.

Finally, Mr. Chairman, I believe that the Federal budget must provide our Nation with a balanced approach to economic recovery, which combines fiscal restraint with adequate spending in areas of need. It must also achieve tax relief and economic growth in an equitable and realistic manner. The Latta substitute fails these tests and I urge its rejection.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. NEAL).

Mr. NEAL. Mr. Chairman, I rise in opposition to the Gramm-Latta substitute. I will vote against it, and support instead the Budget Committee resolution, for several compelling reasons.

First, and most importantly, Gramm-Latta is not our most effective tool for fighting inflation—and inflation is this Nation's most serious problem. Gramm-Latta would inflict upon us huge add-on budget deficits and ask us to have faith that continued deficit spending will enable us to balance the budget somewhere down the road.

Second, Gramm-Latta does not take nearly seriously enough our Nation's severe energy problems.

Third, the Gramm-Latta tax proposals are seriously flawed in several respects.

Finally, even though both proposals cut Federal spending by about the same amount, Gramm-Latta takes a meat-ax approach to cuts in Federal spending, in contrast to the carefully thought-out approach of the Budget Committee proposal.

Mr. Chairman, as I understand the problem of inflation and economic history, no country in the world, at no time in the history of the world, has ever won the war against inflation without cutting excessive money growth—and that is almost impossible without balanced budgets. When money growth is restrained while deficit spending is continued, interest rates rise and economic growth is curtailed. It is imperative that the Federal Government stop spending money it does not have. We must balance the Federal budget.

Mr. Chairman, in each of the 6-plus years that I have been in Congress, I have voted for spending cuts of about the same magnitude that we are now considering. I have promoted zero-based budgeting; a constitutional amendment to require a balanced budget and a limit on Federal spending of no more than 20 percent of the gross national product; and other measures to bring our fiscal house in order.

Yet every year, there have been excuses offered for the Government to keep spending and borrowing money it does not have, to do one thing or another. In past years, it was to stimulate the economy, or to pay for social and military programs. This year, it is to provide a tax cut. I am in favor of a prudent tax cut, and nothing is easier to vote for or more politically popular than a tax cut. But the fact is that under Gramm-Latta the Government would be borrowing more money to reduce taxes, thereby fueling the fires of inflation. It has been said that inflation is the cruelest tax of all and it would be a cruel hoax indeed for the Government to give tax cuts with the one hand and increase the tax of inflation with the other just as has been done so many times before.

Mr. Chairman, we simply have to recognize that inflation is the primary problem in this country, and that it is responsible for most of our economic woes. Inflation causes high interest rates. Inflation causes higher taxes. Inflation causes the wage-price spiral. Inflation causes unemployment. Inflation reduces the means and incentive to save, and therefore has caused reduced savings and investment, and a drop in productivity. And we will not win this war against inflation unless we stop the Government from borrowing money, for whatever purpose.

Mr. Chairman, the Gramm-Latta proposal will add between $100 billion and $125 billion to our national debt in 1981 and 1982 alone. It will put us at least another $100 billion in debt in 1983 and 1984, with the faint hope that the budget will be balanced sometime in 1984.

To project this balanced budget in 1984, on paper, the Reagan administration and the Gramm-Latta proposal are assuming that the rate of inflation will be about 7.5 percent in 1982, interest rates about 9.5 percent, and that people will save 65 to 70 percent of the proposed tax cut. These are simply not realistic projections about the future, but the Gramm-Latta proposal is betting the economic future of our country on them. It is a dangerous gamble.

Mr. Chairman, we ought to listen carefully to the message we have gotten over the last few days. Almost everyone believes that the Gramm-Latta proposal is going to pass, and look how investors all over the world have responded. There is no better and more instantaneous poll than stock and bond market behavior and the level of interest rates in revealing investor expectations. What has happened as the passage of Gramm-Latta seems more and more assured? Long-term interest rates have soared; the prime interest rate has zoomed to 19 percent, bond markets are a shambles, and the stock market has fallen. What that should be telling us, and we ought to listen, is that the Gramm-Latta proposal is inflationary. Investors are betting that we are going to have inflation for many years to come. And Gramm-Latta is inflationary because it does not take seriously enough the need for a balanced budget. In contrast, the Budget Committee proposes a deficit only half as large as the Gramm-Latta substitute for 1982 and an essentially balanced budget over the next 3 years. The Budget Committee proposal is safer and sounder for our country.

On the question of taxes, it must be clearly understood that, without question, the Gramm-Latta proposal embodies the Kemp-Roth tax cut, or a 30-percent reduction spread over 3 years. That is part and parcel of Gramm-Latta, and anyone who votes for it is, at the same time, voting for Kemp-Roth and the at least $200 billion add-on budget deficits that will be caused by it.

It is argued that we need this tax cut so we can plan ahead over the next 3 years. I would contend that we, all of us, could plan with greater effectiveness, and with more certainty, if we were producing balanced budgets and were seriously fighting inflation. This kind of commitment to fighting inflation would offer stability and predict-

ability, which would be a real incentive for everyone to save and invest, not just the relatively few who would get tax relief.

This leads to the question of the tax cuts themselves. Clearly, they are not fair, despite attempts to define them as across the board. I think the vast majority of the American people are going to be outraged if this proposal passes, and they find that in spite of the tax cut they have been promised, they do not have anything to show for it. Their marginal tax rate may have been reduced, but social security increases will take most of it and the rate of inflation will eat up the rest.

The net result will be a reduction in the standard of living for an overwhelming majority of people. A few people in the highest income brackets will get some real tax relief, but that certainly will not apply to most people.

The Budget Committee approach, on the other hand, would reduce the tax rate for 1982, and says that we will have further tax reductions if we get spending and inflation under control. That, I submit, is a much more prudent approach and I might add the approach which is favored by the majority of the American people.

What about Federal spending? If we use the same economic assumptions for both proposals, the Budget Committee approach cuts Federal spending almost as much as does the Gramm-Latta plan, but does it in a much more balanced way. It does not cut as deeply into our energy initiatives, our education, nutrition, rural, farm, health, trade, veterans, senior citizens, science, legal services, and other programs. It should be very clear, however, that the Budget Committee approach makes very deep cuts. The American people have voted for a change in direction on Federal spending, and both Gramm-Latta and the Budget Committee resolution offer a significant and almost the same change in direction.

And Mr. Chairman, as a result of the amendment of the gentleman from North Carolina, my friend BILL HEFNER, which we passed yesterday, both approaches now provide for virtually the same amount in spending for national defense.

On the question of energy, we are still importing almost 40 percent of our oil from countries that are in large part unfriendly and unstable, and this oil travels a precarious route. Gramm-Latta relies on market forces alone to solve the whole problem.

Well, we always have relied and should rely on market forces for the majority of our energy. But some of the most promising technologies for the future—photovoltaics, nuclear fusion, solar, synthetic fuels—simply will not attract enough private capital because the return on the investment is not adequate at this point. They need some of the same sort of help we have given other energy developments in the past, because if we are going to have these sources for the future, Government is going to have to partially fund them in their developmental stages.

The Budget Committee approach recognizes this, and in this regard treats our national security and our energy future much more seriously than does the Gramm-Latta approach. We have carefully fashioned these energy programs over the last several years when the American people and their Government recognized the long-term economic and national security implications of our energy problems. It appears now that Gramm-Latta ignores these same concerns.

Mr. Chairman, I have been told that the President and others are saying that we can support the Gramm-Latta budget proposal now, then come back at some later date and raise spending for favorite programs. Mr. Speaker, I hope this is not true. We need to take this document seriously, and I want to assure you that I am taking it seriously. Even though it is true that in the past the first budget resolutions have not been binding, the reconciliation provisions in both Gramm-Latta and the Budget Committee resolutions are binding and provide that committees must report back spending cuts by June 15.

Mr. Chairman, I support the President's goals and I support the thrust of his four-part program. The Federal Reserve needs to reduce the rate of money growth; the Government needs to reduce spending; we need regulatory reform; and we certainly need tax relief. I think, however, that timing and proper priorities are important and I do not believe the Gramm-Latta proposal is the best approach to achieving the President's goals. Mr. Speaker, listen to what we should take as a clear warning from one of the Republican party's most articulate spokesmen. In the article published in the Sunday, May 3, 1981, Washington Post, George Will said, "perhaps never has a great nation risked so much (such as its currency and hence its domestic tranquillity) on a theory" (he is referring in the article to the Gramm-Latta/Kemp-Roth proposal and goes on to say:)

> • • • so, regarding economic policy, most Americans just decide who they trust, then close their eyes tight, and trust with all their might. Today they trust the President.

Mr. Chairman, George Will is correct in both of these observations, but it is our responsibility to offer our constituents our judgment as well as our ability to read public opinion polls and I hope we will not take this responsibility lightly.

Mr. Chairman, I am hearing over and over again that we have tried everything else and nothing has worked, so now we must try something new. Well, I would argue that we have not tried everything. We have not tried classical economics: that is, balanced budgets, limited money growth, and limited Federal spending.

The President challenged us earlier to come up with a better program for economic recovery. If I had my way, it would be as follows:

We would announce a 1-percent reduction each year in the rate of growth in the money supply until it equalled the real rate of growth in the economy. Then, we would leave it there.

I would enforce a reduction in the percent of the gross national product that the Federal Government takes each year until it became no more than 20 percent, and require that it remain at that level.

Finally, I would require balanced budgets. If we would do these things, we would win the war againt inflation, against high interest rates, against high taxes. The wage-price upward spiral would abate. People would have incentive to save and invest, productivity would increase, and we would move this country toward full employment.

That, Mr. Chairman, is what the American people are waiting for. That is the mandate they gave to the President and the Congress in November. That is what they are expecting of us. Gramm-Latta offers far less chance of our achieving these worthwhile goals. The Budget Committee resolution moves us more swiftly and more directly toward these goals. For that reason I oppose Gramm-Latta and will support the Budget Committee resolution.

Mr. Chairman, I wanted to be able to engage in some debate on the question of budget deficits, but since we are limited on time, I will not go into all of this, unless my friend, the gentleman from California sitting here, wants to yield some time to me.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. HUNTER).

Mr. HUNTER. Mr. Chairman, I rise in support of the Gramm-Latta substitute.

Mr. Chairman, I would like to share some information with the Member of the House. In particular, I direct my remarks to the attention of my Democrat friends.

I have the privilege to represent the 42d District of California, a district that had never elected a Republican to Congress before last year. It is first and foremost a Democrat district, with a 55-30 registration split. I would not have been elected were it not for the support I received from Democrats in San Diego and the South Bay area.

Recently I asked the poeple of my district their opinions on a wide range of economic and social issues. Their response has been phenomenal—more than 9,000 questionnaires have been returned. My staff has just completed the tabulations.

Let me cite some of the figures: 90 percent favor the President's spending cuts; 85 percent favor the President's tax cut—3 years, across the board; and 90 percent want control of regulations that stifle productivity and hurt jobs.

On the Reagan bipartisan proposal, the message is clear. But listen to some specifics: 91 percent want indexing of income tax rates, so that Government will not profit further from the misery of inflation; 93 percent want elimination of the marriage tax penalty; 74 percent fully reject continuation of Government jobs programs like CETA; 75 percent want use of Federal aid to education determined by the States; and 97 percent want capable welfare recipients to work before receiving payments.

These strong feelings are coming from a Democratic district. And may I remind the House that these are not boll weevil Democrats, but Democrats who for years have supported a liberal Member of Congress.

Now, Mr. Chairman, you and I know how hard it is to get 90 percent of any group to agree on anything, let alone economic policy or the direction of their Government. But this is how strongly my constituents feel.

And while the percentages may differ somewhat, I strongly suspect that many other majorities of constituents in Democratic districts all over America, and especially in the South, feel the same way.

But if public opinion is not persuasive enough, let us look at the economic realities, particularly those relating to small business. The small business in America is the greatest force for innovation and improvement, accounting for 80 percent of the technological breakthroughs in the country.

Small businesses employ more than 54 percent of the private-sector work force, and generate most of the new jobs in America.

Mr. Chairman, I would like to ask my colleagues, and particularly my Democratic friends, look to your small businesses. The people who are going to create those jobs, hire those Americans who are currently unemployed, and who are—and must be—the backbone of our economic recovery, are men and women in small businesses.

In my district, these people are solidly behind the Reagan bipartisan proposal. They have confidence in the President and his program. They do not have confidence in the liberal Budget Committee proposal.

The business people have confidence in the 3-year Reagan tax cut because it demonstrates a long-range commitment by the administration and the Congress toward lowering taxes and the Federal burden on commerce. It is not the kind of proposal, as is the liberal Rostenkowski plan, for a one-shot 1-year tax cut to satisfy what some consider to be the mandate of the moment.

I strongly urge support of the President's bipartisan substitute. President Reagan nas drawn the line for all to see. The people know the alternatives, and they have spoken.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Chairman, the choice between the Budget Committee's proposal and the Gramm-Latta substitute—which substantially embodies the President's recommendations—is, unfortunately, not enough of a choice for me.

Both propose increased Federal spending and taxing, and continued budget deficits. As the President frankly told this body recently, his program is not to cut Federal spending—but merely the rate of increase of Federal spending; his program does not cut the total burden of taxation—but, reduces the rate at which that burden increases. Of course, under the Budget Committee's plan, the burden of taxing and spending would continue to skyrocket.

But, an increase of the tax burden of approximately $130 billion between 1980 and 1982—while better than the $200 billion tax increase we will have without tax-rate cuts—is not tax reduction. A spending increase of over $100 billion is not a spending cut.

I believe that the American people need and want absolute reductions in both—as well as a balanced budget that does not increase the rapidly mounting Federal debt.

In addition, there is a fundamental deception involved in adopting this kind of budget. Because of the monetary expansion by the Federal Reserve, no accurate calculation of the amount of interest the Government will have to pay to service our debt of nearly a trillion dollars is possible. Because a large portion of the budget consists of so-called entitlement programs that are not subjected to the regular appropriations process, we cannot accurately forecast how much the Federal Government will spend on such programs—though the indications are that it will be more than either resolution projects. And, because a substantial amount of Government spending is not included in the budget, the totality of Federal spending is not reflected therein.

I understand the desire of many of my colleagues to support the President—and I hope that when the tax-cut bill and appropriations measures come before the House, they will continue to vote to support cuts in both. However, in the past, most Members have voted against the deficit budgets proposed in the past for many of the reasons I have outlined. To be consistent, we should continue to take that stance—especially with respect to the binding budget levels in the second current resolution this fall.

The American people have clearly said that they desire tax and spending cuts: Unfortunately, the Congress has yet to give them either. Instead, the budget resolution says over and over that it is appropriate to spend this much, and tax this much. I believe it is neither appropriate nor constitutional for the Federal Government to grab such a large slice of taxpayers' income.

And, I wonder, if supplemental appropriations are proposed that exceed these recommended budget levels, will this House pass them, as it has in the past? Or, if actual spending exceeds the recommended figures, will we vote to increase taxes still further to keep the deficit from ballooning?

Mr. BETHUNE. Mr. Chairman, I now yield 2 minutes to the gentleman from Texas (Mr. SAM B. HALL, JR.).

Mr. SAM B. HALL, JR. Mr. Chairman, I have taken the well of this House very seldom, probably not a dozen times in the past few years that I have been here. I feel constrained today to make just one or two comments about the Gramm-Latta proposal that I support.

I have heard a great deal of testimony here in the last few days and discussions about what happened in November of last year. I think what happened in November of last year was a mandate by the American people to this Congress to do something different.

I represent a district in Texas that without any response from me has sent in some letters, from schoolteachers, dairymen, farmers, ranchers, oil and gas people—the gauntlet. This is through May 5, 1981, the update on responses to President Reagan's proposed economic plan. The total number received has been 1,119. The total number in support, 1,029; the total number against, 90. Of those opposed, 15 opposed adjustments in the COLA from a 2-a-year to a 1-a-year increase. Fifteen feared a budget reduction in the aid programs. Eleven opposed cuts to social programs affecting the elderly and the poor. Only 10 people of those 1,119 opposed the President's program in toto. That says something.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. DICKS).

Mr. DICKS. Mr. Chairman, at this time I must rise in opposition to this amendment.

While I agree with my colleagues across the aisle that we must spare no

effort to fairly restore this Nation's economic health and strengthen our national defense, I cannot support an amendment which promotes an unsound, unfair and inflationary fiscal policy.

After reviewing this proposal, it is clear to me and to many leading economists that the economic stimulation of the tax cuts proposed in this amendment is likely to more than offset the restraining influence of slowing Federal expenditures—especially when combined with needed increases in defense spending.

While stimulants from the proposed tax cuts will amount to approximately $54 billion, excluding increases in the defense, constraints from the sharply slower growth of non-defense outlays will total only about $46 billion. The economic stimulation from this tax proposal is bound to have a greater demand multiplier impact than the negative impact coming from a slower growth in nondefense outlays.

This will create a fiscal policy which is exceedingly expansionary and which does not vigorously fight inflation.

Such a fiscal policy would also place nearly all anti-inflation effort squarely on monetary policy and will lead to further distortions in financial markets and unacceptable higher interest rates.

Like many others, I also am not convinced that there is real historical evidence to suggest that proposed across-the-board tax cuts will quickly encourage Americans to work harder or to save more.

Can it really be assumed during the next year or two that this fiscal strategy will reduce wage settlement increases to single digits, or will remove the rigidities in our wage and price structure?

Additionally, calling attention to the beneficial impacts of earlier tax cuts is misleading. There is no precedent for taxes being lowered against a backdrop of rising defense expenditures and high inflation.

To restore this Nation's economic health, this House must reduce the deficit and balance the budget. This will help end inflationary expectations and will reduce the Federal Government's role as a powerful demander of credit, thereby freeing savings to finance the private sector.

An across-the-board tax cut is an inappropriate weapon against inflation. Instead, what is needed is investment incentives more broadly based than those proposed in this amendment. The productivity tax cuts in the House Budget Committee proposal are absolutely essential.

Mr. Chairman, primarily for these reasons I cannot support this amendment. Instead, I must endorse the budget proposed by the House Budget Committee because it offers a more direct approach to ending inflation and promotes a tax cut which will more effectively restore this Nation's economic health. The priorities of the House Budget Committee also recognize the human needs of this Nation in a more compassionate way and deserves the support of this House.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. REUSS), the distinguished chairman of the Joint Economic Committee.

Mr. REUSS. Mr. Chairman, I rise in support of the committee budget, the Jones budget. I see the parade of lemmings headed toward the sea of Reaganomics, and I do not know if there is anybody who can be affected at this late moment. But let me try to plead with those of you who may be tempted to vote for the Gramm-Latta substitute. Do not do it. Smiles and flattery will await your vote in favor of it today, but as sure as fate, when the months go by you will have your sleep disturbed not just by the needy who were hurt by those cuts, but by the comfortable ones who are applauding you today. They will be asking, why have you visited upon this country murderous interest rates, high inflation, budget deficits, and economic stagnation?

Already the administration's program is in disarray. Various administration figures are busy putting the blame on the Federal Reserve, apparently for doing what they were told to do, or on Wall Street, where the bond market is close to a tailspin. Wall Street is jittery, not because it has any doubts that the Reagan program will pass; it is jittery because it is afraid that the Reagan program will pass.

When you come to think of it, there is no particular reason why the Reagan program should work. Essentially it is a proposal to transfer income from the poor and the middle classes to the top 5 or 10 percent of Americans. Reaganomics derives its economic justification from just about every freakish economic theory that ever came out of the land of the gurus and swamis. Its supply-siders say that budget deficits do not matter because Americans will immediately start working harder and investing more.

The Reagan monetarists proclaim that money alone matters, and that high interest rates will somehow go away before they kill us all. The Reagan rational expectationists wistfully hope that money men will embrace the Reagan program, and immediately reduce their interest rates—exactly the opposite of what they are doing.

Put them all together, as the administration does, and you have a recipe for disaster.

If you want to quiet the markets, if you want to stabilize the dollar, and if you want to signal to the whole world that the United States has come to its senses, a vote against Gramm-Latta is a magnificent way to do it.

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma (Mr. EDWARDS).

Mr. EDWARDS of Oklahoma. Mr. Chairman, one of the questions that we hear more and more, as people realize the extent of our financial problems, is "Why? What happened? Why are we in this mess?" The answer to that is the reason the country is insisting we pass the Reagan program.

The American economy is overregulated and undernourished. In the last 10 years, business investment has dropped nearly 400 percent. Productivity increases, the lifeblood of the modern economy, have declined to the point where actual economic growth has become more a fading memory than an actual occurrence. For the last 4 years, taxes have gone up an average of $610 every year for each working man and woman in this country!

The explosive growth in the size of the Federal Government has reached a point where that Government consumes, in an average year, 21 percent of this Nation's wealth. American businesses that want to modernize or expand have to compete for an ever-smaller supply of capital. In 1955, the Federal Government consumed only 5 percent of the total available credit in this country: today, the Government consumes more than 23 percent of all available credit, driving up the cost of money and decreasing the amount that is available for businesses to expand and create new jobs.

Malnourishment leads to starvation, and it is said that a starving man dies by inches. The most sinister and deadly effect of our malnourished economy is the slow starvation of the American dream. Slowly, by inches, that dream is disappearing. You know the dream—the "only in America" dream—the dream of opportunity, of a chance to get ahead, to own your own home, to educate your children, to retire someday instead of working until you drop dead in your tracks bent over some machine.

Today, all these dreams—retirement, education, owning your own home—are becoming more and more distant. Last year, the savings rate in this country was at the lowest point since World War II; there is barely enough money to pay bills, and nothing left to save, nothing left to build a nest egg, or put aside a downpayment. And so fewer people, especially young people, can buy a home. And because the money was not put in savings, and because fewer people are investing, there is no money for builders to borrow to build the homes that people cannot afford to buy.

We know the answer to the question of "What happened and why." The

answer is all around us. We see it in the lines at the employment office, we see it in the faces of the young who are losing hope of owning their own home. The question before us now, is: Are we going to settle for more of the same or will we accept the mandate of the voters of this country and restore to all Americans the promise of the American dream before it too becomes little more than a fading memory?

In the past several years, the response to this question has been promises of "responsible budgets, "sound" budgets, "prudent" budgets, and "austere" budgets. What we have gotten are record inflation rates, record unemployment, record interest rates, and record deficits.

This year, the Budget Committee has come up with more of the same.

There is only one comprehensive program that addresses the problem, we face. That is the Reagan program as presented in the bipartisan substitute. This proposal embraces all the components of the President's Program for Economic Recovery.

This proposal is designed to eliminate the obstacles to a prosperous economy. The reduction in the size of the Federal budget will free up resources to allow business to expand and create new jobs. The reduction in tax rates will put money in the hands of the people, instead of in the hands of the Government. This will allow people to build a nest egg, to save for their children's education and to begin to save for a home. These policies, together with a policy of regulatory reform and restraint on the growth of money will free us from the crippling burden of high interest rates, high inflation rates and high unemployment. The question is asked: How do we know this program will work?

Mr. Chairman, there is one thing we do know. The political economics of the past 40 years has not worked.

This program seeks to nourish the dream we all share. To accept anything less would be a denial of the promise of that dream to all Americans.

□ 1400

The CHAIRMAN pro tempore (Mr. DANIELSON). The gentleman from Oklahoma (Mr. JONES) has 59½ minutes remaining, and the gentleman from Arkansas (Mr. BETHUNE) has 57 minutes remaining.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Connecticut (Mr. RATCHFORD).

Mr. RATCHFORD. Mr. Chairman, I rise in support of the House Budget Committee resolution.

Mr. Chairman, the budget debate which we conclude today has been filled with confusion and controversy. Never before has the budget process been brought so vividly to the attention of the American people and to the forefront of debate on our economic policies. Yet the choices before us are difficult, and only partially understood by most Americans. For this reason, I welcome this opportunity to explain in detail the basis for my own position on the budget for the coming fiscal year.

In many ways, the budget debate of the past several weeks has demonstrated more consensus than disagreement concerning our economic problems. There is broad agreement concerning the need for restraint in the growth of Federal spending, and a general feeling that the President is correct in placing an emphasis on our Nation's economic ills as he begins his new administration. For this reason, the budget debate thus far has focused primarily on the exact amount of spending cuts to be achieved. However, if we are to be responsible in our actions on the budget package, we also must address directly the challenge of setting clear priorities for Federal spending, we must make reasonable estimates of what Federal programs will cost next year and we must know what the impact of further spending reductions will be.

Mr. Chairman, it is with these concerns in mind that I must support the budget package developed by the House Budget Committee as opposed to the alternative suggested by the administration. The Budget Committee's proposal uses realistic economic assumptions in projecting the cost of Federal programs and the size of the Federal deficit, while the administration alternative looks at these same items through rose-colored glasses. Similarly, the Budget Committee package clearly states where budget cuts can be made, while the administration's program proposes large cuts in Federal spending without knowing how they can be achieved or what impact they will have on the truly needy. Even in the tax area, the Budget Committee proposal offers a carefully drafted tax package while the administration recommends an unfocused and potentially inflationary approach. I can only conclude that the House Budget Committee's recommendations are more responsible, in that they attempt to identify areas of wasteful or low-priority spending rather than making sweeping cuts in a meat-ax fashion, and they respond more directly to our inflation problem.

The differences in spending levels between the Budget Committee's recommendation and the administration's program have been grossly exaggerated during the budget debate. Over half of the supposed differences in Federal spending between these two budget proposals—roughly $78.5 billion for 3 years—stems from the use of different assumptions rather than changes in Federal policy. The administration alternative simply makes some unrealistic projections about how rapidly interest rates, inflation rates, and other economic conditions will change—for example, it assumes that interest rates—on Treasury bills—will fall from 13.8 to 8.9 by next year. It does nothing to save money in these areas, and only hopes that rapidly improving conditions will result in lower costs to the Government. If interest and inflation rates do fall sharply as the administration assumes, this money would be "saved" in the Budget Committee's proposal as well—it just seems irresponsible to count on these changes happening more quickly than history would suggest is possible.

Even going beyond this complex issue of economic assumptions, Mr. Chairman, the administration's budget alternative is not responsible. Virtually all of the remaining differences in spending between the two proposals is a result of an administration attempt to require overall budget cuts without specifying where these cuts can be made. The administration is asking the House to approve these cuts without knowing how these funds can be saved and what the resulting impact will be. We can all support the effort to eliminate wasteful or unnecessary spending, but it is shortsighted and irresponsible to require cuts which even the administration cannot identify or explain, when the result may be elimination of services to those truly in need.

In a report released last week, the nonpartisan Congressional Budget Office stated that, with respect to specified budget cuts, the Budget Committee's proposal calls for only one-fiftieth of 1 percent more spending over the next 3 years than the administration alternative if costs are estimated on the same basis. In terms of budget cuts which have been identified, the House Budget Committee has met the administration's challenge to reduce the size of Federal spending.

There are important differences between the Budget Committee proposal and the administration alternative, but they are found more in the treatment of the Federal deficit and future tax cuts than in the level of Federal spending. Most importantly, the administration's budget includes a deficit of $49.3 billion, almost twice the size of that proposed by the Budget Committee. The Federal deficit has been criticized as one of the most important ways in which the Federal Government adds to inflation, and the Congress has been sent a message to live within its means. Yet the administration alternative includes a deficit far above that proposed by the House Budget Committee, threatening to fuel inflation rather than dampen it in the months ahead.

The administration alternative also poses a risk of higher inflation in another important area. By endorsing the so-called Kemp-Roth tax proposal, the administration commits itself to 3 years of untargeted tax reductions which most economists view as dangerously inflationary. In contrast, the Budget Committee proposal includes a more modest tax reduction program which is carefully targeted to stimulate investment and productivity, while providing for more equitable treatment of low- and middle-income Americans who would get little tax relief under the Kemp-Roth proposal. The Budget Committee tax package also addresses issues of tax reform, including the elimination of the so-called tax on marriage, to make the system fairer. Public opinion polls have repeatedly shown that the great majority of Americans believe a smaller Federal deficit to bring down inflation is more important than a major tax cut at this time. I cannot support a budget alternative which proposes both a larger deficit and an inflationary tax cut with its greatest benefits going to the wealthiest member of our society.

Mr. Chairman, we can only return again to the question of what constitutes a responsible approach to the Federal budget. I do not believe it is responsible to propose arbitrary cuts in Federal spending without knowing from where these savings will come or what the impact of the cuts will be. I do not believe it is responsible to propose a larger Federal deficit when we are struggling to control inflation. And I do not believe it is responsible to approve an untargeted tax cut which may fuel inflation while offering little relief to middle-income families who are hurt most by the inflation problem.

There is one final reason for my support of the House Budget Committee's proposal rather than the administration alternative. Even in areas where spending cuts are made, the Budget Committee's recommendations chart a steadier course for our Nation's future. They are more responsive to our most pressing national needs, and they attempt to limit cuts in areas which are counterproductive in the long term. The Budget Committee's proposal makes an effort to cushion the impact of spending cuts on those most in need of assistance, while the "safety net" for the truly needy in the administration alternative is woefully weak.

Consider proposed cuts in Federal student aid programs. The administration's budget would cut the amount of Federal funds available to support new student loans in fiscal year 1982 by approximately 80 percent—a reduction which would drastically reduce the availability of student loans and perhaps destroy the program entirely. Recognizing this problem, the Budget Committee's proposal would restore $700 million for student aid programs, a change which will not eliminate the need for sacrifice but which will leave some hope for continuing a meaningful student aid program.

Other spending reductions proposed by the administration can be viewed as nothing less than cruel. More than 1 million elderly and disabled persons would have their food stamp benefits reduced below what they would otherwise receive, and 125,000 elderly persons would lose food stamp benefits completely. Three million persons now receiving the social security minimum benefit would have their benefits reduced, and nearly 750,000 low-income elderly tenants living in subsidized housing would face substantial rent increases. Nearly 100,000 older Americans could lose homemaker and chore services which make it possible for them to avoid costly institutionalization and cuts in medicare funding will also reduce home health care benefits. These spending cuts not only ignore the needs of our senior citizens, but they are shortsighted in that they will lead to unnecessary institutionalization and skyrocketing nursing home costs rather than fostering independence and self-sufficiency among older Americans.

The House Budget Committee proposal would not reverse all of these spending cuts. It does propose more reasonable funding levels for medicaid, emergency fuel assistance, and essential health and social services than the administration budget alternative in an effort to respond more adequately to the pressing needs of elderly persons.

Programs for older Americans are not the only area in which the administration's budget recommendations fail to resist the temptation of shortsighted spending cuts which will lead to greater long-term cost for our society. For example, the administration alternative would abolish the Economic Development Administration, which has been instrumental in creating new jobs in Connecticut and throughout the Nation, and which has generated $14 in private and local investment for every $1 of Federal support. The Budget Committee proposal would allow EDA to continue its work, and would restore funds for Federal employment and training initiatives which offer an alternative to welfare dependence. I believe that we cannot ignore the need to make sound investments in our Nation and our people, even as we attempt to restrain the growth of Federal spending to fight inflation.

Unfortunately, there are elements of wasteful or unnecessary spending which neither the Budget Committee's proposal nor the administration alternative address. These budget recommendations continue to leave blatant special interest subsidies—including huge water projects, tobacco subsidies, and tax loopholes—virtually untouched while cutting deeply into such areas as mass transit, energy conservation and alternative energy programs. Both budget packages also call for the largest peacetime increase in defense spending in our Nation's history—an action which is partially justifiable in light of our real security needs, but which fails to address areas of clear waste in the defense budget or to question the extent to which ever-increasing expenditures on military hardware add to our national security. If we are to achieve our many national goals with limited resources, we must begin to confront these questions of efficiency and effectiveness, with equal scrutiny applied to all areas of the Federal budget.

Mr. Chairman, it is impossible for a budget package to perfectly reflect the priorities and concerns of any individual Member of Congress. The House Budget Committee proposal is no exception. Even while viewing this proposal as the best alternative with a chance for passage in the House, I have serious misgivings about the cumulative and long-term results of many of these spending cuts. While the generalized support for the administration's program is undeniable, I have found that few of my constituents are aware of the exact nature and scope of these budget reductions. There is no question that we need to strike out those instances of waste, fraud and abuse, and yet I fear that the spending cuts before us today have gone well beyond this goal to undermine the responsible, compassionate efforts of the past two decades to meet the needs of those truly in need.

Mr. Chairman, given the pressures on resources at the Federal level, these budget debates will only become more difficult. I commend my colleagues on the House Budget Committee for their efforts to develop a more realistic budget alternative for consideration by the House, and I continue to hope that the Congress will pursue a national economic policy which is responsible, equitable and effective in coping with our inflation ills.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. ZEFERETTI).

Mr. ZEFERETTI. Mr. Chairman, several days ago we were given the opportunity to hear a great speech from the President of the United States. The President stated that America was not a sick society and that the society that he heard from is made up of millions of compassionate Americans and their children. He evidenced this by reading a letter from a young boy from New York.

Well, I wholeheartedly agree with the President, as I am sure do the majority of Americans, and I have some evidence of my own. I received a letter from Michelle Monroe from the Bronx in New York. And, she said, "My brother goes to day care. Please do not close day care. We need it. I am 10 years old."

Now, I would like to ask the supporters of the Gramm-Latta proposal, how can I vote for their substitute and explain to Michelle and the hundreds of other children that I have received letters from, that voting for this substitute is the compassionate thing to do. I do not believe the answer is an explanation of supply-side economics.

Mr. Chairman, I have supported and will continue to support any reasonable proposal for a balanced budget and tax cut. Even though the Budget Committee's resolution cuts several programs I would rather not see cut, I believe it represents a fair and equitable program for the future.

The Gramm-Latta substitute merely shifts tax burdens from the Federal to State and local governments. In my case in New York City, the financial responsibility will now fall on a local government that has little chance of filling in the gap left by the depletion of Government dollars. The obvious result will be a marked decrease in services and the inevitable sharp rise in crime. The House Budget Committee resolution is a far more responsible alternative, and does not unfairly place the imposition of economic reform disproportionately on any regional area of our country.

If my colleagues will bear with me I would like to make a few comparisons between the Gramm-Latta substitute and the Budget Committee resolution.

First. The Gramm-Latta substitute recommends major cuts in the mass transit operating assistance programs. These proposed cuts would involve the section 3, discretionary grant program, which provides capital assistance funds to urbanized areas for modernization and maintenance, and section 5 formula grants, which are used for capital expenses or operating subsidies. Section 5 grants would eventually be discontinued resulting in fare increases, cutbacks in services, and a general decay in physical conditions. Cutbacks in section 3 grants will halt any new construction of subways in the future. Is this going to help our dependence on foreign oil?

The House Budget Committee proposal rejects this decrease in funds, leaving the oversight responsibility in regard to budget cuts in the hands of the appropriate legislative committee.

Second. Under housing assistance, the Gramm-Latta substitute would cut funds by one-third, thereby reducing the number of subsidized housing units assisted by a quarter of a million in fiscal year 1982. Apparently the supporters of Gramm-Latta are not concerned with the HUD report showing millions of Americans to be living in substandard housing. The House Budget Committee resolution makes moderate cuts in subsidized housing which are far more equitable and would prevent existing subsidized housing from falling into total disrepair.

Third. The Gramm-Latta substitute would cut by several billions of dollars, funds for the Comprehensive Employment and Training Act. Most of this reduction would affect the public service jobs program. The result would be the loss of over 300,000 jobs. What could these people do other than go on unemployment and welfare. How about that for compassion, especially for taxpayers who will now get the opportunity to pay these people not to work as opposed to having them work for their pay. The House Budget Committee proposal makes significant cuts in the CETA program but certainly not to the extent of the Gramm-Latta proposal.

Fourth. In the field of education the Gramm-Latta substitute would significantly affect middle-class Americans, the same class supporters purport to be trying to help. Gramm-Latta will substantially reduce the number of students eligible for the guaranteed student loan program. Some estimates have been as high as 50 percent in reduction of eligible population. In addition, with no new funding for the Pell grant program more than 500,000 students will be eliminated from eligibility. The Budget Committee resolution takes into consideration the rising costs in higher education and the strain it puts on middle and lower class families. Modifications need to be made in these programs but they can be made without penalizing the thousands of students Gramm-Latta would have us do.

If we follow the course charted by the Gramm-Latta proposal it would not be too far down the road that only the upper-middle- and upper-class families could afford the luxury of sending their children to college.

Fifth. The supporters of the Gramm-Latta substitute make statements to the effect that no program will be cut that directly involves the elderly. This, however, does not take in account the numerous programs either substantially reduced or completely done away with that will have a significant effect on the lives of older Americans. Under Gramm-Latta a cap will be placed on medicaid expenditures which translates into reductions in health benefits to millions of our elderly. The Budget Committee resolution rejects this cap. The Gramm-Latta substitute would eliminate the pneumonia vaccinations program for older Americans. CBO estimates at present this program will prolong the lives of 5,000 of our elderly between now and 1986. The Budget Committee resolution retains the vaccination program. Under the Gramm-Latta substitute over 100,000 older Americans will lose food stamp privileges. The House Budget Committee resolution cuts some food stamp money but not to the extent of Gramm-Latta. Gramm-Latta would have us cut social service funding by 25 percent and transfer the program into a block grant that would replace title XX and numerous other social service programs. Title XX funds are used by States in two programs that directly affect the elderly: First, homemaker services; and second, nutrition programs. Because of the 25-percent cut, the Select Committee on Aging estimates 86,000 elderly and disabled individuals will face the loss of homemaker chore services. It is difficult to estimate the loss in regard to nutrition programs since the elderly would be pitted against the poor for the reduced funds available. Obviously, someone has to lose.

In closing I would like to address Michelle's letter concerning the loss of day care assistance for her brother. As I previously stated, under Gramm-Latta, social service programs would be consolidated into one block grant. The Gramm-Latta proponents believe that by consolidating these programs the savings incured administratively will justify a 25-percent cut in funding. While some savings may be realized in the block grant approach, it is difficult to believe that a 25-percent reduction will lead to anything other than discretionary decisions as to what community service projects to discontinue or drastically cut back.

Mr. Chairman, we as Members of Congress have a moral obligation to all the people of this country. Whether they be old or young, rich or poor, whether they live in a rural or urban environment. By supporting the wholesale slashes in the domestic and social programs contained in the Gramm-Latta substitute we will be turning our backs on Michelle and millions just like her. If we are indeed to be a strong and compassionate society as President Reagan believes, let us prove it today.

I urge my colleagues to support the Budget Committee proposal which incorporates considerations for human services along with a real and justifiable increase in defense spending.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, first, let me offer my congratulations to the chairman of the Committee on the Budget, the gentleman from Oklahoma (Mr. JONES), and to the committee for doing an outstanding job.

Mr. Chairman, I wish to raise a number of questions concerning the budget alternatives that we face today in the context of our economic goals. We must revitalize our Nation's economy, bring inflation under control, and get America back to work again.

We all agree on these goals. The only question which really divides us is how to best achieve these goals.

I have not yet spoken out on the budget resolution because I really have been looking at every one of these issues as closely as I can, reading the volumes of information and trying to arrive at what I consider to be the best decision for this country.

In this regard, we have all heard a great deal about the "bipartisan budget." This is a budget that is supposed to be embraced by Members of both parties. It has been endorsed by the President as a budget which cuts programs equally, and which does not require any one sector of our economy to bear a disproportionate share of the burden of budget cutbacks. At the same time, it is portrayed as the budget that is wanted by the majority of the American people, and which will get our economy moving again.

Well, I can understand what is involved in putting partisan interests aside and doing what is best for the country. For the past 6 years that I have served in the Congress, I have had to vote more than 30 times on first and second concurrent budget resolutions, conference reports for those resolutions, and amendments to those resolutions. The vast majority of those times I did not vote with the majority of the Members of my party. I received a letter from President Ford thanking me for supporting his economic policies, and I remember that many of the phone calls I received from my Democratic colleagues were not so friendly. I have voted against five of the last six administration budget proposals.

What was involved in those votes was not so much what was wanted by my President or by my party, but what I thought was best for the country after I studied the problems just as hard as I know how.

And what I have consistently thought best for this country, and what I have consistently voted in favor of is across-the-board cuts in Federal spending that affect all programs equally, and which do not single out any one group, or any one region, or any one sector of our economy to bear more than its fair share of budget cuts.

We have heard that we must not "balance the budget on the backs of the taxpayers." I agree. But I also believe that we must not balance the budget on the backs of the people on any one region of our country. Nor must we balance the budget on the backs of groups such as the elderly who cannot conceivably benefit from a tax cut because they do not work, and who will not benefit from an improved economy because they cannot work.

Is this such a budget?

OMB's own projections are that between 1980 and 1986 there will be twice as much growth in the South and West as in my region, the Northeast. Much of that growth will come from investment by the Federal Government in ports, dams, roads, water systems, rural electrification and, most importantly, defense spending.

Eighty percent of defense personnel are now located in the South and the West, while we in the Northeast have been fighting a continual battle to save Fort Dix, our lone military installation.

In the Northeast, the administration's fiscal 1982 per capita defense outlays will be $233, compared to $638 in the South and $707 for the West. That is a considerable difference. It represents a per capita increase change of only $71 in the Northeast from fiscal 1981, while there is a whopping $169 per capita increase for the South and an astounding $213 per capita increase for the West in only 1 fiscal year.

If we plug all Federal expenditures into per capita figures, we find that the Northeast loses $99 per capita under the administration's budget, the South loses nothing, and the West enjoys a net gain of $45 per capita.

We are told that the individual States will be able to make up any loss of essential Federal dollars. Yet, the Northeastern States have a far greater tax effort than the South and the West, and a far lower tax capacity. While New Jersey can barely manage to balance its State budget year to year, the average budget surplus in 1980 for States in the South and the West is 10 percent of their expenditures. The surpluses are even greater in the energy-producing States.

And, frankly, my constituents are tired of being short changed on Federal taxes. We receive only 68 cents back for every dollar we send to Washington, ranking 48th in the Nation. In contrast, the States in the South and the West are getting over $1.50 for every dollar they send to Washington.

Gramm-Latta, pure and simple, represents a continuation of this approach. I am not at all surprised that we see a lot of support for a continuation of this approach by Members of Congress who represent the Sun Belt and other rapidly growing regions, be they Democrats or Republicans. If my district stood to benefit from a continuation of these policies, or if my State's treasury was bloated with surpluses, I could also vote to continue this approach without regard to party affiliation.

But please do not tell me this is a bipartisan budget. It is bipartisan only to the extent that there are both Republicans and Democratic Members from the Sun Belt.

At the same time, I must seriously question the claim that this budget treats different groups equally, or that it reflects the will of the American people.

I have listened to the debate for the past 4 days and I have yet to hear one person mention crime. Has anybody heard the word crime mentioned?

You talk about representing the views of the people of this country—the people of this country are more concerned about the crime problem than they are about national defense. How many people have we lost on the streets of the United States as casualties of the Soviet military? We have not lost any, but we are losing people daily in the war on crime.

Yet, the administration has been able to recommend $500 million in aid for Pakistan, but it cannot see its way clear to support a pitifully small $150 million for a program to combat crime in this country.

I also believe we are making a great mistake by cutting such programs as the guaranteed student loan program to the point where students will be expected to make payments during their college years. This is not reasonable and destroys the basic premise of the program. But, more importantly, according to every institution of higher learning in New Jersey that has contacted me, it will mean the end of the program. The lending institutions understand how unrealistic the administration assumptions are. There is no question that the guaranteed student loan program, like many other programs, has suffered from some degree of mismanagement and abuse. The question we must answer is whether these programs are so misguided, so wrong headed, and so totally incapable of reform that we must now do away with them once and for all time.

I could go on and on about the problem of priorities in the different budget approaches offered to us over the last 4 days. In fact, I voted against the rule because I was not privy to these discussions early on when the Budget Director and others decided the priority of programs. I do not subscribe to those priorities, and because of the way the rule was crafted, I and many other Members have had no reasonable opportunity to provide any input into these decisions. As far as I am concerned, none of the budgets before us is totally satisfactory either in their basic economic assumptions or the priorities which they attach to different spending programs.

In the area of space research, for example, I know of no reason that we cannot defer some of these multibillion-dollar programs at a time we are experiencing such serious difficulties

here on a more down-to-earth level. I am disturbed that we can find $200 million for El Salvador while we are eliminating or severely curtailing programs that will keep our railroads running, or make other essential improvements here at home in the United States.

In the final analysis, however, the difference between the two proposals now before us—Gramm-Latta and the Budget Committee's proposal—represents only 1½ percent. This is a very small difference, but it looms very large in the sense of where we place our national priorities and what assumptions we make about our economy in the coming year.

The Office of Management and Budget has based its calculations on the assumption that interest rates next year will be just 8.9 percent. They estimate that inflation will be just 8.3 percent. They further believe that the unemployment rate will be 7.2 percent. Upon those assumptions, they predict a balanced budget in 1984.

Yet, as we debate this issue today, is there anybody in the gallery or on the floor of this House who honestly believes that interest rates will be just 8.9 percent next year? As we debate this issue today, the prime rate stands at 19 percent and is predicted to rise even further.

This is not to say that the assumptions in the Budget Committee recommendations are perfectly correct. Nevertheless, it should be obvious to all that the Budget Committee's assumption of a 12-percent interest rate next year is much more realistic given our current economic climate.

I am also concerned that, regardless of whether the Gramm-Latta budget works or what our overall economic situation is next year or the year after, the Gramm-Latta resolution would lock us into a 3-year, 30-percent tax cut. No one—not anybody—can predict the future with that much certainty. Yet, the Gramm-Latta substitute denies us any flexibility in modifying the tax cut to meet future economic conditions. And who is not concerned about a tax cut proposal that would create a hemorrhage in the money supply at the time when the Federal Reserve Board is attempting to apply a tourniquet through the most draconian interest rates in the history of our Nation.

Are these economic assumptions and policies sound? Will they in fact pave the way on the road to our economic recovery? If Gramm-Latta is, in fact, sound economic policy, I would believe that the economic analysts and financial wizards in the banking community and on Wall Street would be cheering from the rooftops. Yet, in both this morning's Wall Street Journal as well as the Washington Post, there are reports of uneasiness and concern in the financial community about the President's economic proposals.

These reports have indicated that our leading minds in the financial community have predicted that the expanding economy was on a collision course with the Federal Reserve Board's policy of restricting the money supply.

Henry Kaufman of Salomon Bros. has been making these kinds of predictions for weeks now. He is deeply troubled, as am I, over the Kemp-Roth tax cut and its potential impact on the economy.

I am not raising these issues today in an effort to belittle or minimize the convictions of our President or his commitment to economic recovery. There can be little question that he is carrying out his responsibilities of office and what he perceives as his mandate with vigor, conviction, and exceptional leadership.

But I also believe that I have a mandate and more importantly, a reponsibility under our Constitution to exercise independent judgment on any proposal that is submitted to the Congress whether it is from the administration or any other source. I cannot believe that the American people or the interests of sound legislative policy require us to approve, without questioning or examination, a proposal that represents the most major budget revision in recent history.

I am opposing Gramm-Latta today because I have decided, after many weeks of consideration, that I must vote on the basis of economic realism, and the future well-being of my State and of my country. I must vote for what will best serve the economic interests of all of our people.

Of all the proposals before us, Gramm-Latta is the least equitable and the least likely to do what my constituents tell me they want done. It is based on rosy economic assumptions that fly in the face of reality. According to the best financial minds in our country, it will not put an end to inflation. It will not reduce interest rates, and could conceivably push interest rates up even further. It benefits one section of the country at the expense of another, and seeks to create present prosperity at the expense of the future education of our children. It will not balance the budget. It will not cut inflation. it will not meet the needs of taxpayers or of those who are truly unable to provide for themselves.

I very much regret that the current budget debate has reached this present state of affairs. With each vote on the budget in each succeeding year, I warned that we must get the budget under control and balanced or we would some day face a crisis situation. We are today in that crisis situation and, quite naturally, there has been a backlash against the mistakes of the past. As a result, we are gutting the good programs along with bad; along with the fat, we are cutting out the muscle and bone as well; and, rather than eliminate the inequities in our tax system we are going to increase all the loopholes by 10 percent per year for 3 years.

That is not our mandate. Our mandate is to balance the budget, enact tax reform, and eliminate the waste, fraud, abuse, and excessive burden of government. The Budget Committee more nearly approaches that objective. Its proposal contains the same level of military spending as does the administration budget. It provides for a smaller deficit. It would balance the budget sooner. It provides tax relief for the American people, but it does not use economic projections or assumptions that, at best, can only be described as starry eyed. It addresses the area of tax expenditures—the loopholes and corporate welfare that has grown and grown and grown over the past years.

And, like the President's original proposal—before it succumbed to the pressure from the Sun Belt—the Jones budget makes more economic sense and is much more fair.

I urge my colleagues to vote down the Gramm-Latta substitute.

Mr. BETHUNE. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, at the outset, let me say that the vote on this substitute now before the Committee is the critical vote, not the vote on final passage. I hope the Members will bear that in mind.

Mr. Chairman, I do not think many of us who are voting for Gramm-Latta today are doing it with joy. Voting to reduce programs on which many people have come to depend is not a happy occasion; we all know that pain will result. Nor should we find pleasure in voting more of the taxpayers' money for defense. Any money for defense is wasted unless it is needed, and the necessity for a stronger defense suggests an unhappy world. But in that word necessity lies the iron chord to which responsible legislators must respond. If we do not do what is necessary here and now, where and when will it be done? If duty, however painful, cannot stir this body to action, how is the Nation to be governed and defended? Not partisanship, nor gamesmanship, nor social confrontation, nor constituency manipulation is what this is all about; this choice facing us is the basic obligation of government, and it is not fun.

Having made the tough decision, we cannot relax, either. It may be a critical vote, but it foreshadows many critical votes of authorization and appropriation to come, each requiring us to use our best judgment so that the helpless shall not be abandoned, the

poor brutalized, waste enshrined, or the basic institutions of Government dismantled. But that this basic obligation will be difficult to acquit does not relieve us of the duty to face this first step, to budget soundly, to be realistic in our expectations and to control our impulses to do good within our achievable channels. Government is out of control in ways that will not only debilitate our children's future, but even have already eroded our own economic environment on which any sound social footing must be based. It is time—it is late—and I know of no more credible or available formula for recapturing our national self-respect and sense of direction than the Gramm-Latta amendment. I wish it were a more comfortable occasion, and an easier route, but the sloppy excesses of the well-meaning have brought us here rather than anyone applying a necessary corrective. To delay now will only force on us an even more unpleasant duty later. I hope my colleagues will honestly acknowledge the necessity which faces us and will not temporize.

Mr. OBEY. Mr Chairman, I yield 2 minutes to the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Chairman, and my colleagues, today's vote is a difficult vote for me, I come from one of the most conservative districts in the Nation. Many of my constituents are saying, "Vote with the President."

The President on April 28 said to us in this Chamber:

> The one sure way to continue the inflationary spiral is to fall back into the predictable patterns of old economic practices. Isn't it time that we tried something new?

I agree it is now the time.

Some of my Republican colleagues have said: "To adopt the House Budget Committee proposal is busines as usual." That is inaccurate.

There are some striking similarities between the House committee budget and the President's preferred budget, the Gramm-Latta substitute. Both documents call for dramatic reductions in spending. Each plan contains a substantial tax cut.

There are also some very basic differences, however.

The House Budget Committee plan, with a smaller and more targeted tax cut, achieves a lower deficit for the fiscal 1982 budget and would reach a balanced budget in fiscal 1983.

The administration plan, by contrast, eats up all the savings it achieves and more in the huge 30 percent 3-year Kemp-Roth tax cut which would shower its principal benefits upon the very wealthiest in our society.

As to education, energy research and production, agriculture, health, national defense, senior citizens programs, jobs for our people and other important programs to meet human needs, I sincerely believe the future of the 1980's can best be met under the House Budget Committee plan.

I congratulate the House Budget Committee for this budget plan which in my opinion can bring us more quickly in America to fiscal responsibility, less deficit spending, a balanced Federal budget, a reduction in the cost of living, lower interest rates, and less unemployment.

Mr. BETHUNE. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Chairman, a minute ago one of my colleagues asked why we have not heard about crime. And I think there are various answers we could give him, but let me talk about one single act which normally is considered a crime. It is called, by some, check-kiting; by others, writing checks on insufficient funds. And essentially that is what we have done here in this body for years and years and years. We have been writing checks and we have not backed them up with the funds. President Reagan was elected to suggest that we ought to change that practice, that we ought to actually cut here instead of promising everything to everybody, as some well-intentioned individuals in our society do, and then attempting to buy things that we cannot afford.

The question before us is: Which of these proposals better does that job to make us refrain from what we have done in the past and to begin anew?

This morning I picked up the Washington Post, and I think it was very simply put by a writer. She said that the proposal from the committee "would stop writing checks for a year. President Reagan and his allies would throw away the checkbook entirely."

And that is really what we are talking about. The Gramm-Latta proposal suggests some fundamental changes in spending in this House to commit us not only for this year but for several years beyond. If we are really going to get the confidence of the American people, we have to show that this is not going to be a 1-year marvel; we have to show that we are committed to making some fundamental changes.

Some have stood here on this floor and said:

> Do not vote for Gramm-Latta because it suggests that you will be making some fundamental changes.

Well, I would echo some of those remarks. But I would rephrase it, "Vote for it because it makes some fundamental changes." The results of November 4 did not tell us to merely slow up the hemorrhaging that is taking place in terms of our spending in the Federal Government, or to merely slow up as we pile deficit upon deficit upon deficit. The people told us to turn this country around and to go in a new direction so that when we do make promises to those people who are needy in this country, we make sure we can fulfill those promises and we can back them up with money.

Now, why is that important? It is important because every time we kite a check in the Federal Government, what we do is we weaken the amount of money that is in the pocket of every American citizen.

And whom do we especially weaken? We especially weaken those people on fixed incomes, particularly the elderly in this country, because when we depress the value of the dollar they have in their pockets, they can buy far, far less than they could before. And we may feel good about saying, "We in Government will bail you out," but we never bail them out entirely, and, in the entire process, we have robbed them of their independence.

So the question is very clear here. The answer is very clear. We ought to vote for Gramm-Latta.

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Mr. OBEY. Mr. Chairman, I yield to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I thank the gentleman for yielding.

I rise to oppose the Gramm-Latta substitute amendment which would adopt the Reagan budget—and then some—as our national policy. I say "and then some" because, in an excess of zeal, the sponsors of this amendment have proposed to cut about $6 billion more than even David Stockman could come up with. This is a radical, irresponsible and cruel proposal—cruel not only because it deceives the people of this country by promising something that it can not deliver, namely economic revitalization, but also because it will cause immense suffering to millions of people. Many of those people have been trying to make their voices heard in the past few weeks, and today the halls of the Capitol and of our office buildings have been crowded with thousands of worried and scared citizens, many of them sorely handicapped, who fear that the Federal Government is about to turn its back on social justice. If the House accepts the Reagan budget, those fears will be too close to reality.

Let us not be fooled by the claim made repeatedly in the Congress that we have to give the President a chance to put his plan into effect because he has a mandate from last November's election. As Victor Gotbaum, the executive director of District Council 37 of AFSCME in New York City put it recently:

> He has no such thing . . . 26 percent of the eligible voters chose to vote for Reagan as President. Three out of four Americans who could have voted did not vote for Reagan. Those who did vote for Reagan voted against Jimmy Carter, against inflation and against the general malaise . . . This President has no mandate to take from

the poor and give to the rich—he has no mandate to widen the gap between the haves and have-nots of America.

People certainly do want change, and I can understand why many of them admire the boldness of the Reagan budget plan. The old ways do not seem to be bringing inflation under control and putting people back to work, so why not give this popular new President and his radical new program a chance?

Well, I will tell you why—because it is not going to work, and the country will pay a terrible price in increased suffering in a vain attempt to make it work. The causes of inflation are numerous, and there are many cures which must be applied. There is not just one thing Government can do like cutting back spending which will halt price rises short of full-fledged wage and price controls, and those controls have already been rejected by the new administration. But its alternative—deep budget cuts, mostly in social programs; radical changes in tax policy; and unbelievable increases in defense spending—will only produce even more upward pressure on prices. It has been the Reagan administration's main argument that the key element in Government policy that contributes to inflation is deficit spending and the upward pressure it puts on interest rates when Government must do a lot of borrowing. And this problem is not even addressed in the Republican budget. The amendment we are considering right now proposes a higher deficit than the budget resolution recommended by the House Budget Committee, and the Reagan administration does not even hope to end the Federal budget deficit for another 3 years. The Reagan administration surely tried hard to balance the budget, but failed. That failure was inevitable, since they want to undertake the largest military buildup in peacetime in our history, adding $46 billion to the Pentagon's budget last year of $180 billion, as well as cut taxes by about $50 billion, and you cannot do both of those and still balance the budget unless you are willing to make draconian cuts elsewhere. But the budget they are left with will not do the job of stopping inflation.

What this budget will do is make the truly needy truly needier. The Reagan administration claims that this budget will not hurt the truly needy, but they must not consider children, the poor, the sick and the unemployed truly needy or they do not understand the programs that they are trying to cut. This budget proposes a 40-percent cut in subsidized housing, for example, which would mean 300,000 fewer housing units would be built during the next 3 years. But only one of every five people who are eligible for subsidized housing is able to obtain it, and in many cities there is an 8-year waiting list; 770,000 CETA workers will lose their jobs, and you do not even qualify for CETA unless you are truly needy; 6,800 CETA youth employment positions will be cut in New York City alone, and without these opportunities for experience and training in the world of work, many of these kids will have their only hope for climbing out of poverty jerked out from under them. Furthermore, the tax cut the Reagan people are proposing and which is assumed in this budget we are voting on today would redistribute money toward the wealthy, the first tax cut in decades which would do this. A family of four with an income of $10,000 would get a $26 tax cut in the first year the tax plan is in effect, but a family with an income of $100,000 would receive $920. By the final year of the tax cut, the $10,000 family would receive $109, compared to $6,869 for the family earning $100,000. This tax plan runs counter to the progressive philosophy of taxing people in higher income brackets at rates higher than those in moderate- and low-income brackets. Under the administration's plan, the percentage reductions enjoyed by the rich are much greater than those enjoyed by the middle class.

The administration's budget would also shift a major portion of the burden for providing services from the Federal Government to State and local governments or to private voluntary action. Some of the cuts that can be expected to add tremendously to the burden of States and cities include the loss of CETA jobs, the cuts in mass transit, the shutdown of the Economic Development Administration, and the cut in medicaid funding. New York City has already begun planning to spend $70 million to try to save about 4,500 of the CETA jobs in vital social services. This may eventually require tax increases on the local or State level, and such increases are contrary to all the recent efforts to make New York more competitive with other States which have lower tax burdens. It is also obvious that this side effect of the administration's budget cuts will hurt the poor yet again—more taxes will be raised through less progressive State and local systems rather than the more progressive Federal income tax. And what about programs which are cut by the Federal Government and not supplanted by local governments? Federal support for the arts and humanities would be cut 50 percent in the Reagan budget, and with all the other pressures confronting them, these other governments will not take up the slack. The Wall Street Journal recently reported that corporate contributions to the arts will not increase enough to make up the difference either.

The Reagan budget cuts are often shortsighted and self-defeating as well. The proposed cut of 30 percent in the feeding program for women, infants, and children will force 700,000 low-income infants and children with known health problems out of the program, and you can be certain that medicaid, disability and special education costs because of their inadequate nutrition will go up in the years ahead. Cutting title XX social services by 25 percent will force many children and senior citizens to be institutionalized so that they can continue to receive vital services, and again, costs will rise. Eliminating food stamps for the working poor, as the President proposes to do, will reduce the incentive for work and we will see welfare and unemployment compensation costs rising in the years ahead. A dollar saved in one area will only raise spending in another area or lead to many dollars lost tomorrow.

Finally, Mr. Chairman, I would like to emphasize that this budget is not balanced in the sense of spreading the burden of absorbing cutbacks equally over all kinds of programs. School lunches are to be cut, but three-martini business lunches will not. Funds for helping the poor insulate their houses so they do not waste precious energy will be wiped out but the multibillion-dollar Clinch River breeder reactor will not be touched. The administration has placed out of budget-cutting bounds the defense portion of the budget and the seven safety net programs that include social security, medicare, veterans aid and pensions, supplemental security income, free school lunches, Head Start, and summer youth jobs. In addition, the portion of the budget that goes to paying interest on the national debt cannot be cut. By fiscal 1984, under the administration's budget, these untouchables will comprise 82.1 percent of the budget. That leaves 17.9 percent of the budget, equal to about $145 billion, to absorb $44.2 billion in cuts if the Reagan team is to meet their budget reduction goals. That comes out to a 30-percent cut in all the other, mostly discretionary, programs which include such important items as national energy programs, NASA, law enforcement, Federal aid to education, most transportation programs, and public works.

Ironically, an administration that claims its economic program will bring the Federal budget under control actually decreases the portion of the budget that can be called controllable.

I plead with my colleagues, especially those on the Democratic side, to support the House Budget Committee's budget instead of the Republican alternative we are debating today. The Budget Committee has gone along with more than three-quarters of the cuts the Reagan people want, but they have restored funds for some vital pro-

grams like food stamps, education, housing, energy, and medicaid. In the case of my city alone, the Budget Committee would restore $300 million of the $1 billion which Reagan proposes to slash. This is not a big spender's budget, it is just that the whole Congress seems to have lurched so far to the right side of the political spectrum that this proposal looks liberal by comparison. The Budget Committee proposal will hurt, too—and I voted for two amendments to improve it—but it will not hurt as much as the administration's budget, and it makes a more equitable distribution of the burden and takes a more responsible and cautious approach into uncharted economic territory. If the Budget Committee's proposal prevails, the President will have obtained three-fourths of his requests for changes in the budget, a level of accomplishment of which the President could be proud—a true compromise. I urge you to support it.

Mr. OBEY. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, I rise in opposition to the Latta amendment and the Reagan proposal.

I think it is very clear, Mr. Chairman, if we look at this proposal, this is reflective of the Republican mentality where they know the cost of everything and the value of nothing. They know how much it costs to educate handicapped children, but they do not know the value of the independence that child receives because of that education. They know the cost to keep children healthy in our childrens' health programs, but they do not know the value to the family of having a healthy child. They know the cost of title I, but they do not know the value of those children who because of that program read at a better rate, compute at a better rate, retain their learning abilities longer than those children who do not participate. They know the cost of bilingual education, but they do not know the value of the freedom of those children who learn to speak English so they can conduct themselves in our society. They know the cost of everything and the value of nothing.

Mr. BETHUNE. Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, I rise in support of the Gramm-Latta substitute. I think it is time we reviewed once again where we came from. Just a very few months ago the President of the United States was inaugurated and at that time we looked around at the economic mess that we had in the country. We had 2 years of double-digit inflation. We had high interest rates. We had high unemployment.

If we really look at some of the problems, we had a lack of savings, we had a lack of productivity, we had a lack of job creation and we had had 6,000 small business failures in this country. That is where we were.

The President of the United States undertook to formulate a program to do something about it. An integral part of that program was the budget proposal that is being offered today by the gentleman from Texas (Mr. GRAMM), and the gentleman from Ohio (Mr. LATTA), which incorporates the thoughts of the President.

What the President is trying to do is to bring down the rate of inflation, to increase the rate of investment, to increase the rate of savings and to create jobs for the people in this country.

Now, we can sit by and idly point at any part of the budget program, and I could take any individual program by itself and argue the merits of it and probably would vote for it. But let us look at it a little differently.

Any individual program helps some of the people in this country. The President's economic program is designed to help all of the people in this country by bringing down the rate of inflation. If there is anyone in this Chamber who believes that inflation is not a tax upon the poor of this country, then I would just urge them to go and talk to some of my constituents. This is the aim of the President, to bring down inflation and restore economic stability to the country.

He has given us a program to accomplish this and it is before us today in the context of this budget.

Make no mistake. The first step in accomplishing the goals of bringing down inflation is to support this bipartisan proposal. Make no mistake, the Reagan bipartisan proposal cuts spending more than the Jones budget bill cuts, more than the Hefner substitute would cut. If we look at the spending aggregates, there is no question about it.

Now for those who would criticize the Republican mentality and for those who would question the motives of the President, let me just leave you with a quote that was made some 115 years ago. It goes like this:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by destroying the rich. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves.—attributed to ABRAHAM LINCOLN.

Yes, I think that is the Republican mentality.

Mr. OBEY. Mr. Chairman, I yield 3 minutes to the gentlewoman from New York (Ms. FERRARO).

Ms. FERRARO. Mr. Chairman, I have been sitting here for the past several days listening to the debate. We have had all kinds of technical, political, moral, and usually substantive arguments for and against the various substitutes. There is very little that I could add to what has already been said about the proposals.

I, too, feel strongly that the Gramm-Latta substitute will be devastating for this country and my concern is not only for the poor and elderly of this Nation, though I am not ashamed of that concern, but it is also for the middle class kids who are getting ready for college in the fall and are not going to have the opportunity to go. As a mother of three teenagers, I find that particularly painful even though my children will go anyway no matter what this budget proposal does, because I, like most of my colleagues in the House, will personally benefit from the program proposed by the Republicans.

What I want to address specifically are some of the misstatements of fact that have floated around this country mouthed by Members of the House, Members of the Senate, members of the administration, the Vice President, and, yes, even the President himself. And the misstatements have conveyed misconceptions, and the misconceptions, because of the repetition are being accepted so thoroughly that we are beginning to believe that there is actually some truth behind them.

Let me state that this President, though elected on November 4—and a winner is a winner, even if it is by only one vote—this President received no mandate from the American people. There are 226 million people in this country; 160.5 million are eligible voters. Of those, 86.5 million voted in the last election. Again, I repeat, he was a winner, but there was no mandate. It was not even by a majority of the eligible voters. It was just by the barest majority of those who bothered to go out to vote, just 27.3 percent of this country's eligible voters, and only 19.2 percent of the total population. That can hardly be termed a mandate by the American people. So if anyone thinks he or she is obligated to vote for this proposal because it is the will of the American people—well, my friends, it just is not so.

The second thing I have been hearing is that we in Congress have an obligation to do what our constituents want. I guess if all you are concerned about is your reelection, I would agree. But I would suggest that we were elected to do more than that. We were elected to consider the needs of our constituents, and more, to assume the responsibility of making the right de-

cision for them. Also, I do not think our constituents know the full impact of the budget proposals.

I do not know how the rest of the Member's mail is going, but mine has turned around in the last few weeks. My people are beginning to understand what Mr. Reagan is proposing and they are beginning to yell loud and clear. They still, unfortunately, do not understand reconciliation, and they are willing to buy the lie that somewhere along the line we will be able to shove in the money for their pet programs.

I think many Members are giving them that story and I think it is dishonest. I listened with a bit of sadness Tuesday morning to one of our colleagues, the gentleman from Kentucky, who appeared on a TV show. He said that the people in his district support President Reagan's proposal 2 to 1 but that he felt that the Budget Committee's proposal, because he had looked into the facts, because he had studied the various substitutes, because he knew the impact on the country, he felt the Democratic alternative was better. His vote today in opposition to the Latta substitute is a courageous one, and I am sure it will be extremely difficult for him.

Finally, let me say I have watched Member after Member get up and read a piece of their mail. I guess the President started something. Let me also read to you one of my pieces of mail. It is a preprinted computer post card with my name filled in: It says:

> DEAR CONGRESSMAN G. FERRARO: Please vote for President Reagan's budget cuts, tax cuts and other proposals for economic reform. I want to inform you that I am making a contribution to the President Reagan Victory Fund of the National Conservative Political Action Committee which will defeat all politicians opposing the President and voting for the selfish interest groups.

And she added a P.S. in her own handwriting: "Exception, I am prochoice and I vote." Well, my constituent is on what we would call the horns of a dilemma, but I am not. I wrote her back a letter explaining in great detail precisely what is wrong with the Reagan budget proposal and that I could not, in good conscience, support it. I then added a P.S. in my own handwriting and in my P.S. I said:

> I want you to know that NCPAC's threats do not frighten me. I will do what I believe is right for this Nation because maintaining my integrity is more important than keeping this job, and it is far less strenuous.

I would hope my colleagues, too, who have the advantage of knowing all the facts, who have the duty of representing their people, yet also have the responsibility of doing what is right for this Nation, will join me in voting against the Gramm-Latta proposal.

Mr. BETHUNE. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia (Mr. STATON).

Mr. STATON of West Virginia. Mr. Chairman, I rise in strong support of the Gramm-Latta substitute.

Last Sunday the Washington Post featured a front page article entitled "Coal and the Dole." This article focused on that area of our country known as "Appalachia." It carried the obligatory picture of a mountainside shack so necessary to the stereotype of the region.

The text stated that the people of Appalachia were "addicted" to Federal funds and could not continue to exist without continuing doses. In fact, the article quoted a man who had been involved in various federally funded job training programs for the last 7 years. He stated, "This job (a CETA job) ain't much but it's better than nothing. If they take this job away, I guess I'll just lay down and starve."

Mr. Chairman, I represent a district in the heart of Appalachia. I am here today to say that the people of my district and, indeed, my State reject that thinking. Mr. Chairman, my constitutents want the President's program adopted. And once we get the Federal Government to quit feeding our addiction and give us the opportunity, we will certainly not "lay down and starve." We will finally get a chance to get up and go to work.

Mr. OBEY. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. MATTOX).

Mr. MATTOX. Mr. Chairman, I wish we had a little longer time to speak, but I will get right to the point. I will speak to this body from my heart because I am disappointed. In particular I want to speak to my colleagues from the Southwest, the South, and the State of Texas.

When I was elected to this body in 1976, I truly felt that I was entering a distinguished group of citizens that were the towers of courage.

What I have seen in the last few days are not pillars of towering courage, but many scared, cowering, political animals who have been running to hide. I have heard some of my colleagues, particularly a number of the colleagues on my side of the aisle, say that their political future is at stake. It is interesting to hear those who have that to say. They are often the ones who did not even have any opposition last time and really have nothing about which to worry.

At the same time, I have been getting letters in the mail from the American Conservative Union, of which my colleague from Oklahoma is the chairman, saying they are going to count this vote twice, not once but twice. I hope they do count it twice because I want the American people to know that when inflation is higher, the deficit is higher, and the American people are hurt and unemployed, that those people responsible have a double mark on their record because they are the ones that caused it.

I hope that my colleagues will not bend under political pressure. Do not be frightened. Do not be frightened; be statesmen. Do what you know is right.

Let me continue in another vein. With all due respect to my good friend and colleague from Ohio, Mr. LATTA, there appears to be a dramatic shift in emphasis in his comments on the Federal budget. Not too long ago, he and his colleagues on the other side of the isle—Republicans—were worshiping before the altar of the balanced budget.

I am not exactly sure when their conversion took place, but the budget proposal they are now proposing is the best evidence I have seen to prove the old adage that "There's no convert like a new convert."

In fact, what we are seeing in this year's budget debate is nothing less than a Republican tent-revival of born again deficit spenders.

As recently as last November 18—2 weeks after the national mandate we have been hearing about—Mr. LATTA said:

> The people had spoken on spending, the exploding budget deficit and inflation, that they wanted a new administration. They are going to get a new administration in January. They are going to get a new Congress in January.—CONGRESSIONAL RECORD, Nov. 18, 1980, page 30018.

Now that new administration and a self-styled bipartisan group in the new Congress is asking us to adopt a budget resolution that "explodes" the budget deficit.

Before we vote on the various proposals this year maybe we should consider some additional comments Mr. LATTA and some of his colleagues made just a few months ago:

> At this point it would be easy to inject partisanship into this debate and remind the House of the many times Members on our side (Republican) have offered balanced budget resolutions only to see them go down to defeat. I will not do so because I think balancing the budget now is too important to this country.—CONGRESSIONAL RECORD, Apr. 23, 1980, page 8812.

A few days later Mr. LATTA argued that we should delay no longer, in bringing about a balanced budget. He said:

> I think they (Members) have to start now in the fiscal year 1980 budget. You cannot sweep this under the rug and say, "Well, we are going to balance the budget next year which begins October 1980." We ought to do it now. We have inflation in this country better than 18 percent now. We ought to do something about it now. I think that is what the American people are demanding.—CONGRESSIONAL RECORD, Apr. 29, 1980, page 9290.

And the next day Mr. LATTA again said:

Above all we need a balanced budget.—CONGRESSIONAL RECORD, Apr. 30, 1980, page 9468.

The distinguished minority leader, Mr. RHODES, replied:

I wish to associate myself with the remarks of the gentleman from Ohio (Mr. LATTA). I think there is no more important issue facing this country, from a domestic standpoint at least, than the absolute necessity of having a balanced budget for 1981 at the lowest possible figure of expenditures and revenue.—CONGRESSIONAL RECORD, Apr. 30, 1980, page 9468.

If the Republican campaign committee gets its way, there may be a new word in future dictionaries: "Reaganomics."

Mr. Speaker, if those dictionaries are at all objective, they will surely use a currently available word to define that term: "hypocrisy."

Mr. BETHUNE. Mr. Chairman, I yield to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. Mr. Chairman, I rise in strong support of the Gramm-Latta substitute. I believe this is the best opportunity we will have in this Congress to carry out the mandate of the people.

Mr. Chairman, I have listened carefully to the debate this week on the first budget resolution, and I have been favorably impressed with the fine quality of some arguments from both sides of the issue. However, there have been other arguments voiced in opposition which I find so far off base and so unsubstantiated in fact that I feel compelled to once again raise my voice in support of Gramm-Latta, and also to express astonishment at the poor quality of that opposing comment.

During the course of this debate, I have heard some members speaking from the well drawing attention to the poor performance of the stock market and other economic indicators. To say that the market has come down because of apprehension over the President's program is really without substance. One could also say that market conditions exist because of fears that the program might not pass. For that matter, any number of arguments for declining market conditions could be given—the response of the stock market to changing events has been traditionally difficult to predict or explain.

I would also like to know where those observers of economic indicators were during the previous administration. Did they not notice that interest rates soared to 20 percent? Were they unaware of the strangling inflation, or blind to the unstable market at that time? In short, the stock market argument is nothing more than specious.

Of more concern to me are the comments of those who say that the Federal Government has a responsibility to feed the poor, to provide employment, to offer education and to hand out a myriad of benefits covering all aspects of life. I think perhaps we need to examine what the generic source of power of the Federal Government is. We can do nothing that has not been assigned to us by the Constitution or delegated to us by the people. In examining our constitutional mandate, nowhere do I find it written that the Federal Government is obligated to provide these wide-ranging benefits, grand though they may be. It is fine to say that the Federal Government will provide, but is it empowered to do so? The answer is no, neither by the Constitution nor by the people.

President Reagan is trying to give the power back to the people. Economists have demonstrated that it is certainly possible to return that power while at the same time reducing both cost and the number of imposed regulations. The people have made their demands very clear, as we will all recall from the results of the November 4 election. The true obligation of this body is to heed those demands, to respond to them, and to give the President's program a chance.

In summary, I believe very strongly that the Gramm-Latta substitute, embodying the President's proposals, is the answer.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri (Mr. EMERSON).

Mr. EMERSON. Mr. Chairman, I rise in support of the Gramm-Latta substitute.

Mr. Chairman, as we vote on this budget resolution, and as we weigh the options before us, I would urge my colleagues on both sides of the aisle to not lose sight of the fundamental question that we will be answering.

That question is: Do we finally take the steps that are essential to this Nation's economic recovery, or do we fall back on "dusted-off" policies of the past—policies that have cost people their jobs, not restored them; that have stifled productivity, not encouraged it; and policies that have perpetuated the inflation that we are committed to fighting.

The administration has presented a program for the revitalization of our economy. It calls for modest but meaningful reductions in the growth of Federal spending. It provides for a reduction in tax rates that will give American families more than a mere gesture, but real relief from a burden that will otherwise increase more than 15 percent each year for the next 5 years—an increase that they simply cannot afford.

These measures, reflected in the bipartisan substitute, present us with an opportunity to respond to the demands for change that the American people are rightfully making. Other options before us provide an opportunity to once again fail to fulfill what I consider to be a crystal-clear mandate to meet real problems with real solutions.

The votes we cast today will be far more than votes for one set of numbers or another; they will be the answers to questions about the conviction of this House to put people back to work, to restore the buying power of American families, and to reward hard work and innovation with a better standard of living. I believe the people have left no doubt about their commitment to these goals. The President has presented us with a program that makes very clear his commitment to these goals, and now, we have an opportunity to demonstrate our commitment.

In short, after months of rhetoric, speculation, and debate, the time has come to act. The program for economic recovery has been laid at our feet, and the Nation is awaiting our decision. Small business owners, farmers, retired people, wage earners, those who are out of work—they are all watching this House to see if their demands for real help will be answered, or whether their Representatives will deny them the opportunity to once again have a growing, predictable economy. I intend to respond to those demands by supporting the bipartisan budget resolution and making the commitment it represents, and I implore my colleagues to do the same.

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the gentlewoman from California (Ms. FIEDLER).

Ms. FIEDLER. Mr. Chairman, for the last week, this House has been engaged in vigorous debate on the vehicle to use to change the course of our Nation's floundering economy. But, as this debate comes to a close, I think we can all agree that what this Nation needs now, and what it has not had for a very long time, is unity.

Today the people are united on the major problem facing this Nation. By every poll they are united behind the President's economic program. The people of America are entitled to a government that reflects their unity. And a good place to start forming that unity is in this House. This Nation and its economy need a clear, coherent policy. Arguments have been made pro and con regarding every item in the budget. But it is the sign of a great nation that when the debate is over, a policy is formed.

As the hours unfold, it becomes more and more likely that the President's economic plan will prevail in this House. While the loyal opposition is dutybound to stand by their principles, they are also dutybound to support the implementation of our Nation's economic policy with all the dedication they can muster.

Members of this House must go back to their various committees with the honest intention to make the President's plan work because the people of our country are depending on us to get the ball rolling and get our economy back on track. The future is, of course, uncertain. But, it becomes much less uncertain if this House stops tugging at itself or with the Senate or with the President after the debate is over.

The French political philosopher Bernard Henri Levy calls America the most revolutionary Nation on Earth because we are an ongoing experiment in human organization, not just a collection of blood related people looking back to some golden past.

Mr. Chairman, the experiment goes on. The courage to step boldly into an unknown future is its own reward.

I yield back the balance of my time.

□ 1430

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. Savage).

Mr. SAVAGE. Mr. Chairman, I speak today against the Gramm-Latta substitute because I disagree with the President's premise for national defense. Our foreign problems are not primarily military, but rather economic and political.

That is why our armed might could not conquer Cuba, Panama, or Vietnam; has not brought peace to the Middle East; and failed to rescue our hostages in Iran.

Thus, our national defense should be based mainly on improving economic and political relations, rather than on increasing our defense budget. And we should begin by curtailing America's private and public relations with South Africa, to isolate that Fascist regime—and by increasing our support for Third World development and liberation.

Also, and more importantly, I disagree with the President's premise for economic recover.

First of all, I believe that the main cause of inflation is the concentration of business ownership so great that rising prices and profits can be imposed for a decade or so despite falling demand, despite mounting unemployment.

Second, the main cause of industrial stagnation, which will seriously cripple the American economy in the long run, is the compulsion of our system of production to maximize short-term profits through market domination and conglomeration, rather than through national planning, technological progress, quality control, and incentives and respect for employees.

Yet, Reagan urges deregulation of monopolized industry; regressive tax cuts for those of annual incomes above $40,000; and big tax incentives for the bigger businesses. Such supply-side economics not only will boost profits and further concentration of ownership, but also will not bring down prices or encourage the reindustrialization our Nation dearly needs. We can know this since profits and concentration of ownership is presently at an alltime high, though these problems loom larger than ever.

On the other hand, to boost production we must increase demand, and this requires that we begin with—rather than merely hope to end with—lower prices and more jobs. Increasing the demand is the prerequisite to increasing the supply.

Government should increase rather than decrease our spending for welfare, education, health, and happiness, by increasing taxation of super profits and decreasing the inflation-feeding defense budget. Instead, Reagan asks the people to suffer while profits soar.

Finally, Reagan gives little consideration to the special plight of black Americans—but the little he does give is worse than that of any President in the past 50 years.

For instance, he shockingly argues that "The taxing power of Government * * * must not be used to * * * bring about social progress"; however, he proposes to use it to increase private profits. In addition, his administration plans to shift from categorical to block grants, representing a return to the discredited States rights concept under which blacks suffered so much during the first years of this century.

So, gentlemen, we may lose this battle today—but we shall win this war—because I truly believe the words of the late Dr. Martin Luther King, Jr., that "Right shall not forever remain upon the scaffold while wrong sits upon the throne"—and therefore one should fight for justice even if he fights alone.

Mr. OBEY. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota (Mr. Dorgan).

Mr. DORGAN of North Dakota. Mr. Chairman, I am new to this body, but I have to tell the Members that I am just flat-out tired of the word "mandate" already. The President does not have a mandate, nor does any Member of this Congress have a mandate. We have responsibilities.

Does anybody really believe that there is a mandate given to anyone in this country to turn the keys to America's energy policy over to the big energy interests? I do not believe so. Yet, that is what we see; budget cuts for alcohol fuels, conservation, solar energy, and the rest.

Does anybody really believe that there is a mandate taking place in this country to enact business tax cuts to send 80 percent of the tax cuts to big business while small business, which creates 48 percent of the goods and services in this country, gets 20 percent of it? It is fundamentally unfair. There is not a mandate for that kind of economics. In my opinion, that is not new economics. It is wishbone economics. It does not work. It is unfair. And I am not going to support it.

A couple of hundred years ago, Mr. Chairman, Ed Burke said:

> Your representative owes you, not his industry only, but also his judgment; and he betrays rather than serves you if he sacrifices it to your opinion.

In my judgment the Gramm-Latta bill with a $45 billion deficit is something that is not workable and I cannot support it for that reason.

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the Gramm-Latta bipartisan substitute because it embraces the President's program for economic recovery and represents a substantial departure from previous economic policies of higher spending and increased taxes.

Last November 4 the American people unmistakably recognized that it was these same policies which have led to: sustained double-digit inflation; high unemployment and interest rates; and a slowed national productivity growth.

I truly believe that unless we act now to change our past economic course, these statistics, based on the old policies of higher spending and taxation, will continue to accumulate.

There are two very important reasons why I urge my colleagues to support the bipartisan substitute.

First, it will restrain Federal spending. There can be no doubt that Government spending has literally exploded. Consider these facts:

Payment of interest on the national debt for 1982 will almost equal the entire budget expenditures for fiscal year 1961;

The national debt is more likely a national disgrace as it is currently just under $1 trillion;

Washington presently spends $22,000 every second of every day;

In 1970, the Government spent over $196 billion. Today we are considering a budget of $688 billion under the Gramm-Latta substitute or roughly over $710 billion if all other proposed substitutes are considered.

By adopting the Gramm-Latta bipartisan substitute:

We will restrain Federal spending to 6.1 percent in 1982, as compared to previous spending growth of 16 percent from 1979 to 1981;

Federal spending and revenues will decline to 19.3 percent of GNP by 1984, as opposed to 23.0 percent and 21.2 percent presently for 1981.

Furthermore, the Gramm-Latta substitute proposes smaller spending levels than has been proposed by any of the other budget alternatives being

considered by the House by at least $21 billion. In fact, spending by the Gramm-Latta substitute is $6.5 billion smaller than spending proposed by the administration.

The important point is that by adopting the Gramm-Latta bipartisan substitute, Federal spending will still be larger than any prior year, but it will be restrained. Many refer to the President's proposal as "cutting the budget" when actually all he is asking for is a reduction in the amount of increased spending for each year.

My second reason for supporting the bipartisan effort is that it leaves room for enactment of the Reagan tax reform program, which provides for sufficient tax relief to people—especially 97 million working people—and to businesses.

The burden of taxes on individuals and businesses has become oppressive.

In 1965, only 6 percent of all taxpayers faced marginal tax rates of 25 percent or higher. Today, almost 40 percent of all taxpayers face rates of 25 percent or more.

The average worker must now pay his entire salary to taxes from January 1 to may 11.

The previous administration estimated that tax receipts as a share of GNP would grow to the unprecedented level of 22.8 percent by 1984. According to the House Budget Committee report, page 31, "In 1981 Federal receipts are projected to exceed 21 percent for the first time since 1944."

Oliver Wendell Holmes, Jr., once wrote: "The power to tax is the power to destroy." The economic policies of the past several years have most certainly shackled American initiative and destroyed incentives to save, work, and invest—the fundamentals of productivity.

The Reagan tax plan relieves this tax burden first by keeping real taxes from increasing during the next few years; and second by providing the necessary incentives to American workers and businesses to turn the economy around from a no-growth situation to one of high growth.

President Kennedy pointed this fact out in December of 1962 in a speech before the economic club of New York:

> * * * an economy hampered by restrictive tax rates will never produce enough revenue to balance the budget—just as it will never produce enough jobs or enough profits. In short, it is a paradoxical truth that tax rates are too high today and tax revenues are too low—and the soundest way to raise revenues in the long run is to cut rates now.

In the same way, the Reagan tax plan will reinvigorate the economy by restoring incentives for savings, investment, and entrepreneurship, and by renewing optimism and confidence, just as the Kennedy tax cuts of 1964 and 1965 did. Enactment of tax relief in this form recommended by the President will allow the private sector to grow rapidly enough to provide new jobs without contributing to inflation and will restore the ability of the United States to compete effectively in world markets.

Let us give the American people the new beginning that they voted for and still overwhelmingly support. The administration's measures, as embraced by the Gramm-Latta bipartisan substitute will provide for a long-term foundation and commitment for stable fiscal and budgetary policy. The Federal budget will be balanced on economic strength and prosperity, not artificially through increased taxes or spending.

We can no longer continue policies which "wait and see" before taking action. President Reagan's four-point comprehensive package changes these past fickle economic policies. One thing is certain: If only a part of the package is passed by the Congress, we will get only a part of the solution.

As President Reagan addressed the Nation on February 5, 1981:

> It's time to recognize that we've come to a turning point. We're threatened with an economic calamity of tremendous proportions and the old-business-as-usual treatment can't save us. Together we must chart a different course.

My dear colleagues, the Nation is watching us.

Will we continue to enact only slightly modified economic policies which have brought us the economic predicament we currently find ourselves in? Or will we listen to the American people, who overwhelmingly support the President's economic recovery program, and embark on a new beginning which allows a release from economic oppression, and a renewed optimism for a proud and independent people.

The choice is ours. For me this choice is all too clear. I urge my colleagues to vote with the American people by voting for the Gramm-Latta bipartisan substitute. By following this course of action we will embark on a true program for economic recovery, which will allow our country to return to its greatness.

By choosing the course, as President Reagan has pointed out:

> We will restore the freedom of all men and women to excel and to create. We will unleash the energy and genius of the American people—traits which have never failed us.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my distinguished colleague from New York.

Mr. KEMP. Just to yield, is all I am asking.

This is something that has confounded most of the participants in this debate, that you can get more revenue from lower tax rates. Interestingly enough, yesterday I met with the Finance Minister of Israel, Aridor, and he told me that after the 3 months of cutting taxes in Israel, revenues were 20 percent higher than before the cut in excise taxes.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. BETHUNE. Mr. Chairman, I yield 1 additional minute to the gentleman from California.

Mr. KEMP. To repeat the Finance Minister of Israel yesterday, told me that while they have lowered the excise tax in Israel by $40 or $50 million in the last 3 months, revenues are rising by 20 percent.

Could it be, as the gentleman pointed out, that the tax burden becomes such a drag on the economy that the tax base contracts lose revenue rather than gain revenue by higher taxes?

I appreciate the gentleman yielding.

Mr. ROUSSELOT. The gentleman is absolutely correct. The same thing happened when 2 years ago we reduced the capital gains tax. The revenues from that tax have gone up substantially since we did it.

I encourage my colleagues to embrace the ideas in the Gramm-Latta substitute, especially in the area of taxation. It affects the 97 million working people of this country, and I hope that they will join me in supporting this effort.

The CHAIRMAN pro tempore (Mr. GONZALEZ). The time of the gentleman from California has expired.

Mr. OBEY. Mr. Chairman, I yield one-half of a minute to the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. Mr. Chairman, I rise in support of the Budget Committee proposal.

Mr. Chairman, President Reagan's economic proposals to the country should come as no surprise to anyone. They do carry out the commitments he made during his campaign last fall. I want to work with the President, as I have with others, but he wants a rubberstamp for his proposals. Well, I want to tell you, he is not getting one from me.

He did not carry my district; he did not carry my State; he has no mandate there. I did not support his proposals last fall. I do not support them now. The Reagan plan is nothing more than a blueprint for economic disaster.

Wall Street, a good immediate barometer of business confidence in a President's economic program, has reacted with uncertainty and concern during the past week. In 1 day this week, the market dropped more than any other day since the inauguration. Investors, conservative economists, business leaders are worried because the Reagan-Gramm-Latta budget with its high deficits, not only this year, but in the next 3 years, its untried economic theories, and expansionary, inflationary tax cut, will not produce

the kind of sound, anti-inflation policies that they had expected from a change in administration.

On one side, we have a nervous Wall Street confronted with the expectation of Thatcherization of the American economy, and on the other side, we have the millions of Americans who will suffer economic want, a reduced standard of living, as the direct result of the Reagan-Gramm-Latta budget.

While Wall Street jitters raise legitimate questions about the economic underpinnings of this budget, the bankers and investors will survive. I am not so optimistic about the working poor, senior citizens, college students, the handicapped, and the sick; this budget will not be so kind to them.

Mr. Chairman, I believe we must reduce deficits, slow the rate of growth of Federal spending, for military and civilian programs, and balance the Federal budget. I believe we must reevaluate the various domestic social and economic programs, pare down the excesses, streamlined the programs, cut the redtape, reduce the burdens of Government regulation, and revitalize the Nation's economy. We achieve all those objectives, in a humanitarian, responsible way with the House Budget Committee bill, which I support.

A vote for Gramm-Latta means a vote for a deficit of $31 billion in fiscal year 1982 versus the Budget Committee deficit of $25 billion, and a $14.5 billion deficit in fiscal year 1983 against the Budget Committee deficit of $1.3 billion. Because of the uncertainty of its economic assumptions, the Reagan-Gramm-Latta has the potential for astronomically higher deficits in future years.

The Reagan-Gramm-Latta deficit is troubling because it is being used to finance a tax cut that will give 60 percent of the benefits to individuals with incomes greater than $30,000. The average working class family will fund this enormous tax cut.

The best budget alternative before the House was that offered by our colleague, DAVE OBEY, which went down to a crushing but noble defeat, on a 119-303 vote yesterday.

The Obey amendment provided for a balanced budget in fiscal year 1982. And for productivity-oriented business tax cuts recommended by the administration effective this year.

The Obey budget would have reduced spending by $26 billion below that proposed in January by President Carter.

In addition to reducing spending and providing for a balanced budget, the Obey substitute would have mitigated the impact of spending cuts on those sectors of the economy which depend most heavily on social service and education programs. It would have restored funding in the following areas: Low-income weatherization; elderly nutrition and home services; school lunch programs; rural housing; student loans; and economic development programs.

The Obey amendment provided for a $27 billion increase in defense spending over the current level. In addition, the Obey substitute fully funded the strategic petroleum reserve, which is so critical to our national security. The Gramm-Latta budget would leave financing of the reserve to an untested private sector financing proposal. We cannot afford to leave stocking the reserve to untried methods of funding. We must take advantage of the current oil glut to fill that reserve, which Presidents Nixon, Ford, Carter, and Reagan have all supported as absolutely essential.

The choice, today, however, is not between the Obey amendment and Gramm-Latta. Unfortunately, we really do not have a choice under the rule, and that lack of choice is a great tragedy. Under the provisions of this rule, the chairman of the House Budget Committee is not guaranteed a direct vote on the budget resolution reported by the committee. We will vote on Gramm-Latta; if it passes, as I am persuaded it will, we will never have a vote on the House Budget Committee proposal. That is a shame.

For the Budget Committee proposal is a good product. It provides for a smaller deficit than the Republican budget. The Budget Committee proposal reduces spending from current policy levels by $30.9 billion. It provides for the identical level of defense spending in fiscal year 1982 as proposed by Reagan-Gramm-Latta. The committee budget, however, does not make the same devastating cuts in spending on health, education, and social services programs and economic development programs as proposed by Reagan-Gramm-Latta. As chairman of the Economic Development Subcommittee, I testified before the Budget Committee in favor of reductions in funding for the Economic Development Administration of about 40 percent from current levels and from the Carter budget. I did so not because I believed EDA to be ineffective or wasteful, but because I believe that we must act with fiscal restraint. The budget Committee approved a 40 percent reduction. Gramm-Latta makes an 85 percent reduction. It might have been more forthright to eliminate EDA funding altogether than to offer a token amount, which may entice Members to vote for Gramm-Latta so they can say to EDA supporters that they voted to keep EDA alive. It does not do that; you should know that the reconciliation portion of this bill sunsets EDA at the end of fiscal year 1982.

Chairman JONES has put together a fair budget that deserves the support not only of every Democrat but of every Member of this House.

Chairman JONES has stated that the Budget Committee will enforce the reconciliation instructions adopted by the House. He is correct in doing so. There are some Members who may vote for Gramm-Latta because the administration has indicated that their favorite programs will be funded in the authorization and the appropriations process. Every Member who votes for Gramm-Latta should do so with the intention of supporting every spending reduction mandated in that resolution. To my colleagues from cold weather States, I say if you vote for Gramm-Latta, then tell your constituents that you voted to cut low-income fuel assistance by 25 percent. To my colleagues whose cities need EDA or UDAG grants, tell your mayors that you voted against that Federal funding essential to attract much larger investments of private capital. To 800,000 college students now receiving social security benefits, tell them to expect the elimination of those checks. To handicapped, elderly, and abused children, tell them to expect a reduction in services, because you voted to cut their funds for more services. I urge my colleagues who vote for Gramm-Latta to be totally honest about what this vote means to their constituents. And remember, America's business community is not too pleased with Gramm-Latta's voodoo economics tax scheme, either.

In conclusion, I want to make it clear that my vote against the Reagan-Gramm-Latta budget is a protest vote against an unreasonable, unfair budget which perpetuates big deficits and aggravates economic, social, and regional disparities.

I support the House Budget Committee proposal and regret deeply that we will not have an opportunity to vote for that reasoned and responsible measure.

Mr. OBEY. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, the Latta-Gramm budget, if it is a mandate, is a mandate to kill. Make no mistake about it, spiritually, psychologically, physically, working Americans, poor Americans, middle-income Americans are going to be suffering pain and are going to be suffering death as a result of this budget.

Indeed, this is a budget that could be called the "drop dead, America" budget. The committee on which I serve, the Education and Labor Committee, under the Jones budget, is directed to achieve reconciliation cutbacks of $2 billion. The President recommended cutbacks of $8.1 billion. The "drop dead" budget demands a

cutback of $12.7 billion on the Nation's most basic education, jobs, health, vocational rehabilitation, older Americans, child nutrition, arts and humanities programs.

We may lose this fight in this House, but we are going to win it in the country because the American people did not intend to give that kind of mandate to this President or anyone else.

Fifty years ago the people with the same philosophy as those who gave us this "drop dead" budget were in power, and they nearly destroyed not only the free enterprise system of this Nation, they nearly destroyed democracy itself. It took the Roosevelt administration to save the system and to save American democracy, from the Latta-Gramms and Ronald Reagans of that day.

The American people will soon realize the jeopardy in which they have been placed. They will insist on a return to concern, to compassion and to fairness.

The "drop dead" budget is even untrue to itself. Its proponents have talked about the importance of balanced budgets, and yet the projection is that the "drop dead" budget may well create an annual deficit in excess of $100 billion. That is the judgment of reputable economists across this country.

And what do the "drop dead" proponents who have been proposing constitutional amendments and statutes to mandate balanced budgets say when the budget comes in with these massive deficits? Do they say, "We didn't mean it; it only applies when Democrats are in power"?

Theirs is an exercise in total hypocrisy. They have built inflation into their budget. The "drop dead" budget is not cutting back on Government spending. It is cutting back on social programs over the next 3 years to the extent of $134 billion. During the same period they will increase the military budget by over $200 billion.

The Latta-Gramm budget must be defeated in the national interest.

Mr. BETHUNE. Mr. Chairman, I yield 1 minute to the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Chairman, I rise in very strong support of the Gramm-Latta substitute. Clearly I think that this substitute is a response to what the American people said last November, the fact that they were tired, simply tired of paying so much for so little.

I would like to point out to my colleague from New York and others who have spoken today that the Gramm-Latta substitute, although it is binding and it is proper that it should be binding on our committees for the reconciliation process if we are going to have a meaningful budget, but it is not binding on the revenue side.

There are many of us who do have legitimate concerns about the large deficits that are projected with either budget alternative, and I think in the months ahead this summer we will have the opportunity to mold, hopefully, a package that the overwhelming majority of this House can accept on the tax side to stimulate business, to offer the incentives to revitalize America; yet, at the same time, to continue to narrow the deficit.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Chairman, I rise to urge strongly that my colleagues join me in voting for the Gramm-Latta substitute to the fiscal year 1982 budget, House Concurrent Resolution 115.

Our vote on the budget resolution marks the first crucial vote by the House of Representatives on any portion of the President's "economic recovery" program. This decision, therefore, cannot be made lightly or without a complete understanding of the impact it will have upon the future of this country.

During the last election, the American public voiced its dissatisfaction with high taxation, high unemployment, high interest rates, the runaway growth of Federal spending and past policies which led to a weakened national defense. The budget we adopt this year, therefore, cannot again be built upon the rejected policies of the past. Instead, it must reflect a new direction in budget policy, not just for this year but for years to come.

I would have preferred voting for the budget submitted by President Reagan, but the Gramm-Latta substitute does provide this new direction in budget policies. It sets a new course in budget policy by holding down the growth of Federal spending, limiting spending to $764.5 billion, imposing upon people a smaller tax burden, $688.8 billion, and authorizing the most money for national defense, $226.3 billion.

This budget alternative, furthermore, charts a new course in budget policy for the future. In comparison to the other four options before us, only this alternative offers the hope of long-term Federal spending control. By requiring that authorizations for the coming fiscal year be reduced $53.7 billion, the Gramm-Latta budget promises sustained spending control over many years, not just one. In comparison, the House Budget Committee's proposal would require a congressional committee to enact only $13 billion in budget authority reductions. Under such a plan, runaway spending as usual would resume next year.

We can no longer complicate budget problems by using deceptive deferrals or other budgetary sleight-of-hand tricks. Instead of placating people by illusionary spending reduction policies, we need to act responsibly—now. We must set spending priorities and then reduce budget authority in accordance with the realistic spending expectations we have for those programs. Only by taking on the tough task of reconciliation and reduction of authorization levels now can we begin to get future spending growth under control and avoid future budget fiascos.

By adopting the Gramm-Latta substitute, we can also turn away from the dangerous tendency of the past whereby the public was forced to send a greater share of its income to the Federal Government each year in order to finance the burgeoning Federal Government. The ability of the American worker to absorb tax increases has never been limitless. Just as we have come to realize that Federal spending growth cannot continue unchecked, we must realize that the tax demands imposed upon the American worker cannot grow annually without restraint. The Gramm-Latta budget, by exhibiting that necessary taxing restraint, gives the public new hope that in the future they will be able to keep a greater share of the monetary rewards they earn by working and saving.

Few people will deny that the fiscal policies of the past can no longer be continued if the country is to conquer inflation, unemployment, and declining productivity. We must change our course. New policies must be tried. The Gramm-Latta budget represents those new policies.

Earlier I said that our vote today sets the "blueprint" for all future fiscal decisions. Let us all join behind the Gramm-Latta budget and set our Nation on a course toward economic health through controlled spending growth and lower tax burdens.

As the head of the House Committee on Interior and Insular Affairs Republican Task Force on Indian Affairs, I would finally comment for the Reagan administration that the Indian Tribal Trust Funds with a fiscal year 1982 estimated budget authority of $437,000,000 are unique in that these funds are held in a fiduciary capacity by the Government of the United States for the various Indian tribes. As such these funds could be said to be included within the Department of the Interior budget authority only for convenience in budgetary reporting. Accordingly, the amount of $437,000,000 is not considered to be within the limitation in budget authority imposed upon the programs within the budgetary jurisdiction of the House Committee on Interior and Insular Affairs by the approval of the Gramm-Latta amendment and House Concurrent Resolution 115 as so amended.

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Mr. BETHUNE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Chairman, I have already spoken once today, and I think it is pretty clear as to how I am going to vote on this budget, but I would like really to clarify two things and make a statement.

We have heard a lot of talk about economic assumptions. I am alarmed about the interest rates today, and I think the reason why the interest rates went up and up is because the Fed lost control of the money supply, and everybody knows they have got to bring inflation down and they are going to use interest rates to do it. I wish there was another way to do it, but there is not.

But I think it is clear that if Members believe the economic assumptions of the President's budget are wrong and we are going to be forced to spend more and we are concerned about the debt and concerned about the economy, then the question is: Should we vote to maintain $36.6 billion in cuts or $15.8 billion in cuts?

I hear talk about the economic assumptions, but the arguments that are made on the basis of those statements do not follow.

So if the Members are alarmed about the economic assumptions and if they think things are going to be bad during the summer, then they should vote for bigger cuts, not smaller cuts.

Second, in terms of the deficit, we are going to hold the deficit down when we determine the tax cuts. We have heard a lot of speeches today, but they were obviously prepared for other occasions.

Finally, before yielding to my colleagues, let me say that for 30 years those who believed the problems of this country could be solved by Government spending more and by concentrating power in Washington have had a chance to make their plan work and have failed.

So, Mr. Chairman, we are here today and we are asking that America's political and economic values be allowed to work again, and with this budget we are going to let them work.

Mr. STUMP. Mr. Chairman, will the gentleman yield?

Mr. GRAMM. I yield to the gentleman from Arizona.

Mr. STUMP. Mr. Chairman, I would like to commend the gentleman from Texas (Mr. GRAMM) for the tremendous effort on his part to bring about this Gramm-Latta proposal.

Mr. Chairman, the bipartisan budget backed by the President is the most important piece of legislation to come through this Congress in the past 50 years. Its importance is not just in the cuts in Federal spending it directs. Those are vital for the economy, but the overriding significance of this budget is that it is a symbol of the most momentous change in attitude in the Federal Government since the 1930's.

That change of attitude is what I was committed to help create 5 years ago when I pledged to residents of Arizona's Third District to work in Congress for "better government, not bigger government." They agreed and I have been working and voting for that objective ever since.

There are some things that the Federal Government must do and must do well. National defense is an example, but Washington cannot and should not even try to take on the immense range of programs and vast funding that it has been developing for many years.

That plea for quality, instead of quantity, in government was what the American voters demanded last November when they voted overwhelmingly for a changed attitude in Congress and the administration. Even now the vast majority of their messages tell us that they will make personal sacrifices to get Congress committed to a new approach. This spirit of "doing for their country, instead of asking only what their country can do for them" is in the best American tradition.

The people want their Federal Government to act with purpose. They want it to do fewer things, and do them well. In that they can see the prospect of unity. If there are not literally thousands of programs fighting for Federal attention and dollars, we can concentrate on those that are left and do the job that the public expects of us in foreign policy, national defense and other clearly Federal responsibilities.

Making a Federal question of every problem in our society creates division at the national level. Most problems should be dealt with locally instead of escalating them. Americans want a sense of unity and quality in Washington. They are telling us to quit playing "politics as usual." Put the country first. Make the Federal Government an example of productivity instead of an example of fraud and waste.

Let the money and talented people stay at home. Make it clear that Washington will not interfere. Tell them to take the responsibility, set their own priorities, and solve their own problems. I am confident that American genius, creativity, and productivity will assert itself and local people will solve local problems and build stronger communities in the bargain.

To help create this attitude is why I came here. I will work in partnership with anyone of any party to build it. If it means risking my position, so be it. If the American people are willing to make sacrifices for a change to an attitude they believe in, I had better be ready to do the same.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. GRAMM. I yield to my colleague, the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman for yielding, and I appreciate his hard work and honest effort on this program.

There is one point I would like to clear up with the gentleman. The gentleman has made the statement that this is the first step. Does he expect an easy victory in this battle, or is this a war we are entering and this is just the first stage of that war? Will interest rates drop tomorrow if we pass this resolution, or will we see less inflation and will we see economic sanity start to work across America if we pass the Gramm-Latta substitute?

Mr. GRAMM. Mr. Chairman, we are not going to reverse 30 years of bad policy in 6 months, but I believe if we pass this substitute, we will have won the first battle of that war. I believe by the next summer we can turn interest rates around, and I believe we will see results. We will certainly rejuvenate hope on the part of the American people, because they will see that if they ask us to do something, their Government will respond. I think they will rejoice in that.

Mr. ROEMER. If we win this war, who does the gentleman see, the rich or the poor, benefiting the most?

Mr. GRAMM. The rich people will have incentives for investment and there will be an economic benefit there, but the son or the daughter of a poor man needs economic advantages in order to get a job.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin (Mr. ASPIN).

Mr. ASPIN. Mr. Chairman, the economic assumptions of the Latta substitute are basically those of the administration, although they have revised the 1981 assumptions somewhat in order to reduce their deficit.

These economic assumptions are unrealistic, and vastly understate outlays both in 1982 and in the outyears. A recent article in Fortune magazine stated that:

> In their attempt to make the forecast both alluring and believable, Reagan's economists have settled on numbers that are preposterous.

The economic assumptions of the Latta substitute assume interest rates that are at least 3 percentage points too low in 1982, understating 1982 interest outlays by at least $9 billion. In the outyears, real economic growth rates are higher and inflation rates come down much faster than any historical experience would justify. By 1984, these unrealistic economic assumptions understate outlays by at least $22 billion for that year alone.

The unrealism of the Latta economic assumptions is confirmed by the major commercial forecasting services. Their projections are close to those of the House Budget Committee. Lawrence Klein, Otto Eckstein, and Larry Chimerine testified before the House Budget Committee Task Force on Economic Policy and Productivity that the administration's economic growth was overstated and inflation, interest rates, and deficits were understated. Table 1 compares the Latta projections with those of the major private forecasters:

TABLE 1.—COMPARISON OF LONG-TERM ECONOMIC FORECASTS

	Calendar year—					
	1981	1982	1983	1984	1985	1986
Gross national product (percent change):						
Latta substitute	12.0	12.8	12.4	10.8	9.8	9.3
Congressional Budget Office (Feb. 14, 1981)	11.9	12.3	11.8	11.7	11.2	10.8
Wharton (March 1981)	12.7	12.1	11.5	11.3	10.3	12.1
DRI (Apr. 3, 1981)	11.9	13.2	12.1	11.6	12.7	11.1
Chase (Mar. 16, 1981)	11.6	13.0	11.9	11.0	10.6	10.5
House Budget Committee (Mar. 27, 1981)	12.6	12.3	11.9	10.0	10.6	11.0
GNP in 1972 dollars (percent change):						
Latta substitute	2.0	4.2	5.0	4.5	4.2	4.2
Congressional Budget Office	1.4	2.9	2.9	3.3	3.4	3.5
Wharton	2.2	2.4	3.1	3.4	2.2	3.4
DRI	2.3	3.3	3.1	3.4	3.9	2.9
Chase	1.3	3.6	3.9	3.1	2.8	2.8
House Budget Committee	2.4	2.3	3.4	3.1	3.9	4.5
GNP deflator (percent change):						
Latta substitute	9.7	8.3	7.0	6.0	5.4	4.9
Congressional Budget Office3	10.3	9.2	8.6	8.1	7.6	7.1
Wharton	10.3	9.5	8.2	7.7	7.9	8.4
DRI	9.4	9.6	8.7	8.0	8.4	8.0
Chase	10.2	9.1	7.7	7.7	7.5	7.5
House Budget Committee	9.9	9.8	8.2	6.7	6.4	6.2
CPI (percent change):						
Latta substitute	11.1	8.3	6.2	5.5	4.7	4.2
Congressional Budget Office	11.3	9.5	9.0	8.3	7.7	7.2
Wharton	11.9	10.6	9.1	7.9	8.1	8.7
DRI	10.4	9.5	8.6	7.7	8.1	8.0
Chase	11.4	9.7	8.4	8.5	8.1	8.0
House Budget Committee	11.1	10.4	8.9	7.5	7.0	6.9
Unemployment Rate (percent):						
Latta substitute	7.5	7.2	6.6	6.3	5.9	5.6
Congressional Budget Office	7.7	7.6	7.5	7.4	7.2	7.0
Wharton	7.5	7.7	7.6	7.3	7.2	7.1
DRI	7.3	6.7	6.9	6.9	6.4	6.2
Chase	7.8	7.5	6.5	5.6	5.4	5.1
House Budget Committee	7.4	7.3	6.8	6.4	6.0	5.4
3-month Treasury bills:						
Latta substitute	12.1	8.9	7.8	7.0	6.0	5.6
Congressional Budget Office	12.7	13.8	11.6	10.3	9.8	9.6
Wharton	(1)	(1)	(1)	(1)	(1)	(1)
DRI	12.4	13.5	11.6	10.4	10.9	10.2
Chase	13.2	11.3	10.6	10.1	9.0	8.2
House Budget Committee	13.8	12.0	10.4	8.5	8.3	8.2

[1] Not available.

The unrealism of the Latta economic assumptions is also confirmed by business and financial community comments. For example, Fortune magazine recently quoted Karl Brunner, a leading monetarist:

It looks as though one group was working on real growth, another on monetary policy, and a third on inflation. When you put the numbers together, they don't make sense.

The article went on to observe:

The product of all this tugging and hauling was a budget document whose numbers don't add up.

Even the Republican-controlled Senate Budget Committee rejected the administration's interest estimates in favor of projections very similar to the House Budget Committee's. Furthermore, futures markets for Treasury bills show that financial markets now expect interest rates to average 2½ percentage points higher than the Latta assumptions in 1981, and about 5 percentage points higher in 1982. The following table shows how unrealistic the Latta interest assumptions are.

TABLE 2.—RECENT FORECASTS OF INTEREST RATES

	1981	1982
Chase	13.4	11.6
Data Resources	13.0	13.6
Wharton	13.7	14.6
Futures markets (May 5, 1981)	14.5	14.0
Latta	12.1	8.9

If futures markets are right about interest rates, the Latta substitute underestimates interest rate outlays by at least $12 billion in 1982.

Now even the administration admits that its interest rate projections are unrealistic. Secretary Regan said yesterday that interest rates will remain high and possibly go higher. He reportedly said that the 1981 deficit, as a result, is now projected at $60 billion, $5 billion higher than projected just 2 months ago.

The Latta substitute is not even internally consistent with its projections of interest outlays. It apparently lowers interest outlays in 1982 compared with the administration's budget because of a lower deficit, but does not increase outlays because of the higher 1981 interest rate assumed. The Latta substitue appears to be $2 billion low in 1982 even with respect to its own unrealistic assumptions.

In addition to making unrealistic economic assumptions, the Latta substitute uses overly optimistic technical estimating assumptions to reduce outlay estimates by $12 billion in 1982 and $11 billion in 1984. Finally, Latta puts in phony "unspecified cuts" of $24 billion. But mysteriously fails to include the more specific revenue losses from the second tax cut which the administration has promised, which will propose reductions in the "marriage penalty" and other measures, and which could easily cost $20 to $30 billion by 1984.

These outlay underestimates paper over huge deficits for the foreseeable future. The administration shows a balanced budget in 1984, and the Latta substitute shows an $8.5 billion surplus. But the realistic 1984 deficit, assuming steady but moderate improvement in the economy, looks more like the following:

1984 Budget margin

[In billions of dollars]

Latta surplus	+8.5
Unrealistic economic assumptions:	
Outlays	−22.0
Receipts	+5.5
Other unrealistic estimating assumptions.	−11.0
Deficit	−19.0
Unspecified cuts	−40.0
Deficit	−59.0
Second tax bill	−20 to −30
Deficit	−80 to −90

Note that even these estimates assume continuous economic improvement. They make no allowance for the possibility of economic shocks or adversity such as blew up the 1980 and 1981 budgets. Actual 1980 outlays were $48 billion over original estimates; about $25 to $30 billion of that overrun was due to less favorable economic assumptions than originally assumed. The current estimate for 1981 outlays is $46 billion over original estimates: of that, $35 billion, more than 75 percent, is traceable to economic assumptions. Are we going to make the same mistake in the 1982 budget?

Everybody knows the outyear projections are unrealistic. The 1980 budget, when it was first projected in 1976, showed a $41 billion surplus; it finished with a $60 billion deficit, a swing of $100 billion.

Without nasty economic surprises, the realistic 1984 deficit under the Latta proposal is $80 to $90 billion. With some economic surprises—and who think 1981 through 1984 will not produce any—the 1984 deficit could easily go above $100 billion.

That is why the financial markets are in turbulence. They know that Latta-Kemp-Roth means huge deficits if enacted. Alan Greenspan phrased it bluntly, according to the Wall Street Journal, when he said, "The markets don't trust the Reagan budget cuts to do the job of curbing inflation." And Henry Kaufman recently argued that, because the administration's economic program is excessively expansionary, "inflationary expectations will not be curbed by the slowing in the growth of Federal expenditures; expectations will remain high because the financing requirements of the Government will remain high." It is an interesting irony that this administration, which is so anxious to return many functions of the Federal Government to private enterprise because of their faith in the markets, should choose to ignore the market's judgment of their economic proposals.

The implications of this dangerous and irresponsible fiscal policy are obvious. With the rapid defense buildup, Latta-Kemp-Roth deficits will drive up inflation. We will repeat the 1965 policy mistake, only then we started from 1-percent inflation; this time we start from 10-percent inflation. Again, quoting Henry Kaufman:

The new fiscal policy, however, is exceedingly expansionary, does not pursue a

course that fights inflation vigorously along the way, and will place nearly all the anti-inflation effort squarely on monetary policy.

With restrained monetary growth rates maintained by the Fed, these huge deficits drive up interest rates, crowding out productive investment and further damaging autos, housing, and thrift institutions. As Henry Kaufman argued:

When the burden of restraining a headstrong economy falls heavily on monetary policy, then higher interest rates are bound to result.

All of this is quite apart from the fact that Latta-Kemp-Roth is grossly unfair, disproportionately benefiting the wealthy, and shifting the tax burden from the Federal level to State and local governments.

Mr. Chairman, if I could get the attention of the gentleman from Texas (Mr. GRAMM), I think that the gentleman, although he is a very good economist and said some very intelligent things this morning, is really underestimating the importance of these budgetary assumptions or projections, which is really what is important here, because I guess we would agree that these projections are not very realistic. Really an 8.9-percent interest rate in 1982 is totally unrealistic.

The question is: Does it matter that they are unrealistic? I would like to make the case that it does matter, and it does matter a lot that those interest rates are unrealistic.

If we look back at the history of how we stand with budget resolutions since this process has started, we had a warmup year in 1976. Then we had real years in 1977, 1978, 1979, 1980, and 1981, and we are in the fifth year of attempts to do this.

In the first 3 years our spending at the end of the year was under the first budget resolution. In 1977 it was under by $10.6 billion. In 1978 it was under by about $8 billion, and in 1979 it was under by $5.4 billion. In each of those years the spending at the end of that year was under the first budget resolution.

Then in 1980 things just blew through the ceiling, and we ended up in 1980 $48 billion over the first budget resolution. We are going through it now again in 1981, only it is worse. We do not know where it is going to come out, but it is coming out somewhere around $55 billion or $60 billion.

So on the scorekeeping in the 5 years, we have had three wins and two losses. But if we look back, we might ask, why did we lose in fiscal year 1980 and why did we lose in fiscal year 1981?

The biggest single reason was those economic assumptions, those projections. The economic projections were so bad that spending by the Government ended up far higher than was projected. The projections based on those economic assumptions underestimated spending by $34.5 billion in 1981, and in 1980, $26.4 billion.

Now, if we miss the ceilings by a little bit, let us say $5 billion or so, then I think the point the gentleman was making earlier in the day applies; we can come back and try to cut spending a little bit more in order to meet the ceiling. That works.

The trouble is that when our economic assumptions are so bad that we go through the ceiling by $30 billion or $40 billion, the tendency or at least the history is to say: "The heck with it. We might as well forget about the ceiling."

If we are so unrealistic, spending goes through the ceiling and is so high that interest is going to be higher, inflation is going to be higher, and all these other things will be higher. We will go right through that ceiling by such an amount that we will have no pressure on people to hold down spending, and then as they bring in their authorization bills and bring in their appropriation bills, we say, "It is higher," and then we say, "Well, forget it. We are already $30 billion overspending because of the assumptions. What difference does another $2 billion or $3 billion make?"

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Texas.

Mr. GRAMM. Mr. Chairman, I would just like to say that I agree with the gentleman's argument. It is the conclusion he draws that I disagree with.

First of all, let us take the economic assumptions in 1981, granted that with the recent change in interest rates, our interest rate assumption becomes more questionable.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. ASPIN) has expired.

Mr. BETHUNE. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, I thought that I would take a slightly different angle in the debate today, because the people of my district seem to be beginning to feel a little better about their Government and about the Congress, and I noticed that the polls recently reflect this.

There is a little bit of improvement in the feeling out among the people about this Congress. The Members here have told me that they can sense that in their own districts.

I have wondered about the new attitudes we see these days, and I have wondered what they might be caused by, and I have become perplexed by it. I have finally decided that it could be a mixture of things. It probably is a mysterious mixture of the election in 1980, the Space Shuttle, and the fact that our President has survived a mindless assassination attack, and it might be that this Congress is about to agree on a fundamentally different course of action for the country.

Whatever the cause, I think we need to nourish this new feeling, this new attitude of hope, and bring it along. I think we need to do that because attitudes and expectations can have more to do with our economy, in my judgment, than the fine-tuning that we might do here, any regulation that is done by the bureaucrats downtown, or any monetary manipulation that might be done by the Federal Reserve.

Now, how can that be, that attitudes and expectations can affect the way people behave? Well, I know that the Members hear the same things I hear out there among the people, and that is: "Why save your money? Why save it? Spend it on that television set or on that car, because it is just going to cost you more next year."

So we have a sort of inflationary mind-set in this country, and more than anything else, I think we need to break that inflationary expectation. I think we can do that if we act dramatically here. We can alter the way people behave with respect to work, savings, investment, productivity.

We need this new positive attitude for a second and perhaps an even more important reason, and that is because while the President's economic recovery sets a new course of action for the country, it is a long-term commitment. We did not get into these problems overnight, and we are not going to get out of them overnight.

I hear people, one after another, say that we are just now finishing the easy part of this budget resolution. We are just now finishing the easy part of our analysis of our economic condition; the tough part is yet to come.

In order to maintain the resolve that we need as a people to see our way down this long road, we need that positive upbeat spirit, that national resolve that I think we can get if we act dramatically here. The people are ready to do that.

I remember that when Chairman Volcker came before our Budget Committee, he told the story of a ride he had in a taxicab in New York City. He and the driver got into a conversation about the economy, and the Chairman asked the driver how he thought the economy was going to be. The driver said that he thought things were going to get worse. The Chairman was rather disappointed, and he engaged him in further conversation, in which the taxi driver said, "I think things are going to get worse first, and then they are going to get better."

I rather think that it is like moving into a new house. The house is going to be comfortable, but when you first move in, there are some inconveniences and there are some disloca-

tions. I think that is the situation we are in now with regard to our economy.

The point, I think, is that the commonsense of this country is not in this Chamber and the commonsense of this country is not downtown; the commonsense is out there in the country. They know that we are changing direction, and they know we have to keep that national resolve in order to get along with the economy. So the people know the best chance we have to change the inflationary expectations in this country is to build the resolve that we need in the President's program.

Then, after those two points about our attitude in this country, I would like to make a third point, and that is whether or not there is a difference between the Jones resolution and the President's proposal. I happen to think there is a big difference. The President's proposal means less taxing, the President's proposal means less spending, the President's proposal means more growth, the President's proposal means less central government, and the President's proposal means more long-term commitment. But the tactics of the time actually have been to suggest to the conservatives that there is not much difference, and to the liberals it seems to me the suggestion is that there is a big difference, with a little something for everyone.

I think that is the politics of confusion and I think if the people were present here in the Chamber instead of the Members, commonsense would cut through that and they would support the President.

So I say those who would vote for the Jones resolution on the basis that there is only a small difference between the two, there is a big difference. There is one indisputable big difference between the Jones resolution and the President's economic recovery program that has not been discussed, and that is that only one of these programs—and that is the President's—has the trust, the confidence, and the support of the people.

Only one of these programs can alter expectations and break the inflationary mind-set that is ruining our economy. Only one can change behavior of the people with respect to how they work, produce, and invest. Only one can be the best for the long-term support we have to have for this country.

So, Mr. Chairman, I say to this body that if we are going to be sending a signal here today, why not give the President's economic recovery program a chance?

□ 1500

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. ALBOSTA).

Mr. ALBOSTA. Mr. Chairman, today's vote in the House of Representatives is clearly the most critical and difficult vote I have cast as a Member of the U.S. Congress. I have spoken with many people about the budget alternatives facing us today. I have reviewed all of the budget proposals very carefully.

Congress and the administration are responsible for drafting an economic program. No program will work without the support and approval of the American people. Never have I seen a proposal with the level of grassroots support comparable to that which the President was able to generate for his economic package. The message from my constituents has come across loud and clear. In meetings, phone calls, and letters, a vast majority of the people asked me to support the President's plan even though it means cutting Government programs that affect them. I made a commitment to the people of the 10th District to vote according to their views. I am standing by that commitment. I sincerely hope that its strong public support will translate into success once these economic changes are implemented.

My vote in favor of the Reagan proposal should not be viewed as a blanket approval of the program. I have serious concerns about the impact of the proposed cuts on the economically distressed State of Michigan. Before committing myself to the President's plan, I talked with him personally about the unequal distribution of Federal funds to the States. Michigan has never received a fair return on the dollars we send to Washington, due to inequitable funding formulas. The President acknowledged Michigan's economic condition and assured me his administration would take a special look at Michigan. I intend to hold the President to this commitment.

The first budget resolution passed by the House sets "spending targets" for the 16 function groupings in the budget. It does not establish spending levels for individual programs. That will be done in appropriations bills which the House will consider this summer. During the course of the year, I will be following the progress of the President's economic plan, continually monitoring its effectiveness. Clearly, the budget cutbacks will be felt across the board. If, however, it becomes clear that the President's program is not working to improve our economy, I will not hesitate to reassess my position.

By voting for the President's budget proposal today, we will give him the chance to make his policies work to improve the economy. If the economy does not improve and the Reagan program proves inequitable, the Congress can and should take the necessary action to change it.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, much has been made today of the great communicator in the White House and he certainly has been and I think this probably relates a good deal to his background and success in Hollywood; so I would like to put this all in terms of a couple of movies of a few years ago. The movies, Mr. Chairman, were "The Music Man," and "The Sting."

Now, you know, "The Music Man" was a delightful movie and the "music man" himself taught a group of high school students how to play in a band. You know, the wonderful thing is they never practiced. They never played a note and at the end of the movie they suddenly broke into "76 Trombones" and they were great. That was the wonderful world of show business and make-believe.

Unfortunately, that is not the world we are living in; yet the administration and the Latta amendment seem to be conveying that.

The other movie was "The Sting." That was one of the great flim-flam shows of all time, a wonderful piece of entertainment.

I would like to suggest that the American public is being flim-flammed on this issue as well, because we are seeing today and over this past several weeks a kind of proposal made by the Latta amendment with nothing, in fact, to back it up, no hard economic statistics, no indications of what the real impact is going to be on the American public, just "go along with me, it's a wonderful show and it is all going to work out great in the end."

I do not think that is what we were elected to do in this Congress. We were elected to use our judgment, what we have learned in the years we have been working in government and to do the positive thing. That is why I am supporting, and I hope those who have been a little on both sides of the issue are willing to support and vote for the Jones amendment for the good of our country.

Mr. BETHUNE. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. MCKINNEY).

Mr. MCKINNEY. Mr. Chairman, I consider myself, and I will apologize to no one for it, of being a social-liberal. There are many times on the floor of this House when I have been so called.

I would suggest that we should take a very serious and hard look at why we are where we are today. What have we done, what have we possibly been thinking of over the last 15 years in this body?

Food stamps, a program supported in total by the farm communities and farm representatives as a commodity

program, a program supported by the city representatives such as myself as a program to feed the poor, a program supported by the nutritionists because it would bring good nutrition to people who could not afford it.

What have we now? We have a program that goes to 175 percent of poverty level, which certainly was not intended. We have a food program that is no longer a basic commodities program, and all you have to do is look at the marketbasket, and we have a program which, in fact, most nutritionists now think leads to malnutrition. In other words, we have just gone overboard—incredible.

Take a look at the guaranteed student loan program, a great idea and an idea I supported wholeheartedly, to help kids get to college. Now we have a loan program that loans money to parents, loans it to kids, regardless of what their income level is, regardless of their need. It is not so strange to stand at a cocktail party and hear parents talk about how they put that money into money market funds to increase their income.

It is unbelievable what we have allowed to happen in this Congress. That program, by the way, has grown by 956 percent since 1972, from $208 million to over $2 billion.

Where did we, rational, intelligent representatives of the people of this country, ever think it was coming from?

Let us go on a little further. Let us look at the WIC program. I am proud of the fact that I helped the first WIC program going in the city of Bridgeport, Conn. We worked long and hard. We set up six different categories which are part of the law. We now find the WIC program going at 195 percent of the poverty limit and going essentially to where we do not even really need it, but simply to feed children at 195 percent of poverty.

Let us look at black lung benefits. You are darned right, we should have done something about black lung disease. We had not done anything for the miners. We have not protected the miners in this country. We needed to do something; but now instead of having to take medical tests, having to report, having to have X-rays—unbelievable as it seems, you can just sort of raise your hands and say, "I worked in the mines and I cough," and we will support you for the rest of your life. The GAO just did a survey of black lung recipients and found that 88 percent of them were either not the slightest bit disabled or could not prove that they had black lung disease—88 percent, and on and on we go.

Let us move into my bailiwick, so that I am not innocent. STEWART MCKINNEY came down here and fought, screamed, ranted, and raved for the Northeast corridor. Whatever made me think that this country would spend $1.4 billion to electrify a piece of railroad track from New Haven, Conn., to Boston, Mass. Unbelievable.

When we know in other countries when that electric train hits the end of the electricity, the diesel generator starts up and generates its own electricity, it keeps right on going.

You know, what I fear the most is that these programs are going to totally collapse, because we have built them on such artificial sand. I have listened to the zap words of the "drop dead budget," the zap words of this and that. Ridiculous.

How many people know out there the way we carry on in here, that we are not really cutting something that is happening. We are cutting something that President Carter, the previous President, wanted to happen.

How many people out there know that we never had a $100 billion budget until the second year of John Kennedy's term. How many people know we have a $150 billion budget increase in the last 2 years?

How many people know that even under President Reagan's budget that the debt ceiling is going to be well over $1,050 billion?

The threat to this economy, the threat to these programs is not the Reagan budget or the Latta budget. The threat to this program is the threat to the United States. Without improvement, without change in the direction of our economy, we collapse.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. PANETTA), a distinguished member of the Budget Committee.

Mr. PANETTA. Mr. Chairman, as someone else pointed out in quoting me as chairman of the reconciliation task force, it is my belief that the real test of the budget process is, indeed, whether it is enforceable. As chairman of the reconciliation task force, I am committed to enforce reconciliation, whether it is under the Latta substitute or whether it is under the committee resolution; but like a policeman on the beat, I want to make sure that everyone understands what the implications of reconciliation will be. The danger I see is that the greater the promise, the greater the gamble, the greater the frustration, the greater the possibility that Members will dive for cover. It is happening today. It is happening right now, as Members have taken to this floor and talked about the need to cut, the Senate Agriculture Committee has gone above the President's target by $8 billion.

As we talk, the Defense Appropriations Subcommittee on the Senate side exceeds the President's budget by $596 million.

The House Agriculture Committee, members who support the Latta substitute, have voted to increase the peanut support program above the President's mark.

Individuals that have taken to the floor and said, "It really doesn't mean we are going to cut Conrail; please, let me alert everybody, it doesn't mean we are going to cut Conrail."

I had someone come up to me and say, "Do we have to cut Conrail? Let us cut a water project somewhere."

I said, "You better talk to TOM BEVILL about whether you want to make that kind of trade."

The reality is that we are going to cut these programs. We are going to cut across the board. That is what the substitute mandates.

I want this process to work. You cannot take a resolution that says this is not going to be "business as usual" and then implement it in a "business as usual" manner.

The reason I support the committee resolution is because I think it is real and it is achievable. We use tools that exist today; not only reconciliation to the tune of $15.8 billion, but we also mandate appropriations to come up with savings to the tune of $23.6 billion, a total savings in the committee mark of $39.4 billion.

This does not disrupt the basic processes of the House. It does not pit committee against committee, Member against Member, but tries to do it in a responsible way that will achieve these savings.

What the Latta substitute does is to combine reconciliation savings and appropriation savings and put it all into reconciliations to the tune of $36 billion.

The result of that is that the authorizing committee will reduce the authorization levels and put it into permanent law. The Appropriations Committee will no longer play a role in lifting and dropping funding for programs that are in place. We are now through permanent law going to be cutting authorizations and it is going to be the authorizing committees that do it, not appropriations.

All of this has to be done within 30 days, by June 15. In addition to that, as I said, these are permanent changes in law. When you make a price support change in agriculture, it is a permanent change.

When you make a change with regard to Conrail or TVA in terms of its funding, that is a permanent change. You need new law in order to raise the funding. It is not just appropriations that is going to do it for you. You need a new law.

In addition to that, when you cut education and labor and you cut vocational education, you need a new law if you want to increase the funding for it.

If the committees fail to do that, the Budget Committee will come to the

floor and move that those funds be cut in those areas.

So what I ask here is that Members be true to yourselves and to the American people. If you truly believe you are going to vote for $36 billion cuts, regardless of how it impacts on your constituents, whether they are farmers or children or elderly or handicapped, and if you truly believe that as a result of that, plus Kemp-Roth, it is going to produce the miracles that are being promised, then indeed vote for it; but if you believe that all we have left is a little bit of credibility with the American people, and we want to deliver what we promise, then I urge you to vote for the Jones substitute.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, all this process reminds me of an old, old saying, "Turn off the spigot and open up the bung." This is exactly what this whole exercise has been from the beginning, not just now, except that Latta-Gramm—that is what we call it in Texas, a lot of Gramm—does it with a vengeance.

Now, there is one thing that I will bring out new that we should consider before this vote, but which probably we will not; and that is, during the past week what is happening as a consequence this far of the Reagan administration is undoing everything that will be done right here in any vote we take, whether it is the Latta-Gramm or even the committee version. Apparently one segment of Government largesse is exempt from all this cutting mania, the interest paid the bankers and the wealthy who hold Government securities.

The Reagan administration has proposed in its fiscal year 1982 budget about $79 billion just for interest on the debt. By the time they get around to it, it will be $100 billion before it is $79 billion. That is just interest, by definition the most inflationary force in the economic world, by definition.

I have not heard anyone who poses as a confidant of the White House tell us what this administration plans to do to cut the budget for interest payments.

□ 1515

Instead, Mr. Chairman, the Reagan administration has openly supported the Federal Reserve's move to increase the interest burden. Yesterday's Washington Post carried the headline on its business page: "Money Supply Move Raised Rates—White House Praises Fed Action."

The administration, rather than cutting this expenditure or attempting to, is moving in concert with the Federal Reserve to increase it. It takes no great courage, I think, to cut food stamp recipients, the halt, the lame, and the blind, such as we have right here assembled on our own doorsteps today. I do not think it takes a great deal of courage to say we are going to cut on that. But what about cutting back on the bankers who come to the trough with the administration's loud and boisterous approval and ask for more?

This morning's newspapers bring more indiction of the disaster that the Reagan-Federal Reserve policies are bringing to the Nation and the Federal budget, the Latta-Gramm version included.

Yesterday's Treasury Department's sale of $1.75 billion of 10-year notes brought a record yield of 14.56 percent—up almost 2 full percentage points from notes offered shortly after President Reagan took office. Treasury bills—the 91-day variety—are all the way up at 16.54 percent.

Mr. Chairman, these interest rates figures are on the way up and every increase has an impact on the budget. So the administration's projections and those contained in the Latta-Gramm budget are going to be so much wastepaper when the interest rate binge takes full force.

Of course, these interest rates impact not only on the Federal budget but on every budget in the land—local and State governments, small businesses, the homeowner, the student—the entire population. Everyone is paying this tax and with the White House and the Federal Reserve in league together the people have no chance of a fair break.

Mr. Chairman, we, of course, hear the mealy mouthed statements that if we bring down inflation, we will bring down interest rates. Right now, the reality is that high interest rates are contributing to inflation, to a rise in all prices. They are bankrupting small businesses.

Perhaps a diminuation of inflation will help the interest picture over time, but more should be done now and we should insist that the Federal Reserve pursue policies that do not automatically ratchet higher and higher interest rates into the economy.

We have had extreme economic conditions and national emergencies in the past without resorting to the unfair tactic of burdening the American people—those least able to pay—with sky high interest rates. Certainly World War II placed fantastic pressures on Federal expenditures, but we did not wreck the economy with high interest rates. We kept them in check with a President who insisted that the Federal Reserve and the banking system meet their responsibilities.

Now we have an administration who says tighten the money screws and let the interest rates rise. Some of this may well be inflation, but some of it is just plain old profit taking on the part of the banks and the wealthy—the people who receive the interest, not those who pay it.

My colleagues, these interest rate payments are not productive expenditures. They do not feed, clothe, or house the truly needy. Instead of building housing, providing better health and education, we ship this money off to Chase Manhattan, Citibank, Bank of America—and like financial institutions across the land. And we do it without a peep from the famous budget cutters who dominate today's headlines.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. SCHUMER).

Mr. SCHUMER. Mr. Chairman, I rise in opposition to the Latta-Gramm amendment. I would like to compliment the distinguished chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES) for his work on the budget proposal.

Mr. Chairman, we have heard a lot about macroeconomics today, and I must admit no side has really persuaded me. I am not convinced that if we cut the budget $40 billion or $50 billion or $30 billion that we are going to actually reduce inflation. And I am not convinced that if we have this tax cut or that tax cut we are going to cut inflation. But what bothers me most about this budget, what has caused anguish to me about what has happened in the last 2 months is not the varying macroeconomic conceptions and perceptions and projections, but it is rather what has happened within these projections. Why is it that the cuts came out the way they did? Why is it that operating subsidies for mass transit are eliminated but subsidies for agriculture are hardly touched? Is one more inflationary than the other? Why in water policy is it that water pollution treatment plants, which benefit the Northeast and benefit the Middle West are cut almost 50 percent and yet water projects in the South and in the West are hardly touched at all?

Mr. Chairman, to me this budget is a very, very disconcerting thing in the way that the cuts are made.

Mr. Chairman, I must say that I see this as a budget of selfishness. I respect my conservative colleagues on the other side of the aisle who have a belief about what is good for this country, but I do not see that happening here very much today. I see selfishness—me, me, me. Let my programs stay. And this budget lets lots of bad programs stay, programs that benefit people who do not need the benefits very much, I would like to see some real cuts in those programs.

The CHAIRMAN. The time of the gentleman from New York (Mr. SCHUMER) has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 1 minute to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Chairman, I believe that we are committing an economic crime if we pass this budget, a crime that will be visited upon the American people over the next several years and will create a lot of pain and suffering. But I do not quarrel with the right of each of us here to formulate whatever his other policy is. But to about 30 or 40 Members on my side of the aisle I want to suggest to them that they are going to be called upon increasingly to decide which side of the aisle they wish to sit on. I think it is perfectly understandable for those who support the administration's program to vote for it. I think it is personally a fraud upon millions of American people to have a Democratically controlled House vote for a Republican program.

I have an additional comment to make about the outrageous distortion of national priorities that is contained in the Latta-Gramm amendment. Specifically, the shift of over $40 billion from domestic human resource programs to military spending it calls for.

Mr. Chairman, Webster's Dictionary defines "sacred cow" as "a person or thing immune from criticism."

We do have our own sacred cows, chief among them the Department of Defense.

It truly amazes me that in the face of all kinds of evidence that the Defense Department budget already is overly large, that there is widespread mismanagement, duplication, and even embezzlement at DOD, that additional defense spending as contemplated in the Reagan-Latta-Gramm substitute will be highly inflationary, and that our national defense, along with our Nation's allies, is superior to what the Soviets and Warsaw Pact have—despite all this empirical evidence, the vast majority of my colleagues in the House still worship the sacred cow of defense spending.

What is this evidence that I allude to: In the category of widespread financial mismanagement, duplication of programs, and even fraud and embezzlement at DOD, the following:

The Staats reports of GAO, January 21, 1981, indicates several billion dollars a year in savings can be made at DOD by eliminating interservice rivalries, through base consolidation, by means of competitive contracts for weapons systems.

U.S. News & World Report, April 27, 1981, cites a House Republican study that indicates elimination of military waste would save some $15 billion a year, at a minimum.

In that same rather thorough article, some examples are cited: the Pearl Harbor Naval Shipyard buys 40 percent more material than it needs for ship repairs; GAO has found that procurement officers have received kickbacks up to $150,000 for inflating orders to contractors; the Navy will waste $350 million on spare parts for F-18 fighter planes by not purchasing them now; the failure to standardize ground-repair gear for maintenance of aircraft among the services costs $300 million, and so forth.

In the category of the inflationary impact of new defense spending, the following evidence:

The report of the Appropriations Committee, cited in a Washington Post article by William Greider, March 29, 1981, that in the first 3 months of 1980, the total purchase cost of 47 weapons systems escalated by $47.6 billion, as a result of engineering changes, inflation, and bad management—amounting to a 20-percent inflation rate, twice the overall national inflation rate.

That roughly 60 percent of all Pentagon procurement is awarded on a noncompetitive basis, in which contractors merely name the price and delivery date.

The recommendation of Adm. Hyman Rickover—reported in the May 6, 1981, Wall Street Journal—that the U.S. Government build its own submarines because the private contractors, General Dynamics in particular, are ripping off the Pentagon.

The warnings of Mr. Henry Kaufman, the Wall Street financial leader, that the defense boost called for by the administration will be highly inflationary, which, incidentally, the stock market seems to be heeding in recent days.

The evidence that today the inflation cost impact in weapons procurement is far higher than in the economy overall.

The analysis of Dr. Lester Thurow, the respected economist at MIT, who points out that the military buildup contemplated by the administration will exceed the military buildup prior to and during the Vietnam war, and that it will have a major inflationary consequence.

The numerous reports in business magazines that bottlenecks in defense industries and the shortages in the defense labor market will jack up inflation in the coming months.

And in the category of the comparison of military spending and the relative merits of defense establishments between the United States and the Soviet Union, the following evidence that refutes the facile claims by the administration that we have fallen behind the Soviets:

The report of the International Institute for Strategic Studies in London that the NATO alliance, which includes the United States, has outspent the Warsaw Pact, including the Soviet Union, by $207 billion in the period, 1970-79, incidentally, a report based on CIA figures and others.

The comparisons of relative military strengths done by that Institute and other sources that show:

	United States and NATO	U.S.S.R. and Warsaw Pact
Number of strategic warheads	9,200	7,000
Percent of strategic warheads land based	25	80
Percent of strategic warheads mobile (at sea or bombers on alert)	48	3
Number of aircraft carriers	11	2
Number of tactical, theater nuclear weapons	7,000	3,500
Millions of soldiers under arms (excluding border guards, logistical support groups)	2.86	2.6

I should further add, that qualitatively speaking, the United States and NATO have a far superior fighting force and far superior weaponry, with far greater flexibility and command control, than do the Soviets and the Warsaw Pact, a few signs of which are the following—the endemic alcoholism in the Red army, reported yesterday on the Public Broadcasting Service; the very low rate of reenlistment in the Red army; the meager salaries that Soviet soldiers are paid—$5 rubles a month; the reports on the poor quality of Soviet tanks, discovered in dismantling captured tanks.

While it is too technical to go into here, I also understand that the CIA methodology in estimating relative expenditures is highly distorted. For example, we assume the Soviets pay their soldiers the same rate that we do; we assume the Soviets pay for the weapons they build the same amount we pay for comparable ones; and, most equally incredibly, we assume in our estimates that the value of the ruble is equivalent to the value of the dollar, which is an amazing assumption.

Now we come to the big question: Why, in the face of all this evidence, despite all this evidence that we do not need an additional $40 billion in defense spending next year and an additional $1.5 trillion over the next 5 years—why do the majority of my colleagues still believe we need it?

I wish I could fully answer this question, because I suspect the answer would unlock many mysteries of why the U.S. Government operates the way it does. While I do not have all the answers, I have some of them, and let me suggest the following:

First, the Defense Establishment is the "sacred cow" symbol at the root of our political psychology; when the Congress fails to come up with answers to domestic problems and world problems, its reflex action is to spend more on defense, as if that will make us secure again and wipe away the problems.

Second, many of my colleagues come from districts that are overflowing with defense contractors and bases,

and more money for defense is simply more largess for their districts. That is called interest-group politics, irrespective of the merits of the case.

Third, a spotlight on defense and national security means less emphasis on domestic issues and priorities, and since the latter are so much more serious and seemingly insoluble, it is comfortable to turn to the defense agenda and believe that "the Russians are coming."

Fourth, a focus on defense conjures up the false impression that the Nation is united, that its domestic problems pale behind national security questions, which is, of course, untrue.

Fifth, and finally, we have so long been inured to the powerful symbolism of the Pentagon, that it has become second nature, like a reflex action, to give the Pentagon all that it demands, regardless of the merits or the consequences.

I say all this, knowing that truth does not always, or even often, prevail, on such questions, that to change minds on this subject is a gargantuan effort, and yet that reason may someday prevail.

For these reasons, I urge my colleagues to vote down the Reagan/Latta-Gramm substitute, particularly because of the outrageous new defense spending it calls for, and the incredibly distorted national priorities and economic dangers it will usher in.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has expired.

Mr. BETHUNE. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Chairman, although I know my decision is disappointing to my distinguished friend, the gentleman from Oklahoma (Mr. JONES), I want to make the statement that I know of no one who has conducted himself more eloquently and more masterfully than he has done as chairman of the Committee on the Budget in bringing the Budget Committee bill to the floor for our consideration

Taxes are too high, the Federal Government is too big, too many programs are being carried on, and they cost too much.

That is my mood; that is the mood of my constituents; and that is the mood of the country.

People are sick and tired of paying through the nose for more and more government, more and more regulations over almost every aspect of their lives, and more government than they need or want.

As the Advisory Commission on Intergovernmental Regulations has reported, government has "become as more pervasive, more intrusive, more unmanageable, more ineffective, more costly, and, above all, more unaccountable."

The ACIR rightfully concludes that the federal system must be decongested and decentralized, that the tendency to "intergovernmentalize" practically all domestic problems has impeded equity, administrative effectiveness, economic efficiency, and political as well as administrative accountability in our country.

As we consider the first budget resolution, we must take these facts into consideration. We cannot ignore the hard realities of the world, and continue down the path toward national economic ruin.

The time has long since come to call a halt to budgets which always go up, with taxes never far behind. A half century of deficit financing is all the American system can stand, if we have any hopes of preserving our form of government.

The hour is late. Our country's future is in danger.

Neither of the two major budget options—the Gramm-Latta substitute nor the House Budget Committee version—is completely satisfactory to any of us. Of necessity, both call for less spending and therefore for sacrifices and adjustments. But, after extremely careful consideration, I have decided to support the President's proposed budget cuts.

They are a step in the right direction, a step away from big and excessive government, a step toward the return of fiscal responsibility.

Although I have concerns that the President's overall economic package—including budget cuts, tax cuts, and so forth—may not be quite as successful as he thinks it will be, I believe—and most of the people I represent believe—that his program should be given a chance to be tried.

The first part of the President's economic package—a vital part—is the Gramm-Latta substitute. We should pass it and give the President the fighting chance he needs to accomplish responsible goals.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. FOUNTAIN) has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield to the gentleman from Colorado (Mr. WIRTH) such time as he may consume.

Mr. WIRTH. Mr. Chairman, if I believed in the President's economic program, I would ask unanimous consent that all Members have 5 legislative days in which to go down and refinance their houses at an 8.9-percent interest rate. Since I do not, I will just ask unanimous consent to revise and extend my remarks.

As a member of the House Budget Committee, I have spent the majority of my time over the past 2 years working with Members of both political parties to achieve substantial reductions in Federal spending. In the last 5 months I have worked in cooperation with other members of the committee to review in detail the budget for next fiscal year, and these efforts are reflected in the first budget resolution for fiscal year 1982 which was passed by the House Budget Committee.

We all owe thanks to the chairman of the House Budget Committee, the gentleman from Oklahoma, for his admirable and capable leadership in crafting this proposal with a sensitivity to so many diverse interests and concerns.

I oppose the administration plan because, although it proposes almost exactly the same level of spending reductions which we suggested in the Budget Committee proposal, it contains several serious flaws and shortcomings which make it an unrealistic and probably unachievable plan:

First, it is based on unrealistic assumptions with regard to improvement in the economy over the next 12 months. While there is every reason to expect that the economy will improve in the near future, it is unrealistic to lead the Nation to believe that we will suddenly see interest rates drop to below 9 percent. The House budget Committee's proposal was crafted on the assumption of steady economic growth over the coming months, and therefore reflected what I believe to be more realistic estimates of spending for mandatory initiatives such as interest on the public debt, social security and other Federal programs which are driven upward by inflation and interest rate levels.

Second, the deficit in the administration's proposal is much too high. Even the administration is now beginning to admit this problem. Because they have been overly optimistic on the economy, the deficit may be well over $50 billion next year. The House Budget Committee alternative which we proposed provided for $2 billion more in outlay spending reductions than the administration, no matter whose economic assumptions are used. It also contains a more carefully targeted and equitable tax cut package of almost $40 billion in fiscal year 1982. And it reduces the projected size of the deficit by almost half, to $25.6 billion. While the Latta-Gramm substitute shows a deficit of over $30 billion on paper, this was achieved by estimating higher revenues but at the same time rejecting the impact which economic conditions will have on spending.

Third, while the administration-backed proposal contained almost exactly the same level of spending reductions which were proposed by the House Budget Committee, important national priorities have been neglected in the Latta-Gramm substitute:

EQUITY

The Latta substitute affects the poor and the working poor the most, and when enacted during the coming months will most certainly cause not only worse living conditions for low-income families and the disadvantaged, but will in many cases force low-income workers onto the welfare rolls. The evidence I have seen indicates that as many as two-thirds of those in need would not be eligible for any public assistance under the administration version of the so-called safety net.

PRODUCTIVITY

The Latta substitute cuts too deeply into productivity-enhancing investments in education, scientific research and development, and manpower training—areas which are critical to our long-term economic growth.

ENERGY INDEPENDENCE

By calling for reductions of more than 70 percent in areas such as the development of alternative energy resources and energy conservation, the Latta substitute will only serve to increase our dependence on foreign oil supplies, thus jeopardizing our national security.

Additionally, the Latta substitute endorses a tax cut proposal which is not sufficiently targeted toward low- and middle-income families nor toward the encouragement of productive economic investment. Instead, this substitute may very well cause increased deficit spending over the next several years.

For these reasons I oppose the Latta substitute and support the resolution which has been proposed by the House Budget Committee.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. GEPHARDT), a distinguished member of the committee.

Mr. GEPHARDT. Mr. Chairman, this has been a very constructive and useful debate for the country and for the House of Representatives. In conclusion, I would simply like to repeat the words of Henry Kaufman which were uttered on April 22, just a few days ago, when he addressed the questions that are really before us. He said in conclusion in his speech on the economy and the effect of the budget on the economy:

> In forging an effective national stabilization policy, we should recognize that the American economy is as yet far from brittle but, rather, is resilient, and that the most urgent need is to strike hard against inflation.

And he said, "In this effort we face formidable obstacles." He said, "Inflation is deeply embedded in our expectations and patterns of behavior, and knocking down the inflation rate as we move to a higher utilization of real resources would be an exceptional feat." He said, massive tax cuts, large leaps in defense spending, and a slowdown in other Government outlays will not—will not, in his opinion—be enough. He said these measures will place an extraordinary strain on monetary policy leading to further distortions in financial markets, much higher interest rates, and additional fragility of our financial system.

I think if we continue to not heed the words of the Henry Kaufmans and the Paul Volckers of the world, we will continue to experience high interest rates, high inflation, and a failing economy.

I fully understand the economic thoughts and philosophies expressed on the other side of the aisle. I reject them. I do not think they are right. I do not think they will work. When the President says we should try something new, I think we should, and I think the something new we should try is low deficits, low interest rates, and low inflation.

I urge a positive note on the committee alternative.

The CHAIRMAN. The Chair will announce at this time that the gentleman from Oklahoma (Mr. JONES) has 25 minutes remaining, and the gentleman from Arkansas (Mr. BETHUNE) has 16 minutes remaining.

The Chair recognizes the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I yield to the gentleman from New Jersey (Mr. MINISH) such time as he may consume.

Mr. MINISH. Mr. Chairman, a great deal of pressure has been put on many Members to accept without reservation the entire budget-tax package submitted by the administration. The implication has been that there is something sacred about the particular cuts to be made, which would be thrown off irreparably if any single detail were altered. I am not certain that this is so.

I fear that many of the cuts proposed are counterproductive. Let us look, for instance, at mass transit. If all our economic problems could be attributed solely to Government spending, as some people actually believe, then it might make sense to cut mass transit programs solely to keep spending down. But at a time when so many of our economic problems are directly attributable to rising fuel costs—as we saw when the sudden decontrol of oil recently accounted for a 1-percent jump in the inflation rate—it seems to be time to invest more in energy-efficient mass transit projects, not to cut them down.

Likewise, I wonder whether the savings gained by cutting out the student loan program will in the long run look like genuine economies, or whether we will look back upon this move as a rash mistake. With so many colleges clinging to existence now, cutting out a program so essential to their continuing may be the final blow from which they can not recover. There is also the personal aspect of these cuts; if we cut off hope for a whole generation of students who depend on these loans, particularly at a time when we have improved the collection of these loans when they come due, is this not really a false savings? I am afraid that the present economy does not offer hope for the massive numbers of students who now rely on these loans to work their way through college. The tuition is too high, and the jobs are too few. To eliminate this program seems to be penny wise and pound foolish.

I will not go down the entire catalog of cuts in so many areas—health, legal services, social programs, projects to preserve our environment, and so on—where the long- and even short-term consequences may come to be regretted. I will point out that my chairmanship of the Banking Subcommittee on General Oversight and Renegotiation has made me thoroughly familiar with the excesses in defense contracting which go on all the time. Up to last week, the administration has paid only lipservice to tightening controls on this notoriously profligate area of spending. Now Mr. Weinberger and Mr. Carlucci announce that they intend to initiate internal controls within the Defense Department to deal with waste and fraud. Despite my respect for the abilities and intentions of these officials, I doubt that it can work. The military-industrial complex, against which President Eisenhower warned us so eloquently, cannot be expected to police itself. Yet, just last week a committee in the other body voted to repeal the Vinson-Trammell Act, which is now our only legal control against excessive profits in defense spending. Mr. Chairman, nobody is more committed to a strong defense than I am, but I do not think that our forces should be built up indiscriminately by simply throwing money at them. I prefer to spread the discipline necessary in Government expenditures equitably through all departments of the Government.

Overall, Mr. Chairman, I feel the so-called bipartisan budget cuts are distributed too much among the programs needed by the Northeastern part of the country.

I believe a more equitable and effective solution will be found in the House Budget Committee package, and I intend to support it.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, in President Reagan's statements in defense of his proposed budget cut, he has repeatedly contended that the cuts would not hurt the truly needy and the very poor. It is clear that the

President and the supporters of Gramm/Latta either do not understand the programs that would be cut, or do not care about the children, the aged, and the disabled that would suffer severely from these budget cuts.

I support efforts to tighten up social programs, to eliminate unintended and unneeded benefits and to improve program management. During the last 10 days, the Subcommittee on Public Assistance and Unemployment Compensation which I chair has acted on $2 to $2.5 billion dollars in reductions in unemployment insurance and welfare programs.

The subcommittee has rejected provisions in the Reagan budget and provisions which would be mandated under Gramm-Latta, under which 150,000 children from low-income families would lose day care. It has rejected cuts in funding which would deny homemaker services to 100,000 aged and disabled.

These are services which enable the aged and disabled to live with some measure of dignity and independence in their own homes instead of in an institution. Budget cuts which deny a quarter of a million children, aged, and disabled these kinds of services are not part of a so-called economic recovery plan.

It is part of a plan which can only be called a vendetta against any kind of government services designed to help the most needy and those most deserving of government assistance.

In 23 States in this country, the combined AFDC and food stamp benefit level is less than two-thirds of the poverty level. That is, a mother and three children must live on less than $462 a month.

In those 13 States, the Reagan administration proposed to deny AFDC benefits to nearly 175,000 children. Are not these children truly needy?

President Reagan has proposed to wipe out the child welfare reforms enacted last year to better serve the 1 million children each year who are seriously abused or neglected. There are 500,000 children in foster care homes or institutions in this country. Abused children and children without a permanent home are truly needy.

The Reagan administration is proposing that Congress repeal child welfare reforms enacted in 1980 and go back to the old law in which children languished in foster care, inadequate efforts were made to return children to their own homes, and children who had been seriously abused were not adequately served. A vote for the Gramm/Latta proposal supporting the President's policies is saying that we are turning back the clock on child welfare and foster care reform.

A futher indication of the kind of thinking which went into President Reagan's budget cuts and policy recommendations, is the President's proposal which could have the effect of denying nearly 2 million of the aged, blind, and disabled on SSI an annual cost of living increase in their benefits. President Reagan proposes that states be allowed to not pass through to SSI recipients the annual cost of living increase in SSI.

An economic recovery plan should not be based on depriving millions of the poor, the aged, the disabled, abused children the very minimal level of assistance.

A vote for Gramm-Latta is following lockstep with Mr. Stockman, a man who has the mind of a piranha fish and the heart of a Doberman pinscher. In response to the plight of tens of thousands minority youth who would lose their public service jobs under the Reagan budget he said, "They should not have been unemployed in the first place."

LOSS OF BENEFITS AND SERVICES TO LOW INCOME CHILDREN IN STATES WITH COMBINED AFDC-FOOD STAMPS LESS THAN TWO-THIRDS OF POVERTY LEVEL [1]

State	Children losing AFDC	Children losing title XX day care
Alabama	18,000	2,300
Arkansas	8,400	700
Arizona	3,000	3,200
Florida	20,600	8,300
Georgia	19,000	2,400
Kentucky	18,500	900
Louisiana	10,000	3,300
Mississippi	23,000	1,600
New Mexico	1,000	400
North Carolina	20,000	3,100
South Carolina	12,000	1,200
Tennessee	14,000	1,750
Texas	16,000	5,600
Total	174,000	34,750

[1] A mother and three children have income less than $462/month.

Mr. JONES of Oklahoma. Mr. Chairman, I yield to the gentleman from South Dakota (Mr. DASCHLE) such time as he may consume.

Mr. DASCHLE. Mr. Chairman, I rise in opposition to the Gramm-Latta substitute.

We hear a lot of talk about "A New Beginning" as we debate the Gramm-Latta substitute this afternoon.

"A New Beginning."

But where is the new beginning when we hear that next year we will face a $50 billion deficit once again.

Yes; that's right. The Reagan plan which espouses fiscal austerity, will offer this country in the name of a new beginning a $50 billion deficit.

And where is the new beginning when we hear the same old political rhetoric about equity, about the inescapable Federal deficit, about helping the truly needy. That's political rhetoric that rings more hollow this year than it ever has in the past.

And in energy. Where can we find a new beginning when we continue to dole out billions of tax dollars to the oil companies in failing hopes that they will bring us energy independence.

Mr. Chairman, that is not a new beginning. No; that is business as usual. And the people of this country are being deceived.

But there may be one new beginning in my district. That new beginning will be for the thousands of farmers and rural families who find that under the Gramm-Latta program, they will be forced out. Forced out of their farms, their homes, their schools and their businesses. Yes; that is their new beginning.

For my part, it is a new beginning which will prove disastrous for the people of my State and our country as a whole. I cannot, in good conscience, support it.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5½ minutes to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, the loudest and clearest voice heard in the debate over the budget has been that of the American people. Whatever the merits of the respective proposals before the Congress, it is abundantly clear that a vast majority of Americans want the Government to alter its course and find new economic directions. The President has assumed the leadership in making the wishes of the people known and the Congress has responded in a spirit of constructive debate. All of the budget proposals we have considered reflect the need for cutting Federal spending, narrowing the scope of Federal activity and reducing the size of Government.

Although the debate has been long and often bitter, there is a thread of consensus running through each of the budget proposals under consideration. That consensus, in my view, is a recognition that the people demand good public policy instead of politics as usual. Those Democrats in Congress who have broken with their party's leadership have done so out of a sense of obligation to those they represent rather than seeking to exert political leverage.

Those who have supported the democratic alternative have done so not to obstruct, but rather to remain responsive to the people who elected them. Congress is a mirror that reflects the images of America and to expect unanimity of opinion is to deny the rich diversity of the Nation.

The debate will soon be behind us now and each of us must bow to the will of those we represent and vote accordingly. For that reason, I want to leave no doubt as to where I stand on the issues.

First, I believe the amendments we have considered are flawed. Neither of the amendments so far offered during debate cut Federal expenditures in a meaningful way. Accordingly, I did not support them. The Gramm-Latta substitute provides the needed spending

cuts but proposes a deficit which will, in my view, be self-defeating. Therefore, I will oppose it. The committee proposal possesses the merits of flexibility and fiscal restaint, but it too carried a massive deficit which is, in my view, unwise and unwarranted.

The economic indicators all point to a resurgent economy marked by real growth, and the potential for lower inflation and improved productivity. If those indicators are correct, then the proper course of action for this House would have been to adopt a balanced budget, or at a minimum, one that reflects the smaller deficit. My fear is that whatever gains we will achieve by cutting back on spending will be eaten up by a new round of inflation induced by yet another massive Federal deficit.

Yesterday Treasury Secretary Donald T. Regan said he expects the interest rates to continue to rise and to stay high for some months to come. He acknowledged that the deficit this year will probably be about $6 billion higher than the administration has forecast.

I believe that the House is making a serious error in failing to pass a balanced budget resolution, as I have repeatedly proposed, that would remove the inflation push caused by deficit spending. I am not convinced that the actions we are taking now are sound fiscal policy.

However, both proposals before us move us further along the road to a balanced budget. But, I am convinced that the Budget Committee's proposal cuts Federal spending and Federal deficits more and is sounder fiscal policy. I urge my collegues to support it. At the same time, I believe in the representative nature of the House and in majority government, so when we come to the final vote on the budget resolution, I will vote for passage.

Mr. Chairman, in conclusion, I would be remiss if I failed to say that the Nation owes House Budget Committee Chairman JIM JONES a debt of gratitude. In 1976, the process of fundamental change in American political thought was well under way. The 1980 elections were a ringing endorsement of the direction of that change. JIM JONES embraced the change, but to his great and everlasting credit he did not yield to the temptation to allow himself to be carried along with the tide of change without calling for serious and intelligent debate on the profound issues that will directly and severely impact on the lives of all Americans.

Serious and intelligent debate is the cornerstone of representative democracy. Without it, the people would be subject to the whims of political expediency.

He could have added his weight to the ax that is chopping away at conventional economics. But like a good surgeon, he has instead wielded the scalpel to remove that which is defective and retain that which is healthy.

In his years in the House, he has exemplified the best traditions of the State he represents. But more than that, he has been a voice for moderation, fiscal responsibility and for the conservative and self-reliant spirit of the people of Oklahoma. The House and the Nation are lucky to have JIM JONES at the helm of the Budget Committee at a time when the Nation is sailing a course into uncharted economic waters.

● Mr. SCHEUER. Mr. Chairman, over the past 2 days Members have had an opportunity to speak their views and cast their votes on the major issue in this Congress, President Reagan's budget proposal.

Yesterday we voted down an amendment offered by our thoughtful and distinguished colleague from Wisconsin (Mr. OBEY), that would have restored $100 million for senior citizen's nutrition programs. This money would have partially made up for the loss to these programs resulting from the termination of CETA employees and the failure in the Reagan budget to account for increased food and energy costs.

Specifically, Mr. Chairman, 33 million meals nationwide will not be served because the House, by an embarrassingly substantial margin, turned its back on our Nation's elderly and defeated the Obey amendment. Six hunderd thousand senior citizens will be eliminated from nutrition programs they desperately need because of the meat-ax approach to budget balancing exhibited today on the floor of the House. In my own great State of New York, 2,660,000 meals will not be served and 47,200 elderly will be eliminated from nutrition programs.

Mr. Chairman, I have seen with my own eyes how useful the meals-on-wheels and other nutrition programs for the elderly really are. They often literally mean the difference between life and death for seniors who, for fear of violent crime or who are simply unable to get around, are prisoners in their own apartments.

We bear a heavy responsibility today for our actions, for we have let down our Nation's finest citizens who are trying their best to get by on social security and what little savings they may have accumulated over a lifetime. Unfortunately, costs today are higher than ever before, and we, in an act of indifference and political expediency have sent the message to our elderly that they must fend for themselves and can expect little help from the great country they worked so hard all their lives to build.

Mr. Chairman, the day will soon come when Members will regret profoundly their actions of the last 2 days.●

● Mr. MITCHELL of Maryland. Mr. Chairman, on this final day of debate, I must, once again, rise to urge the defeat of the prevailing substitute—the Latta substitute. As we have deliberated and considered alternatives, this Republican version of the Reagan economic recovery package must today receive a final vote and become the First Concurrent Budget Resolution for fiscal year 1982. There is no need to rehearse the critical nature of the established spending targets within which we will be bound to provide sensible spending allocations. However, I must urge the defeat of this Latta substitute, which, as you will notice, began as the Gramm-Latta bipartisan effort.

Some will say that the defeat of this substitute will leave us vulnerable to even more stringent spending ceilings. Moreover, with the defeat of this substitute, we might also run the risk of missing our mandate to pass such a resolution by May 15. To these assertions, I say, I am willing to deliberate and consider additional options and revisions until we have reached a more palatable, equitable, and less inflationary approach to economic recovery for our Nation.

Mr. Chairman, the economic assumptions of President Reagan's "Economic Recovery Plan" as embodied in the Latta substitute are overly optimistic. The basis of their economic recovery is: (1) a permanent reduction in the personal tax rate which they assume will provide more savings and incentives for those Americans fortunate enough to be employed and to work more productively; (2) a business tax incentive that purportedly encourages capital expansion. Capital expansion translates into higher productivity and reduced inflation in the short-run economic assumptions; (3) spending reductions which will reduce the deficit and thus lessen the Treasury influence on capital and money markets. Marginal private investment is predicted to increase as a result of a less crowded financial market; and (4) a stable monetary policy with less growth than the previous 2 years.

All arguments are valid economic growth modes. However, as presented by the Latta proponents, they are extremely overestimating the short-term effects of the modes.

The Reagan economic recovery program uses the success of the Kennedy tax cut of 1964 as the rationale for their permanent personal tax cut. Their attempt is to induce growth in the marginal saving rates of the middle- to upper-income tax brackets as the Kennedy tax cut effectively did in 1964. Over the 4-year period immediately preceding the Kennedy initiatives real savings growth fell to 2.33 percent. The growth of real savings was 5.49 percent between December

1947 and December 1963. After the Kennedy tax cut, the growth rate of real savings accelerated to 8.09 percent. That scenario is characterized as a successful effort to induce marginal savings. It had the added economic effect of assisting in capital formation as the real investment growth rose from an average 4-year rate of 3.93 percent immediately before the initiative to 5.49 percent immediately after the initiative.

In a Joint Economic Committee econometric simulation of the Reagan proposals through the Data Resources Inc. (DRI) model an increase of an average 4.9-percent savings rate for 1981 to 7.2 percent in 1984. However, investment and industrial production rates remain very low. The difference is, in 1964, total outstanding personal installment credit was less than $1 billion, whereas the average for the last 4 years is $29.6 billion. Americans will lever additional income for debt or consumption, rather than savings. Immediate consumption response—or demand—to additional income in the absence of increased immediate production capacity—or supply—is the purest form of rampant inflation. Be optimistic and assume that savings will increase from 4.9 percent to 7.0 percent next year. Thus, $93 out of every additional $100 in tax relief will be directly relegated to consumption. Unfortunately, that would heat up the American economy, thus causing rapid and sustained inflation.

(Note: Average Japanese family saves 20 percent of income. Average German family saves 14 percent of income. How can we compete with this?)

The business tax incentives are in the form of a 10-5-3 accelerated cost recovery proposal, and a cap on the marginal tax rate charged on long-term capital gains. Again, the effect has been overstated. Because there is no targeting, for every dollar of incentives for productive reindustrialization invested there is certain to be several dollars worth of nonproductive investments. If lower capital gains were limited to investment in plant and equipment in depressed economic areas and/or in new, high-risk, venture capital projects then it would be suitable. There is no short-term reward on that type investment. Therefore, lower capital gains will increase investments in old antiques, paintings, oriental rugs and those speculative high turnover articles that have nothing to do with productivity.

The 10-5-3 accelerated cost recovery proposal is a proxy for promoting the "winners" strategy. That is, the adminstration has made a conscious decision to promote those industries which currently have enough capital to reinvest in their capital stock. This essentially limits participation to the high growth micro-processor, computer, health technology and related industries of the South and Southwest. These industries are already high growth-cash ready industries, irrespective of the fiscal policy adopted. What of the automobile, steel, rubber, and primary-secondary metals industries of the frostbelt area? They cannot benefit from 10-5-3 because they do not have capital resources to retool. Again, because 10-5-3 is not targeted you essentially solicit an economic response that would have occurred regardless. To assist small businesses and the low-growth industries of the frostbelt some consideration should be given to a refundable tax credit.

Reagan proposes the spending reductions as a cure to our recurring deficit. Deficits, according to the Latta proposal, cause crowding out in capital markets. As of the third quarter of calendar year 1980 nonfinancial corporations held less than 1.3 percent of their total current assets as short-term Government securities. However, they generated more than 60 percent of their funds internally (undistributed profits, after inventory valuation and capital consumption adjustments) and only 11 percent from loans and short-term paper. The effect of 10-5-3 is to allow additional capital consumption adjustments which supposedly should allow nonfinancial corporations the opportunity to expand with internally generated funds source. Our JEC simulation, however, predicts very little marginal investment because high inflation, high interest rates, and high unemployment will discourage investment in light of a 78-percent average capacity utilization of last year. With long-term consumption discouraged, firms will not be able to take advantage of the long-term tax advantages created by capital consumption adjustments. The logic of the Latta substitute falters in using crowding out as a support for program reductions. Nonfinancial corporations borrowed $36.4 billion in loans and short-term paper out of the credit markets while at the same time purchasing $16.4 million worth of U.S. Government short-term notes in the third quarter of 1980. Since nearly 45 percent of the short-term borrowing liability is covered by short-term U.S. security assets, crowding out is a fallacious argument.

If the focus of the Latta substitute is congruent with the Reagan economic recovery plan then productivity increases are a major focus. How can they justify decreases in education; training and skill development; R. & D.; and small business growth using productivity increases as a foundation of their economic assumptions? These have all been major contributors to our successful productivity increases of the past. Decreasing them certainly lessens any opportunity for the success of the Latta substitute.

Again, I urge my colleagues to consider the specious economic assumptions upon which the substitute before you is based. I will stand and vote against the Latta substitute and I strongly encourage my colleagues to join me.●

● Mr. SCHEUER. Mr. Chairman, in the course of this debate, much has been said about the need for a strong economy; much has been said about the need for a strong defense. Yet, we continue to neglect a budgetary item which may well be the single most important contributor to the advancement of both objectives—the strategic petroleum reserve.

In 1973, the Arab oil embargo was a painful lesson in the liabilities of dependence on foreign sources of petroleum. We determined to ease that dependence; and in 1975, we passed legislation to establish a strategic petroleum reserve—a reserve that would one day allow us to stand much more firmly in the face of threats and intimidation, and give us the means to weather another interruption of the supply of foreign oil.

Our goal was the storage of 1 billion barrels of crude oil. By 1980, we were to have stored up 325 million barrels. By 1982, 500 million barrels. The fact is, in 1981, we have only reserved 121 million barrels—barely 3 weeks' supply of imported oil.

We know very well what the consequences will be if another boycott hits us and finds us unprepared. A Congressional Budget Office study indicates that a 2-million-barrel-a-day shortfall in the year 1984 would reduce our GNP by more than $145 billion—or 3.6 percent of the projected GNP for that year; increase unemployment by more than a full percentage point; increase the rate of inflation by roughly 7 percent.

In short, the effect on our economy would be devastating.

And yet, with 750 million barrels of crude oil stored in a strategic reserve, the entire impact of such a shortfall would be avoided completely. Each barrel of oil available in such a reserve would avert about $200 in lost GNP.

And none of this reflects the implications for our military security. Our defense apparatus runs on oil, and as one of the energy firms used to say, a country that runs on oil cannot afford to run short.

The direct effects on our military, of course, are only part of the picture. The effects on our diplomatic posture are equally apparent. As long as a few oil sheikdoms have the power to cripple our economy, to jeopardize the mobility of our defenses, and to hold our diplomacy hostage to OPEC's whims, this Nation stands in the gravest peril.

The very first oil pumped into the reserve was Saudi Arabian oil—reportedly because the former President's

energy adviser was sensitive about offending our friends on the Arabian Peninsula. That same sort of timidity may well be behind the apparent coincidence of Saudi expressed displeasure with the notion of a filled reserve and President Carter's subsequent decision to proceed with the filling of the reserve with far less than deliberate speed.

Mr. Chairman, we cannot afford to allow ourselves to be caught in such a humiliating and threatening position of dependence and timidity which impels us to acquiesce to blackmail.

We cannot afford to leave our economy at the mercy of Persian Gulf petroleum exporters—to leave our defenses vulnerable to a shortfall of oil—to leave our diplomacy crippled and diminished in the Middle East and elsewhere. The plain fact is, we cannot afford not to fill the strategic petroleum reserve as quickly as we possibly can.

And yet, the Gramm-Latta proposal would cut $30 billion from the administration's budget for filling the reserve. At a time when we are adding $30 billion for defense and are spending over $100 billion annually on foreign oil, it is sheer folly to suggest that we cannot afford to strengthen all our defenses—military, diplomatic, and economic—with a relatively modest investment in a vigorous program to fill the oil reserve.

The Democratic alternative recognizes, as we all must recognize, that this Government cannot afford all that we would like to spend, or even what we ought to spend. And so that proposal would cut $1½ billion from the administration's oil reserve budget. I am convinced that the public interest would best be served by no cut at all; but if we are to force the oil reserve to carry its share of austerity, the Democratic alternative is wise and prudent in cutting only half as much as the Gramm-Latta approach would do.

Mr. Chairman, there are few priorities more important to our Nation than filling that reserve, keeping it filled, and filling it with Federal funds. On the latter point, let me support the able gentleman from Tennessee, Mr. GORE, in his leadership effort to keep responsibility for the oil reserve in the hands of the Federal Government. The reserve is a precious national asset. It must be adequately funded by the Federal Government. It must remain the responsibility of the National Government.●

● Mr. CLAY. Mr. Chairman, today the House has taken action on the Federal budget for the 1982 fiscal year. I have already argued against the administration's budget plan because of its impact on vital social and domestic programs. I would like to take this opportunity to call special attention to the reduced appropriations for the National Endowment for the Arts and the National Endowment for the Humanities. In response to less public support, it can be expected that arts organizations will be forced to raise ticket prices, reduce free museum admissions and cancel special programs for the elderly, the young, and the disadvantaged. Middle-income earners will have less to do with the arts, and the rich, will be least affected. The administration appears to have left no stone unturned in their efforts to save pennies at the expense of the poor in our society.

Below are two editorials which recently appeared in the St. Louis Post Dispatch. I commend them to my colleagues as they spell out why there is no need to reduce Federal spending on the arts, and how this action will accomplish no good for our Nation.

THE REAGAN REVOLUTION:
COUNTERREVOLUTION FOR THE ARTS

What we have called the Reagan Revolution, for its fiscal cutbacks in public services, comes close to a counterrevolution in the field of the arts and humanities. A burst of recent progress in federal assistance is threatened with a heavy-handed reverse.

The two National Endowments for the Arts and for the Humanities were created by Congress in 1965, marking the first time that the federal government in this country, in contrast with most in Europe, took an active role in helping to promote the nation's cultural interests. A Republican president, Richard Nixon, succeeded in getting the first big increases in funds—from $8 million for 1970 to $30 million for 1972. And as the programs enriched American life, they were expanded. For 1982 President Carter suggested $173 million for the arts and $165 million for the humanities, or a total of $338 million.

Now President Reagan wants to cut that figure to $172 million, or nearly in half. At the same time, he suggests reducing the budget for the Corporation for Public Broadcasting by a quarter, closing the valuable Institute for Museum Services, founded only four years ago, and eliminating some programs of the National Science Foundation.

The arts, humanities and sciences might be expected to bear a fair share of Mr. Reagan's budget-cutting effort, but 50 percent cuts? What other agencies are targeted for such sharp reductions?

In recommending these lower amounts, the Office of Management and Budget advanced the idea of fighting inflation. Yet the sums taken from the arts and humanities would amount to only about one-tenth of 1 percent of the projected 1982 federal deficit. Their contribution to reducing inflation would be minuscule.

The OMB also contended that government support for the arts dries up private and corporate funding. That is totally untrue. American business increased its support of the arts from $21 million in 1965 to $469 million last year, partly in answer to the endowment's challenge to match federal grants. And OMB's other contention that corporations would take up the slack in governmental support certainly contradicts the record of corporate giving and also ignores the present discouraging effect of the sluggish economy on corporate donations.

Moreover, cutting federal spending on the humanities and arts will reverberate throughout the states, to which 20 percent of the federal funds go. The Missouri Arts Council, for example, may lose more than $300,000 of its state appropriation in the next fiscal year because of Missouri's precarious fiscal condition. Must it also lose half of its anticipated $442,577 federal grant? The effect would be serious for the St. Louis Symphony, Opera Theatre and Repertory Theatre here, and massive for other institutions in the state that have less private funding.

The fact of the matter is that federal funding for the arts and humanities has been a dramatic success; cultural organizations have grown, and so have the numbers of participants and audiences. More Americans are attending more theaters, concerts, museums and so on than ever before. This happened because the federal government finally recognized, as other nations had long ago, that private patronage by itself was no longer enough. And that was a real revolution in American attitudes.

Even so, where France spends $1.83 per capita on the arts and Britain spends $3.60, the United States spends 74 cents. That small sum hardly invites a drastic slash. The arts and humanities no doubt must share in efforts to reduce the budget, but Congress should insist on a more moderate reduction.

CUTS THAT CRUSH HOPE

One of the results of the Reagan administration's push to slash by half the budgets for the Endowments for the Arts and for the Humanities is likely to be a prolonged dispute over what constitutes arts and humanities, and in this the proven artists, scholars and institutions will suffer less than those who might someday contribute to art and scholarship.

The great orchestras, museums and research institutions will continue to receive some assistance, as they should, for they set the standards for the nation's arts and humanities. But with less federal aid to go around, the losers will be the struggling smaller institutions and the artists and scholars who have not made a name for themselves, as well as the school programs that start children into music, the dance, plastic arts, writing and scholarship. And there will be losers in the ghettos where black and Hispanic art of varied distinction screams in often valid protest about the conditions of society.

Nobody now can tell whether those institutions, children or artists will ever reach a high plane of achievement. Perhaps nobody ever will know if the administration, in seeking to reduce the small funds given to such matters, is allowed to impose what it calls stricter "professional" standards. In order to reduce federal costs, it is taking sides in an old argument about artistic quality. But it also is reducing the opportunities to achieve quality. After the demonstrable achievements of federal assistance, that is the wrong coda for government to play.●

● Mr. TRAXLER. Mr. Chairman, today I will vote against the Gramm-Latta substitute to the budget resolution. I supported the Jones version. The Gramm-Latta amendment passed, and the President has claimed his first victory. I congratulate him. On final passage, I voted for the amended budget resolution because, even though I have reservations about the

President's economic program, I believed he should have the chance to make it work.

I think it is important, however, to take an honest look at what this "fight" in the House of Representatives this week was all about. Members of the House were faced with a choice between two very austere budgets—the recommendations of the House Budget Committee (the so-called Jones resolution) and the recommendations of President Reagan (the Gramm-Latta resolution). Both represented the essence of President Reagan's economic plan. Both of these budgets made deep cuts in a wide variety of social programs. Both recognized the need to control the growth of Federal spending. Both provided substantial tax cuts to individuals and to businesses to stimulate economic growth. Each resolution provided for a $45 billion increase in defense spending. Both of these resolutions set a very conservative budget. In my opinion, with the adoption of either budget President Reagan would have "won" his economic plan.

The Jones budget called for slightly smaller cuts in important human investment programs, such as education, child nutrition, and youth training. It also provided a somewhat smaller tax cut, but it also has a deficit smaller than President Reagan's. The Gramm-Latta budget made deeper cuts in domestic programs, provided higher tax cuts, and a larger deficit.

Both proposals were essentially very conservative documents—both recognizing the need to cut back on runaway government spending and the need to provide incentives for individuals and businesses to invest for economic growth and make our economy healthy again. It is a fallacy to say that a vote for the Jones budget is a vote against the Reagan program. The Jones budget cut $31 billion in spending, and provided $38 billion in tax cuts—while moving more rapidly toward a balanced Federal budget. It did not reflect "more of the same." The Jones budget called for a substantial change in the role of the Federal Government. It is a budget that was responsive to voter's demands to slash Government spending and it was fashioned after the goals set by President Reagan. There was really very little difference between the two proposals considered by the House—yet the President sold his version as the only acceptable one.

In recent weeks, I have read thousands of cards and letters and talked with hundreds of individual constituents on my weekends at home. I thought long and hard over the comments I received from the people I represent. They were pretty evenly divided. Therefore, I made my decision to vote in favor of the Jones budget on the basis that it is slightly better for the State of Michigan and it is a more humane budget than the Gramm-Latta budget.

Last year, Michigan ranked dead last in its return of Federal dollars on taxes paid by our citizens. The primary reason for this is that national defense money flows predominantly to the "sun belt" States and the West. The major increases in defense spending called for by President Reagan—and included in both the Jones and Gramm-Latta budgets—will mean that even more tax dollars will be diverted away from Michigan.

At the same time that increased defense spending will be diverting more of Michigan's tax dollars out of our State, those programs that have helped our State—and the people of our State—to get through our State's present financial and economic crisis are being cut significantly. We have the highest unemployment rate in the country—and that means that there are fewer tax revenues to finance services provided by local governments—such as education and law enforcement—and fewer dollars for State programs—such as mental health care and child welfare programs. At a time when financial constraints are forcing cutbacks in these services provided by our local and State governments, the Federal Government is cutting its contributions to these same services, leaving it to the States to make up the difference. The State of Michigan does not have the money. These cuts will be realized and felt throughout the Eighth District and Michigan.

The Jones budget would have been slightly less harsh. For example, the Gramm-Latta budget cuts funding for education by 25 percent. This will cost Saginaw schools $2.4 million and Bay City schools $1 million. The Jones budget would have cut education by only 10 percent—still a significant cut. The same is true for health care—the Gramm-Latta budget cuts the Federal contribution by 25 percent; Jones would have cut it by 10 percent. Both proposals require cuts in the school lunch program. The city of Saginaw would lose 5.9 percent of its school lunch funds under Jones, but 18.6 percent under Gramm-Latta. The Lapeer School district loses 22.7 percent of its funds under Jones, but 69.5 percent under Gramm-Latta.

One out of ten in Michigan receive food stamp assistance. The Gramm-Latta budget cuts food stamps by $1.65 billion. The Jones budget called for a $1 billion cut. The difference means $20 million in food benefits to the people of Michigan who are using the program because unemployment in our State is twice the national average.

I could go on, but as I stated earlier, both the Jones and the Gramm-Latta budgets were very austere budgets in line with the President's goals. Both called for cuts in Federal programs almost across-the-board; cuts that are substantial. Neither was a budget that just cut welfare. These budgets both cut deep into almost all government services. And in Michigan, it means cuts not just in Federal services, but also in those services provided by the State and local governments.

Despite the reports in the media, President Reagan could not have "lost" on this vote in the House of Representatives. Whether the Jones budget was adopted, or whether the Gramm-Latta budget passed, the President would have received a budget that makes deep cuts in Federal spending, provides investment-oriented tax cuts, and markedly increases defense spending. Furthermore, it is important to remember that the passage of a budget in the House is not a final step. Even had the Jones budget been adopted in the House, the final budget would have been a compromise negotiated with the Senate. Passage of the Jones budget, however, would have left some negotiating room with the Senate as to who will receive the greatest tax cuts and which programs will receive the biggest budget cuts. The cuts would be made—regardless of the action taken by the House this week.

My vote for Jones honored my commitment to reduce Federal spending and cut taxes. I have serious reservations about whether the Reagan plan will work—whether it really can bring down inflation, increase economic growth, and balance the Federal budget by 1984. The plan makes some very bold—and empirically unsupportable—predictions about savings rates, growth, employment, and inflation rates in the next several years. Already—at least according to today's newspapers—the stock market is pessimistic about the President's projections. If these predictions prove wrong, we could have higher inflation, record budget deficits, and an economy in worse shape than it is today. The plan represents a gamble—and we are told that we should accept it on faith. I hope, in fact, I pray, that this economic plan will work. I wish the President and his plan every success.●

● Mr. HAMMERSCHMIDT. Mr. Chairman, it is a distinct pleasure to rise in strong support of the Gramm-Latta bipartisan substitute and I wish to commend Mr. GRAMM and Mr. LATTA for their outstanding efforts on the Budget Committee to bring the President's program to fruition.

Mr. Chairman, I believe our President when he states that we have to have both the budget and the tax reductions he has asked for to make his economic program work. I think it is only sensible to give his prescription a fair try. Now, I would urge the more thoughtful Members of Congress to

throw their full support behind the entire Reagan program—not just half of it.

The President has given us a remarkable 100 days in office. He has managed to turn the course of thinking around on how the Federal Government should perform. His administration has shown an extraordinary sense of mission that has been missing in Washington for many years. The basic tenets of the Reagan bipartisan budget are correct. Our President was voted into office because his program seemed to make sense to a majority of American voters. The fact remains that the American people have not changed their minds since the overwhelming victory of the Reagan team on November 4. Therefore, the Reagan economic program deserves a chance.

The bipartisan substitute is a petition for Congress to act boldly and to act now on a combination of steep cutbacks in Federal spending and taxes in order to help curb inflation and rejuvenate the sickly American economy. Our President has issued strong, plainspoken support for the bipartisan plan of spending cutbacks over the Budget Committee plan offered by Congressman JONES.

The key difference between the Gramm-Latta bipartisan budget and the Jones-committee budget is not only the difference in numbers and economic assumptions, but the difference in the economic and political principles underlying the two documents as well. The Jones budget is a business-as-usual budget which perpetuates the same basic structure and direction of the Federal Government, if only in slightly lesser degrees. The Jones budget does not accept the Reagan administration's challenge as to the direction and scope of Government over the past two decades. It implies that the Reagan mandate can be satisfied through cosmetic alterations in the way the Government does business.

In every basic area, the Jones budget represents too little, too late.

The Jones budget provides $20 billion less in tax relief next year. It delays proposed reductions in taxes a full 6 months. It provides only one-third the individual tax relief recommended by the President over the next 3 years.

The Jones budget hampers the administration's ability to implement block-grant programs that will restore the authority and effectiveness of State and local governments.

The Jones budget provides for $25 billion more in spending than the bipartisan budget, and $132 billion more over the next 3 years, making full economic recovery more difficult to achieve.

If President Reagan is to succeed in restraining Federal spending, many social programs will have to be trimmed back to their original intent of helping only the needy. Far too many programs now offer handouts to those with incomes of 125 percent of the poverty level at substantial cost to taxpayers. The administration has pledged to halt the momentum of wild spending but is being misrepresented as being a hardhearted crusader against the poor. The accusations that the President's plan is not a compassionate one are particularly offensive to me considering the staggering inflation rate and the increased taxes which have wreaked havoc on families across our Nation. It is falsehood against the economic recovery program that promises by subduing inflation to restore lost buying power to Americans at all income levels.

Again, I urge my colleagues in the House to give the Reagan economic recovery program a chance to work. Let us not turn our backs on this opportunity for change and return to the same tired old policies that we know do not work. Whether it is called an anti-inflation program, a budget balancing program, an economic recovery program, or the Gramm-Latta bipartisan substitute—the main objective is the same—to restore the American economy to its former position of strength and soundness.●

● Mr. TAUZIN. Mr. Chairman, the vote of the House of Representatives today in adopting the Gramm-Latta bipartisan budget resolution demonstrates that the majority of this honorable body—like the majority of the American people—is determined to check the runaway growth of Federal spending that has brought our Nation to the brink of economic ruin.

I was honored to cast my vote on behalf of the people of the Third Congressional District of Louisiana in favor of this budget resolution.

Today is a historic day. There is reason for hope, because the vote reflects a commitment to action in resolving our economic problems. By no means is our task complete. This is only the first step in a process which will require our dedication to the goal of economic recovery.

In the weeks and months ahead, it will be our duty to keep spending within the targets we have set today. It will also be our duty to oversee the implementation of those various programs affected by the budget cuts, to insure the stability of the "safety net" providing assistance to those who must depend upon Government assistance.

I offer my sincere appreciation to my colleagues, Mr. GRAMM of Texas, and Mr. LATTA of Ohio, for the fine work they have done in compiling the budget resolution. I also offer my appreciation to Mr. JONES of Oklahoma and the Budget Committee, as well as to Mr. OBEY and his colleagues, and Mr. FAUNTROY and the Black Caucus for their diligent efforts to bring the full thrust of the budget resolution into perspective.

The action we have taken today does not come with a guarantee of success. Taken by itself, it is clearly inadequate to address the full economic situation with which this Congress and the Reagan administration must deal.

Ahead of us lie the questions of specific implementation of the budget resolution, tax cuts, regulatory reform and monetary policy. How we address these questions is, perhaps, even more important than the action we have taken today. Nonetheless, the adoption of a budget resolution today is an indication that the Congress and the House of Representatives in particular have rolled up its sleeves and made ready for the tasks yet to come.

The debate has set a precedent of careful and complete consideration of the very important and far-reaching questions of economic policy by the House of Representatives.

In the case of the budget, we have examined the budget resolution endorsed by our President and have found it to be in the best interest of the country. We have acted accordingly and given it our approval. I trust this example of full consideration and open debate of the budget issue will be followed during the consideration and debate of the issue of economic policy which remain before us. Our constitutional duty and the interest of our Nation require it.●

● Mr. GAYDOS. Mr. Chairman, the Members of this House are just concluding debate and passage of one of the most important budget resolutions ever to be adopted in these Chambers. The economic well-being of this Nation and each of its citizens will be affected by the fiscal decisions made here and in the Senate.

Let me say at the outset, Mr. Chairman, that there has been very little disagreement in this Chamber about the need for reduced Federal spending, a balanced Federal budget and a tax cut to spur increased savings and investment. The disagreements have come over the best way to achieve these goals. Like the vast majority of my colleagues, these are concepts which I can and do support. My support for the House Budget Committee bill is a reflection of my belief that it more closely reflects the needs and concerns of my constituency than does the administration proposal.

The administration proposal calls for deep cuts in people programs, a substantial increase in military spending and a flat 30-percent cut in Federal income taxes over the next 3 years. We are told the budget resolution and the tax cut must be considered as a package—one is no good without the other. I have reservations about both

parts of this package, Mr. Chairman, and my vote will be a reflection of those concerns.

As to the budget itself, I could not in good conscience vote for an overall proposal containing many provisions which will impact adversely on my district and the people I represent. Cuts in mass transit aid, the elimination of Conrail and the lack of support for water transportation will hit hard at the economic well-being of southwestern Pennsylvania. The serious reduction in funding for education and nutrition programs will further damage those who will be the first to suffer if the district's economy deteriorates.

In the area of military spending, I insist on a serious effort to reduce the mismanagement, cost overruns and waste which plague our Armed Forces and the procurement programs which supply them. As a Navy veteran of service in the South Pacific during World War II and the father of five children, I bow to no man in my desire to see America strong, free, and unafraid. But I owe it to my country and to the people I represent to be sure that the money spent for the military is used wisely and efficiently.

I also recognize responsibility to insure that money spent in other areas is not wasted. If programs to aid education are being abused, I will support the administration in correcting those abuses. If nutrition programs are being fraudulently used, I will work with the administration to eliminate that fraud.

In the area of tax cuts, I share the concern of my colleagues that the benefits are weighted far too heavily in favor of the very wealthy. Administration spokesmen concede this is true while pointing out that it must be thus if savings and investment are to be encouraged and the economy stimulated. They seem unwilling to grant meaningful tax reduction to poor and middle-income families for fear they will squander the money on food, clothing, heating bills, and an education for their kids. I support a tax reduction as a necessary tool to strengthen our economy, but I would like to see other avenues explored. Surely we should consider long overdue tax reforms which will give married couples the same tax break now enjoyed by single men and women living together, grant a substantial income tax exemption on the interest earned by the average American on his savings, restore the deduction once allowed for State gasoline taxes and create a faster depreciation allowance to permit our plants and mills to modernize and once again be competitive around the world.

In all of these areas, Mr. Chairman, there is still room for debate and compromise. The first budget resolution is only the beginning of the long process which will lead us to a final decision. As the House committees consider detailed appropriations within the overall budget, there will be room for men of good will and high purpose to resolve their differences.

I, for one, pledge my best efforts to working with my colleagues on the Hill and administration officials in the difficult but vital task of producing an economic program which will strengthen America while insuring that every segment of our society shares equally in both the benefits and sacrifices inherent in that program.●

● Mr. UDALL. Mr. Chairman, I would like to take the opportunity to express my views on the budget to both my colleagues and my constituents.

Today I join my colleagues in the House of Representatives in voting for House Concurrent Resolution 115, which embodies the President's budget proposal.

Members in both parties attempted to cooperate with President Reagan as fully as possible, and few Presidents have ever received as much support. We all agree on the need to cut the cost of Government, to eliminate waste and fraud, to develop a stable monetary policy, and to stimulate economic growth and productivity.

Differences did exist, however, about the best budget package to achieve those goals. I fully agreed with the range of the President's cuts, but disagreed on their composition. My own view was that both the Jones and Obey proposals were better vehicles than the President's budget for achieving our economic objectives. The Jones budget, for example, would have given the President 75 percent of what he wanted, would have cut the budget deficit in the Reagan program by half, and would have spent $3 billion less than the President's plan in 1982. It also preserved to some extent some very important programs like solar energy, land and water conservation, energy conservation, Amtrak, and child nutrition.

My misgivings about supporting the President's total package stem from the highly unrealistic and overly optimistic economic assumptions on which it is based. The tax policy section is based on untested economic theory and promises a free lunch. There is little in our historic economic experience to inspire confidence in accepting those assumptions. The President's plan assumes, for example, that interest rates will be down to 9 percent next year and that the inflation rate will be down to 5 percent by 1984. It also assumes that citizens will save one-half or 50 percent of their tax cuts, but the current savings rate average is only a little over 5 percent and the highest we have ever recorded historically has been only 18 percent. Is it realistic then to make a 50-percent savings rate assumption as the Reagan plan does? I think not. If these overly optimistic assumptions prove wrong, we could have a $100 billion deficit by 1984 with substantial double digit interest rates and inflation.

The single most important deficiency in the President's budget was his neglect of our energy needs. Energy, not the cost of Government, is the largest contributor to raging inflation. Presidents Nixon, Ford, and Carter all stressed the need for a strong energy program. Yet in three public speeches about the economy the President mentioned energy only once, and that was but a brief sentence calling for doing away with subsidies for synthetic fuels. I believe that the United States must do more to become energy independent, as do many Members of Congress and the American public. No attack on inflation can hope to succeed if we neglect energy production and conservation programs. The President's plan, however, either eliminates or substantially cuts many of those important energy programs. This major deficiency made the Jones and Obey alternative budgets more attractive alternatives.

During my past 20 years in Congress I have prided myself on being independent. The guiding principle behind my legislative career has been to support those policies that best serve the interests of the people of southern Arizona and our Nation. This has meant that I have supported Presidents when I thought they were right and opposed them when I believed them to be wrong. I have tried to avoid being a rubberstamp. I split with President Johnson, for example, over the issue of Vietnam and I fought President Carter's efforts to cut the central Arizona project.

So far President Reagan has proven to be a confident and impressive leader. The program that he has presented the Congress is quite revolutionary. I have noted my misgivings about its overly optimistic economic assumptions and about the composition, but not the range of budget cuts. For these reasons I thought there were alternative budget packages that did more to balance the budget and to better achieve our economic goals. I have consistently supported a balanced Federal budget over the last several years and campaigned on that platform in 1978 and 1980.

The President campaigned last year and received a very impressive mandate to pursue budget cuts. I have said that I intend to support him as fully as I can. I therefore voted on final passage for the budget resolution that embodies the President's program.●

● Mr. WOLPE. Mr. Chairman, I rise in support of the first budget resolution reported by the House Budget

Committee and in opposition to the Gramm-Latta substitute.

Mr. Chairman, there is not a Member in this Chamber—Democrat or Republican—who does not share our President's dream of an economically renewed and strong America, and every alternative budget that has been placed before this House reflects that consensus. Each alternative projects aggregate spending levels lower than those recommended by the Carter administration in January, and each alternative makes giant strides toward a balanced budget. So the issue before us is not whether we will exercise restraint—that question has already been decided. The critical issue before this Congress is how we shall exercise restraint.

Those of us from the Northeast and Midwest are acutely aware that the spending priorities in the administration's economic proposals—proposals that are reiterated in the Gramm-Latta substitute—are a prescription for economic disaster in our region. It is not surprising, then, that our voices have been raised in protest—a protest not meant to derail the effort to reduce Government spending—but instead, a protest to insure that the burden of budget reductions is borne equitably by all regions of the country.

In order to recognize the dangerous impact which the administration's economic proposals hold for the Northeast and Midwest, it is essential to understand the budget in the context of the economic problems that are ravaging our region.

First, already unfavorable balance of Federal payments for States in the Northeast and Midwest has eroded the region's ability to maintain a solid financial base. In fiscal year 1980, the average return to northern industrial States for every dollar of tax paid was 84 cents. At the same time, states in the Sun Belt were experiencing an average rate of return in excess of $1.09 for every dollar of Federal tax paid. This discrepancy is even more outrageous for my own State of Michigan. For every dollar sent in taxes to Washington in fiscal 1980, Michigan got back only 66 cents; in 1979, Michigan taxpayers paid $7.2 billion more than the State received back in Federal expenditures—notwithstanding the fact that Michigan leads the country in unemployment and economic distress.

It turns out that one of the chief causes of this inequity is the unequal distribution of defense dollars. It is a matter of record that a much higher proportion of defense spending goes to economies in the South and West than to the economies of the Northeast and Midwest. A report issued by the Northeast-Midwest Institute in August of 1980 documents dramatic regional disparities in the current allocation of Department of Defense employees and facilities. At present, nearly 80 percent of all Defense Department employees and facilities in the United States are located in the South and West. The result of this disparity, as discussed by Dr. James R. Anderson in a study entitled, "The Impact of the Pentagon Tax," is a "spectacular drain on the economies of the Northeast and Midwest which has substantially contributed to our region's economic stagnation." And every time defense spending as a percentage of the total Federal budget increases, that dollar outflow from our region to the Sun Belt is intensified.

Having said this, it should come as no surprise that I much preferred the committee-sponsored resolution in its unamended form. It is altogether clear that the massive additional increases in defense spending contemplated by the Hefner amendment, which come on top of the major defense increases already embraced by the House Budget Committee resolution, may well weaken rather than enhance our defense posture and our national security.

Second, at exactly the same time that Pentagon spending increases will be placing an even greater economic burden on our region, energy severance taxes will bleed money from the Northeast and Midwest. The Treasury Department estimates that the State of Texas will collect $1.13 billion in fiscal 1981 from its severance tax on crude oil, and an additional $772 million from its natural gas severance tax. The State of Alaska, with only 400,000 residents, is anticipating oil severance and royalty tax revenues of $128 billion between 1980 and 1996—and it is altogether clear that the tremendous budget surpluses that these oil-producing States will enjoy will be financed in large part by energy consumers in the industrial North.

Moreover, the outflow of dollars from the Northeast and Midwest for the payment of fossil fuel severance taxes represents only a small fraction of the total energy cost imbalance. Not one of the top 10 oil-producing States—which produce 93 percent of our country's domestic oil—is located in the Northeast or Midwest. Consequently, the region's homes are heated and its industry is run on energy purchased from other States and nations. The ever-escalating cost of this energy is resulting in the greatest regional transfer of wealth in our Nation's history. And tragically, on top of all of this, uneconomic and wasteful Federal subsidies continue to flow to the coal and oil interests in response to massive political pressures upon the Congress.

Third, the construction of costly and unnecessary southern and western water projects—which go unchallenged in the budget resolutions before us—creates yet another drain on the economies of the Northeast and Midwest. Since 1824, less than 25 percent of the Army Corps of Engineers' budget has been spent in the industrial North. During fiscal 1979, the national average for Federal water resource appropriations was $7.49 per person, yet only $2.25 per capita was directed to our region.

The flow of dollars out of the industrial North is incredible, constant, and detrimental to a regional economy struggling for its very survival—and ironically, the destination of these dollars, America's Sun Belt, is experiencing an unprecedented economic boom. In effect, tax dollars from the economically distressed Northeastern and Midwestern States are being used to subsidize the economically prosperous oil-rich States of the South and West.

Finally, the tight money policy being pursued by the Federal Reserve Board has had a further unique and devastating regional impact. The high interest rates that are the consequence of the monetary policy of the administration, coupled with the outflow of dollars from our region, is effectively preventing meaningful capital formation. Consequently, businesses anxious to expand are moving out of the distressed Northeast and Midwest, and are leaving behind them a legacy of regional unemployment and fiscal instability. By contrast, high interest rates have much less significance to that part of our country which, because of local energy- and defense-related revenues, is experiencing an economic boom. Here, commercial and industrial expansion is much more easily financed out of retained earnings.

The real danger of the administration-endorsed economic proposals is that they are insensitive to the unique dilemma of the Northeast and Midwest. Vital services and funds—eliminated by the Gramm-Latta substitute—cannot be restored by State and local governments unable to levy higher taxes on a population and shrinking industrial base already footing an unfair portion of the Government tax bill.

Massive cuts in education—cuts of over $1.5 billion in fiscal 1982 alone—coupled with the reorientation of education spending to the block grant system, would place a greater financial burden upon the States. Unlike States that have everyday surpluses, States in the Northeast and Midwest simply cannot afford to pick up the slack, and the result in our region will be closed schools, laid-off teachers, unobtained educational goals, and the mortgaged future of a whole generation of students.

Likewise, the ever-increasing costs of home heating oil and fossil fuel have meant economic havoc for our region. The effort to establish responsible,

meaningful conservation and transportation policies to displace the region's severe dependence upon expensive foreign oil is absolutely vital. Yet, it is precisely these policies—woefully inadequate under past funding levels—that are virtually eliminated by the Gramm-Latta substitute. In fact, just about every program that recognizes the severity of our Nation's energy crisis and attempts to alleviate our dependence upon foreign oil is obliterated.

The Northeast and Midwest is besieged by tragically high unemployment, and in this connection, vocational training and employment programs are absolutely essential. And again, the Gramm-Latta substitute—insensitive to the unique economic dilemma of our region—eliminates critical components of the Comprehensive Employment and Training Act. The result will be even greater unemployment, the obliteration of hope and opportunity for thousands of Americans, and ironically, an outrageous increase in welfare costs to our taxpayers.

I speak of regional impacts, and perhaps the concerns which I express will be labeled "parochial." But it is my belief that the overwhelming impact of these regional problems will be felt by the entire Nation.

The erroneous spending priorities identified in the Gramm-Latta substitute will, if enacted, plunge the Northeast and Midwest into an even more frightening state of recession. Resulting unemployment will push the cost of income security programs sky high. Increased dependence upon expensive foreign sources of oil will adversely affect our international balance of trade. And what is meant to be a "plan for economic recovery" will, in truth, be a "program for economic decay."

It does not need to be this way. The House Budget Committee has received the administration's program and, after careful deliberation, has embodied at least 75 percent of the President's recommendations in the resolution now before the House. At the same time, the Budget Committee has revised those spending priorities that would produce regional inequities.

The Budget Committee has fulfilled its constitutional obligation to report a resolution reflective of its own judgments on the nature of our economic problems and the prescription necessary to remedy them. Indeed, I think it could be reasonably argued that the Budget Committee resolution is the true bipartisan proposal, based on the administration's recommendations, and improved by the collective thinking of the committee.

The Congress must accept the President's invitation to work with his administration as partners—partners who together formulate a coherent economic policy for our Nation. However, implicit in any partnership is the recognition that the advice and counsel of both the Congress and the President will be respected, and that when necessary modifications to the administration's proposals are made, there will be a willingness to accept such alterations for the benefit of our country.

It is my hope that this Congress will act in a responsible way. Cognizant of the dangerous side effects of the spending priorities prescribed by the Gramm-Latta substitute, this Congress should act to improve the chances for success of the President's economic recovery program by supporting the committee-sponsored resolution.●

● Mr. DOUGHERTY. Mr. Chairman, I rise in support of the bipartisan budget proposal, the Gramm-Latta substitute, which embodies the efforts of President Reagan's program for economic recovery. After a great deal of soul searching, I, with so many of my colleagues, have responded to the desire of the American people for reduced Federal spending and their willingness to accept substantial changes in the way the Government spends their money. My own constituents, the people of the Fourth District of Pennsylvania, are the working men and women of America, those upon whose shoulders this Federal Government has built its fortress. These men and women in the city of Philadelphia have always worked hard for anything they have; they have always willingly contributed to those many obligations which spring from our national conscience. However, now while their commitment to share and support the needs of all Americans remains strong, they desire that some limits be placed upon the ever-increasing Federal bureaucracy and its spending habits. Therefore, the President's support for the Gramm-Latta substitute presents the only choice among those budget proposals offered which respects the desires of all people.

I support these efforts in the hope that they are the very first step on a long road to the economic revitalization of America. I have reservations about some of the sweeping changes and reductions suggested by the administration and which are identified in the Gramm-Latta budget proposal. In recent communication with the administration, I have consistently shared many of my reservations which are rooted in a concern that the people of Philadelphia not be unfairly burdened. So, while I support the Gramm-Latta proposal, I am deeply committed to see that these concerns are addressed in the continuing budget discussion which takes place in the coming months.

Philadelphia will lose some 4.6 percent in present funds for child nutrition as well as large reductions in title I, ESEA, adult, and basic education money. We all know that some reduction and discipline in these areas is necessary. However, I cannot allow the abandonment of those most in need in our efforts toward national economic recovery. Children less fortunate must have a nutritious lunch. Our young and our old must be supported in the pursuit of those personal and social educational experiences which were not available at an earlier time. Therefore, I will work hard to see that these children, young people, and the adults have the opportunity to develop sound minds and healthy bodies.

Of no less concern to me are the proposed reductions in assistance for higher education. Some of these reductions will be offset through increases in the national defense student loan program. But the middle and lower income students clearly face decreased eligibility for and availability of aid as early as this summer. Such changes will directly and adversely affect many colleges, public and private, and all postsecondary institutions. Moreover, should the reductions deprive young people from the poor and middle-income family of the growth which comes from higher education we will all suffer as a people.

In an equally essential area, I intend to continue my work with administration officials to see that any necessary reductions in Federal funds be done with great care. We must look at the overall impact those mass transportation funds, particularly operating assistance, have come to be. They are a vital support for the mass transit systems of this country, including Philadelphia's. This is part of the national effort to maintain and strengthen essential, energy-efficient systems accessible to all. I am very concerned that the Gramm-Latta proposal would accelerate the phaseout of the mass transit operating assistance cutting some $260 million in 1982 rather than, as the President has suggested, for action between 1983 and 1985. Philadelphia will lose an additional $10,036,177 above the President's proposed reduction. These reductions to our transit systems would ultimately place increased burdens upon the elderly, the poor, and the handicapped as well as all those who depend upon public transit to get to work, shopping, essential health service and schools. I cannot allow those who need and use the Nation's transit systems and those who support our effort toward energy independence to be abandoned.

In an examination of proposed reductions in rail transportation, in both Amtrak and Conrail, I am firmly convinced that great care and communication is necessary among all those involved. And, while the Philadelphia area is vitally tied to the Northeast corridor improvement program, this Nation's entire rail transit system is as

essential to our well-being as our mass transit system and our energy research and development efforts. We cannot abandon our struggling rail systems just as they attempt to get on a sound footing. Nor can we abandon the thousands of men and women who labor on our railroads in our interests. I will intensify my recent efforts to see that labor officials are given that hearing and participation which is essential in any changes which may be necessary. The end result can only strengthen our rail system's place in our energy and economic recovery efforts.

Mr. Chairman, I share these reservations with many other Members of this body. And, each concern will receive specific attention during the coming months. Such does not lessen the resolve to see that this country gets in a healthy economic position. Cosmetic changes in programs were not and are not the desire of the working people of this country. Essential, bold steps, as embodied in the Gramm-Latta proposal are, by and large, justified and should be supported. Concerns about specific items, such as those which I have raised today, must be addressed during the coming days while we face the challenge of finding the delicate balance between an urgent need to reverse the upward trend of spiraling Federal spending and the many interests and real needs of the American people.●

● Mr. OBERSTAR. Mr. Chairman, on April 24, Congressman DAVE OBEY and I held a joint hearing in Duluth, Minn., to give local officials the opportunity to discuss the impact on local government of proposed cuts in community development programs, specifically, in Economic Development Administration, urban development action grant, and community development block grant programs.

Congressman OBEY and I represent adjoining districts, which form an economic unit around the twin Ports of Duluth and Superior. I would like to include in the RECORD the statement of David Martin, executive director of the Arrowhead Regional Development Commission, which succinctly describes the importance of Federal economic development programs to northeastern Minnesota and the significance of the proposed cuts. I urge my colleagues to consider the impact of the budget vote on local economic development initiatives throughout the United States, initiatives that depend largely upon private and local funds, but which need the support of the Federal Government.

TESTIMONY ON THE IMPACTS OF FEDERAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS IN THE ARROWHEAD REGION OF NORTHEASTERN MINNESOTA

BACKGROUND

I am David Martin, Executive Director of the Arrowhead Regional Development Commission, and I am here today representing our Chairman, Warren Youngdahl and the Commission.

ARDC has been designated as the Economic Development District for the seven county Arrowhead Region for the past 15 years.

During the past 15 years, over $59 million in funding has been received in the region through EDA and the Upper Great Lakes Regional Commission. This funding has resulted in 34,340 construction, temporary and permanent jobs; $278 million in private investment leveraged by these grants (5 to 1 ratio).

As a result of EDA and UGLRC grants, a total of 317 projects have been funded in Northeastern Minnesota. Projects range in scope from the development of a small sawmill in a rural Koochiching County community of 900 population, to the construction of a large-scale retail development in downtown Duluth, which has served as the anchor for major Central Business District revitilization to the library in which we meet today. These public investments have occurred within six priority sectors of the region's economy:

a. Forestry—development of sawmills.

b. Transportation—bridge development, rail service, rail passenger service, harbor dredge, disposal facility siting, and roads.

c. Downtown Redevelopment—convention center, pedestrian bridges and hotel/mall complex.

d. Industrial/Manufacturing—industrial parks, port industrial facilities, sheltered workshop manufacturing, garment manufacturing, and pelletizing plant.

e. Tourism—local parks, motel, harbor/marina arena, convention center, ski/recreation area complex, and interpretative center.

f. Local infrastructure—sewer and water lines, community centers, vocational schools, airports, hospitals, medical school, cultural/research center, grade schools, industrial waste treatment, water filtration plants, library, performing arts center, and sewage treatment plant.

In most cases, EDA and UGLRC grants have been used to leverage local, private sector and other state and federal funds. It is honest to say that without the assistance of EDA and UGLRC programs, many of these projects would not have been developed.

EDA dollars have been the seed money, the catalyst, which has brought together other requisites for development, at a very modest price.

EDA has also provided funding to ARDC and NWRPC for economic development activities including: technical assistance to local government; enhanced local participation in determining needs and priorities; development of strong inter-governmental ties; in the past year alone, ARDC has responded to over 350 requests for economic development assistance and information from local communities; ARDC and NWRPC have jointly formed the Metropolitan Interstate Committee to address issues of concern in the Duluth-Superior Metropolitan Area, including transportation, transit, harbor improvements and economic development.

CURRENT ISSUES

The economy of northeastern Minnesota has historically been negatively impacted by national economic downturns. The lack of economic diversification, with significant reliance on iron (taconite) mining and forest products, has meant soaring unemployment and economic stress when automobile production drops and housing is not being built. The current economic downturn in the national economy has again struck hard in Northeastern Minnesota. Unemployment in the Region is now higher than at any time in the last 9 years. The latest figures for the region show unemployment at 11.8 percent, 66 percent higher than the State (7.1 percent) and 44 percent higher than the Nation (8.2 percent).

Within the region, unemployment is as high as 20 percent in Aitkin County and in areas of the Iron Range.

However, due in part to the public investments made by EDA and UGLRC in the region, some economic diversification has been attained and the effects of the current economic situation have not been as devastating as they might have been 15 years ago.

There is still a long road ahead for the region to achieve an economic base which is adequately diversified to both meet local employment needs and survive temporary downturns in one sector of the economy. Opportunities to achieve this diversified economic base are now beginning to emerge and be identified, in part as a result of the economic development and research funding provided by EDA and UGLRC. Copper/nickel mining and smelting, Duluth/Superior Harbor development, direct reduction of iron ore for steelmaking, coal and peat gasification plants, flakeboard plants using the area's abundant hardwoods, and expanded recreational opportunities are all examples of major economic developments under initial examination by private sector developers. The need for continued economic development funding to complete necessary front-end feasibility research, and to leverage these investments where minimal public funding can mean the difference between a go, no-go decision, is essential. To eliminate these assistance programs now, given existing conditions and potential opportunities, would be detrimental to the future of Northeastern Minnesota.

Recommendations at the Federal level to eliminate EDA and significantly reduce other community and economic development programs will seriously impact pending projects in this region. Pending projects we are aware of total $17,324,000 including: $13,106,000 for EDA funds, $3,048,000 for CDBG funds, and $1,170,000 for UDAG funds.

If funded, these projects would generate an additional $24,534,000 in other private and local investments.

New Economic policies are being promoted at the federal level. However, no national fiscal or monetary policy has never reached all areas of the country in a timely or equitable manner. Programs, such as EDA which are targeted to areas of distress have been an effective tool in reaching areas, such as ours, which do not immediately benefit from economic growth on the national scale.

New Concepts, such as "Urban Enterprise Zones" may prove helpful in targeting assistance to distressed areas. However, our initial review of the first draft of this legislation indicates that it will not be of significant assistance in our region, especially in regard to rural areas.

Even if this legislation is modified to be of more assistance to our region, other incentives for development will be needed, including up-front capital, land and infrastructure. A continued EDA program could meet these needs and enhance the Urban Enterprise Zone concept.

Local communities will be severely impacted in the coming years if proposed reductions in Federal and State aids and closing of local military bases are enacted. These cuts on top of the current inflationary pressures on limited local funds will make it difficult for communities to preserve, use and maintain their existing transportation system, sewer and water system and other basic systems, let alone make the investments needed to encourage and promote needed economic development, and community revitalization efforts.

RECOMMENDATIONS

1. ARDC supports the continuation of EDA, UDAG and CDBG programs.

2. At a minimum, these programs should not be terminated until Congress has had an opportunity to thoroughly review them.

Testimony obtained at the March 11, 12 and 13 overview hearings on EDA conducted by the House Public Works Subcommittee on Economic Development, chaired by Congressman Oberstar, provided strong evidence that EDA programs have been beneficial to distressed urban and rural areas, have been cost-effective and that they fill the gaps which inevitably occur in any national economic policy. In fact EDA is one of the few Federal programs which contributes to Federal revenues rather than deficits. The investments made through EDA and the private capital leveraged by this program annually returns more money to Federal, State and local governments than the entire 15 year appropriation to EDA.

3. The rescission of 1981 EDA funding should not exceed $181 million as recommended by the House Subcommittee on State, Justice and Commerce.

Representative Obey, as a member of the House Appropriations Committee, we urge you not to exceed this level of funding rescission for 1981. Any larger rescission will jeopardize projects and commitments made by local governments in anticipation of these funds.

4. Finally, we recommend that any revisions of the EDA program and other community development programs, or any new programs developed for targeting Federal dollars to communities, have built into them a strong role for local decision-making and priority setting. ARDC is currently undertaking a project designed to enhance the targeting of limited Federal and State development funds to those areas of the region in greatest need and where these public investments will leverage private investments. In this framework, local decisions on priority needs would be implemented using the most appropriate combination of public programs and private sector investments.

I appreciate the opportunity provided to ARDC to testify on the impacts of these proposed Federal program cutbacks and look forward to working with you to maintain the economic viability of Northeastern Minnesota.●

□ 1530

Mr. MURTHA. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to clause 2, rule XXIII, there having been a quorum call today, the Chair may not entertain a point of no quorum during debate; but without objection, Members will record their presence by electronic device.

There was no objection.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 35]

Addabbo	Dicks	Holt
Akaka	Dixon	Hopkins
Albosta	Donnelly	Horton
Alexander	Dorgan	Howard
Anderson	Dornan	Hubbard
Annunzio	Dougherty	Huckaby
Anthony	Downey	Hughes
Applegate	Dreier	Hunter
Ashbrook	Duncan	Hutto
Aspin	Dunn	Hyde
Atkinson	Dwyer	Ireland
AuCoin	Dymally	Jacobs
Badham	Dyson	Jeffords
Bafalis	Early	Jeffries
Bailey (MO)	Eckart	Jenkins
Bailey (PA)	Edgar	Johnston
Barnard	Edwards (AL)	Jones (NC)
Barnes	Edwards (CA)	Jones (OK)
Beard	Edwards (OK)	Jones (TN)
Bedell	Emerson	Kastenmeier
Beilenson	Emery	Kazen
Benedict	English	Kemp
Benjamin	Erlenborn	Kildee
Bennett	Ertel	Kindness
Bereuter	Evans (DE)	Kogovsek
Bethune	Evans (GA)	Kramer
Bevill	Evans (IA)	LaFalce
Biaggi	Evans (IN)	Lagomarsino
Blanchard	Fary	Lantos
Bliley	Fascell	Latta
Boggs	Fazio	Leach
Boland	Ferraro	Leath
Bolling	Fiedler	LeBoutillier
Boner	Fields	Lee
Bonior	Findley	Lehman
Bonker	Fithian	Leland
Bouquard	Flippo	Lent
Bowen	Florio	Levitas
Breaux	Foglietta	Lewis
Brinkley	Ford (MI)	Livingston
Brooks	Ford (TN)	Loeffler
Broomfield	Fountain	Long (LA)
Brown (CA)	Fowler	Long (MD)
Brown (CO)	Frank	Lott
Brown (OH)	Frenzel	Lowery
Broyhill	Frost	Lowry
Burgener	Fuqua	Lujan
Burton, Phillip	Garcia	Luken
Butler	Gaydos	Lungren
Byron	Gejdenson	Madigan
Campbell	Gephardt	Markey
Carman	Gibbons	Marlenee
Carney	Gilman	Marriott
Chappell	Gingrich	Martin (IL)
Chappie	Ginn	Martin (NC)
Cheney	Glickman	Martin (NY)
Clausen	Goldwater	Matsui
Clay	Gonzalez	Mattox
Clinger	Goodling	Mavroules
Coats	Gore	Mazzoli
Coelho	Gradison	McClory
Coleman	Gramm	McCloskey
Collins (IL)	Gray	McCollum
Collins (TX)	Green	McCurdy
Conable	Gregg	McDade
Conte	Grisham	McEwen
Conyers	Guarini	McGrath
Corcoran	Gunderson	McKinney
Coughlin	Hall (OH)	Mica
Courter	Hall, Sam	Michel
Coyne, James	Hamilton	Mikulski
Coyne, William	Hammerschmidt	Miller (CA)
Craig	Hance	Miller (OH)
Crane, Daniel	Hansen (ID)	Mineta
Crane, Philip	Hansen (UT)	Minish
Crockett	Harkin	Mitchell (NY)
Daniel, Dan	Hartnett	Moakley
Daniel, R. W.	Hatcher	Molinari
Dannemeyer	Hawkins	Mollohan
Daschle	Heckler	Montgomery
Daub	Hefner	Moore
Davis	Heftel	Moorhead
de la Garza	Hendon	Morrison
Deckard	Hertel	Mottl
Dellums	Hightower	Murphy
DeNardis	Hiler	Murtha
Derrick	Hillis	Myers
Derwinski	Holland	Napier
Dickinson	Hollenbeck	Natcher
Neal	Rostenkowski	Swift
Nelligan	Roth	Synar
Nelson	Roukema	Tauke
Nichols	Rousselot	Tauzin
Nowak	Roybal	Taylor
O'Brien	Rudd	Thomas
Oakar	Russo	Traxler
Oberstar	Sabo	Trible
Obey	Santini	Vander Jagt
Panetta	Savage	Vento
Parris	Sawyer	Volkmer
Pashayan	Schneider	Walgren
Patman	Schroeder	Walker
Patterson	Schulze	Wampler
Paul	Schumer	Washington
Pease	Sensenbrenner	Watkins
Pepper	Shamansky	Waxman
Perkins	Shannon	Weaver
Petri	Sharp	Weber (MN)
Peyser	Shaw	Weber (OH)
Pickle	Shelby	Weiss
Porter	Shumway	White
Price	Siljander	Whitehurst
Pritchard	Simon	Whitley
Pursell	Skeen	Whittaker
Quillen	Skelton	Whitten
Rahall	Smith (AL)	Williams (MT)
Railsback	Smith (IA)	Williams (OH)
Rangel	Smith (NE)	Wilson
Ratchford	Smith (NJ)	Winn
Regula	Smith (OR)	Wirth
Reuss	Snowe	Wolf
Rhodes	Snyder	Wolpe
Richmond	Solomon	Wortley
Rinaldo	Spence	Wright
Ritter	St Germain	Wyden
Roberts (KS)	Stangeland	Wylie
Roberts (SD)	Stanton	Yates
Robinson	Stark	Yatron
Rodino	Staton	Young (AK)
Roe	Stenholm	Young (FL)
Roemer	Stokes	Young (MO)
Rogers	Stratton	Zeferetti
Rose	Studds	
Rosenthal	Stump	

□ 1545

The CHAIRMAN. Four hundred Members have answered to their names, a quorum is present, and the Committee will resume its business.

The Chair recognizes the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I would like to announce that there are four speakers remaining in the debate. As I understand it, on the Republican side, the gentleman from New York (Mr. KEMP) and the gentleman from Illinois (Mr. MICHEL); and on the Democratic side, the majority leader, the gentleman from Texas (Mr. WRIGHT) and the Speaker, the gentleman from Massachusetts (Mr. O'NEILL).

There are some unanimous-consent requests.

I have also been asked to announce that the Appropriations Committee meeting which was scheduled for 4 o'clock will occur after the final votes. There will be two votes, on the substitute and on final passage.

Mr. Chairman, I yield such time as she may consume to the gentlewoman from Louisiana (Mrs. BOGGS).

Mrs. BOGGS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, today is a very difficult day for me. I am sure it is equally difficult for many of my colleagues.

For several months now I have been talking to my constituents about the

budget. I have received a huge volume of mail. Much of it supports the President, though a very significant portion of it expresses concern about various particular aspects of the administration's economic recovery program.

I think one thing is very clear: We all agree with President Reagan. I want to see inflation stopped and the economy stabilized. The state our economy is in right now hurts me, it hurts the homeowner, the small businessman, the offshore oil worker, the fisherman, the student, the senior citizen, and the housewife. All of us are struggling to make ends meet.

We all want to see the President succeed. We want to help him to revitalize our economy and stimulate productivity. We want to help him to check the growth in size of the Federal Government and make it serve the people again. We want to see real tax relief so that we would not be penalized by higher taxes resulting from rampant inflation. We also want to rebuild our Armed Forces so that we have a national defense second to none.

Mr. Chairman, I support our President and I will stand with him to achieve these goals.

Yet I am afraid that the substitute package before this House will not achieve the objectives we seek. I think the committee's recommendation is a viable alternative and I think the President is poorly advised when he says that it does not achieve his goals.

The committee's recommendation is a rational and realistic proposal. It accomplishes exactly what my constituents want to see. It drastically reduces Federal spending. The budget I am supporting slashes the Federal budget by $30.9 billion. Realistic estimates of the effect of the administration's package show it would cut outlays by only $28.8 billion. Therefore, the budget resolution I am supporting does exactly what my constituents want, plus it goes the administration's package some $2.1 billion better and it proposes a deficit 50 percent lower than the one proposed by the administration.

The committee's budget also takes dead aim at another problem that concerns all of us: inefficient and poor management and abuse of worthwhile Federal programs. This budget will require genuine sacrifices, but it will enable the Congress to eliminate waste and misspending, and thus Government will regain the confidence of the people and will perform its rightful function of serving the people.

In one of the most important areas of national responsibility, defense, this budget provides for the largest peacetime increase in military spending in our history. We are proposing spending authority for national defense of $226.3 billion. This will provide the Nation with the advanced technology, military hardware, and personnel levels we must have.

Finally, the committee's budget resolution provides for the $38 billion tax cut we must have to relieve the crushing burden of taxation from the backs of middle-income earners and businesses. Everyone I talk to at home wants to see a tax reduction and they say they want the one proposed by the administration. But when they realize that the administration's cut will drastically increase the Federal deficit by almost $24 billion over the deficit in the committee's resolution, they start to have second thoughts. When they realize that the administration's tax package does not include tuition tax credits, exclusions from taxation of interest earned from savings or dividends from investments, reduction of the windfall profit tax, elimination of the so-called marriage tax, changes in the inheritance tax treatment of family-owned farms or small businesses, or the type of positive incentives to stimulate the economy that will work—the things I support and that they support—they begin to have doubts about the administration package. And when they listen to the valid concerns expressed by the conservative financial community that the Kemp-Roth proposal will fuel the fires of inflation, they recognize that we must have a more carefully and rationally structured tax cut, such as the one proposed by the chairman of the Ways and Means Committee.

There are other reasons I am opposed to the Gramm-Latta substitute. It cuts worthwhile programs. It will imperil the hot lunch program in the schools in Louisiana. It will mean a decline in the quality of health care in New Orleans and Jefferson because it will require the closure of the Public Health Service hospital and defer the much needed new facilities at the veterans hospital. It will severely hamper export trade and nonnaval shipbuilding. And, by placing the strategic petroleum reserve in the hands of speculators, it will undercut our efforts to build our independence from OPEC manipulation.

Mr. Chairman, I support President Reagan's goals. I think the people want him to succeed; I know that I do. I will continue to work with him to shape and refine his program, just as my committee reported the supplemental appropriations and rescission bill last week that would spend $228 million less than the President requested. I believe we will succeed in reordering our economy and getting control of inflation through spending and tax cuts, but we cannot do it through the kind of radical program now pending as a substitute.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I rise to first and foremost state my total support for the pending resolution before the House and my corresponding opposition to the so-called Gramm-Latta substitute. In light of the extensive and exhaustive amount of debate which has been waged on the budget, I felt it critical to make my position crystal clear.

Before discussing the merits of the budget proposal drafted so very well by Chairman JONES, let me make some general observations. Througout my six terms in the House, I have repeatedly opposed wasteful and excessive Federal spending. An examination of my voting record reveals that on numerous occasions over the past 8 years—I have voted against providing extensions of the public debt ceiling. I have supported amendments which have sought to reduce waste and fraud in various Federal programs. I support regulatory reform legislation which will reduce the size and cost of Government. I firmly believe, as do many of my colleagues on both sides of the aisle, that the root cause of our economic evils is in fact the unrestricted growth of Federal spending with nothing more than a casual concern about a mounting Federal deficit.

Much has been made about the mandate we are operating under as a result of the November election. Let us examine that. What do the American people want—they want a control of Federal spending—so does the Jones budget proposal. They want to make sure that their national defense is strong—so does the Jones budget. They want tax cuts—so does the Jones budget proposal. Do the American people want to impose genuine hardships on the poor and needy and elderly of this Nation—that apparently is what the Gramm-Latta proponents believe. Do the American people want to give the Defense Department more money than it can spend and leave them open to waste? That is what the Gramm-Latta proposal believes. Do the American people want to turn young people, previously eligible to attend colleges and universities, away for the next term because of drastic cutbacks in student aid? That is how the Gramm-Latta proposal interprets the so-called mandate. Do the American people want to be bound to a 3-year, 30-percent tax reduction, no matter what effect it has on the economy? That is what the Gramm-Latta proposal thinks. I contend that the mandate which the Members on the other side of the aisle feel so strongly about will be better obtained by passing House Concurrent Resolution 115.

Another theme which has run throughout this long debate and consideration revolves around the issue of economic assumptions. I contend that the assumptions upon which the Jones

budget is based are both economic and human. I suggest that the Gramm-Latta substitute shows an absence of compassion. Let me elaborate.

One of the assumptions of Gramm-Latta is that the Budget Committee resolution does not provide enough for national defense. With the House's earlier adoption of the Hefner amendment—that argument becomes specious. The Jones budget proposal recognizes the need for adequate defense spending. We proponents of the Budget Committee resolution recognize that we must be strong if we are to ward off potential and real threats from the Communist world. Times have changed—no longer are we as a nation adverse to substantial defense spending. While we were limiting our defense spending—the Soviets kept going, full speed ahead. Their brazen invasion of Afghanistan put this Nation and the Congress on notice to the point we are at today, providing the budgetary framework for bolstering our national defense. The difference between the pending proposal and the Gramm-Latta substitute in the area of defense is minimal at best, thus repudiating one of the major assumptions which motivated the Gramm-Latta proposal.

Another assumption behind Gramm-Latta is that its adoption will help to lower inflation by reducing the Federal deficit. Yet—by its proponents own admissions—for fiscal year 1983, the Gramm-Latta substitute is proposing a deficit some 11 times higher than that provided for in the Jones budget. Further, according to the Congressional Budget Office—the Gramm-Latta substitute would actually result in a $40 billion deficit in fiscal year 1984 while the Jones budget proposal actually identifies cuts and an overall strategy which would produce a $25 billion surplus by 1984.

Let us not mince words in terms of the description of Gramm-Latta. It really is the Reagan budget—several times worse. Let me deal with it in the same fashion as I have with the Reagan budget. The President has assured the Nation that his budget will not hurt the truly needy, only the truly greedy. The facts say otherwise. A full 75 percent of the $38 billion in cuts proposed in the administration budget would be targeted at programs which serve our low-income citizens. We have been told that the administration budget provides a safety net for the truly needy. I challenge this categorically—I remember a time during the progressive years of Kennedy, Johnson, and Carter that we used to measure our commitment to the poor in terms of a ladder—upward movement and mobility. Today the term we use is safety net—a net is something which captures someone and holds him or her there making them unable to move. This safety net is more hazardous than safe to the poor and needy.

The Gramm-Latta substitute will drop thousands off food stamps, reduce critical health benefits for others while portraying to the American people that these losses will be offset by tax cuts.

I serve as an original member of the House Select Committee on Aging and in that capacity, I am especially concerned about the impact of this budget on the fortunes of our elderly. Despite the claims of the administration that this budget would not unduly burden the elderly—this claim was at best an exaggeration. Medicaid benefits would be reduced under their proposal—key amendments adopted by this Congress for medicare would be stopped cold in their tracks. Thousands of elderly households would be dropped from such life sustaining programs as foods stamps and low-income energy assistance.

Meanwhile let us discuss the so-called offset features of the proposal—the tax cut. The Gramm-Latta substitute provides for the entire Kemp-Roth 30 percent, 3-year tax cut. In addition to my earlier stated concerns, this is a bad policy because it binds this Nation to tax cuts without regard for that impact on the economy. I am especially disturbed over the lack of tangible benefits which would accrue to the elderly under Kemp-Roth. According to figures provided to me by the New York State Office for the Aging—78 percent of single New Yorkers over the age of 65 would not get 1 cent from a tax cut while 66 percent of those married couples over age 65 would get less than $50 from this tax cut. Hardly a tradeoff.

There is no one area in this budget that has received more reductions than the dual areas of education and training. These programs go to the very heart of what the Democratic Party has stood for over the years—the obligation we have to help those who are least able to help themselves. As New York's senior member of the Education and Labor Committee and an advocate for many of these programs, I readily admit that these programs—like all others—must bear the burden of funding reductions if we are to bring the Federal budget under control. What I vehemently disagree with is the nature and magnitude of these reductions as embodied in the Gramm-Latta substitute budget.

First, let me state that our House Budget Committee recognized the onerous impact of the Reagan administration's budget proposals to cut programs which serve the disabled, the low-income and the educationally disadvantaged children of this Nation. The President seeks to reduce funding for these programs by 25 percent—the House Budget Committee restored many of these proposed cuts. Programs for compensatory education, training, employment, and social services are increased 11 percent above the administration's proposal. This is certainly not what the members of our Education and Labor Committee recommended, but it is a fair compromise over an attempt by the administration to dismantle programs which have been the lifeblood of the neediest of our population. The claim that this Republican substitute would continue to help the neediest is erroneous—you cannot continue to provide services to those in need if you eliminate the money to serve them.

In my own city of New York, the impact of these cuts has been devastating for both schoolchildren and the districts which serve them. We have already been forced to absorb a 30-percent reduction in funds for compensatory education, emergency school aid, handicapped education under Public Law 94-142, vocational education, child nutrition and feeding programs, bilingual education, refugee education aid, and employment and training programs as a result of fiscal year 1981 rescissions. This loss results in $124 million worth of services not being provided to New York City schoolchildren. These reductions will result in, at the very least, the beginnings of an erosion of our commitment to provide schoolchildren, teachers, and local school districts assistance as nearly 16 percent of city school revenues come from Washington, compared to the national average of 8 percent. Of all the urban school districts in the Nation, New York City is the greatest loser. We have been asked to share an inordinate amount of the burden while we have the largest population to be served, coupled with one of the highest costs of living in the Nation. One dollar's worth of educational services means far more in Wichita, Kans., than it does in New York City, if framed in terms of purchasing power.

The Democratic alternative budget has demonstrated sensitivity to the concerns of urban schools and the children they serve. The Gramm-Latta amendment, if adopted, would cut education and training programs by an additional $3.5 billion for programs such as youth employment and training, primary and secondary education and student loans. The most objectionable aspect of this proposal is its reconciliation instructions which direct the Education and Labor Committee—already having cut our programs $8 billion for 1981—to find an additional $5.5 billion more in savings. By accepting this amendment we are forced to listen to the dictates of the House Budget Committee, which in future years, would leave us little or no discretion as to how we spend money on programs under our jurisdiction. This $5.5 billion reduction is substantially

larger than any other committee is being asked to accept. If we allow such a process to occur, our authority committees are reduced to nothing more than rubberstamps of the uninformed will of the Budget Committees.

There are two areas of specific concern to me which will be the most severely impacted by these budget reductions—our child nutrition and our student aid programs. In our child nutrition programs, these reductions would eliminate the subsidy paid to what the Administration has termed middle-income families—those in the $11,000 to $15,000 income range. I must take issue with the assumption that this income range constitutes a middle-income family. In New York City, a family of four, in order to exist above the poverty line, needs at least a $24,000 a year income, based on the higher-than-average cost of living. No sensitivity is demonstrated to regional costs where this income range in New York City is, in many cases, the very income range which the administration claims it wants to serve with these feeding programs. Once again, the claim that these budget reductions would not impact upon the truly needy is proven wrong.

A second area of concern to me is the area of student aid where our programs have allowed millions of Americans to obtain a college education. In 1978, with my strong support, we passed the Middle Student Assistance Act which provided that every student in this country would be eligible for some sort of financial aid from the Federal Government. What this did for middle-income families—strapped by rising costs of living and increasing tuitions—was give them some small relief in allowing them to send their children to college without having to make inordinate financial sacrifices.

In an effort to curtail the costs of the guaranteed student loan program, we have painfully accepted the need to curtail eligibility for the program. Acceptance of this alternative Republican budget would force us to not only further restrict eligibility for these loans programs, but to also substantially reduce funds for these programs. In New York, the impact of these financial aid reductions is dismal. I would like to insert into the text of the RECORD a statement which I made at a rally of students in New York where we sought to dramatize the effect of the reductions in student aid programs upon New York students.

In sum, I wish to underscore why I adamantly oppose the Latta substitute which would do nothing but abrogate 20 years of social progress in this Nation that many of us are rightly proud of. This is a time when all of us must be tough minded about our own budget priorities—but at the same time, we must be realistic about what we are trying to achieve. The impact of such precipitous action on the part of those who support these reductions will surely come back to haunt them in the not too distant future when we see what results. But by that time, it may be too late for apologies to those who will suffer lost opportunities that might have been.

I have been asked by student leaders here today to join them in my capacity as New York's senior member of the House Education and Labor Committee, to draw attention to the dramatic impact of the administration's proposals to cut student aid programs, specifically the Pell—basic—grant and guaranteed student loan programs. Our purpose here today is to register our protest to the administration's budget, which at best, must be considered unfriendly to higher education.

The one-two punch of the Middle Income Student Assistance Act of 1978 and the Higher Education Act Amendments of 1980—landmark laws I was proud to have been an original cosponsor of—have resulted in a dramatic increase in both the number of students receiving aid and the amount of aid they receive. Today, we have one-half million New York students receiving over a billion dollars in aid from just these two programs targeted for massive reductions. The administration's budget threatens to thwart these advancements and deliver a knockout blow to the aspirations of these students to continue their education.

Let me be more specific. We now have 324,000 New York students receiving $330 million in Pell grants. Under current law we anticipate this to grow to $440 million next year. If the administration proposals are adopted and eligibility is restricted, New York would see a 25-percent reduction in Pell grants which could eliminate up to 100,000 students from the program.

The impact upon the guaranteed student loan program, which has experienced dramatic growth since 1978, would be devastating. Witness the growth in this program since 1978: the number of students receiving loans has nearly doubled from 236,000 to 500,000. Loan volume in New York was $400 million in 1978 and our State guarantee agency, administrator of these loans, was predicting $1.1 billion worth of loans being made to New York students in the coming academic year. If these budget proposals are adopted, we could witness upward of a 25-percent reduction in loan volume from this year that could eliminate 147,000 New Yorkers from the program.

The impact upon students in private schools would be particularly dramatic. Take for example an average New York family of four with one child commuting to a private school here in New York. The cost of attending this school is $6,035—considerable less than if they were boarding. Under current law, that child is eligible for a $768 Pell grant and a $2,500 guaranteed student loan. Under the administration's proposal, this same student would not receive any Pell grant aid but would still be eligible for the loan, leaving $3,535 in unmet need. This would have to be made up in additional loans, at the current market rate of 17 to 21 percent. Families with more than one child would be even harder hit, forcing these students to transfer to lower cost schools or drop out entirely.

I am heartened to hear that the administration has begun to process the Pell grant applications which had been frozen in an attempt to effect major changes in the family contribution schedule. While I question the original decision to suspend processing, I feel that our focus now should be on insuring that those who most directly depend upon Pell grants to finance their education are serviced as expeditiously as possible. Such action would repel the premature decision of any student to withdraw from school as the Department estimates that its eligibility reports should be released by next week. Students can then begin to plan for their upcoming school year.

We still remain deeply concerned over the future of the guaranteed student loan program, which is a lifeline for students at independent colleges and universities. I have joined my colleagues on the House Education and Labor Committee in recommending to our House Budget Committee that any modifications in the loan program be sensitive to both costs of attendance and the rising interest rates, coupled with inflation. I will continue to press for maintaining the integrity of this program and the progress we have made since 1978.

The bottom line is that initial estimates see an overall decline in enrollments by 500,000 to 750,000 students nationwide—a possibility that up to 300 small, private colleges could be forced to close due to losses in revenues of up to 25 percent of their budgets—a 90-percent reduction in loan volume at a time when enrollment in our Nation's colleges is reaching an all-time high of 11 million students.

I fully concur with the President's desire to cut costs in these programs as every program must be expected to make some sacrifices if we are to reduce Government spending. However, while reductions are made, we must insure that higher education in this country is preserved, not eliminated. The sword of economy threatens to cut access to higher education for thousands of students. We must insure that a college education remains a

right to all and not the privilege of a wealthy few. We look to your help and support to insure that this remains so.

Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, in yesterday's budget debate I warned my colleagues in this Chamber of the dire consequences of accepting Reaganomics.

Among other things, I pointed out that reponsible economists of both political persuasions have expressed deep concern over following the President down this untested economic path. Almost to a man they predict continued high inflation, a serious economic slowdown and very high unemployment if the Republicans prevail.

Comments by Office of Management and Budget Director David Stockman and Treasury Secretary Donald Regan reported in today's Washington Post should dispel any doubts my thoughtful colleagues might have had.

Speaking to newspaper business executives yesterday, Mr. Stockman took sharp issue with a Congressional Budget Office report that forecast an adverse economic impact on 20 million Americans if President Reagan's budget cuts in social programs are approved.

By Mr. Stockman's reckoning, there are about 16.5 million poor households in America. He says that "at worse" only about 4 percent of these families would suffer a "significant adverse shift" from Republican support of Reagonomics.

First of all, I have less faith in Mr. Stockman's figures than I do in the administration's economic concept.

But even if they are correct, Mr. Stockman is saying that we are going to have to sacrifice nearly 700,000 poor American households on the Republican economic altar to appease the money priests of the rich.

Even if by some stretch of the imagination Mr. Stockman should be right and everyone else wrong, the price would be too high.

According to Mr. Stockman, this is a "once in a generation debate." With this I will have to agree. Once the people realize what a cruel trick has been played on them, there will not be another chance. It will take at least a generation for the people to forget. In the meantime, however, we are going to have to pay the horrendous consequences.

At the same time Mr. Stockman was telling newspaper executives not to worry about the grief of a few hundred thousand souls, Mr. Regan of Treasury was suggesting that the prime interest rate might go as high as 20 percent but not to worry about a recession.

This is the kind of buy-it-on-faith economic thinking that bothers me with this Republican administration. They say "trust us, we know what we are doing."

But economists on Wall Street do not trust them. Economists at respected research centers do not trust them. Why should we?

Just look what is happening on Wall Street. The long-term bond market seems to be in the throes of death. There is no mood of trust in Reaganomics. Indeed there is a palpable lack of confidence.

It seems to me that a prime rate of 19 or 20 percent gives us plenty to worry about. We all know what these historic high rates have done to the housing and automobile industries. In Michigan we do not have a recession. We have a depression.

You do not have to be an economist to know that when money gets this tight consumers cannot afford to borrow. Neither can businessmen. The result is that you get an economic contraction that is commonly referred to as a recession.

This administration has made it very clear that it intends to fight inflation through monetary extremism—that is make credit very tight and keep the money supply so low that it cannot finance any economic expansion.

If a lot of little people get hurt in the process, so be it. It is what the fat cats want. At some point the public is going to begin to understand this. Then we will have to try to undo the damage. And it might be too late.

Now Secretary of Treasury Regan is telling us that the administration's first prescription might not be strong enough medicine and that they will probably have to come up with ways to inflict a little more pain later on. He is suggesting that social security might have to be sacrificed on the Republican altar, maybe making it simply a backup for those without the means to create their own private pensions.

I am wondering just how far we are going to allow ourselves to be led down the garden path before we wake up to what is happening.

Treasury Secretary Regan, while denying that the administration's policies will cause a recession, concedes that the economy might become a little soggy. That should be good news for the people of Michigan and other industrial States where unemployment is either at or near depression levels.

The Secretary of the Treasury, not satisfied with the violence already done to social programs, announced that Mr. Stockman is looking everywhere for still more children and widows to bear the brunt of the President's economic recovery program.

Mr. BETHUNE. Mr. Chairman, I yield, such time as he may consume, to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Chairman, I rise as a strong supporter of President Reagan's budget package for fiscal year 1982. I oppose the resolution proposed by the Democratic majority on the Budget Committee and I urge the adoption of the substitute offered by the gentleman from Ohio (Mr. LATTA) and the gentleman from Texas (Mr. GRAMM).

The outcome of the vote on this resolution today will tell the American taxpayers a great deal about the makeup of this body and the prognosis for our ailing economy. The question is very simple: Is this House going to stand behind a President whose election just a few short months ago represented a repudiation of the liberal, big-spending, high-taxing policies of the last 25 years? Or will it see fit to legislate in the business-as-usual fashion that has brought about our present economic disaster?

Like most of my colleagues, I have just returned to Washington from my home State. On a number of occasions during my travels throughout Ohio, I was urged, in no uncertain terms, to support President Reagan's budget plan. All too many of those productive taxpaying Ohioans have been taken to the cleaners by the last several administrations and Congresses who have taxed them heavily, spent their hard-earned money and then tried to portray themselves as the taxpayers' best friend. The old, liberal game plan of tax, spend and elect just is not going to fly any more. Today's vote will be the first significant step toward economic recovery and the taxpayers will be watching closely. It would be a very serious mistake to ignore those citizens who have spoken ever so clearly.

The economy, by any standard, is in a state of decay. In the last year alone, the Consumer Price Index rose by more than 13 percent. Real gross national product growth declined. Productivity has dropped significantly. Potential homeowners, a vanishing breed, face 15-percent mortgage rates. Real income has dropped to 1965 levels. Inflation remains in double digits. It did not just happen. It happened as a direct result of the irresponsible economic policy espoused by this Congress. How can we even consider voting for a budget which will add $25 billion in spending to the President's package, a budget which will reduce the President's request for national defense dollars by more than $7 billion. I cannot and I will not.

Those millions of Americans who voted for Ronald Reagan last November, many of whom voted against incumbent big spending Congressman and Senators, have not suddenly changed their minds and come out in support of the status quo. The feeling

out there is that we in the Congress should support the President in his efforts to restore fiscal responsibility in the Federal Government. The mandate for change is still there and the Budget Committee's proposal ignores it. It is the obligation of this House—both sides of the aisle—to support the President and carry out that mandate.

You can play around with figures all you want and maybe, if you are able to do it in a convincing fashion, can tell your constituents that you had good reason to vote for this committee resolution and against the Latta-Gramm substitute. But I would submit that time will prove you wrong.

Mr. Chairman, I have been a Member of this body for more than two decades and have seen a half-dozen Presidents in office. President Reagan is the very first who has immediately set out to do the things he promised that he would do. He was elected as a result of his campaign promises. We in the Congress were elected or reelected as a result of ours. It is our obligation to fulfill those promises. It is our obligation to vote against the Budget Committee resolution and vote for the Latta-Gramm substitute.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. TRIBLE).

Mr. TRIBLE. Mr. Chairman, I am confident that today this body will be sending good news to the American people. The news will be—that at long last—when the people spoke, their Congress listened.

In November, Mr. Chairman, Americans everywhere rejected the bankrupt policies of the past. It was a sweeping mandate for change.

And today, in response to that mandate, the House of Representatives will surely reject the type of bankrupt budget it so easily adopted in the past.

Clearly, a majority of my colleagues have come to understand what the American people have long known: that business as usual is inadequate to the pursuit of peace and prosperity.

The American people know that anytime you treat just part of a problem, you are simply asking for its symptoms to break out somewhere else.

And therein lies the real promise of the Reagan-Gramm-Latta budget before us today. Unlike its rival, Gramm-Latta is an integral part of a comprehensive plan. This budget was designed from the start hand-in-hand with the President's commitment to reduced regulation and monetary restraint. As part 1 of that broad, sweeping program for economic recovery, this bipartisan budget lays the foundation for increased prosperity, for reduced inflation, for improved individual incentives, and for sustainable real growth.

Mr. Chairman, Gramm-Latta is the critically important keynote of our long-range strategy to attack all of America's economic ills at once.

A vote for Gramm-Latta, in stark contrast to the Jones-O'Neill alternative, is a vote to check the growth of Government at the source: by slowing spending growth, and by slowing the runaway rise in tax revenues.

A vote for Gramm-Latta is a vote to take the steps necessary to strengthen America's defenses—but, again in contrast to the Jones-O'Neill alternative—Gramm-Latta proposes to take those steps in the context of a healthy, vibrant, expanding economy.

And a vote for Gramm-Latta, unlike the Jones-O'Neill alternative, is a vote for the kind of evenhanded, across-the-board cuts in tax rates that the American people mandated last November. It is a vote to restore the incentives for work, savings and investment that must surely be the very linchpin of renewed growth and prosperity in this land.

Mr. Chairman, let us send that good news of which I spoke a moment ago. * * * Let us send it today. Let us support Gramm-Latta as the only budget before us which offers hope for the future in the form of a clear vision of that future—a vision of a more secure America * * * and a more prosperous America.

I strongly urge adoption of the Gramm-Latta substitute, and yield back the balance of my time.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. O'BRIEN).

Mr. O'BRIEN. Mr. Chairman, I rise in support of the Gramm-Latta substitute.

Mr. Chairman, I stand today in full support of the Gramm-Latta substitute amendment. The problems faced by our economy are significant and long-festering. They cannot be cured overnight, nor can they be treated by a business-as-usual approach.

The changes that we now need to reverse the unsettling trends in inflation, unemployment, interest rates and productivity are as drastic as these problems were long in forming. But just as these conditions confront us today after years of deterioration, we must respond with determination to rid our economy of them. That is why when people say, "the proposed cuts are too large for us to make at one time," I respond by saying the further worsening of our economy over the coming year if we do not make these changes would be far too much for us to pay.

President Reagan has correctly determined the will of the people. They believe it is time for a change. They voted for that change last November. They deserve it to be enacted now. We have waited long enough. Mr. Speaker, I urge the passage of the Gramm-Latta substitute.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from South Carolina (Mr. HARTNETT).

Mr. HARTNETT. Mr. Chairman, during the 1980 election the American people expressed their support for less government, less regulation, and less taxes. The taxpayers are clearly tired of the same old business-as-usual economic policies that have been established by the Federal Government. The people of the Nation have mandated a change, and this is precisely what President Reagan has offered in the form of a fiscally sound and responsible Federal budget.

The President has presented a carefully integrated four-part economic program that is designed to revitalize the economy and curb inflation. This program would: First, reduce the growth of the Federal budget; second, reduce Federal personal marginal income tax rates; third, eliminate excessive Federal regulations; and fourth, establish a sound money policy.

President Reagan is committed to a program which will spur real economic growth by restoring individual incentives and reducing government demand for economic resources. If this country is to achieve economic prosperity, the policies in the plan must be enacted simultaneously.

Federal budget restraint is a key and vital element in the President's program. Together with a sound money policy, Federal expenditure control will result in a significant reduction in inflationary expectations immediately and a sharp reduction in inflation rates by the end of fiscal year 1982. The President's budget assures continuation of social safety net programs benefiting the elderly, poor, and unemployed, while reducing the growth of Federal spending by 5.5 percent over the 1981–84 period, compared to a 13.3-percent growth rate projected in the Carter budget.

The House Budget Committee has recommended a budget resolution that contains $19.1 billion more in outlays than requested by the President. It increases fiscal year 1982 revenues to $688.9 billion, $38.6 billion more than the President requested. The budget proposed by the President and that reported by the Budget Committee produce vastly different economic results. The President's budget would result in unemployment declining to 7 percent in 1982. The committee proposal would increase this 7.4 percent, leaving 400,000 additional American workers without jobs. The President's economic program would bring the growth rate of real GNP to 4.2 percent in 1982 compared to 2.4 percent by the House Budget Committee's proposal.

This difference would result in a decline in incomes of about $30 billion. Under the President's budget and monetary policy proposals, inflation would fall from the current year's projected 11.1 percent to 7.2 percent in 1982. The committee's program is projected to yield inflation of 9.9 percent. The President's economic recovery program would bring rates for 3-month Treasury bills down to 8.9 percent whereas the committee's budget would leave them 3.1 percentage points higher at 12 percent.

One area of particular concern in the House Budget Committee's proposal is defense spending. The committee claims to provide $1 billion more in defense outlays than the Reagan budget when it actually reduces the national defense budget by $6.7 billion. The Budget Committee cuts drastically into important defense programs. It eliminates the President's proposed 5.3-percent pay raise for military personnel and cuts out the 3-percent increase in civilian manpower assumed by the President; it reduces funds for several weapons systems, including the MX and M-1, and for battleship and carrier reactivation, it decreases spending for upgrading and maintaining military housing, commissaries and schools, for weapons operation and maintenance, and for improving nuclear production facilities.

The Budget Committee resolution provides for $20 billion less in tax relief next year than the President has offered. It provides for only one-third the individual tax relief recommended by President Reagan over the next 3 years. Under the committee budget, taxes will continue to rise each year, starting in 1982 with a net tax increase of $31 billion and growing to $75 billion by 1984. It is clear that the committee has relied on increases in individual income taxes as their vehicle for producing a lower deficit than is in the President's budget.

Congressmen GRAMM and LATTA have offered a budget alternative that is strongly endorsed by the President. The substitute projects the same economic results as the administration's budget and calls for budget authority and outlays that are below both the committee and Reagan budgets. The committee budget provides for $25 billion more in spending than the Gramm-Latta bipartisan budget, and $132 billion more over the next 3 years, making the full economic recovery more difficult to achieve.

I urge my colleagues to support the Gramm-Latta budget alternative.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LOWERY).

Mr. LOWERY of California. Mr. Chairman, I rise in strong support of the Reagan bipartisan budget substitute.

Federal deficit spending is running out of control. The U.S. Government spent $59.6 billion more than it took in last year—the 23d such year of deficit spending out of the past 25.

Federal spending policies of recent years have been based on the faulty premise that the Federal Government can manage money better than the American people. This is a clearly faulty assumption when you consider that it was the ingenuity and ability of the American people that created that wealth in the first place. Consequently, irresponsible Federal spending has more than doubled the national debt in the past decade. The public debt has grown from some $400 billion in 1971 to nearly $1 trillion today. We are talking 13-digit debt here.

These years of deficit spending have been the principal cause of the runaway inflation that has eroded our ecomomy, lowered our standard of living, and left nearly 8 million American people jobless. The inflation rate, which was only 4.8 percent when President Gerald Ford left office, now rages at double-digit levels. And inflation will soar even higher if Congress does not act immediately.

The Reagan bipartisan budget plan provides a positive alternative to runaway deficit spending, double-digit inflation and fiscal irresponsibility. It will reduce the rate of growth of Federal spending by two-thirds. As our first step in a program of sustained fiscal restraint, it will bring the Federal budget into balance by fiscal year 1984—and at lower levels of taxation. The current double-digit rate of inflation will be cut in half by 1984, and reduced to less than 5 percent by 1986.

The Reagan bipartisan budget will also ease the excessive tax burden that has been carried by the American people for the past several years. In the last 10 years, taxes have increased by 168.5 percent. Over the next 5 years they will go up another 90.4 percent. The Federal tax share of the GNP has risen steadily from 17.7 percent in 1965 to 20.3 percent today—and unless this trend is arrested, threatens to exceed 23 percent by 1985. By 1986, 1 out of every 4 American dollars will go to pay Federal taxes. Our constituents are paying more for Government now, and enjoying it far less.

The Reagan bipartisan budget plan proposes lifting this burden from the backs of the American taxpayer with the largest single tax reduction program in American history—more than $221.7 billion spread out over the next 5 years. More than $162 billion of those cuts will go directly to the individual American taxpayer. The rest of the proposed tax cuts—$59.3 billion—will go to the private sector to create new jobs, increase investment, and provide new opportunities for growth and increased productivity. Instead of rising to 23 percent of GNP by 1984, Federal taxes would fall to 19 percent of GNP under the Reagan plan.

The Reagan bipartisan plan will give the poor and unemployed a hand-up—not just a hand-out. Its potential effect can best be described by the words used by John F. Kennedy to describe the effect of his own tax rate reduction plan in the early sixties—"a rising tide that lifts all ships." From 1959-69, the number of families living in poverty dropped nearly 50 percent. From 1969-79, when the economy was growing more slowly, the number of poor families dropped only 6 percent. The increased productivity and economic expansion generated by the Reagan bipartisan plan will result in the creation of 13 million jobs over the next 5 years—3 million more than otherwise would have been created.

For the past 15 years, the Federal Government has followed a policy of spending our way into prosperity. Unfortunately, under that policy, only two things have prospered: First, the Federal bureaucracy and second, inflation.

The Reagan bipartisan substitute sets Federal policy in a new direction. The Reagan bipartisan substitute will provide the needed incentives to encourage the American people to work, save, and invest their way to prosperity. This budget does not relegate us to the economic hardships of yesterday. It restores yesterday's confidence in the economic promise of America's future. I urge my colleagues to support it.

Mr. BETHUNE. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I have participated in these debates now for 4 days. We have discussed the Humphrey-Hawkins goals for America. We have discussed the budget of the Congressional Black Caucus, and that of the gentleman from Wisconsin (Mr. OBEY). If there is one thing upon which all of us can agree, it is this: You cannot help the poor if the country becomes poor.

The policies of the past few years are making the Nation poor. Inflation is eating away at the incomes and the wealth and the futures of the American people. Unemployment is causing terrible and tragic suffering in the lives of inner-city, minority, and teenage Americans.

The combination of simultaneous unemployment and high levels of inflation is the real problem that is causing the very severe disruptions that we are seeing, not only in the bond markets, I would say to my friend from Oklahoma (Mr. JONES), but in so many other parts of the economy.

Now, Lord Maynard Keynes has taken a beating on the floor of the

House and in the Budget Committee over the past several weeks, but he said something in 1919 that I would like to concur with and quote here today. John Maynard Keynes said in 1919:

> There is no surer, nor more subtle way to overthrow the existing basis of a free society than for a government to debase the currency.

President Reagan, in his debates in the last election, blamed inflation not on exogenous shocks in the world, he did not blame it on imports of automobiles, he did not blame it on wars in other parts of the world, he did not blame it on anything but the Government. He identified Government policy of spending and financing the resulting deficits with Federal Reserve monetization as the primary source of inflation.

To the American people and the American Congress he said, "we are in control here." He said there is nothing wrong with America that we cannot fix. He delivered a challenge to the Congress on behalf of the American people that together we can get America moving again: That together we can get this economy restored and revived and that together we can restore the bond market and the equity markets and the financial markets and move this country toward full employment without inflation.

I was in a colloquy with the gentleman from California, the distinguished former chairman of the Black Caucus (Mr. HAWKINS). We both came to the agreement that what we need in America today, not only for the poor but for all the American people, are high levels of economic growth and price stability.

Had the economy of the United States grown from 1960 to 1980 at the same rate as it grew from 1962 to 1967, our gross national product today would not be $2.5 trillion, it would be $3.7 trillion. Unemployment would not be hovering at 7 percent. Unemployment would be below 5 or even below 4 percent, and the revenues coming into the Federal Government from that heightened economic activity and those high levels of employment would be more than $200 billion above what we have today, enough to balance the budget, enough to remove the excess Government borrowing that today is absorbing 40 to 50 percent of the total funds available in the credit markets of the United States and causing interest rates to go up.

This growth would have financed more defense spending and the social programs which democratically we all agree need to be financed.

The problem is not left or right, or Democrat or Republican, or liberal or conservative, the real problem is that the intellectual and political resources of this Congress have not yet been focused on what it is that achieves high levels of economic growth.

This is what the American people want. This is what they were signaling to the world when on November 4 they elected Ronald Reagan.

As I said here on the floor I am convinced he was not elected to repeal the New Deal. We Republicans and Democrats were elected not to repeal social programs as much as we were elected to restore the health of the economy, make the dollar honest and sound—a currency upon which we can depend—an honest dollar, one which can be a storehouse of value in the future, instead of what it is today.

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The President has taken dramatic steps to change U.S. budget policy. He simply has said that by reducing Government spending, by lowering the tax burden across the board on the American people, by reining in the runaway spending and borrowing of the Federal Government, by following a more honest monetary policy, by monetizing less debt, and by ventilating the regulatory system, American business and the private sector can begin to grow again.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BETHUNE. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

Mr. KEMP. A little bit earlier in the debate I criticized the central bank of the United States, the Federal Reserve, for following a very erratic monetary policy. The name of Mr. Kaufman of Salomon Brothers has been used several times today as in suggesting that the reason that the bond market is in a state of collapse, the reason that interest rates are so high, is somehow the Reagan economic recovery package. Well, the problem with that is, it does not take into consideration that, in the first 6 months of this year, the Federal Government has borrowed 50 percent more money than during any period of comparable length in the history of this country. In the first 6 months of this year the Federal Reserve Board has followed a more erratic monetary policy than at any time I can think of during the 10 years that I have been in Congress. The Fed has doubled the rate of increase in the monetary base. It has doubled the rate at which Federal Reserve credit has been increased. Because of increased pressure from Federal deficits and its own inability to control the monetary base, the Fed has lost control of monetary policy.

The Federal Government cannot possibly regain control of monetary policy until the Congress brings spending and taxes under control. That is what our President is attempting to do. It seems to me that that is what the American people voted for. And that is what we ought to get busy doing here today.

Let me close with this thought from Walter Lippmann. Lippmann said:

> It is true that government is best which governs least. It is equally true that government is best which does the most for people.

All President Reagan is attempting to do, and I believe the Latta-Gramm substitute is attempting to do, is bring back into equilibrium not only the growth of the Federal budget but also to give the private sector of the United States a chance to grow once again, a chance to finance the genuine social and defense needs of the American people.

We are trying to bring it back into equilibrium, at a point at which our spending does not exceed our revenues as it has in the last 4 years.

Ladies and gentlemen, we have a tremendous opportunity today to send a signal not only to the bond market, but to those unemployed steelworkers, those unemployed autoworkers, the unemployed people in the housing industry, the unemployed small business men and women of the country. We can send a signal to those people who are suffering from high interest rates and the tremendous drain on the private resources and capital and credit of this country, that the Congress is going to work with the President to get our economy back on track, to take a long step toward making this Nation move once again toward the same goal we all have for all our constituents: Full employment without inflation.

It ought to be an audacious step. It ought not to be a timid one. It must be audacious. Winston Churchill said at the height of World War II that during wartime there was a time for audacity and a time for prudence, but never for both at the same time.

This may not be wartime in that sense, but it is a war of ideas. We ought to be audacious, not prudent.

I urge a vote for the Reagan economic recovery package.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 8 minutes to the gentleman from Texas (Mr. WRIGHT), the distinguished majority leader.

Mr. WRIGHT. Mr. Chairman, the consequences of the action we shall take in a few minutes here on this floor will cast a very long shadow. Let us just be sure that we understand what those consequences are. I would like for us to think together about three things very briefly; first, our responsibilities, and then the mandate that the people gave us as an institution and as individual Members of the institution; and, finally, about the greatest resource of this country of ours.

What is our true responsibility, after all? I believe that we on the Democratic side of the aisle and in the Budget

Committee have made an earnest effort to be responsible, to be constructive, and to be cooperative with the President of the United States. We introduced a budget which reduces spending dramatically. If you use the same set of assumptions, it reduces spending to a level almost identical to that to which it would be reduced by the alternate proposal offered by Mr. LATTA and Mr. GRAMM and embraced by the President.

As Mr. GRAMM appropriately observed, we are shooting with real bullets, and that is correct in either case. Either resolution is going to set in motion an irreversible process known as reconciliation. It is mandated in each plan. It instructs the committees to draft legislation reducing programs by specific amounts. It is a process we cannot avoid, and so, yes, in either event we are shooting with real bullets.

The question is, At whom are we shooting? Who are the targets of our gunnery? Do we aim mainly at waste and fat and fraud—or do we aim at health and feeding programs for the aged and the young? At training programs for the handicapped and the disadvantaged?

It is important for us to understand that we on this side of the aisle, in an earnest effort to make a reality of the President's expressed hope that this could be "our program, yours and mine," have gone out of our way to set forth a timetable under which each element of his suggested program could be considered in an orderly way. I think it is important to recognize that this Budget Committee has accepted fully three-fourths of the spending cuts recommended by President Reagan. That is pretty good. I think that represents substantial cooperation—three-fourths of the changes he recommended.

That is as much as Franklin Roosevelt received. That is as much as Lyndon Johnson received. It is clearly as much as any President has ever had any reason to expect from any Congress, and surely it is as much as any President has any right to demand. Clearly, it is as much as the Constitution contemplates. So we have tried to be responsible.

The President seemed very sincere on February 18 when, addressing this group, he said that if we could not find everything within his package acceptable to us, we then had the responsibility to present, and I quote his words:

> An alternative which offers a greater chance of balancing the budget, reducing and eliminating inflation, stimulating the creation of jobs and reducing the tax burden.

Well, the House Budget Committee has tried very earnestly to do just exactly that. We have presented an alternative which, while adopting three-fourths of his recommended spending cuts, does provide a quicker route to balancing the budget because it has a lower deficit, and does for that very same reason provide a better chance, I think, of reducing inflation.

Let us speak for a moment of the mandate that the American people gave us. I think the American people gave us a mandate to work together, though we may represent different parties in this Government. I believe the American people, in electing the President of the United States, as whenever they elect any President, gave the Congress a mandate to try to work with him; not to be submissive to him. They expect us to cooperate with the President but not to be supine. To work with him does not mean to take orders from him. That would not be Democracy. It does not mean that there is no room for cooperation. It does not mean that there is no room for compromise.

The American people gave a mandate for constructive change, for leaner and less wasteful Government. They gave a mandate for reduced levels of Government regulation. These mandates we are attempting honestly to fulfill. But I do not believe that the American public gave a mandate for the proposition that the Government has no obligation to any citizen, and that no citizen has any entitlement to expect any particular service from the Government.

What has made this country great has been our recognition of the primacy of our greatest resource, and that is the human resource of this land. This country of ours was founded not upon the premise that America owes everybody a living; no, not that. But, I believe it was founded on the premise, a premise that has grown and flourished and developed into the greatest society that ever has graced this Earth, that a country as wealthy as ours does owe to the humblest child of this land, born of the most improvident circumstance, an opportunity to earn a living.

I do not believe that the American public gave us any mandate to destroy those bridges over which succeeding generations of young Americans have been able to move from the sloughs of dependency, into the uplands of upward mobility, constantly spreading the aristocracy, universalizing the nobility, making it not an exclusive fraternity, but one to which every child can aspire, and to which most can indeed attain. It is the kind of a society in which we guaranteed that this humblest child would have a chance to develop his or her potential to the fullest. That is why this country has been great, because her people have been great and been allowed to become great.

We did not build walls to repress them, to divide people one from another, or to divide children from their destinies. We did not build ceilings to keep them down and prevent their rising beyond the level of their parents. No, we built bridges.

Vocational education is a bridge. Job training is a bridge. The FHA was a bridge that has let millions of Americans own homes. The EDA and the neighborhood self-help program are bridges over which neighborhoods and communities, once withering, have crossed into a renaissance of self-respect. These are the bridges that will be destroyed. I do not think the American people gave us any mandate to destroy the bridges over which handicapped children can have a better chance; over which the elderly can find support and assistance and Meals on Wheels.

Face the consequences of your vote. You shall have the opportunity in 60 days to vote on a reconciliation bill that will put into effect those changes that we vote for today. This is not just a pious and meaningless pronouncement that we make today. Members should expect to vote later to carry out those changes for which they indicate a preference in their vote today. As for me, I must reject the Latta substitute. I shall stand by the committee resolution, and if it is enacted, I shall consistently act to carry out its mandates.

I should like to close simply by quoting a poem which I think expresses the spirit of America. Most of you have heard it. The poem is entitled "The Bridge Builder." It was written by a man named Will Dromgoole. It is not new, but it tells what we have been trying to do, and I think have done reasonably well in this country:

An old man, going a lone highway,
Came at the evening, cold and gray,
To a chasm, vast and deep and wide,
Through which was flowing a sullen tide.
The old man crossed in the twilight dim;
The sullen stream had no fears for him;
But he turned when safe on the other wide
And built a bridge to span the tide.

"Old man," said a fellow pilgrim near,
"You are wasting strength with building here;
Your journey will end with the ending day;
You never again must pass this way;
You have crossed the chasm, deep and wide—
Why build you the bridge at the eventide?"

The builder lifted his old grey head:
"Good friend, in the path I have come," he said,
"There followth after me today
A youth whose feet must pass this way.
This chasm that has been naught to me
To that fair-haired youth may a pitfall be.
He, too, must cross in the twilight dim;
Good friend, I am building the bridge for him."

□ 1615

Mr. BETHUNE. Mr. Chairman, I yield the balance of our time to the distinguished Republican leader, the gentleman from Illinois (Mr. MICHEL).

The CHAIRMAN. The gentleman from Illinois (Mr. MICHEL) is recognized for 8 minutes.

Mr. MICHEL. Mr. Chairman, what I would like to do in closing the debate on our side is to refrain from mentioning one single outlay figure or one single economic assumption.

It is not that the numbers are unimportant. They most certainly are, and they are going to be much more meaningful when we vote on changes in authorizations and appropriation bills and make those decisions between functional categories to fit our overall ceiling. The issue that we have before us right now is not one so much of figures but one of philosophy.

A budget resolution is a broad document that spells out in fiscal terms who we are and where we are going. It is far more than data on a computer printout sheet. It is a document of principle, of philosophy, and of policy.

Every year we have put numbers down on paper, we have changed them, we have revised them, and every year for 7 years in the life of the Budget Act we have watched those figures fade into economic obscurity as the budget process was prostituted and ignored because we failed to do the important job of reconciling.

We have an opportunity to change all that this year. It will be a small step for the Congress, but it will be a giant leap for the country.

The arguments have been well made as to the differences between the House Budget Committee resolution and the bipartisan substitute sponsored by my good friend, the gentleman from Ohio (Mr. LATTA), and the gentleman from Texas (Mr. GRAMM), who is also my good friend.

I am reminded of the day we were all sworn in as Members of this Congress. You may recall that I reminded all my Republican colleagues here that even with a unanimous vote on our side, we needed support from the Democratic side over there if we were to carry any vote. And I also said that there were going to be those occasions when, in the interest of the country, we would go all out to achieve that kind of winning combination.

This is such an occasion.

In putting together the Latta-Gramm substitute for the committee bill—and let us face it—there were initially doubts and skepticism expressed on both sides that this could be done. But I have contended all along that when men and women of good will and respect for one another put their hearts and their minds to the task, these differences can be mollified and they can be harmonized. And I do deeply appreciate the support given to the bipartisan substitute from the Democratic side and from those on our side who for good reasons have had some reservations about what we have put together.

I also have to say publicly, what a joy it is to work with a President like Ronald Reagan. I suspect, in a lighter vein, there may be a little envy in the Speaker's eye. Notwithstanding the President's being temporarily benched by the attempted assassination, he has gone all out in helping us to woo votes to insure that his game plan is given a chance with the adoption of the bipartisan substitute.

In wrapping this up, Mr. Chairman, let me be one of the first to acknowledge that this vote will not be the toughest or the roughest that we will cast in this Congress on the part of any Member of the House. The really critical votes are those yet to follow when we make those difficult choices that I alluded to between the programs and functional categories within the framework and ceiling we establish for ourselves today.

Reconciliation is a vital part of the budget process, and it will be imperative for those of us who feel strongly about the direction we want our country to take in this next fiscal year to back up our vote today with equally strong support and fervor for the reconciliation process.

If we do not hang tough in there in the follow-on process, the signal we give today is going to be meaningless.

Let me conclude, too, with a bit of wisdom from my old mentor, the late Senator Everett Dirksen, a man who knew so well how to work with those outside his party for the good of the country.

He was once asked: "What is the essential thing in political life?" And he answered: "This one thing above all else is important. Life is a thing of margins. The difference between victory and defeat can be so slim and narrow. The real difference will be found in that extra margin of effort and zeal, of faith and determination, of confidence and courage, with which we approach our task." That was spoken in true Everett Dirksen fashion.

Let history record that today we set the pace, a new pace, and we showed them the way, a new way. But most importantly, let history record that we provided the margin of difference that changed the course of American Government.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 10 minutes, to close debate, to the distinguished Speaker, the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Chairman, this Congress exists for the benefit of all of the people. I rise today to oppose the Latta amendment, and I trust that I will have a chance to vote for the Jones amendment.

I have heard Members on my own side get up and say that they want to correct the mistakes of the last 30 years. What has happened in the last 30 years, and why did it come about.

We had just been through a war, and we went through about 10 years of the gloomiest depression any Nation ever had, where a quarter of its people were unemployed. Looking back at those dark days, America never wanted to repeat them again, so we set in motion legislation.

And what did that legislation do? It changed America. In the 1930's, 51 percent of America was impoverished; today 8 percent of America is impoverished. Sixty percent of the senior citizens in the 1930's were impoverished; today 14 percent are impoverished. America grew in a period of 30 years to be the greatest Nation in the world. In every way you measure it, from production to profits to technology, we grew. Those were the 30 years that Members are talking about.

Sure, in the 1970's my party made mistakes. We overregulated. There was too much redtape and probably too much legislation. And we paid for it at the ballot box last year.

Today there is a fundamental change that is going to take place. It was the last 30 years that made this country great, and our legislation was beautiful.

Our implementation of legislation in the last few years was poor. But are we, with meat axes, now going to change the laws that made America as great as it is? I personally think we are wrong if we do that.

That is a judgment for you to make. I have talked with you one by one. There may be somewhere between 65 and 80 who may be leaving us. If you are leaving on the question of conscience, I have respect for you, but if you are leaving because not to leave may bring an opponent in an election against you or may cause you harm in the next election, then I have no sympathy for you whatsoever.

Sure, there are changes that would take place in this decade, whether the Democrats were here or the Republicans were here. It is a time for tightening up. It is a time for smaller homes and smaller automobiles and conservation along the line. We all appreciate that.

I am here today to support the Jones resolution. Let us make it clearly understandable what this budget fight is all about. It is not whether there will be significant cuts in the Federal budget. The Latta budget and the committee budget accomplish cuts of the same magnitude. It is not over the appropriate defense spending. The Jones bill has been amended. Both defense budgets are equal.

Let us get down to the real issues. When the President of the United States presented his economic package to the Congress, he sent a challenge. He said, "I am the only ballgame in

town." He said, "Is anybody out there going to offer up anything else?"

We are the opposition; he is the President of the United States. He is the leader of this Nation. He has control of the party that controls in the Senate. It is really not our job. We are the opposition. It is not our job to present this, but he asked us to present it, and when he asked us to present it, we felt, in the best interest of America, that the hand of cooperation ought to go out. We were asked, what can we, working together, do for this Nation? And so we presented a budget.

We have written a budget rooted in honest economic projections from hard analyses, not economic leaps in faith. We have written a budget that reflects specific program cuts, not unspecified future expenditure reductions.

It is a budget that I am proud of, one which the members of my party, from all facets of philosophy within my party, have embraced honestly under the economies of our time and the economics of our time. It is a budget that recognizes the safety net, not for the politically powerful but for those who are less fortunate.

I look at the Latta budget. A safety net? Oh, what a net you have weaved. You have entrapped those whom America has tried to fool through the years. They never again will be able to move out from where they are. It is a trap, not a safety net. We increased that safety net because we thought it was in the best interest of America. Ours is a budget that promotes investment in scientific research, space exploration, and the ports of the United States and provides human capital by way of education, nutrition, health, and job training programs. It is not a budget that would entrust all of this important national enterprise to the whims of private enterprise or to the marketplace. It is a budget that leaves room for the kind of tax cuts that we admit we need, tax incentives to promote productivity, and tax relief for middle Americans. That is what our budget guides us toward; it does not leave room for a scattershot Kemp-Roth tax proposal.

I can think of a lot of reasons why we should vote against the Latta bill. His budget has a $43 billion deficit. Henry Kaufman—and regardless of what we do, he as much as any of us sets the interest rates in America; any student of finance knows that—said that it is going to send interest rates through the ceiling.

Senator BAKER, the leader of the Senate, said that this is a gamble. It sure is a gamble.

I talked to the Members sitting back there, and particularly to the gentleman from Mississippi, who bears the title of a general and is proud of his record—and I am equally proud of it. Very interestingly, we discussed the strategic petroleum reserve. What a mishmash the program is in the Latta budget. You and I know and everybody in here knows that it cannot possibly work.

□ 1630

You know what America has gone through. By 1973 we went from 65-cent-a-barrel oil in 1965 to $13. We were hit by an economic wave that America could hardly stand and in 1979 it went from $18 to $31 a barrel. Only America could have withstood that. Today we have 27 days of supply in our strategic oil reserves. If we were ever hit with another shockwave like the previous ones we had, could we handle it? I am very grateful to young AL GORE who brought this before this public and to this Nation, 27 days of strategic oil reserves, and the Senate of the United States wants to even sell that to get a balanced budget. How long would your economy last? How long would your defense last?

You can use billions for defense, build up your Army, your Navy, and your Air Force, but if you start balancing the budget out of your strategic petroleum reserve, I want you to think about that.

Oh, sure, some say we can straighten these things out down the line. I do not know whether you can straighten these things out down the line.

The leader on that side told you about the tough votes that we are going to have. There are thousands of cuts in this. Which one are you going to pick out? Are you going to choose food against education? Are you going to cut the highways against defense? Where are you going to make these cuts along the line? I do not know whether you can do it or not, to be perfectly truthful.

You know, I do not want to get into the human issues; but very, very interestingly, in talking with my own caucus the other day, I have had reviews made by this, as everybody has had reviews made. I want to quote to you a part. I have seen many studies of the Reagan bill by the finest minds in the country and I have been reading them. There are things in the President's budget that really frighten me and in the Latta budget. For example, in the State of Massachusetts there were 65,000 new births last year. Each year the State laboratory institute screens 65,000 newborns for phenylketonuria, PKU, and other metabolic disorders. PKU causes mental retardation, but early detection and intervention can arrest this disease. Title V supports the screening and the research.

The President's budget could mean elimination of this program in Massachusetts or in any other State. If title V is repealed, the United States would be the only country in the free world without a national program for maternal and child health.

Have you given that consideration?

You know, I have the doctors calling me around the country on vaccine. Twenty-five percent—do you want to strike it from the laws and give it to the home people, because the home people are closer?

You know, we have not eradicated measles. We have not eradicated smallpox. We have not eradicated diphtheria or polio. We only have a vaccine out there that prevents those. You cut that program back 25 percent and say you are going to give it to the local cities and towns for an option? You cut the program back 25 percent, what happens along the line of the spread of disease that comes into an area and an epidemic?

You know, I could go on talking about so many things of this type. What is this change all about? There is not that much difference in the Latta bill and the Jones bill. What is the basis of it? The basis of it is this, and mainly this. In the Jones bill, you go back to the Appropriations Committee and the authorizing committee and you change the entitlements.

You lessen the money available for programs.

On the Latta bill, you eliminate the programs. This is a gamble. If you are wrong, you have eliminated all of those programs. I am not going to talk about what the various programs are. How do you get them back into being again? Only by new legislation.

Take the meat ax. If this is the change in philosophy and if this is the change in policy you want. We built with great legislation America as it is today. Sure, we admit there were inequities and we had failures along the line and we paid for them, and as good Americans, and I have said to my people in the party time and time again, we are Americans first, Democrats second.

We responded to the President of the United States when he asked us if we had a program. We have handed you the hand of working together for America.

Thirty-three thousand people in my State get meals on wheels. That is eliminated in the Latta program. Maybe you want that. That is for the senior citizen. Maybe you want that. Maybe you think that that is a program of the thirties.

You know, they were talking about the REA, rural electrification. I know a little about it. The gentleman from Texas the other day was saying that is a program of the thirties, do you think you need it today? I do not know. I was talking with Senator FORD from Kentucky. He said, "I can't believe that anybody would make a statement like this."

The difference in these bills is basically this. Do you want to meat-ax the programs that have made America great or do you want to move slowly and say, if there has been a mistake, if we have been wrong in this program, we can come back. You close the door on America with the Latta bill.

I ask you this, bear that in mind. I have been in public life for 46 years and the day that I have to look at the next election, instead of looking at America, then I do not want to be in public life.

I hate to think in my heart that in the Members of this body there would be such shallowness.

I want to say thanks to JIM JONES and the members of his committee. They worked hard. They worked diligently. They worked, in my opinion, in the best interests of America.

Thank you, JIM.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. LATTA).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LATTA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 253, noes 176, not voting 1, as follows:

[Roll No. 36]

AYES—253

Albosta	Coughlin	Fuqua
Andrews	Courter	Gibbons
Anthony	Coyne, James	Gilman
Archer	Craig	Gingrich
Ashbrook	Crane, Daniel	Ginn
Atkinson	Crane, Philip	Goldwater
Badham	Daniel, Dan	Goodling
Bafalis	Daniel, R. W.	Gradison
Bailey (MO)	Dannemeyer	Gramm
Barnard	Daub	Green
Beard	Davis	Gregg
Benedict	Deckard	Grisham
Bennett	DeNardis	Gunderson
Bereuter	Derrick	Hagedorn
Bethune	Derwinski	Hall (OH)
Bevill	Dickinson	Hall, Ralph
Bliley	Dornan	Hall, Sam
Bouquard	Dougherty	Hammerschmidt
Bowen	Dreier	Hance
Breaux	Duncan	Hansen (ID)
Brinkley	Dunn	Hansen (UT)
Broomfield	Dyson	Hartnett
Brown (CO)	Edwards (AL)	Hatcher
Brown (OH)	Edwards (OK)	Heckler
Broyhill	Emerson	Hendon
Burgener	Emery	Hightower
Butler	English	Hiler
Byron	Erdahl	Hillis
Campbell	Erlenborn	Holland
Carman	Evans (DE)	Hollenbeck
Carney	Evans (GA)	Holt
Chappell	Evans (IA)	Hopkins
Chappie	Evans (IN)	Horton
Cheney	Fenwick	Huckaby
Clausen	Fiedler	Hunter
Clinger	Fields	Hutto
Coats	Findley	Hyde
Coleman	Fish	Ireland
Collins (TX)	Flippo	Jacobs
Conable	Forsythe	Jeffords
Conte	Fountain	Jeffries
Corcoran	Frenzel	Jenkins
Johnston	Montgomery	Shuster
Jones (TN)	Moore	Siljander
Kemp	Moorhead	Skeen
Kindness	Morrison	Skelton
Kramer	Mottl	Smith (AL)
Lagomarsino	Myers	Smith (NE)
Latta	Napier	Smith (NJ)
Leach	Natcher	Smith (OR)
Leath	Nelligan	Snowe
LeBoutillier	Nelson	Snyder
Lee	Nichols	Solomon
Lent	O'Brien	Spence
Levitas	Parris	Stangeland
Lewis	Pashayan	Stanton
Livingston	Patterson	Staton
Loeffler	Paul	Stenholm
Long (MD)	Petri	Stump
Lott	Porter	Tauke
Lowery	Pritchard	Tauzin
Lujan	Pursell	Taylor
Luken	Quillen	Thomas
Lungren	Railsback	Trible
Madigan	Regula	Vander Jagt
Marks	Rhodes	Volkmer
Marlenee	Rinaldo	Walker
Marriott	Ritter	Wampler
Martin (IL)	Roberts (KS)	Weber (MN)
Martin (NC)	Roberts (SD)	Weber (OH)
Martin (NY)	Robinson	White
Mazzoli	Roemer	Whitehurst
McClory	Rogers	Whittaker
McCloskey	Roth	Williams (OH)
McCollum	Roukema	Wilson
McDade	Rousselot	Winn
McDonald	Rudd	Wolf
McEwen	Santini	Wortley
McGrath	Sawyer	Wylie
McKinney	Schneider	Yatron
Mica	Schulze	Young (AK)
Michel	Sensenbrenner	Young (FL)
Miller (OH)	Shaw	Young (MO)
Mitchell (NY)	Shelby	
Molinari	Shumway	

NOES—176

Addabbo	Edwards (CA)	McCurdy
Akaka	Ertel	McHugh
Alexander	Fary	Mikulski
Anderson	Fascell	Miller (CA)
Annunzio	Fazio	Mineta
Applegate	Ferraro	Minish
Aspin	Fithian	Mitchell (MD)
AuCoin	Florio	Moakley
Bailey (PA)	Foglietta	Moffett
Barnes	Foley	Mollohan
Bedell	Ford (MI)	Murphy
Beilenson	Ford (TN)	Murtha
Benjamin	Fowler	Neal
Biaggi	Frank	Nowak
Bingham	Frost	Oakar
Blanchard	Garcia	Oberstar
Boggs	Gaydos	Obey
Boland	Gejdenson	Ottinger
Bolling	Gephardt	Panetta
Boner	Glickman	Patman
Bonior	Gonzalez	Pease
Bonker	Gore	Pepper
Brodhead	Gray	Perkins
Brooks	Guarini	Peyser
Brown (CA)	Hamilton	Pickle
Burton, John	Harkin	Price
Burton, Phillip	Hawkins	Rahall
Chisholm	Hefner	Rangel
Clay	Heftel	Ratchford
Coelho	Hertel	Reuss
Collins (IL)	Howard	Richmond
Conyers	Hubbard	Rodino
Coyne, William	Hughes	Roe
Crockett	Jones (NC)	Rose
D'Amours	Jones (OK)	Rosenthal
Danielson	Kastenmeier	Rostenkowski
Daschle	Kazen	Roybal
de la Garza	Kildee	Russo
Dellums	Kogovsek	Sabo
Dicks	LaFalce	Savage
Dingell	Lantos	Scheuer
Dixon	Lehman	Schroeder
Donnelly	Leland	Schumer
Dorgan	Long (LA)	Seiberling
Downey	Lowry	Shamansky
Dwyer	Lundine	Shannon
Dymally	Markey	Sharp
Early	Matsui	Simon
Eckart	Mattox	Smith (IA)
Edgar	Mavroules	Solarz
St Germain	Vento	Williams (MT)
Stark	Walgren	Wirth
Stokes	Washington	Wolpe
Stratton	Watkins	Wright
Studds	Waxman	Wyden
Swift	Weaver	Yates
Synar	Weiss	Zablocki
Traxler	Whitley	Zeferetti
Udall	Whitten	

NOT VOTING—1

Cotter

□ 1645

So the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

Mr. JONES of Oklahoma. Mr. Chairman, I move that the Committee do now rise and report the concurrent resolution back to the House with an amendment, with the recommendation that the amendment be agreed to, and that the concurrent resolution, as amended, be agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FROST, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, had directed him to report the concurrent resolution back to the House with an amendment, with the recommendation that the amendment be agreed to and that the concurrent resolution, as amended, be agreed to.

The SPEAKER. Under the statute, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the concurrent resolution.

Mr. JONES of Oklahoma. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 270, nays 154, not voting 6, as follows:

[Roll No. 37]

YEAS—270

Albosta	Boner	Clinger
Alexander	Bouquard	Coats
Anderson	Bowen	Coleman
Andrews	Breaux	Collins (TX)
Anthony	Brinkley	Conable
Applegate	Brooks	Conte
Archer	Broomfield	Corcoran
Ashbrook	Brown (CO)	Coughlin
Atkinson	Brown (OH)	Courter
Badham	Broyhill	Coyne, James
Bafalis	Burgener	Craig
Bailey (MO)	Butler	Crane, Daniel
Barnard	Byron	Crane, Philip
Beard	Campbell	D'Amours
Benedict	Carman	Daniel, Dan
Bennett	Carney	Daniel, R. W.
Bereuter	Chappell	Dannemeyer
Bethune	Chappie	Daub
Bevill	Cheney	Davis
Bliley	Clausen	Deckard

DeNardis	Hyde	Pursell
Derrick	Ireland	Quillen
Derwinski	Jeffords	Railsback
Dickinson	Jenkins	Regula
Dorgan	Johnston	Rhodes
Dornan	Jones (NC)	Rinaldo
Dougherty	Jones (OK)	Ritter
Dreier	Jones (TN)	Roberts (KS)
Duncan	Kemp	Roberts (SD)
Dunn	Kindness	Robinson
Dyson	Kramer	Roemer
Edwards (AL)	Lagomarsino	Rogers
Edwards (OK)	Latta	Rose
Emerson	Leach	Roth
Emery	Leath	Roukema
English	LeBoutillier	Rudd
Erdahl	Lee	Santini
Erlenborn	Lent	Sawyer
Ertel	Levitas	Schneider
Evans (DE)	Lewis	Schulze
Evans (GA)	Livingston	Sensenbrenner
Evans (IA)	Loeffler	Shaw
Evans (IN)	Long (LA)	Shelby
Fascell	Long (MD)	Shumway
Fenwick	Lott	Shuster
Fiedler	Lowery	Siljander
Fields	Lujan	Skeen
Findley	Luken	Skelton
Fish	Lungren	Smith (AL)
Flippo	Madigan	Smith (NE)
Forsythe	Marks	Smith (NJ)
Fountain	Marlenee	Smith (OR)
Frenzel	Marriott	Snowe
Fuqua	Martin (IL)	Snyder
Gibbons	Martin (NC)	Solomon
Gilman	Martin (NY)	Spence
Gingrich	Mazzoli	Stangeland
Ginn	McClory	Stanton
Glickman	McCloskey	Staton
Goodling	McCollum	Stenholm
Gradison	McCurdy	Stump
Gramm	McDade	Tauke
Green	McDonald	Tauzin
Gregg	McEwen	Taylor
Grisham	McGrath	Thomas
Gunderson	McKinney	Traxler
Hagedorn	Mica	Trible
Hall (OH)	Michel	Udall
Hall, Ralph	Miller (OH)	Vander Jagt
Hall, Sam	Mitchell (NY)	Volkmer
Hammerschmidt	Molinari	Walker
Hance	Montgomery	Wampler
Hansen (ID)	Moore	Watkins
Hansen (UT)	Moorhead	Weber (MN)
Hartnett	Morrison	Weber (OH)
Hatcher	Myers	White
Heckler	Napier	Whitehurst
Hefner	Natcher	Whitley
Hendon	Neal	Whittaker
Hightower	Nelligan	Whitten
Hiler	Nelson	Williams (OH)
Hillis	Nichols	Wilson
Holland	O'Brien	Winn
Hollenbeck	Parris	Wolf
Holt	Pashayan	Wortley
Hopkins	Patterson	Wylie
Horton	Petri	Yatron
Huckaby	Pickle	Young (AK)
Hunter	Porter	Young (FL)
Hutto	Pritchard	Young (MO)

NAYS—154

Addabbo	Clay	Ferraro
Akaka	Coelho	Fithian
Annunzio	Collins (IL)	Florio
Aspin	Conyers	Foglietta
AuCoin	Coyne, William	Foley
Bailey (PA)	Crockett	Ford (MI)
Barnes	Danielson	Ford (TN)
Bedell	Daschle	Fowler
Beilenson	de la Garza	Frank
Benjamin	Dellums	Frost
Biaggi	Dicks	Garcia
Bingham	Dingell	Gaydos
Blanchard	Dixon	Gejdenson
Boggs	Donnelly	Gephardt
Boland	Downey	Gonzalez
Bolling	Dwyer	Gore
Bonior	Dymally	Gray
Bonker	Early	Guarini
Brodhead	Eckart	Hamilton
Brown (CA)	Edgar	Harkin
Burton, John	Edwards (CA)	Hawkins
Burton, Phillip	Fary	Heftel
Chisholm	Fazio	Hertel
Howard	Murtha	Schumer
Hubbard	Nowak	Seiberling
Hughes	Oakar	Shamansky
Jacobs	Oberstar	Shannon
Kastenmeier	Obey	Sharp
Kazen	Ottinger	Simon
Kildee	Panetta	Smith (IA)
Kogovsek	Patman	Solarz
LaFalce	Paul	Stokes
Lantos	Pease	Stratton
Lehman	Pepper	Studds
Leland	Perkins	Swift
Lowry	Peyser	Synar
Lundine	Price	Vento
Markey	Rahall	Walgren
Matsui	Rangel	Washington
Mattox	Ratchford	Waxman
Mavroules	Reuss	Weaver
McHugh	Richmond	Weiss
Mikulski	Rodino	Williams (MT)
Miller (CA)	Roe	Wirth
Mineta	Rosenthal	Wolpe
Minish	Rostenkowski	Wright
Mitchell (MD)	Roybal	Wyden
Moakley	Russo	Yates
Moffett	Sabo	Zablocki
Mollohan	Savage	Zeferetti
Mottl	Scheuer	
Murphy	Schroeder	

NOT VOTING—6

Cotter	Jeffries	St Germain
Goldwater	Rousselot	Stark

□ 1715

The Clerk announced the following pairs:

On this vote:

Mr. Rousselot for, with Mr. Stark against.

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN SECTION NUMBERS AND PUNCTUATION IN ENGROSSMENT OF HOUSE CONCURRENT RESOLUTION 115

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that the Clerk, in the engrossment of the concurrent resolution (H. Con. Res. 115), be authorized to correct section numbers and punctuation.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO HAVE UNTIL MIDNIGHT, MONDAY, MAY 11, 1981, TO FILE PRIVILEGED REPORT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight, Monday, May 11, 1981, to file a privileged report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I take this time in order to announce the legislative program for next week.

Mr. Speaker, the plan will be that we will not be in session on Monday.

When we adjourn today we will adjourn to meet tomorrow, but only for a pro forma session tomorrow, Friday.

PERMISSION FOR SPECIAL DISTRICT DAY ON TUESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that we may have a special District Day on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Mr. Speaker, reserving the right to object, could the gentleman indicate to us what bills might be taken up on such a special day?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Texas.

Mr. WRIGHT. There are two bills of which I am aware, H.R. 2818, to extend the District of Columbia borrowing authority, and H.R. 2819, to increase annual payment for the District of Columbia.

Normally they would be eligible to come up on Monday, but in order that we might permit the Members not to have a session on Monday, I am asking unanimous consent that we may bring them up on Tuesday.

Mr. WALKER. Further reserving the right to object, would the gentleman anticipate that we would be voting those two bills on Tuesday?

Mr. WRIGHT. Yes; I would anticipate that and we will be doing some other voting on Tuesday as well.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WRIGHT. Following action upon those two District bills, we will take up for Tuesday and the remainder of the week the supplemental appropriations and rescission bill for 1981, subject to the granting of a rule. That will take us through the week.

That is the business for the week.

The House will meet at noon on Tuesday, at 3 p.m. on Wednesday, and at 11 a.m. on Thursday and Friday.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

The supplemental, as the gentleman said, is subject to the granting of a rule. Can the gentleman give us any indication as to whether or not that will be an open or closed rule? That will make a difference as to the

number of votes the Members can expect next week.

Mr. WRIGHT. I am sorry to say, no, I do not have that information. I do not think the Committee on Rules has acted upon it. It may be an open rule. I would anticipate that it would be an open rule. I know nothing to the contrary and I assume it is an open rule.

Mr. WALKER. If the gentleman would yield further, I am wondering if those are the votes he anticipates on Tuesday, votes on the supplemental?

Mr. WRIGHT. I suppose we might reasonably expect that there might be. We would like to get this particular supplemental passed as expeditiously as possible because the time clock is running on it.

Mr. WALKER. We would take up the rule Tuesday as well?

Mr. WRIGHT. We would take up the rule on Tuesday, after the dispensation that we make of the two District bills.

Then we would expect to go into general debate on the bill and completion of the bill.

Mr. WALKER. I thank the gentleman.

ADJOURNMENT FROM FRIDAY, MAY 8, 1981, TO TUESDAY, MAY 12, 1981

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow, it adjourn to meet at noon on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO HAVE UNTIL 5 P.M. TOMORROW TO FILE REPORT ON H.R. 1257

Mr. FLIPPO. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology have until 5 p.m., Friday, May 8, 1981, to file a report on the bill, H.R. 1257.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

A BALANCED APPROACH TO BALANCING THE BUDGET

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDEN. Mr. Speaker, as a new Member of Congress, I have learned a great deal from watching the current debate on the first budget resolution. What encourages me, and I expect will encourage the people of our country, is that whichever budget is adopted, it will not be a business-as-usual budget.

I, like most freshmen, was elected on a campaign promise of change, and I am determined to keep my promise to reduce Government spending and balance the Federal budget at the earliest possible date.

There is nothing magic about balancing the budget. But what it will do is get the Federal Government out of the borrowing business, where it competes with small businessmen, home buyers, and car purchasers. It means fewer deficit dollars, and more real dollars. It means realistic interest rates, not ballooned interest rates. It means giving the factory owner and the home owner the opportunity to make an economic decision, instead of the Federal Government making it for them.

In my own home State of Oregon, budget deficits are poison. They mean higher interest rates, fewer buyers for housing, fewer houses being built, and fewer logs milled into lumber. That means continued double digit unemployment in my State.

Americans can be proud today because each budget now under consideration stems the growth of Government spending—and that is the most important first step if we are to halt inflation, bring down high interest rates and begin the job of retooling the American economic machine for the challenges of the 21st century.

The issue today is not whether we will have spending cuts. Each of us agrees on that point. The issue is what will the quality of those cuts be. The major concern of each Member should be finding cuts that are fair and that will wind up saving the Nation money—not costing us more down the road.

We know that budget cuts are going to be made. The question is, are we going to make cuts that are cost-effective and fair? Does it make sense to eliminate funds for senior citizen needs like home health care, senior housing and assistance with fuel bills when all the evidence proves that without this assistance many seniors will be forced into nursing homes—which will be far more expensive to the taxpayer.

These kinds of cuts are not cost effective or humane and they must be reassessed on the grounds that they are penny wise and pound foolish.

The American people distrust the Congress, and we cannot risk another year of legislative shell games, if we ever hope to regain their confidence and trust. Let us be careful not to promise what we know in our hearts we will not deliver. There is no quick-fix remedy to all our Nation's ills. We cannot truthfully promise to spend $1.5 trillion in the military over the next 5 years, hand over a 3-year 30-percent tax cut, and balance the budget by 1984.

Consider, for a moment, the tax implications of the budget. Ask yourself, is it wise to hold out the empty promise of a billion dollar tax cut to our people in the name of revitalizing America, when we know it will be financed not by a sound economy, but by more deficit spending?

Is it fair and wise to offer a 6-percent increase in after-tax earnings to those making more than $100,000 so they can hand it over to their financial managers to put in tax shelters, while offering those making $10,000 or less an average increase in after-tax income of less than 1 percent?

Is it really going to make America healthy again to give someone like Dave Winfield, who plays the outfield for the New York Yankees for $1.3 million annually, $50,000 more to spend over the next 3 years, while a garbage truck driver who makes $15,000 will get back less than $1,000?

Let there be no doubt, I support a tax cut this year. Our people need relief from inflation, which steals from their savings and robs them of their dreams of owning a home and sending their children to college.

I support a tax cut that gives the American people incentives to work and save. Let us eliminate the marriage tax penalty, the social security outside earnings limitation and other disincentives to produce. In addition, we must provide incentives for American business to prepare for the 21st century and compete in the international marketplace.

The American people want Congress to be straight with them. They are willing to tighten their belts, to do without some of the things they are accustomed to, if we do our job. Our job is to be honest, and to hold out false promises is wrong.

Our highest priority should be an end to deficit spending. In addition, we should provide long-term, permanent tax relief. Tax relief that will not come from the printing presses of the Treasury Department, but from a budget surplus.

Today we reject business-as-usual. If we enact a budget that is balanced, or near balance, it will show we are listening and acting with commonsense. I am proud to support the fine work of

JIM JONES of Oklahoma, which does just that.

THE ECONOMIC EQUITY ACT

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, I rise to speak on behalf of the Economic Equity Act, H.R. 3117.

This bill should be supported both by those who favor the ratification of the equal rights amendment and by those who do not. It is a direct answer to President Reagan's campaign platform challenging those who support the ERA to change those specific laws which are discriminatory.

Over 44 million women are now in the work force—a figure which has almost doubled over the past two decades. Approximately 9 million women are the only source of support for their families. Among two-earner families, 35 percent would have an annual income of less than $15,000 were the mother to quit her job.

Today, less than 7 percent of families fit the stereotypic family description of a working father, homemaking mother, and two children. Yet, much of our major policy and tax laws have been built on this model.

It is appropriate that on this day—3 days before Mother's Day—that we underscore the need to rectify the inequities in pensions, insurance, military service, inheritances, and child care.

When 66 percent of single mothers and 87 percent of single fathers work outside of the home, day care must be available.

Provisions in this bill will modify the tax credit to create sliding scale tax credits based on need, make the credit refundable, raise the maximum allowable expense, and extend the applicability of credit.

When women farm side-by-side with their husbands for decades and must assume FHA debts upon their husbands' deaths, they should be entitled to the benefits of the FHA and not have to pay the exhorbitant estate taxes on farms.

Provisions in this bill make it easier to retain family ownership of farms and eliminate regulatory inequities between the treatment of men and women.

When 90 percent of all women work at some time in their lives, when the average number of years a woman works in the paid labor force is 25 years, when a large majority of women temporarily leave the paid labor force to rear children, and when society declares that homemaking and motherhood are worthy occupations, the years of service in the paid work force before a break-in service should not be disregarded when pension benefits are calculated.

This bill would alter breaks in service rules so that parents who wish to leave for child-rearing purposes are entitled to the same rights as veterans who leave employment for military service and return to the same employer.

When 61 percent of women between the ages of 20 and 24 work outside the home and when this age group comprises the highest labor force participation rate, workers under age 25 should not be excluded from pension coverage.

Provisions in this bill would lower the minimum age requirements for participating in a qualified pension plan from age 25 to age 21.

In the 96th Congress I introduced legislation to prohibit discrimination against women in insurance, and am pleased that this concept has been included as a provision of H.R. 3117.

The Congresswomen's Caucus should be congratulated on its work for this important legislation. I urge my colleagues to cosponsor H.R. 3115 and push for its passage in this Congress.

AT LAST WE HAVE DONE SOMETHING

The SPEAKER pro tempore (Mr. DANIELSON). Under a previous order of the House, the gentleman from Virginia (Mr. BLILEY) is recognized for 5 minutes.

Mr. BLILEY. Mr. Speaker, this House has finally done something of note. For the past 4 months we have sat here and twiddled our thumbs in a series of pro forma sessions at the expense and detriment of the American people.

At last we have done something—something good I might add. During debate on the budget resolution, a number of my colleagues on the other side of the aisle came forward into the well to condemn reconciliation. They told us reconciliation intrudes upon the jurisdiction and expertise of the authorizing committees, and is contrary to the legislative process.

I and a majority of my colleagues obviously disagree. For once, the committees of this House will be forced to answer to the entire body and to the will of the American people, instead of the special interest groups that give them their expertise.

This time no fraud will be perpetrated upon the American people by a House which passes a budget resolution calling for spending reductions and then does nothing to follow through. This time spending must be reduced. This time the authorizing committees will not be able to sit around and ignore the wishes of the majority.

Mr. Speaker, I am still concerned about the future. The performance of this body over the past 4 months has been shameful in comparison with that of the other body. Through the end of April, the other body had been in session for 206 hours and 13 minutes, while we here in the House had been in session for only 86 hours and 47 minutes. As of this morning those numbers are 218 hours 40 minutes and 124 hours 50 minutes, respectively. As of May 1, the other body passed 111 measures and reported 86. We had passed 61 and reported 22. The list goes on and on.

DATA ON LEGISLATIVE ACTIVITY

[Jan. 5 through Apr. 30, 1981]

	Senate	House	Total
Days in session	50	54	.....
Time in session	206 hrs., 13'	86 hrs., 47'	.....
Congressional Record:			
Pages of proceedings	4,282	1,676	5,958
Extension of Remarks	.....	.....	2,026
Public bills enacted into law	6	3	9
Private bills enacted into law	.....	.....	.....
Bills in conference	.....	1	.....
Bills through conference	.....	.....	.....
Measures passed, total	111	61	172
Senate bills	11	4	.....
House bills	3	7	.....
Senate joint resolutions	9	2	.....
House joint resolutions	2	3	.....
Senate concurrent resolutions	4	3	.....
House concurrent resolutions	4	6	.....
Simple resolutions	78	36	.....
Measures reported, total	*86	*22	108
Senate bills	21	.....	.....
House bills	.....	10	.....
Senate joint resolutions	5	.....	.....
House joint resolutions	1	1	.....
Senate concurrent resolutions	1	.....	.....
House concurrent resolutions	.....	1	.....
Simple resolutions	49	10	.....
Special reports	9	4	.....
Conference reports	.....	.....	.....
Measures pending on calendar	11	4	.....
Measures introduced:			
Total	1,303	3,871	5,174
Bills	1,090	3,369	.....
Joint resolutions	76	245	.....
Concurrent resolutions	18	122	.....
Simple resolutions	119	135	.....
Quorum calls	6	5	.....
Yea-and-nay votes	88	21	.....
Recorded votes	.....	.....	.....
Bills vetoed	.....	.....	.....
Vetoes overridden	.....	.....	.....

*These figures include all measures reported, even if there was no accompanying report. A total of 48 reports have been filed in the Senate, a total of 26 have been filed in the House.

To date, this House has been able to agree to authorize the President to issue proclamations, approve a constitution for the Virgin Islands, and pass virtually the same cash discount bill twice. The other body adopted reconciliation instructions on April 2, we did it today.

The American people deserve better.

Mr. Speaker, this body sent a clear message to the American people today—a new beginning is at hand. It is not going to be business as usual any longer.

The committees have their reconciliation instructions. I hope that they will report the legislative savings with all deliberate speed, and not seek to subvert the will of the majority through sleight of hand.

It is incumbent upon this House to act quickly, not only to enact the spending reductions mandated by the budget resolution, but to act quickly on the President's tax package as well.

The Ways and Means Committee has its revenue targets. It has the President's tax bill. And it has a budget resolution that will accommodate that tax bill.

As Members of this body know, the President has proposed a tax cut to be effective July 1, I call upon my distinguished colleagues from Illinois and Texas to give this House a tax bill to vote on before the July 4 recess. The American people want to see that tax cut in their first July paycheck.

I do not want to have to go home to my district and tell my constituents that they will not have a tax cut in July because the House of Representatives is only capable of doing something once every 4 months.

Today we started the engine of economic recovery, now let us move forward—face up to what the budget resolution says, and do it.

COTTON TO BENEFIT FROM NEW DISCOVERY IN AGRICULTURAL RESEARCH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. COELHO) is recognized for 5 minutes.

● Mr. COELHO. Mr. Speaker, California is proud of the significant contribution cotton makes to American agriculture. With only 10 percent of the Nation's total acreage, the State produces approximately 20 percent of the total valuation of the U.S. cotton crop—testimony to our growers' excellent use of technology and efficient farming practices.

A major problem with which the industry has had to contend is that of pests, particularly the pink bollworm and the fall armyworm. The bollworms are not just endemic to California's San Joaquin Valley where my congressional district is located. The Imperial Valley to the south is the State and cotton fields in Arizona are also plagued. The armyworm, however, feeds on cotton and other plants in all regions of the country.

Thanks to the findings of University of California scientists, the battle against both insects may be won. The Ajuga remota plant, native to the African Continent, has proven effective in disrupting the pests' molting process. The worms smother themselves in their own cocoons when they feed on extracts from the plant. Experimentation is underway to synthesize the plant extracts for application to the crop.

Earlier in this session I shared with my colleagues in a RECORD statement the great strides being made by agricultural researchers in California. This most recent discovery is just another example of benefits to U.S. farming as a result of our commitment to advancing agricultural science.

Following my remarks, Mr. Speaker, I include the text of a March 3, 1981 news article which appeared in the Fresno Bee explaining this new method of pest control on cotton.

Thank you.

AFRICAN PLANT—KEY TO COTTON PEST END?

BERKELEY.—An east African plant used by tribal doctors to treat malaria and high blood pressure may help farmers wipe out two dreaded cotton pests, say University of California scientists.

Caterpillars of both the pink bollworm and the fall armyworm starved to death after being fed compounds from the Ajuga remota plant.

The findings were announced Thursday in Berkeley and in Atlanta, at a meeting of the American Chemical Society.

The university-funded research project that led to the discovery is part of an effort to find environmentally safe pest controls.

The pink bollworm is considered to be the most destructive pest to cotton, which is grown extensively in the San Joaquin Valley. Last year, more than 3,000 pink bollworms were found in the valley, and bollworm larvae were found for the first time.

Bollworms also have plagued cotton fields in the Imperial Valley and in Arizona. The fall armyworm feeds on cotton and other plants throughout the United States.

Isao Kubo, assistant professor of UC's entomology and parasitology department, said in Atlanta that he first studied the Ajuga remota plant after noticing that locusts in eastern Africa did not touch it.

Scientists at Berkeley ground up leaves and roots to obtain the extracts used in the tests. The extracts were force-fed to the pests and appeared to upset their molting process.

Kubo said the caterpillars continued to develop new lid-like "heads" on their cocoons, but were unable to shed the old ones. Eventually, their mouths were buried so deeply inside the coverings that they couldn't eat, he said.

Kubo said the extracts, called phytoecdysones, are similar to cholesterol found in humans and other animals. UC scientists are experimenting which cheap ways to synthesize the compounds, even though Ajuga remota grows easily in most climates.

Eventually, Kubo and others hope to field-test the compounds by breeding them into plants that pests feed on, or by spraying them.

"With most (commercial) pesticides, we are all at risk," said Kubo. "All animals have nervous systems, which many commercial pesticides attack.

"But only insects molt," he said. "Phytoecdysones deal with that specific process, and they only affect specific insects."

Kubo said the compound did not affect the troublesome corn earworm or tobacco budworm. It did, however, affect silkworms, which are valuable to the silk-making industries of Japan and China.

Silkworms feed on the mulberry plant, which has small natural amounts of phytoecdysones. Kubo said it is important to know more about the compounds to prevent possible harm to silkworms while the compounds are used in pest control.

Co-authors of the report are James Klocke, a doctoral candidate at Berkeley, and Shoji Asano, an entomology research associate who has returned to Japan.●

IN SUPPORT OF ECONOMIC EQUITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. LOWRY) is recognized for 5 minutes.

● Mr. LOWRY of Washington. Mr. Speaker, I am pleased to join my colleagues who are cosponsoring H.R. 3117, the Economic Equity Act.

The Economic Equity Act would change and enhance the law in seven areas: Tax and retirement rights, child and dependent care, military service, farm credit and agricultural taxation, accessibility of insurance, maintenance and child support, and the Federal regulatory process. These are major areas where present law works to the detriment of women.

The time is now for such changes to be implemented. We are only now beginning to change our perceptions about the role women play in our economic life. Female participation in the labor force is increasing, yet, women only earn 59 percent of what men earn. Women comprise 42 percent of the labor force, yet, they comprise 66 percent of those living in poverty. We are also just beginning to acknowledge that unpaid work in the home and community has substantial economic value. As we are becoming cognizant of these facts, we must realize that it is time to do something about the problems.

This bill addresses needed changes to the law that will benefit working and nonworking women alike. It addresses problems which are encountered by married, single, divorced, and widowed women of all ages. For example, women who choose to remain at home, with no outside income, will have a mechanism to provide for their own retirement. Employers will be encouraged to hire displaced homemakers because of the proposed tax credit to encourage employment of these individuals. Working women with young children will have help with day care costs as this act proposes to include day care as an employer provided fringe benefit. Pension laws would be changed so that women will receive equal pension benefits and tax laws would be changed so that women heads of households will be taxed equally. A widow will not be unknowingly left without survivorship benefits under this act.

This is the first time that so comprehensive a package has been introduced that addresses the major economic problems faced by women in our society. Let us make this step toward economic equalization which will finally recognize that women's roles in our society are important ones and that our continued economic progress will be dependent on their continuing contributions.●

INTRODUCTION OF "NATIONAL TRANSIT FARE EMPLOYMENT INCENTIVES ACT"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. SAVAGE) is recognized for 10 minutes.

● Mr. SAVAGE. Mr. Speaker, recently, when President Reagan was speaking about the problems of unemployment in this country, he made these remarks:

> We know the high unemployment rate here in Washington. We know the high unemployment rate in New York and their problems, and yet, how do we explain that in the Sunday (New York) Times there were forty-five and a half pages of help wanted ads, and in the Washington Post Sunday there were thirty-three and a half pages of help wanted ads and these were jobs calling for people of every range that you could make. How does a person justify calling themselves unemployed when there is a fellow spending money advertising and saying, "I've got a job. Come fill my job." and I've done this in other cities. The last time I did it in Los Angeles there were sixty-five and a half pages in the Los Angeles Times of help wanted ads. (Remarks to Congressional Women, March 26, 1981.)

President Reagan is pointing to the help-wanted sections of our Nation's largest newspapers and questioning why people remain unemployed when there are employers in the private sector who obviously need and want people to come to work for them.

I believe that there are jobs in the private sector that are waiting to be filled, but I also believe that one of the main reasons why these jobs are not being filled as readily as they should be is directly related to the high cost of public transportation which jobseekers, especially those who live in and around urban areas, must necessarily utilize to apply for, and thus, to obtain work.

Today, in answer to that need, I am introducing the National Transit Fare Employment Incentives Act, which I believe will provide incentives to jobseekers to look for employment opportunities in the private sector, and which will also provide financial relief to the unemployed who must rely on the use of public transportation to effectively maintain an active job search.

The National Transit Fare Employment Incentives Act is a logical and effective way to point job seekers toward actual, existing jobs in the private sector. The program will be administered by the Department of Labor through the already existing Office of Employment Services—no new agency or department need be created to organize or administer this act.

To receive transit fare assistance, each job seeker would be required to actually come into the employment services office in his or her local area and accept referrals through that office to actual job positions available at that time. For each referral accepted, the job seeker would be eligible to receive one round trip transit fare to take the form of whatever method of payment is used by that particular city's transit system—such as: farecard, token, transfer, pass, and so forth. These fares would be issued at the Employment Services Office at the same time as the job referrals are made.

As an additional benefit, it is anticipated that the National Transit Fare Employment Incentives Act will greatly increase utilization of the Employment Services Office of the Department of Labor, not only by prospective personnel but by the private employers themselves. This is a highly desirable side effect, as the Employment Services Office is already in existence and operating and should be utilized to its maximum potential as a employment mechanism.

Because the Office of Employment Services can utilize already existing office space and personnel to administer this program, there should be only minimal administrative costs involved in its setup and operation.

I believe that the National Transit Fair Employment Incentives Act is unique because it is not another hashed-over welfare concept but rather, it is a work-fare bill. When one stops to consider the overwhelming benefits to be gained toward the betterment of our economy and toward the betterment of standard of living and way of life that will be gained when people are working instead of having to draw public assistance, any costs that may be associated with a program to get people into jobs must be considered small, indeed.

I urge my distinguished colleagues to join me in support for the National Transit Fare Employment Incentives Act—legislation which I firmly believe is a positive step in bringing us closer to the goal that we all share—helping people who want to work to get jobs—helping people to help themselves.

Thank you, Mr. Speaker.●

IN RESPONSE TO THE ADMINISTRATION'S TOUGH NEW POLICIES FOR THE 8(a) PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. MITCHELL) is recognized for 15 minutes.

● Mr. MITCHELL of Maryland. Mr. Speaker, on February 19, 1981, I stated in a special order that the "Day Of Reckoning" for America will be a confrontation that will develop as a result of the irresponsible tax policies and budget reductions proposed by the Reagan administration. Today, I must expand this list to include recent actions by the Small Business Administration aimed at providing a superficial and politically expedient cure for the administration's failure to manage properly the minority business set-aside program, commonly referenced as the 8(a) program.

On Friday, May 1, 1981, Mr. Michael Cardenas, Administrator of the U.S. Small Business Administration (SBA) announced "new tough policies for the 8(a) program." He stood before this Nation and in essence blamed those firms which are socially and economically disadvantaged for the historical failure of SBA to manage properly a program which is designed to assist such businesses in gaining economic self-sufficiency. Mr. Cardenas, in a feeble effort to provide strong leadership in the management of the 8(a) program, proposed the weakest management solution possible. He has placed an indefinite moratorium on the admission of new 8(a) firms. Such action will and is beginning to inure to the detriment of the minority business community. Of course, the ultimate victim of this heartless attack will be the U.S. economy, as we attempt to move this country into a stronger period of economic development.

In 1976 and 1977 I launched a major legislative initiative in Congress in the area of economic parity for minority business owners. What were the justifications for such actions?

First. In the 1960's, the Congress passed the Small Business Act. Its purpose and intent were clear. It was based on the premise that the survival and growth of the Nation's free enterprise system was predicated upon widespread ownership and control of business and industry and avoidance of too much economic concentration by the Government toward the mammoth and ever-burgeoning business and industrial entities that had had their inception in the 1880's and early 1900's. Greater competition for Government, commercial and consumer markets would ultimately insure a continuation of better products and services and a healthier dissemination of the Nation's wealth.

Second. The Small Business Act and the subsequent establishment of the Small Business Administration insures the growth of small business throughout America, and, further insures that a fair proportion of Government procurement and contracting opportunities are afforded to it. It is certainly no accident that more than 14 million small businesses exist today. Rather, it is by design and serves as a constant reminder of that Federal Government commitment to an economic philosophy of free enterprise in which small businesses are flourishing and will continue to flourish.

Third. Minority participation within the American economic system has been primarily one of consumerism. With the exception of land and housing—and that to minimal degrees—mi-

nority ownership has been restricted to consumer products; and, even more so, minorities have been faced with nonownership, materialized in an overall "rent as you live" philosophy.

Fourth. The concept of ownership has always been a motivating factor behind the American ethic of "rugged individualism" and "self-determination." Capitalism has thrived as a system because profit is a means by which one can measure effort. Business and industrial development has placed the means of production and distribution into the hands of the people. The competitive spirit by which we live has been responsible for America's evolution as the greatest industrial society on the Earth and one that has afforded its people the highest standard of living.

Fifth. Consequently, the worker who sincerely believes that his employer enhances those precepts and ideals which have made the Nation great, translates that sincerity into conscientious effort and achievement, while generating a competitive spirit amongst his peers.

Sixth. The Kerner report of the late 1960's in the wake of one of the Nation's most civilly eruptive and disruptive periods, also spoke to the concept of ownership. In this instance, however, minority ownership was the subject. In spite of the development of job opportunities; creation of immense social welfare programs; legislative reaffirmations of constitutional rights * * * it was found that the minority pursuit of ownership was as intrinsic to their philosophy as it was for their majority counterparts. It became equally as evident that the Federal Government had done little, nor had plans to do more in the future, with regard to minority business enterprise development.

Seventh. As a result of this condition, some immediate steps were taken by the Government to, at least, mitigate the problem, that is, (1) section 8(a) of the Small Business Act was identified as a legislative vehicle by which minorities would have more equal access to Federal Government procurement and contracting opportunities, thus the evolution of the 8(a) program; (2) the Small Business Administration was formally alerted to the unique problems of minority businesses and authorized to establish minority business enterprise programs, goals, and objectives, and make available to minority businesses all programs and services offered to small business enterprises in general; (3) the Office of Minority Business Enterprise was created by Executive order to work exclusively for minority business concerns and in coordination with those agencies of the Federal Government impacting upon minority business enterprise; (4) the position of associate administrator for minority small business was created within the Small Business Administration; (5) subpart 1-1.13, Minority Business Enterprises, of title 41—Public Contracts and Property Management was attached to that amendment of the Federal procurement regulations "to foster and encourage the participation of minority business enterprise in the subcontracts awarded by Government prime contractors."

Eighth. The period from 1969 to 1977 gave rise to much concern about the minority business enterprise issue and the broader issue of minority economic development. The question of minority "economic parity" was addressed via voluminous research and statistical documentation, numerous formal Government agency and private sector discussions, and formal testimony to committees of the Congress. What became quite evident was the need for specific and immediate legislative action with regard to minority business enterprise. In additon, there was a critical need for the efficacious implementation and ongoing analysis of Federal Government programing in the effort to insure minority business enterprise growth and development, while moving closer to the ultimate goal of minority "economic parity."

Ninth. To truly grasp the full meaning of minority "economic parity" and, yet, understand the ramifications of the issue requires one to wade through an ocean of statistics and overcome the tidal waves of its complexities. It is a fact that minority business enterprise has experienced growth; however, such growth is only as relevant as its parallel relationship to national economic growth. Statistical data from a 1969 report issued by the Department of Commerce on minority-owned businesses indicated that there were approximately 322,000 minority-owned businesses, comprising 4.3 percent of the 7.5 million businesses in America. In addition, the report stated that the total minority business receipts constituted $10.6 billion or 0.7 percent of the total 1967 receipts of $1.498 trillion reported by all business. The 1972 Survey of Minority-Owned Business Enterprise-Black (MB72-1), a special report issued by the Department of Commerce's Social and Economic Statistics Administration, and the first in a series of special reports on minority-owned businesses, indicated that there were some 195,000 black businesses in the Nation generating $7.1 billion in gross receipts. The average receipts per black firm was $13,000 per annum. In comparison, varying population statistics indicated that minorities comprise between 17 percent and 20 percent of the total United States population—those statistics are highly speculative, for blacks alone may comprise more than 15 percent of the total population. Consequently, if one were to address the mathematics of the situation, one could ascertain that the ratio of business dollars generated by minorities as equated with the minority percentage of the Nation's population is alarmingly disproportionate. In this regard the verity of minority business enterprise growth belies the reality of an inadequate growth pattern and the road to minority "economic parity" continues to become longer and more circuitous. If we are of the opinion that minority "economic parity" will come as a result of normal economic evolutionary trends, we need to quickly check our premise. For, the longer we procrastinate in starting the machinery to solve the problem, the more fuel will be required. In this vein, I am speaking of dollars and ways to begin to solve a problem which will expend millions of dollars rather than wait until it will later cost us billions.

In response to these conditions, in 1978, Public Law 95-507 was enacted. This law is designed to assist and to foster the development of socially and economically disadvantaged businesses. It recognizes that these businesses are not presently capable of competing with their majority counterparts, and therefore procurement, management, and technical assistance must be provided if the free enterprise system is to work.

Public Law 95-507 consists of several major components including the 8(a) program. Agencies are required to provide SBA with procurement contracts for socially and economically disadvantaged businesses. In turn, SBA subcontracts these procurements to certified firms.

In 1977, socially and economically disadvantaged businesses received less than 1 percent of the total Federal Government budget of nearly $100 billion. Through the 8(a) program and a very aggressive compliance review, in 1980 socially and economically disadvantaged businesses received nearly 3 percent of the total Federal procurement budget. Surely this does not approach economic parity, but it is a step in the right direction. These gains will be dissipated if the 8(a) program is not strengthened.

On May 1, 1981, Mr. Cardenas implemented an indefinite moratorium on the admission of new 8(a) firms. In the same brush of the pen, he has requested a size determination for nearly 50 8(a) firms. In addition, has has assumed near unilateral control of the internal decisionmaking process relative to socially and economically disadvantaged businesses. Some of these actions are in direct conflict with laws, Public Law 95-507 and Public Law 96-481, passed by Congress. Of parallel significance, Mr. Cardenas, in making these broad changes has completely circumvented and violated the rulemaking process for Federal agencies as

well as SBA's internal standard operating procedures.

The Constitution of the United States clearly provides a seperation between the legislative and executive branches of Government. Agencies of Government are provided some degree of flexibility in the interpretation of laws passed by Congress. However, agencies cannot legislate nor can they unilaterally decide which laws they will or will not enforce. As a Member of Congress, I will not abdicate this responsibility to individuals who have not been elected by the people of the United States. It is clear by the recent actions of Mr. Cardenas that he has overstepped the bounds placed upon him by Congress.

I am deeply concerned with the May 1, 1981 proclamation of Mr. Cardenas. I am concerned because Congress instructed SBA through Public Law 96-481 to develop graduation requirements for 8(a) firms. I am concerned because the General Accounting Office through numerous audits has recommended certain changes to SBA for the 8(a) program. I am concerned because the actions by Mr. Cardenas are creating havoc within the minority business community as well as within the Federal procurement system. I am concerned because in 1980, 8(a) firms employed over 32,000 people, which is a positive factor in this Nation's attempt to address the unemployment of blacks and other minorities. I am also concerned because the small business sector's contribution to the gross national product and to productivity has been decreasing for the last few years. In total disregard for such, Mr. Cardenas has moved to place additional restraints on a segment of the economy which is in need of greater support, not less. Minority businesses can be a trememdous asset to the employment problems of this Nation, but this will not materialize if the Government does not remain committed to helping such businesses. Clearly, the action by Mr. Cardenas is counterproductive to this need.

I have and I will continue to be one of the first to state that SBA must improve the 8(a) program. However, I do oppose changes in this program when they are in apparent violation of the laws passed by Congress and when such changes try to circumvent established regulatory procedures. This must cease and desist.

A free enterprise system cannot function unless there is adequate entrepreneurial participation, competition and access to entry. For many years, minority businesses have been excluded from this system. The 1980 U.S. Supreme Court decision of *Fullilove* vs. *Klutznick* supported the action of Congress to create affirmative action programs for minority businesses. If this Nation is truly striving to end racism and discrimination, then the administration has run aground with the May 1, 1981 statement by Mr. Cardenas. I challenge the administration to demonstrate that all people within the Nation have a right to participate in the free enterprise system and share equitably in this Nation's wealth.●

PROPOSITION A IN MICHIGAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● Mr. CROCKETT. Mr. Speaker, on May 19, the voters of Michigan will vote on proposition A, a proposal to make major changes in the property, income and sales taxes in our State.

I would like to insert in the RECORD at this point the text of a message I am sending to my constituents in the 13th District, urging their participation in this public decision:

Your vote is your important control over matters that determine in large measure the people and the issues having a direct affect upon you and your family.

The special election on Tuesday, May 19 will consist of only one issue to be decided by the voters of Michigan. Proposal A concerns changes in the tax system which are of great concern to nearly every person and every family in the state.

Learn the facts about Proposal A. Make your own decision on the proposed changes in the tax system. Be sure you vote Tuesday, May 19.●

FIGHTING WASTE AND FRAUD IN GOVERNMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. DICKS) is recognized for 20 minutes.

● Mr. DICKS. Mr. Speaker, no issue is more important today to Americans than improving the Nation's economy—reducing inflation, cutting the deficit, putting people back to work, lowering interest rates. Those are concerns that cry out for attention, and I am deeply committed to a program that will properly address them. That will include passage of reasonable and equitable spending cuts, tax cuts, and incentives to encourage investment.

But one of the vital elements of improving our economy is to make the Federal Government more lean, more efficient, and less prone to waste and fraud. You do not do that by waving a magic wand. You do it by mounting a major assault on some of the basic causes of waste and fraud in Government. Let me illustrate.

Some of the richest corporations in this country are the oil and gas companies. During the last quarter of 1980, for example, Exxon turned a tidy little profit of $1.3 billion. Not bad.

So it hardly seems fair that these companies are reaping a windfall from the Federal Government to the tune of several hundred million dollars a year. But they are. And they are not even asking for it. You see, the Government has such a poor accounting and collection system for fees on oil and gas drilled on Federal land, that we did not even collect about $270 million owed by the industry in fiscal year 1980.

This year, that loss will work out to about $1 million a day. Next year, it will be $2 million a day or more.

It is shocking but true. The U.S. Geological Survey—the Federal agency responsible for collecting these fees—admitted it in a hearing I chaired several weeks ago. According to their estimate, they do not collect about 10 percent of what is owed.

Let us think about that figure for a second. It means that we have not collected about $700 million since 1977. It means that next year alone, we will not collect between $600 and $700 million. And if we do not fix the problem by 1990—only 9 years from now—we will be losing something like $2 billion a year to the oil and gas industry simply because of shoddy, antiquated methods of accounting and collections.

Unfortunately, such problems are all too common. Serious weaknesses in such areas as accounting, auditing, collections, internal controls, and program operations are costing taxpayers millions—if not billions—of dollars a year in waste, inefficiency, fraud, and error. In many cases, these are weaknesses that are not obvious on the surface, but are buried deep within legitimate programs.

At a time when the American taxpayer is demanding economy in all portions of the Federal Government, it is absolutely vital that these leaks be plugged. Immediately. But the job is going to take some persistence, since the problems are scattered throughout agencies and programs within the Government.

Let me give a few examples:

An audit of one Navy flying unit showed that it had 18 people who were in flying status and who were issued flying jackets, sunglasses, boots, and gloves. Each of those items is supposed to last a good, long while—in fact, the jacket is supposed to last for 3 years. But during one 20-month period, this unit issued 217 pairs of sunglasses, 75 flying jackets, 53 pairs of boots, and 181 pairs of gloves. Remember that is just for 18 people.

One Navy supply center in Oakland stored 240 line items of ship propellers, propulsion shafts, and components that were valued at over $8 million. Unfortunately, they were stored outside without adequate protection. As a result, most, if not all, of the $8 million worth of equipment had to be discarded because of corrosion.

Or let us look at the issue of Federal travel. One Inspector General found

$133,000 worth of unused airline tickets dating back to 1972 under a secretary's desk. Another financial officer was able to run up a $30,000 illegal travel bill for himself and his buddies because nobody bothered checking up on him. And the National Guard spent $109,000 in 1980 to fly 431 Guard members to Nashville so they could participate in a bowling tournament.

Then there is the case of the employee—once again at the Geological Survey—who was responsible for 823 items of scientific equipment valued at $1.7 million. No inventory had been done in 7 years. When auditors started finally checking up on him, he claimed that most of the items were not ordered by him, were never received, were refused, or were forgotten. Unfortunately, this fellow was far from the exception—it appeared that as much as $28 million in scientific equipment at the Survey "disappeared" or could not be accounted for.

Finally, there is the example of one camp director at a summer jobs camp who ordered 1,072 pairs of leg chaps, 3,736 pairs of work gloves, 112 stepladders, and 1,509 desk calendars. The only problem was that he expected only 136 young people at the camp.

What I am describing here, I am afraid, is a problem that runs throughout government. According to the General Accounting Office, internal controls that are designed to stop waste, fraud, and inefficiency often do not work. Or they are not in place. Or they are not enforced properly. That includes everything from good accounting systems to making sure that tools do not walk out of the door at night.

Beyond that, fraud is often not detected, according to the GAO. If it is detected, it is often not punished. And many Federal managers do not see one of their main functions as stopping waste and fraud. Handing out dollars, yes. Making sure they are spent right, no.

Here is the way the new GAO report on fraud in Government puts it:

> Much fraud is detected by chance. Given the poor state of controls in many programs, it is probable that most frauds remain undetected. For those who are caught committing fraud, the chances of being prosecuted and eventually going to jail are slim. Further, agencies do not always use the administrative actions available to deter persons from committing fraud. The sad truth is that crime against the government often does pay.

My intention is not to imply that all Federal agencies are being overrun by waste. Or that all Federal managers are not doing their jobs. In fact, most Federal employees are doing their jobs very well and are just as upset about the waste they see as we are.

But I do want to stress that some of the basic, internal systems within many agencies—systems to make sure money is spent properly and that programs run right—are simply out of kilter. Correcting such problems must be one of our highest priorities, Mr. Speaker. If we are truly serious about stopping waste, we have got to mount a major assault on its basic causes. We can only do that through perseverance and hard work; not with a snap of the finger.

Let me point out two areas in particular that need attention.

UNRESOLVED AUDIT FINDINGS

One of the best tools the Federal Government has to guard against waste is the audit—often overlooked, but nevertheless a vital element in making sure Federal funds are spent properly. In 1978, the General Accounting Office took a look at how well the Federal Government does in "resolving" audits—that is, deciding whether to collect money questioned in the audits, as well as correcting problems pointed out by them. GAO found a pretty sad situation.

More than $4.3 billion in unresolved audits existed at that time in the Federal Government, many of which were months and years old. Those audits were gathering dust, just waiting for somebody to decide what should be done about them. Beyond that, the GAO pointed out that the entire system of resolving audits was outdated, disorganized, and inefficient.

Well, GAO just completed an update of that study. The result? Let me quote from the first page of the report:

> The Government is losing billions of dollars because agencies are not acting on audit recommendations to recover funds, avoid cost, and improve operations. Although Federal agencies' systems for resolving audit findings have improved somewhat in the past two years, progress overall has been disappointing.
>
> In 1978, GAO identified $4.3 billion in unresolved audit findings at 34 agencies involving potential recoveries, penalties, revenues, or savings. GAO now reports $14.3 billion in unresolved monetary findings at these agencies. . . .

GAO also found:

In January 1979, the Department of Agriculture auditors reported that both USDA and the Department of Health and Human Services reimbursed a day-care operator $478,000 for the same food service under different programs. USDA said it was not their problem. HHS said they were not told about the double funding. And the result? Well, no funds have been recovered and the day-care operator is still funded by both programs.

Officials at the Community Services Administration asked one grantee to respond to an audit report that questioned $298,000. The grantee never replied. A year later, the agency warned that funding would stop if the grantee did not answer. But still no reply. So the agency decided to get tough—they gave him another $90,000. And since the audit report first came out, CSA has given him more than $500,000.

Over a 3-year period, a recipient of a HUD subsidy received about $100,000 too much, but he did not return the money. The auditors decided that the case was closed—despite the fact that nothing had been paid back—because the case had been given to the HUD accounting division 3 months earlier. So, as of last fall, no efforts had been made to collect the money. No money had been returned. And, to make matters worse, the recipient ended up with an additional $258,000.

After all of this, the conclusions seem obvious. Among other things, many agencies are not keeping track of audits. They have trouble settling differences over audits. They have poor procedures for taking corrective action.

"In many of our illustrations," said GAO, "officials show a great propensity to forgive and forget error, waste, abuse, and misuse of Federal funds * * *."

Quite frankly, Mr. Speaker, I do not think the American taxpayer can tolerate this kind of forgiveness. It is terribly expensive. GAO concluded that as much as $25 billion in unresolved audits currently exist throughout the Government. Of that, more than $5 billion is over 1 year old. No one knows how much of that will be ignored forever, but it is a safe bet that the total will be substantial.

OVERDUE DEBTS OWED

Now let us look at how well Uncle Sam does collecting money that is owed the Government. If anything, the situation is even worse there.

According to the Office of Management and Budget, the total debt owed the U.S. Government is $175 billion. That includes debt from student loans, home loans, foreign debts, sale of products and services, overdue taxes, and more. Of that $175 billion, $25 billion is delinquent or overdue. And in 1979 alone, the Government simply wrote off $1 billion in bad debts because it decided the money would never be collected.

As Everett Dirksen used to say, "a billion here, a billion there, soon it adds up to real money." Well, I assure you, we are talking about real money here. Using President Reagan's illustration, you would be a millionaire if you had a stack of $1,000 bills in your hand 4 inches high. Now, if you had a stack of $1,000 bills a mile and a half high, you would be holding the total amount of money that is overdue right now—$25 billion.

Why does this situation exist? There are a lot of reasons.

For one, debt collection in the Federal Government has received a very low priority for many years. The Law Enforcement Assistance Administration, for example, had only four full-

time and two part-time employees assigned to service 210,000 student loan accounts amounting to more than $150 million. At the State Department, only one full-time employee was in charge of handling 3,000 accounts amounting to almost $100 million.

To complicate things, records on debts are often incomplete, out-of-date, or inaccurate. For example, the accounting system at HUD was unable to determine whether $300 million in accounts due were delinquent. At the Department of Education, a $29 million student loan program had no procedures to adjust accounts for "bounced checks." Also at Education, total receivables—calculated at $5.1 billion—were estimated or were calculated from other than official records because the accounting system was so bad.

Plus, there is the issue of interest charges. According to OMB, many agencies do not charge interest on overdue debts, including the Department of Health and Human Services, which has about $1.8 billion overdue; USDA which has $600 million overdue; and HUD which has $161 million overdue. To make matters worse, many agencies that do charge interest do not have consistent policies or they charge interest rates well below prime.

In conclusion, a new OMB report on debt collection in the Federal Government says:

> Serious problems exist throughout the entire credit cycle * * *. Generally credit extension procedures do not provide for proper screening of applicants; accounting systems often cannot provide the basic information needed for servicing and billing * * *; resources dedicated to the collection process are invariably insufficient and, in some cases, nonexistent * * *.

My question, Mr. Speaker, is how can this problem be allowed to continue when the American taxpayer expects Government to economize in every area? Allowing billions of dollars in overdue debt to remain uncollected is hardly what I consider to be economizing. That is particularly true when you consider that it costs the taxpayer an extra $3 billion every year to finance that $25 billion that is overdue. In my view, we cannot delay for an instant in addressing this problem.

A good part of this can be corrected by the agencies themselves. We have got to push them relentlessly to do so. Beyond that, however, Congress must act—to make agencies more responsible for collecting debts and to make sure the law allows up-to-date procedures to improve debt collection.

ACTIONS NEEDED TO DEAL WITH FRAUD AND WASTE

Mr. Speaker, let me say in conclusion that whether we are talking about collection problems in the Department of Education, or about accounting problems in the Geological Survey, or about auditing problems at the Department of Commerce, we are obviously discussing some basic problems involving internal operations of important agencies. We are talking about the nitty-gritty of government. You do not wave a magic wand and make problems like poor internal controls, weak accounting systems, improper priorities, poor collections, and much more simply go way. You correct them only through persistence and good, hard work.

We have got to analyze programs carefully and hold managers responsible. We have got to make sure that good, solid internal controls to stop waste exist and that they are used. We have got to make sure that fraud prevention gets top billing in every agency. We have got to make sure that when agencies slip up, when they let millions slip through the cracks, that we hold their feet to the fire.

For that reason, I have thrown my support behind several pieces of legislation:

I am cosponsoring H.R. 1526, the Federal Managers' Accountability Act of 1981, which will make agency heads much more responsible for seeing to it that systems of internal control are working properly. Those systems include effective auditing and accounting, good collection procedures, effective methods of preventing theft, and much more. Under the bill, heads of agencies would have to explain to the President and Congress whether their controls are working, are preventing waste, and are making sure that tax dollars are spent properly. If agency heads cannot provide such an assurance, they will have to explain how they intend to correct the problems. This bill will elevate the issue of effective internal controls to the highest levels of agency command—something that has been missing for too long.

I am cosponsoring H.R. 2098, the Inspector General Act Amendments of 1981, which will create Offices of Inspector General—top-notch, high-level, wastewatchers—in the Departments of Defense, Treasury, Justice, and in the Agency for International Development. The sole job of these offices will be to uncover waste and fraud and to see to it that tax dollars are spent properly. The Offices will head up investigative and audit work in the agencies, and will report their findings and recommendations to Congress. Considering the tremendous amount of money spent in these agencies—amounting to more than $170 billion this year in Defense alone—these independent offices are vital.

I am cosponsoring H.R. 2811—a bill that will improve the Federal Government's efforts to collect debts that are owed it. It will clear the way for agencies to report overdue debtors to credit bureaus, thereby affecting their credit ratings. In my view, as well as in the view of GAO and OMB, such an action is very important. If individuals don't pay their debts to Uncle Sam, their credit ratings should reflect that fact. At the same time, the bill includes important provisions to protect an individual's privacy.

These actions lay an important framework to help stop waste at its source. We will be making agency heads and Federal managers more accountable for doing their jobs. We will get top-level, independent Offices of Inspector General into departments that don't have them now. We will be using the Appropriations Committee as a club to get agencies moving. And we will continue to look for whatever legislation or other strategies we can find to get a handle on waste in government.

According to a recent survey, the American people think that something like 48 cents out of every dollar is wasted by the Government. In light of that attitude, I think we have got to try every avenue we have got to deal with waste—we can't simply be content to cut spending since that won't correct the basic problems.

We have got to look in the nooks and crannies of the Federal budget. We have go to comb through the budget line by line and program by program. We have got to make sure agencies are putting into place the internal controls that will have some lasting effect.

When that is done, we will have taken an important step toward stopping waste and fraud in the Federal Government.●

SUPPORT ECONOMIC EQUITY FOR WOMEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. AuCoin) is recognized for 5 minutes.

● Mr. AuCOIN. Mr. Speaker, Women across America must truly be wondering just what is going on back here in Washington, D.C.

During the last few weeks Congress had held hearings on whether or not women should have the right to make their own decisions regarding childbirth. Hearings have been held, and more are scheduled, reviewing affirmative action, which, according to some of my colleagues on the Senate side is, and I quote, "an assault upon America, conceived in lies and fostered with an irresponsibility so extreme as to verge upon the malign." We have heard from Phyllis Schlafly, armed only with her own opinion, that sexual harassment on the job is not a problem for the virtuous woman.

In the midst of all this, I would like to call your attention to a positive and unprecedented piece of legislation, the Economic Equity Act, which makes real strides in finally achieving equal treatment under our laws for home-

makers and workingwomen. It is no substitute for the equal rights amendment, but it does address unjustifiable inequities in our tax, pension, insurance, and inheritance laws—and it recognizes that the one occupation women receive the least credit for is homemaking.

I urge my colleagues to lend their support to this important initiative. Its passage would insure a good deal more than candy and flowers for women all across America next Mother's Day—and that is economic equality.

The President stated on the campaign trail that he supports equality for women, and I trust he will embrace our economic proposal because we all know the President keeps his campaign promises.

MILWAUKEE OBSERVES POLISH CONSTITUTION DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 15 minutes.

● Mr. ZABLOCKI. Mr. Speaker, on May 3, 1981, the Pulaski Council of Milwaukee, a civic and patriotic group serving as an umbrella organization for thousands of Milwaukee area citizens of Polish descent, arranged an impressive program of events to commemorate the 190th anniversary of the Polish Constitution of May 3, 1791.

Mr. Speaker, it was a privilege and an honor for me to participate in those activities beginning with a religious observance at St. Stanislaus Church, celebrated by Bishop Leo Brust, followed by a parade and a memorial ceremony at Kosciuszko Park, and culminating with a banquet in the evening. The principal speakers at the memorial ceremony were State Representative John Plewa and Mr. Edmund Banasikowski, honorary president of the Polish American Congress.

Mr. Speaker, the Polish Constitution of May 3, 1791, has more than historical significance. Not only was it the first such document on the European continent, and second only to our own Constitution as a model for democratic governments for generations to come, it is also a source of inspiration to the people of Poland today. Recognizing the relevance of the constitution of May 3, 1791, to the continuing struggle for human rights in Poland, Mr. Speaker, the Americans of Polish descent assembled on this occasion adopted a resolution expressing their support and concern for the Solidarity Union and for all Polish people who seek a greater measure of human rights and freedom. Mr. Speaker, because of the significance of this resolution, I believe that its text should be shared with our colleagues, as follows:

RESOLUTION

Being the 190th anniversary of the signing of the Polish Constitution on May 3, 1791, We the Polish Americans of Milwaukee, Wis., representing various civic, religious, cultural and veterans organizations, are gathered here today at Kosciuszko Park in observance of Polish Constitution Day under the auspices of the Pulaski Council on May 3, 1981 adopted the following resolution:

Whereas: 190 years ago the Polish Parliament passed a Constitution based on the same ideals as the French Declaration of the Rights of Man and as the American Declaration of Independence.

Whereas: The underlying passion of the Polish people for representative government has not changed in two centuries of peril, persecution and ruthless slaughter.

Whereas: The sacred ideal of Polish liberty stands undimmed today, revered by all who love freedom and its place in history remains proud and unchallenged.

Whereas: The May 3rd Constitution was abolished by Czarist Russian troops and the same act of tyranny and savagery had been repeated by the Soviet Union after World War II. And

Whereas: The historical aspirations of heroic but freedom hungry people of Poland are blocked continually by threat of military intervention and economic exploitation by the Soviet Union and the brutal control of the Secret Police.

Whereas: The struggle for Human Rights in Poland is not a matter of the Soviet Imperium or its puppet regime installed by force in Warsaw. Therfore be it

Resolved, That all assembled here today at the great observance at the monument of the hero of two worlds—General Tadeusz Kosciuszko—one of the many Polish soldiers who defended the 3rd of May Constitution against the Russian army—on behalf of the Polish American Community in Milwaukee express our highest regard, admiration and full support for the Polish Workers of the Solidarity Union and all people as they seek a greater measure of human rights and freedom. And be it further

Resolved, In view of the fact the Polish workers' goals are in keeping with International Law, which is systematically violated by Russian Imperialism. Further, Poland was to be an independent state even under the disgraceful agreement of Yalta. We condemn the so called "Brezhnev Doctrine" under which Soviet Russia claims a right to intervene in her neighbor's affairs. And be it further

Resolved, That we as free American citizens appeal to the President of the United States, the State Department and our Congressmen to take a firm stand in defense of Poland. We urge our government to immediately establish a strong economic assistance program to Poland especially in emergency food and medicine. And be it further

Resolved, We demand that Radio Free Europe/Liberty and Voice of America, which in the present challenge plays a more important role than missiles, should be dramatically upgraded on the list of American strategic priorities. Thus bring about a more effective means of communication and dialog with the people of the captive nations. Thereby we can project effectively moral values to the countries dominated by Russia and assure a free flow of information and ideas. And be it further

Resolved, We Americans of Polish descent will never recognize the Soviet domination of Poland and East Central Europe. The claims of these captive nations to independence and liberty is not based on sentiment. It is deeply rooted in history, in culture and in international law. No matter what sort of puppet governments they may maintain, there cannot be any permanent peace in Europe without full liberty for Poland and other captive nations. And be it further

Resolved, That we pledge ourselves to do the utmost in fighting communism which endangers the safety of the United States of America and the rest of the free world. Let us mobilize our own will and determination to defend our domestic system and ideals of our civilization.

Resolution Committee: Mr. Edmund Banasikowski, Mrs. Harriet Kaminski, Mr. Jan Joachimczyk.

Unanimously adopted by all freedom loving people present in observance of Polish Constitution Day held on this 3rd day of May in the year 1981 in Milwaukee, Wisconsin.

Mr. Speaker, the dinner which was the concluding event of the annual observance of Polish Constitution Day in Milwaukee this year, honored not only those who adopted the constitution of May 3, 1791, and those who work for liberty in Poland today, but also paid tribute to Dean Alfred Sokolnicki of the School of Speech of Marquette University. Mr. William Kowalkowski, president of the Pulaski Council, honored Dean Sokolnicki by presenting him with the council's first Polish Heritage Award.

Mr. Speaker, among those participating in the Polish Constitution Day dinner was the president of the Polish National Alliance, Mr. Aloysius A. Mazewski, who also serves as president of the Polish American Congress. It was my privilege to address the dinner guests on this occasion.

Mr. Speaker, since my remarks may be of interest to others, I am pleased to share them with our colleagues, as follows:

REMARKS BY HON. CLEMENT J. ZABLOCKI, MAY 3, 1981, PULASKI COUNCIL OF MILWAUKEE

Mr. Chairman, Mr. Witkowiak, Rev. Fr. Czachowski, President Al Mazewski, Honored Guests Dean and Mrs. Sokolnicki, Distinguished Guests:

Dear Friends, it is a special honor and distinct privilege for me to join you in observing the 190th anniversary of the ratification of the Polish Constitution of May 3, 1791.

This evening we pay tribute not only to the Polish leaders of the past who were responsible for the historic event we commemorate, but also to those who are working today in Poland for the attainment of basic human rights and liberties—Solidarnosc. It is most fitting that on this memorable occasion we also honor a leader in our own community whose contributions to the field of education, to the preservation and appreciation of Polish heritage, and culture, and to the community-at-large, a leader well known to all of you—Dean Alfred Sokolnicki.

Most of us share a common Polish heritage of which we are justifiably proud. As the eyes of the world have focused on Poland during the past nine months, the determination and courage of Polish workers

who dared to strike to obtain the most basic of rights has won new respect for Polish ethnicity, second only after the election of Pope John Paul II. But we, familiar with Poland's history and the independence of the Polish spirit, have always known that the Polish nation has not only a "will to live" but moreover, to be free!

The freedom of the Polish spirit was dramatically expressed in the Constitution of May 3, 1791. From the perspective of recent events, and taking into account the struggles for freedom during the intervening years, the historic event we observe today—and the basic principles it represents—freedom, justice, dignity of man—take on a special significance.

The 1791 Constitution provided a reformed political system for Poland during the age of monarchy and was the first such document in all of Europe. Its development, parallel with our own Constitution adopted in 1789 was not only unique in its day but became the forerunner of political reforms in other nations. Today, as a historical document which symbolizes freedom of political expression and thought, it still exemplifies the nature of the Polish spirit—to be free!

Last summer when the workers of Poland—first in the Gdansk shipyard and later throughout the country—insisted on rights which had been previously promised but never granted—it appeared that peaceful dissent could bring about armed suppression by government security forces as in 1956 and 1970.

Without even giving the appearance of interfering in Polish internal affairs, it was necessary to enunciate the policy of Congress with respect to the workers' reasonable demands and to express the well-founded fears of millions of Americans who were then, and still are, concerned about the possiblity of Soviet intervention.

To accomplish those objectives, late in August 1980 I introduced a House Concurrent Resolution cosponsored by 58 of my colleagues. The Resolution urged the Polish workers and government officials to settle their differences peacefully in accord with the principles of relevant international human rights agreements. Meanwhile, Polish workers organized peacefully to negotiate their demands and reached agreements which provided for free and independent trade unions and free election of union officials. These agreements, if put into practice, could have the effect of improving the conditions of life and work in Poland.

Accordingly, I introduced another House Concurrent Resolution which took those new developments into account. That Resolution, which was unanimously agreed to, urged the Polish government to resolve the issues raised by the workers through peaceful means. It further urged the Polish government to deal with the situation in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe, as well as other international agreements to which Poland is a party. The Resolution calls on all signatories, including the Soviet Union, to observe the Declaration on Principles Guiding Relations Between Participating States, particularly those relating to sovereign equality, inviolability of frontiers, and non-intervention in internal affairs.

Much has transpired since last October when that Resolution expressing the sense of Congress relative to the situation in Poland was adopted. It has become clear that Poland's severe economic problems must be resolved in a longer term than present financial commitments are providing.

Poland's debt to fifteen major Western nations is estimated to be in excess of 25 billion dollars! Earlier this week, those nations, including the U.S., meeting in Paris agreed to reschedule 90% of poland's debt coming due in the ensuing eight months. It is my understanding that most nations favored limiting the plan to 80% of obligations falling due within that period, but the higher limit, 90%, was adopted at the urging of U.S. Representatives. Isn't it a sad commentary that some (albeit a very few) Polish Americans are opposed to helping the people of Poland.

Progress continues to be made on the labor front in Poland with the Joint Parliamentary-Union Commission preparing a new labor law having just this week completed a preliminary draft. Many other changes have taken place including the radio broadcast of Sunday Mass and increased freedom from censorship, although Solidarnosc does not have equal time. Who would imagine a year ago that the Consitution of May 3rd would be commemorated as it was yesterday? What is Solidarnosc? It is not only the Labor Movement but includes the Church, moderates in the Government and the people of Poland. Still, the danger of Soviet intervention persists and in the view of some, is approaching its most critical period as the date now set for the Polish Communist Party Congress—July 14 to July 18—approaches. You may recall that Soviet troops invaded Czechoslovakia just two weeks before the scheduled Party Congress in Czechoslovakia in 1968.

It is generally recognized now that the political reforms taking place in the Polish Communist Party itself constitute the greatest danger to the stability of the Polish government. They must go forward—but there is grave risk. Party Secretary Kania has proposed the election of delegates to the Party Congress by secret ballot, freedom of debate and limitations on terms of office for party officials—reforms unheard of in Eastern Europe.

The question remains whether the Soviet Union will permit such changes in policy by its closest neighbor and the most populous member of its bloc.

I know you join me in praying that Poland is permitted to reach its own solutions to its own problems—and that necessary accommodations between Church, represented by the Polish Primate, Cardinal Wyszynski, Solidarnosc, represented by Lech Walesa, and the Communist Party Chief, Stanislaw Kania, will be achieved, for the good of Poland and its 35 million people.

Turning from Poland past and present to the recipient of the Pulaski Council's Polish Heritage Award—an honor richly deserved—let me say just a few words about Dean Sokolnicki. You all know of his more than three decades of service to Marquette University—the last twelve years as Dean of the School of Speech. He is equally well-known as the founder of the Mazur Polish Dancers—a dance group without equal, which looked to him for direction and guidance through almost all of its forty-year history. As teacher, professor, dean, historian, dance director, and renowned expert on Polish culture and traditions, few individuals in our community have had the influence on two generations of our young people that Dean Sokolnicki has had. I can think of no more worthy a recipient of this first Polish Heritage Award than Dean Sokolnicki, and I congratulate the Pulaski Council of Milwaukee on selecting him for this tribute. It gives me great pleasure to add my congratulations to Dean Sokolnicki as we pay tribute to him and memorialize the Polish Constitution of May 3rd! Sto lat!●

KEMP-ROTH INFLATION DECRIED BY KAUFMAN

(Mr. OBEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. OBEY. Mr. Speaker, an executive of one of America's largest corporations recently introduced Henry Kaufman, saying, "when he speaks E. F. Hutton listens." I think that perhaps the House should also listen to Mr. Kaufman as we consider the budget for the coming fiscal year. Last fall the American people gave us a mandate to lower inflation and lower interest rates. It is disturbing that the preeminent economic analyst on Wall Street thinks that the budget submitted by the President, particularly the Kemp-Roth tax items contained in the Latta budget substitute, run directly opposite to that mandate.

Next week I will be offering an amendment to the budget resolution which will balance the budget by deferring personal tax cuts by 1 year. I think the American people want a tax cut, but not one which is given on borrowed money.

Mr. Kaufman recently addressed the National Press Club and confirmed that the judgment of the American people is sounder than those making economic policy for this administration. He called the cut "inappropriate," and said that it would lead to a "credit clash" in which the only roadblock to inflation would be tighter money and higher interest rates. I recommend that members study Mr. Kaufman's remarks carefully before they vote for my amendment or the amendment of the gentleman from Ohio (Mr. LATTA):

THE POTENTIAL FOR CONFLICT IN NATIONAL POLICIES AND IN FINANCIAL MARKETS

(By Henry Kaufman)

When I was asked to address the National Press Club, I readily accepted the invitation because I believe it is more important now than ever before that there be an ongoing exchange of views between our political and financial centers. Many members of this distinguished Club contribute to the assessment of the critical issues facing our nation. More than any other group of journalists, you are responsible for monitoring the links between politics and economics, and for discerning the differences between the political ideal of what should be and the reality of what is and what will be. This task, especially where it involves economics and finance, has become formidable in recent years. No longer can we rest assured that our economy and financial markets will behave in the classical cyclical pattern, with all the predictability which that implies.

This assurance has been shattered by structural changes, by many inept national stabilization strategies, and by some external shocks.

The economic recovery that began last summer can also be distinguished from earlier business expansions in a variety of ways. These unusual elements include the following: (1) The economy is incorrectly perceived as brittle, when it actually has good momentum; incidentally, similar misconceptions were held at some earlier comparable periods. (2) Inflation is not about to be resolved. (3) Fiscal policy will continue to be expansionary. (4) Therefore, a great burden will be placed on monetary policy and on the financial markets. The net result is likely to be conflicts in national policies and in financial markets.

UNDERESTIMATING THE ECONOMY

Underestimating the underlying momentum of the economy is reflected in preliminary economic statistics and in many forecasts. This shortcoming in the preliminary data was vividly illustrated a few months ago by the large upward revisions in Gross National Product data for the past decade. For example, for the economic expansion in the years 1976 through 1979, real GNP was revised upward by $148 billion total, or 5.7 percent, business outlays for plant and equipment by $71 billion, or 8.5 percent, and personal savings as a percentage of disposable income averaged 0.7 percentage points higher. The errors contained in many of the preliminary statistics serve notice on us all to recognize the inadequacies of a lot of current information.

The inadequate recognition in many forecasts of the underlying strengths of the economy can be ascribed to the failure to realize the economic impact of a more liberated financial system. What years ago would have been regarded as large, punishing increases in interest rates no longer brings to a quick end an overheated business boom, or rapidly restores the economy to stability. The adaptation of finance to inflation has changed all that.

Consider these differences between two periods 14 years apart. In 1966, when the economy experienced the first full-fledged credit crunch, markets were tight and extremely apprehensive, as interest rates reached the then lofty highs of 6 percent for the prime loan rate and 5.56 percent for three-month Treasury bills. Indeed, the mortgage and housing markets virtually ceased to function when corporate bond rates broke out of a 100-year trading range and exceeded 6 percent. By contrast in the past six months when the prime touched a record of 21.50 percent and three-month Treasury bills 17.05 percent, financial markets were not even as taut or as apprehensive as they had been back in 1966. I find no comfort in this change. Yet, it does suggest two things. One is the extent to which climbing interest rates have lost their restrictive influence on the economy. The other is the rocket trajectory that interest rates may follow if we continue to rely upon them as the main force for stabilizing the economy. Indeed, in contrast to the past, it seems that any given increase in interest rates is less inhibiting, and any decline is more stimulating.

The misreading of the implications of interest rate increases in the second half of 1980 was partly responsible for many of the "double dip" economic projections for 1981—projections that seem to me to be highly unlikely to hit the mark. The 5 percent annual rate of real growth estimated on a preliminary basis for the first quarter shows remarkable economic resiliency, reflecting the strength of a more service-oriented—and consequently less cyclically vulnerable—economy, the support from a very expansionary fiscal policy, continued high levels of consumer spending, and evidence of a new surge in business expenditures.

In fact, the heady interest rates thus far in this business recovery have been a fundamental element of support to the business picture, because high financing costs have forced business to maintain low inventories. All this transpired without a full cyclical rebound in new housing activity and in domestic auto production. A cyclical participation by these two laggard sectors would have caused anxieties about economic overheating instead of "double dip." While the auto market may continue to show moderate improvement for the balance of the year, there are no such prospects for new housing. Construction activity is the victim of spiraling costs, diminishing incentives to provide financing, and limited credit. The pressure on deposit-type institutions specializing in housing financing cannot be lifted quickly. Their capital has been impaired by their inability to join the ranks of those institutions that have adjusted to a new world of finance by means of more or less fixed spreads against floating costs. This is the new key to financial viability.

AN EXPANSIONARY FISCAL POLICY

While some slowing in the pace of economic activity is probable this quarter, another acceleration is in prospect for the second half. The powerful stimulative combination of large tax cuts and sizable increases in defense spending is likely to more than offset the restraining influence of a slowing in Federal expenditures, even with some presumed revenue feedback from the tax cut. Think of it in these terms for fiscal 1982, according to the Administration's proposals, stimulants from tax cuts will amount to $54 billion and increases in defense spending will total $27 billion. But, constraints resulting from the sharply slower growth of non-defense outlays of the Government will total $46 billion. The stimulants are bound to have a greater demand multiplier impact than the negative impact coming from a slower growth in non-defense outlays.

The influence on our economy caused by the rise in defense expenditures—expenditures that I believe are vital to our nation—is probably not fully appreciated. We have not had a flourishing defense sector for well over a decade. The last giant step-up in defense outlays was during the height of the Vietnam War from 1966 to 1968, when real defense spending ballooned by an average annual rate of 13.7 percent. During that period, the rate of inflation was low. The GNP deflator averaged only 3.5 percent, the U.S. budget deficit averaged only $12.6 billion a year. From 1969 through 1978, defense outlays contracted in real terms by 3.9 percent yearly. Now, the average annual increase in real defense outlays, as proposed by the Administration, will be roughly 9 percent a year from fiscal 1981 through 1984. And this time around, the increase is coming when inflation is high and budget deficits are large (see Table 1).

Early signs of the potential impact of increased military expenditures are beginning to be seen. For example, the monthly military prime contract awards of the Defense Department averaged 30 percent higher in 1980 than in 1978—twice as large as average awards during the 1966-68 era (see Chart 1). Unfilled defense orders at manufacturers totaled $63 billion early this year, compared with $48 billion a year ago, and $35 billion at the start of 1978 (see Chart 2).

I do not question the goals of the new Administration. Lowering the profile of our Government's role in economic life is laudable and deserves support. The new fiscal policy, however, is exceedingly expansionary, does not pursue a course that fights inflation vigorously along the way, and will place nearly all the anti-inflation effort squarely on monetary policy.

I am not convinced that there is real historical evidence to suggest that across-the-board tax cuts will quickly encourage Americans to work harder or to save more. Can it really be assumed during the next year or two that this fiscal strategy will reduce wage settlement increases to single digits, or will remove the rigidities in our wage and price structure? Calling attention to the beneficial impacts of earlier tax cuts is misleading. There is no precedent for taxes being lowered against a backdrop of rising defense expenditures and high inflation. I suspect that inflationary expectations will not be curbed by the slowing in the growth of Federal expenditures, expectations will remain high because the financing requirements of the Government will remain high.

At this time, it is also important to recognize that beating inflation becomes more difficult as an economic expansion ages. I am not talking here about the next quarter or two. When a business recovery is young, inflation is slowed temporarily by a variety of transitory forces. Productivity, benefiting from low utilization of resources, jumps sharply. Demands are held to moderate proportions by business through conservative inventory policies and modest increases in capital outlays. If inflation is to be blunted as the economy continues to grow, fiscal expansion should then quickly move to neutrality. Unfortunately, this is not the direction that fiscal policy is heading during the next few years. There is one aspect of inflation from which we should learn at least one lesson from the past—namely, that once an economic expansion moves beyond its infancy both wage and price pressures persist. By next year, this current business recovery will be well out of its infancy. This may well present an unusual problem because the inflation rate has remained disquietingly high, even in the infancy of the business recovery. Furthermore, a much desired acceleration in investments in business capital can exert substantial upward pressure on wages and prices because such investments vie for resources that become scarce in the mature phases of expansion.

As I follow the debate concerning the new economic policy proposals, I find that such labels as "economic liberal" or "economic conservative" have lost all their meaning. Many of my economist friends, who were, I thought, conservative tell me that the economy is brittle. This was once the buzzword of my friends with liberal identities. They are now fearful of too large a fiscal stimulus. On the other hand, my conservative friends, who always advocated a balanced budget, now say a budget deficit to finance tax cuts is part of the essential transition for rebalancing the role of our Government. When many of my liberal friends were in power, the Federal Reserve was implicitly saddled with the burden of limiting excesses in the economy. Now, my conservative friends have made this an explicit assign-

ment, while continuing with an expansionary fiscal policy.

THE UNUSUAL FEATURES OF THE FINANCIAL SETTING

Heavy reliance upon monetary policy to arrest a wage and price spiral and to temporarily halt other excesses is not new. What today is different from the past is the precarious state of our credit markets even before the current economic recovery moves out of its infancy. Let me illustrate how precarious the financial footings of the private sector are at this early stage of the business recovery.

In the household sector, the financial progress is deceiving. While mortgage and installment debt payment relative to personal income was reduced significantly, this ratio still stood at 21 percent in the fourth quarter of 1980—higher than at any time prior to 1977.

In the business sector, hardly any improvement is visible in corporate balance sheets or in the quality of corporate earnings. Typically, business corporations fund short-term liabilities by financing long, both at the tail end of recession and in the first year or so of business recovery. In the past 20 to 30 years, each of these temporary measures has done little more than interrupt, briefly, an otherwise constant deterioration in the structure of corporate balance sheets. A corporate funding effort was only briefly undertaken last year from about May through July, when an unrivaled volume of new corporate bonds reached the market. Thereafter, because interest rates rose sharply and were very volatile, business corporations adopted an atypical financing strategy for this phase of the business cycle, by resorting primarily to short-term credit facilities.

As a consequence, business corporations are moving through the first year of the current business expansion having done little, if anything, to redress their drastically weakened financial positions. The ratio of liquid assets to short-term liabilities for all nonfinancial business corporations was only marginally above 1979's record low of 0.65 by year-end 1980. The ratio of corporate long-term debt to short-term debt continued to decline, reaching a record low of 2.6 to 1. The interest expense of corporations in 1980 equalled a record high 45 percent of net profits before taxes, as compared with only 14 percent for the 1960s. All these facts take on added meaning if we consider that, as an economic recovery matures, the financial position of corporations becomes more strained.

Among financial institutions, including commercial banks and thrift institutions, a number of distinctive and disturbing developments stand out at the present time. Our savings banks and savings and loan associations, the traditional source of most housing credit, are significantly immobilized—an unprecedented development for the early stages of business recovery. In the past, this would have been the time when these institutions were experiencing large savings inflows repaying loans which they had received from the Federal Home Loan Banks, and making huge lending commitments. Currently, however, these deposit-type institutions are receiving marginal savings inflows (when not actually negative), making modest financing commitments, and have, on balance added to borrowings in the current expansion. Moreover, their capital positions, in some instances, have been impaired significantly by operating losses and by the large market discounts on their assets. These institutions can be quickly resuscitated only by a sharp decrease in interest rates which I feel is highly unlikely.

Commercial banks have not experienced the reliquefication typical of late recession and early expansion periods, because corporations did not fund liabilities and foreign loan demands have remained strong. In contrast to comparable periods in the past, banks have not appreciably increased their holdings of Government or tax-exempt securities, and have remained, on balance, large issuers of negotiable CDs during the current expansion. The atypical credit demands on commercial banks have resulted in the continued leveraging of an already thin capital position.

At other major financial institutions, such as insurance companies and pension funds, the portfolio preferences are now weighted toward greater cash flow. This is reflected by an unwillingness to invest in new fixed-income obligations with long maturities and by efforts to sell long bonds out of portfolios whenever bond prices rally.

Let us also not forget the unusual and dangerous structure of interest rates as we stand on the threshold of the second year of the business expansion. Today, long-term high-grade interest rates are at or very near postwar highs. Nine months into previous business recoveries, long-term interest rates were anywhere from 4 percent to 16 percent below their previous cyclical highs and, of course, well before the levels of today. Now, short-term interest rates are only 24 percent to 28 percent below their postwar peaks and they are ratcheting up again. In past comparable periods, short-term rates were 40 percent to 60 percent below their previous cyclical peaks and were typically falling (see Table 2).

In addition, in comparable cyclical periods in the past, the first year of a business expansion was one in which interest rates not only fell but also had a very important feature, a positively sloped yield curve. Interest rates on the shortest maturities were much lower in yield than the longest maturities. This type of yield curve—the normal yield pattern—encourages investors to commit funds long in order to capture the higher yields, thus facilitating the funding of corporate liabilities from short to long term, and the financing long term of new homes. A normal yield curve, however, has not endured so far in this business recovery. There have been only brief glimpses of it. Today, three-month Treasury bills yield 120 basis points more than the longest Government bond. During the three preceding comparable periods in 1975–76, 1971 and 1961, this differential ranged from a positive 86 basis points to a positive 308 basis points. In none of these earlier periods did we have the large volatility that is with us today in the bond market (see Chart 3).

In sum, the financial conditions will become even more precarious if monetary policy continues to be saddled with most of the burden of slowing inflation.

FINANCIAL IMPLICATIONS

With this backdrop in mind, what can be said about financial prospects for the U.S. during the next year or so, given the heavy influences on fiscal expansion and monetary restraint? As noted earlier, the U.S. Government will continue to be a large demander of credit. According to the Administration's own estimates, the U.S. Treasury's net new cash needs will total an estimated $62 billion in fiscal 1982 (consisting of the unified budget deficit and the borrowings of the budget agencies, which obtain funds directly from the Treasury). These demands crowd out many business and household borrowers. Hardly a week goes by in which the Treasury is not a net borrower short term. Every month, there is a short-dated coupon issue. Two out of every three months, a mammoth long bond issue is sold.

As corporate borrowing continues to increase, corporate liquidity will erode further. Short-term liabilities will mount. The availability of long-term funds will shrink due to the preferences of investors for short-term high-yielding investments, and the preempting of long-term funds by the U.S. Government.

The availability of funds for housing will continue to be constrained. The savings deposit institutions specializing in housing will try to escape from their specialized functions, and, during this transition most of them will behave more like convalescents than vibrant institutions.

In the credit markets, shorter maturity financing through commercial paper and shorter-dated bonds will accelerate. This will penalize not only business corporations but also state and local Governments, which, in particular, have pressing requirements to finance long term due to the nature of their underlying projects.

In the direct lending market, the importance of commercial banks will increase, but the increasing demands on them will strain their rather slim capital structure.

When the burden of restraining a headstrong economy falls heavily on monetary policy, then higher interest rates are bound to result. Under the monetarist approach, it is difficult to say how high interest rates will go but it is safe to say they will go very much higher than the levels prevailing currently in all maturity sectors. The reasons are found in several features contained in monetarism. For example, a central element of monetarism is to raise, or lower interest rates to whatever level is required to maintain the growth of the money supply within a predetermined targeted range. This, by itself, suggests the continuation of both interest rate volatility and volatility in the yield curve with the likelihood, however, that a negative yield curve will tend to dominate the financial markets for the next year. A negative yield curve will direct more funds away from long markets and will, therefore, further destabilize our debt structure.

Let me also call your attention to two other aspects of major importance concerning monetary policy that will continue to come into play in the period ahead. They involve the perception of risk and the role of financial institutions in thwarting the intentions of the new monetarism to stabilize the economy.

The abandonment of interest rate management a year and a half ago carried with it the underlying argument that greater interest rate volatility would heighten the perception of risk in financial decision-making that was previously lacking. Despite the experience of sharp swings in interest rates and the persistence of an inverted yield curve, credit seems to be readily available at some price. Consequently, a perceived interest rate risk is still lacking under monetarism in our new evolving credit system. The interest rate risk is being taken out of both investing and lending decisions through the creation of new floating rate instruments and the sharp increase in short-term financing. As a result, adaptive institutions push hard to create more debt; the supply of credit is controlled by interest

rate spreads rather than by interest rate levels. This, in turn, fosters the perception that there is little risk of credit denial under any set of monetary policy rules. Indeed, this perception may be reinforced by monetarism. The mechanics of monetarism imply that interest rates will be allowed to act as self-correcting force in restoring the rise of money growth to its targeted path. This has been clearly evident in the past nine months, when a sharp surge in money supply was accompanied by rising interest rates, and a slowing in recent months was followed by a fall in rates.

Thus, it appears, the inherent promise of monetarism is made, that once a rapid rise in money growth is halted, interest rates will be allowed to sink rapidly. This creates the ongoing expectation that the market will not be disciplined by credit denial or lastingly high interest rates. Risks will be perceived as high only when interest rates rise to unexpected heights in a brief period, or when non-monetarist tactics are employed to limit the ability of financial institutions to expand liabilities.

In other words, I would expect financial institutions to continue to push hard to create new debt as interest rates rise, and that we in the securities industry will use all our ingenuity to develop many new credit instruments to drive the credit creation mechanism forward. As a result, the gap between classically defined money and debt and nominal GNP will widen until an excruciating high interest rate level crunches the operating decisions of some in the real world.

SOME PREREQUISITES

In forging an effective national stabilization policy, we should recognize that the American economy is as yet far from brittle, but rather is resilient and that the most urgent need is to strike hard against inflation. In this effort, we face formidable obstacles. Inflation is deeply embedded in our expectations and patterns of behavior, and knocking down the inflation rate as we move to a higher utilization of real resources would be an exceptional feat. Massive tax cuts, large leaps in defense spending, and a slowdown in other Government outlays will not, in my opinion, be enough. These measures will place an extraordinary strain on monetary policy, leading to further distortions in financial markets, much higher interest rates, and additional fragility of our financial system.

No one can design a full set of policy prescriptions that will alleviate our problems easily. I applaud the Administration's proposals to strengthen our national defense, to deregulate a variety of business activities, and to find new ways to improve productivity. At best, I can only suggest a few priorities as I see them from my vantage point in the business and financial community.

To fight inflation head on, the need is for the Government to achieve a balanced budget in fiscal 1982. This would chop inflationary expectations and, of equal importance, would reduce the role of the Government as a powerful demander of credit, thereby freeing savings to finance the private sector. An across-the-board tax cut is inappropriate. A balanced budget achieved through selective tax cuts and tough controls on expenditures would reduce the chances of a credit clash. What we are faced with now is the need for investment incentives more broadly based than accelerated depreciation. The capital gains tax and double taxation of dividends should be eliminated. This would enhance the capacity for new equity financing and reduce the reliance on debt. The need is for our Government to enforce competitive wage and price practices and not leave adjustments in some sectors to the vagaries of markets, where competition is imperfect. The need is also to recognize that mechanical monetarism should not be the main bulwark against inflation. Financial intermediaries should experience the penalties of monetary restraint and not just pass them along to others. Otherwise, the real world will become the hostage of financial institutions.

I believe we have an opportunity to steer the economy back to stability. This opportunity lies in our willingness to do the most difficult thing first—such as balancing the budget next year and enforcing vigorous price competition in economic markets. Such initiatives would strike the hardest blow against inflation and in favor of the credibility of Government to manage effectively.●

WOMEN'S ECONOMIC EQUITY ACT

(Ms. MIKULSKI asked and was given permission to extend her remarks at this point in the RECORD.)

Ms. MIKULSKI. Mr. Speaker, we bring to your attention that Sunday is Mother's Day, and it is of great concern to those of us in the Congresswomen's Caucus that what we explicitly state as our values we implicitly deny in our public policies.

While millions of dollars are going to be spent on Mother's Day cards, we do not count motherhood in the gross national product. We count as part of our productivity, the manufacture of hoola hoops and even pornography, but we do not give motherhood any kind of economic value. That is why I am supporting and organizing around the social analysis that is not in the Women's Equity Act. What we want in this country is a homemaker bill of rights for those who have borne children and made homes, and who now are faced with poverty in their old age.

The economic status of older women—our mothers, our aunts, our grandmothers, our former nurses and schoolteachers—is a national disgrace. Let me give the Members some facts:

Older women retire on less than half of what men do; 80 percent of women at retirement age have no access to pensions; less than 20 percent of widows receive pension survivor's benefits; the average age of widowhood is 56; one-third of all widows are below the poverty line; the average widow receives $12,000 in life insurance and has spent it all within the first 18 months of widowhood.

Federal laws and regulations are a primary barrier to economic opportunity for women. Discrimination in Federal regulations is so pervasive that the interim report of the Department of Justice Task Force on Sex Discrimination required 346 pages just to summarize economic sex discrimination against women.

Therefore, I support the Women's Economic Equity Act of 1981, in which we propose reforms in public and private pensions, tax policy to eliminate the marriage tax, Government regulations, and ending discrimination in insurance to ensure economic opportunities for women and men in this country, and the social analysis that really shows mothers that they count not only on one day but that they count in the economic and social policies of this country.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MINETA) to revise and extend their remarks and include extraneous material:)

Mr. COELHO, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. LOWRY of Washington, for 5 minutes, today.
Mr. SAVAGE, for 10 minutes, today.
Mr. MITCHELL of Maryland, for 15 minutes, today.
Mr. CROCKETT, for 5 minutes, today.
Mr. DICKS, for 20 minutes, today.
Mr. PHILLIP BURTON, for 5 minutes, today.
Mr. AUCOIN, for 5 minutes, today.
Mr. TRAXLER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. OBEY, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,440.

(The following Members (at the request of Mr. LOWERY of California) and to include extraneous matter:)

Mr. YOUNG of Florida.
Mr. GREEN in two instances.
Mr. PRITCHARD.
Mr. LEBOUTILLIER in three instances.
Mr. BETHUNE.
Mr. KEMP.
Mr. SMITH of New Jersey.
Mr. FIELDS.
Mrs. HOLT.
Mr. GILMAN.
Mr. ERDAHL.
Mr. HOLLENBECK.
Mr. PAUL in two instances.
Mr. SHUMWAY.
Mr. CONTE in two instances.
Mr. MCCLOSKEY in three instances.
Mr. BROWN of Ohio.
Mr. SPENCE.
Mr. MCCLORY.
Mr. SMITH of Alabama.
Mr. JEFFRIES.

Mr. EVANS of Delaware.

(The following Members (at the request of Mr. MINETA) and to include extraneous material:)

Mr. MATTOX.
Mr. SCHEUER in three instances.
Mr. BENNETT.
Mr. FAUNTROY.
Mr. PHILLIP BURTON.
Mr. MATSUI.
Mr. OTTINGER in two instances.
Mr. HOWARD.
Mr. STARK.
Mr. FRANK in three instances.
Mr. ALBOSTA.
Mr. ENGLISH.
Mr. WEISS.
Mr. HAWKINS.
Mr. ROSE.
Mr. WALGREN in two instances.
Mr. ROE.
Mr. CONYERS in two instances.
Mr. FLORIO.
Mr. TRAXLER in two instances.
Mr. BEDELL.
Mr. LUNDINE.
Mr. MCDONALD.
Mr. SHELBY.
Ms. OAKAR.
Mr. GAYDOS.
Mrs. BOGGS.
Mr. SKELTON.

ADJOURNMENT

Mr. OBERSTAR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p.m.), the House adjourned until tomorrow, Friday, May 8, 1981, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1290. A letter from the Secretary of Defense, transmitting notice of 10 violations of the Anti-Deficiency Act, pursuant to section 3679(i)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

1291. A letter from the Director, Export-Import Bank of the United States, transmitting a report on loan, guarantee and insurance transactions supported by Eximbank during March 1981 to Communist countries; to the Committee on Banking, Finance and Urban Affairs.

1292. A letter from the Chairman, National Advisory Council on International Monetary and Financial Policies, transmitting the Council's special report on the general capital increase of the International Bank for Reconstruction and Development; to the Committee on Banking, Finance and Urban Affairs.

1293. A letter from the Chairman, Council of the District of Columbia, transmitting District of Columbia Act 4-28, "To establish the date by which reapportionment of Advisory Neighborhood Commission single-member districts and election ward boundaries must occur prior to an election, and to repeal the term limitation for Advisory Neighborhood Commission members," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

1294. A letter from the Secretary of State, transmitting a proposed amendment to the previously submitted draft "International Security and Development Cooperation Act of 1980"; to the Committee on Foreign Affairs.

1295. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of a proposed new records system for the Air Force, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1296. A letter from the Under Secretary of the Interior, transmitting notice of the leasing systems to be used in oil and gas lease sale No. 53, central and northern California, to be held on May 28, 1981, pursuant to section 8(a)(8) of the Outer Continental Shelf Lands Act, as amended; to the Committee on Interior and Insular Affairs.

1297. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting a copy of an order entered in the case of an alien found admissible to the United States, pursuant to section 212(a)(28)(I)(ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

1298. A letter from the Secretary of Transportation, transmitting the 11th annual report on operations under the Airport and Airway Development Act of 1970, pursuant to section 24 of the act; to the Committee on the Public Works and Transportation.

1299. A letter from the Acting Administrator of Veterans Affairs, transmitting a report on the study of regulations implementing priority medical care to veterans with service-connected disabilities, pursuant to section 103(b) of Public Law 94-581; to the Committee on Veterans' Affairs.

1300. A letter from the Secretary of the Treasury, transmitting the eighth annual report on the operation and effect of the domestic international sales corporation legislation, covering the year ended June 30, 1979, pursuant to section 506 of Public Law 92-178; to the Committee on Ways and Means.

1301. A letter from the Acting Comptroller General of the United States, transmitting a report on fraud in Government programs (AFMD-81-57, May 7, 1981); jointly, to the Committees on Government Operations, and the Judiciary.

1302. A letter from the Attorney General, transmitting the annual report for calendar year 1980 on electronic surveillance activities for foreign intelligence purposes, pursuant to section 107 of Public Law 95-511; jointly, to the Committee on the Judiciary and the Permanent Select Committee on Intelligence.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAWKINS: Committee on House Administration. H.R. 3376. A bill to authorize appropriations for the Federal Election Commission for fiscal year 1982; with amendment (Rept. No. 97-30). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RODINO (for himself, Mr. KASTENMEIER, Mr. BROOKS, Mr. DANIELSON, Mr. FRANK, Mr. RAILSBACK, Mr. BUTLER, and Mr. SAWYER):

H.R. 3480. A bill to amend the Legal Services Corporation Act to Provide authorization of appropriations for additional fiscal years, and for other purposes; to the Committee on the Judiciary.

By Mr. HUGHES (for himself, Mr. RODINO, Mr. SAWYER, Mr. EDWARDS of California, and Mr. SAM B. HALL, JR.):

H.R. 3481. A bill to amend chapter 207 of title 18, United States Code, relating to pretrial services; to the Committee on the Judiciary.

By Mr. ASHBROOK:

H.R. 3482. A bill to extend the Head Start and Native American programs, and for other purposes; to the Committee on Education and Labor.

H.R. 3483. A bill to consolidate Federal grants to States for social services, to eliminate unnecessary restrictions on those programs and increase flexibility in a State's exercise of its responsibility for program administration, and for other purposes; jointly, to the Committees on Education and Labor, Energy and Commerce, and Ways and Means.

By Mr. BARNARD (for himself and Mr. ANNUNZIO):

H.R. 3484. A bill to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BENNETT:

H.R. 3485. A bill to amend the Federal Aviation Act of 1958 to establish additional criminal penalties applicable to persons who pilot aircraft in connection with drug smuggling operations, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. BINGHAM:

H.R. 3486. A bill to amend the Internal Revenue Code of 1954 to eliminate the requirement that States reduce the amount of unemployment compensation payable for any week by the amount of certain retirement benefits, and for other purposes; to the Committee on Ways and Means.

H.R. 3487. A bill to provide that all petroleum imported into the United States after September 1, 1981, shall not be available for purchase other than by the Government of the United States; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. CONABLE:

H.R. 3488. A bill to amend a provision of the Internal Revenue Code dealing with involuntary conversions of broadcast property; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama:

H.R. 3489. A bill to amend the Internal Revenue Code of 1954 to repeal the estate and gift taxes; to the Committee on Ways and Means.

H.R. 3490. A bill to amend the Internal Revenue Code of 1954 to provide a basic $5,000 exemption from income tax for amounts received as annuities, pensions, or other retirement benefits; to the Committee on Ways and Means.

H.R. 3491. A bill to provide for stability and certainty in planning and management of certain national forest lands; jointly, to the Committees on Agriculture and Interior and Insular Affairs.

By Mr. EDWARDS of Alabama (for himself and Mr. HUGHES):

H.R. 3492. A bill to amend the Internal Revenue Code of 1954 to exclude certain service performed on fishing boats from coverage for purposes of unemployment compensation; to the Committee on Ways and Means.

By Mr. EDWARDS of Oklahoma:

H.R. 3493. A bill to amend the Federal Mine Safety and Health Act of 1977 to provide that persons who own and operate underground anthracite coal mines without employing any other persons to perform any work at such mines shall be exempt from certain provisions of such act, and for other purposes; to the Committee on Education and Labor.

By Mr. ENGLISH:

H.R. 3494. A bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes; to the Committee on Government Operations.

By Mr. FLORIO (for himself, Mr. LENT, Mr. SANTINI, Mr. SCHEUER, Ms. MIKULSKI, and Mr. MOFFETT):

H.R. 3495. A bill to amend the Toxic Substances Control Act to authorize appropriations for fiscal years 1982 and 1983; to the Committee on Energy and Commerce.

By Mr. FLORIO (for himself, Mr. LENT, Mr. OTTINGER, Mr. RINALDO, Mr. BRODHEAD, Mr. ROSE, Mr. FOWLER, Mr. FRENZEL, Mr. ROE, Mr. ADDABBO, Mr. ALBOSTA, Mr. ATKINSON, Mr. BAILEY of Pennsylvania, Mr. BARNES, Mr. BEILENSON, Mr. BEVILL, Mr. BINGHAM, Mr. BONER of Tennessee, Mr. BOWEN, Mr. JOHN L. BURTON, Mrs. CHISHOLM, Mr. CLAY, Mr. COURTER, Mr. DENARDIS, Mr. DICKS, Mr. DIXON, Mr. DONNELLY, Mr. DOWNEY, Mr. DOUGHERTY, Mr. DUNCAN, Mr. DWYER, Mr. ECKART, Mr. EDGAR, Mr. EDWARDS of California, Mr. EVANS of Georgia, Mr. EVANS of Indiana, Mr. FASCELL, Mr. FAZIO, Mrs. FENWICK, Ms. FERRARO, Mr. FISH, Mr. FORSYTHE, Mr. FRANK, Mr. GAYDOS, Mr. GIBBONS, Mr. GILMAN, Mr. GOODLING, Mr. GRAY, Mr. GUARINI, Mr. HAGEDORN, Mrs. HECKLER, Mr. HOLLENBECK, Mr. HORTON, Mr. HOWARD, Mr. HUGHES, Mr. JACOBS, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LEHMAN, Mr. LONG of Maryland, Mr. LOTT, Mr. LOWRY of Washington, Mr. LUKEN, Mr. MCGRATH, Mr. MARKEY, Mr. MINETA, Mr. MINISH, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MOFFETT, Mr. MONTGOMERY, Mr. MOTTL, Mr. MURPHY, Mr. NOWAK, Mr. OBERSTAR, Mr. PEPPER, Mr. PEYSER, Mr. PORTER, Mr. RAHALL, Mr. RICHMOND, Mr. RITTER, Mr. RODINO, Mr. ROSENTHAL, Mr. SABO, Mrs. SCHROEDER, Mr. SCHUMER, Mr. SHELBY, Mr. SMITH of New Jersey, Mr. SOLARZ, Mr. STANGELAND, Mr. SWIFT, Mr. SYNAR, Mr. VANDER JAGT, Mr. VENTO, Mr. VOLKMER, Mr. WALGREN, Mr. WEAVER, Mr. WEISS, Mr. WHITTEN, Mr. WILLIAMS of Ohio, Mr. WILLIAMS of Montana, Mr. WYLIE, Mr. YOUNG of Missouri, Mr. YATRON, and Mr. ZEFERETTI):

H.R. 3496. A bill to correct inequities in the relationship between sales representatives and their principals, and for other purposes; to the Committee on Energy and Commerce.

By Mr. FRENZEL (for himself, and Mr. JENKINS):

H.R. 3497. A bill to amend the Internal Revenue Code of 1954 relating to group-term life insurance purchased for employees; to the Committee on Ways and Means.

By Mr. GIBBONS:

H.R. 3498. A bill to amend section 162 of the Internal Revenue Code of 1954 with respect to allowing a deduction for additions to reserves established for decommissioning costs and spent fuel costs associated with nuclear powerplants; to the Committee on Ways and Means.

By Mr. MOTTL (for himself, Mr. MONTGOMERY, Mr. HAMMERSCHMIDT, Mr. EDWARDS of California, Mrs. HECKLER, Mr. DANIELSON, Mr. WYLIE, Mr. BRINKLEY, Mr. HILLIS, Mr. EDGAR, Mr. SAWYER, Mr. APPLEGATE, Mr. SOLOMON, Mr. LEATH of Texas, Mr. MCEWEN, Mr. BONER of Tennessee, Mr. DUNN, Mr. MICA, Mr. SMITH of New Jersey, Mr. DASCHLE, Mr. SMITH of Alabama, Mr. MURPHY, Mr. DORGAN of North Dakota, Mr. WON PAT and Mr. HEFNER):

H.R. 3499. A bill to amend title 38, United States Code, to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants (including Agent Orange), to recover the cost of certain health care provided by the Veterans' Administration, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. HEFTEL:

H.R. 3500. A bill to amend the Internal Revenue Code of 1954 to provide a simplified capital cost recovery method with only three classes of personal property which combines the investment credit with the depreciation deduction in a first-year allowance; to the Committee on Ways and Means.

By Mr. MOTTL:

H.R. 3501. A bill to amend the Home Owners' Loan Act of 1933 to provide that a Federal savings and loan association may not offer a mortgage with a variable interest rate to any person unless such association also offers such person a mortgage with a fixed interest rate; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MOTTL (for himself, Mr. MONTGOMERY, Mr. HAMMERSCHMIDT, Mr. EDWARDS of California, Mrs. HECKLER, Mr. DANIELSON, Mr. WYLIE, Mr. BRINKLEY, Mr. HILLIS, Mr. EDGAR, Mr. SAWYER, Mr. APPLEGATE, Mr. SOLOMON, Mr. LEATH of Texas, Mr. MCEWEN, Mr. BONER of Tennessee, Mr. DUNN, Mr. MICA, Mr. SMITH of New Jersey, Mr. DASCHLE, Mr. SMITH of Alabama, Mr. GRAMM, Mr. MURPHY, Mr. DORGAN of North Dakota, Mr. WON PAT and Mr. HEFNER):

H.R. 3502. A bill to amend title 38, United States Code, to provide for greater coordination and sharing of the medical facilities of the Veterans' Administration and the Department of Defense; jointly, to the Committees on Armed Services and Veterans' Affairs.

By Mr. OTTINGER:

H.R. 3503. A bill to authorize the project for flood control in the Mamaroneck and Sheldrake River Basins, N.Y., and on the Byram River, N.Y., and Conn.; to the Committee on Public Works and Transportation.

By Mr. SAVAGE:

H.R. 3504. A bill to amend the Wagner-Peyser Act to establish a program to provide transit fare assistance to job seekers, and for other purposes; to the Committee on Education and Labor.

By Mr. UDALL:

H.R. 3505. A bill to authorize appropriations for the Department of Energy for fiscal year 1982; jointly, Title I to the Committee on Interior and Insular Affairs, Title II to the Committees on Energy and Commerce, Interior and Insular Affairs, and Science and Technology.

By Mr. YOUNG of Florida:

H.R. 3506. A bill to provide for cooperation between the Armed Forces and Federal drug enforcement officials; to the Committee on Armed Services.

By Mr. BEVILL:

H.J. Res. 250. Joint resolution designating February 1, 1982, as "National Enrolled Agents Day"; to the Committee on Post Office and Civil Service.

By Mr. GOODLING:

H.J. Res. 251. Joint resolution authorizing and requesting the President to proclaim May 21, 1981, as "U.S. Tennis Association Day"; to the Committee on Post Office and Civil Service.

By Mr. MURTHA:

H. Con. Res. 128. Concurrent resolution expressing the sense of the Congress concerning State regulation of commercial boxing competitions commonly called toughman contests; to the Committee on Energy and Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

69. By the SPEAKER: A memorial of the Legislature of the State of California, relative to Federal aid to Atlanta; to the Committee on the Judiciary.

70. Also, a memorial of the Legislature of the Commonwealth of Pennsylvania, relative to costs relating to the Three Mile Island accident; jointly, to the Committees on Interior and Insular Affairs, and Energy and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LOWRY of Washington:

H.R. 3507. A bill for the relief of Laird H. Hall; to the Committee on the Judiciary.

H.R. 3508. A bill for the relief of Onorio Roberto Cedaro (also known as Robert Pagan); to the Committee on the Judiciary.

H.R. 3509. A bill for the relief of Takashi Aoyagi; to the Committee on the Judiciary.

By Mr. MATTOX:

H.R. 3510. A bill for the relief of the Southern Methodist University School of Law Leasing Trust, and its successor trust, the Legal Educational Trust of Dallas; to the Committee on the Judiciary.

By Mr. RAHALL:

H.R. 3511. A bill for the relief of Inder Vir Khokha; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 15: JAMES K. COYNE.

H.R. 44: Mr. MARTIN of New York.

H.R. 178: Mr. ROGERS.

H.R. 621: Mr. BARNARD, Mr. CHAPPELL, Mr. CHAPPIE, Mr. CHENEY, Mr. CLAUSEN, Mr. COLLINS of Texas, Mr. DE LA GARZA, Mr. FAZIO, Mr. GINGRICH, Mr. GOLDWATER, Mr. GRAMM, Mr. JEFFRIES, Mr. KOGOVSEK, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MILLER of California, Mr. MOORHEAD, Mr. MORRISON, Mr. PANETTA, Mr. PASHAYAN, Mr. PATTERSON, Mr. ROUSSELOT, Mr. STENHOLM, Mr. THOMAS, Mr. UDALL, Mr. WATKINS, Mr. WEBER of Minnesota, Mr. WHITEHURST, and Mr. WON PAT.

H.R. 622: Mr. THOMAS.

H.R. 878: Mr. GARCIA and Mr. GOODLING.

H.R. 911: Mr. DICKINSON.

H.R. 1005: Mr. HOWARD, Mr. FORSYTHE, Mr. HANCE, Mr. KINDNESS, Mr. WILSON, Mr. STANGELAND, Mr. GINGRICH, Mr. YOUNG of Alaska, Mr. RAHALL, and Mr. MURPHY.

H.R. 1309: Mr. WHITTEN.

H.R. 1325: Mr. HANSEN of Utah, Mr. BROYHILL, and Mr. CHAPPELL.

H.R. 1504: Mr. LENT.

H.R. 1713: Mr. CAMPBELL and Mr. DORNAN of California.

H.R. 1714: Mr. VENTO, Mr. MARTIN of New York, Mr. SOLARZ, Mr. HOLLENBECK, Mr. SMITH of New Jersey, Mr. BONER of Tennessee, Mr. PANETTA, and Mr. DUNN.

H.R. 1816: Mr. BONER of Tennessee.

H.R. 1894: Mr. BAFALIS, Mr. BETHUNE, Mr. BRODHEAD, Mr. CLINGER, Mr. CONYERS, Mr. WILLIAM J. COYNE, Mr. CRAIG, Mr. DAUB, Mr. DIXON, Mr. EDGAR, Mr. FAUNTROY, Mr. FORSYTHE, Mr. FRANK, Mr. FRENZEL, Mr. GLICKMAN, Mr. GOLDWATER, Mr. HAMMERSCHMIDT, Mrs. HECKLER, Mr. HORTON, Mr. HYDE, Mr. JEFFORDS, Mr. JOHNSTON, Mr. KILDEE, Mr. KRAMER, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LEHMAN, Mr. LEWIS, Mr. LOTT, Mr. LOWERY of California, Ms. MARTIN of Illinois, Mr. MILLER of California, Mr. MINETA, Mr. MOTTL, Mr. OTTINGER, Mr. PORTER, Mr. SENSENBRENNER, Mr. STOKES, Mr. TAUKE, and Mr. YATRON.

H.R. 2053: Mr. DYSON, Mr. BEARD, Mr. ROE, and Mr. GARCIA.

H.R. 2129: Mr. WHITEHURST.

H.R. 2234: Mr. BEILENSON, Mr. SMITH of Oregon, Mr. JEFFRIES, Mr. DOWNEY, Mrs. ROUKEMA, Mr. STUMP, Mr. NEAL, Mr. GUNDERSON, Mr. PORTER, and Mr. FISH.

H.R. 2235: Mrs. ROUKEMA, Mr. BEILENSON, Mr. SMITH of Oregon, Mr. JEFFRIES, Mr. DOWNEY, Mr. STUMP, Mr. NEAL, Mr. GUNDERSON, Mr. PORTER, and Mr. FISH.

H.R. 2272: Mr. DIXON.

H.R. 2322: Mr. MCDONALD.

H.R. 2389: Mr. CHAPPELL and Mr. EDWARDS of Oklahoma.

H.R. 2456: Mr. DYSON, Mr. LONG of Maryland, and Mr. PASHAYAN.

H.R. 2469: Mr. PATTERSON.

H.R. 2470: Mr. PATTERSON.

H.R. 2471: Mr. SIMON, Mr. ROE, Mr. MURPHY, Mr. EVANS of Georgia, Mr. NICHOLS, Mr. GINGRICH, Mr. MCDADE, Mr. GOLDWATER, and Mr. PEPPER.

H.R. 2511: Mr. JOHNSTON, Mr. HORTON, Mr. MURPHY, Mr. ERDAHL, Mr. MOTTL, Mr. DWYER, Mr. SHAMANSKY, Mr. GOODLING, Mr. BUTLER, Mr. FROST, Mr. HUCKABY, Mr. MITCHELL of Maryland, Mr. TRAXLER, Mr. VENTO, Mr. EVANS of Georgia, Mr. CORRADA, Mr. JEFFRIES, and Mr. FOGLIETTA.

H.R. 2556: Mr. PORTER.

H.R. 2562: Mr. DIXON, Ms. MIKULSKI, and Mrs. BOUQUARD.

H.R. 2776: Mr. BEVILL.

H.R. 2780: Mr. DICKS and Mr. SMITH of Oregon.

H.R. 2788: Mr. JAMES K. COYNE, Mr. GOODLING, and Mr. SUNIA.

H.R. 2794: Mr. BEILENSON, Mr. SMITH of Oregon, Mr. JEFFRIES, Mrs. ROUKEMA, Mr. STUMP, Mr. NEAL, Mr. GUNDERSON, Mr. PORTER, and Mr. FISH.

H.R. 2807: Mr. DIXON.

H.R. 2833: Mr. DAVIS, Mr. CHAPPELL, Mr. BLANCHARD, Mr. RICHMOND, Mr. DUNN, Mr. WOLPE, and Mr. SAVAGE.

H.R. 2910: Mr. AKAKA, Mr. BEARD, Mr. COLLINS of Texas, Mr. COUGHLIN, Mr. CORRADA, Mr. DENARDIS, Mr. DORNAN of California, Mr. DOUGHERTY, Mr. ENGLISH, Mr. EVANS of Georgia, Mr. FASCELL, Mr. FISH, Mr. GUARINI, Mr. GUYER, Mr. LAGOMARSINO, Mr. PASHAYAN, Mr. PEPPER, Mr. RAILSBACK, Mr. SCHEUER, Mr. SHAW, Mr. ZEFERETTI AND Mr. DYSON.

H.R. 2943: Mr. DIXON.

H.R. 2955: Mr. IRELAND, Mr. SHAMANSKY, Mr. MURPHY, Mr. WHITEHURST, Mr. FROST, Mr. CONYERS, and Mr. BEDELL.

H.R. 2979: Mr. ROYBAL.

H.R. 3117: Mr. AUCOIN, Mr. EDWARDS of California, Mr. FRANK, Mr. GREEN, Mr. LOWRY of Washington, Mr. OBERSTAR, Mr. OTTINGER, Mr. PRITCHARD, Mr. RICHMOND, Mr. WEAVER, and Mr. WYDEN.

H.R. 3230: Mr. ANTHONY, Mr. CHAPPIE, Mr. FAZIO, Mr. D'AMOURS, Mr. HAWKINS, and Mr. DANIELSON.

H.R. 3471: Mr. DANNEMEYER, Mr. WHITTAKER, Mr. RITTER, Mr. BENEDICT, and Mr. BLILEY.

H.J. Res. 81: Mr. MITCHELL of Maryland, Mr. OBERSTAR, Mr. FAZIO, Mr. ROE, Mr. FAUNTROY, Mr. FLORIO, Mrs. FENWICK, Mrs. CHISHOLM, Mr. TRAXLER, Mr. JEFFORDS, Mr. HALL of Ohio, Mr. CORRADA, Mr. PHILLIP BURTON, Mr. DOWNEY, Ms. MIKULSKI, Mr. CONYERS, Mr. SIMON, Mr. VENTO, and Mr. HUGHES.

H.J. Res. 91: Mr. GEPHARDT and Mr. BAILEY of Missouri.

H.J. Res. 128: Mr. EDWARDS of California, Mr. EVANS of Iowa, Mr. FOGLIETTA, Mr. KILDEE, and Mr. MOTTL.

H.J. Res. 213: Mr. GONZALEZ, Mr. GRADISON, Mr. O'BRIEN, Mr. PASHAYAN, Mr. BENJAMIN, Mr. BIAGGI, Mr. COELHO, Mr. MOTTL, Mr. MARKS, Mr. BUTLER, Mr. ERDAHL, Mr. HANCE, Mr. HORTON, Mr. DANNEMEYER, Mr. LAFALCE, Mr. ZABLOCKI, Mr. DANIEL B. CRANE, Mr. MICA, Mrs. BRYON, Mr. EMERY, Mr. SIMON, Mr. HAGEDORN, Mr. BETHUNE, Mr. COLEMAN, Mr. ROBERT W. DANIEL, Mr. GORE, Mr. SKELTON, Mr. WILSON, Mr. LANTOS, Mr. HYDE, Mr. HOLLAND, Mr. BARNARD, Mr. NATCHER, Mr. MAZZOLI, Mr. MARRIOTT, Mr. BEDELL, Mr. MCDONALD, Mr. HANSEN of Idaho, Mr. RAHALL, Mr. KEMP, Mr. MOLINARI, Mr. DINGELL, Mr. BEVILL, Mr. FIELDS, Mr. NELLIGAN, Mr. LUJAN, Mr. APPLEGATE, Mr. BAFALIS, Mr. BRODHEAD, Mr. BROWN of Ohio, Mr. BURGENER, Mr. CAMPBELL, Mr. SHAMANSKY, Mr. BADHAM, Mr. DICKINSON, Mr. GILMAN, Mr. MCCURDY, Mr. DUNCAN, Mr. HUTTO, Mrs. HECKLER, Mr. HIGHTOWER, Mr. GRAMM, Mr. KAZEN, Mr. FARY, Mr. LOWRY of Washington, Mr. WEISS, Mr. WEAVER, Mr. SHUMWAY, Mr. RUDD, Mr. ROBINSON, Mr. PICKLE, Mr. MURTHA, Mr. LEE and Mr. CARNEY.

H.J. Res. 214: Mr. BAFALIS, Mr. BEDELL, Mr. BROYHILL, Mr. BURGENER, Mr. CLINGER, Mr. COLLINS of Texas, Mr. DYMALLY, Mr. FOGLIETTA, Mr. FORSYTHE, Mr. FROST, Mr. HANSEN of Utah, Mr. HUTTO, Mr. JEFFORDS, Mr. LEE, Mr. LOTT, Mr. MOLINARI, Mr. PEPPER, Mr. PORTER, Mr. PRICE, Mr. SAWYER, Mr. SHUMWAY, Mr. STUMP, Mr. WEBER of Minnesota, and Mr. WHITEHURST.

H. Con. Res. 27: Mr. CORCORAN.

H. Con. Res. 76: Mr. DUNN.

H. Con. Res. 111: Mr. RITTER, Mr. ALBOSTA, Mr. MATSUI, Mr. ADDABBO, Mr. LEBOUTILLIER, Mrs. FENWICK, Mr. OBERSTAR, Mr. FAZIO, Mr. WYDEN, Mr. DONNELLY, Mr. WOLPE, Mr. GRADISON, Mr. DOUGHERTY, Mr. SABO, Mr. SAVAGE, Mr. WILLIAM J. COYNE, Mr. GORE, Mr. EDGAR, Mr. DOWNEY, Mr. BAILEY of Pennsylvania, Mr. FROST, Mr. BLANCHARD, Mr. BRODHEAD, Mr. CORRADA, Mr. WEBER of Minnesota, Mr. SOLARZ, Mr. MARKEY, Mr. BEILENSON, Mrs. SCHROEDER, Mr. SCHEUER, Mrs. HOLT, Mr. FRENZEL, Mr. SCHUMER, Mr. PEPPER, Mr. MOLINARI, Mr. FRANK, Mr. PETRI, Mr. LEWIS, Mr. LAGOMARSINO, and Mr. FLORIO, MR. SIMON, Mr. ROE, Mr. FOGLIETTA, Mr. ERTEL, Mr. BONIOR of Michigan, Mr. COLLINS of Texas, Mr. BONKER, Mr. ATKINSON, Mr. KILDEE, Mr. MCCLOSKEY, Mr. HUGHES, Mr. WILSON, Mr. FASCELL, and Mr. FISH.

H. Con. Res. 112: Mr. COURTER, Mr. EVANS of Delaware, and Mr. LEBOUTILLIER.

H. Res. 93: Mr. WOLPE, Mr. BEILENSON, Mr. SMITH of Oregon, Mr. JEFFRIES, Mr. DOWNEY, Mr. STUMP, Mr. NEAL, Mr. GUNDERSON, and Mr. FISH.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

74. By the SPEAKER: Petition of the board of education, Bayonne, N.J. relative to Federal funding for education; to the Committee on Education and Labor.

75. By Mr. OBERSTAR: Petition of Shelley Vokovan, Duluth, Minn., and others, relative to human services; to the Committee on Government Operations.

76. Also, petition of the County Clerks and Auditors Association of Utah, St. George, relative to elections; to the Committee on House Administration.

77. Also, petition of the Virginia Federation of Women's Clubs, Richmond, Va., relative to reducing the age at which welfare mothers are required to return to work from 6 to 2 years for the youngest child; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3400

By Mr. FITHIAN:

—Page 8, line 11, strike out "$181,350,000" and insert in lieu thereof "$163,215,000".

—Page 8, line 11, strike out "$181,350,000" and insert in lieu thereof "$163,215,000".

Page 25, after line 22, insert the following new paragraphs:

Of the funds appropriated for "Construction, General" for the Corps of Engineers-Civil of the Department of the Army in the Energy and Water Development Appropriation Act, 1981, $158,574,000 are rescinded.

Of the funds appropriated for "Flood Control, Mississippi River and Tributaries" in the Energy and Water Development Appropriation Act, 1981, $14,704,000 are rescinded.

Page 27, after line 7, insert the following new paragraph:

CONSTRUCTION PROGRAM

Of the funds appropriated for "Construction Program" for the Water and Power Resources Services in the Energy and Water Development Appropriation Act, 1981, $57,844,000 are rescinded.

Page 46, line 19, strike out "$162,160,000" and insert in lieu thereof "$16,216,000".

—Page 46, line 19, strike out "$162,160,000" and insert in lieu thereof "$16,216,000".

—Page 104, strike out line 16, and all that follows through line 21.

—Page 107, strike out line 14 and all that follows through line 18.

By Mr. FLORIO:

—Page 55, line 19, strike out "$162,160,000" and insert in lieu thereof "$87,660,000".

EXTENSIONS OF REMARKS

MOVING INTO SPACE-AGE WARFARE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. PAUL. Mr. Speaker, one of the most perceptive military men in the United States today is retired Gen. Daniel Graham, former Director of the Defense Intelligence Agency. He has concluded, as he told me recently, that the greatest obstacle to the defense of the United States today is the bureaucrats in the Pentagon. Both the military and the Congress need to rethink our commitment to our present strategic doctrine and the weapons systems we are building within that framework.

General Graham has rejected the absurd and immoral strategic doctrine of mutual assured destruction—MAD for short—that has plunged us into an era of increasing strategic instability that threatens nuclear catastrophe.

The people of the United States have been misled into believing that because we have a Department of Defense which is going to spend $1 trillion over the next 5 years, we will be defended. This is absolutely false. Not only is over half of our military budget spent on the defense of other countries—principally Western Europe and Japan—but, of the remaining portion, most of the funds are being spent on offensive weapons systems whose value is questionable.

The proposed land-based MX missile is the Great Wall of China for today, and like that huge public works project, it will accomplish nothing. I agree with General Graham that it is the "grotesque child of bad strategy." We do not need a $100 billion defense boondoggle; we do not need the B-1 bomber. What we do need—and what the American people want—is a true strategic defense.

We have the technology to build a space-based laser antiballistic missile system (ABM) within the time frame that it would take to build the MX racetrack. Such a system could provide an effective continental defense against ballistic missiles. In conjunction with an adequate air defense system against bombers, which we do not have now, we could provide a great deal of security to the American people, instead of engaging in a contest with the Soviet Union to build "masses of missiles and masses of airplanes and masses of ships."

To my colleagues on both the right and the left I would say, it is imperative that we rethink the basic assumptions underlying the structure of our military forces. Toward that end, I highly recommend the interview with General Graham published in the Washington Star on March 22, 1981.

The interview follows:

MOVING INTO SPACE-AGE WARFARE

(Lt. Gen. Daniel Graham, USA retired, was director of the Defense Intelligence Agency until 1976. He served as a defense adviser to Ronald Reagan during the presidential campaign. He is co-chairman of the Alliance for Peace Through Strength, an adjunct of the American Security Council.)

(This is excerpted from an interview with journalist Dan Gregory.)

Gregory: The plan selected by President Carter for deploying MX missiles has come under attack. Your views?

Graham: The problem is that MX is the grotesque child of bad strategy. It's grotesque to take a missile that's designed for counterforce—that is, to hit certain of the most dangerous Soviet weapons before they can hit you—and then deploy it in a system that is supposed to absorb all the effects of those weapons before you fire. That's a grotesquery, from a military standpoint.

And then to put $50-60 billion into that grotesquery is absolutely stupid. The MX deployment scheme should be rejected, not because it's going to endanger the pronghorn antelope or the desert tortoise, but because it is the final offspring of very bad strategy.

They say we need the MX to protect because the Minuteman has become vulnerable. If I were a Minuteman missile I wouldn't consider the MX to be doing much about my vulnerability. How do you protect the Minuteman from its vulnerability? Well, the best thing to do is to defend. Get some kind of effective defense. How best to do that is the way that puts the most doubt in the Soviet general staff's mind: With a space-born defense.

Look at it this way. What do you do by putting out more things for the Soviets to shoot at? That's what you do with MX. There's one missile and you go to great expense to move it around to 23 different places that it might fire from. The worst problem you give the Soviets, assuming they can't figure out where the missile is, is that they have to shoot at 22 more things than they would have liked to have to shoot at. How do they solve that problem? They add 44 more warheads to their inventory—because two warheads dedicated to each one of those targets will insure—85, 90 per cent insure—that it will be destroyed. So the Soviets have a pure arithmetic problem, the way we've been going about things.

But look what happens if you add an active defense. Now, I'm not talking about a perfect one that says "no missiles hit the ground," but just one that takes out any significant portion, say 10, 20 percent of the Soviet striking force. Now the Soviets don't know how many of their warheads would get through and, what's worse for them, they don't know which ones would get through. And now you've got a formula that's not straight arithmetic, it's all full of permutations, combinations, and probabilities, which sharply reduces any assurance in the Soviet general staff's mind that they could attack MX or our bombers or our submarines in port with any assurance. And that doubt in the mind of the aggressor is the essence of deterrence, so that's how you repair your deterrent.

Q: Even as it came into being, many people accepted MAD (mutually assured destruction) only as a stop-gap until improved technology would provide something more concrete in the way of strategic protection. Is MAD now obsolete or is it becoming so?

A: There was about a year in the history of man when MAD looked like it might work. And even Khrushchev thought so for awhile. But it only lasted for a year that there was any possibility of MAD working because then technology began to make these weapons unsable in a true military fashion rather than in the sort of "I'm going to blow up your city if you blow up my city," context.

Yes, we are at a real watershed in military affairs. If the United States does not change its strategic framework of thinking about these things, and allows the contest to remain in that technical area where the Soviets have learned how to compete very well and, as a matter of fact, beat us in those technologies because their mass more than makes up for what small technical advantages we have, then the Soviets are bound to win it. They're bound to win that contest and their strategic superiority over the United States will grow.

We must recognize the strategic watershed we have reached and put together a new strategic framework that is compatible with both the historical situation and the technical situation we're in today. If we don't do that I'm afraid we're not going to succeed and we're just going to fall further and further behind the Soviets.

If the Reagan administration's budget is simply a matter of incremental add-ons to all the various programs in the Pentagon, many of which—all of them were conceived within the framework of bad strategy (some of them are still good even though conceived within the framework of a bad strategy) but if that's all we do, just add to programs already going instead of making those fundamental changes required, we can wind up after five years or a decade of putting tremendous funds into those programs being worse off than we are today.

Q: You have predicted a major change of emphasis in this country's nuclear strategy within the decade, away from . . .

A: Away from straight destructive nuclear offensive capability to a sophisticated combination of defense and offense. And if done properly it is my contention that it's going to be cheaper than trying to meet the Soviets in the "mass" contest formasses of missiles and masses of airplanes and masses of ships and so forth. We've got to end-run them technologically but that we won't do unless we change the strategic framework in which we think.

I told you that within 10 years we will change. The problem is that if we don't change soon enough within the 10 years we are going to continue to allow the Soviets advantages that are going to be very detri-

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

mental to the Western world and the United States.

We can establish a space-borne defense against Soviet nuclear threats quicker, with less money and with more popular support than we can do anything else to change the strategic balance. I see signs all over now that we're likely to go in that direction, provided we can overcome a lot of bureaucratic turf-guarding and program managers' biases toward ongoing programs.

Q: You are referring to laser satellites?

A: I am referring to a thorough-going space effort which would involve some small, manned military vehicles in space that are multi-purpose, could do a number of things including defending the installations we already have in space, satellites and so forth, inspecting Soviet satellites, destroying Soviet satellites if necessary, and intercepting some portion of a Soviet attack force using high-powered chemical lasers.

In addition, there is the possibility of what really constitutes a high-powered one-shot laser minefield. It's a satellite that you put up in the way of a Soviet attack that would shoot down great numbers of Soviet missiles and warheads if they tried to fire at us, a satellite that you could put up in times of danger.

I would couple the whole thing with the first steps toward acquiring solar energy platforms which would allow us, on an unlimited basis, to acquire power that's not dependent upon the OPEC nations or, as a matter of fact, upon any nonreplenishable source of carbon fuels.

All of these things in a package are well within our technical grasp and if we do it we will re-establish strategic superiority over the Soviet Union or anybody else, and, furthermore, help to solve other basic strategic problems in the United States, such as our energy problem.

Q: You're talking about a radical departure. And the Soviets are ahead of us in anti-satellite technology.

A: In the application of space technology to military matters they lead us because they have been doing this and they have an anti-satellite capability. The technology that they're using is relatively primitive, it's no problem in terms of sheer technology. But they're ahead of us in applying the available technology to the problem of attacking objects in space.

We can overcome that very quickly and go well beyond them, and move the contest in a number of ways that even the most dovish American ought to agree with me are good.

One is, you move the contest with the Soviets out of the realm of sheer mass of offensive capability, into the high-technology arena where the United States should be able to and, I am convinced, will be able to stay ahead of the Soviets, and that's in a contest to control cislunar space.

Secondly, you reduce the urge to constantly stockpile more and more offensive nuclear weapons which, I understand, is a great problem for many.

The third thing is, you move the first and perhaps the only battle in a future central war into outer space where you're not blowing off chunks of the face of the planet.

But from a strictly military point of view, the greatest advantage is that you force the Soviets to compete with the United States in an arena in which they compete badly, and that is in high technology.

Somebody is going to establish a strategic superiority in space. The Soviets know that. They're working on it very hard. And we, with far better tools at hand to establish that dominion, have failed to do so. And we must—because if we don't, they will and from then on, whoever controls that high ground of space is going to have a tremendous edge, no matter what other level of confrontation occurs.●

CALLING FOR ECONOMIC EQUALITY FOR WOMEN

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. GREEN. Mr. Speaker, I am pleased to have the opportunity today to speak out in favor of the Economic Equity Act of 1981, H.R. 3117, which was introduced jointly by several of my colleagues. This legislation, which contains 7 titles and encompasses 11 major legislative areas, addresses a number of issues which are vital to the economic well-being of women, particularly older women, and economic equality of men and women.

Currently we are all occupied with our Nation's budget and are concentrating on solving the problems which our economy has been experiencing in the last few years. As we try to remedy this situation, we cannot forget that it is older women who are among those who suffer greatly from our devastating inflation rate. As a group, they are among the poorest members of our society. They have inadequate retirement plans, many have never worked, and unfortunately were discouraged from planning for their futures by our banking and tax laws. As a Representative of a congressional district in which there is a large number of senior citizens, I am constantly reminded of this problem. Older women are the victims of laws which have not been updated to accommodate for the changing nature of our society, its work patterns, and family structures. The increasing number of younger women, particularly those with children, entering the work force are also frustrated by our outdated laws. This legislation seeks to change that.

I urge my colleagues to support the Economic Equity Act, and to support the effort to change our laws pertaining to pensions, insurance, taxes, and other measures which are discriminatory against women. In this way, the women of the next generation will not be forced to suffer and struggle as those of today have.●

THE ADMINISTRATION'S BUDGET PROPOSALS OFFER FALSE ECONOMIES

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FAUNTROY. Mr. Speaker, as chairman of the Congressional Black Caucus, I was proud to present our alternative budget on March 18, 1981. Throughout that document, I feel that the Black Caucus made a constructive and sincere attempt to address those areas of President Reagan's budget proposals where we felt the need for improvement.

The President's program calls on citizens to take a more active role in solving their own problems. Unfortunately, in specific budget proposals, the inconsistencies of the President's plan seem to belie their purpose.

In a column in last week's Washington Star, guest columnist Bruce Stokes addresses three of those inconsistencies, and I quote:

President Reagan rarely misses an opportunity to trumpet his administration's devotion to the traditional American virtue of self-reliance. His proposed 1982 budget belies this commitment, however, by cutting to the quick nearly every federally-funded self-help program. The elimination of programs designed to enable the poor to escape dependence on the public sector suggests that conservatives are mainly interested in self-help for the rich.

Mr. Stokes then goes on to describe three programs which the Reagan administration is trying to cut—the Office of Neighborhood Self-Help Development in the Department of Housing and Urban Development; the National Consumer Cooperative Bank; and the Solar Energy and Conservation Bank. Then he points out the problem with the proposed cuts:

Cutting these programs will reduce 1982 federal budget outlays by $269 million. But it's a false economy. To date, Office of Neighborhood Self-Help Development projects have generated 4,500 jobs and more than 6,000 housing units, both at a cost below that of many other government programs. Co-op Bank loans that are now pending would help members of 88 co-ops cut energy, housing, and food bills. Without credit from the Solar Energy and Conservation Bank, many passive solar systems—which generally are not aided by tax-credit rules—would be too expensive for any but the wealthy.

Mr. Speaker, the Congressional Black Caucus alternative budget proposals include recommendations for the continuation of these programs.

Mr. Speaker, I would like to insert in the RECORD this column from the Washington Star of April 27, 1981:

PUT OUR MONEY WHERE THE SELF-HELP IS

(By Bruce Stokes)

President Reagan rarely misses an opportunity to trumpet his administration's devo-

tion to the traditional American virtue of self-reliance. His proposed 1982 budget belies this commitment, however, by cutting to the quick nearly every federally-funded self-help program. The elimination of programs designed to enable the poor to escape dependence on the public sector suggests that conservatives are mainly interested in self-help for the rich.

America's small towns and city neighborhoods are a reservoir of human resources that can be mobilized to solve energy, housing, and food programs at the local level. A recent Gallup Poll indicates that two out of three citizens are willing to participate in such community betterment activities or to assist in social service tasks. But these resources are often unfocused. Citizen efforts often need a helping hand in the early stages; the government can provide the professional skills and financial resources they lack.

One of the legacies of the Ford and Carter administrations was a federal commitment to use tax dollars to help people help themselves. Washington now supports urban gardening and homesteading programs. It provides incentives for energy conservation and the use of solar energy. And it loans money to cooperatives that save consumers money and to employee-owned factories that enable workers to save their jobs.

GREAT LEVERAGE

In these and similar self-help programs, a relatively small amount of government money can leverage larger amounts of private capital and voluntary services. For example, the Office of Neighborhood Self-Help Development in the Department of Housing and Urban Development estimates that for every dollar it invests in self-help projects, $14 is contributed from local resources. Few government programs can boast of such a return on the public's money.

The Office of Neighborhood Self-Help Development is one of the programs now waiting for the budgetary ax to fall. This office provides direct grants to urban and rural community organizations for use as investment capital in revitalization projects. In the barrio neighborhood in Tucson, a Chicano group has employed federal seed money to establish a factory to manufacture adobe brick, while a community association in South Portland, Maine, is using a grant to reconstruct fishing piers in order to bolster the local fishing economy.

The Office of Management and Budget argues that these activities duplicate the efforts of the Neighborhood Reinvestment Corporation and that, in any case, block-grant funds in the 1982 budget will be available for self-help purposes. But the Neighborhood Reinvestment Corporation is a lenders' institution, constrained by participating banks' reluctance to extend credit in the poorest neighborhoods. Moreover, a block-grant approach forces neighborhood self-help groups to compete with downtown developers for funds. The inherent inequality of this competition was one of the reasons programs such as the Self-Help Office was created in the first place.

OMB Director David Stockman also proposes revoking the Charter of the National Consumer Cooperative Bank. The Co-Op Bank was established in 1978 to provide cooperatives with access to technical assistance, and credit at market rates of interest. The tenants of Town Center on Sixth Street NW in Washington, for example, are using a loan to convert their rental complex into a co-op, thus forestalling condominium conversion. The West Oakland Food Co-op has borrowed money to create the only food store within a three-square-mile-area of a black inner-city neighborhood in Oakland, California. And the Chatham Park Village Cooperative in windy Chicago has a loan to purchase and install storm windows on its 550 units.

The administration says closing the bank will save millions of dollars. Such reasoning neglects the fact that most of these expenditures are loans that will ultimately be repaid with interest. OMB also moralizes that cooperatives that "provide services to their members economically and have expectations of continued good earnings and management should be able to obtain adequate credit privately." Congress originally established the Bank precisely because a Treasury study showed that the credit needs of consumer cooperatives were not being addressed.

SOLAR PROGRAM LANGUISHES

A third self-help program to be pared from the budget is the Solar Energy and Conservation Bank, which was to start up this year and provide subsidies on loans and a few grants for low- and moderate-income people to adopt renewable energy and conservation improvements. This program hoped to use the various small subsidies to encourage more people to build passive solar houses, retrofit existing homes with passive and active solar systems, or weatherize and insulate their dwellings. A buyer of a new passive solar home would be eligible for as much as a $5,000 mortgage subsidy, for example, while residents of multifamily dwellings could receive up to $400 per unit for conservation improvements.

The administration defends its action by saying that substantial economic incentives already exist for such investments as a result of rising energy prices and tax credits.

This may be true, but consumers—especially low-income consumers—are often slow to respond to signals from the marketplace because they have difficulty obtaining credit for energy improvements. If the United States is to cut back rapidly on petroleum imports, then the shift to renewable energy resources must not be needlessly impaired by consumers' limited access to financing.

Cutting these programs will reduce 1982 federal budget outlays by $269 million. But it's a false economy. To date, Office of Neighborhood Self-Help Development projects have generated 4,500 jobs and more than 6,000 housing units, both at a cost below that of many other government programs. Co-Op Bank loans that are now pending would help members of 88 co-ops cut energy, housing, and food bills. Without credit from the Solar Energy and Conservation Bank, many passive solar systems—which generally are not aided by tax-credit rules—would be too expensive for any but the wealthy.

In an era of fiscal restraint, the budgets of self-help programs cannot be spared from scrutiny. But abandoning all support for self-help efforts calls into question the administration's real commitment to citizens taking a more active role in solving their own problems.●

H.R. 3132—THE CASH DISCOUNT ACT

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1981

● Mr. LOTT. Mr. Speaker, I wish to express my strong support of section 302 of H.R. 3132, which passed the House last Monday and which extends until December 31, 1982, the authority of national banks to hold real estate which was written down on the books of such banks to a nominal amount on or before December 31, 1979.

The recent decision by the Comptroller's Office to strictly enforce its interpretation of the 5-year limit on the holding of real estate by national banks as set forth in the 1864 law has created great concern among national banks in Mississippi, and the 2-year moratorium on enforcement action incorporated in section 302 will help to relieve this anxiety while this Congress analyzes the wisdom of the Comptroller's interpretation and the law.

Inasmuch as State-chartered institutions in Mississippi are permitted to hold indefinitely real estate which has been written down to zero or a nominal amount on the books of such banks, I would hope that my colleagues on the Banking Committee would promptly report out legislation which would put national banks in the States of Mississippi, Texas, Louisiana, and elsewhere on an equal footing with State-chartered institutions and, in doing so, would eliminate the existing disincentive for these banks to continue as nationally chartered institutions.

To apply this approach to the real estate holding period issue would not be unique since in many instances, where the law provides such flexibility, the Comptroller's Office has permitted national banks to follow State law when State law is more permissive.

Adoption of section 302 will provide us with an opportunity to determine whether this or another approach is the best way to deal with the problem and, in the meantime, the status quo will be maintained and these banks will not anguish under the threat of enforcement action. Having acquiesced for some 50 years in the holding of such real estate by these national banks, the Comptroller's Office should not object to having enforcement action stayed for the less than 2-year period of the moratorium while the Congress deliberates this issue.●

AMERICANS WORKING ABROAD DESERVE TAX RELIEF

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FIELDS. Mr. Speaker, in the next several days, the House Ways and Means Committee is scheduled to begin its deliberations on the President's tax proposal.

While I would certainly prefer that the committee confine its considerations at this time to only those items included within the President's package, I would strongly recommend that should the committee decide to expand the scope of this legislation, that it provide tax relief to Americans working abroad.

Frankly, it is inconceivable to me that Congress has passed these foreign earned income tax laws which have become so detrimental to our export business. In this age of astronomical U.S. trade imbalances, we should be providing export incentives rather than disincentives and should be encouraging rather than discouraging companies and individuals from entering the export promotion field.

For this reason, I have joined with a number of our colleagues in cosponsoring Congressman ARCHER's bill, H.R. 911. I firmly believe that this legislation is long overdue and I will continue to work to eliminate these unnecessary overseas taxes which are causing losses in jobs, sales, and productivity for our economy.

At this point, Mr. Speaker, for the benefit of my colleagues, I would like to submit for the RECORD a well written article by Mr. John D. Maiers which appeared in the May 5 edition of the Washington Star. The text of this article follows:

U.S. WORKERS ABROAD LOSE GROUND ON TAXES

(By John D. Maiers)

The United States is the only major industrialized country which taxes on the basis of citizenship. An American citizen, wherever he resides, is taxed on this worldwide income.

Taxation on the basis of citizenship creates a discrepancy of tax burden between foreign-based American taxpayers and third-country nationals whose home governments do not tax them.

This discrepancy increased dramatically in 1976, in part because the Tax Reform Act of 1976 severely curtailed use of the foreign earned income exclusion. Under prior law, Americans working abroad had been able to exclude from annual gross income up to $20,000 of foreign earned income, and up to $25,000 if they were foreign residents for three years.

Also in 1976, the U.S. Tax Court ruled that overseas taxpayers must include in gross income the excess allowances provided by an employer, even though such allowances were only intended to put the taxpayer in the same economic position he would have been in had he remained in the United States.

NEW SYSTEM COMPLEX

With the enactment of the Foreign Earned Income Act of 1978, Congress completely abolished the foreign earned income exclusion for most overseas taxpayers. Congress replaced the exclusion with a complex new system of excess foreign living cost deductions, to relieve the harsh consequences of the 1976 Tax Court rulings and to counterbalance some of the tax effects of repealing the foreign earned income exclusion.

Last year the Carter administration and the Senate Finance Committee endorsed separate proposals to reinstate the foreign earned income exclusion. House Ways and Means Committee Chairman Rostenkowski recently put induced taxes for Americans abroad on his recommended tax-cut agenda. Tax relief for overseas taxpayers is reportedly among the tax law changes which the Reagan administration will seek.

Since 1976 American businessmen have complained loudly about the adverse foreign trade consequences of taxing Americans who reside outside the United States. Any incremental tax burden on Americans abroad is borne initially by the taxpayer, but all or part of the burden is ultimately shifted to his employer, usually an American company, whose production costs and product prices then rise. A heavier tax burden on Americans abroad encourages their replacement with nationals of other countries. The recall and replacement of Americans abroad who are strategically placed to influence the purchasing decisions of their companies, in turn, leads to a diversion of future purchases away from American goods.

The additional costs of hiring Americans to work overseas have other collateral effects: (1) drain of labor skills to foreign nationals who replace and then compete against Americans, (2) decrease of foreign operations of U.S. companies overseas, (3) slow-down of inward technology transfer to the United States, and (4) snowballing decline of U.S. exports.

The secretary of commerce, the U.S. trade representative, the President's Export Council and, most recently, the comptroller general each report an increasing tendency to replace Americans overseas with foreign nationals, because federal tax laws make it more expensive for American firms to employ Americans than to employ foreigners. The comptroller general recommended that "the Congress should consider placing Americans working abroad on an income tax basis comparable with that of citizens of competitor countries who generally are not taxed on their foreign earned income."

At the bottom of the controversy concerning the economic impact of taxation of Americans abroad is the responsiveness of U.S. exports to changes in the tax burden of Americans abroad. A recent Chase Econometrics study projects an overall drop in U.S. real exports of about five percent ($6–7 billion per year), due to changes in the tax treatment of Americans abroad since 1975. The Department of the Treasury disputes the Chase Econometrics export assumptions and refers to other findings that repeal of special tax treatment for Americans abroad would cause the value of U.S. exports to decline by only 2 percent, which still amounts to about $2 billion annually. Whatever the actual magnitude of the export effect, the economic multipliers involved are extremely large for any incremental tax change affecting Americans abroad, particularly when compared with the amount of tax revenue collected from American expatriates.

TAX LOSSES ASSESSED

The Joint Committee on Taxation and the Treasury have estimated that complete exemption of foreign earned income would cause a tax revenue loss of $508 million in 1981, rising to almost $790 million in 1985. Even these estimates overstate the amount of actual revenue loss, because Treasury practice is not to take into account any secondary revenue effects or any new economic activity resulting from proposed tax changes. For example, Treasury estimates do not include the favorable impact of exemption on the corporate profits taxes of American employers, who heretofore have had to pay overseas tax equalization allowances for which deductions are claimed.

Whatever the full tax consequences of the Foreign Earned Income Act of 1978, it is clear that the real economic position of Americans working abroad has declined considerably in recent years. High inflation in most foreign countries, the devaluation of the dollar, and the limited availability of housing and other facilities overseas to accommodate increasing numbers of third country nationals, have all combined to make expatriate employment less inviting to Americans than ever before. It is therefore ironic that the tax burden on Americans abroad has increased.

As the United States emerges at home from the post-Vietnam syndrome, it is vital for us to create again a tax environment overseas in which Americans can reestablish themselves alongside their foreign counterparts.

The present system of taxing Americans abroad should make the Reagan administration see red. The current system of excess foreign living costs deductions is a prime example of over-regulation, misplaced priorities, and complex tax laws which makes no long-term economic sense. The Foreign Earned Income Act of 1978 achieves neither tax equity nor traditional foreign trade objectives. The United States instead needs a basic tax policy which encourages the assignment of Americans abroad and recognizes that overseas citizens are valuable trade and strategic assets, just as was recognized in 1926 when Congress first enacted the foreign earned income exclusion.●

OLDER AMERICANS MONTH

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mrs. HOLT. Mr. Speaker, May is Older Americans Month. It is fitting that we recognize and honor older Americans during May, because as the middle month of the spring season, we are enjoying revitalization, new spirit, increased personal energy, and all of the budding, blooming, and blossoming associated with the end of winter. Such is the case with older Americans. As a nation we find a wealth of experience in our seniors; America is discovering that their spirit does not wane because of age; that they possess an energy and ability for insight and comprehension, as valuable as any physi-

cal energy. Older Americans are budding, blooming, and blossoming with new ways to contribute to society, with desires for second careers, and with a patriotic spirit that corrects our past foolish evaluation of this resource.

There are more than 35 million Americans 65 or older. That is 15 percent of our population sharing the bond of so called old age. Just as we have worked to eradicate sex and race discrimination, we must move to eliminate discrimination because of age. We have found that all Americans can contribute to this society, and it is time to start emphasizing the role our older people can play.

This great body has always been composed of many women and men who have reached the age of 60 or more. In fact, some of our most distinguished Members have actually been that old or even older. So let us, as elected Representatives, set the example by working for laws that will maintain opportunity for Americans as they get a few years on them, and to provide outlets for their energy and experience. Age is an asset, let it be known throughout America.

FINANCIAL MARKETS UNEASY OVER REAGAN PLAN

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. MATTOX. Mr. Speaker, while much has been heard recently about the President's persuasive ability, one group of Americans that he has apparently failed to persuade of the wisdom of his economic program is the Wall Street financial community.

According to an article in today's Washington Post, the financial markets are very uneasy about the Reagan economic plan, especially its massive tax cut. The article cites the belief of Wall Street economists, including Henry Kaufman of Salomon Bros., that the Reagan budget plans "are essentially expansionary and thus inflationary." The article continues:

> The economists say the administration's proposed reductions in domestic spending will be more than off-set by its program for expanding defense spending and its tax-cutting plans. On balance, they say, the Federal budget will continue to stimulate the national economy.

I hope that the Members of this House will consider these points before they vote today. The choice before us is clear: The Latta substitute, which provides the same expansionary and inflationary pressure these economists fear; or the committee proposal, which provides for a much smaller deficit and also a reasonable amount of targeted tax reduction.

Let us send a message today—not only to Wall Street but to all America—that we intend to be serious about controlling inflation. Let us support the fiscally responsible alternative that is before us. Let us support the committee resolution.

[From the Washington Post, May 7, 1981]

FINANCIAL MARKETS SHOW UNEASINESS

(By Robert G. Kaiser)

Even as Ronald Reagan is winning the battle in Congress over the first phase of his "economic recovery program," he is losing a struggle that his own senior aides consider at least as important; the struggle for hearts and minds on Wall Street.

The Reagan economic plan may be boffo in Washington, but in the financial markets of New York interest rates have soared and other signs of uneasiness abound. The long-term bond market is all but moribund, and the principal architect of the Reagan plan, budget director David A. Stockman, acknowledges that his earlier, rosy predictions for lower interest rates and revived bond markets have proven premature.

The new administration's failure to make the impression on Wall Street it had hoped for is causing strain inside the White House and among some conservative Republican backers of "supply-side" economics on Capitol Hill.

One of those, Rep. Jack Kemp (R-N.Y.), blames much of what has gone wrong in the financial markets on the Federal Reserve Board. "One has to question whether or not they know what they're doing," Kemp said of the Fed's governors. Unexpected growth in the money supply—which the administration and the Fed both agree publicly should be controlled—is one factor that has alarmed the financial markets, pushing down the bond market and propelling the prime rate to 19 percent.

Some administration officials also blame the Fed for mismanaging the money supply in a way that brought on the new interest-rate crunch. But on the record the White House has supported the Fed, and privately senior officials say that if the Fed did make a mistake, it was inadvertent and temporary.

"If we can't turn the financial markets around, then we can't succeed," Stockman said in an interview this week. "There's a much deeper skepticism in the markets than anyone expected," he added, speaking of Wall Street's attitude toward the Reagan economic program. "You can announce a policy, but the markets aren't going to respond until they see sustained action and some credible results."

As Stockman admitted, this is a substantial change in his own tune. Just a few months ago he was confident that when Wall Street realized how determined the administration was to cut the budget and taxes too, improvements in the investment markets would be dramatic, and interest rates would fall.

The bond market is crucial for the Reagan theorists because it mirrors what sophisticated investors think the long-term future will bring. For several years, those investors have signaled their belief that high inflation will continue. So far, nothing the Reagan administration has done has changed their minds. Without a change in outlook and a corresponding reduction in long-term interest rates, companies will continue to have trouble raising the capital for expansion—the economic growth President Reagan promises.

In the interview Stockman said emphatically that the markets still will improve, but that this will take longer than he originally hoped. Now, he said, Wall Street will be waiting for irrefutable evidence that Congress will go beyond the budget resolutions that outline cuts in many spending programs to the final legislative action that will secure the budget reductions.

But on Wall Street many money men say they are waiting for more than that. An influential school of Wall Street economists typified by Henry Kaufman of Salomon Bros. and Albert M. Wojnilower of the First Boston Corp. has encouraged deep skepticism about the Reagan plan's prospects.

Wojnilower made a speech to a private meeting of First Boston clients last month in which he predicted the latest rise in interest rates. It was "clearly indicated," Wojnilower said, because an expanding economy was on a "collision course" with the Federal Reserve Board's policy of restricting the growth of the supply of money.

Kaufman—who also predicted the recent rise in interest rates—and Wojnilower both regard the Reagan-Stockman budget proposals as essentially expansionary and thus inflationary. The economists say the administration's proposed reductions in domestic spending will be more than offset by its program for expanding defense spending and its tax-cutting plans. On balance, they say, the federal budget will continue to stimulate the national economy. If the Federal Reserve Board is simultaneously restricting growth of the money supply, demand for money will outpace supply and interest rates will rise, according to both economists.

These two economists "have a very big following," according to one bond trader on Wall Street who handles hundreds of millions of dollars for regional banks. "If they [government officials] don't get it under control," this source added, "you can forget about balancing the budget . . . The European philosophy is entering this marketplace," he added. And what is the European philosophy? "That anything over six months has got to float"—in other words, that fixed-interest, long-term bonds will disappear, to be replaced by short-term instruments whose interest rates are pegged to market conditions.

That prospect is anathema to Stockman and others in the Reagan administration who believe that a reliable, long-term capital market is crucial to the development of the American economy, and will be crucial to the kind of sustained growth they are hoping for. "You've had a total collapse of horizons" in the capital markets, one high official said this week.

Has the administration already lost its fight to win over Wall Street? Stockman and other officials refused to accept that proposition.

"We low-balled our political forecast a little bit and high-balled our economic forecast," one senior official said, referring to better-than-expected political results and worst-than-expected economic ones after 110 days of the new administration.

The administration hopes it can revive confidence by demonstrating its seriousness about cutting the budget, and by emphasizing how significantly its program would reduce the burden of federal taxes and the proportion of gross national product eaten up by government activity. Many on Wall Street, though, seem more concerned about the large tax cuts the White House wants. The tax-cut issue could turn out to be a critical one in the contest for Wall Street's hearts and minds, according to several Wall Street traders.

Kaufman has urged Congress not to endorse the Reagan tax cut. A more conservative tax cut—which would mean smaller budget deficits, its proponents say—would "absolutely" alter attitudes on Wall Street, according to a partner in one private investment banking firm.

Stockman expressed faith that a steadily shrinking rate growth in the money supply would reduce inflation. The current rise in interest rates is just "a sharp bump on a downward-sloping plane," he said.

He noted that the capital markets have absorbed huge federal borrowings in the first half of the current fiscal year, now just over, and that the government won't have to borrow much more during the next six months, which may reduce the pressures forcing up interest rates. Treasury Department officials said the government will actually repay more than it borrows in the capital markets during the next three months.

Stockman's chief economist, Lawrence Kudlow, said the critics were misstating the true impact of Reagan's program. The tax proposals, he said, would reduce the overall level of federal taxation by less than 1 percent of GNP by 1985, he said. "Now that's a very small tax reduction."

"I do concede there won't be any immediate improvement" in Wall Street's attitudes, Kudlow said, predicting that it will take several months for the administration (with the help of Congress) to make its points convincingly.●

THE 75TH ANNIVERSARY OF THE AMERICAN JEWISH CONGRESS

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, on May 9 we will celebrate the 75th anniversary of American Jewish Congress, a noteworthy event in the history of a noteworthy organization.

When the American Jewish Congress was founded in 1906, a wave of Jewish immigration was reaching our shores. These were people fleeing the vicious and terrible persecution then going on in Tzarist Russia and Romania.

These immigrants were poor people—peasants—fresh from the villages of the Jewish Pale of Settlement. Some came from the ghettos of the cities where they were confined. All were seeking a new life, new opportunities, and freedom for themselves and their children.

But they were strangers, in a strange land. The ways of the new society were not their ways. They needed help to become acclimated. They also needed help against the prejudice, discrimination, and exploitation they found here.

That is why the American Jewish Congress was founded in New York City. It aimed to give the immigrant a helping hand. The American Jewish Congress fought against the sweatshops and the corrupt official or exploitative landlord. It helped teach the immigrant English. It aided in bettering conditions. It fought against the anti-Semitism rife in our society at the time, as well as the anti-immigrant bias found in some quarters of American life.

Later, the American Jewish Congress aided the Zionist movement in creating a Jewish homeland in Palestine. The American Jewish Congress raised money, bought supplies, tools, agricultural implements for Jewish settlers. It helped explain Israel's case in the United States.

Today the American Jewish Congress is still in the forefront of the fight for democracy and against discrimination of all kinds. The AJC helped—with money and legal support—in the battle against racial segregation. More recently, the AJC has opposed the setting of quotas for any racial or religious group, espousing the free society we all support as the American ideal.

For 75 years the American Jewish Congress has assisted democracy in the United States and Israel. On this anniversary we offer heartfelt congratulations, and the hope for a future as successful as the past.●

GEN. OMAR N. BRADLEY: THE DANGER OF DESTROYING OURSELVES

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD a poignant speech by the late General of the Army, Omar N. Bradley, who died on April 8. General Bradley's speech was delivered on November 5, 1957, yet his words of almost 25 years ago ring true today.

General Bradley spoke of the insane application of our national resources not to the search for peace, but to instruments of war. He noted that the continued construction of weapons systems can only heighten our peril.

This speech was heard only weeks after the Soviets launched Sputniks I and II. Today, after the successful launch of our Space Shuttle and in the midst of the continuing debate over its uses, the General's words have special significance:

> We can compete with Sputnik and probably create bigger and better Sputniks of our own. But what are we doing to prevent Sputnik from evolving into just one more weapons system? And when are we going to muster an intelligence equal to that applied against the Sputnik and dedicate it to the preservation of this Satellite on which we live?

I commend General Bradley's important message to the attention of my colleagues:

THIS ULTIMATE THREAT

(By Omar N. Bradley)

The central problem of our time—as I view it—is how to employ human intelligence for the salvation of mankind. It is a problem we have put upon ourselves. For we have defiled our intellect by the creation of such scientific instruments of destruction that we are now in desperate danger of destroying ourselves. Our plight is critical and with each effort we have made to relieve it by further scientific advance, we have succeeded only in aggravating our peril.

As a result, we are now speeding inexorably toward a day when even the ingenuity of our scientists may be unable to save us from the consequences of a single rash act or a long reckless hand upon the switch of an uninterceptible missile. For 12 years, we've sought to stave off this ultimate threat of disaster by devising arms which would be both ultimate and disastrous.

This irony can probably be compounded a few more years, or perhaps even a few decades. Missiles will bring anti-missiles, and anti-missiles will bring anti-anti-missiles. But inevitably, this whole electronic house of cards will reach a point where it can be constructed no higher.

At that point we shall have come to the peak of this whole incredible dilemma into which the world is shoving itself. And when that time comes, there will be little we can do other than to settle down uneasily, smother our fears, and attempt to live in a thickening shadow of death.

Should this situation come to pass, we would have but one single and thin thread to cling to. We call it rationale or reason. We reason that no government, no single group of men—indeed, not even one willful individual—would be so foolhardy, so reckless, as to precipitate a war which would most surely end in mutual destruction.

This reasoning may have the benefit of logic. But even logic sometimes goes awry. How can we assume that reason will prevail in a crisis when there is ordinarily so little reason among men? To those who would take comfort in the likelihood of an atomic peace to be secured solely by rationale and reason, I would recall the lapse of reason in a bunker under the Reich Chancellery in Berlin. It failed before, it can fail again.

Have we already gone too far in this search for peace through the accumulation of peril? Is there any way to halt this trend—or must we push on with new devices until we inevitably come to judgment before the atom? I believe there is a way out. And I believe it because I have acquired in my lifetime a decent respect for human intelligence.

It may be that the problems of accommodation in a world split by rival ideologies are more difficult than those with which we have struggled in the construction of ballistics missiles. But I believe, too, that it we apply to these human problems the energy, creativity, and the perseverance we have devoted to science, even problems of accommodation will yield to reason. Admittedly, the problem of peaceful accommodation in the world is infinitely more difficult than the conquest of space, infinitely more complex than a trip to the moon. But if we will only come to the realization that it must be worked out—whatever it may mean even to such sacred traditions as absolute sovereign-

ty—I believe that we can somehow, somewhere, and perhaps through some as yet undiscovered world thinker and leader find a workable solution.

I confess that this is as much an article of faith as it is an expression of reason. But this is what we need, faith in our ability to do what must be done. Without that faith we shall never get started. And until we get started, we shall never know what can be done.

If I am sometimes discouraged, it is not by the magnitude of the problem, but by our colossal indifference to it. I am unable to understand why—if we are willing to trust in reason as a restraint on the use of a ready-made ready-to-fire bomb—we do not make greater, more diligent and more imaginative use of reason and human intelligence in seeking an accord and compromise which will make it possible for mankind to control the atom and banish it as an instrument of war.

This is the real and—indeed—the most strenuous challenge to man's intellect today. By comparison with it, the conquest of space is of small significance. For until we learn how to live together, until we rid ourselves of the strife that mocks our pretensions of civilization, our adventures in science—instead of producing human progress—we continue to crowd it with greater peril.

We can compete with Sputnik [Sputniks I and II had been launched on October 4 and Nov. 2, 1957] and probably create bigger and better Sputniks of our own. But what are we doing to prevent Sputnik from evolving into just one more weapons system? And when are we going to muster an intelligence equal to that applied against the Sputnik and dedicate it to the preservation of this Satellite on which we live?

When does humanity run out?●

THE JAPANESE CAR CHARADE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. PAUL. Mr. Speaker, yesterday in the Banking Committee, I heard some very disturbing rhetoric. Members discussed trade with France using the metaphors of war, and I was reminded that free trade encourages peace, while protectionism encourages international tensions.

An eloquent analysis of protectionism, and its most recent manifestation, is "The Japanese Car Charade" by Hobart Rowen. I urge my colleagues to pay attention to what Mr. Rowen has to say.

THE JAPANESE CAR CHARADE

(By Hobart Rowen)

In pushing Japan into a "voluntary" agreement to cut car exports here by 140,000 units in the next 12 months, the Reagan administration blocked a mad congressional rush to legislated quotas. But President Reagan also sent out a series of signals to the rest of the world, all wrong.

The first is that, like his precedessors, Reagan is willing to bend free-trade principles when practical politics intervenes. Although Reagan and his key aides have been trumpeting the virtures of supply-side economics up and down the land, they didn't hesitate to sacrifice a supply of 140,000 cars—thus driving up prices—to make good on an ambiguous campaign commitment to "do something" about Japan and the car problem.

In the course of "doing something," the administration played an elaborate and duplicitous charade. Officials spouted a free-trade line, insisting they would not negotiate or suggest specific quota "numbers" to the Japanese. This turns out to be untrue, since Secretary of State Alexander Haig sent a demand through Ambassador Mike Mansfield that the Japanese restrict car sales to between 1.4 million and 1.6 million for more than one year.

Second, and equally important, the Reagan administration has now established a precedent for any industry that—like the auto industry—seeks protection through the established procedure at the International Trade Commission and is rebuffed. Such an industry can make an end-run around the ITC by getting a friendly White House to suggest a "voluntary" pattern.

And third, the deal that U.S. Trade Ambassador Bill Brock won in Tokyo now frees the Europeans and Canadians to place similar restraints on Japan. Worried that those 140,000 cars will be diverted to Europe, the Common Market Commission in Brussels has already said it "will ask for comparable treatment."

Protectionism, as we all know, begets protectionism—and that's why it's important to stick to basic principles. Within the Reagan administration, influential advisers such as OMB Director David Stockman, Economic Council Chairman Murray Weidenbaum and White House assistant Martin Anderson initially fought hard to preserve the free-trade principle. They had important outside support from highly respected conservatives like Arthur F. Burns and George Shultz (who early in the game were fooled into thinking that free trade had scored a victory).

The fact that protectionism won out is a measure of the pressure that was brought to bear on Reagan by politicians in the administration who profess faith in the free-market system—but were quick to show a "pragmatic" streak when the auto industry leaned on them. They include Transportation Secretary Drew Lewis, Commerce Secretary Malcolm Baldrige, Haig and Brock.

The Japanese government itself, it must be said, threw in the towel, over the objections of its own auto companies. As between strict adherence to free-trade principles and a loss-limiting arrangement, the Japanese government decided to minimize the risks.

As explained by Robert M. McElwaine, president of the American International Automobile Dealers Association, "we were frightened" by the prospect of legislation that would "lock us in" to a 1.6 million annual rate, just at the time that experts here and in Japan calculate that the 1982 market for cars in the United States may "take off," rising from a possible 9.5 million sales this year to as much as 11.5 million sales, the underlying economic assumption being a sharp decline in interest rates. Under the formula Brock brought back, Japanese imports could rise from 1.6 million this year to 1.9 million in 1982, if total sales hit 11 million.

But it is ridiculous to suggest, as Brock has done since returning from Tokyo, that the voluntary quota won't affect prices. McElwaine says that last week "you could get a discount of $200 to $300" on most Japanese imports. "I bet you won't get anything off now, and on the most popular models, you may pay a premium." Moreover, Japanese car dealers here will maximize their profits by concentrating sales on more expensive models.

American manufacturers last week had already marked their cars in anticipation of Brock's armtwisting operation in Tokyo. Further, as Chevrolet's "J" car and other new-generation American models move off the Detroit assembly lines this summer, you can be sure that the American companies, less worried about Japanese pressure, won't be inhibited about pricing them.

President Reagan should have denounced import restrictions of any kind as inflationary and a threat to his recovery program, adding that he was prepared to veto, if necessary, the Bentsen-Danforth bill establishing specific quotas. Brock's deal does nothing to force the U.S. auto industry to face up to harsh realities in a competitive world. Ford and GM are still paying dividends to stockholders and enormous salaries and bonuses to management. Their workers are still being paid 20 percent more than the average for all production workers. These excesses, which the Reagan-Brock deal preserves, are, simply, a subsidy for which American consumers are picking up the check.●

CONGRESSIONAL VIGIL

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SCHEUER. Mr. Speaker, I rise today in support of the congressional vigil for Soviet Jewry's call for the Soviet Union to allow Dr. Viktor Brailovsky to emigrate.

Dr. Brailovsky was arrested November 13, 1980, on charges of "slandering the Soviet state"; however, no basis for filing of formal charges has been established. When Brailovsky was arrested and jailed, the doctor was suffering from a liver ailment which required close medical attention. He must receive immediate care in order to prevent his condition from worsening.

Brailovsky is a doctor of computer science who lost his position at the U.S.S.R.'s Institute of Electronic Control Machines because he requested permission to emigrate. Brailovsky has been a prominent leader of a group of 237 Soviet Jewish refuseniks who, on the eve of the Helsinki Review Conference in Madrid in November 1980, appealed to President Brezhnev for free emigration of Soviet Jews.

The treatment Dr. Brailovsky and his wife Irina have received solely because he requested permission to emigrate is a clear violation of the Helsinki agreement. This treatment is all the more reprehensible in light of the doctor's need for medical assistance. I call upon the Soviet Union to honor the Helsinki accords and allow Viktor and

Irina Brailovsky to emigrate with their family.●

JEWISH HERITAGE WEEK—A CELEBRATION OF PAST, PRESENT, AND FUTURE

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, this week has been designated as "Jewish Heritage Week," and the importance of this proclaimed week is that in America, all religions and cultures have a great deal to be thankful for. The American experience allows religious opportunity, freedom, and security. Therefore, religious groups that had been previously vilified have found enough security in America to be able to grow and reach out to the future. Judaism is notable for its steady rekindling of the past, and the lessons of the past are given new life and meaning in the contemporary world. As Prof. David Althshuler of the George Washington University has written, "Judaism is the oldest religious civilization still living today."

I believe that it is a fitting and proper time to commemorate Jewish Heritage Week; almost daily, Soviet-built and supplied rockets are launched from Jordan, and could pose an even greater direct threat to Israel than they do at this moment. The murderous rampages of the PLO go unabated, and the world is still not sufficiently outraged by their behavior to condemn them and pursue the diligent battle against them that so desperately needs to be waged. Israel is never safe, but in America, Jewry is. While reprehensible acts of anti-Semitism have become all too frequent in America of late, the spirit of tolerance and the protection of the state remain. Jews can freely celebrate, discuss, and enjoy Jewish Heritage Week without fear of police harassment, denial of basic rights, and suppression of history.

Prof. David Althshuler, chairman of the Judai studies department at the George Washington University, Washington, D.C., has written a brief, concise, thoughtful, and inclusive summary of just what Judaism is about. Althshuler's essay will be published in conjunction with the reinstallation of the permanent collection of Jewish art at the B'nai B'rith museum in Washington. I would like to bring Prof. Althshuler's thoughtful essay to the attention of my colleagues:

JUDAISM

Judaism is the oldest religious civilization living today. The chain of Jewish tradition stretches back more than 3500 years to nomads in the ancient Near East, and over the centuries its influence has been felt in virtually every corner of the globe. While the Jewish people has always been a tiny minority struggling to survive, Judaism also gave birth to Christianity and Islam, whose followers together number nearly half the population of the world.

The extended family of Israelite tribes formed a fragile nation-state during most of the biblical period, down, to 70 C.E. The land of Israel, situated on the western Mediterranean and at the crossroads of Asia and Africa, was beset by neighboring Egypt, Assyria, and other smaller states, then by the great empires of ancient Babylon, Persia, Macedonia and Rome. Yet throughout this era, the Jews created political and religious institutions to maintain and develop their national unity. The capital, Jerusalem, and its holy Temple, came to symbolize the identifying link between the people and the land.

When the legions of Rome destroyed the Jewish commonwealth in the first century, millions of Jews were already spread throughout the empire. For the next 1900 years, their dispersion was a matter of necessity rather than choice. Longing for the rebuilding of their land and their state, they nevertheless strove to create Jewish communities and to perpetuate Jewish civilization wherever that became possible. For much of the Middle Ages, Jews were destined to be subservient to religious empires of Christianity and Islam. Yet by means of creative adaption they preserved their special heritage. Faced often over the centuries with hostility and even persecution, they continued to seek new homes in Europe and the Americas.

The 17th and 18th centuries brought religious and political freedoms to many Jews, as the age of reason and modern nationalism began to affect many minorities, particularly throughout Europe and North America. Modern times saw many Jews herald Judaism's acceptance among the nations, while many too began to rebuild the nation on the soil of Israel. Just decades ago, the horrors of the Nazi holocaust and the glory of the reborn State of Israel revealed the depths of both pain and promise embodied in all Jewish history.

The long span and varied circumstances of the Jewish experience naturally has produced many and changing approaches to religious questions. Individuals, communities, and the people as a group have struggled in every generation to understand the world and their destiny. But Judaism since biblical times has embodied certain principal convictions that give the chain of Jewish tradition consistency and continuity. Belief in one God is the center of the Jewish world view. God is beyond all measures of time and space, eternal and supernatural. God alone is the source of the universe and all that is in it, the supreme teacher and judge, and the merciful and forgiving protector of humankind. The Jews see themselves as one people by virtue of their relationship to the one God.

God's work in the world is good, according to Judaism, and human beings are the crown of creation. Thus since the beginning men and women have been in partnership with God, striving to reach the divine potential embedded in life. Free to choose between good and evil, they seek God's guidance and look to God's example. Jews call the truth that God reveals to them Torah—instruction about the meaning of life and the nature of human responsibility. The caring God and the responding Israel are joined together by means of Torah.

Every aspect of Jewish civilization is a means of living out the religious principles of Judaism. To be sure, Jews have learned from and participated in the widest variety of cultural settings in which they have lived. No Jewish custom or ceremony is isolated from the practices of their neighbors in any given time and place. Yet the Jewish way of life is distinctive when taken as a whole. Striving to imitate God, in whose image they believe human beings are created, they see in every moment opportunities for sanctification. Since human existence has meaning and purpose, the highest duty one can fulfill is to respond to God's commandments.

The primary, natural dimensions of the Jewish people are the family and the community. Thus since the destruction of the ancient national Temple in Jerusalem, the home and the synagogue have been the physical centers of Jewish life. To both these places the general view of the ancient rabbis applies: The world rests on three things—on Torah, on worship, and on loving deeds. The maintenance of the world, then, requires a balanced pursuit of study, prayer, and moral action.

As Jews comtemplate the destiny of their world and their community, cycles of natural and historic time seem apparent. As day follows night, so the seasons progress with regularity. So too are children born, they grow to maturity, and they pass away as do all living things. Similarly, Israel was enslaved in ancient Egypt, then freed; the nation was secure in its land, then dispersed, and now returns. The world given by God is not complete or perfect, yet miracles of redemption and healing continually give testimony to the realism of hope.

Each point of every cycle is an opportunity for sanctification. Thus in the lifetime of the Jew, family and community commemorate the occasions of birth, circumcision and naming, coming of age (to be a responsible Bar/Bat Mitzvah—son/daughter of the commandments), marriage (and divorce), and death. Rituals link the individual to the people, both those who are alive and those of past and future generations. Every moment of joy or grief is made to strengthen the bond of peoplehood and the tie to God.

The ongoing streams of days and years are replete with special occasions as well. The rising and setting of the sun, the waxing and waning of the moon, the times of rains and harvests all are observed. So too are the anniversaries of world-shaping events—the liberation from Egypt, the journey to the land, the encounter with God in the wilderness, the great victories and defeats of the nation. These times, whether of festivity or mourning, cause Jews to internalize and to respond to recurrent themes in nature and history.

Judaism sees in time, however, not only patterns but also progress. Nature and history have their ups and downs, but in the end they embody freedom and blessing. The weekly Sabbath represents the bounty of creation, in which human beings must work but need not be enslaved in order to survive. Constructive effort finds its reward in the enjoyment of this world, and the grand scheme of time mirrors the more tangible benefits of daily life. Thus, Jews believe, the souls of the righteous transcend even death, and the whole world is destined for a providential end.

For Judaism, then, life is art. God is the architect of the universe and human beings are its artisans. Time and space are dimensions in need of holiness, and every act of sanctification brings closer the fulfillment

of creation's plan. Recognizing the many hardships of their historic career, Jews nevertheless cling to the conviction that life's beauty is its essence.

"How lovely are your dwelling places,
Eternal God of all creation!
My soul seeks and longs for God's presence;
My heart and flesh sing with joy to the God of life."

(Ps. 84:1-2)●

THE 33d ANNIVERSARY OF ISRAELI INDEPENDENCE

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. HOLLENBECK. Mr. Speaker, today marks the 33d anniversary of the creation of the sovereign State of Israel. In the spring of 1948, a courageous group of men and women met to sign a declaration of independence which was the culmination of a long and arduous struggle for freedom and recognition that spanned many centuries. The signing of this declaration was the fulfillment of a dream of millions of Jews worldwide. It was the fruits of a labor which lasted thousands of years and cost millions of lives.

The Jewish people of Israel and the world have much for which to be grateful and much of which to be proud. Their tale is one of sorrow and rejoice; defeat and victory. But most importantly, it is a tale of inspiration.

The ancient Hebrews first entered the land of Israel about the 18th century B.C. when the patriarch Abraham led his people to what was then called Canaan—and much later became known as Palestine. Since then the Jews and their descendants have been forced to battle for their freedom with the Egyptians, Babylonians, Romans, Byzantinians, Arabs, Ottomans, Spaniards, Nazis, British, and now the PLO. The fact that the Jews have survived, endured, and even prospered throughout history is testimony to their courage and conviction.

As we note the passing of this 33d anniversary, it is clearly evident that the State of Israel is a strong and thriving nation. In the past year, the Israelis have taken great strides in advancing their long held beliefs in brotherhood and friendship. As a result of the dedication and foresight of Prime Minister Begin and President Sadat, Israel and Egypt are now closer than ever to being cooperative friends and allies. Each country now maintains embassies in the other, allows for unrestricted travel across their borders, and participates in economic and cultural exchanges.

But, although Israel and Jews worldwide have a great deal of which to be proud since the dark days following the holocaust of the Second World War, there is still a long way to go. The recent deployment of Syrian surface-to-air missiles in central Lebanon highlights the existing security problems and the blind hostilities of some neighboring countries. In addition, there remain many Soviet Jews who are not allowed to emigrate from the Soviet Union to Israel. A number of these Jews have been incarcerated by Soviet authorities. Among other injustices, I have closely followed all developments concerning Anatoly Shcharansky. March 15 marked the fourth anniversary of Mr. Shcharansky's arrest. As we all know, Anatoly received a severly inflated 13-year prison term as a result of trumped up espionage charges. This 13-year sentence was imposed by Soviet authorities despite Presidential intervention attesting to the fact that Mr. Shcharansky was in no way associated with the Central Intelligence Agency. In fact, Shcharansky broke no Soviet laws, but was actively engaged in working for the human rights of Jews and other minorities in the Soviet Union, all in accord with Soviet law and international agreements signed by the U.S.S.R.

Now, over 4 years later, I am sad to state that the situation has worsened. Mr. Shcharansky not only remains imprisoned, but his health has continued to deteriorate. The Soviets handling of this case has been recognized throughout the world as a blatant injustice and a violation of human rights. To realize that such an unjust series of events, in direct violation of the Helsinki accords, can actually occur in modern times is indeed unnerving. As civilized people with an inherent respect for human rights, we must not relent in our efforts to secure the release of Anatoly. We must continue to persevere as we hope an pray that Anatoly is able to persevere.

It is very hard for those of us who are citizens of a Nation whose highest laws guarantee individual freedom to believe that Anatoly may merely represent the tip of the iceberg. Yet there are many thousands of equally heartwrenching cases. A week hardly passes in which another desperate family plight is not brought to my attention. Amid this depressing picture and in the spirit of independence we must continue to work in behalf of all the Shcharanskys presently being held against their will in the Soviet Union.

At this 33d independence anniversary, the United States must reaffirm its support for the great and sovereign State of Israel, which time and time again has stood by our side in times of trouble and has truly proven to be a faithful and trustworthy ally.

From the 1917 Balfour Declaration to the 1948 declaration of independence to the 1979 Camp David accords, the Jewish people everywhere, and the State of Israel, have consistently emerged from adversity victorious. Thus, I ask my colleagues to join with me in congratulating our Jewish friends and allies on the occasion of "Yom Ha'atzmaut," Israeli Independence Day.●

HAWKINS-YOUNG BILL ON DRUG ENFORCEMENT

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. YOUNG of Florida. Mr. Speaker, Senator PAULA HAWKINS and I are today introducing legislation which will clarify the role of our military in assisting drug enforcement efforts. This legislation is intended to remove specific roadblocks which have prevented our military from assisting civilian law enforcement officials in their efforts to stem the tide of illicit drug trafficking into the United States.

At present, the military is unable to provide such assistance due to interpretations of the posse comitatus statute (18 U.S.C. 1385). Consequently, without some modification in the posse comitatus provisions the military cannot even alert civilian law enforcement agencies of suspected drug traffickers.

It is interesting to note that the posse comitatus statute actually dates from the post-Civil War period. Its original purpose was to prevent the use of U.S. Army personnel in assisting local law enforcement efforts. While the general principle that military personnel should not be used in civilian matters is a good one, the language of this statute is simply too vague. In fact, the courts have made numerous extensions of this statute and most recently it has been interpreted to include other branches of the military besides the Army. As a result, the Department of Defense points to the posse comitatus provisions as restricting its ability to assist other Federal agencies in narcotics interdiction.

The objective of our legislation is to expand the areas in which military support services could be provided to civilian law enforcement agencies, such as the sharing of information and the loaning of equipment and facilities.

The Hawkins-Young bill would continue to prohibit the direct involvement of military personnel in narcotics seizure, arrests, or other civilian law enforcement responsibilities, other than to provide training and expert advice to civilian authorities.

Under this legislation, the military will share information it normally obtains about aircraft and boats suspect-

ed of drug trafficking with civilian law enforcement officers. The military is not ordered to undertake any special law enforcement efforts. In no case is the military to take any action that would interfere with its preparedness. But the bill would allow the military to plan training missions such as airborne surveillance training in areas where suspected drug trafficking is occuring. In this way drug enforcement objectives could be achieved as a complement to the primary goal of training our military personnel.

In our home State of Florida, the smuggling of narcotics generates enormous profits, and from those profits traffickers are able to equip themselves with an awesome array of the very finest aircraft, boats, and weapons. At present, they are better manned and better equipped than the agents assigned to stop them. Unless some means are found to better the odds, law enforcement will continue to lose its war against smugglers. One of the key benefits of our legislation is that it allows drug enforcement officials to capitalize on existing programs, facilities, and equipment without having to make the tremendous capital expenditures necessary to install and operate its own radar system or to purchase highly sophisticated aircraft.

This legislation directs the military to use its discretion to pass along information to appropriate law enforcement authorities—it does not expand on the military's authority to gather information. The information that it would provide for civilian authorities would be that which they already gather during normal military operations, such as surveillance flights over the Caribbean. Any direct involvement in domestic law enforcement would be limited strictly to training functions.

Based on the language contained in our bill, only agents of the Department of Justice, Drug Enforcement Administration, Department of Treasury, or the U.S. Coast Guard are authorized to make requests for military assistance. Once information is provided to these Federal agencies, they will be permitted in appropriate cases to make the information available to State and local authorities.

We believe this legislation is badly needed if we are serious about stopping the flow of narcotics into our country. We urge our colleagues to support this legislation.●

ALCOHOL ABSTENTION WEEK

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. MATSUI. Mr. Speaker, I would like to alert may colleagues to the efforts of Dr. Edgar W. Parsons of Sacramento, Calif., who is chairing the fourth annual Alcohol Abstention Week, May 3-10, 1981.

The purpose of this special event is to challenge each American who drinks alcoholic beverages to abstain from drinking for 1 week to help determine if he or she is addicted to or dependent on alcohol.

Dr. Parsons is another Sacramento County resident who is providing leadership in the effort to stop the abuses of alcohol. I have risen on other occasions in this Chamber to commend the work of Mrs. Candy Lightner of Sacramento County, who chairs the national organization, Mothers Against Drunk Drivers (MADD).

Over the last decade, a quarter of a million American lives have been lost to drunk driving, five times more American lives than were lost in Vietnam. In addition to death and injury on the highway, alcohol contributes to crime, divorce, vandalism, academic underachievement, industrial inefficiency and a great many other social and economic problems.

I recommend the participation of all Americans in the fourth annual Alcohol Abstention Week.●

THE BATTLE AGAINST DRUG ABUSE

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. BENNETT. Mr. Speaker, I have today introduced two important pieces of legislation which will significantly enhance our Nation's ability to overcome its most elusive domestic enemy: the smuggler of narcotics. These purveyors of the drug culture today roam freely in a sanctuary of emormous profits and few risks. It is time for Congress to even the odds.

Today, our ability to combat these massive smuggling operations is severely hampered by an 1878 statute known as posse comitatus which restricts military involvement in civilian law enforcement. Its net result a century later has been to prevent the military from passing on information, such as obviously clandestine air and sea movements, to drug enforcement agencies.

As a result I, along with 32 other Members of the House, have joined in consponsoring a bill introduced by Mr. EVANS of Georgia which would allow the military to share information, equipment, and facilities with civilian law enforcement officials.

Mr. EVANS of Georgia and our colleagues in the Senate are to be commended for their outstanding work on this legislation. I am convinced, however, that we must go one important step further by allowing the use of military personnel in actual drug seizures and arrests. In doing so, we can help insure that all the proper resources of the Federal Government are utilized to break the back of the drug cartel.

The Posse Comitatus Act was passed near the end of Reconstruction as an outgrowth of Southern resentment over the use of Federal troops to support carpetbagger governments. Clearly, the circumstances of 1878 are no longer applicable. Yet the notion that the military should remain separate in almost all cases from civilian law enforcement is itself sound. This proposal leaves that principle intact while helping to find a solution to one of our most dangerous problems.

This additional legislation carefully limits the expansion of posse comitatus beyond the parameters proposed by Mr. EVANS of Georgia. Specifically, the military could only be used when the drug operation might fail without their assistance and only if military preparedness is unaffected. Further, the military would in all cases operate under the direction of civilian law enforcement officers. As a result, this bill successfully balances the delicate separation of the military and civilian law enforcement with society's overriding need to rid itself of drugs.

In this same spirit, I am also introducing legislation today which will hold those who man the frontline of the drug-smuggling operations accountable for their actions. The Drug Enforcement Administration estimates that over 3,000 aircraft are involved each year in smuggling. Yet the biggest risk these pilots face is not from the law, but from their overloaded planes crashing into the sea before they reach the deserted airstrips of Florida and Texas.

Under the current Federal Aviation Act, only two limited sanctions may be imposed on a pilot convicted of drug smuggling: a civil fine of $1,000 and a 1-year suspension of the flying certificate. When the massive amount of money which can be generated from a single smuggling operation is considered, the deterent effect of this law is clearly insufficient.

To make matters worse, the courts have interpreted this statute to mean that the flying license cannot be suspended until all legal appeals have been exhausted. This provision almost invites these pilots to continue their enormously profitable and illegal venture for months, and in some cases years, after their arrest.

Statistics indicate that many of the pilots who engage in these operations are novices lured by promises of easy money and little risk. It is time for Congress to even those odds.

This legislation would demand that the flying license of any pilot convict-

ed on a drug smuggling charge be permanently revoked. As an added deterrent, this bill would impose meaningful and tough criminal penalties on pilots who engage in transporting illegal drugs into the United States.

This legislation would also address the problem of these airborne smugglers who return to their trade after arrest. Not only would this proposal suspend the certificates of any pilot indicted on drug trafficking charges, but it would double the criminal penalty imposed on those who continue to engage in smuggling while under suspension. This legislation will provide the Federal Government with a powerful weapon to control that element of the drug cartel which contributes so much to our drug problem.

Mr. Speaker, violence, narcotics, and organized crime have become inseparable. The billions of dollars it generates each year have enabled these smugglers to employ sophisticated and expensive techniques to avoid detection. Evidence of their success can be found in DEA estimates that they stop only 10 to 15 percent of the illegal drugs that flow into our States and our homes. Clearly, they need all the help they can get.●

CONGRESSMAN GREEN CELEBRATES ISRAELI INDEPENDENCE DAY

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. GREEN. Mr. Speaker, today we celebrate the anniversary of Israeli Independence and mark the 33 years for which the State of Israel has represented hope and freedom for Jews in America and throughout the world.

It was a proud moment when on May 14, 1948, the world watched as David Ben-Gurion proclaimed the establishment of the State of Israel. In its 33 years of existence, Israel has struggled against hostile neighboring countries, fought for its legitimacy, and triumphed over the terrible legacy of the holocaust to become a truly great nation. I am proud to have the opportunity to recognize before my colleagues not just Ben-Gurion's historic proclamation, but the remarkable achievements of Israel. I know that Israel will always be celebrated as a haven for immigrants, the fulfillment of a dream for Jews, a nation rich in cultural and economic accomplishments, and as America's unwavering friend and unparalleled ally in the Middle East.

As we toast the advent of the Israeli state, we must also renew our commitment to opposing whatever presents a risk to her safety, and to pursuing freedom for the men and women who are not permitted, for whatever reasons, to enjoy the full religious expression they seek there. We must continue and strengthen our actions in support of the ideals which we so admire in the State of Israel.

Israeli Independence Day is indeed a joyous holiday, and I am pleased to extend my best wishes for many more celebrations.●

THE DANGEROUS SALE OF AWACS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. OTTINGER. Mr. Speaker, the administration's decision to delay the sale of five airborne warning and control system aircraft (AWACS) to Saudi Arabia gives Congress time to redouble its efforts to prevent this unfortunate capitulation to blackmail. The AWACS, combined with other sophisticated weaponry which the administration has committed to Saudi Arabia, represent a most dangerous package which is likely to backfire on U.S. interests around the world.

The AWACS can control and monitor the position of up to 400 combat aircraft over a radius of several hundred miles. With this equipment, Saudi Arabia, which called for a holy war against Israel just 2 months ago, will be able to monitor all of Israel's military movements including troops, aircraft, tanks, and artillery. Such information in the hands of Israel's enemies will bring a new and insidious dimension to the Arab-Israeli conflict. Indeed, one shudders to consider what might have happened if the Saudis possessed this equipment in any of the last four wars.

I am dismayed that the Reagan administration has not learned the lessons that Iran taught us. It is unwise and unsafe to sell advanced weaponry to an unstable client faced with internal discontent. Ultimately, such weaponry may not only be used against our allies, but against ourselves.

Once again we hear the Saudi claim that the sale of sophisticated weapons is a "test of U.S. friendship." Yet the administration refuses to insist on any reciprocation of this friendship. As the New York Times noted in a recent editorial:

Contrary to the Pentagon's desire, the Saudis will not let the operation, or defense, of the AWACS become the pretext for creating an American base on their soil. Contrary to the State Department's hope, they will not lead in urging an Arab compromise on the West Bank. They will not even accept the new Administration's rhetoric about the Soviet danger in the Middle East; the greatest menace, they still insist, is Israel.

At a speech in New York City on April 22, the Saudi Minister of Oil declared that American support for Israel was the greatest threat to United States/Saudi friendship.

The time has come for our Government to stand up for its most dependable and stable ally in the Middle East: Israel. We must declare "We have had enough" and insist that the Saudis meet our interests if we are to consider meeting theirs.

President Reagan's unwise decision undermines Israel's security, contradicts U.S. interests, and adds greater volatility to the Middle East region by raising tensions and placing a greater strain on our relations with the governments of the region. I strongly urge my colleagues to join me in protesting this sale by voting for any disapproval resolutions which are introduced in the House.

Mr. Speaker, I would like to include in the RECORD two editorials which recently criticized the administration for committing itself to the AWAC sale. The first appeared in the April 21 New York Times and the second was in the April 23 Washington Star. I commend them both to the attention of my colleagues:

[From the New York Times, Apr. 21, 1981]

THE AWACS WON'T FLY

If those Airborne Warning and Control System planes the Administration promised to sell to Saudi Arabia were now flown over Capitol Hill, they would send back a very clear message: Cancel this mission.

Senators Baker and Laxalt, whose political radar ought to impress the Reagan White House, already sound the same warning. They know Congress is divided on the issue and might approve selling five AWACS only if the President expends political credit better spent on his economic program. They also know he could lose, and be diminished before the world.

Congress is dubious about sending such a sophisticated secret weapon to a volatile region and is concerned for Israel's safety. It also feels betrayed by both the Carter and Reagan Administrations for furtive promises to Saudi Arabia that directly violated the conditions under which Congress agreed to the sale of 62 F-15's three years ago. Discussion of a new deal to enhance the offensive as well as defensive power of the F-15's, has now reached the point where Mr. Reagan is damned if he includes the AWACS and damned if he doesn't. But he still has a choice of purgatories.

By insisting on a vote, Mr. Reagan would wear down his high standing in Israel, whose trust he will sorely need in future negotiations over the West Bank. And even if he won a bruising battle, he is now on notice from the Saudis that they will not pay for the AWACS with anything more than cash.

Contrary to the Pentagon's desire, the Saudis will not let the operation, or defense, of the AWACS become the pretext for creating an American base on their soil. Contrary to the State Department's hope, they will not lead in urging an Arab compromise on the West Bank. They will not even accept the Administration's new rhetoric about the Soviet danger in the Middle East;

the greater menace, they still insist, is Israel.

To their credit, the Saudis don't even pretend that their oil policies hang in the balance. They want to break Israel's veto over American military sales to them, but they have more urgent goals when setting oil prices and production levels. They acknowledge that Saudi wealth depends on the West's economic health. Now that oil prices are as high as slackened demand can take them, they want a unified OPEC price, to be raised only for inflation. As Sheik Yamani said Sunday, they will keep pumping much more than they have to until other OPEC members fall into line.

The Saudis do not need the AWACS to defend themselves. And Mr. Reagan can amply reward their good will by filling other arms orders, notably the missiles and fuel tanks that will also enhance the F-15's striking power. The Awacs became an added issue only when four American-manned models were rushed to Saudi Arabia at the height of the Iran-Iraq conflict.

The Israelis, who make do with the much more modest Hawkeye spy plane, are persuaded that the Awacs in Arab hands would materially threaten their defenses and intensify the Middle East arms race in costly ways. Senator Baker found all Israel aroused by the issue last week. He also found President Sadat itching to ask that Egypt, too, get at least Hawkeyes.

The Pentagon, misled by the give-'em-everything hawks in Congress, has promoted this fight; more than the Saudis, it needs a new early warning system. The State Department, no apologist for Israel, seems ready to accept retreat. Mr. Reagan should withhold the Awacs from the deal and tell the Saudis the truth: he cannot now afford to sell them.

[From the Washington Star, Apr. 23, 1981]

THE AWAC-Y DECISION

The Reagan administration is ignoring sound advice from its congressional friends to butt heads on Capitol Hill later this year over the sale of Airbone Warning and Control System (AWACS) aircraft to Saudi Arabia.

The AWACS is a modified Boeing 707 carrying radar equipment that can control and monitor the positions of up to 400 combat aircraft over a radius of several hundred miles. The Saudis want five. They insist that Mr. Reagan press Congress to approve AWACS along with "range-enhancing" auxiliary fuel tanks and more sophisticated missile-carrying racks for the 60-odd F-15s the Carter administration agreed to sell them three years ago.

The decision is most unwise.

Even if there weren't complicated strategic implications, there would be a basic practical reason for not coupling the AWACS issue with the others. Congress, if pressed, may vote down the whole package—not just the radar planes, which Israel fears may arm its enemies with pre-emptive intelligence, but also the fuel tanks and missile racks and the rest.

If Congress says no, the administration will have squandered political capital it needs to put through its economic recovery plan—at no gain and maybe at some cost, including strained relations with both Israel and Saudi Arabia. A tactical blunder could become a substantive blunder with damaging repercussions for U.S. strategy and good offices in the Middle East. It is a poor gamble.

The decision is the more mystifying because the administration was nearly home free with the rest of the Saudi transaction. The Carter administration had won congressional approval of the F-15 sale in 1978, over Israel's objections, by promising Congress not to augment their range or firepower. That pledge, typically, was no sooner given than hedged and no sooner hedged than abandoned. Even so, Israel planned only a token fight over the fuel tanks and other enhancements the Saudis now feel they require to assure their security.

But Israel feels obliged to make a fight over the AWACS and those in Congress who regard Israel's military security as an essential commitment, as we certainly do, will not sit still for the sale and have said so. Preliminary vote counts in both houses suggest that unless the package is broken down and its components separately considered, political disaster may be ahead.

The Saudis, of course, have been warned of this, not only by Secretary Haig during his recent vist to Riyadh but also by Senate Majority Leader Howard Baker. Yet they are pushing the administration to thrust its hand into this political hornet's nest on the offchance it will not be stung. It will be, in all probability.

Putting her single-mindedness in the most generous light, we assume that Saudi Arabia, as our major oil supplier and as a vital outpost on the Persian Gulf, believes that her prestige and security alike deserve red-carpet treatment by Congress.

But Saudi defenses would not be left without AWACS support. Two American-manned AWACS are in Saudi Arabia now, and have been for months. They will continue to operate. It is pertinent to note also that the first of the AWACS the Saudis demand to be allowed to buy could not be delivered until 1985; and even if the sale should go through, the U.S. has not yet conceded that the aircraft, though Saudi-owned, would be wholly under their operational control or fully equipped. Finally, not the least of the problems of judgment and timing is that the administration has announced this decision just as the Israeli election is heating up.

Not even the considerable pressure the administration must be feeling to meet all Saudi demands at once justifies a decision of no practical value to the Saudis. The result will be strain on all sides—with Congress, with Israel, with the Saudis.

Even at the cost of a temporary strain of good feelings with Riyadh the AWACS decision should be reviewed and reversed. Else Congress may be forced, reluctantly, to teach both the administration and the Saudis a hard and expensive lesson in political judgment and timing.●

AWACS SALE DELAY PRAISED

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. MATTOX. Mr. Speaker, I am glad to see that the administration has decided to put off bringing before Congress the issue of the AWACS sale to Saudi Arabia. Unfortunately, this postponement is due to political considerations and not the triumph of good judgment.

I think the administration is wrong to hope a cooling-off period will make the Saudi Arabia AWACS deal go down any easier. So far only the United States and NATO have access to this astounding surveillance airplane. Putting this equipment in the hands of a nation which has vowed to wage a holy war against Israel, and which funds and espouses the rhetoric of the terrorist PLO, is like selling a Saturday night special to a man who has publicly declared he is going to shoot his neighbor.

There is an argument that using U.S. military personnel to operate the AWACS in Saudi Arabia lessens the danger to Israel. I disagree. Since September, we have been operating four AWACS in Saudi Arabia. There is a danger that military information gathered on AWACS snooping operations could be turned over not only to the Saudis, but through them to the radical eastern front nations fanatically bent on Israel's destruction. If our own military personnel operating the AWACS were not as friendly to Israel as we who set policy, Israel's safety could be compromised.

To turn the AWACS over to the Saudis, even over a period of several years, would be unreasonable.●

A TRIBUTE TO HOLMES ALEXANDER

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. KEMP. Mr. Speaker, I would like to call attention to the retirement of a friend and distinguished journalist—a man who has upheld the principles of individualism and free enterprise with both pride and conviction. I am speaking of the very able journalist, novelist, biographer, newspaperman—Mr. Holmes Alexander.

Mr. Alexander was a 1928 graduate of Princeton University, and went on to postgraduate work at Trinity College, Cambridge University. His greatest interests were always journalism and American history, and his early major works were famous biographies of two of our Nation's more controversial leaders: Martin Van Buren and Aaron Burr. Both books received favorable reviews from prestigious publications—the New York Times, the New York Herald Tribune, and the Saturday Review of Literature. For his biography of Aaron Burr, Alexander was given the 1937 Club of Baltimore's "Man of the Year Award."

In 1939, Alexander set out for a change in genre. "I wrote lives," he confessed, "because I had not been able to write life." With this realization, Alexander persevered to create several moving novels of fictionalized history, drawing on his profound love for and knowledge of American histo-

ry and culture. Such novels as "American Nabobs," "Dust in the Afternoon," and "Selina," like his early books, met with immediate critical success.

In 1942 Alexander enlisted in the Army Air Force and received the rank of first lieutenant. He was discharged in 1945 with the rank of major and was awarded the Army Air Medal.

On his return to civilian life after World War II, Alexander resumed writing but began concentrating, in his articles, on national and international affairs. He was published in Saturday Evening Post and Collier's. In addition, he wrote regularly during 1951 for Nation's Business, contributing articles on the congressional elections of the year, present-day American relations with small nations, and trends in management and labor. He also did book reviews and covered political news for the Baltimore Sun. This new direction in his career led to a reputation as one of the most astute reporters of political activity in Washington, D.C. Above all, Alexander considered himself a shoe-leather type of columnist who got his information by going out and asking questions.

In a 1970 National Review article on his autobiography "Pen and Politics," Alexander is hailed as the "dean of conservative columnists." He describes himself as a "political conservative who believes in taking pride in our country and in its traditions of independence, initiative, individualism, and self-reliance."

I submit for the RECORD the article Holmes Alexander wrote on the eve of his retirement, a day which was, ironically and triumphantly, for this faithful conservative, the Inauguration Day of President Ronald Reagan. The article follows:

A VETERAN COLUMNIST LAYS DOWN HIS PEN

(By Holmes Alexander)

KEY WEST, FLA.—All of us who have lived stressfully need decompression, private or institutional, at the withdrawal period. Few had better company and more portentous surroundings than I did on January 20, 1981. There in "Working Press" under the Capitol's west wall, I listened to the Inaugural Address which declared a new freedom for America. Behind the instant President sat his weary discard, while in the same forgiving sky of a warm winter noontime the freed captives of Tehran were leaving Iranian airspace.

Big with emotion was this occasion for me. Amid world-size events stood the miscroscopic one that I was doing coverage for a final newspaper column, begun in 1946, ending this same month with my 75th birthday, also the voluntary termination date of my contract.

Even a fly on the wheel of the emperor's chariot shared the exhiliration of the Roman triumph, and, I judge, the ensuing letdown. Leaving the inaugural site, I moved among people who were singing "God Bless America." With brimming eyes I thrust a handshake at a black army chaplain who returned it understandingly in the daze of fraternal partiotism brought on by Mr. Reagan's moving speech, the band and vocal music, the floating banners.

I had covered such ceremonies since 1949 without the tingles that now stirred me. A gung-ho conservative and seasoned friend of the new President, I believed the country was undergoing a rebirth of freedom and esteem. It was a feeling that made cloudland of the turf and concrete underfoot as I hurried for my office and typewriter.

When I sat down and wrote the story for my syndicate, the realities rode in. I soon would not belong to the fourth estate of the Reagan regime; my term finished where this admired figure stepped into command. The work I had been at, virtually since separation from military service after World War II, would not be resumed. Instead I was leaving town with my wife for a retirement vacation in Florida. Like scores of my press corps colleagues down the years, I was plunging from the peaks of excitement as a Washington and overseas correspondent into the alien abyss of no-deadline limbo. From a lower but not dissimilar level, my descent coincided with what ex-President Carter and the ex-hostages had before them—the ordeal of decompression from accustomed pressures.

Mine was not so intense nor extended as anticipated in the early moods of introspection and self-importance. The Republic would survive; the syndicate to which I felt the fond attachment of long tenure would carry on. When I telephoned New York to say goodbye to my editor, she told me:

"Don't feel sad. The stars have been good to you. In the time I know about, you lost a beloved wife and married another. You walked away from major surgery and kicked the liquor habit. You've had big moments and made many friends. This phase of your life had to pass, but there's much more to come."

Yes, I would go on writing—not knowing how to stop. Then, suddenly in the holiday sunshine, I felt the oncoming freedom such as the President had offered the citizenry. He had affirmed a liberation from the government-controlled welfare state, and a release of the people's energies into the open market.

Syndicated writing is a regulated welfare arrangement with assured publication and income as long as you hang on. At an advanced age, I was starting anew in the free lance world of ruthless competition and rejection slips, an environment where all writers begin as I had more than a half-century ago. Another Reagan admirer, Congressman Jack Kemp, one time Buffalo Bills star quarterback, had told me when he was still a rookie:

"Professional football appeals to me as a private enterprise system. No sheltered life there. You have to meet and beat the roughest competition. No paternalism, no alibis, no results except of your own making."

So, the analogies I'd felt at the inauguration still held. Like Mr. Carter and the homecoming hostages, I would have some adjustment-making. The country and I would be on our own once again, as long ago. We'd be challenged in a freedom that was not risk-proof, but rich with the rewards of individual accomplishment.

President Reagan had called for "a new beginning," a warning of many difficulties, and that was so for me as for the nation. The release from welfarism meant the sort of freedom that Jack Kemp thought of as pro football and private enterprise. No net to catch the tumbles, no excuse for failures, but deep satisfaction for each personal achievement.

Mr. Alexander, a Baltimorean and occasional contributor to this page, is a longtime syndicated columnist now reverting to free lance status.●

MO UDALL'S 20TH ANNIVERSARY

HON. PHILLIP BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. PHILLIP BURTON. Mr. Speaker, recently one of our colleagues marked his 20th year in the House of Representatives and I rise now to pay tribute to that great American, Mo UDALL.

Mo and I have worked closely together on many of the great issues that have come before this body. We have all admired Mo's hard work, determination, and most especially his fine sense of humor.

Mo UDALL has had many successes in his long career but he will probably look back on his 20th year in Washington as one of his most satisfying. He overcame an exceedingly vigorous challenge for reelection in Arizona while at the same time shepherded Congress through the final days of the long struggle to preserve valuable lands in Alaska.

I am certain that I join all my colleagues in saying that we all look forward to another 20 years of working with MO UDALL.●

THE EXORBITANT PRICE OF DAVIS-BACON

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. HAGEDORN. Mr. Speaker, it is not often that my views coincide with those expressed in the New York Times, but the May 4 editorial on the effects of the Davis-Bacon Act is a welcome and encouraging exception to the rule.

This piece, which is entitled "The Exorbitant Price of Davis-Bacon," describes the extremely inflationary nature of this law, which directly and indirectly costs the American taxpayers billions of dollars each year. The article concludes that "The better remedy, requiring no day-to-day decisions by unmonitored Government officials, is to repeal the Davis-Bacon Act."

Since the 94th Congress, I have introduced legislation that would do just that. My bill, H.R. 1325, would wipe this outdated, Depression-era law off the books and result in substantial savings in the Federal budget. At a time when reducing Federal spending

and controlling inflation are primary national goals, I believe that repeal of the Davis-Bacon Act is truly a bipartisan issue and I urge my colleagues to cosponsor this important legislation. To this end, I recommend the following Times editorial to my colleagues:

THE EXORBITANT PRICE OF DAVIS-BACON

In Maryland's Montgomery County, it costs about $9 an hour to hire an operator of heavy construction machinery. Yet bulldozer drivers working in Maryland's portion of the Washington subway are paid about $14. Carpenters on one Boston apartment construction site earn $13. Others doing the same work down the street make $19.

Why such differences? Under the Davis-Bacon Act, contractors for federally funded construction must pay the "prevailing wage." And in the world of the Labor Department, that often translates into the highest wage paid anywhere in a region. Davis-Bacon thus increases Federal construction costs, by more than a billion dollars a year. The indirect costs to the public may be even greater.

Davis-Bacon, and 40 "little Davis-Bacons" at the state level, are remnants of the Depression. In those bleak days, Congress gave a break to people lucky enough to work on Federal projects and thus prevented competition for scarce construction jobs to drive down wages. Times have changed, of course, but the political pressure for this costly Federal intervention has not diminished. And that pressure, now operating upon the Labor Department, has a devastating consequence.

The law calls for "prevailing" wages, but leaves their calculation to the department. Sometimes Labor officials simply ignore lower-paid workers in their surveys; the General Accounting Office cites a case in which the exclusion of 113 nonunion workers raised carpenters' wages from $4.85 to $6.54.

More typically, the surveyors use higher urban wage scales to determine wages in small towns. Or they apply an administrative shortcut called the "30-percent rule." Instead of estimating the average wage for any task, they look for the highest wage paid to at least 30 percent of the workers performing it. Thus, if 31 percent of bricklayers earn a union-scale $15 an hour, the Government sets the Federal wage at $15.

The excessive cost of this procedure may be considerably higher than the billion dollars suggested by G.A.O. figures. For many contractors simply refuse to bid on Federal projects because they know it can mean paying some of their employees more than others. That, presumably, reduces the competition for Federal contracts and raises construction costs well beyond the direct Davis-Bacon premium.

By the same token, the Federal wage-floor tends to increase all construction wages; it shores up demand for expensive labor and reduces the incentive for contractors to resist unionization. No one knows how much this feeds inflation in the construction business. But if it adds just 5 percent to costs in this huge industry, the annual bill exceeds $10 billion.

Many politicans, including President Reagan, acknowledge the problem but seem unwilling to advocate a change. In theory, a tougher interpretation of the law would be enough to cut wages to competitive levels. But President Carter was politically defeated when he tried that solution.

The better remedy, requiring no day-to-day decisions by unmonitored Government officials, is to repeal the Davis-Bacon Act.

The idea of using tax dollars to raise construction wages was dubious enough during the Depression. Carrying on with such a policy when the economy is wrestling with a disastrous inflation is mad.●

SECTION 302 OF H.R. 3132—CASH DISCOUNT

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1981

● Mr. ST GERMAIN. Mr. Speaker, on Monday of this week the House passed by a vote of 296 to 43, H.R. 3132, the "Cash Discount Act." Debate on this bill was limited almost entirely to its cash discount and credit surcharge provisions. We should be aware, Mr. Speaker, of another provision of this bill which originated in the Senate and is contained in H.R. 3132.

Section 302 of the bill extends to December 31, 1982, the authority of national banks to hold real estate which was written down on the books of the bank to a nominal amount by December 31, 1979.

The need for this provision has arisen due to recent action by the Office of the Comptroller of the Currency to strictly enforce its interpretation of an 1864 law and to require the immediate filing of divestiture plans for such real estate by affected banks.

There is controversy over whether the strict interpretation now being given this provision of the law by the Comptroller's Office is correct. There are those who feel the 1864 law is archaic and should be reexamined during this session of the Congress.

Therefore, this provision places a moratorium on any enforcement action by the Comptroller's Office while the Congress considers the wisdom of the law and its interpretation by the Comptroller. Inasmuch as the provision affects about 100 banks, some of which were given deadlines that have expired or are expiring, it is felt there is need for the adoption of this moratorium provision and to include it in this legislation.

If the Congress does not address this subject during this period, the affected institutions should be advised that I shall not look with favor on an extension of the moratorium.●

ECONOMIC CONDITION

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. BETHUNE. Mr. Speaker, the people in my district are beginning to feel better about America and about our economy. From what I can gather from Members here in the House, that feeling is sweeping across the country.

I believe this new attitude is caused by a combination of circumstances that we may never fully understand. It could be that people are developing a more positive attitude because of the election of 1980. Or, it could be because of the successful space shuttle trip, the release of our hostages, the President's survival of a mindless assassination attempt, or it could be because the Congress is about to agree on the fundamentally different course of action that has been proposed in the President's economic recovery program. Most likely, the emerging new attitude comes from a mysterious mixture of these and other factors.

But, whatever caused this new attitude, the cause is not so important as the fact that there is a developing, new, positive attitude in our country.

I think we need to nourish this new feeling because resurgent hope in America may have more to do with improving our economic condition than all the fine tuning that this Congress might do by legislation, that the bureaucrats could do by regulation, or that the Federal Reserve can do by manipulation of monetary policy.

In short, the attitude and expectations of the people are on the rise. It is a good condition—one we should encourage, not discourage.

Mr. Speaker, the President's economic recovery program offers a fundamentally different course of action. But, there is more to it than that—he is asking the country to make a long-term commitment to the new direction. The people agree because they know we did not get into this mess overnight, and we are not likely to get out of it with a short-term proposal and a short-term commitment.

I am reminded of the day that the Chairman of the Federal Reserve, Paul Volcker, came before the Budget Committee to tell us of his experience with a New York taxi driver. The Chairman said that he was on his way by cab to the airport when the driver recognized him and began a discussion about the economy. The Chairman, hopeful about our economic situation, asked the taxi driver his opinion of our economy and what his forecast was for the future. The taxi driver told the Chairman:

Well, I think things are going to get worse.

This was a slight disappointment to the Chairman, so he asked the taxi driver why he felt that way. The taxi driver said:

Well, I just believe things are going to get worse—first they're going to get worse; then they're going to get better.

And then he likened what we are going through to moving into a new house. Even though the new house is a

better house, it is always uncomfortable to change due to the inconveniences and dislocations that take place when you first move in. But, once those dislocations and inconveniences are settled, it becomes a better place in which to live, and then things get better.

I think that shows that the great reservoir of commonsense in this country is not here in Washington, not here in the Halls of Congress, but in the people, where it always has been. The people have an uncanny ability to get this country back on track, and I think that is what they are doing when they support a long-term commitment to the fundamentally different course of action that has been proposed by the President.

With their support for the President's proposal, the people are developing a new optimism, a new hope, a new faith; and I think that this will have as much effect on our economic condition as any technical change or budget modification that we may make here in the Congress.

Why are the people supporting the President? Why are expectations improving? Aside from the fact that it is a new direction and a long-term commitment, I think they know the particular differences that can be seen from the following comparison:

DIFFERENCES BETWEEN THE JONES-HOUSE BUDGET COMMITTEE ALTERNATIVE AND THE REAGAN-BIPARTISAN SUBSTITUTE

This fact sheet compares key aspects of the two alternative budget resolutions [1] that are being considered by the House of Representatives; that is, the versions:

Reported by the House Budget Committee on April 9 (Jones-HBC), and

Introduced by Representatives Gramm and Latta on April 29 (Bipartisan Substitute).

SUMMARY OF PLANNED OUTLAYS AND RECEIPTS: 1982–84

[In billions of dollars]

	1982	1983	1984
Planned spending:			
Jones-HBC	714.55	779.50	839.05
Bipartisan	688.80	731.85	770.30
Jones-HBC planned spending higher	25.75	47.65	68.75
Planned receipts:			
Jones-HBC	688.95	778.25	864.85
Bipartisan [1]	657.80	717.30	778.90
Jones-HBC receipts higher by	31.15	60.95	85.95

[1] Receipts initially estimated by the Reagan Administration have been reestimated taking into account higher first quarter 1981 GNP.

KEY DIFFERENCES

A. The Jones-HBC Alternative Calls for Substantially Higher Planned Spending

Under the Jones-HBC alternative, outlays for the period 1982–84 would be $142.15 billion higher than under the Bipartisan substitute.

B. The Jones-HBC Alternative Calls for Substantially Higher Tax Receipts

Under the Jones-HBC alternative, receipts for the 1982–84 period would be $178.05 billion higher than under the Bipartisan substitute.

C. The Jones-HBC Alternative Would Cut Back on National Security Programs [2]

The [2] Jones-HBC alternative calls for policy cuts in defense programs, as follows:

	Billion dollars			Total
	1982	1983	1984	1982–84
Budget Authority	6.55	6.60	7.30	20.45
Outlays	4.35	5.00	6.30	15.65

The Jones-HBC cuts in defense would sharply reduce pay increases for military personnel and prevent the addition of civilian employees needed to improve military force readiness and allow return of military personnel that have been diverted to civilian jobs such as training.

The Jones-HBC proposal would cut funds for critically needed weapons systems, including funds for:

Production of nuclear materials needed for warheads scheduled for deployment in the 1980's.

Construction of launch facilities for MX missiles.

Reactivating existing battleships and a carrier which present cost-effective means for launching cruise missiles and providing support.

Maintenance related to the introduction of new weapons systems.

D. The Jones-HBC Alternative Would Add Back Substantial Domestic Spending

The Jones-HBC proposal calls for policy increases in a number of domestic programs, with outlays for these increases adding up to $40.70 billion in 1982–84. By function, the outlays for policy increases add up as follows:

[In billions of dollars]

Function	1982	1983	1984	Total 1982–84
Energy	2.10	3.10	1.30	6.50
Natural resources and environment	.10	.10	.20	.40
Commerce and housing credit	.20	.25	.20	.65
Transportation	.70	1.10	1.40	3.20
Community and regional development	.40	.55	.65	1.60
Education, training, employment and social services	3.15	2.55	3.05	8.75
Health	1.10	2.00	2.60	5.70
Income security	4.20	4.05	4.20	12.45
Administration of justice	.20	.20	.20	.60
All others	.25	.30	.30	.85
Total policy increases	12.40	14.20	14.20	40.70

E. The Jones-HBC Proposal Seeks To Reduce Deficits by Allowing Taxes to Rise. It Does Not Provide Enough Tax Relief To Stimulate Individual Savings and Private Investments

Under the Jones-HBC proposal, individual tax relief would not begin until January 1, 1982—rather than July 1, 1981.

The Jones-HBC proposal provides for much higher tax receipts than the Bipartisan substitute:

$31.15 billion more in 1982.

$60.95 billion more in 1983.

$85.95 billion more in 1984.

$178.05 billion more in the 1982–84 period.

Higher receipts planned by Jones-HBC proposal are due in part to different economic assumptions but primarily to policy differences. Table shows differences due to:

[In billions of dollars]

	1982	1983	1984	1982–84
Economic assumptions	10.30	13.30	7.50	31.10
Policy differences	20.85	47.65	78.45	146.95

The Jones-HBC proposal results in a higher and growing tax burden than the Bipartisan substitute, which would reduce the burden:

	Tax burden—percent of GNP			
	1981	1982	1983	1984
Jones-HBC alternative	21.3	21.3	21.5	21.7
Bipartisan substitute	21.2	20.6	19.9	19.5

F. The Jones-HBC Proposal Has Weak Reconciliation Requirements

The Jone-HBC alternative is very weak in its requirements upon authorizing and appropriations committees for reconciling (i.e., cutting) authorized spending levels and appropriations to stay within amounts called for in the budget resolution. Reconciliation requirements of the two alternatives are as follows:

[In billions of dollars]

	1982	1983	1984	1982–84
Outlays:				
Bipartisan substitute	−36.6	−48.2	−58.0	−142.9
Jones-HBC	−15.8	−20.7	−24.8	−61.3
Difference	20.8	27.5	33.2	81.6
Budget Authority:				
Bipartisan substitute	−53.7	−60.6	−70.2	−184.5
Jones-HBC	−13.1	−15.4	−17.9	−46.4
Difference	40.6	45.2	52.3	138.1

Weak reconciliation requirements invite higher appropriations and spending.

G. The Jones-HBC Proposal Offers Little in Economic Improvement

The Jones-HBC plan offers virtually no relief from inflation, with the GNP deflator dropping from 9.9 to 9.8 percent between 1981 and 1982. By contrast, the Bipartisan plan seeks to lower inflation to 8.3 percent in 1982, 6.0 percent in 1984 and below 5 percent by 1986.

The Jones-HBC proposal assumes a continuation of double-digit interest rates in 1982—e.g., 12.0 percent for 3-month Treasury bills, while the Bipartisan program projects a rate of 8.9 percent

H. The Jones-HBC proposal Double-Counts Some Budget Savings and Assumes Other Savings That Cannot be Achieved

The Jones-HBC proposal calls for at least $1.8 billion in budget savings that were already provided for in the Reagan Administration's budget and adopted in the Bipartisan substitute.

The Jones-HBC proposal also assumes other savings that cannot be achieved in the time frame proposed (e.g., from multi-year procurement).

The Jones-HBC proposal uses these double-counted and unattainable savings to avoid making real program reductions.

[1] First Budget Resolution for fiscal year 1982 and Reconciliation Instructions for fiscal year 1982–84.

[2] This analysis done before Hefner Amendment brought Jones proposal in line with Reagan on defense.

I think they also know that the President's proposal will decentralize Government by delegating more authority and responsibility to State and local governments. After all, those institutions closest to the people are most apt to meet the reasonable needs and legitimate expectations of the people.

To appreciate how this new hope and improved expectation can help in the fight on inflation, we have to think about the nature of inflation itself.

Throughout history, we have been able to catalog three distinct stages of inflation. The first stage comes when an economy is heated up by the Government. A small degree of inflation, it is sometimes argued, is helpful because it tends to pull the economy along.

Unfortunately, as this condition continues, and as governments continue to inflate, we move into a second phase of inflation where people begin to expect and anticipate further inflation. When this stage sets in, we see people buying goods today because they are afraid that the cost will be higher next year. This inflationary expectation contributes to the problem. It inflames our economy and destroys hope. Unfortunately, I think it is clear that we have moved into this category of inflation in America.

Of course, the third stage that has been identified is that of hyperinflation, or the experience of Germany in the early years of this century when a wheelbarrow full of German marks would not buy a loaf of bread.

With that little perspective, it is just commonsense to realize that expectation affects work, productivity, savings, and investment. It affects consumption. It affects demand. It affects everything that we do in a sophisticated economy. In short, inflationary expectations affect the way that people behave.

If that is the case, and if it is true that we can alter behavior by altering expectations—and I think it is—then I would like to propose a new argument for supporting the President's economic recovery program.

Here on the floor, we have heard various speakers analyzing and comparing the President's economic recovery program to the Jones budget resolution. To the conservatives, many speakers say there is little difference in the proposals. To the liberals, speakers are saying that there is a big difference and that therefore, one should support the Jones proposal.

I think there is a big difference between the proposals. The President's approach attempts to decentralize Government, and it makes a long-term commitment to a fundamentally different course of action. But, I would say this to any conservatives in the House who argue that the differences between the two proposals are slight and therefore are leaning toward the Jones proposal.

If you are thinking that, then you may be overlooking the point that there is one indisputable big difference in these two proposals; and that is that one of them clearly has the trust and the confidence of the people, and the other does not. One of them is seen as a way to turn this economy around, and the other is not. For that reason, only one of these proposals can possibly affect the behavior of people by altering their expectation, and that proposal is the President's economic recovery program. It, and only it, can break the inflation mindset that grips our country. So, for conservatives who are being told that there is little difference, ask yourself, which one of these proposals has caught on with the people? Which one do they want? Which one, therefore, is most likely to alter the behavior of Americans in the way that they save, invest, produce, and work?

I think when you finish that analysis you will agree with me that the President's economic recovery package is the one package that has a chance of building the optimism and hope that we need to break that inflationary expectation and pull our economy out of the doldrums.

And, if that analytical tack is not persuasive, then consider this: If the President's economic recovery program does have the confidence and support of the people and might, just might, help break the inflationary expectation that is hurting us all, why not give it a chance to succeed?●

TRIBUTE TO ROBERT K. DAWSON

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 5, 1981

● Mr. HOWARD. Mr. Speaker, I have had the privilege of serving on the Committee on Public Works and Transportation for the past 16 years, and now am honored to be its chairman. Those of us who cherish this House know that it could not function without an effective committee system, and we know, too, that to be effective a committee must have competent staff. Today, I am pleased to join my colleagues in tribute to a highly respected staff member of our committee who is assuming new responsibilities in the executive branch as Deputy Assistant Secretary of the Army for Civil Works. That staff member is Robert K. (Bob) Dawson.

Mr. Speaker, Bob Dawson personifies those qualities that define an outstanding professional staff person. As administrator of our committee for almost 8 years, Bob performed his duties with a high degree of diligence and distinction. Always sensitive to the needs of its members, Bob made many friends on both sides of the aisle with his quiet competence and carefully reasoned advice. When I addressed the staff upon assuming the chairmanship of the committee, I stated that I was proud of the spirit of bipartisan cooperation that the committee had achieved. No small part of that success is due to the skilled performance of Bob Dawson.

Mr. Speaker, no committee chairman enjoys losing a top staff member, but in this instance the committee's loss is the administration's gain. We all extend to Bob our heartiest congratulations and look forward with pleasure to working with him as he assumes his new position.●

FREEDOM OF THE PRESS—DOES IT PROTECT SLOPPY JOURNALISM?

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, I would like to call the attention of the U.S. House of Representatives to a "Dear Colleague"—along with an attached copy of a letter sent to the executive editor of the Washington Post, Mr. Benjamin C. Bradlee—circulated by our colleague, the Honorable ROBERT J. LAGOMARSINO of California.

In these letters, Representative LAGOMARSINO explains yet another example of inaccurate reporting—on this occasion committed by Washington Post Staff Writer John M. Gosko—on matters of great significance to the Nation.

Unquestionably, in our democracy the print media plays an important role in the formulation of public opinion and official Government policy. Whenever legislative activities are distorted—and reported as distorted, by the media—a great disservice is done to the country.

For this reason, I am introducing both statements into the CONGRESSIONAL RECORD:

WASHINGTON, D.C., *May 6, 1981.*

DEAR COLLEAGUE: I am sure each one of you can point to occasions when your legislative activities and comments have been inaccurately reported by the media, either by errors of commission or omission.

Last week, I described on the House floor one of the most glaring recent examples of faulty journalism exhibited, on this occasion, by The Washington Post, where such lapses seem to be developing into a regrettable habit. A front-page story appearing in the Post of April 30 described actions taken by the Committee on Foreign Affairs the previous day regarding El Salvador. According to the Post account, the Administration

suffered a setback by way of an amendment which represented a "decisive repudiation" of the Administration's position on El Salvador.

As a matter of fact, Members on both sides of the aisle who voted for the amendment, that was described in the Post story, specifically stated that they were in support of the President's policies with regard to El Salvador, including military aid, but they felt that the objectives that the Administration itself had enunciated should be clarified and spelled out in the bill itself. The Post failed to mention the Committee's resounding defeat of two other amendments, one of which would have prohibited any military aid to El Salvador at all, and the other, an amendment requiring the withdrawal of all military trainers 30 days after the effective date of the foreign aid authorization bill. The Post, as I say, did not even mention those particular issues or votes, an amazing omission.

As a result of that unimpressive journalistic episode, I have written a letter to the Post, a copy of which is attached for your information pointing out the errors of its ways. I might suggest to those of you who are so inclined to take similar action from time to time as the occasion arises. All too often, it seems, we are willing to let pass distortions and misrepresentations which cloud a clear understanding of the issues.

Sincerely,

ROBERT J. LAGOMARSINO.

WASHINGTON, D.C., *May 4, 1981.*

Mr. BENJAMIN C. BRADLEE,
Executive Editor, The Washington Post, Washington, D.C.

DEAR SIR: The print media in a democracy plays an important role in helping to formulate public opinion and ultimately official government policy. By informing the population of the needed facts and opinions relating to a specific issue, they quite often establish the parameters of debate. When the issue at hand deals with foreign affairs and there is little or no domestic base of knowledge, this effect is magnified. For this reason, I would like to call your attention to an April 30, 1981 article by Washington Post staff writer John M. Goshko, dealing with Congressional action concerning U.S. policy toward El Salvador.

In his article, "Doubts Indicated on Salvador Aid," Mr. Goshko reported on the action taken by the House Foreign Affairs Committee with regard to providing further assistance to El Salvador. He concludes that an amendment passed by the Committee "was a clear signal that doubts about Reagan's support for the Salvadoran junta are still very much alive on Capitol Hill." He further quotes one of the amendment's sponsors as saying that the amendment "represents a decisive repudiation of the blank check military policy of the Reagan Administration and constitutes a significant victory for those who believe we should not provide unconditional aid to the government of El Salvador." For the unknowing public, the message is clear, the Congress has repudiated the President's policy toward El Salvador, and handed him a significant setback in foreign affairs.

While the basic facts provided by Mr. Goshko are accurate, those facts that he did not report are even more significant. As anyone who is at all familiar with the debate about U.S. policy toward El Salvador can tell you, the most hotly contested elements in that policy deal with the President's request for $25 million of additional military aid and the continued presence of U.S. military training personnel in that country. It is these two issues that have rekindled the old anti-war slogans and Viet Nam comparisons. In fact, the well orchestrated mail campaigns against our policies have been based entirely on opposition to these two issues.

What Mr. Goshko chose not to share with the readers of the Washington Post is the fact that the Committee on Foreign Affairs rejected specific amendments to stop all further military aid and to bring about the immediate withdrawal of all military training personnel. In both cases, the Committee overwhelmingly defeated those amendments by votes of 9-22 and 11-19, respectively. Thus, far from repudiating the basic thrust of the President's policy, the liberal-dominated Committee endorsed it.

Furthermore, even Mr. Goshko's reporting of the single amendment to pass the Committee leaves much to be desired. The amendment simply requires the President to certify that to his satisfaction the government of El Salvador is pursuing policies in six areas that are designed to foster human and civil rights as well as a peaceful settlement of the conflict in order to continue receiving aid.

What is significant and remains unreported by Mr. Goshko is the fact the Committee rejected the punitive aspects of the amendment that had included a legislative veto authority, a prohibition on the use of national security waiver authority, and the prohibition on using U.S. defense stocks to provide further aid.

While I voted against the amendment and believe it is unnecessary and restrictive and sends the wrong message to our friends and allies in light of the fact that this is already stated U.S. policy, passage of the amendment is hardly a significant challenge to the President.

What is significant, however, is the total omission by the press of those key decisions that supported the most controversial aspects of U.S. policy toward El Salvador. By refusing to provide the readers with a total picture of all the issues at stake in this debate, Mr. Goshko has done a great disservice to the people of this country, our government and foreign policy, as well as to the Washington Post.

Sincerely,

ROBERT J. LAGOMARSINO.●

PEACE CORPS VOLUNTEERS JOIN TO OPPOSE MILITARY AID TO EL SALVADOR

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FRANK. Mr. Speaker, the vote in the House Foreign Affairs Committee last week is clear evidence that opposition to the administration's policy of arming El Salvador is growing on Capitol Hill. I was pleased to learn that by a vote of 26 to 7, the Committee approved language that would prohibit military aid if basic human rights are denied.

Few Americans are in a better position to view the effect U.S. policies have on the people of El Salvador, and in other countries, than our dedicated Peace Corps volunteers. In the case of El Salvador, these men and women have worked directly with the peasants and farmers who bear the burden of the Government's inability to control the military, and its failure to implement constructive land reform.

Recently, a number of former Peace Corps volunteers in Massachusetts gathered to warn policymakers of the dangers of sending military equipment and advisers to El Salvador. Based on their experiences in less-developed nations and their commitment to helping the less advantaged, I believe their voices deserve to be hear. The petition they forwarded to me follows:

We the undersigned, ex-Peace Corps Volunteers, urge our congressmen and senators to support any bill or referendum that would withdraw military aid and military advisors to El Salvador.

After having worked in Third World Countries, we firmly assert that such aid will not advance the socio-economic conditions of these countries. It is even more true in a country with a repressive government such as is the case in El Salvador.

NEIL LANDREVILLE
(And 45 others).●

STATEMENT BY MR. ENGLISH

HON. GLENN ENGLISH

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. ENGLISH. Mr. Speaker, the American public is rightfully demanding that its Government become more austere and businesslike in its operations. Democrats and Republicans are joining together to reduce Government spending and provide the stimulus for the private sector to increase investment and productivity.

Yet, the Government will continue to provide services and perform functions that are the legitimate means of such things as providing for the defense of this country. In performing these legitimate functions, we must demand that the Government operate in a businesslike fashion.

A specific problem that needs attention is that the Federal Government and those who manage Federal dollars are frequently late in paying bills; take early payment discounts after the discount period has expired; and refuse to pay late payment penalties on overdue accounts.

When Federal agencies delay in paying bills, contractors must provide the money from internal sources or through borrowing. Either case represents an added cost. While the amount involved may be small by Federal standards, it can be substantial to a contractor, particularly a small business.

In order to provide an incentive for Federal agencies to make payments on time and provide relief when they do

not, I am introducing the "Delinquent Payments Act of 1981".

This legislation requires the Federal Government to pay interest on overdue bills and prohibits Federal agencies from improperly taking early payment discounts. I believe this legislation can reduce the cost of doing business to both the Government and private business. By having assurance that the Government will pay its bills on time, more businesses will eventually compete for Government contracts and thereby a savings will result.

If Federal agencies fail to pay their bills by the date on which payment is due under the terms of the contract, or within 30 days after receipt of a proper invoice, they shall pay interest to the affected business concern. The interest rate will be determined quarterly by the Secretary of the Treasury by determining the average bond equivalent rates of the 91-day Treasury bills auctioned during the preceding 3-month period and by adding 3.5 percent to such average.

In order to penalize the agency that is delinquent, the legislation requires that interest payments be taken out of funds made available for the administration of that agency's programs, not general revenues. Hopefully, this will provide incentive for agency officials to require prompt and efficient business practices from their agencies.

Under this legislation, agencies will also be required to report to Congress on payments made pursuant to the act.

This legislation only requires Federal agencies to comply with its provisions. It will also be necessary to address the increasingly important area of federally assisted programs— those programs which the Federal Government provides support for in the way of grants or other assistance. It would seem logical that operators of these federally assisted programs should also be expected to meet the requirements of this legislation.

Another element of the prompt pay by Government issue which needs to be addressed is the treatment of perishable items such as meat where the industry terms of sale are usually payment within 7 days of receipt. It is my understanding that Government procurement offices are taking anywhere from 30 to 90 days or longer to pay for their meat purchases.

These practices have in turn dissuaded many meatpackers from even bidding on Government contracts. The meat business is a high-volume, low-profit margin one. Under the Packers and Stockyards Act, packers must pay cash for their livestock purchases within 24 hours of delivery, thus the concern for prompt pay to packers. At current interest rates, the packer's cost to finance the Government's large meat purchases (approximately $275 million last year just for the military) over long periods of time exceed the packer's profit which usually average less than 1 percent, according to industry statistics.

I understand that similar legislation is being introduced in the Senate by Senators DANFORTH and WEICKER.

I will urge the House Government Operations Committee to address this important matter of slow pay by the Government and include therein a consideration of the needs of the meat industry beyond the general 30-day payment requirement of this bill.

Mr. Speaker, I am enclosing a copy of a recent article which appeared in the newspaper of the livestock industry, the Drovers Journal of April 16, 1981. The text of the bill follows the article.

U.S. GOVERNMENT IS ANOTHER "SLOW PAYER"

(By Larry Waterfield)

ARLINGTON, VA.—In these days of high inflation and economic uncertainty, more and more people are finding it hard to pay their bills on time. Surprisingly, one of the worst "slow pay" offenders is the United States Government.

Meat packers and vendors, food suppliers, wholesalers of perishable foods complain that Uncle Sam regularly keeps them waiting anywhere from 21 to 95 days for payment of routine bills.

"The meat industry cannot afford to carry government account receivables for this length of time." says John Mohay, president of the National Meat Association, a trade group that represents many meat packers and distributors.

For many food and meat sales, the traditional "terms of payment" are 7 to 20 days after invoicing. For some commodities, particularly fruits and vegetables, a federal law calls for payment within 7 to 10 days. "Prompt" payment is the rule in most food transactions.

One of the worst "slow pay" offenders is the Defense Department which buys food for several million soldiers and their dependents. The Defense Personnel Support Centers (DPSC) are the main food buying arm of the military. Complaints of "slow pay" have been stacking up against the DPSC for some time.

The federal government buys vast quantities of food for the military and other government-feeding programs and institutions. Computers now process many of the bills received by government purchasing agents. Computer "problems" are cited as one reason for the slowness in paying bills.

Mohay points out that meat packers buy cattle and hogs on a "cash-and-carry" basis. He adds, "Our suppliers won't wait until the government decides to pay us. To maintain cash flow, many packers and processors must borrow money to finance receivables. At today's interest rates, this is a money-losing proposition."

In order to spur government payment, a coalition of 17 trade groups is pushing for passage in Congress of new legislation that would require the federal government, along with agencies that get federal funds, to pay suppliers within 30 days or pay interest on the overdue balance at a rate close to the prime interest rate.

The National Meat Assn. wants to carry this one step further by tacking on a provision that would require payment for meat and meat products within seven days of the receipt of the product. The association says seven days is the "average credit terms" in the meat industry.

The National Meat Assn. is made up of 300 member firms. Collectively, these meat packers and processors sell meat and processed products worth $20 billion a year.

Late last year, Agriculture Secretary Bob Bergland wrote to then Defense Secretary Harold Brown to complain about Defense Department "slow pay" practices.

In response, Assistant Defense Secretary in charge of supply and logistics indicated the Defense Department was not bound by the same payment laws that govern the buying and selling of perishables. He said efforts were being made to speed up payments, but that payment within 10 days of receipt of the product "was not feasible."

He added that "normal delays" encountered in mailing, transmitting and processing the necessary documents made it impossible for the Defense Department to pay as promptly as private business.

But if private business has its way in persuading Congress, those government delays will start costing the government—and the taxpayer—millions of dollars in interest charges for past-due payment of bills.

H.R. ——

A bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Delinquent Payments Act of 1981".

INTEREST ON DELINQUENT PAYMENTS

SEC. 2. (a) In accordance with regulations prescribed by the Director of the Office of Management and Budget, each Federal agency which acquires property or services from a business concern, but which does not make payment for each such complete delivered item of property or service—

(1) by the date on which payment is due under the terms of the contract for the provision of such property or service or otherise; or

(2) within 30 days after receipt of a proper invoice for the amount of the payment due, if a specific date on which payment is due is not established by contract or otherwise,

shall pay to such business concern interest, in accordance with this section, on the amount of the payment which is due.

(b)(1) Interest on amounts due to a business concern under this Act shall be paid to the business concern for the period beginning on the day after payment is due under the contract or otherwise, or on the 31st day after the Federal agency receives a proper invoice for the amount of the payment due, as the case may be, and ending on the date on which payment of the amount due is made. The interest provided for in this section shall be paid at a rate which the Secretary of the Treasury shall specify as applicable to the period beginning on October 1, 1981, and ending on December 31, 1981, and to each three-month period thereafter. Such rate shall be determined by the Secretary of the Treasury by determining the average bond equivalent rates of the 91-day Treasury bills auctioned during the preceding three-month period, by adding 3.5 percent to such average, and by rounding the resultant percent to the nearest one-eighth

of one percent. The Secretary of the Treasury shall publish each such rate in the Federal Register.

(2) Any amount of interest which remains unpaid at the end of any 30-day period shall be added to the principal amount of the debt and thereafter interest shall accrue on such added amount.

(c) A Federal agency shall pay any interest charges required by this section out of funds made available for the administration of agency programs.

(d) This Act does not authorize the appropriation of funds for the payment of interest required by this Act.

LIMITATION ON DISCOUNT PAYMENTS

SEC. 3. If a business concern offers a Federal agency a discount from the amount due for the acquisition of property or services, in exchange for the payment by such agency within a specified period of time, the agency may pay the business concern the discounted amount only if payment is actually made within the time specified by the business concern.

CONGRESSIONAL OVERSIGHT

SEC. 4. (a) Each Federal agency shall file with the respective Chairmen of the Senate Committee on Governmental Affairs and the House Committee on Government Operations a detailed report on any interest payments made during the preceding fiscal year.

(b) Such report, to include the number of interest payments, the amounts thereof, the frequency thereof and the reasons therefor, shall be delivered to the respective Committee chairmen within 60 days of the conclusion of each fiscal year.

DEFINITIONS

SEC. 5. For the purposes of this Act—

(1) the term "Federal agency" has the same meaning as the term "agency" in section 551(1) of title 5, United States Code;

(2) the term "business concern" means any person engaged in a trade or business;

(3) an invoice shall be considered a "proper invoice" when it contains or is accompanied by such substantiating documentation as the Federal agency concerned may require by regulation; and

(4) an invoice shall be deemed to have been received by an agency on the earlier of (A) the date on which such Federal agency actually receives the invoice, or (B) the fifth day after the date the invoice is mailed.

EFFECTIVE DATE

SEC. 6. (a) This Act applies to the acquisition of property or services made on or after the ninetieth day after the date of enactment of this Act.

(b) The provisions of this Act requiring the promulgation of regulations shall be effective upon enactment, and such regulations shall be promulgated not later than 90 days after the date of enactment of this Act.●

CREATIVITY—THE HUMAN RESOURCE

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. McCLOSKEY. Mr. Speaker, I want to welcome to Washington the sponsors of a commendable exhibit which opens May 11, at the Kennedy Center. Titled "Creativity—The Human Resource," the exhibit was commissioned by Standard Oil of California upon the celebration of its centennial.

With this exhibit, Standard Oil has provided an example of how companies can uphold and stimulate the attributes that have so successfully shaped this Nation. Time, progress, and innovation produced a company of Standard Oil's leading status and, on May 11 they wish to engage visitors in viewing their own creative gifts to America over the past century.

I hope that each Member of Congress will be able to attend.●

EXTEND SURFACE TRANSPORTATION ASSISTANCE ACT OF 1978

HON. CHARLES ROSE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. ROSE. Mr. Speaker, recently I had the pleasure of testifying before the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation on behalf of H.R. 3210 to extend the Surface Transportation Assistance Act of 1978 for 1 year.

I appreciate the committee's fine efforts to preserve a sound financial structure for our roads system. Of particular interest to me is the priority primary program which has been proposed for elimination by the administration. This special fund is used to construct major highways which are too costly for States to fund out of their regular Federal allowances.

Sixteen States have 24 such roads authorized out of this priority primary fund. To date, 475 million Federal dollars have been used to begin construction of these highways.

In my district in southeastern North Carolina, the State and Federal Government have spent over $77 million on a four-lane highway to extend I-40 from Benson to Wilmington. The latter city is the only port on the east coast not connected by an interstate highway. That area of the State has suffered economic deprivation for years for want of a sufficient access corridor.

I would imagine that every other authorized highway in this program has similar justification for their existence. This is not a "pork barrel" program as some have charged, but a very vital and necessary fund which should be continued.

The following is the text of my remarks before the Subcommittee on Surface Transportation:

TESTIMONY OF HON. CHARLES ROSE

Mr. Chairman, first let me say how much I appreciate the fine job that this committee did on the Surface Transportation Act of 1978. This well-balanced legislation reflected the surface transportation needs of the country in a forthright and cost effective manner. I understand the difficult task confronting you in maintaining our highway system—the lifeblood of the nation's economy—with shrinking revenues and soaring costs.

Recently, I had an opportunity to read Secretary of Transportation Drew Lewis' letter of transmittal that accompanied the Administration's proposal for re-authorization of the Surface Transportation Act. His plan for a five-year highway authorization to replace the final year of the 1978 Surface Transportation Act seems to be missing the point in several areas.

In the past, my home State of North Carolina has been the principal donor State in the Highway Trust Fund. Based on the existing formula, we have received only 62 cents of every dollar we contributed to the fund. Yet, we have more miles of State maintained highway than any other State in the nation. North Carolina at this moment is contemplating a rise in State highway gasoline taxes just to meet its obligations for maintenance and construction of State roads.

During the past year, under all the programs outlined in the Surface Transportation Act, the State of North Carolina received $199,950,000. Under the proposed budget Mr. Lewis has submitted to the Subcommittee for consideration, our share of the Highway Trust Fund will be reduced nearly $70 million through elimination of the high hazard and roadside obstacles program, the economic growth center program, the junkyard control program, the priority primary program, changes in the secondary road program, and others.

Our State stands to lose a great deal by making these programs subject to some type of block grant payments, as is being proposed, because surely those allocations will be made subject to the formulas which now exist for the Highway Trust Fund. Because of North Carolina's unique position, we possibly could end up being the State most impacted by the Administration's new proposals.

I would respectfully request that this Subcommittee give its usual thorough examination of the Administration's proposals, and I know that you will act in the best interests of the country.

I come before you today to specifically request consideration of reauthorization of one of the most important programs which I feel exists in the Surface Transportation Act of 1978. I am referring to the priority primary program (Secretary's discretionary fund) that has been a vital part of the last several highway authorization bills.

It is my understanding this program is designed to facilitate the construction of high cost projects with unusual circumstances that cannot realistically be provided for through the normal funding priorities of the Surface Transportation Act.

An analysis of the highways that have been provided for through this fund during the last three years indicates the importance of this program. These roads tend to have high economic and social impact on the regions where they are being funded.

In particular, the highway in North Carolina that is being funded out of this program is planned from the proposed terminus of I-40 at its intersection with I—95 in an area near Benson down to Wilmington, North Carolina—our state's major port city.

The highway is of utmost importance both to the State of North carolina and to the region I represent in southeastern North Carolina.

Wilmington is the last remaining port on the east coast not connected by an interstate highway. Commerce from the inland areas of our state is consistently lost to the ports of Charleston and Norfolk, principally because of the lack of an adequate artery to deliver our goods to our major port.

This highway has been long overlooked, and I appreciate the sensitivity of the Subcommittee in placing it in the report language accompanying the 1978 Act.

I report to you that work has already begun on this highway. The majority of the right-of-way has been bought and sections have been cleared. The Federal Highway Administrator, both past and present, feel this is a meritorious and justifiable project.

But, I must remind you, that if the priority primary program is eliminated, our State will suffer nearly a 34 percent reduction in Federal roads funds. Coupled with the dire circumstances of State funding for highways, this highway will never be built. Moreover, the $85 million in State and Federal monies we have already committed on this project will go by the wayside.

This seems to me to be an unconscionable waste of taxpayers' money, and I urge you to resist the recommendation of the Administration to abolish this program. I can assure you this highway has the highest priority from our Governor, from our State Legislature, and from the citizens of southeastern North Carolina that I represent.

The economic well-being and future of the region depend on this highway. I daresay that of all the recommended cuts in the Reagan budget, none will cause the people of southeastern North Carolina to suffer any greater future impact than abandonment of this highway link.

I know I speak for all the leading citizens of the area when I urge you to consider very carefully the good that this fund has done and vote to reinstate the priority primary program with the Benson to Wilmington connector in the reauthorization of the Surface Transportation Act.●

ECONOMIC EQUITY ACT

HON. JOEL PRITCHARD

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. PRITCHARD. Mr. Speaker, as we move into a new decade and reflect upon the changes which have occurred in the 1970's, it becomes necessary for the Congress to legislatively address a changing life style and a major change in the labor force.

In 1980, the U.S. labor force was comprised of 44 million women—42 percent of the total. The most dramatic increase in women's participation in the labor force was in the 25-34 year age group. In 1980, 65 percent of women in this age group participated in the labor force, and projections for the group indicate a participation rate of 80 percent by 1990. Women in this age group have chosen a dramatically different life style from their mother's. They are much more likely to hold a job, marry later, have fewer children and often continue working after children are born. Since women are devoting more of their adult years to the labor force, many of our laws and social programs which were designed years ago need to be updated to fit the demographic and social changes which have taken place over the last decade.

For these reasons, I want to add my enthusiastic endorsement to the Economic Equity Act which addresses a wide variety of discriminatory practices perpetuated in existing laws. I commend my colleagues for their work to date in drafting this bill and I appreciate having the opportunity to work for its enactment.●

BUDGET IMPACT ON CITIES

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SABO. Mr. Speaker, with major changes in budget policy occurring at the Federal and State levels in this country, it is more important than ever that we in Congress study specific and concrete examples of the results of spending cuts on our local communities. For that reason, I am pleased to recommend to my colleagues a paper entitled "Impact of State and Federal Budget Cuts on Minnesota Cities" by Lee W. Munnich, Jr. Mr. Munnich is program manager of Midwest Research Institute's Center for Economic Studies in the Twin Cities.

The article follows:

During the 1970's many speeches addressed to local government officials began with the line, "I have some good news and some bad news—which do you want to hear first?" Get ready folks—the bad news for cities in the 1980's is that there is no more good news.

The new fiscal conservatism at federal and state levels has apparently gained wide support. At this point the only real debate over budget cuts is how deep and where should they be—not whether budgets should be cut at all. An easy and likely target for these cuts is shared revenues for cities.

Minnesota city leaders already know that the fiscal outlook for the next several years is gloomy—but just how bad will it be? During periods of expansion, the tendency is not to worry beyond the next fiscal year. Now, however, city governments will have to do some very difficult long-term planning or face serious consequences.

Based on State Auditor's data and preliminary indications of future state and federal fiscal policies, I have estimated the impact of cuts on Minnesota cities over the next three years. Several simplifying assumptions have been made. These can be modified and different results can be obtained; but the magnitudes are realistic given city financial structures and current federal and state policy directions.

THE FISCAL SCENARIO

Minnesota's state-local fiscal system changed dramatically during the 1970's. Revenues of Minnesota city governments rose from $416 million in 1970 to $1.2 billion in 1979, an increase of almost 13 percent a year. Revenue sources changed. City governments came to rely less on the local property tax and more heavily on state and federal shared revenues. The following table illustrates the shift during the 1970's

TABLE 1.—REVENUE SHARES FROM MAJOR SOURCES FOR MINNESOTA CITIES, 1970–79

[In percent]

Revenue source	1970	1979
City taxes	37	23
State aid	22	26
Federal aid	4	13
Service charges	10	12
Assessments	13	11
Other revenues	14	15
Total	100	100

Source: Minnesota State auditor's reports.

City taxes and State and federal aids in effect switched places during the decade. City taxes dropped from a 37 percent share in 1970 to a 23 percent share of Minnesota city revenues in 1979; while the State and federal share rose from 26 percent to 39 percent over the period.

At the same time, the share of city expenditures by major function did not change significantly during the 1970's. This is shown in the next table.

TABLE 2.—EXPENDITURE SHARES BY FUNCTION FOR MINNESOTA CITIES, 1970–79

[In percent]

Expenditure functions	Share of expenditures, Minnesota cities	
	1970	1979
Highways	21	19
Public safety	19	19
Sanitation	18	15
Recreation and libraries	12	11
Health and welfare	3	1
Urban redevelopment and housing	(1)	5
General government	7	8
Public service enterprises	5	4
Interest expense	6	6
Unallocated	8	10
Total	100	100

[1] These expenditures were included in unallocated costs in 1970. Totals may be affected by rounding.

Source: Minnesota State auditor's reports.

The "big three" city functions—highways (street and alley construction, maintenance, snow removal, lighting), public safety (police, fire, protective inspections), and sanitation (sewers, refuse collection, waste disposal)—dropped from 58 percent of expenditures in 1970 to 53 percent in 1979. Health and welfare expenditures dropped from a 3 percent to 1 percent share over the period as these responsibilities were shifted to the county level. The biggest increase was in the urban redevelopment and housing area, reflecting cities' increased involvement in housing and community development programs in the 1970's particularly with federal community development block grants (CDBG).

The relative stability of functional shares suggest that all service areas benefitted from state and federal aids, not just a few. The question is, how will these local services be affected by state and federal cutbacks?

THE FISCAL FUTURE OF MINNESOTA CITIES

In order to project the impact of the new federal and state fiscal policies, assumptions must be made about future changes in federal and state revenues shared with cities. For this analysis, we assume the following:

1. A 30 percent cut in federal aid to cities by 1984.

2. A 4 percent annual increase in state aid to cities through 1984.[1]

These assumptions are based on what "appears to be" executive intent over the next three years from preliminary budgetary documents. The assumptions may be too conservative or too liberal; they will ultimately depend on future congressional and legislative budgetary actions.

Another key element in projecting impact is the rate of inflation. Since there is considerable disagreement about the level of inflation over the next three years, I considered two different cases. One case is based on President Reagan's economic assumptions for the implicit price deflator, which result in an average inflation rate of 7 percent a year for 1982 through 1984.[3] A second assumes an average annual inflation rate of 10 percent. These two cases are shown in Table 3.

TABLE 3.—INFLATIONARY ASSUMPTIONS IMPLICIT PRICE DEFLATOR

[In percent]

	Case 1 (Reagan's assumption)	Case 2 (Alternative assumption)
1982	8.3	10.0
1983	7.0	10.0
1984	6.0	10.0
Average annual increase	7.1	10.0

Based on actual 1979 revenue and expenditure data and 1981 estimates, I have projected 1984 revenues and expenditures for all Minnesota cities for each of the two inflationary cases. These projections are shown in Table 4.

If we assume that property taxes and other non-aid revenues as well as expenditures rise with the rate of inflation, a deficiency results.[2] With a 7-percent inflation rate, city revenues in 1984 will be $1.70 billion and expenditures will be $1.86 billion. The result is a deficiency of $154 million, or 8 percent of total projected expenditures. Assuming a 10-percent inflation rate, 1984 city revenues will be $1.80 billion, expenditures $2.01 billion and the deficiency $217 million, or 11 percent of total projected expenditures.

TABLE 4.—1984 REVENUE AND EXPENDITURE PROJECTIONS FOR MINNESOTA CITIES

[In millions of dollars]

	Actual 1979	Estimate 1981	Projected 1984	
			7-percent inflation	10-percent inflation
Revenue:				
Taxes	276.2	340.6	418.4	453.3
State aid	323.6	413.2	464.8	464.8
Federal aid	161.7	195.7	137.0	137.0
Other	460.4	556.9	684.1	741.3
Total	1,221.9	1,506.4	1,704.3	1,796.4
Expenditures:				
Public works	427.4	517.2	635.3	688.3
Public safety	237.8	287.7	353.4	383.0
Recreation, libraries	140.3	169.8	208.6	226.0
General government	102.9	124.5	152.9	165.7
Urban redevelopment, housing	66.6	80.6	99.0	107.3
Health	13.5	16.3	20.0	21.7
Other	261.5	316.4	388.6	421.1
Total	1,250.0	1,512.5	1,857.8	2,013.1
Deficiency	28.1	6.1	153.5	216.7

Source: Minnesota State auditor's report; Midwest Research Institute projections.

Simple enough! All you have to do is cut 8 to 11 percent from city expenditures by 1984. Not exactly.

A city government operates much like any other small business which delivers services. It has certain fixed costs which must be met in order to deliver any services at all—buildings, large equipment, interest on debt, etc. It also has variable costs, principally labor and materials, which can vary with production. Depending on the mix of fixed and variable costs, the relative service impact will be greater than the expenditure cut.

This assumes that city governments are operating efficiently—which many people would dispute. The question then is, how inefficient are city governments in delivering services? Or put another way, how much would city governments need to increase their productivity to maintain services with budget cutbacks?

MAJOR OPTIONS FOR CITIES

Given the anticipated deficiency in 1984, what are the major options for cities? In this analysis, I consider four major options:

Tax/Revenue Increase.

Personnel Reduction.

Salary Freeze.

Productivity Improvement.

TAX/REVENUE INCREASE

If we accept the expenditure projections for 1984, how much would property taxes or other revenues need to rise?

There are several constraints on revenue sources, e.g. the state property tax levy limitation law and prohibition against new city sales or income taxes, legal precedents which do not allow a city to establish direct service charges or fees greater than the service delivered, and market price limitations on certain municipal enterprises such as liquor stores. The impact of these constraints will vary from city to city.

If we assume for the moment that these constraints do not affect the ability of city governments to raise revenues—and a brave new band of political warriors enters upon the scene in the next three years—these are the required revenue increases!

Property taxes would need to rise 68 percent from 1981 to 1984 if the inflation rate is 7 percent; they would have to rise 97 percent if the annual rate of inflation is 10 percent. If it is possible to raise other revenue sources, the required property tax increase would be less.

TABLE 5.—TAX OR REVENUE INCREASE REQUIRED BY 1984

[In percent]

Options	7-percent inflation	10-percent inflation
Property tax increase	68	97
Or other revenue increase	50	72
Or property tax and other revenue increases	40	57

In the last few years, many Minnesota cities have already made significant efforts to raise "other" revenues, and many may be reaching the limits for increasing income from these sources. From 1977 to 1979 "other" revenues for Minnesota cities increased at an annual rate of 17 percent, compared with 3 percent for property taxes and 11 percent for state and federal aids as shown by the following table.

[1] State aid includes Local Government Aid, Homestead Credit payments, Municipal State Aid for roads and other revenues shared with cities. Aid does not include credits or refunds which go directly to individuals.

[2] The word "deficiency" is used rather than "deficit" since cities by law cannot have a deficit and must balance their budgets.

[3] President Ronald Reagan, "America's New Beginning: A Program for Economic Recovery," Washington, D.C., Feb. 18, 1981, p. 25.

TABLE 6.—GROWTH IN MAJOR REVENUE SOURCES FOR MINNESOTA CITIES, 1977–79

[Dollars in millions]

Revenue	1977	1979	Percent	
			1979 share of total	1977–79
Taxes	$261.8	$276.2	23	3
State and Federal aids	391.6	485.4	39	11
Other revenues	338.1	460.3	38	17
Total	991.5	1,221.9	100	11

Source: Minnesota State auditor's reports.

The components of "other" revenue sources for Minnesota cities are shown in Table 7. A major target for increases will be service charges and assessments, which account for 60 percent of "other" revenue and 23 percent of all city revenue. However, the result of shifting from the property tax to service charges and assessments as a method of funding services can mean higher costs to city residents. Service charges and assessments are not deductible from your federal and state income taxes as are property tax payments.

TABLE 7.—OTHER REVENUE GROWTH FOR MINNESOTA CITIES, 1977–79

[Dollars in millions]

Revenue source	1977	1979	Percent	
			1979 share of total	Annual rate of growth 1977–79
Charges for services	$104.6	$143.0	31	17
Special assessments	116.2	132.2	29	7
Interest on investments	27.1	66.7	14	57
Licenses and permits	18.6	22.6	5	10
Contributions from public service enterprises	21.9	21.4	5	−1
Local intergovernmental revenues	24.2	18.9	4	−12
Fines and forfeits	7.5	9.3	2	11
All other revenues	17.9	46.1	10	60
Total other revenue	338.0	460.2	100	17

Source: Minnesota State auditor's report.

Cities have less flexibility in relation to the remaining revenue sources—interest on investment, licenses and permits, contributions from public service enterprises, and fines and forfeits—due to market and legal constraints. Local intergovernmental revenues will probably continue to decline since counties and other local governments are also being seriously affected by state and federal cutbacks.

The magnitude of the revenue increases required to eliminate the 1984 deficiency are likely to be intolerable to most city elected officials and their constituencies. Thus, expenditure cutbacks are probable.

PERSONNEL REDUCTION

Essentially a major cutback in expenditures for a city government means reduction in personnel costs. While a city government can reduce other costs along with personal service costs, a portion of these other costs are fixed and can't be cut.

For this analysis, I assume that for every $1 of personnel cut 50 cents can be cut from other current expenses and capital outlay. This is an important assumption and deserves considerably more research and analysis. Most city governments, enjoying increasing revenues, have not had to deal with this question. This question will be more important to cities with the future fiscal deficiency.

Based on the previous assumption and an additional assumption that city employee wages will keep pace with inflation, a 12 percent across-the-board staff reduction would be necessary by 1984 with a 7 percent inflation rate. With a 10 percent inflation rate, a 15 percent reduction would be required (Table 8).

TABLE 8.—PERSONNEL REDUCTIONS NECESSARY BY 1984

[In percent]

Type of reduction	Personnel reduction by 1984	
	7 percent inflation	10 percent inflation
Across-the-board	12	15
Exempting public safety	16	21
Exempting public safety and public works	34	44

Most people do not want cuts in police and fire services. If you exempt public safety personnel from the cuts, a 16 percent cut in other city personnel would be necessary with a 7 percent rate of inflation and a 21 percent cut with a 10 percent inflation rate.

The "bread and butter" of city services are public works—street and alley construction, maintenance, snow removal, lighting, sewers, refuse collection and waste disposal. If you exempt both public safety and public works from these cuts, then all other personnel must be cut 34 percent with a 7 percent inflation rate and 44 percent with a 10 percent inflation rate.

What are these other services? Parks, libraries, urban redevelopment and housing, general government and what little there is left of health services. General government may sound like a good target, but you will still need a mayor, a city council, a city manager, a city attorney, and some budgetary staff to implement these cuts. City Council members may favor eliminating the voter registration and elections staff so they don't have to face the voters after making all these cuts!

SALARY FREEZE

Another solution to the 1984 deficiency is not to increase city government salaries for three years. A three-year wage and salary freeze for all city employees would almost eliminate the 1984 deficiency.

Besides the obvious opposition by government employee unions, there are serious problems of equity, morale, and ability to retain competent employees under such a freeze. However, it is reasonable to expect that some of the deficiency will be eliminated at the expense of salary and benefit increases for city employees.

PRODUCTIVITY IMPROVEMENTS

A final question is what degree of productivity improvement will be required to maintain service levels given employee cutbacks. If cutbacks could be managed so that the most productive employees are kept and remaining employees are encouraged to work harder through fear or other tactics, it may be possible to maintain service levels even with the cutbacks. This, of course, will be difficult with existing civil service requirements.

The following table indicates the level of productivity improvement required among remaining employees in the affected departments with various types of personnel cutbacks.

TABLE 9.— PRODUCTIVITY IMPROVEMENT REQUIRED TO SUSTAIN SERVICE LEVEL

[In percent]

Type of personnel reduction	7 percent inflation	10 percent inflation
Across-the-board	14	18
Exempting public safety	19	27
Exempting public safety and public works	52	79

A 10 to 20 percent productivity improvement may be realistic for city agencies without major investments in new technologies. Anything beyond that is sheer dreaming. Furthermore, as the individual production of current city employees is evaluated, we may be surprised to find that many city employees are more productive than we had expected—even more productive than their counterparts in the private sector.

This suggests that perhaps the least disruptive cuts in terms of service delivery would be across-the-board. The most disruptive would be those which are targeted to a few city agencies. In any case, it would take superhuman management and political skills to avoid real service cuts.

Productivity improvement of 14 to 18 percent may sound simple to anyone who has never had the experience of managing municipal service delivery. The fact of the matter is that most Minnesota cities will be very hard-pressed to achieve this land of productivity improvement while implementing major budget cuts.

CONCLUSION

The purpose of this article has been to indicate the magnitude of the impact of federal and state budget cuts on Minnesota cities and to examine the major options. City governments will need to do longer range fiscal planning in the future than they have been accustomed to doing in the past.

Real service cuts by Minnesota cities are virtually certain. The earlier city officials begin planning for these cuts, the more flexibility they will have in choosing those cuts which do the least damage to city residents.

The next three years will be critical for Minnesota cities. Difficult decisions about raising taxes, cutting personnel, cutting services and improving productivity must be made. Obtaining the solutions will require creativity, honesty, and hard work by city officials.●

MINNESOTA TRUCKING COMPANY RECEIVES NATIONAL SAFETY AWARD

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. ERDAHL. Mr. Speaker, I am pleased to call to the attention of my colleagues the fact that Schultz Transit, Inc., of Winona, Minn., has been awarded the Grand Prize Award for Safety by the Common Carrier Conference-Irregular Route.

The conference, an affiliate of the American Trucking Association, represents more than 600 trucking companies throughout the country.

Mr. Gene A. Schultz, president of Schultz Transit, and his vice president for safety, Mr. George Snyder, were on hand to receive the award at the conference's meeting earlier this month in Las Vegas, Nev.

Additionally, Schultz Transit was also cited for having the lowest accident frequency ratio in its division—between 5 and 10 million miles annually.

This is a great honor for Schultz Transit to be recognized by its peers and experts in the field of highway safety. For many years this company has been an active participant within the city of Winona and the State of Minnesota in all areas of public and highway safety. It is indeed fitting that its contributions have now been nationally recognized.●

COSPONSORS INVITED TO ENDORSE H.R. 621

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SHUMWAY. Mr. Speaker, today I have inserted into the RECORD the names of 29 colleagues who have joined me in sponsoring H.R. 621, the Irrigation Water Conservation Tax Act of 1981. I again invite my fellow Members to cosponsor this important measure which is designed to maximize the incentives for farmers to purchase water and energy-efficient irrigation equipment. H.R. 621 would encourage capital investment by allowing for an additional 10-percent investment tax credit and a 3-year accelerated depreciation allowance on all water-saving equipment.

As my colleagues are no doubt aware, agricultural exports already make a significant contribution to our balance of payments and are expected to increase dramatically during the decade ahead. As a member of the congressional farm export project, I wholeheartedly support this growth in agricultural trade. However, all of us should be aware that this development will bring additional pressure to bear on our soil and water resources. Effective management and conservation of these natural resources will be essential to our continued ability to produce food and fiber for both domestic and foreign consumption. H.R. 621 addresses this need by providing strong incentives to the farmer to make capital improvements on the farm itself with little or no administrative costs to the Federal Government.

In this regard, I am pleased to include in the RECORD an excerpt which deals with natural resource conservation from the 1981 Report of the National Agricultural Research and Extension Users Advisory Board. I hope that my colleagues will note with particular interest one of the Board's conclusions: "Tax incentives or investment credits would seem to be low-cost ways to promote conservation practice."

1981 REPORT TO THE PRESIDENT AND CONGRESS—CONSERVATION OF NATURAL RESOURCES

Conservation of natural resources is our highest priority for agricultural research and extension. We have defined our concerns about conservation to be the conservation of the Nation's food, fiber, and forestry production base. By the term conservation, we refer to sustaining the essential integrity of the natural resource base under use, not to the preservation for non-use of these resources. Water, land, and soil conservation is necessary to ensure long-term productivity. In light of this concern, we call for a new and close examination of U.S. agricultural policy. Such policy must be comprehensive in nature reflecting the rational evaluation of long-term goals and short-term demands on U.S. agriculture. The President's budget does not appear to be developed from what we consider to be the necessary long-range planning framework, nor developed from an adequate scientific and technological base.

This agricultural policy must also address the type and amount of research that will be conducted on agricultural problems and how that research will be disseminated to those who can use it. We believe that a paramount objective of long-range research planning should be the determination of the sustainable, high-production agriculture consistent with the conservation of the soil and water resource base and at reasonable food costs for domestic consumers. It is naive to assume that agricultural research influences only the economic position of U.S. farmers. Agricultural research influences all facets of agriculture: the livelihood of producer, the budgets and well-being of both domestic and foreign consumers, and the vitality of other U.S. industries.

We recognize that several agencies of the Department of Agriculture and other Departments are concerned about and involved with conservation issues. We do not see the current dispersion of responsibility as conducive to effective national policy to achieve greater conservation while sustaining long-term productivity increases. So many disparate agencies are so independently involved with these issues that we believe the necessary compatibility of production and conservation objections cannot now be accomplished. We perceive this dispersion of work and responsibility to be an issue which deserves attention. We do not necessarily recommend consolidation of administrative functions. Rather, we recommend that all agencies with responsibilities for agricultural production and conservation coordinate their activities and planning more closely and effectively so that national comparisons of production and conservation goals can be made.

We favor pursuing food and fiber export opportunities because of the positive impact on the U.S. balance of payments and the benefits to our producers and our economy in general. The major role of U.S. agricultural exports in determining domestic food prices makes urgent the improvement of our ability to adopt and advance practices which result in greater productivity. Such exports also affect the welfare of countries which increasingly rely on the United States as a primary source of food and fiber. Therefore, we recommend development of a long-range plan for research which provides for a comprehensive examination of the effects of exports. Without such a plan, it will be difficult to formulate a policy to maximize exports to take advantage of market opportunities without endangering the U.S. soil and water resource base and unduly increasing food costs for American consumers.

We are equally concerned about the interrelationship between U.S. agricultural policy and U.S. foreign policy and national security. A consciousness of this interrelationship is crucial for pragmatic policy formulation in all departments of government. We believe that U.S. interests, as well as those of developing nations, will be furthered by policies which maximize the efforts of developing countries in striving for food self-sufficiency. Food security of foreign countries is not contrary to the interests of American agriculture, in particular, or the American economy, in general. Foreign food demands will, we believe, always exceed U.S. ability to supply food products. Moreover, the increasing purchasing power of developing countries will create an increasing demand for all U.S. products which will result in a better trade balance for the United States.

USDA must implement and fund research and extension programs on conservation promotion and examine the relationship between conservation and productivity increases. We do not support the concept of land-use policy based upon or implemented by regulations or restrictions. However, we believe that the United States needs a national policy which supports the most effective use of soil and water resources consistent with sustainable high yields of food and fiber products from the land.

We recommend an examination of potential incentive systems to identify those which are consistent with meeting our conservation goal, and we support establishment of incentive programs which would encourage soil and water conservation practices. Models for such programs might be those extended by the Forest Service, where investment credits are allowed for conservation practices put into operation. Tax incentives or investment credits would seem to be low-cost ways to promote conservation practice.

We also call for additional research into alternative incentives and an examination of ways to promote effective conservation practices through incentives. We regard incentives as a clearly preferable alternative to subsidies as a means of promoting effective conservation practices. As a part of this research, we expect an examination of existing subsidy programs related to conservation to determine if they are consistent with the goal of maximum sustainable production without degradation of the resource base. As a first step in identifying effective incentives to promote conservation, we recommend an assessment and inventory of current conservation practices.

We recommend that extension programs promote and teach conservation practices proven to be effective. Among activities which contribute to better conservation practices are improved forestry and rangeland management, livestock utilization of low-quality plant material and crop wastes, and improved tillage methods. Livestock production, particularly of ruminants, can provide substantial upgrading of large volumes of inedible, low-quality plant material to serve as high-quality, desirable food for

humans. Part of extension activity may be making producers aware of existing incentives and soliciting ideas for new incentives which will promote conservation. USDA and its cooperators need to develop more effective education programs to teach and promulgate effective conservation practices. Research and extension activities must expand the realm of possible and practical means of accomplishing increased agricultural production consistent with conservation of water, land, and other necessary resources.●

U.S. INFLUENCE IN THE MULTILATERAL DEVELOPMENT BANKS

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. CONTE. Mr. Speaker, a perennial question in legislation for the Multilateral Development Banks (MDB's) is the degree of U.S. influence in these institutions. It is an important consideration because the MDB's are the world's largest source of external capital and were responsible for $30 billion in assistance to developing countries in 1979–80.

Despite their multilateral character, U.S. influence remains overwhelmingly predominant within these institutions. This is due to the principal role of the United States in molding these institutions and in their weighted voting structures which give the United States about three times the votes of any other country in the World Bank and Inter-American Development Bank (IDB). Alone the United States can block major policy changes in the World Bank, including any efforts to amend its charter, and any proposed IDB concessional loans. U.S. views carry the day on nearly all broad policy questions in each of the development banks.

Let me cite a few examples of actions taken or policies adopted as a result of U.S. influence:

In 1978, the IDB adopted a policy to target one-half of all lending to the poorest population sectors in Latin America.

The World Bank and Asian Development Bank denied loans to Vietnam and Afghanistan in 1980.

All the MDB's shifted the emphasis of their lending away from a preponderance of heavy infrastructure toward agriculture, health, education, and population projects in the late 1970's.

Despite its efforts, the PLO was not permitted to attend the 1980 World Bank annual meeting.

Close U.S. allies, such as Mexico, Brazil, South Korea, Pakistan, Egypt, Indonesia, Colombia, Kenya, and Turkey received nearly $6 billion in MDB assistance last year.

The World Bank undertook plans in 1979 to finance projects which would result in 20 percent of the increase in annual food production in the developing countries during the decade of the 1980's.

Israel is a member in good standing in the World Bank and is not subjected to criticism it receives in some other international forums.

However, I must speak to a very real concern. U.S. influence in the MDB's has declined in recent years as U.S. contributions and hence voting strength have been reduced by about one-third from original levels. Because of the political climate and the critical importance of the activities of these institutions in a somewhat fragile world economy, the U.S. influence which remains cannot be allowed to slip further. For example, the United States is now less than 1 percent above the 20-percent voting threshold required to block World Bank charter amendments. A further loss in U.S. influence via cuts in our contributions could turn these institutions over to countries whose geopolitical and economic interests do not coincide with our own.●

AFRICAN-AMERICAN INSTITUTE CONFERENCE

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. McCLOSKEY. Mr. Speaker, in January, my legislative assistant Annie McLane, attended the African-American Institute Conference in Freetown, Sierra Leone. The AAI Conference brought together African and American leaders representing governments, businesses, the media, and academia to discuss major policy issues of the 1980's, including security, economic cooperation and development, refugees, women in development, apartheid in South Africa, and independence in Namibia. Following the AAI Conference, Annie spend 5 weeks in southern Africa, meeting with people from all sectors of the societies and analyzing American policy options in the region. The following is her report to me and I hope my colleagues will find it of value as we prepare for future decisions on U.S. policy in southern Africa.

ZIMBABWE

The success of Prime Minister Robert Mugabe's government in Zimbabwe has tremendous significance for all developing nations as a successful multi-racial society and mixed economy that is rare in Africa. Zimbabwe's society and economy are both recovering rapidly from 15 years of international trade sanctions and eight years of civil war. The United States has a high stake in Zimbabwe's future, in terms of the political stability throughout the southern Africa region, the access to raw materials and strategic minerals, and the expanding export markets.

My recommendations for priorities in American policy in Zimbabwe include:

A significant program of bilateral assistance to demonstrate our support for Mugabe's government, at least as high as the $75 million in aid proposed by the Carter Administration for fiscal year 1982.

A supplemental appropriation for immediate impact on resettlement of the estimated one million war refugees.

A special commitment in economic and trade development assistance for business, agriculture and infrastructure. The U.S. Chamber of Commerce sent a Trade and Investment Mission to Zimbabwe in June 1980, that recommended an additional $200 million outside the AID budget and bureaucracy, that should be disbursed on a more flexible basis.

THE ECONOMY

According to Business Week (December 16, 1980), Zimbabwe's gross national product will rise an estimated 6 percent, to $4.8 billion, due to the lifting of international trade sanctions, which re-opened world markets and restored transport routes through neighboring countries. The economy has also been boosted by the return of several multinational companies, including Union Carbide Corporation, which exports $100 million worth of high-grade chrome and other minerals annually. Zimbabwe had lured companies from other African nations with lower tax rates, an efficient communications network, freedom from corruption, and restrictions by Black African countries on doing business with South Africa.

THE POLITICS

The key to Zimbabwe's future is that continued economic growth is predicated on political stability. It is my impression, after meeting with political observers representing the Mugabe government, prominent white businessmen and farmers, as well as the United States, Nigeria, Tanzania, France and China, that Mugabe's success depends on maintaining his moderate course, with significant Western support, while containing the more extreme elements in his own party (ZANU) and in his rival, Joshua Nkomo's party (ZAPU). Mugabe will need Western assistance to satisfy the socio-economic aspirations of Black Zimbabweans and to integrate the unemployed ex-guerrillas into the economic mainstream, as well as to overcome the prevailing development obstacles, such as restoring rural health and education, resettling refugees, reforming land and agricultural policy, and revitalizing outdated capital equipment.

I concur with the analysis of President Reagan's new Assistant Secretary of State for Africa, Chester Crocker, who recently wrote:

"Zimbabwe's foreign exchange shortfall could approach $500 million during the first post-independence year. Failure of the West to support the pragmatism reflected in Mugabe's early policies and the first budget plan could help create a self-fulfilling phophecy if his government is unable to deliver to its supporters in key areas. Of course, there is a conditionality implicit in such Western support of African governments in the region, but we cannot expect them to perform before we support their efforts." ("Freedom at Issue," November/December 1980, Freedom House)

THE MILITARY

The most volatile element in Zimbabwe's future is the 25,000 former guerrillas still under arms. One week after I left Zimbabwe, a flare-up occurred in southern Zimbabwe that closed the main highway between the two major cities, Salisbury and Bulawayo. The factional fighting broke out in one of the camps of former guerrillas where ZAPU and ZANU soldiers are being integrated into one of the new national army's nine battalions. An estimated 150 people died in the fighting. Prime Minister Mugabe thwarted the threat of civil war by using what remained of the old Rhodesian Army and Air Force to crush the rebellious former guerrillas. At a press conference announcing a cease-fire and the separation of the rival factions, Mr. Nkomo, responding to a question about his working relationship with Mr. Mugabe, said, "I am working with him, and we are working well together indeed."

Again, it will be a self-fulfilling prophecy if Mugabe's government slides into civil war because the West has not responded to his attempts to integrate the unemployed ex-guerrillas into the economic and military mainstream. Nkomo's conciliatory attitude and Mugabe's swift use of the old Rhodesian forces in the recent conflict are positive signs that in the long run, peace will prevail in Zimbabwe. The stonger the economy grows, the more likely peace will last.

THE SOCIETY

"Reconciliation" is the key element in the Mugabe government's multiracial commitment for Zimbabwe's future. Mugabe believes that keeping skilled Whites in Zimbabwe is economically essential and his reassuring policies have thus far resulted in a net White emigration of only 15,000 since independence last April. One prominent White farmer and businessman, expressed his commitment to me that he will stay and work for the development of Zimbabwe in peace. All sides are relieved that the fighting is over and are now ready to work together to overcome the war and to make Zimbabwe a success.

I spent one day in a refugee camp for 7,000 men, women and children who spent the war years with Mugabe's forces in Mozambique, and I also went to a re-training center for former women guerrillas. The refugees are living in tents provided by the United Nations and eating corn meal provide by Mugabe's party. There are no formal schools or proper medical facilities, although it seems that every other woman carried a baby on her back. The refugees present a serious development problem for the Mugabe government because although they are free to go back to their old tribal villages, most are reluctant to return to subsistence farming in rural Zimbabwe. Anthony Lewis wrote about the same refugee camp in a New York Times column entitled "Great Expectations." (February 5, 1981) His theme is that the Zimbabwean war refugees represent a familiar pattern all over the developing world where: "A rapidly growing population strains the resources of traditional agriculture. It is drawn to the cities by the hope of work and by what it hears of urban life." In Zimbabwe, the official estimate is that two million people now subsisting on peasant agriculture want to get into the cash economy.

Prime Minister Mugabe is thus posed on a precarious edge between satisfying the rising expectations of the Blacks and reassuring the Whites. At the Lancaster House talks this dilemma was anticipated and Great Britain, with the confirmation of the United States, recognized the need for special financial assistance to meet the demands of the post-war and sanctions recovery period. The extent to which funds are made available for refugee resettlement, rural development, school construction and other recovery projects, will determine the extent to which Mugabe can stimulate economic activity, and thus contain civil strife or a White exodus.

SOUTH AFRICA

The past year of independence in Zimbabwe has had a profound impact on the attitudes and expectations of South Africans of all races. After talking with over sixty community leaders in South Africa, including Blacks, "Coloureds" (people of mixed race), Indians, English and Afrikaans-speaking Whites, and Americans, who work in business, labor unions, politics, academics, the media, health care, social work and community organizing, it is my conclusion that the United States Government and Congress can best pursue American interests and the interests of most South Africans by promoting rapid evolutionary change through every channel available to us.

I say rapid because in my judgment the economic and political expectations of the non-Whites in South Africa, as well as the expectations of the rest of the world outside South Africa, are rising at an ever increasing rate. Prime Minister P. W. Botha has only exacerbated this feeling by spreading the illusion of reform without delivering the results of reform. I say evolutionary because in my judgment all sectors of the population would suffer significantly if widespread violence overtook the country. The resulting destruction would create insurmountable reconstruction problems, including dislocation of refugees, hunger, disease and poverty. I admit that these conditions currently exist in parts of South Africa, particularly in the so-called "homelands," but there is greater hope that an economically strong multi-racial society could work to solve these development problems better than a war-torn nation. Finally, I say change because in my judgment the non-Whites and many of the Whites whom I met and talked with at length about politics, economics, business, civil rights, and life in general, will never be satisfied until they can determine their own goals and aspirations in life, and have an equal opportunity to reach those goals.

The United States has a high stake in the future of South Africa for several reasons. All must be admitted realistically and protected equally. First, South Africa is an important supplier of strategic minerals and raw materials. Second, South Africa is strategically located on an important sea route. Third, South Africa has become a litmus test in world politics. Americans must remember the role our country has played in world history in promoting liberty, freedom, and equal justice under the law. The U.S. should continue to take a leadership role, supporting all peoples in their pursuit of justice. Finally, Americans themselves have interests in South Africa. There are currently 350 American firms, or their subsidiaries, in business in South Africa. In addition, there are 26 million Afro-Americans with a growing awareness and interest in Africa. These two groups could well be the most effective "channels" for American policy in South Africa.

My recommendations for priorities in American policy in South Africa include:

Pressure and praise for American companies doing business in South Africa, including strict enforcement of the arms embargo and improved monitoring of Codes of Conduct, either by private organizations (e.g. Reverend Sullivan's group), by business (e.g. U.S. Chamber of Commerce), by the trade unions, and/or by the U.S. Government, to measure the progress or intransigence of companies in improving the economic opportunities of non-White workers.

Tax deductions for contributions to non-profit projects designed to speed social progress, e.g. the PACE technical high school in Soweto, in-house training and education programs, student and school grants, and improvements in employee housing, health care and transportation.

Expansion of the Fulbright Graduate Fellowship program for South Africans to study in the United States.

Scholarship aid for non-White high school and undergraduate students to study in South Africa, in technical or academic programs.

Strict adherence to the sport boycott, which seems to be one of the most effective means to reach the non-political South Africans with our protest of apartheid, until the lifting of the boycott could be used for significant gains. An American athlete in South Africa proposed a plan to use an invitation to the 1984 Olympics as leverage to integrate sports in South Africa by insisting on a multi-racial team developed over the next four years with equal facilities, coaching and training.

Expansion of the International Communications Agency exchange program, and other private organization or academic institution programs, for South Africans and Americans to live and learn abroad. The cultural bond between Black Africans and Afro-Americans could be particularly important in promoting evolutionary change.

THE ECONOMIC SECTOR

There are several reasons why I place my hopes for American influence toward rapid evolutionary change in South Africa on business and education. The first is strictly pragmatic. The most obvious American presence in South African society is the 350 American companies and the hundreds of students who have returned from studying in the United States. The second is more fundamental. It was my conclusion after hearing from all sectors of South Africa's complex society, that the economic sector shows the greatest flexibility for change in the next few years. I detected an overwhelming change in attitude among the people in business that rapid evolutionary change in the role of non-Whites is now in their interest. Economically, South Africa cannot continue to thrive and grow unless non-Whites are educated and trained to fill the jobs.

South Africa has become one of the most technological and highly sophisticated economies in the world, but there are not enough Whites to run the show. Thus, for example, one American company that I visited has started a night school for several hundred students from eighteen neighboring companies to teach everything from basic literacy to computer programming, because the cost of White artisans has reached an uneconomical level. South African companies have recognized the need for skilled non-White workers, too, and have instituted education and training programs.

The flexibility for change in the economic sector goes beyond the hiring of non-Whites

for more sophisticated jobs. In my judgment, the potential for non-Whites to exercise power in South Africa is in the economy, as workers and as consumers. Twenty-two million non-Whites have power in comparison to five million Whites, and this power has only begun to be realized. Two examples of labor power are the Ford strike last year and the Firestone strike while I was in South Africa. The issue in the Firestone strike was a change in the pension system to introduce vesting, that caused skepticism among the non-Whites who have never been able to trust "the system" to provide benefits due to them. Rather than negotiate an understanding with the workers, the manager relied on old management principles and fired almost 1500 workers, with the intention of hiring others from the "homelands" nearby. But the times have changed. Making tires is a sophisticated business with complex machinery that requires trained personnel. Within a few weeks, the manager hired back most of the original workers, in one of the worst possible lessons of modern industrial relations.

An example of consumer power among non-Whites was the 1980 spaghetti boycott against one of the two major brands of spaghetti to protest the hiring practices of the company. Within six months the spaghetti company was closed. Both of these examples point to the potential power in withholding work or trade. Non-Whites have not been given very much in South Africa, but they are quickly learning that it is enough to withhold, and get results.

While the South African government has been slow to accept the economic power of the non-Whites, certain adaptations in policy have been introduced in the past year to satisfy the needs of an expanding economy. Although the Wiehahn Commission on industrial relations and the Riekert Commission on Black urbanization and mobility upheld the policy of apartheid, some provisions have been made for the absorption of Blacks in more skilled jobs. Recent policy changes include (1) the right of Black workers to belong to officially registered trade unions, subject to certain conditions, (2) relaxation of restrictions on the jobs open to Blacks, (3) relaxation of segregation in the workplace, and (4) increased attention to education and training for Black workers. Several American companies have been a progressive influence on the government by implementing necessary reforms in a symbolic protest of the restrictive apartheid laws. The reforms inspired by Reverend Sullivan's Code of Conduct and by economic necessity, such as negotiation and recognition of trade unions, hiring of Blacks in formerly restricted jobs, desegregation of plant facilities, construction of educational facilities, and technical training programs, have resulted in policy changes to accommodate the progress of non-Whites in the economic sector.

In my judgment, many American companies are having a progressive impact on evolutionary change in South Africa. The managers I met with in American companies, who were all South Africans, recommended keeping the pressure on the American companies to be a progressive influence. In discussions with South African and American business people, the U.S. Chamber of Commerce, a representative of Reverend Sullivan's organization, workers and trade unionists, all agreed that business codes of conduct should be more strictly monitored by one or more of these groups. One method to encourage American companies to be a progressive force for change in South Africa would be to allow tax deductions for contributions to non-profit projects designed to speed social progress. The companies that have contributed six million dollars to build and run the PACE technical high school for Blacks in Soweto started a corporation in the U.S. called American Friends of Community Development, Inc., in order to make their contributions tax deductible. The American businesses in South Africa may be our most realistic channels to be a progressive influence and we should encourage every effort in this direction.

THE SOCIAL SECTOR

Change in the role of non-Whites in the economic sector will inevitably lead to changes in attitudes among all racial groups. The most disturbing aspect of apartheid is that total segregation has led to a total lack of understanding of and appreciation for peoples of other racial groups. It was clear to me, however, that South Africans who had contact with people from other racial groups had broken down the racial stereotypes and barriers, and were much more intent on dismantling apartheid. The White South African businessmen, politicians, academics and community leaders who had worked, studied, or simply socialized with educated non-Whites agreed that equal educational and economic opportunity for non-Whites is the key to rapid evolutionary change.

The American government, as well as private organizations or academic institutions, can have a progressive impact on improving the educational opportunities for non-White South Africans. Most Black South Africans that I met urged an expansion of programs such as the Fulbright Graduate Fellowships and the International Communications Agency exchange for study in the U.S. They cautioned against sending undergraduate students to the U.S., however, citing a high dropout rate due to the overwhelming cultural differences in the U.S. Assistance at the high school and undergraduate level should be concentrated in South Africa in scholarships, school construction, and technical training.

Total segregation through the Group Areas Act has created fear and frustration among the millions of non-Whites who have been displaced from their homes and forced to live in segregated areas many miles from their jobs and former lives. I spent a day with a "Coloured" family (actually descendants of Palestinian and Pakistani ancestors) who are among the last 1,000 still living in District Six in Cape Town where 60,000 people have been moved and their homes destroyed in the past fifteen years since the area was declared a White area. The families have been moved to a Coloured township twenty miles from their jobs in Cape Town. Americans cannot change the South African laws that cause such hardships, but we can exert pressure on the society by improving the educational and economic opportunities of non-Whites so that they will have some form of power. To date, the only development in District Six has been police and military barracks built by the government, because effective boycotts have convinced private developers to stay out. Again, power has come from withholding consumption.

THE POLITICAL SECTOR

The most depressing conclusion from my meetings in South Africa is that progressive change will not come about in the political sector within the forseeable future. While I was in South Africa, Prime Minister Botha cancelled the current session of Parliament and called for new elections in late April, 1981. While interpretations vary according to political orientation, most people agree that Botha was facing opposition within the Afrikaner establishment for proposing reforms in the apartheid system. Furthermore, most analysts agree that the challenge from the right will result in a more conservative mandate after the election which will slow, or stop, Botha's former plans for reforms.

In another development, the government refused to re-license the two major Black newspapers in South Africa, effectively blocking communication of news and ideas. The South African Army raid into Mozambique which killed at least six men believed to be members of the African National Congress was one more element in Botha's strategy of "total onslaught" against "international communism and its cohorts—leftist activists, exaggerated humanism, permissiveness, materialism and related ideologies" (Defense White Paper), which has been interpreted to include any sector of the South African society or any outside influence in opposition to Nationalist policies. Most of the liberal Whites whom I met felt as disenfranchised from the political power structure as the non-Whites. In conclusion, although Prime Minister Botha was perceived to be a catalyst for change, the current political climate had dispelled this illusion.

South Africa is in turmoil as reforms in the economic sector, followed by slower, but in some cases significant reforms in the social sector, are resulting in rapidly rising expectations among non-Whites, progressive Whites, and foreign nations with an interest in change in South Africa. Prime Minister Botha has chose to turn inward, to face the challenge from the conservative wing of the Afrikaner establishment. In my judgment, unless the progressive elements in the society can satisfy the growing demands for better educational and economic opportunities for non-Whites, and unless those opportunities can affect the attitudes of the political power elite, Mr. Botha and the Nationalist Party are leading South Africa on a collision course with history.

MEETINGS IN SOUTH AFRICA, JANUARY 29 TO FEBRUARY 14, 1981

Henry Abdoll, University of the Western Cape

Naz Abrahim, Community Leader, District Six

Chuck and Maryann Ahlgrens, American Embassy

Chris April, Coloured Representative, President's Council

Willy Bendix, Stellenbosch University

Chuck Bonza, Hewlett-Packard South Africa

Selma and Jules Browde, Johannesburg City Council/ACSTOP

Mangosuthu Gatsha Buthelezi (Soweto rally)

S. P. Cilliers, Stellenbosch University

David Dalling, Member of Parliament

Robert and Christine Deutsch, American Consulate

C.G. DuBois, Caltex Oil South Africa

Kent Durr, Member of Parliament

Clark M. Else, American Chamber of Commerce

Gregg Fergin, American Embassy

D.T. Fletcher, Caltex Oil South Africa

Clarence and Esme Frost, Round House Plumbing

Earl W. Glazier, Citibank South Africa

Frank and Christina Golino, American Consulate/Rand Afrikaans University
John Henry Hicks, American Cultural Center
Robert Houston, American Businessman
Zubeida Jaffer, Cape Times
John Kane-Berman, Freelance Journalist
Louis Khumalo, Industrial Relations Consultant
John C. Knoetze, West Rand Administration Board
Jan Kopeç, SABC-TV
Hendrick J. Kotze, Rand Afrikaans University
Peter Krumm, Envirotech South Africa
Robin Lee, The Urban Foundation
Joseph Lelyveld, The New York Times
C.U. LeRoux, University of the Western Cape
Anthony Lewis, The New York Times
Alan Logan, American Consulate, Durban
Alan Lukens, American Embassy, Cape Town
Whaila Mamabolo, American Consulate
Nigel Mandy, Anglo American/Johannesburg Central Business District Assoc.
James R. Matz, Flour Group Ltd.
Keith McCormack, American Consulate
Liz McGregor, Cape Times
Sim Moats, American Embassy, Pretoria
S.S. Morake, Q'Lite Thermosets Enterprise
Sally Motlana, Community Leader, Soweto
Nomongisis Mpobosi, Women's Movement for Peace
Ian Murdoch, I.B.M. South Africa
Lucy Mvubelo, National Union of Clothing Workers S.A.
Nic Olivier, Staff Director, Progressive Federal Party
Benjamin Pogrund, Deputy Editor, Rand Daily Mail
Robert W. Pringle, American Embassy, Cape Town
Dan Purnell, Sullivan Code Monitor
John Reece, Institute for Race Relations
Bryant J. Salter, American Embassy, Cape Town
Frank Sasman, International Communications Agency
James Selfe, Staff Assistant, Progressive Federal Party
Gerald Shaw, Deputy Editor, Cape Town
Evelyn Solerno, Textile Workers Union No. 109
Peter Sourour, The South Africa Foundation
Blackie Swart, Stellenbosch University
Ray Swart, Member of Parliament
Gibson J. Thula, Inkatha
Zuko Tofile, International Communications Agency
Wendy Unander-Schrain, Cape Town
Hennie Viljoin, Coca-Cola South Africa
Basil Von Rensburg, Holy Cross Church, District Six.●

AMERICAN RED CROSS CERTIFICATE OF MERIT AWARD

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FRANK. Mr. Speaker, the American Red Cross awards its Certificate of Merit and an accompanying pin to individuals who have saved or sustained another person's life by using skills they have learned in a volunteer training program offered by the Red Cross in first aid, small craft, and water safety.

A constituent of mine, Stacey Woolf of Brookline, Mass., has earned this certificate, which is the highest award given by the American Red Cross. On July 7 of last summer, Miss Woolf, age 16 and trained in Red Cross basic first aid, basic water safety, and basic rescue, was walking along a beach with her family when they were alerted to an accident. Going to the scene, Miss Woolf observed that a woman involved was unconscious and cyanotic. Miss Woolf opened the victim's airway and began mouth-to-mouth resuscitation. After approximately 10 minutes, the victim began to respond and was subsequently taken to a hospital. Without a doubt, the use of first aid by Miss Woolf saved the victim's life.

I would like to take this opportunity to acknowledge and commend Miss Woolf's outstanding act of mercy and to thank the American Red Cross for administering their volunteer training program and for recognizing Miss Woolf's deed with their Certificate of Merit.●

REAGAN'S POLICIES A BITTER MEDICINE TO SWALLOW

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. HAWKINS. Mr. Speaker, Treasury Secretary Donald T. Regan, is already talking about the "bitter medicine" the country must take in connection with, and as a result of the administration's economic policies.

The Secretary also speaks of a "technical" slump possibility this year as if the word "technical" has poetic meaning devoid of substantive suffering for people.

The offical prediction is further made that instead of the administration using its powers to restrain the Federal Reserve Board, interest rates will most likely escalate again in a deliberate move to "cool" the economy at the risk of a deeper recession.

This news is extremely disturbing and should serve as a warning to those Members of Congress who may be voting this week to support the administration's policies. These Members must also remember that they are voting to irrationally slash essential budget items, to increase the burden of taxation on moderate and low-income families, to further inflate prices and to throw several millions out of work by contriving to create a recession which to Secretary Regan is merely "technical."

I insert the complete text of a Washington Star article of May 6, which reports Secretary Regan couching an impending economic disaster of the administration's creation in the language of a kindly physician.

I hope my colleagues will not be deceived by artistic language. When the day of reckoning comes—and it will—it is better that we can be accountable for the results of our actions.

[From the Washington Star, May 6, 1981]

REGAN SEES HIGH INTEREST HANGING ON—EXPECTS SLUMP, DOSE OF "BITTER MEDICINE"

[By Jonathan Fuerbringer, Washington Star staff writer]

Calling it "bitter medicine" the country must take, Treasury Secretary Donald T. Regan today said that interest rates will remain high for several more months and the prime lending rate could top 20 percent.

"It is possible that interest rates will go to 20 percent or higher than they are now . . . and stay there several months," Regan said. Banks lifted the prime rate to 19 percent this week.

The higher interest rates will slow the economy, the secretary said, adding that he still thinks "it's possible" for the economy to fall into a slump this year that technically could be called a slight recession.

Regan's comments reflect the administration's reliance on the Federal Reserve Board to fight inflation by cutting the growth rate of the nation's money supply. With this commitment, the administration also is accepting the bout of high interest rates that are the consequence of the Fed's policies.

Regan said that the budget deficit for fiscal 1981, which ends Sept. 30, is now expected to be as high as $60 billion—$5 billion higher than the administration estimated less than two months ago.

He said the administration is now looking for further possible cuts in the 1981 budget in an effort to keep the 1981 deficit at the predicted $54.9 billion level.

The administration has repeatedly criticized past budgets in which the original projected deficits crept higher, damaging the financial markets' confidence in the ability of the government to control public spending and inflation.

Regan said the rise in the deficit projection is a result of higher interest rates on the national debt and higher-than-anticipated automatic cost-of-living increases in Social Security and other programs that are tied to the inflation rate. Regan said, however, that the administration is sticking to its projected $45 billion deficit projection for 1982.

While Regan was worried about the rising deficit, he said that the period of higher interest rates must be lived through to bring inflation under control.

"Its like a bitter medicine that you have to take," Regan told reporters during a breakfast meeting. "Temporarily we will have a slowdown in business while these high interest rates are in force."

When asked about the cost of high interest rates on housing, homeowners and small businesses, Regan turned the question around and asked, "What price would small business pay if we had continued high inflation?"

"There is no way to get inflation down with interest rates coming down [at the same time]," Regan said. "We have to go through this painful process."

Regan would not give a precise prediction of how high the closely watched prime rate would go. But he said he did not think interest rates would hit 24 percent and added, "I

don't think it's going to take six months of high interest rates over 20 percent" to begin to bring inflation down by slowing the economy. "That would shut off business," Regan said, "and the Fed is trying to cool it."

The secretary stuck with the administration's projection that interest rates will begin to decline this year and show a sharp downturn next year.

Regan reiterated the administration's support of the Federal Reserve Board's action Monday to raise the discount rate from 13 percent to 14 percent and to lift the special discount rate surcharge for large banks from three percentage points to 4 percentage points.

The administration has been critical of the Fed recently, but Regan said Monday's action means the central bank is back on track. "I think the Fed has been trying," Regan said, "but now I think they have finally got a handle on it."

"The most recent action," Regan said, "can be characterized as putting on the brakes a little harder."

On the possibility of a recession, Regan repeated the administration's recent analysis that the economy began to slow down in at the end of the first quarter despite the unexpected 6.5 percent growth at an annual rate in the Gross National Product after adjustment for inflation. The administration then predicted little or no growth in the next two quarters.

But Regan added a new wrinkle today by mentioning the possibility of a recession, which implies some sustained period of actual downturn in economic growth. Regan said a recession could be possible if one defines recession as two consecutive quarters of decline in the GNP.

"The much heralded recession . . . will have to be thought of as coming a little later," he said, referring to predictions six months ago of a possible recession starting in the first quarter of this year.●

FINANCIAL STATEMENT

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. LONG of Maryland. Mr. Speaker, each year at this time I make a voluntary disclosure of income, taxes, and liabilities.

For 1980 I paid a total of $24,884.68 in taxes, including $20,848.43 income taxes, and $4,036.25 in property and sales taxes.

My chief source of income was $60,662.50 salary as Congressman. Other income included: an annuity of $1,338.15 and dividends of $788.33 from the Teachers Insurance Annuity Association (TIAA); $257.71 from the College Retirement Equities Fund (CREF); gross rents of $6,000 from my farm and $3,700 from my townhouse both located in Harford County; $200 from The Sunpapers for two articles; $12.80 in interest from savings.

Following my longstanding policy, no gifts from constituents or interest groups, however small or in whatever form, were accepted by me or my staff—not even flowers or fruit.

As of May 1, 1981, real property consisted of my home in Ruxton purchased in 1946 for $32,000; a 112-acre farm in Harford County bought in 1965 for $118,000; and a townhouse in Harford County bought in late 1979 for $47,900. My farm and my Ruxton home are free of debt. My mortgage for the townhouse, Yorkridge Federal Savings and Loan Association, is $38,094.

Contributions to the Federal Retirement System for 1980 totaled $6,470.08. In nearly 19 years as a Congressman, I have contributed a total of $59,160.00 to this fund—which cannot be withdrawn in cash. Estimated capital value of my Teachers Insurance Annuity Association policies—not convertible into cash—was $16,907.27.

Other assets as of January 1, 1980, include a 1980 Regal Buick, valued at $7,000, a 1977 Volare Plymouth station wagon, valued at $2,100; shares in the T. Rowe Price Prime Reserve Money Market Account valued at $2,000; home rugs and furnishings, my wife's jewelry—nearly all inherited; clothing; and a checking account sufficient to pay current bills.●

DEBATE ON THE BUDGET RESOLUTION

HON. STANLEY N. LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. LUNDINE. Mr. Speaker, in the course of the last several days' debate on the budget resolution, we have voted on two amendments to the resolution which, as alternatives, had many positive features. I want to take this opportunity to explain why, despite those elements in each proposal which I did find attractive, I nevertheless felt compelled to vote against them.

The subsitute offered by the gentleman from the District of Columbia, (Mr. FAUNTROY) restored many programs which I think have been beneficial to our economy—particularly funds for education and human services—and it managed to project a $7 billion surplus for the coming year which I certainly believe is a laudable goal. That goal, however, was predicated on achieving $44 billion in increased revenues through various tax reforms. Many of those reforms I agree with. But, I am afraid it is unrealistic to expect that the Ways and Means Committee would report out $44 billion in tax reform legislation to the full House when it has failed to approve any significant tax reform measure in the entire time I have served in Congress. I believe that the prospects for such action were particularly slim inasmuch as the Fauntroy amendment contained no reconciliation provision which would require authorizing committees to comply with its budget plan. I believe one of the reasons we find ourselves in the present state of political rebellion among voters is that for too long we have made unrealistic claims about the likely effect of governmental actions and thus have sowed the seeds of disillusionment among the people. Too often we have claimed that inflation would abate, that the budget deficits would decline, that Federal programs would be better managed. When these expectations were not fulfilled, the American people grew frustrated and wary. I could not continue that tradition by supporting an alternative budget which, however attractive, was nevertheless unrealistic.

The second alternative budget, offered by the gentleman from Wisconsin, Mr. OBEY, offered as its major feature the prospect of a balanced budget and the restoration of funding for several important Federal programs. It achieved this goal, however, by forgoing any cut in personal taxes in the coming year. I believe that some reduction in personal taxes, especially an offset for the recent and burdensome increases in the social security payroll tax, is important for the improvement of our economy and for compensating taxpayers whose taxes have been artificially increased solely by inflation. Therefore, despite its many positive features—particularly its provision for full funding of the strategic petroleum reserves program—I felt obliged to oppose the Obey amendment.

I commend both the gentleman from Wisconsin and the gentleman from the District of Columbia for their exemplary work on the budget and for raising many important issues which I hope we will continue to debate and consider as the fiscal year progresses.●

THE 100TH ANNIVERSARY OF ST. PAUL'S LUTHERAN CHURCH

HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. WILLIAMS. Mr. Speaker, on Sunday May 3, I had the pleasure of attending the 100th anniversary dinner for the Saint Paul's Lutheran Church of Youngstown, Ohio, at the Itam Club.

Saint Paul's was founded on May 2, 1881, by 60 former members of the Martin Luther Church. This formation represented the keen awareness of meeting the spiritual needs of the German immigrants in the Brier Hill community. Today, its membership has grown to be the largest Lutheran congregation in the 19th district, which pools its members from ap-

proximately 15 suburbs and surrounding commmunities.

For 25 years, ministering to such a large diverse membership has proven to be a rewarding experience for Rev. George Neiman. Under his leadership, Saint Paul's Church has prospered during the economic throes the Mahoning Valley has faced.

It is with much admiration that I take this opportunity to formally congratulate the membership of Saint Paul's Lutheran Church and its pastor on the celebration of their 100th anniversary. The grace of God has been with you through these past 100 years and I am sure He will be with you for many hundreds to come.●

HONORING DR. CHARLES H. KREMER AND DR. SIMON WIESENTHAL

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. WEISS. Mr. Speaker, The genocide of 6 million Jews and 5 million others by the Nazis during World War II was an act of brutal injustice and inhumanity. In the wake of these Nazi horrors, the dedicated efforts of just a few people to bring Nazi war criminals to trial for their crimes have maintained and strengthened justice.

These efforts were recognized by the city of New York in a proclamation which declared March 31, 1981, "The Committee To Bring Nazi War Criminals to Justice Day." Specifically, the proclamation pays tribute to the relentless work of Dr. Charles H. Kremer and Dr. Simon Wiesenthal, survivors of the holocaust who are largely responsbile for the U.S. Government's efforts to bring basic justice to the heinous crimes of the holocaust.

I want to add my appreciation and commendation for the work of Dr. Kremer and Dr. Wiesenthal.

A copy of the city of New York's proclamation follows:

PROCLAMATION OF THE CITY OF NEW YORK

March 31, 1981 marks the day that the Committee to Bring Nazi War Criminals to Justice pays tribute to Dr. Simon Wiesenthal and Dr. Charles H. Kremer, champions of Jewish survival and warriors against genocide of 6,000,000 Jews and 5,000,000 gentiles. Both luminaries have dedicated their lives to opening the eyes and touching the hearts of the world by exposing, for all to see, the henious crimes that the Nazis have perpetrated against man in general and the Jew in particular.

These two men have succeeded. After decades of tireless and selfless efforts against apathy, in convincing members of the press and political establishments that so long as killers walk freely and their crimes go unpunished, injustice prevails.

Inspired by the activities of Dr. Wiesenthal and Dr. Kremer, articles and books have been written and legislation has been enacted, that have created an environment, both legal and psychological, which forces hate and malice to tread more cautiously before surfacing.

Now, therefore, I, Edward I. Koch, mayor of the city of New York, do hereby proclaim March 31, 1981, as "The Committee to Bring Nazi War Criminals to Justice Day" in New York City, and call the attention of all our citizens to the contributions of these two outstanding figures, and to the work of the committee which they lead.●

U.S. PARTICIPATION IN THE SIXTH REPLENISHMENT OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA VI)

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. CONTE. Mr. Speaker, the coming weeks will be critical in determining whether the World Bank's International Development Association (IDA) will continue to provide assistance for the poorest Third World countries with 1½ billion people during the 1980's. Unless my colleagues support legislation requested by President Reagan for the sixth replenishment of IDA (IDA VI), this institution must cease all future lending. Even though 73 percent of the total $12 billion replenishment is to be financed by other Western developed countries, IDA VI cannot go into effect without the United States.

The loss of IDA VI would mean a cutoff of $10 billion in loans largely to increase food production and improve health, sanitation, and education in countries with per capita incomes below $360 per year. It means a halt to most multilateral lending to key strategic areas such as Egypt, Pakistan, Kenya, Central America, and the Caribbean. It means a loss of the largest single source of external funding for food production in Africa and South Asia, parts of which are threatened by hunger. One-half of IDA lending goes to the agricultural sector and IDA is projected to supply over 12 percent of the annual increase in Third World food production during the 1980's.

I strongly urge my colleagues to support the President in his requests for IDA VI.●

IMPORTANCE OF PORTSMOUTH, OHIO, GCEP PLANT TO OHIO AND THE NATION

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. BROWN of Ohio. Mr. Speaker, I would like to discuss the funding in this resolution for the gas centrifuge enrichment plant in Portsmouth, Ohio.

GCEP IS COST-EFFECTIVE

The gas centrifuge enrichment project (GCEP) is not only cost-effective, it is necessary in order to maintain U.S. competitiveness and world leadership in the expanding foreign enrichment market. GCEP is 20 times more efficient than the existing diffusion plant and is an energy saver.

The scientific community, top business managers and the Government have all endorsed GCEP as a high-priority project in conjunction with R. & D. in advanced isotope separation processes. In fact, GCEP is cheaper to build than it is to run current diffusion plants.

Deferring GCEP will only cost the taxpayers more than it would save. When Congress reduced GCEP funding by $170 million in fiscal year 1981, the total estimated cost of the project increased $620 million due to the resulting 1-year schedule slippage.

The DOE fiscal year 1982 budget request provides funds to continue construction of GCEP while also continuing to operate existing uranium enrichment plants. However, the House Budget Committee recommended a $300 million reduction in GCEP funding.

The Budget Committee relied on a November 18, 1980, GAO report to justify its $300 million reduction. In fact, GAO did not recommend any reduction whatsoever. GAO simply recommended that DOE fully justify the need for GCEP based on economic considerations and objectively consider options using advanced technologies. The Department has in the past and continues to do extensive analyses on uranium enrichment services supply and demand, economics, alternative processes, and other factors relevant to constructing added uranium enrichment capacity much in the manner suggested by the GAO. DOE completed an exhaustive study of the enrichment enterprise options in October 1980. Unfortunately this study has tied into the fiscal year 1982 budget preparation process and therefore could not be made available to GAO at the time of their review.

This study concluded that the current schedule for the initial increments of GCEP should be maintained.

GCEP IS A MONEYSAVER

The Budget Committee alternative for GCEP will increase Government costs, not reduce them.

The alternative of preproducing in the gaseous diffusion plant (GDP) in fiscal year 1982 and delaying GCEP would increase the Government cost. To increase GDP production in fiscal year 1982 to the contract power level would cost $600 million. In addition, the cost of delaying GCEP would probably exceed $300 million over the

life of the project. A 1-year delay of GCEP would seriously jeopardize the project viability. An extended delay would result from the $300 million reduction proposed by the House Budget Committee.

Cancellation would mean the abandonment of some $1 billion in sunk costs and termination costs of over $200 million. Moreover, it would leave the United States with no alternative for meeting the demand for enriched uranium except to run the increasingly costly gaseous diffusion plants at high power levels.

GCEP CREATES JOBS FOR OHIO

The Budget Committee recommendation would reduce construction jobs by 800 in Portsmouth, and would result in 100 fewer new jobs with the operating contractor. In the entire State of Ohio, already hard hit by job layoffs and high unemployment, the Budget Committee recommendation would reduce employment by 1,821 jobs, largely in the craft and building trades. The following is a State-by-State breakdown on the impact of the Budget Committee action:

GCEP BUDGET CUT IMPACT BY STATE

[Dollars in thousands]

	Number companies/ contracts	Contract value	Employment
Alabama	10	$16,973	383
California	49	89,149	1,092
Colorado	3	1,350	115
Connecticut	2	534	9
District of Columbia	1	650	10
Georgia	3	4,747	62
Illinois	17	7,885	205
Iowa	1	27	1
Indiana	4	2,873	172
Kentucky	1	63	3
Maryland	4	4,156	66
Massachusetts	4	617	40
Michigan	7	3,582	111
Minnesota	4	545	22
Missouri	2	1,988	251
New Jersey	6	2,144	69
New York	12	2,749	46
Ohio	150	155,845	1,821
Pennsylvania	24	22,881	364
Rhode Island	1	94	10
South Carolina	2	32,525	207
Tennessee	20	167,133	1,607
Texas	1	361	20
Virginia	3	2,668	59
Washington	10	82,920	285
West Virginia	4	2,025	59
Wisconsin	4	583	20
Totals	349	607,067	7,109

Note.—Employment numbers represent manpower down to the subcontract (of prime contracts) level and it is assumed that subtier suppliers would double the employment numbers.●

FAIRSTED

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FRANK. Mr. Speaker, I recently had the pleasure of speaking at the dedication of Frederick Law Olmsted's home "Fairsted" which is located in Brookline, Mass., in my congressional district. The dedication was sponsored by the National Association for Olmsted Parks, an organization which has as its goal the appreciation and preservation of Olmstead's gifts to the American landscape and urban open space.

The 272 delegates to the association's second national conference, which had as its focal point the dedication of the Olmsted home, adopted by a large margin a resolution expressing their ideas about the importance of parks and open space and the potential devastating effects of the budget cuts.

I commend the resolution to the attention of my colleagues and include it here in my remarks:

We the undersigned participants of the Second Annual Conference of the National Association for Olmsted Parks, representing a broad and growing constituency of professionals and community leaders from 20 states, view the proposed drastic reduction of the Land and Water Conservation Fund, Urban Parks and Recreation Recovery Fund, and the National Historic Preservation Fund as a real threat to the economic and social viability of our communities.

The abrupt and jarring funding cuts do not even permit us to complete projects which are planned in several funding stages and to create mechanisms for bringing the private sector into fuller partnership with the public sector. We urge that Congress reaffirm the value and priority of quality open spaces in urban areas and continue a legitimate Federal role in funding our rich park heritage for future generations.●

THE RIGHT OF THE PEOPLE TO BEAR ARMS

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. McCLOSKEY. Mr. Speaker, Hodding Carter's comments on the need for national gun control laws seem worthy of perusal.

[From the Wall Street Journal, Apr. 2, 1981]

THE RIGHT OF THE PEOPLE TO BEAR ARMS

(By Hodding Carter III)

The unsuccessful attempt to assassinate President Reagan, accompanied by the gunning down of three other men around him, inevitably raises anew the debate about national handgun control. We should spare ourselves the sterile ordeal, which is prescripted and preordained.

The arguments are familiar and the positions of most people, including politicians, predictable. After publicly agonizing to a greater or lesser degree, Congress will be persuaded by the gun lobby yet again that popular opinion is not half as important as private persuasion. Besides, why should those men and women tempted to translate the people's will into legislation ask for campaign troubles by doing so? Two organized enemies are always more potent than a dozen unorganized friends.

The prospect would be laughable if it were not so obscene.

Congress will finally buck the gun lovers when Congressmen become the primary targets for would-be assassins. No one should hold his breath waiting for that day. It isn't going to arrive for the simple reason that most people, including nuts, don't think the average Congressman makes enough of a damn to bother shooting.

If this sounds bitter, the angry lament of a middle-aged liberal, so be it. Avoidable bloodshed still has the ability to enrage me. The traumas of the past 18 years—the successful as well as unsuccessful assassinations, the growing street crime associated with handguns, the explosion of accidents in the home involving guns—are an affront to my deepest convictions about the nature of this society and its proper behavior. We are not some Balkan enclave of the late 19th Century and we should not govern ourselves as though we were.

The figures are there to point the way toward remedy. Pistols, cheap or expensive, figure prominently in domestic mayhem and street murder. They are surreptitiously peddled to 12-year-olds eager to use them to mug us and are openly sold to 25-year-olds looking for bigger game. They are sold over the counter, under the counter and all around the country.

Ours is the only nation in the world in which any cretin, criminal or conscientious citizen with the price of a tank of gas is entitled to buy the rest of us a ride to oblivion. Not surprisingly, we as a nation have one of the world's highest murder rates and the highest death-by-pistol rate.

Most Americans don't like it, want it changed and scream their convictions at every opportunity. They have been doing so for over 40 years. They are whistling in the wind.

For one thing, they are bucking a passionate tradition, born of the frontier and nurtured by the myths of novel and screen.

It doesn't matter that the trusted side arm is more likely to bring death or injury to a loved one than to an anonymous intruder. It doesn't matter that more guns are stolen from homes by criminals than used within those homes against criminals.

What matters is that, weaned on the notion of cold steel and steady eyes, a number of Americans cannot easily divorce themselves from its hold.

There is also the question of what the Constitution does or does not say on the subject. The framers of the Bill of Rights spoke to conditions as they knew them in demanding that the right of the people to bear arms not be abridged. They did not envision a nightmare world of cities held hostage to medieval street gangs and freelance killers. They had no thought of a nation in which the number of handguns—which are of no use except for close-up murder—would rival the number of adult citizens.

But that is essentially irrelevant also. Constitutional scholars of impeccable credentials can and do argue both sides of the question. It can finally be resolved only by a court test of appropriate national legislation.

But the Supreme Court won't have the opportunity to decide. Congress will not act. Chief Justice Burger will continue to feel that prudence demands that he meet unannounced visitors at night, pistol in hand. Our children, knowing that they live in a world of madness, will arm themselves as their parents have done and kill each other, as their parents have done.

The President who was shot on Monday opposes gun control. He is still enthralled by the belief that, as he put it in a recent newspaper interview, there is a higher rate of violent crime in New York, which has a

tough gun control law, than there is in places where anyone can legally carry a gun in plain view through the streets. He is wrong. The people of the Sun Belt, where such legal laxity exists, know their crime statistics better than does their President, and they know better.

But how the President does or does not feel is not central to this matter. The last President to be assassinated felt one way. The one who is shot next time may well feel another.

Next time? Of course.

There should be no doubt about it. There will be a next time and yet another next time, for those of us still alive to see it. It will come sooner rather than later. If the trend lines of the past 18 years mean anything at all.

We're keeping the government out of our lives on this one, and the result is murderous anarchy. There are limits to the limits-to-government argument, and they are reached and passed when society is made more vulnerable to the depredations of its dangerously deranged.

We are crazy, and refuse treatment.

We have a diagnosed disease and won't take effective medicine.

Instead, we swallow, placebos. "Guns don't kill; only people kill." What fatuous, sickening nonsense.

But it is nonsense enshrined where it matters most—in Congress—and so it remains not nonsense but the law of the land. What law; what order.●

MARENGO COUNTY SUFFERS LOSS

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SHELBY. Mr. Speaker, Marengo County, in Alabama's Seventh Congressional District, suffered a great loss recently with the death of Dr. Gerald Nelson Williams, 74, of Linden.

Not many people achieve the measure of admiration and respect that "Dr. Gerald," as he was called, enjoyed. He earned that admiration and respect because he genuinely cared about people and about the welfare of his community.

Dr. Williams opened his medical practice in Linden in 1933 and continued to serve residents throughout Marengo County for the past 47½ years. With his skills as a physician he saved many lives and delivered countless numbers of babies . . . three generations of babies in some families.

He was not just a doctor to his patients. He was an adviser, a counselor, and most of all a constant friend. He offered a helping hand in many ways unknown to the public—and was call day and night for his patients.

A general practitioner and family doctor, children and babies were his special patients as his skills as a children's doctor were widely known. He always had a piece of Juicy Fruit gum that he could pull from any pocket and a pat for each young patient. That was his trademark for the young, along with understanding and empathy for all ages.

Twice he served as president of the Marengo County Medical Society. He was a member of the Medical Association of Alabama, the American Medical Association, Southern Medical Association, and a diplomat of the National Board of Medical Examiners. He was a member of the medical staffs at Bryan W. Whitfield Memorial Hospital in Demopolis and New Vaughan Memorial Hospital in Selma.

Dr. Gerald was the team doctor for the Linden High School Athletic Department for 28 years, as well as being the local surgeon for several major corporations.

He was the charter president of the Linden Rotary Club, a member of the Linden Chamber of Commerce, and a member of Linden United Methodist Church. He was a member of Sigma Alpha Epsilon Fraternity, and Phi Chi professional fraternity.

During his medical career he was awarded Presidential citations by two Presidents—Franklin D. Roosevelt and Harry Truman—in recognition of his service in the Selective Service System. He received the Governor's Medal of the State of Alabama from Gov. John Patterson for services to the Alabama National Guard.

Surviving are his wife, Mrs. Manon Williams of Linden; one daughter, Mrs. Jerry Williams Mills of Birmingham; three grandchildren, Manon, Patrick and Patricia Mills, all of Birmingham; two brothers, H. Earle Williams of Auburn and James E. Williams of Elba; one sister, Mrs. Joe Buck of Thomaston; and his many friends and patients throughout Linden, Marengo County, and other areas.

Dr. Gerald Nelson Williams' life should serve as a memorial to him for all time in Linden and Marengo County, for he truly devoted it to serving the people that he loved and cared for. He left many fond memories and I am sure that this fine gentleman will never be forgotten.●

THOSE WHO SUFFER MOST

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. GILMAN. Mr. Speaker, on the 66th day of his hunger strike, the world learned that Bobby Sands, a prisoner in the Maze Prison, had died. The final few hours of Bobby Sands' life were spent in a coma. His parents and friends made an emotional plea to the citizens of Northern Ireland to remain calm and in control.

Mr. Speaker, many of us in the Congress and in our Nation were, with grave concern, hoping that his death could have been averted through a rational and fair compromise between the British and the Irish. We truly regret that a young man's life had to end in such a senseless manner. Millions of people throughout the world are stricken with sadness and share his parents' grief.

This tragic event makes one wonder what motivated and galvanized Bobby Sands into such drastic action. Nobody has ever questioned his ability to make that type of a decision—a decision which required the most serious commitment. Having been recently elected as a Member of Parliament, Bobby Sands could have halted his strike right then; but he continued to make the British recognize the gravity of the situation in the hopes that they would talk and negotiate. Regrettably, they did not and Bobby Sands is now dead because of his deep conviction to this cause.

Pleas to Bobby Sands that if he stayed alive he could do more for the prisoners in the North were all to no avail, since he recognized that prisoners in the North have been incarcerated for decades, and statements, verbal protests, and even the strong acts of protest by the blanket-men did not bring about any reform in the gruesome conditions with the Irish prisoners in the North endure.

The Bobby Sands hunger strike and the ongoing strike of three others in the Maze, have done much to rivet the eyes of the world on Northern Ireland. While the media has given this sad chapter of Irish history a great deal of attention, I wonder, Mr. Speaker, how many Americans fully understand the basis for the prisoners protests in Northern Ireland. We should understand that the term "convicted terrorist" is far from the mark: How can an individual be convicted without a jury trial? Sands had no trial nor have the other prisoners had a fair trial. In the United States, we jealously guard our Anglo-Saxon presumption of innocence principle—preventing any conviction until the defendant is found guilty beyond a reasonable doubt. Yet Sands was carried off to prison under one of the most inequitable systems of martial law in the free world.

How many Americans know that just down the hall from where Bobby Sands was dying for the last 2 months, there are prisoners who are allowed to wear the very civilian clothing that Sands was striking for? These were prisoners who were arrested before 1976—those arrested afterwards were victims of an arbitrary British pronouncement that such prisoners were criminals, and therefore not allowed to wear their own clothing, or abstain from prison work.

And how many Americans are aware that the British are pumping millions

of dollars into an "internal conflict" with over 15,000 troops stationed in Northern Ireland, allegedly to protect British citizens from violence. Unfortunately, there has been more violence in that region of the world since the troops were called in more than a decade ago.

Prime Minister Thatcher and the British Government still have the opportunity to prevent further violence from occurring after the death of Bobby Sands.

The inflexibility of the British Government benefits no one and only further polarizes the parties to this conflict. The eloquent pleas of such respected humanitarians as Archbishop O'Faich and Sean McBride, founder of Amnesty International, have sadly failed to move the uncompromising stance of the British.

But there is still time for an accommodation—before the other three hunger strikers succumb. Mrs. Thatcher and the Government can and should talk to the prisoners, directly or indirectly. They should not allow the prophecy of the prisoners to come true, that "It is not those who can inflict the most suffering that will conquer, but those who endure the most."

The hostility and fatalities in the north will only come to an end when people of good will come together to talk and seek a common ground for settling their differences. Let us hope and pray that that day will come soon.●

SOUTH AFRICA AND THE UNITED NATIONS—PART III

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. McDONALD. Mr. Speaker, in its attacks on South Africa and South-West Africa, the United Nations has violated basic tenets of its own charter. I would like to draw the attention of my colleagues to the summary of these violations contained in the conclusion to Miss Carmel Schulz' article, "South Africa and the United Nations."

The United Nations has contrived to violate three basic tenets of the UN Charter. First, on the basis that the policy of apartheid is a threat to international peace and a crime against humanity, the UN has violated Article 2, paragraph 7, wherein the UN is prohibited from intervening in domestic matters unless intervention is based on the application of enforcement measures under Chapter VII in response to a threat to peace. The UN's claim in 1954 that apartheid policies in South Africa were a threat to the peaceful relations between ethnic groups throughout the world [44] is a bit farfetched. For example, strained relations between black and white South Africans do not necessarily aggravate relations between black and white Americans or between Slavs and White Russians in the Soviet Union. It is largely through the efforts of the UN and its associates that the situation in South Africa has reached the "explosive" stage that the UN spends so much time on.[45]

Intervention on the grounds of human rights would be more acceptable if the UN would do it justly and fairly instead of in the present one-sided, hypocritical manner. At this time the UN is encouraging the violation of some people's human rights in the name of others'. However, the old adage that two wrongs don't make a right still holds true today, and the UN would do much better to try to rectify past wrongs instead of creating new ones.

The second violation of the UN Charter by the UN is its blatant encouragement of the use of force to settle disputes in direct opposition to Article 2, paragraph 3 of the UN Charter and to Chapter VI in which pacific settlement of disputes is urged and suggestions for such settlements proffered. Maintenance of international peace was the major motivating force behind the UN; it is a shame the UN is now promoting the disturbance of peace.[46]

The third violation was the rejection in 1974 of the credentials of the South African delegation in contradiction of Article 9, paragraph 1, which states that "the General Assembly shall consist of all the Members of the United Nations."[47] The UN thereby effectively excluded South Africa from the United Nations while financing delegations from SWAPO and the ANC, both of which have been given observer status. This has increased the UN's biased and close-minded attitude towards South Africa because it now hears even less of South Africa's self-defense, corrections of misrepresentations, and accusations against terrorists; the UN tends to ignore what little it does hear.

Because of its total lack of objectivity, the UN has little prospect of being the means to a peaceful solution. the hope of South Africa lies in the transformation which the South African government is encouraging. Independent homelands give the African tribes the chance to maintain their cultures while developing, with the help of South Africa, a more and more developed nation. These divisions are not dangers to the integrity of the Black South Africans' land because it was Whites who consolidated the various regions and peoples in the area now know as the Republic of South Africa. Black tribes remain fragmented and antagonistic.

The principal challenge facing South Africa is the acknowledgement of the permanence and the assimilation into its society of the Blacks living in and around the cities. Steps have been taken towards the inclusion of Indians and Coloreds, but inclusion of Blacks will take a longer period of adjustment. This does not mean that reform and efforts at reform should not be started immediately. Hopefully, the terrorism supported by the UN and south Africa's neighbor states will not hinder these reforms upon whose success peaceful and evolutionary change depends.

[44] "Yearbook of the United Nations, 1954," op. cit.

[45] Djonovich, Vol. XIII, op. cit., p. 399.

[46] For examples, see the following Resolutions: Res. 3151 (XXVIII), 1973; Res. 2908 (XXVII), 1973; Res. 2923 (XXVII), 1973; Res. 32/105B, 1977; Res. 32/105E, 1977; Res. 31/6J, 1976; Res. 2774 (XXVI), 1971; Res. 2671 (XXV), 1970; and Res. 2627 (XXV), 1970.

[47] U.N. Charter, op. cit., p. 8.

HISTORICAL SYNOPSIS

1945: South Africa joins the United Nations as a founder-member.

1946: At the First Session, the questions of "the Treatment of Indians in South Africa" and "the Future Status of South-West Africa" are raised for the first time.

1952: The "Question of Apartheid" discussed for the first time by the General Assembly.

1953: General Assembly calls on South Africa to place South-West Africa under the United Nations trusteeship system.

1954: The Policy of Apartheid declared a "grave threat to the peaceful relations between ethnic groups in the world." Resolution 820(IX), 14 December.

1955: South Africa withdraws its delegation from the 10th Session of the General Assembly, in protest at the United Nations' interference in its domestic affairs.

1960: South Africa's domestic affairs discussed for the first time by the Security Council.

Declaration on the Granting of Independence to Colonial Countries and Peoples adopted. Resolution 1514(XV), 14 December.

1962: Establishment of the forerunner of the Special Committee Against Apartheid.

1963: Security Council calls for voluntary arms embargo against South Africa.

1965: Establishment of the United Nations Trust Fund for South Africa.

General Assembly declares apartheid a "crime against humanity". Resolution 2074(XX), 17 December.

1966: General Assembly terminates South Africa's "mandate" over South-West Africa. Resolution 2145 (XXI), 27 October.

1967: Council for Namibia established.

1973: General Assembly adopts the International Convention on the Suppression and Punishment of the Crime of Apartheid.

Beginning of the International Decade for the Elimination of Racial Discrimination.

1974: Suspension of South Africa from the General Assembly due to the rejection of South Africa's delegation's credentials.

1976: Security Council demands that South Africa accept one-man, one-vote elections in South-West Africa under UN supervision.

1977: Security Council adopts a mandatory arms embargo against South Africa. Resolution 418.

1978: South Africa announces its acceptance of the Western proposal for the independence of South-West Africa.

Security Council endorses the Western Plan for South-West Africa/Namibia's independence. Resolution 435.

International Year Against Apartheid.

1979: International Mobilization Against Apartheid.

1980: Security Council warns South Africa of dire consequences if retaliatory attacks, "aggression", continues. Resolution 466, 11 April.

1981: Conference on Namibia/South-West Africa in Geneva.●

THE WOMEN'S ECONOMIC EQUITY ACT

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FRANK. Mr. Speaker, I am pleased to cosponsor one of the most significant and far-reaching bills we will consider this session—H.R. 3117, the Women's Economic Equity Act.

Fairness and equity in the economic arena have remained elusive for too many women in our society. This bill goes a long way toward eradicating that problem. While each of the bill's seven titles makes a significant contribution, I would like to point out what I believe to be several highlights of this legislation for the consideration of my colleagues.

Title II makes important reforms in the area of day care. It would modify tax credits to create a sliding scale tax credit based on need, make the credit refundable, raise the maximum allowable expenses, and extend applicability of the credit. Mr. Speaker, this issue is really very simple. If we are to encourage employment and discourage dependency on the Government, a goal we all share regardless of party affiliation, we must allow those who have a responsibility to children or to a disabled person to have day care which is affordable.

A portion of title I would extend the targeted job tax credit program for another 5 years and add displaced homemakers to the list of eligible hirees. I strongly support the overall program; it has encouraged employers to hire persons who otherwise might never find employment. Displaced homemakers, women who only wish a chance to prove their ability, should be added to those eligible under this program.

In addition, I strongly support the provisions of title I dealing with individual retirement accounts and pension reform.

Mr. Speaker, I do not wish to imply that my support is less enthusiastic for other provisions of this very fine legislation. But I did want to point out some of the areas which I believe to be of particular importance. I urge my colleagues to support this very significant bill.●

THE CIGARETTE SAFETY ACT

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. MOAKLEY. Mr. Speaker, the all too familiar story of a cigarette resulting in a fire that takes human lives has reoccurred three times in 2 weeks across the country.

On April 24, in Willows, Calif. a fire in a hotel ignited by a cigarette resulted in the death of a young mother and her children, aged 2, 3, and 5 years, and critically injured another person. The fire caused $500,000 in damages.

On April 26 in Lawrence, Mass., a cigarette was ruled the apparent cause of a hotel fire that killed a 60-year-old handicapped woman, seriously injured another woman and resulted in damages of an estimated $200,000.

Then on April 30, a fire in a Houston, Tex. home which was also apparently started by a cigarette, killed a couple and their four children, aged 9 years and younger.

Mr. Speaker, I ask my colleagues how many tragedies must we endure before the Congress will address the problems of cigarette-related fires which take 2,300 lives and cause $210 million in economic losses every year?

I have introduced legislation which seeks to insure that cigarettes have a minimum capacity for igniting smoldering upholstered furniture and mattress fires. My bill mandates the Consumer Product Safety Commission to develop a performance standard that will help reduce the potential of cigarette-related fires from occurring based on objective research and studies.

Support for the Cigarette Safety Act—H.R. 1854—comes from across the country and includes groups and individuals who work with the destruction of life and property caused by smoking related fires.

I would like to share with my colleagues the texts of these endorsements:

AMERICAN BURN ASSOCIATION,
March 10, 1981.

Hon. JOHN JOSEPH MOAKLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE MOAKLEY: It is my pleasure to reconfirm the endorsement by the American Burn Association (ABA) of legislation to reduce the burn hazard represented by dropped cigarettes, specifically the Cigarette Safety Act of 1981 (H.R. 1854).

Every burn care professional who belongs to the ABA has treated patients who have suffered severe injuries resulting from this hazard, which is one of the major causes of residential fire death and injury. We are encouraged by the awarding of a number of patents that address this problem and optimistic that a solution is possible. We feel your legislation appropriately calls for the development of a performance standard regarding the problem, and we support the practical approach you have added to the legislation this year—to terminate any standard proceeding should research determine that a standard is not feasible for either technologic or economic reasons.

Sincerely,
CHARLES E. HARTFORD, M.D.,
President.

INTERNATIONAL ASSOCIATION OF FIRE CHIEFS,
Washington, D.C., March 9, 1981.

Hon. JOHN JOSEPH MOAKLEY,
House of Representatives,
Washington, D.C.

DEAR MR. MOAKLEY: On behalf of Chief Jack Lee, President, the officers and members of the International Association of Fire Chiefs, I wish to express our appreciation of your introduction of "The Cigarette Safety Act", HR 1854.

The members of the IAFC, those officials responsible for managing and administrating fire prevention and control, know first hand the threat to life and property represented by the smoldering furniture fire. We also recognize that the carelessness and misuse of cigarettes and other smoking materials, is the leading cause of fire in the United States.

The IAFC again pledges to support and assist your efforts in reducing the damage due to smoking related fires.

Sincerely.

DONALD D. FLINN,
General Manager.

NATIONAL FIRE PROTECTION ASSOCIATION,
Boston, Mass., March 9, 1981.

Hon. JOSEPH MOAKLEY,
House of Representatives,
Washington, D.C.

DEAR MR. MOAKLEY: I have received your letter of February 18, 1981 on the Cigarette Safety Act. Cigarettes are far in the lead as the source of heat in fatal fires: one-third of Americans killed by fire lose their lives in fires started by cigarettes. This is a fact well-documentd by statistical evidence from the National Fire Protection Association (NFPA), the United States Fire Administration, and the Johns Hopkins University.

In view of the gravity of the problem, established by the fire record, the National Fire Protection Association is greatly concerned to improve the fire safety of cigarettes. We have supported the recent campaign of the American Burn Association for safer cigarettes. In addition, two recent statistical studies published by NFPA (enclosed) report the facts on fatal fires ignited by cigarettes and call strongly for action to develop safer cigarettes:

"Fatal Fires in America", Fire Journal, Sept. 1979

"1979 Multiple-Death Fires in the United States," Fire Journal, July 1980

Congressional consideration of cigarette fire safety provides a key focus—an opportunity for fire protection professionals and other concerned organizations and individuals to make their views known and to influence the issue. Hopefully, this opportunity will foster a consensus that will achieve the objective of cigarettes with a greatly lowered propensity to ignite fires, particularly in upholstered furniture and bedding. When this goal is attained, the most common fatal fire ignitions will be largely prevented, and the savings in lives will be prompt and dramatic.

When hearings are held on the proposed Act, the NFPA wishes to submit testimony supporting enhanced cigarette fire safety. As stated in your letter, please keep us up-to-date on the hearing schedule and other progress. Dr. Louis Derry, Director of NFPA's Fire Analysis Division, will be coordinating the preparation of testimony.

Thank you for the opportunity to express NFPA's position on this key issue.

Sincerely,

ROBERT W. GRANT,
President.

THE BUSINESS AND INSTITUTIONAL FURNITURE MANUFACTURER'S ASSOCIATION,
Grand Rapids, Mich., March 2, 1981.

Subject: H.R. 1854 "Cigarette Safety Act."

Hon. JOSEPH MOAKLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MOAKLEY: Our Association would like to take this opportunity to express strong support for the bill that you introduced on February 17, 1981 which would require persons who manufacture cigarettes or little cigars to meet Burning-Time Standards designated by the Consumer Product Safety Commission.

In 1978 BIFMA published a Voluntary Upholstered Furniture Flammability Standard for business and institutional markets which was the result of several years work by our Flammability Standards Subcommittee and based on an in-depth factfinding report conducted by Underwriters Laboratory. The BIFMA Standard is dependent upon cigarette ignition, which is the only current test procedure that can be directly related to actual furniture ignition hazard, as discussed by Underwriters Laboratories, Inc. in their Fact-Finding Report dated June 20, 1977. In addition to ourselves, cigarette ignition testing is done by the National Bureau of Standards and the home furniture industry to test for upholstered furniture ignition hazards.

The very fact that the cigarette has been clearly identified as the cause for a great percentage of the fire related injuries and deaths of this country, it should be clear to all considering this matter, that flammability safety standards for upholstered furniture should be written by the cigarette industry and not the furniture industry.

When our Standard was written we included in the introduction a statement that read as follows: "In addition to this First Generation Standard, BIFMA supports further research which would require the cigarette industry to manufacture cigarettes that would self extinguish in a reasonable length of time when left unattended." Although our Association spent several years and many dollars developing our Upholstered Furniture Flammability Standard, and although the method of test for cigarette ignition resistance within the Standard is dependent upon a continuously burning cigarette for an ignition source, we assure you that when this legislation becomes law, we will be happy to retire our Voluntary Upholstered Furniture Flammability Standard due to lack of interest or need.

Sincerely yours,

STEPHEN D. CHANNER,
Executive Director.

CALIFORNIA FURNITURE MANUFACTURERS ASSOCIATION,
Los Angeles, Calif., March 16, 1981.

Hon. JOHN JOSEPH MOAKLEY,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MOAKLEY: The member companies of this association, over four hundred (400) California Furniture Manufacturers and their Suppliers, join in congratulating you upon the introduction of H.R. 1854 and in supporting your continuing efforts to reduce the major cause of domestic fires in the United States . . . the smoldering cigarette.

As you know, our industry has attempted for many years to cope with the problem that many of the filling materials used in upholstered furniture ignite when exposed to burning cigarettes for a sufficiently long time. We have made some progress in making furniture safer but the simple fact is that existing technology and the need to keep in mind the economic impact on consumers have mitigated against a truly safe product. Simply stated, the problem is that we are attacking the fuel rather than the source of ignition. The results of this effort in terms of fire safety and cost (i.e. the prices consumers pay for upholstery) have failed to truly satisfy anyone.

We wish you every success with H.R. 1854 and assure you that you may count upon our continuing support.

Sincerely,

LEE HAHN.

DECORATIVE FABRICS ASSOCIATION, INC.,
March 25, 1981.

Re H.R. 1854.

Hon. JOSEPH MOAKLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MOAKLEY: Thank you for forwarding a copy of H.R. 1854, "The Cigarette Safety Act," introduced in February 1981. On behalf of the Decorative Fabrics Association, I want to commend you for your continued concern and recognition that the number one source of residential fire fatalities and injuries—the cigarette—must be regulated. DFA offers you its complete support and cooperation in your efforts to enact this bill.

As you know, we have been involved in the Consumer Product Safety Commission proceeding on upholstered furniture flammability since 1972 when the Department of Commerce (which at that time had jurisdiction over the Flammable Fabrics Act) published a Federal Register notice that a flammability standard for upholstered furniture may be needed. The CPSC drafted a proposed standard which we strongly believe would not be effective in reducing fires because it is not technologically practical or feasible. DFA has supported the industry's voluntary program to reduce furniture flammability. DFA has also supported the industry upholstered furniture flammability research associate at the National Bureau of Standards. DFA has done all this in spite of the fact that its product is not responsible for any fires. The perceived inability of the government to regulate cigarettes as an ignition source is responsible for the CPSC proceeding on upholstered furniture.

DFA deplores the deaths, injuries, and property loss resulting from upholstered furniture fires. We believe that H.R. 1854, the Cigarette Safety Act, would provide the proper vehicle to address the problem of upholstered furniture fires as well as the broad range of fires involving smoking materials. Again, we laud your endeavor to enact this legislation which would in fact lead to the reduction of fire fatalities and injuries.

Please contact us if we may assist your efforts.

Sincerely,

STEPHEN L. TATE,
President.

CALIFORNIA FIRE CHIEFS ASSOCIATION,
Sacramento, Calif., April 16, 1981.

Re HR 1854.

Hon. JOHN JOSEPH MOAKLEY,
U.S. Congressman,
Washington, D.C.

DEAR CONGRESSMAN MOAKLEY: The California Fire Chiefs Association was pleased to learn that you have reintroduced the Cigarette Safety Act for the Ninety-Seventh Congress.

As you will recall we were in full support of this program when you first introduced it and we would appreciate it if you would add our Association to your list of supporters for HR 1854.

We in the Fire Service of California are well aware of the statistics provided by the U.S. Fire Administration relating to the destruction caused by the smoldering cigarette and are pleased that you are continuing in your effort to do something about it.

Once again, we wish to extend to you our full support and to offer you any assistance we might provide towards the successful passage of H.R. 1854.

Sincerely,

MICHAEL TURNICK,
President.

AMERICAN SOCIETY OF INTERIOR DESIGNERS,
April 14, 1981.

Hon. JOSEPH MOAKLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MOAKLEY: On behalf of the American Society of Interior Designers (ASID) I am pleased to acknowledge our support of H.R. 1854, "The Cigarette Safety Act".

ASID is the nation's largest professional association of interior designers with more than 16,000 members throughout the country. As such, it maintains a leadership role in amplifying the views of the interior designer on legislative matters impacting the design community. "The Cigarette Safety Act" is therefore of great concern and interest.

ASID enthusiastically supports the efforts by your office to enact legislation geared toward regulating the number one source of residential fire fatalities.

If we may be of assistance in assuring the success of this bill, please feel free to contact me.

Respectfully submitted.

JACK LOWERY,
ASID President.●

"THE DEATH OF BOBBY SANDS"

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FISH. Mr. Speaker, I feel a deep sadness over the death of Bobby Sands, a young man who believed so deeply in his convictions that he was willing to die for them. At the same time, I have a deep compassion for all

of the people of Northern Ireland. They have suffered so much with the deaths of innocent victims and the loss of so many loved ones.

Our prayers are that the death of Mr. Sands will not inflame and perpetuate the strife and unrest that Northern Ireland has known for so long. Our hope is that wisdom and constructive thought will prevail. By all means, the quest for peace and justice in Northern Ireland must not be sidetracked by a new wave of hostilities and continued intransigence. Let Bobby Sands' death serve as a rejection of the voices of extremism and a time to listen to the voices of compromise and forgiveness.

Finally, the death of Mr. Sands, as tragic as it is, must not deter British Prime Minister Thatcher and Irish Prime Minister Haughey from continuing their exploratory talks on the future of Ulster. The talks between these two governments has been one of the most encouraging signs in recent years and they seem to hold great potential for progress.●

EVANS CALLS FOR CONTINUED SUPPORT OF THE ARTS

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. EVANS of Delaware. Mr. Speaker, I would like to share with my colleagues testimony I presented to the Interior Subcommittee of the House Appropriations Committee during hearings on the fiscal year 1982 appropriations for the National Endowment for the Arts. The condition of the arts in our Nation is strong, and I believe this is due in large part to the effective support of the arts by the Endowment. My testimony details why we must continue our firm commitment to the National Endowment for the Arts in the coming years.

TESTIMONY IN SUPPORT OF APPROPRIATION FOR THE ARTS

Mr. Chairman and Members of the Committee: thank you for giving me the opportunity to present my views about the arts and their importance to our country.

At the outset, let me state unequivocally that I support President Reagan's comprehensive economic program. The program has four components and all are important, but one is absolutely essential: the need to exercise some degree of fiscal restraint. We have been on a government joyride goaded on by the people who were more than willing to let government do just about everything for them, and ultimately to them.

It was a long and gaudy night on the town! Now, in the cool gray light of the morning after, we are faced with the need to count the cost, pay our bills, and get our fiscal practices back in line for it has been a free-wheeling, free-spending government that has been the major contributor to inflation and the human suffering that it brings. We do need a radical departure from the past which calls for more than just a few aspirins. Fiscal restraint is an absolute necessity.

I have no quarrel whatsoever with the President's plan to pull in our belts and cut back government expenditures in a reasonably prudent way. I have been preaching that gospel for some time, and I didn't have to be born again to become a believer. I always was!

I also subscribe to the idea that such cuts as are necessary should be spread around the vast panoply of government agencies. They will share in the night on the town . . . all should share equitably in paying the bill, in assuming responsibility for fiscal restraint.

However, I believe that the Office of Management and Budget has made a glaring error in nominating the National Endowment for the Arts to carry a much larger proportionate share than almost all other government agencies, bureaus or departments. The original arts endowment budget was $175 million, itself a relatively modest sum for almost any operation in this town. Now, however, like the budget for the humanities endowment, that modest budget has been cut almost exactly in half, from $175 to $88 million. Cuts in the Endowment on that scale are much too much, and much too fast. Such precipitous cuts are counterproductive in achieving the President's program to revitalize the American economy and foster hope here at home and renewed respect around the world.

There is no question that government financial support of the arts can be fruitful in many ways, including some not even thought of at the start. That, of course, has been the universal experience of human societies since well before civilization as we know it began. Most of the great artists of the past, whose work has enriched the human scene for centuries, received part or all of their support from their governments. Michelangelo passed his entire professional life, a very long one, on the payroll of either Florence or Rome, while Leonardo Da Vinci moved from the employ of the government to Milan to that of France. The great Greek playwrights, artists who gave us the very idea of tragedy and comedy, had their plays produced by government funds in theatres built and maintained by government as a vital service in the world's first democracy. Handel worked for the government of England, Mozart for Austria and Bohemia. Opera came into being because of government support in Florence, while all ballet theatre, including our own, is in the permanent debt of the Russian Government—not just the present Russian Government, which has sent us a brilliant series of dancers and choreographers by making life at home impossible for them—but the previous Russian Government even more so, because is supported the systems of dance that still prevail in classical ballet, and by derivation, modern dance.

Since the dawn of civilization, men and women have taken it for granted that the arts are of value—indeed, are a very positive force—in any society, but that they cannot fully support themselves in a free market, and that, in general, the slack should be taken up by the government of a people for whose benefit the arts ultimately exist. All this has been taken for granted by all human societies, except our own. Only very late in the day did we come to support by government expenditure the rich and rewarding arts of America. Outside of the New Deal's strictly emergency measures, we came to do so only with the establishment of the National Endowment for the Arts, the financing of which is now under consideration by this Subcommittee.

Interestingly enough, there was one other instance of the American Government's support of the arts between the New Deal and the establishment of the Endowment for the Arts. That happened—and this is not widely known—during the life-giving years of the Marshall Plan, the European Recovery Program, in West Germany. That country, after the catastrophe of Hitler and his war, was pulling itself together again, with the help and guidance of the United States. A substantial part of the German recovery funding went to the arts, by agreement of both sides. Arts were the fastest way to remind that almost self-destroyed people that there had been a humanly respectable, indeed brilliant, German heritage before Hitler: the Germany of Bach, Beethoven and Brahms, Goethe and Schiller, Martin Luther and Albrecht Dürer.

So now we must not minimize the role the arts can play, are playing, in maintaining and restoring American morale and the great American spirit which has made our nation the greatest in the history of the world.

Speaking of history, as Lincoln Kirstein put it, the support of art and artists cultivates "the only memorable residue that marks and outlives our epoch." The arts are truly the history of a country.

We must also look at the benefits which have accrued to communities in every part of the country because of the arts. We should examine the cost-benefit ratio. When we do, we find, invariably, that the arts result in economic development and contribute in a major way to the revitalization of our cities. For every dollar expended on support for the arts, it is conservatively estimated that four or five dollars are returned to the community. Thus, financial assistance to the arts is not a bottomless pit, irrelevant to overall national and community needs. The arts create a permanence in a community which helps initiate economic development and opportunity, leading to the increase of jobs available. This, of course, is a major component of the President's program. We can and we must provide opportunity for all Americans and, believe me, the arts are central, not peripheral, to that effort.

Critics argue that such cuts in appropriation for the arts are justified in the likelihood that financial support for the arts can and will be taken up by private corporations, private foundations, and individuals in the communities concerned. It is suggested that a long-established system of tax exemptions encourages such support from the private sector. All this is true, but it must be borne in mind that since the endowment became a presence on the national arts scene, there has been a vital financial cooperation between federal assistance and grants from other sources, usually private or corporate. The truth is that corporate and foundation support for the arts has risen enormously since the arrival of the federally financed endowment on the scene. The reason that private support has risen is the use by the endowment of the "Challenge Grant," whereby the institution engaged in mounting an exhibition or dance program has been challenged by the endowment to raise matching money from other sources, typically at the rate of two dollars of such money for every dollar of endowment money. The plan to increase private

support is not a new idea. It is an idea the endowment itself originated and has been carrying out vigorously throughout the past half-dozen years.

I, too, favor increasing private support of the arts. But, we cannot expect this transfer to occur within the next five months without serious detriment to the arts programs in our country. I am convinced it would be counterproductive to slash government support so drastically. Such a precipitous drop would damage seriously the structure that has been so painstakingly built up over the years.

As we all know, the great exception to the Administration's budget cutting is the Department of Defense, on the very solid ground that if the nation is not adequately defended against external threats, it hardly matters if our budget is cut or not, balanced or not.

But we face an internal threat as well. I am not referring to domestic Communism, but to domestic lethargy, domestic loss of spirit. Here again, the arts make a unique contribution. If we concentrate our attention, as individuals or as a nation, solely on the material things of life, we have, in the end, nothing. Miguel De Cervantes, the giant of Spanish literature, once wrote about a long-vanished civilization. He summed up its fate as follows: "There were no poets and so the city died."

I should like to propose the National Endowment for the Arts as another exemption from the rule, not on anything like the scale of the military establishment, needless to say, and not on a total basis. Let us agree, for the sake of discussion, that the endowment can be cut as drastically as has been proposed, and that the slack will probably be taken up by funds from other sources. If this slack is taken up it will assuredly not be done instantly. Corporate donors will not be standing in line at the accounting offices of museums and orchestras, waiting to hear how much is needed. On the contrary, such donors have to be discreetly courted—that, after all, is a great part of the job description of a trustee of any non-profit institution. And discretion, in fiscal courting as in any other kind, is a matter of making haste slowly.

All that being true, I urge members of the Subcommittee to consider cutting the Endowment's rather small budget on the installment plan. Just as the envisioned emergence of increased corporate and foundation support for the arts will most assuredly be phased in, so should the desired cuts in the Endowment's budgets be phased out. If it is desired by the Administration to cut that budget by 50 percent, knowing it is down $87 million from the previously approved figure, all right, these are tough times and every agency should do its part. But prudence remains a prime virtue. The trouble with an instant cut of the magnitude proposed is the damage, perhaps irreparable, it would instantly do to the network of professional relationships within arts institutions and among arts institutions all over America. What could happen would be the mirror opposite of the building up of all those arts centers almost 50 years ago. Their decay and dwindling and destruction would begin. And that would be an incalculable loss to this country.

On the installment plan, on the other hand, that 50 percent cut—much larger from a such smaller budget than most of the government agencies are being asked to take—that 50 percent could by phased in over three years. If the total is $87 million, in round numbers that comes to $29 million to be cut each of three years. And a cut of that size the Endowment and the American cultural institutions that now depend on the Endowment can handle. Phased in over my suggested three-year period in annual cuts of $29 million, the 50 percent cut could be contained in its effects on the artistic structure of the nation. Those other sources that the theory of the budget cut count on, could be phased in and pretty much be in place by the time the final cut brought the Endowment's budget down to the level now mandated by Mr. Stockman.

Surely this is the prudent way to go about this reduction. The Endowment for the Arts has been responsible for a wonderful flourishing of American arts and just as important as their availability to the American people. Endowment sponsored programs have enhanced life in many, many American communities, certainly in Chicago, in Tacoma, Scranton and Canton, Portland, Johnstown, in extraordinary ways both Baltimore and San Antonio, as well as the state I happen to be the entire delegation of—Delaware.

Our country is much richer because of the Endowment. In different but scarcely less important ways, we need the arts almost as much as we need art in the times we live in. The achievements of the Endowment must be preserved, even if we decided that the Endowment's budget must be cut back to help meet the all-too-genuine economic crisis that confronts us.

The step-at-a-time approach will allow for a basic change in the support system for the arts in America, but allow that change to take place without chaotic disruption of what has been an orderly, productive growth.

Mr. Chairman and Members, I thank you again for this opportunity to speak to the question before you. I wish I could leave you as Leontyne Price did, with a song, but I fear if I did so, I'd empty the room. Instead let me leave you with a single word—prudence.●

TRIBUTE TO MR. THOMAS J. MURRIN AND THE QUALITY IMPROVEMENTS OF WESTINGHOUSE ELECTRIC CORP.

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. WALGREN. Mr. Speaker, as chairman of the Subcommittee on Science, Research, and Technology I have become more involved in an issue that will dramatically affect our Nation's domestic economy and international competitive standing. That issue is productivity.

I would like to take this opportunity to give special recognition to Mr. Thomas Murrin and the work he has done as an employee of Westinghouse Electric Corp.

At a time when our economy is facing serious problems, and the overall productivity of our Nation's private business sector has declined for 3 consecutive years, the Westinghouse Electric Corp. is an example of substantial accomplishment in the area of productivity improvement.

On April 27, Thomas J. Murrin, president of Westinghouse Electric Corp.'s Public Systems Co., received the American Productivity Center's productivity Leadership Award.

The honor is the Nation's highest recognized award for productivity leadership. In announcing Mr. Murrin's award, the center cited his personal commitment to raising productivity in Westinghouse and in promoting productivity improvement in the private and government sectors.

Westinghouse's comprehensive productivity improvement programs include the use of a multimillion dollar seed fund to finance innovative productivity ideas; the formation of more than 600 quality circles which involve plant workers in productivity and quality improvement; the implementation of new technology in both the factory and the office; and the extensive use of videotape communications to create an understanding of the importance of productivity improvement with all levels of employees. Westinghouse has also sponsored trade union and management trips to Japan to visit industry and labor groups in that highly productive country.

This long-range productivity improvement program should help enable the Westinghouse Electric Corp. to compete effectively with its foreign competition in the years ahead. It is this kind of corporate thinking that will provide job security for thousands of employees and strength for our Nation's economy.

If this kind of corporate effort had been made by more companies some years ago, the health of many industries and the Nation's economy would be in much better condition today.●

THE TWISTED PRIORITIES OF THE REAGAN/LATTA/GRAMM BUDGET

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. CONYERS. Mr. Speaker, the Reagan administration has defined truly needy as those who will not survive or might starve without assistance. Twenty-five million Americans fall below the official poverty line, and 60 percent of them receive no aid or only a school lunch for children. This is the definition that is at the foundation of the Gramm/Latta budget proposal. Under this definition, many of the 25 million Americans will not be considered truly needy.

Many programs have been developed to help poor people, such as food stamps, legal services, CETA, and so forth. The programs that Gramm/

Latta and, by extension, the President would exempt from budget cuts are budgeted for approximately $220 billion. Gramm/Latta does not reflect an understanding of the fact that the largest safety net programs benefit many nonpoor people, while programs for poor, young, and dependent families are being cut. The safety net programs that the Gramm/Latta budget provides for consist of the following:

1. $150 billion to social security recipients, one third of whom have incomes above the poverty line;
2. $46 billion to elderly in the Medicare program, 86 percent of whom have incomes above the poverty line (some over $30,000 per year);
3. $13.6 billion to veterans and survivors, 91.5 percent of whom have incomes above the poverty line;
4. $8 billion in supplemental security income for the aged and disabled destitute;
5. $4.1 billion to Head Start, school lunch, and summer jobs programs.

These programs are needed, but they do not address the truly needy of this Nation.

My impression is that the American people are simply not aware of the nature of the beast that the Gramm/Latta budget will unleash on this country. We should make very clear to the people of the Nation just what cuts are being planned by the administration. Lets consider some of them.

AFDC is an $8 billion program. Gramm/Latta calls for cuts that will require that one-sixth of the recipients in the program be dropped. Stepparents will be made economically responsible for children. Gramm/Latta is proposing a $1 billion cut in the program.

The Gramm/Latta budget would significantly undermine the food stamp program. Despite providing only 99 cents per day per person in the State of Michigan, this program has reduced starvation in the State. I think the same can be said about the rest of the Nation. We should also remember that money provided for food stamps turns over about six times in our economy. The impact will be devastating.

The Gramm/Latta budget would significantly cut the WIC program. This is the women, infants, and children program which provides additional nutrition to pregnant mothers and young children on a doctor's prescription. This program has reduced birth defects and given us healthier children.

Under the proposed budget cuts in the school lunch and breakfast program, more than 200,000 Michigan children will be forced out of the program. School meals will be increased in cost by more than 60 cents. Summer lunches will be eliminated in 1982. The people of Michigan, and I strongly believe of this Nation, did not vote for this type of action by this Congress and President. We are not doing what the American people want. We are doing what some of us think they want.

A recent poll has indicated that once the American people are informed about the nature of the cuts that are being proposed by the President, they no longer support his program. We have yet to inform the American people of the cuts that the Gramm/Latta amendment includes.

The cuts that are being proposed in the area of education will have a devastating impact on my State. Consider this if you will. Under Gramm/Latta many education programs will be consolidated and cut by more than 20 percent. Programs that are being affected are aimed, with good reason, at specific groups. It has been shown that these groups need the attention of the Federal Government. The States have simply not shown a willingness to deal with the educational problems of the disadvantaged and handicapped. Under the Latta/Gramm budget, the number of students in the State of Michigan receiving higher education grants and loans will drop by 45,000. How can we possibly build for the future if we are not interested in investing in the education of our children?

The Gramm/Latta budget will have significantly negative effects on transportation in the city of Detroit. In fact, Detroit bus service will probably be reduced from its present schedule to one of 6 a.m. to 7 p.m. The service will be eliminated for all other hours. Under the Gamm/Latta proposal, 16,000 CETA workers will be laid off by 1982, including workers in the Meals on Wheels progam which presently serves some 1,500 elderly and disabled persons. In Detroit, more than 4,000 persons are on the waiting list for CETA positions. What will be done with the people. There is no provision in the Gramm/Latta budget proposal to deal with these individuals.

We can go on and on with the many proven programs that will be reduced or eliminated by the proposals contained in the Gramm/Latta budget. We have adequately discussed the implications of the types of reduction that are a part of the President's economic recovery plan. Let me just outline for you some of the additional reductions that will take place in the State of Michigan, the city of Detroit, and in the Nation. Unemployment compensation will be significantly reduced. Benefits under the trade adjustment assistance program will be reduced. This will hurt some 200,000 Michigan workers. Basic program assistance that the people of this Nation need in important areas will be undermined by the Gramm/Latta proposal. Legal services for the disadvantaged will receive no money under this budget proposal. How can a nation call itself a democracy when it refuses to provide funding for the legal needs of its citizens that cannot afford it themselves? Medicaid will suffer more than a $100 million cut and have a cap placed on yearly increases in the program. This will be done despite a yearly increase of 19 percent in medical costs. In effect, fewer people will be served, and the benefits will be reduced. One can go on and on with the many ways that this budget will work against the American people, especially those that live in the major urban centers. Rent subsidies to the poor will be reduced and recipients will have to pay a higher percentage of their income for housing. FHA lending will be sharply reduced. Section 8 subsidies will be sharply reduced and possibly eliminated. All of this will take place under the provisions of the Gramm/Latta budget. We should make it very clear to the American people that subsidies to help low-income families pay their fuel bills will be cut by some 25 percent, and subsidies for weatherization by 50 percent. This will take place while the President's decontrol of energy will double or triple fuel costs. Alcohol and drug abuse programs will be sharply cut back, as will funding for disadvantaged students—there will be a cut of some 30 percent affecting about 300,000 persons. In the State of Michigan alone, approximately 8,400 persons will be dropped from the vocational rehabilitation program and 1,300 fewer handicapped persons will be placed in jobs.

I personally have not heard of anything that would justify the kinds of reductions that I have outlined. I can only conclude that the proponents of Gramm/Latta are willing to engineer the most significant transfer of wealth from one class of Americans to another that has taken place in recent history. It is my obligation to oppose this budget proposal. It is not in the best interest of the Nation and all its people.●

DEATH OF BOBBY SANDS

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. ROE. Mr. Speaker, I rise today to join my colleagues in mourning the death of Bobby Sands. It is my hope his passing will send a loud and clear message to the British Government that the tragedy in human rights perpetrated in Northern Ireland must come to an end.

I pray that Bobby Sands' death will serve as the impetus toward a peaceful internal solution to end the violence that has already taken more than 2,000 Irish lives in that strife-torn nation.

Prior to Bobby Sands' tragic demise I sent a telegram to British Prime Minister Margaret Thatcher urging her to save his life by immediately granting him and other Irish Republican Army (IRA) captives political prisoner status.

To myself it was unconscionable that the British Government would accept the election of Sands as a Member of Parliament and then turn its back on his plea for justice on behalf of the people he represents.

Bobby Sands' death has already resulted in more violence and destruction in Northern Ireland. I would hope that the British authorities will finally realize that the free will of the Irish people will never be thwarted by their repressive tactics and there will never be the need for brave men like Bobby Sands to lay down their lives in the name of freedom.●

ECONOMIC IMPACT OF REAGAN BUDGET ON NEW ORLEANS

HON. LINDY (MRS. HALE) BOGGS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mrs. BOGGS. Mr. Speaker, Mayor Ernest N. Morial of New Orleans asked his staff to analyze the impact of the President's proposed budget on the city of New Orleans and he has summarized the findings in a report to the New Orleans City Council.

The mayor reports that the city government would lose approximately $130 million in Federal funds over a 3-year period if the Reagan administration's budget is enacted as proposed. The particular projects and programs threatened, he points out, could have a drastic impact on the city's operating budget, its capital budget and on its provision of services to citizens. Based on assessment of the present local revenue picture, he concludes that the city has no funds whatsoever that could be substituted for the lost Federal moneys. The city has already been engaged in cutbacks of manpower and services over the past 2 years and is not in a position to absorb such a loss of funding.

Because I feel that Mayor Morial's statement should prove useful to my colleagues in their study of projected impacts of the Reagan administration budget proposals, I ask unanimous consent that the text of Mayor Morial's statement to the New Orleans City Council be included in the RECORD.

The text fellows:

REPORT TO THE CITY COUNCIL

Mr. President and members of the Council, I thank you for taking this time so that we can report to you on the potentially critical financial situation that we may find ourselves in as a result of the President's proposed budget reduction.

When President Reagan outlined his proposals to the Congress and the public in mid-February. I was quoted in Time magazine as predicting that the proposals, if enacted by Congress, would have a disastrous impact on the cities of our country. Although some may have considered that a harsh analysis, further, detailed studies of the proposals have proved that our initial reaction was very accurate.

The Office of Federal Programs, directed by John Hammond, has closely studied the Reagan Administration proposals. They have surveyed all of our existing programs and projects, all of the projects that are in planning stages and all of our grant applications. They have looked at every department in City government and a number of outside, independent agencies that receive federal funds.

Gentlemen, the potential impact to our city is staggering. Thus far we have documented nearly $130 million in federal funds that are endangered over the next three years. By "endangered" we mean that the President has proposed to Congress that the budgets of the federal program in question be either completely eliminated, significantly reduced or redirected to other uses.

I believe that there is overwhelming support for the goals of President Reagan's economic program of reducing inflation, balancing the federal budget, accelerating real economic growth and slowing the growth of the federal bureaucracy.

The City's budget is victimized by inflation just as every individual is. In fact last year while consumer prices increased at a rate of 12.4 percent, we encountered a 15 percent inflation rate in the goods and services that the City must pay for. Thus, as administrators of the City's finances we are very concerned about the impact of inflation.

However, we have found in our analysis of the President's proposals that they would have a far more devastating impact on City finances and City services than any natural economic force that we have ever encountered.

We have examined all of our existing programs that receive federal funds, all projects that are underway, all applications that have been submitted that we could reasonably expect to be funded and all projects that are in planning for which time and funds have been expended in anticipation of the receipt of federal funds.

And I remind you that we are dealing strictly with the federal budget revision proposals as they have been released by the White House and the impact that they would have in our city if the proposals are adopted by Congress without modification.

In capital funds to the City, approximately $70 million of potential federal aid is endangered by the proposals over the next three years. In funds for the City's operating budget, approximately $20 million over the next three years is endangered. Some of these cuts are in entitlement funds and some in discretionary funds.

I would like to summarize some of the major program areas that we have analyzed.

In the area of economic development, which has been a high priority for all of us, the City stands to lose approximately $31 million in grants and $24 million in loans and loan guarantees over the next three years, based on programs and projects that are underway or are in the planning stages by the City or other agencies.

The Reagan proposals would eliminate funding sources that could help finance public improvements on the Lafayette Mall, Canal Street and St. Charles Avenue proposed by the City and the Downtown Development District.

Additionally, the proposed elimination of the Economic Development Administration could significantly impair our industrial development plans by completely terminating some sources of funding for infrastructure improvements in the Alomonaster-Michoud Industrial District and by eliminating programs under which we have applications pending for the Dwyer Road Extension and the Desire Industrial Park.

Also, for 1982, the President proposes to cut funding for the UDAG program by 85 percent and consolidate it into the Community Development Block Grant. This would basically eliminate a program that has brought over $140 million of new private and public investment into New Orleans over the last three years.

Our Neighborhood Commercial Revitalization program in the Freret Street commercial strip and the North Claiborne/St. Bernard commercial area could suffer the loss of millions of dollars due to cuts in funding for HUD, SBA, EDA and Transportation programs. We estimate a possible loss of more than half a million dollars for commercial revitalization loans and approximately $3.3 million for public improvements in the revitalization areas.

Business assistance programs that are vital parts of our economic development efforts could lose more than $11 million per year. These are funds for direct loans, loan guarantees, and other assistance to small and medium sized businesses. There would also be a substantial cut in funds for assistance to minority business enterprises and women business enterprises.

Our manpower development program, which has suffered Congressional cuts almost annually, would be further reduced by $5.7 million per year with the elimination of the CETA Title II-D Public Service Employment Program. We have already been notified by the Department of Labor that funding will be terminated almost immediately for 266 CETA positions in City departments and more than 200 CETA positions in community based organizations.

In the area of transportation, the reduction or elimination of the Federal Aid to Urban Systems program could wipe out approximately 30 percent of our present street construction work. The City receives $3 million per year from this program and its elimination could mean an indefinite delay in our present plans to reconstruct or resurface Canal Boulevard, Washington Avenue, Dwyer Road and St. Anthony Street.

Our transit system, as you know, is heavily dependent upon federal operating subsidies. The phase out of transit operating funds by 1984 could mean the loss of approximately $10 million per year to help cover our annual transit operating deficit. The annual crisis of funding the transit deficit would become a tremendous burden on our local resources.

Reductions in transit capital programs could endanger the Cable Suspended Transit System presently under study. Also threatened could be funding sources for the Transit & Information Referral System, future park and ride facilities and priority accessibility network for which we have grant applications pending.

In the area of recreation, we would stand to lose more than $2 million dollars per year with cuts in a wide variety of programs. The elimination of CETA Title II-D means the

loss of funding for more than 10 percent of NORD's staff. Also, funding could be eliminated for NORD Summer Development Camps and for the Youth Conservation Corps. Programs providing funding for playground and parkland acquisition would be eliminated and the elimination of the Urban Parks and Recreation Recovery program would mean the loss of a very important funding source that has provided us with more than $1.2 million to rehabilitate neighborhood recreation areas, such as Stallings Center, Perry Roehm, and Conrad playground.

In the area of energy, we would lose nearly $800,000 for programs such as the Weatherization program and energy conservation efforts. The elimination of the Alcohol Fuels and Biomass Program of the Department of Energy would terminate the funding possibility for the planned Louisiana Bio-Fuels Alcohol production facility.

For environmental programs, we estimate a loss of nearly $11 million dollars, most of which would provide for expansion of the Westbank Sewage Treatment Plant that serves the citizens of Algiers.

Our low and moderate income homeowners face the loss of $3 million of low interest rehabilitation loans over the next 3 years due to the proposal to eliminate the HUD Section 312 program. Also, a nationwide 30 percent reduction in the number of subsidized housing units built or rehabilitated under the HUD Section 8 program for low and moderate income citizens is proposed.

The proposal to consolidate social service funding into a single block grant program with a 25 percent reduction in total funding may necessitate cuts in a wide variety of social services in New Orleans, some of which are provided by the State, and some by private, non-profit organizations.

Services that could be affected by the cuts could include home delivered meals for the elderly, day care, counseling, foster care, homemaker programs, adoption services, recreation and transportation services for the elderly and handicapped.

These services are provided under Title XX funding by social service agencies such as Associated Catholic Charities, the Easter Seal Society, Dryades YMCA, Girl Scouts, Housing Authority of New Orleans, Orleans Parish School Board, St. Mark's Community Center, Total Community Action and many other agencies that are under contract with the State to provide Title XX services.

Also affected could be services provided by the State Department of Health and Human Resources in New Orleans, services such as residential care, family planning, day care for children of low-income families, foster care adoption assistance, child abuse prevention, services to persons with developmental disabilities and rehabilitation services.

All of these would be rolled into a social services block grant program for the State with a 25 percent cut in funding.

Another proposed block grant program for health services delivery would cut 25 percent of the present funding for home health services, maternal and child health, mental health services, and drug abuse and alcoholism projects.

Also, a proposed preventive Health Services Block Grant program would result in a 25 percent reduction in funds for programs including venereal disease, immunization, rodent control, lead-based paint poisoning prevention, and family planning services.

An additional area proposed for reductions that is of special concern to us here in New Orleans is the cut in the Federal Emergency Management Administration. This would result in reduced disaster assistance available to the city which is especially vulnerable to hurricanes.

If you look through the list of projects and programs that are threatened by the budget cut proposals, you will see that they could have a drastic impact on our operating budget, our capital budget, and the services that are provided to our citizens.

We have heard many statements from Washington about state and local governments picking up a number of these programs and funding them from other sources. Based on present local revenues, we simply have no funds whatsoever that could be used to substitute for the loss of federal funding that has been proposed.

Over the past years, as you well know, we have had to reduce our City manpower level by nearly 14 percent by eliminating nearly 1500 positions. Every department and office of City government has been trimmed and cut back in an effort to save money but we have also tried to maintain previous levels of services.

It is absurd to assume that the City of New Orleans would now have the funds to make up for the loss of these federal programs.

The Reagan Administration wants to delegate more responsibility and control to the states and cities. But the delegation of responsibility must be accompanied by the delegation of resources. In spite of repeated pledges to return revenue resources to the states and cities, no proposals have been put forward in Washington.

Thus, we are faced by the almost immediate and dramatic decline in federal funds to our city in the event that Congress adopts these proposals. While we are already facing reductions and freezes on funds for this fiscal year, the real impact will be felt in our 1982 budget for which planning is already underway.

We are contacting our Congressional delegation in Washington to make them aware of our concerns and the severe impact that such reductions would have in our city if they are approved by Congress. We also are urging others in our community to express their opinions to the Congressional delegation on the potential loss of these projects and services.

In areas where there would be a delegation of program responsibility to the State, such as the proposed block grants for health and human services, we will be contacting the Governor and our legislative delegation to insure that the City will be able to participate in the planning and distribution of those funds.

We will also be working closely with our legislative delegation to find alternative sources to funding for our programs and projects that would be cut. However, we must realize that the State's budget will also be reduced if the reductions are enacted and that local jurisdictions throughout the state will also be pressing for additional State funding to make up for the loss of their federal dollars.

The Council and the Administration must begin working together now to prepare for the possibility of drastic funding cuts. If the reductions are approved by Congress, we will be left with no choice other than the termination of some of our existing programs and a number of projects that are in their initial stages.

Our hope now is that Congress will realize that the sweeping reductions that have been proposed would cause havoc with State and local budgets. There is no way that we can absorb such enormous, immediate cuts in our funding from federal programs. We ask for your support and the support of other local officials, the Governor, the Congressional Delegation, and our citizens to insure that the eventual program changes do not dismantle projects and services that are vital to our city's future and the needs of our citizens.●

THE DEATH OF BOBBY SANDS

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. CORRADA. Mr. Speaker, It is with a sense of sadness that I join my colleagues in expressing our deep regrets over the tragic death of Bobby Sands.

His death epitomizes the futility of the present situation in Northern Ireland. The violence is so senseless as to defy understanding. Terrorism runs rampant and threatens to demolish the economic and social foundations of the area.

No responsible individual condones terrorism and Mr. Sands was serving a prison term after being found guilty of criminal acts. However, in an atmosphere of tension and anxiety, the British Government could have responded to Mr. Sands' challenge of their authority in a more humanitarian and understanding manner.

It is my hope and prayer that all residents of Northern Ireland will heed the words of Mr. Sands to remain calm and to continue to work peacefully to achieve a solution to this seemingly never-ending tragedy. I am sure my colleagues will join me in urging the British Government to take this opportunity to work toward an understanding that will provide a solution to this sad situation. Only then will the people of Northern Ireland be able to begin the long process of healing the wounds that have torn them apart for so long.●

UNITED STATES STEEL PLANT ENTERS SECOND CENTURY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. GAYDOS. Mr. Speaker, on April 24, 1981, United States Steel Corp.'s Homestead Works at Homestead, Pa., observed a century of steelmaking. It marked the occasion by dedicating a new $24 million water recycling system as a signal of its future commitment to a second century of operation.

Since the first heat of steel was tapped at Homestead Works, more than 200 million tons of steel have been produced there—enough to build 5,000 skyscrapers 60 stories high. Stacked atop each other, those skyscrapers would reach almost 800 miles into the sky—4½ times higher than the Space Shuttle, "Columbia," reached earlier in the month.

Mr. Speaker, I congratulate the employees at Homestead Works and Mr. David M. Roderick, chairman of United States Steel Corp., on this manufacturing milestone. I am inserting into the RECORD a history of the Homestead Works for the attention of my colleagues.

HOMESTEAD WORKS—100 YEARS OF PROGRESS

United States Steel's Homestead Works, largest steel mill in the Pittsburgh district, has been an important part of industrial America for a century.

Rails from Homestead Works' earliest days were laid for the vast railroad systems which connected regions of an expanding nation. Structural steel, poured and shaped at Homestead, supports much of the country's skyline and crosses many of its waterways in some of America's most famous buildings and bridges. In times of strife, the plant has geared up to produce awesome amounts of steel plate for the battleships, tanks, and other pieces of equipment needed for victory.

Homestead Works was conceived with incorporation of the Pittsburgh Bessemer Steel Co. on October 21, 1879. The firm purchased property and began erection of a steel converting works and blooming mill. At the same time one of the company's founders, Andrew Kloman, purchased a small tract in the same area and started to build a rail mill and two universal mills.

Kloman supervised construction of both ventures until his death in December 1880, when his interests were absorbed by Pittsburgh Bessemer. The results of his expertise were evident, however, when the Homestead plant produced its first steel several months later in the spring of 1881. Later that year, the first rail was rolled. It was an astonishing feat to put a major steel mill into operation this quickly, but quality was not sacrificed for speed. One noted observer of steelmaking termed Homestead a "mechanically perfect plant."

In the next two decades, changes in names and facilities came rapidly. Homestead Works was bought in 1883 by Carnegie Brothers & Co., which enlarged the plant with a bar and angle mill and a 119-inch plate mill. Carnegie Brothers changed its name to Carnegie-Phipps & Co. in 1886, when construction began at Homestead on one of the first successful open hearth steel furnaces in America. Open hearth No. 1 produced on March 30, 1888, the Nation's first commercial basic open hearth steel and the revolution that would replace Bessemer converters had begun.

More expansion followed. In 1890, construction of open hearth No. 2 was started and more mills and shops added. In 1892, the Carnegie Steel Co. was formed, bringing into one organization all the separate Carnegie interests, including the Homestead plant.

As a new century arrived, so did permanent ownership for the facility. An aging Andrew Carnegie, wishing to retire, sold his holdings to a group headed by J. P. Morgan for $492 million, and on April 1, 1901, Carnegie Steel became a part of the United States Steel Corp.

Improvement and expansion continued, in both operational and personnel areas. By 1912, the plant covered 124 acres and employed 10,000. "Safety First," United States Steel's innovative slogan, was taking hold and in 1914 the Homestead plant had its first safety inspector and a coordinated safety program. A formal training and apprentice program for employees also was initiated at this time.

On April 17, 1917, word was received at Homestead to construct a 110-inch sheared plate mill. The Nation had just entered World War I and an all-out effort was needed not only by America's military but in her factories as well. Such an effort was produced at Homestead. The famous "Liberty Mill" was built in record time—6 months—and began rolling ship plates. This and other Homestead facilities played an important part in America's ability to double its steel production in 1917 and far outstrip Kaiser Wilhelm's war machine to aid the Allied victory.

With the war behind it, Homestead Works began in the twenties an enormous modernization program, replacing or converting a number of mills. Modernization occurred in other areas as well. On October 26, 1921, the 8-hour work shift was introduced at Homestead.

The thirties brought more changes. In 1935, Carnegie Steel was merged with several other United States Steel interests to become Carnegie-Illinois Steel Corp. A year later, the plant's 100-inch plate mill was built, capable of turning out a plate every 90 seconds. In the 3 years preceding the Japanese attack on Pearl Harbor, renovation and expansion continued at Homestead with capacity increased for plates and structurals.

Following Pearl Harbor, Homestead Works underwent the Nation's largest wartime expansion of an existing plant under direction of the Government's Defense Plant Corporation. The expansion not only enable Homestead to once more play a major role in national defense but it left a permanent mark on the mill. The expansion involved 80 buildings on 120 acres. To provide a site for the vital project, it was necessary to obtain and raze 1,225 residential structures in the community.

Among the facilities added were 11 steel furnaces in open hearth No. 5, the shop Homestead operates today; the 45-inch slab mill; the 160-inch plate mill; a forging shop; and a machine shop. To operate these and existing facilities, an alltime peak employment level of 15,000 was reached. The efforts at Homestead made it a keystone facility in "Victory Valley" as the industrial region along the Monongahela and Ohio Rivers came to be known. And "Victory Valley" it was. Once again the amazing increase in steel output at plants such as Homestead enabled the Allies to significantly outproduce the enemy in materials, a major factor in the eventual victory.

After the war, United States Steel entered a bid for the Defense Plant Corporation facilities at Homestead and they were purchased in August 1946. In 1951, the name Carnegie-Illinois Steel was dropped and the plant became simply a part of United States Steel. One of the most recent improvements, in additon to much environmental control hardware, is a stainless steel finishing facility, completed at Homestead in the midsixties. It contains the largest rotary shear of its kind in the world. With such equipment, operated by a skilled work force. Homestead Works continues as an important spoke in America's industrial wheel.●

EXPLANATION OF VOTE

HON. JIM JEFFRIES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. JEFFRIES. Mr. Speaker, I would like to state that I was called away unexpectedly on final passage of House Concurrent Resolution 115. My position was that of being in favor of final passage of the bill, as amended.●

THE DEATH OF BOBBY SANDS

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. ZEFERETTI. Mr. Speaker, I join my colleagues today in expressing my deep regret and sadness at the death of Bobby Sands, a death both tragic and unnecessary.

I am appalled at the stubborn intransigence of Margaret Thatcher and the British Government in their refusal to negotiate a peaceful settlement to the hunger strike protest in Maze Prison. There was clearly room for compromise between the two parties; in fact, Mr. Sands had softened his demand for political status to include only minor changes in prison policies. Still, the Thatcher government refused to even consider a negotiated settlement, a decision that can only lead to new violence in that land.

During my years as an officer in New York City's Department of Corrections, it was clear that the ultimate responsibility for the health and well-being of any prisoner lay in the hands of prison authorities. Any injury or death that occurred was the object of a scrutinous public investigation. The death of Bobby Sands was not a sudden event, but a well-publicized hunger strike covering 66 days—more than enough time to at least air his grievances and consider possible remedies. A settlement must be reached before others still on the hunger strike also die.

The Thatcher government's reasoning behind its decision was simply, "We do not deal with terrorists." In fact, Great Britain has negotiated with terrorist parties many times, most recently with Rhodesia's Marxist guerrilla leader, Robert Mugabe, who emerged as leader of independent Zimbabwe. Their policy of negotiating with dissidents is clearly one of pick and choose.

I want to reiterate my strong opposition to violence in any form in Ulster,

but I also realize that violence would not be prevalent were a just solution be found to the overriding political stalemate that is truly the heart of the troubles in Northern Ireland.

The Reagan administration has done nothing to assist in resolving the crisis. I continue to urge the President and the State Department to exert diplomatic pressure on the Thatcher government to expeditiously pursue a political settlement that will insure the civil and human rights of each of Ulster's citizens. Americans of all ethnic backgrounds cannot, in good conscience, stand idly by and permit this tragedy to endlessly continue. In the words of Patrick Pearse, "Ireland unfree shall never be at peace."●

FORMER PRESIDENT TRUMAN 97 ON MAY 8

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SKELTON. Mr. Speaker, May 8 of this year marks the 97th anniversary of the birth of former President Harry S Truman of Independence, Mo., a city which is part of my Congressional District.

In this week of tough decisions in the Nation and here on the floor of the House of Representatives, it is most fitting to honor the memory of a man who, as the 33d President of the United States, had to make some of the toughest decisions any man has had to make.

It took a man of courage to make many monumental decisions during the closing days of the World War II that affected all of mankind; it took a man of vision to implement the Marshall Plan; it took a man of wisdom to check Communist aggression in Greece and Turkey and to formulate the Truman Doctrine, and it took a man of strength to deal with the conflicting pressures of the Korean war . . . the first war ever fought under the nuclear shadow. Indeed, President Truman was a man of ample courage, vision, wisdom, and strength, and the record he compiled during 7 years in the White House is testimony to that.

On this 97th anniversary of the birth of former President Harry S Truman our thoughts are on a President who withstood and conquered the pressures of his time. Our thoughts are also with his wife, Bess Truman who, at this hour, is recovering from surgery. Our prayers go out to her this day.●

HEALTH OF OUR CHILDREN THREATENED BY REAGAN REGULATION DELAY

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. WALGREN. Mr. Speaker, I am greatly concerned at the delay of the Food and Drug Administration in approving a patient package insert and other warnings for the "morning sickness" pregnancy drug Bendectin.

For nearly a year now, I have urged that pregnant women be fully advised of the uncertainty about whether Bendectin causes birth defects.

Last summer, I requested the Subcommittee on Oversight and Investigations of the Commerce Committee, on which I serve, to initiate an investigation of the FDA's handling of this drug. Although the staff began to assemble materials, I did not press for a congressional hearing when I learned that the FDA was prepared to require a strong patient package insert and other warnings in response to the recommendations of its own Maternal Health Advisory Committee. This Advisory Committee concluded that there was "residual uncertainty" as to whether Bendectin caused birth defects.

Last January, the FDA proposed a draft patient package insert which I criticized in a letter to the FDA dated January 19, 1981. I made a number of suggestions for changes in the proposed language because the proposal contained misleading numbers, lacked a direct statement of risk, and included self-serving language designed to benefit the drug manufacturer.

I now understand that the Reagan administration has postponed any requirement of a patient package insert warning pregnant women about Bendectin.

I hope the FDA's proposed warning is not a victim of the administration's relatively noncontroversial blanket delay in issuing regulations. I cannot believe that it is really the Reagan administration's intention to delay regulations designed to protect the health of unborn children.

I am not aware of any reason why the patient package insert for Bendectin should not be required. Quite frankly, I do not believe that the future health of our children should be victimized by the President's campaign to cut Federal regulation. The Bendectin patient package insert is certainly a worthy Federal regulation—one designed to protect the health and well-being of our children.

If the administration continues to delay in requiring warnings for Bendectin, I will ask the Oversight and Investigations Subcommittee to resume their study of the FDA's role in this matter.

I would like to bring to the attention of my colleagues a recent Jack Anderson column that appeared in the Monday, May 5, 1981, Washington Post as a way of adding to the background on this issue.

[From the Washington Post, May 5, 1981]

FDA To Delay Drug Warning Rules

(By Jack Anderson)

Responding to the Reagan administration's go slow approach to more government regulation, the Food and Drug Administration is planning to delay indefinitely a rule that controversial prescription drugs contain package inserts to warn patients about their dangers.

This mild corrective action, far less drastic than taking a suspect drug off the market while its safety is proven, would at least give doctors and patients a chance to weigh the risks against the benefits of the medication. Yet even this partial damper on sales is opposed by the drug industry.

Let me cite one particularly shocking example of the development and marketing of a widely used but controversial drug: Bendectin. It has been prescribed routinely to millions of pregnant women since 1956 for relief of nausea and vomiting.

Bendectin's manufacturer, Richardson Merrell, now Merrell Dow Pharmaceuticals, is facing several lawsuits from women who blame the drug for severe malformations in their babies. The birth defects, missing or badly deformed limbs, are reminiscent of those caused by the sedative drug Thalidomide, which Merrell distributed in the United States.

My reporters Indy Badhwar and Judy Grande have examined court documents and confidential company memos that sketch an appalling record of inadequate testing, irresponsibility and outright deceit. Here are what the documents show:

Bendectin was concocted, literally, by Merrell's research director, Dr. Raymond Pogge, who had only three months of obstetrical training in his background. He simply mixed three existing drugs together like a cocktail.

Development was to be given top priority so that, as a Merrell memo explained, Bendectin would be ready for promotion at an upcoming meeting of the American Academy of Obstetrics and Gynecology.

The FDA approved Bendectin in 1957 even though Merrell offered no reproductive or fertility tests to vouch for its safety. Despite the American Medical Association's view that combination drugs have a greater risk of toxicity, the FDA approved Bendectin on the grounds that it was not a new drug, but a mixture of drugs already on the market.

To promote Bendectin, Pogge wrote an article on it for the Ohio State Medical Journal. It appeared under the name of Dr. R. Nulsen, an obstetrician. In a sworn deposition, obtained by public interest lawyers Alan Eaton, Tom Tate and Jim Butler, Pogge later said he had ghostwritten 20 or 30 articles for other doctors over the years.

In 1963, a Merrell expert on birth defects, R. E. Staples, tested Bendectin on rabbits and noted malformations in the offspring similar to those caused by Thalidomide. He recommended further testing. But the disturbing findings were deleted when the Staples report was summarized for the FDA and for Merrell's sales force.

The company received numerous letters from physicians with questions about malformations that had shown up in their patients' babies. Merrell did not promptly report all this information to the FDA, as it is required by law to do.

Six years after Bendectin's introduction, an article in the American Journal of Obstetrics, and Gynecology linked the drug to deformities in newborns.

Last September, an FDA advisory committee reviewed published studies and concluded that there was no increased risk of birth defects from the use of Bendectin. But the panel did come across two studies that left "residual uncertainties" about the drug.

Instead of ordering Bendectin off the market while the uncertainties are cleared up, the FDA decided to make use of a new regulation that would require package inserts warning that the drug should be used only as a last resort. This is the proposed regulation that the FDA has put on hold in response to the administration's anti-regulatory policies.

Meanwhile, Bendectin is still on the market.●

ELGIN COMMUNITY SALUTES DICK GROMER

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. McCLORY. Mr. Speaker, it is highly appropriate for the Elgin Township Republican Organization to honor one of the community's most distinguished citizens and my longtime friend, Dick Gromer, at the Elgin salute dinner on Friday, May 15, 1981.

Dick Gromer has established himself in the community as a business leader, developing one of the Nation's outstanding independent supermarkets, simply titled, "Gromer's."

Mr. Speaker, Dick Gromer began in the grocery business with his late father and through sheer energy, preseverance, and innate business ability he has become a figure of national reputation in the retail grocery business.

Serving formerly as a member of the board of directors and later as president of the National Association of Retail Grocers, 1969. Dick Gromer has occupied many other positions of importance and leadership in the grocery and retail food industry. A current member of the board of directors of the Food Marketing Institute, a national trade association, Dick Gromer maintains close associations in community and civic organizations in the Elgin area.

Mr. Speaker, Dick Gromer's successes in business and in the community are supported actively by his devoted and talented wife, Bernice, and their home has been blessed with five wonderful children.

Indeed, Mr. Speaker, the entire Gromer family participates at Gromer's. This is a tightly knit family unit held together by close personal ties and by an abiding faith in our great Nation and its institutions and by a religious foundation which helps hold them all together.

I regret my inability to attend personally the Elgin salute dinner at the Blue Moon Restaurant in Elgin, Ill. However, I want you and my colleagues to know of my respect and affection for Dick Gromer, whom I congratulate and to whom I communicate my good wishes.●

SOUTH CAROLINA LEGISLATORS' WRITE-IN SUPPORT OF BARNWELL REPROCESSING PLANT

HON. FLOYD D. SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SPENCE. Mr. Speaker, I would like to take this opportunity to submit for the consideration of this body a letter to the South Carolina Congressional Delegation signed by Speaker Emeritus Solomon Blatt and 90 members of the South Carolina House of Representatives and by 31 members of the South Carolina Senate. These members of the General Assembly have provided valuable insight into the support among South Carolinians for operation of the Barnwell Nuclear Fuels Plant as a facility for the reprocessing of spent nuclear fuel. I concur with their contention that the facility should be maintained and allowed to function for the purpose for which it was intended. Loss of the commercial fuel reprocessing capability and highly skilled technical staff now available through the Barnwell plant would eliminate a crucial link in the nuclear fuel cycle and doubtless would prove a serious delay in the closing of that fuel cycle in this country. BNFP is now in a research mode, performing contract research in such areas as nuclear materials handling safeguards. Because of an administration deferral of commercial reprocessing imposed in 1977, the plant has, as yet, functioned only for research. In light of the fiscal year 1982 budget decisions now before us and in view of the need for expeditious formulation of a comprehensive national policy in nuclear energy, I believe the points cited by these legislators are especially timely and deserving of the most careful and deliberate consideration by my colleagues in Congress and by the executive branch. I, therefore, submit for the RECORD the following text of their letter:

To: Members of the South Carolina Congressional Delegation: We wish to express our strong and continuing support for federal action which would lead to the full utilization of the Barnwell Nuclear Fuels Plant for the purpose for which it was intended.

The United States pioneered and dominated the development of nuclear energy for decades, and South Carolina has played a major part in that process. This involvement includes one of the country's largest per capita suppliers of nuclear generated electricity, the Savannah River Plant's contribution to the weapons program, major Navy nuclear programs in the Charleston area, commercial nuclear fuel fabrication facilities in Columbia, a low level waste burial site in Barnwell, and the world's largest, most modern, nuclear fuel reprocessing plant, also in Barnwell.

The reprocessing plant has never operated due to the government's indefinite deferral of commercial reprocessing. However, the efforts of the Congressional delegation have been largely responsible for obtaining the funding, for the last four years, to keep this reprocessing option alive and to provide valuable research which has contributed to the non-proliferation objectives of the nation as well as transportation safety and waste management technologies.

The nuclear fuel cycle is still incomplete and will remain so until a commitment is made to a comprehensive national waste management program for low level waste, as well as for military and commercial high level waste.

In recent years attention has been focused on the state of South Carolina because of the large volume of low level nuclear waste being buried here. Largely through the efforts of the South Carolina delegation and the Governor, legislation was passed that has moved us closer to sharing that problem with other states.

Attention should now focus on the high level nuclear waste question. Again, through the efforts of our Congressional delegation, some steps have been taken to resolve the military waste situation at the Savannah River Plant.

The Barnwell Nuclear Fuels Plant is an important link in the commercial waste management program. Utilizing the BNFP for its intended purpose, reprocessing spent nuclear fuel, with the simultaneous commitment to waste solidification and a permanent off site waste repository would be a major step in resolving the commercial high level nuclear waste problem.

Taking these steps would restore this nation to its rightful position as the world's leader in the safe and peaceful use of nuclear energy.

And while the nation would reap dividends from the proper, intended use of the BNFP, so too would South Carolina. Among the considerable benefits that the Palmetto state would realize are:

(1) Additional capital investment in the state of at least $500 million over the next decade.

(2) The addition of up to 2,000 jobs for residents of the state, with the majority of the positions being highly skilled and well paid.

(3) The emergence of South Carolina as an energy producing state, rather than an exclusively energy consuming state, for the first time. (Reprocessing at Barnwell would make available the energy equivalent of a million barrels of oil per day.)

(4) The infusion of tens of millions of dollars into the state's treasury through the additional personal, payroll, and possible "excise" taxes generated if BNFP was fully operational.

(5) The addition of hundreds of millions of dollars into the state's economy as a result of the construction and operation of BNFP as a high technology industry in South Carolina.

(6) The establishment of a nuclear policy which would restore this country to its proper role as a world leader in energy production, and establish this state as a significant contributor to the energy welfare of the nation.

Failure to act could bring about the plant's abandonment and dismantling by its owners because of uncertain economic conditions and inconsistent federal policy. This action, in our view, would signal to the world that the United States is surrendering its historic position of technological preeminence and lead to the erosion of our country's standing in the world community.

Moreover, it would mean the forfeiture of an investment of $362 million, the loss of significant numbers of jobs, the loss of untold dollars of State revenue, and the dissemination of a very negative message from South Carolina to industries across the country.

For these specific reasons, and for the general good of both the State and the Nation, we urge you to pursue a Federal policy which will assure the future operation of the Barnwell Nuclear Fuels Plant.

As South Carolinians interested in the progress of our State, and as Americans interested in the future of our Nation, we thank you for your help in the past and for your support in the future.●

BUDGET ALTERNATIVE

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Ms. OAKAR. Mr. Speaker, since I first came to Congress in 1977, I have voted according to my conscience as well as what I believed to represent the views of my constituents. My steady guide has been to examine the needs of the Nation and couple that judgment with evaluating the specific concerns of the 20th District of Ohio. The same rule of thumb governed my recent vote on the first concurrent resolution of the budget for fiscal year 1982 (H. Con. Res. 115). I chose to vote for the budget resolution recommended by the House Budget Committee and supported by the Democratic leadership. Regrettably, this did not pass. The budget proposal supported by the administration (Gramm-Latta) was adopted.

Last November the mandate of the people rang loud and clear. Reduce spending. Eliminate waste and fraud. Stifle inflation.

I feel strongly that runaway inflation seriously affects the well-being of all Americans, regardless of age or social status. We must enthusiastically cut spending which eliminates waste, fraud, and abuse in Federal programs. However, we must look carefully at the budget proposals and determine their impact on Americans. When proposed spending cuts attempt to take away from citizens essential services and programs, they must be seriously considered by Congress. Many of these budget cuts affect services provided to senior citizens, middle-income people, children, and the handicapped. Many cuts reduce our commitment to the arts, to mass transit, to highways and railroads, to financial aid for students, to environmental incentives, to housing assistance, and so forth.

We must not balance the budget by amputating valuable programs that have substantially improved the lot of millions of Americans. For example, 50 years ago, 68 percent of our older Americans were impoverished. Today, 14 percent are impoverished. Some 50 years ago, 51 percent of the American society languished in a state of poverty. Today, only 8 percent fit that category. I sincerely fear that the new economic choices made in the 1982 budget may return many of those individuals who have struggled upward back to a state of destitution. I fear that greater burdens will be imposed on the elderly of our Nation who today meagerly survive on fixed incomes. I fear that the many social security recipients who rely solely upon their monthly check will not be able to meet their basic expenses. I fear that the severe cut in Federal employee benefits will do permanent damage to the effectiveness and the productivity of the Federal work force. I fear that the cut in Federal employee annuities breaches a covenant agreed to by the Federal Government. I fear that the middle-class taxpayer will be alarmed into recognizing that the across-the-board tax cut does little or nothing to relieve the high cost of living.

There are several reasons why I voted for the House Budget Committee resolution:

First, it would have established a lower deficit. The administration's budget, on the other hand, orders a $39 billion deficit—almost twice the amount reported out by the House Budget Committee resolution. There are valid arguments which caution that this dramatic increase has the serious potential of further driving up interest rates and recharging inflation. The havoc that this could cause for potential homeowners, small businesses and individuals on fixed incomes is a devastating prospect.

Second, the House Budget Committee resolution contained a more targeted tax cut. The administration's budget, however, calls for a 3-year across the board tax cut. A family earning $20,000 a year will benefit by less than $200. A family of four earning $10,000 or less will benefit by about $33. In contrast, the family earning $100,000 a year will benefit from the tax cuts averaging about $7,000. The middle class has historically picked up the bill. Not only does the administration's proposal fail to address inequitable tax distribution, it rubber stamps it. More importantly, because of the tax cut, the proposal eats up all the savings it achieves and more. The House Budget Committee resolution would have targeted tax cuts for middle income and lower income Americans. It would have removed the marriage penalty, given a break for savings and combated the "bracket creep".

Third, the House Budget Committee resolution would have restored funds to important human services while achieving a lower deficit. My greatest reservation with the administration's budget lies with the total disregard for supporting services and protecting human needs. On a national level, the recommended cut in discretionary health programs is 25 percent; the recommended cut in medicaid, the only national health plan for the moderate income, is $1.15 billion; the recommended cut in child nutrition programs is $2.3 billion; the recommended cut in Amtrak is a further $179 million; the recommended cut in Conrail is a further $300 million; the recommended cut in mass transit operating assistance programs is a further $300 million. The Economic Development Administration (EDA) which has been the wonder prescription for the ailing cities of our Nation would be restored a minimal amount of money and then recommended for termination.

Today was only the first step in the lengthy budget process. Congress must act upon its binding second concurrent budget resolution by September 15. For the next month Congress will be deciding where to cut back myriad programs within each congressional committee based on the ceilings established in the budget resolution. I intend to fight to restore many of these cutbacks which are so important to our people.●

"BACK DOOR" IMMIGRATION OUT OF CONTROL

HON. DON L. BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. BONKER. Mr. Speaker, recent waves of refugees have thrust long neglected immigration issues into public view. Less dramatic, but more significant than refugees entering legally through the "front door," is the steady tide of illegal immigrants flooding in through the "back door." Finally, congressional attention is being given to this growing problem, and I would like to commend Congressman MAZZOLI and Senator SIMPSON for their efforts in chairing joint hearings on immigration problems.

Our leaky borders, and the forces behind the surge in illegal immigration, are also the subject of an article by Lance Gay of the Washington Star. I would like to call the attention of my colleagues to this article (reprinted

below), and to the others in Mr. Gay's excellent series on immigration.

It is clear that immigration—especially illegal immigration—is out of control. Not only does this make a mockery of our immigration laws, but the millions of illegal aliens now in the United States compete with our poor and unemployed for jobs, housing, and social services. Since it is out of the question to build the equivalent of a Berlin Wall along the thousands of miles of our borders, we are left with the question of how to halt the flow of illegal aliens into the United States.

In the 95th Congress I first introduced legislation which I believe goes to the heart of the issue—the employment of undocumented workers. There is a growing consensus that employment is the magnet that draws foreigners to this country. Without the prospect of American jobs, which are now readily available to the undocumented worker, most aliens would never contemplate leaving their homes; families and countrymen for an uncertain fate in the United States. Until this attraction is removed, our efforts to stem the flow will fail.

The legislation I have reintroduced (H.R. 2490) parallels closely the recommendations of the Select Commission on Immigration and Refugee Policy and strikes at the employment issue in a simple and effective manner. The measure includes penalties for employers who knowingly hire illegal aliens. However, it is unfair and unreasonble to penalize employers for such practices if they do not have a simple way of knowing who is legally employable and who is not. Clearly, there is a need for a simple and secure system of employment verification.

Present law requires that all gainfully employed citizens have a valid social security number. So the basic system for controlling employment eligibility through a single document is already in place. My bill would provide for a "counterfeit-proof" social security card. Father Hesburgh, chairman of the Select Commission, endorsed this same concept during the joint committee hearings earlier this week.

There will be no resolution of the illegal immigration program until the lure of employment is removed. H.R. 2490 restricts the employment of undocumented aliens in an equitable and cost-effective manner. I hope you will agree that this approach deserves serious consideration.

Lance Gay's article, "Entry Is Easy for 'Illegals' From Mexico" follows:

ENTRY IS EASY FOR "ILLEGALS" FROM MEXICO

(By Lance Gay)

CHULA VISTA, CALIF. Every day, as the sun slips into the Pacific Ocean at this most southwestern point in the continental United States, the quiet invasion begins.

Across the lush flood plain of the Tijuana River, people begin to cluster in shadowy knots on the sidewalks outside the decaying bordertown cafeterias and sleazy houses that dot Revolucion Street, leading to the Mexican-American border.

In front of them is a 10-foot-high cyclone fence that marks the border. But the fence is more of a symbol than a barrier.

By all accounts, millions have successfully made the nocturnal march across the Tijuana River into America, where they have filtered into cities across the land and disappeared into the fabric of American cities.

"I came up to look for work in the fields," said one.

Another, a plumber from Guadalajara, said he traveled two months to get to the border. "I can get $7 an hour up in Los Angeles," he said. He tried twice before to cross the border, and twice was stopped. "They won't let me in legally," he said.

In recent years, the Border Patrol—the thin green line of men and women who attempt to stem the tide—says that the smuggling of people into the country has become more organized, with "orders" being filled for cheap, non-union and docile workers as far away from the Tijuana crossing as New York and Chicago.

And Border Patrol agents say that illegal aliens are increasingly bypassing rural and agricultural areas for better paying jobs in the factory, and in construction and service industries.

More than half of the illegal aliens who were apprehended by the federal Immigration and Naturalization Service in New York, Los Angeles and San Francisco last year were working in manufacturing jobs, according to arrest reports.

In Los Angeles, the local INS office estimates that up to 80 percent of those working in the city's garment district are illegal aliens.

Last month, border patrolmen here pulled over a tractor-trailer truck filled with 107 illegal aliens headed for a factory up north.

So many illegals have joined the U.S. work force that at least two unions—the International Ladies Garment Workers' Union and the United Farm Workers—have begun to organize them. At the same time, union leaders express concern that some employers are using illegal workers to circumvent union activities in other areas.

Counterfeit Social Security cards can be bought in Tijuana for $50, according to Border Patrol agents. A recent report by the Inspector general of the U.S. Department of Health and Human Services was sharply critical of the Social Security Administration's controls on issuing cards and numbers. The report said illegal aliens are known to have paid $100 for a blank Social Security card and that "controls over the printing, distribution and storage of (them) were found to be totally ineffective."

How many illegal aliens are here? No one knows.

"You can't count the things you don't have," says Gene Wood, chief patrol agent at the Tijuana border crossing.

The Border Patrol, on the average, stops and picks up 1,500 people a day who are trying to get across the border.

"We know we are not 100 percent effective," says Wood, acknowledging that many get through. Some say the agents catch two out of every five, others say it's less than that. Everyone agrees that those who are caught, held overnight and sent back to Tijuana the next morning will attempt again to make the crossing the next night.

For the 550 agents under Wood's command who patrol 66 miles of border from the Pacific Ocean, it is a futile task to try and stop anyone who is committed to coming across.

With that length of border, the agents concentrate on the mosquito-infested 12 miles that stretch in front of Tijuana between the ocean and Mt. Otay. But it is a five-mile-long area here—known to the INS as the Chula Vista District and to Border Patrol agents as the "combat zone"—that will be the port of entry for most illegal aliens in this country.

Some INS officials admit privately that they believe that the United States has made only token efforts to control immigration into this country from Mexico because Washington is afraid of the political turmoil that would follow if there were not some safety valve for Mexico's population concentration. Others say that the Carter administration's policy of cooperation with Mexico in order to obtain Mexican oil and natural gas resulted in administrative decisions that aimed only at discouraging—not preventing—illegal immigration.

Testifying to the ineffectiveness of border control, Tijuana smugglers—*coyotes* who charge from $200 to $300 to run the border—now guarantee delivery. If you're stopped, they tell their groups of would-be illegals, meet at the same place the next night to try again.

James Shwartz, night supervisor of the Border Patrol agents, says that he has seen changing patterns in the sort of illegals that are coming across the border from Mexico.

"A few years ago," he said, "it used to be people coming up and working for the summer in the lettuce fields or in agriculture and then going back. Now we think nothing at all of catching 30 people, often women and children who are coming up to join their husbands and fathers.

"In the last three or four years, that has gotten real heavy. We catch 30,000 a month here—and I think that's about a third of what is coming across. In a year, enough people get through here to populate the city of San Diego."

In an effort to curb the invasion, the Border Patrol has resorted to military technologies, spotting sensors along Smuggler's Gulch—the favored route used by smugglers to bring Chinese laborers into this country illegally in the last century—and east of Otay Mesa. On top of the highest hill, scratched and worn Vietnam war-era night-vision scopes and 20-year-old infrared cameras are installed each evening to monitor the movement across the riverbed.

Within an hour after the sun sets, the sensors in Smuggler's Gulch are triggered and soon red dots appear on the infrared scope as knots of people begin to squirm northwards across the border, crouching in the tumbleweed clumps and cabbage fields while they survey the scene before making a dash.

"They're like lizards," said Shwartz. "They're all over the hills now."

"A lot of nights, we're just up here giving them a head count of those who get across," he said. "We just don't have enough agents to catch them all."

The Border Patrol also has come under the squeeze of Reagan administration budget-cutting measures. Recently, the patrol has had to curb its gasoline use to save money and is limited to traveling 20 miles per eight-hour shift.

At the cavernous Los Angeles Greyhound bus terminal, Guadalupe Ochoa, an INS agent for the past 10 years and a naturalized Mexican-American himself, surveys the

crowds that get on and off buses, looking for people who are slipping through to get to farm jobs in Salinas and factor jobs in Seattle.

Ochoa spots a young man sitting in a corner of the station, hugging a brown grocery bag full of clothing, and walks over to talk to him. He has been in the Los Angeles area for two years and was headed for Salinas to look for a job weeding lettuce fields. It was the third time in four years that he has been arrested, he said.

"I came to work, to improve a little bit," said the 25-year-old man, who gave his name as Arturo Rodriguez Mirando. The first time he came, he said, he walked to the border from Mexico City and paid $50 for a coyote to show him the way across the Tijuana border.

Now he knows the way. He says he knows all the tricks. He says he will be back.●

SALES REPRESENTATIVES PROTECTION ACT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. FLORIO. Mr. Speaker, I am today introducing the Sales Representatives Protection Act in the House of Representatives.

I am pleased that I am joined in sponsorship by 104 of our colleagues, from all parts of the Nation, and of both parties. This large number of Members indicates the widespread concern for the problems facing wholesale sales representatives. The proposed legislation is an effort to assist productive, successful salesmen and protect them from unfair treatment in their dealings with the manufacturers they represent.

On April 9 the text of this new bill was published in the CONGRESSIONAL RECORD Extensions of Remarks. This bill is a revision of H.R. 5099, a bill introduced by Congressman DICK OTTINGER in the last Congress. We have attempted to improve the legislation by narrowing its focus, in response to suggestions made over the past year.

The new legislation will be studied in a hearing to be held this summer by the Subcommittee on Commerce, Transportation and Tourism. The ranking minority member, Congressman NORM LENT, is also a cosponsor of this bill. We hope to further explore the need for this legislation at that hearing and to consider the need for any perfecting amendments.

I hope that all Members of the House take the opportunity to study this matter and that they will join us in supporting passage of this legislation.●

FDA'S DELAY ON PRESCRIPTION DRUGS WARNING

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. BINGHAM. Mr. Speaker, in a recent column Jack Anderson discusses the Food and Drug Administration's plan to delay indefinitely a rule that controversial prescription drugs contain package inserts warning patients about their dangers. This is being done in response to the Reagan administration's antiregulation stand. Anderson writes:

This mild corrective action, far less drastic than taking a suspect drug off the market while its safety is proven, would at least give doctors and patients a chance to weigh the risks against the benefits of the medication. Yet even this partial damper on sales is opposed by the drug industry.

Anderson goes on to cite as an example the development and marketing of Bendectin, a controversial drug widely used by pregnant women for relief of nausea and vomiting and which I warned against on February 12, 1980, page 2713 of the CONGRESSIONAL RECORD. Anderson outlines "an appalling record of inadequate testing, irresponsibility and outright deceit" on the part of the drug manufacturer. One cannot help but wonder how many other "Bendectins" there are.

Mr. Speaker, the FDA's decision regarding package inserts is clearly not in the best interest of the consumer. If the Administration will not take action to protect the lives and health of our citizens, then Congress should act to do so.

I commend Mr. Anderson's article to my colleagues.

FDA TO DELAY DRUG WARNING RULES

(By Jack Anderson)

Responding to the Reagan administration's go-slow approach to more government regulations, the Food and Drug Administration is planning to delay indefinitely a rule that controversial prescription drugs contain package inserts to warn patients about their dangers.

This mild corrective action, far less drastic than taking a suspect drug off the market while its safety is proven, would at least give doctors and patients a chance to weigh the risks against the benefits of the medication. Yet even this partial damper on sales is opposed by the drug industry.

Let me cite one particularly shocking example of the development and marketing of a widely used but controversial drug: Bendectin. It has been prescribed routinely to millions of pregnant women since 1956 for relief of nausea and vomiting.

Bendectin's manufacturer, Richardson Merrell, now Merrell Dow Pharmaceuticals, is facing several lawsuits from women who blame the drug for severe malformations in their babies. The birth defects, missing or badly deformed limbs, are reminiscent of those caused by the sedative drug Thalidomide, which Merrell distributed in the United States.

My reporters Indy Badhwar and Judy Grande have examined court documents and confidential company memos that sketch an appalling record of inadequate testing, irresponsibility and outright deceit. Here are what the documents show:

Bendectin was concocted, literally, by Merrell's research director, Dr. Raymond Pogge, who had only three months of obstetrical training in his background. He simply mixed three existing drugs together like a cocktail.

Development was to be given top priority so that, as a Merrell memo explained, Bendectin would be ready for promotion at an upcoming meeting of the American Academy of Obstetrics and Gynecology.

The FDA approved Bendectin in 1957 even though Merrell offered no reproductive or fertility tests to vouch for its safety. Despite the American Medical Association's view that combination drugs have a greater risk of toxicity, the FDA approved Bendectin on the grounds that it was not a new drug, but a mixture of drugs already on the market.

To promote Bendectin, Pogge wrote an article on it for the Ohio State Medical Journal. It appeared under the name of Dr. R. Nulsen, an obstetrician. In a sworn deposition, obtained by public interest lawyers Alan Eaton, Tom Tate and Jim Butler, Pogge later said he had ghostwritten 20 or 30 articles for other doctors over the years.

In 1963, a Merrell expert on birth defects, R. E. Staples, tested Bendectin on rabbits and noted malformations in the offspring similar to those caused by Thalidomide. He recommended further testing. But the disturbing findings were deleted when the Staples report was summarized for the FDA and for Merrell's sales force.

The company received numerous letters from physicians with questions about malformations that had shown up in their patients' babies. Merrell did not promptly report all this information to the FDA, as it is required by law to do.

Six years after Bendectin's introduction, an article in the American Journal of Obstetrics and Gynecology linked the drug to deformities in newborns.

Last September, an FDA advisory committee reviewed published studies and concluded that there was no increased risk of birth defects from the use of Bendectin. But the panel did come across two studies that left "residual uncertainties" about the drug.

Instead of ordering Bendectin off the market while the uncertainties are cleared up, the FDA decided to make use of a new regulation that would require package inserts warning that the drug should be used only as a last resort. This is the proposed regulation that the FDA has put on hold in response to the administration's antiregulatory policies.

Meanwhile, Bendectin is still on the market.●

NATIONAL DAY OF PRAYER

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 7, 1981

● Mr. SMITH of Alabama. Mr. Speaker, I applaud President Reagan for acknowledging our great heritage and declaring this day a National Day of

Prayer. It is fitting that on this day that Congress has voted a new economic direction for our Nation that we thank God for the blessing He has bestowed on our land the the protection He affords us as a people.

This country was founded by men and women who had a strong, fundamental belief in God. That's the secret of our freedom. And if we are to continue to be blessed we must remain one nation under God. Our Founding Fathers would tell us that those who believe our country can exist apart from God—the author of our liberty—are misguided and threaten the very foundation that makes our country great. Separation of church and state does not mean separation of God from government.

I support the reestablishment of voluntary prayer in public schools and point out that in 1963, the year in which the Supreme Court ruled religious exercises in school is illegal, 70 percent of the U.S. public disapproved of the Court's action. A 1980 Gallup poll showed that three persons in four, or 76 percent, favor an amendment to the Constitution that would permit voluntary prayers to be said in public schools. Therefore, I am cosponsoring a bill to remove Supreme Court and Federal district court jurisdiction over State statutes that relate to voluntary prayer.

At this point I would like to commend to the attention of my colleagues a prayer by Reverend Tony Ahlstrom:

O God, help us. We are a nation of too many laws. Not too much law—but too many laws. We can handle the lawbreakers, but who will save us from lawmakers. Before we overdose on lethal amounts of legislation, regulation, and litigation.

We know that too much food does not end in health, but in obesity. We know that too much wine does not end in cheer, but in drunkenness. We know that too much work does not end in productivity, but in fatigue. We know that too much leisure does not end in ease, but in poverty. We know that too much freedom does not end in liberty, but in anarchy. But we have not yet learned that too many laws do not end in order, but in chaos.

We pride ourselves on being a nation of laws, not men. But the need of the hour is for men, not laws; for enforcement, not enactment; for the spirit, not the letter.

Amen.●

HOUSE OF REPRESENTATIVES—*Friday, May 8, 1981*

The House met at 11 a.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
May 7, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Friday, May 8, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

For the beauty of the earth,
For the glory of the skies,
For the love which from our birth
Over and around us lies:
Lord of all, to thee we raise
This our hymn of grateful praise.

For thyself, best Gift Divine!
To our race so freely given;
For that great, great love of thine,
Peace on earth, and joy in heaven!
Lord of all, to thee we raise
This our hymn of grateful praise.

FULLIOT S. PIERPOINT, 1835-1917.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 50. Joint resolution designating July 17, 1981, as "National P.O.W.-M.I.A. Recognition Day."

The message also announced that the Vice President, pursuant to Public Law 84-689, appointed Mr. MATHIAS (chairman), Mr. PRESSLER, Mr. SPECTER, Mr. PELL (vice chairman), Mr. HOLLINGS, Mr. EAGLETON, Mr. HART, and Mr. LEAHY to attend the North Atlantic Assembly to be held in Venice, Italy, May 22 to 26, 1981.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MAY 10—TAX FREEDOM DAY

(Mr. DREIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, May 10 will mark a great day for freedom-loving Americans. It is a time for all those who respect and uphold the ideals on which this Nation was founded to sit back and marvel at what 200 years of democratic government has wrought—for on May 10, Americans will celebrate Tax Freedom Day. Yes, on this day the average American will have finally worked enough hours this year to pay off his total tax obligation for 1981.

Tax Freedom Day is a mobile holiday that during the past 50 years has moved from Valentine's Day, through Washington's Birthday, past the first day of spring, through April Fools' Day and has now reached a cocelebration with Mother's Day. Mr. Speaker, is it not really time we provide some genuine relief to the American taxpayer? Is it not time we begin restoring hard-earned dollars to the pockets of the American people? For if we do not begin now, I am afraid we will soon be celebrating Tax Freedom Day with picnics, parades, and fireworks.

DELINQUENT DEBTS OWED TO UNCLE SAM COULD BALANCE THE BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON), is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, yesterday in this Chamber, and of course in preceding days, there was a lot of talk about balancing budgets and getting our economy—particularly the Government portion of it—under control; all of which is good, useful, and so forth, but I would like to point out one big hole in the bottom of our financial bucket which, if we could plug it up, would help and in fact we could balance this year's budget if we could plug this hole.

I am talking about delinquent debts owed to the U.S. Government.

Mr. Speaker, for some time now, I have been concerned about the failure of the Federal Government to energetically pursue and collect the moneys owed to it as a result of delinquent loans, unpaid taxes, and various other legal claims. I understand that the Office of Management and Budget recently estimated that U.S. citizens owed $175 billion to the Federal Government on September 30, 1979, and some $25.3 billion of that was delinquent. That is enough to balance the budget. When we are trying to balance a budget, reduce expenditures, and continue to provide aid to those in need, we cannot tolerate this kind of drain upon the U.S. Treasury. We must plug this hole before it swallows us.

To give you an idea of the magnitude of the problem, $13 billion in taxes remain unpaid; $1.3 billion in delinquent amounts is owed to the Department of Agriculture, $1 billion to Housing and Urban Development, $1.9 billion to Health and Human Services, and $2.2 billion to the Department of Education to name but a few of the Departments and agencies of the Federal Government with unpaid debts and claims waiting to be collected. As of September 1980 the Department of Justice had 63,000 Veterans' Administration debts worth $69 billion for collection and in fiscal year 1980, an additional 31,000 VA debts worth $36 million were turned over for collection. In the past 3 years, the Department of Education has turned over some 26,000 guaranteed student loans worth $43 million for collection; however, before that time, very little was done to actively pursue and collect those debts.

I have been putting pressure on the VA and the Department of Justice to better coordinate their efforts and procedures so as to be more effective in the collection of delinquent VA debts. Substantial progress has been made.

In addition to delinquent loans, I am certain that tens of millions of dollars of recoverable claims for health care provided by the U.S. Government, but which is covered by medical and hospitalization insurance, go uncollected each year at the expense of the U.S. taxpayer. These arise out of the fact that the hospitals and clinics of the several military services and the VA provide medical and hospital care to persons whose health problems are covered by workers' compensation insurance or by private health insurance carried by the patient. In recent correspondence with the Department of the Air Force, I sought information on the number of such claims which they had pursued and the amounts collected. The Air Force responded that in fiscal 1980 they had collected 502 workers'

compensation claims for $331,121, but they were unable to give any estimates for the number of cases in which medical care was provided in private facilities, paid for by CHAMPUS, and never reported for collection. Yet, I have learned that in northern California, a private company has been matching claims paid by a single large private health care provider with workman's compensation claims and in the space of 2 years that effort has increased that single health care provider's recoveries from $45,000 per year to $1.6 million last year. If that can be accomplished by one company in one area of one State, prudence and commonsense require that similar techniques should be applied to similar claims collection efforts throughout the military services, the Veterans' Administration, and other Government health facilities.

It seems to me that the Internal Revenue Service has acquired more skill at collecting moneys owed than any other agency of the Government, and it might be a good idea for other agencies to consult with the IRS and the General Accounting Office to determine if there are techniques that could be employed in their debt collection efforts so that people will begin to realize that the Federal Government has not forgotten them and their loan. Unfortunately, under present procedures, it appears that the Federal agencies do, in fact, simply forget about the loan once it is made and let it go uncollected. And it is the American taxpayer who picks up that load on top of all the others.

We need effective techniques to make it clear from the beginning that the Government will not forget the loans it makes and that it will vigorously follow up on its collection efforts.

In this vein, I was pleased to note on pages 22353 and 22354 of the April 17, 1981, Federal Register that the Attorney General and the General Accounting Office have advised Federal agencies to consider contracting with private sources for collection services to supplement Federal collection programs. This is a first step and a good one, but more can and should be done to stop this drain of billions of dollars from the U.S. Treasury. We owe this much to the U.S. taxpayer.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. DANIELSON, for 5 minutes, today.

(The following Members (at the request of Mr. KAZEN) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. MCCOLLUM) and to include extraneous matter:)

Mr. ROTH.

Mr. NELLIGAN.

(The following Members (at the request of Mr. KAZEN) and to include extraneous matter:)

Mr. LANTOS.

Mr. OBERSTAR in two instances.

Mr. WYDEN in two instances.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 50. Joint resolution designating July 17, 1981, as "National P.O.W.-M.I.A. Recognition Day"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. COELHO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 11 minutes a.m.), under its previous order, the House adjourned until Tuesday, May 12, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1303. A letter from the Executive Director, Civil Air Patrol, transmitting the annual report of the Civil Air Patrol for calendar year 1980, pursuant to section 7 of the act of July 1, 1946; to the Committee on Armed Services.

1304. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to permit the Army and the Air Force to appoint physicians with at least 4 years of service credit to the Medical Corps Reserve in the initial pay grade of O-3; to the Committee on Armed Services.

1305. A letter from the Acting Administrator, Energy Information Administration, Department of Energy, transmitting volume two of the administration's 1980 annual report, pursuant to section 57(a)(2) of the Federal Energy Administration Act of 1974, as amended; to the Committee on Energy and Commerce.

1306. A letter from the Under Secretary of the Interior, transmitting notice of the proposed refund of $368,274.28 in excess royalties to Texaco, Inc., Getty Oil Co., and ANR Production Co., pursuant to section 10(b) of the Outer Continental Shelf Lands Act of 1953, as amended; to the Committee on Interior and Insular Affairs.

1307. A letter from the Acting Special Counsel, Merit Systems Protection Board, transmitting the annual report of her office for calendar year 1980, pursuant to 5 U.S.C. 1206(m); to the Committee on Post Office and Civil Service.

1308. A letter from the Deputy Assistant Secretary of the Army for Policy, Planning and Legislative Affairs (Civil Works), transmitting a Corps of Engineers report on the Gulf Intracoastal Waterway, Louisiana Section—High Level Highway Crossings, in response to resolutions of the Senate Committee on Public Works adopted November 2, 1970, and June 7, 1972, and a resolution of the House Committee on Public Works adopted December 2, 1970; to the Committee on Public Works and Transportation.

1309. A letter from the Chairman, Civil Aeronautics Board, transmitting a draft of proposed legislation to terminate functions of the Civil Aeronautics Board and to transfer certain functions of the Board to the Secretary of Transportation, and for other purposes; to the Committee on Public Works and Transportation.

1310. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to extend the appropriation authorization for reporting of weather modification activities, and for other purposes; to the Committee on Science and Technology.

1311. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize the Secretary of Commerce to plan and provide for the management and operation of a civil land remote sensing satellite system, and for other purposes; to the Committee on Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DELLUMS: Committee on the District of Columbia. H.R. 2819. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia (Rept. No. 97-31). Referred to the Committee of the Whole House on the State of the Union.

Mr. FUQUA: Committee on Science and Technology. H.R. 1257. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; with amendment (Rept. No. 97-32). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WHITTEN:

H.R. 3512. A bill making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for

other purposes; to the Committee on Appropriations.

By Mr. BINGHAM:

H.R. 3513. A bill to amend the Price-Anderson provisions of the Atomic Energy Act of 1954 relating to liability for accidents at nuclear facilities, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. EVANS of Iowa:

H.R. 3514. A bill to amend the Agricultural Act of 1949 to authorize the Secretary to reduce interest charges on Commodity Credit Corporation Loans in order to decrease the rate of default; to the Committee on Agriculture.

By Mr. LENT (for himself, Mr. LEE, Mr. MADIGAN, and Mr. SHUSTER):

H.R. 3515. A bill to improve rail service in the northeast region of the United States, and for other purposes; to the Committee on Energy and Commerce.

By Ms. OAKAR:

H.R. 3516. A bill to restore premium pay to certain employees of the Federal Aviation Administration; to the Committee on Post Office and Civil Service.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2326: Mr. DAVIS.

H.J. Res. 131: Mr. DE LUGO.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

78. By the SPEAKER: Petition of the board of education, Bayonne, N.J., relative to impact aid for education; to the Committee on Education and Labor.

79. Also, petition of the board of trustees, Hunger Task Force of Ohio, Columbus, relative to food programs; jointly, to the Committees on Agriculture, and Education and Labor.

SENATE—*Friday, May 8, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Gracious Father in heaven, make this a blessed day for the Senators and all who serve with them as they finish a week of very hard work.

Grant to all who serve so faithfully here a pleasant weekend with family and friends. May there be opportunity for leisure and family nurture, for rest and relaxation and worship.

Bless these Thy servants Lord with healthy respite from the arduous duties of this week. In Jesus name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order the majority leader is now recognized.

Mr. BAKER. Mr. President, I thank the Chair.

CHAPLAIN COMMENDED FOR OPENING PRAYER

Mr. BAKER. Mr. President, I offer my congratulations to the Chaplain for his prayer this morning. I must say that it sets a good note and I think a very appropriate note for the ending of this week and the beginning of the weekend.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, after the time for the two leaders under the standing order has expired or has been yielded back, I ask unanimous consent that there be a brief period for the transaction of routine morning business not to extend beyond 15 minutes, in which Senators may speak for not more than 2 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no further need for my time under the standing order. I am prepared to yield it to any Senator, or yield it to the distinguished minority leader or yield it back, as circumstances may require.

Mr. ROBERT C. BYRD. Mr. President, if the distinguished majority leader will yield the time to me, I may need it or I may not.

Mr. BAKER. Mr. President, I am happy to yield my remaining time under the standing order to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I now yield to Mr. PROXMIRE such time as he may desire of the time under my control and then, following him, such time as the Senator from Alabama (Mr. HEFLIN) may need, and then such time as Mr. RIEGLE may need.

The PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

NUMBING TERROR

Mr. PROXMIRE. Mr. President, last Thursday, April 30, was Holocaust Day, a day of prayers and painful memorials.

Simon Wiesenthal noted that 60 percent of the world's population know nothing of the Holocaust firsthand. So most of the participants at the many memorial services around the world witnessed the terror through the eyes of the survivors—their own sight clouded by the shadows of the great crimes that have accumulated since.

At the same time, the victims of other, brutal crimes make claims to the century's ultimate martyrdom. Yet as Howard Singer writes, "it is degrading, even ghoulish to seek to prove preeminence in suffering."

How can one measure the suffering inflicted on the Cambodians by the Khymer Rouge? How can one weigh the genocides of the Armenians, Jews, Gypsies, or Ugandans against each other? That our history is littered with tragedy is without question. The repeated instances of war, famine, starvation, and slaughter are sadly familiar to us. And confronted with the sheer weight of these crimes, we often can do little more than turn away—numb to their horror.

I have been making these speeches nearly every day since 1967; over 2,400 statements in 14 years. It is not surprising, therefore, that like a persistent noise in the background, the issue of the Genocide Convention is often ignored.

This cannot be. The value of the message cannot be lessened by its loss of novelty. Though we live daily with death, we cannot fail to be outraged over each individual tragedy.

While the Genocide Convention does not address all forms of violence, it does concern itself with the most atrocious crime in civilized society—denying whole groups of people the right to live, and destroying them on the basis of their beliefs, nationality, or heritage.

Obviously, the opponents of the convention do not condone this crime. But their objections to the treaty are misguided. The American Civil Liberties Union and the American Bar Association have shown that the treaty would not infringe on U.S. sovereignty. It would not establish a world penal court, or any such entity.

The Genocide Convention is an expression of outrage born of the tortured events of the Nazi holocaust. It makes genocide an international crime, and requires all consenting nations to guard against it through international law. It has been approved by every President since Truman, as an affirmation of the most basic of human rights—the right to live.

The treaty is an old issue, dealing with a very old crime, but our recent history forces us to see that wholesale murder has never lost its novelty.

The PRESIDENT pro tempore. The Senator from Alabama.

ON MOTHER'S DAY

Mr. HEFLIN. Mr. President, Sunday, May 10, 1981, marks the 67th celebration of Mother's Day. While millions of Americans will take this opportunity to show in very personal ways their appreciation to their mothers, I hope this very special day will mark a return to the principles of basic American life.

This 67th celebration of Mother's Day comes at a time when it is critically important that we strengthen basic American family life.

As we observe Mother's Day and honor the mothers of this Nation this Sunday, let us also work to bring our families closer together—for it is the family unit that is the primary molder of attitudes and values in our society.

The family unit has been the backbone of American society throughout the history of this great Nation. There is no question that the family is the most important institution in the United States.

And American mothers have been the greatest source of this proud Nation's strength and inspiration.

Mr. President, I would like to take this time to read the original Mother's Day

Act, which was introduced on May 7, 1914.

JOINT RESOLUTION RELATIVE TO THE OBSERVANCE OF MOTHER'S DAY

Whereas the service rendered the United States by the American mother is the greatest source of the country's strength and inspiration; and

Whereas we honor ourselves and the mothers of America when we do anything to give emphasis to the home as the fountainhead of the State; and

Whereas the American mother is doing so much for the home, the moral uplift, and religion, hence so much for good government and humanity: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby authorized and requested to issue a proclamation calling upon the Government officials to display the United States flag on all Government buildings and the people of the United States to display the flag at their homes or other suitable places on the second Sunday in May as a public expression of our love and reverence for the mothers of our country: and be it further

Resolved, That the second Sunday in May shall hereafter be designated and known as Mothers' Day and it shall be the duty of the President to request its observance as provided for in this resolution.

Mr. President, I am exceedingly proud that the author and sponsor of the original Mother's Day Act was my uncle, former U.S. Senator J. Thomas "Cotton Tom" Heflin.

For his efforts on behalf of this Nation's mothers, "Cotton Tom" became known as the "Father of Mother's Day."

DEATH OF A. B. ROBERTSON, JR.

Mr. HEFLIN. Mr. President, it is with profound sadness that I inform the Senate of the death of one of Alabama's most outstanding trial lawyers, A. B. Robertson, Jr., who died in his hometown of Clayton on Wednesday, April 29, 1981.

A. B. was a lawyer's lawyer, deeply respected by the entire bench and bar of the State of Alabama. His colleagues of the bar honored him by the presidency of the Barbour County Bar Association and the vice presidency of the State bar. He also served as a bar examiner as well as bar commissioner. His scholarly and deliberate approach to the law was his professional hallmark.

Four times the people of his hometown, Clayton, Ala., elected him their mayor, three times without opposition. He also served as a member of the Barbour County Board of Revenue and had, in addition, served in the Washington office of the late Congressman George Andrews.

A graduate of the University of Alabama and of its law school, A. B. Robertson saw action in the Army during World War II and received the Silver Star and the Bronze Star for valor. He was recalled to military service as a captain during the Korean war.

I have known A. B. Robertson since he and I were law school classmates after World War II. For 35 years he was a friend to me personally and a valued colleague in the Alabama Bar. I join with Alabama attorneys throughout the State and with his fellow citizens of Clayton in paying tribute to him and in expressing sympathy to his wife, Mozelle, his children, mother, and sisters in their time of loss.

The PRESIDENT pro tempore. The Senator from Michigan is recognized.

Mr. RIEGLE. Mr. President, does the majority leader wish me to yield?

Mr. BAKER. Mr. President, I wanted to inquire if we were still in leadership time or morning business.

The PRESIDENT pro tempore. We are still in leadership time.

Mr. BAKER. I thank the Chair.

CUTS IN SOCIAL SECURITY

Mr. RIEGLE. Mr. President, I want to draw to the attention of my colleague a major story on the front of the Washington Post this morning. The headline read as follows: "Administration Intends to Offer More Big Cuts in Social Security."

I wish to read part of the story because this relates to a legislative matter which will be before us sometime today, probably this morning.

This article in the Washington Post today reads:

The Reagan administration has formally notified Congress that it now intends to propose further large cuts in Social Security, partly to maintain the giant system's solvency and partly to reduce its own future budget deficits.

The new cuts, according to a letter from Budget Director David A. Stockman and Treasury Secretary Donald T. Regan to Senate Minority Leader Robert C. Byrd (D-W. Va.) on behalf of the president, could amount to $8 billion a year initially.

The letter did not specify what form the cuts might take. But it was the first time that the administration has indicated the size of the cuts it is contemplating.

In its first round of budget proposals two months ago, the administration said basic Social Security benefits for the elderly were part of a "safety net" of programs to protect the needy that it would not touch.

Since then, however, Stockman and others have increasingly been signaling that Social Security would not remain immune forever, and two days ago Regan said explicitly that the safety net promise was for one year only.

Then last night, administration aides made available the letter to Byrd, also sent two days ago, saying the president will soon propose "reforms" in Social Security that would "reduce current-law outlays" by about $8 billion the first year.

Dropping down in the article and continuing to quote, it reads as follows:

President Reagan's entire economic program is based on reassuring investors that in the future inflation will decline and the economy will be ripe for growth.

To achieve this, which they acknowledge they have not done so far, Reagan's advisers feel they must have a budget-balancing plan, and they have already cut in most of the easier places. That is why they are now turning to Social Security, which, at $156 billion a year, more than a fifth of the budget, is an inviting target.

Dropping down to one other paragraph in this article:

(Spokesmen) said the president does not favor altering the cost-of-living provisions in the current law but that the administration will shortly send up other Social Security benefit reductions "sufficient to achieve" cuts of the same magnitude.

What does this article today mean? It says that the promise about the safety net for elderly people and people on social security in the United States is in the process of being torn asunder. Perhaps, when President Reagan made his safety net promise, the men around him intended to keep it. I do not know. But I strongly suspect that the intention was to keep the promise at least until the budget resolutions were adopted. Perhaps the administration and those who are supporting the budget resolutions simply did not want to go out and stir up all the senior citizens and the others who depend upon social security. Perhaps they wanted to keep retirees from becoming involved in this fight at this time. Whatever the reason, a solemn promise was made that older Americans on social security would be protected by a safety net.

Now we have word from the administration, in a letter that arrived 2 days ago, that this safety net is in jeopardy.

We are going to debate this vital issue today. I will have an amendment on the floor at some point. I understand that there will be an effort by the other side to try to thwart a direct vote on this issue. I hope they will change their minds about that. I hope a way can be found so that we can have a direct vote on the issue.

People can have disagreements. The administration may have changed its mind. They may have decided now they do not want to keep the promise they made on the social security safety net. But if that is the case, then they ought to face up to it and they ought to answer for what they proposed to do.

If the administration and its supporters now feel strongly that they have to back away and renege on the pledge on social security, let them stand up and vote that way, directly on the issue and not fuzz up the issue.

Some Senators may not be too interested in having such a clear vote. I can understand why. There is a basic contradiction between what they have said and what they are about to do.

Here is the issue in sharp outline: A promise was made to all the social security recipients that their benefits would remain untouched as part of a safety net, that their programs are not going to be dismantled. But now the administration is beginning to say:

Sorry, we cannot keep that promise. We will come in later to break it. We do not want to tell you now. We want you to vote without knowing. But we are putting you on notice that we will come in and slice away parts of social security.

That is what is being said here.

I hope we can get a straight vote on the issue because I think the public deserves to know where their Senators stand on this issue. We are going to do our best today to see that there is such a straight vote. Then we will let the roll be called and see where people stand.

Mr. ROBERT C. BYRD. Mr. President, how much time have I remaining?

The PRESIDING OFFICER (Mr. GORTON). The Senator has 8 minutes remaining.

Mr. ROBERT C. BYRD. I yield to the Senator from Georgia.

Mr. NUNN. I thank the Senator.

HIRE THE GURKHAS

Mr. NUNN. Mr. President, yesterday the Committee on Armed Services heard testimony on an administration proposal to pay $10,000 bonuses to 18-year-olds to induce them to enlist in our infantry forces. There is another Air Force proposal to pay a $15,000 bonus to individuals with scientific degrees, while the Navy is competing for the same person with a $6,000 bonus.

These are just some of a number of intriguing proposals for curing our military manpower problems emanating from the Reagan administration.

Even more intriguing is Secretary Weinberger's proposal to exempt the first $20,000 of military pay from Federal income tax. I had heard until yesterday that this plan was vetoed by some sensible individual in OMB, but yesterday, the Assistant Secretary of Defense for Manpower implied that this plan was still under active consideration. It appears that the administration is moving very rapidly in a direction which will convert our Armed Forces into a modern version of the Roman Praetorian Guard.

From the outset, the all-volunteer concept has raised concern that the military might become too removed from the society it protects. In 1979, General Al Haig, then NATO commander, voiced the fear that:

> We were risking the evolution of our military forces into a praetorian guard that would be isolated from the society and the people it was raised and funded to support.

General Haig's characterization is pertinent, since the Praetorian Guard of ancient Rome evolved into an independent political force. Indeed, this elite guard grew so powerful that each new emperor could be counted on to grant its members large bonuses just to insure their loyalty. In reviewing Roman history, I hope we in America note the potential dangers this trend represents. The tenures of those Roman officials who did not meet the exacting pay and benefit standards set by the Praetorian Guard were often terminated abruptly so they could be replaced with more generous leaders.

Actually, if pay were the sole consideration, we would get a much more efficient and capable fighting force if we hired the legendary Gurkhas of Nepal, who served the British so well as mercenaries. They were reported to be reliable; they were reported to be cheap; and they served for life.

Under some of these proposals, especially the tax exemption plan, I fear that service members would be identified by the general public as a privileged group receiving free medical care, Government housing, and a host of other benefits without contributing their fair share of taxes. Paying taxes is not always popular, but like voting, it is one of the rights and obligations that define citizenship in American society.

How would nontax-paying military members be viewed by their fellow citizens? Can we be sure that their other rights would be preserved? The American soldier has always been a citizen and an integral part of American society. They should not be isolated from that society even when assuming the hardships of military life. The tax exemption proposal would provide tax relief to the American military but, in the long run, nothing would be more counterproductive to the support and respect of the American people for our military personnel.

I think an active duty Air Force sergeant stated it best. In a recent letter to me, he wrote:

> I do not want to be a ward of this country! I am against the exempting of military personnel pay from income tax. I take pride in paying taxes to my country . . . I have talked to other airmen and officers and they all say the same things I do. Please don't take away my right as an American citizen.

Mr. President, the tax exemption proposal would take away this right and insure that the AVF becomes the ultimate form of economic conscription.

We must address the question of who will serve and who will not serve in the Armed Forces. I do not believe the American people want to be protected by a Praetorian Guard or an army of Gurkhas. Our entire history and tradition supports the concept of citizen soldiers serving the Nation, not soldier mercenaries served by the Nation.

We need to look at the concept of military service and ask the questions, "Where are our manpower policies leading us?" "How do they support the values of American society?" "What are the implications of new policy initiatives?" "How do they meet our national security requirements in a democratic society?" Creative ideas are needed, but the grab bag and "throwing money" approach indicated by some of these proposals thus far is not in the best long-term security interests of this Nation or our citizen soldiers who serve this country."

Mr. President, I yield back to the minority leader. I thank him for his time.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, appoints the following Senators to the Advisory Committee on the Law of the Sea: The Senator from Texas (Mr. TOWER), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. DOLE), the Senator from Alaska (Mr. STEVENS), the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), the Senator from Washington (Mr. GORTON), the Senator from Rhode Island (Mr. PELL), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Louisiana (Mr. JOHNSTON).

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with Senators permitted to speak therein for up to 2 minutes.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BAKER). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER (Mr. GORTON). The Senate will now resume consideration of the Senate Concurrent Resolution 19, which the clerk will state by title.

The legislative clerk read as follows:

> A concurrent resolution (S. Con. Res. 19) setting forth the recommended congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the United States Government for the fiscal year 1981.

The Senate resumed consideration of the concurrent resolution.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I yield to the distinguished junior Senator from Idaho 15 minutes from my time.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. SYMMS. Mr. President, the budget resolution before the Senate today is the second step in the implementation of President Ronald Reagan's economic package—the first being the reconciliation resolution already passed by the Senate. I wish to take this opportunity to stress to my colleagues the urgency for quick approval by Congress of the President's reform proposals in their entirety. The urgency for this action is obvious when we consider the present economic situation of the United States and the cause of our present troubles.

The dramatic rise in inflation, interest rates, taxes, and fundamental instability in the economy and financial markets during recent years is due, in large part, to the uncontrolled growth in Federal spending, expansion of the Federal debt, rising levels of taxation, and the failure to control the growth in the money supply. Consider the following points:

GROWTH IN SPENDING

When we look at the growth of Government spending we see that since 1950 total Government spending at all levels has risen 1,258 percent. The bulk of this increase has occurred in the last 15 years. During the period 1950–65 spending tripled; during the period 1965–80 spending quadrupled. Furthermore, the growth rate in Government spending has outpaced the growth in the gross national product. During the last 30 years our GNP has grown at an average annual rate of 7.7 percent while Government spending has grown at an average annual rate of 9.1 percent during the same period. In addition, an increasing share of our Nation's resources is being consumed by the Government sector. In 1954, 21 percent of our total GNP was consumed by Government; in 1980, a record 32 percent of the GNP is spent by Government at all levels. Of this 1980 figure, Federal spending accounted for 23.1 percent of the GNP while State and local governments consumed 8.9 percent. The portion spent by State and local governments is on the decline while the portion spent by the Federal Government is on the rise—illustrating the growth in the size and power of the central Government in Washington during recent years.

THE SHIFT IN SPENDING PRIORITIES

Mr. President, at the same time we have seen a dramatic shift in the spending priorities. During the last 15 years there has been a dramatic shift in the spending priorities of the Federal Government. We have had a steady shift in spending away from national defense and capital resource investment (such as basic science and technology development) and toward domestic social programs. Since 1953, spending on these domestic social programs has grown from 41.5 percent of the Federal budget to a peak of 78.3 percent in 1978.

THE LEVELS OF TAXATION AND TAX POLICY

In order to support this large growth in the Federal Government taxes on personal incomes have risen to almost unbearable levels. Today taxes—not food, shelter, clothing or entertainment—but taxes are the largest single item in the budget of a typical working family of four. For politically popular reasons, the tax policy of the Federal Government has penalized capital investment and encouraged consumptive spending. The excessive levels of taxation and this present tax policy have discouraged production, savings, capital investment and entrepreneurial risk. For the majority of the population, the incentive to produce additional income is the lowest in our history, and the personal savings rate is the lowest at any time anyone can remember.

Thus, in summary, an analysis of recent historical trends leads us to some basic conclusions about government and its role in the economy and the end result if these recent trends are not reversed:

Government spending has grown at a rapid and increasing rate over the past 30 years;

The public (government) sector has grown faster than the private sector;

The size and cost of the Federal Government has grown faster than State and local governments;

The Federal Government has relied increasingly on large deficits along with inflation to finance its spending;

Excessive and anticapitalistic taxes have had a substantially depressing effect on economic activity;

Persistent high rates of monetary inflation threaten economic stability, leading to social degradation and chaos in the private sector, and

The rapid shift in spending priorities away from national defense along with the decline in basic scientific research is eroding America's technology base and has already resulted in the Soviet Union attaining military superiority over the United States.

It should be pointed out that this rapid rise in Federal spending, debt, inflation, and America's declining posture results in large part from the fundamental nature of Government to expand its power combined with the use of the public purse by our political rulers to pacify and control the population. The "tax, spend and elect" mentality took hold in Washington nearly 50 years ago and has been employed at an accelerated pace by politicians promising a "free lunch" and trying to buy the votes of the people with their tax dollars. Politicians in Washington have acted as though the Government rather than the private sector was the creator of wealth when we know that is not true.

THE REAGAN ECONOMIC PROGRAM

Now we have an opportunity for the Reagan economic program. Almost immediately after his inauguration, President Reagan sent to Congress proposals to reverse these adverse economic conditions and to restore America's preeminence in the world. He is the first President in my memory and I think in about the last 40 years to offer the American people a real change in the direction of national policy. The program is not all that complicated. It is very simple:

First, reduce unnecessary spending to reduce the share of private resources which are siphoned off by the Government for counterproductive uses;

Second, increase after-tax incentives for both labor and capital to encourage increased production, saving, investment and above all entrepreneurial risk. That is one thing that is certainly lacking today;

Third, stop inflation through a sound money policy;

Fourth, eliminate the costly overregulation of business and individuals; and

Fifth, initiate immediate efforts to strengthen America's defense posture and correct the military imbalance which now favors the Soviet Union/Warsaw Pact bloc.

THE REAGAN BUDGET PROPOSALS

The President's budget proposals, reflected in this resolution, do not provide for an actual net reduction in spending from the previous year's level; rather, the Reagan budget is simply a restriction on the rate of growth in Federal spending. Under the President's program spending should decline to about 19 percent of the GNP by 1984 as compared to 23 percent in 1981. Although I strongly encourage the administration and Congress to begin making actual net reductions in spending from previous years, I support this resolution as a good beginning.

I personally would prefer to see Federal spending reduced over time—I know we cannot do it immediately—but over a time period where the Federal Government consumes no more than 15 percent of the gross national product and leaves the rest of those resources at home where they belong so people can take care of their own problems, both privately and through the local governments and State governments where necessary.

THE REAGAN TAX PROPOSALS

The tax proposals contained in this resolution, if enacted in a manner consistent with the President's proposals are the cornerstone for economic recovery. The Reagan proposals have only one goal—to restore incentives for work, saving, and capital investment. In 1965, the highest tax bracket encountered by a median-income family of four was 17 percent. That means the family got to keep 83 cents of an additional dollar earned. A family with twice the median income encountered a top bracket of 22 percent. Unless taxes are cut and rates are reduced in 1981, the median-income family of four will reach the 28-percent bracket, a 65-percent increase in the tax rate applied to additional earnings. A family with twice the median income has been pushed from the 22-percent bracket into the 43-percent bracket, a doubling of the marginal tax rate.

Unless President Reagan's tax proposals are enacted, by 1984 the median-income family will be in the 32-percent bracket; a family with twice the median income will face the 49-percent bracket. However, under the President's program the 1984 median-income family will be in the 23-percent bracket, a reduction of 9 percent from where they would be without the program. Again, it should be noted that the Reagan tax proposals do not provide for an actual net decrease in taxes, just less of an increase from what is presently built into the system.

It is argued by some that the Reagan tax program will be inflationary. This view is offered by those who refuse to recognize that inflation is a monetary—not a demand—phenomenon. There cannot be any more aggregate spending in real terms by individuals unless people are encouraged to earn more income first by working and investing more. In short, it cannot be inflationary for workers to spend their money and noninflationary for Government to do so.

I have made the point in this resolution, and in fact in the earlier resolution as it is a part of this resolution, that we put into the Chiles amendment and made the distinction as to how the word "inflation" is so often misused in this country.

It has bothered me for many, many years to hear people calling rising prices inflation, when it is really confusing the dictionary. Inflation has been caused by years and years and years of the printing press that works down at 14th and Independence Avenue. Printing money, the

volumetric expansion of the money system through credit and currency, is what has caused the rising prices which result from inflation.

So it is time, I think, that we do have the systemic changes in our system to get off the treadmill of continued inflationary spending and inflationary expansion of our money system so that we can reach once again stability in our dollar.

THE SYSTEMIC CHANGES PROVIDED BY THE REAGAN PROGRAM

Perhaps more important over the long run than the specific numbers contained in the Reagan economic package and this resolution are the systemic changes the President is attempting to make. A comprehensive policy of block grants to the States will be used to channel funds to those who need them in lieu of the present system of categorical grants which consumes billions of dollars supporting Federal bureaucracies. Local control of spending will be a significant factor in reducing waste, duplication, and deliberate fraud. In addition, the Reagan tax policies are attempting, for the first time in 40 years, to change the tax policy of the Federal Government from a consumptive anticapitalistic policy to a policy of encouraging work, capital investment, and personal savings.

Obviously, it is these systemic changes that arouse the fears of those who oppose the Reagan program. For if the Reagan program is enacted and allowed to work the American people will have final proof that the Federal tax and spending machine has indeed been the cause of economic decline; that it has been the vehicle for locking a generation of Americans into an endless cycle of demeaning dependence on Government incomes redistribution for political purposes.

The Reagan national defense program, Mr. President, is another very important part of this function.

THE REAGAN NATIONAL DEFENSE PROGRAM

This resolution provides funds for the beginning of President Reagan's program to regain military parity with the Soviet Union. As a result of the decisions of several past administrations and neglect on the part of the Congress, the Soviet Union has now attained strategic and conventional military superiority over the United States. This resolution provides for substantial increases in defense spending beginning in fiscal year 1982 so that this deficiency can be corrected as rapidly as possible. However, because it takes a period of years to develop and deploy new weapon systems, the United States will face a 5- to 6-year window of vulnerability during which time the Soviet Union may very well attempt to take strategic advantage of the West.

The PRESIDING OFFICER. The 15 minutes yielded to the Senator from Idaho have expired.

Mr. SYMMS. Mr. President, I yield myself 10 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. For many years, the Soviet Union has been following a three-pronged effort to achieve world hegemony: First, an all-out drive to gain decisive strategic military superiority over the United States; second, a geopolitical strategy designed to gain control of the West's supply of critical mineral and oil resources; third, a program of deception and disinformation designed to anesthetize the American people and their political leaders as to the real intentions of the Soviet Union.

I am happy to say that the Reagan administration has come to grips with this Soviet grand design. I am also pleased to report to my colleagues that the Senate Budget Committee has provided the necessary funding levels to support the President's defense programs. I would like to take this opportunity to comment on three points relating to our national defense.

First. I would strongly urge the Senate Armed Services Committee to work with the administration in the formulation of a program to substantially increase our antiballistic missile technology development program and to give serious consideration to active ballistic missile defense deployment.

Second, during markup of this resolution, I stated my concern over the proposed funding reductions in NASA aeronautical research programs under function 400. I take this opportunity to urge the appropriate Senate committees to preserve the NASA supersonic cruise research/variable cycle engine program as well as the numerical aerodynamic simulator program.

Third, I also stated my concern during markup of the proposed termination of funding for the Interior Department's mineral institute programs under function 300. While this program can be scaled down without jeopardizing the effort, its continuation can play an important role in finding solutions to America's critical dependency on foreign sources of strategic metals.

In conclusion I urge the Senate to act favorably on this resolution as reported. The economic package proposed by President Reagan, for which this resolution provides, is the first step in carrying out the election mandate of 1980. If fully enacted, the Reagan programs will lead the way to a fundamental change in the direction of our Nation—a change in favor of less government and more freedom for the American people as well as the survival of the United States as a sovereign nation.

Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER (Mr. NICKLES). Does the Senator from New Mexico yield for the purpose of suggesting the absence of a quorum?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HAYAKAWA). Without objection, it is so ordered.

AUTHORIZATION FOR PRINTING OF STANDING RULES OF THE SENATE TOGETHER WITH PUBLIC LAW 93–344

Mr. ROBERT C. BYRD. Mr. President, I yield myself 1 minute on another matter. This request has been cleared with the distinguished majority leader.

I ask unanimous consent that the Standing Rules of the Senate, as adopted on March 25, 1980, be printed as a Senate document, together with Public Law 93–344 the Congressional Budget Act, as amended.

The PRESIDING OFFICER, Without objection, it is so ordered.

Mr. ROBERT C. BYRD. This request will facilitate the combining together of the Standing Rules of the Senate which were adopted on March 25, 1980, and which are found today in a yellow volume titled "Standing Rules of the Senate," and Public Law 93–344 which, at the present time, is to be found in a separate red-bound booklet which is really at a premium because of the scarcity of that book.

I think the combining together will facilitate matters when the budget resolutions and other measures associated with the Budget Act come before the Senate. It is necessary to understand the built-in time provisions that govern Senate action on those measures, and this necessitates our locating the separate volumes. But now that the order of the Senate has been entered, that material will be combined with the Standing Rules of the Senate so that there will only be one volume. This will accommodate the numbers, I think, in the future.

Mr. BAKER. Mr. President, I yield myself 1 minute off the resolution.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I wish to thank the distinguished minority leader for the request that he has just proposed and the Senate has now granted. I think it is eminently useful. It will be a great convenience to the Senate.

I am pleased that the minority leader would make this request on his initiative, because he has contributed so much to the formation of so many of these procedures during his tenure as majority leader.

Mr. President, I wish to express my appreciation to the minority leader for his efforts in the past and for the action that he has taken today.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, on yesterday, when the Senate was considering certain items on the Executive Calendar, there was one item under Department of State which I believe was cleared on the minority side and had not yet been cleared on the majority side. It has now been cleared.

Might I inquire of the minority leader if there is a possibility that we might proceed at this time briefly to the consideration of Executive Calendar Order No. 139, under Department of State, the

nomination of Lawrence S. Eagleburger, of Florida, to be an Assistant Secretary of State.

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side of the aisle.

Mr. BAKER. Mr. President, I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for not to exceed 1 minute for the purpose of considering the nomination of Lawrence S. Eagleburger, and that immediately after the confirmation of Mr. Eagleburger, if indeed he is confirmed, the Senate return immediately to legislative session without disturbing the status quo and consideration of the budget resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF STATE

The PRESIDING OFFICER. The clerk will report the nomination.

The legislative clerk read the nomination of Lawrence S. Eagleburger, of Florida, to be an Assistant Secretary of State.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will return to legislative session.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The Senate resumed consideration of the concurrent resolution.

Mr. BAKER. Mr. President, before we proceed, the distinguished Senator from New Mexico is briefly absent from the floor. While we await his return, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

UP AMENDMENT NO. 75 TO AMENDMENT NO. 43

(Purpose: To restore assumed cuts in social security and other retirement benefits that would result from changes in the cost-of-living adjustment)

Mr. RIEGLE. Mr. President, I have an amendment to the amendment of the Senator from South Carolina. I send the amendment to the desk on behalf of myself, Senator KENNEDY, and Senator BIDEN.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. RIEGLE), for himself, Mr. KENNEDY, and Mr. BIDEN, proposes an unprinted amendment numbered 75 to Amendment No. 43.

Mr. RIEGLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, line 9, delete "$83,600,000,000" and insert in lieu thereof "$83,600,000,001".

On page 8, line 10, delete "$73,400,000,000" and insert in lieu thereof "$73,400,000,001".

On page 9, line 8, after 24,050,000,000 add the following:

Notwithstanding any other provision of this resolution, the Congress hereby determines and declares pursuant to section 301 (a) of the Congressional Budget Act of 1974 that, for the fiscal years beginning on October 1, 1981, October 1, 1982, and October 1, 1983, the appropriate level of new budget authority and the estimated budget outlays for the major functional categories National Defense (050), Income Security (600), Veterans Benefits and Services (700), and Allowances (920) are respectively as follows:

(1) National Defense (050):
Fiscal Year 1982:
(A) New budget authority, $226,200,000,000;
(B) Outlays, $188,800,000,000.
Fiscal Year 1983:
(A) New budget authority, $255,000,000,000;
(B) Outlays, $221,800,000,000.
Fiscal Year 1984:
(A) New budget authority, $290,000,000,000;
(B) Outlays, $251,100,000,000.
(12) Income Security (600):
Fiscal Year 1982:
(A) New budget authority, $264,000,000,000;
(B) Outlays, $244,200,000,000.
Fiscal Year 1983:
(A) New budget authority, $286,400,000,000;
(B) Outlays, $259,400,000,000.
Fiscal Year 1984:
(A) New budget authority, $306,700,000,000;
(B) Outlays, $276,800,000,000.
(13) Veterans Benefits and Services (700):
Fiscal Year 1982:
(A) New budget authority, $24,800,000,000;
(B) Outlays, $24,050,000,000.
Fiscal Year 1983:
(A) New budget authority, $25,600,000,000;
(B) Outlays, $25,200,000,000.
Fiscal Year 1984:
(A) New budget authority, $26,600,000,000;
(B) Outlays, $26,100,000,000.
(18) Allowances (920):
Fiscal Year 1982:
(A) New budget authority, —$1,200,000,001;
(B) Outlays, —$7,850,000,001.
Fiscal Year 1983:
(A) New budget authority, —$20,800,000,000;
(B) Outlays, —$27,600,000,000.
Fiscal Year 1984:
(A) New budget authority, —$27,900,000,000;
(B) Outlays, —$35,200,000,000.

Notwithstanding any other provision of this resolution and pursuant to section 304 of the Congressional Budget Act of 1974, the paragraphs of section 2 of H. Con. Res. 448 relating to the major functional categories Income Security (600) and Allowances (920) are revised as follows:

(12) Income Security (600):
(A) New budget authority, $250,200,000,000;
(B) Outlays, $230,300,000,000.
(18) Allowances (920):
(A) New budget authority, $0;
(B) Outlays, —$600,000,000.

Mr. RIEGLE. Mr. President, this amendment would reject the Budget Committee's recommendation that the Congress assume major reductions in social security and other Federal retirement benefits.

This amendment would restore cuts which have been made in social security and other retirement benefits that result from changes in the cost-of-living index.

The first concurrent budget resolution that is now before the Senate includes a major change in the way we now calculate cost-of-living adjustments for the following Federal retirement programs: social security, supplemental security income, veterans pensions, military retirement, railroad retirement, and civil service retirement. About 44 million retirees in various circumstances are included under these five programs.

Under present law, benefits in these programs are automatically adjusted for the cost of living with the use of the Consumer Price Index. Buried in the budget resolution is a proposal to change the adjustment factor to the Consumer Price Index or the wage index, whichever is lower. The proposal would also change the COLA adjustment date from July 1 to October 1 beginning in 1982 and continuing thereafter.

Mr. President, these changes have not been requested by the Reagan administration. In fact, the President made a solemn pledge that the Reagan budget cutting would not cut any money from a group of safety net programs including social security. Nevertheless, the Budget Committee is proposing major reductions in outlays to social security recipients: $7.9 billion in fiscal year 1982, $7.3 billion in fiscal year 1983, and $7.4 billion in fiscal year 1984.

The proposal recommended by the Budget Committee has been rejected repeatedly in the Congress during the last few weeks. The Budget Committee itself rejected these COLA cuts by a vote of 5 to 14 when the committee marked up the reconciliation instructions, Senate Concurrent Resolution 9. The full Senate, by a vote of 12 to 86, rejected a floor amendment that would have included these cuts in the reconciliation instructions. The Senate Finance Committee had this proposal before it as an option when it considered the reconciliation bill—and the committee did not adopt any change in the COLA for retirement programs. The House Ways and Means Subcommittee on Social Security has just tentatively approved a bill, H.R. 3207, that is carefully constructed to achieve a one time budget reduction without reducing social security benefits in the long run. In fact, when the Budget Committee first adopted this recommendation, it did so after very little debate and with a show of hands vote.

This is a very complex and sensitive issue. I think it clearly deserves full hearings and open debate before the Senate adopts this change in national policy.

The Reagan administration should have the opportunity to prepare and present its recommendations. The public and the Congress should have the opportunity to consider the full implications of these recommendations.

Mr. President, this amendment is a perfecting amendment to the Thurmond amendment. Senator THURMOND proposes to increase spending in the veterans function. I am accepting Senator THURMOND's proposal to make that increase. I think it is justified, I think it is sound, I support it. It is incorporated and accepted in my amendment.

The remainder of the Thurmond proposal, which is to cut other health programs, my amendment would reject. My amendment would show the offset in function 920. This function has been used by the Budget Committee to reflect as yet unidentified and unspecified savings in various years.

My amendment retains existing law which has been in effect since 1972. It retains the CPI as the basic adjustment index for Federal programs for retirees. It also retains the current adjustment dates rather than accepting proposed delay in the adjustment.

I understand, and I appreciate, the concern of some Senators that this may in some way face the Appropriations Committee to make larger cuts. That is not my intent. That is not my purpose. The legislative history will be crystal clear that it is not the purpose of this amendment to require that those category 920 savings be allocated to the Appropriations Committee.

It is not my intention—in fact, I think it would be highly improper—to assign that responsibility solely to the Appropriations Committee. The purpose of this amendment is to indicate that the function 920 savings would be achieved by all committees of Congress over a period of time.

If necessary, I am willing, to add further language to my amendment to make that intention very clear.

Mr. President, a letter has come to us in the name of the President of the United States. It was sent to us by Budget Director Stockman and Treasury Secretary Regan. I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 6, 1981.

Hon. ROBERT C. BYRD,
Democratic Leader,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Thank you for the opportunity to provide the Administration's position concerning changes in cost-of-living adjustments (COLA's) for income security programs adopted by the Senate Budget Committee (the Hollings Amendment). These changes would:

Make COLA adjustments on the basis of the lower of the CPI or average wage increases, and

Shift COLA adjustment dates beginning in calendar year 1982 from July to October for OASDI, Railroad Retirement, SSI and Veterans; from April to October for civilian retirement; and March to October for military retirement.

In response to your specific questions we would offer the following guidance:

(1) The President has opposed changing the current CPI-based cost-of-living adjustment formula in Social Security as a budget savings measure. That position has not changed.

(2) The Administration does recognize the impending solvency problems of the Social Security Trust Fund. Significant savings are needed and Secretary Schweiker has promised the relevant Congressional Committees a package of reforms designed to maintain solvency of the Fund. As a practical matter, these changes would reduce current law outlays in the income security function by a magnitude sufficient to achieve the First Concurrent Resolution ceilings.

(3) For these reasons, we believe the outlay totals in the resolution reported by the Senate Budget Committee can be achieved. We would therefore not support amendments causing a net increase in the outlay levels provided in the resolution.

Sincerely,

DAVID A. STOCKMAN,
Director.

DONALD T. REGAN,
Secretary of the Treasury.

Mr. RIEGLE. Mr. President, this letter puts forth the official administration position on this critical issue.

Mr. President, may I have order? I think it is important that people get the exact text of what the administration is saying here.

The PRESIDING OFFICER. The Senate will be in order.

Mr. RIEGLE. I thank the Chair.

Point 1, on page 1, reads as follows:

The President has opposed changing the current CPI-based cost-of-living adjustment formula in Social Security as a budget savings measure. That position has not changed.

I repeat that last 5-word sentence:

That position has not changed.

So we have here now, in hand, a letter in behalf of the President of the United States, stating clearly on the record that the administration's public position is that the cost-of-living adjustment formula for social security should not be changed. Nevertheless, the budget resolution before us proposes that it be changed. This change has not been requested by the President. There is clearly no concern in Congress that it be changed. Nevertheless, the change is slipped into this resolution on the floor today. We ought to take it out. My amendment will accomplish that.

Very interestingly, the administration's letter also makes another point. It says:

The administration does recognize the impending solvency problems of the Social Security Trust Fund.

Of course, there are five different retirement programs involved in the Budget Committee's recommendation. The other four are not mentioned in the letter. My amendment would protect all five and not just social security.

The letter continues:

Significant savings are needed and Secretary Schweiker has promised the relevant Congressional Committees a package of reforms designed to maintain solvency of the Fund. As a practical matter, these changes would reduce current law outlays in the income security function by a magnitude sufficient to achieve the First Concurrent Resolution ceilings.

That is standard bureaucratic boilerplate language. But Mr. Stockman and Mr. Regan admit that the administration does intend to cut social security. That is their plan. They may not know how yet; they will be back later to tell us; but they are putting us on notice that they do intend to make cuts in social security.

Mr. President, point two of the letter directly contradicts point one. And it also goes directly contrary to other statements that have been made repeatedly by the President and his spokesmen about the safety net. We all have heard that the social security program was supposed to remain intact. It was supposed to remain as a part of the safety net to protect people in the country against cuts that would be harmful, cuts that would be unjustified or just unsound.

Mr. President, the front page of the Washington Post today has a lead story with the headline, "Administration Intends To Offer More Big Cuts In Social Security."

It goes on to say that despite frequent assurances to the contrary, the social security program is now being targeted for cuts within the councils of the administration. The talk of a safety net is all changed. That promise is weakening. That is soon to be a broken promise.

If we pass this budget resolution in its present form today, then we become party to breaking that promise. Why should we do that? Why should be break faith with the 44 million retirees in this country who are going to be affected by this change, who have not had a chance to be heard?

Mr. HATFIELD. Mr. President, will the Senator yield for a question?

Mr. RIEGLE. Yes, I yield for a question.

Mr. HATFIELD. I thank the Senator.

Mr. President, I just heard the Senator make the remark, as to the impact of this amendment being on the Appropriations Committee, as I understood it over the speaker, that this would not have an impact on the Appropriations Committee, but because this subject is under the jurisdiction of the Finance Committee, the matter of implementing this would be returned to the Committee on Finance rather than expecting the Committee on Appropriations to reduce its outlays further to accommodate to the amendment. Is that correct?

Mr. RIEGLE. That is substantially correct, Mr. President. Let me respond by saying, I think it would be unreasonable to expect the Appropriations Committee alone, in the next few months, to absorb the savings included in function 920 in addition to the others it is now working on. That is not my intention and it is not the purpose of this amendment. I wanted to be very explicit about that.

I said that these savings would be the responsibility of all the committees in the Senate. This amendment is clearly

not a mandate to the Committee on Appropriations to do the impossible.

Indeed, if it is necessary to include language to that effect in the amendment, I would be prepared to amend my amendment.

Mr. HATFIELD. I thank the Senator. I think we have to recognize that this 920 is facetiously referred to as "phony money business." I want to make sure that we not play the game in such a way that we end up dumping all of our add-ons or whatever other modifications they are making of us into the bloody surgery that is going on now in the Appropriations Committee, where we are having to operate without the benefit of anesthetic. I want the Senator to know that we cannot handle additional impacts of that kind represented by the total figure in the Senator's amendment in the appropriations process, especially when we have all the exemptions that we have, and narrow the basis down to the appropriations process.

Mr. RIEGLE. I fully agree with the chairman. As a normal practice, there is nothing in law that requires a crosswalk to the Appropriations Committee; it is not my intent.

Mr. HOLLINGS. Mr. President, will the Senator yield further?

Mr. RIEGLE. Yes, I will, but let me yield on time on the bill.

Mr. HOLLINGS. Yes, on the time of the bill. There is time, and I think this ought to be made clear to the Senator from Oregon.

Mr. President, how would it be crosswalked? How would these savings get to all these other functions, as the Senator says his intention is?

Mr. RIEGLE. I think we have that in function 920 now, do we not?

Mr. HOLLINGS. Certainly. It is a dummy function, no question about that. And if you add on another $7.9 billion, you are going to cross-walk to the Appropriations Committee $7.9 billion less.

Mr. RIEGLE. I disagree with the Senator.

Mr. HOLLINGS. How would you do it? Do not disagree with me. Tell me how you are going to do it.

How is the Senator going to get these particular savings to the particular committees?

Mr. RIEGLE. I think that is not clear. But when I say it is not clear, it is not appropriate for the Senator from South Carolina, to say that it will go to the Appropriations Committee. He does not have that authority.

Mr. HOLLINGS. The Budget Committee resolution does.

Mr. RIEGLE. The Budget conference report will ultimately deal with the issue. It will not be locked in today. The Budget Committee does not have that authority.

Mr. HOLLINGS. It certainly does. Where else is that money going to come from? You cannot allocate it to defense for example, because it was not in the 050 function. You have allocated an additional cut in 920. These are already unidentified cuts, and you have added on more.

Mr. RIEGLE. There is nothing that mandates that this should be shouldered by the Appropriations Committee.

Mr. HOLLINGS. That is the only way for it to go, to go to the Appropriations Committee.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. RIEGLE. I yield.

Mr. CHILES. I suppose lawyers can always differ, and Senators can differ, whether they are lawyers or not.

I believe it will be up to the Conference Committee on the Budget to determine how we would attempt to crosswalk this. The same kind of argument that has been made now, that all this has to go to the Appropriations Committee, could be made as to all cuts dumped into 920.

I do not believe that our colleagues on the majority side are trying to say that all those cuts have to be made just by the Appropriations Committee, nor do I think anyone can say that these cuts have to be made. It is clearly going to be up to the conference committee. If the conference committee wants to say that those cuts can be crosswalked across all the committees, then I believe they have the authority to do that. I do not believe anything says that it has to be done by the Appropriations Committee. It will be up to the conference committee, as it always has been, to crosswalk the numbers.

Mr. HOLLINGS. How is that going to be done? The distinguished Senator from Florida knows otherwise. He and I are both on the Appropriations Committee. They get a lump sum amount.

If you are going to take it out of these functions and transfer it to the function called unidentified cuts, which in reality is a dummy function. The Senator and I know that. Then the lump sum amount goes to the Appropriations Committee. We know, for example, how much is for function 050, defense; we know how much is for function 150, foreign affairs. Those functions and all the others have been specified. And with those amounts specified, the Appropriations Committee can work. I sit on the State-Justice-Commerce Subcommittees and the Senator sits on the Governmental Affairs Committee, and we have the specified amounts to work with. But now the Appropriations Committee will be crosswalked $7.9 billion less.

The Senator can say that we can find it in the different functions, but that is an impossible task. If we could do it on the floor today, we could do it; but we are avoiding it right now, and I can see the conference committee avoiding it.

They called one list the doomsday list, when they tried to save $44 billion. Yet right now, you are going to add another $7.9 billion onto it for next year, giving you an even bigger doomsday list.

As it is given a lump-sum amount, the Appropriations Committee has the authority to allocate its crosswalk total to its own subcommittees. But now they will have $7.9 billion less to allocate.

Mr. HATFIELD. If I understand the Senator from Florida correctly in reference to the so-called function 920 and as I understand the resolution—and I ask this question—as the resolution now stands, there is nothing in the function 920 at this time as to allowances for 1981 and 1982 but only for out-years of 1983 and 1984. Am I correct?

Mr. CHILES. That is correct.

Mr. HOLLINGS. That is correct.

Mr. HATFIELD. Consequently, what we are suggesting here is a problem which is compounded and which we face in the Appropriations Committee as to the impact of the full amount of this in 1982.

Mr. HOLLINGS. That is correct.

Mr. CHILES. I say to the distinguished chairman of the Appropriations Committee that that would be true if the entire amount were allocated to the Appropriations Committee, but nothing in this amendment does that.

Mr. HATFIELD. But we would end up with 60 percent, even if you get an allocation across the board. So even 60 percent of this amount is going to be a significant amount, if you are able to get that kind of allocation out across all these other committees.

Mr. RIEGLE. Not necessarily. We are now considering the first budget resolution. There will be a second resolution in the fall. The President's letter indicated that they intend to come up here and make some proposals. They have not had a chance to do that as yet. We do not know what they are, and I am not sure they know what they are. So we have time with respect to looking into 1982 for those proposals to be made and those savings to be identified.

Mr. CHILES. In addition, we are not talking about anything that was done as part of the reconciliation process. So anything that is to be done here can be done later.

Reiterating what the Senator from Michigan has said, the President has said in a letter to the minority leader, and I believe to others, "Don't cut COLA. I intend to come up with my proposals for dealing with social security, and I intend to make some savings there. So do not cut COLA at this time."

We followed that on the reconciliation process; and for some reason, we are abandoning what the President asked us to do or what the Budget Committee did, by the fact that it is now cutting COLA.

So the issue we are talking about here is consistent with what the President said: "Don't cut this now. Let me make my recommendations to you." We will have time to get these recommendations. The committees do not have to find these cuts now. That is not part of the reconciliation process.

When we get down to the merits of this matter, what I believe we have to be very careful about—and I speak to all Members now—is that we be very clear as to the signal we send to our senior citizens; that just to save some money, to make sure we sort of cut the cloth to fit a pattern, we did not say, "We are going to scoop some money out of your cost-of-living indexes; we are going to take this out of your hide."

If we need to make adjustments in the CPI, if we need to make adjustments in the way COLA is now construed, if we show that we do that with calm and deliberation, with fairness of thought, then

I believe it will be accepted by our senior citizens.

On the other hand, if it appears that in an effort just to gain $7 billion of savings in 1981, as an effort just to wedge something in to fit a particular track, we decided that we would arbitrarily go in and say 15 months rather than 12 months; prices or wages, whichever are higher; no real study, no real thought, no real deliberation to determine what is going to be fair, that is the kind of thing that really sends shock waves, and I do not believe Congress should do that.

If the Senate adopts my amendment, we will be saying, "Yes, we are going to try to find this money, but we are not going to arbitrarily take it out of the hides of our senior citizens, without any study or deliberation." We will see the recommendations of the administration. Congress will have a chance to look at those recommendations and work its will through a studied process.

Mr. RIEGLE. If they come in with sound recommendations all of these savings may be achieved by the Finance Committee. It may be that none of this will spill over on other committees.

Mr. HATFIELD. I could not agree more with the Senator's observations. He has stated them eloquently as to the impact on the senior citizens community, and I am concerned about that, also.

I believe that his point is an illustration of my concern as to the impact on the appropriations moneys, and that is simply this: We have a tendency to see these policies or the rules change as we move down the road, and this is a shift from what the President's policy was as announced early on.

Therefore, I should like to see some very precise language in the amendment of the Senator from Michigan which specifically exempts the budget impact on the appropriations process, because I believe that waiting to let it happen down the track leaves us in a very precarious position.

We have seen much gnashing of teeth, much wailing and weeping this week as our appropriations subcommittees have been marking up.

I wish to see this as language in the amendment to give me kind of an assurance. I need that so that this is not going to have a kind of full impact upon the appropriations.

Mr. CHILES. I agree.

Mr. RIEGLE. Mr. President, I agree with the Senator, and I think that is a reasonable request We can craft that right now and at the appropriate time I will add it to the amendment.

Mr. HATFIELD. We will be happy to work that out.

Mr. HOLLINGS. Mr. President, let me just say a word with respect to this amendment. How is it that we hear these cries about taking it out of the hides of the poor in hearings on one hand, and then are told do not worry about it because it will simply take the savings out of the Appropriations Committee. But they have no idea of telling us where it comes from. The poor and needy could be hurt here, too. They have no idea of telling us where it comes from because they do not know where it comes from.

The Appropriations Committee is given a lump sum—that is over 60 percent of the budget.

And if they were going to give some to Finance, you again have doubletalk. We certainly could not restore funding to Finance on one hand, put the saving into 920 on the other hand, and then take it out of Finance again. The only reasonable assumption could be that it is all going under the Appropriations Committee.

In one regard we already are in trouble with that type of bookkeeping with the defense budget.

And the Senator from Georgia and I pointed out that in a colloquy here yesterday. There is $5.1 billion difference between the actual amounts projected to be expended for defense and what is actually going to be given to the Appropriations Committee.

The Senator from Alaska, the chairman of the Defense Appropriations Subcommittee, is using realistic inflation factors, statistics, and outlay rates.

So in marking up the supplemental 3 months ago, the Defense Appropriations Subcommittee, under the leadership of the distinguished Senator from Alaska, had to add on $2 billion.

I say to the distinguished chairman of the Appropriations Committee that what could occur must be avoided. It is a problem I have faced in the past. Senator BELLMON and I faced a similar problem last year with the distinguished Senator from Washington, Senator MAGNUSON. In a similar situation, he assumed immediately that all of the money went over to the Labor and HEW Subcommittee and took it out of defense.

The Senator is going to get that lumpsum cut, and with it a lot of conversation and problems.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. HOLLINGS. Let me complete the thought. The conversation is going to be to the effect that, no, on the one hand, we are only getting so much for defense under the Reagan economics, but on the other hand, under CBO economics, we are going to need so much more. There is going to be a $5.1 billion shortage in defense. Yet, the defense people are going to be coming down the road appropriating, appropriating, and appropriating. and everyone else is similarly going to be busy appropriating, and when we run out of money, we are going to have a Friday night fight within our own committee to decide who is going to get what.

So the Senator from Oregon is very astute in bringing this point up.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. HOLLINGS. I am glad to yield to the distinguished chairman.

The PRESIDING OFFICER. The Chair interrupts to ask on whose time is the Senator from South Carolina yielding?

Mr. HOLLINGS. I ask unanimous consent that it be yielded from the time of Senator DOMENICI and time on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, the Senator brings up an interesting point because what the Budget Committee did was to reduce the outlays from $121 billion on this defense issue, which was a CBO estimate, down to $188 billion, but we failed to reduce the budget authority by a like amount of money, $5 billion from the $225 billion.

Mr. HOLLINGS. That is right.

Mr. HATFIELD. So consequently when the Appropriations Committee finishes its task and if it is costed out then they decide, "We will cost it out at $193 billion rather than $188 billion." Then we come back with another $5 billion impact on all the rest of the program.

Mr. HOLLINGS. Exactly.

Mr. HATFIELD. That is the kind of mirrors and smoke that is being used too much in this whole budgetary process rather than facing up to the full facts of fiscal life.

Mr. HOLLINGS. I wish to commend the Senator from Oregon. As our new chairman, he foresaw this. He has conferred with the members of the committee. I know he has conferred with the chairman of the Budget Committee. He has done his best to make certain that we do not have misunderstandings and that we are using the same figures, and reaching the same understanding.

If we can do that, fine. But we have that little problem growing in the defense budget and now we are starting another one with this amendment.

They have no idea of taking the $7.9 billion and actually spreading it out among the functions. That is the evil of going this route, and it is similar to the evil that I commented on in reporting the budget resolution. There we had a straight resolution without the monkeyshines for awhile. But when they set up function 920 as a dummy account for unidentified cuts in 1983 and 1984 the sham began. The answer we got was not to worry, we might not even be here in 1983 and 1984.

Mr. HATFIELD. Besides the Appropriations Committee has to do it. We do not have to do it.

Mr. HOLLINGS. That is right.

Now, they jump in here with this amendment in 1982 and make it very, very real, some $7.9 billion. Why not put the entire budget in the dummy function and let them all figure it out later. Transfer it all there and we can have his understanding and he can have his. In fact, we have 100 Senators and they all can have their little understanding and their conscience. As the Senator from Florida says lawyers will differ. But this is not a lawyer's difference. The distinguished Senator from Florida knows better. He is on the Budget Committee. We struggled over $100 million yesterday, and now we get $8 billion and casually say, "Oh, put it over in the unidentified cut section, the dummy section 920."

And let us now get to the fairness of this. What actually, in essence, is the problem and what are we trying to correct? What is the real impact they are talking about? There is a lot of good political rhetoric in this issue, but let us see what the fact of the matter really is.

The fact of the matter is that the CPI overstates inflation and therefore overcompensates. It overstates the impact of high housing costs and is based on a market basket of goods calculated back in 1972, before the oil embargo and the changes in energy consumption since then.

So it overstates inflation and it overcompensates. And this is unfair to those who are paying taxes to support COLA's and to keep the trust funds solvent, namely wage earners.

The wage earners' rate of increase over the last year was only 9.9 percent. But retirees will receive an 11.2 percent COLA. That is unfair. We are not taking away anyone's cost-of-living adjustment, just making it equal to the working man's. We are increasing social security.

What the Riegle amendment would do would increase payments by $37 a month on average. What the resolution calls for is $33 a month increase. We are talking about only $4 a month. We are talking about only $48 a year.

The social security average benefit is $337. It was not supposed to necessarily put one into poverty or take one out of poverty. But we are rhetorically at that line if we try to make any changes. If we want to increase it, let us increase it. But do not come in here with all this drama about $4 a month.

The truth of the matter is that social security recipients are just like all other Americans.

They are willing to do their share to whip inflation just like everyone else. They do not like to be treated as welfare recipients.

If the Senator wants to give them straight increase, put the money into the social security fund, and I will vote for it. I voted for the increase in the past.

But I do not believe we should continue up with this overcompensation that runs into billions over the many, many years.

Mr. RIEGLE. Mr. President, will the Senator yield at that point?

Mr. HOLLINGS. I yield.

Mr. RIEGLE. Mr. President, I appreciate the Senator yielding. He made most of these same arguments a month ago when he offered essentially the same proposal and lost on it 86 to 12. I am just wondering what does he think has changed since then? What makes the Senator think it will be different?

Mr. HOLLINGS. Mr. President, let me give the historical account of political experience. I remember one time in the State legislature we got one vote for mental health. I remember the following year, out of 124 members, we got 123 and only one voted against it.

I remember one time on a sales tax measure I could not get nine people on my side originally. Later, I got the Governor and everybody else to go along.

I have had a similar experience in this body with the oil depletion allowance. We had Mike Mansfield, the distinguished Ambassador to Japan, standing here as the majority leader. He was chairman of the Policy Committee, and he said it would not come up. Well, we got it up, and we debated it, and it passed.

We also had the issue of the 1-percent kicker. They raised a constitutional question on it. But when we voted on that, it passed 82 to 0.

People in this country believe in fundamental fairness. Do not give me this "taking it out of the hides" rhetoric. That is old political rhetoric that went out of the window last year.

Some of you are going to learn that lesson. If you want to treat people fairly, then treat them fairly. And if you really want to increase their benefits, then put in an increase for social security. But do not belabor the point about hearings. There have not been any hearings on the tax cuts—or the spending cuts. Suppose we had had hearings on all the spending cuts? We could have had 5 years of hearings. And do not come in here with this magnanimous statement that, "I am looking out for the recipients," and that we are the penurious Senators with blinders on "taking it out of the hides of these people." That is sheer nonsense.

Mr. RIEGLE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I am glad to.

Mr. RIEGLE. We could do it the other way. We could let you decide things.

Mr. HOLLINGS. We are picking up votes. We have 12.

Mr. RIEGLE. We have not heard from the President.

Mr. HOLLINGS. Heavens.

Mr. RIEGLE. Here is what the President said. He is against changing the current CPI.

Mr. HOLLINGS. I thought you changed parties. When did you start following the President?

Mr. RIEGLE. I am talking about process. How are we going to reach a decision? It is not a question of whether you or I are hurt in these committees. Why cannot these retiree groups come in and why cannot we have them testify? I do not know whether you or I can speak for these 44 million retirees in this country. That is why we have hearings. Do you want to do away with these hearings?

I guess we come to the floor and take these ideas you or somebody else has and change these things which have been in place now for years and years and years, and I do not think that is fair. That is not normally the way I see you work. I do not think that is really the process the Senator wants to go to.

Mr. HOLLINGS. Mr. President, let me just say this, because the time is limited, and others may want to be heard on this particular measure.

We have heard the arguments and we have debated COLA. We have had votes on these issues. Last year, for example, we tried to annualize military and civil service COLA's and were defeated by an overwhelming vote, as the Senator from Michigan said.

Then we began to again pick up steam in the Senate but got defeated in the House. Now, apparently, we have the votes for annualization in both Houses.

We continue to make progress in reforming Federal pension programs. And we must continue. Runaway and insolvent pension funds are a problem for every level of government. The demands of civil service retirees can exceed the financial limits of most governments, and the taxpayer.

And here the change is minimal. It is only $4 a month per recipient on average. But in total, it yields nearly $8 billion in savings.

I yield to the majority leader.

QUORUM CALL

Mr. BAKER. Mr. President, I suggest the absence of a quorum, and I ask that it be charged against the resolution.

The PRESIDING OFFICER (Mr. MURKOWSKI). The clerk call the roll.

The bill clerk called the roll and the following Senators entered the Chamber and answered to their names:

[Quorum No. 7 Leg.]

Baker	Danforth	Murkowski
Baucus	Domenici	Riegle
Byrd, Harry F., Jr.	Durenberger	Roth
	Goldwater	Stennis
Chafee	Gorton	Thurmond
Chiles	Hollings	Wallop
Cranston	Kennedy	

The PRESIDING OFFICER. A quorum is not present. The clerk will call the names of absent Senators.

Mr. BAKER. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators. I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Utah (Mr. HATCH), the Senator from Maryland (Mr. MATHIAS), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Connecticut (Mr. DODD), the Senator from Nebraska (Mr. EXON), the Senator from Louisiana (Mr. LONG), and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

The PRESIDING OFFICER (Mr. SYMMS). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 88, nays 2, as follows:

[Rollcall Vote No. 93 Leg.]

YEAS—88

Abdnor	Cranston	Hayakawa
Andrews	D'Amato	Heflin
Armstrong	Danforth	Heinz
Baker	DeConcini	Helms
Baucus	Denton	Hollings
Bentsen	Dixon	Huddleston
Biden	Dole	Humphrey
Boren	Domenici	Inouye
Boschwitz	Durenberger	Jackson
Bradley	Eagleton	Jepsen
Bumpers	East	Johnston
Burdick	Ford	Kassebaum
Byrd, Harry F., Jr.	Garn	Kasten
	Glenn	Kennedy
Byrd, Robert C.	Gorton	Laxalt
Chafee	Grassley	Leahy
Chiles	Hart	Levin
Cochran	Hatfield	Lugar
Cohen	Hawkins	Mattingly

McClure	Pryor	Stennis
Melcher	Quayle	Stevens
Metzenbaum	Randolph	Symms
Mitchell	Riegle	Thurmond
Moynihan	Roth	Tower
Murkowski	Rudman	Tsongas
Nickles	Sarbanes	Wallop
Nunn	Sasser	Warner
Packwood	Simpson	Williams
Pell	Specter	Zorinsky
Percy	Stafford	

NAYS—2

Goldwater	Proxmire

NOT VOTING—10

Cannon	Long	Schmitt
Dodd	Mathias	Weicker
Exon	Matsunaga	
Hatch	Pressler	

So the motion was agreed to.

The PRESIDING OFFICER. With the addition of Senators voting who did not answer the quorum call, a quorum is now present.

Mr. RIEGLE and Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will please be in order.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time remains on the amendment, for proponents and opponents?

The PRESIDING OFFICER. The Senator from New Mexico has 30 minutes. The Senator from Michigan has 10 minutes.

Mr. DOMENICI. I thank the Chair.

Mr. President, may I inquire of the distinguished Senator from Michigan, could we talk for a bit about whether we can agree on time to vote up or down on the Riegle amendment?

Mr. RIEGLE. By all means.

Mr. DOMENICI. What does the Senator have in mind? He has 10 minutes remaining; we have 30. Would the Senator be willing to agree to a vote, say, 1 hour from now?

Mr. RIEGLE. I think that would be my feeling. I want to inquire about other colleagues who will come on the floor and may have a desire to speak. Why not take time from the bill?

Mr. DOMENICI. I say to my good friend, I have 30 minutes in opposition. I do not think I need the full 30 minutes, so he may have part of ours without going on the bill and he has 10 of his own.

Mr. RIEGLE. Let me understand: Is it the desire of the Senator from New Mexico to try to reach a time agreement now for a vote at a time certain?

Mr. DOMENICI. That is what I would like to do.

Mr. RIEGLE. I assume that would be an up or down vote?

Mr. DOMENICI. Yes, it would, Mr. President.

MODIFICATION OF THE UP AMENDMENT NO. 75

Mr. RIEGLE. Mr. President, I am going to be sending one modifving amendment to the desk, which I mentioned earlier. The Senator should be aware of it. That may or may not influence his own thinking.

Mr. DOMENICI. Has the Senator heretofore described the substance of his modification or not?

Mr. RIEGLE. Yes, and the Senator was on the floor at the time. This deals with the crosswalk problem with the Appropriations Committee.

Mr. DOMENICI. The Senator from New Mexico would like to see it.

Mr. RIEGLE. I shall submit it now.

Mr. President, I modify my amendment and send the modification to the desk.

The PRESIDING OFFICER. The modification will be stated by the clerk.

Mr. RIEGLE. It is not very long. I think it will be well if the clerk reads it in its entirety.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

SEC. —. It is the sense of Congress that, when savings anticipated in function 920 for fiscal year 1981 and fiscal year 1982 are allocated to committees pursuant to Sec. 302 of the Congressional Budget and Impoundment Control Act of 1974, none of the required savings shall be allocated to the Committee on Appropriations.

Mr. RIEGLE. That should read "required savings" on line 8.

The PRESIDING OFFICER. The Senator has the right to modify his amendment. The amendment is so modified.

Mr. DOMENICI. Mr. President, let me say to the distinguished Senator from Michigan that I have seen the amendment and it does not change my desire to seek an early time to vote. It does lend itself to a few moments of comment at the outset.

If anyone thinks that this language should be determinative in voting for the amendment of the Senator from Michigan, I shall just say it has no binding effect. It is hortatory language. If it were otherwise, it would be subject to a point of order. Since it is only a sense of the Senate, it has no binding effect.

Second, I should like to say that this is one of the reasons that I am very cautious about putting significant amounts of money in 920 in the year of the budget, 1982. Armed Services and all the other committees ought to know that if this were binding, what the Senator is suggesting is that those functions of government have to find all the savings that he is taking out of finance and putting into this general savings account. Everyone will know that before we are through this afternoon. So I want a few more moments on that.

Mr. RIEGLE. Mr. President, will the Senator yield on that point?

Mr. DOMENICI. Surely.

Mr. RIEGLE. Mr. President, we do not know where these savings might end up. They might all end up in Finance. It is just not clear at this point, because we have to make the determination.

Mr. DOMENICI. It surely is not clear, Mr. President, but under the Senator's amendment, he would say that it is not going to come out of appropriations. That is the point.

Mr. RIEGLE. That is the point we make very clearly.

Mr. DOMENICI. I am saying, Mr. President, first, that is not a valid instruction. If it were a valid instruction, it would be subject to a point of order. It is nothing more than hortatory language.

Let us assume for a moment that it is binding. Everyone in this body ought to know that the Senator is putting over $7 billion in a general catchall and then saying, if you cannot do it in Finance, it cannot come out of Appropriations.

Mr. RIEGLE. Mr. President, I beg the Senator's pardon. I am not saying that. I am not saying it has to come out of Finance. I am saying that somewhere in the authorizing committees, it is going to have to be found. It may come out of Finance; we do not know. We have not heard the President's recommendations yet.

Mr. DOMENICI. The Senator does not save money in authorizing. He saves it in appropriations, direct spending, and entitlements. If the Senator does not know, I shall tell him that it is agriculture programs that are direct, it is Government operations programs, such as congressional pay, that are direct. And armed services programs that are direct. Those are the only three other than Finance. We can have a little discussion on that, but this amendment is not any more palatable for those who are worried about where we are going to find a place for the savings that the Senator is moving from function 920 into the year 1982.

Mr. RIEGLE. Mr. President, in response to the Senator, I say that I do not believe that is the key issue. The key issue here is whether we are going to accept the COLA assumption that is built in here. I am backing that out, because I believe it is unreasonable; the President has not asked for it. There is clear opposition in Congress to it. It is going to hurt the larger part of 44 million retirees in this country.

There is another part to it which we have not discussed yet, which I point out to the Senator from New Mexico. The assumption that is built in here would require that this change be taken in such a way that we could find ourselves right away paving out benefits based on the next calculation period and then find out, weeks later, that we have sent out the wrong amount. You could be going to more than 30 million people on social security and asking them to send back the money.

Mechanically, what the Senator is asking for is impossible. We have gotten into that because we have stayed on the equity issues. But at some point, if we are going to talk about mechanics, we might talk about that.

This language was developed under the colloquy with the chairman of the Appropriations Committee. He has seen this language. He can speak for himself, but my sense is that this language meets the concern he expressed before, which I share.

Mr. DOMENICI. I can assure the Senator that of my 30 minutes, I will not use more than 10. Can we agree now on a quarter of 2 as the time to vote?

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield.

Mr. HOLLINGS. The distinguished minority leader has a hotline out, and we will hear from him momentarily. Will the Senator yield to me now so that I can use some hortatory language?

Mr. DOMENICI. I yield.

Mr. HOLLINGS. Since the Senator and I are members of the committee, what is the sense of saying exactly where those savings should go to?

Mr. RIEGLE. We will do that later, in the second budget resolution. The Senator knows that what we are doing here now does not become binding. We have time to work this out. We should not try to make this kind of massive cut at this time, when it is out of sequence. The President has not asked for it.

Mr. HOLLINGS. In reality, then, even if it were controlling, the distinguished Senator knows that he is letting the committees off the hook in one breath, and putting them back on in the next. That is what he is saying to the committees with jurisdiction over COLA. You will be reimbursed now, with the Riegle amendment, some $7.9 billion; but those very same committees will later have to save that same amount if he is not going to allocate any to the Appropriations Committee. And the only way those committees could make savings of that magnitude would be to cut back the pension and retirement programs—the area this amendment is supposed to protect.

So we are going to take away this $7.9 billion saving momentarily, and then tell the committees to make the saving anyway a little later.

Mr. RIEGLE. That would occur later; it would be after the conference, and we would then have a better sense of where we were. We might have the President's recommendations then. That is the proper and orderly time in which to make that judgment.

Mr. President, the Senator from Massachusetts has been trying to speak for some time, and I yield 5 minutes to him at this time.

Mr. KENNEDY. I thank the Senator from Michigan.

Mr. President, I welcome the opportunity to cosponsor this amendment and to urge strongly its favorable consideration by the Senate.

I have listened to the debate for the last hour; so far the debate has concerned procedure, technique, the formulation of the amendment, just about everything, except what this amendment really does; what it is going to mean to millions of senior citizens; and what we will do to millions of senior citizens of this country if it is not adopted.

Mr. President, I am mindful, as the Senator from Michigan has pointed out, that this is the first budget resolution. We are going to have a second budget resolution. We will have adequate time to deal with the technicalities which have been raised at that time. However, there are some rather basic and fundamental points that I believe should be made before the Senate votes on this amendment.

I followed the first reconciliation resolution extremely closely and spent a great deal of time on the floor. I also have listened to the debate on the current budget resolution. The litmus test on numerous amendments has been whether they conform with the President's budget request.

I have offered a series of amendments and have spoken in favor of other amendments; and time after time we have heard, "We cannot accept that amendment because it is not a part of the Reagan economic program. It is not a part of the Reagan economic proposals. It is not something that Mr. Stockman and Mr. Reagan support."

Time after time after time, the merits of these various proposals have been lost and the Senate has voted to reject what I and a number of my colleagues have felt have been reasonable, responsible, and humane amendments.

It so happens that we have before us an amendment which is consistent with the President's economic programs, consistent with what the President believes is important in terms of equity, which conforms with the President's purpose, as he has stated it, of devising an economic program that is fair and equitable. The President of the United States believes that the existing COLA provisions are fair and equitable.

The President told the senior citizens of the Nation that his budget provided them with a safety net. There is no firmer or more important aspect to that safety net than the cost-of-living adjustment. The President has reiterated his support for it. And I, for one, think the amendment before us should have been proposed by the majority.

Now we know that the Secretary of HHS is going to make recommendations with regard to the drain on social security. There have already been a number of proposals in this area.

President Carter's Commission on Social Security made a number of suggestions concerning the integrity and the security of the social security system. So those who have tried to scare the elderly during this debate, saying, "If you accept the Riegle amendment, you are going to see a catastrophe in the social security system," are, in my opinion, distorting the facts.

Second, Mr. President, we have heard, during the course of the debate, that under the present COLA provisions the elderly are obtaining an advantage over other groups in our society. Nothing could be further from the truth.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KENNEDY. Mr. President, may I have 5 minutes on the resolution?

Mr. DOMENICI. I yield 5 minutes.

Mr. KENNEDY. Nothing could be further from the truth.

The fact is that the present system of calculating cost of living adjustments does not reflect the true impact of inflation on the elderly. Senior citizens spend a greater portion of their income on food, medical care, and energy than other Americans and the cost of these items has increased at a far faster rate than the overall cost of living. The annual cost of living increase between 1970 and 1979 was 7.2 percent. But for food it was 8.3 percent; for medical care 7.9 percent, and for fuel and utilities it was 9.3 percent.

Now some say the Consumer Price Index overstates the real cost of living for the elderly because it includes the cost of homeownership. But studies conducted by the Bureau of Labor Statistics and Data Resources Inc. which took the homeownership factor into account concluded that the Consumer Price Index has not exaggerated the true cost of living increase for the elderly precisely because of the greater percentage of income they spend on energy, health care, and food.

A final two points that I wish to make:

Mr. President, our senior citizens depend on private pension plans and savings for a third of their total income. Only 3 percent of the private pension plans in this country include escalator clauses. And since the unions of this country cannot bargain for increased benefits for retirees, the value of those pensions has deteriorated by almost 50 percent over the period of the past 7 years. So for millions of Americans, cost of living increases on Federal pensions is their only protection from inflation.

Some in this Chamber say the elderly are asking for a special privilege. If so why in the world have more senior citizens entered the poverty list in the last year-and-a-half than at any time since the Bureau of the Census began gathering data? Why is it? The fact is that they cannot afford the essential services to keep body and soul together even under the existing COLA provisions.

I hear a great deal about what has changed in the last 3 weeks. The one thing that has changed in the last 3 weeks is the economic situation of the senior citizens which will deteriorate even further because of the reductions we have approved in food stamps, fuel assistance, and health services.

Mr. President, that is really the question at issue. Are we going to be tightening the belt of some people more than others? If we persist in approving the budget resolutions' proposal we will, in effect, turn our backs on the vital human needs of the senior citizens of this Nation. They recognize what such a vote will mean. It will mean that hundreds of thousands of additional senior citizens are going to join the poverty-ridden people in this Nation.

That was never intended by the President when he presented his economic message to Congress, and it should be rejected as a concept in the Senate today.

The PRESIDING OFFICER (Mr. SYMMS). The time allotted to the Senator has expired.

Mr. RIEGLE. Mr. President, let me thank the Senator from Massachusetts for such a splendid statement. He focuses the issue exactly where it should be.

We have been haggling about procedure here. It is really a dodge. The real question, the hard question is, What has happened to senior citizens in this country? That has just been described by the Senator from Massachusetts.

I think we have solved the parliamentary side of the issue. We have an amendment in the proper form which I think deals with any reasonable question that has been raised.

Let me suspend my comments at this point. I see the Senator from New Mexico here. We were talking before about reaching an agreement. I am wondering if we were to perhaps decide to set the vote for 1:45 p.m. and try to make some accommodation with the time in the meantime. I do not know whether it would be reasonable to divide the time evenly. We have a three-cornered debate here, but I am open to any reasonable suggestion on time division.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. BAKER. Mr. President, I have no objection to the 1:45 p.m. time for a vote.

I wish to say, though, for the benefit of all Members of the Senate that we really are moving in no sense of haste certainly and very much slower than I hoped we would. I had previously announced that it was not my intention to ask the Senate to convene on Saturday, but I must say that unless we can pick up speed and begin to move with greater expedition I think it is going to be necessary to consider that.

I hope later in the day to have a chance to discuss that with the minority leadership as well.

But I hope we will proceed as fast as we can on this amendment. I would be perfectly prepared to vote earlier than that, but I have no personal objection to 1:45 p.m.

Mr. RIEGLE. Maybe we can shorten it up.

Mr. GOLDWATER. What about 1:15 p.m.?

Mr. RIEGLE. Mr. President, let me make a suggestion in order to meet all the objectives that we think in terms of a vote at 1:30 p.m.

Mr. DOMENICI. 1:30 p.m. is satisfactory with us.

Before the distinguished minority manager of the bill left the Chamber he indicated he was checking on his side. I assume he has no objection.

Mr. RIEGLE. I further suggest that if the Senator wishes, what we could do is let us take the time and divide it and if it turns out we do need it then we could conclude the debate maybe before 1:30 p.m. and then start on something else and take the vote at 1:30 p.m.

Mr. DOMENICI. I am willing at this point to agree to divide the time evenly as I indicated to the Senator that I do not think the opposition needs the full 15 minutes. but we are willing to accommodate, and if that will be a satisfactory unanimous-consent proposal I ask unanimous consent that we vote at 1:30 p.m. and the time between now and then be equally divided between the Senator from Michigan and the Senator from New Mexico.

The PRESIDING OFFICER. Is there objection?

Mr. RIEGLE. And the vote will be up and down.

Mr. DOMENICI. The vote will be up and down.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. RIEGLE. Mr. President, I wish to make one important point here that has not entered the debate as yet. If we make this budget reduction at this time as recommended by the Budget Committee we are actually assuming that the Social Security Administration would adjust the checks and to reduce them in an amount beginning on July 1 of this year, which is only 6 weeks away. I am not sure how many of my colleagues understand the implication of that part of the proposal that is now in the budget resolution.

The legislation to change the COLA for social security cannot possibly be enacted in time for the Social Security Administration to change the July checks for the 35,746,000 social security beneficiaries across the country. So we are faced with two choices: If this amendment fails, and the budget resolution assumptions are retained, the Social Security Administration will have to do one of two things, either they will not send out the checks 6 weeks from now or they are going to have to send them out with incorrect amounts and then a few weeks later, they will have to go back and take the money away from retirees.

I do not think either of those ways of dealing with this problem is feasible in the time we are talking about. So it is just one more reason why the budget assumption here is an unreasonable one. It is administratively unworkable.

I will tell you this: When the senior citizens of this country find out what is going on here—and they are going to find out despite all the parliamentary maneuvering—this vote is going to be seen in the cold light of day for what it is. Either we will retain the current policy of helping older Americans stay abreast with their costs of living in a period of absolutely raging inflation, or we will let them sink. I cannot imagine that we would make the cuts proposed here. We voted overwhelmingly to the contrary just a month ago in this Chamber.

If the President's solemn promise is going to be tossed out the window within a matter of weeks what other promise is worth anything?

Will all Americans have to expect us to renege on other commitments because we are trying to make the mathematics work out and finance huge new spending activities that the Administration and some Senators have in mind?

I shall reserve the remainder of my time.

The PRESIDING OFFICER (Mr. MATTINGLY). Who yields time?

Mr. GORTON. Mr. President, the Riegle amendment is not only highly premature but obviously would create far more problems than it can possibly solve.

The Riegle amendment does two things: It assumes, first, that none of the savings proposed and debated for by the Senator from South Carolina can be achieved: and, at the same time, it loads $7.8 billion for fiscal year 1982, which it is necessary to save, into an unspecified category, almost certainly guaranteeing that there will not be sufficient changes in order to reach that most necessary of goals.

Where do we stand here as we debate this resolution today? We recognize more and more, and a substantial majority of the Members of this body have privately acknowledged, that there must be changes to bring cost-of-living increases in connection with many Federal pension systems far more in accordance with the true increase in the cost of living for persons who are retired. There is common agreement that the present COLA simply does not do that, and that it substantially overstates the effect of cost-of-living increases as they impact on the people who are the beneficiaries of these programs.

As the Senator from Michigan pointed out earlier this morning, the administration has promised a major proposal in the field of social security during the course of this year, a proposal which is absolutely essential to assure the solvency of the system itself.

Essentially the proposals of the Budget Committee simply recognize and anticipate that some such reforms are going to take place.

The Senator from South Carolina, the chairman of the Budget Committee, I and, I think, the great majority of the Members of this body believe firmly that many of the savings and, perhaps, all of the savings can, in fact, be achieved and can be achieved in a fashion which is fair to the beneficiaries, fair to those who pay into Social Security System every year out of their earnings, and fair to an economy which, as the Senator from Michigan has so eloquently pointed out, is severely impacted by an inflation to which past polities have so markedly contributed.

It may or may not be that the precise COLA changes which are assumed in this resoution will be made, but there are clearly other options for achieving similar or almost identical savings.

Of course, if this body refuses to do so, if Congress cannot take the courageous action which is necessary to provide fairly for all beneficiaries, those who pay, the entire economy, all of the citizens of the United States, the second budget resolution will regrettably be required to reflect that failure.

Loading up $7.8 billion of precise savings as are contained in the resolution at the present time, and transferring them into unspecified savings for fiscal year 1982 is simply to increase drastically the problems which we will face, and very, very clearly to lower the credibility of this first budget resolution.

It is far more responsible to leave savings in the functions in which they are at the present time. where there is a reasonable prospect for achieving them, and then call upon the substantive committes of both the House and the Senate to find ways to do so as opposed simply to abandoning the quest entirely, which is what the Senator from Michigan's

proposal asks us to do. They will not be achieved in function 920. They will at least come close to being achieved if they are left as they are, and I am convinced that we must face this proposition. It is a very, very difficult one. It is the result of changes made in these programs in years past which we could not afford and for which we were unwilling to pay.

We have reached the time of very difficult decisions in this country. Many functions, in addition to the one which is the subject of this amendment, are hurt and are penalized by these proposals unless they are accepted. However, unless they are accepted in full, unless they are accepted beyond what we are even doing in this budget resolution, we have no realistic prospect of controlling inflation, of creating economic recovery, and of putting together an economy which is growing and which provides opportunities for all—the working, the retired, and the students who are coming into the labor market.

This amendment should be defeated. I suspect shortly thereafter there will be some changes which reflect more accurately what is precisely possible. But to abandon the idea in its entirety is shortsighted and will deal very irresponsibly with the necessary economic challenges which this body must face.

Mr. RIEGLE. Mr. President, I know there are a couple of colleagues on our side of the argument who want to speak. While they are coming to the floor, let me just comment on several points quickly.

We are here making an appeal for an orderly process. I do not think we are in a position now to decide as complex an issue as the one to change the COLA index factors. Even the President of the United States is not ready because he has not made the recommendation. The letter from his administration, which I have previously put into the RECORD, makes it clear that they support retaining the Consumer Price Index as the measurement index.

The administration is not ready for a change of this kind and neither are we. No committee has yet acted to effect this kind of a change or these kinds of savings.

We rejected this recommendation just about a month ago during deliberations on the first reconciliation resolution. The vote against it was 86 to 12. A change in national policy of this magnitude should not be sneaked into law. That is what is happening here.

In addition, my amendment would offset the cost of maintaining the current law by including savings in an equal amount which we assigned to function 920.

The majority party leadership has already decided to use function 920 as a place to include savings that are as yet unidentified. I believe the resolution should not identify savings in social security and other retirement programs. Those savings should be unidentified because assumptions are clearly premature. That is the simple issue here.

Our senior citizens are not keeping up with inflation. All the data that we have shows that. In fact, the CRS has just issued a report that shows that many studies have tried to construct a market basket of cost items for senior citizens and retirees and compared it to the CPI. They find that the cost of living index for older Americans is equal to, if not higher than, what is shown in the CPI. Older Americans have other needs later in life that are quite expensive such as health care and medicine.

Mr. President, I ask unanimous consent to include as cosponsors of the amendment Senator SASSER, Senator PRYOR, and Senator METZENBAUM.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. I reserve the remainder of my time.

Mr. GORTON. Mr. President, I yield such time on the amendment as he desires to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. QUAYLE. I thank the Senator from Washington for yielding me this time.

Mr. President, this is not an easy vote or an easy task before us when we are dealing in the area of cost-of-living increases to senior citizens, to military retirees, and to Federal Government retirees.

What the amendment does is to strike out what was finally voted out of the Budget Committee on a motion offered by the distinguished minority Member, Senator HOLLINGS, that said that we would increase the benefits in accordance with either the CPI or the annual wage increase, whichever is lower, and have that increase in benefits occur in October rather than in July.

Mr. President, I think we ought to make it very clear that we are not talking about taking any moneys away. We are not talking about denying any increase on the cost of living.

The question is how the cost of living or the increase is going to be adjusted.

I do not think anybody in this body will dispute the fact that something has to be done in the area of the social security system, that something has to be done in the area of the indexation of all the Federal programs and retirement programs that we have. But it is not easy to deal with that when you come down to the vote because it is going to affect many, many people.

The point is that if something is not done about this program and others, there is going to be a tremendous effect on this Nation if we cannot get a handle on Federal spending and have a more responsible practice than what we have had in the past.

I am not saying, and I do not think anybody is saying, that this formula brought forth by the Budget Committee is the exact, precise formula that ought to be effectuated. Everyone knows that there will be hearings, there will be discussions, on what will be the best way to implement this policy decision. But it is a policy decision that this body is about to make on whether we are going to do something about COLA or not. If this amendment is agreed to, then it would be saying that we are not going to do anything about a policy decision.

I am hopeful that the amendment will be rejected. I am hopeful that this body will reverse itself from what it has done in the past. We have reversed ourselves in what we were going to do with spending and taxes as a result of the last election.

The momentum, the philosophy, and the will of the people in this Nation is to do something. We have an opportunity to do something now. I hope, with all due respect to the Senator from Michigan, that his amendment will not succeed, and that we will establish a policy and let the appropriate committees implement the details of doing something constructive about a very difficult political situation.

It is a tough political vote, but I would think it is time to rise above the political institutions and to do something that will ultimately benefit this Nation and this Government in trying to return fiscal responsibility to this Nation.

Mr. RIEGLE. Will the Senator yield for a question?

Mr. QUAYLE. I will be glad to yield.

Mr. RIEGLE. I appreciate what he has said and I appreciate his comments.

The PRESIDING OFFICER. Who yields time to the Senator?

Mr. RIEGLE. I yield myself such time as I may require.

If what we want to do is to save some money, and we need to save money all over the budget, why try to save it with this kind of basic change in the retirement system without being sure that this is exactly what we want or the President wants? In fact, he is on record as late as yesterday telling us this is not what he wants.

Why not just make a commitment to make the savings somewhere else?

I am willing, with the Senator, to join in writing an amendment which will find a way to save this much in the years through 1984, preserving a balanced budget in 1984. Why target the senior citizens and single them out in a very basic way with this change of policy which the President has not asked for, which no hearings have been held on, and the committees of jurisdiction not having given the slightest indication that they intend to do this? Why is this a fair way to do it?

Mr. QUAYLE. I would say to my colleague from Michigan, and I appreciate our having worked together on other important legislation in the past, that this is a policy decision that we are making today, whether, in fact, we are going to start the momentum to do something in the area of social security and the whole retirement system.

As the Senator knows, the House did not get into this area. As he has stated, the President has said that this year he was not going to get into it. But I would think that this body ought to take the lead and do something about it.

We know full well the exact details that have been talked about in the Budget Committee, that when we get into the hearings, into the Finance Committee, into the committees of jurisdiction, they will come up with something. But if we vote against that now I think we will lose a little bit of the momentum

we have to do something about this very, very important problem. Nobody has the right answer on what to do. Everybody agrees that it is a problem. Nobody has the right answer. If we did have the answer, we could have resolved this a long time ago.

Mr. RIEGLE. Would the Senator agree that we should have hearings and receive expert testimony before we make a policy decision? Why make the policy decision today?

Mr. QUAYLE. We have had a lot of hearings on this subject. There have been a lot of hearings on social security over the years. As the Senator knows, there will be more hearings. This is an initiative that will stick with us and we will have to do something. But I am saying from a policy decision we ought to make that decision that we are going to do something about the retirement situation, about COLA. We made that policy decision in the Budget Committee and I would hope that this body would stick with that policy decision and try to work out the situation.

Mr. RIEGLE. I thank the Senator for what he said. I think he clearly makes the point that we are making a policy decision here. He thinks we are ready to do it and I do not think we are ready to do it.

The PRESIDING OFFICER. The time of the Senator has expired.

● Mr. SASSER. Mr. President, I support the amendment offered by my distinguished colleague, Senator RIEGLE. It is an amendment designed to correct two changes made to cost-of-living adjustments in a number of social "safety net" programs.

The budget resolution, as it now reads, would adjust benefits in the social security program, supplemental security income, Federal civilian and military annuities, veterans' pensions, and railroad retirement incomes by the rate of increase in wages or prices, whichever is less. Senate Concurrent Resolution 19 assumes savings of $590 million in fiscal year 1981; $7.9 billion in fiscal year 1982; $7.3 billion in fiscal year 1983, and $7.4 billion in fiscal year 1984. While I support the effort to eliminate wasteful spending, the practical effect of the provision is to target negative inflationary pressures on senior citizens.

This change in the indexing method goes far beyond President Reagan's budget proposals, Mr. President. Hearings were never held on the issue; no open dialog has occurred. So let us consider, for a moment, the likely effect on the average retiree.

According to the National Council of Senior Citizens, half of the beneficiary population has income which is not indexed to inflation, which reduces their purchasing power every day. For social security recipients, it is an average of 15 months before their benefits respond to changes in the Consumer Price Index. The income of the average retiree drops 52 percent—more than half, Mr. President—52 percent at the time of retirement. Cost-of-living adjustments are simply the saving grace for the standard of living of many elderly Americans.

In my own State of Tennessee, there were 23,318 Federal civilian retirees as of October 1, 1980, not including military annuitants. As of January 1, 1980, there were more than 720,000 social security beneficiaries in Tennessee. Almost half-a-million veterans live in my State; 25,300 railroad retirement fund beneficiaries. All told, Mr. President, over 1,200,000 Tennesseans will be adversely affected by the change in the indexing method. That is a million and a quarter Americans whose worst fears about the Government's attitude toward older citizens will suddenly be confirmed.

Senate Concurrent Resolution 19 will also change the effective date of cost-of-living adjustments for all programs—social security, veterans, Federal retirees—to October 1982. This means that Federal retirees will have to wait 18 months before getting another COLA; social security and veterans beneficiaries, 15 months. In the interim, will the rate of inflation slow? Will those on fixed and limited incomes not feel any additional inflationary pressure? We can be reasonably sure that inflation will continue to erode the purchasing power of retirees, Mr. President. By defeating the Riegle amendment, we would simply declare open season on retirement benefits.

So, Mr. President, I ask that the Senate approve the Riegle amendment. During the Senate's debate on the reconciliation bill, we rejected a proposal to change the indexing method by an overwhelming 12 to 86 vote. The President has not recommended any change in the current method of tagging benefits to the Consumer Price Index. On May 3, the Director of the Office of Management and Budget, David Stockman, speaking on the news program "Meet the Press," said:

> We have to remember that without those cost-of-living adjustments, the purchasing power of 35 million Social Security checks and Federal pension checks would shrink drastically each year.

To quote from a May 6, 1981 letter of Treasury Secretary Regan to the distinguished minority leader:

> The President has opposed changing the current CPI-based cost-of-living adjustment formula in Social Security as a budget savings measure. That position has not changed.

It is therefore inappropriate for the Senate to approve such a drastic change in the Government's retirement income policies.●

● Mr. PRYOR. Mr. President, I would like to express my opposition to the Budget Committee's proposal to reduce the future retirement income of social security and civil service retirees by changing the retirement systems' index from the Consumer Price Index to the lower of the wage index or the Consumer Price Index. This plan is just one more blow to the financial security of those who live on fixed incomes.

I have spoken many times about the financial strains on retirees. Only a month ago the Senate directed the Governmental Affairs Committee to report legislation reducing Federal retiree cost-of-living adjustments to once a year. Now, the Budget Committee says that cut is not enough, that retirees must be cut again.

Mr. President, if we accept the Budget Committee's proposal to reduce the future income of these older Americans, we will have broken our promises to them. We have benefited from the fruits of their labor. The generations who are represented by Members of this body have had a higher standard of living, greater educational opportunities and peace and security in our lifetimes earned by the sacrifices of those who are now senior citizens. If we turn our backs on them in their hour of financial need, we do so at our peril. Our Government, no less than our Nation and its people, must have its word as its bond and broken promises to senior Americans undermine the moral fabric of our country.

Under the Senate Budget Committee plan, not only would our retirees suffer a reduction in benefits—their annual cost-of-living adjustment would be reduced from 11.2 percent to a roughly 9.9-percent increase, but they would also, in 1982 and thereafter, have their adjustment deferred to September. Our social security beneficiaries already are a full year behind inflation. This provision would delay their increase and the civil service retiree's increase by an additional 3 to 6 months next year—further burdening these retirees.

I think we need to take a moment to think about retired Americans depending on limited, fixed incomes and fearing that 1 year to the next—even 1 day to the next—Congress may change programs on which they depend. We have no right to sentence retirees to days and years of anxiety about their financial security. They deserve better.

I support the amendment by the Senator from Michigan (Mr. RIEGLE) to restore funds to retain the use of the Consumer Price Index for adjustments in benefits. It should, however, be said that some believe CPI index is not satisfactory. Last month, I heard testimony from the National Retired Teachers Association and the American Association of Retired Persons about its inadequacies. I ask that an excerpt from that statement be placed in the RECORD following my remarks.

I believe Congress should look other places for cuts. I cannot support this Budget Committee proposal. I urge my colleagues to support the amendment to restore these funds.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS

INADEQUACIES OF INDEXING

Despite the elderly's high and increasing degree of dependence on government income support programs which are indexed, these

public programs do not fully compensate recipients for the inflation losses incurred with respect to program benefits. Although civil service benefits and those of other public programs are indexed to the Consumer Price Index (CPI), they are not fully protected against inflation for two reasons: first, benefit adjustments occur long after the inflation has had its effect on the purchasing power of the benefits; and second, the standard used in making the adjustments, the CPI itself, we believe does not accurately reflect the impact that inflation is having on the budgets of the elderly.

Under the current civil service retirement system, cost-of-living adjustments are received by annuitants every April and October. The adjustment provided in April is based on the increase in the CPI that occurred from June through December of the preceding year and the adjustment made in October is based on the increase in the CPI that occurred from the preceding December through June period. In each case civil service retirees must wait up to 10 months to be compensated for the impact of inflation on their benefits. Any delay in adjusting for benefits, particularly when inflation is at high levels, causes a cumulative erosion in real benefits for these annuitants.

This erosion in real benefits is further compounded by the inadequacies of the CPI which does not take into account the particular expenditure patterns of the elderly. The study prepared for us by Data Resources, Inc. (DRI) on the elderly's expenditure patterns indicates that the general CPI tends to understate inflation's impact on elderly budgets. This occurs because the elderly, as compared to younger consumers, spend more of their income in three categories of expenditures—food at home, fuel and utilities and out-of-pocket medical expenses—items the prices of which have been increasing at rates well in excess of the rate of increase in prices in general.

Statistics from the DRI Study indicate that, since 1970, the cost of living for the elderly has risen faster than the cost of living for younger consumers. Between 1970 and 1979, the Bureau of Labor Statistics all-urban CPI rose an average 7.2 percent rate compared to 8.3 percent for food at home, 9.4 percent for fuel and utilities, and 7.9 percent for medical care. These costs have risen at a composite rate of 8.4 percent per year versus a CPI increase since 1970 of 7.2 percent per year. The DRI study further indicates that the adverse effects of this high inflation rate among the core necessities are greater for the poorest and the oldest of the elderly who, because of their lower incomes, have less flexibility in altering their spending patterns in response to higher prices.

Since higher inflation in the core necessities is expected to continue in the 1980's, the CPI's understatement of inflation's impact on elderly budgets will continue as well. For 1979 through 1985, DRI has forecast an 8.7 percent rise in food at home, 9.9 percent for fuel and 10.1 percent for health care, compared to an 8.7 percent rise in the overall CPI.

In a recent study by Bridges & Packard of the Social Security Administration (published in the January 1981 Social Security Bulletin) it was found that, over the period 1967–1979, an index, specially constructed for older consumers (CPI–O) to reflect more accurately their expenditure patterns, grew slightly faster than the economy-wide or general CPI–W. The findings of this study are consistent with the findings of other recent studies on this subject. The following table reflects their research:

TABLE 1.—CONSTRUCTED CONSUMER PRICE INDEXES: ANNUAL INDEXES AND PERCENTAGE CHANGES, 1967–79

[1967=100.0]

Year	CPI–O Index	CPI–O Percentage change	CPI–W Index	CPI–W Percentage change
1967	100.0		100.0	
1968	104.2	4.2	104.2	4.2
1969	109.9	5.5	109.9	5.5
1970	116.5	6.0	116.2	5.7
1971	121.7	4.5	121.2	4.3
1972	125.7	3.3	125.1	3.2
1973	133.1	5.9	132.3	5.8
1974	147.9	11.1	147.0	11.1
1975	162.0	9.5	160.7	9.3
1976	172.0	6.2	170.6	6.2
1977	183.5	6.7	181.7	6.5
1978	197.6	7.7	195.2	7.4
1979	219.9	11.3	217.7	11.5

Source: Bridges, Benjamin and Packard, Michael D., "Price and Income Changes for the Elderly", Social Security Bulletin, January 1981, p. 4.

Bridges & Packard, however, acknowledged the inherent weakness of their specially constructed CPI–O. In constructing this index, the authors merely reweighted the seven major expenditure categories of the general CPI to reflect the elderly's different expenditure patterns in these seven aggregate categories. In order to produce a more accurate and valid older persons index, these seven expenditure categories must be pulled apart—or disaggregated—into more expenditure classes and then re-weighted to resemble the elderly's spending patterns. At the present time, an economist, Dr. Thomas C. Borzilleri, is conducting this type of research for our Associations.

RATIONALE FOR ASSOCIATIONS' OPPOSITION TO PROPOSALS TO ALTER THE COST OF LIVING PROTECTION AVAILABLE UNDER THE CIVIL SERVICE RETIREMENT SYSTEM

The elderly's real income situation and their standards of living are declining. This deterioration is occurring despite the provision of relatively "full" cost-of-living increases by the major income support programs including Federal retirement programs. For these reasons, the Associations cannot support any recommendation which will reduce cost-of-living protection for civil service retirees.

Our resolve in this matter is reinforced by a number of other factors we deem significant. First we would remind the subcommittee that federal retirees got twice-a-year adjustments as a substitute for the even more generous (and costly) mechanism with its 1% add-on that used to apply; having thus suffered a scaling back of the cost-of-living protection just a few years ago, federal retirees should not be forced to forego even more. Second, as a matter of principle, the Associations believe that persons who retired, counting on the continuation of twice-annual adjustments, should now have the "rules-of-the-game" changed on them to their detriment. Finally, we must point out that a cutback in cost-of-living protection for federal retirees would set a bad precedent and raise ominous prospects for cutbacks in cost-of-living protection available among other (and much larger) programs like social security.●

● Mr. DURENBERGER. Mr. President, on February 18 President Reagan announced to the public and to the Congress his program for economic recovery. At that time, he made promises to the American people that bear repeating.

He pledged that every person, rich, poor and in between, would benefit from a healthier economy and a lower rate of inflation. And, second, he said that every person would be protected with a safety net of security.

While I have disagreed with the President over some specifics in his program, I have seen no evidence that he is willing to abandon his February commitments to every American. With that in mind, I am not willing to abandon my faith in the administration.

I am voting against the amendment offered by Senator RIEGLE because our job today is to write goals, not laws. By accepting the Budget Committee's proposal we start the process of insuring that the safety net is not ripped apart by either inflation or insolvency of our social security system.

I cannot, in good conscience, ignore the need to improve people's retirement programs because I know that in the long run maintaining the status quo of a system teetering on bankruptcy will be far more devastating.

Every person in this country recognizes the fact that our social security system is heading for a severe crisis. Despite the social security payroll tax increases that took effect January 1, there is little question in anyone's mind that the system is balanced too heavily on the backs of the hard pressed wage earners whose own income increases have lagged substantially behind increases in social security benefits.

In other words, leaving the social security system untouched is tantamount to ripping a hole in the safety net for all.

But, at the same time, let me say that improvements in the system done with appropriate thought, consideration and, most of all, concern—does not mean that we will destroy the intent of almost half a century of public policy. That intent has been to assure security at crucial times in our lives.

Earlier today, Dave Stockman, Director of the Office of Management and Budget, called to assure me that the administration will soon be proposing specific reforms in social security. It is our responsibility to wait for that proposal, just as it will be our responsibility to examine the administration's recommendation with a fine tooth comb and improve on that plan in whatever way we can.

The administration's proposal will be referred to the Senate Committee on Finance, the proper place for the future of the social security system to be debated. As a member of the Finance Committee, I am confident that we will find reforms that are fair and just. We will not ignore any proposals, neither will we be bound to any.

Let me also point out that the effect of Senator RIEGLE's amendment would be to force other committees to make severe cuts in already pared-down programs. My fear is that these additional reduc-

tions would come in programs that are vital links in the safety net.

It is that safety net that must be maintained. The best way to assure that the vital link of social security is strong is to reject this amendment.●

DO NOT CUT SOCIAL SECURITY BENEFITS

Mr. ROBERT C. BYRD. Mr. President, one of the most curious features of this resolution is its inclusion of savings of $7.9 billion in fiscal year 1982 and $7.4 billion in 1984 which would result from a change in the cost-of-living adjustment (COLA) for many Federal programs. The administration is firmly on record opposing a change in the way social security and disability insurance, railroad retirement, supplemental security income, civil service retirement, military retirement, and veterans pensions are indexed for inflation. Yet, this budget assumes a significant savings from that change.

Only a month ago, during consideration of the reconciliation resolution, the Senate overwhelmingly rejected an amendment which was almost identical to the assumptions made in this budget resolution to change the COLA. The vote was 12 to 86. Given the administration's position on this issue, one must ask how these savings will be achieved. Therefore, I wrote Treasury Secretary Regan and OMB Director Stockman asking them if the administration has had a change of heart. I ask unanimous consent that a copy of my letter to Secretary Regan and OMB Director Stockman, together with their response, be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 6, 1981.

Hon. ROBERT C. BYRD,
Democratic Leader, U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Thank you for the opportunity to provide the Administration's position concerning changes in cost-of-living adjustments (COLA's) for income security programs adopted by the Senate Budget Committee (the Hollings Amendment). These changes would:

Make COLA adjustments on the basis of the lower of the CPI or average wage increases, and

Shift COLA adjustment dates beginning in calendar year 1982 from July to October for OASDI, Railroad Retirement, SSI and Veterans; from April to October for civilian retirement; and March to October for military retirement.

In response to your specific questions we would offer the following guidance:

(1) The President has opposed changing the current CPI-based cost-of-living adjustment formula in Social Security as a budget savings measure. That position has not changed.

(2) The Administration does recognize the impending solvency problems of the Social Security Trust Fund. Significant savings are needed and Secretary Schweiker has promised the relevant Congressional Committees a package of reforms designed to maintain solvency of the Fund. As a practical matter, these changes would reduce current law outlays in the income security function by a magnitude sufficient to achieve the First Concurrent Resolution ceilings.

(3) For these reasons, we believe the outlay totals in the resolution reported by the Senate Budget Committee can be achieved. We would therefore not support amendments causing a net increase in the outlay levels provided in the resolution.

Sincerely,

DAVID A. STOCKMAN,
Director.
DONALD T. REGAN,
Secretary of the Treasury.

U.S. SENATE,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, D.C., May 1, 1981.

Hon. DAVID STOCKMAN,
Director; Office of Management and Budget, Old Executive Office Building, Washington, D.C.

DEAR MR. DIRECTOR: I have been informed that the First Concurrent Budget Resolution which the Senate Budget Committee will be reporting tonight includes savings that result from a change in the way many indexed federal programs are adjusted for inflation.

It is my understanding that the change in the cost-of-living adjustment (COLA) would result in outlay savings of $590 million in FY 1981, $7.9 billion in FY 1982, $7.3 billion in FY 1983, and $7.4 billion in FY 1984.

These savings would be achieved by applying the lower of the Consumer Price Index (CPI) or the Bureau of Labor Statistics' Index of Average Hourly Earnings of Total Private Non-Agricultural Workers to the COLA provided under Social Security and Disability Insurance, Railroad Retirement, Supplemental Security Income (SSI), Civil Service Retirement, Military Retirement, and Veterans Pensions. In addition to using the lower of the two measures, the date of the adjustment for 1982 is shifted from July 1, 1982 to October 1, 1982.

Because of repeated public comments by Administration spokesmen, it has been my understanding that the Administration was opposed to any change in the method of computing the COLA for indexed benefits.

On April 1, 1981, during Senate consideration of the Reconciliation Resolution, S. Con. Res. 9, by a vote of 12 to 86, the Senate overwhelmingly rejected an amendment offered by Senator Hollings which was almost identical to the proposal ordered reported by the Budget Committee.

In his comments on the Senate floor on the Hollings amendment, Senator Domenici, Chairman of the Senate Budget Committee, argued that the President "asked us not to consider it (the COLA issue) at this time."

Given the Senate's recent action on this important policy issue, it is imperative that the Senate understand the Administration's position at this time.

If the Administration continues to oppose adjustments in the COLA such as those assumed in the budget ordered reported by the Senate Budget Committee, then it clearly has no chance of passage and should not be assumed as a savings.

On the other hand, if the Administration does support the changes in the COLA assumed in this budget, the Senate might enact these changes.

Therefore, I would appreciate your reply to the following questions:

(1) Does the Administration support the assumption in the budget ordered reported by the Senate Budget Committee of outlay savings resulting from the change in the COLA assumed by the Committee?

(2) Will the Administration support legislation to change the COLA so as to generate the COLA outlay savings assumed by the Senate Budget Committee?

(3) Will the Administration recommend this legislation to the Congress? If so, when?

I would be grateful for your response to these three questions by Wednesday, May 6, 1981, so I would have ample time to inform my colleagues of your position prior to Senate consideration of the first budget resolution for FY 1982.

I have sent an identical letter to Treasury Secretary Regan.

Thank you for your timely assistance.

Sincerely,

ROBERT C. BYRD.

Mr. ROBERT C. BYRD. Their response states that the administration's position has not changed on the COLA question. But they ask us to continue to assume the savings in the budget resolution since the administration will propose other benefit reductions for social security recipients.

I, for one, cannot support an assumption that savings will be achieved from some unidentified reduction in benefits received by social security recipients. Therefore, I will vote to strip the resolution of this assumption by voting for the Riegle amendment.

Finally, in light of the administration's letter, I think it is only fair to ask what happened to the President's safety net. He promised not to cut social security benefits. Yet, the letter which Messrs. Stockman and Regan sent me says that the administration will propose a package to cut social security benefits.

Mr. GORTON. Mr. President, I yield the remainder of my time to the Senator from Kansas.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, how much time remains?

The PRESIDING OFFICER. Two minutes and thirty seconds.

Mr. DOLE. Mr. President, I might say this is a difficult vote. I discussed this with Senator RIEGLE to some extent. He was kind enough to call my office.

I can understand the reason for the amendment, and I can understand why there is a great concern on both sides.

Mr. President, the Senator from Michigan proposes to reject the Budget Com-

mittee assumptions that cost-of-living adjustments in Federal cash benefit programs—social security, Federal employees retirement, and the like—will be changed, beginning later this year. The Budget Committee assumed that cost-of-living adjustments would be calculated as the lower of a wage index or the CPI. In addition, the Budget Committee assumed that, beginning in 1982, the adjustment would be made in October, rather than July.

Senator RIEGLE would not provide for the savings that would be made by these cost-of-living changes. Instead, he would provide for equivalent savings under function 920—the allowance for additional savings that is incorporated in the budget resolution. As a result, $600 million in unspecified additional savings would be required in fiscal year 1981, $7.9 billion in fiscal year 1982, and over $7 billion in subsequent fiscal years.

Mr. President, I do not believe the Riegle amendment is helpful, and I oppose it. The Budget Committee has fulfilled the difficult task of making dramatic savings in fiscal year 1982. The Riegle amendment would muddy the issue by asking for additional unspecified savings. The resolution already assumes some such savings in fiscal year 1983 and fiscal year 1984, and I see no advantage in adding to the allowance for unspecified savings. There is no question that we will have to carefully reexamine major income security programs, including social security. I am not sure where the savings will be made—they may come from changing the cost-of-living adjustment computation, as the Budget Committee assumes. We have not heard the final word from the administration on this matter, and we will have to have their cooperation. I expect we will have their cooperation.

Mr. President, it does no good to make the shift recommended by the Senator from Michigan. The savings will still have to be made, as the Senator acknowledges. There is no question that the long-term soundness of income security programs can only be guaranteed by making substantial savings in the coming years. There is no reason not to be realistic about that fact. The Riegle amendment is unrealistic, and that is why I oppose it.

I am not certain that I can speak with some authority, not just as chairman of the Finance Committee but having visited with a number of members of the Finance Committee, on just how we will make these changes. We are going to have extensive legislative proposals from the administration in the next few months. We may make changes in the cost-of-living adjustment, as the Budget Committee assumes, or we may not. We have demonstrated in the past week in the Senate Finance Committee that we may find other ways to save money and still meet the goals of the Budget Committee by finding different areas in which to save that money.

I suggest, Mr. President, that maybe what we are doing is just postponing the inevitable. Sooner or later, our committee, the Committee on Finance, will have to face up to its responsibilities. I think we can do that. The savings will still have to be made. There is no question that the long-term soundness of income security programs can only be achieved by making substantial savings in the coming years. I suggest that if those of us who have the primary responsibility are willing to do that, we must be realistic about the fact—and I am not so certain that the amendment of the Senator from Michigan is fully realistic.

I do not have any particular quarrel with it, Mr. President, but, as a chairman of the committee that must take the action, I hope that we might defeat the Riegle amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Under the previous order, the Senate will now vote on the amendment of the Senator from Michigan to the amendment from the Senator from South Carolina. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Utah (Mr. HATCH), the Senator from Maryland (Mr. MATHIAS), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Nebraska (Mr. EXON), the Senator from Louisiana (Mr. LONG), and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

I further announce that, if present and voting, the Senator from Hawaii (Mr. MATSUNAGA) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced--yeas 42, nays 49, as follows:

[Rollcall Vote No. 94 Leg.]

YEAS—42

Baucus	Eagleton	Mitchell
Bentsen	Ford	Moynihan
Biden	Glenn	Pell
Bradley	Hart	Proxmire
Bumpers	Hawkins	Pryor
Burdick	Heflin	Randolph
Byrd, Harry F., Jr.	Heinz	Riegle
	Inouye	Sarbanes
Byrd, Robert C.	Jackson	Sasser
Chafee	Kassebaum	Specter
Chiles	Kennedy	Tsongas
Cranston	Leahy	Williams
DeConcini	Levin	Zorinsky
Dixon	Melcher	
Dodd	Metzenbaum	

NAYS—49

Abdnor	Gorton	Nunn
Andrews	Grassley	Packwood
Armstrong	Hatfield	Percy
Baker	Hayakawa	Quayle
Boren	Helms	Roth
Boschwitz	Hollings	Rudman
Cochran	Huddleston	Simpson
Cohen	Humphrey	Stafford
D'Amato	Jepsen	Stennis
Danforth	Johnston	Stevens
Denton	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Lugar	Tower
Durenberger	Mattingly	Wallop
East	McClure	Warner
Garn	Murkowski	
Goldwater	Nickles	

NOT VOTING—9

Cannon	Long	Pressler
Exon	Mathias	Schmitt
Hatch	Matsunaga	Weicker

So the amendment of the Senator from Michigan (UP No. 75), as modified, was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 43

Mr. BAKER. Mr. President, now that this amendment has been disposed of I hope we can proceed promptly to the Thurmond amendment which is the underlying amendment and on which there has already been extensive debate.

Mr. President, how much time remains on the Thurmond amendment?

The PRESIDING OFFICER. All time has expired on the Thurmond amendment.

Mr. BAKER. Mr. President, before we go to the amendment, I yield myself one minute on the resolution.

Mr. FORD. Mr President, may we have order? I wish to hear the majority leader.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President, I inquire of the distinguished minority manager of the bill if they are prepared to proceed to a vote on the Thurmond amendment at this time?

Mr. HOLLINGS. Mr. President, we are checking with the distinguished minority leader at this point and he has asked for a couple additional minutes.

Mr. BAKER. I thank the Senator.

Mr. President, in the meantime while we are doing that, I suggest the absence of a quorum and ask unanimous consent that the time be charged against the time on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I am advised, I believe, by the Chair that all the

time on the Thurmond amendment has expired.

The PRESIDING OFFICER. That is correct.

Mr. BAKER. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. Yes, they have.

Mr. BAKER. Mr. President, I believe on this side we are prepared now to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Utah (Mr. HATCH), the Senator from Maryland (Mr. MATHIAS), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Nebraska (Mr. EXON), the Senator from Louisiana (Mr. LONG), and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER (Mr. LAXALT). Are there any other Senators wishing to vote?

The result was announced—yeas 36, nays 55, as follows:

[Rollcall Vote No. 95 Leg.]

YEAS—36

Abdnor	Durenberger	Nickles
Armstrong	East	Nunn
Bentsen	Grassley	Provmire
Boren	Hayakawa	Quayle
Burdick	Heflin	Roth
Byrd, Harry F., Jr.	Helms	Simpson
	Humphrey	Specter
Chiles	Johnston	Stafford
Cochran	Kasten	Symms
Cohen	Laxalt	Thurmond
Denton	Lugar	Zorinsky
Dixon	Mitchell	
Domenici	Murkowski	

NAYS—55

Andrews	Goldwater	Moynihan
Baker	Gorton	Packwood
Baucus	Hart	Pell
Biden	Hatfield	Percy
Boschwitz	Hawkins	Pryor
Bradley	Heinz	Randolph
Bumpers	Hollings	Riegle
Byrd, Robert C.	Huddleston	Rudman
Chafee	Inouye	Sarbanes
Cranston	Jackson	Sasser
D'Amato	Jepsen	Stennis
Danforth	Kassebaum	Stevens
DeConcini	Kennedy	Tower
Dodd	Leahy	Tsongas
Dole	Levin	Wallop
Eagleton	Mattingly	Warner
Ford	McClure	Williams
Garn	Melcher	
Glenn	Metzenbaum	

NOT VOTING—9

Cannon	Long	Pressler
Exon	Mathias	Schmitt
Hatch	Matsunaga	Weicker

So Mr. THURMOND'S amendment (No. 43) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. PELL. Mr. President I have voted against the proposal made by the Senate Budget Committee to cut into the retirement benefits of older Americans living on social security or on Government pensions.

One of the basic premises of both our social security and Government retirement systems is that the retirement income of these retired persons will be protected against the ravages of inflation.

The proposals made by the Senate Budget Committee would violate that premise by reducing the inflation adjustment of pension benefits by an estimated $8 billion in the coming fiscal year.

Instead of adjusting these pension benefits on the basis of the increase in the Consumer Price Index, as is now the case, the Budget Committee proposes to make the inflation adjustment on the basis of whether the CPI or some index of the increase in average wages, whichever is less. In simple language this change would mean that prices could rise more than benefits, and retired persons living on these pensions would be able to buy less with their pension checks.

Such a change I believe should be made only on the basis of convincing evidence that it is economically necessary, and compelling evidence that the current system of adjusting pension payments is unfairly generous to retired persons.

We do not have such evidence now.

President Reagan and officials of his administration have made it clear that they do not support this proposal to change the method of computing changes in the retirement pension payments.

The Reagan administration has announced today that it intends to submit to the Congress its own proposals for changes to assure the financial integrity of the social security system, and to reduce costs. I believe the Congress should wait for the President to submit his proposals and then consider them.

It may be that ultimately the Congress may decide that some adjustment in the computation of cost-of-living adjustments is desirable and necessary. But we should not now endorse a proposal to cut into the earned retirement benefits of persons living on social security or Government pensions.●

Mr. DOMENICI. Mr. President, it is my understanding that the distinguished junior Senator from Arizona has an amendment and he is interested in a time agreement on it. I ask the Senator if that is correct.

Mr. DECONCINI. That is fine with me.

Mr. DOMENICI. Mr. President, I am prepared at this time to ask unanimous consent that there be 20 minutes, equally divided. I have not seen the amendment, so that would have a proviso on it that it is a germane amendment.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

UP AMENDMENT NO. 76

(Purpose: To effect savings totalling $3,900,000,000 in the areas of travel, consultant services, public relations, advertising, audio-visual/filmmaking activities; and debt collection in fiscal year 1982)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) for himself, Mr. SASSER, Mr. PRYOR, Mr. PROXMIRE, and Mr. METZENBAUM proposes an unprinted amendment numbered 76.

On page 11, strike out lines 7 and 8 and insert the following:

(A) New budget authority, —$3,900,000,000;

(B) Outlays, —$1,700,000,000.

Mr. DECONCINI. Mr. President, almost 1 month ago—as a matter of fact, 1 month ago almost to this date—I stood here on the Senate floor during consideration of the reconciliation instruction bill (S. Con. Res. 9) and urged my colleagues to do what the Senate Budget Committee had not done—that is to cut waste in Government by $3.9 billion next year in a number of specific, targeted areas of administrative expenditures. That amendment failed by 10 votes, 43 to 53.

This week, the Senate Budget Committee has once again brought a budget bill to the floor without any recommendation for fiscal year 1982 savings in the area of waste, fraud, and abuse. The Budget Committee is, in essence, recommending to the Senate that we postpone our battle to cut wasteful expenditures until fiscal years 1983 and 1984, when they address that problem.

Mr. President, my amendment to function 920 of Senate Concurrent Resolution 19 (the first budget resolution for 1982) calls for the same savings, in the same categories in the same fiscal year that I proposed on April 1 in the reconciliation instruction bill, and which I proposed in S. 421—the General Government Expenditure Control and Efficiencies Act of 1981—back in February. Those savings and the savings called for in this amendment total $3,900,000,000 in the following specific areas: $1,000,000,000 in consultant services; $750,000,000 in nondefense travel and transportation; $250,000,000 in audiovisual/filmmaking activities; $150,000,000 in public relations, public affairs, public information and advertising activites; and $1,750,000,000 in debt collection.

Mr. President, my Senate colleagues have heard the arguments I have made in support of these budget cuts on at least three other occasions (February 5, March 24, April 1); I have written each and every one of you personally, asking for your support of my bill, S. 421,

which calls for these same budget cuts; and I testified before the Senate Budget Committee on April 3 to urge that committee to incorporate this $3.9 billion savings package into their assumptions for the first concurrent budget resolution for 1982. Therefore, I will not take any more of the Senate's time today to outline the myriad of solid reasons why these cuts are not only achievable but long, long overdue. The case has been made time and time again for cuts in each of these areas. The documentation has been on record for years and the beleaguered American taxpayer has been crying out for action by the Congress to cut the fat, to cut these wasteful administrative activities that do nothing but soak up valuable, scarce resources that could be used to address the problems that face the poor, the elderly, and others who cannot help themselves, and, of course, be used for greater defense.

Mr. President, what I hope to do is try to persuade the chairman of the Budget Committee, the ranking minority member of the committee, Senator HOLLINGS, and my other distinguished colleagues in the Senate that we can no longer postpone what I consider is a "war on waste" for another year; that we cannot afford to shrug our shoulders and say "we cannot save $3.9 billion for the taxpayers next year"; that the time has come to show the American taxpayer we are really serious about cutting waste in these nonessential areas—not in 1983 or 1984, as has been suggested by the Budget Committee, but now by supporting my amendment.

Mr. RANDOLPH. Will the able Senator yield?

Mr. DECONCINI. I am glad to yield to the Senator——

Mr. HOLLINGS. Can I say a word?

Mr. DECONCINI. I have not finished. I was going to yield for a moment to the Senator from West Virginia without losing my right to the floor.

Mr. RANDOLPH. In response to the valid arguments of the Senator from Arizona, it was my privilege and responsibility to join in support of your similar amendment during the consideration of the reconciliation measure. The Senator will remember that at that time there was an effort made to bring to the attention of our colleagues the matters of fraud and abuse in Government. You debated in much detail at that time the need for savings in these categories.

I earnestly hope that on this occasion the managers of this measure for the two parties will recognize that this has no political flavor whatsoever. It is just a sound program for the saving of dollars of the American taxpayers which are now being wasted. It would be a privilege to be a cosponsor of your meritorius amendment.

Mr. DECONCINI. I thank my colleague, the Senator from West Virginia, for his comments.

In its report, the Budget Committee says all the right things about waste, fraud, and abuse—recognizing that it is a national scandal; recognizing past attempts to address this disgraceful drain on the Federal Treasury; and recognizing that both the President and the Congress have a critical role to play in eliminating waste, fraud and abuse from the Federal budget. However, the committee failed to take the all-important next step of recommending a specific budget reduction that would send a signal to all Federal agencies that the Budget Committee and the Congress mean business in 1982. The committee says, on page 10 of its report, that Congress "lacks at this time a legislative framework for cooperative action with the administration on the problem of waste, fraud, and abuse" and seems to shift the responsibility to someone else in the Congress to come up with a plan to "enhance our ability to battle waste, fraud, and abuse" in fiscal 1983 and 1984.

Mr. President, I am pleased to note that Senator KASTEN has taken a good first step toward attacking the waste, fraud, and abuse problem by introducing S. 1120—the Waste, Fraud, and Abuse Reduction Act of 1981 on May 6. I am pleased to be an original cosponsor of that bill and will work toward its enactment. But even that legislation, by the sponsor's own admission, would not be workable until fiscal year 1983.

Again, whatever happened to the waste, fraud, and abuse of fiscal year 1982?

Even the House Budget Committee in House Concurrent Resolution 115 has acknowledged that substantial outlay savings of $4.9 billion can be achieved through improved management and efficiencies in the Federal Government in fiscal year 1982. Aside from Senator Kasten's motion for report language on waste, fraud, and abuse, there was not even a motion in the Senate Budget Committee to achieve actual savings in this area in fiscal year 1982. So where is the Senate in this effort? Are we going to just sit back and tell the American taxpayer that we will give the wasters and the mismanagers another 12 months before the Senate decides to roll up its sleeves and does something about waste in Government? The answer should be a resounding and emphatic no, and I believe that my amendment will serve as a substantial downpayment on a long-term effort by this Senator and others in the Congress to eliminate waste, fraud, and abuse across the Government.

As I argued on April 1, during debate on my amendment to Senate Concurrent Resolution 9, a cut of $3.9 billion in travel, consultants, debt collection, public relations, advertising, and audiovisual activities is not some pie-in-the-sky, seat-of-the-pants guess of where we can find this amount of savings.

The amendment does not call for some across-the-board percentage cut across functions that tell the agencies to do "the best they can" to identify wasteful expenditures. My amendment consists of specific, targeted amounts in specific, targeted activities. And, most importantly, these cuts are documented and can be achieved in fiscal year 1982.

Now, Mr. President, the distinguished floor managers of this resolution are probably wondering why I have chosen function 920 to be amended rather than some other function, or the reconciliation section beginning on page 15 of the bill. First of all, I am informed by the committee staff and CBO that all of the reductions contained in my amendment, with the possible exception of the debt collection savings, would be crosswalked to the Appropriations Committee for implementation, should my amendment prevail. As a member of the Appropriations Committee, I believe that this is exactly where these budget cuts should be made once the reductions are incorporated into the fiscal 1982 budget ceilings of this resolution. Despite the major role the Budget Committee plays in establishing the budgetary framework within which we all must operate, it is still up to the Appropriations Committee to make the specific line item decisions that translate into budget authority and outlay savings in a given fiscal year.

The debt collection savings, according to both CBO and the committee staff, would not be crosswalked to any one committee but would be the overall responsibility of the Congress as a whole to achieve through the various legislative, revenue, and spending committees.

Second, function 920 has ostensibly been put into this budget resolution for a specific purpose as a vehicle for providing further proposals for reducing Federal spending that either the President or the Congress may propose. In fact, on page 154 of the committee report, it says that—

> It is the Committee's strong recommendation that more spending reductions be proposed and passed.

It goes on to say that—

> The Committee further intends to continue its work on future spending restraint in order to achieve a 1984 balanced budget even in the unlikely event further spending cuts are not submitted to the Congress by the Administration.

My amendment provides those "further spending reductions" totaling $3.9 billion in budget authority and $1.7 billion in outlays in fiscal year 1982 and, thus, helps the committee to achieve its objectives of even greater fiscal restraint.

Mr. President, this is a good amendment. It calls for significant additional savings in wasteful expenditures that will otherwise be spent frivolously on unnecessary administrative activities. We cannot afford to put our "War on Waste" on the back burner for another year while $3.9 billion of the taxpayer's money goes out the window. I urge the adoption of my amendment.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the distinguished Senator has been very diligent on the subject of waste, fraud, and abuse. I commend his endeavors. The fact is we have listened and have already responded. That is my point in opposing this amendment, Mr. President. The Senate passed a reconciliation resolution that required savings of $36.945 billion. A summary of those provisions will be

found on page 9 of the Budget Committee report.

This amendment assumes that these savings got lost or were ignored.

That is untrue. The Senate has called for those cuts. There are cuts in agriculture, cuts in education, cuts in health, cuts in foreign relations, and cuts in governmental affairs to name a few. We called for a 10-percent cut in our budget for the Senate even though we would never agree that there was waste, fraud, or abuse in the U.S. Senate.

So we have responded to the Senator's concerns and included in this budget resolution $36.945 billion in cuts from reconciliation alone. I am sure much of it will come from savings in waste, fraud, and abuse.

I wish the distinguished chairman of the Appropriations Committee was here because this amendment affects what I have characterized as the dummy function, function 920. The budget resolution contains no such function for fiscal year 1982. This is because the budget resolution already contains identified cuts in specific functions for fiscal year 1982. There is no need for a catchall function for unspecified cuts. All the cuts have been specified.

In essence, this amendment would reduce appropriations for 1982 by $2.1 billion in budget authority and $1.3 billion in outlays.

I yield to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I concur wholeheartedly with the distinguished Senator from South Carolina, the ranking minority member of this committee.

About 15 minutes ago we took a tough vote here in the Senate. There were a lot of different reasons for the vote but I want to tell you one which very much related to this amendment and upon which this Senator, the chairman of the Budget Committee, based a great deal of his opposition to the Riegle amendment.

As you will note, in this budget in the 920 function called allowances, there are not moneys for 1982. Yes; we have provided some unidentified savings in outyears, 1983 and 1984, in this particular function 920, allowances, but not so for 1982.

The previous amendment would have put savings in function 920 for the year 1982.

I think that is bad precedent. I think it invites havoc. I think it puts the Appropriations Committee of the Senate in a fix.

Where do we expect that money to be saved? We have already cut every function in 1982. We have allocated in our specific targets the President's requested savings, the whole $44 billion being figured in.

Now we will take this number of $1.8 billion and we would say since we want to save in travel and other items, we will put it in this allowance function.

That is just not fair to the appropriators. It is not fair to Government Operations, which has some direct spending control.

They are already busy in Appropriations cutting travel. In their subcommittees they are already cutting such things as the Senator from Arizona lumps into the 920 function saying we have saved this much in the budget; we have cut the deficit this much. But where are the appropriators going to find it? We have to look around again for almost all of this and put it back some place; 920 does not have any relevancy to any functions of Government. It is allowances.

I would hope, since we have not done this before on a matter of this type, that we would not start now for the 1982 budget. I surely believe that we have in the Appropriations Committee and in the Government Operations Committee the kinds of Senators who want to make travel expenditure savings.

I would say to Senators to vote against the DeConcini amendment, and I urge that they do vote against it.

You are not going to have anybody around the country saying you are wasting money on travel. Wait until the appropriations bills come and they will identify how much money is in travel and in movies which are not necessary. That is the way to save the money.

The only other way is to have an actual bill that forces some savings in each function. That is different. This amendment does not do that.

I think the Senate should reject this amendment. I know the good Senator from Arizona has been a long and staunch advocate of trying to get rid of waste. I think that is more abuse than waste. But this is really not a sound budgetary way to do it.

Mr. DECONCINI. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. DECONCINI. I thank the chairman of the Budget Committee and the ranking minority member for their comments.

Where I differ with the Senator from New Mexico is that I think we ought to lay it right on the Appropriations Committee, Government Operations, or anyone else, and make them make these changes. I think the Budget Committee, in its resolution, leaves me with that direction. I will repeat the quotation from page 154 of the committee report. It talks about—

> It is the committee's strong recommendation that more spending reductions be proposed and passed.

It goes on to say:

> The committee further intends to continue its work on future spending restraints in order to achieve a 1984 balanced budget even in the unlikely event further spending cuts are not submitted to the Congress by the administration.

My amendment provides for those "further spending reductions," and as much as we can do in a budget resolution it specifically indicates where those reductions ought to be made.

I do not think it is a ruse or a cover at all. I think it goes right to the point that if we want to reduce the deficit another $3.9 billion in authority and $1.7 billion in outlays, here is the place to do it.

Mr. President, what is wrong with telling any committee, "Go and cut travel, films, consultants, public relations, and let us collect a little bit of that $6-plus billion in collectible debts that this Government, the past administrations—hopefully, this one will be a new breath of fresh air for collections—have failed to do their work and collect for the American taxpayers?" We have a chance here, today, to reduce the deficit by $3.9 billion. I do not see any reason that the Budget Committee should not open its arms and say, "Hurray, here is another opportunity."

It is not just we in the committee who have to be so protective of every reduction on which we have worked hard—and indeed they have. They have come up with some good ones. It seems to me they ought to say, "Thank you, Senator DECONCINI, for offering a sound alternative and another reduction in the deficit."

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield 1 minute to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.).

I thank the distinguished Senator.

A TRIBUTE TO GEORGE MASON

Mr. HARRY F. BYRD, JR. Mr. President, yesterday on the Potomac in Fairfax County, Va., a group of outstanding Virginians gathered to pay tribute to George Mason, who more than 200 years ago authored the Virginia Declaration of Rights. That document was the foundation of the Bill of Rights for the Constitution of the United States.

The event took place at Gunston Hall, the colonial plantation of George Mason. This special occasion was to commemorate the issuance of a postage stamp in honor of George Mason.

It marked the culmination of the efforts of many individuals within the ranks of the board of regents of Gunston Hall, the Sons of the American Revolution, George Mason University, and the National Society of the Colonial Dames of America.

Mrs. James C. Wheat, Jr., of Richmond, was chairman of the George Mason Stamp Committee. To her and to all who worked so closely together to bring about this commemorative stamp I extend, as a Senator from Virginia, my warm appreciation and commendation. I include in that the distinguished Postmaster General, Mr. William F. Bolger.

In keeping with this tribute yesterday to Virginia's George Mason, James Jackson Kilpatrick, the noted newspaper columnist and television commentator, wrote an excellent column on George Mason which appeared in the Washington Star recently and in hundreds of newspapers throughout the Nation. As Mr. Kilpatrick points out George Mason was one of the most neglected of the Founding Fathers.

Like Mr. Kilpatrick, my own favorite passage from the Virginia declaration

appears toward the end of the document where it was resolved "that no free government, or the blessing of liberty, can be preserved to any people but by a firm adherence to justice, moderation, temperance, frugality, and virtue, and by frequent recurrence to fundamental principles."

We Virginians are proud of George Mason—and all Americans are indebted to him. It is most fitting, indeed, that he should be honored by a commemorative stamp.

I ask unanimous consent that the column by James Jackson Kilpatrick be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMEMBERING MASON, WHO SAID IT ALL FOR DEMOCRACY

(By James J. Kilpatrick)

The U.S. Postal Service this week got around to paying homage where homage is long overdue. We now have a stamp honoring the most neglected of the Founding Fathers, George Mason of Gunston Hall. The Virginia gentleman is worth remembering.

And what did Mason do that merits this belated salute? He merely drafted our first Bill of Rights?

Perhaps the neglect is understandable. Mason was not an orator, chronic ill health prevented him from achieving military fame, and he shunned public office. But in any chronicle of Western ideas, the ideas he formulated must stand in the first rank:

He set forth his ideas in two memorable documents, the Fairfax County Resolves and the Virginia Declaration of Rights. The Resolves, adopted in July of 1774, contained the kindling of revolution. Here Mason laid down the principle that taxation without representation is tyranny. He catalogued the grievances of the American colonists in paragraphs of contained outrage. The Resolves teach us what the Revolution was all about.

The Virginia Declaration of Rights, adopted in June of 1776, was the forerunner of the Declaration of Independence that would come a month later. It begins with an assertion that Jefferson would recast: "All men are by nature equally free and independent, and have certain inherent rights of which, when they enter into a state of society, they cannot, by any compact, deprive, or divest their posterity; namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety."

Mason went on to set forth the principle that "all power is vested in, and consequently derived from, the people." No men are entitled to special privilege. He had a cool eye for legislators and public officials. In order to restrain them from oppression, "they should at fixed periods be reduced to a private station, return into the body from which they were originally taken," where they might feel and participate in the "burthens of the people."

The Virginia Declaration antedates by 12 years the Bill of Rights that Madison would draft. Mason spoke out for freedom of the press. He set forth the rights of an accused person in a criminal prosecution. He wrote the protective lines that would become our Eighth Amendment: "Excessive bail ought not to be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted."

My own favorite passage from the Virginia Declaration appears toward the end of the document. Here it was resolved "that no free government, or the blessing of liberty, can be preserved to any people but by a firm adherence to justice, moderation, temperance, frugality, and virtue, and by frequent recurrence to fundamental principles."

That says it all. To Mason, liberty was a "blessing," that is to say, a natural right bestowed by our Creator. A good society must be a just society—a society in which extremism is avoided and extravagance has no place. The word "virtue" has passed out of style; it ought to be restored to our public life. A dedication to simple virtue—to kindness, decency and simple honesty—seems little enough to ask. These were Mason's "fundamental principles." They endure.

He was a great man not only of his own century, but for centuries yet to come.

Mr. HOLLINGS. Mr. President, I yield myself 1 minute on that point.

George Mason, in refusing to sign the Declaration of Independence, said it still had that germ of division in that it allowed for slavery. We were adopting in essence, he said, the destruction of the Republic.

What we have just done, by the previous 49 to 42 vote on COLA, is to remove a germ of inflation which threatens the budget. We have other germs of inflation, but one of them has been removed.

Mr. HARRY F. BYRD, JR. Mr. President, I say to the able Senator from South Carolina that he is not only an able Senator, but an able historian in his recollection of the attitude George Mason took toward the Constitution of the United States. I shall not go into the COLA matter, but he is certainly accurate in his portraying of George Mason's view.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The Senate continued with consideration of the resolution.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the senior Senator from West Virginia (Mr. RANDOLPH) be a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. DOMENICI. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. They have.

Mr. DOMENICI. Is the Senator from Arizona ready to yield back his time?

Mr. DECONCINI. I am, Mr. President.

Mr. DOMENICI. Mr. President, I yield back our time.

Mr. DECONCINI. The Senator from Arizona yields back his time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Arizona. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Utah (Mr. HATCH), the Senator from Maryland (Mr. MATHIAS), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Nebraska (Mr. EXON), the Senator from Louisiana (Mr. LONG), and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 42, nays 49, as follows:

[Rollcall Vote No. 96 Leg.]

YEAS—42

Baucus	Eagleton	Moynihan
Bentsen	Ford	Nunn
Biden	Glenn	Pell
Boren	Hart	Proxmire
Bradley	Heflin	Pryor
Bumpers	Helms	Randolph
Burdick	Huddleston	Riegle
Byrd, Harry F., Jr.	Inouye	Roth
	Jackson	Sarbanes
Byrd, Robert C.	Kennedy	Sasser
Chiles	Leahy	Tsongas
Cranston	Levin	Williams
DeConcini	Melcher	Zorinsky
Dixon	Metzenbaum	
Dodd	Mitchell	

NAYS—49

Abdnor	Gorton	Nickles
Andrews	Grassley	Packwood
Armstrong	Hatfield	Percy
Baker	Hawkins	Quayle
Boschwitz	Hayakawa	Rudman
Chafee	Heinz	Simpson
Cochran	Hollings	Specter
Cohen	Humphrey	Stafford
D'Amato	Jepsen	Stennis
Danforth	Johnston	Stevens
Denton	Kassebaum	Symms
Dole	Kasten	Thurmond
Domenici	Laxalt	Tower
Durenberger	Lugar	Wallop
East	Mattingly	Warner
Garn	McClure	
Goldwater	Murkowski	

NOT VOTING—9

Cannon	Long	Pressler
Exon	Mathias	Schmitt
Hatch	Matsunaga	Weicker

So the amendment of the Senator from Arizona (UP No. 76) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 77

Mr. DOMENICI. Mr. President, it is my understanding that the distinguished Senator from Massachusetts is ready to offer an amendment.

It is my understanding that we could agree on a half hour equally divided.

Mr. KENNEDY. Mr. President, I think we can do it in 20 minutes equally divided.

Mr. DOMENICI. Ten minutes each.

Mr. KENNEDY. If there be exceptional need maybe we can get additional time off the resolution.

Mr. DOMENICI. Again I have not seen the amendment. It is subject to it being germane.

Mr. KENNEDY. That is correct.

Mr. DOMENICI. Mr. President, I ask unanimous consent that there be 20 minutes on the Kennedy amendment equally divided and that is subject to the amendment being germane.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I shall ask for the yeas and nays.

Mr. BAKER. Mr. President, I ask unanimous consent that the yeas and nays be in order on the Kennedy amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask for the yeas and nays on the Kennedy amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an unprinted amendment numbered 77.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, beginning with "$263,900,000,000" in line 20, strike out through "$237,300,000,000" in line 21 and insert in lieu thereof the following "$264,300,000,000; (B) outlays, $237,700,000,000".

On page 15, beginning with "0" in line 7 strike out through "0" in line 8 and insert in lieu thereof the following "—$400,000,000; (B) outlays, —$400,000,000".

Mr. KENNEDY. Mr. President, it is not necessary to take a great deal of the Senate's time on this particular issue because some 3 weeks ago during the debate on the reconciliation budget we debated the school lunch program.

Essentially this amendment provides an additional $400 million for the school lunch program in this country.

No service does more to provide for the nutritional welfare of our children than the school lunch program. Each day some 27 million children in 94,000 schools receive a balanced, wholesome noontime meal, and the budget we are considering today would deny that lunch to more than half of these children, those whose families earn more than $16,000 a year.

The administration defends these cuts and says that the truly needy will not be hurt, but the experts in States and communities across the country who have run the program for the last 35 years disagree. They tell us that, far from protecting the children of the poor, this budget will deny lunches to millions of these children.

The American School Food Service Committee estimates that, even with the modest increase voted in March, 29,000 schools will have to close their school lunchrooms and over 8 million children will be denied school lunches.

This is not a regional issue or a partisan issue. Every State, community and neighborhood will feel the impact.

Concerned with national security led to the creation of the school lunch program in 1946. Too many of those drafted in World War II were rejected because of malnutrition.

Today, thanks to this national feeding program, malnutrition is almost unknown in this country.

Mr. President, I believe this program is essential. The administration is cutting approximately 40 percent of the child nutrition budget. According to Mrs. Nix, who heads the American School Food Service Association, the average cost of a school lunch to the nonneedy child will go up from the current 60 cents to $1.20 or more, and that will force millions of paying children out of the lunch program.

As a result, almost 30,000 schools will have to close down their lunchrooms and then school meals no longer will be available to the 3 million or 4 million needy children.

So when you take away the basic underpinnings of the program, you can expect to see those cafeterias that serve 3 million to 4 million children from needy families close down. Even though they are eligible for that program there will be no program. They will be denied the school lunch the administration has promised them.

The best estimates predict that the cost of a school lunch will increase from 60 cents to $1.20. For those families with three or four children the cost would be $4 or $5 a day, $25 per week, $100 per month. That is a significant amount of money for the working people of this country. We are talking about families who make $15,000 to $20,000 a year.

Mr. President, the final argument I would make is that the additional costs of these school lunches for working families will significantly exceed the benefits they might get from the tax cut the administration has proposed.

Thus, I believe this is a worthwhile and valuable amendment. It includes the offset provisions that were part of the earlier COLA amendment, which means we would take the money out of function 920. It reduces function 920 by $40 million. So effectively we are not adding additional money to the budget. We are just indicating that $400 million of those resources that exist in function 920 and are not defined for any particular purpose should be reserved for the school lunch program.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from Washington.

Mr. GORTON. Mr. President, it is paradoxical to hear this amendment presented by the Senator from Massachusetts with his great and long-standing concern for programs for the needy, because what he proposes to do is to provide out of the taxpayers' pocket a subsidy for the very taxpayers who do not wish to pay those taxes and who do not need the subsidy.

As a result of what this Senate has already done in connection with the reconciliation program in restoring some $300 million for child nutrition, the present budget includes funds sufficient to insure that no child receiving a free or a reduced-price lunch this year need have any reduction in benefits for that kind of program in fiscal year 1982.

What the administration has done is to focus Federal meal subsidies, Federal lunch subsidies, on children from families in need and, at the same time, proposes in the course of the next 5 years to save close to some $7 billion in connection with the budget which, as we all know, is dangerously out of balance.

This program, incidentally, the national school lunch program, has grown more than 400 percent in expenditures during the decade of the 1970's, from slightly over $0.5 billion to some $3 billion.

Federal expenditures for child nutrition programs in general have grown during that period of time from three-quarters of a billion dollars to over $4 billion. Actually, of course, national school enrollments have been declining rather than gaining during recent years. But, nevertheless, this school lunch program has shown an increase in cost and in spending.

At the present time, the Federal Government supports approximately 82 percent of the cost of a lunch which is served free to a needy student, 75 percent of the cost of a reduced-price lunch, and almost one-quarter of the cost of the lunch for which an individual pays and for which that individual's family can well afford to pay.

The real issue, the true issue, in connection with this amendment is whether or not it is time to put an end to the ever-increasing spread of subsidies from the Federal Government to nonneedy individuals. Why should the Government of the United States pay for those who can afford to pay for their own school lunches? To a greater and greater extent the citizens of this country understand that we are taking money out of their wallets through taxation, charging administrative costs in doing so, and then offering a portion of it back to those same people as subsidies.

The Congressional Budget Office estimates that 5 percent of the schools which are members of this program may drop out from the program if these proposals are adopted. The Department of Agriculture, on the other hand, states that this is an unduly high estimate, even an estimate of 5 to 10 percent. It simply cannot be stated with precise accuracy as to what that result would be, but one would expect that schools dropping out of the program would be those which are impacted most by it, that is to say, those schools with the largest percentage of whose students can efford to pay for lunches but are, nevertheless, having them subsidized at the present time.

It also assumes, incidentally, if a student must pay the full cost of a school lunch, even with the built-in subsidies of using a school cafeteria which is not paying taxes, that they will go elsewhere, they will go to McDonald's or they will pack their own lunches or the like.

It seems to me a highly dubious assumption to the extent that school lunches are in fact nutritious, and they are, and are served well—and in most places they are—so it is very doubtful that this will, in fact, be the result.

As a consequence, the issue with which we are dealing here is not the needy child. The issue is not the child who will

not otherwise be able to get a hot lunch because that child's parents cannot support it. The question is whether or not we are willing to continue at the expense of creating and continuing overwhelming deficits and a high rate of inflation the practice of a very substantial subsidy for meals for people whose families do not need such subsidies.

One final point, of course, is the fact that this is in no respects other than the form of the amendment simply a shift of costs or requirements from one function to another. This new function 920 is certainly being kicked around on the floor of the Senate during the course of this debate. This is a pure and simple add-on.

To say we are going to find this amount of money in unspecified savings without being willing to state what in value we are willing to give up in connection with the return of these hundreds of millions of dollars is simply to say we will add that much to the deficit, that much more in the way of pressure to inflation, that much more weight against economic recovery in this Nation.

The argument had some very real legitimacy during the course of the debate on the reconciliation process. The $300 million restoration at that point was merely an attempt to return a subsidy to people who did not need one.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I listened with interest to my friend and colleague from the State of Washington talking about the fact that he thinks it is paradoxical that we are talking about a school lunch program for Americans whose families can afford it.

What we are talking about are school lunch programs for families with an income of $12,000 a year—$12,000 a year. Families who earn $16,000 a year are completely eliminated from the program.

My colleague and friend from Washington probably was not in the U.S. Senate when I offered the expense account limiting lunch amendment. The Federal Government spends $1 billion a year on expense account lunches for the wealthiest individuals in America. We spend $1 billion a year in tax expenditures or tax subsidies; $1 billion a year is either added to the deficit or paid for by the working people of this country.

Now if we want to talk about people that do not need help and do not need assistance, it seems to me that that is the group that we ought to be talking about.

Can you imagine this body considering an amendment offered by any Senator in this Chamber that says "We want an amendment to add $1 billion to the budget in order to give the wealthiest individuals in our society, a billion dollars so that they can eat at the best restaurants in this country?" They would be laughed out of this Chamber. But nonetheless, that exists.

The amendment I have proposed addresses the needs of the family with an income of $12,000 a year. It is intended to help the family who loses all assistance if they make $16,000 a year. It is the best estimates of those that run these programs that the cost of school lunches will double for working class people with children in school. They also estimate that 20,000 to 30,000 cafeterias will close down. Then what is going to happen to the 4 million sons and daughters of the neediest people in our society who make below $12,000 a year? They will be left out. They will be excluded. Those are the facts.

No matter how much you talk about the increase in this program in the past, these cuts mean that over 4 million truly needy children from families who earn $12,000 a year or less will be left out. We can expect this to happen because millions of families who cannot afford to pay twice as much for school lunches. They will be forced to take their children out of the program and thousands of cafeterias will be closed as a result. Then what do we say to these needy children?

Mr. President, this program, has been a model of efficiency in local communities and local school districts across this country. It has been effective. It is supported by parents, children, and school officials.

I urge my colleagues to support the funds needed to help the program running. I urge your support for this amendment.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I had not realized that this debate had to do with tax policy and tax deductions for corporations or for corporate lunches. The Senator from Massachusetts served in this body far longer than I and I suspect has had many opportunities for many years, during which his party was in a majority, to change those tax policies if he wished to do so.

But he does, I may say, continue to confuse a taxpayer subsidy in which money is taken from one group of people for the benefit of another and a policy which simply allows people or corporations to use the money they have earned in the fashion which they feel appropriate to use it.

Money earned by people is not presumptively taxation or revenues for the United States and only secondarily and occasionally by the grace of the Government left to individuals to use as they wish. The money which each of us earns is primarily his own and of that we give certain amounts to meet various social and national policy priorities.

Since we have here a program which has grown over 400 percent in the last 10 years, it simply demonstrates the generosity of the people of the United States and of this Congress. Since we also at this time very clearly live in a period of serious inflation and of lack of growth in the economy and a need to change both of those qualities, to ask that those people who can afford to pay for school lunches to do so seems not at all unreasonable.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusetts (Mr. KENNEDY). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Utah (Mr. HATCH), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Nebraska (Mr. EXON), the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee (Mr. SASSER) would vote "yea."

The PRESIDING OFFICER. Are there other Senators in the Chamber who wish to vote?

The result was announced—yeas 29, nays 58, as follows:

[Rollcall Vote No. 97 Leg.]

YEAS—29

Baucus	Glenn	Mitchell
Biden	Hart	Moynihan
Bradley	Heflin	Pell
Burdick	Huddleston	Randolph
Byrd, Robert C.	Inouye	Riegle
Cranston	Jackson	Roth
Dixon	Kennedy	Sarbanes
Dodd	Leahy	Tsongas
Eagleton	Levin	Williams
Ford	Melcher	

NAYS—58

Abdnor	East	Nickles
Andrews	Garn	Nunn
Armstrong	Goldwater	Packwood
Baker	Gorton	Percy
Bentsen	Grassley	Proxmire
Boren	Hatfield	Pryor
Boschwitz	Hawkins	Quayle
Byrd, Harry F., Jr.	Hayakawa	Rudman
	Helms	Simpson
Chafee	Hollings	Specter
Chiles	Humphrey	Stafford
Cochran	Jepsen	Stennis
Cohen	Johnston	Stevens
D'Amato	Kassebaum	Symms
Danforth	Kasten	Thurmond
DeConcini	Laxalt	Tower
Denton	Lugar	Wallop
Dole	Mattingly	Warner
Domenici	McClure	Zorinsky
Durenberger	Murkowski	

NOT VOTING—13

Bumpers	Long	Sasser
Cannon	Mathias	Schmitt
Exon	Matsunaga	Weicker
Hatch	Metzenbaum	
Heinz	Pressler	

So Mr. KENNEDY's amendment (UP No. 77) was rejected.

The PRESIDING OFFICER. The majority leader is recognized.

SEQUENCE OF AMENDMENTS

Mr. BAKER. Mr. President, I take this opportunity to inquire of the distinguished managers of the bill on both sides and especially of the distinguished minority leader if we could try to arrange a sequence of events to proceed for the remainder of this day and for Monday and Tuesday of next week, and especially

to inquire of the distinguished minority leader if it would be possible to identify how that might be dealt with in sequence, an amendment to be called up at this time, and perhaps even a reduction in the overall time remaining for consideration of this resolution.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate is not in order. The Senate will be in order.

Mr. ROBERT C. BYRD. I thank the Chair, and I thank the distinguished Senator from New York (Mr. MOYNIHAN).

Mr. President, in response to the distinguished majority leader and following on the discussions that have proceeded earlier, those discussions being held and occurring among the majority leader, the minority leader, Mr. HOLLINGS, Mr. CRANSTON, Mr. INOUYE, Mr. DOMENICI, and others, I have contacted Senators on my side of the aisle, and I find that the following would be agreeable:

That an amendment by Mr. MOYNIHAN be laid down now or at any time before the close of business today; that there be a time limitation on the Moynihan amendment of 1 hour, beginning on Monday, at the resumption of the consideration of the resolution; that following the disposition of the amendment by Mr. MOYNIHAN on Monday, the following Senators would be recognized to call up their amendments, in this order: Mr. CRANSTON, an amendment on beneficiary rehabilitation; Mr. METZENBAUM, an unspecified amendment, but it will be germane—it will have to be germane, under the act; an amendment by Mr. EXON dealing with a tax cut relating to projected deficit targets; an amendment by Mr. BRADLEY requiring a report showing strategic framework for economic analysis of defense increases.

So there would be five amendments in sequence, beginning with the amendment by Mr. MOYNIHAN. There would be 1 hour on the amendment by Mr. MOYNIHAN, which would begin running on Monday at 10 o'clock, if the majority leader wishes to resume the consideration of the resolution at that time.

It also would be agreeable on this side to reduce the remaining 39 hours on the resolution to 20 hours on the resolution overall.

Mr. BAKER. Mr. President, I am most grateful to the minority leader for the information he just provided us. I believe it provides a reasonable and sensible schedule for the deliberations of the Senate and for the final disposition of this resolution.

Mr. President, I had hoped that we might be able to finish the resolution on Monday. I believe that is unlikely. It is highly likely, however, that we could finish on Tuesday, and I believe that this schedule and this arrangement, which has been negotiated among the Senators on both sides and just suggested by the minority leader, substantially improves that prospect.

In view of that statement by the minority leader, I now propound this unanimous-consent request:

I ask unanimous consent that the Senate next proceed to the consideration of an amendment by the distinguished Senator from New York (Mr. MOYNIHAN); that the debate on that amendment continue through the remainder of this day and then be resumed after the Senate returns to the consideration of the resolution on Monday next, not later than 10 a.m.; that at that time there be a limitation of 1 hour, to be equally divided between the Senator from New York and the Senator from New Mexico—if, of course, the amendment is germane, as I understand it; that after the amendment of the Senator from New York is disposed of, the Senate next turn to the consideration of the amendment of the Senator from California (Mr. CRANSTON) dealing with the beneficiary rehabilitation.

There is no change in the time limitations imposed by statute. There would be no question of germaneness; the amendment would have to be germane.

After the disposition of the amendment by the distinguished Senator from California (Mr. CRANSTON), there would be an amendment by the distinguished Senator from Ohio (Mr. METZENBAUM), also to be germane, the subject matter not yet specified.

After the disposition of the amendment by the distinguished Senator from Ohio, there would be next for consideration the amendment by the distinguished Senator from Nebraska (Mr. EXON) dealing with a tax cut relating to projected deficit targets, which also would be germane, under the act.

Finally, in sequence, there would be an amendment next by the distinguished Senator from New Jersey (Mr. BRADLEY) requiring a report showing the strategic framework for economic analysis of defense increases.

Further, that the time remaining for the consideration of this resolution and amendments thereto be reduced to 20 hours, to begin at 10 a.m. on Monday next.

ORDER FOR RECESS UNTIL 9:45 A.M. ON MONDAY NEXT

Further, that when the Senate completes its business today, it stand in recess until 9:45 a.m. on Monday next.

Further, that after the two leaders are recognized on Monday for a reduced time of not to exceed 5 minutes each, there be a brief period for the transaction of routine morning business, not to extend beyond 10 a.m.; that at 10 a.m. on Monday, the Senate resume the consideration of the pending business—that is, the first concurrent budget resolution (S. Con. Res. 19)—and immediately resume the debate on the Moynihan amendment.

That is the extent of my request.

Mr. BURDICK. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Mr. President, do I have the understanding of the distinguished majority leader that the arranging of the aforesaid amendments in sequence does not preclude the offering of amendments thereto in the second degree?

Mr. BAKER. I believe there would be nothing to prevent the introduction of second-degree amendments. I assume that the second-degree amendments also would have to be germane, absent any other provision. I ask the Chair if that is the Chair's interpretation.

The PRESIDING OFFICER. The Senator is correct.

Mr. BURDICK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object——

Mr. BURDICK. I object.

Mr. BAKER. I yield to the distinguished manager on behalf of the majority.

Mr. DOMENICI. Mr. President, my reservation is predicated upon the germaneness rule. We cannot tell without reading any of those amendments whether they are germane. So I hope the majority leader would include that whatever the agreement is, the amendment, after it is offered, must be determined to be germane. We have not determined that in this stipulation. We are not agreeing that they are.

Mr. BAKER. Mr. President, I inquire of the Chair: In the absence of a time limitation on the amendments I have mentioned, to be taken up in sequence, would it not be that, under the act, the amendments would have to be germane?

The PRESIDING OFFICER. The majority leader is correct.

Mr. BAKER. Is it not correct that in the request I have just put, we did include a germaneness requirement for the amendment of the distinguished Senator from New York on which there is a separate time limitation?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. So I advise the distinguished manager of the bill on behalf of the majority that according to the ruling just made by the Chair I believe that that issue is resolved.

Mr. DOMENICI. Mr. President, I have one other request. With as much time as we have this evening to discuss the amendment of the distinguished Senator from New York was there some particular reason that we needed an additional hour of debate on that on Monday? Would not a half hour suffice after the hour that he has tonight?

Mr. BAKER. Mr. President, I yield to the Senator from New York on that.

Mr. MOYNIHAN. Mr. President, if the Senator will yield, it is not likely that a full hour will be required but as I will be the only Senator today speaking on behalf of the amendment I wish to have time available if others might wish to do so.

There is, for example, a very serious matter concerning the State of Washington and the protection of the waters of the great Columbia River. There is a possibility that will be raised in support of the amendment.

Mr. GORTON. We do not need to reserve too much time.

Mr. DOMENICI. I am not objecting on that. I am merely making inquiry.

Mr. BAKER. Mr. President, I yield to the Senator from North Dakota.

Mr. BURDICK. Mr. President, Senator MELCHER and I have an amendment to offer. I wonder if that is the sequence or are we foreclosed or precluded from this agreement?

Mr. BAKER. No, the Senator is not. I am happy to sequence that in after the Bradley amendment.

Mr. BURDICK. That is fine.

Mr. BAKER. There is one amendment that the Senator from North Dakota and Senator MELCHER will offer?

Mr. BURDICK. That is right.

Mr. BAKER. Mr. President, I amend that request to include that sixth amendment in the order.

The PRESIDING OFFICER. Is there further objection?

Mr. STENNIS. Mr. President, reserving the right to object, and I shall not object, could we have a more certain time that is agreeable to the Senator from New York and others about the time for the debate to start on the Senator's amendment Monday morning? It is important that Senators know when it will begin; 10:30, if that is agreeable, will permit a little bit additional time.

Mr. BAKER. Mr. President, if the Senator will permit me, I tell the distinguished Senator from Mississippi that the way I intended to propound the request the Senate will convene at 9:45 and we will resume the consideration of the Moynihan amendment at 10 a.m. There will be 1 hour remaining for debate on that amendment.

Mr. STENNIS. That will be good.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Later the following occurred:)

Mr. BAKER. Mr. President, I am advised that there is another amendment that we might sequence for consideration on Monday. I inquire of the minority leader if he would be in agreement with a request to make a Proxmire-DeConcini amendment, changing figures on the resolution to provide for a balanced budget, the seventh amendment in the sequence.

Mr. ROBERT C. BYRD. That would be agreeable, Mr. President.

Mr. BAKER. Mr. President, I ask unanimous consent that an amendment by Mr. PROXMIRE and Mr. DECONCINI dealing with the balanced budget be sequenced for consideration after the last amendment heretofore provided for, the Burdick amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Conclusion of earlier proceedings.)

The text of the agreement follows:

Ordered, That on Monday, May 11, 1981, the Senate resume consideration of Senate Concurrent Resolution 19, concurrent resolution setting forth the recommended congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the U.S. Government for the fiscal year 1981, and that the pending amendment proposed by the Senator from New York (Mr. MOYNIHAN) be limited to 1 hour; that it be followed by an amendment to be offered by the Senator from California (Mr. CRANSTON), dealing with beneficiary rehabilitation; that that amendment be followed by an amendment to be offered by the Senator from Ohio (Mr. METZENBAUM); that that amendment be followed by an amendment to be offered by the Senator from Nebraska (Mr. EXON), dealing with a tax cut relative to projected deficit targets; that that amendment be followed by an amendment to be offered by the Senator from New Jersey (Mr. BRADLEY), dealing with a report on the strategic framework of defense increases; that that amendment be followed by an amendment to be offered by the Senator from North Dakota (Mr. BURDICK) and the Senator from Montana (Mr. MELCHER); and that that amendment be followed by an amendment to be offered by the Senator from Wisconsin (Mr. PROXMIRE) and the Senator from Arizona (Mr. DECONCINI): *Provided*, That all of the aforementioned amendments be germane pursuant to the provisions of the Budget Act: *Provided further*, That the total time on the Budget Resolution be reduced to 20 hours, to be equally divided and controlled by the majority and minority leaders or their designees.

Mr. BAKER. Mr. President, I thank all Senators and I especially thank the minority leader for being very, very helpful in trying to arrange an orderly sequence of amendments for the consideration of the Senate.

I wish to express my thanks to the Senator from New York, the Senator from New Mexico, and the Senator from South Carolina for their help and assistance in arriving at this point.

Mr. President, I might say now that there will be no more votes today. I expect the Senate will be in session for a time yet today, especially to begin the consideration of the Moynihan amendment.

PROGRAM

Mr. President, the Senate will convene, then, at 9:45 a.m. on next Monday after it recesses over today. At 10 a.m. we will resume consideration of the Moynihan amendment. The time on that amendment will expire at 11 a.m. I expect there will be a rollcall vote on that amendment.

There are five other amendments that are arranged in sequence. The order and the statute taken together will require germaneness on all six of those amendments and any amendments in the second degree to that amendment.

The time according to the order just entered remaining for consideration of all measures under this resolution will be limited to 20 hours to begin at 10 a.m. on Monday.

I expect that the Senate will be in session late on Monday. I hope it will not be necessary to be in session late on Tuesday, but it is the hope of the leadership on this side and fully the intention of the leadership on this side to try to finish the consideration of this resolution on Tuesday, even though it may be necessary to stay late on Tuesday in order to do so in view of the fact that we must go to conference and that the statute requires that we have this first concurrent resolution in place by May 15.

So time is very short and it is important that we attempt to do that.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, what has been said with respect to germaneness in connection with this agreement, as I understand it, applies to the interpretation of germaneness under the act. In other words, an amendment in the second degree does not necessarily have to be germane to the amendment in the first degree.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

May I suggest to the distinguished majority leader, if he wishes to get the yeas and nays ordered on the amendment by Mr. MOYNIHAN at this time I will be very glad to cooperate.

Mr. BAKER. Mr. President, I think that is a good idea.

If the Senator from New York wishes we could ask for the yeas and nays.

I ask unanimous consent that it be in order to ask for the yeas and nays at this time on the Moynihan amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays on the Moynihan amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, might I ask the distinguished majority leader. He indicates he is going to proceed for some time this evening. I wonder if the distinguished majority leader would designate the distinguished junior Senator from Colorado, Senator ARMSTRONG, as his designee for the remainder of the afternoon?

Mr. BAKER. Mr. Presdent, I do so designate Senator ARMSTRONG.

Mr. DOMENICI. I thank the Senator.

Mr. ARMSTRONG. Was that for limited purposes?

Mr. DOMENICI. Under the budget resolution.

UP AMENDMENT NO. 78

(Subsequently numbered amendment No. 46.)

(Purpose: To reduce funding for water projects by $200 million and increase funding for transportation and the guaranteed student loan program by $100 million each)

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DANFORTH). The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes unprinted amendment numbered 78.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 5, strike out section 1. (b)(5) and insert in lieu thereof the following:

"(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $8,200,000,000;

(B) Outlays, $12,600,000,000;

Fiscal year 1983:

(A) New budget authority, $10,500,000,000;

(B) Outlays, $11,600,000,000;

Fiscal year 1984:
(A) New budget authority, $10,600,000,000;
(B) Outlays, $10,700,000,000."

Beginning on page 7, strike out section 1. (b)(8) and insert in lieu thereof the following:

"(8) Transportation (400):
Fiscal year 1982:
(A) New budget authority, $21,800,000,000;
(B) Outlays, $21,100,000,000.
Fiscal year 1983:
(A) New budget authority, $20,900,000,000;
(B) Outlays, $20,200,000,000;
Fiscal year 1984:
(A) New budget authority, $21,400,000,000;
(B) Outlays, $20,200,000,000."

Beginning on page 7, strike out section 1. (b)(10) and insert in lieu thereof the following:

"(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1982:
(A) New budget authority, $26,900,000,000;
(B) Outlays, $27,500,000,000;
Fiscal year 1983:
(A) New budget authority, $27,000,000,000;
(B) Outlays, $26,700,000,000;
Fiscal year 1984:
(A) New budget authority, $26,200,000,000;
(B) Outlays, $26,200,000,000."

Mr. MOYNIHAN. Mr. President, this is an amendment to the first concurrent resolution, which has as its framework a reduction of $200 million in the funding for the water and power resources service construction program which is contained in function 300, natural resources and environment, and according a balanced increase of $100 million each in outlays for mass transit systems and for the guaranteed student loan programs in the fiscal year 1982.

Mr. President, if I may say, having observed the care with which the minority leader distinguished the general germaneness provisions of the Budget Impoundment Act, I wish to say for the 40th time this year that the Budget Act does not direct program allocations, authorizations, or appropriations. It pertains to the overall budget outlays and authority by function in the sequence laid down in that act.

Even though, we have taken to the practice of speaking about proposed increases or decreases as if we were talking about programs, and it is for the purpose of addressing these program issues that I propose this amendment.

Mr. President, it may be useful to begin by asking why are we proposing a reduction in the construction program of the water and power resources service which was previously the Bureau of Reclamation and is still colloquially known as such.

I observe that to ask this question it is first necessary to note that of all the major activities of the U.S. Government that we might suppose would have seen a significant reduction in their budget allocation these water resource programs were left out.

They were spared—not entirely. I do not wish to state that which is not precisely so, but substantially and, in particular, these construction programs were not reduced by anything like the levels we have seen in other programs where people are affected in the most extraordinary way.

It was the judgment of the Senate Committee on Finance just this last Wednesday, quite figuratively but almost literally, to rip from the Social Security Act that title which provided aid for foster care children. Providing care for children in foster homes has been an entitlement of citizenship, you might say, a social contract, for, perhaps, a half century, since the enactment of the Social Security Act of 1935.

Suddenly orphaned children in foster homes are not to be entitled to a share of their support from the Federal Government. But the insensate expenditure of Federal moneys on water projects in the western part of the Nation continues unabated, untouched by the severe standards which we are told by the Director of the Office of Management and Budget were his criteria, the President's criteria, in sending forward this extraordinary set of spending cuts.

I ask unanimous consent, Mr. President, to have printed in the RECORD a statement from the bluebook, as it is called, from the Office of Management and Budget.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BUDGET AND PROGRAM PRIORITIES AND CRITERIA

The President decided that achievement of his budget targets will require an end to the proliferation of new Federal programs and a reversal of the trend toward greater Federal roles in planning and controlling economic and social decisions.

He directed that all Federal programs be subjected to thorough scrutiny. However, in doing so he decided that:

A margin of safety must be created by rebuilding the Nation's defense capabilities.

The Social Safety Net of income security measures erected in the 1930's to protect the elderly (including cost of living protection for the elderly), unemployed, and poor, as well as veterans, must be maintained.

Eight basic criteria were used in evaluating and making decisions on programs:

1. Entitlement Programs must be revised to eliminate unwarranted beneficiaries and payments.

2. Subsidies and benefits for middle and upper income levels must be reduced.

3. Allocable costs of government programs must be recovered from those benefiting from the services provided, such as airports and airways, inland waterways and Coast Guard services to yacht and boat owners.

4. Sound economic criteria must be applied to economic subsidy programs such as synthetic fuels, Export-Import Bank loans, and subsidized loans.

5. Capital investments in public sector programs—such as highways, waste treatment plants and water resource projects—must be stretched out and retargeted.

6. Equal restraint must be imposed on programs that are in the national interest but are lower in priority than the national defense and safety net programs. Examples include NASA, National Science Foundation, and the National Institutes of Health, which would be allowed to grow at lower rates than planned.

7. Large numbers of categorical grants must be consolidated into block grants permitting less Federal administrative overhead, greater flexibility for State and local governments, greater efficiency in management and reduced overall costs. The principal examples are elementary and secondary education, and health and social services.

8. Federal personnel and overhead costs, and program waste and inefficiency must be reduced.

Mr. MOYNIHAN. I thank the Chair's generosity in that matter. I would like to point out No. 4.

Sound economic criteria must be applied to economic subsidy programs.

And also No. 5:

Capital investments in public sector programs—such as highways, waste treatment plants, and water resource projects—must be stretched out and retargeted.

These are the criteria after all. But with what singular good fortune for the beneficiaries of the Bureau of Reclamation that there were scarcely any reductions in this vast program, a mere $36.5 million taken out of the construction budget. At the same time mass transit is being slashed, and student loans are being cut in the most extraordinary and unforeseen ways—national programs.

The point here is not just one of equity with respect to shared reductions; it is also the fact that the time is at hand, or so I would think, when the U.S. Government, when this body, should begin to ask ourselves what are we doing with the water resources of the United States?

Mr. President, the whole of the country, some 80 percent of the country, is in a drought this year. The prospect particularly for the West, is severe.

The National Oceanic and Atmospheric Administration reports that water supply shortages should be expected in most of the Western United States this summer. All over that part of the world we are using geologic water which is not replacing itself; we are using water for purposes that ought not ever to be used. We are wasting water and we are running out of it.

I put it to you, Mr. President, that you can live without oil, you can live without love, but you cannot live without water. This Nation is letting itself get into a situation where at the turn of the century we are going to find we have grievously abused this natural resource, in much the same way that we allowed our soil to be depleted in the course of the 19th century in regions such as the South, in the Mississippi, Ohio, and Missouri Valleys.

Let me give you a sense of what the Bureau of Reclamation is all about—a magnificent idea in its formulation. That vast region west of the Mississippi would be designated on maps in the school books of today as simply the great American desert. In fact, it was the great American desert until Theodore Roosevelt and the Bureau of Reclamation came along and we began to reclaim the desert, and then we began to abuse the enterprise.

It is simply that we are creating an agriculture in this country that is based upon the growth in arid climates of crops that are only appropriate to areas where there is normal rainfall, normal precipitation. We are irrigating vast stretches of the country with water that is not going to be replaced, and creating an economy which is going to collapse with

respect to that agricultural economy when this water runs out.

Perhaps I could give the Senate some idea of the levels of water expenditures in the country today in terms of how extraordinarily disproportionate they are, how much they have been distorted by this process. On an average day in 1975 in the United States 1,900 gallons of water were withdrawn per person. I think this rate was as low as a quarter of that—in Rhode Island is was 520 gallons a day as the average.

I hope to just briefly attract the attention of the distinguished Presiding Officer to note that in Missouri—I believe I have pronounced that correctly—in 1975, 860 gallons per capita per day. Missouri is an agricultural State and an industrial State, a rich and important agricultural State.

Where it was 860 in Missouri, it was 21,000 in Idaho; in Montana 17,000; in Wyoming 17,000. In Arizona, a State that is almost wholly desert in its natural condition, the per capita withdrawal of water was 3,500, twice the national average, and the eighth highest per capita consumption in the country.

How did Arizona, a distinguished desert—is that the way one ought to refer to it in this Chamber—come to have the eighth highest water per capita consumption in the country? The central Arizona project, one of the more extraordinary excesses of this program. The Arizona Daily Star, responding to an article by a Mr. Reese Cleghorn, of the Detroit Free Press, on "Who Pays for Arizona's High-Priced Water?" had this to say on April 26, 1981:

> Arizonans started the trend of robbing from the East to pay for the West's water supplies when in the early 1900's they won Teddy Roosevelt's federal reclamation experiment, the Salt River Project.

It is not the stealing that bothers me; it is the finite nature of the resource and the abuse of the resource.

It is one thing to make the desert bloom; it is another thing to try to turn the Arizona desert into a replica of the home counties of Great Britain with water going for swimming pools, for green lawns, and for purposes that in no sense are appropriate to the terrain or the geography.

Mr. President, the editorial in the Arizona Daily Star concluded, referring to Mr. Cleghorn the journalist on whose series the Star was commenting:

> We're grateful that Cleghorn didn't point out that the multi-billion-dollar CAP will be reduced to a trickle in 20 years unless Arizona can finagle Congress again to pay for shipping water from Washington's Columbia River to the Colorado.

Mr. President, I ask unanimous consent that the editorial from the Arizona Daily Star and Mr. Cleghorn's article from the Detroit Free Press be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Detroit Free Press]

WHO PAYS FOR ARIZONA'S HIGH-PRICED WATER?

(By Reeze Cleghorn)

DETROIT.—The Sun Belt has no better propaganda than Arizona Highways, a beautiful magazine I have been seeing off and on for a dozen years. Every issue used to be filled with the magnificent color photos of lonely canyons, buttes and desert flowers in rural Arizona. But the magazine has changed.

The March issue has some of those warm-hued pastoral scenes, but it also reflects Arizona's increasingly urban nature. And there is water, water everywhere, coloring golf courses green, permitting paddle-boating in a Phoenix park, tossing up waves for surfboards in a man-made lake at Tempe. Arizona Highways makes Arizona look like Hawaii.

You and I should be interested in that, because we pay for it.

During the next few years we will be paying even more to subsidize cheap water in the West. The Reagan administration, with so much of its political support in that region, is not about to economize by stopping money for unneeded water projects.

They contradict the fatuous notion that the country has to bear older Midwestern and Eastern cities on its back, pouring billions of dollars into them, while self-sufficient, free-enterprising Sun Belters pay their own way. Michigan subsidizes the movement of its people to Arizona.

Frank Welsh, a Phoenix civil engineer, has just sent me a copy of his testimony before a congressional subcommittee about what he calls "one sacred cow" that has escaped inclusion in the "thundering herd" of federal projects that Dave Stockman wants to take to the slaughterhouse. There are many sacred cows, but the one that interests Welsh most is the Central Arizona Project.

He is executive director of Citizens Concerned About the Project, which is asking Congress to stop work on the CAP. Some $778 million already has been spent. The total cost is estimated at $2.2 billion, but it is likely to be much more than that.

The CAP would divert already-overused Colorado River Water to the Phoenix and Tucson areas. It originally was authorized under the Reclamation Act, intended to help small farmers. Today it is envisioned as the engine that will drive Arizona into an era of huge urban oases, with plenty of water for recreation and agriculture, too.

A recent article in Fortune magazine said the Southwest "is not running out of water—it's running low on *cheap* water." Expensive new water projects financed largely by federal taxpayers could be avoided for a long time to come, Fortune said, "if the price of water were allowed to move toward its replacement cost, which is 50 times what some farmers are currently paying." But there is no free market in Southwestern water. Buying and selling it is strictly controlled so the low cost can be maintained.

Barry Goldwater, John Rhodes and other congressional stalwarts from Arizona may believe in the free market elsewhere, may believe in halting federal subsidies in other parts of the country, but they bridle at any interruption of the flow of money to Arizona to subsidize cheap water for surfing and water skiing.

Supporters of the CAP claim that 70 percent of the federal money will be repaid. They like to ignore the fact that Arizona gets the money at no interest or very little. A Montana economist, Thomas Michael Power, recently wrote in a Phoenix newspaper that if the prevalent interest rate nationally were only 7 percent, no-interest and low-interest CAP money would amount to a $5.5 billion federal gift to Arizona over the repayment period.

Waste and artificially low prices for water are the real problem in Arizona. It's not just the swimming pools, man-made lakes, unmetered sprinklers for lawns, particularly in Phoenix, and enormous fountains (including the biggest one in the world, which shoots water upward at 7,000 gallons a minute at the Fountain Hills desert development). It is also, in fact primarily, agriculture.

And how valuable is that agriculture, which uses 90 percent of the consumed water? About three-fourths of it in Central Arizona is for crops whose production the government is limiting because of overproduction. Many Arizona farmers use the water on inferior land to grow crops such as sorghum and alfalfa that require large amounts of water. Why not? The rest of us are paying for it.

The CAP is just one of the Western projects that promote water guzzling. The federal budget could be cut handsomely if someone drew the line on this waste. That is not likely to be done by the Reagan budget cutters. Jimmy Carter took a crack at it. He was blown out of the water.

[From the Arizona Daily Star, Apr. 26, 1981]

ARIZONA'S WATER USE

You can fault Reese Cleghorn's column (which appears on the front page of this section) for being incomplete here and there, but if you're honest—really honest—you will admit that basically he is right.

Cleghorn did not mention that Arizona has a new state law that governs groundwater use. That is a plus for the state, even though it took marathon arm-twisting by former Interior Secretary Cecil Andrus to get it.

The economy is forcing some changes in water use, too, especially in Tucson. The city is getting close to charging its customers what groundwater is worth—close, but as yet no cigar. These things can't be done all at once.

What's missing most in Cleghorn's analysis, though, is historical motive. The pride in the multi-billion-dollar Central Arizona Project, for example, is not that Arizonans were successful in stealing from the good folks of Detroit. Rather, it is that a relatively small Arizona delegation managed to wrench it out of Congress in 1968 after more than 20 years of incessant compromise and manipulation. It was not for nothing that Arizona voters kept Carl Hayden in the Congress for more than a half-century.

It was a challenge that couldn't be ignored. Either Arizona acted or it became a suburb of Los Angeles. While it is true that Arizona congressmen were the first Westerners to manuever the rest of the country into supporting overgrown, overgreened chunks of desert, Southern California did it bigger and better. The more money California tycoons cajoled and bribed from Congress to siphon water and generate electricity from remote rivers, the larger Southern California's population became and the more congressional clout it developed.

Thus the feds built the All-America Canal, Coachella Canal, Glen Canyon, Hoover, Davis, Parker and Imperial dams on the Colorado River and allowed a few coal-fired power plants in Arizona. There isn't much water in the Colorado below the Arizona-Utah stateline because Southern California is gulping most of it.

Arizonans started the trend of robbing from the East to pay for the West's water supplies when in the early 1900s they won Teddy Roosevelt's federal reclamation experiment, the Salt River Project.

The SRP gave Maricopa County exclusive rights to rainfall and snowpack for hundreds of square miles around. And that explains the high humidity in Phoenix. Cleghorn, incidentally misses the fact that Phoenicians regard the CAP as primarily a flood-control project. Generally, they do not want for water.

Cleghorn dismisses rugged individualism, free enterprise philosophy and so forth in a line or two, but those elements also played a big part in making Central Arizona a misplaced water wonderland. It's tied to the Great Mormon Trek westward to avoid persecution in the Midwest. Collectively, it's called "the miracle of the desert."

Pioneer settlers, cut off from the gentility of the rest of the country by hostile Indians

and more hostile terrain, made themselves self-sufficient and reproduced the greenery of home in the process. The whole story was so romanticized by historians and authors that people continue to come West to make "new starts" in life.

Arizona farmers still use 80 to 90 percent of the state's water but no longer to grow food for Arizona tables. Few families dine on cotton and grain sorghum these days. These products do, however, figure heavily in the state's economy and heavier in its politics.

None of this justifies the practices that Cleghorn criticizes. We have no excuse for the world's largest fountain northeast of Phoenix, and it's absurd that Arizona ranks among the powerboat capitals of the nation.

We're grateful that Cleghorn didn't point out that the multi-billion-dollar CAP will be reduced to a trickle in 20 years unless Arizona can finagle Congress again to pay for shipping water from Washington's Columbia River to the Colorado.

Mr. MOYNIHAN. Mr. President, the point here is the abuse of a natural resource and also the abuse of a statute. When the Bureau of Reclamation was established in 1902, if memory serves me correctly, it was not only expected, but required that the reclamation fund for the 16 Western States—and then one was added—that was established in that process should, in effect, be self-sufficient. A cost recovery principle was built into this legislation.

The 1902 act stated that:

The Secretary of Interior shall give public notice of the charges which shall be made per acre.

Then, excising a bit:

And the time when such payments shall commence. The said charges shall be determined with the view for returning to the reclamation fund the estimated cost of construction of the project.

That is 1902, Mr. President.

In 1981, the Comptroller General, in a report to the Congress of the United States on the subject, gave to his report the title "Federal Charges for Irrigation Projects Reviewed Do Not Cover Costs." I will quote from the cover citation.

Repayments for irrigation are presented to the Congress as full repayment. Since no interest is charged, however, these payments actually cover less than 10 percent of the Federal Government's actual cost.

Ninety percent is subsidy, 10 percent is returned, in an act which requires full cost recovery.

Mr. President, I ask unanimous consent that the statement of the Comptroller General be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FEDERAL CHARGES FOR IRRIGATION PROJECTS REVIEWED DO NOT COVER COSTS

GAO reviewed six Federal irrigation projects and found that the water produced will cost the Government between $54 and $130 an acre-foot each year, but the crops grown by the farmers will not yield enough revenue to cover this cost. The farmers will continue to buy the Federal water, however, because they are charged a price below Government cost.

Repayments for irrigation are presented to the Congress as full repayment. Since no interest is charged, however, these payments actually cover less than 10 percent of the Federal Government's actual cost.

This large subsidy arose because of the desire 80 years ago to settle the West and to promote regional economic development. This report suggests that the original rationale for the subsidy be measured against today's conditions.

GAO recommends that the Federal Government's cost of irrigation be recognized in the supporting analyses and that the size of the subsidy be clearly presented for each project before Federal funds are provided. Matters for consideration by the Congress are also presented.

The ability-to-pay price was estimated by WPRS to be $5.10 an acre ($11.61 an acre-foot). Operation and maintenance charges were estimated to be $11.07 an acre ($8.51 an acre-foot), so $4.03 an acre ($3.10 an acre-foot) would go towards construction costs each year.

The full-cost price for the water produced by the project would be $181 an irrigated acre ($139.10 an acre-foot), while the interest-subsidy price would be $57 an acre ($43.85 an acre-foot). Analyzing the change from dryland corn to irrigated corn at $2.20 a bushel indicates that the farmers would be about $9 an acre better off economically at the interest-subsidy price. Irrigating corn with full-cost water would lower net income by $116 an acre from the dryland conditions. Corn prices would have to rise 42 percent over the current $2.20 a bushel (based on 1978 cost and price conditions for the irrigation of corn in Pollock-Herreid) to become a break-even situation if the farmers were charged the full-cost price.

We believe the project area farmers would be indifferent to the project if they were offered the water at $57 an acre, the interest-subsidy price. At the full-cost price of $181 an acre they would hardly be indifferent as the costs to irrigate corn would far exceed the increased revenue.

Without the project, traditional dryland farming would continue. The farmers would be subject to the vagaries of weather and crop prices, and would continue to react to national farming trends. (See pp. 132–143.)

SUBSIDIES

As discussed in chapter 1, irrigators are required to repay only the construction costs of the irrigation facilities, up to what WPRS estimates is their ability to pay for the water. Other sources of income associated with WPRS projects, usually a fee charged to users of hydroelectrical power, make up the difference between the amount the irrigators actually pay and the costs of construction.

Table 6 shows the subsidy figures we calculated for the case studies analyzed in this report. These subsidies are inordinately high for a program that supposedly recoups full repayment of cost. Two general conditions in the repayment of WPRS projects account for the high subsidies.

The first is length of the repayment period. Fifty years may elapse from the time the project is completed until the final payment is made. Coupled with this are grace periods in the repayment schedule that cluster around 10 years and 50 years. For example, the irrigators repay their ability-to-pay share in equal installments of 40 to 50 years but usually there is a grace period of 10 years. The power users repay their allocation after a grace period of 1 to 3 years, and the payments are ballooned in a 40- to 60-year period.

TABLE 6.—SUBSIDY IN 6 IRRIGATION PROJECTS

[Dollar amounts in millions]

Project area	Construction costs eventually repaid	Present value [1]	Subsidy (percent) [2]
Auburn-Folsom	$724.5	$39.8	94.5
Dallas Creek	16.2	1.3	92.2
Fryingpan-Arkansas	88.0	4.4	95.0
North Loup	131.6	2.9	97.8
Oroville-Tonasket	38.9	3.0	92.3
Pollock-Herreid	34.6	1.3	96.4

[1] The discount rate used was 7.5 percent.
[2] Present value as a percentage of nominal construction costs.

The second condition is that no interest is charged on the repayments. A dollar repaid without interest after 40 years is worth very little when compared to the dollar expended today.

Two prices are postulated in this review for water produced by WPRS projects. The first is the interest-subsidy price, which simply moves all costs, except interest, to the direct user of the irrigation water. The interest costs are still borne by a larger group of Federal taxpayers. The subsidy to irrigators who repaid in equal annual installments over 50 years without interest is about 75 percent when calculated according to the method used for the results in table 6. The second price, which eliminates the subsidy, is the full cost at a moderate interest rate.

As a part of the work that went into this review, we prepared a technical paper [1] that gives a detailed example of the way a complicated repayment structure—the actual one for • • •

Mr. MOYNIHAN. Mr. President, do I have to tell this body, in the aftermath of 3 months of rigorous instruction in the discipline of the marketplace, that which is underpriced will be overconsumed; if you have to pay 10 percent of a project and not 100 percent of it, you will seek more of that good, whatever it is? And if that good is water in the desert and you get it at 10 cents on the dollar, you will waste it. You will use it in swimming pools and polo grounds and green lawns and fountains. The Spanish understood that and brought the old culture of preserving water, as a matter of fact, all the way from the arid areas of the Punjab and the Arabian Peninsula through North Africa, up through Spain, and across the Mexican desert and into our parts of the Southwest. Some of the most beautiful parts of Arizona and Mexico are, in fact, replicates of the traditional mogul gardens that made their way halfway around the world.

Curiously, Islamic tradition, although it is actually more Indian than Islamic and Persian, is the basic origin. But the preservation and conservation of water is absolutely an essence of design, of domestic design, and of agriculture economy in those water cultures, you might say.

Mr. President, we have acted as if we are in a tropical rain forest or in the west of Ireland or in New England. And the result is appalling. The result is we are going to run out of an irreplaceable resource. We can foresee it and we do nothing about it.

We have no water policy, save to subsidize uneconomic enterprises and not abide by the statutes of the United States. We have no natural water policy.

It came to a stalemate in the 1970's. The last President came and went without a single water bill enacted during which time he was President. And we have a very little prospect of having one now. Yet, are we hearing from the Office of Management and Budget that the water policy of this administration is to continue the singularly most prolifigate use of Federal funds and natural resources you can locate in the United States budget, apart, possibly, from the

[1] Roberts, Paul E. and D. Lamar White, Subsidy Calculations at Bureau of Reclamation Projects, Technical Papers in Economics, Director Program Analysis Division, 441 "G" Street, NW, Washington, D.C. 20548.

taxes from the tobacco subsidy? But the tobacco subsidy is not a natural resource. The singularly most profligate use of public funds in the Federal Government today is in the Bureau of Reclamation and now, of course, the Water and Power Resources Administration.

That this is the one we decline to make any reductions in at a time when we are taking away the entitlement of orphans for assistance in foster homes, as we have had on the statutes for 45 years.

It seems to me, Mr. President, this is wrong. It seems to me it is ill-advised. It seems to me a far more efficient and socially equitable use of this money in this budget might be found by transferring half of it to mass transit, which has been wiped out on the House side. And students are being told they cannot borrow money to educate themselves for their lives of work in this Nation. Not, I think, a happy set of circumstances and one which could be partially made more equitable by the modest proposal made here, made for the purposes of the proposal, in substance, but also to have this opportunity to call attention of the Senate to a pressing national need, which is that we develop a national policy to conserve the water resources of the whole nation, not just the West, in the face of extraordinary demand being made on them now.

Mr. President, may I just, in closing, observe that an effort in this direction was made in the last Congress by the distinguished Senator from New Mexico, the chairman now of the Budget Committee, who is, of course, managing this legislation. And I would have the honor to join him in a piece of legislation which would make, as we said, a natural water policy that was both national and rational, if you will, coming before this Congress. It is before the Congress once again and we hope this time the opportunity to address seriously this profoundly serious question will come.

In the meantime, the Senate, it seems to me, could usefully go on record as being concerned about the issue and resolve somehow to address it by approving this modest but I hope not insignificant measure.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I am happy to yield.

Mr. ARMSTRONG. Mr. President, I perceive a remarkable thing happening in the Chamber of the Senate. After having, for a half hour or so, argued one side of the argument, I apprehend that the Senator from New York is now beginning to present the argument on the other side. I welcome that and appreciate his remarks about my own State.

Mr. MOYNIHAN. Mr. President, it seems to me a person would be scarcely equipped to serve in this body if he could not see two sides of an argument. If they can see two sides, that ought to involve the ability to advocate both sides.

Mr. President, I want the Bureau of Reclamation to work. I do not want it to become discredited by abuses which have taken place. That is not a point of fact in Colorado, but in the West, yes. The West will be heard, and when the West is heard, the rest of the country will be heard in sequence. We are one Nation, and the Senator knows it better than I.

Was it not a Coloradan who composed that magnificent song America the Beautiful?

Mr. ARMSTRONG. Yes, indeed.

Mr. MOYNIHAN. I will tell the Senator one other thing about his State. On the war memorial in front of the State capitol in Colorado, there is the expression of a democracy such as I have never seen anywhere. It has the names of the persons from his State who have fallen in wars listed alphabetically, not by rank.

It is in the hope that that kind of vigorous and productive society might continue that I would ask the Senate's respectful consideration of this matter on Monday when we resume.

Now, Mr. President, having reached the hour we have, I ask unanimous consent that this matter be held over until Monday morning under the order, and that debate on it resume at 10 o'clock with a vote ordered not later than 11 o'clock. That is the order, as I understand it.

The PRESIDING OFFICER. The Senator is correct.

Mr. MOYNIHAN. Mr. President, I thank the present occupant of the chair for his courteous and patient attention to the recitation, perhaps more dogmatic, pedagogic, and didactic than was appropriate, but, given the opportunity to speak to so distinguished a man, a theologian and a jurist, I could not resist the opportunity.

THE COST OF SYNTHETIC FUELS RELATIVE TO IMPORTED OIL

Mr. FORD. Mr. President, on April 30, 1981, the Subcommittee on Energy Research and Development of the Senate Energy and Natural Resources Committee conducted hearings on the Department of Energy budget authorization for fiscal year 1982. A panel testifying on fossil programs included Dr. Bernard S. Lee, president, Institute of Gas Technology.

Dr. Lee filed a well-reasoned position paper that included comments on energy supply and Government role in synfuels. His statement included the following observation:

A second blind spot in reasoning is the misperceived cost of oil imports. The argument is often made that synthetic fuels development should be deferred until they are fully competitive with imported oil. This is also a fallacious position. Our analyses indicate that the real cost of imported oil is at least three times higher than the direct cost in terms of inflation, trade balance, loss of jobs and national security. Full recognition of these costs should be a major factor in assessing the future role of government support of synthetic fuels RD&D.

Dr. Lee and I engaged in a colloquy on this point. As a result, he has furnished me a short backup for his position. Dr. Lee's material is included in "Synthetic Fuels and the Total Cost of Oil Imports," a paper presented at the Seventh Annual International Conference on Coal Gasification, Liquefaction, and Conversion to Electricity held at the University of Pittsburgh, August 5–7, 1980.

Mr. President, I ask unanimous consent that the portion of that paper dealing with the Cost of Synthetic Fuels Relative to Imported Oil be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPT FROM "SYNTHETIC FUELS AND THE TOTAL COST OF OIL IMPORTS"

THE COST OF SYNTHETIC FUELS RELATIVE TO IMPORTED OIL

A major issue which has impeded development of a synthetic fuels industry is the argument that they cannot compete with conventional fuels on a price basis. This may have been true in the past, but even then, the reasoning was suspect because the comparison was often made using conventional fuel prices which, by regulation, were held at a level below their true market value. The recent sharp increases in world oil price, combined with the phased deregulation of U.S. conventional crude oil and natural gas, have made synthetic fuels much more attractive from an economic viewpoint.

However, there is a more basic economic problem which must be recognized in comparing natural and synthetic fuels. There is practically unanimous agreement that overdependence on imported oil is the cause of many of our current problems. The price of this imported oil is high—about $35–$37 per barrel at present—and rising steadily. The problems arise from the fact that the posted price of imported oil does not truly reflect the actual cost to the United States. By actual cost, I mean not only the posted price, but the effect of imported oil on inflation, employment and national security. A little over a year ago, we at IGT started considering these additional costs of imported oil. At the time there were only two or three very generalized estimates available on the external costs of a barrel of imported oil, ranging from $10 to $100 per barrel. We decided to try to quantify these costs by attempting a more explicit estimate of the major external costs associated with oil imports.

Before proceeding, let me define the meaning and role of externalities. When a cost or benefit is incurred by someone other than the producer or buyer, it occurs outside the market transaction and is thus an externality. An external cost occurs when part of the cost of producing or using a good must be paid by someone other than the firm which produced it or the individual who consumed it. Prices, thus, do not always reflect all the costs incurred in producing or even using a product. For example, manufacturers poured smoke relatively freely into the air when they did not have to pay the cost of environmental cleanup. Externalities create the case for government intervention to either set standards to end the externalities or to set payments on the market transaction such that those who incur external costs are compensated or those who receive external benefits contribute in a market transaction.

The consumer of imported oil is largely spared the external costs, and the external costs are not felt by the consumer when he makes his market transaction. Thus, the cost of imported oil is lower than if the cost reflected the associated externalities of inflation, unemployment, and national risks. This causes a biased cost comparison leading the consumer to overconsume oil imports.

Table 1 shows the latest results of our continuing work in this area. The components of the externalities associated with reducing oil imports are combined and joined with the direct benefit of lower oil imports. The study is based on a reduction of oil

imports into the United States by 500,000 barrels per day, and the benefits per barrel would be essentially unchanged for reductions in oil imports much higher than the base case.

The direct benefit is, of course, the base price of imported oil, which is assumed to increase at 2% per year in real terms. The United States would have an improved trade balance with consequent currency appreciation and lower inflation if oil imports were lowered. As demand on the world market slackens due to reduced demand by the U.S., lower oil prices will result. Additionally, there will be added real output in the economy due to the decreased dollar leakage to foreign countries to pay for the imported oil. The final external benefit—improved national security—is the most difficult to estimate. In our study, we assumed this benefit can be conservatively approximated by the annual levelized value of the lost economic costs of about $14.67 per barrel even with a one billion barrel reserve, due to the reduction in gross national product caused by an embargo, and then reduced to $13.50 per barrel by taking into account the lower cost of maintaining the strategic petroleum reserve due to the reduction in imports of 500,000 barrels per day.

Another approach, equally difficult to quantify, is to consider the cost per barrel of imported oil of that portion of the national defense budget which must be allocated to protection of our foreign sources of supply. For example, if in the future it is necessary to increase the national defense budget by 20% over the current budget of $139 billion in order to protect our foreign sources of supply, the cost again would be about $12 per barrel. In any event, we believe that this external benefit, along with the other externalities estimated, tends to be on the conservative side. If the external benefits of reducing oil imports are added to the direct benefit, then the total per barrel benefit of large scale reductions in oil imports will be on the order of $80 to $110 per barrel over a three-year period, or an average of about $16.37 per million Btu. In comparison, recent estimates of the costs of synthetic fuels from coal and oil shale are in the range of $23 to $64 per barrel of oil equivalent, or $4.00 to $11.00 per million Btu (1979 dollars). (Table 2.) On this basis, synthetic fuels are a bargain compared to imported oil.

TABLE 1.—BENEFITS FROM REDUCTION OF OIL IMPORTS BY 500,000 BBLS/DAY

[In 1980 dollars per barrel]

	Year 1	Year 2	Year 3
Direct benefit	$37.00	$37.74	$38.49
External benefits:			
Oil price effect	12.32	17.71	18.98
Inflation effect	11.19	20.41	21.18
Employment effect	6.60	12.70	17.13
Security effect	13.50	13.50	13.50
Subtotal	43.61	64.32	70.79
Total benefit	80.61	102.06	109.28

After considering the external costs of oil imports, the obvious next question concerns the size of the externalities associated with synthetic fuels production. In the last decade, the United States passed a series of environmental protection laws, with the result that some of the external costs are now part of the firm's production costs and as such are reflected in the market price or the direct cost. For example, the price of coal from strip mines now includes a charge to cover land reclamation costs. Land reclamation has been made part of the firm's cost by public policy; the externalities in the language of the economist, have been internalized. For many new technologies, the externalities associated with air, water or land pollution have been made part of the production costs. Thus, the United States has seen the direct costs of these sources rise rapidly, while the external costs have largely disappeared. However, some external costs still may exist with respect to coal, water, capital, environmental and health areas. These remaining externalities of synthetic fuels are the subject of ongoing studies at IGT. Preliminary results indicate that even if the remaining foreseeable externalities are added to the cost of SNG from coal, the total cost will still be about $30 per barrel of oil equivalent lower than imported oil with its external costs. Thus, using these economic measures, synthetic fuels will still be a bargain compared to imported oil.

TABLE 2.—*Hierarchy of supplemental energy sources by cost*

[Estimated price at point of production $(1979)/10^6$ Btu]

Supplemental sources:	
High-Btu gas from coal (second generation)	4.00– 5.50
Medium-Btu gas from coal (first generation)	4.00– 5.50
Solvent refined coal (solid)	4.00– 5.50
Crude shale oil (all processes)	4.00– 6.00
High-Btu gas from coal (first generation)	5.00– 6.00
Low sulfur heavy fuel oil from coal	5.00– 6.00
Distillate fuel oil from coal	6.00– 7.00
Methanol from coal	6.00– 9.00
Gasoline from coal	8.00–11.00

Source: Gas Research Institute.

CONCERNING MRS. ANNENBERG

Mr. HARRY F. BYRD, JR. Mr. President, the Senator from Virginia has received a great deal of mail critical of Mrs. Leonore Annenberg, the new Chief of Protocol because she happened to curtsy to the Prince of Wales when she greeted him at Andrews Air Force Base.

While I have answered the letters individually, I want to comment for the record.

The criticism of Mrs. Annenberg seems to me to be misguided. Mrs. Annenberg is a warmhearted, friendly, and genteel person. She did what came naturally, and probably without giving it a thought. We must remember that her husband served as Ambassador to Great Britain and when she was there with him she followed the British custom of curtsying to royalty.

We need to remember, too, that in her position as Chief of Protocol she greets foreign dignitaries on behalf of the people of the United States and with the purpose of making them feel both welcome and "at home."

Lee Annenberg is delightful and charming and is doing her job well as Chief of Protocol. I concur with the editorial from the Washington Star of yesterday, May 7, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE CURTSY

Mrs. Leonore Annenberg, the new chief of protocol, has caused a frightful row by curtsying to the Prince of Wales on the tarmac at Andrews Air Force Base. The act is undeniable. Everybody saw her do it. There are photos and videotapes to prove it.

The sansculottes in our midst are outraged and demand her resignation. Hasn't she, for Pete's sake, heard of Yorktown? Even those who presume to keep watch over our etiquette have ruled Mrs. Annenberg out of order.

Well, we think these people are getting themselves into silly swivet over a minor matter, a trifle less than tremendous.

It seems their common misconception is that curtsying to a prince signifies "obeisance"—and he a *figurehead* at that. These people should consult their dictionaries. They would find there that a curtsy is, in origin, a "courtesy," no more sinister or seditious than the French embrace or that harmless little symbolic bob of the head over a handclaps that now passes for "kissing" a lady's hand. It is about as menacing as a Virginia reel, or an actor bowing to his audience.

Nor is it, as some seem to suppose, any acknowledgement that the Prince of Wales is hedged with divinity. There is no Shinto even in Britain itself. The monarch is styled "supreme" head of the church, which is to say a governor of it as a parish vestryman is in this country. But the crown is still put on by the archibishop.

In our time a curtsy to a prince means nothing more than a military salute, which is also a courtesy, or a slugger climbing from the dugout after a spectacular homerun to lift his cap to the bleachers.

In our churlish age, we need more, not fewer, such courtesies to buffer life's abrasions. The arbiters of manners have ruled improvidently. Mrs. Annenberg's critics need a drink and a good night's sleep.

A TRIBUTE TO DR. ANGELINE P. CARUSO

Mr. PERCY. Mr. President, on May 12, 1981, the Chicago Board of Education will honor Dr. Angeline P. Caruso on the occasion of her retirement from the Chicago public school system.

Dr. Caruso, who most recently served as interim general superintendent of the Chicago public schools, is ending a distinguished 37-year career as an educator and school administrator.

Dr. Caruso began her teaching career in 1944 after her graduation from the Chicago Teachers College. She served as a primary and secondary teacher, counselor, principal, district superintendent, area associate superintendent and associate superintendent for curriculum and instruction services before being called upon to be interim superintendent in 1979.

As many will remember, it was a time of crisis for the Chicago school system. The system was on the brink of financial collapse. It is a tribute to her leadership and dedication that the Chicago schools remained open and came through that difficult time.

I join many others in congratulating Dr. Caruso on her fine career. We are grateful for her invaluable contribution to the Chicago school system and the children of Chicago.

Mr. President, I ask unanimous consent that the text of two letters commending Dr. Caruso—one from Bishop Iakovos of Chicago and another from Harvard University President Derek Bok—be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

HARVARD UNIVERSITY,
Cambridge, Mass., April 17, 1981.

DEAR DR. CARUSO: It gives me great pleasure to extend my warm greetings and congratulations on your retirement after thirty-seven years of service in the Chicago Public Schools. Your many years of commitment to the children of Chicago has drawn much praise, and we at Harvard are proud to number you among us.

I have learned that you came to Harvard in 1959 to study with Professor Herold Hunt and Cyril Sargent in the Administrative Career Program. Returning to Chicago the following year to work on your project. you then were awarded in 1962 a Harvard doctorate in Education. You are truly a fine representative of our School of Education and have done us all proud.

On this occasion, I am delighted to join your many friends and admirers in congratulating you. I hope the future will offer new and pleasant challenges for you to enjoy.

Sincerely,

DEREK C. BOK.

GREEK ORTHODOX DIOCESE OF CHICAGO,
Chicago, Ill., April 17, 1981.

DEAR DR. CARUSO: It is with a sense of deep pride that I direct my personal congratulations to you for being a true example of our Lord's teachings. In your many years of public service you cared not for your public image or your ultimate place in society, as much as your constant efforts for the betterment and enlightment of that society through quality education of its unending procession of future citizens.

You have touched the lives of thousands of school children directly and indirectly, and thereby you added much to their appreciation of education and their ultimate place in life. You worked faithfully and tirelessly because you saw your responsibilities not as a means for your own livelihood, but as a means for improving the life of society through better education for its citizens. In this respect yours has been both excellence in your profession, but more so, it has been a life of fulfilling love of your sacred mission and dedication.

It is this kind of performance which the Church calls the priesthood of the laity. For you served in your chosen field at the altar of learning and enlightenment. In this you lived the words of the Lord, "Seek the truth and it shall give you freedom."

May you now pause and realize that your efforts have produced a great harvest, a harvest that has been appreciated and applauded by all who recognize education and learning as the cornerstone of every golden civilization.

May our Lord Who is the Source of Truth and Wisdom grant to you continued good health and every blessing which will enrich even more your beautiful and dedicated life.

Faithfully in our Risen Lord,

Bishop IAKOVOS of Chicago.

SCHOLARSHIP GIFT

Mr. PERCY. Mr. President, I take this opportunity to thank our colleagues in the Japanese Government for their unique gift to the United States which was presented yesterday by Prime Minister Zenko Suzuki. This gift, named the "Special Japan-U.S. Exchange Program of Youth for Understanding," will enable each Member of this body to nominate one high school student from his State to visit Japan for 2 months on the Youth for Understanding international student exchange program. The project, due to be continued for 5 years, will provide a family living experience in Japan for a total of 500 American teenagers.

As one who is vitally interested in promoting greater international understanding, I am convinced that this special Japan-United States exchange program can have a very favorable impact on future Japanese-American relations. By sending the youth of this country to learn firsthand more about the people and culture of Japan, we will help to assure that these future leaders will act in an enlightened and responsible capacity in formulating and executing our future relations with Japan and the world.

I was especially pleased to hear that the Youth for Understanding program had been chosen as the vehicle to carry out this exchange project. Youth for Understanding has distinguished itself as an excellent cultural exchange organization over the past 30 years. YFU was founded in 1951 with funds from the U.S. occupation budget, by bringing 75 German teenagers to live with families in southern Michigan. Since that modest beginning, YFU has made it possible for over 81,000 young people from 53 countries to learn more about the world by living with families in another country. It is because of this unparalleled record of exchange that the Government of Japan selected Youth for Understanding as the organization to carry out this unique cultural exchange mission.

Youth for Understanding began its exchange with Japan in 1958. Since that time, 3,200 American and Japanese students have been exchanged between our two countries. Youth for Understanding has taken a very responsible position in increasing its levels of exchange with Japan over the past 4 years. In 1977, the organization established its "Japan Project, Phase I," during which it more than tripled the number of students being exchanged between Japan and the United States on the program and added several new and innovative program dimensions. The success of phase I of the project led Youth for Understanding to continue its efforts to strengthen the ties of friendship and understanding between Japan and the United States by initiating its "Japan Project, Phase II," 1980–84. This project will involve the exchange of a minimum of 4,350 students over the next 5 years; 1,875 American and 2,475 Japanese students and require external funding at the level of $3,361,468.

I ask my distinguished colleagues in the Senate to provide their full cooperation in the establishment of this project over the next few months. Senate offices will disseminate information to the constituency and accept completed applications. All other administrative duties will be handled by Youth for Understanding. In June 1982 we will have the opportunity to meet with our nominees here in Washington prior to their departure for Japan.

Again, let me state my gratitude to the Government of Japan for their commitment to youth and international understanding.

THE NEED FOR ACCELERATING THE DEVELOPMENT OF AN EXO-ATMOSPHERE DEFENSE SYSTEM

Mr. HEFLIN. Mr. President, for the last 2 fiscal years I have supported congressional initiatives to add on significant amounts of money to the Army's program for research and development in the area of antiballistic missile defense. For both 1980 and 1981, the previous administration either refused to allow the budget for ABM research and development to expand to account for inflation, or limited the growth of the budget to the extent that the ability of the ballistic missile defense project manager was severely restricted in his efforts to move his programs forward.

The congressional mandated add-ons of $12 million in 1980 and $15 million in 1981, although not of the magnitude I would have liked, nevertheless, enabled the ballistic missile defense agency to be in a position to accelerate the ballistic missile defense program if and when the Department of Defense or the Congress should see fit to speed up the development of some kind of antiballistic missile defense capability for this country. The Senator from New Mexico (Mr. DOMENICI), of course, played a key role last year and was of immense help in achieving the $15 million add-on.

These moneys were added on mainly to support the low altitude air defense (LOAD) ballistic missile defense system which has been discussed numerous times on the floor of the Senate and which I think is probably well known and understood by all Members of this body. Briefly, the LOAD's system is the major ongoing program for endoatmospheric interception of enemy warheads which have reentered the atmosphere and are rapidly approaching their targets. Because the LOAD's missile attacks the incoming enemy missile in the immediate vicinity of the missile's target, it, by its very nature, has a relative short range.

Yet because of its reaction speed it can provide excellent target area defense. It employs a phased array radar of modest power, mini computers in a distributed data processing network and a single stage low altitude interceptor. Small and relatively less complex components make LOAD's a comparatively low technical risk system with less costly components than other competing systems. The interceptor technology is well in hand and indeed perhaps soon nonnuclear kills using this system may be feasible for engagements at higher altitudes, although these nonnuclear kills will require further development in sensor, guidance, warhead, and missile technology.

It is my understanding that the Department of Defense has responded to the congressional initiatives and to the perceived Soviet threat to our land based missiles and has decided to accelerate the development of the LOAD's system. This is reflected in a substantial increase in funding for fiscal year 1981 embodied in the pending supplemental appropriation and also significant increases in the DOD

fiscal year 1982 budget request. I hope the Congress will support the administration's position with respect to this important supplemental appropriation.

The purpose of my remarks today is to call the attention of my colleagues to the concept of a layered defense using the low altitude air defense system as the lower layer and an exoatmospheric attack system for the upper layer. Since enemy missiles spend a comparatively long time in the exoatmospheric environment, it is possible to acquire, track, and destroy these warheads outside the atmosphere by employing the appropriate technology. This exoatmospheric system holds a great deal of promise and needs additional attention both by the Congress and by the Department of Defense. In my judgment, more resources need to be committed to the program in the immediate future.

As I mentioned, Mr. President, a layered defense is designated as such because of the two tiers of the defense system. Low leakage of enemy reentry vehicles is achievable because the overlay and underlay leakage values are multiplied to obtain the total system leakage. For example, an overlay and underlay leakage of 20 percent for each system would yield a total leakage of only 4 percent, meaning that of every 100 warheads launched, 96 would be destroyed before reaching their targets.

The exoatmospheric system, as I mentioned, operates primarily outside Earth's atmosphere. The system is evolving from less mature technology than the LOAD's system and will not be completely validated until some basic experiments are successfully accomplished.

The concept, however, is to employ optical probes which are blasted into space after they receive an early warning from our satellite observation systems. These probes use small, high resolution sensitive long-wave length infrared detectors and fly-along computers, instead of large ground based radars and central computers, for long-range threat acquisition, assessment, tracking, and discrimination. This information is used as the basis for firing the actual interceptors or kill vehicles which are also equipped with homing long-wave length infrared (LWIR) guidance systems. These homing LWIR's allow the use of multiple vehicle, nonnuclear kill interceptors which will destroy the approaching enemy missiles by either hitting them directly or by detonating very close to them.

Mr. President, the technology for exoatmospheric intercept appears to be either at hand or available on the immediate horizon. Laboratory models, experiments and calculations of nonnuclear kills give high confidence in the required performance capabilities. Infrared detection discrimination has been studied carefully, and useful techniques and knowledge of their limitations appear to be understood.

Mr. President, what is needed at this point in time is to accelerate the funding for the exoatmospheric program. This program, Mr. President, is seriously underfunded. At the present pace, the technical issues which need to be assessed will not be resolved in time to field a system by 1990. About 10 or 12 years of sustained investment in overlay technologies have led to a high degree of confidence in the technological feasibility of such a system, but we now need to go ahead with the nonlaboratory experiments and demonstrations to prove their feasibility, and we need to move the program forward more quickly.

The next step in the exoatmospheric development program, designed to demonstrate the capability to counter the traditional offensive leverage, is the so-called homing overlay experiment, which is currently going forward. Part I of this program will demonstrate the ability to intercept and kill enemy warheads without the need of a nuclear warhead on the interceptor and part II will demonstrate the ability of the probe to discriminate and hand over targets to the interceptor or kill vehicle under operational flight conditions with prototype sensors.

To bring the exoatmospheric homing defense system to a point where a system could be deployed within a few years from a decision point to do so, advanced development is required on pacing elements of the operational system. The new advanced development effort included in part II should include funding which would provide the option to deploy this defensive system in the 1988–90 timeframe. This includes system preliminary design, and preprototype boost propulsion, sensor, kill stage propulsion/structure, and hardened electronics. It should be pointed out, Mr. President, that prior to ABM treaty modification, the individual kill stage vehicle can be developed but multiple kill stages cannot be tested.

Mr. President, the best way to go about accelerating this important program at this time is probably to focus on the probe technology which is used for long-range threat acquisition, assessment, tracking, and discrimination. It has been suggested that the probe technology be spun off into a separate program to augment the Nation's tactical warning and attack assessment capability system and I think that this is a good idea. As a separate program, the probes would become an optical forward acquisition system which would complement our early warning radars and satellite warning systems.

The probe vehicles would become operational quickly after activation and would fly a ballistic trajectory so that they are virtually invulnerable to attack. Because of this survivability, the program has been called by the acronym of SOFAS, meaning survivable optical forward acquisition sensors. SOFAS is a rocket boosted survivable optical forward acquisition sensor capable of high-quality ballistic missile attack assessment of any enemy attack on the U.S. land-based strategic offensive forces.

Under this concept, the SOFAS vehicles, which would be based at the Grand Forks Minuteman Wing, would be alerted by tactical warning from satellite sensors and launched upon confirmation by ground radars or upon the sudden loss of satellite sensors or the early warning radar system. The SOFAS would be in direct communication to the National Military Command Centers at NORAD and SAC and to airborne elements of the strategic command structure.

By building on the ongoing forward acquisition system effort as well as other related technology investigations in the ballistic missile defense program SOFAS could be confidently and expeditiously developed for the early warning mission. This mission is less technologically demanding than the ballistic missile defense mission described above and therefore it could be fulfilled at less technical risk and at an earlier date. It is estimated that the system could be in the field as early as 1985 if additional funding is forthcoming for fiscal year 1982.

This SOFAS system would be separate and apart from any antiballistic missile defense system since there would be no defensive missiles employed with the SOFAS but, of course, the technology advances which would be made in developing the SOFAS would be directly transferable to the exoatmospheric layered defense concept, if the SOFAS does go forward. Thus, Mr. President, it seems to me that accelerating this one particular element of the overall exoatmospheric defense system would be an excellent way to both accelerate the development of an exoatmospheric defense capability while also providing a much needed supplement to our current detection capabilities at a much earlier date than we could realistically expect the exoatmospheric system to be fielded as a complete system.

Mr. President, I plan to work with Senator DOMENICI, Senator LAXALT and other concerned Senators who want to increase the rate of development of the vital exoatmospheric defense program. I think that it is important that we go forward with this SOFAS system and that we also continue to vigorously pursue the R. & D. elements which will give us the capability of fielding a complete layered defense system hopefully before the end of this decade.

SENATOR JIM SASSER

Mr. ROBERT C. BYRD. Mr. President, yesterday, the Washington Star in an editorial entitled "What Became of the Democrats" correctly noted that Democrats in the Congress and at the State level of government have been warning of the dangers of a big and overextended National Government well before the Reagan administration took office.

The Democratic Party, I have and will continue to believe, is the party of the people. But it is also the party that believes in strong national defense, a Government that will not tolerate fraud, waste, and abuse, and a Government that seeks to operate many of its domestic programs through an equitable and flexible intergovernmental aid system.

My distinguished colleague, Senator JIM SASSER of Tennessee, was duly noted by the Washington Star yesterday for his efforts to weed out Government waste and also to make sensible and deliberate efforts to promote much-needed consolidation of the nearly 500 categorical grants that comprise our Federal aid system.

Mr. SASSER last year successfully steered through the Senate, on a bipartisan basis, legislation (S. 878 in the 96th Congress) that would have promoted grant consolidation and which, if enacted, might well have reduced unnecessary Federal aid administrative costs by $2 to $3 billion a year. He is continuing that work again this year as the distinguished ranking minority member of the Senate Subcommittee on Intergovernmental Relations.

But Mr. SASSER's work is not just confined to this legislation alone. He is a recognized leader in the Senate for his activities to reduce fraud, waste, and abuse, and also to build an efficient intergovernmental aid system.

He is a sponsor of fiscal note legislation (S. 43) which will help the Congress to better assess the fiscal impacts of Federal legislation on State and local government. He has led the way along with Senator PERCY on calling for legislation to end the delinquent debt problem plaguing the Federal Government, and he has consistently fought for Federal legislation to reduce nonessential Federal travel, consulting, and public advertising expenses. Why just this Tuesday, the Senate Governmental Affairs Committee on a 9-to-3 vote approved an amendment by Senator SASSER to reduce nonessential Federal travel and transportation expenditures by $550 million in the 1982 budget. This follows along the lines of the Senator's successful effort to trim Federal travel spending by $500 million in the 1980 budget. And every Member of this Senate knows of his work in prompting a GAO fraud hotline which has proven so successful in uncovering and keeping the spotlight on fraudulent Federal practices.

And throughout all these efforts, JIM SASSER has approached his work in a spirit of genuine bipartisan cooperation. He has worked tirelessly with his Democratic and Republican colleagues on the Governmental Affairs and Appropriations Committees to insure that we can have an efficient, effective, and strong National Government.

The Washington Star editorial, which I ask unanimous consent to be inserted in the RECORD, is a welcome recognition of JIM SASSER's efforts in the Senate.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHAT BECAME OF THE DEMOCRATS?

Is it the glow left by the president's escape from attempted assassination? Is it his skill at stroking members of Congress? Is it his skill at going over congressional heads to the people? Is it the bottom falling out of an old dream?

Whatever the explanation of choice, the current disarray of the Democratic Party is a phenomenon of historic proportions. Getting bigger, too.

A honeymoon truce period was to be expected. Make it 100 days. But when, this far into the term, the closest thing to an anti-Reagan strategy turns out to be giving the administration enough rope, the opposition is in trouble.

It is not simply that the conservative Democrats have been so quick to join forces with the Reaganites on economic questions, or that liberals have failed to mobilize enough troops for a serious fight on the budget. Something more fundamental is going on.

Partly, it is reflected in recent figures on party identification. A little more than a year ago, 53 per cent of voters responding to a CBS poll said they were Democrats. Only 33 per cent said they were Republicans. Now 49 per cent call themselves Democrats and 41 per cent Republicans.

These numbers are enough to frighten a good many Democratic politicians into a change of tactics. For the Ted Kennedys and Tip O'Neills, who tend to think the problem is a passing madness foisted on the nation by an actor's unfair use of charm on television, the only course is to wait for the deluge and come back to pick up the pieces.

Others, such as Sen. Robert Byrd, are not so sure they can count on the Reagan policies to fail.

They see the need to accommodate a basic change in public thinking about politics and society—a change that goes beyond spending reductions and into the substance and structure of government.

Some of the ones who see that something more than a Reagan hit show has come to town are handicapped by the feeling that their thunder has been stolen.

Long before last November, in both foreign and domestic affairs, Senator Daniel Patrick Moynihan and the Coalition for a Democratic Majority were pushing causes that have since come to be identified with the Reagan administration. They know from the old days of watching Republicans lose election after election on "me too" platforms that merely going with the tide will not revitalize the party.

The supreme irony, however, is that considerably before the new administration began its battles against big government, Democrats in Congress and state legislatures were leading the way in experiments to weed out superfluous government activities and consolidate the rest. Sen. James Sasser, D-Tenn., for one, has worked for several years on legislation to get rid of categorical grants and otherwise move toward the block grant approach to distributing federal money to the states.

Virginia and nine other states have been coordinating their own laws through joint legislative audit and review committees. These—chiefly the work of Democrats—systematically examine each area that state government regulates. Duplications, contradictions and extraneous activities are screened and the bureacratic thicket is rationally pruned. The Eagleton Institute at Rutgers is currently studying their experience and its possibilities for bringing the overblown federal establishment under similar control.

None of this may be much consolation to Democrats already worried about 1982. But it should reassure anybody who is anxious about the continuing vitality of the two-party system.

CHICANERY AND THE VETERANS BUDGET

Mr. BIDEN. Mr. President, I am compelled to express my disappointment at what the Reagan administration and the overwhelming majority of the members of his party here in the Senate have already done and are about to do again to the budget for the Veterans' Administration and the veterans and their families who depend upon a strong VA. Last August, candidate Ronald Reagan stated in a speech before the Veterans of Foreign Wars convention that:

To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the Veterans' Administration.

In mid-March, President Ronald Reagan submitted to Congress his budget for the fiscal year beginning October 1, 1981. The funds allotted to the Veterans' Administration were 5 percent less than the amount submitted by then President Jimmy Carter in January. Specifically, President Reagan proposed a $716 million cut for fiscal year 1982, three-fourths of which are in health care programs and staffing levels.

A few days later, the Senate Budget Committee began debate on the President's proposed budget cuts. As a member of the Budget Committee, I joined with Senator CHILES in an effort to restore most of these health program cuts. We lost on a vote of 6 to 13. Then Senator HART and I proposed restoring $25 million to keep the highly successful Vietnam veterans outreach centers open another year. On this vote, we won by a 13-to-7 margin.

The entire Senate debated the President's budget cuts in late March and early April. On March 26 and March 27, three separate amendments were offered to restore some of the President's cuts in veterans' health programs. I supported all three. All three were defeated. They were defeated because of the President's opposition. More importantly, they were defeated by the failure of the majority party here in the Senate—the President's party—to join with us in restoring the President's arbitrary cuts in veterans' health care.

Today many of those same Senators who voted against veterans on three separate amendments in late March have offered the pending amendment restoring 20 percent of the President's proposed VA cuts. I am glad to see these Members change their minds. But where were they last night when 39 of us voted in support of the DeConcini amendment while 52 others voted against it. Only 4 of the 39 who supported Senator DECONCINI's amendment, which I cosponsored, were members of the President's party.

That amendment would have restored $250 million to the VA budget, still much less than that allotted to the VA by President Carter. Instead, those who voted against the DeConcini amendment have now proposed to restore $150 million to the VA by cutting even more the President's already deep cuts in other health care programs. As a result, I cannot support Senator THURMOND's amendment. It just does not make sense to cut medicare, medicaid, medical scholarships, and the research budget of the National Institutes of Health even more than they have already been cut under

the guise of helping veterans who should not have suffered the Reagan budget and staffing cuts in the first place.

CRISIS IN LEBANON

Mr. DECONCINI. Mr. President, the crisis in Lebanon has, once again, heated up, and it poses a true challenge to the diplomatic leadership of the new administration.

During the years of the Carter Presidency, I rose more than once to complain that the administration appeared to lack policy cohesion and direction. It is difficult to act affirmatively without a clearcut notion of one's goals and objectives. In part, it seemed to me, at least, that the paralysis of the previous administration reflected a lack of internal consensus—different factions pulling American policy in different directions tended to negate each other.

In Lebanon, the new administration has the opportunity to demonstrate that it has a sharply focused view of American national interest. It further has the opportunity to demonstrate to the world that it has the courage to pursue that interest vigorously and effectively.

We are dealing with a global adversary, the Soviet Union, which is quite specific about the outcomes it prefers internationally.

Nor are the Soviets in the slightest hesitant or apologetic about pursuing those outcomes, using whatever means are at hand. In large measure, the defeats and retreats suffered by the United States reflect the difference in goal identification and goal pursuit.

Historically, Israel has been America's ally. The relationship between our two countries is long and deep. And while there are emotional overtones to our feelings about Israel and the Israelis, the underlying reality is one of mutual interest. Israel does stand as the only effective bulwark against Soviet-inspired domination of the Middle East. Of course, the politics of the area are complicated, but the reality of Soviet interest suffuses all else and should be of prime concern to American policymakers.

Although unique in its specifics, the situation in Lebanon is part of the broader global conflict. The major factions in that strife-ridden country reflect the political orientation of their outside supporters.

The Syrians—and through them, the Soviets—support the leftist group, while Israel supports the politically conservative Christians. It should be noted that while Syria entered Lebanon under the guise of a peacekeeping force, it has become a de facto occupying force. Its objective, apparently, is to secure the country for the leftists.

Israel's support of the Lebanese Christian faction is grounded in national self-interest. Quite simply, the Christian group is moderate toward Middle East problems because it does not view contemporary political and social reality in the harsh dichotomies of Marxist ideology. It seems clear that Israel's self-interest in this case is American self-interest as well.

And it is both ironic and disturbing that it is Israel, not the United States or its European allies, which is aiding the Christians in their struggle against the Soviet-Syrian supported leftists. Indeed, recent pronouncements by the Reagan administration suggest that the United States may be at odds with Israel in an instance where Israel's policies are supportive of American objectives.

The question that raises is this: Is the Reagan administration starting down the same path of indecisiveness that made a shambles of American foreign policy under previous administrations? Is the Reagan administration losing the ability to focus on America's real and fundamental long-term national interests? Is the Reagan administration, like the previous administrations, willing to undermine our best ally in the Middle East because the appearance of neutrality appeals to our State Department more than pursuit of American national interest?

I do hope, Mr. President, that the Secretary of State will recognize that our State Department was established to implement American foreign policy. It is not the United Nations; it should not be embarrassed or apologetic about aggressively pursuing our national interests. In that context, I hope the administration will carefully consider the fate of the Christians in Lebanon; that the administration will place that conflict in its proper global perspective; and that the administration will refrain from statements or actions that will give succor to their enemies and undermine the efforts of their friends.

MESSAGE FROM THE HOUSE

At 3:40 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 115. Concurrent resolution revising the congressional budget for the United States Government for the fiscal year 1981 and setting forth the congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984.

HOUSE CONCURRENT RESOLUTION PLACED ON THE CALENDAR

The following concurrent resolution was read and placed on the calendar:

H. Con. Res. 115. Concurrent resolution revising the congressional budget for the United States Government for the fiscal year 1981 and setting forth the congressional budget for the United States Government for the fiscal year 1982, 1983, and 1984.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 875. A bill to authorize the generation of electrical power at Palo Verde Irrigation District Diversion Dam, California (Rept. No. 97-60).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with amendments:

S. 306. A bill to authorize the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, and for other purposes (Rept. No. 97-61).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HEFLIN:

S. 1142. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize the Secretary of Transportation to require tire dealers or distributors to provide first purchasers with a form to assist manufacturers in compiling tire defects if the Secretary determines such notice is necessary in the interest of motor vehicle safety; to the Committee on Commerce, Science, and Transportation.

By Mr. HEINZ:

S. 1143. A bill for the relief of Sang Sun Russo; to the Committee on the Judiciary.

S. 1144. A bill for the relief of Maxine Ann Fricioni; to the Committee on the Judiciary.

S. 1145. A bill for the relief of Steve Wing-On Yan; to the Committee on the Judiciary.

S. 1146. A bill for the relief of Yuk Yee Li; to the Committee on the Judiciary.

By Mr. GORTON:

S. 1147. A bill to secure the right of students entitled to equal protection of the laws to be free from purposeful discrimination and segregation and to be treated in a racially neutral manner with regard to their assignment to public schools providing free public education, and for other purposes; to the Committee on the Judiciary.

By Mr. HATFIELD (for himself and Mr. PACKWOOD):

S. 1148. A bill to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon; to the Committee on Environment and Public Works.

By Mr. PACKWOOD (for himself and Mr. HATFIELD):

S. 1149. A bill to provide for a series of regional Presidential primary elections; to the Committee on Rules and Administration.

By Mr. HEINZ (for himself and Mr. MOYNIHAN):

S. 1150. A bill to amend the Trade Act of 1974 to establish certain limitations with respect to the Generalized Systems of Preferences, and for other purposes; to the Committee on Finance.

By Mr. MITCHELL:

S. 1151. A bill to amend the Uniform Time Act of 1966 to provide that daylight savings time commence each year on the first Sunday in March rather than the last Sunday in April; to the Committee on Commerce, Science, and Transportation.

By Mr. PELL:

S. 1152. A bill to amend the provisions of title XVII of the Public Health Service Act relating to physical fitness and sports medicine; to the Committee on Labor and Human Resources.

By Mr. GRASSLEY (for himself, Mr. ABDNOR, Mr. BENTSEN, Mr. BRADLEY, Mr. BURDICK, Mr. CHILES, Mr. COHEN, Mr. D'AMATO, Mr. DOMENICI, Mr. DODD, Mr. DURENBERGER, Mr. GLENN, Mr. HATCH, Mr. HEINZ, Mr. HUMPHREY, Mr. JEPSEN, Mrs. KASSEBAUM, Mr. ARMSTRONG, Mr. LAVALT, Mr. PERCY, Mr. PRESSLER, Mr. PRYOR, Mr. SCHMITT, Mr. SYMMS, Mr. THURMOND, and Mr. MELCHER):

S.J. Res. 79. Joint resolution to designate the second week in May, beginning with

Mother's Day May 10, 1981, as "Senior Center Week"; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HEFLIN:

S. 1142. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize the Secretary of Transportation to require tire dealers or distributors to provide first purchasers with a form to assist manufacturers in compiling tire defects if the Secretary determines such notice is necessary in the interest of motor vehicle safety; to the Committee on Commerce, Science, and Transportaton.

CONSUMER TIRE REGISTRATION AND PUBLIC NOTICE IMPROVEMENT ACT

Mr. HEFLIN. Mr. President, I am introducing today a bill which will make several important and badly needed changes in the National Traffic and Motor Vehicle Safety Act of 1966. This bill is entitled "Consumer Tire Registration and Public Notice Improvement Act." The purpose of this legislation is to relieve the independent tire dealer of an unworkable paperwork burden and at the same, increase the number of tires currently being registered.

Under present law, tire dealers are required to fill out and return registration forms to the tire manufacturer on every new tire sold. Complying with this mandatory requirement cost the independent tire dealer thousands of dollars per year and is an extremely time consuming process. For these and other reasons, only 20 percent to 25 percent of the tires sold by independent dealers are actually being registered.

The legislation I am proposing today abolishes mandatory registration by the dealer and, instead, provides for registration of tires on a voluntary basis by the consumer. Under this system the dealer would be required to furnish the purchaser of the tire with the registration forms and tire identification numbers and the purchaser could then fill out and return the forms voluntarily to the manufacturer.

I believe that a voluntary registration system will result in a significant increase in the number of tires being registered and would therefore be in the best interest of the consumer. An independent survey, commissioned by the National Tire Dealers and Retreaders Association and conducted in March 1979, revealed that between 50 percent and 60 percent of the new tire purchasers would participate in a voluntary system. This would be quite an improvement over the 20 percent now being registered and would mean that in case of a tire recall, more purchasers could be notified by direct mail.

In order to insure consumer notification of tire defects, my bill also authorizes the Secretary of Transportation to order public notification of a recall, in addition to the notice by direct mail as now required. The Secretary could order public notification after consulting with the tire manufacturer and upon determining that such notice is in the public interest.

In his determination, the Secretary would consider several important factors before ordering public notification, including the magnitude of the risk to motor vehicle safety caused by the defect and the cost of such public notice as compared to the additional number of owners who could be notified as a result of such public notice. This provision will insure that those people who have not registered their tires would nonetheless be given notification of any tire defects.

Both of these important provisions received widespread and bipartisan support last Congress. The voluntary registration provision was unanimously included by the Senate as part of S. 1159, the National Highway Traffic Safety Administration Authorization Act. This provision was subsequently adopted by the House and Senate conferees on that bill. The public notice provision was unanimously included in the conference report to accompany S. 1159 by the House and Senate conferees.

However, because of the inclusion of several controversial provisions in S. 1159, the bill failed to pass during the 96th Congress.

Mr. President, the small businessman has been laboring under increasingly complicated and time consuming paperwork imposed on him by the Federal Government. I believe that it is the responsibility of Congress to remove these federally imposed burdens from the small businessman where it is feasible to do so. The legislation I offer today is a positive step toward this goal and, at the same time, will promote public safety on our highways. I urge my colleagues to support this legislation which is both badly needed and long overdue.

Mr. President, I ask unanimous consent that the legislation I am introducing today be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1142

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consumer Tire Registration and Public Notice Improvement Act".

SEC. 2. Section 158(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1418(b)) is amended by inserting before the last sentence thereof the following: "The Secretary shall not establish any rule which requires a dealer or distributor to complete or compile such records or information, but the Secretary shall require any such dealer or distributor to furnish the first purchaser of a tire with a form (containing the tire identification number of such tire) which such purchaser may complete and return directly to the manufacturer of the tire which he has purchased.".

SEC. 3. Section 153(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1413(c)) is amended—

(1) in paragraph (2) thereof, by striking out "or tire," and "or tire";

(2) by redesignating paragraph (4) and paragraph (5) thereof as paragraph (5) and paragraph (6), respectively, and by inserting after paragraph (3) thereof the following new paragraph:

"(4) in the case of a tire (A) by first-class mail to the most recent purchaser known to the manufacturer; and (B) by public notice in such manner as the Secretary may order after consultation with the manufacturer, if the Secretary determines that such public notice is necessary in the interest of motor vehicle safety, after considering (i) the magnitude of the risk to motor vehicle safety caused by the defect or failure to comply; and (ii) the cost of such public notice as compared to the additional number of owners who could be notified as a result of such public notice;"; and

(3) in the last sentence thereof—

(A) by striking out "(or of a motor vehicle on which such tire was installed as original equipment)";

(B) by inserting "by first-class mail" after "notification" the first place it appears therein; and

(C) by striking out "(1) or (2)" and inserting in lieu thereof "(4)(A)".

By Mr. GORTON:

S. 1147. A bill to secure the right of students entitled to equal protection of the laws to be free from purposeful discrimination and segregation and to be treated in a racially neutral manner with regard to their assignment to public schools providing free public education, and for other purposes; to the Committee on the Judiciary.

RACIALLY NEUTRAL SCHOOL ASSIGNMENT ACT

Mr. GORTON. Mr. President, I submit today an act to assure the assignment of students to public schools without regard to race or color, and I ask for my colleagues' favorable consideration of this measure.

The measure would secure the right of any student through grade 12 in public schools to be assigned to a school without regard to his or her race. It would thus protect the most fundamental premise of the 14th amendment—the right of an individual student who is in no way responsible for school segregation or racial imbalance to be treated in a colorblind racially neutral fashion.

This bill would prohibit any court or agency of the Federal or State Governments from ordering the implementation of any plan which would require any school assignment by reason of race or color.

It would thus bar what has come to be known as "forced busing" of students both in the future and pursuant to existing programs, that is to say, busing based on the race or color of the student.

It would encourage the use of voluntary means to increase racial balance in the schools and to improve the quality of education for all our people.

It would allow the courts to continue to act against the purposeful segregation that is our compelling concern in a manner which does not in itself classify students by race.

It would in no way interfere with busing programs where the participation is purely voluntary by students and their parents.

Mr. President, we have all been witness to efforts by communities across our land to provide racial balance in the public schools by assigning students on the basis of race or color. Such efforts have sometimes been mandated by Federal or State courts, sometimes by the school districts themselves voluntarily or by reason of threatened court action. Often such efforts have been accom-

panied by the mandatory busing of students to schools far from their homes.

Those efforts have been undertaken in good faith. They have been motivated by the desire to enhance educational opportunities for all by creating a better racial balance in individual schools.

But, Mr. President, in case after case, these efforts have not borne the fruit so sought. They have, indeed, often torn our communities apart, brought protest after protest from parents of all races, caused increasing disaffection with our whole public school system. They have frequently caused greater racial imbalance than that they sought to cure.

One of the most recent examples is in Los Angeles, a relatively brief busing program that has now ended. Both in anticipation of and during the forced busing period white students deserted Los Angeles schools. There were 219,359 white students in 1976; there were 125,-654 white students at the beginning of the current school year. Nearly 94,000 white students fled those schools. The loss was 42.7 percent of the white school population.

In the Los Angeles program, about 23,000 students were being bused. When earlier this year it appeared clear that the busing program would be ended, the school board invited any student who wanted out of busing and back into their neighborhood school to do so; 7,300 students immediately dropped busing; 4,300 of those were from minority groups.

It is clear in experience across this Nation that in forced busing programs, it is the minority student who is expected to carry the burden. In my own State of Washington, under an imposed attempt to achieve acceptable racial balance in the schools, one school district simply closed an all-black school and put all those students on buses to schools in other neighborhoods. Even kindergarten children were bused away from their neighborhood school.

It is understandable that in a number of nationwide polls, a plurality of black parents opposed forced busing.

In the course of these programs, millions of dollars have been spent or obligated to transport students to schools they did not wish to attend, in pursuit of a goal that has not been realized.

The programs that have assigned students by race or color have produced one more regrettable result. We have heard repeated calls inside and outside the Congress for a constitutional amendment to prohibit forced busing.

I submit, Mr. President, that a constitutional amendment is the least desirable solution to the dilemma. The measure I propose would, I am convinced, make such an amendment unnecessary. It would, at the same time, encourage those voluntary efforts that must be the heart of any truly successful program designed to promote racial balancing in our schools.

It is time that Congress acted to end school assignment on the basis of race or color. It must do so in a way that fully protects the constitutional rights of all our citizens. The measure I am proposing will accomplish those ends, and I urge timely and favorable action to pass it.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1147

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Racially Neutral School Assignment Act".

FINDINGS

SEC. 2. (a) In order to secure the right of students to be free from purposeful segregation and discrimination in their assignments to public schools, the Congress, pursuant to the authority granted under section 5 of the fourteeenth amendment of the Constitution, enacts the provisions of this Act.

(b) The Congress finds and declares that the assignment of students to public schools on the basis of their race or color—

(1) is not reasonably related nor necessary to the achievement of the compelling governmental interest in eliminating de jure, purposeful segregation because such segregation can be eliminated without student assignments based on race or color;

(2) causes significant educational, familial, and social dislocations without commensurate benefits:

(3) undermines community support for public education;

(4) is disruptive of social peace and racial harmony;

(5) has not produced an improved quality of public education;

(6) debilitates and disrupts the public educational system and wastes public resources;

(7) constitutes a serious interference with the private decisions of parents as to how their children will be educated;

(8) unreasonably burdens individuals who are not responsible for the wrongs which such assignments seek to remedy; and

(9) denies the right of racially neutral treatment in school assignments to which students are, or ought to be, entitled.

(c) In light of the other findings contained in this section, Congress concludes that racially conscious assignment of students to schools is not necessary to the enforcement of the right to be free from purposeful segregation and discrimination in school assignments. Congress accordingly determines that every student has the right to have his or her assignment to public school determined in a racially neutral manner.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "public school" means a day or residential school which provides elementary or secondary education, as determined under State law, except that it does not include any education beyond grade 12.

(2) The term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State, except that such term does not include any education beyond grade 12.

(3) The term "student" means any individual who has not attained 18 years of age.

(4) The term "State" shall include each of the several states, the District of Columbia, any Commonwealth or territory of the United States, and any agency, board, commission, county, city, township, parish, municipal corporation, school district or other political subdivision thereof.

RIGHTS PROTECTED

SEC. 4. (a) No student shall be denied the right to be free from purposeful segregation and discrimination by school authorities in his or her assignment to a public school. In view of the finding in section 2(b) that racially conscious school assignments are not necessary or appropriate to the enforcement of that right, no student shall be denied the right to have his or her assignment to a public school determined in a racially neutral manner.

(b) No court, department, or agency of the United States or of any State shall order the implementation of any plan which would require, because of the race or color of any student, the assignment of that student to a public school which provides free public education other than the school closest to his or her place of residence which provides the appropriate grade level and type of education for the student.

JURISDICTION AND RELIEF

SEC. 5. (a) Any person aggrieved by a violation of this Act may bring a civil action in the appropriate district court of the United States for such equitable relief as may be appropriate.

(b) The Attorney General may bring an action for a declaratory judgment in any appropriate case in which the Attorney General determines that the rights of individuals aggrieved by a violation of this Act will be served by bringing such an action.

(c) The district courts of the United States shall have jurisdiction of actions brought under this section without regard to the amount in controversy.

TECHNICAL AMENDMENTS

SEC. 6. (a) Section 203 (b) of the Equal Educational Opportunities Act of 1974 is amended to read as follows:

"(b) For the foregoing reasons, it is necessary and proper that the Congress, pursuant to the powers granted to it by the Constitution of the United States, specify appropriate remedies for the elimination of de jure, purposeful segregation.".

(b) Section 215 (a) of such Act is amended by striking out "or next closest".

SAVINGS PROVISION

SEC. 7. The provisions of this Act shall supersede all other provisions of Federal law that are inconsistent with the provisions of this Act.

APPLICATION

SEC. 8. This Act shall apply with respect to any order of a court, department, or agency of the United States or of any State, whether issued before or after the enactment of this Act.

By Mr. HATFIELD (for himself and Mr. PACKWOOD):

S. 1148: A bill to provide for the establishment of the Bandon Marsh Wildlife Refuge, Coos County, State of Oregon; to the Committee on Environment and Public Works.

BANDON MARSH WILDLIFE REFUGE

● Mr. HATFIELD. Mr. President, today I am introducing a bill, along with my distinguished colleague from Oregon, Senator PACKWOOD, which authorizes the establishment of Bandon National Wildlife Refuge, located near the mouth of the Coquille River of Coos County, Oreg. This unique and nationally significant tideland marsh, comprised of some 300 acres, supports a high diversity and abundance of wildlife species. Among the federally recognized endangered species which inhabit the area are the bald eagle, the California brown pelican and the peregrine falcon. The marsh is characterized by significant estuarine ecosystem values which are essential to the coastal fishery environment.

If enacted, this legislation will also

help to facilitate the Port of Bandon in acquiring the historic Bandon Coast Guard Station from the Federal General Services Administration and a private party with one-half interest in the building. In essence, this complicated transaction represents an exchange of port-owned marshland to the Federal Government in return for granting free title to the port for the Coast Guard station. This action should not be construed as contrary to Interior Department policy restricting acquisition of refuge areas. Rather, it should be viewed as an exchange in which the Federal Government receives equal value for that which it has dispensed.

The Cape Cod style lifeboat station, formerly operated by the Coast Guard, has been nominated to be included on the national list of historic places, and is planned to be used as an historical museum, community center, and port offices. This legislation will serve as a vehicle toward culmination of the previously outlined exchange. Mr. President, this bill has wide support in our State, and I urge that the Senate move expeditiously toward its enactment. Mr. President, I hereby request that the bill and adjoining attachments be entered into the RECORD in their entirety.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1148

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the preservation and enhancement of the highly significant wildlife habitat of the area known as Bandon Marsh, in the estuary of the Coquille River in the State of Oregon, for the protection of migratory waterfowl, numerous species of shorebirds and fish, including Chinook and silver salmon, and to provide opportunity for wildlife-oriented recreation and nature study on the marsh, the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") shall establish as part of the national wildlife refuge system a national wildlife refuge to be known as the Bandon Marsh National Wildlife Refuge (hereinafter in this Act referred to as the "refuge").

SEC. 2. There shall be included within the boundaries of the refuge those lands and waters generally depicted on the map entitled "Bandon Marsh National Wildlife Refuge", dated September 1980, comprising approximately three hundred acres. The map shall be on file and available for public inspection in the office of the United States Fish and Wildlife Service, Department of the Interior.

SEC. 3. The Secretary may acquire lands and waters, or interests therein, within the boundaries of the refuge by donation, purchase with donated or appropriated funds, or exchange. Any lands, waters or interests therein owned by the State of Oregon or by any political subdivision thereof may be acquired only with the consent of the owner thereof.

SEC. 4. The Secretary shall establish the refuge by publication of a notice to that effect in the Federal Register at such time as he determines that lands, waters, and interests therein sufficient to constitute an efficiently administrable refuge have been acquired.

SEC. 5. The Secretary shall administer the lands, waters, and interests therein acquired for the refuge in accordance with the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd and 668ee). The Secretary may utilize, to the extent he deems appropriate to carry out the purposes of this Act, such additional statutory authority as may be available to him for (1) the development of outdoor recreation opportunities compatible with the wildlife resources of the refuge, and (2) interpretive education.

SEC. 6. Beginning October 1, 1981, there are authorized to be appropriated up to $300,000 for the acquisition of lands, waters, or interests therein, for the refuge.

BANDON COAST GUARD STATION—A HISTORICAL OVERVIEW

1. Use of the station after it was decommissioned in 1946.—

The building remained vacant until about 1962. In that year it was reactivated by the Coast Guard, and staffed with a skeleton crew who occupied the building until 1964. At that point it was shut down for good in terms of use by the Coast Guard.

From 1964 through 1969 part of the building was used by the Bandon School District as a shop in which boat building was taught.

From then until June of 1980 the building remained vacant. Since June the building has been utilized in part by the Port of Bandon.

2. The nature of the immediate setting of the life boat station.—

As of December, 1976 the site of the Station has been zoned C-3 (Marine Commercial). The existing structure on property adjoining the Station to the east is a wood bungalow which post dates the 1936 Fire. The structure adjoining the Station on the west is a wood false front which predates the Fire. Directly south of the Station is a steeply pitched hill surmounted by a Coast Guard Observation Station which post dates the Fire.

3. Buildings standing today in Bandon which survived the fire of 1936.—

The Bruer Building west of the Station and adjoining it.

The former First National Bank Building east of the Station.

The former Oriental Hall northeast of the Station.

The former Seaside Bakery Building northeast of the Station.

4. Description of the life boat station; statement of its integrity.—

A Xeroxed copy of a photograph in the Bandon Historical Society Collection is appended to this communication. It is undated, but it appears to have been taken sometime in the 1940's. The Station has not been changed or altered at all: its integrity is intact, both inside and out. A photograph taken today would show the building unchanged except that the shutters visible in the photograph have been removed and the windows covered by boards.

5. The population of Bandon at the time of the fire and today.—

1936: 1,800.

1980: 2,575.

6. Other Government presence found in Bandon; other Federal agency offices today; architectural par of Government buildings.—

There are today no State or Federal buildings in Bandon. The Bandon City Hall Building postdates WWI, is faced with brick and of contemporary (and comparatively undistinguished design (1950's). In terms of architecture it cannot be considered on a par with the Station, except in terms of its soundness.

7. Architectural comparison of the Coquille River Life Boat Station among other buildings in downtown Bandon of vintage 1939.—

With the exception of the Life Boat Station all structures erected in Bandon in 1939 were meant to be temporary, pending the hoped for arrival of Federal funds for reconstruction. These funds never arrived, and many of the buildings erected in that year are still standing and in use. Judging from the quality of the material used in their construction and their lack of style, it is evident that these structures were built as inexpensively as possible. Only the Life Boat Station may be said to be a first rate structure, well designed, well made, and built of top quality materials.

8. History of Bandon.—

The following is from The Coos Bay Times, Sunday, September 27, 1936, vol. LII, No. 151, col. 4:

"From the sea Bandon gained its first foothold in the Oregon scene of industry and settlement. And from the sea it took its importance as a manufacturing and shipping center. From Bandon have gone shipments almost daily loaded to the guards with lumber to be marketed all over the world. Tourist trade has influenced the town greatly."

9. A partial consideration of the social and economic consequences of the Bandon Fire of 1936.—

Consideration of the social and economic consequences of the 1936 Fire must be partial at this time due to the paucity of data available on the subject. Data pertaining to these consequences has never been systematically gathered together or synthesized, or interpreted. The following consideration is based on newspaper accounts, oral reminiscenses, and statistical data, gathered from a variety of sources.

In a contemporary newspaper account of Bandon following the 1936 Fire it was described as having the "shape of a ghost town." Bandon's commercial and residential districts were almost completely destroyed. Of five hundred structures present before the Fire, only 16 buildings were left standing; the bulk of them proved to be unsalvageable. Specific fire loss in Bandon was estimated to be $1,600,000. Insurance was estimated to cover only $600,000 of that sum. Destruction of real property was estimated at $1,000,000; personal property: $250,000; automobiles: $50,000; public buildings, utilities, schools: $350,000. Shortly after the Fire, insurance adjusters estimated that while 70 percent of the residential loss was covered by insurance, only 30 percent of the business loss was covered. Publicly-owned buildings were not covered at all. In attempting to comprehend the magnitude of the disaster one must consider the value of the dollar in 1936, and the state of the nation's economy. A new Ford V-8 Sedan cost $480.00; dress shoes for men cost $3.45; bacon sold for 29¢ a pound; squash sold at 2¢ per pound; and an entire Thanksgiving dinner could be purchased at a restaurant for 60¢. Economic Depression was abroad in the land: jobs and cash were both scarce and hard to come by. A good salary for a salesman was in the area of $10.00 per week.

The social consequences of the Fire were immediate, complex, emotionally trying, and long-lasting. Bandon became a tent city. Tents housed the homeless; from out of tents operated a profusion of activities and services both commercial and municipal. The personal and emotional reactions attendant upon the loss of "sense of place" which we as a nation are experiencing today, forcibly impinged upon the sensibilities of Bandonians overnight, literally. Congested conditions and discomfort, grief and financial ruin—both commercial and personal, affected the entire population of Bandon to one degree or another. Small wonder that by 1940 the population of "Abandoned-by-the-Sea" (formerly: "Bandon-by-the-Sea") had dropped to 1,004. Even by 1950 the population was only 1,112 persons.

Following the Fire, many left the area never to return. Hoped for Federal assistance was apparently limited to scattered W.P.A. projects. Plans for a well-ordered city were drawn up. They did not come to be implemented. Business and homes were in most cases put up at random, and much of the city relocated itself on the heights above pre-Fire Bandon.

It is perhaps not too far from the truth to

suppose that today Bandon is both socially and economically still recovering from the fire that gutted the city in 1936 and turned its environs into a wasteland reminiscent of Galveston, of Johnstown.

10. Other buildings in Bandon today associated with maritime commerce or the fishing industry.—

Two structures. Both are single storied, and post-date 1950.

11. Extent of the geographic area served by the station in its historic period; economic base served by the station other than maritime commerce, fishing industry, and pleasure boating.—

The Station served the area north up to Simpson's Reef and south to Four Mile Creek.

The Station did not directly serve any economic base other than maritime commerce, the fishing industry, and pleasure boating.

(Source: Mr. Arthur Dobney, USCG, Ret.)

BANDON ESTUARY—TECHNICAL REVIEW

I.

State, Oregon; County, Curry; total acres: 300; legal description, T28S, R14W.

II. REASONS FOR UNIQUENESS OR NATIONAL SIGNIFICANCE

A. Wildlife species, habitat, and significant ecosystem values

Bandon Estuary is an undisturbed salt marsh, mud flat, beach grass community that is heavily used by shore birds, herons, egrets, raptors, ducks, and other waterfowl. Peregrine falcons, which are federally classified as endangered, and bald eagles, which are federally classified as threatened, use the area for hunting and feeding. California brown pelicans, which are federally classified as endangered, use the main channel of the estuary of the Coquille River for feeding and resting. State species of concern which have been identified on the site include Alaskan short-billed dowitcher, greater yellowlegs, merlin, and Allen's hummingbirds (Northern Range limit).

Species abundance and diversity at Bandon Estuary are estimated to be very high. The estuary provides habitat for many shore bird species which are not found in many of the adjacent estuaries in the area. The number and variety of wading birds which use the area is high and includes great blue herons, common egrets, willets, godwits, and occasionally long-billed curlews (State species of concern).

Not much remains of large, isolated, undisturbed salt marsh habitat. There are no specific acreage figures available, but salt marsh is one of the most limited type of ecosystems in the State. The biotic richness of salt marsh and its overall importance in primary productivity are combined with mud flats and terrestrial elements to create a unique ecosystem assemblage.

B. Degree of protection; threat of destruction

The South Slough of Coos Bay is the only estuarine ecosystem which has some protection. There are no estuarine wildlife refuges or sanctuaries established on the Oregon Coast, and salt marsh/mud flat ecosystems, in general, have minimal protection.

The major threat to Bandon Estuary is filling for industrial, commercial development. An area adjacent to the estuary has already been filled and is being utilized as a log storage and loading terminal. If this type of development were to occur at Bandon Estuary, it would severely impact the wildlife habitat values of the site, and the land change would be of a permanent nature.

C. Ecosystem description

Bandon Estuary is located in the Oregon Coast Physiographic Province. The site consists of nearly level sand and alluvial deposits at an elevation of 0 to 10 feet. The climate is characterized by warm summers and cool winters, with an average annual precipitation of approximately 40 inches. Bandon Estuary consists of a salicornia, sedge, and beach grass salt marsh and exposed mud flats. No estimated acreage figures are available for these community types.

III. OWNERSHIP INFORMATION

Type of Ownership, City (Bandon).
Number of ownerships, 1.
Number of residences, 0.
Acres, six hundred.

IV. ADDITIONAL INFORMATION

Bandon Estuary has been identified as an important Natural Area by the Cape Arago Audubon Society, the Portland Audubon Society, and the State of Oregon Division of State Lands. There are no known reports that have been published on the area.

Estuaries are often referred to as nurseries and, as such, provide an essential environment for the coastal fishery. The protection of this biologically and economically important resource depends on preserving estuarine ecosystems.

The area is currently undisturbed and has no present commercial use. No job dislocation would result from preservation of the site as a Natural Area. Bandon Estuary is readily accessible and has very great potential for environmental education.●

● Mr. PACKWOOD. Mr. President, the bill Senator HATFIELD and I are introducing today establishes the Bandon National Wildlife Refuge, a highly unique tideland marsh area near the Oregon coastal town of Bandon, which lies at the mouth of the Coquille River.

The approximately 300 acres included in this bill comprise the largest, contiguous intertidal area in the Coquille River estuary. This nationally significant ecosystem provides habitat for literally scores of fish and wildlife species native to the Oregon coast. Juvenile Chinook salmon have been found to use rather heavily the west shore of the area's marsh portion adjacent to the river. Several varieties of clams and shrimp occur along the area's marsh edge and tidal flats. The whole area is one of the most important waterfowl and shore bird resting and feeding areas along the southern Oregon coast. Species known to frequent the area in large numbers include the white ringed scoter, American widgeon, pintail, wood duck, and American merganser—to name just a few.

The bill we are introducing today will maintain the uniqueness of Bandon Marsh. In addition, the bill is a key link in a chain of events which will allow the Port of Bandon to acquire a vacant, surplus Coast Guard station adjacent to port property which it hopes to restore and transform into port offices, a visitor center, and museum. The station is half a century old and was recently designated a national historic building.

Presently, half the Coast Guard station is owned by the Federal General Services Administration (GSA). The other half of the station is in private ownership, known as the Dyer Estate. The Port of Bandon can acquire the GSA half of the station if it can also acquire the Dyer Estate.

But the Port of Bandon does not have the cash to purchase the Dyer Estate. However, the port does own the Bandon Marsh area.

Enter the Trust for Public Lands (TPL), a nonprofit organization dedicated to environmentally, historically, or culturally significant properties. TPL has developed a plan that will enable the Port of Bandon to acquire the Coast Guard station while insuring that the uniqueness of Bandon Marsh will be maintained. TPL will buy the Dyer Estate half of the station, then give it to the port in exchange for the marsh. In this way, the port gets around the need to raise the cash for acquiring the second half of the Coast Guard station. TPL will then sell Bandon Marsh to the Federal Government as a wildlife refuge.

Several factors make immediate approval of this authorization necessary. The Coast Guard station is in bad repair: The roof leaks, and water damage is beginning to take its toll. The sooner the port can begin restoration, the lower their restoration costs will be.

More important, TPL's option to purchase the Dyer Estate expires in the fall of 1981. Before they can purchase and trade the estate, they must have reasonable assurance that appropriations to buy the marsh will be soon forthcoming.

I urge the Senate to approve this bill, and to later approve appropriations to purchase Bandon Marsh. If this is done, the people and Port of Bandon will get the old Coast Guard station they have long sought, a historic building will be restored, and an important wildlife habitat will be maintained. That, I would say, is a pretty good deal.●

By Mr. PACKWOOD (for himself and Mr. HATFIELD):

S. 1149. A bill to provide for a series of regional Presidential primary elections; to the Committee on Rules and Administration.

PRESIDENTIAL REGIONAL PRIMARIES ACT

● Mr. PACKWOOD. Mr. President, today I am introducing the "Presidential Regional Primaries Act." I am pleased to be joined in this by our distinguished colleague and Senator from my home State of Oregon (Mr. HATFIELD). Since 1968 I have sought much-needed improvements to the way we choose our candidates for the Office of President. It was my conviction then, as it is today, that the establishment of a scheme of regional primaries will bring reason and order to our current system of officially-sanctioned chaos.

In 1976, the presidential primary system came under heavy criticism. Jules Witcover, in his well-respected chronicle of that campaign, Marathon, characterized the system as "nothing short of trial by ordeal," "a sort of madness," and "masochism on a national scale."

Conditions only worsened in 1980. Last year, the Presidential nomination process established new records for money, time and energy expended by candidates; for coverage and analysis by the media; and for greater confusion and dissatisfaction on the part of voters across the nation. There is an emerging consensus that the process must be made

easier for both candidates and voters. Recognition of the shortcomings of the present system is widespread and calls for change are coming from every direction.

In August of last year the immediate past president of the American Bar Association, Mr. Leonard Janofsky, looked back at the 1980 primary elections and concluded in his address to that organization's annual convention that the current nominations system is in need of substantial improvement. He observed that:

On November 4, for the 46th time in our nation's history, Americans will go to the polls to elect a President. Election year 1980 will end, and after a brief breathing spell, campaign 1984 will begin.

But before the long process starts again, I believe it is time to take a serious look at the way in which Presidential candidates are nominated. In my opinion, our present system of nomination is in need of substantial improvement.

A few years ago Vice President Walter Mondale commented that the system "has evolved . . . without design, structure or purpose into a complex maze of State laws, party regulations and unwritten traditions." He added that "no other major nation chooses its leaders in such a chaotic manner.

In my view, Mr. Janofsky's conclusions were right on target:

There are many advantages to primary elections. They encourage popular participation in the process; enable candidates to demonstrate their appeal; and offer the less well-known an opportunity to compete.

The challenge before us is to perceive these advantages while making the process more effective. Our present system need not be as long, as costly, as complicated, as burdensome, and as formless as it is. Because the President plays a unique role in our democratic system, we bear a heavy obligation to insure that Presidential candidates are selected in a fair and reasonable fashion. If we settle for any less, we trifle with the security and well being of our nation.

Former Secretary of State Cyrus Vance, in his recent article entitled "Reforming the Electoral Reforms," offered a somewhat different perspective, but came to the same conclusion:

Last year, more than a dozen candidates in 31 primaries spent more than $100 million campaigning for the privilege of being nominated for the Presidency. The experience has produced among politicians and voters, the growing conviction that we must change the manner in which we choose our Presidential candidates. In fact, the problems are so acute that action is required now, before the imminent start of the 1984 campaign. In a world of rapid change, we can no longer afford an electoral system that tends to hobble the governmental decisionmaking process for months. This not only harms us at home, but concerns and alarms our friends and allies, and tempts our adversaries.

THE IMPORTANCE OF PRESIDENTIAL PRIMARIES

State-established Presidential primary elections play an important part in the Presidential nominating system. This role has increased in recent years as more and more States have established some variation of the Presidential primary.

The Presidential primary is one of the legacies of the progressive movement, which, in the early years of the twentieth century, sought to open all institutions and processes of government to more direct control by the people. Florida (1901), Wisconsin (1905), Pennsylvania (1906), and my own home State of Oregon (1910) became the first States to enact legislation that provided the models for modern Presidential primaries.

By 1916, 26 States had enacted some variation of a Presidential primary.

However, after World War I, there was a reversal of the trend; by 1935, eight States had repealed their Presidential primary laws.

Renewed interest in the Presidential primary as a dramatic means of influencing Presidential nominations was sparked by Wendell Willkie's attempt to use the 1944 Wisconsin Presidential primary as the vehicle for demonstrating his popular support within the Republican Party. Although unsuccessful, Wilkie did focus attention on the Presidential primary as a gauge of popular support. Presidential primary competition has become a feature of every subsequent Presidential election campaign.

Recent emphasis in both major parties on greater involvement of the electorate in the Presidential nominating process has led to a dramatic increase in the number of Presidential primaries since 1968. In that year, 16 States and the District of Columbia held some form of Presidential primary. As noted before, by 1980 the number of primaries had mushroomed to 37.

The importance of the Presidential primary in the Presidential nominating process may be seen by the fact that 2,007 of 3,016 votes (66.5 percent) at the 1972 Democratic National Convention and 807 of 1,348 votes (59.8 percent) at the Republican National Convention were cast by delegates from States holding some form of Presidential primary.

In 1976, 2,287 of 3,008 votes (76 per cent) at the Democratic National Convention and 1,604 of 2,259 votes (71 percent) at the Republican National Convention were cast by delegates from such States. In 1980, 1,555 of 1,994 votes (77.98 percent) at the Republican National Convention and 2,700 of 3,331 votes (81.06 percent) at the Democratic National Convention were cast by delegates whose States or party organizations held some form of Presidential primary.

THE NEED FOR PRIMARY REFORM

The expansion of primaries have correlated to major reforms which have been instituted in the Presidential nominating process since 1968.

During the period of the last dozen years, unintended consequences of these reforms created other problems which now must themselves be addressed. Not the least of these is the ever-lengthening series of State-established Presidential primary elections which begin in late February and continue sporadically through March, April, and May, before grinding to a merciful halt on the first Tuesday in June, leaving candidates exhausted, and voters bored and confused.

Under the current system not all Americans are afforded an equal opportunity to select the Presidential candidate. The weight given to early contests, in effect, violates the principle of one man, one vote.

Some States now claim a greater influence and attract undue media attention because they hold the first, or an early primary election year after year.

Conversely, other States that hold later primaries often find themselves without influence, no matter how large they are or how many delegates they elect. By the time these States hold their primaries, the outcome of the nominations process is practically a foregone conclusion.

New Hampshire is the classic case. It has long been a media favorite. To be successful, it is not as important for a candidate to win outright as it is for him to exceed the media expectations about how he should perform. The early events, such as New Hampshire, draw such intensive media coverage that a candidate showing early strength can launch a bandwagon that is difficult to stop.

It is important to view this from another perspective as well. Even if early primary winners are not the eventual nominees, the system tends to narrow the field much too early.

By the time voters in Oregon and most other States get to the polls, the number of candidates has diminished significantly. A candidate with a special appeal in New England may be an unbeatable front runner by the time of the Oregon primary.

Such an individual may not be good for Oregon or the country, but better alternatives dropped out prior to that for lack of money, volunteers or an image as a winner.

Another serious problem created by the reform era is the decline in participation at our national conventions of elected officials and party officials. The trend toward Presdential convention delegates—having them chosen almost entirely because of their personal loyalty to Presidential candidates rather than their understanding of and loyalty to party interests—has created a divergence between the ability to be nominated and the ability to govern effectively if elected, two skills that once paralleled and complemented each other in a healthy and constructive way.

Jeane Kirkpatrick, the U.S. Ambassador to the United Nations, voiced this concern as a participant in a 1980 American Enterprise Institute symposium on "The Presidential Nominating Process: Can It Be Improved?" when she discussed what she perceived as "the principal disadvantage of the present system—the fact that the skills required to be successful in the nominating process are almost entirely irrelevant to, perhaps even negatively correlated with, the skills required to be successful at governing."

In short, party rules changes since 1968 now enable candidates to win their party's nomination by making a direct appeal to voters in primary States and bypassing party leaders. This development has unquestionably led to an overall weakening of the party system.

On top of this, the present system seems to create an advantage for candidates who are politically unemployed.

Aside perhaps from an incumbent President, no conscientious public officeholder can devote the time needed to make a serious effort for the nomination, which has become a 2-year, full-time job. Very capable Governors, Senators, and Congressmen face a serious handicap in this regard. The increasing likelihood that proven leaders, because they face the demands of public office, may be effectively excluded from making a bid for the nomination, runs contrary to the shared objective of nominating the best candidates possible.

Yet another unfortunate result of the reform era is the staggering complexity of the delegate selection process itself which attempts to integrate national party rules, Federal law, State party rules, and, in the overwhelming majority of States, State law, with each of the 37, in 1980, jurisdictions conducting some form of Presidential primary. The result is an understandable confusion among even the most sophisticated political operatives about the mechanics of delegate selection, and the expenditure of a not insignificant amount of campaign funds by each of the Presidential campaign organizations simply to decipher the rules.

Clearly, something must be done. It is important to emphasize that the problems within the present nominating system have no partisan bias, no regional bias, no ideological bias. Neither do they affect the "out" party more than the "in" party.

I first attempted to bring some order out of the Presidential nominating chaos in 1972, when I introduced the first regional primary bill. Since then, trends that many of us thought alarming, a number of which I have alluded to, have accelerated dramatically. Today I am again introducing legislation to create a system of regional Presidential primaries.

I continue to wage this battle in an effort to bring some semblance of logic to the manner in which we choose our Presidential candidates.

EXPLANATION OF PROVISIONS

This bill divides the Nation into five regions. Within these regions, States could choose for themselves whether or not they wanted to hold a primary, but once they decided to do so. the primary would have to be held on the same date as the other States in the region.

The first primary would be held on the second Tuesday in March and, thereafter, on the second Tuesday of each succeeding month. A lottery would be held 70 days prior to the first primary to determine which region would be the first to hold its primary. Lotteries would then be held 70 days prior to each succeeding primary to determine the sequence in which the other regional primaries would follow.

The lottery system would be an equalizer aimed at solving one problem of the current systems which I referred to earlier: Not all Americans are afforded an equal opportunity to select the Presidential candidates. The candidates would be forced to appeal to a wider cross-section of voters in a number of States, instead of one or two.

Further, the lottery system would cause a rearrangement of the order in which the primaries took place every 4 years. Now, New Hampshire and Iowa are the quadrennial front runners.

Also, regional primaries would act to shorten the Presidential election process to a shorter time frame—what is perceived as an "endless campaign" would not be so endless. The inability of candidates to determine a year in advance which region of the country would hold the first primary would act as a brake on candidates hoping to steal a march on potential competitors by starting their campaigns a year or more earlier and by focusing on the early primary States. No one would know until 70 days before which region of the country would hold the first primary.

By making the "endless campaign" a little less endless, the regional primaries approach would have a positive effect, I believe, on maintaining voter interest and in reducing travel time and costs.

After all, one of the principal reasons for supporting the role of the Presidential primary in our political process is because it ostensibly opens up the system and it encourages greater public participation. But the explosion in the number of primaries and the length of the primary season seems to have had quite another effect. In July, the Congressional Quarterly reported that the turnout for the 1980 primaries was a record 32 million voters.

But one must realize, however, that there were more of them in 1980 than ever before. Looking at it another way may provide a better perspective: First, the 1980 primaries had a much lower rate of participation than the 1976 general elections or even the 1978 mid-term elections. Based on July 1979 voting-age population estimates from the Census Bureau, only 24 percent of the eligible population in the primary States voted in either the Democratic or Republican Presidential preference primaries this year; and second, in no primary this year did a majority of the State's voting-age population participate.

Thus, the reality of voter participation in the primaries has not come close to its expectations. The regional primary approach could help here. By shortening the length of the campaign, it would lessen the risk of wearying the public. By reducing the disproportionate influence of the early primaries, voters in the later regions would still feel as though their vote counted—the outcome of the nominations process would not already be a foregone conclusion.

Also, inasmuch as regional primaries would promote a greater discussion of the issues—State, regional, and national—it would instill a greater sense of self-interest in the electorate and give them a stronger reason than they may now have to go to the polls.

In addition, the regional primary concept makes possible major savings in candidates' time, energy, and money by the use of media markets which reach across State lines within a region and by reducing the criss-crossing of the Nation which the now randomly scheduled Presidential primaries require. In 1976, former President Gerald Ford spent more than $1.5 million for travel alone during his primary campaign, thus allocating about 18 percent of his total campaign expenditures for that purpose.

We can narrow our focus to the last leg of the 1980 political "marathon" to see that things got no better. It began in Texas on May 3, and ended 1 month later, June 3, on which date there were primaries in States on both coasts and in six States in between.

Regional primaries would change this. No more will candidates have to hopscotch the country, vying for votes on the west coast, and then the East; traveling North and then South. Each candidate's time and efforts can be marshaled much more wisely.

In addition, establishing regional Presidential primaries would put into place a more orderly process which would allow those candidates with other obligations to run. These primaries should not be a test of one's ability to campaign instead of one's Presidential ability. Nor should a candidate be forced by the system to be unemployed in order to run.

Other provisions of this proposal would ease ballot access for candidates running the Presidential primaries. All those candidates qualifying for Federal matching funds would automatically be included on all Presidential primary ballots. In addition, other candidates could qualify through a petition process, or by paying a filing fee of $10,000, which would be fully refunded if the candidate won 5 percent or more of the vote in the primary.

In order to limit participation in candidate selection by persons not members of a particular party, this legislation limits the right to vote in a Presidential primary to members of the political party itself, thus ending the cross-over and open Presidential primaries which can undermine the legitimacy of Presidential primary results.

An important feature of this bill is designed to strengthen the political parties and to restore the role of the national nominating conventions as deliberative bodies. That is, this proposal seeks to restore in a major way the participation of the party organizations in the delegate selection process. It provides that delegates chosen in a Presidential primary may compose only 65 percent of a State's delegation. The remaining 35 percent of the delegates would be chosen in a manner determined by the political party organizations.

As a further suppport to the concept of the deliberative convention, my legislation provides that any Presidential candidate receiving 5 percent or more of the vote cast in a Presidential primary would receive a proportionate share of the delegates chosen in the primary.

Thus, at least 35 percent of each State's delegates could attend the national nominating convention uncommitted. The balance of the delegates would be committed to the candidates in amounts proportional to their share of the vote in the various primaries. No

longer would the conventions meet to merely ratify the results of the State primaries.

In every possible way, the provisions of this bill have been constructed with deference to the various States. I believe that the greater good accomplished by this legislation justifies a standardization and regulation of dates of State-established Presidential primaries.

However, in order to ease any financial burden which may be created for States which do not wish to adjust State and local primary dates to conform to the federally regulated Presidential primary dates, this legislation provides that States which already have Presidential primaries established by law will be reimbursed for costs incurred in making future primaries within that State conform to the provisions of this legislation.

CONCLUSION

Mr. President, the time to act to tidy up the Presidential nominating system is now, while the memories of the 1980 experience are still fresh and before the dynamics of the 1984 campaign begin to operate. I have given much thought to the issues raised by that system, and I am convinced that the changes I am recommending will go far in addressing the major objections to the present system, which derive to a great extent from the mushrooming role of the Presidential primary in our Presidential nominating process. A national approach to this institution is now appropriate.

I am pleased to announce that identical legislation is being introduced today in the House of Representatives by Congressmen AL SWIFT and JOEL PRITCHARD, both of whom share my deep concern in this matter.

We have both the power and duty to address these issues in the 97th Congress, and I urge my colleagues to join with me in enacting these overdue changes in our Presidential nominating process.

I ask unanimous consent that the text of the "Presidential Regional Primaries Act" be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1149

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Presidential Regional Primaries Act."

FINDINGS

SEC. 2. The Congress finds that in order to protect the integrity of the Presidential election process and provide for the general welfare of the Nation, it is necessary to require States which conduct Presidential primaries to conduct all such primaries in accordance with an organized, regional scheme.

ESTABLISHMENT OF REGIONAL PRIMARIES

SEC. 3. (a) No State which conducts an election for the expression of a preference for the nomination of individuals to be candidates for election to the Office of President, or for the selection of delegates to a national nominating convention, may provide for such election to be conducted in any manner which is inconsistent with the provisions of this Act.

(b)(1) Five regional primaries shall be held during each Presidential election year. The first regional primary shall be held on the second Tuesday of March of such year, and an additional regional primary shall be held on the second Tuesday of each of the four succeeding months.

(2) Seventy days before the date of the first regional primary the Commission shall determine, by lot, the region in which that primary is to be held. The Commission then shall determine by separate lot, conducted seventy days before the date of each subsequent regional primary except the last, the region in which each subsequent regional primary is to be held.

(c) The regional primary shall be held in each State which chooses to hold a primary and shall be conducted by officials charged with conducting elections in such State.

(d) Voters in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature. Each such State shall make provision for the registration of voters by party affiliation and each voter shall be eligible to vote only for a candidate for nomination by the party of that voter's registered affiliation.

(e) A list of the names of candidates to be placed on each ballot for each regional primary held pursuant to this Act shall be prepared by the Commission. No names other than the names appearing on the list certified by the Commission under this subsection may be placed on the ballot (or, if the ballot includes the names of candidates for nomination or candidates for election to offices other than the Office of President, on that portion of the ballot which pertains to the regional primary) by any State in any such election. The list for each regional primary shall be prepared by the Commission in the following manner:

(1) The name of each individual who, as an eligible candidate of a political party in a Presidential election, has received funds from the Presidential Election Campaign Fund pursuant to section 9006 of the Internal Revenue Code of 1954, together with the name of the political party with which such individual is affiliated, shall be placed on the list for inclusion on the ballot by the Commission.

(2) An individual whose name is not placed on the list for inclusion on a regional primary ballot by the Commission under paragraph (1), and who is eligible for election to the Office of President, may have his name and the name of the political party with which he is affiliated appear on such list if he notifies the Commission in writing that he is a candidate for nomination by a political party (specifying which political party) for election to the Office of President, and—

(A) presents the Commission with a petition supporting his candidacy for such nomination, signed by 1 per centum of the registered voters eligible to vote in the primary (not more than 25 per centum of the signatures necessary shall come from any State within that region); or

(B) pays a filing fee of $10,000 which shall be (i) refunded if in such regional primary he receives 5 per centum or more of the total number of votes cast by members of his political party, or (ii) paid into the general fund of the Treasury if he receives less than 5 per centum of such votes.

The notification and presentation or payment shall be made to the Commission by such date before the primary as the Commission may prescribe, but not earlier than forty-five days nor later than thirty-five days prior to the date on which the primary is to be held in that region.

(3) The Commission shall announce—

(A) a tentative list of individuals for whom votes may be cast at the regional primary seventy days before the date of that primary; and

(B) a final list of individuals for whom votes may be cast at the regional primary thirty days before the date of that primary.

The final list described in subparagraph (B) shall be certified by the Commission and furnished to the appropriate officials of each State thirty days before a regional primary is held in that State.

(f)(1) The ballot used by each State in a regional primary shall include, as an alternative to all candidates whose name appears on such ballot, an "uncommitted voter" category.

(2) Each such ballot shall also include sufficient space to permit voters to cast votes for an individual whose name does not appear on the ballot by writing such individual's name on the ballot in accordance with the requirements, if any, of the law of the State in which the election is held.

(g) The Commission shall not include on the list of names to appear on the ballot of any regional primary, the name of any individual who executes and files with the Commission the following affidavit, executed under oath before a notary public:

"I, , being duly first sworn, do depose and say that I am not now, and do not intend to become, a candidate for election, or for nomination for election, to the Office of President of the United States.".

(h) The chief elections officer of each State in which a regional primary is held shall certify the results of such regional primary in his State to the Commission within a period of time prescribed by the Commission, but in no case shall such period exceed fifteen days after the date of the primary.

APPOINTMENT OF CONVENTION DELEGATES

SEC. 4. (a)(1) In accordance with the provisions of this Act, each State which participates in a regional primary may conduct an election to select a portion of the total number of delegates to the national nominating conventions for the nomination of individuals for election to the Office of President. Delegates chosen by such a primary shall not exceed 65 per centum of each State's allotment to the national convention.

(2) Each State which provides that the method described in subsection (b) shall be used to select a portion of the delegates (at least 35 per centum of the total number of delegates) to be selected in a manner determined by the political party organizations of such State.

(b)(1) Each candidate who receives 5 per centum or more of the votes cast by members of his political party in a regional primary shall appoint delegates, from States within the region within which the primary was held, to the national nominating convention of the political party whose nomination he seeks.

(2) The number of delegates which each such candidate shall appoint from each State within that region shall be the number equal to the product of (A) the percentage of the total number of votes cast by members of such candidate's political party in such State which such candidate received, and (3) the number of delegates to be selected in such State pursuant to subsection (a)(1).

(3) Any fraction which results from a calculation under paragraph (2) shall be rounded to the nearest whole number.

(c) The number of delegates for a State which remains after the number of delegates appointed pursuant to subsection (b) is subtracted from the total number of delegates to be appointed from such State under subsection (a)(1) shall be added to the number of delegates to be appointed under subsection (a)(2).

CONVENTION BALLOTING

SEC. 5. (a) The manner and extent to which delegates are bound to candidates for balloting purposes at the national nominating conventions shall be prescribed by the party organizations.

(b) The candidate of a political party for election to the Office of Vice President shall be selected by the convention held by that party in accordance with such procedures as it may adopt.

REIMBURSEMENT OF STATES FOR COSTS OF PRIMARY

SEC. 6. Upon application therefor, the Commission shall reimburse each State which held a Presidential primary in 1980 for the cost of converting from such State's present method of conducting primary elections in Presidential election years to the method prescribed by this Act (as determined by the Commission) to enable such State to make future primaries held within that State conform to the provisions of this Act. Any such reimbursement shall be granted one time only and no other costs incurred shall be reimbursed. Applications for reimbursement shall be submitted at such times and in such form, and shall contain such information as the Commission shall require.

DUTIES OF THE FEDERAL ELECTIONS COMMISSION

SEC. 7. (a) The Commission shall meet prior to each regional primary and at such other times as it deems necessary and shall—

(1) consult and cooperate with State officials in order to assist them in conducting regional primaries; and

(2) take such other actions as may be necessary to carry out the provisions of this Act.

(b) The Commission shall report to the Congress and the President not later than one hundred and eighty days prior to the date of the first regional primary to be held under this act on the steps it has taken to implement the provisions of this Act, together with recommendations for any additional legislation which may be necessary in order to carry out the regional primary system established under this Act.

DEFINITIONS

SEC. 8. As used in this Act, the term—

(1) "Commission" means the Federal Election Commission;

(2) "region" means any of the following five regions:

(A) region 1 comprises Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Connecticut, New York, Pennsylvania, New Jersey, and Delaware;

(B) region 2 comprises Michigan, Illinois, Indiana, Ohio, West Virginia, and Kentucky;

(C) region 3 comprises the District of Columbia, Maryland, Virginia, North Carolina, South Carolina, Tennessee, Mississippi, Alabama, Georgia, Florida, The Commonwealth of Puerto Rico, the Virgin Islands, and the Canal Zone;

(D) region 4 comprises North Dakota, South Dakota, Minnesota, Wisconsin, Iowa, Nebraska, Kansas, Missouri, Oklahoma, Arkansas, Texas, and Louisiana; and

(E) region 5 comprises Washington, Oregon, Montana, Idaho, Wyoming, California, Nevada, Utah, Colorado, Arizona, New Mexico, Alaska, Hawaii, and Guam;

(3) "regional primary" means an election held in accordance with the provisions of this Act for the expression of a preference for the nomination of individuals for election to the Office of President;

(4) "candidate" means an individual who is a candidate for nomination by a political party as such party's candidate for election to the Office of President;

(5) "national nomination convention" means a convention held by a political party for the nomination of candidates for election as President and Vice President; and

(6) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam and the Canal Zone.●

By Mr. HEINZ (for himself and Mr. MOYNIHAN):

S. 1150. A bill to amend the Trade Act of 1974 to establish certain limitations with respect to the generalized system of preferences, and for other purposes; to the Committee on Finance.

LIMITATIONS WITH RESPECT TO THE GENERALIZED SYSTEM OF PREFERENCES

● Mr. HEINZ. Mr. President, as part of the Trade Act of 1974, Congress and the executive branch established the generalized system of preferences (GSP) to assist developing countries in participating more fully in the international trading system by providing for duty-free entry on a wide variety of products. Other industrialized nations have adopted similar programs.

After more than 5 years of operation, however, there is considerable question as to whether the program fully meets the intent of Congress. It has become apparent that GSP is helping most the countries which need it least—those which have developed the most, in areas where they need it the least, and that it helps least the lesser developed nations who need it most.

In 1979, Taiwan, Hong Kong, and Korea accounted for 50 percent of all GSP imports, and Brazil and Mexico for anther 20 percent. With these five countries taking up 70 percent of GSP imports, little benefit from the program goes to the other 130 lesser developed countries. It is also clear that the GSP program is failing to graduate the most advanced developing countries when the volume of their exports makes clear they are now fully competitive in particular economic sectors. The following table demonstrates the extent of concentration of benefits among a few more developed nations:

GSP duty-free imports

[1978 Share of Total]

	Percent
Top 5	68.1
Taiwan	27.5
Korea	12.5
Hong Kong	10.3
Brazil	9.0
Mexico	8.8
Second 5	14.7
Israel	3.7
Singapore	2.9
Yugoslavia	2.9
Argentina	2.8
India	2.3
Third 5	7.0
Chile	1.7
Peru	1.5
Portugal	1.4
Philippines	1.4
Uruguay	1.0
Other	10.2

The administration's 5-year report on the GSP system affirms this inequity:

The distribution of GSP benefits among developing countries has been uneven. Those high income beneficiaries which are the United States main trading partners also are the major beneficiaries of the U.S. scheme.

To deal more effectively with the need to encourage trade with the poorest countries, Senator MOYNIHAN and I are introducing legislation to distribute GSP benefits more equitably. This proposal was initially suggested by LICIT, the labor-industry coalition for international trade and introduced by Senator MOYNIHAN and myself in a different form last year (S. 3201). Its major provision provides for an indexing/graduation system based on country and standard industrial classification (SIC) codes. Under the bill, a country would no longer receive GSP benefits for a product sector if its exports to the United States in that sector exceeded $250 million in 1 year—this figure to be indexed as in present law. The term "product sector" is defined as the appropriate two-digit SIC code, which is referred to in the SIC manual as a "major group."

Classification by this means would eliminate GSP treatment for the advanced sectors of an economy which are internationally competitive, yet retain GSP eligibility for a nation for other sectors of its economy, thus retaining intact the principle that the benefit of duty-free importation should be concentrated in areas that are not yet able to compete with industrial economies on equal terms.

The following table indicates how the enactment of this provision of the bill would affect current imports:

[In millions of dollars]

SIC Category:	
01 (Agricultural crops):	
Brazil	$559.5
Mexico	828.9
20 (Food):	
Brazil	672.0
Mexico	274.2
Philippines	552.3
24 (Lumber and wood):	
Taiwan	353.6
30 (Rubber and plastics):	
Korea	338.1
Taiwan	714.7
31 (Leather and leather products):	
Taiwan	256.9
33 (Primary metal industries):	
Korea	356.8
Mexico	500.6
34 (Fabricated metal products):	
Taiwan	273.0
36 (Electrical machinery):	
Mexico	1,287.8
Singapore	776.6
Korea	821.7
Hong Kong	572.7
Taiwan	1,277.5
37 (Transportation equipment):	
Mexico	254.0
38 (Scientific instruments):	
Hong Kong	260.4
39 (Miscellaneous manufacturing):	
Korea	408.0
Hong Kong	685.0
Taiwan	517.9

It is important to note at this point that the graduation concept does not, by itself, necessarily lead to reductions in imports of the graduated products. If one examines product categories for the top seven suppliers which were graduated by the existing competitive need formula in 1978, one finds that in those categories those countries' imports

still grew by 6.5 percent per year from 1977 to 1979, despite the graduation.

At the same time, however, imports of those products from other developing countries over the same period increased 23.3 percent per year. The obvious conclusion is that graduation can, indeed, lead to the focusing of benefits on the poorer nations because it "makes room" for LDC imports currently crowded out by imports from the more advanced developing nations. Our proposal would carry this concept further.

One of the other serious problems with the present GSP system is the difficulty of removing items because of import sensitivity. Although a number of the most import-sensitive products are excluded from GSP by statute, many others are not, and it has become apparent that the administration seldom deletes an article from the GSP list because of import sensitivity. The administration's recent list makes some progress in that direction, but in our judgment it is not enough, and we are not yet convinced it will be sustained.

According to data presented in the Federal Register of August 20, 1979, since the program's inception 82 products had been added to the preference list and only 19 removed from it. In the case of leather wearing apparel, for example, it took 3 years for the domestic industry to convince the Government that this item should be removed from the list, even though import penetration had reached 50 percent and was still growing.

Ironically, in that same case, the industry has twice been the victim of administration inaction, as President Carter decided last year not to accept the International Trade Commission's recommendation for 3 years of increased tariffs after finding injury in the industry's escape clause case. The reluctance of the Government to act on import-sensitive GSP items is in marked contrasts to the intentions of Congress in creating the program. Section 501 of the Trade Act of 1974 specified that in his consideration of whether to provide duty-free treatment for an article, the President should consider, "the anticipated impact of such action on the U.S. producers of like or directly competitive products."

OTHER PROVISIONS

Present law provides for exclusion from GSP for articles that are subject to a section 201 import relief action of a section 232 national security action. Our legislation expands these exclusions by adding to them articles subject to outstanding countervailing or antidumping duties. That circumstance would occur after a final injury finding and after a final finding of either dumping or a subsidy, as the case may be. This further limitation would make clear our commitment to enforcing our law against unfair trade practices and to make sure that such enforcement is well coordinated with overall trade policy.

Otherwise, we face the circumstance where countervailing duties might be imposed on a subsidized product entering the United States at the same time the U.S. Trade Representative is deciding to provide duty-free treatment for the same article. The GSP system is designed to provide benefits for developing countries, and within certain limits the United States is prepared to absorb increased imports at some risk of injury to domestic industries.

It goes too far, however, to suggest that our policy should extend to accepting imports that are the product of unfair trade practices by others. Products which are dumped or subsidized—and which are injuring American producers—have no place in a true free trade system and should be attacked at every opportunity. If we are ever going to have an established set of rules for the international marketplace, we must insist on full adherence to existing rules, however inadequate they may be, even on the part of developing nations just entering into international competition. While the industrialized States should temper their protectionist responses to imports that are competitive in order to encourage further LDC development, they should nonetheless insist on firm standards with respect to unfairly traded goods. Our bill meets that standard.

Second, our bill also contains a provision permitting the President to withdraw GSP benefits if a country "imposes unjustifiable, unreasonable, or discriminatory trade related restrictions or requirements as conditions on investment." This language is an effort to attack the performance requirement problem which has been so well outlined in a recent study by LICIT. Mr. President, I ask unanimous consent that the executive summary of that study appear at this point in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

Preoccupation with other forms of trade barriers—tariff and non-tariff—has left untouched an increasingly prevalent form of protectionism commonly referred to as performance requirements. Trade-related performance requirements are measures which governments employ to ensure that incoming investments serve particular national objectives. At best, these requirements are misguided attempts to manipulate economic conditions through government fiat. At worst, they are transparent attempts to circumvent the internationally accepted rules against discriminatory trade barriers.

A survey of performance requirement practices demonstrates that virtually every major trading partner of the United States imposes some form of performance requirement on at least some local affiliates of foreign corporations. Both developing and developed countries have embraced trade-related performance requirements as a means of dictating to foreign-owned firms actions which would not, absent coercion, be taken in the course of sound business planning. These actions might include giving commitments to export a specific quantity, incorporate a specified amount of local content, or offset the firm's imports by its exports.

To cite the automobile industry as just one example, over 40 countries impose local content rules or other trade-related performance requirements on companies that seek to sell vehicles in their countries. The widespread impact of these measures in the automobile sector has created pressures in the United States for strong action to dismantle these damaging foreign practices or, as an alternative, to adopt similar measures in this country.

Trade-distorting performance requirements are a matter of great concern because of their serious negative economic effects. They result in a direct transfer of investment, jobs and production to the country which imposes them—and away from other countries. The international shifts in investment, employment, production and trade which they cause are not a response to market forces. Rather, they are the result of government fiat. Their purpose is to increase the economic welfare of the country imposing such measures directly at the expense of other countries—a new form of beggar-thy-neighbor policy. Balance of payments pressures brought on by ever-increasing oil import bills could well lead to a more widespread use of such measures. Such government-directed economic decisions not only injure other countries, they also result in the misallocation of resources internationally, with predictably adverse consequences for efficiency, inflation, and employment.

As the volume of international investment increases, the degree of government intervention typified by trade-related performance requirements is certain to have an even greater impact in offsetting normal market forces and distorting national economies. Distortions feed on distortions and ultimately every country could be forced to adopt policies designed to protect domestic employment and industries against these foreign unfair practices.

An especially distrubing impact of performance requirements in the undermining of the open international economic environment which has been the object of so much effort over the last 35 years. Through international agreements such as the General Agreement on Tariffs and Trade (GATT), the United States and its trading partners have agreed not to use governmental regulations as a means of discriminating against imports in favor of domestic production except under specific conditions where serious injury has been caused to a domestic industry. Without adherence to this important principle, in all measures affecting trade, the progressive elimination of tariff and nontariff barriers would be meaningless. Unregulated practices, such as trade-related performance requirements, are thus undermining the system of fair and open trade established under the GATT.

Neither the letter nor the intent of the GATT permit such a result. A review of the trade-distorting performance requirements—such as local content requirements and export commitments—in light of the GATT rules indicates that the rights granted by the GATT are infringed by such practices. In particular, performance requirements should be deemed inconsistent with the GATT's rules on national treatment (Article III), subsidies (Article XVI), and state-trading enterprises (Article XVII). Furthermore, the new Subsidies Code can be invoked to challenge certain types of performance requirements that have the effect of export subsidies. Finally, many trade-distorting performance requirements appear to contravene provisions of friendship, commerce and navigation treaties.

The United States should not hesitate to pursue the remedies available under international agreements to challenge these unfair, discriminatory practices. There must be no reluctance to challenge these practices despite the claims made by foreign governments that these measures are politically sensitive and necessary. If we fail to act, we may, through silence, legitimize these practices, and thus contribute to their proliferation.

The U.S. Government should not wait for a specific complaint to be filed from private parties. This approach will not suffice. Private parties often must accept economic

conditions as they find them. Companies must make the judgment whether to accommodate themselves to local practices or refuse to invest. Most companies make the understandable judgment that confronting a foreign government by bringing a complaint will only result in damaging their own commercial prospects and giving their foreign competitors an unwarranted market advantage.

What is needed is recognition that the issue of performance requirements should now be given high priority in U.S. trade policy formulation and placed on the agenda for international negotiation. The remedies available in international agreements should be pursued.

Our trading partners should be reminded that the survival of an open trading system is based on the maintenance of reciprocal access to markets. Let no one doubt that the United States will take whatever actions are required to curb the use of measures which undermine the global system of fair and open trade.

Mr. President, in including this provision in the bill, Mr. President, I also want to acknowledge that there are other means of dealing with the same problem through existing GATT procedures, and it can be argued that the President already has the authority provided by this section of the bill. Even so, I believe it is important that the Congress turn its attention to this growing problem which threatens to have serious economic consequences for us; and it is the belief of Senator MOYNIHAN and myself that this provision will help to focus congressional attention and study on these practices by other nations, particularly developing nations, and in doing so will contribute to the international debate on how to better control all nontariff barriers. Obviously denial of GSP benefits is not the only tool to use in that effort, but it represents a beginning that will be a foundation for further discussion.

I would also note that the bill we are introducing today contains language establishing a petition procedure permitting interested private parties to seek removal of GSP benefits because performance requirements have been imposed. This process, while insuring the appropriate degree of discretion for the administering authority, also guarantees petitioners a definite answer within 90 days, preventing the Government from simply "swallowing" the petition and never providing a substantive response.

The petition procedure also applies to section 3 of the bill which adds a provision containing some additional factors the President must consider in deciding whether or not to limit or withdraw the duty-free treatment provided by the GSP program. These factors include a judgment as to the import sensitivity of the article in question based on:

First, growth in the import penetration ratio of all imports of that article; second, declines in employment in the United States connected with the production of like or directly competitive articles; third, the volume of imports of directly competitive articles; fourth, the fact that the article in question is like or directly competitive with articles already excluded from GSP treatment under section 503; and fifth, any other relevant factors. In addition, if the President finds that the conditions in first and second above exist in an industry with very small domestic production compared to imports, then he could continue the GSP benefit only if he found it in the national economic interest to do so.

The purpose of this provision is to tie the program more closely to actual economic conditions in the United States and to insure the problems of import-impacted industries are fully considered. Rather than simply exclude more products by statute, as was done when the program was created in the Trade Act of 1974, we are adding these import sensitivity criteria to insure that that question is adequately considered by the administration in a manner which gives them the flexibility to adjust to changing economic conditions.

It is also worth noting that these changes, particularly the SIC code provision, are additions to the current program, not substitutes for it.

Mr. President, after 5 years experience with the generalized system of preferences we believe it is time for an overhaul. The Carter administration proposed some procedural changes which the Reagan administration has apparently begun to implement without additional legislation. In our judgment that is not enough. A complete reevaluation of the GSP program is needed to determine how it can best meet the needs of lesser developed countries, and how we can avoid having all the benefits of the program consumed by the more developed countries.

This is not to suggest that the latter countries no longer need our support or assistance. Rather it suggests that the GSP program, conceived for LDC's, is not the proper place for support to the relatively advanced newly industrializing countries (NIC's). While committed to our proposals, we are also bring them forward to stimulate discussion and consideration of the GSP program. One hearing was held last November 25. It is our hope that the committee will promptly schedule additional hearings and then take up the bill. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1150

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 504 of the Trade Act of 1974 (19 U.S.C. 2464) is amended—

(1) by redesignating subsections (d) and (e) as subsections (g) and (h), respectively;

(2) by striking out paragraph (3) of subsection (c); and

(3) by adding immediately after subsection (c) the following new subsections:

"(d) Whenever the President determines that any country has exported (directly or indirectly) to the United States during a calendar year a quantity of articles within any Major Group (as defined in the Standard Industrial Classification Manual most recently issued by the Office of Management and Budget) having an appraised value in excess of an amount which bears the same ratio to $250,000,000 as the gross national product of the United States for the preceding calendar year (as determined by the Department of Commerce) bears to the gross national product of the United States for calendar year 1980, then, not later than 90 days after the close of the calendar year in which such exports occurred, such country shall not be treated as a beneficiary developing country with respect to all articles within such Major Group.

"(e) For purposes of subsections (c) and (d), the term 'country' does not include an association of countries which is treated as one country under section 502(a)(3), but does include a country which is a member of any such association.

"(f) Whenever the importation of any merchandise from any country is the subject of an affirmative final determination by the United States Internal Trade Commission under section 303, 705, or 735 of the Tariff Act of 1930, such merchandise from that country shall not be eligible for duty-free treatment under this title during the period in which any duties imposed on that merchandise under section 303, 706, or 736 of such Act are in effect.".

SEC. 2. (a) Subsection (b) of section 502 of the Trade Act of 1974 (19 U.S.C. 2462(b)) is amended—

(1) by striking out "and" at the end of paragraph (6),

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and",

(3) by inserting immediately after paragraph (7) the following new paragraph:

"(8) if such country—

"(A) imposes unjustifiable, unreasonable or discriminatory trade related restrictions or requirements as conditions on investment which directly or indirectly burden or restrict the commerce of the United States, or

"(B) otherwise imposes unjustifiable, unreasonable or discriminatory restrictions on foreign investment.", and

(4) by adding at the end thereof the following new sentence: "notwithstanding the provisions of paragraph (8), the President may limit the restrictions under such paragraph with respect to the eligibility of a country to be designated as a beneficiary developing country to particular sectors, industries, or articles.".

(b) The last sentence of section 502(b) of the Trade Act of 1974 (19 U.S.C. 2462(b)), as in effect before the amendment made by subsection (a)(4), is amended by striking out "and (7)" and inserting in lieu thereof "(7), and (8)".

SEC. 3. Subsection (a) of section 504 of the Trade Act of 1974 (12 U.S.C. 2464(a)) is amended to read as follows:

"(a)(1) The President may withdraw, suspend, or limit the application of the duty-free treatment accorded under section 501; except that no rate of duty may be established in respect of any article pursuant to this section other than the rate which would apply but for this subchapter.

"(2)(A) In taking any action under this subsection, the President shall consider the factors set forth in sections 501 and 502(c).

"(B) In making a determination under paragraph (1) as to whether an article should be continued to be designated as a duty-free article (whether such determination is made on the President's own initiative or pursuant to a complaint filed under paragraph (3)), the President shall determine whether continued designation of an article is appropriate in light of the import sensitivity of that article due to—

"(i) a significant level and growth in the import penetration ratio for all imports of such article,

"(ii) a decline in employment in the United States in connection with the production of a like or directly competitive article,

"(iii) the volume of imports of directly competitive articles (whether or not excluded from duty-free treatment),

"(iv) the fact that such article is like or directly competitive with an article or articles already excluded from duty-free treatment pursuant to section 503 or a Presidential determination under this section, and

"(v) any other factors that are relevant to this determination.

"(C) If the President finds that the conditions referred to in clauses (i) and (ii) of subparagraph (B) are present in a domestic industry the production of which is disproportionately small in relation to the total volume of duty-free imports of like or directly competitive products, the President shall authorize the continued designation of such product for duty-free treatment only if he finds it is in the national economic interest.

"(3)(A) Any interested party may file a complaint with the United States Trade Representative alleging that—

"(i) as a result of changed circumstances, a beneficiary developing country should be barred from designation under section 502(b), or

"(ii) the factors referred to in paragraph (a)(2)(B) justify limiting the application of duty-free treatment with respect to particular sectors, industries or articles.

"(B) Within 90 days after receipt of such complaint—

"(i) the Trade Representative shall—

"(I) conduct a review to determine the validity of such complaint,

"(II) upon request of the complainant, hold public hearings on the complaint, and

"(III) make a recommendation to the President with respect to such complaint, and

"(ii) the President shall make a determination under paragraph (1) (without regard to the requirements of section 502(a)(2)) with respect to the country or the article and transmit such determination to Congress, including a statement of his reasons for such a determination and the determination (if any) required under paragraph (2)(C).

"(C) If, within 90 days after the date a determination is transmitted under subparagraph (B)(ii), both Houses of Congress adopt a concurrent resolution disapproving such determination, paragraph (1) shall be applied as if the President had made the opposite determination. Any resolution under this subparagraph shall be treated in the same manner as a resolution under section 203(c).

"(D) The Trade Representative shall—

"(i) issue regulations with respect to the filing of complaints and the conduct of reviews and hearings under this paragraph, and

"(ii) report to the Congress on July 1 and January 1 of each year with respect to all reviews and hearings conducted during the preceding 6-month period.".●

Mr. MOYNIHAN. Mr. President, today Senator HEINZ and I are reintroducing our bill to reform the generalized system of preferences, a part of our international trade laws designed to assist developing countries. GSP, as it is known, is a valuable but flawed scheme, and our intention is to bring the GSP program more closely in line with its original purposes.

Trade preferences for developing countries can be traced back at least to the 1964 UNCTAD meeting, at which Raul Prebisch promoted it. The suggestion was that by reducing tariff barriers facing developing countries, the richer nations could aid poorer in increasing their exports and integrating their economics into the international trading system.

Twenty-three industrialized countries now have GSP programs, the earliest having become operative in 1971. For the United States, GSP was established by the Trade Act of 1974 to promote economic progress in underdeveloped countries without causing harm to American industry. It gives products of developing countries preferential access to the U.S. market: while products from industrialized countries pay the applicable tariff, goods from beneficiary developing countries enter the United States duty free. In 1980, approximately $7.3 billion in merchandise entered the United States duty free under GSP.

While the goal of GSP was to help developing countries compete in the international system, after 5 years of operation it is clear that this goal is not being met. Most developing countries are getting few or no benefits from the GSP program, while a few of the richest and most competitive developing countries receive all the benefits. Taiwan, Hong Kong, and South Korea account for 50 percent of all imports under GSP, and Brazil and Mexico for another 20 percent. Thus there is a disproportionate benefit to the most advanced countries, which need GSP least, and practically no benefit to the poorer countries which need GSP most.

This conclusion emerges clearly from the previous administration's own review of GSP, in its report to the Congress on the first 5 years' operation of the U.S. generalized system of preferences, transmitted to Congress on April 17, 1980. (House Ways and Means Committee Print 96-58). The data is presented in the following table, taken from the report.

TABLE 1.—GSP DUTY-FREE IMPORTS BY BENEFICIARY DEVELOPING COUNTRY (BDC) GROUPING[1]

[Share of total; dollar amounts in millions]

BDC group	1978 (percent)	1976	1977	1978
All BDC's	100.0	$3,160	$3,878	$5,204
By region:				
Latin America	29.9	904	1,119	1,554
Europe	5.5	197	205	286
Near East	6.3	190	234	330
Asia	56.3	1,571	2,177	2,929
Africa	2.0	298	143	105
By level of development:				
Advanced developing countries	37.4	2,451	3,301	4,547
Mid-level developing countries	9.3	601	444	485
Less developed developing countries	3.3	108	132	170
Other	.1	1	1	3
By supplier position:				
Top 5	68.1	1,870	2,642	3,544
Taiwan	27.5	728	912	1,433
Korea	12.5	327	532	648
Hong Kong	10.3	347	486	537
Brazil	9.0	215	344	468
Mexico	8.8	253	368	458
Second 5	14.7	476	522	765
Israel	3.7	116	146	192
Singapore	2.9	73	107	153
Yugoslavia	2.9	154	116	152
Argentina	2.8	72	77	148
India	2.3	61	76	120
Third 5	7.0	160	222	364
Chile	1.7	22	24	87
Peru	1.5	44	38	79
Portugal	1.4	9	54	73
Philippines	1.4	59	77	71
Uruguay	1.0	27	29	54
Other	10.2	654	492	531

[1] For purposes of this analysis, countries were divided on the basis of per capita GNP into advanced developing countries (over $1,100), mid-level developing countries ($300–$1,100), and less developed developing countries (below $300). See appendix VII.D. for listing of beneficiary developing countries by per capita GNP ranking.

Note: Details may not add to totals due to rounding.

Source: Department of Commerce, Bureau of the Census, and the U.S. International Trade Commission.

Mr. MOYNIHAN, Mr. President, the GSP program does contain safeguards designed to provide some protection for U.S. producers and insure that all GSP benefits do not go to the most advanced developing countries. Products are ineligible for GSP treatment if they are the subject of an "import relief" action under section 201 of the Trade Act of 1974; and imports of a product from a particular country become ineligible for GSP if they surpass "competitive need" limitations. These limitations suspend GSP treatment if imports of the product from the country in question exceed 50 percent of all imports of the product in that year, or exceed in indexed dollar amount, now close to $46 million, in value.

It is evident from the data that GSP is not working as it was designed to work. The levels of concentration of benefits in the most advanced, richest, and most competitive developing nations are excessive, and the benefits derived by the vast majority of developing nations are slim or nonexistent. And for these reasons, the GSP system is not properly providing protection to American industry and American workers.

In May 1980 the House Trade Subcommittee held hearings on the oversight of the generalized system of preferences, (serial 96–96, May 8, 1980). Among the witnesses that day were Amory Houghton, Jr., chairman of Corning Glass, and Howard D. Samuel, president of the Industrial Union Department of the AFL–CIO. They testified as cochairmen of LICIT, the Labor Industry Coalition For International Trade, a group of unions and corporations which have joined together on trade policy issues. In their testimony they outlined a plan which is the basis for the legislation Senator HEINZ and I introduced last November 17 and the revised bill we are reintroducing today.

We propose a number of reforms of the GSP system, which would provide greater protection for U.S. producers and would reduce the concentration of GSP benefits in a few relatively advanced countries. First, we believe that when a product has been the subject of an unfair trade practice determination by the U.S. Government—a finding of either dumping or subsidization—it should no longer receive GSP benefits. Those who engage in unfair trade practices in violation of United States and international law should lose their preferential access to the U.S. market.

Similarly, our bill would allow the President the additional discretionary authority to limit GSP eligibility if a country imposes discriminatory trade-related performance requirements. These practices, such as export performance requirements or local content requirements, are an increasingly prevalent form of protectionism that circumvent international agreements to prohibit discriminatory trade barriers. Indeed, it is the fundamental principle of both the general agreement on tariffs and trade (GATT) and the recently adopted multilateral trade negotiations (MTN) that governmental regulations not be used as a means of discriminating against imports in favor of domestic production, except under specific conditions where serious injury has been caused to a domestic industry. Those who use performance requirements are in essence trading unfairly to their singular advantage and should therefore lose their preferential access to the U.S. market.

Second, we believe the competitive need limitation should be extended from particular products to product sectors. Accordingly, we propose a second tier of competitive need limitation when total imports—both GSP and non-GSP—from a country in a product sector—such as electronics, or heavy machinery—exceed $250 million, the country should lose GSP benefits for that sector; $250 million in exports to the United States indicate that in that entire sector, the country has become internationally competitive. The impact of this $250 million cutoff rule were the program in effect in 1979, is shown in table 2.

TABLE 2.—IMPACT OF $250,000,000 CUTOFF RULE ON TOTAL IMPORTS BY 2-DIGIT SIC IN 1979

[In millions of dollars]

SIC category		GSP[1] imports 1979	Total imports 1979
01	Agricultural crops:		
	Brazil	2.0	559.5
	Mexico	6.4	828.9
20	Food:		
	Brazil	148.8	672.0
	Mexico	113.9	274.2
	Philippines	9.9	552.3
24	Lumber and wood: Taiwan	117.8	353.6
30	Rubber and plastics:		
	Taiwan	117.8	714.7
	Korea	22.2	338.1
31	Leather and leather products: Taiwan	11.6	256.9
33	Primary metal industries:		
	Korea	74.8	356.8
	Mexico	46.6	500.6
34	Fabricated metal products: Taiwan	118.4	273.0
36	Electrical machinery and electronic equipment):		
	Taiwan	268.1	1,277.5
	Korea	136.5	821.7
	Hong Kong	156.4	572.7
	Singapore	113.4	776.6
	Mexico	44.6	1,287.8
37	Transportation equipment: Mexico	24.1	254.0
38	Scientific instruments: Hong Kong	55.5	260.4
39	Miscellaneous manufacturers:		
	Taiwan	320.1	517.9
	Korea	252.3	408.0
	Hong Kong	176.4	685.0

[1] Imports that entered the United States duty-free under the GSP program and which would not qualify for GSP preferential treatment under the $250,000,000 cutoff rule.

Mr. MOYNIHAN. Third, we believe that it is necessary to make administrative changes in the program to insure that the import sensitivity of domestic industries is a more operative condition to withdraw the application of duty-free GSP treatment. Specifically, our bill establishes a procedure which would permit an interested private party to petition the President for removal of GSP preferential treatment for a country, a product sector, an industry, or an article. Within 90 days of filing the petition, the U.S. Special Trade Representative must by law conduct a review and hold public hearings. Upon a recommendation from the Trade Representative, the President must make a determination and include a statement of his reasons. This procedure will guarantee that any import injury deemed serious under the GSP program will be remedied.

We believe these reforms will reduce the seriousness of some of the problems I have mentioned and will thereby help achieve the original aims of the GSP program.

By Mr. MITCHELL:

S. 1151. A bill to amend the Uniform Time Act of 1966 to provide that daylight saving time commence each year on the first Sunday in March rather than the last Sunday in April; to the Committee on Commerce, Science, and Transportation.

EXTENSION OF DAYLIGHT SAVING TIME

● Mr. MITCHELL. Mr. President, I am introducing today a bill to extend daylight saving time by 2 months. Under this bill, daylight saving would begin the first Sunday in March and continue until the first Sunday in November, a total of 8 months instead of the present 6.

This is a simple, commonsense measure that would save much more than daylight.

For one thing, it would save fuel. The Department of Transportation and the National Bureau of Standards estimate that extended daylight saving would save 1 to 2 percent of the country's electrical energy usage during the months of March and April. That adds up to 100,000 barrels of oil a day, at a time when our country is searching desperately for ways to conserve energy and reduce our dependence on imported oil. At current oil prices, that would mean a saving of more than $150 million a year. These projected savings would reflect only the reduction in electrical usage that would result from increased daylight in the late afternoon and early evening hours. The total energy saving could prove to be even greater when heating and transportation fuel costs are taken into account.

Also, the Department of Transportation estimates that extension of daylight saving into March and April would decrease traffic fatalities during those months by 1 to 2 percent. That means scores of lives would be saved, and thousands of injuries prevented.

In 1974, daylight saving was extended to 12 months as an emergency measure in response to the Arab oil embargo of 1973. Probably the greatest public fear growing out of that experience—and one that led Congress to revert to the 6-month daylight saving plan—concerned the safety of children who were sent to school in early morning darkness. That concerns me, too, and in drafting this bill I have minimized the danger to schoolchildren, while taking advantage of the overall traffic safety gains offered by extended daylight saving.

If daylight saving began the first Sunday in March, as I have proposed, most

areas of the country would have sunrise no later than they do in October under the current system. In other words, these children would face no greater risks than they do today. Studies by the Department of Transportation confirm this; the agency analyzed traffic accident data from 1974 and found that while there was an increased accident risk for schoolchildren in January and February (when daylight saving was in effect during those months), there was no detectable increase in accidents involving schoolchildren during March and April.

My proposal to extend daylight saving to the first Sunday in November would give an added hour of daylight—and safety—to children on Halloween night, which now occurs after the changeover to standard time.

Finally, a study here in Washington, D.C., after the 1974 daylight saving experiment, showed a 10- to 13-percent decrease in violent crime during winter and spring months that came under daylight saving for the first time. This study was too limited to support broad, nationwide conclusions, but it suggests yet another reason for extending daylight saving.

The major problem with the existing daylight saving law, the Uniform Time Act of 1966, is that it does not save nearly as much daylight as it could. That is to say, our clocks could be better adjusted to match available hours of daylight with the hours when most people are up and about. The problem with the 6-month daylight saving plan is that it is not symmetrical with respect to the longest day of the year, which occurs at the summer solstice, around June 21 or 22. Under the present plan, there are about 129 days of daylight saving after the summer solstice, but only about 55 days before it. This year, for example, daylight saving will begin on April 27, nearly 2 months before the solstice, and end on October 25, nearly 4 months after it. Hence, we are wasting about 2 months of potential daylight time. My bill would create a more nearly symmetrical plan.

If daylight saving began the first Sunday in March, sunrise in most parts of the country would occur no later than it does in October under the present plan. The only areas of the country to experience any change would be those south of the 36th parallel of latitude, where sunrise would range from 5 to 15 minutes later, for an average of 5 to 14 days in March.

There is nothing magical about the dates I have proposed for the beginning and ending of daylight saving, the first Sunday in March and the first in November. But I think they are the best we can do. The Department of Transportation has analyzed many different proposals for restructuring daylight saving and has concluded that this plan is:

> The best daylight saving compromise, in terms of trying to minimize the problems of later daylight saving sunrises, while preserving the maximum daylight saving benefits.

I urge my colleagues to join me in support of this worthwhile measure.●

By Mr. PELL:

S. 1152. A bill to amend the provisions of title XVII of the Public Health Service Act relating to physical fitness and sports medicine; to the Committee on Labor and Human Resources.

PHYSICAL FITNESS AND SPORTS MEDICINE ACT OF 1981

● Mr. PELL. Mr. President, today, I am introducing legislation to extend the authorization for the Office of Physical Fitness and Sports Medicine, which is part of the Department of Health and Human Service's Office of Health Information and Protection.

All too often the American idea of health care is synonymous with the treatment of disease, when, in fact, if individuals took positve steps to keep themselves healthy by exercising and eating right the amount that our country spends on health services could be dramatically reduced.

Our country's affluence has promoted a lifestyle which has contributed to a number of needless and costly medical problems. With the arrival of the television into the home, Americans began to get more satisfaction from watching sporting events than participating in them. Our children are entertained by television 3 to 5 hours a day, every day, and adults also often retire to "that comfortable chair" after a hard day and do not even contemplate the benefits of exercise.

In recent years, there has been an increase in jogging, bicycling, and racquet sports, but, unfortunately, most Americans do not regularly participate in any physical fitness activity and our national level of awareness of the importance and techniques of physical fitness is low.

In 1978 Congress agreed to create the Office of Physical Fitness and Sports Medicine in order to focus on our national physical fitness needs and to explore the relationship of physical fitness to health. The President's Council on Physical Fitness and Sports advises the office's staff and provides valuable technical assistance to them.

The legislation is in three parts. The first section sets out the general responsibilities of the office and establishes a clearinghouse to facilitate the exchange of information and to coordinate activities between the Department and the private sector. The second section establishes a grant program for States to establish their own physical fitness councils to work with local groups to assess their physical fitness needs. In addition, the director of the State council is authorized to fund community projects in the schools, at the workplace and for special population groups like senior citizens to demonstrate the relationship of physical fitness to health. These State activities comprise 75 percent of the funding for this office. The final section of this legislation encourages research into the problems of athletic injuries and the development of training and conditioning techniques to make physical fitness safer for all those who participate in it.

Mr. President, the word health is a generic term that includes freedom from physical and psychological illness, good diet, and adequate exercise. It is a right the citizens should not take for granted. Good health is accessible to all of us, though it is hard to attain and harder to keep without a serious commitment on the part of individuals to maintain it. I believe that physical fitness should be an integral part of our Nation's preventive health strategy and, therefore, hope that my colleagues will vote to extend the authorization of this program.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1152

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Physical Fitness and Sports Medicine Amendments of 1981".

OFFICE OF HEALTH INFORMATION, HEALTH PROMOTION AND PHYSICAL FITNESS AND SPORTS MEDICINE

SEC. 2. (a) Section 1706 (a) of the Public Health Service Act is amended to read as follows:

"(a) The Secretary shall establish within the Office of the Assistant Secretary for Health an Office of Health Information, Health Promotion and Physical Fitness and Sports Medicine which shall—

"(1) conduct, assist, and foster research, investigations, and experiments into the nature of physical fitness, the development of physical fitness, and the relationship of physical fitness to health;

"(2) conduct, assist, and foster research and investigations into the utilization of sports medicine, the development of sports medicine techniques, and the application of medicine through organized systems of athletic competition and in personal physical fitness;

"(3) coordinate all activities within the Department that relate to physical fitness and sports medicine and the role of physical fitness and sports medicine in health promotion and health maintenance;

"(4) establish a clearinghouse to facilitate the exchange of information between, and coordinate the activities of, the Department and the private sector relating to the relationship of physical fitness to health; and

"(5) communicate, in the widest possible manner, the results of the research, investigations, and experiments conducted under this section to the American people and to special groups with particular interest and special needs, including victims or potential victims of heart disease or stroke, young people, handicapped individuals, and senior citizens.

(b) Subsection (b) of section 1706 of such Act is repealed. Subsection (c) of such section is redesignated as subsection (b).

PROJECT GRANTS TO STATE COUNCILS ON PHYSICAL FITNESS

SEC. 3. (a) Section 1707 (a) of the Public Health Service Act is amended by striking out "or appropriate similar administrative unit".

(b) Section 1707 (b) of such Act is amended by striking out "to serve terms of four years".

(c) Section 1707 (c) of such Act is amended—

(1) by inserting "and" after the semicolon at the end of paragraph (2);

(2) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) make grants and enter into contracts with public or private entities to conduct research and establish model projects concerning the relationship of physical fitness to the improvement of health."; and

(3) by striking out paragraph (4).

(d) Section 1707(d) of such Act is amended—

(1) by striking out "1 per centum" in the first sentence and inserting in lieu thereof "1.5 per centum"; and

(2) by striking out the last sentence.

(e) Subsection (f) of section 1707 of such Act is repealed. Subsection (g) of such section is redesignated as section 1707(f).

PROJECT GRANTS FOR PHYSICAL FITNESS IMPROVEMENT; CONFERENCE ON EDUCATION IN LIFETIME SPORTS

SEC. 4. (a) Section 1708 of the Public Health Service Act is repealed.

(b) Section 1710 of such Act is repealed.

(c) Section 1709 of such Act is redesignated as section 1708.

NATIONAL PROGRAM ON SPORTS MEDICINE RESEARCH

SEC. 5. (a) Section 1708(a) of the Public Health Service Act (as redesignated by section 4(c) of this Act) is amended to read as follows:

"(a) The Office shall establish a program of project grants to conduct research into the problem of athletic injuries, with special attention to the frequency of injuries, the seriousness of injuries, and the development of training and conditioning techniques, the development of athletic protective equipment to enable participants to avoid injuries.".

(b) Section 1708(c) of such Act (as redesignated by section 4(c) of this Act) is repealed.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 6. Title XVII of the Public Health Service Act is amended by adding at the end thereof the following new section:

"AUTHORIZATION OF APPROPRIATIONS FOR SECTIONS 1706, 1707, AND 1708

"SEC. 1709. There are authorized to be appropriated to carry out the purposes of sections 1706, 1707, and 1708, $4,000,000 for the fiscal year ending on September 30, 1982, and each of the next two fiscal years.". ●

By Mr. GRASSLEY (for himself, Mr. ABDNOR, Mr. BENTSEN, Mr. BRADLEY, Mr. BURDICK, Mr. CHILES, Mr. COHEN, Mr. D'AMATO, Mr. DOMENICI, Mr. DODD, Mr. DURENBERGER, Mr. GLENN, Mr. HATCH, Mr. HEINZ, Mr. HUMPHREY, Mr. JEPSEN, Mrs. KASSEBAUM, Mr. ARMSTRONG, Mr. LAXALT, Mr. PERCY, Mr. PRESSLER, Mr. PRYOR, Mr. SCHMITT, Mr. SYMMS, Mr. THURMOND, and Mr. MELCHER):

Senate Joint Resolution 79. Joint resolution to designate the second week in May, beginning with Mother's Day, May 10, 1981, as "Senior Center Week"; placed on the calendar.

SENIOR CENTER WEEK

● Mr. GRASSLEY. Mr. President, I am proud to offer today, along with 25 of my fellow Senators, a Senate joint resolution designating the week beginning May 10 to be Senior Center Week. I have been joined in the House by my good friend and long-time colleague on the House Select Committee on Aging, Congressman MARIO BIAGGI.

May of each year is designated "Older Americans Month" by the President.

It is a time to emphasize the uniqueness of the Older Americans Act and the programs it mandates.

It is a time to reflect on the fact that 80 to 85 percent of older Americans are ambulatory, alert and in reasonably good health, most of them (over 70) own their own home.

It is a time to consider how we can help this heavy majority of our self-sufficient seniors by cutting the rate of inflation while legislating effective programs that serve those 15–20 percent who are less fortunate.

Mr. President, I ask each of my fellow Senators to help focus attention on senior centers, nutrition projects, and other aging network programs in his or her State during Senior Center Week and the whole month of May. I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows.

Whereas, local communities support over 8,000 senior centers and there is hardly a city or town without one,

And whereas, senior centers affirm the dignity, self-worth and independence of older persons by facilitating their decisions and action, tapping their experiences, skills and knowledge, and enabling their continued contribution to the community,

And whereas, as encouraged and supported by the Older Americans Act, senior centers function as service delivery focal points, helping older persons to help themselves and each other, and offering service or access to community services as needed,

And whereas, the month of May has historically been proclaimed Older Americans Month, and communities across the country are giving special recognition to older persons and the role of senior centers in serving them;

Now, therefore, be it resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That the second week in May, beginning with Mother's Day, May 10, 1981, is designated as "Senior Center Week" and the President is requested to include this designation of Senior Center Week as part of the proclamation he issues for Older Americans Month, calling upon the people of the United States to honor older Americans and these local organizations that bring together activities and services for their benefit. ●

ADDITIONAL COSPONSORS

S. 255

At the request of Mr. MATHIAS, the Senator from Alabama (Mr. DENTON), and the Senator from Tennessee (Mr. BAKER) were added as cosponsors of S. 255, a bill to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product.

S. 267

At the request of Mr. DECONCINI, the Senator from Wyoming (Mr. WALLOP), and the Senator from Wisconsin (Mr. KASTEN) were added as cosponsors of S. 267, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes.

S. 312

At the request of Mr. LEVIN, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 312, a bill for the relief of Maria and Timofei Chmykhalov, and for Lilia, Peter, Liubov, Lida, and Augustina Vashchenko.

S. 328

At the request of Mr. PERCY, the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 328, a bill to amend the Internal Revenue Code of 1954 to encourage the production of alcohol for fuel use by repealing the occupational tax on manufacturers of stills and condensers.

S. 398

At the request of Mr. ARMSTRONG, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 398, a bill to amend the Walsh-Healey Act and the Contract Work Hours Standards Act to permit certain employees to work a 10-hour day in the case of a 4-day workweek, and for other purposes.

S. 421

At the request of Mr. DECONCINI, the Senator from Ohio (Mr. METZENBAUM), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 421, a bill to provide for reductions for fiscal year 1982 in obligations by the departments, agencies, and establishments of the executive branch of the Government.

S. 496

At the request of Mr. MELCHER, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 496, a bill to amend the Federal Mine Safety and Health Act of 1977.

S. 568

At the request of Mr. ARMSTRONG, the Senator from Oregon (Mr. HATFIELD), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. SYMMS), and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of S. 568, a bill to amend the Federal Mine Safety and Health Act of 1977.

S. 580

At the request of Mr. LEVIN, the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 580, a bill to establish program levels for the Small Business Administration pollution control bond program.

S. 631

At the request of Mr. DECONCINI, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 631, a bill to dismiss certain cases pending before the Education Appeal Board.

S. 790

At the request of Mr. RIEGLE, the Senator from Nebraska (Mr. EXON) was added as a cosponsor of S. 790, a bill to amend section 44 of the Internal Revenue Code of 1954 to allow a credit against tax for the purchase of certain new principal residences, and for other purposes.

S. 808

At the request of Mr. MATHIAS, the Senator from Tennessee (Mr. SASSER), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 808, a bill to amend title 5, United States Code, to promote public safety by encouraging the employment of highly qualified air traffic controllers by establishing a salary classification system providing compensation commensurate with responsibility, by establishing a reasonable maximum number of weekly work hours, and by establishing a special retirement plan, and for other purposes.

S. 862

At the request of Mr. ARMSTRONG, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 862, a bill to amend the Potato Research and Promotion Act.

S. 884

At the request of Mr. HELMS, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 884, a bill to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

S. 895

At the request of Mr. MATHIAS, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 895, a bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

S. 970

At the request of Mr. ROTH, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 970, a bill to establish as an executive department of the Government of the United States a Department of International Trade and Investment, and for other purposes.

S. 995

At the request of Mr. THURMOND, the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 995, a bill to provide for contribution of damages attributable to an agreement by two or more persons to fix, maintain, or stabilize prices under section 4, 4a, or 4c of the Clayton Act.

S. 1035

At the request of Mr. MATHIAS, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 1035, a bill to provide an opportunity to individuals to make financial contributions, in connection with the payment of their Federal income tax, for the advancement of the arts and the humanities.

S. 1050

At the request of Mr. MATHIAS, the Senator from Tennessee (Mr. SASSER) was added as a cosponsor of S. 1050, bill to extend the authorization of appropriations for the National Historical Publications and Records Commission for the fiscal years 1982 and 1983.

SENATE JOINT RESOLUTION 47

At the request of Mr. WEICKER, the Senator from Iowa (Mr. JEPSEN) was added as a cosponsor of Senate Joint Resolution 47, a joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week."

SENATE JOINT RESOLUTION 66

At the request of Mr. PRYOR, the Senator from Alabama (Mr. HEFLIN), and the Senator from Maryland (Mr. SARBANES) were added as cosponsors of Senate Joint Resolution 66, a joint resolution designating May 6, 1981, as "National Nursing Home Residents Day."

SENATE JOINT RESOLUTION 74

At the request of Mr. MATHIAS, the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of Senate Joint Resolution 74, a joint resolution designating the week of October 4 through October 10, 1981, as "National Diabetes Week."

SENATE RESOLUTION 97

At the request of Mr. PROXMIRE, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of Senate Resolution 97, a bill establishing a maximum number of full-time Senate employees and prohibiting the construction of additional office buildings for the Senate.

SENATE RESOLUTION 120

At the request of Mr. CHILES, the Senator from Maine (Mr. MITCHELL) was added as a cosponsor of Senate Resolution 120, a resolution disapproving the proposed deferral of budget authority for Veterans' Administration medical care.

AMENDMENT NO. 43

At the request of Mr. THURMOND, the Senator from Nevada (Mr. CANNON), and the Senator from South Dakota (Mr. PRESSLER) were added as cosponsors of amendment No. 43 proposed to Senate Concurrent Resolution 19, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the U.S. Government for the fiscal year 1981.

● Mr. MATHIAS. Mr. President, I would like to acknowledge the fact that the Senator from New Jersey, Mr. WILLIAMS was an original cosponsor of S. 1035, the Arts Checkoff Box Act, which I introduced on April 29, 1981. Senator WILLIAMS' name was inadvertently missing from the bill at the time of introduction, but he has a strong and admirable record of support for the arts.●

AMENDMENTS SUBMITTED FOR PRINTING

DEVELOPMENT AND SECURITY ASSISTANCE PROGRAMS

AMENDMENT NO. 44

(Ordered to be printed and referred to the Committee on Foreign Relations.)

Mr. PELL submitted an amendment intended to be proposed by him to the bill (S. 976) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize development and security assistance programs for fiscal year 1982, and for other purposes.

● Mr. PELL. Mr. President, on Monday, May 11, the Foreign Relations Committee will resume its markup of the International Security and Development Cooperation Act of 1981 (S. 976). One of the controversial items that is likely to be considered at that time is the administration's proposal to repeal the Kennedy-Humphrey amendment of 1977, prohibiting military assistance to Argentina because of that country's gross violations of human rights. The administration believes that the human rights situation has improved and that the Kennedy-Humphrey provision should no longer apply.

Like the administration, I, too, believe that the human rights situation has improved, but, and I believe this to be a very important point, the State Department itself, in its annual human rights report, recognized that Argentina still has very serious human rights problems. Two problems in particular stand out: The question of the disappeared, and the prisoners held without charges, some for years, under the National Executive Power (PEN). It seems to me that if Argentina really has turned over a new leaf on the human rights question, it would be manifested in concrete steps to deal with these two issues.

An accounting of those who have disappeared, with a list of those known to have disappeared and have died since the state of siege was imposed, plus concrete steps to settle the matter of those imprisoned under the PEN, would certify that President Viola had removed the major barriers to a close U.S. relationship with Argentina. I was particularly impressed with President Viola's sincere statements regarding human rights and United States-Argentina friendship expressed during my visit with a Senate delegation to Argentina in February and during his meeting with the Foreign Relations Committee in March. On both of these occasions, I was led to understand that the Argentine Government would release the names of those missing persons known by the government to be dead. So far, however, that has not happened.

I, too, would like the United States to act positively and remove the restrictions on military assistance, but I am also concerned that there be more evidence of movement on the question of the disappeared and those still detained without trial. Accordingly, I am today introducing an amendment to S. 976 that would waive the provisions of section 620B of the Foreign Assistance Act, provided that the President certify that the Argentine Government is making significant progress on human rights and specifically is taking concrete steps to provide an accounting for the disappeared, and to bring to justice those held under state-of-siege provisions.

Mr. President, I ask unanimous consent that the full text of my amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 22, strike lines 14 and 15 and add the following: "Section 412(a). After Decem-

ber 31, 1981, the President is authorized to waive the provisions of Section 620B of the Foreign Assistance Act of 1961, provided that, before any such waiver and at intervals of six months subsequent to the exercise of such waiver authority, the President shall submit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a written report certifying that the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights, and specifically that—

"(1) the Government of Argentina has made every effort to account for those citizens listed as 'disappeared' and has provided a listing of all Argentine citizens known to the Government both to have disappeared and have died after November 6, 1974; and

"(2) the Government of Argentina has either released or brought to justice those prisoners held at the disposition of the National Executive Power (PEN)."●

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 45

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS submitted an amendment intended to be proposed by him to the concurrent resolution (S. Con. Res. 19) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the U.S. Government for the fiscal year 1981.

AMENDMENT NO. 46

(Ordered to be printed.)

Mr. MOYNIHAN proposed an amendment to the concurrent resolution, Senate Concurrent Resolution 19, supra.

VALUE OF SERVICES OF PROFESSIONAL ENTERTAINERS UNDER THE FEDERAL ELECTION CAMPAIGN ACT

AMENDMENT NO. 47

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill (S. 1078) to authorize appropriations for the Federal Election Commission for fiscal year 1982.

NOTICES OF HEARINGS

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. DURENBERGER. Mr. President, the Committee on Governmental Affairs will hold a hearing on Regulatory Reform Legislation on May 12, 1981 at 10:00 a.m. in room 3302.

For more information, contact Link Hoewing at 224-4751.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. DANFORTH. Mr. President, the Subcommittee on Federal Expenditures, Research and Rules. will hold a hearing on May 13 to consider legislation intended to improve the Federal Government's bill payment performance, namely, S. 30, the Late Payments Act of 1981, and S. 1131, the Delinquent Payments Act of 1981. The hearing is scheduled to begin at 2:30 p.m. in room 3302 of the Dirksen Senate Office Building. It was previously scheduled at 9:30 a.m. on the same date.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON SECURITY AND TERRORISM

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Security and Terrorism of the Committee on the Judiciary be authorized to meet during the session of the Senate today to hold hearings on S. 391, the Intelligence Identities Protection Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

EL SALVADOR

● Mr. DURENBERGER. Mr. President, some time ago, I spoke on the floor about the manner in which much of our current debate over El Salvador is being conducted. At that time, I stated that far too many Americans were being diverted from the real issues by the tendency to accept various myths as reality. I noted at the time that a debate on our policy in El Salvador is necessary and proper, for it is in debate that we as a nation can determine both our national interest and the means to pursue this interest.

I mention this once again because I continue to be concerned about the manner in which we arrive at snap decisions concerning situations with which far too few of us are familiar. Too often, in the rush to learn what we can, we allow hypothetical concerns to dominate our decisions.

Too often, we permit preconceived images to shape our judgment and our actions.

Unfortunately, we seldom focus our judgment as concisely as we focus our attention, with the result that we are often led to conclusions before the evidence is in.

In this regard, the recent controversy over the disappearance of Father Roy Bourgeois in El Salvador is instructive. Shortly after arriving in San Salvador on April 23 to work as a translator for a Chicago television news crew, Father Bourgeois disappeared from his hotel room under mysterious circumstances. Given the barbarous murders of four American missionaries last December, the high death toll suffered by Salvadorean clergy, and the continued mystery over the disappearance of journalist John J. Sullivan, it was inevitable that people should fear the worst for Father Bourgeois.

When a critic of our policy and of the Salvadorean military forces disappears in El Salvador, people are naturally prone to think that he may have been abducted and murdered.

As we all know by now, however, Father Bourgeois was not abducted, nor was he killed.

Instead, he voluntarily walked out of his hotel room in order to join, in his words:

The poor of El Salvador in their struggle for justice and peace.

Father Bourgeois went further to state that while he could not in conscience bear arms, he believed that this struggle—the insurgency of Cuban-armed leftist guerrillas—was, in his view, justified.

I do not know why Father Bourgeois decided to return to the American Embassy in San Salvador. One can speculate endlessly as to the motives which led him from his hotel room into the countryside, and from the countryside back to our Embassy.

But we have speculated far too much in discussing this issue. What we can say for now is that this incident provides a valuable lesson in the need for withholding judgment until all the evidence is in.

I have heard from people who were convinced that Father Bourgeois was in fact abducted and killed by rightist forces, and who drew from this fallacious assumption the conclusion that we must immediately terminate all assistance to El Salvador.

One hopes that such rapid decisionmaking will be less characteristic of our debate over El Salvador in the future.

There is a certain poignancy provided by news coverage of this affair. As an article in the Washington Star states, President Duarte had suggested early on that Father Bourgeois might very well have left the hotel "on his own accord to join the guerrilla leftists." This statement, of course, was treated with derision by many Americans at the time it was made. It stands in marked contrast to the wistful statement made by a Maryknoll administrator, who commented that:

I'm as sure as I can be that he (Father Bourgeois didn't disappear of his own free will. This would be utterly contrary to his mode of action. He would not do this to Maryknoll.

Unfortunately, he did do that to Maryknoll. Let us learn from this affair that the reality in El Salvador, as in all human events, is far more complex than our images often hold. Let us not surrender our concern for those who do, in fact, daily disappear in El Salvador, the victims of terrorism from the right and the left alike.

Let us not surrender our desire for an end to the violence which has claimed so many victims in El Salvador.

But let us surrender our tendency to substitute emotion for judgment and hypotheses for evidence when we are called upon to make hard decisions.

Mr. President, I ask that an article from the Washington Star of May 7, 1981, be printed in the RECORD.

The article follows:

PRIEST FEARED KILLED WALKS INTO EMBASSY

(By James Willwerth)

SAN SALVADOR, EL SALVADOR.—An American priest presumed a victim of terrorist violence turned up alive yesterday after announcing in a letter that he had "joined the poor of El

Salvador in their struggle for justice and peace."

The Rev. Roy Bourgeois, 42, a Maryknoll priest, arrived in El Salvador April 23 for what was supposed to be a short visit as a translator and guide for a television crew from Chicago.

Yesterday afternoon, after having been missing for 11 days, he walked into the U.S. Embassy here and told officials he had been working "in the campo, in the countryside, talking to people," according to Howard Lane, the embassy's spokesman.

According to sources who talked to Bourgeois after his return, the priest covered more than 500 miles of remote Salvadoran territory by bus, car and on foot often traveling clandestinely.

The sources indicated that Bourgeois' objective was to talk to people and "take testimony" to corroborate his belief that U.S. intervention here would do little to resolve this country's social and political problems.

He talked to more than 100 people, often stopping them in villages or along roadsides, the sources said. Bourgeois, who had journalistic training, took notes on what he termed "genocidal" activities by the Salvadoran security forces.

Three hours before Bourgeois arrived at the embassy a disc jockey received a call inviting him to pick up "a package" in the parking lot of a San Salvador church. It turned out to be a handwritten letter Bourgeois had composed before walking out of San Salvador's El Camino Real Hotel on April 26.

At the embassy Bourgeois told American officials that he had expected the letter to be delivered earlier, according to spokesman Lane, "to explain his mysterious disappearance."

Instead, Bourgeois was widely assumed to be the latest American victim of terrorism here. Like journalist John Sullivan, who disappeared earlier this year from a San Salvador hotel, Bourgeois had left personal effects behind in his hotel room.

"There are moments in life when a person cannot remain silent or passive to the suffering of others," Bourgeois wrote in the letter. "After much reflection and prayer, I have decided to join the poor of El Salvador in their struggle for justice and peace.

"While I recognized that the struggle of the Salvadoran people is justified," he continued, "I personally cannot and will not bear arms."

According to church sources, Bourgeois had long combined a belief in nonviolence with outspoken sympathy for Latin American peoples he considered oppressed.

According to these sources, Bourgeois was once arrested by the government while doing missionary work in Bolivia. More recently he led a hunger strike in Chicago to protest U.S. involvement here.

Other sources close to Bourgeois indicated that his trip into the country's interior was thoroughly planned in advance. A diary left behind in his hotel room indicated considerable thought and prayer before the morning of April 26, when he walked out of the hotel and told one of the television's crew drivers that he would be back in "about 30 minutes."

"I ask you to use me in any way as our Lord God may wish in order to bring about peace and justice to our loving brothers and sisters in El Salvador," he wrote.

The diary also indicated that during the short visit he had twice visited the tomb of Archbishop Oscar Romero, who was assassinated by right-wing gunmen here last spring.

"Spending some time at Archbishop Romero's tomb gives me strength and helps me release some of the fear I feel since arriving in El Salvador," he wrote. Bourgeois' made his last visit to the tomb the morning he disappeared.

"I'm as certain as one can be that he didn't disappear of his own free will," observed a Maryknoll administrator, the Rev. James Noonan, who arrived from the United States last week to look into the case. "This would be utterly contrary to his mode of action. He would not do this to Maryknoll."

By contrast, Salvadoran President Jose Napoleon Duarte had earlier suggested publicly that "perhaps he left on his own accord to join the guerrilla leftists."

After Bourgeois walked into the embassy today, he called Noonan to announce his return. Embassy officials described Bourgeois as tired, in need of a shave and also "quiet, pensive, and determined."

Possibly to disguise himself Bourgeois had cut off his curly hair. On the road, according to friends, he often wore sunglasses and was sometimes accompanied by up to three leftist body guards.

"The problem in El Salvador is not communism," Bourgeois wrote in his letter. "Rather, it is a situation where poor and oppressed people are struggling for food, for survival . . . We need rice and beans—not guns."

The letter was signed "Roy Bourgeois, Christian."●

ARIZONA SENATE URGES ENACTMENT OF REAGAN PROGRAM

● Mr. GOLDWATER. Mr. President, our distinguished Secretary of State, the Honorable Rose Mofford, has sent me a copy of Senate Concurrent Memorial 1001, passed by the Arizona Senate, and it so concisely spells out the feelings of the people in my State that I submit it for the RECORD.

The memorial follows:

SENATE CONCURRENT MEMORIAL 1001

To the Congress of the United States of America:

Your memorialist respectfully represents:

Whereas, the voters of this nation have clearly spoken in the 1980 general election to curb the size and influence of the federal government, revitalize defense and demand recognition of the distinction between the powers granted to the federal government and those reserved to the states or to the people; and

Whereas, a vast majority of the people now believe that more governmental programs cannot solve our major economic problems; and

Whereas, federal non-defense spending has increased from three thousand one hundred dollars per household in 1970 to seven thousand five hundred dollars per household in 1980; and

Whereas, runaway spending has caused our national debt to expand to nearly one trillion dollars with an annual interest payment of ninety-five billion dollars for fiscal 1981; and

Whereas, spending and high interest debt have been contributors to the 1980 inflation rate of 12.4 percent; and

Whereas, concurrent with the rising cost of living, our nation's industries have declined and must be restructured through more rapid capital-cost recovery incentives in order to increase their productivity; and

Whereas, our nation's job providers have had a myriad of counterproductive regulations promulgated by federal agencies which have further fueled inflation and added to the loss of productivity; and

Whereas, the stimulation of more bureaucracies has also infringed further on the rights of individuals; and

Whereas, our national plan of economics has been held captive by policies which have sought to redistribute wealth; and

Whereas, after years of decline, this country must proceed into the 1980's with a positive economic program which lowers taxes and inflation while increasing productivity and employment.

Wherefore your memorialist, the Senate of the State of Arizona, the House of Representatives concurring, prays:

1. That the ninety-seventh Congress of the United States neither delay nor mitigate the magnitude of the voters' mandate at the last election and that it enact as soon as possible the legislative programs of President Ronald Reagan in order to achieve the prosperity and self-reliance necessary for the revitalization of our nation.

2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of the Arizona Congressional Delegation.●

PRIME MINISTER SUZUKI'S GIFT OF SCHOLARSHIPS FOR UNITED STATES-JAPAN EXCHANGES

● Mr. PELL. Mr. President, yesterday evening in the historic Senate Caucus room, Prime Minister Suzuki, representing the Government of Japan, announced the establishment of the Japan-United States Senate scholarship project. I wish to recognize both the gift itself and the program administrator, Youth for Understanding, Inc.

Japan's gift consists of 100 annual scholarships to enable American high school students to visit Japan for a 2-month home-stay experience.

The first recipients will participate in the program during the summer of 1982; the grant stipulates 5 successive years of support. As members of the U.S. Senate, we are charged with the responsibility of notifying our constituents of this excellent opportunity and accepting applications from teenagers residing within our respective States.

Youth for Understanding, a 30-year-old nonprofit organization with its international headquarters in this city, will make selections based on applications gathered from Senate offices, awarding scholarships to two students from each of our 50 States.

Youth for Understanding is in a unique position to administer this program, and I would like to emphasize to my colleagues that we are indeed fortunate to be involved with an organization so experienced in United States-Japan relations. Youth for Understanding has exchanged over 81,000 students between 53 countries since beginning its program with Germany in 1951. In 1958 Japan joined YFU as an exchanging country and, to date, 3,200 high schoolers from

the two countries have had an opportunity to further intercultural understanding.

With the assistance of Japanese and American corporations and foundations and the two governments, Youth for Understanding has established a superior program for American students traveling to Japan.

Each student receives a 4-day orientation in the Japanese language and culture at Stanford University prior to being placed with a Japanese host family.

In Japan, American students take part in group learning field trips and receive further language training. On returning each student has the opportunity to participate in three successive follow-up programs.

Further evidence of Youth for Understanding's dedication to Japan-United States relations is provided by its involvement in the Japan project, phase II.

Begun in 1980, as a sequel to a successful earlier project, the Japan II Project will, over 5 years, exchange a minimum of 4,350 high school students. External assistance of $3,361 million comes from 70 Japanese companies and the Rockefeller Brothers Fund.

Projects, such as Youth for Understanding's extensive exchanges with Japan, contribute in important ways to the search for peace. I have long supported exchange of persons programs as a means to understanding other cultures and to breaking down barriers of suspicion and mistrust.

Exchange of persons programs is an unique area for cooperation among governments and with the private sector. The Government of Japan and Youth for Understanding have taken a significant step forward. I hope the United States will be able to do more, and, indeed, I have sponsored a legislative proposal to accomplish this.

I wish to conclude by again acknowledging the generosity of the Government of Japan in providing the scholarships. I hope my colleagues will join me in helping to gather an outstanding group of 100 American high school students.

I personally look forward to Rhode Island's involvement in the Japan-United States scholarship project and with the Youth for Understanding.●

REAGAN BUDGET CUTS AND MONTANA

● Mr. BAUCUS. Mr. President, the Reagan administration's efforts to bring inflation and Government spending under control are commendable. Measures must be taken to revitalize the economy, and cutting Federal spending and taxes must be a part of that effort. Drastic steps and painful cuts are going to be made, as we are all aware. While I would cut some specific programs more than the President, and cut some other programs less than he recommends, I support the level of cuts the administration has proposed. Nevertheless, both Congress and the administration must exercise careful judgment in establishing spending priorities. Merely shifting the burden of Federal spending and tax reductions to State and local taxpayers will not insure our economic recovery.

Mr. President, the message from my constituents is very clear. Montanans are willing to "bite the bullet." Montanans are willing to shoulder their fair share of the spending cuts that are necessary to get our economy moving again.

But, are the spending cuts that Montanans are being asked to shoulder fair and evenhanded? Recently, the Office of Management and Budget (OMB) completed a regional analysis of the impacts of the administration's budget proposals. OMB conducted a regional analysis, not a State-by-State analysis. OMB concluded that all regions of the Nation will share roughly equally in the spending cuts.

However, it is important to note that, in its analysis, OMB lumped Montana together in the western region with Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, California, Alaska, and Hawaii. These are all fine States; Montana is pleased to be in their distinguished company. But, Montana is quite different in its characteristics from many of these States. Unlike some of these States, Montana is characterized by vast distances and sparse populations. Because of these characteristics, it is not at all certain that the dramatic shift to a reliance on "market forces," as contemplated by the Reagan administration, will help in realizing Montana's full economic potential. Too much of what constitutes rural life—vast distances and sparse populations—make it captive to noncompetitive forces.

Mr. President, the Montana Department of Administration is conducting an analysis of the fiscal impact of the administration's budget proposals on Montana. The specific effects of the Reagan cuts have not been fully determined and will not be fully known until the budget and appropriations processes are completed later this year.

However, the Montana Department of Administration has completed much of its analysis and I would like to share it with my colleagues. In addition, I would like to include a chart prepared by my staff comparing the impact of the Reagan cuts on Montana with the rest of the country. This chart is based upon the analysis completed to date by the Montana Department of Administration. The conclusions implicit in these two documents differ quite dramatically from the conclusions reached by OMB in its regional impact analysis. These documents indicate, for example, that Montanans are being asked to shoulder a far greater share of the spending cuts than can be considered equitable. While these documents reflect only preliminary estimates, I would like, at this time, to submit them for the RECORD. To the extent that Montana and the other States do in fact bear a disproportionate burden of spending cuts, we must begin to correct that imbalance.

The material follows:

REPORT TO THE GOVERNOR

REAGAN ADMINISTRATION BUDGET PROPOSAL: IMPACT ON THE STATE OF MONTANA

Introduction

On March 10, 1981, President Reagan presented to Congress a plan to revise federal budgets. The plan was designed to slow inflation, encourage saving and investment, stimulate economic growth and strengthen national defense. The major features of this economic plan are:

Reduction of federal spending. $14.8 billion in FF81 rescissions have been proposed. Reductions in approximately 280 federal programs have been presented that total $48.6 billion. Additional decreases in budget outlays of $186.6 billion in federal fiscal years 83 and 84 have been proposed. About one-half of the proposed reductions are for grants to state and local governments and for benefit payments to individuals.

Reduction of federal taxes. It has been proposed to cut individual income taxes by $6.4 billion in 1981, $44.2 billion in 1982 and $162.4 billion by 1986. Additionally, the Administration is proposing a faster write-off of capital expenditures. This system of accelerated depreciation proposed to be effective December 31, 1981, is estimated to reduce federal receipts by $2.5 billion in 1981 and $9.7 billion in 1982, with increasing amounts in subsequent years.

Changes in government regulations. The economic impact has not been calculated because most regulation changes have not been specified by the Administration.

This report is being prepared at the request of the Governor's Office of Budget and Program Planning (OBPP). It is an update of an earlier report submitted to OBPP on March 9, 1981.

The Consulting Services Bureau of the Department of Administration is coordinating the review of the Reagan budget proposals by State agencies and providing the summary analysis by impact area. Seven categories are used to separate the various programs into topical areas: Agriculture; Transportation; Human Resources; Energy and Environmental Management; Education; Community and Economic Development; and, Tax Proposals.

The Consulting Services Bureau has gathered a variety of data from federal sources as well as public and private analyses of the proposals. This information has been provided to State agencies to allow them to prepare the most comprehensive analysis of individual program proposals that is possible at this time. All of the summary pages contained in this report have been derived from Federal Financial Impact Statements prepared by the Agencies. Most contain more detail than has been presented in this report and are available for review upon request.

Approximately 75 proposed budget reductions have been determined, by analysis, to have potential major impact on the State of Montana. All others have been determined to have either minor or no impact and are listed in the back of this report.

This notebook format has been designed to allow updated material to be included within the report as specific programmatic analyses are completed. New or updated information will be provided by Consulting Services Bureau to OBPP as it is completed.

REAGAN ADMINISTRATION BUDGET PROPOSALS: IMPACT ON THE STATE OF MONTANA—INDEX, MAJOR IMPACT

Program	Index No.	Date submitted
Agriculture:		
Executive summary—Agriculture		(1).
Rural electrification and telephone direct loans	AG-1	(2).
FmHA direct loans, grants, and homeownership assistance	AG-2	(2).
Dairy price supports	AG-3	Apr. 23, 1981.
Commodity Credit Corporation	AG-4	(2).
Soil conservation	AG-5	(2).
Transportation:		
Executive summary—Transportation		(1).
Federal highway construction	TR-1	Apr. 23, 1981.
Airport construction	TR-2	Apr. 17, 1981.
Low volume railroad branchlines	TR-3	Do.
Urban Mass Transportation Act (UMTA)—Operating subsidies	TR-4	Apr. 10, 1981.
Highway safety grants	TR-5	Apr. 17, 1981.
Federal Aviation Administration reductions	TR-6	(2).
Railroad restructuring assistance	TR-7	(2).
Human resources:		
Executive summary—Human resources		(1).
Aid to families with dependent children (AFDC)	HR-1	Apr. 17, 1981.
Medicaid	HR-2	Do.
Child nutrition	HR-3	Do.
Food stamps	HR-4	Do.
CETA public service employment	HR-5	Do.
Young Adult and Youth Conservation Corps (YACC/YCC)	HR-6	Do.
Health and social services programs	HR-7	(2).
Special milk	HR-8	Apr. 17, 1981.
Women, infants and children (WIC) supplemental food program	HR-9	Do.
Supplemental security income (SSI)	HR-10	(2).
Veterans' Administration	HR-11	(2).
Health Resources Administration programs	HR-12	(2).
Indian health	HR-14	(2).
Indian affairs	HR-15	(2).
Administration for Native Americans	HR-16	(2).
Alcohol, drug abuse, and mental health programs	HR-17	Apr. 23, 1981.
Juvenile justice and delinquency prevention	HR-19	(2).
CETA—Reductions of other functions and WIN	HR-20	Apr. 23, 1981.
Reduction—Employment services personnel	HR-21	Do.
Legal Services Corporation	HR-22	(2).
Social security—Minimum benefits	HR-23	(2).
Energy and environmental management:		
Executive summary—Energy and environmental management		(1).
Energy conservation	EE-1	Apr. 23, 1981.
EPA wastewater treatment grants	EE-2	Apr. 17, 1981.
Improved targeting of conservation expenditures	EE-3	(2).
Alcohol fuels subsidies	EE-4	Apr. 23, 1981.
Biomass energy development/alcohol fuels and biomass loans	EE-5	(2).
Solar energy	EE-6	Apr. 17, 1981.
Fossil energy	EE-7	Apr. 23, 1981.
Synthetic fuels	EE-8	(2).
Water and Power Resources Service	EE-9	(2).
Forest Service	EE-10	(2).
Fish and Wildlife Service	EE-11	(2).
Surface mining—Abandoned mined lands	EE-12	Apr. 17, 1981.
Environmental Protection Agency reductions	EE-13	Apr. 23, 1981.
Education:		
Executive summary—Education		(1).
School assistance for federally affected areas	ED-1	Apr. 23, 1981.
Elementary and secondary education programs	ED-2	Do.
Vocational education	ED-3	Do.
Student assistance	ED-4	(2).
National endowments for the arts and humanities	ED-5	(2).
Indian education	ED-6	(2).
Higher and continuing education	ED-7	(2).
College housing loans	ED-8	(2).
Libraries and learning technologies	ED-9	(2).
Community and economic development:		
Executive summary—Community and economic development		(1).
Subsidized housing level—HUD	CE-1	(2).
Planning assistance—HUD	CE-2	Apr. 17, 1981.
Economic and regional development	CE-3	Do.
Community development support assistance	CE-4	Do.
Subsidized Indian housing—HUD	CE-5	(2).
Subsidies for low-income housing projects—HUD	CE-6	(2).
ACTION	CE-7	(2).
Community Services Administration (CSA)	CE-8	(2).
Small Business Administration (SBA)	CE-9	(2).
Federal Energy Management Agency (FEMA)	CE-11	(2).
Payments in excess of business tax liabilities	CE-12	(2).
Payments to nonprofit institutions	CE-13	(2).
Payments to State and local governments	CE-14	(2).
Payments where credits exceed liabilities	CE-15	(2).
Telecommunications	CE-16	Apr. 2', 1931.
Tax proposals:		
Executive summary—Tax proposals		(1).
Tax relief for individuals	TX-1	Apr. 17, 1931.
Tax incentives for investment	TX-2	Do.

[1] Executive summary will be provided for this impact area when analyses of all major programs are completed.

[2] Analysis not completed.

REAGAN ADMINISTRATION BUDGET PROPOSALS—IMPACT ON THE STATE OF MONTANA

AGRICULTURE—DAIRY PRICE SUPPORTS PROGRAM

Based on analysis furnished by Milk Control Division, Department of Business Regulation.

Description of program

The federal government buys dairy products equivalent to about eight billion pounds of milk per year. This buying program results in a price support for milk products at 80 percent of parity.

Description of proposed reductions

The proposed cuts at the federal level will result in the current price support level being maintained rather than increasing as anticipated on April 1, 1981. The President's long-range proposal is to reduce the price support from its current 80 percent parity to 75 percent and 70 percent of parity for FY 82 and FY 83. These cuts would be felt by dairy farmers directly. The funds do not pass through State government.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $134,716; FY 82, $404,150; FY 83, $673,584.

Programmatic impact

On the average, each Montana dairy farmer would receive $466 less in FY 81 for dairy price supports, $1,398 less in FY 82 and $2,331 less in FY 83.

TRANSPORTATION—FEDERAL HIGHWAY CONSTRUCTION PROGRAM

Based on analysis furnished by Centralized Services Division, Department of Highways.

Description of program

Federal government provides grants to states for use on interstate, secondary, urban, and off-system roads and safety programs. These funds are matched by state and local funds, primarily derived from fuel taxes.

Description of proposed reductions

The State's share of federal apportionment will not be available after October 1, 1981 for off-system roads and various safety programs. Secondary and urban system programs will be phased out with a reduced FY 83 federal apportionment and no apportionments beyond FY 83.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $5,095,000; FY 83, $14,195,000.

Programmatic impact

If the State of Montana does not continue to fund roadway maintenance and construction at current levels, the costs would be passed onto local governments. The fiscal impact assumes that no State funding would replace federal funding. Additional State and local taxes may be needed if Montana is to protect its investment in these roadways.

TRANSPORTATION—AIRPORT CONSTRUCTION PROGRAM

Based on analysis furnished by Airport/Airways Bureau, Aeronautics Division, Department of Community Affairs.

Description of program

This program provides federal grants of up to 90% for airport construction purposes. This program also provides for loans of up to $40,000 for planning local airport improvements and grants up to $1,000 to assist communities in the cost of consultant services for airport planning.

Description of proposed reductions

Assuming that the proposed reduction would be applied equally among the states, Montana's share of the national apportionment is 1.32%. The airport improvement programs in Montana would be reduced by 33% during the period of 1981–1986, with a cumulative short fall of $23 million federal dollars.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $3,300,000; FY 83, $3,669,000.

Programmatic impact

Without these federal funds, Montana's aviation system would deteriorate. Without funds to increase capacity or to promote operational safety, the viability of Montana's aviation systems as a means of transporting goods and services would be reduced.

TRANSPORTATION—LOW VOLUME RAILROAD BRANCHLINES PROGRAM

Based on analysis furnished by Department of Highways.

Description of program

Under this program, federal grant monies are made available to states to enhance the viability of light density rail lines or to mitigate the effects of abandonment of such lines.

Description of proposed reductions

The President's proposal would eliminate all future federal funding for this program.

Fiscal impact on State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $2,240,284; FY 83, $3,548,582.

Programmatic impact

Loss of federal funding for rail service would compound the State's financial burden of providing proper State rail planning. The proposed State budget provides a minimal program designed only to maintain the State rail plan on an annual basis. If the State continues this level of rail planning, the funding ($100,000 in FY 82, $156,225 in FY 83) would have to be provided from another source. There are 105 major stations along Montana's 1,162 miles of rail system. All of the stations have associated rural communities which receive economic benefit from rail service. Local governments would have to cope with dramatic changes in their tax base as well as a potential "ripple effect" as other transportation dependent businesses decline and/or move to mainline locations.

TRANSPORTATION—URBAN MASS TRANSPORTATION ACT (UMTA) SUBSIDIES PROGRAM

Based on analysis furnished by Community Development Division, Department of Community Affairs.

Description of program

Transit assistance formula grants are provided to urbanized areas (Billings and Great

Falls) for 80% of capital and 50% of operating subsidies of local transit service.

Section 18 of the program provides grants to small cities in rural areas to subsidize 80% of capital and 50% of operating costs of local transit systems. It also provides a portion of these funds to State government to administer the program.

Description of proposed reductions

A four-year phaseout of the federal subsidy to local transit services is proposed beginning with a 70% reduction in FY 83 and total elimination by FY 85.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $150,000; FY 83, $723,000.

Programmatic impact

This cutback would result in the elimination of 50% annual subsidies to Missoula, Butte, Helena, Garfield County, Valley County, Fort Peck Indian Reservation, Yellowstone County and Powder River County. These reductions would have the probable effect of eliminating several smaller systems of public transportation in the State and, after 1983, eliminating assistance in planning and development of local transit systems.

TRANSPORTATION—HIGHWAY SAFETY GRANTS PROGRAM

Based on analysis furnished by Highway Traffic Safety Division, Department of Community Affairs.

Description of program

This program is intended to implement, modernize and improve the following activities: driver education; driver testing; pedestrian awareness; accident records; vehicle registration; vehicle operation; vehicle inspection; roadway design, construction and maintenance; traffic control devices; emergency medical services; traffic law enforcement; and, to provide for the administration of the program.

Description of proposed reductions

It is estimated that there will be approximately a 50% cut in federal funding.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $660,000; FY 83, $660,000.

Programmatic impact

These proposed reductions could result in increases in fatal accident rates, increases in general accident rates and decreases in emergency services throughout the State.

State and local governments in Montana share these funds on a 50/50 basis. Therefore, the reduction would be expected to be made using that same ratio.

HUMAN RESOURCES—AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) PROGRAM

Based on analysis furnished by Department of Social and Rehabilitation Services.

Description of program

AFDC provides federal funds to states on a matching basis to pay cash welfare benefits to low-income families with dependent children. Federal Child Support Enforcement (CSE) programs finance 75% of states' cost of enforcing and collecting child support from liable absent parents.

Description of proposed reductions

AFDC eligibility determination will include the income of a child's stepparent as a support and all of the family's current income in determining the monthly benefit. Deductions for child care costs will be limited and other work-related expenses standardized. AFDC payments of less than $10/month will be eliminated. Payments will be terminated for dependent children at age 18, unless the child is in high school. Persons participating in labor disputes other than employer lockouts will not be eligible for AFDC.

CSE will charge an applicant fee in non-AFDC cases. The State will be required to contribute to the financing of incentive payments for collections in other political jurisdictions. CSE activities will include collection of alimony. The IRS will intercept federal income tax returns of liable absent parents where a court judgment has been made in regard to child support.

Federal matching for training costs related to the administration of AFDC will be reduced from 75% to 50%.

FISCAL IMPACT ON THE STATE

	Anticipated reductions (fiscal years)		
	1981	1982	1983
General fund	0	$678,119	$969,552
County funds	0	146,342	209,235
Federal funds	0	1,711,539	2,397,213
Total	0	2,536,000	3,576,000

Programmatic impact

Stepparent income included in eligibility determination would remove approximately 1,263 families from AFDC. It is also estimated that changes in the work-related allowances would reduce AFDC grants by $10/month to 330 families and by $75/month for 400 families.

Funding to the AFDC training budget would be reduced by 50%. This will primarily affect the training of eligibility technicians employed at the local level, by reducing the amount available for specific classes, travel and perdiem expenses.

HUMAN RESOURCES—MEDICAID PROGRAM

Based on analysis furnished by Department of Social and Rehabilitation Services.

Description of program

Medicaid provides from 50% to 70% of the costs of each state's medical assistance programs for the needy. Montana receives 65%.

Description of proposed reductions

An interim cap will be imposed to reduce federal expenditures $100 million below the current base estimate in federal fiscal year 81. Federal expenditures would be allowed to increase 5% in federal fiscal year 82. After federal fiscal year 82, federal spending would rise only with the rate of inflation as measured by the GNP deflator. During the interim period, federal expenditures will be allocated among states so that each state will maintain its current relative share of total Medicaid spending.

The Reagan Administration is also proposing legislation that would allow the federal government to collect contested Medicaid expenditures of prior years from states which are appealing federal disallowance of Medicaid expenditures to the Federal Grant Appeals Board. Currently, states do not reimburse the federal government for contested expenditures unless an adverse judgment is made against the State.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $240,000; FY 82, $4,600,000; FY 83, $5,000,000.

Montana currently has a $1,400,000 appeal pending before the Federal Grant Appeals Board. If the proposed Reagan Administration legislation passes, Montana will have to pay that amount before its appeal is decided. (The appeal has been pending for eight years to date.)

In FY 80, $6.8 million of institutional Medicaid reimbursements were deposited in the State's General Fund. Proposed restrictions of eligibility for Medicaid will have an adverse impact on reimbursements collected for institutional services. The extent of impact on General Fund Revenues has not been estimated at this time.

Programmatic impact

If State revenues do not make up the benefit shortfall, medical assistance to Montana's needy citizens would be reduced. No estimates are provided as to how many citizens would be affected.

HUMAN RESOURCES—CHILD NUTRITION PROGRAM

Based on analysis furnished by Office of the Superintendent of Public Instruction.

Description of program

Federal subsidies for child nutrition are provided through cash payments, commodities, and special cash assistance to school districts that agree to provide free meals to low-income students and reduced price meals to slightly higher income students (125% to 185% of the poverty level).

Description of proposed reductions

The proposed reductions result from changing the sliding fee schedule for meal subsidies to exclude middle and upper income students from partially subsidized school meals and to eliminate "nonessential activities" funded by this program. Eliminated from funding will be subsidization of food service equipment acquisitions, nutrition education and training grants, subsidized snacks and all subsidies to schools with "high" tuitions.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $4,044,380; FY 83, $4,004,380.

Because all funds within this program are expended at the school district level, on impact on the State budget is expected.

Programmatic impact

School districts in Montana would lose significant funds due to a loss of federal participation in school lunch programs, assuming continued services at the current level. Two-thirds of the free and reduced price lunches are served in districts in which those lunches constitute less than 20% of the total lunches served. Many of these schools may eliminate the lunch program rather than increase taxes or the price of lunch. In these instances, many of the children now receiving meals would no longer have them available. In districts that retain the program, many children who currently receive the free or reduced price meals would not be able to afford to participate. In addition, Nutrition Education and Training programs and Food Service Equipment Assistance funds will be lost to Montana school districts.

HUMAN RESOURCES—FOOD STAMPS PROGRAM

Based on analysis furnished by Department of Social and Rehabilitation Services.

Description of program

This program provides assistance to eligible low-income persons in the form of food stamp coupons. Approximately 44,600 people in Montana receive food stamps each month for an annual total of $19.1 million of food stamp value.

Description of proposed reductions

The proposal would lower income limits for eligibility, eliminate overlapping food stamp and free school meal subsidies, calculate eligibility only on the basis of household income in the prior period, pro-rate the first month's benefits to reflect the portion of the month for which the assistance is needed, and repeal provisions for future increases in the food stamp program.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $669,851; FY 83, $50,404.

Programmatic impact

Approximately $670,000 worth of food stamps would be lost to Montana recipients in FY 82, and $50,000 in FY 83. No estimate of the number of people affected is provided.

HUMAN RESOURCES—CETA, PUBLIC SERVICE EMPLOYMENT PROGRAM

Based on analysis furnished by Employment and Training Division, Employment Security Division, Department of Labor and Industry.

Description of program

Titles II-D and VI of the Comprehensive Education and Training Act (CETA) provide federal subsidization of PSE jobs in the public and private non-profit sector for low-income Montanans.

Description of proposed reduction

This program is proposed for elimination by the end of federal fiscal year 81 beginning with a rescission of 42% of the current funding effective March 18, 1981. Those who lose their PSE jobs will be eligible for unemployment compensation.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $3,287,925; FY 82, $5,935,272; FY 83, $5,935,272.

Programmatic impact

Approximately 2,000 jobs annually for local governments, schools and private nonprofit organizations throughout Montana will be lost effective May 30, 1981. This loss of jobs will result in either a loss of services provided by local governments and schools or an increase in local taxes or fees to maintain services without federal subsidy.

HUMAN RESOURCES—YOUNG ADULT AND YOUTH CONSERVATION CORPS (YACC/YCC) PROGRAM

Based on analysis furnished by Centralized Services Division, Department of Natural Resources and Conservation.

Description of program

The Youth Adult Conservation Corps program provides year-round employment on public lands to unemployed youth ages 16 to 23 of all income levels. The youth perform conservation related work through projects operated by local communities and nonprofit human resources agencies from pass-through grants administered by DNRC.

The Youth Conservation Corps program provides summer employment on public lands and environmental training for youth ages 15 to 18 of all income levels. This program is administered through contracts with local communities and nonprofit human resource agencies.

Description of proposed reductions

The proposed reduction decreases YACC funding from a level of $140,101 in FY 81 to $57,299 in FY 82, and eliminates all funding in FY 83. The proposal terminates the YCC program in FY 82.

Fiscal impact on State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $180,802; FY 83, $238,101.

Programmatic impact

These programs provide summer and year-round positions for Montana citizens which would be eliminated. In most cases, these people are performing conservation projects which would otherwise not be accomplished unless the State or local governments provide funds to continue the programs.

HUMAN RESOURCES—SPECIAL MILK PROGRAM

Based on analysis furnished by Office of the Superintendent of Public Instruction.

Description of program

This federal subsidy program provides extra milk for school children.

Description of proposed reductions

The proposed reduction would result from elimination of eligibility for the Special Milk Program of those schools already participating in the National School Lunch Program or the School Breakfast Program.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $390,000; FY 83, $390,000.

Programmatic impact

Special Milk subsidies will be lost to approximately 415 Montana schools participating in the National School Lunch Program. Seventy schools with the Special Milk Program and no National School Lunch Program would not be affected. Schools wishing to continue to provide extra milk to children would have to either increase the charge for milk or make up the loss from the school's general fund.

HUMAN RESOURCES—WOMEN, INFANTS AND CHILDREN (WIC) SUPPLEMENTAL FOOD PROGRAM

Based on analysis furnished by Department of Health and Environmental Sciences.

Description of program

This supplemental food program is designed to provide nutritional services to women, infants and children in six nutritional risk categories. Nutritional assistance is supplied through local agency programs and their satellites.

Description of proposed reductions

WIC benefits will be focused on low-income pregnant and lactating women and infants under established priorities for participation. Applicants with relatively high incomes or without "measurable" nutritional deficiencies will not be given priority for receipt of benefits. The reduction of funding is anticipated to reduce the national caseload by about one-third in federal fiscal year 82.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $609,511; FY 83, $1,120,141.

Programmatic impact

Under the Reagan proposal, it is estimated that 23 local WIC programs would be eliminated and about 5,000 participants would not receive the direct nutritional benefits of this program. Additionally, well-child clinics supported with WIC funds also may have to be dropped. This would prevent approximately 3,750 mothers from receiving nutritional counseling and instruction in techniques to improve their health and the health of their children. Approximately 78 percent of the federal allocations are used for food purchases by WIC participants. This translates into an estimated loss of direct food purchasing power of $475,000 in FY 82 and $874,000 in FY 83.

HUMAN RESOURCES—ALCOHOL, DRUG ABUSE AND MENTAL HEALTH PROGRAMS

Based on analysis furnished by Administrative Services Bureau, Department of Institutions.

Description of program

Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) programs provide support through grants, contracts and direct federal programs for research and training activities in mental health, drug abuse and alcoholism.

Description of proposed reductions

A rescission of budget authority of $98 million under the current continuing resolution for federal fiscal year 81 has been proposed. This rescission would reduce proposed increases in funding for ADAMHA research, reduce training and service project grants and terminate funding for State formula grants for alcohol and drug abuse. Federal support for ADAMHA clinical training of mental health professionals would be phased out by the end of 1982. In 1982, all categorical service programs and funds will be incorporated into the Health Services Block Grant Program.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $1,123,031; FY 83, $980,512.

Rescission of alcohol and drug formula grant authority will affect receipt of grants in FY 82.

Programmatic impact

In FY 80, federal funds for alcohol and drug abuse programs were passed through the State to community treatment programs. These funds would be eliminated by the Reagan proposal.

The reduction of funding, approximately 25 percent, for mental health programs would directly affect the five regional Community Mental Health Centers in Montana.

HUMAN RESOURCES—CETA—REDUCTIONS OF OTHER FUNCTIONS AND WIN PROGRAM

Based on analysis furnished by Employment Security Division and Employment and Training Division, Department of Labor and Industry.

Description of program

Comprehensive Education and Training Act (CETA) programs provide job training and work experience for disadvantaged adults and youth. Job training programs (Title IIBC), youth programs (Title IV A and C), private sector programs (Title VII), and special Governor's programs (for job training and youth) provide these services. The Work Incentive Program (WIN) is a program designed to assist the transition of persons receiving AFDC (See HR-1) from welfare to unsubsidized work.

Description of proposed reductions

The Reagan Administration proposes to consolidate youth programs into CETA, Title II, Parts B and C by discontinuing separate authorization for youth programs in CETA, Title IV. In 1983, the summer youth program will also be consolidated with Title II, Parts B and C. The WIN program is to be held at its current funding level, eliminating the Carter-proposed $20 million cost-of-living increase.

Fiscal impact on the State

Anticipated reductions of Federal funds: fiscal year 81, $0; FY 82, $1,939,733; FY 83, $3,576,673.

Programmatic impact

Consolidation of programs and reduction of funding would result in reduction of services to disadvantaged Montanans. With CETA reductions, 3,000 disadvantaged youth and adults may be affected.

Failure to adjust WIN funding to cover the estimated 20-26% inflation anticipated over the next biennium would reduce either the number of individuals served in the State or the level of services provided statewide. Services which would be reduced if the entire caseload were maintained would include employment and personal counseling, job development and job referrals. Currently, 3,400 people are served by or are eligible to receive services from the WIN program in Montana.

HUMAN RESOURCES—REDUCTION—EMPLOYMENT SERVICES PERSONNEL PROGRAM

Based on analysis furnished by Employment Security Division, Department of Labor and Industry.

Description of program

Employment Services personnel provide job counseling, employment testing and job referrals to individuals seeking employment, at no charge to either the job seeker or the employer seeking employees through placement of job orders with the Service. The Employment Service also provides a Disabled Veterans Outreach program and limited food stamp distribution, and derives and reports local labor market information.

Description of proposed reductions

The Reagan Administration proposes to reduce grant outlays to states for the Employment Service by $150 million in federal fiscal year 1982.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $1,018,122; FY 83, $1,030,000.

Programmatic impact

It is anticipated that there will be a 17% reduction in Montana's Employment Service in FY 82, a 20% reduction in the Labor Market Information program and total elimination of the Disabled Veterans Outreach program. No reduction in DOLI Food Stamp ad-

ministration funding is anticipated at this time. The 17% reduction in Employment Services funding would reduce, by an estimated 25%, the ability of the staff to provide services in the areas of job counseling, employment testing, job referrals and employer job orders.

ENERGY AND ENVIRONMENTAL MANAGEMENT—ENERGY CONSERVATION PROGRAM

Based on analysis furnished by Energy Division, Department of Natural Resources and Conservation.

Description of program

Specific programs in Montana under this federal program which could be affected by the proposed budget reductions are:

Weatherization Assistance for Low Income People Program—Designed to make low-income persons' homes more energy efficient by eliminating cold air infiltration.

State Energy Conservation Program (SECP)—Provides energy conservation information to the residential, commercial, transportation, and agricultural sectors on a statewide basis.

Supplemental State Energy Conservation Program (SSECP)—Provides energy audit services, boiler efficiency workshops, interagency coordination and an automated energy conservation data base for statewide use.

Energy Extension Service (EES)—Provides grants to local governments for developing and implementing energy management plans, technical assistance to the building and finance industry, reference material on energy conservation and renewable energy, and information through agricultural cooperative extension offices.

Emergency Energy Conservation Act (EECA)—Provides grants that allow the State to develop contingency plans for possible energy emergencies regarding specific fuel types.

Description of proposed reductions

The Reagan proposal would provide weatherization funds in the Community Development Block Grant (CDBG) program. These funds would be made available to municipalities and not to the State. If weatherization activities are to be continued, it would be at the discretion of the CDBG grantee.

The SECP, SSECP, and EES programs are currently funded on a calendar year basis at $190,800, $64,900, and $193,400 per year respectively. The EECA funding for Phase II Planning would have amounted to $103,000. The proposed reductions would totally eliminate these fundings.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $103,000; FY 82, $2,049,100; FY 83, $2,049,100.

The $103,000 indicated as a reduction for FY 81 represents rescinded EECA funds. The FY 82 and FY 83 reductions represent cuts of $190,800, $64,900, $193,400 and $1,600,000 for SECP, SSECP, EES and Weatherization respectively. The President proposes that Weatherization be consolidated within the CDBG program to cities, thereby bypassing the State mechanism.

Programmatic impact

The services provided by these programs as described above would be either eliminated or substantially reduced by the proposed reductions.

ENERGY AND ENVIRONMENTAL MANAGEMENT—EPA WASTEWATER TREATMENT GRANTS PROGAM

Based on analysis furnished by Environmental Sciences Division, Department of Health and Environmental Sciences.

Description of program

The Municipal Construction Grants program provides financial assistance to Montana communities that are constructing new, or upgrading existing, wastewater treatment facilities to improve the quality of discharged wastewaters. The program provides federal funds for 75 percent of the costs associated with the necessary improvements to wastewater treatment facilities.

Description of proposed reductions

The proposed reductions in federal funds for the Municipal Construction Grants program would reduce federal fiscal year 81 monies and provide no funds for federal fiscal year 82.

Fiscal Impact on the State

Anticipated reductions of Federal Funds: FY 81, $7,000,000; FY 82, $17,000,000; FY 83, $7,000,000.

Programmatic impact

Not funding the Municipal Construction Grants program would effectively halt fifty (50) projects. Many communities would still be faced with water quality requirements, but would have to bear the entire cost because they would have no financial assistance available. Water quality below each of the facilities not constructed would suffer.

ENERGY AND ENVIRONMENTAL MANAGEMENT—ALCOHOL FUELS SUBSIDIES PROGRAM

Based on analysis furnished by Energy Division, Department of Natural Resources and Conservation.

Description of program

The Alcohol Fuels Subsidy program, funded through the Department of Energy, augments the Farmers Home Administration loan program by providing for feasibility studies and cooperative agreement demonstration projects for alcohol and other biomass conversion plants.

Description of proposed reductions

The proposed reduction terminates the entire program, including complete rescission of the FY 81 funding.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $115,000; FY 82, unknown; FY 83, unknown.

There is no way at this time to calculate this effect on private interests for FY 82 and FY 83.

Programmatic impact

One present project, Infinity Oil Company of Garfield, will lose $115,000 in this fiscal year. In addition, no further feasibility studies can be conducted from these funds for biomass conversion in Montana.

The loss of funding would also adversely affect local government efforts to convert garbage landfills into viable energy producing facilities through biomass conversion.

ENERGY AND ENVIRONMENTAL MANAGEMENT—SOLAR ENERGY PROGRAM

Based on analysis furnished by Energy Division, Department of Natural Resources and Conservation.

Description of program

Solar energy programs are funded by the Department of Energy. The specific program at the State level is the Montana Western Solar Utilization Network (WSUN) which is a regional solar network to promote the commercialization and utilization of solar energy in Montana.

Description of proposed reductions

The proposed reductions in WSUN funding would eliminate the WSUN program in Montana. The program is targeted to facilitate commercialization of solar energy in Montana by working with local governments, businesses, lending institutions, contractors, and the general public. The program provides educational materials, technical assistance, and workshops to promote solar energy.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $130,000; FY 83, $130,000.

The $130,000 reduction reflects anticipated revenue reductions from the federal government for the WSUN budget.

Programmatic impact

Reduction in the Solar Energy Program funding would cause: elimination of direct contracts to local governments; elimination of solar information/technical assistance to local governments; an adverse program impact on the Alternative Energy Sources grant program which must absorb solar activities currently conducted by WSUN; and a loss to all Montana citizens of an objective source of technical information and materials regarding solar energy.

ENERGY AND ENVIRONMENTAL MANAGEMENT—FOSSIL ENERGY PROGRAM

Based on analysis furnished by Facility Siting Division, Department of Natural Resources and Conservation.

Description of program

Anticipated reductions of Federal funds: FY 81, $145,000; FY 82, $22,495,000; FY 83, $46,660,000.

State Funds: FY 81, $0; FY 82, $500,000; FY 83, $0.

MHD funding is divided in Montana between MERDI, Mountain States Energy and Montana Tech in Butte, DNRC in Helena and Montana State University in Bozeman. Under the proposals, all funding for research and development grants would be eliminated in FY 82 for all of those institutions. The majority of the funds (approximately 90%) are currently for the Component Development Integration Facility (CDIF) operated by Mountain States in Butte. In FY 81 research funds, Montana State University receives approximately $700,000, Montana Tech receives approximately $425,000 and MERDI receives $250,000. MERDI also receives $500,000 for a national MHD Environmental Program.

Programmatic impact

The greatest impact of these proposals would be felt in Butte. Construction of the CDIF is expected to be completed prior to the end of federal fiscal year 81. With the elimination of federal funding, 200 permanent, full-time jobs would be eliminated at the CDIF. Additionally, approximately 40 jobs would be lost at MERDI.

DNRC would not be able to perform preliminary engineering studies and environmental studies to site the MHD component in Montana.

The ability to perform MHD research would be eliminated.

ENERGY AND ENVIRONMENTAL MANAGEMENT—SURFACE MINING—ABANDONED MINED LANDS PROGRAM

Based on analysis furnished by Reclamation Division, Department of State Lands.

Description of program

This program provides federal funds to reclaim abandoned coal and non-coal mined lands which pose threats to human life or health. Funds are supplied from a U.S. Treasury account for reclamation fees collected from coal producing companies.

Description of proposed reductions

Montana's proposed budget for the Abandoned Mined Land (AML) program for FY 82 is $6.5 million. The Reagan Administration's proposed budget reductions call for a 30% across-the-board decrease in AML funding to the states below that proposed by the Carter Administration. Should such a cut apply equally to all states, Montana's FY 82 AML budget could be reduced to $4.55 million.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $1,950,000; FY 83, $1,950,000.

The State of Montana uses no other funds for this program. This is not a matching-funds program. There would be no financial impact on service delivery to Montana citizens or to local government.

Programmatic impact

The reduction in AML funding would result in a one-third reduction in the number of reclamation projects completed. Montana has identified 500 eligible abandoned mines to date. Environmental degradation and hazards to the public from these mines would continue. Five reclamation projects for FY 82 would have to be dropped as a result of the budget reduction.

ENERGY AND ENVIRONMENTAL MANAGEMENT—ENVIRONMENTAL PROTECTION AGENCY REDUCTIONS PROGRAM

Based on analysis furnished by Department of Health and Environmental Sciences.

Description of program

Programs in Montana that would be affected by the proposed EPA reductions are:

The Water Quality Management Planning program, Section 208 of the Federal Clean Water Act, provides for development of a comprehensive plan to control all sources of water pollution. The plan developed for Montana identified a number of management agencies and programs to deal with pollution problems identified in the planning process.

Section 106 of the Federal Clean Water Act, provides financial assistance to states for administration of the Water Pollution Control program. It is intended to fund such programs as waste discharge permits, water quality surveillance and monitoring, and general enforcement of the State Water Quality Act.

The Clean Lakes program (Section 314—Clean Water Act), provides financial assistance to evaluate the water quality problems of selected lakes, made recommendations to correct identified problems and implement those recommendations. Federal funds are available on a 70 percent federal/30 percent local basis for the evaluation and recommendation phase and 50/50 for the implementation phase.

Description of proposed reductions

The proposed Section 208 funding reduction to zero for FY 82 and FY 83 would eliminate many water quality management functions and eliminate funds for local units such as conservation districts.

Program funding for Section 106 would drop from the current level of approximately $330,000 in federal funds to less than $300,000. This is matched by a maintenance level of effort by the State of $72,000 in general funds.

The proposed reductions would eliminate all funding for Section 314.

Fiscal impact on the State

Anticipated reductions of—

Federal Funds (Section 208): FY 81, $0; FY 82, $34,000; FY 83, $0.

Federal Funds (Section 106): FY 81, $0; FY 82, $300,000; FY 83, unknown.

Federal Funds (Section 314): FY 81, $0; FY 82, unknown; FY 83, unknown.

Reductions for Section 208 in FY 83 are indicated as zero because no federal funding was to be provided even before the Reagan proposal. Funding expected for Section 106 in FY 83 and the related cuts are undeterminable at this time. No budget figures for Section 314 are indicated because funds which would have been requested after the evaluation and recommendation phase are unknown at this time and would be denied under the Reagan proposal.

Programmatic impact

Costs of administering Montana programs under Section 208 would have to be passed on to local government. Programs such as biological monitoring, toxic algae identification and ambient monitoring would be reduced or totally eliminated.

The Section 106 program cut could significantly hamper the State's ability to administer programs under the Montana Water Quality Act.

Elimination of Section 314 funding would result in inability to implement the recommendations of the evaluation study currently underway on Georgetown Lake. The cost of protecting that body of water would therefore rest on local units of government or the State.

EDUCATION—SCHOOL ASSISTANCE FOR FEDERALLY AFFECTED AREAS PROGRAM

Based on analysis furnished by Office of the Superintendent of Public Instruction.

Description of program

This impact aid program (P.L. 484) provides payments for maintenance and operations to school districts based on the presence of nontaxable federal property in the school district which is providing primary and secondary education to military dependents, Indian children, and children in low rent public housing.

Description of proposed reductions

Impact aid would be limited to those school districts in which children whose parents both live and work on Federal property comprise 20 percent or more of the district's entitlement. A rescission of $66.5 million has been proposed for federal fiscal year 81 which would reduce payments to school districts to 90 percent of the amounts otherwise payable in 1981.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $1,151,113; FY 82, $3,966,619; FY 83, $3,966,619.

Programmatic impact

Sixty-nine percent (69%) of the participating schools in Montana would not qualify for impact aid in FY 82. The school districts that depend on this support would have to either cut programs or increase local levies to maintain current-level services.

EDUCATION—VOCATIONAL EDUCATION PROGRAM

Based on analysis furnished by Office of the Superintendent of Public Instruction.

Description of program

The Vocational Education Act of 1963, as amended, primarily provides formula grants to States in order to stimulate State and local support for vocational training. The majority of federal funds is directly allocated to Local Education Agencies (LEA's) to provide support for approved vocational education programs.

Description of proposed reductions

A $238 million rescission of federal fiscal year 81 funds for Vocational and Adult Education was submitted to Congress March 19, 1981. The Administration proposes to cut budget authority for vocational education programs by 20 percent below the Carter budget request in 1982.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $781,418; FY 83, $1,250,268.

The proposed rescission of 1981 funds reduces the funding base for 1982 by $781,000 due to "forward-funding" for these programs.

Programmatic impact

Fifteen programs, including 404 approved vocational education projects and support of State Administration, would be affected by the proposed reduction of federal funds. This would affect either the continuation of, or the level of, program services currently provided by LEA's to 32,058 secondary education students and 4,445 postsecondary education students. LEA's provide 58 percent of the total funding for these programs, with the State contributing 28 percent and the federal government providing 14 percent.

COMMUNITY AND ECONOMIC DEVELOPMENT—PLANNING ASSISTANCE—HUD PROGRAM

Based on analysis furnished by Community Development Division, Department of Community Affairs.

Description of program

Section 701 of the Housing Act of 1954 (as amended by the Housing and Community Development Act of 1980) authorizes grants to provide up to two-thirds of the costs to states, area wide planning organizations and local governments for the development of comprehensive plans and implementation strategies.

Description of proposed reductions

The Reagan Administration proposes to terminate this program in 1981 by means of a $34.9 million rescission of budget authority for federal fiscal year 81.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $213,000; FY 82, $230,000; FY 83, $243,000.

Because there is no Montana statute mandating the provision of planning assistance, the elimination of this program is not expected to have an impact on the State budget.

Programmatic impact

Elimination of this program will result in loss of $100,000 annually to 79 local planning boards in Montana. This will mean the loss of technical and financial support for their planning and management activities.

COMMUNITY AND ECONOMIC DEVELOPMENT—ECONOMIC AND REGIONAL DEVELOPMENT PROGRAM

Based on analysis furnished by Department of Business Regulation, Old West Regional Commission, Governor's Office of Commerce and Small Business Development.

Description of program

The objectives of the Economic Development Administration (EDA) are to reduce substantial and persistent unemployment in economically distressed areas and to deal with problems of economic adjustment. Economic assistance is provided to state and local governments on a matching basis. The Regional Development Program provides grants to state and local governments through regional commissions designed to foster economic development on a regional basis.

Description of proposed reductions

The EDA and Regional Development Commissions are scheduled for elimination by the Reagan Administration. Rescissions totaling $368 million have been submitted to Congress for federal fiscal year 81 to begin phasing out both programs.

Fiscal impact on the State

Anticipated reductions of State funds: FY 81, $0; FY 82, $59,000; FY 83, $0.

Federal funds: FY 81, $0; FY 82, $630,000; FY 83, $480,000.

Programmatic impact

Elimination of these programs would end current State provision of technical and financial assistance to small businesses in Montana, the Montana Public Investment Plan, and the Montana Community Technical Assistance Program. In FY 80, 23 direct grants or loans affecting 16 communities were approved by EDA. Elimination of this support will curtail local community efforts to improve economic conditions and to increase the local tax base.

COMMUNITY AND ECONOMIC DEVELOPMENT—COMMUNITY DEVELOPMENT SUPPORT ASSISTANCE PROGRAM

Based on analysis furnished by Community Development Division, Department of Community Affairs.

Description of program

This pass-through funding provides Community Development Block Grant (CDBG) "Small Cities Competition" and Urban Development Action Grant (UDAG) "National Competition" programs for use by

Montana localities in a variety of local community development activities.

Description of proposed reductions

The Reagan Administration proposes to integrate these two programs into one grant mechanism and reduce their existing combined budget authority by $500 million nationwide in federal fiscal year 82.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $0; FY 82, $746,000; FY 83, $864,000.

Programmatic impact

Approximately 10 Montana communities have been awarded CDBG funds for each of the past 4 years for housing rehabilitation and public facility improvements. It is expected that the number and amount of those grants will be reduced in FY 82 and FY 83. The UDAG funds are based on national competition and the potential impact on Montana of consolidation of that program with CDBG cannot be assessed on other than a case-by-case basis.

COMMUNITY AND ECONOMIC DEVELOPMENT—TELECOMMUNICATIONS PROGRAM

Based on analysis furnished by Communications Division, Department of Administration.

Description of program

The Public Telecommunications Facilities Program (PTFP) was started in 1961 to provide "seed money" to local interests desiring to initiate or improve public (and educational) television and radio stations' operational capabilities. It provides funding for planning, equipment, and facilities.

Description of proposed reductions

The Administration is proposing a rescission of unobligated FY 81 appropriations and elimination of all future fiscal year appropriations for the PTFP. Montana's $107,000 Telecommunications Grant, a one-time authorization, would be unaffected.

Fiscal impact on the State

Anticipated reductions of Federal funds: FY 81, $127,500; FY 82, $0; FY 83, $0.

The Circle and Roundup, Montana "Nevada" PBS System Grants ($63,750 each) would not be received if the federal budget rescissions, as proposed, were implemented.

Programmatic impact

No future federal funds would be available to the State for general telecommunications planning or for planning or implementation of public TV or public radio. The State would have the responsibility for funding its own telecommunications planning functions in the future. Currently, there is no central telecommunications planning outside the Telecommunications Project in the State of Montana.

Federal match funds used by communities for the purpose of public TV and radio facilities will no longer be available. Funding for public TV and radio projects would likely rely upon the creation of public TV tax districts in the absence of State funding.

TAX PROPOSALS—TAX RELIEF FOR INDIVIDUALS PROGRAM

Based on analysis furnished by Department of Revenue, Research and Information Bureau.

Description of proposal

The administration is proposing that marginal federal tax rates for individuals be reduced by 10% each year for the next three years, beginning July 1, 1981. Marginal tax rates would be reduced from their present range of 14 to 70% to a range of 10 to 50% effective January 1, 1984. For all years after 1981, the percentage reduction in withholding rates and tax schedule rates would be the same. These proposed reductions in individual income tax rates are estimated to reduce federal receipts by $6.4 billion in 1981, $44.2 billion in 1982, and $162.4 billion by 1986. As a result, individual federal income taxes would rise at a 10.2% annual rate from 1981–1986, compared with an annual increase of 16.6% under current law.

Fiscal impact on the State

Anticipated Increase in State Revenue: Individual Income Tax Collections: FY 81, $0; FY 82, $900,000; FY 83, $2,700,000.

Assumptions

1. The amount of the deductions taken for Federal Income Taxes on Montana individual income tax returns will be reduced by 5% for 1981 liabilities, 15% for 1982, 25% for 1983 liabilities, and 30% for 1984 liabilities, from the values which would be claimed without implementation of the proposal.

2. The impact of the proposed changes in Federal individual income taxes outlined in Assumption 1 will increase Montana individual income tax receipts in the following manner: FY 81—no effect, FY 82—$0.9 to $1.2 million, FY 83—$2.7 to $3.6 million, FY 84—$4.5 to $6.0 million and FY 85–$5.4 to $7.2 million.

3. No other changes from the current tax law are assumed, except that the base personal exemption allowance is hypothesized to be $800.

Note: Detailed estimates by fund type are available upon request.

TAX PROPOSALS—TAX INCENTIVES FOR INVESTMENT PROGRAM

Based on analysis furnished by Department of Revenue, Research, and Information Bureau.

Description of proposal

The Administration is proposing a faster write-off of capital expenditures. It is also proposed to simplify and standardize the rules. The following classes of plant and equipment are identified by the Administration, each with a standard schedule of deductions to be taken over a fixed recovery period:

3-year property—autos, light trucks, research and development machinery and equipment.

5-year property—other machinery and equipment (except certain utility property).

10-year property—factory buildings, retail stores, warehouses, public utility property.

15-year property—non-residential property not included in 10-year property class and low-income rental housing.

18-year property—other residential structures.

This system of accelerated depreciation, proposed to be effective December 31, 1981, is estimated to reduce federal receipts by $2.5 billion in 1981 and $9.7 billion in 1982, with increasing amounts in subsequent years.

Fiscal impact on the State

Anticipated decrease in State revenues: Corporation License Tax: FY 81, $0; FY 82, $3,082,000; FY 83, $5,893,200.

Effect on local governments

The proposal would decrease the distribution of Corporate License Tax Revenue to counties through increases in the depreciation contained on returns of financial institutions. Montana Law requires that 80 percent of the Corporate License Tax collected is to be distributed to the county in which the institution is located.

Other effects on State revenue

Sufficient data are not available to estimate the impact on the revenues from individual income tax collections. However, it is anticipated that the President's proposal would result in a sizeable decrease in these collections. Nationally, 27 percent of all depreciation is reported on non-corporate returns. From 1977–1979, an average of 86,000 Montana individual income tax returns contained at least one item of depreciation, not including rent schedules. An average of 76,000 business and farm returns, 7,000 partnership returns and 3,000 Sub S Corporation returns contained at least one item of depreciation.

REAGAN ADMINISTRATION BUDGET PROPOSALS IMPACT ON THE STATE OF MONTANA

MINOR OR NO IMPACT

Agriculture

Commodity Futures Trading Commission.
Conservation Cost Sharing.
Increased User Prices for Grain Inspection.
P.L. 480 Food Aid (Foreign Aid).
Rural Electrification Administration—Administrative Reductions.
Rural Telephone Bank (off-budget).
USDA—Administrative Reductions.

Transportation

Amtrack Subsidies.
Boat and Yacht User Fees.
CAB—Airline Subsidies and Administrative Reductions.
Cooperative Automotive Research Program.
DOT—Other Administrative Reductions.
National Transportation Safety Board.
Northeast Corridor Improvement Plan.
Railroad Retirement Board.
UMTA—Capital Grants and Other Programs.
United States Railway Association.

Human resources

ADAMHA—National Research Service Awards.
Administration on Aging.
Black Lung Trust Fund Reform.
Centers for Disease Control.
Commission on Civil Rights.
Committee for Purchase from Blind and Handicapped.
Cuban/Haitian Education Assistance.
DOL—Consulting Services.
DOL—Policy Changes in Salaries and Expenses.
DOL—Procurement Reductions.
DOL—Travel Reductions.
Equal Employment Opportunity Commission.
Federal Employees Injury Compensation Reform.
Food and Drug Administration.
Food Program Administration.
Health Care Financing Administration—Program Management.
Health Maintenance Organizations.
Health Professions Education.
HHS—Other Administrative Reductions.
Immigrants Welfare Eligibility.
Medicare—Payments Timing.
Medicare—Reimbursement Change.
National Health Service Corps Scholarships.
Office of the Assistant Secretary of Health.
PHS—Commissioned Corps Physician Bonuses.
PHS—Merchant Seamen Benefits.
Refugee Assistance.
Regulation of Health Care Industry.
Rehabilitation Services and Handicapped, Research.
Social Security—Disability Insurance.
Social Security—OASDI Lump Sum Death Payment.
Trade Adjustment Legislation.
Unemployment Benefits for Ex-Servicemen.
Unemployment Insurance—Extended Benefits.
Unemployment Insurance—Reduction of State Administration.
Unemployment Insurance—Work Test.

Energy and environmental management

Acceleration of Mineral Leasing.
Bureau of Land Management.
DOE—Administrative Reductions.
DOE—Energy Information.
DOE—Energy Regulation.
DOE—Energy Sciences.
DOE—General Science.
DOE—Magnetic Fusion.
DOE—Naval Petroleum Reserve Receipts.
DOE—Other Energy Supply.

DOE—Regional Storage.
DOE—Uranium Enrichment.
DOI—Office of Water Research and Technology.
DOI—Other Administrative Reductions.
DOI—Other Offsetting Receipts.
DOI—Other Program Reductions.
DOI—Territorial Affairs.
EPA—Administrative Reductions.
EPA—Superfund.
Nuclear Regulatory Commission.
U.S. Geological Survey.
Water Resources Council.

Education

Bilingual and Minority Language Education.
Department of Education—Other Administrative Reductions.
Department of Education—Other Program Reductions.
Fund for Improvement of Post-Secondary Education.
Institute for Museum Services.
National Institute of Education.
National Institutes of Health.
Office of Civil Rights.
Sallie Mae (Guaranteed Student Loans—off budget)
Youth Education and Training.

Community and economic development

Appalachian Regional Commission.
DOC—Export-Import Bank.
DOC—Other Administrative and Program Reductions.
Federal Home Loan Bank Board.
HUD—Community Development Loans (Section 108).
HUD—GNMA Mortgage Assistance.
HUD—Housing Counseling Assistance.
HUD—Neighborhood Self-Help Development.
HUD—Other Administrative Reductions.
HUD—Public Housing Modernization (FHA cash sales and rent contribution).
HUD—Rehabilitation Loan Fund.
HUD—Research and Technology.
HUD—Solar Energy and Conservation Bank.
HUD—Subsidized Housing: Eliminate Out-year Inflation.
HUD—Subsidized Housing: Rental Assistance Payments.
HUD—Subsidized Housing: Rent Contribution.
National Oceanic and Atmospheric Administration.

Other

Administrative Conference of the United States.
Advisory Commission on Intergovernmental Relations.
Architectural and Transportation Barriers Compliance Board.
Arms Control and Disarmament Agency.
Commission of Fine Arts.
Consumer Product Safety Commission.
Corporation for Public Broadcasting.
Department of Defense—Civilian and Retiree Pay.
Department of Defense—Administrative and Program Reductions.
Department of Justice—Legal Division.
Department of Justice—Other Administrative Reductions.
Department of the Treasury—Other Administrative Reductions.
Drug Enforcement Division.
FBI.
Federal Communications Commission.
Federal Election Commission.
Federal Financing Bank, Foreign Military Sales Credit (off-budget).
Federal Labor Relations Authority.
Federal Loans to the District of Columbia.
Federal Maritime Commission.
Federal Mediation and Conciliation Service.
Federal Mine Safety and Health Review Commission.
Federal Pay Comparability Standard.
Federal Prison System.
Federal Trade Commission.
GSA—Federal Buildings Construction.
GSA—Grants to the National Historical Publications and Records Commission.
GSA—National Defense Stockpile.
GSA—Other Administrative Reductions.
ICC Regulatory Reductions.
Intelligence Community Staff.
Internal Revenue Service—Personnel.
International Communication Agency.
Interstate Commerce Commission.
Marine Mammal Commission.
Maritime Administration.
Merit Systems Protection Board.
National Consumer Cooperative Bank.
National Labor Relations Board.
National Mediation Board.
National Science Foundation.
NASA—Administrative and Program Reductions.
Occupational Safety and Health Review Commission.
Office of Personnel Management—Administrative Early Retirement.
Office of Personnel Management—Disability Criteria.
Office of Personnel Management—Intergovernmental Personnel Act.
Office of Personnel Management—Other Administrative Reductions.
Office of the Federal Inspector for the Alaska Natural Gas and Transportation System.
Panama Canal Commission.
Pennsylvania Avenue Development Corporation.
Postal Service.
President's Commission for the Study of Ethical Problems in Medicine.
Renegotiation Board.
Securities and Exchange Commission.
Selective Service System.
Smithsonian Institution.
Tennessee Valley Authority.
United States Metric Board.

Key to governmental abbreviations

ADAMHA—Alcohol, Drug Abuse and Mental Health Administration.
CAB—Civil Aeronautics Board.
DOC—Department of Commerce.
DOE—Department of Energy.
DOI—Department of the Interior.
DOL—Department of Labor.
DOT—Department of Transportation.
EPA—Environmental Protection Agency.
GSA—General Services Administration.
HHS—Department of Health and Human Services.
HUD—Department of Housing and Urban Development.
PHS—Public Health Service.
NASA—National Aeronautics and Space Administration.
UMTA—Urban Mass Transportation Administration.
USDA—United States Department of Agriculture.

TABLE 1.—IMPACT OF REAGAN CUTS ON MONTANA FROM REPORT PREPARED BY STATE OF MONTANA BASED UPON FEB. 18 REAGAN PROPOSALS

Program	1981-82 Reagan cuts (millions)		Per capita cuts		Percent per capita cuts
	Montana	United States	United States	Montana	Montana
Food stamps	$0.670	$2,452	$11.15	$0.85	8
AFDC and child support	1.537	1,243	5.65	1.97	35
FmHA direct loans	40.8	2,058	9.35	52.31	559
Alcohol fuels and biomass loans	50.0	140	.64	64.10	10,016
REA 2 percent direct loans	85.0	1,193	5.41	108.97	2,014
Alcohol fuel subsidies	.178	131	.60	.23	38
Old West Reg. Comm	.630	15	.07	.81	1,157
Solar energy	.130	459	2.09	.17	8
Energy conservation	2.150	484	2.20	2.76	125
Subsidized housing	.800	146	.66	1.03	156
Community development support assistance	.746	−5	−.02	.96	
CETA-PSE	6.177	4,080	18.55	7.92	43
Mass transit subsidies	.150	474	2.15	.19	9
Low-volume railroad branchlines	2.240	40	.18	2.87	1,594
Federal highway construction	26.0	2,014	9.15	33.33	364
Airport construction	3.3	99	.45	4.23	940
EPA waste treatment grants	24.334	700	3.18	31.20	981
Dairy price supports	.538	233	1.06	.69	65
School impact assistance	6.555	532	2.42	8.40	347
Vocational education	.625	233	1.06	.80	75
Planning assistance	.443	27	.12	.57	475
Conservation expend. target	2.954	368	1.67	3.79	227
YACC YCC	.279	93	.42	.36	86
Highway safety program	.660	47	.21	.85	405
Elementary and secondary education	4.573	994	4.52	5.86	130
HHS grant consolidation	14.538	1,836	8.35	18.64	223
Fossil fuels (MHD, etc.)	20.0	442	2.01	25.64	1,276
Medicaid	7.50	1,283	5.83	9.62	165
Other		26,792			
Total	304+	48,600	220.91	389.74	176

RESTRICTING JAPANESE IMPORTS NO PANACEA TO U.S. AUTOMAKERS

● Mr. QUAYLE. Mr. President, the Japanese assured a warm welcome for Prime Minister Zenko Suzuki, Thursday, by agreeing to limit auto exports to the United States. But the restriction should not be perceived as a panacea to U.S. automakers.

This agreement, limiting Japan's vehicle exports to 1.68 million for the next 12 months with a second-year limit of 1.82 million depending on growth in the U.S. market, falls far short of the 1.6 million, 3-year vehicle limit favored by leading congressional Members who now say they back the agreement.

However, the true difficulties of the auto industry—high interest rates, escalating materials costs, soaring gasoline prices and excessive Government regulation—will not be solved so easily.

Nissan (Datsun) Motor's president Takashi Ishihara, expressing doubt that restrictions would turn the tide, summed it up, "It's up to the U.S. industry, the U.S. Government and U.S. autoworkers."

The prudence of American automakers to keep a cap on domestic car prices was questioned during a Senate Finance Committee hearing on the issue of import restrictions. At the time, auto industry spokesmen tripped over themselves to insure that no price increases would result based solely on the restrictions.

One Ford spokesman pointed to the restraint of the industry during devaluation of the yen (1977–79). Then, it was

reported, the price of a Pinto rose 9.2 percent, Chevette 13.4 percent; while Corolla, Datsun 210, and Honda Civic's prices increased 33 to 40 percent.

American automakers could learn a lesson from the oil companies, which raised the ire of consumers by quickly hiking prices significantly the minute controls were lifted. Today, U.S. consumers are in no position to swallow 10- to 15-percent price hikes. Such irresponsible action on the part of U.S. automakers would seriously hamper auto sales rather than strengthening them.

Autoworkers, by reducing their pay demands, could also do their part to assist their companies. Many concessions have been made to date, but both management and labor must be willing to make sacrifices. Both sides must open lines of communication in order to work out future employment opportunities and insure the ultimate survival of this vital industry.

The Reagan administration began to do its part to aid the industry by sensibly studying the issue rather than jumping into premature action. Transportation Secretary Drew Lewis, head of the auto task force, issued a plan to stall or preclude final action on several Federal regulations deemed unnecessary to the automotive industry. Since current Federal regulations add more than $800 in equipment costs to the average U.S. vehicle, this could have a substantial impact on both prices and future design costs.

But the single most helpful aid to the U.S. automotive industry would be a healthy American economy. Approval of the Reagan economic package would be the greatest aid the legislative branch could offer.

Despite those who equate the automotive industry to modern-day dinosaurs, the automotive industry cannot be allowed to crumble because the core of our manufacturing capability would be seriously weakened. One in six American jobs is related to the auto industry. Its products and services compose 8.5 percent of our GNP and 25 percent of retail sales. The automotive industry uses 21 percent of America's steel, 60 percent of our synthetic rubber and 20 percent of our glass and machine tooling capacity. It is the prime purchaser from 2,000 companies.

But if we are to look at the entire economic picture, then we must also consider that the United States and Japan are the world's two largest trading partners.

Japan, not the Soviet Union, is our No. 1 customer for agricultural products. U.S. farm exports to Japan in 1980 reached $6.3 billion. This year the total is expected to clear $7 billion.

Outcries from my colleagues in the Sun Belt on Japanese polices locking out U.S. products notwithstanding, Japan is second only to Canada as an importer of U.S. fruits and vegetables. Even with the import quota they impose on American oranges and fruit juices, Japan imported $136.9 million in U.S. citrus products in 1980.

My colleagues should also be aware that although Japan restricts imported beef and veal, they still import more U.S. beef than any other nation. In 1980 Japanese imports for American beef, poultry and pork totaled $286 million with an additional $300 million in U.S. hides and tallow.

We are a major exporter to Japan of maize, logs, wheat, cotton, airplanes, and scrap metal—our total trade with Japan amounted to $21 billion in 1980. But despite this overwhelming total the Japanese sold the United States $30 billion in goods, including $11.4 billion in autos and auto parts.

Japan enjoys its favorable trade balance in large part to the practices of industry and Government which actively promote trade. The trading companies in Japan are responsible for a substantial percentage of trade. These trading companies make competition by small firms difficult. They are organized internationally as well as domestically; and they gather intelligence on changes in the market, whether by governmental policies or in consumer taste.

With regard to autos in particularly, a 17½- to 22½-percent commodity tax is imposed on U.S. autos at the Japanese port of entry. But when Japanese autos are exported to the United States, the commodity tax is rebated to the manufacturer. This policy, plus other modifications on U.S. cars to meet Japanese regulations, results in U.S. cars in Japan costing double that of the U.S. price, while Japanese models are competitive with their American counterparts.

Rising above levels of our trading relations with Japan, in light of the agreement a serious question needs to be raised regarding U.S. trade in the world in general. If the United States can diplomatically encourage restrictions on Japanese automobiles due to a $10 billion plus imbalance in trade, what prevents the European Common Market, which has a $17 billion imbalance in trade with the United States, from imposing restrictions on U.S. products?

It is obvious that serious repercussions could follow from the agreement due to be signed with the Japanese. Precluding competition may not be the best solution to aid our own industry. Even if the Japanese imports were cut back to 1976 levels, the increase in U.S. domestic sales would be less than 1 million units annually. That would only be enough to encourage other industries to seek import restrictions without restoring the basic demand the industry needs. With or without restrictions, the American auto companies still need consumers to buy and favorable economic conditions to stimulate new car sales. Therefore, generating demand, and not severely limiting imports, becomes the key to rejuvenating the American automotive industry.

I suggest offering a $750 tax credit to purchasers of American-made cars and light trucks to give an incentive to buy U.S. makes. By extending the credit for a year and a half, sales should be increased by 2 million units (based on the Congressional Budget Office estimate that a 10-percent decrease in car prices would increase sales by 25 percent). Without the credit, car and truck sales are likely to continue at 7.5 million units annually, but with the credit sales would rise to 9 million units.

I have estimated that 440,000 jobs would be created by the sale of 2 million additional units based on a DOT projection that each 4.5 vehicles sold creates one job (120,000 automotive jobs and 320,000 through suppliers and indirect services).

The cost of the credit (estimated at $10.7 billion for the period from July 1, 1981, to December 31, 1982) will be more than offset by the returns to the Government in the form of increased tax revenues from employed workers and reduced payments for unemployment compensation, trade adjustment assistance, and other Government transfer payments. The value of these payments would be in excess of $11 billion.

Now that voluntary import quotas are nearly a certainty, it may be easy for my colleagues to sigh with relief and say, "Well, there's one difficult vote I won't need to make." But, I would suggest that the problems of the U.S. auto industry are not over, the quick fix may not work. It is time to look at the entire issue and see what options remain.●

YOUTH FOR UNDERSTANDING

● Mr. KENNEDY. Mr. President, I wish to commend an international student exchange organization, Youth for Understanding, for its unique contribution to United States-Japan relations and international understanding.

Yesterday, Prime Minister Zenko Suzuki announced a gift from the people of Japan which would make it possible for each Member of the U.S. Senate to provide a scholarship to an outstanding high school student from his State to live with a Japanese family for 8 weeks during the summer of 1982. The commitment by the Government of Japan to this project will continue for 5 years with YFU serving as administrator of the Japan-United States Senate scholarship program, to be known as the Special Japan-United States Exchange Program of Youth for Understanding.

Since 1951, Youth for Understanding has made it possible for more than 81,000 high school students to participate in an overseas family-living experience. I understand that this year 7,500 students from 25 countries will be exchanged. The YFU program with Japan began in 1958; as of this date 3,200 students from the two countries have participated. Japanese students spend 1 full year with their American host families attending local U.S. high schools while U.S. students live with their Japanese families for the period of late June through late August.

In 1977, YFU's program between Japan and the United States expanded when the Japan project, phase I, was initiated. Over a period of 2 years, 60 Japanese and American corporations and foundations, together with the two Governments, enabled Youth for Understanding to triple its exchange numbers and introduce other special dimensions to the traditional program. All American students are provided 4 days of intensive orientation at Stanford University prior to departure, designed to in-

troduce them to the Japanese language and culture. While on program in Japan, field trips and special language seminars are scheduled. Each fall, YFU sponsors followup workshops in four locations designed to further enhance the experience and to continue the process of learning and understanding.

The success of phase I was so great that the Youth for Understanding board of trustees, chaired by Senator Hugh Scott, decided to begin a second phase between 1980 and 1984. This ambitious project involves the exchange of at least 4,350 high school students, 1,875 Americans and 2,475 Japanese, and requires funding in the amount of $3.361 million. The external funders in this phase are 70 Japanese companies and the Rockefeller Brothers Fund.

Mr. President, I welcome and support the Youth for Understanding program and more specifically the Japan-United States Senate scholarship project. I would like to express appreciation to the Government of Japan, Prime Minister Suzuki, and the many Japanese corporations who have been supportive since the initial program in 1958. I personally look forward to applications from outstanding high school students in the Commonwealth of Massachusetts, and I am sure that this is the case of my colleagues in their States as well.●

BONNEVILLE POWER ADMINISTRATION LINES CONTINUE TO CAUSE PROBLEMS

● Mr. BAUCUS. Mr. President, today I wish to insert in the RECORD three pieces of correspondence concerning problems we in Montana are having with the Bonneville Power Administration (BPA).

This exchange of letters between me and the Acting Administrator of BPA outlines the progress as well as the continuing difficulties we are having with BPA, primarily with regard to the siting of twin 500-kv powerlines in Montana.

I ask that these letters be printed in the RECORD at this point.

The letters follow:

U.S. SENATE,
Washington, D.C., March 2, 1981.

MR. EARL GJELDE,
Acting Administrator, Bonneville Power Administration, Portland, Oreg.

DEAR MR. GJELDE: I appreciate your stopping by my office Friday and look forward to seeing you in the "follow-up" meeting we discussed in a few weeks. As I promised, here are more of the details concerning several of the points we discussed.

To repeat my general concern: BPA must do better in making its Montana line siting process genuinely responsive to the needs of Montanans along the proposed routes, to the landowners groups, the local governments, to the State Government, and to the Congressional delegation. From our discussion, I am confident that you are working to make these improvements. As part of this process, here is a listing of my understandings concerning our discussion Friday:

1. In the Drummond area, I understand you will see whether BPA can promise not to go through the Flint Creek Valley. This assurance would obviate the need to immediately pin down the Substation 3 site. Without this assurance, I am concerned that a south-of-highway substation site will prejudice BPA's decision on line siting west of the substation.

2. Also in the Drummond area, I would appreciate your making certain that periodic mailings and meetings with the Landowners Association occur without further prompting from my office. I would like to be provided with copies of BPA's group correspondence with Drummond area citizens and to be notified of meetings BPA is holding.

3. Concerning the Missoula area, I understand you will make certain that BPA immediately responds to several pending information and meeting requests as we discussed Friday. Pending requests of which I am aware are as follows:

(a) A December, 1980, letter request from Margery Harper, President, Clark Fork Basin Protective Association, for information and meeting; I would like a meeting between BPA and this group scheduled for some time during March;

(b) A January, 1981, letter request for information from the Missoula County Commission;

(c) A February 2, 1981 verbal request made by Richard L. Carter, President, Touchette Hills Homeowners Association, of Gordon Brandenberger in Kalispell; I understand both Mr. Brandenberger and Mr. Carter have written notes of the specific request.

4. Also concerning the Missoula area, I am asking the Clark Fork Basin Protective Association, the Touchette Hills Homeowners Association, the Valley Preservation Council and Houle Creek Homeowners Association to send me their lists of members who wish to be kept informed of BPA's plans and progress. I will provide you with these listings as they arrive, as I have provided BPA with the listing of Drummond area citizens who attended my December 27 meeting. I understand that you will make sure that BPA communicates with these people as quickly as possible, and periodically as necessary to inform them of BPA plans, timetables and progress.

5. Finally, I have several substantive questions about Missoula area siting, as follows:

(a) Can you assure me that no special weight will be given the existing power line route in the Missoula area—that it will be considered only as an option with equal weight being given to alternative routes? As I mentioned Friday, BPA has given me this assurance with regard to the existing power lines site through the Flint Creek Valley near Drummond.

(b) What is the specific criteria BPA will use in determining areas through which the power lines must be buried?

(c) Once a route is determined, to what extent will people off of the route itself, but nevertheless impacted by the lines, be compensated for the impact? For example, will BPA pay for fixing television reception problems that result from the line's construction even if the people with these problems do not live directly on the route? Also, is any provision being made for scenic impacts on homeowners not living directly on the route?

6. Concerning BPA and the Montana State Government, it is my understanding that BPA is seeking formal memoranda of understandings with Montana that will involve the State in (a) initial decisions on whether BPA will build future power lines and other major facilities; and (b) the development of rules and regulations for implementing the Northwest Power Act—specifically including regulations determining the formula for providing impact aid awards.

As I noted in our meeting, it is my position that the Montana Major Facilities Siting Act should govern construction of major facilities within the State—regardless of whether the construction is federal or private. While this issue has not been finally resolved, still the decisionmaking on whether and who will build facilities needs to involve State Government at the earliest possible moment.

7. It is my understanding that BPA will thoroughly explore the basis of its determination of need for the proposed Libby Integration Project with appropriate Montana State Government siting officials and provide them with whatever specific information they require on a timely basis. The purpose of this is to allow the State and me sufficient information on which to base a recommendation to you on whether this project should proceed as planned. Accordingly, this needs to be accomplished as quickly as possible and before work has substantially proceeded.

8. Finally, it is my understanding that you will address the need for BPA to have personnel available to Montanans at meetings and otherwise who can address authoritatively Montanans' requests.

Thank you once again for your assistance.

With best personal regards, I am

Sincerely,

MAX BAUCUS.

BONNEVILLE POWER ADMINISTRATION,
Portland, Oreg.

HON. MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAUCUS: I very much regret that I was unable to meet with you in Washington, D.C., on March 12, as we had planned, and I trust that we will be able to reschedule this meeting at an early date. In the meantime, I should like to respond to your letter of March 2, 1981, concerning various aspects of Bonneville Power Administration (BPA) activities in conjunction with the Colstrip transmission project.

Before addressing the specific items in your letter, let me assure you that we are most cognizant of the concerns of your constituents with respect to the planning of the double-circuit 500-kilovolt transmission lines from the Townsend area westward. Those individuals and communities along the proposed transmission corridor are rightfully concerned about a project which would affect their lives and their environment. We at BPA are equally concerned about these impacts, and about fulfilling our responsibilities and obligations as a power marketing agency of the Federal Government. We believe that BPA has a fundamental duty to carry out its operations in a manner which strives to accommodate the concerns of the citizens whom we serve.

With respect to the Colstrip transmission project, we have endeavored to satisfy all of the concerns, reservations, and inquiries expressed by various individuals and entities within the State of Montana. We believe that we have done a good job, but apparently not good enough—it is obvious that we must expand and intensify our efforts. Some of those who oppose the project in toto or its individual features will perhaps never be satisfied. BPA must, however, strive to convince them that their concerns are being treated openly and fairly. We must assure that they view us as being accessible, responsive, and truthful, regardless of whether or not we can satisfy their individual concerns.

As a first step to improving our relations in western Montana, we intend to open a project office in Missoula on or about April 1, 1981. Hopefully, this office will occupy storefront space, and we intend to precede its opening with advertisements and news releases to be distributed throughout a sizable area. This Missoula office will serve as a base for visiting communities along the entire length of the proposed route.

Our tentative plans are to assign three representatives to this office. One will be a professional engineer representing the Office of the Chief Engineer. The second will be a public utilities specialist from our Kalispell District. We also intend to hire a temporary but full-time clerical person to occupy the office during normal business hours for dispensing literature and maps, accepting inquiries and requests for speakers, etc. In addition, we are arranging for a member of our Information Office staff to visit Missoula on

a regular basis and to provide direct liaison with area news media, assist in meeting arrangements, and supervise publicity and information efforts.

Beginning in April 1981, we will publish a monthly progress bulletin, to be supplemented by special reports as may be required. These regular bulletins will be mailed to a sizable list of organizations and individuals throughout western Montana, and we shall be actively soliciting names and addresses to expand our current mailing list. It will not be feasible to publish specialized bulletins for each segment of the proposed transmission project, but we will attempt to summarize all BPA activities and analyses relating to the entire corridor from Townsend westward.

We will set up, on or about April 1, 1981, one or more toll-free "800" telephone numbers which people can contact to ask questions, offer comments, request meetings, and seek information. These telephone numbers will be widely publicized. The telephones will be answered by assigned personnel in our Portland headquarters, who in turn will be in close liaison with our office in Missoula.

We are presently developing a procedure to respond to written and telephone comments, complaints, and inquiries on a timely basis.

With regard to mailings of our monthly and special bulletins, we shall actively solicit mailing lists of individuals and organizations which are concerned about our activities. Any assistance which your office can provide in this respect will be most appreciated.

Having apprised you of our current plans for improving our community relations in western Montana, let me address each of the items noted in your March 2, 1981, letter in their numbered sequence.

1. BPA must complete the environmental analysis required by the National Environmental Policy Act (NEPA) with regard to the routing alternatives suggested by the Drummond landowners group and the Missoula Board of County Commissioners before any decision can be made on the Flint Creek Valley. We met with representatives of the Federal land management agencies in Missoula on March 13, 1981, to determine how this environmental impact statement should be prepared and how it should relate to the Hot Springs-Bell EIS. Although we cannot as yet make specific routing decisions, the location of the Garrison Substation on any of the three alternative routes south of the highway will not prejudice the decision on the route from Garrison westward.

Possible substation sites north of the highway have been investigated, but the only apparently adequate site would require removal of farmland near Hoover Creek for the substation and would require two 230-kV lines several miles in length to connect with the existing BPA 230-kV line. This site offers little, if any, savings in 500-kV impacts and would likely preclude use of the vacant right-of-way for any future line. We will continue to work with the Drummond area landowners and others in identifying the best route. We anticipate that it will require at least a year to complete the NEPA requirements covering the alternatives from Garrison to Missoula and to Spokane.

2. In addition to including them in our regular mailings, we shall continue to be responsive to requests by Drummond area landowners and others for meetings. Your office will be provided with copies of such correspondence and advance notices of meetings.

3. Following is the status of pending requests for information and meetings in the Missoula area.

(a) In reply to questions posed in her November 17, 1980, letter, we sent a 13-page response to Ms. Harper dated December 13, 1980, (signed by Jerry Frick for Gordon Brandenburger). In addition, a meeting with the Clark Fork Basin Protective Association was held on March 19, 1981, at the Missoula Chamber of Commerce Building.

(b) The January 7, 1981, letter from the Board of Missoula County Commissioners was inadvertently not answered until recently, although BPA representatives met personally with Commissioners Germaine Conrad and Bob Palmer on January 21 to discuss the Board's letter. In addition, a letter of apology with an interim response to the Board's inquiry was signed by BPA's Chief Engineer on March 10, 1981 (copy enclosed).

(c) Mr. Carter's verbal inquiry had to do with the potential for undergrounding certain portions of the transmission line. As part of our detailed line location analysis for the section between Garrison and Missoula, we are specifically addressing undergrounding as a possible mitigation measure. Furthermore, we will include as a separate decision the matter of undergrounding along with other decisions following completion of the line location analysis. In addition, we will point out to Mr. Carter that (1) high-voltage undergrounding technology is still in the developmental stage, (2) it costs 10–15 times that of a conventional line, (3) it poses problems in locating and correcting line faults and could substantially prolong the duration of outages, and (4) the environmental impacts associated with undergrounding may equal or even exceed the impacts of conventional construction.

4. As noted above, we would appreciate receiving membership lists of the various associations and individuals who wish to be kept informed of BPA's plans and progress. They will receive our monthly and special bulletins, which should help to keep them updated on our plans, timetables, and progress.

5. The following addresses your substantive questions about the Missoula area transmission siting.

(a) Special weight will not be given to the availability of the vacant right-of-way, but it must be factored into certain related considerations. Existing powerlines with adjacent vacant right-of-way have less land costs because of the previous investment in the vacant right-of-way. In addition to this economic consideration, the environmental weight would be affected by less requirement for new access roads and the visual difference of two adjacent powerlines compared to two separate single lines. West from Missoula, the alternatives along the Clark Fork Valley would require all new access and acquisition costs. The route northwest to Hot Springs would follow an existing line with a vacant right-of-way. These facts must be a part of our environmental evaluation and must be considered in making decisions.

(b) Undergrounding can be considered as a mitigating measure, and we will address this in the environmental statement being prepared. Any decision regarding undergrounding a short section must be based on a number of things including reliability, environmental impacts, technical feasibility and economics, including the economic impacts upon the region's ratepayers, among whom are the citizens of western Montana.

(c) BPA has long had a TV-radio interference mitigation program which applies even to those who do not live directly on a transmission route. Enclosed is a copy of that section of our Maintenance Standard which describes this program. Regarding scenic impacts, there is no provision for compensation to property owners not living directly on the route.

6. On February 9, 1981, BPA officials met with Governor Schwinden and his principal energy advisors to discuss the possibility of developing a memorandum of understanding. At the conclusion of the meeting it was agreed that the State of Montana would draft a preliminary document and forward it to BPA. We are still awaiting this draft document.

The question of providing annual impact aid payments to local governments which are "substantially impacted' by the construction and existence of BPA transmission facilities arises from a provision in Public Law 96–501, for which specific implementation guidelines and procedures are still being developed. Based upon our current review of this provision in the Act, we cannot interpret these annual impact payments as being commensurate with "in lieu of taxes" payments. Instead we view them as reimbursements to local governments for specific services provided, such as additional police protection, fire protection, sewage system development, and road development and maintenance which are performed as a result of BPA facilities. Should the State of Montana wish us to address this issue in a memorandum of understanding, we shall do so.

With regard to the Montana Major Facilities Siting Act, it is BPA's contention that the "supremacy clause" of Article VI of the U.S. Constitution provides that the activities of Federal Government agencies may not be subject to state regulation unless such regulation is expressly authorized by Congress. We agree, however, that transmission planning and decisionmaking, both with regard to the Colstrip project and any future transmission proposals, should involve State government at the earliest possible moment.

7. BPA has repeatedly expressed its willingness to provide information concerning the need for the Libby Integration Project to Montana officials and private citizens, and to consider comments by the State of Montana relating to the Project EIS. Along this line, you may be interested in our enclosed response to a recent letter from Congressman Pat Williams.

8. As described early in this letter, we intend to mount a major effort, based in Missoula, to address the concerns of Montana citizens along the entire route from Townsend westward. This effort will include responding to requests for meetings and answering inquiries as quickly and thoroughly as we can, bearing in mind that we cannot make specific centerline commitments while striving to obtain a consensus of approval on the overall route.

It should be recognized that any major deviations from the corridor designated in the environmental documentation would require the preparation of one or more EIS supplements. This is a time-consuming process which must take into account the urgency of completing the transmission project to meet the in-service dates of Colstrip Units 3 and 4 and to provide support to The Montana Power Company and BPA facilities in the Garrison vicinity.

I trust that the above is responsive to the questions and concerns expressed in your letter. I look forward to discussing with you these and other issues relating to the Colstrip Project and the Libby Integration Project at an early date. Should you desire additional information in the meantime, please let me know.

Sincerely,

EARL GJELDE,
Acting Administrator.

U.S. SENATE,
May 5, 1981.

Mr. EARL GJELDE,
Acting Administrator, Bonneville Power Administration, Portland, Oreg.

DEAR MR. GJELDE: As you know, during the week of April 20 I met with a number of Montanans along the proposed routes of BPA's twin 500 kv power line. I also met with BPA Administrator-Designate, Peter Johnson on May 1 to discuss the problems we are having with these lines. This letter is to summarize my understandings of the situation at this point.

First, however, I want to thank you for your assistance to date: I informed Mr. Johnson of the increased responsiveness BPA seems to be showing over the past several

months and was encouraged to learn from him of your continued role at BPA. Also, I would appreciate your thanking Gerald Frick and Lou Drieson of your staff who accompanied me during my Montana trip.

1. Concerning the Boulder area: During my meeting with a number of Boulder area residents, the possibility was raised of a further routing change that would put more of the line on Forest Service lands, removing more of it from private lands. I would like this alternative pursued as thoroughly and quickly as possible. It is my understanding that Mr. Frick will assess the potential for this routing change with the Forest Service and get back to me in the very near future. Specifically, I would like to know the details of the proposal involved, the details of any problems the Forest Service has with the proposal, and BPA's assessment of the merits of the proposal.

It is my strong inclination to move a federally built line to federal lands wherever possible. Accordingly, as soon as I receive this further information from you, I intend to communicate my strong concerns to the Forest Service. In the meantime, at a staff level I am pressing this concern with Forest Service personnel and would appreciate your doing so as well.

2. Concerning siting of Substation 3: The Environmental Impact Statement (EIS) time frame here is extremely short. I understand that following my meeting in Drummond, BPA personnel and residents from the Gold Creek and Drummond areas discussed in detail alternatives to the currently proposed substation site. Further, I understand that areas residents have now developed an alternative site proposal. I would appreciate your informing me of BPA's timetable and progress to date of assessing this proposal and making the proposal a part of the Townsend-to-Garrison EIS process.

I understand that BPA is re-drawing its maps to reflect this proposal. Any delay with these new maps will make it very difficult for area residents to make comments in a timely manner. My staff and yours are working to get these maps out as quickly as possible; I can only emphasize the need to make these maps available immediately.

3. Concerning the line siting west of the Substation: Once again, I want to indicate my strongest concern that the lines not be routed through farm valleys and residential areas to the maximum extent possible. Further, wherever possible, federal land should be used for line siting. Specifically, I reemphasize my deep concern that the lines are not put through the Flint Creek Valley. It is too early to know which of the potential north-of-highway or south-of-Valley routes would make the most sense—especially as the lines approach the Missoula area. I would like to be kept closely informed of the progress on this siting, and I am concerned that the southern route possibilities be fully explored.

4. Concerning the line siting in the Missoula area: I understand that Lou Drieson is about to start the preliminary work of defining potential sites north and south of Missoula. Rather than wait for alternatives to be developed before starting the public review process, I would like to have him meet with people who have expressed interest to date so that he can have the benefit of knowledge of their concerns while he is still developing alternatives. Following is the list of people who met with George Eskridge of your Missoula office, Gerald Frick and my staff while I was in Missoula. These people indicated a desire to meet with Mr. Drieson as soon as possible, and I would appreciate your making sure that this happens. Also, if any of these people are not already on your correspondence list, they should be added: Mrs. Jeanie Kay Ferguson, P.O. Box 296, Frenchtown, MT 59834; Mr. Dick Carter, 17071 Touchette Lane, Frenchtown, MT 59834; Mr. Jan Rappe, Valleys Preservation Council, Huson, MT 59846; Mr. Ed Cauffman, Clark Fork Basin Protection Association, 4504 Fox Farm Rd., Missoula, MT 59801; Ms. Margery Harper, 3000 Marshall Canyon, Missoula, MT 59801; Mr. Fred Rappe, Huson, MT 59646.

5. During the Missoula meeting, one landowner suggested the possibility of looking into what is known as the "MacGruder Corridor" for portions of the line's siting. I understand the considerable controversy that portions of this proposed corridor have engendered in the past; nevertheless, I would appreciate a thorough explanation of how parts of this corridor might possibly be used in routing the BPA lines with your evaluation of the benefits and drawbacks.

6. BPA staff during my trip suggested to me that the Missoula area presents a special dilemma for BPA: On the one hand, in order to avoid unnecessary impacts, BPA would prefer to site the lines as far from Missoula as possible; on the other hand, BPA feels that because of expected Missoula area growth, the line should be placed close to Missoula. As it was explained to me, Missoula, in effect, acts as a "magnet" for the lines because the new lines would serve Missoula area needs.

Yet during the meeting with Missoula landowners, my staff and your staff, I understand that one discussion centered around the possibility that existing BPA lines could meet Missoula's future needs. This is the result of existing lines no longer having to be used to wheel power east since the twin 500 kv lines would meet the needs of the areas now being served by the Missoula lines. If the existing lines are not to be used to transmit power east, they would be free to supply Missoula by connecting with the 500 kv lines.

Thus, it would appear that Missoula need not be a "magnet" for the 500 kv lines, that instead there is only a need to tie the existing lines into the 500 kv lines at some point in order to meet potential future Missoula needs.

Please review this possibility for me in detail. Specifically, what options exist for supplying Missoula needs through existing lines that would connect with the twin 500 kv lines?

7. I am concerned that the Hot Springs-Bell EIS will only address the potential impacts of the twin 500 kv lines while any corridor for these lines may prove to be a corridor for potential future energy development. Accordingly, please inform me of your assessment of the possibility and need for expanding the scope of this EIS. As you know, had the possibility of future energy corridor needs been considered in both the Drummond and Missoula areas when the existing 230 kv lines were sited, much of the present controversy may have been avoided. I would like BPA to do everything possible as it develops siting for the new lines to ensure that this sad history does not repeat itself in the future, and I would appreciate a detailed account of your planning. Needless to say, were BPA to submit its line siting to the authority of the Montana Major Facilities Siting Act, these problems could be avoided.

I appreciated your detailed responses to my last written request, and the activity BPA is undertaking to improve responsiveness to Montana concerns is heartening. The opening of a Missoula office, the toll free line, monthly progress bulletins and improved handling of public meetings as well as individual requests for information should all be helpful.

I understand that your responses to the several pending local inquiries I pointed out in our last meeting have now been received.

I met with Governor Schwinden during my trip to Montana, and I believe that Montana officials had presented BPA with a draft memorandum of understanding shortly after you last wrote to me. Please keep me advised of the progress on this. I am encouraged that this work is continuing regardless of the lawsuit now pending between Montana and BPA. I am particularly concerned that BPA impact aid authority be utilized to the extent possible to assist the State of Montana in meeting the cost of siting review necessitated by the proposed lines.

Once again, thank you for your assistance.

With best personal regards, I am

Sincerely,

MAX BAUCUS.

PROGRESS IN RECENT MONTHS

Mr. BAUCUS. Mr. President, on March 5 I inserted in the RECORD a statement concerning BPA. This statement discussed the problems of these transmission lines in some detail.

In the statement, I noted that BPA had not been responsive to Montana's needs, had not done a good job of cooperating with State and local officials, and had not shown a real concern about the needs of Montana and individuals in Montana.

At the time I made that statement, I had just met with BPA's new Acting Administrator, Earl Gjelde. I reported that Mr. Gjelde had indicated to me his clear intent to quickly respond to the specific problems I had pointed out to him. The first of the letters I have placed in the RECORD today was written by me to Mr. Gjelde as a result of that meeting.

Today, I will summarize what has happened during the past 2 months.

First, BPA has clearly made a much stronger effort to be more responsive to Montana needs with regard to the powerlines. Frankly, I am still skeptical: It is too early to know whether the seeming progress being made in improving BPA's line siting process will result in these lines being sited with less damage to Montanans living along the routes. Mr. Gjelde's letter to me of March 27 outlines many of his attempts to insure that BPA is more responsive to my State. As can be seen from that letter, BPA has worked over the past 2 months to at least correct some of the procedural problems that had made progress on meeting Montana concerns much more difficult.

LEGAL ACTION NOW PENDING

In April, the State of Montana, a number of landowner groups and local governments, sued BPA over line siting issues. For the moment, those of us who believe deeply that States should govern the siting of major construction activities within their borders are, in effect, working on two tracks with regard to these transmission lines. One track is the legal one, and I intend to do all that I can in support of the legal action underway in Montana in order to establish, if possible, that the State of Montana and not the Federal Government should control construction of powerlines within its borders.

The legal actions underway within Montana get to the heart of such questions as who should be building these lines in the first place—the Federal Government or the private sector—whether the State of Montana will govern line siting, and whether local governments will receive any revenues from lines being built throughout their jurisdictions. It is my personal opinion that BPA has gone considerably beyond the intent of Congress in constructing at least the eastern portions of the lines.

However, BPA is progressing with its construction timetable. Accordingly, I and others have been working on a second track, working to make BPA's line siting and construction process as responsive as possible to Montana concerns.

At the end of April, I spent several days in Montana with BPA personnel. We met with landowners along the proposed routes and discussed a number of specific problems with line siting.

The third letter included with this statement followed this trip and outlines my understandings that came from the trip. It also asks for a series of responses to specific concerns that I identified as important while I was in Montana. Thus, these three letters I believe help to clarify the situation at this time, and I hope they are useful to all who are working on these problems.

BPA GETS NEW ADMINISTRATOR

While Earl Gjelde is at this moment Acting Administrator of BPA, the Reagan administration is in the process of appointing Mr. Peter Johnson to be its new BPA Administrator.

Last week, I met with Mr. Johnson, and we discussed the problems Montana has been having with BPA. While our meeting was brief, I believe he left the meeting with an understanding of how important these problems are to me and to my State.

I am encouraged that someone of the caliber of Mr. Johnson is being appointed to this position, and I am especially encouraged with his assurances to me that the apparent new spirit of cooperation being shown by BPA under the guidance of Acting Administrator Gjelde will continue. Mr. Johnson indicated to me that he would do his best to resolve the problems of these lines in a way that reflected Montana concerns.

Mr. President, we are a long way from resolving all of the conflicts and problems resulting from BPA's decision to build these lines. Legal action is pending. BPA line siting continues. Some important progress is being made with BPA's line siting procedures but the most difficult siting problems—from Garrison, Mont., west, have yet really to be reached, let alone solved.

I want to thank those people at BPA who are honestly and with good intentions trying to do their jobs in a way truly responsive to Montana needs. At the same time, the proof of BPA's responsiveness will come with the final decisions that are made on line siting and on a number of other issues not yet resolved.

I summarized the current situation in Montana to Mr. Johnson in the following way: BPA's track record in Montana with regard to these powerlines has been miserable. Over the past few months, BPA has seemed to make a sincere effort to improve its performance in my State substantially. It will take a long time and much dedicated work for BPA to establish a relationship of trust with the people of Montana. Assurances sincerely given are welcome, but results are what counts. The difficult job ahead for Mr. Johnson and for the Bonneville Power Administration will be to tie the loop between promise and performance.●

FRANK VALEO EVALUATES DEVELOPMENTS IN CHINA AND CAMBODIA

● Mr. PELL. Mr. President, Frank Valeo, former Secretary of the Senate, recently traveled to Asia. On his return he wrote two excellent reports that analyze developments in China and Cambodia. I call the attention of my colleagues to these articles because I believe that they provide thoughtful insights on issues of utmost importance.

His account of developments inside China was particularly persuasive. The progress he notes, such as improved living standards for the Chinese people, is most gratifying. The political and economic problems facing China, however, remain monumental. Unless Beijing achieves sustained economic growth—a difficult proposition for countries with even fewer problems than China—frustrations and discontent could grow. Rising expectations, if not met, can result in greater political instability.

I have long believed that education holds the key to China's modernization objectives. Although this is true for all countries, it is particularly relevant in the case of China. As you know, the "cultural revolution" disrupted Beijing's educational system for almost 10 years. The horrendous damage which this caused cannot easily be calculated, but certainly the lost opportunities of a generation of Chinese students will plague the regime for many years to come. Fortunately, education in China is now receiving the emphasis it deserves. Also many of China's best students are currently in the United States receiving advanced training. I am cautionsly optimistic that these and other measures will begin to put China on the right path again. Without a well trained and soundly educated labor force China's long term progress could be jeopardized.

In reference to the article on Cambodia, I am less optimistic than Mr. Valeo, that, "with the Cambodian resistance factions joined under Prince Sihanouk, the Vietnamese would be confronted with a serious challenge." Hanoi's occupying force includes some 200,000 soldiers. The insurgents number considerably less. More importantly, as long as the resistance movement includes the DK—with or without Pol Pot—the Cambodian people will not willingly participate in overthrowing the Vietnamese. They still remember all too clearly the DK's death squads and the misery and suffering they caused. Even Sihanouk, who was put under house arrest by the DK, is reluctant to cooperate with these murderers again. We must find some other alternative. Unless we do, Cambodia may be faced with a Vietnamese occupation force for many years to come.

I ask that Mr. Valeo's reports be printed in the RECORD.

The reports follow:

THE NEW ERA IN CHINA

(By Frank Valeo)

INTRODUCTION

The China of Mao Zi-dong and Zhou En-lai is moving into a new and different era. While the transition to the next stage is not yet complete, the shape of things to come is suggested not only by developments since Mao's death but also by history.

History tells us that revolutions are not embraced in order to make life worse. Rather, they are pursued in the hope of bettering the human condition. If this expectation is to be realized, however, the chaos of social upheaval must evolve into a new situation of stability.

By the time of Mao's death, the tumultuous aftermath of the Chinese Revolution had already persisted for a quarter of a century. Inevitably, this had to come to an end. The great error of the so-called "Gang of Four" may well have been that they persisted too long in their attempt to keep alive the fires of a cooling revolution.

That China has now moved into a new era is evidenced in visible differences between the situation a decade ago and today. These differences are not great but they do exist and are multiplying. They are to be seen in the factories and on the communes, in education and other social institutions, in fact, in all aspects of Chinese life. In general, they seem to be producing a more relaxed and predictable society.

THE NEW CONSUMERISM

The most striking evidence of the new order is the open embrace of consumerism. Greater material benefit has been a consistent promise of the Chinese revolution but it has also been a promise delayed. For a long time, little was available in the way of food and other commodities to meet the promise; most Chinese have lived only slightly above the subsistence level for decades. Moreover, throughout the period of the cultural revolution the government urged self-denial and sacrifice. These circumstances have now changed sharply. It is the government's present policy to encourage people to buy more. Food supplies are ample and other consumer goods are available in ever-increasing supply.

The new accent on consumerism is evident in the appearance of advertising in China. On billboards and T/V and in other ways the message is: convert *yuan* into fountain pens, watches, radio, T/V sets, better clothing and so forth. This materialistic note is reinforced by much greater contact with Japan, Hong Kong and the Western countries, contact which tends to open up vistas of an even greater consumer paradise yet to come.

It would be almost inhuman if the Chinese people did not respond to the government's invitation to get more out of life, especially after years of self-denial. The response, however, is on a modest scale. Chinese life is fuller than in the past but it still remains quite spartan. At the same time, the policy of emphasizing consumerism has spawned some undesirable side-effects. Petty crime is on the rise and other slippages have occurred in the exceedingly high standards of integrity and morality which have heretofore prevailed in China. These spin-offs, however, appear to be marginal. On the whole, the policy of encouraging an increase in consumption has worked well and enjoys wide support.

Less clear is the reaction to current experimentation with new policies in the factories and on the communes. These experiments are, in part, not so much innovations as restatements of accepted practices out of the past which were rudely thrust aside during the Cultural Revolution. On the communes, for example, the right of households to work small plots of land for their own benefit, has existed ever since these collective agricultural units were first formed. However, during the Cultural Revolution the exercise of

this right was regarded with suspicion and even hostility. The right has now been reaffirmed and reinforced by the government. Additionally a "system of responsibility" is being installed on the communes. Under this system, certain sideline production can be assigned by households rather than production teams. Each household is then free to work as a unit and to sell any surplus production over quota in the open market. Conversely, penalties are levied on the household for failure to meet its quota.

In the factories, recent innovations take the form of greater wage-spreads between the highly skilled on the one hand and ordinary labor on the other and the introduction of a few high-salaried management positions. A bonus system has also been authorized and, in an efficient factory which overfills its quota, it can equal several months pay. There is also a new emphasis on local participation in decision-making.

Some observers have interpreted developments of this kind as a virtual abandonment of communism. That is not, however, the way the party leaders see them. From their point of view these measures are pragmatic tactics to increase output by stimulating the enthusiasm of peasants and workers. It should also be noted that none of the changes involves alteration in the socialist concept of the ownership of the means of production and none involves an irretrievable lessening of over-all control by the Communist Party.

The changes are still too recent to permit definitive judgments as to their effectiveness although economic planners can cite some specific examples of increased output. Generally speaking, the highly successful communes are less inclined to embrace these "new ideas". Conversely, factories which are prosperous and in expanding lines of consumer goods are probably more enthusiastic about the changes than those such as certain heavy industries which are in recession.

CHANGES IN ECONOMIC PLANS

There have been significant shifts in overall economic planning since Mao's death. In 1977 the economy was thrust into an all-out drive for rapid development. Planning at that time called for a rapid expansion in investment in heavy industry and large inputs of foreign technology and products. But by 1979 the Chinese leadership was questioning this course. In specifics, the leaders became concerned with the rapid growth of foreign indebtedness, inflationary tendencies, unemployment and huge budgetary deficits. Moreover, they were dismayed by the ineffectiveness of investment in heavy industry. Many of the large-scale projects for which they had contracted abroad on a turn-key basis and which had consumed large amounts of capital and foreign exchange, were stymied for lack of critical components of raw materials. Others were simply out of balance with the rest of the economy and were lying idle or partially idle. This experience plus serious bottlenecks notably in raw material output, transportation and power led to a searching reexamination.

In 1979, errors were acknowledged and corrective actions were set in motion. These consisted of a curtailment in government spending, a shift in emphasis from heavy to light industries and concentration on eliminating bottlenecks in production. The objectives of the shift were to achieve greater balance in development, more efficient investment of capital and an increase in the output of consumer goods. These goods, in turn, were expected to reduce inflationary pressures by soaking up excess purchasing power. At the same time, the government income that would result from increased sales to consumers was expected to reduce the budgetary deficits.

The retrenchment also involved a sharp curtailment of foreign borrowing. In practical terms that meant cancellation of a number of large foreign contracts, particularly with Japan and much more selective purchasing of equipment and services from abroad. Empnasis was placed on obtaining advanced prototypes from foreign countries and adopting their technology to Chinese production. This latter approach has involved a re-emphasis of the old doctrine of "self-reliance."

Correctives of this kind are expected to keep the economy moving forward but with more modest expectations. It is recognized that China's progress will be slower than projected in 1975 by Zhou En-lai. At that time, the late Premier indicated the year 2000 as the target date for approximating the development levels of the advanced industrial nations. It is now seen that this goal of the Four Modernizations is not likely to be reached until considerably later.

It should be noted in any event that the "Four Modernizations" has been more an instrument of political mobilization than of actual economic planning. The slogan was first used in the early sixties and then, as noted by Zhou En-lai in 1975 and afterwards by both Premier Hua Guofeng and Vice Premier Deng Xiao-ping shortly after Mao's death. The "Four Modernizations" (Agriculture, Industry, Science and Technology, Military in that order of priority) continue to be advanced to enlist popular support behind the economic effort. However, they have now been more closely attuned to the realities of the Chinese economy.

POLITICAL DEVELOPMENTS

As with the economic, the political life of the country too, would appear to be moving in the direction of stability. The completion of the trial of Jiang Qing and her associates seems to have completed the settling of the old scores of the cultural revolution. Recent changes in the leadership (in early March) reflect not so much factional differences as natural attrition and an increased readiness to share power. The idea that the old should make room for the new has gained general acceptance. One of the recent appointments for example, was that of a 45 year old woman, a model factory worker, as Minister for Textiles.

The fact is that the giants of the Chinese revolution are fast disappearing from the active political scene. As for the replacements, they are little known outside China and only to a limited degree within China. Younger people who have come up through the ranks since Liberation, their principal concern is not with old inner party conflicts but with China's progress, present and future.

FOREIGN POLICY

In foreign policy, little has changed since Mao's death and no major differences exist in this realm among the principal leaders of the party. There is, for example, virtual unanimity in attitudes of mistrust in regard to the Soviet Union. There is also a unanimity on the Taiwan question and, presently, a common concern regarding the possibility of a U.S. policy shift with respect to the island. The Chinese are also disturbed by scholarly and journalistic commentary in the United States which refers to "playing the Taiwan card" or "the China card". The Chinese play with their own deck and brush aside any suggestion that they can be manipulated in this fashion by the United States or any other country.

China's principal economic relations are with Japan and they are good. The Chinese apparently find it easy to do business with Japan if for no other reason than that the Japanese confine themselves to business. To be sure, the Japanese were shaken by China's cancellation of a number of large contracts in line with the policy of retrenchment of 1979. Nevertheless, they still assiduously seek out Chinese business. Their salesmen are by far most numerous in China.

As for the Soviet Union, as noted above, China continues to regard that country as the principal menace to the world. Soviet expansionism in Asia is seen as aimed primarily at Japan and the United States. Nevertheless, the Chinese are conscious of the massive placement of Soviet troops on their northern and western borders. There is also concern with Soviet manipulation of Viet Nam which is seen as a threat to Southeast Asia. At one point China offered to discuss all outstanding issues with the Soviet Union but that offer was buried after the Afghanistan invasion.

In Southeast Asia, the key concern of Chinese policy at this time is Cambodia. China sees the neutralization of Cambodia, with international guarantees, as a desirable solution to this problem. To bring it about, they would be prepared to provide assistance to the united front of the various Cambodian resistance forces, perhaps with Prince Sihanouk as leader. In this connection, they are anxious to align their policies with ASEAN and the United States.

CONCLUDING COMMENTS

The current Chinese scene manifests a decided shift from the convulsions of post-liberation China. Present policies are aimed at and are producing greater stability, a steadier development of the nation and higher standards of living for the people. In the eyes of the present leadership, this transition has been long overdue. In fact, a chief sin of the cultural revolution, as it is seen in retrospect, is that it was a principal cause of China's delayed progress.

It is one thing, however, to note the present denunciation of the excesses of the cultural revolution. It is quite another to make the mistake of assuming that that is the same thing as a rejection of the Chinese revolution. Confusion on this point especially abroad has led to a superficial conclusion that something like a counterrevolution has taken place in China. Indeed, there seemed even to be some expectation that capitalism and western-style democracy were about to appear in the People's Republic.

What has actually followed Mao's death is not counterrevolution but a post-revolutionary era. It is run not by capitalist-minded Chinese but by Chinese communist party members schooled in Marxism-Leninism and Mao-thought. This applies as much to the dwindling group of Long March veterans who still remain active in party affairs as it does to their replacements and the rising generation of young leaders. To be sure pragmatism in economic affairs is very much a part of the prevailing mood in China. It is however, not a no-holds-barred pragmatism. Rather it is held within the bounds of Chinese communist ideology. As Deng Xiao-ping put it: "When did I ever say that the dictatorship of the proletariat should be abandoned?" It is still on a communist basis that the present leadership is confident that China will emerge as a fully modernized state.

[From the Baltimore Sun, Apr. 7, 1981]

CAMBODIA'S LAST CHANCE—PRINCE SIHANOUK ATTEMPTS TO REUNITE THE RESISTANCE

(By Frank Valeo)

WASHINGTON.—Prince Norodom Sihanouk, the exiled former Cambodian chief of state, is engaged in a desperate effort to save his country from oblivion. He has said this attempt will be his last, and that may well be the case. His initiative comes at a time when the outlook for the pathetic Indochinese nation is very dim.

Inside Cambodia, the Heng Samrin government, sustained by the Vietnamese, is gaining wider acceptance at home and abroad. Weary after years of violence, the Cambodian populace appears unable to react with much more than apathy.

Cambodian guerrillas still are exacting a toll from the Vietnamese occupation forces, but the resistance is too divided to pose a serious threat to Hanoi's control. The main guerrilla factions are headed by Pol Pot, whose government was driven from the capital by Vietnamese troops in 1979, Son Sann and Prince Sihanouk's new field commander, Nhem Sophan. They all operate near the Thai border but among them there is little contact and much mutual suspicion.

While world opinion remains sympathetic to Cambodia, it seems to be approaching the limits of its attention span. Recently, the Australian government announced that it would no longer support Pol Pot as the legitimate government of Cambodia and holder of the nation's seat in the United Nations. The announcement stunned the members of the Association of South East Asian Nations (ASEAN) which have led the movement to prevent the acceptance of the Vietnamese aggression. ASEAN's member states are Malaysia, Singapore, Indonesia, Thailand and the Philippines. Their joint stand with China, the United States and other nations is now threatened by the Australian shift.

By taking the center of the stage now, Prince Sihanouk is attempting to unify the Cambodian resistance factions under his leadership. Such unity has long been recognized as a prerequisite to Cambodia's survival, to prevent its absorption by Vietnam. Now the changing situation in the U.N. lends it great urgency. Equally important, the Chinese, who have previously given all-out support to Pol Pot's Democratic Kampuchean regime, have endorsed Prince Sihanouk's effort.

The Pol Pot faction welcomed Prince Sihanouk's initiative and promptly dispatched Khieu Samphan as an emissary to meet the prince last month in Pyongyang, North Korea. Their discussions ended without significant progress but it is not the last word. Pol Pot may be personally repugnant to Prince Sihanouk, but Pol Pot's guerrilla forces are crucial to the prince's plans. These forces are the heart of what resistance there is to the Vietnamese occupation. Moreover, Pol Pot still has control of Cambodia's U.N. seat. Prince Sihanouk must have that forum if he is to plead his country's cause to the world.

If Pol Pot is important to Prince Sihanouk, the reverse is also true. Because of the brutal policies he followed after gaining power in 1975, Pol Pot is not acceptable to many nations which otherwise are sympathetic to the Cambodian cause. By contrast, Prince Sihanouk has broad international support and is widely recognized as the authentic voice of Cambodian nationalism. He was chief of state from 1960 until 1970, when he was deposed in a military coup.

Within Cambodia, the prince is something of a legendary figure. His leadership gave the nation a "golden age" of tranquility and prosperity before General Lon Nol overthrew the Sihanouk regime and the fury of the Vietnam War descended on Cambodia. As head of a united front, Prince Sihanouk could still serve to rally the Cambodian populace.

Once before, Prince Sihanouk lent his name and energy to a resistance movement led by Pol Pot and barely lived to regret it. For his pains, the prince was kept under virtual house arrest for years and his friends and family were killed or driven into exile. For the sake of Cambodia, Prince Sihanouk has now swallowed his anger. At the same time, Pol Pot has acknowledged past "errors." Nevertheless, the differences between the two men remain deep. To bridge them may well take intervention by the Chinese who supply Pol Pot while they continue to extend hospitality to the prince.

A similar problem exists in regard to the Son Sann faction. This group is composed of military personnel who fled to Thailand after the collapse of the Lon Nol government in 1975. Son Sann is not only fearful of Pol Pot but he regards Prince Sihanouk with something less than affection. To bring Son Sann into a united front may well require pressure from ASEAN as well as the United States. Significantly, the U.S. ambassador in Bangkok journeyed north to meet with Son Sann while Prince Sihanouk was engaged in talks with Khieu Samphan.

With the Cambodian resistance factions joined under Prince Sihanouk, the Vietnamese would be confronted with a serious challenge. It may be sufficient to induce them to accept a neutralized Cambodia. If Prince Sihanouk is successful in his present course, he could be in the Cambodian seat when the U.N. General Assembly convenes in September. Alternatively, as he has said, there may be "no seat to sit in."●

SCHOLARSHIP

● Mr. DURENBERGER. Mr. President, yesterday, May 7, 1981, a significant event occurred in the realm of international relations between Japan and the United States. I refer to the establishment of the Japan-United States Senate scholarship project as announced by Prime Minister Suzuki during his stay in our Capital City. The project will be funded by the Government of Japan over 5 years and will enable 500 American high school students to participate in a 2-month exchange program. The first 100 students will go to Japan in June 1982 after receiving an orientation here in Washington and meeting with the U.S. Senate Member responsible for his or her nomination.

Although Youth for Understanding, the world's largest high school student exchange program in terms of numbers of exchanges, will administer the program, each Member of this body is urged to become actively involved in the project. Youth for Understanding has been in the business of exchange for 3 years and focuses exclusively on the family living approach. Since YFU was founded in 1951, more than 81,000 students from 53 countries have been involved with their program. Currently 7,500 students are exchanged annually between 25 member countries, each of which maintains a YFU national office. The Youth for Understanding program between Japan and the United States is the organization's most comprehensive. Thanks to the support of over 70 Japanese and American corporations and foundations, all students going to Japan receive an intensive 4-day orientation which introduces the language and basic aspects of the culture.

While on program, the Americans in Japan take part in field trips and receive further language training. Upon returning stateside all students may attend followup seminars for as many as 3 years which focus on a continuing interest in Japanese-American relations and possible career implications. YFU has 3,200 alumni of its Japan-United States exchange and long range plans call for that number to increase to 7,500 by 1984. This YFU Japan project is being underwritten by 70 Japanese companies and the Rockefeller Brothers Fund to the extent of $3.361 million over 5 years.

In addition to these credentials, Youth for Understanding is guided by individuals with vast experience wth international and legislative affairs, John Richardson, Jr., former Assstant Secretary of State for Educational and Cultural Affiairs and former president of Radio Free Europe, and with a board of trustees that includes the Honorable Hugh Scott and J. William Fulbright.

I extend my thanks to the Government of Japan and pledge my personal support to the special Japan-United States exchange program of Youth for Understanding.●

FRANK E. FITZSIMMONS

● Mr. LEVIN. Mr. President, today we mourn the death of Teamsters Union President Frank E. Fitzsimmons, who rose from a Detroit truck driver to head one of this Nation's largest and most important labor unions.

Fitzsimmons' leadership in the Teamsters Union has spanned more than four decades. Born in Jeanette, Pa., Fitzsimmons was brought to Detroit by his parents in 1924. Dropping out of high school because of his father's illness, he took a job as a warehouseman at 22 cents an hour in 1935.

From there, Fitzsimmons began his rise which culminated in the Teamsters Union presidency. He served as a business agent in Detroit's local 299 from 1937 to 1940, and then served for 21 years as vice president of that nationally known union local.

In 1961, Fitzsimmons was elected as international vice president, and in 1967 was elected as general vice president. He was formally elevated to the union presidency in 1971 after serving as acting president, and held the presidency continuously until his death Wednesday.

For years, Frank Fitzsimmons has been an important and powerful voice in the American labor movement. His loss will be felt not only by those with whom he worked, but most deeply by his wife and four children. I know that I join my colleagues in extending my deepest sympathy to them.●

SENATOR FORD ADDRESSES INTERNATIONAL MANAGEMENT AND DEVELOPMENT INSTITUTE

● Mr. JACKSON. Mr. President, I would take this opportunity to bring to the attention of my colleagues remarks made on May 5 appraising our present apparent Federal energy policy. The remarks were made by Senator WENDELL H. FORD from Kentucky at the Washington briefing series of the International Management and Development Institute.

I believe that Senator FORD's analysis of the apparent abandonment of our energy options is both timely and perceptive.

I ask that the text of Senator FORD's remarks appear in the RECORD.

The remarks follow:

ADDRESS BY SENATOR WENDELL FORD

Though the definitive history has yet to be written, I suspect it is safe to speculate that the 1970s will be remembered as the time the United States of America finally faced up to the reality of false energy security and responded with the first attempt at a comprehensive energy policy the nation had ever seen.

Will the decade of the 1980s be remembered as the time this country surrendered in the battle to achieve greater energy self-sufficiency and pulled the plug on that national energy strategy before it had a chance to succeed?

That is the subject I'd like to addres today because I am worried and, yes, scared about the direction I see this country now heading as far as energy is concerned.

A little background is in order.

During the decade of the 1970s, energy prices skyrocketed, with shocking consequences for the country's economy. Energy, in the minds of many, became associated with danger to the environment, with social justice and equity. Energy technologies developed, came under close examination and were challenged. Energy became an international issue, a cloud over the future of the Western Alliance.

Energy entered the political arena, entered with a bang, and entered it to stay! All the wishful thinking, all the doctrines of faith would not make it go away.

Energy became the most divisive issue to be addressed politically over the last ten years and will remain so for the next ten years and beyond. In the United States, it pitted consumers against producer, region against region. The more pessimistic among us see it as a threat to the Republic. The present crisis in Canada should be foreboding to us all!

Energy as a political issue cries out for a policy, for political leadership. From the turmoil of recent years, we should have learned that there is no quick fix, no single narrow policy that meets all the needs.

Energy problems and energy policy have several sides. When we concentrate our efforts on one, we necessarily affect, more often than not, adversely so, the other aspects, especially if we lack a broad range of options.

Energy is a critical risk to our national security and requires a national security option. Energy is a threat to our modern industrial society and requires an option to moderate and stabilize energy price increases and permit an orderly adjustment to prices.

We must have an option to replace accelerating depletion of these energy resources—oil and gas—on which we now rely most heavily. We have to build into those options the environmental impacts and hazards of the exercise of our choices. We have to build in the fact that power and money will be distributed based on energy policy.

John W. Jimison put it well in a recent Congressional Research Service report where he wrote, "The real error would be for policy makers to pretend that the unknowns were knowns, and to lock us on a course premised on their guesses and to stop pretending that energy actions we want to take can help without hurting".

Since the 1973 embargo, Congress has enacted many major energy laws, some that underwrote options that ran head-on into other options. These were tough and divisive legislative battles.

The net result is an all-encompassing set of legislation embracing a broad range of energy initiatives.

Congress built the chosen options on a broad—and I believe balanced—base of energy resources—coal, nuclear, oil, gas, hydroelectric, solar, wind, urban wastes, geothermal, synthetic fuels and, of course, conservation.

That essentially is where we are—or where we were as of last November's elections. My Republican friends keep reminding me that there was an election last November 4 and an overwhelming mandate resulted.

I can't dispute that. In my mind, however, the mandate was not one of doctrine, but one for leadership—the bright side of the election as I view it. President Reagan entered office in a better position to exercise leadership and pursue options in energy than any of his three predecessors. And that is why more recent events make me "uneasy", a somewhat unsettled feeling that first set in when the word energy was not once mentioned in the President's Message on the Economy.

In making a public appraisal of recent energy developments, I would suggest that we may be in the process of dropping some of our options, abandoning some of our resources, and handing over leadership to those with a doctrinal, and vested interest, in the exercise of one, or at most a limited few, options.

This is being done without the public, and yes, even without the wide special interests participation that marked the positioning of those energy options we now have.

I agree that drastic spending cuts are required but the budget has also become the focal point for policy-making. In the process, I detect an evasion of direct policy changes, of amending or repealing the laws on which the dollar figures are based. A national energy policy and program, set forth in some 25 major laws designed to encourage production and conservation and to develop both near-term and long-term technologies, is being re-shaped or abandoned under the cover of "budget cuts".

The Budget represents a series of major policy shifts using "zero funding" as the method, rather than repeal or amendment of substantive law. The Budget makes large reductions in coal, conservation and renewable energy programs.

For the most part, these changes represent a withdrawal of the Federal government from the national leadership and decisionmaking role it finally assumed during the years since the first Arab oil embargo. This role was assumed by the Federal government to achieve public policy goals which are considered desirable by a broad consensus of the American people.

The Administration now is saying that the role of the Federal government in attempting to achieve these goals, was wrong. In any event, it is clear that Congress is being asked to join with the Administration in a wholesale dismantling of both the statutory and budgetary foundations of that Federal role.

Congress has been waiting, without results, for concrete expression of Administration position in several areas—Clean Air Act, Fuel Use Act, Strategic Petroleum Reserve. We, and our international allies, have been trying to ascertain who is running the Federal energy program.

Is it the Director of the Office of Management and Budget, the Secretary of Interior, the Secretary of State, the Secretary of Defense, or, as we call it in Kentucky, the present longshot—the Secretary of Energy?

We have been waiting for appointments to the Energy Security Corporation, the establishment of which led the world to believe that the United States finally was serious about energy.

I have the uneasy feeling that several recent public observations may be worth a closer look. It seems that the function of the first year of any new Administration is to make the immediate past Administration look good. Failures of past Administrations and past Congresses do not mean that all policy options should be abandoned. An energy policy in constant transition is clearly preferable to a comprehensive, final but wrong policy.

Now we are assured by those in charge that the "free market" will develop and allocate properly energy resources. I agree that this is true in many, many instances and if applicable, should be the option exercised. In the eyes of the new Administration, nuclear energy is to be the one exception to the "free market".

I agree that it is an excepton, but I submit that there are many more and an appraisal of energy policy must take into consideration how they are being handled, or not handled as the case may be.

The market place does not govern the national security option. I believe it is about time that we began to consider energy as a weapons system subject to the same chances of cost-overrun that face the conventional weapon systems. I believe that it is about time that we recognize that energy, not missiles, is the backbone of the Free World Alliance. The recent Russian gas deal should make this clearer than ever before.

Neither does the free-market approach apply to the Strategic Petroleum Reserve, to emergency preparedness, to long-range planning, to our relations with our allies, Canada and Mexico in particular, and to the Alaskan Gas Pipeline's role in our national defense.

I believe that the present policy relating to oil and gas development is correct. The same is true of coal leasing. The Federal government controls this option because it is the primary controller of our domestic oil, gas and coal resources, owning for the American people 70 percent of all Western coal resources, 85 percent of the total oil resources in the United States, 85 percent of all the high-grade tar sands, 80 percent of gas supplies, and a significant portion of the Nation's uranium and geothermal resource base.

However, I seriously question the wisdom of limiting our options to just the few supply choices we now have; oil and gas drilling, coal for direct use with all the constraints existing on its use, and nuclear power. Our industrial and defense machines will not operate on those options. You can't run a tank on a ton of coal—and I have yet to read one responsible source that maintains there is sufficient oil or gas to carry for any length of time the massive load that the emerging energy policy option would place on them.

Unless the current course is soon altered, I fear that we will have to relearn the linkages between energy, the economy, and national security—lessons to which we were so rudely and painfully confronted in the decade just past.

Even with oil and gas, we see the abandonment of most programs to tap unconventional sources.

I suggest that we pause before we leap and question whether or not it is in the national interest to support research and development of technologies that allow private industry to convert a potential resource into an energy supply.

I suggest that we pause before we leap into shunting aside policy options that you cannot stop and restart like you drill a well.

Nowhere is this more true than in the exercise—or non-exercise—of our synthetic fuel options.

Synthetic fuels offer the U.S. an opportunity to reduce its reliance on imported oil and gas. The U.S. has abundant reserves of coal and oil shale, the processing technology is sufficiently developed to begin commercial production, and the required capital investments are large but manageable.

The Energy Security Act has set national production goals of 500,000 barrels per day of synthetic liquids and gas by 1987 and 2 million barrels per day by 1992.

For these production levels to be achieved, the design and construction of additional synthetic fuels plants must be in progress before the first facilities begin to produce. Such a parallel development program is necessary due to a lead time of approximately eight years.

For this to ever come about, a high degree of cooperation between government and the private sector is essential. Those who say that government leadership is not needed are wrong. Government's stake in this endeavor is greater than anyone else's because the country's security—economic and military—are on the line.

Only with continued, large-scale government support and leadership can synthetic

liquids from coal and oil shale become commercially available by the mid-80s. If this happens, synfuels will become an important supplement to conventional oil production.

These synthetics could account for up to 34 percent of U.S. oil supply in the year 2000, depending upon how rapidly a national synthetic fuels industry is established and production capacity placed in operation. Just remember: A barrel less of synthetics will mean a barrel more of imports.

Last week the Senate Energy and Natural Resources Committee heard testimony that put in perspective the synthetic fuels option about as well as I have seen or heard.

We were told that deployment of a synthetic fuels industry is essential to meet shortfalls in conventional oil and gas supplies and to strengthen our national security. The justification for such action should be based on a realistic assessment of the true cost of oil imports with respect to inflation, trade balance, loss of jobs, and national security.

That is the compelling reason we must preserve continuity in energy research and development to foster more efficient and more appropriate ways to meet our energy needs. Our nation has been trapped in the past when we failed to address a problem before it was upon us.

Now, a Mid-East war seriously threatens the energy supply of the free world at a time when the U.S. is painfully import-dependent. We have the resources and technology to reduce the threat to manageable proportions, but these resources have not yet been put to use. Until they are, we remain gravely vulnerable.

A critical issue is the lead time for getting major new energy supply sources in place. No matter how hard we push, it would be seven or eight years before any new alternative fuel supply could provide meaningful increments of energy supply.

We must accept at least another decade of energy dependence with the associated economic deprivation and threat to our national security. Our vulnerability beyond that point will equal precisely the extent to which we delay now.

The inability, refusal or whatever to think beyond the year 2000 seems to be a rather peculiar American phenomenon. Yet Western Furope has no such problem. Their energy planning extends well into the twenty-first century, and both coal conversion and large imports of American coal are part of their future energy scenarios.

Why aren't we doing the same?

I would have hoped by now that this country would have (learned and) benefitted from the lessons of the supply disruptions of the past.

I would have hoped by now that this country would have figured out that energy is at the root of *every* single problem we face today—and until we do something about it, the problems of the past will intensify, not decline.

What I'm saying to you is that there must be an alternative to the 180 degree change in the course now being contemplated—a bipartisan, national, government-industry alternative that reaffirms this country's commitment to seek energy self-sufficiency.

We've gotten the oil producing countries' attention with the energy policy developed over the past several years—and don't you ever doubt that for a minute!

For the first time in years, OPEC seems genuinely worried that it has pushed oil prices too far, too fast.

The Saudi Arabian oil minister recently said, and I quote:

"If we force the West to invest heavily in finding alternative sources of energy, they will and this could reduce the West's dependence on oil to a point that will jeopardize Saudi Arabian's interests".

Yes, the oil-producing nations are worried. For the first time ever, they think we might be serious about weaning this country from its dependence on them.

And now—now we're talking about abandoning that strategy and going back to the good, old days where we crossed our fingers and hoped that the next OPEC price increase wouldn't be the one to break this country's back.

A course such as this is totally unacceptable to me, and the rest of the world is watching and waiting to see what we do.

Exactly a week ago today, President Reagan made a nationwide appeal for the Administration's economic package. He said it may be the country's last chance.

Just let me say this. As far as energy is concerned, it very well could be our last chance too.●

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. BAKER. Mr. President, I understand that there are certain items on the Calendar of General Orders that may be cleared on both sides for consideration. I ask the distinguished minority leader if Calendar Order No. 81 (S.J. Res. 46) and Calendar Order No. 42 (S.J. Res. 47) might be eligible on his calendar for consideration.

Mr. ROBERT C. BYRD. Mr. President, those two items would be eligible.

Mr. BAKER. I thank the minority leader.

U.S. TENNIS ASSOCIATION DAY

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar Order No. 81 (S.J. Res. 46).

The PRESIDING OFFICER. The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 46) entitled "U.S. Tennis Association Day."

The PRESIDING OFFICER. Is there objection to the present consideration of the Senate joint resolution?

There being no objection, the joint resolution (S.J. Res. 46) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 46

Whereas personal fitness is valuable to the health of individuals as well as to the health of the Nation; and

Whereas organized amateur athletics are effective in encouraging individual participation in sports and encourage personal fitness; and

Whereas the United States Tennis Association was the first national organization dedicated to amateur tennis and one of the first amateur athletic associations in the world; and

Whereas amateur athletics should be encouraged for the good of the Nation and the United States Tennis Association, as a long-time organizer of amateur athletics, is deserving of the support of the President: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to proclaim May 21, 1981, as "United States Tennis Association Day" to commemorate the one hundredth anniversary of the founding of the United States Tennis Association on May 21, 1881.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was adopted.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL SMALL BUSINESS WEEK

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 82.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 47) to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week."

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. WEICKER. Mr. President, I am pleased that the Senate has joined with the President in declaring the week of May 10–16 as "National Small Business Week."

In so doing, the Senate has recognized the contributions small businesses have made to our economy throughout the history of this country.

If our Nation is to achieve an economic recovery, small business will play a major role. Let us not forget that small business is—and has been for years—the very heart of our economic structure. Quietly, without fanfare, small businesses have traditionally made the greatest contributions to our economy in terms of productivity, innovation, and job creation.

They have done so in spite of burdensome regulations, crippling inflation and high interest rates, and a tax policy that impedes, rather than encourages, their progress.

I have no fear small businesses will continue to play that crucial role as we begin on the course to economic recovery. They embody, as President Reagan noted, "The entrepreneurial spirit which made this Nation great."

But because they will continue in their traditional role does not mean we should continue in ours. For too long we have taken the contributions of small business for granted, without much regard to the obstacles we have placed in their way.

It is time for us to do our part, too. Through legislation affecting regulations and taxes, we can remove some of the hurdles and make the path to success an easier one for small businesses to walk.

Today, by adopting this resolution authorizing "National Small Business Week," we can salute the small business owners of this country who have labored so long and hard.

As part of National Small Business Week, the Small Business Administration has planned numerous activities here in Washington to honor the State winners of "Small Business Person of the Year" awards, as well as the winners of awards for small business advocacy.

The winners of the Small Business Week poster competition, prime contractor, and subcontractor awards will also be honored.

As chairman of the Small Business Committee, I applaud the Senate's action today. By proclaiming the week of May 10–16 as "National Small Business Week," we can focus our attention on the enormous contributions of small business men and women to our economy, our communities, and our lives.●

The joint resolution (S.J. Res. 47) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas small and independent businesses represent 97 per centum of all business in this country and are the cornerstone of the American economy and the driving force of our free enterprise system;

Whereas small business creates 75 per centum of all new employment and accounts for 43 per centum of the gross national product;

Whereas small business originates 50 per centum of all major innovations and new technologies;

Whereas the Congress of the United States, the Senate Committee on Small Business, and the House Small Business Committee firmly believes that these significant contributions must be recognized and greater contributions encouraged through the development of economic policies and programs designed to foster growth of the small business economy: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week", and calling on the people of the United States and interested groups and organizations to observe such week with appropriate ceremonies and activities, in recognition of the achievements and contributions which small business men and women have made to American society.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I am advised that certain items to the Executive Calendar appearing under the heading of New Reports on page 2 and continuing through page 6, together with all the nominations placed on the Secretary's desk, are cleared on our calendar. I wonder if the minority leader could advise me of the status of those items on his calendar.

Mr. ROBERT C. BYRD. Yes; Mr. President, there is no objection on this side to consideration of the aforementioned nominees.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the items just identified.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. BAKER. Mr. President, I ask unanimous consent that all of the nominations appearing under New Reports and those nominations placed on the Secretary's desk be considered en bloc, and that it be in order to move for reconsideration of the nominations en bloc and any motion to table that may be offered thereto.

The PRESIDING OFFICER. Without objection, it is so ordered. The nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

IN THE AIR FORCE

Lt. Gen. James D. Hughes, to be lieutenant general.

Lt. Gen. Charles C. Pattillo, to be lieutenant general.

Lt. Gen. Gerald J. Post, to be lieutenant general.

Maj. Gen. James R. Brickel, to be lieutenant general.

Maj. Gen. Robert M. Bond, to be lieutenant general.

Maj. Gen. Larry D. Welch, to be lieutenant general.

Brig. Gen. Raymond E. Hebrank, to be major general.

Brig. Gen. Billie G. Hollowell, to be major general.

Brig. Gen. Curtis D. Roberts, to be major general.

Col. Frank C. Crooks, to be brigadier general

Col. Marinus Flux, to be brigadier general.

Col. Joseph O. Martin, Jr., to be brigadier general.

Col. Donald T. McGinley, to be brigadier general.

Lt. Gen. Marion L. Boswell, to be lieutenant general.

Maj. Gen. George M Browning, Jr., to be lieutenant general.

Lt. Gen. Kenneth L. Tallman, to be lieutenant general.

IN THE ARMY

Brig. Gen. George Eugene Coates, to be major general.

Col. James William Duffy, to be brigadier general.

Col. Charles Mercier Kiefner, to be brigadier general.

Col. Joseph Milton Lank, to be brigadier general.

Col. Clifton Bernard Wingate, to be brigadier general.

IN THE NAVY

LINE

William A. Williams III, John L. Butts, William E. Ramsey, Paul T. Gillcrist, Glen W. Lenox, Charles F. Horne III, Richard C. Avrit, Kleber S. Masterson, Jr., William A. Cockell, Jr., Henry C. Mustin, Stephen J. Hostettler, George A. Aitcheson, Jr., Byron B. Newell, Jr., Ralph G. Bird, Richard C. Berry, Thomas F. Brown III, Edward A. Wilkinson, Jr., James S. Elfelt, James K. Nunneley, David G. Ramsey, John D. Beecher, Lawrence Layman, Paul J. Mulloy, Charles B. Hunter, Albert A. Gallotta, Jr., Austin B. Scott, Jr., Lee E. Lorenson, Paul W. Dillingham, Jr., David L. Herlow, Jerry O. Tuttle, James R. Hogg, James W. Austin, Robert R. Fountain, Jr., Charles R. Larson, to be rear admiral.

MEDICAL CORPS

Melvin Museles, John R. Lukas, Stephen Barchet, to be rear admiral.

SUPPLY CORPS

Bruno A. Pomponio, Scott W. Ebert, Niel P. Ferraro, to be rear admiral.

CIVIL ENGINEER CORPS

James T. Taylor, Howard H. Haynes, John P. Jones, Jr., to be rear admiral.

DENTAL CORPS

Thomas W. McKean, to be rear admiral.

IN THE MARINE CORPS

Gen. Kenneth McLennan, to be general.

Lt. Gen. Andrew W. O'Donnell, to be lieutenant general.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, ARMY, NAVY AND MARINE CORPS

Air Force nominations beginning Raymond E Abel, Jr., to be lieutenant colonel, and ending James A. Collins, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of April 7, 1981.

Air Force nominations beginning Omar R. Adams, to be colonel, and ending Jack M. Heinemann, to be colonel, which nominations were received by the Senate on April 13, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Air Force nominations beginning Raymond S. Crawford III, to be captain, and ending Harry S. Copperthite, to be lieutenant colonel and colonel, which nominations were received by the Senate on April 13, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Army nominations beginning Douglas S. Adams, to be second lieutenant, and ending John S. Young III, to be first lieutenant, which nominations were received by the Senate on April 22, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Navy nominations beginning Robert W. Aldinger, to be captain, and ending Cathy L. Good, to be lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of April 7, 1981.

Navy nominations beginning Rufus S. Abernethy III, to be ensign, and ending Frank J. Zucco, to be ensign, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of April 7, 1981.

Navy nominations beginning Gerald P. Arnold, to be ensign, and ending Suzanne M. Shadrach, to be ensign, which nominations were received by the Senate on April 17, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Marine Corps nominations beginning William T. Akana, to be second lieutenant, and ending Jonathan W. Martin, to be second lieutenant, which nominations were received by the Senate on April 17, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Marine Corps nominations beginning Joseph H. Alexander, to be colonel, and ending Barbara Weinberger, to be lieutenant colonel, which nominations were received by the Senate on April 17, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Mr. BAKER. I move to reconsider the vote by which the nominations were confirmed en bloc.

Mr. ROBERT C. BYRD. Mr. President, I move to lay the motion to reconsider on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has confirmed these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

CARE WEEK

Mr. BAKER. Mr. President, I understand that these requests have been cleared by the minority. I ask unanimous consent that the Committee on the Judiciary be immediately discharged from consideration of Senate Joint Resolution 51, the CARE Week Resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

Joint resolution (S.J. Res. 51) authorizing and requesting the President to issue a proclamation observing the thirty-fifth anniversary of CARE (the Cooperative for American Relief Everywhere, Incorporated), and designating May 10 to 16, 1981, as "CARE Week".

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was read the second time at length.

Mr. BAKER. Mr. President, I ask unanimous consent that the distinguished Senator from Minnesota (Mr. DURENBERGER) be added as a cosponsor to Senate Joint Resolution 51.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (S.J. Res. 51) was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

Whereas CARE (the Cooperative for American Relief Everywhere, Incorporated), has been providing relief to millions of the world's hungry and needy for over thirty-five years;

Whereas CARE has grown since its birth in 1945 into one of the largest voluntary, nonprofit, nonpolitical, nonsectarian, nongovernmental agencies which meets the needs of millions of men, women, and children around the world;

Whereas CARE has entered into a new era by expanding on the famous CARE package program, and is today providing the means for people to help themselves by shipping major supplies of food as provided by public law, by providing seeds and farm equipment needed for the cultivation and harvest of crops, and by sponsoring many other development and self-help programs designed to bring more productive agriculture to underdeveloped nations;

Whereas CARE has also expanded this new era by furnishing medical care and training of local medical personnel in modern techniques through MEDICO;

Whereas CARE recognizes that the essential elements in the struggle for self-sufficiency are food, tools, and medical supplies and services, and has strived to fulfill the demand for these elements with over $64,000,000 in contributions from private citizens over the years, as well as many gifts-in kind from industrial and commercial enterprises; and

Whereas CARE's aim of helping the impoverished help themselves is witnessed each day in the feeding of more than twenty million people (primarily children), the building of roads, water systems, and schools, the education of local farmers and health personnel, and the caring for the sick: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled. That the President is authorized and requested to issue a proclamation observing the thirty-fifth anniversary of CARE (the Cooperative for American Relief Everywhere, Incorporated), honoring CARE for its accomplishments in meeting the needs of the world's disadvantaged, and designating the week of May 10 to 16, 1981, as "CARE Week".

Mr. BAKER. I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

JOINT RESOLUTION PLACED ON CALENDAR

Mr. BAKER. Mr. President, I believe this request has been cleared on the other side as well. I ask unanimous consent that a joint resolution (S.J. Res. 79) to be offered on behalf of the Senator from Iowa (Mr. GRASSLEY) and 25 cosponsors be placed on the calendar.

Mr. ROBERT C. BYRD. I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no further business to offer the Senate today. I wonder whether the minority leader has any other business to suggest.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for his courtesy in inquiring. I know of no further business so far as this side of the aisle is concerned.

Mr. BAKER. I thank the minority leader.

RECESS UNTIL 9:45 A.M. MONDAY, MAY 11, 1981

Mr. BAKER. Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:45 a.m. on Monday next.

The motion was agreed to; and at 4:39 p.m. the Senate recessed until Monday, May 11, 1981, at 9:45 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 8, 1981:

DEPARTMENT OF STATE

Lawrence S. Eagleburger, of Florida, a Foreign Service Officer of the Class of Career Minister, to be an Assistant Secretary of State, vice George S. Vest, resigned.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

Lt. Gen. James D. Hughes, U.S. Air Force (age 58), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

Lt. Gen. Charles C. Pattillo, U.S. Air Force (age 56), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

Lt. Gen. Gerald J. Post, U.S. Air Force (age 55), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. James R. Brickel [redacted] FR, U.S. Air Force.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Robert M. Bond [redacted] FR, U.S. Air Force.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Larry D. Welch [redacted] FR, U.S. Air Force.

The following officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be major general

Brig. Gen. Raymond E. Hebrank, [redacted] FG, Air National Guard of the United States.

Brig. Gen. Billie G. Hollowell, 450–36–[redacted] FG, Air National Guard of the United States.

Brig. Gen. Curtis D. Roberts, 424–34–[redacted] FG, Air National Guard of the United States.

To be brigadier general

Col. Frank C. Crooks [redacted] FG, Air National Guard of the United States.

Col. Marinus Flux [redacted] FG, Air National Guard of the United States.

Col. Joseph O. Martin, Jr [redacted] FG, Air National Guard of the United States.

Col. Donald T. McGinley [redacted] FG, Air National Guard of the United States.

Lt. Gen. Marion L. Boswell, U.S. Air Force (age 57), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of Section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. George M. Browning, Jr., [redacted] FR, U.S. Air Force.

Lt. Gen. Kenneth L. Tallman, U.S. Air Force (age 56), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of Title 10, United States Code, Section 8962.

IN U.S. ARMY

The following officers for appointment as Reserve Commissioned officers in the Adjutant General's Corps, Army National Guard of the United States, Reserve of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be major general

Brig. Gen. George Eugene Coates, [redacted]

To be brigadier general

Col. James William Duffy [redacted]
Col. Charles Mercier Kiefner [redacted]
Col. Joseph Milton Lank [redacted]
Col. Clifton Bernard Wingate [redacted]

IN THE NAVY

The following temporary flag officers of the U.S. Navy for permanent promotion to the grade of rear admiral, pursuant to title 10, United States Code, sections 5780, 5781, and 5791.

LINE

William A. Williams III
John L. Butts
William E. Ramsey
Paul T. Gillcrist
Glen W. Lenox
Charles F. Horne III
Richard C. Avrit
Kleber S. Masterson, Jr.
William A. Cockell, Jr.
Henry C. Mustin
Stephen J. Hostettler
George A. Aitcheson, Jr.
Byron B. Newell, Jr.
Ralph G. Bird
Richard C. Berry
Thomas F. Brown III
Edward A. Wilkinson, Jr.
James S. Elfelt
James K. Nunneley
David G. Ramsey
John D. Beecher
Lawrence Layman
Paul J. Mulloy
Charles B. Hunter
Albert A. Gallotta, Jr.
Austin B. Scott, Jr.
Lee E. Levenson
Paul W. Dillingham, Jr.
David L. Harlow
Jerry O. Tuttle
James R. Hogg
James W. Austin
Robert R. Fountain, Jr.
Charles R. Larson

MEDICAL CORPS

Melvin Museles
John R. Lukas
Stephen Barchet

SUPPLY CORPS

Bruno A. Pomponio
Scott W. Ebert
Niel P. Ferraro

CIVIL ENGINEER CORPS

James T. Taylor
Howard H. Haynes
John P. Jones, Jr

DENTAL CORPS

Thomas W. McKean

IN THE MARINE CORPS

Gen. Kenneth McLennan, U.S. Marine Corps, age 56, for appointment to the grade of general on the retired list.

Lt. Gen. Andrew W. O'Donnell, U.S. Marine Corps, age 56, for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

IN THE AIR FORCE

Air Force nominations beginning Raymond E. Abel, Jr., to be lieutenant colonel, and ending James A. Collins, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of April 7, 1981.

Air Force nominations beginning Omar R. Adams, to be colonel, and ending Jack M. Heinemann, to be colonel, which nominations were received by the Senate on April 13, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Air Force nominations beginning Raymond S. Crawford III, to be captain, and ending Harry S. Copperthite, to be lieutenant colonel and colonel, which nominations were received by the Senate on April 13, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

IN THE ARMY

Army nominations beginning Douglas S. Adams, to be second lieutenant, and ending John S. Young III, to be first lieutenant, which nominations were received by the Senate on April 22, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

IN THE NAVY

Navy nominations beginning Robert W. Aldinger, to be captain, and ending Cathy L. Good, to be lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 7, 1981.

Navy nominations beginning Rufus S. Abernethy III, to be ensign, which nominations J. Zucco, to be ensign, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of April 7, 1981.

Navy nominations beginning Gerald P. Arnold, to be ensign, and ending Suzanne M. Shadrach, to be ensign, which nominations were received by the Senate on April 17, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

IN THE MARINE CORPS

Marine Corps nominations beginning William T. Akana, to be second lieutenant, and ending Jonathan W. Martin, to be second lieutenant, which nominations were received by the Senate on April 17, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

Marine Corps nominations beginning Joseph H. Alexander, to be colonel, and ending Barbara Weinberger, to be lieutenant colonel, which nominations were received by the Senate on April 17, 1981, and appeared in the CONGRESSIONAL RECORD of April 27, 1981.

EXTENSIONS OF REMARKS

THE NATIONAL DRIVER REGISTER—AN IDEA WHOSE TIME HAS COME

HON. JAMES L. OBERSTAR
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. OBERSTAR. Mr. Speaker, last week, it was my great privilege to address the Eastern Regional Safety Congress and Exposition, sponsored by the National Safety Council. One of the many safety issues discussed at the meeting was the viability of the National Driver Register.

I have introduced legislation, H.R. 2052, the National Driver Register Act of 1981, cosponsored by the Honorable JOHN RHODES, which creates a quick response, automated system. My bill is the product of several years of extensive study and research conducted by the Department of Transportation, Bureau of Motor Carrier Safety, and the National Transportation Safety Board.

The National Highway Traffic Safety Administration has proposed a reduction of funding for the NDR in fiscal year 1982. I believe this represents a step backward for highway safety and urge my colleagues to oppose this unfortunate decision.

My remarks to the National Safety Council follow:

On March 8, 1977 a school bus was stopped on U.S. Highway 29 near Rustburg, Virginia with its lights flashing, making an early morning pickup of school children. Just as the driver opened the door, a 75,000 pound semi-trailer truck struck it from behind, overturning the bus and pushing it 222 feet further down the highway. Three children were killed and 29 were injured.

The National Transportation Safety Board's investigation of the incident showed that the driver had 41 convictions in eight States over a period of 17 years. At the time of the accident, he had two valid driver's licenses—one in Florida and one in North Carolina.

In 1978 heavy truck accidents killed 5,000 people. Ten percent of these highway deaths were caused by problem drivers, such as the truck driver in the Virginia accident yet these drivers of the largest, heaviest vehicles on the road continue to be licensed by the various States.

In commercial aviation and marine transportation we maintain a complete nationwide safety record of the aircraft pilot or shipmaster. His performance can be checked with a single inquiry. Yet, there is no effective single source of complete driver history for the nation's 146 million drivers in 56 separate jurisdictions.

The situation cries out for correction, yet little has happened—and now the Reagan administration wants to wipe out the little progress we've made so far, by eliminating funding for the National Driver Register in the FY82 Budget.

In safety, as in other areas, there are choices to be made.

Americans cherish their freedom of choice to a fault. We resent being told to buckle up. We won't wear seatbelts. We unhooked the interlock system. And many are fighting passage of mandatory seat belt laws.

Ideally, every human life is beyond price. But, in practice, we do put a price on life.

Some years ago, the Department of Transportation computed the costs of 37 highway safety programs. They found that mandatory seat belt usage would cost $50.60 per person per year—the best safety bargain by far. Roadway realigning and grading, at the bottom of the list, would cost $770,000 per life saved.

The choices are difficult, but there are some good ones. One of those wiser choices, and a low cost one, is the National Driver Register.

I welcome the opportunity to discuss with you the need for legislative improvement in the National Driver Register. I became involved in the drive to reform the NDR six years ago when the 14-year old daughter of my Washington neighbors lost her life in an automobile accident, caused by a truck driver using an Arizona driving license while under suspension for the seventh time in his home state of New Jersey.

As a friend, I feel it is unfortunate that it takes the death of a loved one or a neighbor to prompt a movement for reform.

As a legislator, I am convinced that something can be done to prevent the hapless slaughter on our highways. I propose that we begin with the National Driver Register.

A few figures will help illustrate the problem, particularly in light of current congressional action on the budget. The National Safety Council's 1980 Report to the Nation tells us:

There are 159 million motor vehicles of all kinds on our nation's highways, roads, and streets and over 146 million licensed drivers.

In calendar year 1979, there were 51,900 fatalities and approximately 2 million disabling injuries caused by traffic accidents.

The cost to society, if you can place a value on human death and injury, was $35.8 billion. This includes wage loss, medical expenses, property damage and administrative and claim settlements. This is 2.4 thousand times the amount we currently spend on the NDR!

These statistics are a national disgrace. At the Federal level we have done a great deal with passive safety measures for safety on the roadway and safety of the motor vehicle. In the process, we have, to some extent, neglected another serious problem: the driver. Last year 25,000 Americans were killed by drunk drivers—that's 70 deaths a day or one every 23 minutes. Denial of a driving permit remains one of the most effective tools the States have for reducing traffic deaths and keeping the problem driver off the highways. The unique decentralization of our licensing system, however, makes it inherently difficult to locate that chronic offender.

For twenty years, the National Driver Register has operated to assist States in this identification process. Over that period of time, the NDR has processed more than 250 million requests for driver license record checks with more than two million probable identifications. It is a tribute to the success of the system that forty-eight States plus the District of Columbia currently participate in the program voluntarily. While the NDR has provided useful service to the States, those familiar with the program recognize that the NDR is not working as well as it could—in fact, it is just plain cumbersome.

Last September, the National Highway Traffic Safety Administration released a comprehensive study of the NDR which provided a detailed outline of the problems associated with the system. The report made specific recommendations to Congress designed to correct these deficiencies. The NHTSA study culminated a series of critiques done by various groups over a three year period, including a report in 1978 by the General Accounting Office, a study done in 1979 by the Citizens for Safe Drivers, a report by the National Transportation Safety Board in 1980, and studies done by the University of North Carolina and the Bureau of Motor Vehicle Safety, dealing specifically with the commercial driver aspect. There may even be one or two which I have yet to discover.

While each of these studies approaches the issue somewhat differently, all begin with a common premise, which is: The NDR serves a useful and important function for the States and should be improved and expanded, not eliminated.

I have introduced legislation which I believe takes a significant step towards achieving this objective. My bill, H.R. 2052, incorporates the recommendations of the recent NHTSA report with one notable exception. Under my proposal, the system remains voluntary. The States would notify the Secretary of Transportation of their decision to participate or withdraw. Interest among the States in a new improved Register is high. I do not believe that the voluntary feature will in any way hinder the effectiveness of the system. In the NHTSA report, forty-one States indicated strong support for the rapid response capabilities which my bill provides. As a matter of fact, both Florida and New York, two States which currently make limited use of the Register, have indicated a willingness to serve in the pilot program.

My legislation would change three basic features of the present NDR: response time, accessibility to records, and useability of the data. H.R. 2052 would change the existing index system to a "pointer system" (language used in NHTSA report), linking the States to an interstate communications network by means of the central computer of the National Driver Register. The Register would have the capability of electronically referring an inquiring State to any designated State of record for an abstract of the adverse driving record.

Under the "pointer system," substantive data on the problem driver would remain the responsibility of the State and would not be contained in the Register. The information in the NDR would be limited to specific identification data supplied by the

States for matching and referral purposes only.

The improved Register would allow for expanded use and access to driving records. Present law limits use to only that of license issuance or renewal. Persons authorized to receive an abstract would include the Chairman of the Transportation Safety Board for purposes of accident investigation, the Administrator of the Federal Aviation Administration for purposes of pilot licensing, and any employer of an individual who is employed as a driver of a motor vehicle.

In addition to data on suspension and withdrawals, the Register would be authorized to receive identification data from chief licensing officials in each State on individuals whom the State has convicted of a traffic offense associated with driving while under the influence of alcohol, drugs, or any other controlled substance and/or a fatal traffic accident, or reckless driving.

With these improvements, the capabilities of the Register will increase tremendously. NHTSA predicts that the number of drivers identified through the system would increase from the present 200,000 to over one million a year. The predicted effect of such an increase is that State licensing officials will refuse to license or will take some other corrective licensing action against an estimated 945,000 of these drivers annually.

The legislation would enhance the operation of the Register in four key respects.

First: the timeliness of the data—States would be able to receive initial notification of a probable identifcation within 60 seconds and a more detailed driver abstract from the State of record with five minutes. The States now must wait ten to fourteen days for these reports.

Second: the accuracy of the data—The records will be accurate up until the point of inquiry because the abstract will be sent directly from the State of record to the State of inquiry via the NDR. The States will maintain complete control over the records. There will be no duplication of the driving records on the Federal level.

Third: the expanded accessibility—Employers will be able to use the Register to help identify those drivers who do not meet the minimum Federal safety requirements.

Fourth: the cost-effectiveness—The overall rate of actionable identifications would be 85% as compared to the present batch/mail system of 30%. Cost per actionable identification would be one-fifth the cost under the present system ($6.80 compared to $34.70)

H.R. 2052 has considerable bi-partisan support in the House of Representatives. Congressman John Rhodes, the original sponsor of the NDR in 1960, joined me in introducing the bill. To date, 16 of my Colleagues (9 Democrats—7 Republicans) have added their support. The legislation has been referred to the Subcommittee on Surface Transportation of the House Public Works and Transportation Committee, on which I serve. I expect hearings to be held this summer during consideration of this year's highway bill. An identical bill, S. 672, has been introduced in the other body by Senator Claiborne Pell.

The bill has attracted the attention of a wide range of public interest groups, including many of those in attendance here today. I have sought advice and comments from all interested parties. The response has been overwhelmingly favorable. I continue to seek your suggestions and invite interested parties to testify before the Subcommittee. The hearing process will offer the opportunity for each recommendation to be carefully reviewed and considered.

While no provision in the bill is inflexible, I would caution against wholesale indiscriminate revision. After five years of frustrating delay but also of thorough study and consideration, I believe H.R. 2052 provides the best possible means for States to obtain complete, accurate, current, and useable driver records. Extensive modification would seriously jeopardize the chances for passage, although I do recognize that there is room for perfecting amendments. I urge every organization, concerned for highway safety and NDR reform, to consolidate their support behind a single proposal. I offer H.R. 2052, as the most appropriate vehicle for this purpose.

I said there are many groups who support upgrading of the NDR. Later today you will hear from a group that doesn't support this effort—the Reagan administration. There is a second group who do not support it—but they are not on your program: the problem driver.

The administration claims that their budget proposal does not signal a lessening of support for highway safety programs; instead, they call it a redistribution of resources to the areas of highest potential payoff and the greatest need. Nonsense. They simply don't agree with the principle of spending money on safety. In fact, this administration's record on safety in general is none too encouraging. Highway safety grants alone are recommended to be cut by $167 million in fiscal year 1982.

The weight of solid, professional evidence is totally in support of a modern, computerized quick response NDR. The elimination of funding for this program is not justified by any criteria, especially the cost-benefit rationale.

I could quote from any one of the reports mentioned earlier in my remarks to support my claim; however, I would like to use an in-house study prepared by the National Driver Branch of NHTSA in 1978. Using 1977 as a base year, NHTSA determined the potential "life-saving" benefit of the NDR. The results showed that the NDR reduced the deaths, injuries, and accidents caused by suspended and revoked drivers, and that this was accomplished in a cost-effective manner.

In 1977, the study estimated that the average NDR cost per disabling injury/fatality prevented by the existing NDR was approximately $7,000. Using NHTSA's *1975 Societal Costs of Motor Vehicle Accidents*, the estimated average societal cost per disabling injury/fatality is $15,000. This gives us a ratio of societal costs to NDR costs of more than 2:1. That's an excellent return on the driving public's investment.

The administration's spokesman is coming up here later to sweet-talk you into turning the NDR over to some vague, yet undefined private venture. They're trying to divide the safety ranks for the sake of political philosphy, not for good safety sense. Do not be fooled by the suggestion of a private consortium or corporation and the offer of technical assistance as a means to continue the interchange of information between the States. This arrangement would take years of negotiation and cost, in the long run, more money. I strongly feel, as NHTSA outlined in its report to Congress, that it is the responsibility of the Federal Government to provide the necessary leadership in this area of highway safety.

The National Safety Council has the respect of the American people as an objective, trustworthy organization concerned with and working for the public good. Don't let your professional standing be undermined by the siren call of fiscal restraint. I hope you will join with me in letting the administration and Congress know your strong opposition to this proposal to eliminate a system, which only a few months ago, received strong praise from NHTSA, as a valued tool for keeping the problem driver off our highways. If we ignore the extent of the problem, as the administration does by virtue of its budget proposal—we will only become part of the problem.

Use the prestige of this organization to sound the clarion call for action to make America's highways safe.

Thank you.●

MAY DESIGNATED AS OLDER AMERICANS MONTH

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. ROTH. Mr. Speaker, this month of May has been designated Older Americans Month nationwide, and I would like to take this opportunity to turn my colleagues' attention to the tremendous contributions made by seniors within the boundaries of family, community, and country.

Foremost in the progress we have made toward recognizing the unique qualities older people bring to every endeavor is the creation of programs which employ these interpersonal skills to best advantage, such as the Foster Grandparent program.

Here, children with special needs are befriended by older Americans who afford them the love, patience, and guidance such as only a lifetime of experience can bring. Here too, Foster Grandparents receive the challenge and satisfaction that comes from making a difference, as well as the love of their foster grandchildren.

Older Americans are one of our Nation's most valuable resources. In these days of flexible family structures and changing family roles, some assert that older people lack a purpose and place in our society. I profoundly disagree with this viewpoint. In Wisconsin's Eighth Congressional District, which I have the privilege to represent, the energy, creativity and effectiveness of older Americans is everywhere apparent in volunteer activities, community organizations, the workplace and the family.

Each of us will someday face advanced age. The actions we take now to achieve a prominent social role and dignified economic conditions for the elderly will redound directly upon us and ours. I urge my colleagues to make the 97th Congress the most successful in terms of attention to the issues which confront seniors today. I challenge my colleagues to each become advocates of older Americans.

My own regard for the role seniors play in my district is matched only by my commitment to duplicating this visibility nationwide.●

COMMEMORATING THE 33D ANNIVERSARY OF FOUNDING OF ISRAEL

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. NELLIGAN. Mr. Speaker, this week we celebrate the 33d birthday of the founding of Israel. The developments in May 1948, marked a remarkable rebirth after 1,900 years of exile for the Jewish people. Out of the ashes of the holocaust, a nation was formed with refugees from Europe and from the Arab nations. Deserts and swamps were converted into fertile farms and kibbutzim as a vital society emerged. The immigrants have built a nation dedicated to democracy, and with reliance on Western values. The growth of the State of Israel was aided greatly by American support, both through its government and privately through its citizenry. Our military and economic support has been significant.

But the development of this relationship has been a two-way street. Israel has been a bastion of democracy in the Middle East, a nation that has provided us assistance on more than one occasion. We have admired Israel's great statesmen—David Ben-Gurion and Golda Meir, among others. We have admired the strength of Israel's citizenry and army, as exemplified by the brilliance of the Entebbe rescue mission.

The anniversary of the creation of the sovereign State of Israel once again focuses our attention on the need to continue our support of that great nation. Israel is not only our moral partner, but also a key asset in the Middle East in our effort to counter the continuing Soviet threat.●

ROBERT F. BURFORD

HON. HANK BROWN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. BROWN of Colorado. Mr. Speaker, I noted with great satisfaction the Senate, on May 6, consented to and approved the nomination of Robert F. Burford of Grand Junction, Colo., to be the Director of the Bureau of Land Management. On April 8, I submitted a brief statement in support of Bob Burford's nomination to the Senate Committee on Energy and Natural Resources and I think it bears repeating at this time.

In Bob Burford, the Bureau of Land Management is gaining an outstanding Director. I have known Bob for many years, both through his reputation in the livestock business and as a legislator. He possesses the brilliance, sensitivity, integrity, and leadership ability that are required to provide new guidance for the Bureau of Land Management.

Bob had an excellent academic record at the Colorado School of Mines in the field of engineering. He distinguished himself in the livestock business, both as a successful manager and in gaining a reputation for integrity and honesty. As the committee may know, Bob served Colorado in the State legislature and quickly rose to the position of speaker of the house. His service as speaker was marked by an ability to work with both parties and the kind of sensitivity and willingness to work with others that ultimately brings about the greatest progress. I know he will do the kind of job that all Americans can be proud of.●

A MOTHER'S DAY PRESENT—THE WOMEN'S ECONOMIC EQUITY ACT

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. WYDEN. Mr. Speaker, this Sunday we will celebrate Mother's Day. It seems ironic to me that while we celebrate this great occasion, we ignore the fact that there are still glaring inequities in Federal laws which negatively impact women.

Today, I would like to add my voice to the supporters of H.R. 3117, the Women's Economic Equity Act, legislation designed to eliminate some of these injustices.

I believe that the passage of this bill would be a great Mother's Day present for the women of this country.

Before coming to Congress this year, I worked with senior citizen programs in the State of Oregon for 8 years. I met many older women trying to figure out how to make ends meet each month. Their plight cannot be laid entirely to inflation. It is also a result of our economic bias against women.

There are 25 million Americans over the age of 65 in the United States. Two out of three are women and likely to be poor. Sixty percent of older women who do not have a spouse rely solely on a social security check of less than $300 per month.

H.R. 3117 would correct some of these inequities. I would like to speak to three provisions of that act:

First. The act would make housewives eligible for individual retirement accounts. If a woman chooses the job of homemaker, her retirement needs are no less than the woman who chooses to work outside her home.

This provision would not only promote personal retirement security, but would support a much needed program of savings accumulation for the well-being of our Nation.

Second. The act would allow an employer to take a tax credit for hiring a homemaker who had "lost her job" by virtue of her husband's death, disability, or divorce.

Midlife homemakers encounter great difficulty in securing self-sustaining employment. This bill would add "displaced homemakers" to a list of hard-to-employ workers presently generating tax credits for employers.

Third. The act would offset a strong disincentive for women to work—the enormous expense of child care.

For women in low-paying jobs, the present income tax deduction is not applicable. For these low-waged workers, income left after child care is often not worth the effort.

By offering a refundable tax credit, low-income women would benefit from a program which has been of assistance to middle and upper income women until now.

The provisions found in the Economic Equity Act will improve the economic situation of all women whether they choose to remain at home as homemakers, work outside their home, or choose some combination of both. In turn, improved economic conditions for young and midlife women will guarantee a more secure old age.

Economic equality for women is long overdue. With inflation rising and productivity declining, we cannot tolerate provisions which discriminate against a woman's ecnomic well-being. For the benefit of all women, but particularly older women, I ask for the passage of the Women's Economic Equity Act.

Happy Mother's Day.●

INVESTMENTS IN SCIENTIFIC RESEARCH PAY DIVIDENDS: PROF. GEORGE BRECHER HONORED BY FRANCE

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. LANTOS. Mr. Speaker, I am proud today to bring to the attention of Members of Congress an honor which has recently been bestowed upon an American scientist who is also a fellow Californian and a man whose early life and education were shaped in his native country, Czechoslovakia. As an alumnus of the University of California, it gives me special personal pleasure to place in the RECORD the official announcement of the honor recently bestowed upon Prof. George

Brecher, professor of laboratory medicine emeritus, at the University of California in San Francisco.

The Government of France has recently named George Brecher, Lawrence Berkeley Laboratory scientist, to the French National Order of the Legion of Honor founded in 1802 by Napoleon Bonaparte. The honor is based on is basic research on separating blood platelets from whole blood. Today, transfusion of blood platelets is used routinely in medical facilities everywhere.

The contributions of Professor Brecher in the field of medical research will benefit humanity throughout the world for many generations to come. This honor to him, bestowed by the Government of France, brings credit to the United States as a result of two great national traditions: That of welcoming immigrants into our midst, and that of providing Federal funds for basic scientific research for our Nation's scholars. Professor Brecher's discoveries could not have occurred in our Nation without Federal research moneys. As the Congress considers the proposed budget cuts in many areas of research support, let this evidence of dividends from our research investments be kept in mind. Mr. Speaker, I submit the attached statement from the University of California announcing this award.

STATEMENT FROM THE UNIVERSITY OF CALIFORNIA, LAWRENCE BERKELEY LABORATORY

The Government of France has named Lawrence Berkeley Laboratory scientist George Brecher, one of the world's pioneer researchers in blood diseases, to the French National Order of the Legion of Honor.

The award, announced by French Ambassador to the United States Francois de Laboulaye, cites "the remarkable contribution Dr. Brecher has made toward progress in hematological research, and the friendship and cooperation he has established between French and American scientists."

Techniques used the world over for counting blood platelets and young red blood cells, called reticulocytes, owe much of their development to Brecher.

Brecher was among the first researchers to demonstrate that platelets, tiny disks of protoplasm in the blood of vertebrates that inhibit bleeding, can be successfully separated from whole blood and transfused to prevent hemorrhage. Today, transfusion of blood platelets is used routinely in medical facilities everywhere. The treatment makes up for a temporary lack of platelets and prevents potentially fatal bleeding. Brecher and his associates were also among the first to demonstrate the transfusion of infection-fighting blood cells called granulocytes.

Born in Olmutz, Czechoslovakia, Brecher was educated in Goettingen, Zurich and Prague before the Second World War. He was a physician in the U.S. Army, and in the postwar years held a series of distinguished appointments at the National Institutes of Health. In 1966, he became professor and chairman of the Department of Laboratory Medicine at the University of California, San Francisco, which he helped to establish. Three years ago, when he departed for LBL, Brecher was named professor of laboratory medicine emeritus by UCSF.

At LBL he is conducting basic research into the fate of transfused bone marrow cells called "pluripotential stem cells" (PSC). These cells are responsible for the regeneration of red cells, white cells and platelets after severe injury to bone marrow.

Transplants of bone marrow, used with some leukemia cases, rely on PSC for their effectiveness. Although the transplant procedure utilizes radiation therapy to suppress the body's natural tendency to reject the grafts, the process remains hazardous. Even if the graft is successful, it can produce antibodies that turn against the patient's own cells.

Brecher hopes that better knowledge of the behavior of PSC after transfusion will aid researchers elsewhere and eventually lead to much wider use of bone marrow transplantation.

France's National Order of the Legion of Honor was founded in 1802 by Napoleon Bonaparte. The award recognizes a minimum of a quarter century of professional service.

Lawrence Berkeley Laboratory is operated by the University of California under contract with the Department of Energy.●

INFANT FORMULA ETHICS

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, May 8, 1981

● Mr. WYDEN. Mr. Speaker, I support adoption May 18 of the International Code of Marketing of Infant Formula at the World Health Assembly in Geneva. America should be on record as opposing distribution of a product that has been proven detrimental to the most innocent, vulnerable members of the human race—underprivileged babies.

A Washington Post article of May 3 written by Morton Mintz, a close personal friend of mine and in my estimation a truly outstanding journalist, suggests the Reagan administration is wavering in support of the code. The code is already supported by nearly all the 156 member nations of the World Health Organization, as well as by the American Public Health Association, a coalition of religious and other groups and pending House and Senate resolutions.

The Mintz article points out that about 10 million infants and young children suffer annually from sometimes fatal malnutrition and other diseases associated with inadequate breast feeding and use of substitutes.

Supporters quoted by Mintz say the code will be a shield in Third World countries "against promotional practices that have led mothers to forsake or curtail breast feeding—which undisputedly provides the best nutrition and protection against infection—in favor of substitutes that often are mixed with contaminated water."

The article also observes that 1 million infant deaths can be prevented annually in the 1980's by promoting and protecting breast feeding.

I trust that advisers in the administration will take a firm line on this matter, and adopt a position that is sensitive to this most human of issues. I also hope that my colleagues will join me in a show of strong congressional support for the International Code of Breast-Milk Marketing.●

SENATE—*Monday, May 11, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 9:45 a.m., on the expiration of the recess, and was called to order by Hon. TED STEVENS, a Senator from Alaska.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Our Father in heaven, as we begin this week of work, we thank Thee for the experiences of the weekend. We pray for those who have been disappointed, for those who are ill—in hospital or home, for those who are hurting in this large Senate family. May Thy grace abound in them with healing and hope.

As the huge, complicated process of Senate work begins, help us to treat each other as persons, not things. Help us to respect each other, honor each other, love each other, serve and encourage each other.

We ask this in the name of Him who as the Servant gave His life as ransom for all. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 11, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable TED STEVENS, a Senator from the State of Alaska, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. STEVENS thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the minority leader is recognized for not to exceed 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I yield such time as he may desire to the distinguished Senator from Wisconsin (Mr. PROXMIRE).

Mr. PROXMIRE. I thank the distinguished minority leader.

ADDITIONAL COSPONSOR—BALANCED BUDGET AMENDMENT

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the name of the Senator from Virginia (Mr. HARRY F. BYRD, JR.) be added as a cosponsor of the balanced budget amendment (unprinted) which will be offered today or tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE GENOCIDE CONVENTION WILL NOT INHIBIT FREEDOM OF SPEECH

Mr. PROXMIRE. Mr. President, for the last 14 years, I have urged the Senate to ratify the Genocide Convention which would very simply make the "intent to destroy, in whole or in part, a national, ethnical, racial or religious group" an international crime.

One of the criticisms of those who oppose ratification is that the Genocide Convention will inhibit the freedom of speech guaranteed by the first amendment of our Constitution. These critics assert that "direct and public incitement to commit genocide" as a punishment act under article III would result in the censorship of prejudicial opinions.

This is clearly not so. In 1969, the Supreme Court decision in Brandenburg against Ohio reaffirmed the line drawn by the Supreme Court between protected speech and prohibited direct and immediate incitement to action.

The Court held:

> The Constitutional guarantees of free speech and free press do not permit a State to forbid or proscribe advocacy of the use of force or of law violation except where such advocacy is directed to inciting or producing imminent action and is likely to incite or produce such action.

The falsity of this claim was reaffirmed by the American Civil Liberties Union when it said in support of the treaty:

> If this convention did interfere with the first amendment, the ACLU would be the first one to be complaining, without regard to whether or not we commend the objectives of the convention. However, we do not think there is any problem under the first amendment to the Constitution.

Mr. President, it is obvious that this claim that the Genocide Convention will inhibit freedom of speech is totally unfounded.

It is just one of the misconceptions that have unfortunately delayed the ratification of this important treaty.

Mr. President, the time has come for the Senate to act. It is time to ratify the Genocide Convention.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I have no further requests for time.

I suggest the absence of a quorum, and I ask that the time be taken from the time allotted to me.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, at the suggestion of the distinguished assistant Republican leader, Mr. STEVENS, who is now presiding, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FRENCH ELECTIONS

Mr. BAKER. Mr. President, I think it appropriate to take a moment to recognize the significant victory achieved this weekend by Francois Mitterrand in the French presidential elections. Bearing in mind the bonds of friendship and common interests shared by the people of France and the United States, bonds born of a rich history that began in the early days of our own struggle for independence, we welcome and support this latest expression of the French democratic process.

In more recent history, we have fought together in war and prospered together in peace and we have developed a relationship that serves well our mutual best interests. We look forward now to a strengthening of that relationship and the fashioning of a new relationship between the government of a new French President and the still new administration of President Reagan. We can be confident that they will move together in attempting to preserve the ties of the past and to meet the challenges of the future. I am certain that the Senate will be as supportive as it is hopeful for the success of that endeavor.

For my own part, Mr. President, I would like to extend my congratulations to president-elect Mitterrand and to the future success of his government.

SPANISH DEMOCRACY

Mr. BAKER. Mr. President, I was dismayed to learn Friday that the recent wave of violence in Spain had resulted in severe injuries to General Joaquin Valenzuela, the chief military aide to King Juan Carlos, and in the killing of three military aides. This continual violence, striking this time among the King's closest circle of advisors, reminds us once again, that no democracy is preserved and defended without costs.

I was recently in Spain, Mr. President, with a delegation of our colleagues, and had at that time extensive discussions with the King, the Prime Minister, the

Foreign Minister and other officials of the Spanish Government. We visited the Congress of Deputies where the attempted coup of February 23 occurred and we were impressed with the determination of the Spanish people, their King, and their government to maintain and defend their young democracy against forces that would restore it to dictatorship or render it into anarchy.

The Spanish people deserve a better option, Mr. President, and from the United States, which has fought so often to preserve democracy, the Spanish people deserve our unqualified support for the efforts of the King and his government.

As is always the case, violence in Spain serves only the purposes of those who do not have sufficient support among the people to accomplish their goals by peaceful means. The Spanish people should know that we commend and support their rejection of violence and the easy temptation to return to totalitarian rule. We can do that best by recognizing their achievement in establishing a Spanish democracy and their courage in preserving it.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I yield back the remainder of my time and, at the request of the assistant majority leader, I yield back the remainder of his time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. There will now be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m.

Is there further morning business?

SECRETARY HAIG'S MEETING IN ROME WITH NATO MINISTERS

Mr. PERCY. Mr. President, Secretary Al Haig has just returned from Rome where he held a meeting with NATO Foreign Ministers that has been rightly proclaimed by President Reagan as "triumphal." At the conclusion of my remarks I will comment on the communique which Secretary Haig negotiated with our valued allies that enumerated a clear strategy for relations with the Soviet Union. Before doing so I shall first comment on positions taken by President Leonid Brezhnev recently at the 26th Communist Party Congress and to give the first report to the Senate on my own visits in Moscow with three leading members of the Politburo. In doing so I will protect the confidentiality of cables sent by the American Ambassador with respect to remarks made to me by Soviet officials.

Mr. President, General Secretary Leonid Brezhnev's report to the 26th party congress differed very little in its main foreign policy points from the remarks the Soviet President made to me last November in Moscow.

To his party colleagues, Brezhnev regretted the deterioration in United States-Soviet relations, but, not surprisingly, assigned the blame to the United States. He reasserted Soviet willingness to withdraw from Afghanistan if all outside assistance to the Afghan rebels ceases, calling "international" aspects of the Afghan problem negotiable but "internal" aspects not. He reiterated Soviet intentions of helping assist "newly freed" developing states when they so request, but opposed "counterrevolutionary" outside assistance.

At the same time, President Brezhnev left open a door to some potentially more realistic bilateral talk, calling for "an active dialog" between our two governments at all levels—while clearly angling for a summit. He went on to express more specific willingness than have the Soviets heretofore to deal mutually with the current SALT impasse:

> We are prepared to continue the relevant discussions with the U.S. without delay, preserving all the positive elements that have been so far achieved in this area. . . . It goes without saying that the negotiations can only be conducted on the basis of equality and equal security.

When the outcome of the November elections made it probable that I would become the new chairman of the Committee on Foreign Relations, a long-planned visit to the Soviet Union, delayed because of the U.S. boycott, and the Olympics, took place the end of November 1980. It seemed to me to be a good time to have a frank dialog with Soviet officials. Such dialogs are essential to insure that the very real and serious differences between our two countries are not compounded or made even more dangerous by avoidable misunderstanding.

My principal appointments during my November 22 to 28 visit in the Soviet Union were with President Brezhnev, Defense Minister Ustinov and Foreign Minister Gromyko, and I was accompanied for the three sessions by Tom Watson, Jr., former U.S. Ambassador to the Soviet Union and Robert Galvin, president of Motorola.

While I made it clear to the Kremlin leadership that I spoke solely in a senatorial capacity and as the presumed next chairman of the Foreign Relations Committee, not as an executive branch emissary, I did consult before leaving Washington with President-elect Reagan, with his National Security Adviser Richard Allen, with President Carter, with former Presidents Nixon and Ford, with former Secretary of State Kissinger, and with Gov. William Scranton and Gen. Brent Scowcroft who had recently been in the U.S.S.R.

I also conferred with West German Chancellor Schmidt, who has also recently been in Moscow, on November 20 during his visit here, and just before my departure for Moscow. While I did not speak for the incoming administration. I was able to impart some of their feelings drawing occasionally from direct public statements made by Ronald Reagan. One of my principal objectives was to convey to key Soviets the present mood of the United States and the concerns of the American people about Soviet international behavior and intentions.

In this, my third, meeting with President Brezhnev. and in meetings on succeeding days with Foreign Minister Gromyko and in my first meetings with Defese Minister Ustinov and the Defense Ministry Chiefs of Staff, I tried to leave all three men and their colleagues accompanying them in no doubt as to the seriousness of America's desire for peace and for realistic strategic arms control. I stressed equally, however, our inevitaable linkage of a Soviet pattern of continuing military buildup and aggressive international behavior to our attitudes toward them as a party to arms control agreements, and America's determination to protect our global vital interests at whatever level of competition may be required.

At the outset of our meeting, President Brezhnev made a number of points, which he released later that same day in a Tass statement. He—

Focused attention on the serious aggravation which has occurred in Soviet-United States relations which has most adversely affected the general international situation. A new spiral in the arms race, initiated not by us, has begun, and the danger of war in the world has increased.

Expressed conviction that with a mutual desire of both sides it is possible to improve the situation. For this it is necessary to display political will and to conduct a balanced, realistic course.

Asserted the Soviets did not want a worsening in the relations with the United States. Moreover, we do not want everything positive which was achieved in the past through joint efforts to be thrown away. The Soviet Union favors strengthening and developing relations with the United States on a long-term basis.

Stressed the hopelessness of attempts to achieve superiority over the U.S.S.R. The Soviet Union is not a country with which it is possible to talk on such a basis. The only reliable path for development of Soviet-United States relations is observation of the principle of equality and equal security.

Noted how important it is that there should be no letup in the efforts of the sides to limit strategic weapons on a mutual basis. Success in this matter is the heart of all international security.

Declared—

> There are also quite a number of other important and urgent international problems, for whose solution the Soviet Union and the United States must find a common language. The Soviet Union . . . does not lack the willingness to conduct this matter with the United States constructively, with mutual account taken of each other's legitimate interests. We would be perfectly capable of cooperating as equal partners, if the American side also showed a willingness to do this.

The following are among the general points I made to President Brezhnev and the other Soviets about what to expect from America in the 1980's:

First, on U.S. goals, I said that I would be working closely with my colleague, Senator TOWER, soon to be elected chairman of the Armed Services Committee. He had recently stated the following clear-cut goals for American policy, and I agree with his statement:

> First, protect the United States against military attacks; this is our first and foremost national interest.

Second, unhindered access to resources and overseas markets.

Third, the security of our allies.

Fourth, the freedom, independence and peaceful development of less-developed countries.

Fifth, the promotion of individual human rights in all countries.

On the new administration's commitment to peace and to arms control:

President (then elect) Reagan is a man of deep conviction, deeply devoted to peace, devoted to the finding of an accord with the only other superpower in the world . . . He has said he would be willing to have early talks on arms limitations provided they are fair, equitable, verifiable, and represent ceilings as well as real reduction.

On America's determination to compete, including militarily:

I must report on the mood of the United States: There has been an overwhelming mandate for President Reagan. This gives him the power to negotiate, but because of the unprecedented action of the Soviet Union in using armed forces for the first time in a third world area, there is a mood in America to enter into an arms race which we know we could win. Not that we underestimate the power of the Soviet Union. But we are prepared to deploy as many systems to balance the Soviet Union at whatever cost to the United States. That is why this meeting and others are so important, because the Reagan Administration and the new Congress are reassessing our future plans for the next four or more years, and at your party congress in February 1981 you are doing the same thing for the next five years. Our technology, our abilities, our industrial might are vastly superior to what they were in the 1940's when we were supplying material to you as an ally. I want to assure you that the United States does not want to go into an arms race, but if we are forced into it we have the economic power to win it.

On the importance of avoiding miscalculations and surprises: I said that President Reagan wanted to remove the possibility of ambiguities in the future.

We should get into a position where the actions of each side are predictable in order to avoid misunderstandings. It is important that both sides be clear about what they consider important. We do not doubt the Soviet willingness to stand up for what it clearly feels is in its national security interests. The USSR must never doubt the U.S. military capacity and will to take whatever measures are necessary to fully protect our own national security interests. There should be no miscalculations and no more surprises.

On linkage:

It had been prominently mentioned in the campaign, particularly by Governor Reagan. Nothing, of course, exists in isolation and problems are affected by the circumstances of the times. President-elect Reagan has said that he favors linkage in issues of Soviet-American relations. Actually such linkage has long been a political reality in American life and particularly in Congress. Soviet actions in pursuit of Soviet interests, while they may seem legitimate by Soviet standards, have had a profoundly negative impact on U.S. perceptions of Soviet intentions and, I would add, on world opinion.

I had anticipated that the Soviets would grant appointments first at lower levels, but on our early morning arrival into Moscow, we learned that President Brezhnev would receive us that same day.

Much of my comments in our 3 days with Brezhnev, Ustinov and Gromyko revolved around two topics—the SALT impasse and linkage. All our discussions were frank and factual, laying the basic differences we have on the table without equivocation. I will not here publicly record all of the more sensitive policy nuances, but rather try to convey the essence of ground covered. The full classified record is available to Senators who may wish to read it.

From the outset I emphasized that strategic arms control was my most important agenda item. I had extraordinary difficulty in getting past their reiterations that the SALT II treaty is a carefully balanced whole resulting from 7 years of precise analysis and negotiations, to make them understand the political reality that the treaty as it stands is "dead as a doornail" in the United States. I think I finally succeeded in driving home that reality.

Exactly how the Soviet leadership will in fact respond to that political fact of life is, of course, still somewhat unclear. They did assure me they were willing to talk, as soon as the U.S. side was ready, about the general subject of strategic arms control, to hear views on a broad plane from the Reagan administration, and to present their own. They further suggested that such discussions could get to specific proposals, noting that this stage could more readily be reached in a cooperative, rather than a confrontational, atmosphere. They were quite firm that they would not participate in simply discarding the whole of the SALT II treaty. I suggested that, since there was much in the existing treaty with which Mr. Reagan agreed, this common ground be identified, allowing the sides to turn to points where there were questions. I added that they would do well to study both the 23 reservations attached to the treaty by the Foreign Relations Committee in October 1979, when it reported out the treaty favorably, and also those proposed amendments which had failed at that time in committee but endured as serious issues for many Senators and for many other Americans.

In the course of our lengthy discussions of SALT, it was clear to me that the Soviets are seriously disturbed about the general proposition of the United States occasionally failing to ratify treaties it has signed. I suggested that it might be appropriate for the Foreign Relations Committee to look again at two treaties on our calendar for some time, the threshold test ban and the peaceful nuclear explosions treaties. The Soviets replied that this would be a good step. If the Reagan administration asked the Senate to ratify these two treaties, I said I would ask the Foreign Relations Committee to make it a prompt order of business. I added that our ability to ratify any treaty was directly related to there being no untoward world events. As recently as yesterday I discussed this once again with the Reagan administration.

Another issue which emerged during our SALT discussions that I should report to the Senate concerns the proposed U.S. MX missile system. The Soviet leaders expressed to me great concern that specific basing modes then under active consideration by the United States would not prove verifiable by national technical means under the terms of the SALT II ceilings on launcher numbers.

With respect to linkage, I made several general statements along the lines of the one I have already quoted here, and then told them straight out that it would be helpful to Americans in addressing SALT if Soviet troops were out of Afghanistan. I related my own personal experience in Afghanistan some years ago when it was a peaceful, nonalined nation, no threat to the U.S.S.R. And I underscored the heavy price in international opinion that the Soviets continue to pay for Afghanistan—witness this past fall's 122 U.N. votes condemning the Soviet invasion.

The Soviets strongly resisted the concept of linkage. I was treated to abstract arguments that pushed linkage so far that nothing in history would have been accomplished if people had waited for a chance to resolve all international problems at once, rather than first tackling some of the more tractable issues at hand. I also heard the usual Soviet responses of Afghanistan: That the United States was simply using Afghanistan as a pretext for inaction on SALT II, and that Soviet troops would withdraw if outside interference in Afghanistan ceased. They additionally suggested that the United States put pressure on Pakistan to cease alleged interference, and asserted that the international aspects of the Afghanistan problem were suitable for United States-Soviet discussion, but Afghanistan's "internal affairs" not. I got a hasty "no" when I suggested that Third World intermediaries might be helpful.

I did hear two provisionally encouraging notes, however. In emphasizing the impact of Afghanistan on the attitudes of Americans, I stressed the importance of predictability in avoiding misunderstandings and miscalculations.

When I expressed our concern about a potential Soviet threat to the major oil supply routes of the industrialized democracies, they said flatly that the U.S.S.R. would not interfere with our oil supply.

My understanding of these Soviet leaders' undertakings is that considerable burden falls on the United States to: First, make clear what we will and would not tolerate in Soviet international behavior, and second, look credible in our determination and capabilities to police what limits we declare.

I also discussed Poland at length in the linkage context, emphasizing the grave consequences that Soviet intervention in Poland would have, across the board, on United States-Soviet relations and on East-West relations in general. I suggested East-West cooperation on Poland's enormous economic needs. The Soviet leaders' response was that Poland's problems were Poland's; the Soviets do not intend to discuss Poland with anyone, including the United States; and that U.S. actions—unspecified—have not always paralleled U.S. statements on noninterference in Polish affairs.

Twice in my conversations with the three Soviet leaders I made brief references to China. I was struck, not for the

first time, with the almost palpable Soviet concern with their China problem.

We had one very brief exchange on Middle East issues when I spoke as an individual Senator. I asked for the Soviet leaders' views on future steps toward a comprehensive settlement, noting that President-elect Reagan had clearly identified Jordan as the key to this, a position I had long held myself. I asked whether the Soviet Union would be willing to use its influence in the Arab world, especially with the PLO, to promote a more comprehensive settlement including Jordan. The Soviet leaders reminded me of their categorical rejection of Camp David, and repeated their established three points for a realistic Arab-Israeli accord: Israeli evacuation of all occupied lands; an independent state to meet the legitimate demands of the Palestinian people; the right of all states, including Israel, to exist. Beyond that, the Soviet leaders suggested that it should be the prerogative of an independent Palestinian state to decide whether some form of affiliation with Jordan were desirable.

I expressed my personal view that there would be no enduring peace in the area unless the problem of the Palestinians were fairly resolved. I stated that I envisioned as one option a Palestine on the West Bank and in Gaza which would be governed by its own elected officials—Arafat or someone else—but only in federation with Jordan and if it would be demilitarized for at least 25 years until the Palestinians had demonstrated that they would live in peace and not be a threat to anyone. I said explicitly that I was not talking about an armed, aggressive PLO state. If Arafat were elected, he would realize, in effect, his wish to be a "chief of state" but, as I said, only on condition that the territory would be demilitarized for at least 25 years and would be federated with Jordan. King Hussein is the only Arab leader who has waged war on the PLO, and he drove them out of Jordan.

In conclusion, I would like to comment that the Soviet leaders are tough, able, and shrewd people, and they enjoy an impressive continuity of experience. While most Western leaders come and go, Gromyko has been Soviet Foreign Minister for almost 24 years; Ustinov has been running Soviet defense industry since 1941, adding the professional armed forces to his responsibilities 5 years ago; and Brezhnev has been at the pinnacle of Soviet power for over 16 years. This is why it is so important that we field and support as competent, tough, and vigorous national security management as possible, as I am pleased to see President-elect Reagan is doing.

Once again I sensed the Soviet respect for American economic power once harnessed, and a continuing Soviet awareness of America as a formidable political and military competitor as well.

There is no question in my mind about the Soviet leaders' desire for meaningful strategic arms control, although it is also clear that we are going to have to persist every step of the way in future negotiations to achieve real equality adequately verifiable.

Clearly, the Soviets work hard, and sometimes skillfully, to divide us from our allies. But our alliances are based on common values and interests, not on force, and will only be seriously divided by our own ineptness or inattention. In this, as in other aspects of the challenge we face, American leadership is the key—in moral values, in economic health, in defense strength, and in political example.

Mr. President, the administration is clearly following through on dealing resolutely with the Soviets in close accord with our European allies. I call to the Senate's attention the historic NATO communique which Secretary Haig negotiated with our allied Foreign Ministers this week in Rome. Together we are signaling a clear willingness to do business with the Soviets to the extent that their conduct permits.

This would have been an impressive enough NATO ministerial for its commitment to the twin tracks of theater nuclear modernization deployment and theater nuclear arms control negotiations. That it also enunciated a clear strategy for relations with the Soviet Union makes it the more impressive. I extend my congratulations to Secretary Al Haig and the administration and I submit for the RECORD excerpts from the communique.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM REPORT AT NATO TALKS

ROME, May 5, 1981.—Following are excerpts from the communiqué issued here today at the end of a two-day NATO foreign ministers' meeting:

The North Atlantic Council is deeply concerned at the continuing threats to security and international stability. Determined to counter these threats by effective restraints, including firmness in defense and persistence in the search for peaceful solutions, ministers in that spirit agreed on the following:

1. The strength and cohesion of the alliance remains indispensable to guarantee the security of its members and thereby to foster stable international relations. This stability requires that all nations act with restraint and responsibility. Claims by the Soviet Union that it too subscribes to such policies are not borne out by Soviet deeds.

The more constructive East-West relationship which the allies seek requires tangible signs that the Soviet Union is prepared to abandon the disturbing buildup of its military strength, to desist from resorting to force and intimidation and to cease creating or exploiting situations of crisis and instability in the third world.

2. The Soviet invasion and occupation of Afghanistan is a particularly flagrant example of violation of the principles of restraint and responsibility in international affairs.

Soviet forces must be withdrawn and a political settlement must be found.

3. In Europe, efforts to restore East-West cooperation and exchanges on the basis of the Helsinki Final Act cannot but be severely undermined by the use or threat of force for intervention in the affairs of other countries. Poland must be left free to resolve its own problems. Any outside intervention would have the gravest consequences for international relations as a whole and would fundamentally change the entire international situation.

4. In this situation, the allies will strengthen their capability to deter aggression and act, individually or collectively, to encourage Soviet restraint and responsibility in international affairs.

5. The allies agree that assuring an overall military balance between NATO and the Warsaw Pact is fundamental to the security of the alliance, the enforcement of restraint and the maintenance of peace.

6. Political settlements must be found to crisis or conflict situations, especially when they affect sensitive areas such as the Middle East, Southeast and Southwest Asia or Southern Africa.

* * * * *

8. The allies will maintain a dialogue with the Soviet Union and will work together for genuine détente and the development of East-West relations, whenever Soviet behavior make this possible. The principles and provisions of the Helsinki Final Act provide a code of conduct that must be observed by all the signatories.

The allies reaffirm their support for the French proposal for a Conference on Disarmament in Europe.

9. The allies support negotiations to achieve meaningful restraints on Soviet military power and to improve security. The object of this policy is a stable military balance, if possible at reduced levels.

The allies stress the value of stabilizing, equitable and verifiable arms control through limitations on Soviet and U.S. strategic arms.

10. The allies taking part in the Vienna negotiations on Mutual and Balanced Force Reductions continue in their determination to achieve genuine manpower parity in the form of a common collective ceiling based on agreed data.

12. The allies who participated in the December 1979 NATO decision on Long-Range Theater Nuclear Forces modernization and arms control reaffirmed their commitment to that decision. They emphasized that in light of increasing Soviet Long-Range Theater Nuclear Forces deployments, which in the case of the SS-20 already exceed the total Long-Range Theater Nuclear Forces deployment planned by NATO, the modernizing of NATO's Long-Range Theater Nuclear Forces is more essential than and offers the only realistic basis for parallel Theater Nuclear Forces arms control.

Since the December 1979 decision, Soviet threats and efforts to divide the allies have only strengthened their resolve to take the steps necessary to maintain deterrence, redress the imbalance in Long-Range Theater Nuclear Forces, and insure their security. The latest Soviet proposal for a moratorium on Long-Range Theater Nuclear Forces deployments is wholly unacceptable to these allies. It would freeze them into inferiority by blocking the NATO modernization program altogether. Moreover, the proposal would permit the Soviets to increase the threat to NATO by failing to limit systems capable of striking allied territory from east of the Urals.

These allies welcomed the intention of the United States to begin negotiations with the Soviet Union on Theater Nuclear Forces arms control within the SALT framework by the end of the year. The American Secretary of State intends to discuss the timing and procedures for these negotiations with Foreign Minister Gromyko in September at the United Nations. These negotiations will rely on an updated alliance threat assessment and a study of functional requirements for NATO Theater Nuclear Forces to be undertaken within the framework of the Special Consultative Group and the High Level Group on matters of immediate priority.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SIMPSON). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask

unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 86–42, appoints the following Senators to the Canada-United States Interparliamentary Conference, to be held in Halifax, Nova Scotia, May 22–26, 1981: The Senator from Idaho (Mr. McCLURE) and the Senator from North Dakota (Mr. ANDREWS).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of the pending business, Senate Concurrent Resolution 19, which the clerk will state by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 19) setting forth the recommended congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the United States Government for the fiscal year 1981.

AMENDMENT NO. 46

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending amendment, No. 46, of the Senator from New York (Mr. MOYNIHAN) on which there shall be 1 hour of debate.

Mr. MOYNIHAN. Mr. President, I thank the Chair for his courteous acknowledgement that we commence this week's consideration of our first budget resolution with the continued discussion of the amendment which I proposed on Friday afternoon and which was discussed at some length at that time.

The reason an hour was set aside by the courtesy of our majority leader and the minority leader was to give those Senators who were not going to be available on Friday afternoon the opportunity to speak if they wished. I have, even so, a few additional remarks which I would like to make on this point.

As the distinguished Presiding Officer will recall, we were discussing not just the specifics of the transfer of small and, at some level, simply symbolic amounts of money from the Bureau of Reclamation to student loans and to mass transit. At a larger level I was seeking to do what I know the Presiding Officer and the distinguished manager of this legislation has also sought, to raise the question of national water policy and the absence of it and the consequences that are going to flow from the seeming inability of the American Government to breakaway from a pattern of practices here which began at the turn of the century, had early on extraordinary successes only to run into a period of excess, a period of resistance, followed by a period of stalemate.

We have no water policy in this country at this time. We have simply a series of programs that go forward which no one any longer thinks would be useful whilst signs of disaster build.

I was speaking Friday afternoon about a crisis which was going to engulf our agriculture and, in consequence, our society if we do not pay heed to it, a crisis that will occur in the lifetime of persons in this body. Crisis is easy enough to find. We have converted vast arid regions of this Nation to a water-intensive agriculture for which they are not suited, and have further used nominally agricultural-based water programs to produce industrial uses, again in arid regions where there is not an adequate amount of water.

We begin to use geologic water, we begin to use water which is not replenished through atmospheric cycles but is simply held under the ground much as is oil, much as is coal, and we are going to pay for this, Mr. President.

Over this weekend in the New York Times there was an extensive article datelined Denver in which it says, "Springtime in the Rockies Brings Omens of a Drought." It talks about the worst snowpack runoff in perhaps half a century.

It talks of the highest April temperatures in the last 108 years. It talks of the sharply reduced yields of sugar beets, alfalfa, hay, and garden vegetables and melons in eastern Colorado. It talks of the late spring and early summer rainfall over eastern Colorado and Montana, which, usually sparse even in the wettest years would have benefited, some spring crops, but the rain did not come.

Throughout the country streamflows are abnormally low, and in the rich corn-producing areas of central Nebraska farmers pump from irrigation wells sunk into the Ogallala sands, the vast aquifer that lies beneath the High Plains.

But in recent years, Mr. Seth S. King writes:

The heavy drawing from this irreplaceable underground supply has lowered the water table more than 30 feet in many areas.

We are going to see that agriculture die off, and we are going to be astounded when we do.

Mr. President, I ask unanimous consent that Mr. King's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SPRINGTIME IN THE ROCKIES BRINGS OMENS OF A DROUGHT

(By Seth S. King)

DENVER, May 6.—Along the front range of the Colorado Rockies this week the shoulders of the highest peaks were still draped with snow. But below the 10,000-foot level the mountains were bare and so was the cupboard of snow-melted water on which vast sections of the High Plains east of here depend for irrigation and municipal water supplies.

Snow-measuring teams from the Soil Conservation Service found last week that the snow pack was only 28 percent of normal for this time of year and that most of it on the lower elevations was already gone, melted a month earlier than usual.

"It's about the worst we've seen in 45 years of recordkeeping," said Bernard A. Shafer, supervisor of the snow surveys.

Consequently, the rate at which streams flow in the Platte and Arkansas River drainage basins, which stretch eastward like two giant vascular systems, was now barely a third of normal.

"This means," Mr. Shafer said, "that many of the springs and small streams that cattle ranchers use to water their stock will be dry by midsummer. It also means that the cities and towns along the eastern side of the mountains, where 80 percent of Colorado lives, will be facing municipal water shortages this summer."

Denver and many of its suburbs have already put into effect, a month earlier than usual, restrictions that limit lawn watering to every third day.

A few late springs rains, falling at the right time, could enhance the High Plains winter wheat, which requires relatively little rainfall and is nearing maturity in fair to good condition. But these rains would be too late to improve surface- and groundwater levels in the drainage systems, Mr. Shafer said.

ADVICE ON PLANTING

Fortunately, most of the storage reservoirs on both sides of the Continental Divide were filled with late fall rains, so irrigators east of the Rockies who draw water from storage systems will probably have enough to get by, he added.

"Even so, we had the highest April temperatures in the last 108 years," Mr. Shafer continued, "and subsurface moisture was sucked out of many areas. Which means that more irrigation water will be needed to produce normal crops, and these will cost farmers a lot more money this year."

The Soil Coonservation Service was already advising even those farmers with priority rights to reservoir water to plant only their best lands this year, leaving the rest fallow.

"But those farmers and ranchers who take their irrigation and stock water straight out of the Arkansas and South Platte Rivers will get little or no water at all," Mr. Shafer said.

This would sharply reduce yields of sugar beets, alfalfa, hay and the garden vegetables and melons for which these eastern Colorado areas are famous. Shorter supplies of hay and vegetables would increase retail prices for those commodities throughout the country. And empty ponds would force cattle ranchers to sell animals much sooner than they had planned.

Late spring and early summer rainfall over eastern Colorado, Wyoming and Montana, usually sparse even in the wettest years, would benefit range grasses and spring wheat crops. But it is too late, Mr. Shafer said, for any meaningful increases in the amounts of water running into the irrigation streams.

This is the second year that these areas have had below-normal moisture. The reasons depend on which climatologist one listens to. Some believe it is further proof that the planet is entering a dry cycle similar to those of the past. Others do not subscribe to such long-range predictions and have no explanation other than the ordinary vagaries of the weather.

Throughout the country, stream flows are abnormally low, reflecting the low rates of rainfall. In the Northeast, recent rains have

been adequate to relieve planting conditions but not enough to replenish the reservoirs on which many cities depend for their water supplies. Another extended dry season this summer would immediately threaten crops and water supplies in areas dependent on current rainfall.

LOWERING THE WATER TABLE

Through the old Dust Bowl areas of southeastern Colorado, southwestern Kansas and the Panhandle of Oklahoma, winter wheat got a good enough start last fall to provide cover for the sandy soils. As a result, early spring damage, wind erosion and dust storms were no worse than usual this spring.

But to the north, into Nebraska and the Dakotas, sparse winter snow left wide areas dangerously short of moisture.

In the rich corn-producing areas of central Nebraska, farmers pump essential irrigation water from wells sunk into the Ogallala sands, the vast aquifer that lies beneath the High Plains.

In recent years the heavy drawing from this irreplaceable underground supply has lowered the water table more than 30 feet in many areas.

The planting season was under way there this week. But farmers are expected this summer to require much larger amounts from their wells which they will have to draw up from deeper levels at much greater cost.

An unusually dry fall and winter in Minnesota and Iowa has left some fertile corn and soybean areas very short of the subsoil moisture needed to sustain crops through the heat of July.

A HARDSHIP FOR BARGES

Dr. R. H. Shaw, extension meteorologist at Iowa State University, said recently that the dry winter also had had "a very serious impact" on the levels of streams flowing into the Missouri River and the Upper Mississippi.

This could impede summer barge traffic on the two rivers, thus greatly increasing the cost of transporting and handling the large quantities of grain shipped to export terminals in Louisiana.

About 70 percent of Iowa's crop areas recouped subsoil moisture this spring, Dr. Shaw said. If rain fell in reasonable quantities in those sections, they could produce close to normal crops, he said.

But in the dry central Iowa counties, these rains would have to come at exactly the right time and in exactly the right quantities.

"The odds on that happening in all those counties," Dr. Shaw said, "is about the same as a poker player faces when he tries to draw two cards to fill an inside straight."

Mr. MOYNIHAN. Mr. President, to continue, the proposal I have made to transfer $200 million from the natural resources and environment function to the transportation and education functions is rooted in two very simple principles: First, an equitable application of the President's own economic criteria for reducing Federal expenditures; and the removal of a Federal price subsidy which encourages profligate use of scarce water supplies.

I would like to note, Mr. President, that just a few weeks ago in the other body our distinguished friend, Representative GEORGE MILLER, from California, introduced water-pricing reform act and with it on that occasion included in the RECORD an article from the Wall Street Journal in which there is a subheading "Needed: A Water Market." It states:

New projects could be avoided for years if the price of water were allowed to move toward its replacement cost which is 50 times what some farmers are currently paying. This would happen if all users whose water supplies exceeded their needs were allowed to sell to those who don't have enough. Amazingly, the buying and selling of water is restricted in most of the regions and this encourages those with a surplus to use it wantonly.

"Wantonly" is not a word easily encountered in the Wall Street Journal, but it describes a reality, and it describes one which the distinguished Senator from New Mexico has spoken to on this floor on many occasions. I have had the honor to join him in legislation that is designed to bring some of the reality and the well-known discipline of the market to the uses of water else we will destroy this resource.

And that is what is so astonishing in the President's budget; that if you were to place the budget of the Water and Power Resources Service, formerly known as the Bureau of Reclamation, and measure it against the economic criteria which the President has set for budget reduction, you surely would have been attracted to an opportunity to reduce expenditures here, just the elemental proposition that sound economic criteria must be applied to economic subsidy programs or that capital investment in public sectors, such as water resource projects, must be stretched out and retargeted.

And yet this particular budget was all but untouched. Instead to reducing the Bureau of Reclamation's budget, the President proposes to increase the fiscal year 1981 level of $793 to $850 million in 1982, a 7-percent increase.

A closer examination of the administration's proposal to reduce the planned construction for water projects by 15 percent over the next 5 years reveals that the Corps of Engineers and the Bureau of Reclamation did not receive the same treatment. The corps' construction budget was cut by 12 percent in 1982; the Bureau's construction budget by only 5 percent. And no effort whatever was made to deal with the fact that the original and continued legal requirements of the Bureau of Reclamation—established by the Reclamation Act signed by President Roosevelt on June 17, 1902—are not being abided. We are breaking the law. The law requires that the Reclamation Fund be replenished out of the true cost of the projects and the true returns. Nothing of the kind is happening.

On March 13, 1981, just 2 days before the President submitted his revised budget to Congress, the General Accounting Office released a study which I spoke to on Friday afternoon, in which the title of a report to Congress is clear enough: "Federal Charges for Irrigation Projects Reviewed Do Not Cover Costs." The summary stated:

Since no interest is charged, however, these payments actually cover less than 10 percent of the Federal Government's actual costs.

And when 90 percent of a good is free, it will be used in excess. It is the first principle of a free market; that that which is underpriced will be over consumed. Those who produce in the private sector and underprice their products do not long continue to do so. Only Government can, by subsidy. And that subsidy would not be the first subsidy we encountered in American government and would not be alarming, as such, save that it is less than the optimal use of resources. But it is a subsidy that is destroying the water table of the West and setting up conditions for which the 21st century is not going to judge us kindly.

I said on Friday that the same circumstances that led to the extraordinary depletion of farm soil in the southeastern United States during the 19th century are being repeated in the depletion of agriculture water in the West. And there will come a consequence, there will come a time when the term "wanton" will, indeed, be used to describe this generation.

I know the distinguished Presiding Officer shares many of these concerns. I think it is altogether felicitous that he should be presiding at the moment.

This GAO study of which I spoke, I will just read a passage from it.

GAO reviewed six Federal irrigation projects and found that the water produced will cost the Government between $54 and $130 an acre-foot each year, but the crops grown by the farmers will not yield enough revenue to cover this cost. The farmers will continue to buy the Federal water, however, because they are charged a price below Government cost.

Repayments for irrigation are presented to the Congress as full repayment. Since no interest is charged, however, these payments actually cover less than 10 percent of the Federal Government's actual cost.

After the first two decades of the reclamation program, money appropriated from the fund was supplemented by funds appropriated from the General Treasury. The fund was originally begun by the sale of Federal lands and was meant to be cycled and replenish itself. Now, for fiscal 1982, two-thirds of the construction budget of the Bureau will come from the General Treasury and only one-third from the Reclamation Fund.

The amendment I have proposed would equalize the construction from the two sources by reducing the share from the General Treasury to $197 million so at least you would have a 50–50 distribution between general funds and the reclamation funds.

I repeat that subsidies often serve a useful and necessary social purpose. No one argues against the principle. But when subsidies create all the worst incentives and palpably wrong consequences, it is time to look at them.

Julia Vitullo-Martin, in the Fortune magazine article I mentioned, points out:

New projects could be avoided for years if the price of water were allowed to move toward its replacement cost, which is 50 times what some farmers are currently paying.

Instead, the Southwest would begin to use water more intelligently, as it eventually must, and the rest of the country stop underwriting its development.

Mr. President, I ask unanimous consent that the article by Mr. Vitullo-Martin appearing in the February 23, 1981, issue of Fortune magazine, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ENDING THE SOUTHWEST'S WATER BINGE—FEARS TO THE CONTRARY, THERE'S NO REAL SHORTAGE YET—AND WON'T BE IF THE PRICE OF WATER IS ALLOWED TO SEEK ITS OWN LEVEL

(By Julia Vitullo-Martin)

To most Americans the semiarid and desert regions of the Southwest evoke sharply contrasting images—the old one of cowboys roaming the dusty terrain in search of waterholes, and the more recent one of verdant new communities whose growth is dizzying even by Sunbelt standards. The whole region, which stretches from western Texas to the southern California coast, seems a threatened paradise, with agriculture, industry, and urbanization fast approaching the limits dictated by scant rainfall.

The statistics sound scary. Arizona claims that its supply of water already falls short of its needs by 2.3 million acre-feet a year; an acre-foot of water, or 326,000 gallons, is enough to cover an acre to a depth of one foot. California is said to have a shortage of three million acre-feet, and West Texas four million.

Yet profligate waste goes on amid all the water worries: gardeners in Beverly Hills hosed down sidewalks during the 1978 drought; farmers routinely use irrigation water far more lavishly than they really need to; desert developments like Arizona's Fountain Hills feature enormous fountains—in this case the world's largest, shooting water skyward at 7,000 gallons a minute. Arizona, the second-fastest-growing state in the country with an estimated population jump of 53 percent during the Seventies, ranks eighth in the nation in per capita water use.

BILLIONS FOR DAMS

The waste goes on because the Southwest's water is underpriced. As Fortune said of the entire country 15 years ago ("Water Shortage Is a Frame of Mind," April 1965), the Southwest is not running out of water—it's running low on cheap water. The region's problems differ from those of large parts of the Northeast and Midwest currently suffering water shortages; these are a temporary affliction caused by subnormal rainfall in parts of the country that usually get more than they need. In the Southwest, limited rainfall is a permanent condition. But subsidies—mainly from the federal government, which has spent tens of billions on dams and canals—have kept the price artificially low. Because water is priced far below its replacement cost—the cost of providing additional supplies—it is being squandered.

The Southwest's reaction to its artificial water shortage is to cry out for even more federal spending, on projects ranging from the one-third-completed, $2.2-billion Central Arizona Project to a $26-billion dream of bringing water from the Mississippi to western Texas. The proposed budget for fiscal 1982 that the Reagan Administration inherited contains at least $1 billion for western water projects—and gives the new President an opportunity to show he is serious about cutting federal spending. The same opportunity was bungled by Jimmy Carter, who in the early days of his administration made a "hit list" of water projects, a lot of them in the West, and then bowed to political pressure and allowed many of them to go ahead.

NEEDED: A WATER MARKET

New projects could be avoided for years if the price of water were allowed to move toward its replacement cost, which is 50 times what some farmers are currently paying. This would happen if all users whose water supplies exceed their needs were allowed to sell to those who don't have enough. Amazingly, the buying and selling of water is restricted in most of the region, and this encourages those with a surplus to use it wantonly.

The reform of water pricing would cause widespread economic dislocation in the short run as marginal farms and other enterprises closed, profitable farms were forced to shift crops, mines were revamped to conserve more of the water they use, and homeowners pondered their gardens, swimming pools, and way of life. But these changes, many of the region's economists argue, would not halt the Southwest's growth, nor would they cause general hardship. Instead, the Southwest would begin to use water more intelligently, as it eventually must, and the rest of the country would stop underwriting its development.

Water subsidies take several forms in the Southwest, depending on where the water comes from. Wells are generally the preferred source, since groundwater is often right under the user's land and there for the taking. In this case there is no direct subsidy at all, unless the landowner's pumps run on subsidized electricity. The other source is surface water from streams, rivers, lakes, and reservoirs, most of which is subsidized directly and heavily. Some surface-water projects are financed by state governments. But the most important projects—with the most generous subsidies—are federal.

Federal water, like energy before the OPEC price explosion of 1973, is priced far below its replacement cost. Water from new federal projects would cost at least $160 an acre-foot if the price covered construction of dams and canals at today's inflated costs, plus the operation and maintenance of these facilities. But few agricultural users of federal water pay anything remotely as high. Farmers in California's Central Valley pay only $3.50 an acre-foot.

NOT A PENNY FOR INTEREST

One obvious reason is that most of the water comes from projects built years ago, at a fraction of today's costs, by the Water and Power Resources Service (WPRS), the federal agency concerned with western water supplies. But that's far from the whole story. By law, the fees collected by the WPRS, formerly called the Bureau of Reclamation, cover only costs defined as "reimbursable." Under this formula users repay some of the funds advanced to build the projects, but not all. Nor does Washington get a penny of interest on construction funds used in irrigation projects—quite an omission in a time of high interest rates.

The fees do not even cover the government's operating and maintenance costs. Many projects are designed to control floods as well as to supply water, and the law bars WPRS from charging users—even farmers in a flood plain—for any part of a project attributable to flood control. Finally, irrigation water is priced according to the ability of farmers in each area to pay. Small wonder, then, that many federal projects aren't taking in enough to cover even their narrowly defined reimbursable costs. California's Central Valley Project loses $79,000 a day.

The full extent of the federal water bonanza will never be known, since the figures are buried in various parts of the budget, but it is undoubtedly huge. According to the Department of the Interior, the federal subsidy is worth about $1,500 per acre in California's giant Westlands district, or $3.4 million for a typical 2,200-acre farm. In the Central Valley, the subsidy is worth $1,100 per acre, or $2.7 billion for the entire area.

At the turn of the century, when Congress passed the Reclamation Act, it made sense for the rest of the country to help underwrite development in the Southwest. The region couldn't be opened up without water, and few private groups had the capital to finance projects themselves. But as the recent economic growth suggests, the region no longer needs favored treatment. Subsidies, moreover, are a needless drain on the federal government when it is running huge deficits. And underpriced water, whether from federal projects or any other source, is bad for the Southwest.

DRIP, NOT DITCH

Because water is so cheap, its use is based on its price and not its supposed scarcity. Many farmers, for example, use inferior land to grow low-value crops that require large amounts of water, like alfalfa and sorghum. Similarly, many farmers use cheap, open-ditch systems of irrigation, which use almost six times as much water as the more expensive sprinkler systems, and 100 times as much as drip irrigation, which allocates controlled amounts of water to each plant. The General Accounting Office concluded in a 1976 study that more than 50% of all the country's irrigation water is wasted.

Water-saving irrigation systems require a relatively large capital investment—roughly $1,000 per acre for drip systems—but in the long run, farmers can come out ahead by increasing their yield per acre-foot of water or growing higher-value crops. So long as water is cheap, however, many farmers see little reason to make the switch. As a result, the Southwest's farm economy as a whole is producing less food than it might, and less wealth. The Rand Corp. estimated in 1978 that California alone was losing between $60 million and $370 million annually from the inefficient use of water.

Farmers are not the only careless users of water. The Los Angeles region today bothers to clean up only 60,000 acre-feet a year of its 550,000 acre-feet of potentially reusable wastewater, while insisting that the state build a $1-billion canal to bring south another 600,000 acre-feet from the northern part of the state. Even state governments were wasteful. About a fourth of the 1.2 million acre-feet of the water sent west each year in California's unlined and uncovered Coachella Canal is lost; it seeps into the ground or evaporates.

The West's extravagant use of water has also reduced water quality to the point that some farmland—including land in California's San Joaquin Delta, one of the most productive agricultural regions in the country—is being poisoned by waterborne salts. State and federal projects take so much fresh water from the delta to send south that its water table has been dropping, permitting ocean water to move farther into the water table from San Francisco Bay. Similarly, the naturally saline Colorado River is so overused by the time it leaves the Southwest and enters Mexico that its water is highly salty—too salty for agricultural use, says Mexico.

GRANDFATHERING THE RIGHTS

If the Southwest is to avoid a true water shortage from which it might never recover, the waste will have to stop. The way to stop it, as with any limited commodity, is to introduce the discipline of the marketplace.

It is impossible to create a market for water as efficient as the market for pork bellies or Seventh Avenue dresses. For one thing, it would be politically difficult if not illegal to sweep away the great patchwork of water rights granted over the years to farmers, cities, industry, and political jurisdictions. These rights, which in many cases still have decades to run and involve prices ludicrously below replacement costs, would have to be "grandfathered." The only exception might be water from sources that are "overappropriated," most notably the Colorado River. The total claims on this river's water, though never fully exercised, exceed the total flow into the Southwest by at least two million acre-feet and therefore

may someday have to be cut across the board.

Within a context of grandfathered water rights, many of the blessings of the law of supply and demand could be realized. Any user who had too much water, or excess water rights, would be permitted without restriction or red tape to sell to those who need water. Sellers could demand whatever the traffic would bear, even though they might reap enormous windfall profits during the remaining years of their water rights. A political uproar might result, but the advantage would outweigh any flagrant profiteering as well as the widerspread litigation the new system might cause. This is because the newly traded water, its price moving toward replacement cost, would be used carefully.

Since a new conservation ethic would take hold, it would be possible to take another step: to impose a temporary moratorium on all new government water projects, state or federal. Not until genuine scarcities loomed would any additional new dams and aqueducts be built, and only if users were charged water fees that fully reimbursed the public treasury.

PROTECTING THE COMMON SUPPLY

The new system would have one untidy but unavoidable complication: it would have to include strict regulation of groundwater usage. Under relatively free-market conditions, farmers and other users would have a stronger incentive to use this water, which is often the cheapest available. But if they pumped more than before, they would be taking more from the common supply. And because ground and surface water are interconnected—surface water has a tendency to move to replace depleted groundwater—anyone who pumped out groundwater might in effect be taking neighbors' surface water.

Even today users in arid areas are pumping out more groundwater than nature replenishes. If a farmer's electric power costs are low, he may pay as little as $3 per acre-foot to tap the stuff in an area with a high water table. In depleted areas, like those north of Tucson, his costs can be high—about $45 per acre-foot—as he drills down 700 feet or more to find his water. But even that is cheap compared with what new surface water might cost in a free market.

Any reform of water pricing, therefore, would have to be accompanied by some kind of restraint to keep users from depleting the common groundwater. The water table is falling in at least some sections of all western states. Pima, the county around Tucson that relies entirely on wells, is pumping groundwater five times as fast as nature relenishes it. The Ogalala Aquifer—one of the country's largest underground reservoirs, extending 160,000 square miles under eight states—gets recharged hardly at all. West Texans, who are heavy users, are "mining" its water at the rate of four million to six million acre-feet a year.

Some economists, including William Martin at the University of Arizona, see nothing wrong with using water faster than nature replenishes it. "There's no reason to avoid mining water any more than we avoid mining coal, or copper, or any depletable resource," says Martin. "Economically, resources do us no good just lodging in the ground."

Nevertheless, depletion can and should be restricted. This can be done by limiting the amount of water each landowner can lift, much as England limits grazing on common pasturelands. The English are very specific about how many cows can be grazed on which commons, and violators are subject to prosecution. Similarly, a landowner would be restricted to pumping so many acre-feet per year from the groundwater basin beneath his property. The restrictions would be enforced just as they are now; a landowner would complain to the state if he thought a neighbor was taking more than his share. But because the temptation would be greater, the enforcers could expect to be a lot busier.

A PERMIT FROM STEVE REYNOLDS

Water markets already exist to a limited extent in the Southwest, although transfers tend to be expensive and subject to red tape. One of the best systems operates in New Mexico, which permits the buying and selling of ground- and surface-water rights among holders in basins containing 90% of the state's water.

Anyone wishing to buy or sell water need only apply for a permit from state engineer Steve Reynolds and show that the transfer will not impair a third party. Once granted a permit, he can buy and sell his water rights as he wishes. When the market became active two decades ago, marginal farms began to sell water to municipalities, and in recent years even profitable farms have been selling to industry. Copper mines in western New Mexico have bought up 75% to 90% of the water, paying up to $3,000 an acre-foot for rights that cost only $50 to $70 an acre-foot in the 1950s.

But there's a hitch in New Mexico's market system and those of most other states: it's difficult to sell off what economists call the "conserved surplus"—the water left over when a farmer or any other user manages to use less water than before. Frequently he does this simply by eliminating waste that, if proven, would have been subject to criminal penalties. Under law, the "conserved surplus" is supposed to be forfeited so others can use it, and not sold.

Fortunately, "conserved surplus" has a narrow definition, and means water saved without any change in the way the land is used. New Mexico farmers can easily sell water—and avoid a run-in with Reynolds—by putting the land to a different use, or even by growing another crop. If they stick to the same crops, however, they cannot sell any of the water they save unless they are prepared to go through the cumbersome process of proving they were not wasting it in the first place. The practical effect is that even in New Mexico, farmers who want to go on producing the same crops have insufficient incentive to conserve.

AN OBVIOUS BUYER

Most economists who push for a free market want to permit users to sell any water they have, conserved surplus and all. Richard Howitt, an economist at the University of California at Davis, suggests that if all California farmers were able to sell the water they didn't need, enough water might be freed up to eliminate the need for more government water projects, at least in the near future. "No one knows," he says, "what farmers would do if they were given clear title to their water and permitted to sell it. But suppose the farmers of the Imperial Valley wanted to sell some of their water—say 300,000 acre-feet. An obvious buyer would be the Metropolitan Water District of Southern California, which has the system in place for transporting the water cheaply. The farmers would make a profit, and the water district would get more water."

The Southwest's farmers, mining companies, and even city dwellers tend to dread any proposals for ending the era of cheap water, fearing a crippled or distorted economy. Such fears are unfounded or exaggerated. City dwellers have the least to worry about, since the average household uses only one acre-foot of water a year. Were the price of water for residential users in Los Angeles to rise, say, 2½ times from its present $225 an acre-foot, the average monthly water bill would be $47. That's almost twice what homeowners using the same amount of water would pay in eastern cities, but hardly out of line considering the enormous cost of bringing water long distances in the West.

TOO GOOD TO THROW AWAY

Economist Lee Brown of the University of New Mexico argues the full market pricing would induce more southwestern cities to treat waste water, which can then be used for most purposes other than drinking or swimming. "We'll get reclaimed water," says Brown, "when scarcity is properly reflected in a market signal." Albuquerque has seen no such signal and continues to throw away its used water. Lubbock, Texas, which sits atop the rapidly depleting Ogallala Aquifer, reclaims every drop it can—about 58 acre-feet a day. In California's Orange County, where the groundwater table has also been falling and ocean water has begun to displace it, a local water district is spending no less than $196 an acre-foot to reclaim waste water, which is then pumped into the ground to hold back the intruding ocean water.

The Southwest's mines require tremendous amounts of water: 25 gallons to produce a pound of copper. Even water at $160 an acre-foot, however, would not put the mining industry out of business. Some companies have already been forced to buy land at up to $2,500 an acre just for the groundwater, and then must pay pumping and delivery costs of $40 to $80 per acre-foot to lift it. Furthermore, mines have the technology to reuse about 30% of their water, and higher prices would induce them to recycle even more than they do now.

But what about agriculture, which uses about 90% of the West's water? Most experts doubt that calamity is in the cards. The University of Arizona's Martin says that without additional water at subsidized prices, 25% of Arizona's acreage would go out of production. But by this estimate, the net value of the farm crop would fall only 12%.

THE HAND ON THE SPIGOTS

There may be less time for facing up to the Southwest's water problems than is commonly realized. Just to the north, in the states that lie upstream on the Colorado, water usage is rising. The rise could turn into a surge if a lot of shared-oil plants, which consumes tremendous quantities of water, get built. If this happens, upstream "donor" states will claim more Colorado River water than they have to date. It is only because of the non-exercises of these claims that the Southwest has been spared a shortage under the present wasteful pricing system.

Even before those shale-oil plants begin to appear to the north, Ronald Reagan may show his hand on water policy in ways that the Southwest may not like. If Reagan's policies in his Sacramento days are any guide, he will finish up construction projects already underway but initiate new ones. When he was stumping California as a candidate, Reagan applauded water projects, but while he was governor not a single new dam or aqueduct was started. Since Governor Reagan turned down the water spigots, there's no reason to believe that President Reagan will keep them wide open.

Mr. MOYNIHAN. Mr. President, it seems to me that we are reaching a point where no one any longer disputes these facts. We are using Federal moneys to significantly impair the water resources, the permanent water resources of a very large section of the country and, absent those Federal moneys, this impairment would not be taking place.

According to the appendix accompanying the original 1982 budget, the Bureau of Reclamation construction completed through 1981 will provide annually some 1.267 trillion gallons per year of municipal and industrial water. This is an extraordinary statement because it represents the move away from agriculture, the intended and nominal purpose of the reclamation program. More and more of this water is not even being used for agriculture but, rather, to provide extraordinary intensive industrial and municipal water uses in parts of the Nation where you just do not have that water, where it is not appropriate, and where you never would use it in that way.

The report of the Water and Power Resources Service entitled "Water and Land Resource Accomplishments, 1978, a Summary Report" has great photographs of high rise buildings in the desert, with captions such as, "municipal water supply supports economic growth." Well, yes, it does. But how economic is growth based on that kind of Federal subsidy and how permanent is it based on that precarious set of water resources?

I said on Friday, and I repeat, you can live without oil, you can live without love, but you cannot live without water. In a society that has it in sufficient quantity to have turned the desert into a great, green, rich part of the world, that ingenuity certainly ought now to turn to preserving it, insuring it, and having it there five generations hence, rather than just the rest of our short lifetimes.

Mr. President, I would not wish to be too personal in this matter, but one can only speak to what one has shared through personal experience. It has been my privilege to represent our Nation for a period as our Ambassador to India, in the subcontinent of Asia, and to have traveled extensively in that part of the world, to go on from one civilization after another which founded itself and flourished on irrigation agriculture, then neglected that irrigation and then fell. What is left are its temples and its ruined canals and aqueducts.

You cannot live without water. You see societies that think otherwise and you find them in dust. They are all over the world. They need not be replicated here in the United States. Those people who do not know their history are doomed to repeat it.

This is not just our history, but it is the history of the race which is involved here.

In know that the Senator from New Mexico, who is so remorselessly putting through the legislation before us, shares with me this concern. I have joined him in legislation to bring a rational and national approach to water policy. I would hope this Congress, when we finish with this budget, will have the time to turn to this matter. It is for the purpose simply of raising it in the context of our basic economic decision of the year, which is the decision about the 1982 budget, that I have submitted this resolution.

Now, Mr. President, having spoken at greater length than I intended, I am happy to yield the floor.

I see the distinguished manager of the legislation, my friend from New Mexico, has risen, and I prefer to hear his views than to continue expressing my own.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I yield myself 10 minutes.

Mr. President, to the extent that the distinguished Senator from New York has discussed the deplorable state of water funding in the United States, and the fact that our water resource development program is in a total state of chaos, to the extent that he has indicated that here today and on Friday in his remarks, the Senator from New Mexico would concur.

However, I am amazed that my good friend, having taken that strong position, and being a cosponsor of a measure with me that would dramatically and in a very incisive way change the policy thrusts for the use of water resource money, the end product being that we must put more money in water resources, not less, would be here today asking that we cut $200 million out of water resources. That conclusion is an amazing one, because he knowns that he can stand before the Senate and talk about reclamation, the history of reclamation, but basically what we do if we accept his amendment is to take a function that concerns itself with the total availability of dollars for water resources and, in a nutshell, he reduces it by $200 million.

Nobody should assume that reclamation is going to be reformed because he is taking $200 million out. But what everyone should know is that an already diminished, depleting water resource availability is going to be depleted even more.

I would call to the attention of the Senate that this budget before us today, if anything, should have money added for water resources, not taken away. What I use as a basis for that is, of course, the general statement that I have just made. Sooner or later we are going to have to get America on a water resource policy on a track with more rather than less money. I am not advocating that at this point. I want to see a dramatic change in the policy first.

This budget is already substantially lower than the President's budget in water resources.

My staff tells me that by the time we finish everything, the reconciliation and putting those into the targets, we are, for fiscal year 1981, $100 million in budget authority and $200 millon in outlays less than the President. In fiscal year 1982 we are $200 million in budget authority and $200 million in outlays less than the President. In the projected outyears, we are $700 million less in budget authority and $500 million less in outlays in fiscal year 1983 and $600 million less in budget authority and $500 million less in outlays in fiscal year 1984.

Mr. President, that ought to speak for itself. Obviously, the Senator from New Mexico urges the Senate to reject the amendment on that basis alone.

Now let us talk about where the Senator wants to add it back.

Half of his reduction he wants added back into what he calls mass transit. Again, Mr. President and Members of the Senate, we have to understand that we cannot add $100 million here today to mass transit, per se. Everyone knows that. What we can add it to is the function on transportation.

Remember, I just told you, Mr. President, that in reference to water we are under the President in this budget, in an area of resource where we need more rather than less. My good friend, the proponent of the amendment, advocates more money rather than less. We cannot line item the kind of reform that he would like to see and which the Bureau of Reclamation would like.

Now let us take the second part. The Senator would like to add this $100 billion to mass transit. Remember, I have just said we cannot do that. All we can do is add it to the function.

Let me tell you where we are on this function. In this instance we are higher than the President in transportation. In fact, we are higher by $1 billion, more or less, $1.1 billion in budget authority and $1 billion in outlays.

Why? It is broken into three parts by way of assumptions, but the important thing from the standpoint of the Senate is that it is $1 billion, for three reasons: There was a genuine concern in the committee about the Coast Guard, which is found in this transportation function. We added $500 million in budget authority and $250 million in outlays. We cannot dictate where that is spent, I remind the Senate. It is in the function on transportation.

Second, Conrail. At the request of the distinguished Secretary of Transportation who communicated with our committee during our markup, there is $300 million in new budget authority and about $350 million in outlays over the President's original submission. As a matter of fact, I think it is fair to say without contemplating that add-on, the proposal that the distinguished Secretary of Transportation made the other day in committee, which lost on a close vote with reference to solving the labor problems if we were to dismantle Conrail, would fit the budget, but for that add-on I just described.

On the other hand, it need not be used there. It is available for mass transit. The Senator from New York was talking about urban subsidies and the like. But I am saying that there are $300 million additional in budget authority and $350 million in outlays in that function already, to which he wants to add another 100, by taking $100 million out of a depleted water function.

Third, there are reestimates. We had to do our own best estimating in terms of what the President's programs would cost in the area of mass transit, in the area of highways and highway funding, and in the area of the subsidy program, and somewhere around $300 million is in there. The end product is that there

is no need to rob a function that is on the downside to add to a function that we have already been deliberative on and added almost a billion dollars to.

Mr. President, my concluding remarks are a last effort to convince the Senate that this is the wrong time to take money out of water resources. I shall go through the history, for the Senate, from 1978 through 1982, what has happened to water resources money in the United States. I am not here, Mr. President, to advocate any of the projects in this country. That is not my job. In my opinion, to meet reconciliation, the Senate is probably going to have to cap the Bureau of Reclamation's funding for pending projects. As you know, they are authorized and they sit there and languish for years. In my opinion, the Committee on Public Works is going to have to cap the $30 billion of authorizing projects that have languished for years with no sunset provisions—put a cap on how much it will spend. I am hopeful we shall do better in the years to come and really have a way of getting these programs in and out, rather than just having them sit there forever, waiting for someone to pluck them.

But that is a different issue. If the money is not available, it is not going to be spent.

In 1978 outlays for water, there was a 2-percent increase; 1979, a 2-percent increase. In 1980 for water, a 5-percent increase.

Mind you, Mr. President, this is in a domestic budget that has been increasing from 1976 to 1980 at the rate of 16 full percent a year—16 percent. With the impending water crisis of the Nation, with a water policy that is in somewhat of a state of shambles, it went up 2 percent while the budget goes up 16 percent.

Now the dramatic change: With the numbers that we have recommended for this function, we are minus 10 percent—minus 10 percent—in 1981 and, in 1982, minus 13 percent.

It is my position that water policy is badly in need of reform. It is also my position that once these reforms are enacted there will be a need for more rather than less funding to meet the water crisis we face. This Senator agrees there has to be a broader based program to bring in many additional States than is true under current practices.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. DOMENICI. I yield myself 5 additional minutes.

There is an avowed need that it be more broad-based, more orderly than the willy-nilly, ad hoc approach that we have had, which I concur in. That should not be confused with the fiscal facts that I have just described.

The function was down, in 1981, 10 percent; is down in 1982 13 percent, while America's budget, through 1981, has been increasing at 16 percent. And I dare to say that in the areas that the Senator from New York seeks to increase, the increases would be far in excess of the 16-percent average that I have just described.

All that might, nonetheless, lend itself to an argument, "But we need another $100 million in mass transit." I hope the Senators understand that this Budget Committee, in response to the Secretary of Transportation, added $300 million; in response to our own concern about the estimates on highways, added over $300 million; and in response to the very serious dilemma that the Coast Guard had, added over $300 million.

So, Mr. President, I think there is not any reason further to infringe on the authorizing committees, which are going to have a very onerous job complying with these targets and a very difficult job complying with the very tough reconciliation instructions that are already part of this resolution and for which I see little chance—and I am delighted at that—that the Senate will make any changes therein. Mr. President, I urge that the Senate reject this amendment.

Mr. President, I have not responded to the $100 million in student loans. I just think what I have already said on the student loan function compels us to deny the good Senator from New York his modification to our first concurrent resolution. If need be, before the time is up, I can address the other one which has already had something added to it in terms of this resolution.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, how much time is remaining on the amendment?

The PRESIDING OFFICER. The Senator from New York has 6 minutes remaining.

Mr. STENNIS. Will the Senator yield to me to ask for some time? I do not know whom to ask.

Mr. MOYNIHAN. Mr. President, is the Senator in opposition?

Mr. STENNIS. Yes.

Mr. MOYNIHAN. Then I am happy to have him ask the Senator from New Mexico. The Bureau of Reclamation is confined to States distinctively west of the Mississippi.

Mr. DOMENICI. Mr. President, I shall yield such time as the Senator wants.

The PRESIDING OFFICER. Is the Senator from New Mexico yielding time to the Senator from Mississippi?

Mr. DOMENICI. I yield as much time as the Senator desires, Mr. President.

Mr. STENNIS. Mr. President, I shall be quite brief indeed.

I am impressed with the facts and the arguments that have been brought out here by the two fine Members, who are really well versed in the subject matter. The Senator from New York, who offered the amendment, is very diligent, the finest worker in this field of policy with reference to water systems. He has a modern approach, a modern outlook. At the proper time and place, I am sure that his ideas are going to be heard and considered and be effective, to some degree.

I just make the point now that, in this resolution, our committee, having done the best it could, has come in here with these recommendations. I really do not think that, in the interest of water projects as a whole, we would improve that situation now by passing this amendment or one within this field. I speak with all deference to both sides.

I thank the Senator for yielding to me and I am happy to have said those words.

Mr. MOYNIHAN. Mr. President, I thank the distinguished and revered senior Senator from Mississippi for his remarks. I was saying earlier that I think that, indeed, a consensus is emerging in this body that the stalemate in water policy of the last decade has to be resolved, that a drought that is now nationwide draws attention to it; that we are misusing our water resources. Generations will pay for this if we do not.

I say to my friend, the manager of the bill, with whom I have been associated for 3 years in this matter—he and I agree so much that it is almost absurd that we should disagree on this point—I introduced this amendment to direct attention to the inequity of projects of this kind, when over in the House of Representatives, important economic programs are eliminated such as those which maintain mass transit.

I say, with respect to the Bureau of Reclamation in particular, if the law were observed and the reclamation fund had returned the true value of the water displaced, we would not be discussing the matter at all.

We would be making an economic use of this resource instead of an uneconomic use. That is the choice the Senate faces with respect to this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, we have not used up the time, and I do not want to call the Senate to a vote as yet, so I suggest the absence of a quorum. Can the time be equally divided?

Mr. MOYNIHAN. I am afraid I have talked too long.

Mr. DOMENICI. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. The Senator from New Mexico has 14 minutes. The Senator from New York has 6 minutes.

Mr. MOYNIHAN. I am happy to yield my 6 minutes.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum, and I ask that the time be charged to the Senator from New Mexico.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HAYAKAWA). Without objection, it is so ordered.

Who yields time?

Mr. MOYNIHAN. I yield such time as he may require to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I am pleased to join my colleague, Senator MOYNIHAN, in this amendment to restore funding for the guaranteed student loan program and for mass transit.

The guaranteed student loan program makes the difference for many students

today in whether and where they can pursue their education. Currently, the GSL program provides guarantees for loans of up to $2,500 annually for students; up to $5,000 annually for graduate students; and up to $3,000 annually for parents. The student loans are interest free while the student is in school and begin accumulating interest of only 9 percent once the student finishes school. The parents are charged 9-percent interest from the start. Neither the parent or student loan program is income tested.

The Reagan administration has proposed the following changes, which were also included in the January budget:

Limit the loan amount to the "remaining need."

Impose the 9-percent-interest rate for the student loans during the years the student is in school.

Impose a market-level interest rate for the parent loans.

While tightening in the GSL program is appropriate, I believe that the administration has been overzealous, with some harmful effects.

By limiting the GSL loan amount to remaining need, as determined in a national needs analysis formula, and by increasing interest paid on parent loans to market rates, the administration has effectively targeted the GSL program on the "truly needed." President Carter proposed the same changes and I support them as well.

But the imposition of the 9-percent rate while these truly needy students are in school, while they have little possibility of earnings to offset the accumulating interest, is an unwise policy. The effect of eliminating the in-school interest subsidy will be to increase by approximately one-third the cost on an undergraduate education as measured by student indebtedness.

For those students attending high-cost institutions, which means most nonpublic colleges and universities, the resulting debt from both capital and accumulated interest may prove to be too great, leading to withdrawal from the private institution in favor of the much less expensive public alternative. Fine educations can be had in the public sector as well, but the overall effect on our system of higher education would, in my opinion, be unhealthy: The segregation of the wealthy students, who can pay their own way, and the very low-income students, who can draw on grants and scholarships for 100-percent financing, into private institutions, while the middle-class student dominates public institutions.

The loss of the in-school interest subsidy would have particularly serious consequences for graduate students. First, the loss of the subsidy would increase the indebtedness of graduate students a similar 30 percent or more. Many of these students already carry large loans from their undergraduate years and family support is not as readily available for graduate education.

Some graduates of law, medical, and business schools may have high-income expectations, and would not be as reluctant to increase their indebtedness for purposes of completing their professional training. Other graduates of those schools and most liberal arts and sciences Ph. D.'s who seek teaching or research careers will be driven out of school or away from teaching and public service careers. The country is already experiencing a serious shortage of engineering and science faculty. If there are reductions in NSF fellowships and project support, as proposed by the administration, many of our most talented graduate students could be lost—a loss which would have long-term consequences to the Nation's research base.

Turning to mass transit, there are four reasons why the Senate should adopt this proposal.

First, economic development. The administration maintains that the cuts in spending are necessary for economic development, but they fail to recognize the enormous short-term economic problems which will result when transportation lines are forced to cut back on services and, they fail to recognize the enormous long-term economic gains which could be realized if we rebuild our industrial base in an energy-efficient manner through the use of mass transportation. If we are to redevelop our older industries and strengthen our industrial base in general, we must have efficient transportation. To develop these efficiencies we must abandon the economic assumptions of past decades which emphasized the use of the private automobile. Instead, we must respond to the economic realities of today by supporting and maintaining mass transportation.

A second reason to support this amendment concerns our national energy needs in particular. The administration seems to have a Dr. Jekyll-Mr. Hyde attitude toward using the price mechanism to solve our energy problems. The administration is willing to let producers face higher energy prices to encourage production, they are willing to let consumers face higher energy costs so there will be efficient allocation of energy resources, and they are willing to let the State and local governments bear the burden for energy costs. But, when it is up to the Federal Government to respond to the higher energy prices by investing more in mass transportation systems which will efficiently allocate our energy resources, then the administration loses faith in the price mechanism's ability to force prudent responses to energy realities. Just as consumers are expected to respond to the higher prices by paying for home insulation and by investing in fuel-efficient automobiles, so, too, the Federal Government should respond to the price mechanism by investing more in mass transportation.

The administration seeks to reduce Federal support for mass transportation because they do not believe that those who use mass transportation are doing enough to support mass transit. This assumption is simply not true. In my State of New Jersey the bus fares pay for 70 percent of the costs of the bus service and these fares are scheduled to increase by over 50 percent in the next few months. Rail fares will face a similar increase this year and another major increase in the beginning of next year which will double rail fares over current levels. These fare increases are necessary not because of the withdrawal of Federal support, but simply because the New Jersey Transit System is facing enormous increases in energy costs and enormous operating deficits will result unless the State officials raise fares. When Federal subsidies disappear the fare will increase considerably more—some say another 50 percent. So, a third reason why the Congress should restore funds for mass transit is because passengers and local governments throughout the Nation are already doing their share to support mass transit; the Federal contribution to mass transportation systems is in conformity with the Federal interest in maintaining those systems.

The final reason why I believe the Senate should restore these funds is to keep the truly needy from suffering. The administration claims that operating subsidies are not targeted toward the needy because both the rich and poor can take advantage of mass transit. However, if our national commitment to mass transit is reduced, it is the working poor who will suffer because for the working poor mass transportation is not a convenience, it is a necessity of life. We have a national interest in providing inexpensive mass transportation for these people and our Federal policy in the past has been to encourage the States to maintain transportation fares at rates which are as low as possible so that these working people can succeed. Now is not the time to change our Federal policies by abandoning our commitment to mass transportation.

Mr. President, I urge the Senate to adopt this amendment.

Mr. BAKER. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. All time has expired on the amendment. The question is on agreeing to the amendment of the Senator from New York. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Colorado (Mr. ARMSTRONG), the Senator from Mississippi (Mr. COCHRAN), the Senator from New York (Mr. D'AMATO), the Senator from Florida (Mrs. HAWKINS), the Senator from Iowa (Mr. JEPSEN), the Senator from Indiana (Mr. QUAYLE), the Senator from Delaware (Mr. ROTH), and the Senator from New Hampshire (Mr. RUDMAN) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. D'AMATO) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. SASSER) is absent because of death in family.

I further announce that, if present and voting, the Senator from Tennessee (Mr. SASSER) would vote "nay."

The PRESIDING OFFICER. Is there anyone present who wishes to vote who has not voted?

The result was announced—yeas 30, nays 55, as follows:

[Rollcall Vote No. 98 Leg.]

YEAS—30

Biden	Heinz	Pell
Bradley	Leahy	Percy
Byrd, Robert C.	Levin	Proxmire
Chafee	Lugar	Pryor
Cohen	Mathias	Randolph
Dixon	Matsunaga	Riegle
Dodd	Metzenbaum	Sarbanes
Durenberger	Mitchell	Specter
Eagleton	Moynihan	Tsongas
Glenn	Nunn	Weicker

NAYS—55

Abdnor	Ford	Mattingly
Andrews	Garn	McClure
Baker	Goldwater	Melcher
Baucus	Gorton	Murkowski
Bentsen	Grassley	Nickles
Boren	Hart	Packwood
Boschwitz	Hatch	Pressler
Burdick	Hatfield	Schmitt
Byrd, Harry F., Jr.	Hayakawa	Simpson
	Heflin	Stafford
Chiles	Helms	Stennis
Cranston	Hollings	Stevens
Danforth	Humphrey	Symms
DeConcini	Jackson	Thurmond
Denton	Johnston	Tower
Dole	Kassebaum	Wallop
Domenici	Kasten	Warner
East	Laxalt	Zorinsky
Exon	Long	

NOT VOTING—15

Armstrong	Hawkins	Quayle
Bumpers	Huddleston	Roth
Cannon	Inouye	Rudman
Cochran	Jepsen	Sasser
D'Amato	Kennedy	Williams

So Mr. MOYNIHAN's amendment (No. 46) was rejected.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of an amendment to be offered by the Senator from California (Mr. CRANSTON) on State rehabilitation.

STATE REHABILITATION PROGRAMS

Mr. CRANSTON. Mr. President, it was my intention to offer an amendment, if necessary, to the budget resolution to provide for continued funding under the Social Security Act for State rehabilitation programs. I believed such an amendment might have been necessary because the President has proposed the termination of this program, which supplies greatly needed, but modest, funding for State rehabilitation services for disabled persons. For fiscal year 1982, the Reagan administration claims that savings totaling $22 million in budget authority and $109 million in outlays would result from its proposal to terminate this program.

Under this program, funds transferred to State departments of rehabilitation are used to provide vocational rehabilitation services to disabled individuals.

Mr. President, as I understand it, even though the President has proposed the elimination of this program, neither the Budget Committee's assumptions underlying its recommendations for the spending targets in function 600 nor its assumptions regarding the reconciliation instructions to the Finance and Ways and Means Committees included the assumption that this program would be terminated.

Mr. President, at this time I ask the distinguished Senator from Washington, who is handling this matter for the majority, whether my understanding is now correct.

Mr. GORTON. Mr. President, the distinguished Senator from California is correct. The Budget Committee did not assume, in either the function 600 levels or in the reconciliation instructions in the resolution, the enactment of the proposal to eliminate the transfer of funds from the two Social Security Act programs to State departments of rehabilitation.

Mr. CRANSTON. I thank the Senator very much.

Mr. President, I discussed this with Senator HOLLINGS, the ranking member of the Committee on the Budget. He stated that that was his understanding, too, and he would make that statement on the floor. He was called from the floor for some other purpose, so I am perfectly satisfied with the assurances of the Senator from Washington given now, on the floor, and the statement by Senator HOLLINGS to me. I am delighted that the matter is clarified, Mr. President, and I shall, therefore, not push the matter.

Mr. President, is it necessary to yield back time on the amendment I was going to bring up?

The PRESIDING OFFICER. It is not necessary.

UP AMENDMENT NO. 79

(Purpose: To reduce budget authority and outlays for water projects)

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of an amendment to be offered by the Senator from Ohio (Mr. METZENBAUM).

Mr. METZENBAUM. Mr. President, I send an amendment to the desk, cosponsored by Senator HEINZ, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM), for himself and Mr. HEINZ, proposes an unprinted amendment numbered 79.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 16, strike out "$775,100,000,000" and insert "$774,800,000,000".

On page 2, line 21, strike out "$699,100,000,000" and insert "$698,900,000,000".

On page 2, line 22, strike out "$730,500,000,000" and insert "$730,400,000,000".

On page 3, line 4, strike out "$48,800,000,000" and insert "$48,600,000,000".

On page 3, line 5, strike out "$21,400,000,000" and insert "$21,300,000,000".

On page 3, line 9, strike out "$1,091,200,000,000" and insert "$1,091,000,000,000".

On page 3, line 10, strike out "$1,154,300,000,000" and insert "$1,154,000,000,000".

On page 3, line 11, strike out "$1,197,600,000,000" and insert "$1,197,300,000,000".

On page 3, line 15, strike out "$91,400,000,000" and insert "$91,200,000,000".

On page 3, line 16, strike out "$63,100,000,000" and insert "$63,000,000,000".

On page 5, line 23, strike out "$8,400,000,000" and insert "$8,100,000,000".

On page 5, line 24, strike out "$12,800,000,000" and insert "$12,600,000,000".

On page 6, line 2, strike out "$11,800,000,000" and insert "$11,700,000,000".

Mr. METZENBAUM. Mr. President, in offering this amendment, I should like my good friends on the other side of the aisle, and many on this side of the aisle, as well, to know that this amendment has the support of the National Taxpayers Union. The National Taxpayers Union, according to their letter, believes that the water project construction area should not be developed from budget cuts. This amendment would cut $300 million from water projects.

"Across the board cuts," say they, "should be more than just rhetoric. Wasteful and unnecessary spending must be eliminated if we are to balance the budget and restore fiscal integrity to the economy. We urge your support of the Metzenbaum amendment to cut $300 million from this water construction area."

It is signed by their director of congressional affairs. Mr. President, I ask unanimous consent that the entire letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL TAXPAYERS UNION,
Washington, D.C., May 11, 1981.

DEAR SENATOR: The National Taxpayers Union is concerned about the failure of the Budget Committee to recommend substantial reductions in spending on unnecessary water project construction. Senator Metzenbaum will offer a much needed amendment to cut $300 million in budget authority and outlays for water project construction of the Army Corps of Engineers and Bureau of Reclamation (Water and Power Resources Service).

Numerous reports from the General Accounting Office and from the Office of the Inspector General in the Department of Interior have documented substantial mismanagement and waste in the water project construction program.

In its 1978 report "Overview of Benefit-Cost Analysis for Water Resources Projects", the G.A.O. noted that the Federal water development agencies "still have problems preparing accurate, uniform, logically developed benefit-cost ratios." During its audits of various projects G.A.O. found "internal agency regulations were not always being followed, questionable assumptions, and inaccurate and inappropriate mathematical computations . . . We found errors of each type in almost every benefit-cost analysis we reviewed."

During the past five years the Inspector General of Interior has completed audits on the management of various Bureau of

Reclamation basinwide projects and programs such as the Central Valley Project and the Colorado River Storage Project. These audits reveal repeated patterns of unbusinesslike decisions and failure to protect the public's pocketbook. One audit noted: "When equitable repayment concepts, sound fiscal policy, good business judgment and, in our view, Congressional intent are considered, these decisions (on management of the project) were not prudent in terms of protecting the public fisc."

The National Taxpayers Union believes that the water project construction area should not be shielded by budget cuts. Across-the-board cuts should be more than just rhetoric: wasteful and unnecessary spending must be eliminated if we are to balance the budget and restore fiscal integrity to the economy. We urge your support of the Metzenbaum amendment to cut $300 million from this water construction area.

Sincerely,

LEN RIPPA,
Director, Congressional Affairs.

Mr. METZENBAUM. Mr. President, for the past 3 months, we have been engaged in an effort to reduce Federal spending, with the objective of balancing the budget. The Senate has passed $37 billion in spending cuts for fiscal year 1982 as part of the reconciliation measure and another $4 billion in cuts are contained in this fiscal year 1982 budget. The House voted Thursday to approve similar cuts. But in all of that time, we have failed to apply the Budget Act to one major program, water projects.

What is so sacred about water projects? We have slashed almost every other program, but we have hardly touched the water projects construction funding. This amendment is distinguishable from the previous amendment. The previous amendment would have cut back on water projects funding and would have reallocated the money. This amendment does nothing of that kind; this amendment merely slashes the water projects funding, as has been done with so many other programs in the budget. We have eliminated numerous programs and deply cut funds for social programs, but we have left funds for water programs intact.

Mr. President, I do not understand why they should be treated differently than all other items in the budget. I think it is only fair that water projects funds be cut while other programs are being cut. Therefore, this amendment, offered in behalf of myself and Senator HEINZ—and Senator PROXMIRE and other Senators have indicated their interest, I know—would reduce overall funding for water project construction by a modest $300 million in budget authority in fiscal year 1982.

This amendment does not attempt to cut any specific projects, Mr. President, but it does assume that $150 million can be cut from the Corps of Engineers and $150 million from the Bureau of Reclamation projects.

Proponents of water projects will come down here and argue that funds have been cut. But let us look at the figures. According to Senate Budget Committee figures, total construction funding for both the Corps of Engineers and the Water and Power Resources Service projects will amount to $2.120 billion in fiscal year 1982 under the budget approved by the Senate Budget Committee, compared to $2.160 billion in fiscal year 1981. In other words, we have slashed the entire water projects construction budget of more than $2 billion by a grand total of $40 million.

Now, who is kidding whom?

As a matter of fact, Mr. President, funding for the western water projects built by the Water and Power Resources Service, or WPRS, as it is called, has actually been increased from $573 million to $623 million.

I would like to point out that I have only recited the amounts for construction, not the full Corps and WPRS budgets. Altogether, counting operation and maintenance costs, those two agencies have a budget of $4.5 billion. Those programs would not be severely hurt by the $300 million cut I am proposing here.

This budget will have a tremendous impact on a variety of other programs, yet it leaves water projects intact.

In this fiscal year budget, the Senate Budget Committee has recommended the following: It proposes a cut of $7 billion in social security benefits in fiscal year 1982, with a total of $21 billion in cuts over the next 3 years.

President Reagan has said that social security benefits would not be cut. He campaigned against cuts in social security. He told members of the Senate Budget Committee that he was opposed to these cuts; yet, the Budget Committee included them on the grounds that we must reduce spending. But the Budget Committee did not vote to reduce spending for water projects.

Some areas, it would appear, are sacred; some areas are to be protected. We are not going to worry about people who are hungry and people who may be starving. We are not going to worry about senior citizens and people who may be cold this winter. But we are going to worry about the water projects. Do not lay a hand on those water projects.

This report includes all the reconciliation cuts that already have been approved in the Senate. Under this bill, social service programs will be cut by 25 percent; education programs will be cut by 25 percent; small business loan programs will be virtually eliminated; mass transit capital funds will be cut; child nutrition programs will be cut; job training programs will be cut by more than $3.5 billion, even though employment is now almost 7.3 percent; youth employment programs will be cut by $600 million, even though the national rate of teenage unemployment is 20 percent and minority youth unemployment nationwide is more than 40 percent. But do not touch the water projects.

We have reduced funds for the student loan programs in the basic grants, making it much harder for many students to go to college. But who cares about the students? Do not touch the water projects.

We have passed a proposal to put a cap on medicaid expenses which would save an estimated $1.3 billion, taking it away from 2 million of our poor and elderly. But do not touch the water projects. In fact, Mr. President, we have cut almost every program—every one except the water projects.

That is one of the reasons why the National Taxpayers Union has indicated its support for this amendment, and I respect their consistency.

One might ask, "How did these water projects escape the budget cutters' ax? Why can we cut almost every social program, every education program, every child nutrition program, but not the water projects?"

For the answer, I steer you to the makeup of the Senate Budget Committee. Of the 22 members of the Budget Committee, 15 come from States in the South and the West. That is the reason why water projects have not been cut. That is where the strength is in the Budget Committee. This committee does not reflect the needs of the country as a whole, and this budget does not reflect the needs and the concerns of the Nation as a whole. It is biased against the Northeast and Midwest in favor of the South and the West, and the decision to fully fund water projects in this budget reflects that bias.

I say to the Members of the Senate that if they really are sincere in wanting to balance the budget, if they really want to be fair, if they really want to be equitable, if they really want to be humane, if they want to have some consistency in their voting record, there is no reason under the Sun to vote against this amendment.

I point out that this amendment does not contemplate the elimination of any particular water project, because the Senator from Ohio is not prepared to say which one should or should not be included or should or should not be excluded. This amendment asks, why are we not consistent? Why do we not talk about taking $300 million out of a program of $4.5 billion—that is approximately 7 percent—when other programs are being cut back 100 percent and 50 percent and 25 percent? All we are trying to do with this amendment is to cut it back 7 percent.

I am sure that my colleagues from the west and the South will tell us how important these water projects are. I am prepared to stipulate to that. I agree that they are important. I agree that it would be better if we did not cut back on water projects and if we did not cut back on child nutrition programs and if we did not cut back on our senior citizens. But how many jobs do these water projects create? What kind of tremendous cost-benefit ratio does each one yield? How well run are the programs?

They have a complete justification for each water project, and I am not going to debate any one of those projects with any Member of the Senate. However, each of the social programs that has been cut can be justified. Each serves a worthwhile purpose.

Certainly, there has been waste in Government, and certainly there has been waste in social security programs.

I agree with the President when he addressed the joint session of Congress the other evening and said that our Government is too big and it is too wasteful. I

agree with all that. But what does that have to do with being fair and looking across the whole perspective of Government spending?

Arguments can be made for the effectiveness of each program, and probably one could make a better argument for some than for others. But one cannot make an argument that the water projects should be sacred, that they should be placed in a vacuum, and that they should not be touched at all. Everything else has been cut. What makes the water projects holier than thou?

This bill also includes cuts originally passed in the reconciliation bill, in funds for a number of development assistance programs. Those cuts include a 100-percent reduction in the Economic Development Administration—a 100-percent cut, $600 million, one-seventh of the total amount we are talking about here. Those EDA programs have worked well with the local chambers of commerce, with the local business organizations, to try to keep some businesses going or to rehabilitate some that were out of business, and they have helped particularly in the improverished cities of America.

Then there is the 100-percent cut included in this budget for the Appalachian Regional Commission. What kind of justification or logic can you give for that, to take those poor people in the southeastern part of Ohio and in West Virginia, Kentucky, and Tennessee, who are having such a difficult time merely existing, and cut back on their programs?

I spoke at a rally this past Saturday in Athens, Ohio, where more than a thousand people had come from eight counties in Ohio, and some from West Virginia, protesting the impact these budget cuts are going to have. But does anyone say we should cut them back 7 percent or 4 percent? No. It is a 100-percent slash.

This budget provides for security and the security net includes the water projects of the West and the South.

This budget has a 20-percent cut in the UDAG program and another 20-percent cut in the community development block program. Those funds are spent for developing distressed areas all over the country, but they have a special impact for the older distressed cities of the Northeast and the Midwest. When efforts were made to restore funds to those programs in committee and on the floor, we were told that those programs were wasteful. We were told that the Federal Government should not subsidize private business. We were told that times have changed, that Government is getting out of the development business, and that private enterprise will take care of the older cities.

By coincidence, the other day I sat on an airplane with a young man involved in the investment banking business, and I could not tell you the name if you asked me, because I did not inquire of him. However, he happened to start talking about the water projects in the West and indicated that he felt they could very well be financed by the private sector; that that is what should be done, rather than having the Federal Government subsidize them.

I did not even bring up the subject with him, but he was telling me that he thinks this is the way Government can get itself out of the affairs of the country and cut back on Federal spending; that those who are going to have the advantages of the water projects should be able to get the private enterprise system to finance them with private funding.

Are we now to believe that the arguments that we have been hearing from the President and all of his spokespersons do not also apply to funds for water projects?

Is there any real difference between these programs and water projects?

EDA, UDAG, community development, block grant programs are designed to help distressed cities in their development and needs. Water projects serve the same purpose, but they do not get cut. Water projects create water supply systems for municipalities and for industry. I have no quarrel with that. They prevent flooding. I have no quarrel with that. They provide electricity. I have no quarrel with that. They allow barges to navigate inland waterways. I have no quarrel with that.

Funds for water projects are funds for developing the West and the South. But why? Why in the economically rich West and South do we provide $4.2 billion and not ask them to do their share in carrying the burden of Reaganomics, in carrying the burden of cutting the budget? Why do we protect these wealthy areas of the Nation and do so much harm and be so cruel to those who live in the Northeast and the Midwestern part of the country?

The Budget Committee has not treated both programs in the same way and the administration has done likewise. Far from it. The Budget Committee and the Reagan administration has proposed to completely eliminate the Economic Development Administration, a grand savings of only $300 million in 1982 and a proposed savings of $600 million.

But it has proposed to fully fund the water projects at a cost of $2.1 billion, plus those funds for the Corps of Engineers.

Mr. President, I reserve the remainder of my time and at this point I yield 2 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. I thank my friend from Ohio and I thank the Chair.

Mr. President, I rise in support of the amendment of Senator METZENBAUM.

Recent polls show that the public believes that the proposed budget cuts have been unfairly distributed. This amendment is one attempt to more fairly distribute these cuts.

I find it hard to understand why some programs should be cut 25 percent, like education programs and low-income energy assistance, while others are left relatively unscathed.

Why are water projects cut only a few percent while EDA, which is in the same budget function as water projects, is cut over 50 percent?

During the budget debate, we have often heard that many of the programs being cut are worthy but that because of our serious economic problems these programs must be trimmed and we must economize. Does this argument not apply to water projects as well?

Why should we cut out CETA public service jobs, cut their budget by 100 percent, eliminate social security student benefits for children of deceased workers but continue, virtually untouched, our water program?

Senator METZENBAUM suggests that with his modest amendment to the water budget construction schedules will be slowed down a bit. If we can cut the social security minimum benefit for 1.3 million people over the age of 70, if we can tell such people that they will have to tighten their belts, why can we not economize on water projects also? Given the cuts we have made in the 1982 budget, it is altogether appropriate that water projects face the same red pencil.

I thank my friend from Ohio. I congratulate him on his amendment and I thank the Chair and yield the floor.

Mr. PROXMIRE. Mr. President, will the Senator yield me 5 minutes?

Mr. METZENBAUM. I yield to the Senator from Wisconsin 5 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, this amendment which we are offering today is a very modest attempt to return some sanity to one of the most bloated and wasteful areas of the budget—water projects.

Frankly, I am surprised that the Reagan administration, which has been so vigilant at spotting waste and unnecessary subsidies elsewhere in the budget, has missed this promising target. In fact, their proposal reduced President Carter's water project construction budget for fiscal year 1982 by only $230 million, which is actually a 1.4 percent increase over President Carter's fiscal year 1981 level. And even much of these cuts, which are only 8½ percent of the construction budget, were achieved in the least productive way—by eliminating recreational components at many projects. Ironically, it was just these recreational benefits that were used to provide a substantial part of the benefits needed to justify construction in the first place.

Both Fortune magazine and the Readers' Digest have recently pointed out the growing water crisis in the United States. But both stated that this crisis might not exist if the water supplied by Federal projects were priced at its replacement cost. Artificially low water costs discourage conservation and sensible economic decisions. If the administration can rely on market forces to produce more energy, why not apply the same philosophy to water?

Some Senators will try to characterize this debate as an East-West battle which features deserving water-starved Western States under attack by the Eastern water fat cats. This is not the case. Our amendment is not parochial or regional. Eastern States need water too. In fact, the amendment is aimed at corps flood control, navigation and hy-

dropower projects which benefit the East as much as Water and Power and Resources Service irrigation projects benefit the West. Half of the cuts will come from each program.

My main concern with water projects is whether or not the average taxpayer gets his money's worth.

Critics of these activities have charged that some reservoir projects would drown large reserves of coal or producing oil wells. For example, the Osage Indians have claimed that the Skiatook and Candy Lake projects will innundate as much as 37 million recoverable barrels of oil located on tribal lands. The tribe has stated that this might mean Federal tax losses of at least $340 million at today's oil prices as well additional losses to the State of Oklahoma, the tribe and oil producers of at least $1 billion more.

Another weakness of water projects is that they often benefit a small number of owners or corporations who pay very little of the project costs.

A recent GAO study, entitled "Congressional Guidance Needed on Federal Cost Share of Water Resource Projects When Project Benefits Are Not Widespread," points out that many Army Corps of Engineers and Soil Conservation Service water resource projects benefit very few people. While there is a requirement of local contribution to some kinds of water projects, this is often met by contributions of land, easements, and rights-of-way and very little cash. As a result, according to the GAO, "some project beneficiaries have reaped significant special localized benefits at the Federal taxpayers' expense."

The GAO examined 14 typical projects to determine whether non-Federal contributions should be increased. In one navigation improvement project, the non-Federal contribution was only $3 million out of a $50 million total. Yet the project had only three users. One of these, an oil company, will receive over 86 percent of the benefits, a subsidy worth at least $17 million a year to that one oil company. This company could have repaid the whole cost of the project in just 3 years from its transportation savings.

And who establishes the percentage of the project which must be repaid by beneficiaries? We do, with information supplied by the Army Corps of Engineers or Soil Conservation Service. I cannot imagine a better area for reforms. Neither can the GAO. They recommend that Congress reexamine the whole process under which non-Federal costs are allocated and establish a new system of cost recovery.

Another part of the water project empire has come in for recent GAO scrutiny. In a report less than 2 months old, the agency states that "Federal Charges for Irrigation Projects Reviewed Do Not Cover Costs."

GAO selected 6 of the 32 Department of the Interior Water and Power Resources Service projects which were then under construction. Even using a cost recovery figure which included no interest charges, the GAO found that the amount paid by farmers for water is "much less than the Federal Government's cost of producing the water."

Of course, this dismal financial statement becomes even worse if a reasonable 7.5-percent interest rate is included in the calculation.

As a matter of fact, the GAO found that using a 7.5-percent interest rate, no farmers studied could afford to pay for their water. The market value of their crops was less than the value of their federally supplied irrigation water.

And the aim of these projects was not to "make the desert bloom." According to the GAO, all the areas studied are already irrigated or are successfully "dry-farmed."

How did this happen? The original act which got us into the irrigation business—1902 Reclamation Act—required repayment, within 10 years, of project costs. Unfortunately, this never happened. By 1939, Congress had worked out a new approach, the "ability to pay" theory, which is still with us. This formula did not include interest charges, allowed a liberal 50 years to repay and included a grace period of up to 10 years. What is the result? According to the GAO the value of repayments is less than 10 percent of the amount that would be required if full costs of a project were recovered.

According to Fortune—February 23, 1981—the Central Valley project in California loses $79,000 a day.

We all know that this is bad economic policy. And other Congresses did too. There have been repeated attempts at reform—but subsidies have not decreased. My solution, why not reduce the size of the program?

Of the six projects studied, GAO found that even when the taxpayer picked up all of the interest costs, the remaining cost of irrigation water was from 3 to 50 times as high as the Water and Power Resources Service will charge. When interest at 7.5 percent is added to the equation the situation gets even worse.

But the GAO states that in four of the six cases studied, the farmers would be able to pay at least the full costs, minus the interest, out of increased crop yields.

And in some cases these subsidies run counter to our policies in other areas. According to Prof. Thomas Power of the University of Montana, 73 percent of the lands irrigated by the central Arizona project are used for growing crops which are eligible for Federal set-asides and price supports. He estimates that each farm irrigated by the project is getting a $1.8 million subsidy. Talk about millionaire farmers.

These facts speak for themselves. This amendment is very moderate, only a $300 million cut as I understand it, when compared with the level of waste and subsidy produced by these projects. In a time of budget cutting we cannot afford to gorge ourselves on such a high calorie diet of pork.

I thank my good friend from Ohio and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President, the fundamental basis upon which the amendment of the distinguished Senator from Ohio is based is flawed. He has asked the Senate to accept his amendment based on the proposition that the social programs for which he has so eloquently argued are being substantially cut and that the capital improvements for the United States represented in water projects constructed by a number of agencies are not being cut.

Yet even including the proposals for a different cost-of-living formula in connection with social security recipients, even including all of the proposed changes in housing programs, food stamps, public assistance, and the like, the net result in those social programs is not a cut but simply a somewhat slower rate of overall increase than was proposed by President Carter.

We have engaged in entirely too much of a debate in this body, both during the time in which we dealt with the reconciliation resolution and now on this first budget resolution, in imprecise language. The implication is that any reduction from the budget proposed by President Carter for fiscal year 1982 was somehow or other a cut, even though that budget represented a business-as-usual increase in the budget of the United States at a rate faster than either our economic growth or the rate of inflation.

In fact, of course, should every aspect of this body's suggestions relating to retirement and social security programs be accepted, the result will be a 9-percent increase in fiscal year 1982 over 1981. If every element of the proposals of the Budget Committee on housing assistance are accepted, the result will be a 20-percent increase in expenditures in fiscal year 1982 over 1981. In the entire function 600 covering most of the major social programs of the United States, there will be an increase of 3 percent over fiscal year 1981, which itself represented a 19-percent increase over what was spent in fiscal year 1980.

The President actually proposed dollar reductions in connection with water projects. His proposals were accepted in the Gramm-Latta budget resolution in the House of Representatives.

The Senator from Ohio neglects to State that the Senate Budget Committee not only has failed to increase the recommendations of the President of the United States in this field but has already voted for further decreases. The version of the budget before this body today includes a $200 million reduction in fiscal year 1982, in both authority and outlays, three times that amount of reduction in fiscal year 1983, and another similar reduction in 1984, without regard to the additional effect of inflation at all.

The point is, Mr. President, that in this function, water projects are accepting a fair share of the President's proposals for economic recovery and, in fact, when one looks at dollar figures and compares them directly with the total amount of money being spent on social programs, the cuts in water projects are greater than those in the social programs which the Senator from Ohio has defended.

Mr. METZENBAUM. Mr. President, will the Senator yield for a question?

Mr. GORTON. Yes.

Mr. METZENBAUM. I have represented that the total for 1981 for the Corps of Engineers and Water Power Resources Service was $2,159,000,000, and for 1982 was $2,119,000,000. Does the Senator from Washington not agree with those figures?

Mr. GORTON. The Senator can agree with those figures without agreeing that they represent the impact and scope of the amendment of the Senator from Ohio. The figures I am quoting for water resources include the corps, the Water and Power Resources Service, the Soil Conservation Service, and the River Basin Commissions. Even though the totals overall in the function are in excess of $4 billion, the Budget Committee has cut already below the President's proposed levels in those areas.

Mr. METZENBAUM. But is it not the fact that the total cost compared to other cuts in the budget is an insignificant $40 million on the total budget figure of $4.5 billion?

Mr. GORTON. It is interesting that the cuts in all water resources are slightly in excess this year and greater next year and are true cuts. There are fewer dollars for these functions than was the case in previous years, to which in real terms must, of course, be added inflation. In connection with most, and certainly the total of the social programs, about which the Senator from Ohio was speaking, there have not been cuts at all, but simply a slower rate of increase. So if one takes the overall percentage of the entire spending of the United States represented by water projects against those of social welfare projects, the cuts in water projects are indeed greater.

Mr. METZENBAUM. I will not interrupt the Senator further, but I will respond to him later.

Mr. GORTON. Both the Senator from Ohio and the Senator from Wisconsin speak about some of the statutory aspects of cost recovery and of cost-benefit analysis in connection with water projects, and in some respects the questions which they raise are legitimate questions. The administration, however, itself will propose changes in water laws which will reflect a greater schedule for cost recoveries from the beneficiaries of these projects than has been the case in the past several years.

I can only point out that each of these gentlemen has been a Member of this body for some period of time and has yet to persuade this body or Congress to make these changes, as desirable as they may be. I do represent, however, that in connection with more realistic formulas, they will probably meet with a very significant degree of sympathy on the part even of many of the Senators from the West, and, I suspect, from the South as well.

In essence, the acceptance of this amendment would probably be counterproductive and would, beyond any question, result in greater costs to the Government of the United States in the future. The proposed amendment, were it to be passed and were it to be reflected in the ultimate budget document, would require the cancellation of a number of multiyear contracts for projects which are currently under construction. Either that investment would simply be abandoned or the cost of those projects would increase.

Beyond the cost of capital increases in connection with those projects would be the completely wasted amounts of money on litigation, contract termination penalties, interest, and the like. It is far better to let the problem of water projects in the future be changed on the basis of overall statutory reform. That change can be directed to insuring that no such project is authorized unless there is clearly a cost-benefit analysis which indicates that it is of value not only to the people whom it serves immediately in particular parts of the country but to the Nation as a whole.

If the reduction proposed by the Senator from Ohio would be taken from operation and maintenance, it would clearly contribute to the degradation of many greatly valuable federally-owned assets such as dams, flood control structures, and the like.

Finally, of course, it is important to make the point that water projects are not somehow by statute limited to one section of the country as opposed to others. Under some circumstances, Members from the Northeast have not wished water projects which might otherwise be authorized in their own areas. Flood control, on the other hand, is of great value to people in the Central and Eastern part of the country as it is to the West.

We are speaking here of the kind of capital investments in the future of the United States which have been so important in the past in creating gardens out of deserts, in creating an infrastructure which has made our economy as strong as it has been.

The importance of maintaining, on a basis of sound principles, the growth of an infrastructure, the growth of capital assets in the United States, remains today as vital as it has been in the century which has preceded our time here in this body. Because the cuts proposed for these projects, which are already reflected in the budget, are equal to or exceed those of most other major programs taken as a total by function, it would be improvident and unfair to accept the amendment of the Senator from Ohio.

Mr. DOMENICI. Will the Senator yield 5 minutes?

Mr. GORTON. The Senator will yield to the Senator from New Mexico such time as he may desire.

The PRESIDING OFFICER (Mr. TOWER). The Senator from New Mexico.

Mr. DOMENICI. First, I want to commend my good friend from Washington for his excellent points. I was not here on the floor. I had returned to my office and I heard the melodious voice of my good friend from Ohio talking about balancing budgets and cutting budgets. It was such a joy to hear him talk about that kind of thing that I decided I would have to come down here and talk a little bit, although on this one I must disagree. It is really wonderful to see what a dramatic change has occurred across this land and apparently even in the State of Ohio in the last few months.

Mr. President, I do not think there is any doubt that one of America's most serious resource problems has to do with water resources and water resource policy.

There is not any question that we must at this point cut the water resources budget significantly—and we have. I will explain, at least from my vantage point how we have done that. There is not any question but that this is going to be a decade of less money for water resources in America. It cannot be.

Indeed, neither can it be a decade of the same kind of water policy as we have had for the last 15 years. On that, I joined with Senators like Senator MOYNIHAN and others in saying that we have to change the approach. But that does not mean we can get by with less money, at least less than is provided in this budget resolution.

Let me just give you a couple of facts. We are already $600 million, between 1981 and 1983, under President Reagan's recommendations for the Corps of Engineers. Now that is not just a pittance. That is a lot of money—a rather significant cut from an already frugal Reagan budget.

It is going to require a stretch-out of a number of current construction activities over a much longer period. It means to denying any supplemental requests for the Corps of Engineers for 1981.

There is not any question that the corps will have to defer the continued construction on lower priority projects such as recreation projects or those with a low cost-benefit ratio. It will be difficult for them to maintain the present level of funding for operation and maintenance with no allowance for inflation.

In summary, the Budget Committee, which I understand the distinguished Senator from Ohio in some way indicates is not representative of this country, has already cut the Corps of Engineers substantially below the President.

Let me make an even more telling point that will deny validity to that approach to our deliberations. The water resources for Corps of Engineers and water and power resources service is found in a larger part of our budget, function 300—natural resources and environment. That includes water management, forest management, the land and water conservation fund, recreational resources, and EPA regulatory programs.

Within this budget function, this committee is recommending a decline of 10 percent in real terms between fiscal year 1980–81 and a negative 13 percent in terms of real growth between fiscal year 1981–82.

There is no other program dealing with natural resources that has been hit harder than this one, unless EDA can be construed to be a natural resource. I would be pleased to debate that issue because I do not think EDA is a natural resource part of our budget.

Water resources, forest management, land and water conservation, operation of recreational resources, the Budget Committee has recommended a negative 13 percent in terms of real growth for 1982. That is where this additional $300 million cut will show up, in the function as a whole.

We have already cut the land and water conservation fund to the bone. There are many in the country who think we have been counterproductive there. But we have gone along with it.

There are many who feel that water resources should be increased rather than decreased—in preparation for a broader based national policy, but we have not done that. I wish I had the corps' figures on the number of personnel they are going to have to cut between 1981 and 1982. I cannot locate them now. Before the debate is over, if the Senator takes his full time, and I wish he would not, so we can vote, I will get that figure. It, too, is a very large number that they will have to cut back from the corps, for personnel.

I think this committee has acted extremely fairly. Considering the value of these particular operations to the South and the West, I do not think the committee has acted in a biased manner in regard to cuts made in other programs, more broad in nature, which might affect even more of America.

These are extreme cuts in a function that had already been curtailed substantially since 1977 and 1978, particularly in forest management and water resources. If you recall, there was not one single new start in water projects for the years 1977 and 1978. No omnibus water bill got through Congress.

I will acknowledge that the whole method of setting up priorities, of authorizing projects, of deauthorizing projects, the cost-benefit approach, should indeed be part of this decade's mandatory reform. We need a broader based program, encompassing more States in need of water resource assistance not now typical of the corps or the Water and Power Resources Service. But you do not get there by slashing this function an additional $300 million.

Mr. METZENBAUM. Will the Senator yield for a question?

Mr. DOMENICI. Mr. President, let me make one last remark and I will yield the floor.

For those who continue to allege that the Corps of Engineers is an extremely wasteful operation, that we ought to continue to chop it in light of my remarks on water resource needs and others in the Senate have remarked on water resource needs before me, let me just tell you that in the last 15 years the Corps of Engineers construction spending has dropped 50 percent in real dollars.

That is in a period of time when the demands have been more rather than less.

In the Bureau of Reclamation, which has also been alluded to here and in the previous amendment which failed, there is a 25-percent diminution in the Bureau of Reclamation over the same period in real dollars.

So it does not seem to this Senator that this is the one to do it on. Certainly, we are as frugal in this function as we have been in almost any other. I urge the Senate to reject the amendment.

(Mr. BOSCHWITZ assumed the chair.)

Mr. METZENBAUM. Will the Senator yield for a question?

Mr. DOMENICI. I am pleased to yield.

Mr. METZENBAUM. The Senator talks about a $681 million cut. The figures which have been presented by the budget indicate a $40 million cut from the year 1981 to 1982. Is the Senator from New Mexico talking about some figures going into 1983 and 1984? Where does he get the $600 million figure? I cannot find it.

Mr. DOMENICI. I am referring to the 1981 level which is in this as part of the third resolution for last year, the 1982 and the 1983 projections that follow from it, and 1984. If I stated it otherwise, I apologize.

If we take the President's level, we are under him $600 million in both our reconciliation and our targets for just the Corps of Engineers.

Mr. METZENBAUM. I know the Senator from New Mexico would never deceive the Senate and I would never suggest that. I have great respect for his integrity. But I want to point out that the actual cut amounts to $1,586,000,000 for the Corps of Engineers in 1981 and that goes down to $1,496,000,000 in 1982.

Now we are talking about construction projects. It is a cut of 5 percent. The Water and Power Resources Service between 1981 and 1982 goes up from $517 million to $622 million. Therefore, we find a net of $40 million in savings. The $671 million figure has nothing to do with this amendment because that will remain through the years 1982, 1983, and 1984. That is based upon the Carter figures which nobody is reconsidering at this moment.

I state to the Senator that all he has cut or anticipates cutting in the budget for the water projects is $40 million out of a total of $4.5 billion. That compares with a 100-percent cut in the small business loan program, a 25-percent cut in mass transit funds, 50 percent in job training funds, 66 percent in employment training programs, 20 percent in student grants, 100 percent in DA programs, 100 percent in Appalachian regional funding, and 20 percent in community development block grants.

Even if my amendment were to pass, it would only amount to approximately 7 or 7.5 percent in cuts, $300 million as against $4.5 billion. With the $4.5 billion now in here, I believe that figure amounts to something less than 1 percent.

Mr. DOMENICI. Mr. President, I only have 30 seconds to respond, but I want to make a unanimous-consent request which I believe has been cleared with Senator HOLLINGS.

I ask unanimous consent that following the vote on the Metzenbaum amendment, the Senator from New Hampshire (Mr. HUMPHREY) have 30 minutes to speak on the resolution, that this order take the place of the amendment previously scheduled by the Senator from Nebraska (Mr. EXON), and that this agreement in no way alter the unanimous-consent agreement ordering a series of amendments on last Friday. I might say this has been cleared with Senator EXON also.

Mr. METZENBAUM. As I understand it, the previous unanimous-consent agreement provides for a series of amendments without precluding the right of any Senator to offer an amendment thereafter. Am I correct?

Mr. HOLLINGS. The Senator is correct.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I want to repeat my remarks for a moment. When you look at this function, Mr. President, you see the items in it that I have enumerated. It is obvious that with a 13-percent negative real growth in 1982 for the composite of programs within it, including the land and water conservation fund, water resources in both the Water and Power Resources Service and the Corps of Engineers, their maintenance roles, their construction roles, EPA construction grants, which are also water oriented—we have made significant cuts in this function without the additional $300 million decrease. Again, I urge that the Senate reject this amendment. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President, I yield to the Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Senator from Washington.

Mr. President, I have double-checked these figures so let me make the record clear as to exactly what occurred with respect to water project construction. For fiscal year 1982 you will remember we had a cut of $117 million in budget authority and $88 million in outlays contained in the reconciliation resolution. In the first concurrent resolution, we provided for an additional cut in fiscal year 1982 of $112 million in budget authority and $61 million in outlays. This is a total cut of $229 million in budget authority and $149 million in outlays. This represents a reduction of 9.6 percent in budget authority and 6.3 percent in outlays from fiscal year 1982 current policy.

I have heard the Senator mention cuts of less than 1 percent and a $40 million figure. But I wanted to place somewhere in the record the accurate amounts of exactly what we have cut in water project construction costs.

Furthermore, in fiscal years 1983 and 1984, we have instituted higher user charges. We assumed a total of $650 million in waterway and deep port user charges for 1983 and $695 million in 1984.

So we did not just look at all other programs, cut them, and then bypass the issue when we got to water projects. In fact, we had quite a debate on it and made significant cuts. This is a good way to cope, even in my own State, with the high inflation costs in these projects. We stretch out or delay until we are past this high inflation period. Then we will get a better value for the amounts ex-

pended on these valuable projects. I thank the Senator for yielding.

Mr. METZENBAUM. Will the Senator from South Carolina yield for a question?

Mr. HOLLINGS. I yield.

Mr. METZENBAUM. Mr. President, did we ever debate in the Budget Committee the water reclamation projects?

Mr. HOLLINGS. Mr. President, we did discuss the issue. The truth of the matter is, the distinguished Senator from Ohio constantly reminded us about reclamation and water projects. He mentioned that and tobacco subsidies at every chance. We did not debate the order of priorities, but we heard a lot about it.

I do not know what the Senator would call a formal debate within the committee, but the Budget Committee considered cuts in this program just as it did in all other programs. Mr. President. the cuts in water project construction amount to almost a 10-percent cut from the 1982 fiscal year current policy level.

Mr. METZENBAUM. I ask my distinguished ranking minority member, my good friend, whether it is not a fact that we increased the Water and Power Resources Services from $573 million to $623 million; and when he talks about some cut of $117 million in authorization and $88 million in outlays, I do not know what he is comparing that to.

Mr. HOLLINGS. President Reagan's budget had substantial cuts from current policy, and the Budget Committee cut slightly more. That is what my figures refer to, the current policy for fiscal year 1982.

Mr. METZENBAUM. And I point out that the figure of $573 million is current policy; the figure of $623 million is the 1982 figure, which is an increase of $50 million.

The figure that I have with respect to the Corps of Engineers of $1,586,000,000 cut to the $1,496,000,000, which is a cut of 5.5 percent, is a cut against current policy. So we cannot talk about a cut against Reagan policy; we are talking about a cut against actual figures, which is what is happening to every other program.

Mr. HOLLINGS. The figures the Senator is using are mixing the 1981 and 1982 fiscal years. When I referred to the cuts, it was with respect to fiscal year 1982 only.

Mr. GORTON. Mr. President, I reserve the remainder of my time.

Mr. METZENBAUM. Mr. President, I yield 5 minutes to the Senator from Maine.

Mr. COHEN. I thank the Senator for yielding. Mr. President, I support this amendment to reduce spending for water resources projects by $300 million below the level recommended in Senate Concurrent Resolution 19. I have long felt that this is an area of the Federal budget which is rife with waste and where major policy reforms are long overdue.

Last year, in fact, during consideration of the first concurrent budget resolution, I offered an amendment which called for a $500 million cut in this area. After a spirited debate, the amendment was narrowly defeated.

In view of the unprecedented spending reductions embodied in Senate Concurrent Resolution 19, there is absolutely no justification for continuing business-as-usual in the water resources budget. Last year's vote should be reversed—and reversed by a resounding margin.

Mr. President, this amendment makes no judgments with respect to the merits of any particular water resources project. Rather, it simply acknowledges that not all projects are urgent or high priority, and that many, in fact, are eminently postponable—some indefinitely.

Approval of the amendment will also acknowledge that a larger share of the burden of subsidizing water projects should be shifted from the backs of taxpayers to the pocketbooks of those who benefit most from their construction. Greater application of the principle to water resources projects should have taken place long ago. To do so now, I think, will be entirely consistent with the direction and thrust of President Reagan's program for economic recovery.

Mr. President, our present water resources policy, if one can properly label it a policy, is a national embarrassment. It routinely diverts high amounts of our national resources and capital to questionable and marginal projects. It supports an agenda that, with few exceptions, ignores present national needs. It is a process founded, nourished, and sanctioned by political clout and custom. It is a process that has long been considered sacrosanct—a legislative enclave seemingly immune to attack. While many worthwhile programs are drastically reduced in an effort to slow the rate of growth in Federal spending, only token cuts are proposed in the water resources budget.

I am deeply troubled that in setting our Nation's spending priorities, we show little reluctance to cut needed health, education, and energy assistance programs.

For example, we terminated the weatherization program, merged it into a community development block grant program now under the jurisdiction of HUD, even though 80 percent of those funds traditionally go to urban areas, not to the rural, impoverished areas of this country. We cut the fuel assistance program by some 25 percent. Yet we display no inclination to impose a fairer share of the budget-cutting burden on water resources projects. This speaks volumes about our priorities and our sensitivity to the needs of millions of less fortunate Americans.

Trading political favors at public expense is hardly a new game. In no area is the practice more prevalent than in the water resources budget. Just as the cherry blossoms arrive in Washington every spring. so too does a legion of supplicants seeking favored treatment for their local water projects. It is a ritual that has been repeated for decades, with only the names and the faces changing.

Clearly, our present economic difficulties demand that we rethink past practices, however sanctioned by custom. No program or policy should be immune from scrutiny, notwithstanding the strengths of its constituency. And few programs have a constituency as strong as water resources projects.

Not long ago, the distinguished chairman of the Budget Committee offered the following candid assessment of the present system for authorizing and funding water projects:

> The United States desperately needs a water policy, but unless we are prepared to make some major changes, the work of the Senate Environment and Public Works Committee will continue to be a willy-nilly process, listening to a few Congressional witnesses about their pet projects, and the situation will get worse . . . There is no effort to identify priorities. We sit here in the committee and just authorize and send everything on to the Appropriations Committee. Our current policy is simply *ad hoc* . . . Every Congress finds the omnibus rivers and harbors bill coming up in the last 15 days. We push through an 80-page bill with 300 projects; most of the Senators couldn't pronounce half of the names of the projects.

Other members of the Senate Environment and Public Works Committee have been equally critical of the current process. Senator SIMPSON remarked during a markup session on rivers and harbors legislation that—

> What we have here is a slush fund of projects to raid the Treasury . . . a parade of turkeys. You'd never put a nickel of your own money into some of these projects.

The General Accounting Office in one of many reports on the subject, noted the following major deficiencies in the present process for authorizing and funding water projects:

Cost estimates presented to Congress for water resources construction authorization are not based on reliable information. As a result, Federal water projects are generally experiencing large cost growth over the cost estimates presented to the Congress at the time the projects were authorized for construction;

Because there are far too many projects for the available funding to construct each project at its optimum rate, improvements are needed to set priorities so that the highest priority projects can be constructed efficiently, while those with the lowest priority be deferred or perhaps left unfunded. Delays and backlogs causing cost growth on major programs could be reduced if priorities were properly established and transmitted to Congress;

Both the corps and the Water Power and Resources Service, formerly the Bureau of Reclamation, provide incomplete conceptual design data for use by Congress in authorizing large amounts of funding to construct major water resources projects;

More should be done by the aforementioned agencies to provide a better basis for congressional decision on the need for a particular project and the best alternative for meeting that need. For the most part, GAO's criticisms remain valid today.

Although the GAO's study did not dwell at length on the development of benefit-cost ratios for Federal water projects, this has been an area of great concern to me for some time. Central to

the formulation of the benefit-cost ratio is the choice of the interest or discount rate.

Let me speak on a personal note here. I am not talking about any specific project, but we can raise the subject of Dickey-Lincoln, which is a word that has been, certainly, if not bandied about these Chambers, at least discussed in the Chambers of both Houses for the past 10 or 12 years. There is a project which I hope, finally, this year, will meet its termination—if not in the committee, then certainly on this floor. It is a project that would cost about a billion and a half taxpayer dollars to construct a dam bigger than the Aswan Dam of Egypt, that would produce, following its construction, roughly 2 hours of peaking power a day—just the kind of power that New England does not need; just the kind of power that studies that have been done show can be avoided, the use of it, the consumption of it. Yet, year after year, the study of that particular project has been authorized and funded in this Chamber.

Mr. President, I suggest there are a number of other Dickey-Lincolns buried in this particular bill.

As some of my colleagues know, many water projects survive largely because Congress continues to permit the use of a ludicrously low discount rate in judging their economic viability. Dickey-Lincoln was one in question. Three-and-a-quarter percent interest rate. I ask anyone in this Chamber where they can borrow money at the rate of 3¼ percent interest.

I should like to meet that person, because I have some loans I would like to take out. An interest rate of 3¼ percent is the standard by which that particular project's viability is determined to be valid and meritorious and cost efficient and effective.

It is, of course, possible to justify almost any project if the discount rate is low enough. However, when we subsidize water-development projects through the use of unrealistically low interest rates to produce an artificially favorable cost-benefit ratio, we are doing so at the expense of some other activity where Federal funds could be more productively used. This practice not only represents an exercise in self-deception, but yields an extremely poor return on the taxpayer's investment.

The time to end this charade is at hand. I remain prepared to support water resource projects which can stand on their own merits, but I am tired of being asked to support economic cripples which cannot possibly pass muster in the marketplace.

I fully recognize that this amendment strikes a sensitive nerve with many of my Senate colleagues. One never questions the virtues of motherhood, apple pie, and water projects without inviting a vigorous dissent. Past skirmishes over water policy reforms have left the battlefield littered with the corpses of reformers, so I do not underestimate, for even a moment, the intensity of feeling on this matter.

I firmly believe, however, that the time is ripe to reexamine past practices in this area. The need for fiscal restraint has imposed a special obligation on this Congress to reform its ways, and to abandon practices which are wasteful, parochial, and frequently inflationary.

The budget resolution is an appropriate vehicle for mandating needed reforms in our water-development policy, and adoption of this amendment will provide the boost that is necessary to get this process underway.

I thank the Senator from Ohio for yielding.

Mr. METZENBAUM. Mr. President, I am not opposed to the development of the South and West, but I cannot support a budget such as the one before us, which proposes to eliminate the Economic Development Administration and to reduce funds for developing the distressed areas of the Northeast and Midwest while leaving the water projects intact.

I would prefer to see funds restored to the EDA, but that approach has been defeated in the Senate. So this amendment does not transfer funds. It simply cuts $300 million from a water project fund that is now at $2.1 billion for construction.

If we are going to cut all the programs we should cut water projects as well, the total of which amounts to $4.5 billion.

Mr. President, there is one man whose name has become legend in this country, as he wielded that knife, as he wielded that cleaver. It is he who has been given the credit, if that be the appropriate word, for having cut the budget, and that is David Stockman. I read what David Stockman said about water projects on June 18, 1980:

I think it is about time that someone blew the whistle around here on the misguided notion that giant public works projects are unambiguously in the national interest, are an undisguised, unequivocal economic blessing just because some one comes up with a mechanical count showing the number of construction jobs, the number of permanent jobs, the amount of barge traffic, the amount of revenues that might be generated by the completion of a project of this sort, or even if they come up with an artificially contrived cost-benefit ratio demonstrating that this might be a viable idea.

Said David Stockman, as a Member of the House:

I would submit to this House that all of those conclusions about the worthiness of projects based on that sort of reasoning employ single-entry bookkeeping, employ only a partical account of what the real economics are, what the real impact is of going ahead with a project of this sort.

Mr. President, I do not understand how Mr. Stockman, who was so opposed to the water projects when he was a Member of the House, who is so anxious to balance the budget, who has been so willing to take food out of the mouths of kids, who has been willing to put the burden of cutting this budget on the backs of the poor, who has been totally unconcerned about middle class Americans and their opportunity to get their kids to college or their ability to pay for the school lunch program, which will double in cost if they earn more than $11,000 or $15,000 a year, who has not been concerned about veterans' counseling programs which have been cut back, who has not been concerned about the WIC program which attends to the problems of pregnant women and infant children—I do not understand how this person has so much changed his colors that in less than a year, he has failed to use the same cleaver to come down on water projects.

I am proud that an organization such as the National Taxpayers Union does not look at one project as being better than another project but is totally consistent in its position, in saying that there is no reason not to be cutting back on water projects.

I say to those Members of the Senate who consider themselves the great conservatives of America, "Where are you today? Where will you be on this amendment? Will you be concerning yourself only about your selfish local concerns? Will you be concerned about the particular water project that is in your backyard, or will you have a sense of consistency? Are you willing to stand up and be counted?"

There are few enough over there who in the past have been willing to stand up, but I say that in this issue, that is what we are talking about—consistency. We are talking about a sense of integrity with respect to balancing the budget. We are talking about being fair and just to all the people of this country.

As the National Taxpayers Union put it:

The National Taxpayers Union is concerned about the failure of the Budget Committee to recommend substantial reductions in spending on unnecessary water project construction.

They go on in their letter, a copy of which is on the desk of each Senator:

In its 1978 report . . . the GAO noted that the Federal water development agencies "still have problems preparing accurate, uniform, logically developed benefit-cost ratios."

During the past 5 years, the Inspector General of Interior has completed audits on the management of various Bureau of Reclamation basin wide projects . . . These audits reveal repeated patterns of unbusiness-like decisions and failure to protect the public's pocketbook.

Said the National Taxpayers Union, in concluding:

Across-the-board cuts should be more than just rhetoric; wasteful and unnecessary spending must be eliminated if we are to balance the budget and restore fiscal integrity to the economy. We urge your support of the Metzenbaum amendment to cut $300 million from this water construction area.

The National Taxpayers Union has summarized the argument. The ball is now in the court of the Members of the Senate. We will note with interest whether or not those who are concerned about budget cutting and fiscal responsibility and conservatism, and who came here under an aura of conservatism and balancing the budget, will vote on a parochial basis or whether they will vote with the courage and conviction they talked about when they were out on the campaign trail.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Mr. President, I might say to my good friend from Washington that after he makes his comments I am prepared to yield back the remainder of my time.

Mr. GORTON. Mr. President, the argument remains the same now as it did when the Senator from Ohio presented his amendment.

The Budget Committee, whatever its composition, has in fact already provided real cuts in the functions to which this amendment applies, cuts in dollars, even greater cuts in percentages than under previous appropriations for the subjects.

At least a fair share of these cuts have been imposed on this function as compared with other functions in this budget.

In most of the broad social functions to which the Senator speaks, the so-called cuts are not cuts at all, but simply reductions in increased rates of expenditure.

It is appropriate to begin a reform of the way in which water projects are authorized. It is at the same time foolish to stop building those already under construction and to end up spending more money for nothing than we will spend for their completion.

In connection with all of the physical resources reductions, it is the South and the West which have the larger share of those reductions as opposed to the Northeast and the Midwest.

Taking it all in all, the budget in this respect is a fair one. It is, I believe, better than the one which the President submitted to us, but it is by no means distributed unequally in respect to the social programs to which the Senator from Ohio spoke.

This amendment should be defeated and we should continue on our way toward the passage of this concurrent resolution and our conference committee with the House of Representatives.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. METZENBAUM. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Ohio.

On this question, the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Mississippi (Mr. COCHRAN), the Senator from Iowa (Mr. JEPSEN), the Senator from Indiana (Mr. QUAYLE), and the Senator from New Hampshire (Mr. RUDMAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Mississippi (Mr. COCHRAN) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. SASSER) is absent because of death in the family.

I further announce that, if present and voting, the Senator from Tennessee (Mr. SASSER) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators desiring to vote?

The result was announced—yeas 39, nays 52, as follows:

[Rollcall Vote No. 99 Leg.]

YEAS—39

Bentsen	Glenn	Nickles
Biden	Grassley	Nunn
Boschwitz	Heinz	Pell
Bradley	Helms	Percy
Byrd, Harry F., Jr.	Humphrey	Proxmire
Byrd, Robert C.	Inouye	Riegle
Chafee	Kasten	Roth
Cohen	Leahy	Simpson
Divon	Levin	Specter
Dodd	Lugar	Tsongas
Dole	Mathias	Weicker
Durenberger	Metzenbaum	Williams
Eagleton	Mitchell	
	Moynihan	

NAYS—52

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Packwood
Armstrong	Hart	Pressler
Baker	Hatch	Pryor
Baucus	Hatfield	Randolph
Boren	Hawkins	Sarbanes
Burdick	Hayakawa	Schmitt
Chiles	Heflin	Stafford
Cranston	Hollings	Stennis
D'Amato	Jackson	Stevens
Danforth	Johnston	Symms
DeConcini	Kassebaum	Thurmond
Denton	Laxalt	Tower
Domenici	Long	Wallop
East	Matsunaga	Warner
Exon	Mattingly	Zorinsky
Ford	McClure	
Garn	Melcher	

NOT VOTING—9

Bumpers	Huddleston	Quayle
Cannon	Jepsen	Rudman
Cochran	Kennedy	Sasser

So Mr. METZENBAUM's amendment (UP No. 79) was rejected.

Mrs. KASSEBAUM. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from New Hampshire is now recognized for not to exceed 30 minutes.

Mrs. KASSEBAUM. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator is correct. The Senate will please come to order.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I understand that the distinguished Senator from New Hampshire intends to speak on tomorrow instead of today. I ask unanimous consent that the order on his behalf for recognition today be vitiated.

Mr. ROBERT C. BYRD. Mr. President, may we have order so we may hear the Senator?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order.

Mr. BAKER. Mr. President, let me repeat the request.

I am advised by the distinguished Senator from New Hampshire (Mr. HUMPHREY) that his plans now have changed and he will make his presentation tomorrow instead of today. So I ask unanimous consent that the order for the recognition of the Senator from New Hampshire be vitiated at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. KASSEBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I understand, as a matter of convenience, that the Senate would be better served and Members would be accommodated by changing the sequence of the amendments. I am told that the Senator from Wisconsin, Mr. PROXMIRE, is ready to proceed at this time rather than the time previously assigned to his amendment. I now ask unanimous consent that the Proxmire amendment be the next amendment to be considered by the Senate, without changing the sequence thereafter.

The PRESIDING OFFICER (Mr. ANDREWS). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I understand the distinguished Senator from Nebraska (Mr. EXON), wishes to have his slot vacated. I ask unanimous consent that the Exon amendment be deleted from the list previously provided for.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, if the majority leader would be good enough to provide several slots for the Senator from Ohio at the conclusion of the other slots, it would be appreciated.

Mr. BAKER. Mr. President, I will not be glad to, but I will. I wonder if the Senator from Ohio could tell me how many amendments he might have in mind and what the subject matters might be.

Mr. METZENBAUM. Mr. President, I would anticipate there may be in the area of four amendments, some of which would have to do with tax expenditures and others which may relate to slightly more controversial subjects.

Mr. BAKER. Mr. President, I do not wish to be difficult with my friend from Ohio, but in each case so far we have designated the subject matter of the amendment. I wonder if we could withhold the request for him, with the assurance that I will make a request on his behalf, while we confer on how exactly to describe those amendments.

Mr. METZENBAUM. Mr. President, I have no problem on the three, on the tax expenditures. One has to do with

commodity straddles and one has to do with capital gains on timber and the other one has to do with intangible drilling costs of oil companies.

Mr. BAKER. Mr. President, the Senator would like those three sequenced in at the conclusion of the list we have now provided for on those subjects, is that correct?

Mr. METZENBAUM. That is correct; each one separate.

Mr. BAKER. Mr. President, I thank the Senator. Would the Senator be agreeable to reducing the time for those amendments below the time allocated under the statute?

Mr. METZENBAUM. Yes. I would say a half hour to a side.

Mr. BAKER. A half hour to a side?

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield, I would suggest that the Senator proceed with that request.

Mr. BAKER. If the distinguished minority leader has no objection, I will go ahead and sequence the amendments now. I assume the amendments are germane. As described, they appear to be.

Mr. President, I ask unanimous consent that at the end of the list of amendments heretofore provided for, there be provision for three amendments just now described in favor of the distinguished Senator from Ohio. Of course, there would be the statutory requirement that the amendments be germane.

Mr. METZENBAUM. I thank the distinguished majority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, might I ask the Senator from Ohio a question? At the time I agreed to the sequencing that the Senate just ordered, I had in hand but was not aware of the request of the distinguished ranking minority member of the Budget Committee for an amendment by him to be sequenced at the end of the list.

Mr. METZENBAUM. Mr. President, I certainly have no objection.

Mr. BAKER. Mr. President, I wonder if the Senator would object to my scheduling the Hollings amendment ahead of his three amendments.

Mr. METZENBAUM. I have no objection.

Mr. BAKER. Mr. President I make that request.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 80

(Purpose: To provide a balanced budget in fiscal year 1982)

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE), for himself, Mr. DECONCINI, and Mr. HARRY F. BYRD, JR., proposes an unprinted amendment numbered 80.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 16, strike "$775,100,000,000;" and substitute "$695,100,000,000;".

On page 2, line 21, strike "$699,100,000,000;" and substitute "$650,300,000,000;".

On page 3, line 4, strike "$48,800,000,000;" and substitute "$0;".

On page 3, line 9, strike "$1,091,200,000,000;" and substitute "$1,042,400,000;".

On page 3, line 15, strike "$91,400,000,000;" and substitute "$42,600,000,000;".

Mr. PROXMIRE. Mr. President, this is an amendment which, I think, is long, long overdue. It is an amendment which, if the American public could be here and all could vote, of the 222 million Americans or 230 million Americans they would vote 100 to 1 for this amendment. I think in spite of that, the amendment faces a rocky future. This is an amendment which would balance the budget this year. It wipes out the $48.8 billion deficit proposed on page 3, line 4 of Senate Concurrent Resolution 19 by a further cut in spending of $48.8 billion. The amendment does not affect the tax cut.

Let me just read from Thursday's Wall Street Journal, because that journal, I think, gave one big reason why the time has come for this amendment.

The top policy story on the front page of the Wall Street Journal says, "Strange Welcome. Wall Street Is Greeting President's Program with Jitters, Turmoil. 'Lack of Confidence' Cited; but Reagan Aides Stress Long-Run Inflation Cure."

Then it goes on to say:

"What the h--- is going on here?" asks a Wall Street investment banker. "The financial community has their team in Washington—President Reagan is their man." Yet, he notes, "there's real chaos" in the financial markets.

The recent surge in interest rates has caused sharp losses on Wall Street and generated dismay in Washington. Some administration officials blame unsteady monetary policy by the Federal Reserve Board, but a top White House official concedes that the recent turmoil in the financial markets "indicates a lack of confidence in the President's program."

Mr. President, I offered a similar balanced budget amendment last year. That amendment would have cut expenditures by $23 billion—from $633 billion to $610 billion to bring a balanced budget.

Only 18 Senators voted for that amendment, largely on the grounds that cutting $23 billion from the budget was impossible. It could not be done. It was too much. It was unrealistic. Those were the arguments. But they were wrong.

The fact is that we have now, through the diligent efforts of the President, OMB, and the Budget Committee, already cut at least $20 billion more than my amendment last year would have cut from this year's budget.

So it could have been done. We could have passed the amendment last year and done it. It would have been realistic.

So I hope very much that it will not be argued that there is not $48.8 billion which we can cut. That is only 7 percent of the fiscal year 1982 outlays proposed in this resolution, and that cut can be made if we are determined to do it.

From the legislative history of budget resolutions it is now clear that we could have balanced the fiscal year 1981 budget if we had been determined to do so last year. Instead, we are getting ourselves into a bigger and deeper mess every time we refuse to face up to the balanced budget issue.

The second rebuttal argument I want to make right up front is this:

The technicians argue that if we cut $48.8 billion in spending from the Federal budget, revenues will decrease and that to get a balanced budget one must cut much more than that. They get that by taking a series of assumptions and putting it through their Keynesian computers.

Frankly, I think it is hogwash. I do not buy it. Here is why:

If we can cut another $48.8 billion from the fiscal year 1982 budget many things will happen.

First, there will be $48.8 billion in credit that the Federal Government will not borrow. That will have a major effect on interest rates. It will get the Government out of the credit markets by that amount, which will help bring down interest rates.

I might point out, Mr. President, incidentally, that, as we all know, in interest rates as well as employment there is an enormous psychological factor. The reason why the article I read from the Wall Street Journal is so appropriate is that that article indicates that the financial markets are in turmoil because they do not have the confidence in the President's program. It is psychological.

What would give them confidence? What would give them confidence is positive, concrete, specific action this year, not the same old thing we have been hearing year after year, "Maybe not this year but next year, or 2 years from now, or 3 years or 4 years from now."

This year. This is the kind of action that would result in convincing the credit markets we mean business.

The Federal debt now turns over annually. That is, we have a maturity of less than a year.

Depending upon the size of the reduction in the average level of interest rates lower than presently assumed, billions of dollars in savings on financing the national debt alone will be saved.

Second, we now have a series of industries which are flat on their backs because of high interest rates. Housing is a basket case. Construction in general is in great difficulty. No one can borrow the money needed to build houses, to pay the mortgage rates for a new home, or to get the up front money which construction jobs must have.

I think all of us have talked to the homebuilders in our States and talked to young couples who want to buy a home. That 15- and 16-percent mortgage rate, average mortgage rate, the highest

in the history of our country by far, is simply killing this industry.

Good homebuilders, efficient, hard-working, competent people who have done a great job for years and have been successful for years, are now out of business. They cannot continue.

That is a small business industry, an industry that provides a tremendous amount of employment. It is vital to our growth. But high interest rates are killing it.

If anybody has a better solution for bringing interest rates down and balancing the budget, I would like to hear it.

Mr. President, year after year, and I have been on the Banking Committee now for 23 years, we have the head of the Federal Reserve Board come and testify before us. They tell us, year after year, that the one way we can act to get interest rates down is to balance the budget, cut Federal spending, get the Federal Government out of the credit markets. They have made that case repeatedly.

Mr. President, I think they are right. There was a time when people disputed that, felt that by some kind of hocus pocus, some kind of strange action by the Federal Reserve, which operates in ways that many people do not understand or do not want to understand, they can get interest rates down without a responsible fiscal policy on the part of the Federal Government.

There is no way, Mr. President. I think more and more people are beginning to realize that the one way we can do it is to begin to bring our fiscal affairs under control, balance the budget, and begin to reduce the national debt.

Mr. President, auto sales are hurting because of the cost of money. Farmers are having a terrible time borrowing from their local banks because the funds are going into money market instruments, much of which, in turn, is being invested abroad. Almost no small businessman can borrow money to expand. He cannot get it and when he can get it, he cannot afford the interest rates.

So, do not tell me that balancing the budget, and getting the Government out of the credit markets would reduce revenues. Because of their reliance on computers, economists have never been so wrong as they have been in the recent past.

What they forget is, as we lower interest rates, the activities in these lines, homebuilding and automobile construction, will increase, and these are two of the biggest parts of our economy. Housing is probably the dominant part and automobile construction constitutes a sixth of our gross national product. As those industries come back and people begin to go to work, we are going to find more and more people paying taxes instead of being on unemployment compensation, they will be receiving salaries. They are also going to find corporations which are now losing money—and all the automobile companies are—beginning to make money and pay taxes.

I say, Mr. President, if we cut $48.8 billion, interest rates will fall; it will cost less to finance the debt; housing construction and auto sales will pick up; and farmers and small business firms will grow and expand and be more productive, which will increase revenues rather than decrease them.

Furthermore, Mr. President, a balanced budget would have a terrific psychological effect. We could expect the prime rate to drop rather than go up as that rate reflects expectations for the future. Wages based on the CPI would be lower and, with a balanced budget and lower expectations for price increases, new labor contracts would be reached at lower levels. Markups by businesses based on the inflated cost of materials would be less.

So my amendment cuts $48.8 billion out of expenditures which, I believe, would balance the budget at $650.3 billion under this resolution.

I put it to Members of the Senate that my figures and estimates are just as good as, and no doubt very much better than those from the OMB or the CBO or Wharton or Chase Econometrics, which have been so wrong in the recent past.

If, as the year goes by and we get to the second budget resolution, it becomes necessary, we can cut further. We have done that in the past, we are doing it now, this late in 1981 year, with rescissions. We can do it again if we have to do it. But we should not act in May on Keynesian computer assumptions, which have proven wrong in the past and which are nothing more than predictions and projections for a fiscal year which begins 5½ months from now and ends almost 1½ years from now.

The fact is that economists cannot predict with any accuracy—even with the most sophisticated computers—what will happen next week or next month, let alone 1 year to 18 months from now.

Mr. President, let me take a minute to talk about why have the financial markets registered no confidence in the President's program at a time when he has become more popular than ever, when he has called for the very thing the financial people have been pleading for for years, and when he has won one victory after another—in the House as well as the Senate? The financial community has won everything they want from Government and now they are singing the blues and saying no in the clearest kind of language—that is they are selling their stocks and bonds. So what is wrong? The answer is easy. What is wrong is the program itself.

The President has offered a feeble little pussycat of a program. Anyone who thinks we can stop this inflation with policies based strictly on fiscal actions, fiscal actions that end up with an unbalanced budget this year and next year and the year after and in all likelihood, in 1984 will believe anything.

Take a look at this inflation, Mr. President. Can anyone really believe that the series of deficits the administration proposes will do the job. We have here an inflation that, for the first time in the history of our country, does not even pause after the end of a major war. This inflation dates back to 1939. Ever since then, prices have been steadily rising. Until World War II, prices had fallen after every war in our history, and for good reason. But after World War II, after the release of the massive human and material resources we had tied up in history's greatest war, after 12 million servicemen swelled our manpower rolls, and factories that had produced tanks and planes and ships returned to producing consumer goods as never before, prices actually went up. And they went up after the Korean war and the Vietnam war, although, again huge economic resources shifted to civilian production.

Even depression had no effect on this monstrous inflation. In 1974 and 1975, we suffered the worst recession since the thirties, but prices continued to climb right through that recession. Never before in American history have inflationary periods lasted more than a year or two except in war time, and then 4 years has been the maximum. But this inflation began in 1939 and, while previous inflations have inflicted a temporary 30- or 40- or even a 100-percent rise in the price level, in this inflation wholesale prices have risen more than 600 percent since 1939—sixfold. That makes this inflation, far, far different—different in kind, not degree—from any inflation this country has ever endured.

Finally, this inflation, unlike others, has not been simply an American phenomenon. Every nation in the world, right now, endures serious inflation. We talk about how stable prices have been in Germany and Japan. Both those countries today have inflation rates which, 20 years ago, would have brought their governments down.

So, Mr. President, this inflation has become far bigger, far more universal than any inflation this Nation has suffered. It has resisted the end of wars, and serious recession. Can anyone soberly conceive that the current program of running a $60 billion budget deficit this year and mammoth deficits in the succeeding year will inhibit this monstrous inflation?

Of course not. So what do we need? We need the one basic psychological action by this Government that the overwhelming majority of Americans believe has become essential to an antiinflation program: A balanced budget. Not 3 or 4 years from now, not if it does not hurt too much, not provided we do not damage this program or that, but a balanced budget in the coming year. Now.

No, I agree that would not stop inflation cold, but it would provide an absolutely essential first step in a long, tough, uphill climb. We must balance the budget for 1982 and then balance it again in 1983 and again in 1984. Then we will begin to make progress.

We shall have to earn the confidence of the American people to begin to bring interest rates down and keep them down. But there is no way—no way we can bring down interest rates and start the home building and auto industries moving without first showing we mean business by balancing the budget.

Mr. President, instead of using all the weapons to fight inflation, the administration is using only one; namely, fiscal policy.

But that fiscal policy is very weak.

In fiscal year 1981, according to the statement of the Secretary of the Treasury yesterday, we will have a $60 billion deficit.

This resolution calls for a $48.8 billion deficit in fiscal year 1982, and that, according to everybody but the administration, is optimistic.

This resolution calls for a $21 billion deficit in fiscal year 1983. There will be no balanced budget until fiscal year 1984, and for that to happen everything must go exactly right, according to administration spokesmen themselves. And if either the inflation rate or interest rate assumptions on which it is based do not come true, there will be no balanced budget during the 4 years of this administration.

So, while we are relying almost entirely on fiscal policy, that policy over the next 4 years, is as feeble as any fiscal policy can be. That fiscal policy, even if it works precisely, will add another $130 billion to the national debt in the present and future fiscal years for which we are providing.

That is why we must take stronger fiscal action.

We are certainly using no other economic tools for strong anti-inflation action.

MONETARY POLICY

Monetary policy is outside the purview of the executive branch. The Federal Reserve is independent of the executive and is an instrument of Congress. The President, the Treasury, and the Council of Economic Advisers can only jawbone the Federal Reserve.

The Senate Banking Committee, under my chairmanship, established an oversight procedure for the Federal Reserve and required them by law to establish annual targets or goals for the expansion of the money supply.

They have done that. But instead of setting a single target, they have set a wide range, varying as much as from 2 to 6 percent. Then, routinely, they have exceeded the high range of their target.

That is no weapon.

FREE OR FREER TRADE

Another way to help fight inflation is through free or freer trade. Competition from abroad gives consumers a chance to buy goods at lower prices if domestic prices are too high. This has clearly happened in the automobile industry. But this administration is not following a free or freer trade policy, and Congress is probably in no mood to do so, either.

We now have voluntary limitations on the number of cars the Japanese will export to us, which means an increase in auto prices both for their cars and ours.

In the steel industry, we have a trigger price mechanism. The shoe industry is asking for help, as is the textile industry.

Domestic industries are hurting. When they hurt, they put on the political pressure against imports and foreign competition.

Whether right or wrong, the fact is that our present trade policy is not helping the fight on inflation but is marginally hurting it. We have given up on freer trade as an anti-inflation weapon.

ANTITRUST

The same is true with antitrust policy. The statements we are getting from the Justice Department and the Federal Trade Commission are that there will be less antitrust activity and a lessened effort at the FTC to police anticompetitive activities.

So scratch antitrust as an anti-inflation weapon.

JAWBONING

Finally, there is jawboning. President Kennedy did it, and he did it with considerable success. We all remember the success he got with the steel industry when they announced an inflationary price increase in 1962. He went to the country on it, and the steel industry rescinded the price increase. That was one of the reasons why prices did not rise as rapidly as they would have.

The Reagan administration is against jawboning and has dismantled the Council on Wage and Price Stability. COWPS is no more. While I oppose any wage-price controls, there is a place for jawboning and for Presidential pressures to try to see that wage agreements are kept in line and prices are not raised arbitrarily.

In addition, we have no tax inducements. Many economists have said it is one of the best ways we can get inflation under control, through a tax-based incomes policy—that is, to reward industries and unions which limit price increases and wage increases. The administration has indicated that they will have nothing to do with that.

FISCAL POLICY ALONE

So we have no anti-inflation policy except fiscal policy, and it is weak or feeble.

The monetary goals are exceeded.

Free trade is not used as an anti-inflation weapon.

The administration has given up on antitrust policy.

COWPS is down the drain.

Jawboning is out.

There is no TIPS program.

The budget will not be balanced, under this resolution, in fiscal years 1981, 1982, and 1983; and it will be balanced in fiscal year 1984 only by a miracle.

That is why we need to instruct Congress to come up with a balanced budget in fiscal year 1982. Things will be worse in 1983 and 1984 unless we act now.

Mr. President, let me make one other point. Consider how we can cut this budget if we can take the inflation factor out of it. First, of course, is the mammoth cost of interest, shoved up by inflation. If we could cut Treasury borrowing to a 6-percent level, we could save $40 billion right there. That is, instead of the Treasury paying 12 to 14 percent, if it paid 6 or 7 percent, that would cut the cost of servicing the national debt in half. But that is only the beginning.

Such a drop in interest rates induced by the fall in inflation would eliminate the necessity for subsidized student loans. It would drastically cut the cost of our housing programs. Two-thirds of the cost of our housing programs is interest. We could cut the mortgage rate in half and we could slash one-third of the cost of Federal housing programs—a saving of billions.

In military procurement, much of the cost for these weapons systems that take years to build falls on the cost of tying up billions of dollars in materials, unfinished construction year after year, with a 20-percent prime rate. Bring inflation down, and the cost of military procurement falls sharply—again by billions.

However, the big cost of inflation is not in interest, high as that is. The cost falls in the immense cost of indexing Federal pay and especially such retirement pensions as the Federal Government pays its own retired personnel, and particularly to the 35 million— and growing numbers—of retired Americans receiving social security benefits indexed for inflation. Here we have a strictly inflation-caused expenditure that pushes the budget out of sight.

Of course, throughout the Government, in Government salaries, in constructing buildings and water projects, in paying for travel and the myriad of other things the Government buys, inflation itself—constantly rising and accelerating prices—drives Government spending higher and higher and makes balancing the budget seem a hopeless task year after year. Some time, somehow, we have to grit our teeth, slam the door shut, and say: "No more." We have to determine to balance the budget not 3 or 4 years from now, but now. We have to show the country we mean business, however painful that business may be.

The President has started this difficult business. To his great credit, he is the first President in 50 years to propose cuts in Federal spending. Hooray. He has won overwhelming public support for those reductions, although he also has run into bitter criticism. He has made a start, but the start simply does not do the job. We still face the same old, fat deficits—this year, next year, the year after, and very probably in 1984.

Virtually every one of the groups that have suffered a cut will benefit if the inflation comes under control. But if this program does not bring inflation and high interest rates under control, we will intensify the suffering of these groups. Their sacrifice will be in vain, and a perceived effort to stop inflation by cutting spending will have failed. That will make any future effort to meet our problems by holding down spending much tougher and perhaps impossible.

We simply cannot afford to permit this anti-inflation program to fail. What does that require? It calls on us to take the one step that millions of Americans will know means business. We must balance the budget and start to run surpluses. We have to stay with that balanced budget for years—5 or 6 or more. Such a course, pulling the Federal Government out of the credit markets, would reduce pressure on interest rates. It would help

persuade business and labor to ease up the pressure on prices and wages. It would provide the essential psychological basis for price stability; and as prices and interest rates fell, it would become progressively easier to hold down spending and balance the budget and run surpluses. We could begin to emerge from our long inflationary nightmare.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. I believe that certain points should be made relative to a balanced budget and serious amendments to actually bring us to a balanced budget. I hope, soon, to present just such an amendment.

Someone could ask, "Do you not consider this a serious amendment?" I know that the distinguished Senator from Wisconsin is very serious, and there is no better informed Member of this body in the field of governmental finance. He would know, for instance, that since this amendment just cuts spending by a lump sum of $50 billion and is not broken down by function, it is, in my opinion, subject to a point of order. I believe that would be clear under the Budget Act.

I will not rely upon a technicality. However, the Senator should know that just because you cut $50 billion and balance the budget does not mean that things will necessarily work that way. For one thing, the revenue figures must be adjusted because there would be at least another $15 billion loss in revenues resulting from these cuts; so the amendment does not really give us a balanced budget in 1982. The Budget Committee went through the budget function by function. We argued and debated $100 million amounts, $50 million amounts, small amounts, relative to vaccinations, and a host of other programs.

Now, to come in, and find an additional $50 billion, with no direction by function, cannot be taken too seriously—or, to use a better word, let us say that it cannot have any realistic result.

I note that the distinguished senior Senator from Virginia is a cosponsor. Senator HARRY F. BYRD, JR. is another worker in the vineyards, trying to bring fiscal responsibility to this Government. But one has to work in realistic ways.

For one thing, it has been noted by Alan Greenspan, in a speech he delivered just a few weeks ago, that the genius of President Reagan's approach this year has been in his selecting just the right amount of cuts.

Last year we struggled to get a $10 billion cut included in the reconciliation resolution and were lucky to escape with $8 billion of the $10 billion in the final bill.

When we get further down the legislative road, we get more into details into the particular programs and we are lucky to escape with any kind of a budget cut.

Now take the other extreme. If the President himself had used the Proxmire approach and added another $50 billion or $100 billion cut he probably would not have gotten the time of day from any one of the budget committees, House Members, Senators, or otherwise.

It is not a question of need. It is not a question of intent. It is not a question of how we feel about a balanced budget. It is a question of a realistic approach.

I remember when the distinguished Senator from Virginia, after great debate, I think it was on the Bretton Woods Act in 1978, said that by 1981 the budget shall be balanced.

This should be put in the budget archives, in a section for anecdotes on the budget. This would be a good one. Section 7 of Public Law 95–435, the Bretton Woods Act, says that, beginning with fiscal year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

That is the law of the land, with three readings in the House of Representatives and three readings in the Senate, signed with all formality into law by the President of the United States on October 10, 1978.

What does it mean? Absolutely nothing. It is totally unrealistic. It is the argument that we have had to use in cautioning the electorate about constitutional amendments.

The constitution of my own State of South Carolina, in 1895, in article 10, section 2, called for a balanced budget.

But when this gentleman here presented himself for the oath of office in 1959 as Governor and Chief Executive Officer, we were totally in the red. I know about budgets in the red. I had to actually balance a budget, and to do that I had to raise taxes. At that time I could not use this spurious argument of stimulus and incentives. We are going to talk about that later this afternoon when I bring up an amendment.

Certainly the constitution did not a balanced budget make. We had been habitually operating in the red. Since then we have gotten into the black and continued ever since with a triple "A" credit rating.

The charter of the city of New York was written to say that the budget shall be balanced. It means nothing. We have to effectuate a discipline within the legislative or congressional branch.

Presidents can ask for new impoundment powers. They can call for the so-called frugal budgets, the austere budgets. They can characterize them in many ways. But they are ineffective until the President and the Congress and the people are truly serious about them. I give President Reagan great credit for his leadership. Everyone is now talking seriously about operating the Government in the black. So we do have a very serious electorate and I think that when the electorate has become serious, this kind of measure should not just pass casually. It should be emphasized that this is no more than a charade. It may make a story or headline but it will not balance the budget. If we passed it without a point of order, it would mean nothing more than Public Law 95–435 because we had not cut the functions. We would not have effected the economies.

Mr. DOMENICI. That is correct.

Mr. HOLLINGS. We do not have agreement with the authorizing committees. We do not have agreement with the committee chairmen or with the leadership of Congress. We do not have the concerted effort that is needed to carry out the true intent of the Senator from Wisconsin.

Shortly, I will present a realistic amendment that will get us closer to a balanced budget in 1982 and achieve a surplus in fiscal year 1983.

We cannot afford a tax cut of any more than around $25 billion in fiscal year 1982 and move realistically toward a balanced budget. That is the one conclusion I have come to after working in the budget field at the national level for some 6 years trying to get exactly where the Senator from Wisconsin wants to bring us in 1982.

And I have had to give up on balancing by 1982. Why? Because we have the equally important task of increasing defense.

I think we could balance the budget next year if we did not have to play catchup ball, to pay for 10 years of lethargy, indolence, neglect, and misdirection of our national defenses.

I think President Reagan is right. I support him. We have to increase defense spending. But we cannot have increases in defense, we cannot have cuts in spending and then include a tax cut in excess of the spending cuts. That is not the way to go.

That is my complaint on the Reagan-Kemp-Roth measure, and Senators will hear me further on that score.

Once we start just trying to cut spending anywhere, we have a problem similar to that which confronts the majority regarding their unidentified savings. They had to resurrect function 920, the dummy function, for fiscal years 1983 and 1984. They just could not find places to cut that much from unless, as I think maybe the Senator from Wisconsin would do, they eliminated general revenue sharing, eliminated aid for elementary and secondary education, and so on. In fact, they have a doomsday list that would achieve those cuts, but, realistically, I do not see those proposals getting over five votes in either House.

With all respect to my colleagues on the majority side, this doomsday list was worked out by the majority staff on the Budget Committee to show how the cuts could be made without resorting to the monkeyshines and shenanigans that we have in this resolution.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I am glad to yield to the distinguished Senator.

Mr. PROXMIRE. Mr. President, I am happy to say count me as one of the five votes for it. I will certainly vote for the doomsday list any day of the week.

Mr. HOLLINGS. The Senator will get Senator HARRY F. BYRD, JR., myself, and about three or four others.

Mr. PROXMIRE. I am not so sure. If the Senator comes in with that kind of recommendation I think we will get a majority.

Mr. HOLLINGS. Mr. President, if I thought it were possible I would do it. It is just not realistic, but therein is our trouble.

I thank the distinguished manager of the bill.

Mr. DOMENICI. Mr. President, I do not want to say a lot about this amendment. I just want to make sure I have it right.

We all understand that in this budgeting process what we have done is divide the functions of Government and then set a target in budget authority and outlays for each of these major functions of Government.

Then we add up those functions and get the total expenditures. Then we look at the deficit and estimate the interest that we are going to have to pay on the debt and add that up. Each of these are distinct numbers for each of the functions of Government. That gives us a total expected budget authority and outlays for the year. Then we estimate revenues and the difference between the two is the deficit or surplus or balanced budget.

With respect to the continued efforts and votes of our good friend from Wisconsin to be frugal and fiscally responsible, I commend him. I am sorry he did not vote for indexation the other day, but I understand.

But this amendment is very peculiar because the budget authority for each function is the same as it was when we reported it. The outlay for each function is the same as we reported it.

But then the good Senator said, "If you add those up it comes out just like the Senate had it, so I do not like that, so I want to take $50 billion off the bottom line." We add up the functions in Government and they are going to come out $50 billion higher than his, but he is saying, "We do not like that; we want to balance."

So the sum total of the functions is going to be out of focus with the total. We have to have unanimous consent to use small calculators to run the business here on the floor.

You do not need a small or a large calculator on this amendment. The truth of the matter is Senator PROXMIRE left all the same expenditures of Government in each function, and then you get down to the end and he decides that is too high. He says, "I want a balance," so he took $50 billion out.

You just cannot do that. I asked the staff as to whether you can really do that, and they said, "Well, I guess if anyone around here wants to let them do it they can." But basically, you see, the budget will not be mathematically accurate. Fortunately, the budget writers, the ones who wrote this very complicated process, saw this as a possibility for some kind of hocus-pocus. I mean, you would have a different total than you would with the sum of the functions, so they do not let you do that. They do not let you make an amendment that will make the budget mathematically out of balance.

So I regret to say that while it sounds beautiful that you could just take this $50 billion out at the tail end, I am delighted that those who created this process said that you could not do this, and I regret to tell my good friend Senator PROXMIRE that he cannot do it either. You can try to do it and you can argue it, but you are going to have to get the Senate of the United States to overrule the Budget Act because it just is not a valid approach, and there is not any question but that it is subject to a point of order. I regret to do that, but when the time is up I will.

I took a little time to explain it because I do not want to make points of order just to make them. Obviously, something has to be wrong with a resolution that has all the same numbers we have but then when you get down to the bottom line you decide the arithmetic is such that you do not like it, so you take the money out and bring it into balance. That is my best characterization, and I regret to say it that way.

Mr. PROXMIRE. Mr. President, I yield myself such time as I may require.

May I say to my good friend from New Mexico that we have gone over this and it is precisely the same thing I did last year and have done the year before, and nobody has raised this point that this is not in conformity with the Budget Act.

Obviously cuts would have to be made in various sectors of the budget and various categories, but this is just as you run a business. If the board of directors decides to have to make a cut, they say you have to cut, and then it is up to the business people themselves, the people who run the operations, to decide where the cuts will be. In this case it would be up to the Budget Committee to make recommendations to us. They would have to come back to us and indicate that they would make the cuts wherever they think the cuts should be made, and then the Senate as a whole would make its recommendation.

The reason I avoided this is because of that very procedure. This is a procedure in which, it seems to me, the decisions as to where to make the $48 billion cut should be made by the Budget Committee on the basis of their experience, their recommendations, their hearings, their record, and then the Senate as a whole can make its decision.

However, the overall determination that we should balance the budget this year, in 1982 or that we should cut outlays, as I say, and cut our budget authority, as we indicate in this amendment I am offering here, would mandate, would require, would compel the Budget Committee and the Senate as a whole to make recommendations in the appropriate function.

Mr. President, let me just say to my friend from South Carolina he indicated that this was not a responsible, realistic reduction in the budget or in spending. Mr. President, it is hard for me to accept that. The fact is that the most realistic action we can take, or an action that is as realistic as anything I can imagine, is to cut only 7 percent—that is all this cuts—from a $699 billion budget we cut 7 percent or $48.5 billion.

Then the argument was well, maybe we will lose revenues, and you will have to cut more. My argument, in contradiction to that, was if you cut the spending as I propose, and balance the budget as I propose then the psychological effect in reducing interest rates will have a dramatically positive effect on our country and on our economy.

You talk to homebuilders and to automobile dealers, and they will tell you that the one thing Congress can do which will help them more than anything else is to reduce Federal spending so that we balance the budget and get the Government out of the borrowing markets with a resultant increase in the interest rates.

Take the present interest rates, does anyone wonder for a moment why we have the 20-percent prime rate for the first time, mortgage rates breaking all records, when the Federal Government has a national debt of almost $1 trillion and borrows that national debt every single year because we have an average maturity rate of less than a year? Of course, we blow the top off interest rates, and the way to get it down is to cut Federal spending and balance the budget. That signal would have a dramatic effect.

Mr. President, once again, I want to assert that if we are going to balance the budget that we balance it now, not next year. I offered it in 1979 for the 1980 fiscal year, and the argument was, "Wait until next year." Then I offered it in 1980. We have been talking for years about how in 1981 we will balance the budget at long last. We came in in May of 1980 with a balanced budget for 1981. But then the second budget resolution in September of 1980 came and we went to a $23 billion deficit.

Now we come to a proposal on my part in May of 1981 to balance the budget in 1982, and we say that we cannot do it. We cannot do it next year, and probably not in 1983, and we will probably have to wait much later to do it.

Mr. President, we can do it if we have the will to do it. Every poll I have seen has indicated that the overwhelming majority of the people want us to balance the budget. Think of the fact that more than half, a great majority, of our State legislatures have gone to the unusual length of passing a resolution calling for a constitutional convention to balance the budget. It could be a runaway convention, and I think most of us who have thought about the effect of this convention dread it because they could tear up the whole Constitution.

What we have had is only one constitutional convention in our history and they did tear up the Articles of Confederation and started up all over again. But our State legislatures thought so deeply about it that 34 of them have passed resolutions calling for a constitutional convention for one purpose, for a balanced budget.

Just in this body last week the Judiciary Committee's subcommittee reported unanimously—only three people who were members of that subcommittee, unanimously by a 3 to 0 vote—a recommendation for a constitutional amendment recommending a balanced budget, except under extraordinary circumstances and requiring an extraordinary vote of both Houses of Congress.

Of all the years when we should balance the budget this should be No. 1. After all, we are now in a situation where we have inflation racing ahead at a double-digit figure. We have the highest

interest rates, as I said over and over again, in the history of our country, and of all the time when a balanced budget is called for now is the time.

Mr. President, the only opportunity Members of the Senate are going to have to vote on a balanced budget resolution at this time this year on this particular resolution, at least, is the one I am offering today, and I hope they will recognize that while this is tough, this is painful, and it will not stop inflation right away—it will take years to do it, and we have to repeat this over again next year and the year after that and the year after that repeatedly—if we are going to do the job we are going to have to do it now, the time to do it is now.

Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. COHEN). The Senator will state it.

Mr. DOMENICI. How much time remains?

The PRESIDING OFFICER. The Senator from New Mexico has 40 minutes; the Senator from Wisconsin has 36 minutes.

Mr. DOMENICI. You have 36 minutes left, I have 40. I am prepared to yield back the remainder of my time.

Mr. PROXMIRE. I have no request for time, so if the Senator from New Mexico wishes to yield back his time, I will yield back my time.

Mr. DOMENICI. I yield it back.

Mr. President, I make a point of order that the amendment is not in order. It touches the resolution in more than one place and is not mathematically consistent.

The PRESIDING OFFICER. The Budget Act permits an amendment which touches in more than one place if it is mathematically consistent. This amendment is not and, therefore, the point is well taken.

Mr. PROXMIRE. Mr. President, I withdraw my amendment and send another amendment to the desk.

The PRESIDING OFFICER. The Chair advises the Senator from Wisconsin that there is a unanimous-consent order that has set the sequence for amendments.

Mr. PROXMIRE. Mr. President, I modify my amendment.

The PRESIDING OFFICER. It would take unanimous consent to alter that.

Mr. DOMENICI. Mr. President, reserving the right to object, I do not have the reputation around here of relying on technicalities. On the other hand, I really cannot believe that the Senator seriously wants us to vote on a budget resolution where you have not provided one single penny of cuts in any function but you come down to the bottom of the resolution and take out enough to make it balanced.

Mr. PROXMIRE. Mr. President, I cannot understand the argument of the Senator from New Mexico.

Mr. DOMENICI. Mr. President, that is not fair. That makes utter shambles of all the work we did.

Mr. PROXMIRE. No. Let me say to my good friend from New Mexico that this is precisely what I did last year. This was on the floor last year and I did the same thing the year before. This is the way you do it, as the Senator knows.

Mr. DOMENICI. No; no.

Mr. PROXMIRE. Mr. President, the Senator knows perfectly well that when I do that, the Senator will say, "Look at all the work the Budget Committee has done. The Senator himself is taking it over and saying we will cut here and cut there and another place."

The way to do this is exactly the way we are doing it here.

Mr. DOMENICI. Mr. President, the Senator should not say that is the way we do it around here. That may be the way the Senator does it once a year, but that is not the way we do it. The Senator does do it once a year, I guess.

Mr. President, what is the Senator's new amendment that he wants to put in?

Mr. PROXMIRE. Mr. President, what my new amendment does is makes several changes. It makes changes on five different parts of the bill. I simply make a change on page 3, line 4, I strike $48,800,000,000 and substitute 80—I beg your pardon.

Mr. DOMENICI. Mr. President, does the Senator want a vote on that first amendment he presented? Is that what he wants?

Mr. PROXMIRE. Mr. President, I would like a vote on that, but if the Senator wants to make a point of order, I will offer the other amendment.

Mr. DOMENICI. Mr. President, I withdraw my point of order.

The PRESIDING OFFICER. The Chair has indicated that in order for the Senator from Wisconsin to offer another amendment he would have to secure unanimous consent in order to come before the Senator from New Jersey, who is next in line.

Mr. DOMENICI. Mr. President, I understand that, but I am asking if it is in order for the Senator from New Mexico to withdraw his point of order on the previous amendment so that we can vote on it.

The PRESIDING OFFICER. If the Senator does so by unanimous consent.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that it be in order to withdraw my point of order and that the amendment of the Senator from Wisconsin be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I move to table the amendment of the Senator from Wisconsin and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico (Mr. DOMENICI) to table the amendment of the Senator from Wisconsin (Mr. PROXMIRE). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Iowa (Mr. JEPSEN) and the Senator from Indiana (Mr. QUAYLE) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON) and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. SASSER) is absent because of death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 81, nays 13, as follows:

[Rollcall Vote No. 100 Leg.]

YEAS—81

Abdnor	Goldwater	Mitchell
Andrews	Gorton	Moynihan
Armstrong	Grassley	Murkowski
Baker	Hart	Nunn
Biden	Hatch	Packwood
Boschwitz	Hatfield	Pell
Bradley	Hawkins	Percy
Burdick	Hayakawa	Pressler
Chafee	Heinz	Pryor
Chiles	Hollings	Randolph
Cochran	Inouye	Riegle
Cohen	Jackson	Roth
Cranston	Johnston	Rudman
D'Amato	Kassebaum	Sarbanes
Danforth	Kasten	Schmitt
Denton	Kennedy	Simpson
Dixon	Lavalt	Specter
Dodd	Leahy	Stafford
Dole	Levin	Stennis
Domenici	Long	Stevens
Durenberger	Lugar	Thurmond
Eagleton	Mathias	Tower
East	Matsunaga	Tsongas
Exon	Mattingly	Wallop
Ford	McClure	Warner
Garn	Melcher	Weicker
Glenn	Metzenbaum	Williams

NAYS—13

Baucus	Byrd, Robert C.	Nickles
Bentsen	DeConcini	Proxmire
Boren	Heflin	Symms
Byrd, Harry F., Jr.	Helms	Zorinsky
	Humphrey	

NOT VOTING—6

Bumpers	Huddleston	Quayle
Cannon	Jepsen	Sasser

So the motion to lay on the table Mr. PROXMIRE's amendment (UP No. 80) was agreed to.

UP AMENDMENT NO. 81

The PRESIDING OFFICER. Under the previous order, the Senator from New Jersey is recognized to call up an amendment.

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 81.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the concurrent resolution add the following new section on page 43:

"SEC. 10. (a) It is also the sense of Congress that the national security requires a sustained enhancement of our military capability during the 1980s and 1990s. An adequate base of domestic economic power and enduring public acceptance of the cost are essential to a sustained improvement in our military readiness.

(b) The Administration's forecast of economic and productivity growth, would, if correct, substantially ensure that we could satisfy these requirements. However, the Administration's forecast implies a radical improvement in our economic performance compared with the actual experience of the past several years. There is thus some risk that actual performance will not match this forecast, and that the tax and expenditure policies based on it will be highly inflationary. Furthermore, the Administration has stated its intention to rely primarily on monetary policy to control inflation. Yet the Federal Reserve Board has repeatedly warned that tight money and very high interest rates threaten the structure of financial markets. Past experience shows that heavy reliance on monetary policy to combat inflation often leads to recession. If this happens, output will fall and the burden of defense spending on each American taxpayer will rise, thereby eroding both the economic and political base for a sustained increase in military expenditures. Accordingly, it is the sense of Congress that the President should prepare a report by October 1, 1981, describing how the combination of a three-year tax cut and the projected defense and civilian spending increases for the period fiscal year 1982 through fiscal year 1986 will affect inflation, interest rates, and unemployment given low (under 3 percent), medium (3 to 4 percent), and high (over 4 percent) real economic growth rates. The report should also describe what alternative tax and expenditure policies the Administration will propose and what specific adjustments to our military strategy and programs will be required for the near, medium, and long term if economic and productivity growth falls short of the projected levels. The report should also identify:

(1) The specific adjustments to our military strategy, requirements and programs that would be made if inflation in the defense sector is significantly higher than in the economy at large.

(2) The Administration's plans for sustaining an adequate industrial base to avoid the cycles of "boom and bust" we have experienced in the past.

(3) The production and manpower bottlenecks it anticipates and the effects of these bottlenecks both on specific defense programs and on the civilian economy.

(4) How the Administration's long-range defense planning takes account of the growing economic competition between America and its allies in global markets and the decline in U.S. productivity relative to Japan and Western Europe.

(c) It is also the sense of Congress that our military strategy must demonstrably serve our most important national security and foreign policy objectives. This requires articulating a defense strategy that recognizes the U.S. no longer has the resources to defend independently all of the interests that will be threatened by Soviet expansion in the late 1980s and 1990s. It accordingly requires a strategy that concentrates improvements in our military capability either on helping allies deter Soviet attacks in Western Europe and North East Asia or on defending friends and assets in the Near East. Finally, it requires a long-term strategy based on agreement with our allies for a redistribution of burdens and responsibilities for the defense of Western Europe, North East Asia, and the Near East that is credible to our friends and adversaries alike. Accordingly it is the sense of Congress that by October 1, 1981 the President should prepare a report outlining a five-year plan that answers the following questions:

(1) To what extent does the Administration intend to allocate additional resources to securing vital allied interests in the Near East?

(2) What assumptions does the Administration's budget make about the long-term redistribution of roles and responsibilities between the U.S. and its allies in defending Western Europe, North East Asia and the Near East?

(3) How do the requirements for defending the Near East differ from those of Western Europe and how does the Administration plan to design more effective and efficient forces for this region's climate, terrain, and logistical environment to minimize the costs of developing and deploying such forces?

(4) What the relative, long-term costs of defending the Persian Gulf region with and without at least one local base complex that could support major air defense and maritime operations as well as training, command, control, communication, intelligence, and logistics functions?

(5) What long-term objectives does the Administration's five-year budget assume for U.S. strategic forces and arms limitation agreements? What ultimate objectives and competitive capabilities does it impute to Soviet strategic forces and civil defenses?

(6) What are U.S. military manpower requirements, how will they be financed, and will the U.S. need to resort to conscription? What plans does the Administration have for making the reserve forces militarily effective for U.S. national security objectives? Has the Administration considered sharing the costs of the National Guard with the States?

(7) How does the Administration plan to enhance the readiness of NATO forces and to ensure that both U.S. and allied forces have adequate supplies for intense and protracted conflict? How does the Administration plan to enhance the readiness of forces committed to South West Asia? What are the costs of these readiness plans?

(8) What are the assumptions that have led the Administration to propose building a navy of 600 active ships? Could greater use of land-based airpower efficiently substitute for some of these ships? What priority will be assigned to the alternative missions of striking Soviet homeland bases with conventional arms from the sea, guarding U.S. interests in the Third World, and protecting sea lines of communications? What will be the ultimate cost of such a navy and when will the desired force level be reached?

(9) What assumptions about the Soviet threat, U.S. naval mission priorities, and allied programs have led the Administration to propose spending such a large share of the navy's budget on nuclear-powered, 688 class attack submarines? Is there no role for diesel-powered or other lower-cost submarines?

(10) What plans does the Administration have to increase our forward deployment capability by home-porting more ships in foreign bases, by pre-positioning equipment and material, or by building greater logistical facilities near the Persian Gulf?

(11) Does the Administration have plans for a more evolutionary approach to deploying new weapons systems?

Mr. BRADLEY. Mr. President, my purpose in offering this amendment is to underscore the importance to our Nation of a sustained enhancement of our military capability. The administration and the Senate Budget Committee both contemplate substantial increases in defense spending over the next 5 years. The question remains whether these increases can be sustained over the long haul and whether they will, in fact, result in a significant improvement in our defense posture.

Sustaining a buildup of our national defense requires both an adequate base of domestic economic power and an enduring public acceptance of the cost. If the administration's forecast of economic and productivity growth is right, then we may well be able to preserve the consensus that presently exists for increased military spending.

But there is a swelling chorus of voices challenging the validity of the President's economic assumptions. In their view, the administration's forecast implies an abrupt and radical improvement in America's economic performance compared with the actual experience of the past several years. They warn of the high risk that this forecast is wrong and that the President's tax and expenditure policies will be very inflationary.

The danger to our economy from higher inflation is compounded by the administration's policy of relying primarily on monetary policy to control it. The Federal Reserve Board has repeatedly advised that tight money and very high interest rates threaten the structure of our financial markets. Past experience teaches that excessive reliance on monetary policy to combat inflation will cause a recession, whether it is in England or in the United States or in Germany. When this happens, output will fall and the burden of defense spending on each American taxpayer will rise. This will erode both the economic and political base for a sustained increase in military expenditures.

Mr. President, it is imperative that we avoid the "boom and bust" cycle and the wasteful crash programs that have so seriously impaired our military readiness in the past. At the very least, this means thinking through what adjustments a less favorable economic climate would require us to make in our military strategy and programs. It also means anticipating what alternative combination of tax and expenditure policies we would need to sustain the defense buildup in a period of slow economic growth. To date, the administration has done neither.

Mr. President, I am not the first Senator to make the link between the economy and our national security. As recently as last December, Senator PERCY drew our attention to "The interrelationship among a strong economy, a balanced budget, a sound fiscal program, low unemployment, low-interest rates, low inflation—all of which relate to our Defense Establishment which in effect relates to our foreign policy."

The point is, Mr. President, that we cannot afford to come in on a wing and a prayer on these issues. We owe it to the American people to insure that the tax and expenditure policies we are adopting will promote our economic prosperity

and allow for a sustained defense effort during the decade ahead. While I sincerely hope that the administration's forecasts are correct, reason and experience tell me there is a good chance that they are wrong. And where our economy and our national security are concerned, we cannot afford to trust to luck.

A sound economy is not all we need to enhance our defense capability. We must also have a defense strategy that demonstrably serves our national security and foreign policy objectives. Again, I am not the first Senator to have made this argument. In 1979, Senator Henry Bellmon drew attention to:

A serious disconnect between the way the United States formulates its foreign policies and the way in which it maintains its defense posture. These two activities, which should be closely related and mutually supportive, appear to be addressed by the Congress in an unrelated fashion.

He therefore urged:

That the Congress define and develop a way, a tool for understanding and developing a cohesive, mutually supportive U.S. defense and foreign policy. Such an effort could make a lasting contribution to the future security and well-being of the country.

This same theme, Mr. President, has recently been sounded by many distinguished journalists, including Joseph Kraft in the Washington Post on May 7, 1981. Mr. Kraft wrote as follows:

A general consensus in the country favors beefing up national defense at this time. But the consensus is weak and subject to rapid change. Sure evidence of the fragility comes in a series of articles asserting that the military spending will plunge the country into ruinous inflation. While that charge does not survive serious analysis, the mere staking of the claim demonstrates the need to design now, while the mood is favorable, a defense program that has staying power for the future.

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That means a stress on the skilled manpower and high readiness that are immediately essential in such danger spots as the Persian Gulf. It means avoiding crash programs that are intrinsically wasteful. It means emphasizing a long, slow buildup with a momentum that carries beyond the mood of the moment. It means, above all, something we do not now see at the Pentagon—a capacity to frame, by sharply focused analysis, a strategy for defense.

Mr. President, so far, the administration has not come forward with an explanation for its spending increases. Nor has it told the Congress how it will allocate these resources. What my amendment calls for is a strategy for defense, premised on a sharply focused analysis of the tough choices we must make if we are to sustain our commitment to an enhanced military capability over the long haul.

What are these tough choices? First, Mr. President, these choices are forced upon us because the economic and military fat used to give the United States a protective layer has virtually disappeared. It is a fact of life that the division of responsibility among the NATO allies was premised on quite different political and economic circumstances than exist today for the foreseeable future. When the alliance was formed, America did not need allies; they needed America. At the end of World War II, the United States had a virtual monopoly of the world's productive capacity and monetary reserves. Whereas the rest of the world, including Soviet Russia, appeared hopelessly devastated by the war, the United States emerged from it immensly strengthened.

By the end of the Vietnam war, the situation had radically changed. In large part, our economic decline was due to the decision to finance the war with massive inflation. We thus accelerated and intensified a downward trend that had begun a decade earlier but that could have been less costly and more controllable in a more normal period.

The end result was a balance of payments crisis that could not be contained. Our productivity suffered, dropping in the 1970's to levels below the other industrialized democracies. And in 1971, the United States found itself with its first trade deficit in a century. Our monetary system simply could not stand any more pressure and on August 15, 1971 President Nixon ended the convertibility of the dollar into gold. The abruptness with which the Nixon administration went off the gold standard was widely perceived to demonstrate that the United States had lost control of an international financial system based on the dollar's stability that had been founded at Bretton Woods in 1944.

This fundamental change in the relative economic strength of the United States, Western Europe and Japan makes it imperative that we reassess our roles in, and responsibilities for, the defense of Western Europe, Northeast Asia and the Near East. This reassessment should take place before we launch a massive defense buildup. And the conclusions of that reassessment should guide our defense strategy and our military programs.

Second, in addition to shifts in the economic balance among the allies, our defense strategy must also reflect a recently and belatedly discovered priority, namely the need to secure a sustained flow of oil from the Persian Gulf region to the industrialized democracies. Our economic circumstances mean that we will be hard pressed to independently defend all the interests that will be threatened by Soviet expansion or local wars in the 1980's and 1990's. Thus, we will need a strategy that concentrates improvements in our military capability either on helping allies deter Soviet attacks in Western Europe and North East Asia or on defending friends and assets in the Near East. In making this choice, we need to recognize where our comparative advantage lies and where we have a unique role in defending our collective security interests. Implementing the choice requires a long-term strategy based on agreement with our allies for a redistribution of responsibilities for the defense of Western Europe, Northeast Asia, and the Near East that is credible to friends and adversaries alike.

But before we can decide on the optimal allocation of our defense resources, we need to know how the problems of, and requirements for, an adequate defense of the Near East differ from those of Western Europe and Northeast Asia. We also need to know what the alternative costs are of defending this area with and without at least one local base complex.

This issue is fundamental to our strategic choices. The region's remoteness from the United States and major allies and its relative proximity to the U.S.S.R. may make it impossible to compete with the Soviet Union in the Near East at an affordable cost unless we secure facilities to support major air defense and maritime operations.

Mr. President, these are the kinds of questions my amendment poses to the administration. They are a first step in meeting the need so persuasively identified by Senator Bellmon to devise "a tool for understanding and developing a cohesive, mutually supportive U.S. defense and foreign policy." The administration's answers could go a long way in reassuring the American people that the economy is well in hand and that we do indeed have a strategy for defense.

Mr. CRANSTON. Mr. President, I had intended to be on the floor to support this amendment. Unfortunately, I have to be in the Foreign Relations Committee. I do want to say that I feel the Senator has offered a very important amendment. It does not have substantive effect on the budget at this point, but it comes to grips or seeks to come to grips with one of the most important aspects of the budget that we are now considering.

It is proposed that we have a huge increase in defense spending, offset to some degree by domestic cuts and not offset at all by what happens in the tax area. Instead, we have a tax decrease. I believe the combination of those three elements could be the prescription for very high inflation like that which followed Vietnam.

The Senator from New Jersey has proposed a very careful, methodical study of the situation by the administration, which reports back to Congress. I think it is essential that that occur so that we can consider defense expenditures in the light of their impact on our economy—not only in terms of inflation but in terms of bottlenecks and all sorts of other difficulties that may arise.

Mr. President, I applaud the effort of the Senator from New Jersey and I shall be doing all I can to see that what he suggests is supported and implemented.

Mr. ARMSTRONG. Mr. President, I yield such time as he may consume to the Senator from Texas.

Mr. TOWER. Mr. President, the amendment proposed by the Senator from New Jersey is proposed to a concurrent resolution. If does not reach the desk of the President.

It is rather interesting, I think, that based on what the Senator from New Jersey said he has premised his remarks on the assumption that defense is a primary generator of inflation and that defense is largely responsible for failure to balance the budget.

In fiscal year 1982 we will be spending about 25 percent of our budget on defense. The last time we balanced the budget was in 1969 and that year we

spent nearly 45 percent of our budget on defense.

To say that defense spending is responsible is just not historically supported.

In fact, the real growth in Federal spending in the last 15 years has been in domestic programs, not in defense spending. In the last decade defense spending has not increased in real terms. Domestic spending has been generating consumption which has an inflationary impact.

Certainly defense spending, as does any public spending, has something of an inflationary impact, but let us not single it out as the culprit.

In fact, Congress underfunded the last 5-year recommendation that was made by the outgoing Ford administration in 1977. We underfunded it by $36 billion to $38 billion.

What we propose to do is increase it $25 billion this year. That does not quite get us into the game of catchup that we are involved in.

I do not know why the Senator from New Jersey has decided to preempt the function of the Armed Services Committee.

He asks that the President prepare a report but nowhere in his amendment do I see where the report is supposed to go. Is it supposed to be submitted to both Houses of Congress, to the Armed Services Committee, the Budget Committee, the Appropriations Committee? To whom is this report to be submitted, may I ask the Senator from New Jersey?

Mr. BRADLEY. First, let me respond to the characterization of the amendment by the Senator from Texas.

The amendment does not contend nor is it the intention of the author of the amendment to contend that defense is the primary generator of inflation.

The purpose of the amendent is to require a report to Congress by October 1 describing, and I quote from the amendment so that the Senator will be able to follow the amendment clearly, "* * * how the combination of a 3-year tax cut and the projected defense and civilian spending increases for the period fiscal year 1982 to fiscal year 1986 will affect inflation, interest rates, and unemployment," given three levels of growth.

What this amendment simply states, because there is a dispute among academics and among financial people as to the effect of tax cuts on the economy, and my intention here and the intention of the amendment is that if tax cuts do not cause the economy to blossom in the next 3 or 4 years with an unheard of growth figure, what will be the effect of the slow growth on the defense budget, on inflation, on unemployment?

The Senator might be aware that there is an administration in England that came in advocating lower taxes, cutting the budget, and increasing defense, and indeed they began down that road but they had a short stop intervene, and it was higher interest rates, and the one thing that went in that interim was higher defense spending.

So let me clarify for the Senator that my intent here is to require a report from the administration to Congress, and I thank the Senator for calling my attention to this. We might make that adjustment so that it is clearly stated where the report goes. It is to Congress stating the impact of the tax cuts and the higher defense spending on the economy given various levels of growth.

If we assume that we are going to have 5 or 6 percent growth there will probably not be any adverse effect at all, and I would be the first one to say that, but we do not have that kind of analysis done.

The amendment is very specific. It said four things in the economic area.

In fact, we have to know if we are going to increase the defense spending x amount in the next 3 or 4 years where might be the bottlenecks in production or in labor so that we begin to plan ahead.

Mr. TOWER. Mr. President, will the Senator yield at that point?

Mr. BRADLEY. I yield. But I was just asking for the answer to a question.

Mr. TOWER. Has the Senator read the testimony before the Armed Services Committee on S. 815, as provided by the Department of Defense to the administration? Has he read that testimony?

Mr. BRADLEY. I have not read that testimony.

Mr. TOWER. A lot of the Senator's questions are answered in that testimony.

Further, has the Senator read the committee report on S. 815?

Mr. BRADLEY. Does the Senator say that in S. 815 in the testimony before—is that the Armed Services Committee?

Mr. TOWER. This is the committee report. A lot of questions that the Senator raises here are answered here and a number of them were answered in the testimony. I suggest that the Senator read the testimony and it is available to him in classified form. He can come up in the Armed Services Committee room and read it. We will be delighted to make it available to him. I suggest also that he read the committee report on S. 815.

I might further note that in fact much of what the Senator asks for we have asked for in the posture hearings this year. Much of it is required in the posture statement. We will ask for it again in the posture hearings in January 1982 before we prepare the authorization bill for fiscal year 1983.

What the Senator recommends here is superfluous. It is absolutely superfluous.

Mr. BRADLEY. Mr. President, will the Senator yield on that point?

Mr. TOWER. Wait a minute. It is on my time.

The Senator talks about defense strategy and he asks some interesting questions here.

Let us see. To what extent does the administration intend to allocate additional resources to secure valid allied interests in the Near East?

That depends on a great number of things, including what Congress will do.

I might ask the Senator here what he is prepared to do to support the buildup of indigenous forces in this area to reduce the level of required response by the United States to a threat? For example, will he support the sale of the F–15 enhanced package and AWACS to Saudi Arabia?

Mr. BRADLEY. Is that a direct question?

Mr. TOWER. That is a direct question.

Mr. BRADLEY. The answer is no because I do not think the security——

Mr. TOWER. With respect to——

Mr. BRADLEY. Let the Senator answer the questions.

Mr. TOWER. Answer the question. I have another one for the Senator here.

Mr. BRADLEY. Mr. President, I have not answered the question.

Mr. TOWER. The Senator cannot respond to questions like this if he does not know what Congress is going to do in the way of security assistance to various indigenous forces around the world. He cannot know what resources are going to be allocated if he does not know how the Palestinian issue is going to be resolved.

Mr. BRADLEY. Come, come, Senator.

Mr. TOWER. He does not know what forces are going to be that will have to be allocated until he knows what the impact of the Mitterrand presidency is going to be on French policy in that area. What is it? Does the Senator just want the administration to look in some vague crystal ball and get everything that is going to happen in the world over the next 2 or 3 years?

Mr. BRADLEY. Mr. President, may I ask the Senator a question? Does the Senator believe that the United States can keep its commitment in Western Europe and Northeast Asia while at the same time expanding its role as the protector of Persian Gulf oil?

Mr. TOWER. I think if no one else is around to defend us, we have to defend our vital interests no matter where they are, and I, for one, am not going to support ad infinitum the maintenance of a large American force in Western Europe if there is any significant deterioration in the will and determination of the Western Europeans to support themselves.

But what we have to look at are our own vital interests, and just because they happen to be shared with others does not mean we can walk away from it if we are dissatisfied with what their contribution is.

There is another interesting thing here. The Senator has required the acceptance of a premise. This requires articulating a defense strategy that recognizes the United States no longer has the resources to defend independently all of the interests that will be threatened by Soviet expansion in the late eighties or nineties.

Now, not knowing what the threat will be in the late eighties and nineties, and that is assuming that the Soviets are 10 feet tall and we have to accept the fact that right now the United States cannot match the Soviet Union, that we do not have the resources, the Senator would probably be more accurate if he said, "This requires articulating a defense strategy that recognizes the United States no longer has the will" to dedicate the resources necessary. I am not sure the majority of the American people would be prepared to buy off on that.

Let us look at some of the other things the Senator says here:

What assumptions does the Administration's budget make about the long-term redistribution of roles and responsibilities between the U.S. and its allies in defending Western Europe, Northeast Asia, and the Near East?

What he is asking the administration to do is to predict the outcome of all the elections that are going to be held in these various countries over the next few years to predict whether or not they are going to have coup d'etats predict whether or not there are going to be internal changes, predict whether or not the Camp David accords are going to work, predict whether or not the Palestinian issue is going to be solved.

You cannot make those.

How do the requirements for defending the Near East differ from those of Western Europe and how does the Administration plan to design more effective and efficient forces for this region's climate, terrain, and logical environment to minimize the costs of developing and deploying such forces?

One way to minimize the cost of developing and deploying forces is to buildup indigenous forces which, for political reasons or perceptions of his own, the Senator from New Jersey may not be prepared to do, and he may be supported by a number of people in that unwillingness.

As to the difference in requirement for defending, I think most of those differences are pretty well understood and well known.

I would suggest that the Senator from New Jersey read everything that has been said about rapid deployment forces and about what will be required by the United States to respond to various levels of threat. You do not need another report for that.

What are the relative, long-term costs of defending the Persian Gulf region with and without at least one local base complex that could support major air defense and maritime operations as well as training, command, control, communication, intelligence, and logistics functions?

Well, in fact, again the same things that I noted earlier would apply there. We have to know what the level of threat is going to be. We have to know where it is going to come from, whether it comes from the Soviet Union, whether it is going to come from indigenous states in the area, Soviet surrogates, or what. Again it is going to depend on what we are willing to do to buildup the capability of indigenous forces in the area.

What long-term objectives does the Administration's 5-year budget assume for U.S. strategic forces and arms limitation agreements?

I guess what the Senator from New Jersey wants to do there is for the administration to enunciate what their negotiating posture for arms limitation will be. If he is going to require that of the administration then he had better kiss goodbye any prospect for negotiating an arms limitation on terms that guarantee American security. He wants the administration to telegraph its punch on its negotiating position. We tried that back in March of 1977 with disastrous results.

What are U.S. military manpower requirements, how will they be financed, and will the U.S. need to resort to conscription?

I do not think anybody can tell you that right now because this Congress has been derelict in making the All-Volunteer Force work. We created it. It was our idea, to abolish the draft and have an All-Volunteer Force. We have not paid our military comparable pay to what they can get in the private sector since 1972.

How much is the Senator from New Jersey and others in this body willing to raise the pay and benefits to make the All-Volunteer concept work? If they are unwilling, then obviously we have to go to the draft to meet some of our manpower requirements. Do you think for 1 minute that that will enable us to do it cheaply.

How does the Administration plan to enhance the readiness of NATO forces and to insure that both U.S. and allied forces have adequate supplies for intense and protracted conflict?

Well, both the previous administrations, the Carter administration and the Ford administration, and the present administration have all urged our allies to increase their defense spending in real terms, and have specified areas where their capability can be improved; and as far as adequate supplies for protracted conflict, I might point out to the Senator that he should look at S. 815, which we will take up on this floor tomorrow or the next day, and see what we have earmarked for spare parts, for ammunition, for missiles, for improved sustainability. Apparently he has not looked at that.

What assumptions about the Soviet threat, U.S. naval mission priorities, and allied programs have led the Administration to propose spending such a large share of the Navy's budget on nuclear-powered, 688 class attack submarines?

If the Senator will wait for a couple of days we will be delighted to answer that on the floor. I do not want to get into a lengthy discussion of that now. We would be delighted to answer that on the floor when we take up the procurement bill.

I do not see what this has to do with the budget resolution, but I will tell the Senator from New Jersey this: If he would talk to a carrier task force commander he would find out that the thing that he would like to have most is at least one, preferably two, more SSN-688's with his task force. That is how much we need the 688.

What plans does the Administration have to increase our forward deployment capability by home-porting more ships in foreign bases, by prepositioning the equipment and material, or by building greater logistical facilities near the Persian Gulf?

Apparently this assumed that nothing has been going on in that area, and I would suggest that the Senator from New Jersey take note of the fact that there are ongoing negotiations on home-porting, that we do preposition a great deal of equipment in Western Europe.

We are now trying to determine the best way to preposition equipment whether it is at sea or on land and to get base facility rights in various areas in the Middle East and Southwest Asia where we anticipate that our national interests are going to have to be defended.

Some of these questions are a little vague. In fact, the whole thing is superfluous. What the Senator proposes to do is to preempt the Committees on Armed Services of the Senate and of the House, the Appropriations Committees of both Houses to ask these questions at every posture hearing over days and days and days, to consider them all in markup, and if the Senator would be a little patient, he will have these questions answered to the extent that they can be answered.

Some require predictions that are unreasonable. Some require us to predict what the particular coloration of every critical country of the world is going to be in 3 or 4 years, and we cannot predict that.

So I would suggest if the Senator would have a little patience, that most of these questions will be answered by the appropriate committee when we take up our posture hearings, and I would suggest in the meantime that he read the testimony for this year's procurement bill, which he says he has not done; that he read the committee report on S. 815 again, which he says he has not done, and then perhaps he himself will regard this resolution as superfluous.

(Mr. D'AMATO assumed the chair.)

Mr. BRADLEY. Mr. President, since I have not read S. 815, maybe the Senator from Texas could assist me by pointing to the sections in S. 815 that deal with tax cuts and deal with the question of economic growth. I would like to see that in S. 815.

It is my understanding that it is a defense procurement matter. It is also my intention to try to assure that we have our defense capabilities enhanced steadily over time, so that we do not get out 2 years and have a backlash against defense. It is my judgment that if we are going to do that, we have to prepare for the possibility that the economy will not boom in the next 2 years from 30-percent tax cuts across the board. If the economy does not boom, I would like to know what the Defense Department and what the Pentagon assesses as their fallback positions.

I think it is very clear that if you take on one side of the ledger and you put budget cuts and you put on the other side of the ledger the tax cuts and the increased defense expenditures, you end up with over $100 billion in fiscal stimulants.

Now I agree it is not the school of economics that is on the talk shows these days, but, nonetheless, there is a school of economics that would argue that when you have $100 to $120 billion excess fiscal stimulants, you are going to have a little inflation; that means higher interest rates; that means slower economic growth. If you do have that, that is going to have an impact.

Simply, the purpose of this amendment is to try to get the administration to begin to think that way.

The Senator mentioned the posture statement. The posture statement was issued by the previous administration. It

was not a posture statement that backed up these budget figures.

Mr. TOWER. The Senator is wrong. There was a substantive posture statement made by the new administration and amended the budget recommendations made by the previous administration. Again I would invite the Senator to go read the hearings on it.

The Senator has made a suggestion here. He wants to relate the tax policy to defense spending. What you do is relate tax policy to overall Government spending. How is tax policy going to affect what is available for public spending? And then you determine what your priorities are. And both the President and the Congress participate in that decision. In the final analysis only the Congress does it, because as Harry Truman said, the President proposes but the Congress disposes. And that is going to be in our laps.

If, indeed, tax revenues cause us to fall short in terms of available moneys for spending on everything Government spends money on, we have to then establish priorities. In my view the security of the people of the United States should be the No. 1 priority. I, quite frankly, feel that it is a greater responsibility of the Federal Government to defend its people against its external enemies than to build an urban mass transit system in Houston or Newark or Denver or whereever.

Mr. ARMSTRONG. Will the Senator strike "Denver" from that list?

Mr. TOWER. I will strike "Denver."

Because in fact, if the Soviets become the dominant military power in this world, they are going to become the dominant political power and ultimately the dominant economic power. And what does that all mean for the economic health for the United States? If the economy of this country shrinks, the first people that are going to be hurt is the people lowest on the socioeconomic scale.

Now, I would call attention to the Senator to page 21 of the Department of Defense authorization appropriations for fiscal year 1982 report to accompany S. 815. It says "Impact of Inflation on Defense Programs." It has a section called Global Perspective that he might find interesting; trends in the international security environment, the Soviet Union. He might not agree with all these conclusions of the committee, but they are there. They are there.

Then if he disagrees, he can take them up on the Senate floor and, indeed, reasonable men may disagree on some of these things.

But to require this kind of a report is superfluous. I think it has no place in this budget resolution.

I would suggest, if the Senator wants to press this—we require so many reports now, it is almost unconscionable. There is nothing to prevent the Budget Committee from summoning members of the administration down here any time to talk to them about any of these matters. There is nothing to prevent any appropriate committee from doing it. To require a report like this, it would not be a terribly valuable report in the first place and it is simply duplicating the responsibilities of the Armed Services Committee, the Finance Committee, the Appropriations Committee, and the Budget Committee.

I rather suspect that this is a lofty idea which really cannot be fulfilled by the means through which the Senator from New Jersey wants to implement that fulfillment.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, just let me respond to the last point that was raised by the distinguished Senator from Texas that this is not the place for such a report.

Mr. President, as I understand the process, this is the only place where you can address questions of tax policy, questions of defense policy, and questions of social policy all at one time. This is the budget.

If, for example, next week, when we begin the debate of the defense authorization bill, I was to suggest that we do this report, how could I then do that on only a defense authorization bill? There would be no handle for the tax element portions of it. It would not be as directly related to the questions of economic growth.

Mr. President, I think that what is being requested here is information that is not unhelpful to the Defense Department itself, as it looks at what is essentially the Carter budget fully funded over the next couple of years, with advanced procurement and increased military pay and increased emphasis on readiness, as it looks at this program, I think that people in the Defense Department are going to have to ask where might there be labor bottlenecks or where might there be production bottlenecks.

This report helps them begin their cycle as they begin their cycle in June as opposed to waiting until January when they come out with a posture statement, the first full posture statement, not the supplementary posture statement that was sent up after the administration came in, but the first full posture statement. I think that would help them.

I think it would also help the country as a whole to begin to ask some questions about our competition with Japan and Western Europe and how defense expenditures over the long term play into that; not only a question of where we want our best people to be working but a question of how we can insure that we do not jump out on a defense path and find 2 years down the road a backlash that finds us where we were 2 years ago.

So, Mr. President, the intent of this report is, first, as I stated initially, to enhance our military capability so that we have a steady buildup, so that we ask the tough questions about being able to defend three sections of the world, so that we begin to understand that even though the Congress functions according to committees, the world out there is integrated and what happens in the economy affects defense, affects social policy, and vice versa.

What happens in this country affects Japan, Western Europe, and so forth.

Mr. President, this is simply a vehicle to try to get the Congress to begin to look at this issue in an integrated way. I would hope that my colleagues view it as such.

Mr. TOWER. Let me say a further word. Actually, the committee is very much in this business of industrial base. I wish the Senator would read our testimony, read our report. It is too bad he is not privy to some of the discussions we have had. We know where our bottlenecks are right now. We know primarily why the industrial base has shrunk. Because we have inadequately funded defense; because we have insisted on maintaining production rates at inefficient levels to keep within budget restraints. We produce a smaller number of tactical aircraft than we can produce just to stay within the budget figure. But if we produced more at a higher cost initially over the long term it would cost us less.

We have shrunk the industrial base. We know where the problems are in tactical aircraft production, ship production, tank production. We can tell you. If the Senator wants that, we can give him that. I can send the Senator a report on that tomorrow.

The administration is not going to be able to project what our production situation is going to be until the Congress decides whether or not it is willing to go to multiyear funding. If we can go to multiyear obligational authority on validated systems, we can save money, we can encourage investment and expand our industrial base, and we can bring down the cost. The question is, is the Congress willing to do it? The President cannot answer that question. He cannot answer it; only we can answer that question.

I would hope that this somewhat vague, somewhat redundant, somewhat superfluous amendment would be rejected.

Mr. ARMSTRONG. Mr. President, I yield myself such time as I may consume.

It is increasingly clear that the country has at long last decided it is time to cut taxes and spending, increase defense preparedness, and balance the budget. The budget resolution now proposed is a step toward doing so.

By favorably reporting this resolution to the full Senate, the Budget Committee is recommending billions of dollars of programmatic reductions which, when added to the savings already achieved by the reconciliation instructions, total $41.6 billion in budget cuts. No President and no committee in Congress has proposed so large a cut in Federal spending at any time in the history of the Republic.

Furthermore, this resolution provides for an incentive tax policy designed to increase the supply of labor and capital resources—to encourage investment,

thrift, and productivity. At the same time, this resolution also has provisions for the sizable increase in defense spending that the people have demanded and that the President has promised. By taking prompt and favorable action on this resolution, the Senate will implement the first installment of the administration's program for economic recovery. That program is strong economic medicine, but the time has obviously come to be bold.

There is a broad consensus in the country that a balanced budget by 1984 is absolutely essential in the effort to bring spending and inflation under control. No resolution by this committee can, in and of itself, achieve that critical goal. But I think this document is a roadmap that puts the economy credibly on the path to a balanced budget.

Specifically, there are three points mentioned in the committee's report that I believe will prove very useful in reducing wasteful expenditure in the near term and balancing the budget by 1984. The first of these is to give the President enhanced rescission authority so that he can, with full congressional review, decline to spend appropriated money where it would be wasteful or unnecessary to do so. The second proposal is to establish new and effective techniques for finding and eliminating the waste, fraud, and abuse that plague Federal expenditure. Finally, there is a proposal to exert, for the first time, control over Federal outlays. These are permanent and substantive institutional reforms which together give the President the money management tools he needs to insure that Federal expenditures are made as sparingly and cost-effectively as possible.

It is instructive to review the economic picture during the quarter century since Republicans had a majority in the Senate. The good news is that our real gross national product has grown about 150 percent and that the average after-tax income, in constant dollars, has increased nearly 100 percent. The bad news is that inflation is now 10 times higher—it was only 1.2 percent in 1954, compared with 10.6 percent currently—and has so eroded the dollar's purchasing power that today it takes more than $3 to buy what cost only $1 in 1954. Total Federal spending then was $70.9 billion; in 1981, it will be nearly 10 times that. The national debt, even after the Korean war, was only $270 billion; today it is within a hair's breadth of a staggering $1 trillion.

These statistics dramatically illustrate the toll taken on this country by inflation that is generated by uncontrolled Federal spending. But these facts and figures are abstract and general; what they do not show are the many difficult choices and sacrifices made by individual Americans in an attempt to cope with the steady erosion of their wages' purchasing power. Each American, separately, is a victim of inflation and together our way of life is gradually changing as we try to adapt to these new and straitened circumstances.

According to the results of an ABC/Washington Post poll released a month ago, 30 million adults are living under severe strain; they are taking second jobs, skipping meals, and selling possessions such as automobiles that they can no longer afford. An additional 83 million adults are also feeling the pinch, though not quite as severely. In all 37 percent said they had to go deeper into debt in recent years just to make ends meet, and 42 percent said they felt they had to take on more overtime work. 42 percent said they had postponed medical and dental checkups, while a quarter of those near retirement age said they had to change their plans and continue working.

By larger majorities in each case, those questioned said they are repairing things normally thrown away, buying fewer and cheaper clothes, and eating less meat and prepared foods. Interest rates, boosted by inflation, have depressed whole industries, and cost many people their jobs. People are moving in with their relatives, canceling family vacation plans and finding themselves unable to meet all the health and educational needs of their children. The American dream of home ownership is becoming more and more difficult to realize, while inflation dissolves whatever savings retired people and others on fixed incomes have managed to put aside.

The question before Congress now is: How much more inflation, how much more, hardship, should we inflict on the people of this country? I believe the time has come to hit inflation head on, by tackling its principal cause—uncontrolled Federal spending. I also believe the people of this country expect and demand that we do so. All recent polls show overwhelming majorities for reducing spending and adopting the full Roth-Kemp tax packages even if that means cuts in Federal programs they like and benefit from. This resolution is an economic blueprint for doing just that, but it is by no means a finished product. Our colleagues in the Senate and in the House will need to approve these measures, and then we must all work to translate these spending targets into real programmatic changes as the appropriations process continues.

This document is an excellent and farsighted prescription which, if adopted, will revive and refresh our economy. Its excellence is borrowed, in large part, from Chairman PETE DOMENICI. It is a tribute to his thoroughness, patience, and skillful leadership. Without his highly successful guidance and the assistance of a first-class staff, this committee would have been unable to take the lead so dynamically on these complex and difficult issues.

With the spending and revenue targets of this resolution, and with the savings already approved in the reconciliation package, we have taken some very important steps toward translating the will of the people into political action. But we have only taken the first steps. We must now redouble our efforts to guide the President's recovery program through every part of the legislative process, both now and in the coming years, in order to convert ideas about change into change itself.

Mr. President, seldom have we had a better debate than we have had on the pending amendment. Both sides have been heard and it would be my thought that we should now go to a vote. We are prepared to yield back the remainder of our time.

Mr. STENNIS addressed the Chair.

Mr. ARMSTRONG. Apparently, Mr. President, other speakers wish to be heard. I am pleased to yield to Mr. STENNIS.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I had a matter I failed to bring up earlier. I regret that I was not here to hear the debate which the Senator from Colorado has just said was a good one. I am sure it was. I know it is a very important subject matter that we have here which this tries to deal with.

I do not want anyone to take exception to this, but I really do not believe it is a matter which should be on a budget resolution. I think we are going too far in the general proposition of having matters come up on the budget resolution that are not just directly on target to what the purposes are of the budget resolution, to set targets for money and keep responsibility on the other committees of the Senate, to keep responsibility on the committees who have the primary responsibility for getting into the matters within the jurisdictions and making in-depth and correct decisions thereon.

I do not take any exception to that. I just remind Senators that they should dig into things and bring up good ideas about them.

I do expect, Mr. President, that we should take this on ourselves now and quit trying to blame somebody else for conditions, some previous administration, and give the present administration a little more time to get into this problem of the availability of production, just what the capacity of our country is, starting with ships, the most obvious thing. We cannot get bids for submarines now. Orders are piling up. As an illustration, we have a limited supply of shipyards that can build submarines. Then we should go right into these high priced, highly technical airplanes. They are marvelous things.

The production base is apparently not large enough. I think it is going to loom as a major part of the problem that goes with the greatly augmented military program.

It was worked on some in preceding years and it is being worked on now. The regular Senate committees have the responsibility of getting into these matters. If they do not do that, then some other remedy would naturally be in order.

I think to use this budget resolution, and I do not say this in a personal way, is an error, and we have to discipline

ourselves on that. Under our rules, we can call up most anything that a Senator wants to and get some kind of a vote on it, whether there has been a hearing on the matter or not, under the budget resolution.

I commend the Senator for his concern, for his interest, for his contribution. Our Armed Services Committee should stir themselves and keep working on this problem, which is not new but for which there is no quick answer.

I am not going to let anybody outpledge me about believing in frugality in the production of military implements of any kind. I do not believe in annointing whomever you give the money to, that because it is for military purposes they can do what they please with it, to include reckless buying, and so forth. I never have believed in that.

If we do not try harder, too, to bring that attitude of making the dollar go as far as it will, the military dollar, we are going to add to the troubles we already have, though I do not accuse all of them of just being wasteful. We have a lot of highly competent men in this military setup, and many of the civilians who come in are highly competent, though usually civilians do not stay long by the very nature of things.

However, they will have to do better if they are going to be entrusted with this huge military program. I hope this amendment will not find favor with the majority of the Senate, but that we keep the responsibility where it belongs, back with the committees. I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Mr. President, if the mover of the amendment is prepared to yield back his remaining time, we are prepared to yield back our remaining time on this side.

Mr. BRADLEY. Mr. President, I am prepared to yield back the remainder of my time but, first, I should like to make one final comment on what the distinguished Senator from Mississippi said in his very generous way.

He pointed out, and the Senator from Texas also pointed out, that he could tell me today where the bottlenecks in production are going to be. The Senator from Texas said he could tell me where the bottlenecks in production are going to be and where the labor shortages are going to be. I hope that if this amendment does not prevail, the Senator will also be able to tell the Senate how much inflation is going to be generated in what sectors from these bottlenecks. I hope that the Senator from Texas, as well as other members of the Armed Services Committee, might begin to ask these economic questions of the Defense Department.

I think, as I have made the point earlier, that we organize activity up here according to specific functions for the world out there as a whole. We have to begin to formulate policy with that recognition. So, Mr. President, that is the intent of this amendment. It simply requires a report. It has no budgetary effect whatsoever.

Mr. President, I am pleased to yield back the remainder of my time.

Mr. ARMSTRONG. Mr. President, we yield back our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Indiana (Mr. QUAYLE) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. SASSER) is absent because of death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 26, nays 69, as follows:

[Rollcall Vote No. 101 Leg.]

YEAS—26

Baucus	Inouye	Pell
Biden	Kennedy	Proxmire
Bradley	Leahy	Pryor
Byrd, Robert C.	Levin	Riegle
Cranston	Matsunaga	Rudman
Dodd	Metzenbaum	Sarbanes
Eagleton	Mitchell	Tsongas
Ford	Moynihan	Williams
Hart	Nunn	

NAYS—69

Abdnor	Garn	McClure
Andrews	Glenn	Melcher
Armstrong	Goldwater	Murkowski
Baker	Gorton	Nickles
Bentsen	Grassley	Packwood
Boren	Hatch	Percy
Boschwitz	Hatfield	Pressler
Burdick	Hawkins	Randolph
Byrd, Harry F., Jr.	Hayakawa	Roth
	Heflin	Schmitt
Chafee	Heinz	Simpson
Chiles	Helms	Specter
Cochran	Hollings	Stafford
Cohen	Humphrey	Stennis
D'Amato	Jackson	Stevens
Danforth	Jepsen	Symms
DeConcini	Johnston	Thurmond
Denton	Kassebaum	Tower
Dixon	Kasten	Wallop
Dole	Lavalt	Warner
Domenici	Long	Weicker
Durenberger	Lugar	Zorinsky
East	Mathias	
Exon	Mattingly	

NOT VOTING—5

Bumpers	Huddleston	Sasser
Cannon	Quayle	

So the amendment of the Senator from New Jersey (UP No. 81) was rejected.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. DOMENICI. Mr. Preident, it is my understanding that the next amendment we had agreed to was an amendment to be proposed by Senators MELCHER and BURDICK. Senator MELCHER wishes a little additional time, and the amendment that would have followed that is the amendment by Senator HOLLINGS.

So I ask unanimous consent that it be in order now to proceed to the Hollings amendment. We will then follow with the Melcher-Burdick amendment and the remainder of the amendments in the order previously agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair.

UP AMENDMENT NO. 82

(Purpose: To permit supply oriented tax reductions in fiscal years 1982, 1983, and 1984)

Mr. HOLLINGS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) for himself and Mr. BIDEN proposes an unprinted amendment numbered 82.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 2, line 4, strike out all through line 17 on page 3 and insert the following:

"(1) the recommended level of Federal revenues is as follows:

Fiscal year 1982: $669,700,000,000;
Fiscal year 1983: $738,400,000,000;
Fiscal year 1984: $821,000,000,000;

and the amount by which the aggregate levels of Federal revenues should be deceased is as follows:

Fiscal year 1982: $25,500,000,000;
Fiscal year 1983: $53,200,000,000;
Fiscal year 1984: $69,400,000,000;

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1982: $775,100,000,000;
Fiscal year 1983: $812,600,000,000;
Fiscal year 1984: $865,000,000,000;

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1982: $699,100,000,000;
Fiscal year 1983: $730,500,000,000;
Fiscal year 1984: $770,700,000,000;

(4) the amount of the deficit or surplus in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:

Fiscal year 1982: —$29,400,000,000;
Fiscal year 1983: +$7,900,000,000;
Fiscal year 1984: +$50,300,000,000.

(5) the appropriate level of the public debt is as follows:

Fiscal year 1982: $1,071,800,000,000;
Fiscal year 1983: $1,105,600,000,000;
Fiscal year 1984: $1,098,600,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased or decreased is as follows:

Fiscal year 1982: $72,000,000,000;
Fiscal year 1983: $33,800,000,000;
Fiscal year 1984: —$7,000,000,000."

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from South Carolina yield for that purpose?

Mr. HOLLINGS. I yield.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER (Mr. DANFORTH). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, the amendment I have presented is an alternative. I agree with the politics of President Reagan when he says, "Look, if you cannot support my program, then present an alternative." I agree with that kind of politics. Consequently, I have presented an alternative tax cut which will give the Reagan economic program its only chance for success.

This is also the opinion of experts who know and understand the economy; experts who know about inflation, interest rates, economic growth, and unemployment, as well as the chance that of any particular economic program to get us out of the tremendous spiral of inflation.

Mr. President, some sense of history is necessary to understand why the President's program will not succeed. It presents in essence a demand-side tax cut in the name of supply-side economics.

Look back some 2 or 3 years ago, Mr. President, when the Republicans did not control the White House, and certainly had no idea of controlling the Senate. They could then act as a minority. This gives tremendous flexibility, and I am beginning to understand that a little better each day. The minority can make recommendations and have ideas that it never has to follow through on.

In the executive branch of State government you go to the general assembly, you recommend something, and it may accept your proposal, then you, as Governor, must execute and administer that program. So you are very cautious in making your proposals.

It is sometimes difficult for some of us who come to serve at the Federal level of government—in the Congress, that is—to understand—that in the congressional branch you do not necessarily have to follow through on your proposals and ideas.

You only have to have new ideas. That is what we hear: That the Democratic Party needs. But I think an excess of new ideas has brought us to being the minority.

Some 2 or 3 years ago, the Republicans proposed the Kemp-Roth plan of across-the-board tax cuts. They forget part of history. They talked as though that was the first tax cut proposal in years. But President Reagan says, "Let us not go along with the tired, old solutions. Let us do something new." But tax cuts are not new. When the President was talking on his own radio program, we Democrats were cutting taxes. We enacted the Tax Reform Act of 1969, the Revenue Act of 1971, the Tax Reduction Act of 1975, the Revenue Adjustment Act of 1975, the Tax Reform Act of 1976, the Tax Reduction and Simplification Act of 1977, and the Revenue Act of 1978.

Our distinguished colleague, the Senator from Louisiana, RUSSELL LONG, was not lethargic. He diligently presented many tax cuts to the Senate, reform bills, fiscal stimulus bills, and small business relief bills, such as the 1978 bill. All of them emphasized increasing productivity.

These tax bills were intended to provide incentives and increase productivity. I have learned that if you want someone's attention with respect to taxes, you start with the word "incentive." Incidentally, people who make money do not need incentives. Ninety-nine percent of those who have made $1 million want to make another million. That is just human nature.

When President Reagan was Candidate Reagan he and others proposed large tax cuts in the hope that they would attract enough Democrats to join in. Then, they thought, they could get what they really wanted: business or supply-side tax cuts. There is no doubt that the President is a good businessman, and he believes in supply-side economics, in supply-side tax cuts. But he unfortunately became wedded to the Kemp-Roth tax cut and justified it by saying, "If we could get something like that we could cut back the size of Government."

Now Candidate Reagan is President Reagan, and he is tied to the ineffective—and perhaps dangerous Kemp-Roth measure.

I could see it coming. I saw it in early January. And the distinguished chairman of our Budget Committee was kind enough to arrange a conference at the Blair House on this matter. I told the President, "Mr. President-elect, the greatest concern I have is inflation."

We need to keep our eye on inflation. We cannot gain credibility for the President's spending cuts, increases in defense, and cuts in regulations by accepting this mammoth 10-percent across-the-board tax cut.

I think I made an impression. The President himself acknowledged the situation by delaying the personal tax cuts until July, while its business tax cuts would be effective on January 1, 1981.

He was beginning to see that the commitments made for a balanced budget would be very difficult to fulfill in light of the tremendous loss of revenues from the across-the-board tax cuts.

I will characterize my amendment in the context of what practicing attorneys in the field of tort law call the last clear chance. Suppose a person runs a red light, gets into a collision, and is knocked out on to the pavement right in the intersection. Of course, it was his negligence in running the red light.

But we have interposed in recent years in the law of the United States, which follow the common law of negligence, the doctrine of last clear chance. Someone riding into that intersection, having sufficient time, moving at an appropriate speed and with clear view, seeing the body lying in the intersection as a result of that individual's neglect, is not given the right to run him over and say, "Well, it was his negligence in running the red light in the first place that left him knocked out on the pavement. Yes, I could have avoided it, but it was his negligence and I had a green light and so I ran him down." That is the last clear chance doctrine in tort law.

This could be the last clear chance doctrine for President Reagan's economic recovery program, because his program has no chance to succeed.

The fact remains that in 1984 you are going to lose from the across-the-board personal income tax cut $118 billion. The depreciation allowance will lose another $30 billion in that fiscal year, for a total of $148 billion. Then, of course, increased defense spending is going to cost another $100 billion between 1982 and 1984. There is no way that the budget can be brought into balance even with George Gilder's theory of wealth, poverty, and economic gymnastics.

I commend President Reagan's leadership. We tried our best to save $8 billion last year under the first reconciliation bill and now we have $36.9 billion in cuts in the second bill. But that is not enough to make up for the $54 billion loss in revenues from the Reagan-Roth-Kemp tax cut.

So that is why you see headlines in the Wall Street Journal: "Wall Street Is Greeting President's Programs With Jitters, Turmoil." I inserted in the RECORD last week several headlines expressing concern over the President's program. Look in the New York Times today. It says:

> Mr. Auerbach, a former official of the Federal Reserve Bank of New York, criticized the Administration's tax-cut proposals and its advocacy of what he believes to be an excessively stringent monetary policy. Mr. Auerbach said he believed an incomes policy was necessary. Such a policy would include government programs intended to secure restraint in labor's pay demands and in business's price decisions so as to reduce inflationary pressures.

I am trying to avoid an incomes policy. There are some Democrats who think this is the ticket for the creation of a Democratic majority in the U.S. Senate. They urge us to give President Reagan

his tax cut plan. Then, at the end of next year, the people will see high inflation, large Federal deficits, and high-interest rates, and they will throw the rascals out. But I do not believe, necessarily, that that is what will or should happen.

I wish that my amendment was truly a Democratic alternative. I am delighted to be able to present it on behalf of myself and the distinguished Senator from Delaware, Senator BIDEN. I think I have the support of just a few Senators. But it certainly is not a Democratic alternative. The Democratic alternative was apparent last fall and the people rejected it.

They could see the inflationary nature of the proposals, and they could see the high deficits they caused.

The poll taken immediately after the election showed that the people wanted to eliminate deficits. They wanted to stop deficit spending, and they wanted to balance the budget and get the Government back in the black. They were not that much interested in tax cuts.

So Democratic politicians as well as Republican politicians held back. Now they are caught in the enthusiasm of President Reagan's victory, which they justly deserved. But I do not think the tax cuts should develop as they have, in essence, as they talked about last fall.

I wish my distinguished colleague from Colorado would come to the floor. He knows the story by Hans Christian Andersen, of "The Emperor's New Clothes." The atmosphere around here is, "There goes King Reagan." He has a garment of economic recovery cast about him while actually the poor gentleman stands denuded because this tax cut plan is written in red ink.

J. N. Woodworth, a vice president and economist of Bankers Trust, has said that he is worried about the size of the proposed tax cut which he described as "too much too soon."

That is exactly what Henry Kaufman had to say when he and other economists came to town.

Last year, I had the privilege of meeting with some 23 economists, several of them formerly on the Council for Economic Advisers for Democratic and Republican Presidents. They all said that we should postpone any kind of stimulus measures, particularly tax cut measures which were too stimulative, until later. They said, "Start in solely on the supply side, limit it to business, and as we eliminate deficit spending, by cutting back on spending, then we can reduce the size of Government with these across-the-board cuts."

The point is that the Budget Committee and the Congress last year did not object to multiyear tax cuts. But, as I have explained before, we have had seven tax cuts in the last 10 years. We would have had one last year. We have had three in the last 5 years and would have had one last year were it not for the election. In the second budget resolution in August of last year, we projected a tax cut of $16.1 billion for 1982, $38 billion for 1983, and $55 billion for 1984. What has upset the applecart is that President Reagan has proposed a $54 billion cut in 1982 and he says that is going to stimulate productivity.

We look at it and the content is $44 billion in across-the-board cuts in personal income taxes, which is on the demand side, and only $10 billion on the supply side for business.

You cannot talk about supply-side economics when four-fifths of the cut creates more demand. You need truth in budgeting, truth in packaging this particular tax measure. Truth in packaging makes every economist call this package what it is, highly inflationary.

Henry Kaufman said:

> The new fiscal policy, however, is exceedingly expansionary. It does not pursue a course that fights inflation vigorously along the way and will place nearly all the anti-inflation efforts squarely on monetary policy.

I am not convinced that there is historical evidence to suggest that across-the-board tax cuts will quickly encourage Americans to work harder or to save more. I suspect that inflationary expectations will not be curbed by this tax package. Expectations will remain high because the financing requirements of the Government will remain high.

We cannot blame the Federal Reserve for high interest rates when it is the fiscal policy that is mandating them. The Fed is only responding to the fiscal policy. If the fiscal policy is expansionary, then the Fed is going to have to respond accordingly and tighten the money supply.

It must be remembered that, yes, businesses do get some incentive. But they also have judgments on what inflation, borrowing capability, and interest rates will be.

This is the sobering prospect in evidence in the headlines. Businessmen realize the President has won, but where are we really headed? He has control of the House; he has control of the Senate; he has control of the executive branch, and we are now heading for the goal line. Let us see what the goal line looks like.

Wall Street is saying, "Yes, they are talking about some business incentives but there is no question about the package being expansionary, calling for even greater deficits."

Then they say, "I cannot borrow under this 19.5 percent interest rate that Chase Manhattan announced today."

The other banks will soon follow.

It is much like an insurance company I knew. I had a friend who was looking for a slogan for his new insurance company and we thought of one. It said:

> Capitol Life will surely pay if the small print on the back don't take it away.

That is exactly what we have. President Reagan's program will certainly be an incentive if the small print of the tax cut does not run up the interest rates, taking the incentive away entirely.

The housing market, automobiles, and plant expansion are all important. But anyone owning a plant will hold up expansion.

That is why I describe this amendment as the last clear chance. I want President Reagan to win. I supported and cosponsored with Senator DOMENICI the spending cuts. I still support them very strongly. I want the regulations to be cut.

And I want increases in defense.

The President and the Budget Committee must look at the whole picture. The Committee on Finance, is not burdened with the responsibility of balancing Finance, is not burdened with the responsibility of balancing budgets. It presents fiscal policy with respect to revenue programs. The distinguished former chairman proposed a Finance Committee tax package that was far more on the supply side. At least, it was not four-fifths to one-fifth; it was about 50 to 50. It was about $24 billion in personal income tax cuts and $28 billion on the business side.

It actually gave to business $18 billion more than the administration's plan. It included something in capital gains, a better adjustment for marriage deductions, an exemption of $1,000 or $2,000 from earnings on interest or dividends. It was a much better program with respect to the depreciation allowance, endorsing 2–4–7–10 rather than 10–5–3. The Finance Committee package is substantially better than Kemp-Roth, and the Senator from Delaware (Mr. ROTH), on the Finance Committee, knows that.

The Finance Committee had every chance in the world, when they wrote us in February to tell us their intentions regarding tax policy. The Armed Services Committee, for instance, gave us their program in the defense area. But the Finance Committee made no mention of the Kemp-Roth plan in their letter.

Here we have a Republican-controlled Finance Committee, with the measure's sponsor, the distinguished Senator from Delaware (Mr. ROTH), on that committee, with the President endorsing the program, and the Finance Committee, with that opportunity, did not endorse Kemp-Roth in their letter to the Committee on the Budget. They refused to do so and, I think, properly so, because they have a better package.

The question, then, Mr. President, is why does not everybody support that? The answer is quite clear. I am looking at the 1982 deficit. I am looking at the Federal Reserve and interest rates, and am looking at inflation. The Finance Committee's package still is too large, in the $50 billion range. It will lead to a very high deficit of around $50 billion in 1982. That is too high to cause the market itself, the investors, and the economy to take heart. It is too high to cause inflation to go down and interest rates to go down so that we can revive our housing industry, the automobile industry, and get investment moving again. This plan could not produce a balanced budget soon and could not provide assurance next year that we had really turned the economy around, as President Reagan and the entire country want.

Mr. President, they want something new. They do not want the same old inflation or a higher deficit. They do not want the same old deficit spending. They do not want Government in the red. What they do want is something new and something turned around.

I submit that Kemp-Roth is really nothing new, other than the size of it and its implementation—too much, too quick.

They constantly cite the example of the Kennedy tax cut in the sixties. But I emphasize that President Kennedy implemented the investment tax credit for business, and business alone, in 1962. He got the economy in shape and productivity up. Then, in 1964, we received the across-the-board personal income tax cut.

Of course, as we have been reminded, the annual inflation rate from 1959 to 1964 average was 1¼ percent, whereas, during the last 5 years, it has been right at the 10-percent level. Twenty years ago they had a different kind of problem. They were trying to create demand. We are trying, or should be trying, to cool it off and to terminate deficit spending, to get the Government out of the red so we can reduce the interest rates that are running up payment on the national debt. This would be something new. Then we could come back and cut the size of Government with an across-the-board tax cut.

Tax cuts are not new to Democrats. I have been here 15 years and have yet to see a personal income tax increase bill. If somebody has been around and introduced one, I have not seen it.

We have had changes with respect to a temporary surtax in the late sixties. But there has been no permanent increase. We know how to cut taxes and we know the politics of tax cuts. With the current size of Government and high inflation, we have a very responsive audience.

This amendment today is the last clear chance to express our views on fiscal policy. The Finance Committee does not have that responsibility. The Budget Committee must present an overall fiscal policy plan, an overall economic plan, such as the President proposes, where we can look at all facets together, appropriations, revenue measures, tax expenditures, and so on. We can look at all these things in a comprehensive fashion. This is the duty of the Committee on the Budget.

If we do not fashion the overall tax policy here, then it will be difficult to resist Kemp-Roth. The committees may try to hold it down, but Members are there and there is a lot of give and take. There is absolutely nothing wrong with that. It is understandable, but it makes for a ballooning tax cut. I remember 1 day last September, in 15 minutes, they passed $22 billion in across-the-board reductions. It threw us all into shock around here. Now they have increased that to $24 billion and they are thinking in terms now of a total of $51.3 billion. The President's Kemp-Roth and Gramm-Latta proposals are at $51.2 billion.

Some may say go ahead and let the President have his way and if he succeeds, that is to his advantage; and if he does not, he has misled the country and me and everyone else and now we have to throw the rascals out and get someone new.

Mr. President, I hope that we can realize that. The past 10 years brought grief with the tremendous surge of Government in the red. It has not been the 25 years of Democratic Congresses. On the contrary, President Truman balanced his budget 4 years. The distinguished Senator from Texas (Mr. TOWER) just reminded us that the last balanced budget was 1968 to 1969, with President Lyndon Johnson and President Richard Nixon. So, from 1971, really, to 1981, we had a cumulative deficit of over $400 billion. That compares to $17.7 billion in the 10 years from 1950 to 1960 and $57 billion from 1960 to 1970. That is a total of $74.7 billion from 1950 to 1970, 20 years.

So you have a cumulative deficit for 20 years including the war in Korea, war in Vietnam, Great Society, New Frontier, and every other program, of only $74.7 billion. They generally toed the line, but in the past 10 years it was $400 billion.

Tax expenditures have gone from $40 billion a decade ago to nearly $242 billion today, an increase of over $200 billion. Tax losses from the various tax cuts add to more than $300 billion in the last 10 years. So we have been losing revenues and writing in red ink.

There is a saying that the Democrats will spend you into bankruptcy and the Republicans will tax cut you into bankruptcy. The result on the body politic, however, is going to be the same disillusion. Disillusionment will reign and there will be a call to throw everybody out and bring in incomes policy and price and wage controls.

This amendment is not only the last clear chance for the Republic but also the last clear chance for Republicans. Why? Yesterday, the distinguished Max Friedersdorf, the administration's congressional liaison, opened the doors to a White House compromise when he suggested in an interview:

> If I were Danny Rostenkowski, I would be coming in to talk with the President about his program and get the best deal I can before the tidal wave rolls over him.

The tidal wave has rolled. You have the responsibility now. We are out. We have had not only the November election but also the overwhelming vote in the House. That was a tremendous vote in the House.

So the perception of the American people now is that President Carter has gone. They have forgotten about him. They have forgotten about the Democratic Congresses.

President Reagan has shown what he can do. He has control of the executive branch, control of the House on fiscal matters, and control of the Senate.

So do not act as though a tidal wave has not yet rolled. We have been swept away in the public mind, and it is you who will have to take the responsibility of the majority and you who will have to explain when we get these high interest rates and these deficits in 1982, 1983, and 1984, and not just hope that the Finance Committee is going to save us.

That was the criticism I gave in a very cautious fashion because I have the highest regard for Senator DOMENICI, the chairman of our committee. He has given magnificient leadership to this entire cause.

But this resolution is not a totally honest one. It includes a dummy function 920, and it uses false assumptions on inflation and interest rates. It cuts the defense budget even further, by assuming absorption of pay increases, it provides for savings from so-called waste, fraud, and abuse, it calls for unspecified cuts of $15.4 billion in 1983 and $22.8 billion in 1984.

The additional cuts could not be specified, because if they were outlined, the resolution would be run over in the Senate and House. Since the figures for 1983 and 1984 are only targets, the committee put the unidentified cuts in a dummy function, and hoped that the chairman and ranking minority member of the Finance Committee, would save us all from the 3-year Kemp-Roth.

It is like diving into an empty pool and hoping the Finance Committee will fill it with water before we hit the bottom.

That is why it would be very easy for me, as a Senator, to say, "Well, this is just an outside figure and we have enough room so that Kemp-Roth can be taken care of, the Hollings-Biden amendment can be taken care of, Senator MOYNIHAN'S Finance Committee amendment can be taken care of, and so on." The Finance Committee has leeway; we have not mandated that they have to cut that much.

The truth of the matter is that we must have discipline now to bring the tax cut down to the $25.5 billion level that my amendment proposes, restricted solely on the supply side, and withhold across-the-board cuts in both corporate and personal income taxes until 1983. If you do not have discipline now, we never will. There will be no way for the Finance Committee to save us. There will be no way to achieve the President's commitment of a balanced budget in 1984.

Reagan-Kemp-Roth is nothing more than economic laetrile. It will not cure the disease. We all know that. We must do our best to adopt a tax reduction and restrict it to the supply side.

If the Senate and the House can agree to that, I am confident that the leadership of the Finance Committee can bring us a $20 billion to $25 billion business tax cut that will really be on the supply side. It will increase productivity and will not contribute to inflation. Under my amendment, using Reaganomics, we would achieve not just a balanced budget in 1983, but a surplus of $7.9 billion and in 1984 a surplus of $50.3 billion. To be

honest with my colleagues, it probably will not do it, however.

If I had used the CBO economic figures, I would have to rewrite the entire amendment and rewrite all the functions and rewrite an entire substitute for the budget resolution. That would have been more confusing than understandable.

So I had to go off the reservation and join the distinguished Senator from New Mexico with his Reaganomics. I got a temporary thrill. I am ending up with a balanced budget in 1983 and a $50 billion surplus in 1984.

I say to Senator DOMENICI that we have come this far. Why does he not look at something he really wants to cosponsor?

What is it that Senator LONG says? "Your voice says, 'No, no, no,' but your eyes say, 'Yes, yes, yes.' "

I know that the distinguished Senator from New Mexico wants to go along with this, and I yield to him.

Mr. DOMENICI. The only reason is that I am tired today, and my eyes are playing games with me.

Mr. President, does Senator DOLE wish to speak on this matter? Senator LONG wanted a few minutes in opposition to the Hollings proposal, and I should like to have 5 minutes.

Mr. DOLE. I suggest that the Senator from New Mexico have 5 minutes first, and I can find out what is going on.

Mr. DOMENICI. Mr. President, I can tell the Senate about our "last clear chance" here today. No, it is the last clear chance of the Senator from South Carolina.

I say to my good friend, Senator HOLLINGS, that I understand his concern about a balanced budget in the outyears.

I understand his concern about how difficult it has been to bring some fiscal restraint to the Congress.

First, the good Senator says there is a lot of skepticism out there in the money markets and in the business world about the Reagan economic plan. I do not really think there is that much skepticism out there about it. I think they are legitimately skeptical because they do not believe Congress is going to cut the budget.

We think that because we passed a resolution in the House of Representatives and the Senate passed a $37 billion reconciliation instruction the American press is saying Reagan has won.

Let me tell the Senate that the smart bidders are still wondering whether we are going to do it.

We have had budget resolutions with targets in them that have been breached by 10 percent in a period of a few months. We have had balanced budget resolutions that turned out within 4 or 5 months to be $50 billion or $60 billion in the red.

The first test of whether or not our new President's economics are going to create the right expectation in the marketplace is going to be when Congress has passed the reconciliation bill to cut $37 billion out of the 1982 budget. That will be the first test. When we have done that they will have an awful lot more faith in the rest of this economic package.

Second, Winston Churchill made a statement about 35 years ago about two economic systems. He said that the problem with capitalism is that it does not spread its blessings equally, and the problem with socialism is that it spreads its misery equally.

It seems to this Senator, without going into 25 years of history, that what this country has really done is to believe the statement by Winston Churchill that the problem with entrepreneurial capitalism is that it does not spread its blessings equally. But for 25 years we were so worried about spreading the blessings we forgot where the blessings came from. For 25 years more or less we decided the most important role of the Federal Government was to tax our people and invent new programs to spend it to help our people. The list is so long now we could not fit a single spaced list of the programs of our Federal Government on those two desks up here. They overlap. There is duplication. None of them are terribly concerned about what they do to create wealth in the country.

During the last 18 months we have heard debate in this Chamber on how we create the wealth that capitalism spreads around. In the past, a conscientious, concerned America made up of great immigrant masses was primarily concerned with taking from our people through taxes and inventing new programs to distribute it nicely and equally. All of a sudden the wealth machine breaks down and all of that spreading the wealth around to make sure that capitalism will work has made the system unproductive. The system will not work.

When our new President took over the two most significant things that he suggested about economics addressed themselves to what I am just saying. We are taking so much from our people, spreading it around, and then even that is not enough.

During the last 4 years we have let spending grow at 16 percent per year. We have let the deficit grow so fast that this year the interest on the deficit will almost be as much as the entire Federal budget in the first year of Lyndon Baines Johnson's Presidency. So we do not have to go back 20, 30, or 40 years.

President Johnson's second most difficult political problem was how to avoid a $100 billion budget.

JIM JONES, the new chairman of the Budget Committee, worked on this down at the White House then. They spent more time over there on how to get by without presenting the first $100 billion budget. RUSSELL LONG remembers. That is why we got social security into the integrated budget. Remember, it was a great big fat plus. So we even put social security in to get away from a $100 billion budget.

The interest on the national debt will exceed $80 billion this year. There has been a 16-percent increase each and every year of the last 4 in the Federal budget.

There are programs that we do not even know what they are doing out there. We have one definition of poverty in one program, another definition in another, and then we add 25 percent poverty in this one, but it will only be 15 percent in that one. A budget that is $665 billion will go to $745 billion all by itself between 1981 and 1982, and we sit around and have nothing much to do about it. That is on the one side.

On the other side, in all deference to my good friend who has just spoken about how to cut taxes, taxes on the American people are the highest in the history of the Republic. Not the second highest, not the third highest, not the fourth highest—the highest.

This year and next year if we do not cut taxes, we will match that spending spree to spread the blessing of a tax increase. We will reach the highest level of taxation in history, plain and simple.

The new President says there could be no two more obvious reasons why this fantastic American economic machine is not working, and I could take the remainder of the afternoon telling the Senate how fantastic that production machine is. We can just start by saying it is unequivocally, absolutely, without any doubt, the most productive economic machine that any group of people have ever lived under, bar none.

When the first oil embargo hit there were people running around America wringing their hands because America used too much energy. Does the Senator remember that? We should be ashamed of ourselves that we use 33 percent of the world's energy. This Senator knows what they forgot to say. It is that we produce 35 percent of the world's goods and wealth. Those were simultaneous then—a third of the energy and 35 percent of the world's goods and wealth.

All this President is saying is that it is too great a system to let deteriorate, to watch incentives go down the drain, to watch us become a second-rate investor in our own system, to watch newspaper ads blossoming telling anyone to not invest in America. The new rage is to buy diamonds because they will protect you against inflation. There is another one that says buy in some funds that are protected by stamps, because stamps will assure you you will get protected against inflation. There is another one that says buy in our fund because we have famous works of art, and if you invest in it you will never lose any money.

I predict for the Senate that when those ads start disappearing from the newspapers and brochures of America, we will know that the American economy is on its way back. Then the American people will be investing where they should invest, in American growth, in American industry, and in American business that produces jobs.

When we see those ads disappear we will know we have a good economic plan going. I hope they disappear in the next 18 months.

Having said that we are united in making that first big step to cut that monstrous growth in Government. That first $37 billion reconciliation instruction set the tone for this President's economic

package. For that I must say to Senator HOLLINGS, my wonderful friend on the minority side, he shares with me in the joy of that. That was absolutely necessary, and if we can get these committees to make those cuts that will be the historic event on this issue. I guarantee that.

Then we have to look at the next 3 years. We cannot do it all now, but we have to find ways to save additional amounts of money. We have to find ways for our military, which we are giving the money they want, to make cautious use of their money. We have to find ways to get rid of waste, and we have to cut an additional $30 to $40 maybe $45 billion in the next 3 years from the budget of the United States. That is on the one hand.

On the other hand, just to dispose of the proposal of our good friend who claims that he has placed an alternative before us, let us make sure we understand that the alternative changes the budget cutting not one iota. It is identical. But it does say we do not need as big a tax cut as the President wants.

Let me just summarize what he wants to do. In 1981 the President says let us have $8.6 billion in tax cuts. In 1982 the President says "Let us have a $51.3 billion tax cut with both business cuts and personal income tax cuts." It is up to the Committee on Finance to determine the proportions. We leave this question to their good judgment.

In 1983 the President proposes a $97.1 billion reduction and in 1984, a $144.8 billion.

Let me tell you what the proposal before the Senate does. In 1981 it offers a $3.7 billion reduction. The President's is almost three times as big. An enormous difference occurs in 1982. $25.5 billion is what the good Senator from South Carolina would cut versus the President's $51.3 billion; in 1983 it is $53.2 billion versus the President's $97.1 billion, and so on.

Remember what I said about spreading the blessings and making the machine work again. Let me tell you what is going to happen if we do not reduce taxes for the next 3 years. Inflation and social security tax increases for the last half of 1981 will raise revenue by $6.1 billion in fiscal year 1981. My good friend from South Carolina would only cut that $3.2 million, not even half the increase.

For fiscal year 1982 inflation and social security tax increases, as computed by the Joint Committee on Taxation, will amount to $40.7 billion. My good friend's proposal, which calls "our last clear chance," will only cut taxes by $25.5 billion. In other words, taxes will go up $15.8 billion in fiscal year 1982 more than his tax cut.

In 1983, if we do not have a tax cut, inflation and social security will cause a $64.4 billion increase. My good friend's proposal has taxes going down only $53.2 billion.

For each of those 3 years of tax increases attributable to inflation and social security which, I repeat, come on top of the highest level of taxation in American history. These increases exceed the reduction in the Senator's amendment.

I submit if this is the "last clear chance"—and he says that it is—for a sound economic package, it sure sounds like more of the same to me. That is precisely what we have always done. We cut taxes less than they go up. We pass new tax increases, then we say we are getting to a balanced budget. It is just around the corner. We are not going to get there that way.

First of all, we are not going to have productivity, investment, incentive, and risk taking in the proportions we need in this country, and we are not going to get to a balanced budget with business-as-usual fiscal policy.

I have not even argued this afternoon about the components of this amendment: The marriage tax deduction and the $1,000 interest exclusion, because these are so much the opposite of the President's broad, simple approach. The President's program reduces taxes for all Americans. It offers more for investment opportunity and incentive than the much smaller tax cuts of this amendment. This amendment does not even make up for the automatic tax increases that will occur over the next several years.

I would be pleased to yield. Senator LONG will be heard first, and I am pleased to yield to him.

Mr. LONG. Mr. President, the Senator from New Mexico made the case that we ought to have a major tax cut, and he emphasized the need of greater productivity. That, Mr. President, is where this Nation is falling behind, and that has a great deal to do with the fact that you cannot balance the budget.

For a 30-year period ending about 3 years ago this Nation on the average produced about 3 percent per worker per hour more than it did the year before, so that the per capita income of the average citizen could double and could continue to increase even over and above taxes because production was going up.

That is no longer the case. Productivity is on its way down. So no matter what we do with the tax, when you are producing less, there are less goods and services being produced by the American people, and you have got a smaller pie. No matter how you slice it, the average per capita amount we have has to go down regardless of how much the people do pay or do not pay. One must also keep in mind that a lot of these taxes, in fact all of them, in the last analysis are transfer payments, money shifted from the pockets of one citizen to the pockets of another citizen, even when the Government takes it in.

Now, the name of the game is productivity, to increase production, increase productivity.

Mr. President, we are still existing on what amounts to the old excess profits tax laws. We do not call it that, but that is what we have. At the end of World War II we either repealed or permitted the excess profits tax to expire. I say we, I was not here at the time. But look at what a businessman has to show for it if he makes an honest investment in any of our large corporations. The top rate on the corporation is 46 percent, and that is not counting whatever the State might be charging. Then it really does not take much in relative terms for a person to find himself in a 70-percent tax bracket. If he pays it the way that we intend for him to pay it, that means that out of every dollar he makes the Government takes 84 cents, and that is not counting the social security tax that was taken out before we started levying the income taxes. That is just looking at the income taxes.

As a result the taxes are so high that we find people going for tax shelters, many of which involve a less productive use of the resources—such as the more legitimate ones the Senator referred to in his speech about investing in paintings and things of that sort. But there are all kinds of them that really are not productive at all, because the tax laws are so high that it does not encourage production, productivity. It does not encourage the right kind of investment.

As a consequence, the last time we had a tax cut bill in 1978, we cut the capital gains taxes back at that time, and we were told that this would do great harm to the economy. We argued about the budget estimate at that point, and we now have the figures since that time.

Looking at it from the static-type estimates that the Treasury uses where they do not take into account the secondary and tertiary effects, it costs the Government $100 million a year to cut capital gains in half.

What that did to help this economy to begin was to move 3 million new investors into the stock market. Those who were investors engaged in more activity. The people sold old buildings and warehouses and real estate that they had a minimal use for, and the money went into more productive uses.

I would like to see us do a great deal more of that. I am not here to speak for the Kemp-Roth proposal, for the simple reason I think that if we target the same amount of money that is in the budget in the way that would most tend to bring forth a productive response—a production response, if you will—we will get more results than we would on an across-the-board, 10 percent cut in income taxes for 3 successive years. But that is for the Senate to decide.

The Budget Committee bill has the potential of either going with the Kemp-Roth, which the President has recommended, if, after the debate, the Senate thinks that is the wiser course. The Senate could also approve a more targeted type tax cut as the Senate Finance Committee recommended, or some of the alternatives that individual Senators will offer here on the floor.

We could cut by $53 billion or less than $53 billion or not cut at all after we have heard the debate and the Finance Committee has had the opportunity to present to the Senate both the hearings and the deliberations and the results of those

deliberations. That is the committee—which, in my judgment, is best qualified to study this matter—and present its best judgments to the Senate. Then each Senator can hear the argument and make their own views known and then, when they get through, they can either vote for the tax cuts the committee recommends or change it, or vote the amount they want to.

But I ask the Senator from New Mexico, is it not true that this figure in this budget does not bind the Senate to Kemp-Roth or any particular tax cut at all? All it says is that if we want to cut taxes by $53 billion, the assumptions are there and the budget planning would be there, so that we could cut the amount the President has recommended to us if the Senate wants to do that after the House has acted and it has considered all the arguments that can be made.

Mr. DOMENICI. The Senator is absolutely correct.

Mr. LONG. Mr. President, that gets me to a second point. I was not part of the deliberations over in the House of Representatives. In my judgment, the Democratic leadership made a bad mistake. My advice to the Democratic Congress would have been parallel to what I am saying here.

Mr. President, the President came in and asked the Congress to vote through a nonbinding resolution that would give us the potential to go along with him in what he was asking for. And I think, with 230 million American people thanking their merciful Lord that the man had survived an assassination attempt, I think it was a disastrous mistake of the Democratic leadership, in fact, everyone, no matter what his political persuasion, to not go along with the President at that time. And I think those who did not see it that way then see it that way now. Now, I am not here to argue that one way or the other.

The budget recommendation is just here to say that this is what the President recommended in the way of a tax cut. No conclusive case has been proved one way or the other. But if you vote against the President's figures, you are, in effect, saying to us on the committee do not consider the President's recommendation because the funds are not there to do it, even if the case is conclusive, compelling, and overwhelming, and do not consider the alternatives. It could be the same amount of money, because you are limited or restricted. I hope the Senate will not do that.

May I say, Mr. President, I think that we actually made money for the Treasury when we cut capital gains. Just look at what happens when someone buys an old, broken down building and proceeds to either tear it down or remodel it and build something different. It is a very useful, efficient building. They put machinery in there and hire a work force and put the work force to work turning out goods and services. You take people off the unemployment rolls. That is not properly put in the assumptions. They go to work and produce and they spend money with everybody who is in the business community. In general terms, what results is the people whom they are trading with has more business activity and so the economy tends to move.

Mr. President, reference has been made to the fact that we have not cut taxes. But, Mr. President, we did not have to cut the income tax. We raised the social security tax time and time again. Senators know it went up again just this year.

The windfall profit tax has been increased, been levied, at least. It is a very large tax, one of the largest taxes in history. That tax is being passed through, to some degree, on to the American people.

Furthermore, the largest tax increase of them all is the inflation tax. Not only are people moved up to where 14 percent more of their income is taxed because of inflation, but they are moved into higher brackets, so it works out to a tax increase of more than 14 percent on the people. They have not had any relief from the inflation tax and the bracket creeps since 1978 and it is about time they get some relief. But I would hope it would be targeted in ways that I would hope to get the best production response.

But, in any event, Mr. President, how we are going to do that is a matter for further debate. The question is, Do we consider the President's recommendation? For my part, standing here as a minority member, the ranking minority member of the Committee on Finance, I would like the opportunity to hear the case for the President's recommendation and for the other alternatives and to help suggest things that could be done that we would think would be very productive and vote on it. I hope that it would be able to allow the Senate the opportunity to pass a judgment on all of that.

I regret to say, if the Senator's amendment is adopted, that, to a considerable degree, prejudices the opportunity of Senators to make their case for what I believe could very well be very much in the interest of this Nation. Therefore, I hope the amendment is not agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the distinguished Senator from Louisiana. I think he made an excellent case.

I would say to the Senator that there is one aspect of this resolution that I would not want my response to have misled him. My response on taxes is absolutely right from the standpoint of the budget law. The reconciliation instructions are not tax measures; they are budget measures. Once we come out of conference with the House, they are binding. They order the Senate Finance Committee and they order every standing committee in this Congress to change laws. Each body has different ways of forcing that change to occur. But that is not advisory. That is not a target. I would not want to mislead the Senator in my answer.

Mr. LONG. Mr. President, I say to the Senator that I understand that. The point that I wanted to get straight and wanted to get clear was that this figure for revenue does not bind us to vote for any particular amount of tax cut.

Mr. DOMENICI. That is correct.

Mr. LONG. It is up to the Senate to decide whether it wants to do that much.

Mr. DOMENICI. Absolutely.

Mr. President, I yield whatever time the Senator from Kansas desires.

Mr. DOLE. Mr. President, I appreciate the chance to say a word or two because, after 20 years in the Congress and suddenly finding myself the committee chairman, I now find the Budget Committee wanting to make the Finance Committee a subcommittee. And after finally making it to the top, I find the distinguished Senator from South Carolina wants to indicate or dictate what we will do in the Finance Committee.

It is bad enough having the Budget Committee telling us anything, but to tell us we can only go to $21 billion in tax reduction, I think, would indicate that there is really not much need for the Finance Committee.

Maybe it would be all right to abolish the Finance Committee or maybe have a package deal of abolishing both the Budget and the Finance Committees. We would have more support for that than for just abolishing one.

Mr. President, I heard more rhetoric over the weekend about what is going to be in the tax cut package, what will be and what will not be, what the chairman of the Ways and Means Committee will do, what the Treasury Secretary will do, and what certain people in the White House will do. But I think the Senator from Louisiana has indicated that we will probably work out a package that will please most everyone in the Senate Finance Committee, one that will please the distinguished Senator from South Carolina, and one that will please the distinguished Senator from Delaware, whose name is well known across the country on the Senate side as the original author of the Roth-Kemp proposal.

It would seem to me that we ought not to write the tax policy here, and what we should do as far as the marriage tax, or exclusions of taxation on interest and dividend income, can properly be left to the Senate Finance Committee. We start hearings on Wednesday, and our first witness is the Secretary of the Treasury, Don Regan. We will have hearings all this week, all next week, and then on additional days. We hope to start the markup in June and bring the tax bill to the Senate floor in early July, go to conference and have it on the President's desk on August 1.

Whether it is going to be $21 billion for 1982, or $48 billion or $38 billion, or whatever the maximum is, $51.3 billion, is a matter that this Senator believes will be determined after a lot of witnesses have been heard, after various options have been explored and some decisions made, hopefully, as in the past, on a consensus basis, in the Senate Finance Committee.

I certainly do not quarrel with the general thrust of the remarks by the Senator from South Carolina. I was not able to be here as I was working on the farm bill in another room, but I refer to his general approach on the Budget Committee, much of which I support. It does seem to me that in this area we are going to be responsible. There is enough room in the budget mark to allow for a bill pretty much like the Senate Finance Committee agreed to last year, or the Roth-Kemp proposal, or some other proposal that might bear other names.

Who knows what names might end up on it. When it is all over, as my distinguished colleague said, when the President is signing the bill in the White House and he looks to his left and right, he will say, 'Thank you, fellows, for your help." It will be the Reagan tax bill and none of us will quarrel with that.

It just seems to me that we cannot continue to rely on high levels of taxation as an excuse for maintaining high levels of spending. That is not the philosophy of the Senator from South Carolina. He has indicated that, and many of us support him in that.

I hope that we would reject this amendment. The Budget Committee, in my view, has taken appropriate action. We have 20 responsible Senators on the Finance Committee, 11 Republicans and 9 Democrats. We think we can work out a program in cooperation with the chairman of the House Ways and Means Committee, Mr. ROSTENKOWSKI, and the ranking Republican, Congressman CONABLE, and also working with the administration. We should not adopt a policy that would defeat the administration before we have had a hearing. We will not have a hearing until Wednesday. Now we are being told to send a signal, and, in fact, to lock in concrete what we might do in the Senate Finance Committee as far as parameters are concerned.

If the Senator from South Carolina will bear with us for a few weeks, we will bring to the floor a package that will benefit the taxpayers.

As the Senator from New Mexico pointed out, whatever we do in the Senate Finance Committee, we are going to be lucky to keep up with so-called taxflation. Most taxpayers understand they are not getting tax reductions; we are only reducing the increase. I would hope that we can find enough dollars to do more. Beyond that, I think it is fair to say that the President has laid his program before the American people. He did it before the election. He received, I think, substantial support in the election. The Congress has already overwhelmingly supported his budget efforts. I believe he is entitled to have his package on tax policy heard before the Senate Finance Committee, the legislative committee, as well as the House Ways and Means Committee.

At that time, after the hearings, the debate, and after discussion with the President, with Treasury, the Budget Committee, Finance Committee members, and everyone else who has an interest, we can decide whether there is any room for so-called compromise or flexibility, and determine what the parameters are, what the White House and the President will accept, and what he is very firm on. He is very firm on a multiyear tax proposal. I am certain of that. Other things are yet to be determined.

Much as I would like to support the distinguished Senator from South Carolina, I do not think I will.

Mr. President, to summarize, the distinguished Senator from South Carolina is the ranking minority member of the Budget Committee, and I appreciate his hard work in the cause of fiscal restraint. I also understand his concern that tax reduction should be achieved in a way that is consistent with overall fiscal policy. Nevertheless, I believe that this amendment is inappropriate and I will oppose it.

Mr. President, the Hollings tax reduction proposal addresses a number of problems in the Tax Code that are of concern to many Senators, including the marriage penalty, incentives for savings, depreciation schedules, and individual tax rates. I do not question that some of the suggestions made by Senator HOLLINGS have merit. But we are not here to write tax policy for the country. That is the job of the tax-writing committees. The Budget Committee assumes, for purposes of this resolution, passage of the tax bill proposed by President Reagan. All the Hollings amendment would do is severely limit the tax cut options available to Congress with respect to fiscal year 1982. Senator HOLLINGS would allow only $21.4 billion for tax reduction in 1982. By contrast, the Budget Committee resolution provides for a net tax reduction of $51.3 bilion in 1982. Congress could still agree on a smaller tax cut, if that is deemed appropriate. But there is no reason to try to tie our hands now by adopting the Hollings amendment. The real issue, as the Senator from South Carolina has so often reminded us, is the excessive growth of Federal spending and the resulting deficits and preemption of the private sector. I do not believe Senator HOLLINGS intends to divert attention from the goal of spending restraint, but I fear that would be the effect of his amendment.

THE REAL ISSUE

Whatever we may do this year on the matter of tax policy, we desperately need to regain control over the Federal budget. That is the issue we are facing today, and we have a unique opportunity to follow through on the issue of fiscal restraint. If instead we get involved in a debate over tax policy, we will not only sacrifice some of the momentum that has been generated in favor of spending restraint, but we will encourage the nation that spending cuts can be softened by increasing taxes, or by reducing the size of a possible tax cut. That notion ought to be rejected once and for all. So long as Members of this body rely on high levels of taxation as an excuse for maintaining high spending levels, we will have no hope of restraining the budget over the long term. The issue here is spending. The issue is the response of Congress to demands for a multitude of spending programs that somehow have added up a level of spending and of deficits that no one professes to want, and that no one wants to take responsibility for.

CHANGE OF COURSE

President Reagan has asked Congress to make a dramatic change in course, and this Senator hopes and expects that the Congress will follow his lead. We will, indeed, debate the administration tax proposals in the near future, and we will do so taking into consideration the progress that is made on spending reduction. But that is a debate for another day. For now let us follow through with the consensus generated in the Budget Committee and agree to a program of dramatic spending reductions for the next few years. When that is achieved, we will be in a better position to consider appropriate tax policies for the coordinated, coherent economic program that the President wants and which the American people demand. I know the Senator from South Carolina agrees that this change of course is needed, and we will be happy to consider his suggestions for tax policy when the Senate takes up the tax bill proposed by President Reagan.

Mr. NUNN. Will the Senator from Kansas yield for a question?

Mr. DOLE. I yield.

Mr. NUNN. I do not necessarily support the amendment of the Senator from South Carolina, although I was going to say I though his tax cut was too low. I felt the tax cut should be in the general proximity of the amount of the spending cuts. As I understand the Senator from Kansas, what he is saying is that he is not locked into any particular tax cut, that he is going to listen to the testimony, look at the economic analysis, consider some of the other bills that have been introduced on productivity and savings, and then make a judgment as to the amount and as to the content of the tax cuts after he has heard that kind of testimony and analyzed it. Is that a correct impression by the Senator from Georgia?

Mr. DOLE. I think that is an accurate assessment. I must add one thing. I do feel some responsibility to the President. If he indicates very strongly that he believes a certain course should be pursued, I believe it is my obligation to try to present that to the committee. I do not know of anyone in our committee, except maybe the Senator from Delaware, who has firmly said what should happen in the Finance Committee. I understand that. He is persuasive and he may prevail. The rest of us may end up for the Roth-Kemp program though we are not cheerleaders for any one program.

Mr. NUNN. So the Senator would not preclude, and I am not saying that he would endorse, some kind of package that would be long range in nature but which would have perhaps less impact on the deficit and borrowing in the first year than the President proposes, and he is

not precluding either the consideration of some very strong up-front, first-year savings in whatever bill the Finance Committee would consider.

Mr. DOLE. Certainly not. We have heard a lot of theories about a prepackaged program. First we have the package the President wants and then the package we want. I am not so certain that works. But, as I said many times, when standing out in front of the Capitol at 6 o'clock at night, if the first cab is empty, not many would say, "I think we will take the second." We may not want to wait for the second one. If we have good amendments, we may want to add those to the first one.

Again, if the President says, "Let us not clutter up the first bill; I promise you there will be a second one," and we really know that is going to happen, that will be another consideration. The Senator is correct.

I do not say this with any disrespect to anyone who has a proposal. I think we have an obligation to everyone who comes before our committee to give them fair consideration and then decide which proposal has enough votes to get it out of the committee. Generally, in our committee, under the able leadership of Senator LONG, there has been a consensus approach. I do not think that has changed. As far as this Senator is concerned, it has not changed.

I hope on the basis of my comments the Senator from Georgia will help us defeat the pending amendment.

Mr. NUNN. I will say frankly that the Senator from South Carolina is trying to point in a direction. I must say that the direction he is pointing in, though I do not agree with the bottom line of his amendment in dollars, should be seriously considered by this body. When we get out of public statements and get into private feelings around here, I think everyone knows there is very serious concern in this body about the size of the deficits; there is very serious concern in this body about whether that money on a 10-percent across-the-board the first year is going to go into savings. I think everyone, even the strongest proponents, would recognize that if that money does not go into savings that first year, the interest rates are not going to go down but they are going to go up.

There is also very serious concern—and the Senator from South Carolina has taken the real lead in this, and I have in the Armed Services Committee. There is very serious concern about the projection, particularly in the military budget, on interest rates and on outlays. If those interest rates and outlay projections are not correct, then we are talking about a budget deficit that is closer to $80 billion than to $50 billion. If all that happens, and I think we are going to have a more accurate figure in the next 2 or 3 months, by the time the Finance Committee considers this bill, I think they very well may conclude that the makeup of the tax bill needs to be changed. The President himself may conclude that by the time that bill is finally passed.

So, Mr. President, I am encouraged that the Senator from Kansas and the Senator from Louisiana are saying that the Finance Committee is going to have an open mind; that they are dedicated to the tax cut, but the size and content of that tax cut remains an open question and we are not binding ourselves, if we reject the Hollings amendment, to the precise level of the tax cut that the budget resolution has nor to the makeup that they have assumed.

Mr. DOMENICI. Will the Senator yield for 1 minute?

Mr. DOLE. Mr. President, I just want to respond that that is the way this Senator views it. We are not bound by any figure. We would be bound if, in fact, as I understand it, the Senator from South Carolina prevailed with a larger revenue figure.

There is not much dispute, as I see it, on the business side except perhaps on how they treat owner-occupied or residential versus other real estate, a number of areas like that. There is pretty much agreement, I would think, on the business side. It is when we get to the individual cuts that we have rather wide disagreement.

Beyond that, there is great concern on the part of every Member of this body and with the President as to whether, we can balance the budget by fiscal 1984. That has to be a matter that weighs heavily as a consideration on the Finance Committee and on the Senate, and on the conscience of everyone in this body. If we are going to achieve that in 1984, we are going to have to take a look at some of the assumptions.

We can all make assumptions, Mr. President. Assumptions were made in the past that were correct and some that were incorrect. I do not know whether anybody can stand here and say precisely that, in 1984, we are going to end up with a billion-dollar deficit or a billion-dollar surplus unless we do A, B, C, or D. This Senator certainly cannot. That is a factor that many in this body would not support us, if we brought some tax proposals to the Senate Chamber that would indicate to a majority of Democrats, Republicans, conservatives, or whatever that we were playing with dynamite when it comes to a balanced budget.

Mr. NUNN. Will the Senator from Kansas yield for one other brief observation?

Mr. President, I remember being on the floor in early 1977 when we had a new administration, then the newly elected Jimmy Carter. I remember the Senator from Arizona, who happens to be on the floor now, getting up and making a statement that if President Carter balanced the budget by 1980, he would renominate him, himself. At that time, we had different economic theories, but we had all sorts of assumptions that were going to lead us to a balanced budget. We have a new President today, a new economic theory, and now we have all sorts of assumptions that are going to lead us to the promised land.

Mr. President, I am not going to make the categorical statement that the Senator from Arizona did then, but I would say there is considerable skepticism on both sides of the aisle about a great number of assumptions. There is particular skepticism about the assumptions on interest rates, because what we have, in effect, is more Federal borrowing next year under the President's budget proposal. This year, we are having the administration say to the Federal Reserve System we want you to hold down the supply of money.

What the Senator from Georgia has difficulty understanding is how we are going to hold down that money supply, which I agree with, and we are going to borrow more money at the Federal level and, at the same time, interest rates are going to do down—not just a little bit, but dramatically down. The only way that can possibly happen is for almost all the money that is going to be refunded in a tax cut, or not taxed in the first place, go into savings.

I think it is enormously important that the Senator from South Carolina is pointing the direction here, in his view, it is enormously important that we look at this first-year tax cut in that context and we do everything possible to encourage savings in that tax cut. If we do not do that, this is a very, very risky kind of course we are embarked on.

In my State, we have two big problems—we have many small ones, but two big ones—interest rates and taxes. Of the two, interest rates are the greater problem.

A lot of people in my State, particularly in the agricultural community, and the Senator from North Carolina is here and has been working on that problem—to a lot of people, particularly in that area, the rate of taxes is irrelevant, because they are not going to pay any anyway, because they are not making any money. They are not going to make any money unless interest rates come down.

I am very worried that, under this program, interest rates are not coming down at the present time. There may be many reasons for that, but a 10-percent tax cut to my farmers in Georgia for 3 years in a row will not mean much if interest rates are 20 percent, because they are not going to make anything and they are not going to pay any taxes—not because they are avoiding taxes but because they cannot make a profit at 20-percent interest rates. That is true of a large segment of our business community.

Mr. President, I think, despite all the talk about tax cuts, this body needs to consider seriously the effect on interest rates of what we are doing, both with this budget resolution and with whatever tax bill is coming up. I am encouraged by the remarks of the Senator from Kansas.

Mr. President, I may not vote with the Senator from South Carolina. I frankly came on the floor planning to vote with him, but I have been impressed by some of the comments about flexibility. But the Senator from South Carolina is making a telling point about

the size of the deficits. Perhaps the Senator wishes that I had made my speech without hearing the others talk, but I think he is making the point. I think the Senator from Louisiana has also made a point, and the Senator from New Mexico, about flexibility here.

Frankly, if I felt the Senator from Kansas were absolutely wedded to one type of tax bill without considering some of these other factors, it would certainly have had an effect on my vote. I am pleased he has made that absolutely clear. I think it is an important point.

Mr. DOLE. I shall yield to the Senator from New Mexico in a moment, Mr. President. First, one reason we have not seen any action on interest rates is that we do not have the program in place yet. I think that is a distinction that should be made, or a point that should be made. If, in fact, the President succeeds, as he is on the budget side, and does push hard and get most everything he wants on the tax side, then, if the interest rates will refuse to yield, we have some problems—some of us.

I yield the floor to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, while the Senator is on his feet, I want to say personally to him that I know he, from time to time, chides the Budget Committee.

Mr. DOLE. That is the right the alumni have. I was a member of the committee.

Mr. DOMENICI. That is right and he jokingly talks about his not wanting to be a subcommittee of the Committee on the Budget.

The Senator knows what he has talked about here this afternoon, and he talks about tax cuts while he mentions that he is also always aware of the deficit, he is aware of what things are going to look like in 1984, the fact that we work together before we do many of the things in this budget process. Then we have the Senator who chairs Appropriations walking onto the floor.

Mr. President, this budget process will not work unless we are all looking at a number of years and not looking at our exclusive domain, be it the Budget Committee or Finance or Appropriations, but rather, that we all have a very grave responsibility. There is a great deal of relationship between what we do with taxes, what we do with entitlements, and what we do with appropriations.

I personally think, Mr. President, this is the best chance we have had in the 6 years we have had this process of making it meaningful in terms of the end product—not of the resolution with targets, but of how things end up.

I just wanted personally, on the floor, to thank the Senator for that and for the cooperation we have had with the very difficult matters we have had before us.

I say the same to Senator HATFIELD.

Mr. DOLE. Mr. President, I say to the Senator from New Mexico that we do in jest make comments about the Budget Committee. But the overall discipline is good. If we did not have it, we would be right back with business as usual, where nobody paid attention to the deficits and they would start to balloon in the outyears.

So, on balance, the Budget Committee does bring about a certain discipline to the Budget Act—the way the Budget Committee has responded to proposals for tax reductions, to leave enough money, to leave us some flexibility. We will make judgments based on the testimony, based on discussions with Members on both sides of the aisle, the Treasury, and everyone else in the administration who should have an input. Then it is my hope we can bring a package to the floor that will have near unanimous support. It may be hard to do, because if we start adding amendments, it is going to take it away from other areas.

I have watched Senator LONG over the years and have listened carefully, and he generally puts together something very attractive, and maybe I can find his old notes.

Mr. HART. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. HART. The Senator from Colorado is somewhat confused by the talk about phase II. It is only the last week or so that I have heard that phrase being used—phase II.

The President, when he gave his economic message to Congress initially, and I believe most of the time since then, just talked about his package. Members of this body are beginning to talk about phase II, and the Senator from Kansas just used it. I am wondering what it means.

As members of the Budget Committee we have tried to work with or around the President's package, but now people are discussing another phase, and this Senator does not know what that means.

Mr. DOLE. I am not certain I can expand on it much beyond that.

Since January, the early days of the administration, there has been talk about a two-track or a two-package effort by the administration.

One would be the barebones Reagan package, which would include the so-called Roth-Kemp proposal, one for accelerated depreciation and not much beyond that. The second package would include—no final list has been put together—addressing the marriage penalty, foreign source income, expanding some IRAs, increasing personal investment and savings incentives, maybe some relief on dividend income, some relief for oil royalty owners in some of our States—Colorado and Kansas—some reduction of estate and gift taxes, which is very popular and very much needed. Those are only a few.

However, some of us expressed concern that we do not know how we are going to pay for all these—where the revenue will come from. If you put them in the first package, I guess you can deduct from business or individual rates, and that is one reason why I believe the President has indicated it is better not to do that.

However, if we are going to have all these reforms, we have to figure out some way to make up the difference.

Mr. HART. The question is obvious if you are on the Budget Committee and we have the resolution for next year before us. How do we know how to calculate in our revenue figures a phase II, if we do not know what it contains or when it will be presented?

In other words, we are resolving some budget figures, both outlays and income, revenues, and we do not know how much to calculate that the administration is going to want to spend or how much to take in.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORTON. Mr. President, I yield such time as he wishes, to answer his question, to the Senator from Kansas, from the bill.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. DOLE. I should like to answer the Senator.

Mr. President, I believe the Senator from Colorado has raised a good question and one that some of us proposed to the administration. Beyond that, I know that in the administration now there is an active group working on a number of proposals that could become a part of some second package. Whether it will be this year or in the next fiscal year, I cannot say at this time.

Mr. HART. So by voting for or against this resolution and the revenue levels which it projects, we do not know, really, what kind of tax proposals we are voting for, do we?

Mr. DOLE. That is as it should be. This is only the Budget Committee. We are the Finance Committee. Give us a little framework, and we will put the siding on.

Mr. HART. That framework could include just about everything.

Mr. DOLE. It could include a few things the Senator from Colorado likes.

Mr. HART. Whether I like them or not is not the point.

Mr. DOLE. It could include a number of things, including what the President recommends, or it could not. That is not a very good answer.

Mr. HART. So it could end up being phase I or phase II or a combination of both.

Mr. DOLE. That is correct.

Mr. HART. I thank the Senator from Kansas.

Mr. STENNIS. Mr. President, will the Senator yield to me briefly? I know he is being called to go elsewhere.

Mr. DOLE. I yield.

Mr. STENNIS. Mr. President, we are all indebted to these Senators in key places for the work they have done. What they have said here this afternoon has been highly revealing as to the way things look inside this body.

As I understand the summary of the Senator from Kansas, he is saying to the President and to this body that he proposes to go into these matters in depth and to get these conflicts resolved and

then will try to come up with a committee estimate on tax provisions, regardless of where they might have originated, but tax revisions that they think will meet the situation with regard to this problem.

Is that a fair summary of what the Senator has said? It is a highly valuable statement.

Mr. DOLE. That is the intention of our committee.

We have an outstanding staff on our committee, on both sides. We have the Joint Tax Committee to rely on. They are putting together numbers. Everybody has numbers. You cannot operate without numbers. You do not even have to be accurate, so long as you have a lot of them.

We will try to reduce as much as we can the risk of error, make judgments, after we have had all the testimony, the statements, and the discussion with the administration and the President and others, and then make a judgment in our committee. We hope it will be unanimous.

Mr. STENNIS. I say this to the Senator: I am concerned, as others are, with this matter, and I have been for many months. After hearing the views and the conflicts of the economists and others, I deliberately went out among the people, many of whom I knew personally, including young people, including the so-called little people, those in the middle group, those on salary and those who already had small businesses. This was in December, January, and February. I cannot remember even one of them who asked for a tax reduction or said that their problem was in connection with their taxes. To the contrary, hundreds and hundreds of them said, "You must do something about this interest. It is ruining us." "This inflation robs us."

I summed up in my mind that there would be a stagnation in time if interest rates stayed excessively high. I do not know how much time it will take; but if we do not reach this interest problem, at least in part, in 6, 8, 12, or 15 months, this country can well develop into a stagnation and cannot then move forward.

Frankly, I have not been able to find anything new about how to get those interest rates down; but I feel, from the way these Senators on the Finance Committee have spoken about it, that they should get the Finance Committee's viewpoint.

That is the problem as I see it, and I sum it up that way. I have no doubt that unless this interest barrier is removed, this plan will not work and the economy will not move and we shall not get our economy out of the hole.

Another thing that bothers me is that I am not at all firm in what I can conclude as to where these deficit figures are going to be. How is it going to work? How is the tax reduction going to stop these deficits? How and how much will turning loose this tax money contribute to the deficit?

I believe all of us are concerned about those points, about interest, and possible stagnation and these deficits.

I wish to air that to the Senator and others and all of us.

The Senator from Kansas knows much about it and I wish to say with all the emphasis I have that is where I believe the problem, our problem, the people's problem, the President's problem lies, right in the fields I have mentioned.

Mr. DOLE. The Senator from Mississippi is correct.

Along with high interest rates there is another problem, and that is high inflation. I think those two twin evils right now are inflation and interest, and that is why this Senator feels, and I am certain every other Senator feels the same way, that where we have an area of responsibility we better be as certain as we can that if we do A, B will happen or not happen, or whatever.

We may come out with a package hopefully that does that. I cannot guarantee it but with the effort that will be made by every member of the Finance Committee and with the help of the distinguished Senator from Louisiana, and others, it is my hope we can do that.

Mr. STENNIS. I thank the Senator. The Budget Committee and all of these Senators have done a wonderful job.

Mr. GORTON. Mr. President. I wish to yield such time from the resolution as he may wish to use to the Senator from Delaware.

Mr. ROTH. Mr. President. I thank the Senator from Washington for his courtesy.

Mr. President, I rise in opposition to the Hollings amendment. A vote in favor of this amendment is nothing less than a vote to increase the tax burden of the American people.

Let us examine what this amendment would do for the American taxpayer. Next year, 1982, the tax burden of the working men and women of this country will increase by $52 billion. This includes an increase of $22 billion in social security payroll taxes and $30 billion due to inflation or "bracket creep."

Now, what will the Hollings amendment do to reduce this massive tax increase? The answer is, the Hollings amendment is nothing but peanuts to the American people. It proposes to reduce personal taxes by a mere $7.7 billion in fiscal 1982.

I may not be long on arithmetic but $52 billion minus $7.7 billion equals $44.3 billion. In simple arithmetic terms, the Hollings amendment translates into a $44 billion tax increase for the working people of this country in 1982.

It is clear to me and it should be clearly understood by my colleagues that the Hollings amendment is an attempt to rely on increases in individual income taxes as a vehicle to produce a lower budget deficit.

This technique is not new. We have seen it for the past 25 years. It is simply business as usual or to put it bluntly, let us balance the budget on the backs of the American taxpayer.

This amendment provides no real tax relief for the middle-income taxpayer. Indeed it means higher taxes for all Americans. It does nothing to eliminate disincentives to work, save, and invest.

Unless tax rates are reduced and the growth of Federal spending is restrained, the economy faces continued inflation and recession. The high rates of taxation now imposed on the American people are strangling economic growth, choking off private initiative, pushing up prices, and retarding the savings and investments needed to increase productivity and create new jobs. The Reagan tax cut proposal will reduce the tax drag on the economy and increase the incentives to work, save, invest, and produce.

Today, working men and women are being taxed at unprecedented rates on each dollar they earn. The inevitable results of penalizing additional effort are higher absenteeism, a refusal to work overtime and a surging underground economy.

The Hollings amendment will do nothing whatsoever to create what I would term a climate of economic growth. It is a step backward to the old habits of the big spenders in Congress who believe that if you keep Government revenues flowing, then you can restore spending programs which may be cut under the Reagan budget plan.

The big spenders among us are willing, albeit begrudgingly, to reduce spending as long as Federal revenues are kept in place. They believe the budget cutting mood of the American people will soon subside and then they can get back to their old ways—spend, spend, and spend some more.

Well, it is not going to work this time. There is a new mood in this country and it is not going to subside if we have the courage to support the President's economic recovery package.

The Hollings amendment is a thinly veiled attempt to defeat the President's program. The President has proposed a tax cut for all Americans. This amendment proposes a massive tax increase for all Americans. I believe the choice is clear.

I urge my colleagues to vote against this amendment.

Mr. President, I simply wish to point out that what the President has proposed is an economic recovery act, the purpose of which is to deal with each of the problems that have been mentioned in the prior discussion.

In my own contact with the people I find that the American people are concerned with high interest rates. I find that they are concerned with the very high rate of inflation. I find that they are concerned about unemployment.

What we are trying to put in place are some policies that will provide an environment of growth.

One of the facts that I think has to be recognized is that the United States is no longer competitive in world markets. One of the reasons that we are not competitive in world markets is that our chief competition abroad, the Japanese and West Germans, are replacing their plants at a much more rapid rate than are we. They are able to do so because their people save far greater than we do and in

the case of the Japanese are taxed far less than are we.

I have sat in these Chambers many years listening to people talk about deficits and about balancing the budget. They are always saying that we cannot cut taxes because there will be too large a deficit.

I said 2 years ago and I said it a year ago and I say it again, too many people are trying to balance the budget on the backs of the American taxpayers. The fact is that revenue is growing roughly from $500 billion to $1 trillion by 1985 because of inflation creep, because of the increases built into the social security program.

The fact is that every American, particularly the typical working American year in and year out has faced substantially increased taxes.

I simply wish to point out that the typical American family of four that in 1976 earned roughly $16,000 because of the failure in the past to create an environment of growth must earn today something like $25,000 or $26,000 to have the same purchasing power, buy the same food, the same clothing, and the same shelter.

However, because of inflation creep and the other taxes that family of four finds their taxes have increased $1,400 during the last 4 years, which means that even if they are lucky enough to get the cost-of-living increases that purportedly keep them even they find that their standard of living has declined.

The same is going to happen in the future. It has been predicted that in 4 years that same family will have to make roughly $35,000 to $36,000 to have the same purchasing power it has today at $25,000 to $26,000.

However, it also means that they face a tax increase of $3,500. The typical tax bill of $4,500 will jump to $8,000.

Mr. President, we just celebrated last Sunday tax freedom day. What does tax freedom day mean? It means that last Sunday was the first day that the typical American family worker began working for himself. Every dollar he or she had earned up to that day goes to Government at one level or another.

It is this kind of a problem that the President is trying to attack. He is trying to put in some long-term programs that will create an environment of growth.

I know many of my colleagues here are sincere and well-meaning when they say they put as a first priority deficits and balancing the budget, but the fact is that this same argument has been echoed year in and year out and Congress has consistently shown that it will spend every dollar taken in revenue and as many dollars as they think they dare, they go beyond.

I, for one, believe the time has come when we make certain that we decrease the growth of Government and that we begin recognizing the plight of the working people of America.

I for one believe that it is important to tell the American people now that they will have a tax reduction 3 years in a row of the kind proposed by President Reagan.

I point out that if we do not do this this same typical family I was referring to earlier faces a 76-percent increase in taxes and even after the Reagan proposal or the Roth-Kemp, whatever you want to call it, will still face a 42 percent increase.

What we are trying to do is we are trying to let the working people keep more of their money, offset the tax increases that are built into the package, and for that reason I think it is extraordinarily important that the first budget resolution permit the kind of tax reduction that has been proposed in the President's economic recovery program.

It is, of course, true that exactly what the tax cut incorporates will depend upon the will of the House and the Senate. But I say again that I, for one, think it is important to give real relief to the working people, that that relief will be beneficial not only to them and to help create an incentive to work, to save and to invest, but it will also be very helpful to small business and others. The 3-year reduction will reduce capital gains from 28 to 20 percent, and that is a significant factor for investment in small business.

But, Mr. President, I am concerned by those who would only want to adopt a 1-year tax package because there are those who think that if we can keep the high revenue in place then we can return in some future year, when the American people are no longer on this conservative bent, and go back to the ways of ever-growing Government, ever-growing Government spending.

So I will say in closing, Mr. President, I urge the rejection of the Hollings amendment; that the Budget Committee recommendation must be the first step, and only the first step, to provide the kind of real tax relief that will create an environment of growth in the United States of America.

I yield back the floor.

Mr. CRANSTON. Mr. President, will the Senator from South Carolina yield time on the bill?

Mr. HOLLINGS. I yield the Senator 10 minutes on the resolution itself.

The PRESIDING OFFICER (Mr. SPECTER). The Senator from California.

Mr. CRANSTON. Mr. President, first, let me say I will support the amendment offered by the distinguished Senator from South Carolina. I recognize that we are only talking about the dimensions and not the precise terms of a tax cut. I recognize that the Committee on Finance will write the tax bill. Certainly knowing Senator DOLE and Senator LONG that will be the case. But a vote for this amendment is a way to indicate a desire not to have a Kemp-Roth type tax cut, and I, therefore, will support the amendment.

As to the budget situation itself, Mr. President, I intend to vote against the Reagan administration budget when it comes to a vote in the Senate Tuesday.

And I predict that the economy will be in deep trouble if President Reagan gets everything he is seeking.

The President's budget is badly out of balance.

And I am convinced his economic plan will fail to produce a balanced budget even by 1984.

His proposal to make a quarter of a trillion dollar 3-year, 30-percent cut in personal income taxes simultaneously with a $181 billion increase in military expenditures over 6 years is surely a prescription for everlasting inflation and sky-high interest rates.

It will boost cumulative defense expenditures over the 6 years to $1.5 trillion—I repeat, 1.5 trillion—dollars.

Mr. President, I agree, generally, with the overall amount of President Reagan's budget cuts.

We must reduce Government spending.

But some of the President's cuts have been too severe.

Examples abound. Among them:

Cutting Indian health programs.

Cutting education of handicapped, neglected, and delinquent children.

Cutting milk and other food to needy mothers, infants, and schoolchildren.

Cutting the food stamp program, for those who really need them.

One million children from families with incomes between $10,000–$15,000 will have to pay 300 percent more for a school lunch next year. How can you call that anti-inflationary?

And ironically for an administration so concerned with beefing up the military, the Reagan-Stockman budget also chops medical care for hospitalized veterans.

This is only a partial list.

I have not mentioned the deterioration of the infrastructure of the once-great American economy. As more than one Member of Congress has pointed out, bridges all over the country are collapsing. Sewers and water lines are rotting away. City transit systems are breaking down. Billions of dollars in coal for export pile up in antiquated seaports, and our airports are congested almost beyond belief for lack of development funds.

We must not delude ourselves that the burden of these cuts will be assumed by States and local governments—as the administration suggests.

It will not. States and local governments cannot afford these burdens even now with Federal help. And they face tremendous cuts in Federal assistance under this budget.

Mr. President, too many people—too many children, elderly people, handicapped people, veterans needing medical care—are going to fall through the administration's so-called social safety net and get badly hurt.

And their sacrifices, I fear, will be in vain.

The administration justifies cutbacks in social programs as a step toward balancing the budget and controlling inflation. But whatever economic benefits these cutbacks may bring will be negated by the rest of President Reagan's economic package—of huge defense increases and excessive tax cuts.

The result is bound to be continued imbalanced budgets, continued deficits, continued high interest rates, and continued inflation.

The renewed surge in interest rates is early evidence that the administration's

anti-inflation program will not work—and that the financial community knows it will not work.

High interest rates and cost-of-living increases due to inflation will probably boost the 1981 budget deficit to nearly $60 billion, some $5 billion more than the administration predicted.

Most traditional economists suggest that the string of big deficits which the Reagan budget will create will fuel additional consumer demand, overheat the economy, and cause more inflation. In an economy that already is short of investment capital, Federal borrowing will deny potential investors the needed capital to satisfy rising demand.

This is particularly true when the growth in the money supply triggers retaliatory action at the Federal Reserve, whose tight money policies the administration has publicly endorsed. The Fed raises interest rates, further choking off the borrowing of investment capital needed for plant expansion and economic recovery.

Mr. President, the President's men tell us to ignore traditional economists and to buy, instead its own economic package. But since there is not applicable economic experience by which one could test the Stockman theory, we are asked to buy it on blind faith.

I, for one, do not have that particular faith.

Investors have no faith that the Reagan economic program can work, even in the long run.

The U.S. Treasury last week was forced to pay 13.99 percent—the highest price ever—for 30-year financing of Government debt.

Demanding nearly 14-percent interest for the next 30 years—that is how much confidence investors have that the Reagan economic program will bring down interest rates and curb inflation.

Treasury Secretary Donald T. Regan, who considers anything over 15 percent a high interest rate, admitted last week that interest rates will go to 20 percent or higher, and will remain high "for several months." Some analysts believe the prime rate, which hit 19 percent last week, could go up to 24 percent.

High interest is hurting the very business community that needs to be helped if productivity is to be increased and inflation licked.

There has been a 46-percent increase in corporate failures for the first 17 weeks of 1981 compared with the same period last year.

The Wall Street Journal reports that even a top White House official concedes that the recent turmoil in the financial markets "indicates a lack of confidence in the President's program."

Many financial experts feel that Reagan's planned budget cuts will not offset the stimulative effects of his proposed defense spending increases and tax reductions, and that heavy Government borrowing will continue to keep interest rates and inflationary expectations high.

Mr. President, economic prospects under the Reagan program are worsened by the fact that the President apparently has no serious arms-control plan to bring the arms race to an end.

In fact, it is painfully clear that the administration has no arms-control policy.

All they are offering the American people is a monstrously escalated arms race at great cost and at great risk.

President Reagan is not showing the American people any more light at the end of the arms race-inflation tunnel than Presidents Johnson and Nixon showed us at the end of the Vietnam tunnel.

A substantial increase in the defense budget is needed.

But without a determined concurrent effort to achieve arms control it will trigger a chain reaction arms race with the Soviet Union that is too likely to lead to more and more inflation while giving us less and less security.

It will also trigger more waste in the Defense Department where Budget Director David Stockman, apologizing for the administration's delay in ferreting out waste in the Pentagon, admits, "There's so much waste that it has taken us longer to figure it out."

We must review the defense budget with great care, and only give the Pentagon what is truly needed for our security.

Mr. President, our current inflation began with the Vietnam war when President Johnson and Congress increased military spending more than $26 billion between 1965 and 1970. That is $59 billion in today's money. And Johnson refused to raise taxes to help cover the cost and to hold down consumer demand.

President Johnson's military buildup to fight the Vietnam war, coupled with high domestic expenditures to fight the war on poverty—all without a compensating tax increase to pay the cost of both wars—overheated the economy at the wrong time and caused inflation.

Now President Reagan is repeating Johnson's inflationary mistakes—in spades.

The President is proposing that we put $181 billion in new money into the defense budget through 1986—more than three times the $59 billion in today's dollars that we spent during the Vietnam buildup.

And he is not asking that we pay for it with a tax increase. Instead he is proposing a personal income tax cut of $44.2 billion the first year—and a total reduction of $250 billion over 3 years—under the Kemp-Roth tax cut plan.

I will do what I can to defeat the Kemp-Roth tax cut.

Mr. President, I have serious doubts about the economic wisdom of any cut in the personal income tax rate at this time.

But if there is to be a cut, it should be limited to no more than 1 year at a time.

Pass a single-year income tax cut if we must. But then let us wait to see what happens to the economy before deciding whether additional cuts are called for.

And if there is to be an income tax cut, it should give moderate and low-income families a better tax break than is being provided by the President's formula.

Balancing the budget, stimulating productivity and curbing inflation—not cutting personal income taxes—should be the Nation's No. 1 domestic priority at this time.

I favor a much stronger program for tax incentives to stimulate productivity and encourage savings and investments than President Reagan seeks.

I favor:

Cutting the capital gains tax rate.

Lowering the current 70 percent maximum tax to 50 percent.

Allowing accelerated depreciation of new plants and equipment.

A research investment tax credit.

Raising the tax-free level on income from savings and investment earmarked for housing.

Cutting inheritance taxes to preserve family businesses and farms.

Mr. President, not only is the President's budget out of balance, but so is his basic economic approach.

He cuts too much out of essential domestic programs.

He cuts too much out of revenues from personal income taxes—not for 1, not for 2, but for 3 straight years.

And, on the other hand, he does not call for enough productivity tax incentives for business.

And he proposes the largest peacetime military expenditures in the Nation's history.

I disagree. Strongly.

I believe we must carefully review the proposed defense budget, and tailor it down to the military's true needs and current capabilities.

I believe we must push forward more vigorously to achieve an arms control agreement with the Soviets and end the military hemorrhaging of our economic lifeblood.

I question the wisdom of any cut in the personal income tax rate at this time.

I believe we must limit a personal income tax cut at this time to 1 year—at the most.

The savings we realize will enable us to:

Put back into the budget funds for the strategic petroleum reserve—which President Reagan also wants, but which has been cut out of his budget proposal. I believe filling the reserve to reduce our dependence on Arab oil is essential to our military and economic security.

The savings will also enable us to restore some of the more Draconian cuts proposed for our important social programs.

They will enable us to offset whatever temporary drop in revenue might result from reductions in business taxes.

And they will enable us to reduce the size of the deficit in President Reagan's fiscal 1982 budget and get us to a balanced budget before the President's target year of 1984.

Except for arms control negotiations, which are in the hands of the administration, Congress can and should do all the things I have outlined in the course of legislating on the budget and on taxes this year.

Such action on our part will reassure investors and the business community generally.

It will stimulate industrial productivity.

It will help bring down interest rates.

It will more effectively curb inflation.

And it will protect those among us who need protection.

This modification of the President's program—not the precise program the President proposes—will come much, much closer to meeting the economic mandate from the American people that Ronald Reagan asserts he received in 1980.

Mr. BIDEN addressed the Chair.

Mr. HOLLINGS. Mr. President, I yield such time as is necessary on the resolution to the distinguished Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. I thank the Senator from South Carolina. I thank him for allowing me to be a cosponsor of this amendment.

We are all pretty well squared away in this body about what our views are of tax cuts. We have been debating them for some time now. There are various reasons for various Senators supporting various proposals.

For example, the Senator from California just spoke as to one of the reasons. His position with regard to tax cuts was based upon the need for additional expenditures in the future and his concern about the defense budget.

I am sure that is not the same rationale that impels the Senator from South Carolina, and is not the one which moves me to cosponsor this amendment.

My concern, Mr. President, is twofold: First and foremost, and my continuing concern, is inflation; the second is productivity. I am not sure that I can really be ordering them as one and two, but they are the two issues so far as I see it.

Several years ago, Senator NUNN and others of us, and no one has been in the forefront of tax cutting more than my senior colleague from Delaware, we on the Budget Committee suggested a tax cut, a moderate tax cut by comparison to President Reagan's tax cut, and we argued then it was needed.

I argue that a tax cut is needed now. I think it has been needed for some time.

But it seems to me, to respond to some of the comments that have been made by my colleague from Delaware, by the Senator from Kansas, Senator DOLE, Senator DOMENICI, and many others who have spoken here today, that we are sort of mixing our apples and oranges here.

I used to work with a fellow who was a pretty good criminal trial lawyer, a fellow named Sid Balick, up in Delaware. He used to always—no matter how sophisticated the case or how sophisticated the jury—he used to always begin his jury summation by saying:

Ladies and gentlemen of the jury, the most important thing here is to keep your eye on the ball. The ball is whether or not the crime was committed by John Doe, my client. Now, let's keep your eye on that. It is not whether or not John Doe is a basically honest man, not whether or not John Doe dresses well, not whether or not John Doe is a rotten son of a gun or a great father. It is whether or not John Doe committed the crime.

Well, I think we should keep our eye on the ball here. The reason for the tax cut as offered by the President—and everyone talks about it—is related primarily to doing something about productivity and doing something about inflation.

Unfortunately, I think a lot of other folks on the floor here have their eye on a different ball, and it is not in the game. There are some here who believe very deeply that the reason we should have a tax cut does not have a thing to do with either of those things. It is just to keep the money out of the hands of those liberals so that they do not come back with all these programs again.

That is why some do not want to cut taxes only in 1 year, even though it might make good sense to plan only for a year. I have not figured out how this Government can determine what is going to happen 6 months from now, let alone 3 years from now.

The reason the President, I suspect, wants a 3-year tax cut is that, above and beyond the supply-side effect that it will have, that is by pumping the economy, unleashing America and all those things that we all want to happen, when America gets going again, we do not want to have the extra dollars lying around because we do not want any more food stamps or money for the handicapped or more money for those liberal programs. That is one reason to want a 3-year tax cut.

I am not saying that everybody who wants one wants it for that reason. But there are some folks who want it for that reason.

Other folks, like Members on my side of the aisle, do not want the Roth-Kemp tax cut or the Reagan or whatever you want to call it tax cut, they do not want it for the exact opposite reason. They do not want to gin it up again. They want to go back to spending for these programs, even if the programs do not work real well. They want to throw money at the problems and they figure there would be more money back there again and they could start throwing the money again and that may solve the social problems.

But keeping our eye on the ball, I thought, although I am not an apostle of the supply side, I thought the only reason for a tax cut was to get the economy moving now. The issue is not whether or not there is going to be too little or too much money lying around in the year 1984 and whether or not liberals or conservatives are going to take certain positions on certain programs of spending. The issue was whether or not we were going to do something about inflation and whether or not we are going to do something about lagging productivity in this country.

I was told, from my inception of sitting on the Budget Committee, that the way you do things about productivity is you have to make it easier to amass some capital; that businesses have to have that money to invest.

And I am told that the way supply side economics works is, if we get these folks out there investing money, building new plants, hiring new people, everything is going to start to move.

Well, I have become a mild, if not apostle, a mild disciple of the supply side. If supply side makes sense, if we are taking action on a tax cut primarily for the purpose of making it easy to amass capital and get people to invest and to impact upon productivity in this country, then why not give it where it is needed?

The distinguished Senator from the State of South Carolina has done that. I am flattered that he refers to this as the Hollings-Biden amendment. But the fact is he did all the work on this amendment. He is the one who came up with the idea. He is the one who put it forward.

It is very simple. He says:

Look, if, in fact, you all want to do something about getting business going, let's give business a tax cut. Let's take care of that. We are talking about that. We give that to them right away.

That is the supply side, not the demand side. The demand side is when you give my mom and dad a tax cut. And, God bless them, they would like it. As my father said, he may be able to take my mother out for a good meal on the salary they make.

Who are the working people who are going to get this income tax cut? Well, obviously, anybody who works. Usually the way we use that, we use that in the generic sense in politics. By the "working people," we usually mean people who are making something less than $40, $50, $60, $70, $80, or $100,000 a year. Obviously, everybody is a working person.

But we are telling those middle income folks out there: "Here it comes, you have a big one coming." But it will not be that big. They are not, by and large, going to be making massive investments. They are not going to take that money to the stock market and buy in. They are going to pay for their heating bills. They are going to do all the things they have to do, which is important.

The fact of the matter is that such a tax cut is not going to help much in terms of spurring the economy, where we are talking about needing to do it, without it being inflationary.

All the Senator from South Carolina is saying is: "Let's get things under control. Let's do something about inflation."

Let us do something about what I heard for the last 3 years from the other side of the aisle—"balance the budget; balance the budget; balance the budget; balance the budget."

Every TV commercial I turned on, every Republican was standing there marching like a tin man: "Balance the budget; balance the budget." Every commercial I heard politically: "Balance the budget; balance the budget."

How many times did we hear: "The sole reason for inflation is"—not part of the reason, not a little bit of the reason, not some of the reason—"the sole reason is the Federal deficit." We heard this and heard it and heard it.

Well, you have converted some of us. You converted some of us 3 or 4 years ago. We are trying to help you now. Let us balance the budget, because you convinced me.

You heard all these folks coming down, business men and business women. Sen-

ator HOLLINGS knows they used to come down and talk about crowding out. Everybody was worrying about crowding out.

Four years ago, I heard. They said, When the Government has that big deficit, it has to go out and borrow all that money and it is competing with business to borrow that money. Businesses want to build steel mills and automobile plants. So the Government is crowding out private investment and making interest rates go higher.

Well, the Senator from Mississippi spoke eloquently about the young people in his community. They cannot buy homes. They do not do things because interest rates are so high.

Mr. President, I am taking much more time than I anticipated. But let me sum it up this way. If supply side makes sense, if it makes sense, let me steal a phrase from a former Director of OMB, Jim Lynn, who used to talk about getting "bang for the buck." Well, if the idea is to spur productivity, then it spurs it even more if you give it directly to the business.

Let us cut out the middleman. Let us get right to the productivity. This amendment does that. It gives business the tax cut. Then this amendment takes care of two or three of the most onerous examples of malapportionment of the tax burden for individuals. Then it says we will give folks a general tax cut effective next year.

All of this could be so much puffery on my part and my colleagues on the other side would say, "It's all right for you to get up there and talk about balancing the budget, but you really don't mean it."

Mr. President, let me tell you something. Unlike some of the folks on that side of the aisle or this side of the aisle, I feel very deeply about some of the social programs that I voted to cut. I voted with the President on reconciliation. I voted to give the President 85 to 90 percent of all the expenditures cuts that he wanted, and I believed in the programs. But I felt the economy is so out of kilter we have to do it.

I think I, who have a view very different from some of my colleagues on the conservative side of the spectrum, have demonstrated I meant what I said. I voted to cut programs I do not like to vote against. I voted to cut programs the Government has a business being in. I voted to cut programs that are good programs. The reason I did is we have to cut expenditures to get this thing under control.

Now, let us not go on a binge and come along right after making those spending cuts and decide that there will be no money out there or anything other than a great big deficit for us to deal with.

This tax reduction is coming after the expenditure cuts. I went along with the expenditure cuts and I am continuing to vote for them. But, Mr. President, it seems to me that we are missing the boat if, in fact, we do not go with a reasonable, moderate tax proposal.

As a last comment, the Senator from Kansas said, "Give me flexibility" in the Finance Committee. I did not hear anybody say give us flexibility on the spending side. I did not hear anyone from Appropriations asking, "Give us flexibility."

I think it makes a lot of sense to support the Senator from South Carolina. I am happy to be a cosponsor. I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I yield myself as much time as is necessary on the resolution. I will speak only for a moment and then yield back the time unless anybody wants to speak further on the amendment.

First, Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to include the distinguished Senator from Nebraska (Mr. EXON) as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. If we can get our disguished manager of the bill (Mr. DOMENICI) in the Chamber, I want to make a couple of remarks to him.

Before I do that, though, let us examine how this amendment was formulated.

At one time, years back, there was a visit to the sunny valley section of the State of the distinguished Senator from California. People from the Lockheed Corp. showed me some 20 years ago how they made a Polaris submarine. It was something like strategic steps: Testing, engineering, production—a step process, as they called it. They knew the result they wanted and figured out how to get the materials. They worked themselves backward, fashioning what they wanted in the first instance.

In a similar fashion I prepared this proposal. We had the costs of all the different tax cut bills in front of us. We saw exactly what we had been cautioned about—that deficit spending and the loss of revenues that would ensue from most of these tax cut measures would make it nearly impossible to balance the budget by 1984.

In working with the Congressional Budget Office, we sort of backed into this amendment.

What we were looking for was the kind of framework, the size framework, that could balance that budget and stop inflation and high interest rates.

We could not do it with a $40 billion or $50 billion or $30 billion tax cut. We needed to reach the high ground under alternate sets of economic assumptions. One set of assumptions was President Reagan's economics of hope and optimism, which involve a quadrupling of the economic growth rate from 1.1 percent in 1981 to over 4.2 percent in 1982, and an inflation rate that declines from slightly over 10 percent in 1981 to about 8¼ percent. Nobody expects these things to occur.

The other set of assumptions were prepared by the Congressional Budget Office, which we have always relied upon until the charade of this budget resolution. My proposal achieves a balanced budget by 1984 under the realistic CBO economic assumptions or a balanced budget with a surplus using "Reaganomics" by 1983, rising to a surplus of $50 billion in 1984. This proposal allows for a 1982 tax cut of about $20 billion.

I looked for those measures that the Finance Committee had considered that had more of an effect on supply. I included the partial elimination of the marriage penalty and the $1,000/$2,000 exemption for interest and dividends income. Those are targeted truly to the supply side. This measure would definitely promote savings in America. That was the only way to qualify for the exemption. For business investment incentives I choose the better depreciation allowance (2–4–7–10) that had been included in the Finance Committee version of last year.

So I backed into it because I knew exactly what the Finance Committee had done. That is why we formulated this measure to make certain that we put an end to deficit spending, that we stop the red ink, and that we stop the inflation which the Senator from New Mexico says is increasing taxes faster than they can be cut under Kemp-Roth.

Let me emphasize another point:

The Finance Committee loves flexibility. And I rather enjoyed the dialog on that point. My distinguished colleague from Georgia said he did not realize that the Finance Committee was proceeding in a deliberate, flexible, and objective way. He came to the floor to support the Senator from South Carolina. But now that he has heard the distinguished Senators on the Finance Committee say they are going to be objective and considerate, since they were going to have all that flexibility, then his tendency was to support the Senator from Kansas in defeating my amendment.

Mr. President, you know my admiration for the Senator from Georgia. But let him not be misled. The intent of this amendment is to remove the Finance Committee's flexibility. That is exactly why it is the size it is. If it is given the flexibility to do so, it will report a $50 billion or more tax cut. That will not get us a balanced budget.

The Senator from Arizona said he would nominate President Carter if he balanced the budget. Well, I shall nominate President Reagan for reelection if he balances the budget by 1984 under the guides of the first concurrent resolution.

Mr. President, let us not worry about that. I am trying my best, I say to the Senator from Oregon, to save President Reagan's program, to save the Republican Party from the cancer of Kemp-Roth. They have been asking us to do it, quietly, as Senators and colleagues. The Senator from Louisiana did not endorse Kemp-Roth, the Senator from Kansas did not endorse it. They know what is wrong with it. The whole idea was, we were saying on the Democratic side, to support the President, to let him have his program, and then disaster will come and we will be back in office.

But the Republicans were saying, "Let us hope Kemp-Roth will die." So my amendment is offered as a last clear

chance to save President Reagan's program. This is the Republican alternative, I say to the Senator from Alaska. He has heard of the Democratic alternative. I am giving him the Republican alternative. I hope he will support it because, on this basis, we shall then have a chance for the program to work.

Mr. President, the country does not have the luxury of worrying whether it is the Democratic alternative or the Republican, whether it is the President's program or someone else's. This is really the last clear chance. If it does not work under President Reagan, I cannot see it necessarily working under the Democratic banner. I wish I could, but I am in the minority on this issue.

They object that we have not had hearings. The truth is that the Finance Committee has had hearings on Roth-Kemp.

Where was the Senator from Delaware? We have had 3 years of hearings on Kemp-Roth. And they are going to have more hearings. We all know about Kemp-Roth. If there is one thing in the first concurrent resolution that has had hearings, it has been Kemp-Roth.

Mr. President, who is out on the floor increasing taxes and who is decreasing taxes? I respectfully submit that this amendment will be the biggest tax cut you can possibly afford, even though it is limited to $20 billion, since it guarantees a balanced budget. It guarantees Government back in the black, rather than in the red.

We are back to the very poignant story of Senator STENNIS. That could not have been staged. He said he traveled all around Mississippi and he asked big people, little people, small store owners and everyone else. He said they were not asking for a tax cut; they were asking for an end to high interest rates, and for lower inflation. That is the kind of cut they want. People with commonsense out there are way ahead of President Reagan, ahead of Senator HOLLINGS, ahead of Congress, ahead of Washington. They know; we are not kidding anybody.

Take any poll. They would rather have lower inflation and really get some tax relief than any of these other so-called tax cuts. They have heard, time and again, about productivity and the blessings that Government has spread around. We have not spread any blessings.

What did Friedman say? "Thank goodness government was so inefficient, because otherwise, it would be crushing?" Another said, paying his taxes in a cartoon I saw the other day, "Thank goodness we don't get the government we pay for."

Mr. President, we are trying to get less government. That is what President Reagan is trying for. But how do they get these increases in taxes? The distinguished Senator from New Mexico said taxes are the highest in history.

The tax schedule was the highest in history 10 years ago; the tax schedule was the highest in history 5 years ago. That schedule has not been increased.

What has increased the taxes? Inflation has. Who has caused it? You can talk about food, you can talk about oil, the OPEC cartel and everything else. That is part of it, but one of largest contributors to inflation in the last 10 years has been deficit spending. You guarantee deficit spending with this kind of tax cut. You are the one who is increasing the taxes. It is not me.

The distinguished Senator from New Mexico said, "Senator HOLLINGS cut taxes so much but not enough to offset the tax increases." But those increases are not increases in tax rates. They were in revenues that were caused by those being ratcheted up into the next bracket due to inflation.

The Republican measure is inflationary. They are the ones increasing taxes. Do not blame me and say that I am against the tax cuts. I am the one who has the proposal on this floor to really cut taxes by cutting inflation.

We can lower taxes if we really improve productivity or we can lower it by cutting inflation. My proposal is solely, 100 percent, on the supply side. It reduces the 1982 deficit by $25.8 billion. It balances the budget by 1983 and it sends Wall Street the right signal.

Mr. President, the stock market is down 13 points today, down 61 points in the last 11 days. The Senator from New Mexico would suggest that the market does not believe Congress will cut the budget. That is not what they are worrying about. They are worrying now about Kemp-Roth. Ask them.

I asked Dr. Arthur Burns, "Would you cut $44 billion across the board?"

The Senator was there in the Budget Committee. Look at the record. He said "no."

Who is recommending this thing? It was recommended 3 years ago in entirely different circumstances and now supported by the Republican administration.

I can tell you here and now, Mr. President, there is no education in the second kick of a mule. I have had enough of this. This is the last clear chance and our only hope is over on that side of the aisle and they know it, if they can really eliminate the flexibility in that Finance Committee and save them from themselves. I have the greatest confidence in Senator DOLE. He will bring back a business cut. That is what we are trying to get. But right now we have to head in the right direction. That is the main question with this amendment.

Adlai Stevenson, once asked whether he was a conservative or a liberal, said, "That is not the important question. The important question is, Am I headed in the right direction?"

President Reagan, until this, was headed in the right direction. He is headed in the right direction on defense. He is headed in the right direction on spending cuts. He is headed in the right direction on the size of government. He is headed in the right direction in trying to get it back to the local level. But when it comes to this measure, he knows. He is the one who said, "Put that thing off until July, and let's look at it then."

The Republicans can get together now and say, "We have won and we have saved the party, and we have one last clear chance to save the country and give the right signal," and really cut out this increasing of taxes through inflation—not the supply-side thing for business and productivity.

Do not tell me about international trade. That was 3 years ago. We even changed the entire trade mission of the Department of Commerce. That is a 3-year-old talk, when we had a recession.

This is what Max Friedersdorf said about the chairman of the Ways and Means Committee, I say to the Senator from Alaska:

> If I were Danny Rostenkowski, I would be coming in to talk with the President about his program and get the best deal I can before the tidal wave rolls over him.

The tidal wave has rolled. We are out. You are in. You have won. I congratulate you. But, for heaven's sake, do not do as Bossy the cow, give a full pail of milk and kick it over, with this Kemp-Roth nonsense.

Mr. DOMENICI. I yield myself 1 minute, Mr. President.

What did the Senator say about the mule—the second kick of the mule?

Mr. HOLLINGS. We had that, you and I. We were balancing the budget and went through the same song and dance last year, and we got kicked.

Mr. DOMENICI. Mr. President, this has been an exciting debate. It included such themes as the last clear chance, laetrile, and the wealth machine. Maybe we will style this debate so that you will get the last clear chance and laetrile and I will get the wealth machine in the caption.

I say to the Senator, in all honesty, that I appreciate his genuine concern for the deficits. I believe he has made an excellent point.

Those who are responsible for our tax package have to understand that those who are trying to put together the budget are in favor of tax cuts, but we are very worried about sending the wrong signal on extremely large deficits. We hope that they will not occur; that we will find new productivity growth; that the deficits will be as predicted; that we will then get our balanced budget in 1984 and revive this economy.

Mr. President, is the Senator ready to vote?

Mr. HOLLINGS. Yes, I am ready to vote. This is the last clear chance. I yield back the remainder of my time.

● Mr. LEVIN. Mr. President, I cannot quarrel with certain assumptions made by this amendment offered by the Senators from South Carolina and Delaware. Their amendment recognizes the fragile economic assumptions upon which the revenue and outlay estimates of this budget are premised. Assuming a smaller tax cut in 1982 and the outyears, their amendment recognizes the possibility of huge deficits if Congress accepts the administration's prescription for a tax cut.

Nonetheless, I oppose this amendment because it limits the Finance Committee's discretion. Voting against this amendment, I do not endorse the administration's tax plan, an inflationary and deficit prone tax plan. This Senate is not endorsing a particular plan. It is simply permitting the Finance Committee greater latitude.

It is my hope that such a tax plan will be similar to the one approved last year by the Finance Committee. That plan proposed effective incentives for savings and investments not offered in the administration's plan. It also was written in a way that outyear revenue losses would be far less than those expected under the administration's tax plan.●

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), and the Senator from Indiana (Mr. QUAYLE) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Oklahoma (Mr. BOREN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), and the Senator from Rhode Island (Mr. PELL) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. SASSER) is absent because of death in the family.

The PRESIDING OFFICER (Mr. GOLDWATER). Are there Members in the Senate who have not voted who desire to vote?

The result was announced—yeas 14, nays 74, as follows:

[Rollcall Vote No. 102 Leg.]

YEAS—14

Biden	Exon	Jackson
Byrd, Robert C.	Glenn	Pressler
Cranston	Hart	Weicker
Dodd	Hollings	Williams
Eagleton	Inouye	

NAYS—74

Abdnor	Hatch	Nickles
Andrews	Hawkins	Nunn
Armstrong	Hayakawa	Packwood
Baker	Heflin	Percy
Baucus	Heinz	Proxmire
Bentsen	Helms	Pryor
Boschwitz	Huddleston	Randolph
Bradley	Humphrey	Riegle
Burdick	Jepsen	Roth
Chafee	Johnston	Rudman
Chiles	Kassebaum	Sarbanes
Cochran	Kasten	Schmitt
Cohen	Laxalt	Simpson
Danforth	Leahy	Specter
DeConcini	Levin	Stafford
Denton	Lugar	Stennis
Dixon	Mathias	Stevens
Dole	Matsunaga	Symms
Domenici	Mattingly	Thurmond
East	McClure	Tower
Ford	Melcher	Tsongas
Garn	Metzenbaum	Wallop
Goldwater	Mitchell	Warner
Gorton	Moynihan	Zorinsky
Grassley	Murkowski	

NOT VOTING—12

Boren	D'Amato	Pell
Bumpers	Durenberger	Quayle
Byrd, Harry F., Jr.	Hatfield	Sasser
Cannon	Kennedy	
	Long	

So Mr. HOLLINGS' amendment (UP No. 82) was rejected.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Ohio.

The PRESIDING OFFICER. The Chair will inform the Senator that under the previous order, the Senator from Montana is to be recognized next.

Mr. DOMENICI. Mr. President, the Senator from Montana is not ready at this time. I ask unanimous consent that we proceed with the first Metzenbaum amendment without the Senator from Montana losing his place on the preferential list.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 83

(Subsequently numbered amendment No. 50)

(Purpose: To eliminate the use of commodity tax straddles)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an unprinted amendment numbered 83.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 6, strike out "$650,300,000,000" and insert "$651,600,000,000".

On page 2, line 11, strike out "$51,300,000,000" and insert "$50,000,000,000".

On page 3, line 4, strike out "$48,800,000,000" and insert "$47,500,000,000".

On page 3, line 9, strike out "$1,091,200,000,000" and insert "$1,089,900,000,000".

On page 3, line 10, strike out "$1,154,300,000,000" and insert "$1,153,000,000,000".

On page 3, line 11, strike out "$1,197,600,000,000" and insert "$1,196,300,000,000".

On page 3, line 15, strike out "$91,400,000,000" and insert "$90,100,000,000".

Mr. DOMENICI. Mr. President, might I ask the Senator from Ohio a question with reference to timing?

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, 5 weeks ago I offered an amendment to the budget on the subject of tax expenditures. That amendment provoked an extensive debate as to the question of timing. Was it or was it not——

Mr. DOMENICI. Mr. President, will the Senator yield for an inquiry with reference to time?

Mr. METZENBAUM. I certainly will.

Mr. DOMENICI. It is my recollection that on this amendment the Senator had previously agreed to a time limit of 1 hour on each side. Later we talked about a half hour equally divided. Is the Senator disposed to agree to a half hour equally divided?

Mr. BAKER. Mr. President, before the Senator answers, will the Senator yield to me for a brief moment?

Mr. METZENBAUM. Certainly, Mr. President.

SEQUENCE OF BUSINESS

Mr. BAKER. Mr. President, if I could have the attention of the distinguished minority leader, I have been checking on this side to see if we can try to arrange a sequence of business to be transacted by the Senate yet tonight and tomorrow. I should like to propose a unanimous-consent request in a few moments, but let me describe it first and see how the Senator from Ohio would feel about it and then, of course, the managers of the bill and the minority leader.

The Metzenbaum amendment is pending, Mr. President. I would propose—and this is not yet a unanimous-consent request—that we go ahead and debate that amendment tonight and put the vote over until the first thing after we dispose of the routine business of the Senate in the morning; that we then proceed with the scheduled amendments that we have already outlined; and that we enter into an agreement that passage of the resolution will occur not later than 7 p.m. on tomorrow; and that, following the disposition of the resolution tomorrow, we turn immediately to the consideration of the defense authorization bill, with the opening statements or whatever debate the Senators may wish at that time, but no vote on that bill until we resume consideration of it on Wednesday.

If that general arrangement has some appeal to the Senator from Ohio and the distinguished minority leader and the managers, I should be willing to propound that or some variation of the agreement. If we do that, there will be no more votes tonight, but I would ask the Senate to be in tomorrow, say, at 9:30.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Mr. President, at what time tomorrow morning would the distinguished majority leader propose to vote on the amendment by Mr. METZENBAUM?

Mr. BAKER. Mr. President, was the Senator speaking to me?

Mr. ROBERT C. BYRD. Yes, Mr. President.

Mr. BAKER. I should think if we convene at 9:30—and if the distinguished

minority leader is willing, I should be willing to reduce leader time to 5 minutes each—that we would have, say, 5 minutes to take care of the approval of the Journal and other routine matters, and that we could resume the consideration of the Metzenbaum amendment at 9:45

Mr. ROBERT C. BYRD. And then vote at what time, Mr. President?

Mr. BAKER. Mr. President, I would expect to use all of the time tonight—let me rephrase that—to use all of the time allocated to debate tonight and vote at 9:45 a.m.

Mr. ROBERT C. BYRD. Would that be agreeable to the Senator from Ohio?

Mr. METZENBAUM. Mr. President, the Senator from Ohio wishes to advise both the majority leader and the minority leader that I called this amendment up this evening with the understanding that we would vote on it this evening. I understand that some Members of the Senate have left. I have no objection whether we vote this evening or tomorrow, and certainly, I would agree to vote at 9:45 a.m. tomorrow.

Mr. BAKER. Mr. President, I ask the distinguished minority leader then if the balance of the request is agreeable to him and if so, I shall now propound that request.

Mr. ROBERT C. BYRD. Yes, Mr. President. I would add this to the proposals that have been made by the majority leader for his consideration:

I would suggest that an amendment by Mr. METZENBAUM on capital gains—which is the amendment now pending?

Mr. METZENBAUM. This amendment is on tax credit; the second amendment would be on capital gains. I am not certain I shall take that matter to a vote. The third amendment has to do with intangible drilling costs.

Mr. ROBERT C. BYRD. Mr. President, I suggest that the distinguished majority leader include in his request the sequence of the second and third amendments which have been referred to by Mr. METZENBAUM to follow after the vote on tax credits; namely, the capital gains amendment and the intangible drilling costs; with the additional proviso that there be a time limit on each—I believe I have cleared this request with the distinguished Senator from Ohio (Mr. METZENBAUM)—of 30 minutes to be equally divided.

Mr. METZENBAUM. That is perfectly acceptable.

Mr. ROBERT C. BYRD. Mr. President, I have a further suggestion that, following the disposition of the three amendments by Mr. METZENBAUM, on one of which the time would have run by the morning, an amendment by Mr. BRADLEY—a package amendment by Mr. BRADLEY—be sequenced and that, following that amendment, an amendment by Mr. MELCHER and Mr. BURDICK—an agricultural amendment—be the next amendment in sequence.

So the majority leader would have five amendments in sequence, with a time limitation on the second and third Metzenbaum amendments of 30 minutes each and with a final vote on the resolution to occur no later than 7 p.m. tomorrow.

Mr. METZENBAUM. Reserving the right to object, Mr. President, and I do not intend to object, the Senator from Ohio would appreciate being in the sequence at the end of the other amendments that have been heretofore mentioned and, after all the other amendments have gone, there is one additional amendment I would like to offer at that time. I would agree to 20 minutes to a side.

Mr. BAKER. Mr. President, will the Senator tell us what that amendment would be about?

Mr. METZENBAUM. Very possibly having to do with tobacco subsidies.

Mr. ROBERT C. BYRD. Mr. President, the Senator would not be precluded by this time agreement from offering another amendment.

Mr. President, would the distinguished majority leader consider the first vote on the Metzenbaum amendment which is now pending, having it occur at 10:15 a.m.?

Mr. BAKER. Mr. President, yes, I shall be happy to do that.

I think this is good progress, Mr. President, and I should like now to propound this unanimous-consent request.

Mr. DOLE. Will the distinguished majority leader yield?

Mr. BAKER. I yield, Mr. President.

Mr. DOLE. Mr. President, it is my understanding that we could vote, perchance, before 7 p.m. We do not have to stay until 7.

Mr. BAKER. Yes, the request I have in mind to make it not later than 7 o'clock to vote. I ask the minority leader if he has any problem with that formulation.

Mr. DOLE. Mr. President, it is the hope of everyone that we might do it before that.

Mr. METZENBAUM. Mr. President, reserving the right to object and I do not intend to object, but unless I am sequenced, it is possible I could be precluded from obtaining the floor before the 7 o'clock vote in order to offer the tobacco subsidy amendment. Upon the assurance of the majority leader that my position will be protected and I shall be recognized for the purpose of calling up such an amendment, I have no objection. Or I am perfectly willing to be in the sequence.

Mr. BAKER. Mr. President, I am perfectly willing to put the Senator in sequence. He is absolutely correct in his interpretation of the situation. I think he could offer the amendment; there would be no time to debate it. But to make sure he is taken care of in the request, I am happy to provide for that sequence.

Mr. FORD. Mr. President, reserving the right to object, what is the time limit on the proposed amendment, if it comes, on tobacco subsidies?

Mr. BAKER. It has not been made yet, but my understanding is that the Senator from Ohio is willing to agree to a 20-minute time agreement, equally divided.

Mr. METZENBAUM. I think 20 minutes to a side.

Mr. FORD. Reserving the right to object, Mr. President, I do not want to object, but this is getting into my territory; they are beginning to meddle. I want to be sure my interest here is protected.

I think 20 minutes to a side probably will be enough, but I do not see any tobacco State Senators on the floor—excuse me.

Mr. MATHIAS. Will the Senator from Kentucky please yield?

Mr. FORD. I think the Metzenbaum amendment just got some opposition, Mr. President.

Will 20 minutes on a side satisfy them?

Mr. HOLLINGS. Sure, Mr. President.

Mr. FORD. Mr. President, I withdraw my objection.

Mr. DOMENICI. Mr. President, reserving the right to object, does this unanimous-consent agreement contemplate that the second Metzenbaum amendment—we would take it up tomorrow morning. There is a lapse of time before we vote on the one he is going to debate tonight. Could we not start on his second amendment in that interim?

Mr. METZENBAUM. That would be perfectly agreeable with me.

Mr. DOMENICI. Then I wonder, Mr. President; it is not my prerogative to protect Senators, but we have put a few Senators out of position. I understood there was a Heflin amendment that was ahead of many of these.

Mr. HEFLIN. Mr. President, I do not think I am going to bring mine up.

Mr. DOMENICI. All right. I thank the Senator.

Mr. BAKER. Mr. President, let me put the request and let us see where we end up. Incidentally, I might say that I have been advised that there might be an objection, at least for the moment, to a time limitation on the tobacco amendment if it is offered, on this side. So for the moment, I shall include in the sequence a tobacco amendment for the Senator from Ohio. but we shall leave it subject to the statutory time limitation of 2 hours equally divided.

Mr. METZENBAUM. That is agreeable.

Mr. BAKER. Mr. President, may I inquire, what is the pending question before the Senate?

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio is the pending business.

Mr. BAKER. I thank the Chair.

Mr. President, what is the time agreement on that?

The PRESIDING OFFICER. Two hours equally divided.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I ask unanimous consent that after the completion of the debate on the Metzenbaum amendment now pending, the vote thereon be put over until 10:15 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate stand in recess today, it do so until 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I ask unanimous consent that the time for the two leaders under the standing order be reduced to 5 minutes each; that the Senate proceed at 9:45 to the consideration of the second Metzenbaum amendment, on which there is a time limitation of 30 minutes, equally divided; that debate on that amendment continue until it is completed, to be interrupted at 10:15, if need be, for the vote to occur on the first Metzenbaum amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. That following the completion of debate on the second Metzenbaum amendment, a vote occur thereon, if ordered, to be followed in sequence by the third Metzenbaum amendment, on which there will be a time limitation of 30 minutes, to be equally divided; that the second Metzenbaum amendment shall deal with capital gains and the third Metzenbaum amendment with intangible drilling costs; that, in any event, the amendments must be germane under the act; that after the disposition of the third Metzenbaum amendment, the Senate proceed to the consideration of an amendment by the Senator from New Jersey (Mr. BRADLEY), a package amendment as heretofore identified. There is no time limitation on that amendment, except the time limitation provided by statute, which is to say 2 hours, equally divided; that after the disposition of the Bradley amendment, the Senate turn next to the consideration of the Melcher-Burdick amendment, an agriculture amendment, on which there is no reduction in time, as I understand it.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. The Senator has now sequenced the Melcher-Burdick amendment in, has he not?

Mr. BAKER. I have.

Mr. ROBERT C. BYRD. Would the distinguished majority leader now consider sequencing at that point the Moynihan-Bradley tax cut amendment?

Mr. BAKER. Mr. President, I ask unanimous consent that following the Melcher-Burdick amendment, the Senate next consider the Moynihan-Bradley tax cut amendment; that after the disposition of the Moynihan-Bradley amendment, the Senate then turn to the consideration of a fourth Metzenbaum amendment——

Mr. ROBERT C. BYRD. Would the Senator not sequence the fourth amendment, but could we have the understanding between us that we will give the Senator from Ohio every assurance that he will have an opportunity to call it up? I would rather not sequence it at that point.

Mr. BAKER. That is perfectly satisfactory to me, I say to the minority leader, if it is to the distinguished Senator from Ohio. I am perfectly agreeable to that, if the managers of the bill have no objection.

I assure the Senator from Ohio that in view of the wish expressed by the minority leader, I will make every effort to see that he is recognized before the expiration of time for debate.

Mr. METZENBAUM. The Senator from Ohio has no objection proceeding in this manner, but I want absolute assurance that before 7 o'clock rolls around for final disposition, I will have an opportunity to call up my amendment and that there will be a reasonable period of time for debate and to bring it to a vote.

Mr. BAKER. I do not know how I can give the Senator absolute assurance. I can give him my personal assurance that I will make every effort to see that it happens. If the minority leader does not wish to sequence it at this moment, that is as far as I can go. There is no way I can guarantee against contingencies.

Mr. ROBERT C. BYRD. Perhaps this would meet with the approval of the distinguished Senator from Ohio: Would the majority leader consider including in his request that at no later than, say, 6:15 p.m., Mr. METZENBAUM would be recognized to call up his amendment? That leaves 45 minutes.

Mr. BAKER. I have no objection to that. I am sure the minority leader recalls that part of this request yet to follow will be for final disposition of the resolution not later than 7 p.m.

Mr. President, in view of that, with the agreement of the managers, I ask unanimous consent that not later than 6:15 p.m. tomorrow, the Chair recognize the Senator—Mr. President, I cannot do that. I am sorry. I have a request on this side that a certain Senator be consulted before there is any reduction in time on any tobacco amendment.

Mr. ROBERT C. BYRD. May I make another suggestion to the majority leader? I am trying to be helpful to him.

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Would the distinguished majority leader sequence in, following the amendment by Mr. MOYNIHAN and Mr. BRADLEY, the tax cut amendment, amendments by Messrs. BUMPERS and RIEGLE and then Mr. METZENBAUM?

Mr. BAKER. Mr. President, I think that is a better arrangement. The more sequences we have, I believe the better off we will be. I am willing to include a request to sequence after the Riegle amendment an amendment that may be offered by the Senator from Alaska (Mr. STEVENS).

Mr. METZENBAUM. Mr. President, I am afraid there is not going to be enough time for all those amendments. Since I am at the bottom of the list, I want to be certain. I do not wish to object to the 7 o'clock voting time, but I do want to be certain that my position is protected with respect to calling up the tobacco amendment. I am perfectly willing to be congenial, to limit time, to bring it up at any point.

Mr. BAKER. What about sequencing the tobacco amendment next after we dispose of this amendment?

Mr. METZENBAUM. That is all right.

Mr. ROBERT C. BYRD. I would have to object to that.

May I suggest this to the distinguished majority leader—that he stop where he is at the moment and get the order of the Senate that such amendments as he has already proposed sequencing be locked in, and then we go from there.

Mr. BAKER. Mr. President. I ask unanimous consent that at some point during the day tomorrow and prior to 7 p.m., and at a time that will permit the Senator from Ohio to engage in debate on a tobacco amendment to be offered by him for the full 2 hours allowed by the statute, he be recognized for that purpose.

The PRESIDING OFFICER. Without objection, everything the Senator has asked for is agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that after the Moynihan-Bradley amendment, the Senator from Arkansas (Mr. BUMPERS) be recognized to offer a child immunization amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. That after the Bumpers-Riegle amendment dealing with——

Mr. HOLLINGS. We do not know what that is.

Mr. ROBERT C. BYRD. It would have to be germane.

Mr. BAKER. Mr. President, while we do not know what the Riegle amendment is at the moment, I reiterate what I said before: There is a requirement that the amendment must be germane.

I ask unanimous consent that after the disposition of the Riegle amendment the Senate turn to the consideration of a Stevens amendment dealing with COLA.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that not later than 7 p.m. tomorrow, the Senate turn to final disposition of the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, in view of the agreement we have just reached, the Senate will proceed with debate on the Metzenbaum amendment and complete that debate. The vote will go over until 10:15 tomorrow. The Senate will convene at 9:30.

At 9:45, we will commence consideration of the second Metzenbaum amendment, a capital gains amendment. That debate will be interrupted at 10:15 for the vote on the first Metzenbaum amendment and resumed and carried to completion. There will be a 30-minute limitation on that amendment.

Following the disposition of the second Metzenbaum amendment, there will be a third Metzenbaum amendment dealing with intangible drilling costs, on which there will be a time limitation of 30 minutes, to be equally divided.

After the third Metzenbaum amendment, there will be a Bradley amendment, a package, on which there is a statutory 2-hour time limitation;

After the Bradley amendment, a Melcher-Burdick amendment on the same basis;

After the Melcher-Burdick amendment, a Moynihan-Bradley amendment;

After the Moynihan-Bradley amendment, a Bumpers amendment;

After the Bumpers amendment, a Riegle amendment;

After the Riegle amendment, the Stevens amendment with the understanding that at some point in the course of the day the Senator from Ohio will be recognized at a time that will permit him 2 hours for debate under the statute to offer a tobacco amendment; and final disposition of the pending business will be reached by the Senate not later than 7 p.m. on tomorrow.

In view of that arrangement, if I have correctly restated it now, I can say to the Senate that there will be no more votes tonight. I expect a full day tomorrow. We will, of course, complete action on this measure tomorrow.

I wish to express my gratitude to the minority leader and all involved in this.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader make a provision for an amendment by Mr. SASSER? Mr. SASSER has a sense-of-the-Senate amendment.

Mr. BAKER. Yes.

Mr. President, I ask unanimous consent that a Sasser amendment as described by the minority leader be sequenced after the Stevens amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, under the order as entered, could the amendment by Mr. METZENBAUM dealing with tobacco price supports break the sequence of amendments that have been ordered by the Senate except by unanimous consent?

The PRESIDING OFFICER. He would have to be recognized before 5 p.m. which allows him 2 hours of debate under the statute.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Ohio and other Senators agree to 1 hour on that amendment equally divided?

Mr. BAKER. Mr. President, I must say to the minority leader I think I can agree to that tomorrow but I cannot agree to that until I can reach a Senator who has a very special interest in that matter.

Mr. ROBERT C. BYRD. Otherwise, I am concerned that at the hour of 5 p.m. it could be difficult to finish the other amendments that have been locked in by 5 p.m.

Mr. BAKER. Mr. President, if the Senator will yield to me, we have a potential problem with that, but I think it is very, very unlikely that we will be in time trouble tomorrow and since it is not possible at this moment for me to agree to a reduction in time I hope that we might address that question tomorrow in the morning rather than now, and I will contact Senators who are concerned and see if we cannot arrive at a modification of this agreement, reduce times, and fit it in in a more orderly way.

Mr. ROBERT C. BYRD. Very well.

Mr. President, we are all aware of the potential problem as the distinguished majority leader has said and being aware of the problem I suppose we will all do the best we can to avoid such problem.

Mr. BAKER. Yes.

Mr. President, I believe I have recapped the agreement. If there are no other requests for the sequencing of amendments at this time, I am prepared to yield the floor and we will resume debate, I believe, on the Metzenbaum amendment.

Mr. METZENBAUM. Mr. President, will the majority leader yield for a question?

Mr. BAKER. I am happy to yield for a question.

Mr. METZENBAUM. Mr. President, the Senator from Ohio is attempting to be cooperative about scheduling matters this evening as well as tomorrow.

Is it my understanding that the majority leader and the minority leader will see to it that, regardless of what the time commitments are vis-a-vis the matter of a 7 p.m. vote, the Senator from Ohio will have an opportunity at some point tomorrow to call up the tobacco amendment?

Mr. BAKER. I believe that is the effect of the order that has been entered. As the minority leader points out, the effect of that will be to see that the Senator from Ohio is recognized at not later than 5 p.m. unless we provide on tomorrow by unanimous consent otherwise.

Mr. METZENBAUM. I thank the majority leader.

Mr. ROBERT C. BYRD. Mr. President, may I have the majority leader's attention once more?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair and the majority leader if it is his understanding also that the sequencing of the amendment as aforementioned does not preclude the offering of second degree amendments to such first degree amendments?

Mr. BAKER. Mr. President, I agree with that statement.

I ask the Chair to express an opinion on the same.

The PRESIDING OFFICER. Both Senators are correct.

Mr. BAKER. I thank the Chair.

Mr. ROBERT C. BYRD. I thank the Chair and I thank the majority leader.

Mr. BAKER. I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, 5 weeks ago I offered an amendment to the budget on the subject of tax expenditures.

Mr. BAKER. Mr. President, will the Senator permit me to make a further request, and I apologize profusely.

Mr. METZENBAUM. I think I started twice now.

Mr. BAKER. Mr. President, will the Senator permit me to do one thing, please?

Mr. METZENBAUM. I certainly do. I yield to the majority leader.

Mr. BAKER. I thank the Senator and apologize for the interruption.

ORDER TO PROCEED TO CONSIDERATION OF S. 815 TOMORROW

Mr. BAKER. Mr. President, I announced that I intended to request the sequencing of the military authorization bill for 1982, Calendar Order No. 79, and the distinguished minority leader has called to my attention we did not include that in the unanimous-consent request.

So I ask unanimous consent now that after disposition of Senate Concurrent Resolution 19 or the House-passed message, if such is laid before the Senate and disposed of, that the Senate then proceed to the consideration of Calendar Order No. 79, the bill for the Defense Department authorization for 1982.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I am sorry I was distracted when the request was made. Will the majority leader repeat that?

Mr. BAKER. Yes.

That on final disposition of the budget resolution, that is the passage of the Senate resolution or the House-passed resolution, which is at the desk if the same is called up and laid before the Senate, that after the final action of the Senate on this measure the Senate then proceed to the consideration of the military defense authorization bill, S. 815.

Mr. ROBERT C. BYRD. No objection Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:15 A.M. TOMORROW

Mr. BAKER. Mr. President, it would appear that the convenience of all Senators, of a number of Senators, on both sides of the aisle, might be better served if the debate on the pending Metzenbaum amendment was deferred now until tomorrow morning. It is now past 8 o'clock in the evening.

I ask unanimous consent then that the Senate convene tomorrow morning at 9:15.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. And that the remainder of my previous request in respect to the reduction of time for the two leaders under the standing order remain unchanged, and that at no later than 9:30 the Senate resume debate on the first Metzenbaum amendment, and that after debate on the first Metzenbaum amendment is completed, proceed without an intervening vote to the second Metzenbaum amendment, if such a vote is ordered, and on the same basis to the third Metzenbaum amendment, and to a vote on the three which will be stacked to begin at 10:45 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. The first vote will be a 15-minute vote, Mr. President, and the two succeeding votes, if they are ordered, will be 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. With the understanding, Mr. President, that if the time between 9:30 or thereabouts and 10:45 is not fully utilized for debate on the three Metzenbaum amendments, the Senate will proceed then to the consideration of the next amendment previously sequenced, to interrupt debate on that amendment in order to have the vote at 10:45 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair for his patience and for his understanding and his care in attending to the requirements of the Senate.

The text of the agreement follows:

Ordered, That at no later than 9:30 a.m. on Tuesday, May 12, 1981, the Senate resume consideration of S. Con. Res. 19 and resume consideration of the Metzenbaum amendment on commodity tax straddles; that following disposition of that amendment, the Senate proceed without any intervening vote to the Metzenbaum amendment on timber capital gains, on which there shall be 30 minutes, to be equally divided and controlled; that following disposition of that amendment, the Senate proceed without intervening vote to the Metzenbaum amendment on intangible drilling costs, on which there shall be 30 minutes, to be equally divided and controlled; that at the hour of 10:45 a.m., the Senate proceed to vote seriatim on the three amendments; that the first vote be 15 minutes and the votes on the second and third amendments be 10 minutes each; that the Senate then proceed to the following amendments in the order indicated: the Bradley package amendment; the Melcher-Burdick agriculture amendment, the Moynihan-Bradley tax cut amendment; the Bumpers child immunization amendment; a Riegle amendment; the Stevens COLA amendment; and a Sasser amendment: *Provided,* That the Senator from Ohio (Mr. Metzenbaum) be entitled to recognition to call up a tobacco amendment at such time as to ensure the Senator 2 hours equally divided pursuant to the Budget Act: *Provided further,* That all the aforementioned amendments be germane pursuant to the provisions of the Budget Act.

Ordered further, That at no later than 7:00 p.m. the Senate proceed to the final disposition of the pending business.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. What is the pending business?

The PRESIDING OFFICER. The amendment of the Senator from Ohio.

Mr. BAKER. Mr. President, for a reason that applies both to the distinguished manager of the bill on the part of the majority, the chairman of the committee, and myself I believe neither of us will be on the floor when the Senate convenes in the morning at 9:15.

With the permission of the chairman I designate the distinguished Senator from Idaho to be the manager of the time under the act for the time being in the morning.

Mr. DOMENICI. The distinguished Senator is the junior Senator from Idaho, Senator SYMMS.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, if I should not be here at the hour of 9:15, Mr. METZENBAUM will stand in my place.

Mr. BAKER. I thank the Chair.

INDEXATION OF FEDERAL PROGRAMS

Mr. DOMENICI. Mr. President, at the request of the Senate Budget Committee, the Congressional Research Service of the Library of Congress has just completed a landmark study on the indexation of Federal programs. The following is the text of a press release on this study, issued today by Senator HOLLINGS and me:

STUDY FOR SENATE BUDGET COMMITTEE SHOWS WIDESPREAD INDEXING OF FEDERAL PROGRAMS

Senators Pete V. Domenici (R-New Mexico) and Ernest F. Hollings (D-South Carolina), (Chairman and Ranking Minority Member, respectively, of the Senate Budget Committee) Monday released a 430-page report on Indexing of Federal programs prepared by the Congressional Research Service of the Library of Congress) providing the first truly comprehensive inventory of indexing practices in Federal programs.

It shows that over the past decade the practice of indexing Federal programs so that they adjust automatically to changes in inflation has been a major cause of Federal budget increases.

A total of 83 Federal programs now have one or more features indexed: the inventory shows that 127 different features are indexed in those 86 programs, meaning that many of the programs have two or more features that are indexed.

In addition to the inventory, the new report provides an in-depth examination of the history of indexing, and of possible alternatives to present indexing practices, in 13 major Income Security, Health, and Education programs. These include Social Security, Supplemental Security Income, Unemployment Compensation, Federal Civil Service Retirement, and Medicare.

In releasing the study, Senator Domenici, Chairman of the Senate Budget Committee, stated: "Indexing has become a major policy issue for the Federal government. During the past decade, Congress has added indexing features in ad hoc fashion, without focusing on the extent to which it was locking in future costs and limiting its own flexibility to control programs. This new study shows just how far the Congress has gone in building indexing into Federal law.

"I believe this study will be of tremendous help to Congress as it re-examines existing indexing provisions. I also hope and believe that this study will serve as a caution flag whenever consideration is given in the future to creating new indexing provisions."

Senator Hollings, Ranking Democrat on the Budget Committee, who recently led a successful effort in the Committee to revise the indexing of Social Security and other federal retirement programs, stated: "Indexing programs will cost the Federal government nearly $26 billion in Fiscal 1981. While much of that increase is justified, I strongly believe that Congress must hold down unnecessary growth in these programs. It is essential if we are serious about balancing the budget and regaining Congressional control over Federal spending. And, it is necessary if we are going to restore fairness and financial solvency to the major retirement programs. This new study of indexing policies and practices will be of substantial help as Congress undertakes the necessary revisions of existing laws."

Mr. President, I urge that Senators have their staffs become familiar with this report. I believe this reort will become known before long as the "bible" on indexing policies and practices.

Mr. President, I want to thank the staff of the Congressional Research Service for investing the tremendous amount of effort it took to produce this fine report. I want to pay special tribute to P. Royal Shipp and Vee Burke who served as editors of the report.

I also want to commend our former colleague, Senator Henry Bellmon, who as ranking minority member of the Budget Committee in the last session, saw the need for this study of indexing.

THE U.S.-U.S.S.R. STANDING CONSULTATIVE COMMISSION

Mr. KENNEDY. Mr. President, One of the more important but lesser known benefits of the Anti-Ballistic Missile Treaty of 1972 is the U.S.-U.S.S.R. Standing Consultative Commission, chartered under article XIII of the treaty. The Commission has operated quietly and effectively, out of the glare of publicity, for 8 years, attending to the business envisioned for it under the memorandum of understanding formally establishing it: The dispassionate and careful discussion and resolution of problems that arise from time to time in the implementation of agreements between states.

Particularly in the case of agreements dealing with technology, which changes in significant ways over time, problems appear. This is also the case when agreements concern the deployment of nuclear weapons by the parties and when they concern measures to prevent their use. It is fortunate, indeed, that in the case of three agreements as important to the security of the United States and its allies as the Antiballistic Missile Treaty, the SALT Interim Agreement of 1972, and the 1971 Agreement on Measures To Reduce the Risk of Outbreak of Nuclear War, the forum of the Standing Consultative Commission exists as a preventive mechanism for addressing compliance issues before they reach the stage where they could lead to charges of noncompliance by one side or the other.

Since its inception, there have been only two heads of the U.S. component of the Standing Consultative Commission. The first Commissioner, Sidney Graybeal, was followed by Commissioner Robert W. Buchheim. Both have performed their tasks with great skill and success, and have reflected considerable credit on the professionalism of the work of the Commission, which, as one established channel of direct communication with the Soviet Union, has taken on an added degree of importance as tensions between that country and the United States, and thus a tendency to avoid contacts, have increased.

For these reasons, it is regrettable that the administration chose to postpone the first meeting of the SCC this year. At a time when no serious arms control negotiations were under way, and President Reagan had not even indicated when or how he would resume the vitally important process of strategic arms negotiations, a minimal level of confidence could have been maintained through the established SCC mechanism. I, therefore, welcome recent indications that the administration is finally prepared to permit the SCC to reconvene, and I hope it will proceed to cooperate fully in furthering the important work of the Commission.

Mr. President, on April 22 the Arms Control Association hosted a press con-

ference for Ambassador Buchheim, who in addition to answering questions made a brief prepared statement concerning the work of the Standing Consultative Commission. I commend the Arms Control Association for its service to the press and thereby to the American people in making available Ambassador Buchheim's thoughtful commentary. So that my colleagues can have ready access to this information, I ask that Ambassador Buchheim's statement and supporting documents be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE U.S.-USSR STANDING CONSULTATIVE COMMISSION (SCC) AND ITS WORK

(By R. W. Buchheim)

As I understand it, my task today is to summarize the institutional characteristics of the SCC and offer some comments on its work.

My remarks are, in my judgment, unclassified; and they should not be taken as expressions of views of any U.S. Administration, past, present or—for completeness—future.

In order to save time, some brief abstracts from basic documents were made available to you earlier today.

The SCC is a unique U.S.-USSR forum of unlimited duration.

The SCC meets, by agreement, at least twice a year—that has been one of its distinctive features; and, thus far, its operations have not been affected in any significant way by inter-Governmental matters outside its agreed field of responsibility.

The SCC, by agreement, conducts its proceedings in private—I will return to this operating feature shortly.

The SCC is not a forum for running conversations on anything that pops into someone's mind; the activities of the SCC are quite carefully regulated.

The main formal regulating factors are to be found in the papers handed out to you earlier, that is, the basic SCC charter set forth in Article XIII of the ABM Treaty, the Memorandum of Understanding by which the SCC was established, and the SCC Regulations.

The field of view of the SCC is limited to the provisions of existing agreements assigned to it for implementation; those agreements are, at this time, the ABM Treaty, the Interim Agreement of 1972 and the Measures Agreement of 1971—and no others. If someone would like to discuss, for example, implementation of the Threshold Test Ban Treaty, I would be delighted personally to participate in such a discussion—but I have not one word to say about the TTBT as relates to the SCC, because the TTBT is, as of now, no part of the recognized responsibilities of the SCC. Many other active agreements also lie outside the agreed responsibilities of the SCC.

Approaches to discussions in the SCC are also strongly influenced, implicitly, but with fairly obvious mutual recognition, by self-interest considerations on each side, by the continuous preference of each side to preserve or enhance its intelligence assets, and by the usual desire of each side to avoid unnecessary or premature constriction of its options.

Hedged about by these considerations, both the formal, explicit ones and the implicit, but well-understood ones, wide-ranging and candid discussions at the exploratory level have been the usual form of SCC exchanges, and neither side has ever been considered to be committed to any firm view by virtue of such exploratory discussions—although prudence includes recognition of the fact that reckless or categorical talk at any level of formality in international dealings is very difficult to retrieve. A quite large proportion of the time devoted to SCC contact has been of a tentative, exploratory nature, and I think my further remarks will suggest various reasons for such circumstances.

When discussions in the SCC have gotten to the point of acknowledged agreement between Commissioners, each such agreement has been considered binding on the two Government parties, and such agreements have been honored.

Of course, neither Commissioner would or could make a binding agreement without authorization from his Government; however, once agreement has been acknowledged, no further governmental action has been involved in the acceptance and implementation of Commissioner-to-Commissioner understandings. In addition to the requirement for authorization by his Government for any agreement to be made by an SCC Commissioner, there is the fundamental requirement that—unless the advice and consent of the U.S. Senate is obtained—any such agreement entered into by a U.S. Commissioner can be of an implementing nature only. At least the U.S. side in the SCC cannot go off and install agreements which would be, in effect, amendments to existing ratified agreements absent steps in conformance with Constitutional provisions.

With reference to the need to assure that SCC understandings, unless they are to be subject to ratification, must stand short of amendments, and with reference to other usual U.S. interests in openness as to governmental actions, I must draw your attention to paragraph 8 of the SCC Regulations in the handout materials provided to you. The essence of that undertaking is that the SCC operates secretly and its proceedings are not made available to the general public, except for nominal mutually-agreed press releases, generally conveying little more than dates and places of meetings.

Such an understanding might disturb a little the repose of Woodrow Wilson, although I doubt it; however, specific arrangements have long been in place to attend to any hypothetical question of Executive Branch coziness with the Russians in the SCC. Full accounts of understandings reached in the SCC have been provided on a regular basis to six Committees of the Congress: the Committees in both Houses on Foreign Relations, Armed Services and Intelligence; and detailed testimony from witnesses of their choice has been available to any of these Committees at their request.

The understandings as to confidentiality and other operating practices of the SCC have been in place for about eight years and were published in full in the TIAS series by the Department of State, and, so far as I know, have never been subject to complaint. In my opinion, the understanding on confidentiality is essential to the effectiveness of the SCC.

The creation of a U.S. Commissioner or Deputy Commissioner has been an internal Executive Branch action, in which the President designates a person to one of these offices upon the unanimous recommendation of the Secretary of State, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, the Director of the Arms Control and Disarmament Agency, and the President's Special Assistant for National Security Affairs. These internal Executive Branch arrangements—which I consider to be sound and to warrant continuance—have, thus far, been augmented as to recourse to the Congress only by my having been granted in early 1978 the rank of Ambassador with the advice and consent of the Senate.

The basic organization and mechanics of the SCC are easy to describe: each national component consists of a Commissioner, a Deputy Commissioner, an Executive Secretary, a Deputy Executive Secretary, and advisors from interested agencies chosen in light of the matters under discussion; meetings alternate between the Soviet Mission Geneva and the U.S. facilities in the Botanic Building in Geneva at the corner of the Avenue de la Paix and the Rue de Lausanne. The SCC is authorized to meet elsewhere, but never has.

A substantial proportion of the advisors on both sides have been military officers. The interactions among people on the two sides, civilian and military, have invariably been correct and limited to the business at hand, including neither pointless rhetoric about other aspects of general relations between the two Governments nor phony pretenses of sweetness and light.

The broad charter of possible SCC responsibilities, set forth in the ABM Treaty and related agreements, goes far beyond the single function with which the SCC has become mostly identified in the press—that is, the function of dealing with possible acts of noncompliance, or violations, on a simple did-they-or-didn't-they basis. SCC practical activities to date have not yet exploited all of the lines of authority set forth in its charter, but they have gone well beyond the single function of dealing solely with signs of possible non-compliance.

I will try to describe and illustrate some of the practical reasons for SCC negotiations generally going beyond specific compliance-related questions.

Since questions of compliance do, and will surely continue to, attract attention, I will base my description today on ways in which broader matters can arise in the SCC from, in particular, explorations of tentative compliance-related questions. To do this, I must start with some essential comments on objectives of the implementation task and unique features of that task.

In this regard, the first thing I must mention is the fact that the SCC has never yet had to deal with a case of real or apparent clear and substantial non-compliance with an existing agreement. If party A should ever be confronted with a substantial and unambiguous act of non-compliance by party B with an agreement as it stands, then party A had better decide on his own what he ought to do as regards the agreement and his affected programs, and act accordingly; in such circumstances he would almost surely be dealing with a treaty partner who had prepared himself to see the agreement gravely damaged or destroyed, and who is prepared to accept the consequences of actions by party A under such circumstances; in such a clear-cut case, questions of compliance, noncompliance, implementation and consultation are likely, at least, to take on qualitatively different forms from the usual.

The essence of the SCC implementation task is to head off gross dislocations or irretrievable circumstances by acting early enough and finding mutually-acceptable measures to sustain intact the agreements within its field of responsibility.

The initial requirement of this task is to raise potential problems for resolution before they get out of hand and become causes for undesired reconsideration of an entire agreement. Lying in the grass and building a comprehensive case for eventually jumping up and shouting "gotcha" might be fun for some of the grass-dwellers, but it would not be a sensible way to sustain a desired agreement. Doing nothing about early and perhaps uncertain signs of untoward behavior can also have other serious consequences; for example, over a period of time, silence can be construed as acquiescence in such behavior or as a sign of an inability to discern it.

The other side of the "early call" coin carries a prudent caution against, for example, revealing intelligence sources and methods, policy preferences, capabilities or programs, or closing off learning opportu-

nities too soon. It is hardly profound to say that such considerations raise matters of judgment; for example, when to surface a question with the other side, how much to say, how far to try to move at various stages of discussion, what kinds of settlements to advocate, etc. The burden of this judgment task falls in two places: on the corporate bodies in capitals who decide policy, and on the SCC Commissioners in the field. This is just an allusion to a very large subject. Painful as it might seem to be when blurted straight out, such judgments, at least in the early stages, do have to take into account the possibility that intelligence information or its assessment could be inaccurate—and the negotiator in the field had better tailor his expressions to the other side with due regard for the possibility that tomorrow's message from home might present him with a different case to pursue.

In addition to these considerations—and setting aside the matter of amendments, which are more of the nature of new agreements—the implementation task is overhung by a clear difference from the task of negotiating a new agreement. In negotiations to develop a new agreement, horse-trading is rather common; so long as both sides are satisfied with the deal, A can agree to something that B wants in exchange for agreement on something that A wants. The sources of conflict, and also of negotiating opportunities, generally arise from real differences in the interests of the parties or from real differences in the importance attached to particular considerations in the differing value systems of the parties. This short characterization is, of course, also only an allusion to another very large subject.

In the implementation of existing agreements, not much horse-trading is admissible. The guiding principle must be that the agreement is as it was agreed and it must be complied with. A cannot forgive a sin by B against an agreement in exchange for forgiveness of a sin by A against that agreement. To get into such a game would be to erode the limitations provided for in the agreement and to establish by indirection weakening de facto amendments.

Another way of putting this point is as follows: unless or until the contracting parties declare their wish to amend or withdraw from an agreement, those charged with its implementation must operate on the assumption that the agreement is to be sustained and that it is their task to solve any problems which rise up in the path of its continued functioning, not to create such problems.

Problems of implementation can arise, among other ways, from tentative signs of possible non-compliance which could indicate that a party might be setting out upon a course not consistent with the provisions of an agreement as understood by either or both of the parties, or upon a course of action not fully contemplated in the explicit provisions of the agreement, or upon a course involving circumstances substantially different from any anticipated by the parties when the agreement was formulated.

I have cast these typical general cases in terms of "tentative", "possible" and "might" because such qualifiers characterize reasonably well the compliance-related questions with which the SCC has had to cope thus far, and which, in my opinion, are likely to characterize much of its activity for the foreseeable future. I have already given my views as to reasons for this historical circumstance and my judgement as to the foreseeable future. I will now try to illustrate much of what I have said by walking through an example—within the bounds of security classification and the confidentiality understanding in the SCC Regulations, which bounds make it necessary to be incomplete in places.

"During 1973 and 1974, U.S. observation of Soviet tests of ballistic missiles led us to believe that a radar associated with the SA–5 surface-to-air missile system had been used to track strategic ballistic missiles during flight." (see State Department Special Report No. 55; July 1979; "Compliance with SALT I Agreements.")

Such findings must, of course, activate consideration at two levels: (1) are the implications of what the Soviets might have done such that U.S. policy toward the ABM Treaty should be revised or such that U.S. programs, for example on ballistic missile penetration, should be revised—evidently the conclusion was "no" as to both kinds of reactions; and (2) what should be done in the SCC to deal with the matter.

As to SCC processes, the matter must begin with comparison of what the Soviets seem to have done and actual provisions of the ABM Treaty; and that leads directly to the often-noted questions as to whether or not the Soviets had "tested in an ABM mode" any SA–5 air-defense radars (see, in particular, Articles II, III, VI, VIII and IX of the ABM Treaty).

So, we begin—what, exactly, is meant by "tested in an ABM mode" as applied to radars? The text of the ABM Treaty does not say. There is a well-recognized but inconsequential linguistic nuance in the text; the phrase in the Russian text corresponding to "tested in an ABM mode" is more aptly translated as "tested for ABM purposes"; but neither side appealed to this textual circumstance in seeking resolution of the question.

The U.S. Delegation to ABM negotiations did, on April 7, 1972, make a unilateral statement—not agreed to by the USSR Delegation—expressing the U.S. view that a radar would be considered to have been "tested in an ABM mode" if it had, for example, been used to "make measurements on a cooperative target vehicle" . . . "which has a flight trajectory with characteristics of a strategic ballistic missile" . . . "during the reentry portion of its trajectory" . . . "Radars used for purposes such as range safety or instrumentation would be exempt from application of these criteria." (see page 146 of Arms Control and Disarmament Agreements; 1980 Edition; U.S. Arms Control and Disarmament Agency.)

This unilateral statement has the following features which are relevant to application of the term "tested in an ABM mode":

The USSR was not party to the statement;

It is cast in terms of examples only;

It says that the U.S. would consider a radar to have been tested in an ABM mode if that radar is used to track a strategic ballistic missile during reentry;

It includes the qualifier that radars used for purposes such as range safety or instrumentation would be exempt from application of the criteria cited in the statement.

Sound arguments can be raised for and against use of general language and precise language in agreements. I am not going to get into such arguments here; I have simply described to you the actual status of understanding as of May 26, 1972, on the term "tested in an ABM mode".

The substantive matter involved in the apparent Soviet activities with SA–5 radars is that the U.S. could not allow the possibility of the widely-deployed Soviet air defense system being moved, even slowly, toward an ABM system; such a progression of events would surely, sooner or later, destroy the basis for the ABM Treaty and its objectives.

To deal with this potential problem as concerns air-defense radars, what was needed was a clear commitment not to use air-defense radars to track strategic ballistic missiles, ever, during reentry or any other stages of their flight trajectories, for any purpose, range safety, instrumentation or whatever.

On the road to such a commitment, many related matters had to be dealt with, including the following:

(1) a common meaning was needed for the term "range safety."

(2) an understanding was needed on the scope of the term "instrumentation radar".

(3) it had to be mutually acknowledged that tracking a strategic ballistic missile cannot, by itself, lead to proper application of the term "tested in an ABM mode" because under the terms of the ABM Treaty a radar to which this term is applied is automatically identified as an ABM radar, whereas the text of the Treaty itself provides for several classes of radars which track strategic ballistic missiles but are not considered to be ABM radars. One cannot deal with a problem under the Treaty by way of a solution not consistent with the provisions of the Treaty.

(4) in view of the previous point, it was necessary to deal with the need for specific understandings as to limitations, mainly deployment limitations, on early-warning radars, spacetrack radars, radars used as national technical means of verification, and types of radars used for range instrumentation purposes—all of these kinds of radars track strategic ballistic missiles in carrying out their legitimate functions, and none are considered to be ABM radars.

(5) it was necessary to deal with the differing features of phased-array radars and non-phased-array radars.

(6) it was considered mutually-advantageous to record appropriate understandings to minimize ambiguities which might arise from concurrent testing at an ABM test range of ABM components and air-defense components.

(7) a variety of other definitional and guideline topics had to be coped with.

These are elements of an example of dealing in a timely way with a question arising from experience in the operation of an agreement—the objective being to head off before it becomes a serious problem a form of activity of unclear status under the specific language of the agreement.

I will discuss briefly just one other SCC-related activity in prospect: the 1982 review of the ABM Treaty. There has been a lot of talk and print about this review recently, and most of it has been wrong in that it has conveyed a general notion that this review has some great intrinsic significance. In particular, there have been inferences—or even flat statements—to the effect that: the Treaty will expire in 1982 unless renewed by some explicit act of the parties, or that the 1982 review will be a brief "window" during which amendments can be proposed or withdrawal effected and that such a "window" will then close and remain closed until the next five-year review in 1987.

The general thrust of such talk has been to encourage the notion that the U.S. must make haste to "act" with respect to the Treaty in 1982 or find itself "locked-in" until 1987. No form of any such notion is correct.

The review is no big deal. The operation of the ABM Treaty would not be changed in any significant way known to me if the review provision (Article XIV.2) had not been included at all. The provision is not harmful, and an occasion for ceremonial toasts can sometimes be turned to useful purposes, but it really is not significant.

As to amendments, they may be proposed at any time (Article XIV.1)—and, if any become desirable, they should be brought forward at any time that best serves our interests; they should not be deferred until a five-year review comes up.

As to withdrawal rights, they are exercisable at any time upon notice of six months (Article XV.2).

As to Treaty expiration or renewal processes, there are none. Article XV.1 states clearly and simply that "This Treaty shall be of unlimited duration"—period; no references to other provisions, as to the five-year review or any other matters.

As to review in the sense of the parties coming together to note or cope with any aspects of the Treaty or its operation, that happens at least twice a year in the SCC.

There is one, and only one, matter of substance tied to the review year—the review year, not the review—and that is the process of exercising a party's choice to switch from an ABM deployment in defense of an ICBM deployment area to an ABM deployment in defense of its national capital (the option open to the U.S.) or to switch from an ABM deployment in defense of its national capital to an ABM deployment in defense of an ICBM deployment area (the option open to the USSR) (see the Protocol of 1974 to the ABM Treaty). Such a choice can be exercised only once; before construction begins on the replacement deployment, notice must be given in the SCC; and such notice must be given during a review year.

So, in the unlikely event that the U.S. should want to make an early switch of its single allowed ABM deployment area to one centered on Washington, then notice should be given some time during the period October 3, 1982, to October 2, 1983.

STANDING CONSULTATIVE COMMISSION PROTOCOL

Pursuant to the provisions of the Memorandum of Understanding between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding the Establishment of a Standing Consultative Commission, dated December 21, 1972, the undersigned, having been duly appointed by their respective Governments as Commissioners of said Standing Consultative Commission, hereby establish and approve, in the form attached, Regulations governing procedures and other relevant matters of the Commission, which Regulations shall enter into force upon signature of this Protocol and remain in force until and unless amended by the undersigned or their successors.

Done in Geneva on May 30, 1973, in two copies, each in the English and Russian languages, both texts being equally authentic.

[Attachment]

STANDING CONSULTATIVE COMMISSION REGULATIONS

1. The Standing Consultative Commission, established by the Memorandum of Understanding between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding the Establishment of a Standing Consultative Commission of December 21, 1972, shall consist of a U.S. component and Soviet component, each of which shall be headed by a Commissioner.

2. The Commissioners shall alternately preside over the meetings.

3. The Commissioners shall, when possible, inform each other in advance of the matters to be submitted for discussion, but may at a meeting submit for discussion any matter within the competence of the Commission.

4. During intervals between sessions of the Commission, each Commissioner may transmit written or oral communications to the other Commissioner concerning matters within the competence of the Commission.

5. Each component of the Commission may invite such advisers and experts as it deems necessary to participate in a meeting.

6. The Commission may establish working groups to consider and prepare specific matters.

7. The results of the discussion of questions at the meetings of the Commission may, if necessary, be entered into records which shall be in two copies, each in the English and Russian languages, both texts being equally authentic.

8. The proceedings of the Standing Consultative Commission shall be conducted in private. The Standing Consultative Commission may not make its proceedings public except with the express consent of both Commissioners.

9. Each component of the Commission shall bear the expenses connected with its participation in the Commission.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS REGARDING THE ESTABLISHMENT OF A STANDING CONSULTATIVE COMMISSION

I.

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics hereby establish a Standing Consultative Commission.

II.

The Standing Consultative Commission shall promote the objectives and implementation of the provisions of the Treaty between the U.S.A. and the U.S.S.R. on the Limitation of Anti-Ballistic Missile Systems of May 26, 1972, the Interim Agreement between the U.S.A. and the U.S.S.R. on Certain Measures with Respect to the Limitation of Strategic Offensive Arms of May 26, 1972, and the Agreement on Measures to Reduce the Risk of Outbreak of Nuclear War between the U.S.A. and the U.S.S.R. of September 30, 1971, and shall exercise its competence in accordance with the provisions of Article XIII of said Treaty, Article VI of said Interim Agreement, and Article 7 of said Agreement on Measures.

III.

Each Government shall be represented on the Standing Consultative Commission by a Commissioner and a Deputy Commissioner, assisted by such staff as it deems necessary.

IV.

The Standing Consultative Commission shall hold periodic sessions on dates mutually agreed by the Commissioners but no less than two times per year. Sessions shall also be convened as soon as possible, following reasonable notice, at the request of either Commissioner.

V.

The Standing Consultative Commission shall establish and approve Regulations governing procedures and other relevant matters and may amend them as it deems appropriate.

VI.

The Standing Consultative Commission will met in Geneva. It may also meet at such other places as may be agreed.

Done in Geneva, on December 21, 1972, in two copies, each in the English and Russian languages, both texts being equally authentic.

ARTICLE XIII OF THE ABM TREATY

1. To promote the objectives and implementation of the provisions of this Treaty, the Parties shall establish promptly a Standing Consultative Commission, within the framework of which they will:

(a) consider questions concerning compliance with the obligations assumed and related situations which may be considered ambiguous;

(b) provide on a voluntary basis such information as either Party considers necessary to assure confidence in compliance with the obligations assumed;

(c) consider questions involving unintended interference with national technical means of verification;

(d) consider possible changes in the strategic situation which have a bearing on the provisions of this Treaty;

(e) agree upon procedures and dates for destruction or dismantling of ABM systems or their components in cases provided for by the provisions of this Treaty;

(f) consider, as appropriate, possible proposals for further increasing the viability of this Treaty; including proposals for amendments in accordance with the provisions of this Treaty;

(g) consider, as appropriate, proposals for further measures aimed at limiting strategic arms.

2. The Parties through consultation shall establish, and may amend as appropriate, Regulations for the Standing Consultative Commission governing procedures, composition and other relevant matters.

JUDITH KAMMINS ALBIETZ

Mr. STEVENS. Mr. President, Judith Kammins Albietz, chief of the Alaska Native Claims Settlement Act Division for the Bureau of Land Management's Anchorage Office, has been recognized for her outstanding achievement in implementing conveyance of lands to Alaskan Natives as mandated under the act. It was recently announced that Ms. Albietz is a 1980 recipient of the Arthur S. Fleming Award which annually honors individuals who have performed outstanding and meritorious work for the Federal Government. These honorees encourage high standards of performance in the Federal service and enhance appreciation for our form of government along with the opportunities and responsibilities that it represents.

The award committee's commendation states that Ms. Albietz managed and coordinated the transfer of 13 million acres of land to 60 Eskimo, Indian, and Aleut corporations. In a period of 2 years, she promptly formulated proposals for the resolution of policy issues consistent with general land laws, planned and monitored a schedule of several hundred actions requiring timely completion, and stayed well within budget constraints while substantially exceeding goals set forth by the Secretary of Interior. We take pride in her dedicated service to Alaskans and this special recognition of her accomplishments.

LETTER FROM APOSTOLIC ADMINISTRATOR OF SAN SALVADOR

Mr. KENNEDY. Mr. President, last month Bishop Arturo Rivera y Damas, apostolic administrator of San Salvador, visited the United States for discussions with his fellow bishops in America, with Members of Congress and others. I was pleased to extend my greetings to him on the occasion of his visit to the Kennedy School of Government at Harvard University.

Bishop Rivera y Damas has written in response to these greetings, and to ask my assistance in halting military aid to El Salvador and in supporting a just and peaceful resolution of the strife and violence there.

I am making public his letter to me today, together with my reply, so that Congress and the American people will know directly that the testimony of the Salvadoran church and the American church continue to be what it has consistently been: Outside military intervention from any source is not the way to bring peace to El Salvador, and the best and indeed only hope is to seek urgently a mediated and negotiated solution to the conflict involving the parties to it.

I hope that concerned Members will continue to press the Reagan administration to cease its military support to the junta, to withdraw the American advisers, and to use every available peaceful means to bring about a mediated solution to the conflict, to bring to justice those responsible for the murders of six American citizens and many others, and to locate the missing American, John Sullivan III.

Mr. President, I ask that the letter from Bishop Rivera y Damas and my reply be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ARSOBISPADO, EL SALVADOR, C. A.
April 10, 1981.

Hon. EDWARD M. KENNEDY,
U.S. Senator,
Boston, Mass.

DEAR SENATOR KENNEDY: Your warm greetings to me on the occasion of my visit to Harvard were most gratefully received. I am likewise pleased at your sentiments of support for the purpose of my visit which is to make contribution as best I can toward a solution of the problems afflicting my country.

May I be so presumptuous to ask that you use your position in the Congress of the United States to see that military aid to my country will cease and that support is given to a process of dialogue that will bring about a just and peaceful solution to the present conflict and violence.

I am especially heartened by your pledge of assistance to do what you can to further a political solution, end military intervention and to see that the conflict of our country be resolved in a political way rather than military.

In order to achieve that it is needed that the military sectors of El Salvador receive the necessary pressures so they might open themselves to dialogue and negotiations.

Sincerely yours in Christ,
ARTURO RIVERA Y DAMAS,
Apostolic Administrator,
Archdiocese of San Salvador.

U.S. SENATE,
Washington, D.C., May 5, 1981.

Most Reverend ARTURO RIVERA Y DAMAS,
Apostolic Administrator,
Archdiocese of San Salvador.

DEAR BISHOP RIVERA Y DAMAS: Thank you very much for your thoughtful letter of April 10, which I have just received.

I completely agree with you that military aid to El Salvador should cease and that all our efforts should be devoted to dialogue and negotiations leading to a just and peaceful solution to the present tragic conflict. I wish to assure you that I will do all I can to press for this policy in the United States Senate, and I am enclosing a copy of the legislation I have introduced with Senator Paul Tsongas and others to this end.

I very much welcomed your recent visit to the United States. I pray for the success of your efforts to achieve peace, justice and reconciliation in El Salvador, and I hope that you will let me know if there is anything further that I can do to help from the United States.

With my deep respect and best personal wishes,

Sincerely,

EDWARD M. KENNEDY.

DRUGGING OF RACEHORSES

Mr. MATHIAS. Mr. President, the 106th running of the Preakness Stakes at the Maryland Jockey Club at Pimlico will take place this Saturday. The race is the second jewel of the triple crown, a crown worn only by thoroughbreds that are not surpassed on any track. The Preakness has carried the fame of Maryland all over the world, and Marylanders are proud to maintain the historic traditions associated with this classic contest.

Maryland rightly claims to be the cradle of all horseracing in the United States, since the first thoroughbred on this continent was owned by Governor Ogle of Maryland. His mare, Selima, was brought to his plantation "Belair" in about the middle of the 18th century, and ever since then, breeding, training, and racing of fine horses has been a conspicuous part of the Maryland sporting tradition.

As in the past, I am pleased to recommend the Preakness to my colleagues as first-rate recreation and entertainment on a spring afternoon in the midst of our busy agenda on Capitol Hill. I trust that we will have resolved all pending urgent national problems by post time so that we can attend with a clear conscience.

In fact, the Preakness is the only race considered so important that the Congress actually once adjourned so that Members could attend without missing official sessions.

With the prospect of a great afternoon ahead of us, I think it might be appropriate to call attention to a cloud on the horizon—the possibility of Federal legislation on the problem of horsedrugging. A shadow has recently fallen on the race tracks in connection with the use and abuse of medicinal drugs on racing thoroughbreds. This practice has become widespread before races, in order to numb or abate any injury, soreness, pain, depression, or other physical or psychological handicaps that might hamper the animal's performance. Some medication is of course necessary from time to time to keep these magnificent animals healthy, or to return them to prime health after an illness. But such drug treatment just before a race can be inhumane to the horses, and unfair to the bettors, since the records of past performance are worthless without accompanying drug records. Drugs have been tolerated and condoned by most States because of recommendations by trainers and veterinarians who seem more concerned about the short-term success of their horses rather than the long-term health of the sport. Their rosy prognosis of instant cure was soon undercut by a series of racetrack accidents where the prerace use of painkillers, respiration aids, and other medication led to serious breakdowns.

In some cases horses in no reasonable condition to run were brought to the starting gate after artificial numbing and priming, only to break down in the middle of the race—to the hazard of other horses and jockeys. More than one such incident has resulted in the severe injury and even the death of horses and jockeys.

As the accidents continue, the threat of Federal regulatory intervention looms ever larger. Experience has convinced me that the Federal Government should be the regulator of last resort. It should only intervene when the States have failed to act on their own.

In the last 2 years, several States have done a remarkable job of cleaning up their own houses. Five States have banned the use of any prerace medication, five others permit only the use of small amounts of lasix on confirmed bleeders. Several States now freeze urine samples, and others require prerace testing of all horses. Their laboratories have developed very sophisticated tests and are able to detect and crack down on the use of illegal drugs. I note with particular pride that Maryland has banned the use of all medication on all horses scheduled to race by adopting the guidelines set by the National Association of State Racing Commissioners.

But more needs to be done. Over half of the 30 States with parimutuel betting have no restrictions whatsoever on the use of anti-inflammatories, steroids, diuretics, and other drugs. Tracks that take in millions of dollars daily are spending less than $200 a day for testing and enforcement of the prohibitions that do exist. And the trend quite recently seems to be running in the wrong direction. After passing strict antidrug laws, several States have started backsliding, by relaxing these restrictions and being dilatory about enforcing them.

Still, I am reluctant to urge the Federal Government to charge into the stables with pistols blazing. I remain hopeful that the States themselves will voluntarily end horsedrugging, a practice that threatens the integrity of this time-honored pastime. As the chairman of the Senate Subcommittee on Criminal Law, I have decided to schedule hearings on a bill. S. 1043, the Corrupt Horseracing Practices Act. This Federal legislation would require prerace testing of all horses, ban the use of all drugs including bute and lasix, and prohibit the nerving, icing, numbing, or freezing of all horses prior to a race.

It is a tough bill, but it is a tough problem. It is a bill that I am prepared to move forward, however reluctantly, if the individual States do not take it upon themselves to clean up their own houses. To put them on notice that we mean business, and to give them one last chance to act on their own, I will not hold hearings for a reasonable time, perhaps early next year. I hope the message will be heard loud and clear and that the friends of racing will be able to use that deadline to rally the States to action.

I know that the State legislators, horseowners, trainers, and members of the racing commissions will agree that

the last thing they want is the muzzle of the Federal Government poking into their stables. The choice is clearly before them. They can act now to restore the clean, sportsmanlike qualities that made horseracing the sport of kings and the king of sports. If they choose not to act, the Federal Government may have no choice but to enter the picture in response to the growing chorus for reform.

DR. ERNEST LEFEVER AND THE ADMINISTRATION'S POSITION ON HUMAN RIGHTS

Mr. HAYAKAWA. Mr. President, the hearings on the nomination of Dr. Ernest Lefever to be Assistant Secretary of State for Human Rights and Humanitarian Affairs will be held by the Foreign Relations Committee on May 18 and 19.

No doubt there will be considerable interest expressed about the administration's position on human rights and if Dr. Lefever will carry forth these policies.

On March 31 of this year Secretary of State Alexander Haig addressed a Trilateral Commission meeting on "Human Rights and American Interests." In his speech, Secretary Haig defined the human rights policy of the new administration. He summarized the position as—

Concern for human rights is compatible, indeed integral to our national interest . . . human rights remains a major focus of our foreign policy, especially when we are beset today by the overriding issue of how to stem the advance of the enemies of human rights . . . we should not adopt an undifferentiated attitude toward violations and violators . . . we can advance human rights more effectively than before, through the integration of human rights efforts into our diplomacy, pride in our achievements, and defense of our positions.

Mr. President, on April 1, I asked that Dr. Lefever's article, "The Trivialization of Human Rights," be inserted in the RECORD. Dr. Lefever's views as set out in this article closely correspond to those of the Reagan administration as they were expressed in Secretary Haig's speech.

Therefore, I feel confident that Dr. Lefever does in fact share the administration's viewpoint on human rights and was selected for the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs for exactly that reason.

Mr. President, I feel it is imperative that my colleagues are aware of the administration's position on human rights so I ask unanimous consent that Secretary Haig's speech be inserted in the RECORD.

I would also ask unanimous consent that a column by John O'Sullivan, "Rising to the Defense of Ernest Lefever," which apeared in the morning's Star be inserted. Mr. O'Sullivan comments on the unfair criticism that has been leveled at Dr. Lefever, particularly in the past few months.

Thank you, Mr. President.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

SPEECH BEFORE THE TRILATERAL COMMISSION ON HUMAN RIGHTS AND AMERICAN INTERESTS

(By Secretary of State Alexander M. Haig, Jr.)

Thank you, David. It is a great honor to be introduced by so distinguished a public man as David Rockefeller.

The Trilateral Commission has indeed been doing good work. You have brought together leading citizens and the best minds to bear on common problems, enjoying each other's company and the concourse of ideas. Above all, you have done so out of the conviction that the United States, Europe and Japan share an uncommon destiny, to give the world an unparalleled example of security, prosperity and harmony.

In recent years, doubts have been raised about our ability to do these great things together. It is said that we lack will—the will to defend ourselves, to take pride in our achievements, to work and hope for the future. Even though we have the resources—so the argument goes—we cannot draw upon them because we have lost faith in ourselves.

The national or individual will is one of those things that no one talks about until it is missing and once it is missing, no amount of talk will ever bring it back. Last November, responding to President Reagan's call, the American people demonstrated clearly their rejection of the notion that nothing much could be done because we lacked the will to do it. The problem is not will but confusion, not lack of strength but lack of clarity. Nowhere in our foreign policy is this more obvious than on the issue of human rights.

The controversy over American foreign policy and human rights concerns four questions:

Firstly, is our concern for human rights in other countries compatible with the pursuit of America's national interest?

Secondly, how does our foreign policy reflect our concern for human rights?

Thirdly how should we treat violators of human rights?

And the fourth question, how can we advance human rights in the world today?

Unless we can answer these questions, we cannot speak of a human rights policy. And the way we answer these questions tells us a great deal about how we view ourselves as a people and the problems we face today in international affairs.

Let me deal first with the question of whether a concern for human rights is compatible with the pursuit of America's national interest. My answer to this is a resounding "yes." The supreme American national interest is simple and compelling: we want a world hospitable to our society and our common ideals. As a practical matter, our national interest requires us to resist those who would extinguish those ideals and are hostile to our common aspirations. But there is a positive aspect to our national interest that should be stressed. Let us not make the mistake of allowing other peoples to believe that America and the western world means nothing more than sophisticated technology and the consumer society. From its very beginning, the United States has been about life and liberty, not just the pursuit of happiness.

Moreover, a crucial relationship exists between human rights of the individual, the humane practice of society and the humanity of the political system. Among widely recognized ideals held in many countries are three principles of which we are especially proud:

Respect for the sanctity of the individual and his conscience;

Government by the consent of the governed, and

Government by law, not personal whim.

We continue to strive to perfect these ideals. It is in our national interest to do so and to give our example to the rest of the world. Human rights are therefore not only compatible with our national interest, they are an integral element of the American approach—at home and abroad.

How does our foreign policy reflect our concern with human rights? The answer to this question is to be found in a clear understanding of the role of foreign policy. Foreign policy springs from a nation's self-expression; it reflects and therefore expounds a nation's ideals. But the development and execution of foreign policy must be rooted in the world of reality even as it is nourished by national ideals.

One aspect of reality is that we have neither the power nor the desire to remake the world in our own image. As John Quincy Adams said, America is the friend of liberty everywhere, but the custodian only of its own. In this respect, we should look upon the tragic events of the last 24 hours not for what they tell us of one man's hapless obsession but the inherent strength of the American democracy, enabling us to handle the situation in a calm and orderly fashion.

We wish that every people could enjoy the blessings of liberty as we enjoy them. But there are limits to what we can or should do to transform other cultures, customs and institutions.

At the same time, we confront another aspect of reality. The Soviet Union and its allies—countries that reject our concepts of human rights—continue to enlarge their military power and seem increasingly inclined to use their arms to advance their cause.

Unlike the Soviets, we are not going to deprive peoples of their dignity and choice. Nonetheless, we are not prepared to see the world remade by others hostile to our deepest convictions, convictions held by civilized societies everywhere. We cannot stand back as if we were an island unto ourselves, observing international aggression from a safe distance. Our resistance to this aggression and our assistance to its victims constitutes a defense of human rights that is at the very basis of our foreign policy and our national interest.

The third question about human rights and foreign policy concerns the violation of human rights and how to treat the violator. Let us be clear on one issue: the United States opposes the violation of human rights by ally or adversary, friend or foe. We are not going to pursue a policy of "selective" indignation.

The difficulty here lies not in the fact of violation itself, which must always be opposed, but how to assess the danger of the violation and how best to deal with the violator. We should distinguish between the deprivation of national rights through aggression and the deprivation of personal rights through oppression. The former is an international problem of long standing; the mechanisms for controlling aggression are an imperfect but workable association of military strength, self-interest and collective security. But the mechanisms for dealing with regimes that oppress their citizens are much more rudimentary and unpredictable. In protesting the offensive domestic actions of a government, we affect the international situation as well. It is a recurrent tragedy of the human condition—and foreign policy—that the choice of a lesser evil is still very evil. It does little good to remedy the grievances of a few if that brings down worse oppression on the many.

The point to be made is that we must be discriminating in our actions with an eye to the source of the violation and the impact

of our protest on the violator. We should distinguish between the so-called totalitarian and authoritarian regimes. The totalitarian model unfortunately draws upon the resources of modern technology to impose its will on all aspects of a citizen's behavior. The totalitarian regimes tend to be intolerant at home and abroad, actively hostile to all we represent and ideologically resistant to political change.

The authoritarian regime usually stems from a lack of political or economic development and customarily reserves for itself absolute authority in only a few politically sensitive areas.

I am not making a case for the excellence of authoritarian government; I am making the case that such regimes are more likely to change than their totalitarian counterparts. It should be our objective to hold forth ourselves as a model worthy of imitation as that change occurs and to help the evolution of authoritarian government toward a more democratic form.

The respective impact of the authoritarian and totalitarian regimes on human rights can be seen in one of the worst tragedies in recent years, the massive number of refugees. They have come mostly from countries under the sway of Marxist-Leninism. From the USSR, Cuba, Vietnam, Kampuchea, Afghanistan—have come productive, able citizens driven from their homes not for a want of patriotism but from the sheer intolerance of their self-appointed rulers. That many of the refugees seek out the United States as a haven remains one of the best testimonies that we rank at the very top of humane societies in the eyes of the truly desperate and homeless of the world.

When dealing with the violation of individual rights, we must weigh not only the international repercussions (does the regime help or hinder international aggression) but also the domestic prospects (totalitarian or authoritarian), not only the record of those in power but the record and program of those in opposition. We have seen in recent years how a policy not informed by these principles can contribute to the ultimate failure: a collapse of a bulwark against aggression, and the replacement of an authoritarian regime with a totalitarian one or one that distributes its oppression in random fashion. Surely we do not have all of the answers here. Still, we must do better than we have done in the past. This means a more precise calculation of how our action in treating human rights violators conforms to the larger projects—resisting aggression and supporting the evolution of more humane societies.

A very practical question remains: How to advance human rights? This is an issue of both method and purpose, for the way something is done frequently determines whether it is done at all.

Let me put before you a few imperatives for advancing human rights:

The first imperative is to strengthen the U.S., its allies and friends, the main safeguard against the spread of totalitarian aggression.

Second, we must improve our own example as a society dedicated to justice.

Third, we should adopt a sense of proportion in dealing with violators—the authoritarian versus the totalitarian regime.

Fourth, and finally, it is imperative that we examine the credentials and programs of the opposition, as well as the government—we must see clearly what change portends for human rights in the future.

Practically speaking, this means that policy on human rights must be integrated into the sphere of diplomacy, not pursued as if it were the only virtue in a foreign policy of suasion and public pronouncement. We must also develop a balance between private persuasion and public pronouncement. We must care more for results than for rhetoric.

In conclusion, let me summarize our position.

Concern for human rights is compatible, indeed integral to our national interest: We have great principles to defend and a great example to give the world.

Human rights remains a major focus of our foreign policy, especially when we are beset today by the overriding issue of how to stem the advance of the enemies of human rights.

We should not adopt an undifferentiated attitude towards violations and violators; we should oppose the establishment of totalitarian regimes; we should encourage the evolution of authoritarian regimes toward a more humane society.

We can advance human rights more effectively than before, through the integration of human rights efforts into our diplomacy, pride in our achievements, and defense of our positions.

Under the President's leadership, we have begun the arduous process of rebuilding our defenses and organizing a more robust resistance to international aggression. A concern for human rights, bereft of an effective defense posture and strong alliances, is reduced eventually to a hectoring of those we can influence—our friends—and not those whose reaction we fear—our adversaries. The strength of the Atlantic and Pacific allies remains, and must endure, as our primary project.

As we stand on the threshold of the last decades of the twentieth century, the free communities of the Atlantic and the Pacific cannot afford to pass the time away in useless discussion of willpower when the issue is really quite different: The clear thinking that precedes and guides decisive action. Churchill was reported to have remarked: "The enduring problem of international relations is that when nations have been strong, they have not always been just, and when they have sought to be just, they have not always been strong." Let it be said of us that when we were strong, we were also just, and when we sought to be just, we were also strong.

RISING TO THE DEFENSE OF ERNEST LEFEVER

(By John O'Sullivan)

"A lie can be half-way round the world before the truth has even got its boots on," said former British Prime Minister James Callaghan (quoting someone?) last year. The campaign against Ernest Lefever, whom the Reagan administration has nominated to be assistant secretary of state for human rights, illustrates this remark to macabre perfection.

It began fairly enough. That austere journal, The Christian Science Monitor, broke the story of Dr. Lefever's likely appointment with a balanced presentation of his virtues and drawbacks. He was described with neutral accuracy as a "conservative scholar." His more controversial remarks—for instance, that South Africa should be accepted as "a full-fledged partner" in the struggle against Soviet expansionism—were on display. And the differences between his predecessor's, Ms. Patt Derian's, approach to human rights were fully outlined. A supporter of the Carter administration's policy on human rights might have well been persuaded that Dr. Lefever ought not be entrusted with this sensitive responsibility. But Dr. Lefever himself had no reason to complain that he had been misquoted, misrepresented or otherwise mishandled.

Then the lads down at the agitprop factory got to work.

They first set about fashioning some useful terminology. In his Washington Post news report (February 5), John Goshko designated Dr. Lefever as an "ultraconservative." Now, this is a term worth pondering. It is hardly a neutral description used by people of every opinion, like "Republican" or "Democrat." Still less is it a favorable epithet like "compassionate" or "concerned." If you doubt this, ask a simple question: would anyone ever describe himself as an ultraconservative? No one would dream of doing so because the word is obviously an attack masquerading as an explanation. It has overtones of harsh, narrow, skinflint, savage. Ultraconservatives are to be found not in administrations, but in juntas. But the word caught on all the same.

The National Catholic Reporter varied things slightly with "archconservative"—perhaps so the writers might claim, if criticized, that they intended a reference to archbishops rather than arch-criminals.

DOUBTFUL EPITHETS

These doubtful epithets had appeared in supposedly impartial news reports. But they soon emigrated to their natural breeding grounds in the editorial pages. An editorial in The National Catholic Register hedged its bets with the description "an ultraconservative scholar." This is an example of the literary device of oxymoron, as in "dark blonde" or "fun ayatollah."

But a New York Times editorial returned to the stark simplicity of "ultraconservative," adding, for good measure, "who sneers at existing policy as sentimental nonsense and believes it is a profound error to embarrass allies, however repressive, with talk of habeas corpus." Reuters news agency quoted this judgment in its widely-circulated news summary of the affair.

Not long afterward, a second editorial in the Times, while still opposing Dr. Lefever's nomination, solemnly adjudicated that his views were "not frivolous and . . . worthy of debate." Which suggests either that The New York Times thinks that habeas corpus is a debatable issue or that its editorial writer cannot remember what he wrote three weeks earlier.

Next to take up the matter were columnists. Here, however, different standards apply. Like dons, columnists delight to bark and bite. They are *supposed* to be argumentative, prejudiced, opinionated, cantankerous. Some like Hugh Sidey and Patrick Buchanan took Dr. Lefever's side. So what reason could there be for objecting to the attacks launched by columnists like Mary McGrory and Carl Rowan?

Well, criticism is one thing; wide-eyed, reckless exaggeration something else entirely. Miss McGrory in her Washington Star column, for instance, stated simply: "Lefever is against them" (i.e. human rights). Now, to be against human rights *tout court* is to be in favor of the arbitrary arrest, imprisonment, torture, and murder of innocent people: The number of people who might reasonably be categorized thus is short and, in a perverse way, distinguished: Hitler, Pol Pot, Stalin, Mao, Idi Amin and a few others. To put among this bloody company the precise academic figure of Dr. Lefever, drawing his fine agonized distinctions between those human rights which have a universal application and those which arise from specific political traditions in the West, is really rather ridiculous.

Nor was such passionate nonsense confined to journalists. It came also from spokesmen for "the human rights community."

Mr. Edward Berger—the Interfaith Center on Corporate Responsibility Infant Formula Boycott Program Director (wow!)—said in relation to Dr. Lefever's appointment: "The new policy appears to be, 'We don't care what you do as long as you buy arms, kill communists and maintain low tariffs for U.S. imports.'"

The Council on Hemispheric Affairs, which The National Catholic Reporter described as "a religious and labor-backed human rights organization," went still further. It issued a "research memorandum" on Dr. Lefever which was inaccurate to the point of sur-

realism. Among its dottier assertions were that Dr. Lefever had lived in China (he has never even visited there); that he visited South Africa 19 times in 1977–79—to receive his orders? (in fact, he paid only three visits during that period); that he went to Guatemala under the auspices of the Amigos de Pais, a group linked to "death squad" activity there (in fact, he visited Guatemala for the Brookings Institution under contract to the U.S. government); and so on.

IMAGINATIVE SLURS

At least, though, these imaginative slurs were remotely connected with Dr. Lefever's views on human rights. Other allegations were designed to cast a vague doubt on his general honesty. It was asserted—and thoughtlessly repeated by some columnists—that the Ethics and Public Policy Center, of which Dr. Lefever was director until his nomination, was secretly financed by South Africa. Has any evidence been produced to support this serious charge which he firmly denies? Not a shred. If Dr. Lefever were not an "ultraconservative," there would have been sympathetic cries of "McCarthyism" long before now.

The net effect of all this has been to produce a caricature of Dr. Lefever which might have appeared, complete with top hat and waistcoast covered with dollar signs, in *Krokodil*. Indeed, *Izvestia's* report of his nomination, which referred to him merely as "extreme right wing" and a "firm supporter of military dictators," was rather mild in comparison to the volcanic eruptions from the "human rights community."

GROUNDS FOR OPPOSITION

You may object, however, that there must be some reasonable grounds for opposing his nomination. And, of course, there are. His actual opinions on the human rights policy, though palest mauve compared to those attributed to him, are controversial enough. He favors, for instance, an approach that would offer much quieter and more restrained criticism of human rights by U.S. allies. This is anathema to those who would treat with strict impartiality weak and powerful nations, rich and poor, allies and enemies. Miss Derian herself endorsed this view when, attacking Dr. Lefever's tilt against totalitarian enemies like the Soviet Union, she said: "It has to be a global policy. It must be applied through the conduct of foreign affairs."

Fine words—but, as is well-known, fine words butter no parsnips. Was Miss Derian's policy applied quite so unselectively in practice? The answer was provided by Mr. Henry Rosin who, in a reader's letter to the Baltimore Sun, revealed the following train of events. Two years after the start of the horrifying mass murders in Cambodia, in the summer of 1977, Mr. Rosin had written to President Carter asking him why he was not speaking out on these atrocities. Several months later, he received a reply from Hodding Carter III (who is the husband of Miss Derian), excusing the silence of the U.S. government on grounds that the United States, having no leverage, could do nothing about Cambodia.

CAMBODIA EXAMPLE

This was patently untrue because, as Mr. Rosin points out, "the Cambodians were in the U.N. where the issues could have been raised, and their main suppliers, the Chinese, were eager for closer ties with the U.S."

It is interesting that, at the very same time, Dr. Lefever was writing articles critical of the media's failure to report these cruel events adequately and concluding: "Where is the condemnation of the murder of a million people?" Is it any wonder that he harbors contempt for the Carter/Derian rights approach and its vaunted impartiality?

And what interest do I have in all this? Simply that I am the editor of the magazine, Policy Review, in which Dr. Lefever outlined his views on Mr. Carter's human rights policy. I thought I had better mention that. Otherwise the "human rights community" might accuse me of genocide.

THEY FIND A WAY

Mr. HAYAKAWA. Mr. President, there is an amusing, satirical column by Mr. Abe Mellinkoff, columnist for the San Francisco Chronicle about the errors which the Sierra Club has been making with regard to snail darters, the Alaskan caribou, and fishing off the California coast.

I would like to share this with my colleagues, and I ask unanimous consent that this column be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

THEY FIND A WAY

Once more, the Sierra Club is acting very uppity toward their friends, the dumb animals. The trouble with the bureaucrats who run the club is their continual over-estimating the dumbness of dumb animals.

Consider the plight of the snail darters. For three years the Sierra Club and its environmental allies stalled the completion of the mighty Tellico Dam in Tennessee. Against the political clout of Senator Howard Baker, the Sierrans waved the imminent demise of all three-inch snail darters.

Finally Senator Baker prevailed. He got his dam. The waters rose and destroyed the natural habitat of the darter. But the fish should not be taken so lightly. Plenty of them have now been discovered 83 miles from the dam. Nobody knows how they got there. And the darters have declined to issue a definitive statement. Neither has the club apologized.

The miscalculation on the darter follows a mightier mistake about the caribou. Riding on the backs of these stately animals—no mean feat in itself—the club fought the construction of the Alaska Pipeline. The above-ground sections of the project would block the annual migrations of the caribou.

This would so disturb both their sex life and eating habits that the species would vanish. But somebody forgot to tell the caribou. Determined not to be deprived of either sex or food, they have quietly found proper places to cross the pipeline. There is even some evidence that, if given the chance, they might buy some shares in the big moneymaker.

Failure to block hydroelectric power in the East and oil in Alaska has not lessened the spirit of the Sierrans. Currently they are fighting the plan of the Reagan administration to drill for oil off the California coast. The strategic objective of depriving the country of needed energy is the same. But there is a slick change in tactics. Now the call is not to save the lives of our lesser cousins of the sea, but rather to send more of them to their death in the nets of fishermen.

The club insists that drilling would destroy our fishing industry. But no explanation has been forthcoming why platforms off the Louisiana coast have not hurt the fish at all. Quite the contrary. Their numbers have multiplied and the fishermen have profited.

If the Sierrans themselves are not confused by all this, they are certainly confusing the rest of us. Are they saying that our fish are too dumb to adapt to a modest change in their environment? Or do they feel that our sea captains are too incompetent to avoid crashing into a drilling platform?

I'm happy that some of my best friends are members of the Sierra Club. Otherwise I might feel it is nothing but a front for OPEC. It surely acts as if it had accepted a contract from the Arabs to do as much damage as possible to the nation's supply of energy.

PARLIAMENTARY SYMPOSIUM ON ENERGY AND THE ECONOMY

Mr. BRADLEY. Mr. President, on April 10 and 11, I represented the U.S. Senate at a Parliamentary Symposium on Energy and the Economy. The symposium was organized by the OECD and the International Energy Agency and was held at the OECD headquarters in France.

The participants were parliamentarians from OECD member countries. In addition to myself, the U.S. delegation included Representatives DINGELL, OTTINGER, SHARP, COLLINS, SWIFT, MOORHEAD, and TAUKE. Other OECD countries sending delegations were the Federal Republic of Germany, Austria, Belgium. Canada, Denmark, Spain, Finland. France, Greece, Ireland, the United Kingdom, Iceland, Italy, Japan, Luxemburg, Norway, the Netherlands, Portugal. Sweden and Switzerland.

The principal theme of the symposium was "The Energy Challenge to Policy Makers: Changing Energy Supply, Consequences for the Economy and Policy Responses." The symposium was divided into plenary sessions and working groups. Topics for the working groups were:

First, interactions between the energy situation and policies and the overall economy with respect to inflation, growth, employment and the balance of payments.

Second, consequences of changes in the international oil markets and the importance of emergency preparedness, especially oil stockpiling.

Third, alternatives to oil and the difficulties with substituting nuclear, coal and synthetic fuels for petroleum.

Fourth, energy as a critical element in international relations both among the industrialized democracies and between these countries and the oil producing and oil importing developing nations.

Mr. President, this conference was a unique opportunity to discuss critical energy issues with parliamentarians from our most important allies and trading partners. It was the first time the OECD/IEA had hosted such a gathering but the enthusiastic response from the delegates suggests that it may not be the last. The reason why the participants valued this opportunity for exchanging views on energy is, I believe, that for all of us securing our respective nations' energy futures cannot be accomplished by domestic policies alone. Energy is first and foremost an international issue. It requires the development of economic, foreign and defense policies that extend beyond national borders and that are sensitive to the inevitability of continuing strategic as well as economic interdependence.

While I did not always share the views of my OECD colleagues, our discussions contributed to my understanding of European and Japanese perceptions of the international energy problem. They also confirmed my belief in the paramount importance of U.S. leadership in

developing the energy, foreign and defense policies needed to manage recurrent threats to our collective economic and national security.

Many OECD parliamentarians believe that resolution of the Arab-Israeli dispute and the Palestinian question is central to the security of their oil supplies. The prevalence of this belief is important. But as the revolution in Iran and the Iraq-Iran war demonstrated, this belief must be sharply distinguished from the reality that other conflicts internal to the region are much more threatening to the Gulf's stability and the security of oil supplies. Resolution of the Arab-Israeli dispute would, at best, remove only one of several important sources of tension and insecurity.

Equally threatening are the direct opportunities that turmoil in Iran and the war between Iran and Iraq create for the Soviet Union. The Soviets have long sought to exercise their influence in, if not control over, various countries in the Persian Gulf region. America, its allies and our friends in the Middle East must rapidly come to terms with a new strategic reality: Namely, the Soviet Union's enhanced capacity to project its power in the Persian Gulf region. And in the aftermath of the Iran-Iraq conflict, the Soviets will be interested in inserting themselves into any discussion of oil security. Were they to become coguarantors of the oil supply for the industrialized world, a significant advantage would have shifted to the Soviets' favor. That is why the industrialized nations must agree to preempt Soviet-sponsored peace initiatives in the region. For stabilization of the gulf on Soviet terms would give them control of the economic destiny of the industrial democracies.

Many of the OECD countries resist this truth. It is therefore up to U.S. leadership to persuade them of these strategic realities.

Most of the OECD parliamentarians believed that their energy security can be significantly enhanced by negotiating separate supply agreements with oil producing countries, even if these agreements require them to make costly political and economic concessions.

In my judgment, their sense of security is illusory. A special relationship with Iraq did not help France procure oil when the Iran-Iraq war broke out. But French willingness to supply Iraq with sensitive nuclear technology in exchange for access to oil may have increased the danger to all of us from the spread of nuclear weapons capability. At the same time, relying on special relationships to reduce vulnerability to energy supply disruptions is almost certain to fuel competition for access to oil and could impose severe strains on the Western Alliance in the decade ahead.

Several of the OECD countries also appear to discount the risks inherent in increased dependence on Soviet energy supplies. They are reluctant to acknowledge the fact that unless they take strong actions—such as fuel switching capacity—to reduce the additional vulnerability this dependence creates—steps that make the true cost of the energy much higher—the U.S.S.R. could substantially strengthen its economic influence over Western Europe. This, in turn, could inhibit Europe from cooperating with the United States in political, economic and even military affairs.

On the other hand, the European and Canadian parliamentarians are generally much more sensitive than many U.S. policymakers to the urgency and complexity of the problems rising oil prices create for the developing countries as well as for the international economy and financial system. They are also much more supportive than most U.S. legislators of substantially increased investment in LDC energy development through multilateral institutions like the World Bank. They regard our withdrawing support for the World Bank energy program as shortsighted and counterproductive.

Most of the parliamentarians appear willing to rely exclusively on the IEA emergency oil sharing agreement to manage a severe supply disruption. Yet they question whether they can count on the United States to fulfill its obligations under the sharing program. And they are concerned that erosion of the multinational oil companies' control over the world petroleum market may mean the program is effectively dead.

Despite these concerns, there was scant agreement with my argument that since markets allocate resources more efficiently than government bureaucracies, the proper division of responsibility should be to let markets allocate and governments address the distributional inequities that are exacerbated by sudden sharp increases in the price of oil.

What this lack of agreement indicates is that the OECD approach to supply cutoffs is driven by concepts that many in the United States now consider discredited. It also points up the importance of much more effective coordination and cooperation among OECD nations in preparing for energy emergencies. But apart from agreeing on the need for high stocks, we do not even have a common set of objectives.

We are, then, at a critical juncture—not just with regard to programs for improving emergency preparedness, but also to agreements for the division of burdens and responsibility within the OECD and the Western Alliance for the security of the Persian Gulf and Western Europe.

Because we face a common danger, we must develop a common response. In this effort, U.S. leadership grounded in a sustainable consensus on what our national interest is, is essential.

I wish to thank the minority leader, Senator BYRD, and my other colleagues in the Senate for the opportunity to have represented them at the Energy Symposium. Following is the text of my remarks to the Working Group on Changes in the Oil Market and Emergency Preparedness and a summary of the discussions from all four working groups as presented by rapporteurs at the closing plenary session.

REMARKS FOR OECD/IEA SYMPOSIUM WORKING GROUP 2, LESSONS OF THE PAST DECADE

(Senator BILL BRADLEY, U.S.A.)

INTRODUCTION

I appreciate the opportunity to participate in this Symposium.

My remarks will focus on the real energy problem: preparations for supply disruptions.

We have had two recent experiences with supply disruptions from which we can draw conclusions about the behavior of world oil prices.

I will briefly examine the recent experience with disruptions, discuss the factors that appear to determine world oil prices, and finally, sketch the outline of a coordinated OECD emergency preparedness strategy.

I look forward to the discussions of the working group.

AN INTERPRETATION OF THE DIFFERENCES AMONG RECENT SUPPLY DISRUPTIONS

The Arab embargo of 1973–74 caught the OECD unprepared. Unfortunately for the U.S., it also caught us in the remnants of oil price controls and allocations that were part of Mr. Nixon's ill-fated experiment with comprehensive wage and price controls. As a consequence, the U.S. sat through lines at the gasoline pump and inefficient allocations of reduced supplies of oil.

Despite OPEC's attempts to target the embargo on the U.S. and the Netherlands, the international oil market reallocated supplies in such a manner that all importing countries shared the effects of the embargo more or less proportionately. At the outset, prices began to rise in the U.S. and Holland. (Price controls in the U.S. applied only to domestically produced crude oil; refiners were allowed to pay any price for imported oil). As the U.S. and Holland were willing to pay more for oil than other nations whose supplies were not initially interrupted, some oil supplies moved toward the embargoed nations, assisted by management decisions of major international oil companies. Only later did we realize that the oil market had allocated oil supplies among all importing companies, thwarting the intent of the targeted embargo.

Meanwhile, the OECD countries responded to the embargo by establishing the International Energy Agency and its emergency mechanism for sharing oil supplies in the event of another targeted embargo. Under this system the IEA would attempt to allocate oil internationally the way our Federal Energy Administration tried to do domestically: using regulations.

From 1974 to 1978, oil markets stabilized. Real prices fell. The U.S. encouraged consumption by maintaining controls on domestic oil prices. Oil companies reduced inventories to minimum levels that reflected seasonal demand patterns and occasional price increases coming out of annual OPEC meetings. In late 1977, inventories rose in anticipation of one of these OPEC price meetings. When the OPEC ministers decided not to raise their price, oil companies were stuck with excess, high cost inventory. Stocks were subsequently drawn down to very low levels. An unusually warm Fall extended the driving season, further depleting inventory levels. This was the situation in the fall of 1978, when the revolution began in Iran.

With the revolution, Iranian production fell and never fully returned to pre-revolution levels. Supply of oil on the world market was initially down and temporarily uncertain. Oil companies around the world realized the precarious nature of their low-stock situation and began to build inventories rapidly. Hence, the volume of oil available to be consumed—that is, not going into

inventory—was dramatically reduced. Since demand for oil is only slow to change, the quantity demanded greatly exceeded the quantity available for consumption. To no one's surprise prices rose. They did—from $12.70 per barrel in October 1978 to $21.44 in October 1979 and to $32 in September 1980. The spot market, reflecting traders' expectations that prices would rise, was quick to register higher prices. Producing nations, seeing that their oil was more valuable now that demand was exceeding supply, had the choice of either maintaining low contract prices thus providing billion dollar gifts to oil companies and traders, or raising their prices to reflect the new, higher value of oil on the world market. They chose the latter. Thus, higher spot prices did not cause higher contract prices; higher spot and contract prices both were caused by the same phenomenon: the imbalance of demand over supply at lower prices.

The oil companies originally supplied by Iran were most severely affected by the drop in production; they were most willing to purchase supplies on short-term markets. As prices rose, supplies were allocated by the international oil market, with no help from the international regulators. Meanwhile, the U.S., sat through more gas lines.

The large price rise and relatively small supply reduction led us all to conclude that the oil market was very fragile: a small kick would send the price spiraling. At the time we also concluded that the spot market was a bogeyman and began to blame it for the price increases.

By September 1980, inventories around the world were at record high levels. The Iranian Revolution had served as a forceful reminder of the insecurity of our oil supplies. On September 22, 1980, Iraq invaded Iran. Oil production fell by about the same amount as it had during the Iranian Revolution. Again, demand was unchanged in the short term. But this time, inventories were drawn down instead of built up. The IEA made statements encouraging this drawdown, but no one knows whether the oil companies actually listened to the IEA, or whether the IEA is like the ants on a log floating down the river; each ant thinks he's steering. In any case, inventories were drawn down and the price rose only a few dollars. While we should be careful not to jump to conclusions—we've made that mistake before—I think we can say that the combination of high stocks at the outset of the disruption, combined with the willingness to draw down these stocks during the disruption, contributed to the relatively small price increase we observed on the world market. The oil companies were willing to draw down stocks probably because of an expectation of higher output from Saudi Arabia and an expectation—right or wrong—that supplies from Iran and Iraq would return to the market sooner rather than later. Today, exports from Iran and Iraq are beginning to rise above 2 million barrels per day, and world prices are even beginning to deteriorate.

SO WHAT DETERMINES OIL PRICES, ANYWAY?

At any given point in time, the world oil price appears to be determined by a complex interaction between three factors: oil supply, oil demand, and the rate of inventory acumulation or drawdown. These three factors can all change, causing changes in the world price, but the three factors change at different rates of speed.

Over the next 20 years, of course, new oil supplies will become increasingly expensive to find and produce. This means that long-term prices will continue to rise, even while short-term prices may fluctuate up and down. However, short-term oil supplies from a given oil-producing country can be interrupted overnight. Reductions in supply tend to raise the price.

On the other hand, reductions in demand, which tend to lower the price, occur relatively slowly. The level of economic activity is probably the single most important determinant of world oil demand in the short to medium term. Expanding economies demand more oil than contracting ones. In economists' jargon, this is the income elasticity of demand. However, the price of oil also has a definite effect; as oil prices rise, the quantity of oil demanded falls, slowly at first but cumulatively. As prices rise, consumers use their automobiles less and turn down their thermostats in the short run, thus creating a noticeable reduction in demand; but over time, consumers purchase more fuel-efficient autos and insulate their homes, creating enormous reductions in demand and tending to lower the price. Demand for crude oil is ultimately limited by the availability of oil substitutes, such as shale oil and liquefied coal. Hence, the price of crude oil is ultimately limited by the price of producing large quantities of oil substitutes.

Finally, inventory levels depend on inventory holders' expectations about future oil-market trends. If stable markets are expected, as they were in the 1975 to '78 period, stock levels will be squeezed down by competitive pressures. The threat of supply instability will increase inventories. Similarly, decisions to draw down inventories will be driven by expectations of future supply availability. Inventory drawdowns will tend to lower prices; accumulations will tend to raise them.

WHAT DETERMINES OIL PRICES DURING DISRUPTIONS?

During supply disruptions, oil prices will reflect short-term changes in these three factors: supply, demand, and changes in inventory. Supply can change quickly, causing the disruption. In response, prices will tend to rise quickly. Contracts are now written for very short terms, and prices are changed freely, even retroactively. The inevitable price rise associated with reduced supplies will occur as countries express their need for oil by bidding in short-term oil markets. If Germany needs oil more than the U.S., for example, it will place a higher value on the next barrel of oil to become available. Germany will be willing to pay more for that barrel than the U.S. In the absence of international allocations, supplies will tend to move from the U.S. to Germany until the value of the next barrel of oil in the U.S. is about equal to the value of the next barrel in Germany. Prices in the U.S. and Germany will then be approximately equal, at a higher level than before. This process would occur among all oil-importing nations. Through this mechanism oil supplies would be allocated to their highest-valued uses without the need for international regulators trying to determine who should get the oil. Competitive bidding, long excoriated as harmful, is the mechanism by which scarce supplies are allocated most efficiently among competing and changing demands. Prices rise to reflect the new scarcity value of smaller supplies of oil.

During this bidding process, the price of oil during disruptions may rise above what some observers would describe as "rational" levels. Many people think this occurred during the Iranian Revolution disruption. Two comments are in order. First, it is very difficult to objectively specify what "rational" prices are. A refiner who is facing a very expensive temporary shutdown for lack of crude oil may be very rational in his bid of $50 per barrel. Second, the bidding mechanism I described earlier works best in the absence of panic. Panic is best avoided by holding large emergency reserves.

In response to the higher prices brought about by the reduced supplies, the quantity demanded will fall, tending to moderate the price increase. If the OECD demands fewer barrels, the level to which prices rise is lower. But because demand cannot generally fall as quickly as supplies, prices will rise somewhat, and will stay at higher levels until demand drops or supplies return to pre-disruption levels.

Inventory build-ups can exacerbate the upward pressure on price caused by the loss of supplies, and inventory drawdown can reinforce the price-moderating effects of demand reductions. During the Iranian Revolution, world supply dropped, inventories were built up; both contributed to the large price rise. During the Iran and Iraq war, supply dropped, but inventories were drawn down; price rose only moderately.

WHAT ARE THE IMPLICATIONS FOR EMERGENCY POLICY?

First and most importantly, the value of high levels of inventory is crystal clear. The very existence of high stocks during the Iran/Iraq war helped to avoid the panic that hit during the Iranian revolution. During the Iran/Iraq war, refiners were not in immediate danger of closing down; they could afford to rely on inventory, while making an occasional purchase on the spot market. The very existence of large inventories together with surge production in oil producing countries appears to have put a cap on expectations of future price increases, so speculative bidding was reduced. Finally, the tanks were full, so even if they had wanted to buy oil, buyers would have had to resort to high-cost storage.

The collective benefits of oil stockpiles can increase if OECD countries build and draw down their reserves together. If one nation draws down its reserve during a disruption, it benefits from the capital gain from the sale of the oil and the lower world price that results. All other oil-importing nations also benefit from the lower world price, even if they do not draw down their reserves. However, whether or not other nations cooperate, each nation will be better off if it actually uses its reserve during large disruptions. It has no rational incentive to hesitate, waiting for other nations to join in. If all OECD nations drawn down their reserves in concert the benefits to each and every country would be greater than if any one nation drew down alone.

Second, the existing emergency sharing mechanism appears to respond to the perceived problem of 1973, not the problems we are most likely to face in the 1980s. The current mechanism is designed to protect individual countries from targeted embargoes. As we have seen, during all three disruptions of the 1970s, market forces tended to move supplies to their highest-valued uses via the normal bidding mechanism. A new IEA emergency sharing mechanism might be considered that would use these market forces rather than attempt to replace them. The IEA role could attempt to address problems that market forces ignore: specifically, differences in wealth of nations.

We should be very clear about the problem we are asking the IEA to solve. If we think that the problem is that the market will produce an inefficient allocation of oil and that a bureaucracy will do a better job, that's one thing. I should merely point out that the U.S. has painfully learned that bureaucracies do not allocate oil supplies very well. On the other hand, if the problem we are asking the IEA to solve is that less developed countries are unable to participate in the oil market, then the best response might not be to allocate all oil among all nations, rich and poor alike. Perhaps the IEA could broker emergency loans between oil producing nations who will have large balance of trade surpluses and LDC's who will have large balance of payments deficits. There may be other financial or nonfinancial options that the IEA should consider that are less drastic than full-scale allocations. Over the longer

run, all oil importing countries, both industrialized and developing, would reap large benefits from significantly increased investment in petroleum exploration in the LDCs.

Concerns have been raised about the ability of market forces to allocate supplies in light of the variety of end-use or destination restrictions now being imposed by producing nations. International oil companies now control less than half of the internationally traded oil, down from nearly 90 percent in 1973. But the decline of control by the big oil companies coincides with the increased role of independent traders, smaller oil companies, and government. The greater the number of actors, the easier it will be for market forces to move supplies around, unencumbered by political constraints. Similarly, even if destination restrictions on crude oil are binding (and I have my doubts whether they will be) refined product trade will develop rapidly. The cost of creating these new markets will not be trivial; however I suggest that they may be less than the cost of international allocation mechanisms. At least they should be examined. The lessons of the past decade push up toward decentralized market-oriented emergency sharing mechanisms, away from bureaucratically centralized ones.

The third implication for emergency policy concerns the spot market. I think this is a red herring that diverts our attention from more important issues, such as stockpiling. Increases in the spot price do not cause higher contract prices. The spot market is simply an expression of many people's expectations about future oil supply and price. Putting clamps on the spot market will not change these expectations. Indeed, by shutting off the safety valve provided by the spot market, such restrictions may be counterproductive. By putting a lid on the pressure cooker, we might increase the probability of an explosion. The way to avoid pressure on the spot market is to store oil in advance of supply disruptions.

Finally, the slow but sure demand response to higher prices implies an important role for actions that can facilitate or encourage fuel switching and conservation. By restraining demand and thereby lowering the price required to equilibrate world demand and supply, OECD nations can reduce the magnitude of the damaging transfer of wealth that will inevitably occur. The price rise triggered by the drop in world supply will itself initiate a reduction in quantity demanded. Clearly, we should not hold oil prices below market levels as the U.S. has done in the past. We have studied proposals to raise consumer prices above market levels by imposing import tariffs on oil. By raising the price to consumers above market levels, a disruption tariff would cause consumers to demand even less imported oil, thereby taking some additional pressure off the world price. To the degree the world price is lower with the tariff than without it, all oil-importing nations would pay out less for their imported oil. If the tariff revenues were quickly recycled into the economies of OECD nations, this proposal could have balance of payment benefits that exceed the costs of oil priced above market levels.

We should also realize that other actions to reduce demand—carless Sundays, rationing, other mandatory restrictions—are less efficient attempts to implicitly raise the price that consumers face above the market levels. Raising the price too far above the market—prohibiting the use of automobiles, as an extreme example—clearly imposes costs in excess of benefits. Like stock drawdown, coordinated demand restraint actions by all OECD nations are far more effective and beneficial than individual actions.

WHAT IS THE SHAPE OF AN OECD EMERGENCY RESPONSE PLAN?

I suggest that the OECD consider three basic actions in preparation for the oil supply disruptions that are sure to come over the next ten years or so:

First, build stockpiles. Because oil storage is not free and because public benefits of large stocks exceed private benefits, governments must take an active role. Governments need not own the oil stockpiles as we see from the Iran/Iraq experience. But governments must encourage—perhaps even subsidize—stockpiling at all levels from producer to end-user.

Second, ensure that scarce oil supplies are allocated to their highest-valued uses. Markets, not bureaucracies, do this best. Deal with income distribution problems explicitly, not by oil allocations.

Third, restrain demand. At the very least, this means avoiding price controls that encourage demand. Consider OECD-wide disruption tariffs, if benefits are likely to exceed the costs.

I realize that these suggestions may not reflect the conventional wisdom. But if we are to deal realistically with the fundamental energy problem, that is, the potential disruptions, we must be able to throw off conventional wisdom if necessary; we must learn from the past and act decisively to ensure our future.

SUMMARY OF DISCUSSIONS

WORKING GROUP I

Oil price increases have contributed to inflation in all OECD countries. However, such increases are not the only, and not even the major, cause of inflation. Moreover, not all countries have been equally adversely affected by higher oil prices. These differences make it difficult to agree on cooperative strategies for managing inflation and other energy related economic problems.

The difficulty is compounded by the fact that inflation in oil consuming countries is transferred to the producers and the oil importing LDCs. This in turn prompts further oil price rises and dampens the prospects for sustaining economic growth in the developing nations. Ultimately, the plight of the LDC's could jeopardize the viability of the international financial system.

Reducing imports by substituting alternative fuels will be very expensive but nonetheless worthwhile. In this regard, higher oil prices are not all bad—they stimulate investment in petroleum substitutes and promote energy efficiency.

In dealing with the economic and political implications of uncertain and expensive oil supplies, international cooperation is of paramount importance. Concern over price increases and supply disruptions has tended to erode solidarity among the industrialized democracies. Attempts to secure access to oil and avoid price increases have too often elicited non-constructive responses on the part of oil importing countries. Notwithstanding the difficulty in developing common policies, it is imperative to avoid a "beggar your neighbor" approach to the energy problem. This is particularly important in the case of the developing countries who are most vulnerable to high oil prices. In addition, the oil importing countries should seek greater cooperation with the producing nations.

Although international cooperation is essential, individual countries should limit government intervention in the oil market. In particular, governments should refrain from subsidizing energy prices since such subsidies are counterproductive from the standpoint of conservation and import substitution. Along these lines, it is also essential to avoid using inflation to legitimize protectionist economic policies. At the same time, there should be much greater emphasis on maintaining ample petroleum stocks to enhance energy security.

Dealing effectively with the energy problem poses three main challenges for policymakers:

(i) Formulating a constructive response to the unemployment induced by high energy prices;

(ii) Reducing oil consumption; and

(iii) Dealing with the political and social implications of lower economic growth rates for the foreseeable future.

WORKING GROUP II

Over the next decade or more, we are virtually certain to face recurrent oil supply interruptions. Thus, it is imperative that we develop strategies for limiting the damage to our domestic economies as well as to the international economy caused by supply disruptions.

It is an open question whether or not we should adopt a market approach to managing oil production cuts. Some delegates strongly believed that the best emergency preparedness system is one that distinguishes clearly between efficiency and equity. Markets allocate more efficiently than government bureaucracies. Thus, governments should limit their involvement to dealing with the income distribution effects of sharply higher oil prices due to a supply cut. Others felt that even if markets are more efficient, government allocation systems such as the International Energy Program administered by the IEA, are nonetheless preferable, at least in a severe oil supply disruption.

Regardless of whether we adopt a market approach or continue the existing allocation scheme, it is imperative that we build up ample stockpiles. Since stocks are the best protection against supply interruptions, governments should be prepared to subsidize their acquisition. The guiding principle for using stocks in an emergency should be to allocate them to their highest valued uses. Finally, stock drawdowns should be accompanied by demand restraint measures. At the very least, this means not imposing price controls during emergencies or otherwise subsidizing oil costs. Finally, some delegates believed that a case could be made for raising prices above the world level in an emergency through the imposition of oil taxes or tariffs. This would restrain demand, moderate world oil prices and reduce the transfer of wealth from consuming to producing nations.

There was disagreement on the implications of the increase in government-to-government oil deals. Some delegates believed these deals enhance their countries' energy security. Others felt that such arrangements do not provide additional security and often result in the granting of undesirable economic and political concessions to the oil exporters. It was generally agreed that in future, government-to-government contracts should avoid concessions that tend to erode cooperation among oil importing nations.

There was also a concensus that the spot market is not itself a cause of oil price escalation but rather a symptom of underlying market forces. Thus, attempts to regulate the spot market would not be productive. Instead, countries should concentrate on building up stocks and using them to affect the market conditions that cause prices to rise. In this regard, the delegates recognized that it is essential for IEA members to coordinate both the acquisition and drawdown of their stockpiles. While the OECD nations should aim to have petroleum re-

serves of at least 4 billion barrels, achieving coordination is more important than the stockpile's size. If these recommendations are implemented, there is a good chance of avoiding the panic that was so destructive during the 1979 oil supply disruption.

WORKING GROUP III

It is imperative to stabilize the consumption of fossil fuels. Conservation, that is energy efficiency, should be aggressively promoted. There was no agreement, however, on the degree to which conservation could reduce energy demand in the years ahead.

Renewable energy sources are highly desirable, particularly because of their benign environmental effects. However, delegates disagreed on how much of a contribution we could realistically expect from renewables in the near to mid term. Similarly, there was considerable variance in the extent to which the countries represented have made serious commitments to enlarging the role of renewables in their energy balances.

Coal was generally acknowledged as a necessary near to mid term fuel source. However, many delegates were concerned about the environmental aspects of coal use and stressed the importance of more research on the long term effects of increased coal combustion.

Although there was considerable interest in the long term prospects for synethtic fuels, no one saw them as contributing significantly in the short run. Nuclear energy was especially controversial. Support for it was directly related to the delegates' perceptions of how necessary nuclear power would be in meeting their countries' energy demand. There was also widespread concern with the issues of safety, nuclear weapons proliferation and waste disposal. In addition, many delegates felt that the true costs of nuclear power are still quite uncertain, particularly for breeder reactors.

Notwithstanding these different views, there was a consensus that the technical, economic and political complexities of alternative fuel production mean that there can be no one simple answer—all options must be carefully considered and honestly evaluated.

Finally, it was recognized that because of the externalities associated with all of the options, countries cannot afford to make their energy decisions in isolation. In planning the transition from petroleum to alternative fuels, international cooperation is an essential element.

WORKING GROUP IV

There was general consensus that the energy-related problems, which were closely linked to other issues of international concern, called for expanded and improved international cooperation. The general thrust of such cooperation would have to aim at practical economic development. Within this framework, the delegates found it useful to distinguish between problems and opportunities arising in the cooperation with OPEC and other developing countries, as well as with centrally planned economy countries.

The group recognized the advantages to both producing and consuming nations in co-operative relationships. With the view to encouraging OPEC countries to contribute to more stability as regards supply and price of energy, a number of factors were mentioned. The economic dimension would include improved technological, industrial and financial co-operation so as to integrate the producer countries increasingly into the world economy. But attention was also called to the political dimension of relations between producer and consumer countries. A participant stressed that arms exports to conflict areas should be discouraged.

The discussion revealed somewhat divergent views with respect to the conditions for peace and security in the Middle East. Some delegates perceived resolution of the Arab-Israeli dispute and the Palestinian question as central to the region's stability. Others believed that instability and conflict in the Middle East are not due, solely, or even primarily, to the Arab-Israeli dispute. As the war between Iran and Iraq demonstrates, the Arab-Israeli issue is only one of many regional problems and its resolution would remove only one of several important sources of tension.

Energy-related problems of the other developing countries were recognized to pose a challenge to the world economy and could be a source of political instability. Many developing countries are simultaneously hit by higher prices for oil, investment goods and other imports, depressed export markets and problems such as deforestation due to excessive use of firewood. These countries depend on external technical and financial assistance to develop their indigenous energy resources. Every effort should be made to help them. Several participants expressed support for the proposal to establish a World Bank energy affiliate. The forthcoming U.N. Conference on New and Renewable Energy Sources could also provide a good opportunity to identify possible solutions and reach consensus on concrete measures.

Reference was also made to some issues related to Western European energy imports from Eastern Europe. Subjects mentioned included the possible supply risk on the one hand and the opportunities for diversifying sources of energy supplies on the other.

In conclusion, there was a broad consensus that reducing oil dependence was a major prerequisite to achieving more stability in economic relations and, hence, to easing political tensions in the world. While recognizing the wider need for cooperation and the difficulty in defining specfic action to be taken with regard to each one of the problems mentioned, the group felt that collective efforts for solutions of the problems before them should be undertaken. Participants were fully aware of the impact which energy policy decisions in each of our Member countries have on international relations and that this places a special responsibility on parliamentarians.

ALBERT E. SHELTON OF URBANA IS ILLINOIS SMALL BUSINESS PERSON OF THE YEAR

Mr. PERCY. Mr. President, there is surely no better time than National Small Business Week to call attention to the enormous contribution made to the economy, to employment, and to the vitality of their communities by countless small business owners across the country.

At this time, it is my privilege to congratulate one small businessman in particular—Mr. Albert E. Shelton, owner of the Shelton Laundry in Urbana, Ill., who is the 1981 Illinois Small Business Person of the Year.

Mr. Shelton's career began in 1942 when his mother established a laundry business in her backyard to support her family. His beginning in the business world strikes an especially responsive chord in me personally since it was just a few years before that, while I was working my way through the University of Chicago, that I organized a laundry service on our campus. While I eventually left the laundry business, Mr. Shelton persevered and the Shelton Laundry today is the largest commercial laundry in Illinois, south of Chicago. This is an extraordinary achievement for which Mr. Shelton and his family deserve the highest praise. But this success was not achieved without a measure of heartache and disappointment. In 1950, a fire completely destroyed the laundry and the Sheltons had to start all over again. Today it is a $1.2 million business, a valuable member of the Urbana community and a living reminder of that unique promise of the American free enterprise system: that hard work and perseverance lead to success.

I am delighted that Albert Shelton has been honored for his achievement in this very special way and I know that my colleagues join me in wishing him and his wife, Verma, all the best for the future.

Because the story of Al and Verma Shelton's laundry is so deserving of recognition, I ask unanimous consent that the news release from the Small Business Administration about them be printed in the RECORD at this point.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

NEWS RELEASE OF THE U.S. SMALL BUSINESS ADMINISTRATION

SPRINGFIELD, ILL.—An Urbana laundry operator, whose business began in his backyard, but now has annual sales of more than $1.2 million, today was honored as the 1981 Illinois Small Business Person of the Year.

Albert E. Shelton, owner of Shelton Laundry, was feted here by the U.S. Small Business Administration during a meeting of the Small Business Council of the Illinois State Chamber of Commerce.

Shelton, 45, now becomes eligible for the National Small Business Person of the Year award, which will be announced in Washington during Small Business Week May 10–16.

John L. Smith, Director of SBA's Illinois District Office in Chicago, praised Shelton as "a veritable Horatio Alger story, who possesses the ingredients essential to success in the business world, ingredients such as courage, tenacity, management initiative, and the desire to learn."

"Al Shelton's ascent to the top in the commercial laundry industry reflects his unique understanding of all those ingredients which contribute to the profitability and longevity of a small business," Smith said.

Shelton's involvement in the laundry business began in 1942 when his mother created the business to support a growing family.

He still can envision his mother washing with a washboard and a large tub in the backyard of their home. That tub now is situated in Shelton's present facility as a memorial to his mother's hard work and a reminder of the firm's humble origins.

Today Shelton Laundry is the largest Illinois commercial laundry south of Chicago.

Despite Shelton's involvement in several extracurricular activities at University High School in Urbana, where he won thirteen varsity athletic letters, he remained devoted to his mother's business and spent many hours washing and delivering laundry. This was particularly true after 1950, when a fire destroyed the entire operation. Shelton became so busy reestablishing the business in the basement of the family home that he had to forego playing on the high school football team, of which he was captain. Two years later, the firm had generated enough work to build a block facility in the Sheltons' backyard.

Following graduation from high school, Shelton rejected athletic scholarships to three universities to pursue the goal of being "the best laundryman in the business."

Shelton's marriage to Verma McNair in 1955 formed the basis of a strong management team. The Sheltons have come a long way from a joint income of $35 a week, but success has only strengthened their team work and Mrs. Shelton remains indispensable to the business.

During the 50's and 60's, the company grew and began to penetrate commercial markets. In 1968 the company was incorporated and relocated to its present facility of 14,000 square feet at 1104 North Goodwin in Urbana.

The modern history of Shelton Laundry began in March, 1972, when Shelton assumed control and sole ownership of the company from his mother. He immediately retired the company's home delivery trucks and concentrated on penetrating commercial markets, upgrading equipment, and increasing plant capacity. By the end of 1972, Shelton had 40 employees, sales of $892,204, and contracts with Chanute Air Force Base, Scott Air Force Base, Illinois State University, and several local nursing homes.

Today, Shelton Laundry bears no resemblance to the backyard operation of 1942. Its washers process more than 3,300 pounds of laundry per hour and a fleet of trucks deliver the finished product within a 250 mile radius. Service is offered within 24 hours six days a week.

Sales in 1980 exceeded $1.2 million, and the company's labor pool had grown to 70 employees, the bulk of them Vietnamese and disadvantaged individuals.

Shelton is a member of the Textile Rental Association of America, the Illinois Laundry Association, and the International Fabric Institute. He also helped raise thousands of dollars for handicapped people as a member of the American Businessmen's Club and is a member of the Champaign Chamber of Commerce.

CREATIVITY—THE HUMAN RESOURCE

Mr. HAYAKAWA. Mr. President, I want to commend and welcome to Washington an exceptional and exciting exhibit opening tonight at the Kennedy Center for the Performing Arts. The exhibit, titled "Creativity—The Human Resource," examines the creative instinct that is inherent in us all. This exhibit was commissioned and sent on national tour by one of my State's leading companies, Standard Oil of California and the Chevron Family of Companies, to commemorate the company's 100th anniversary. To celebrate the company's centennial, Chevron has launched an ambitious exhibition which will both entertain and enlighten its visitors. The topic "creativity" should be one of interest for us all as the spirit of innovation is a fundamental human resource, one that has brought us to where we are, one that must carry us into the future if we are to thrive.

The exhibit engages visitors in exploring their own creative talents through games and exercises as well as examining the learning and working processes of 15 living American giants in the arts and sciences. In the seven cities it has visited since May 1979, the exhibit has attracted over 3 million visitors. It is open without charge to the public at the Kennedy Center through July 5. I urge all of you to join me in officially opening this exceptional gift to the American people.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States reported that on April 9, 1981, he had approved and signed the following act and joint resolution:

S. 840. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period; and

S.J. Res. 61. Joint resolution to authorize and request the President to issue a proclamation designating April 9, 1981, as "African Refugee Relief Day."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. COHEN, from the Select Committee on Indian Affairs:

Kenneth L. Smith, of Oregon, to be an Assistant Secretary of the Interior.

U.S. SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Smith, Kenneth Leroy.

Position to which nominated: Assistant Secretary of the Interior—Indian Affairs.

Date of birth: March 30, 1935.

Place of birth: The Dalles, Oregon.

Marital status: Married.

Full name of spouse: Jean Marie Smith.

Name and ages of children: Gregory D. Smith, 21; Michele K. Smith, 18; Debra Olson, 24; Becky Rae Olson, 19.

Education: Institution, dates attended, degrees received, and dates of degrees:

Oregon State University, 1954–1955.

Eastern Oregon College, 1956–1957.

University of Oregon, 1957–1959, B.S., 1959.

Employment record: List all positions held since college, including the title and description of job, name of employer, location, and dates.

I have worked for the Confederated Tribes of Warm Springs since graduating from college. I began as an accountant, being promoted to head accountant, controller, assistant general manager, acting general manager and becoming general manager in 1971. (See attached resume.)

Military service: Enter all military service if not included above: service, dates, rank, type of discharge. N/A.

Honors and awards: List all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1960—Outstanding Junior Citizen by Jefferson County, Oregon Jaycees.

1970—One of Oregon's Five Outstanding Young Men—Jaycees.

1971—Indian Leadership Award from the Commissioner of Indian Affairs.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

(See Exhibit A.)

Published writings: List the titles, publishers and dates of any books, articles, or reports you have written. None.

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet) (See attached resume.)

Future employment relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will sever all connections.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

I have no definite plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

No.

Potential conflicts of interest: 1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I will resign and sever all relationships upon confirmation.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

(See Exhibit B, Memorandum to Director, Office of Government Ethics.)

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

As General Manager of the Confederated Tribes of the Warm Springs Reservation of Oregon, I have represented the Tribe in dealings with the Federal Government.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the adminstration and execution of national law or public policy.

As General Manager of the Tribe, I have testified before Congress on various issues and bills.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

I will excuse myself from all official duties that will require me to take action on particular matters involving the Warm Springs Reservation.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from

the appropriate agency official indicating what those laws and regulations are and how you will comply with them.

(See Exhibit B, Memorandum to Director, Office of Government Ethics.)

U.S. SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

FINANCIAL STATEMENT

Name: Smith, Kenneth Leroy.

Position to which nominated: Assistant Secretary of the Interior—Indian Affairs.

Provide a complete, current financial net worth statement which itemizes all assets (including bank accounts, real estate, securities, trusts, investments, and other financial holdings) and all liabilities (including debts, mortgages, loans, and other financial obligations) of yourself, your spouse, and other immediate members of your household.

Assets

Cash on hand and in banks, $32,507.

Listed securities—add schedule, $1,700.

Accounts and notes receivable: $24,450.

Due from relatives and friends, $3,913.

Real estate interests—add schedule, $560,-156.

Personal property, $35,000.

Life insurance—cash value, $9,575.

Other assets—itemize:

Net worth, Prestige Travel 100% owned by Jeanie Smith, $7,571.

Mercedes Benz '78 240 D, $12,900.

Honda Prelude '80, $7,000.

Boat '76 Sea Swirl inboard, $5,600.

Jewelry, $3,000.

Total assets, $703,372.

Liabilities

Accounts payable, $1,090.

Real estate mortgages payable—add schedule, $355,601.

Other debts—itemize:

Trucking Ind. Empl. Fed. Credit Union, $2,713.

Total liabilities, $359,404.

Net worth, $343,968.

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers.

None.

2. Are any assets pledged? (Add schedule.)

(See schedule on real estate.)

3. Are you currently a party to any legal action?

No.

4. Have you ever declared bankruptcy?

No.

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes.

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No.

EXHIBIT A

MEMBERSHIP IN OTHER ORGANIZATIONS

Organization, office held, and dates:

B.P.O. Elks, Lodge No. 2071, Madras, OR 97741, member, 1969–present, none.

American Indian Travel Commission, P.O. Box 26268 (Belmar Branch), Lakewood, CO 80226, director, 1971–present, pres., treasurer, vice-president.

American Indian Lawyer Training Program, 319 MacArthur Boulevard, Oakland, CA 94610, director, 1973–1979, none.

Oregon State Board of Education, Oregon Department of Education, 942 Lancaster Drive N.E., Salem, OR 97310, director, 1973–1979, none.

Oregon Heart Association, 1500 S.W. Twelfth Avenue, Portland, OR 97201, director, 1974–present, none.

Prometheus College (no longer in existence), director, 1974–1977, none.

Oregon Historical Society, 1230 S.W. Park Avenue, Portland, OR 97205, director, 1975–present, none.

Federal Reserve Bank of San Francisco, Portland Branch, 915 S.W. Stark Street, Portland, OR 97205, director, 1976–1980, none.

Intertribal Timber Council, Confederated Tribes of Warm Springs, P. O. Box C, Warm Springs, OR 97761, director, 1979–present, president.

EXHIBIT B

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., March 16, 1981.

To: Director, Office of Government Ethics.

From: Deputy Department Ethics Counselor.

Subject: Opinion Memorandum for Kenneth L. Smith. Nominee for Assistant Secretary—Indian Affairs.

The financial statement filed by Mr. Smith has been reviewed in accordance with the provisions set forth in 5 CFR 734.604(a).

The dividends received by Mr. Smith from the Confederated Tribes of the Warm Springs Reservation result in a financial interest which is subject to the statutory prohibitions of 18 U.S.C. 208 and to the prohibitions of Executive Order 11222 (implemented by 43 CFR 20.735–15). As a member of the Warm Springs Tribe Mr. Smith will continue to receive these dividend payments. And, as Assistant Secretary for Indian Affairs he may be called upon to take official actions related to particular matters involving the Warm Springs Reservation or the Confederated Tribes of the Warm Springs Reservation. To avoid any problem with these two prohibitions Mr. Smith has agreed to recuse himself from all official duties that will require him to take action on particular matters involving the Warm Springs Reservation or the Confederated Tribes of the Warm Springs Reservation. This action is taken in accordance with provisions set forth in 43 CFR 20.735–14.

Upon confirmation, Mr. Smith will resign from his officer positions in the Intertribal Timber Council, Warm Springs, Oregon, the Confederated Tribes of Warm Springs, and the American Indian Travel Commission, Lakewood, Colorado.

These actions will bring Mr. Smith into compliance with applicable conflict of interest statutes and regulations.

GABRIELE J. PAONE.

SCHEDULE

	Value	Mortgages payable
Listed security: Thomas Industries 148 shares (Jeanie)	$1,700	
Accounts and notes receivable:		
Office loan by Jeanie Smith to—		
Prestige Travel No. 1	13,450	
Prestige Travel No. 2	11,000	
Total	24,450	
Real estate:		
4339 Embassy Park Dr. NW., Washington, D.C. (Ken and Jeanie)	205,656	$164,500
P.O. Box 751, Warm Springs, Oreg. (Ken)	220,000	164,500
10335 SW. Walker Rd., Beaverton, Oreg. (Jeanie)	97,000	26,601
P.O. Box 64, Madras, Oreg. (Ken)	37,500	
Total	560,156	355,601

By Mr. STAFFORD, from the Committee on Environment and Public Works:

G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife, Department of the Interior.

By Mr. PERCY, from the Committee on Foreign Relations:

James L. Malone, of Virginia, to be Assistant Secretary of State for Oceans, International Environmental and Scientific Affairs (Ex. Rept. 97–9).

John H. Holdridge, of Maryland, to be Assistant Secretary of State for East Asian and Pacific Affairs (Ex. Rept. 97–10).

(The above nominations, reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. THURMOND (for himself, Mr. HOLLINGS, Mr. DOMENICI, Mr. MATHIAS, Mr. JEPSEN, Mr. HATCH, Mr. SCHMITT, Mr. RANDOLPH, Mr. HATFIELD, Mr. GOLDWATER, and Mr. JOHNSTON):

S. 1153. A bill to amend the Surface Mining Control and Reclamation Act of 1977 relating to maps and plans of lands to be mined; to the Committee on Energy and Natural Resources.

By Mr. MATTINGLY (for himself, Mr. SYMMS, Mr. ABDNOR, Mr. HATFIELD, Mr. HATCH, Mr. STEVENS, Mrs. HAWKINS, Mr. SCHMITT, and Mr. COCHRAN):

S. 1154. A bill to prohibit permanently the issuance of regulations on the taxation of fringe benefits; to the Committee on Finance.

By Mr. KASTEN:

S. 1155. A bill to amend the Consumer Product Safety Act, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. INOUYE:

S. 1156. A bill to amend the Internal Revenue Code of 1954 to extend the period within which certain members of the Armed Forces must purchase a new residence to rollover gain on the sale of an old residence; to the Committee on Finance.

S. 1157. A bill to require that imports of fresh ginger root meet all the requirements imposed on domestic fresh ginger root; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HEFLIN:

S. 1158. A bill for the relief of Christina Boltz Sidders; to the Committee on the Judiciary.

By Mr. THURMOND (for himself, Mr. MATHIAS, Mr. BAUCUS, Mr. EAST, Mr. DENTON, Mr. DOLE, and Mr. HATCH):

S. 1159. A bill to amend section 10 of the Clayton Act to insure effective application of antitrust principles to prevent anticompetitive action by monopoly common carriers; to the Committee on the Judiciary.

By Mr. GARN (for himself and Mr. LUGAR) (by request):

S. 1160. A bill to amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations, and for other purposes; to the Committee on Banking Housing, and Urban Affairs.

By Mr. PACKWOOD (for himself, Mr. GOLDWATER, Mr. STEVENS, Mr. KASTEN, Mr. CANNON, and Mr. SCHMITT):

S. 1161. A bill to amend the Communications Act of 1934 to provide that nothing in such Act be construed to permit the Federal Communications Commission to restrict or prohibit in any manner the broadcast of the results or the projections of the results in an election to choose the electors of the President and the Vice-President of the United States until all polling places in

the United States are closed, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. WARNER:

S.J. Res. 80. Joint resolution to authorize and request the President to designate the week of May 17, 1981, through May 22 1981, as "U.S.O. Week"; to the Committee on the Judiciary.

By Mr. MATHIAS (for himself and Mr. SARBANES):

S.J. Res. 81. Joint resolution to recognize the pause for the Pledge of Allegiance as part of National Flag Day activities; to the Committee on the Judiciary.

S.J. Res. 82. Joint resolution to mark the bicentennial of Washington College; to the Committee on the Judiciary.

By Mr. CHAFEE (for himself and Mr. HATCH):

S.J. Res. 83. To authorize and request the President to call a White House Conference on Education not later than January 15, 1982, and for other purposes; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. THURMOND (for himself, Mr. HOLLINGS, Mr. DOMENICI, Mr. MATHIAS, Mr. JEPSEN, Mr. HATCH, Mr. SCHMITT, Mr. RANDOLPH, Mr. HATFIELD, Mr. GOLDWATER, and Mr. JOHNSTON):

S. 1153. A bill to amend the Surface Mining Control and Reclamation Act of 1977 relating to maps and plans of lands to be mined; to the Committee on Energy and Natural Resources.

MAPS AND PLANS OF LANDS TO BE MINED

Mr. THURMOND. Mr. President, I am introducing today on behalf of myself and Senators HOLLINGS, DOMENICI, MATHIAS, JEPSEN, HATCH, SCHMITT, RANDOLPH, HATFIELD, GOLDWATER, and JOHNSTON, legislation to amend section 507(b)(14) of the Surface Mining Control and Reclamation Act of 1977, to allow professional land surveyors to prepare and certify maps and plans for surface mining operations. This amendment will effect only a minor, technical change in the Surface Mining Act, and a virtually identical proposed bill had no trouble achieving Senate passage last session. Regrettably, that bill was attached as an amendment to more controversial legislation that was not enacted into law.

The purpose of this bill is to reinstate the professional surveyor in his traditional role of preparing accurate plans, maps, and cross-section maps that are required under law for all surface mining and reclamation operations. The bill makes it clear that land surveyors, in addition to engineers, will be able to perform land surveys and make maps of parcels of property. A brief review of the legislative history of the Surface Mining Control Act will help clarify the problem.

When the legislation that eventually became the Surface Mining Act was first introduced in the 94th Congress, both the House and Senate bills—H.R. 25 and S. 7—provided that such plans and maps should be prepared by or under the direction of, and be certified by a registered professional engineer or registered land surveyor—and a professional geologist—when specific subsurface information is deemed essential and requested by the regulatory authority. The identical provisions appeared in H.R. 2 and S. 7 of the 95th Congress.

S. 7 of the 95th Congress was amended to provide that such maps and plans should be prepared by a registered professional engineer, with assistance from experts in related fields, such as land surveying, landscape architecture, and geology. The significance of this amendment was that the surveyor was transferred from an equal status position with the engineer to a position of assistance. H.R. 2 was not amended with respect to this provision.

During the closing minutes of the conference on the act, it was suggested that the act should be amended in order to include the geologist on an equal status with the engineer. As a result, the act was changed to provide that the maps and plans should be prepared by engineers or geologists, instead of only engineers as contained in the provision of S. 7. What is ironic about the change that was made is that the services prescribed in the act are specific functions which are granted exclusively to the surveyor or the engineer by various State licensing statutes; and which the geologist, in most cases, does not have statutory authority or the desire to perform.

The amendment proposed by this bill would not constitute a substantive change in the act. The purpose of this amendment is to permit the professional land surveyor, in those States in which he—or she—is permitted or required to do so, to perform the services for which he is qualified in the field of his expertise.

As I stated last session in my discussion of this legislation, this amendment to the Surface Mining Act is very important to land surveyors in my State of South Carolina and some 12 other States, where State law specifically limits the preparation and certification of property maps to licensed, professional land surveyors or, in some of these States, surveyors and professional engineers. The amendment will not compromise the objectives of environmental protection or the public health and safety, nor will it grant authority to the surveyor to extend his activities into the areas of engineering, design or geology beyond the limits presently prescribed by State authority, control and supervision. This is another example of State primacy which is intended in the act.

The States, which have gained valuable experience in processing surface mine permits, are better able to judge the individuals who are best qualiled to perform professional services. Without this proposed amendment, the States will be deprived of this right, and the existing conflict between Federal and State statutes will continue, to the disadvantage of the surface mining industries and the Nation.

I introduce this legislation today for the purpose of resolving this unnecessary conflict between Federal and State law that is deterimental to the land surveyors and to the proper conduct of surface mining in the affected States. This change has the support of both the professional engineers and the geologists, as well as the land surveyors. Because of the importance of this legislation to land surveyors in the 12 affected States, I would hope that Congress will proceed to enact this bill early in this session.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1153

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 507(b)(14) of the Surface Mining Control and Reclamation Act of 1977, as amended, is amended by (1) inserting "registered professional land surveyor (in any State which authorizes land surveyors to prepare and certify such maps or plans)," after "qualified registered professional engineer," and (2) striking "land surveying and."

By Mr. KASTEN:

S. 1155. A bill to amend the Consumer Product Safety Act, and for other purposes; to the Committee on Commerce, Science, and Transportation.

CONSUMER PRODUCT SAFETY ACT AMENDMENTS OF 1981

● Mr. KASTEN. Mr. President, today I am introducing legislation to reauthorize the Consumer Product Safety Commission for 1 year and to make a number of important reforms in the agency's statutory mandate.

The Consumer Product Safety Commission was created in 1972 in an attempt to reduce consumer product-related injuries and deaths in the United States. Since that time there has been substantial concern that the agency has not been effective in carrying out its statutory mandate. The committee held extensive hearings in April of this year to reexamine the need for the agency and to review all aspects of Commission enforcement, research, and standard-setting activities. Many witnesses testified that, while the Commission's performance had improved significantly since its reauthorization in 1978, the agency continued to have the following kinds of problems:

First, inappropriate public disclosure of confidential or inaccurate business or product data;

Second, failure to support voluntary efforts by industry members to improve product safety;

Third, inappropriate procedures for promulgating mandatory product safety rules;

Fourth, insufficient attention to the costs of rules promulgated; and

Fifth, overuse of mandatory product safety standards and bans as compared with the less intrusive alternatives of voluntary industry standards or requirements for labels or instructional materials for consumer information.

Mr. President, the Consumer Product Safety Commission has an important mission. At our hearings in April, representatives of business, government, and consumers alike were in agreement on the need to retain the authorities administered by the Commission. My bill

makes necessary reforms in the problem areas that have been identified without interfering unnecessarily with the agency's pursuit of its mission. The 1-year authorization I seek, at the Reagan administration's requested level of $33 million, will provide Congress the flexibility to consider further reforms next year, and perhaps a restructuring of the agency.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill and the text of the bill be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1155

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consumer Product Safety Act Amendments of 1981".

PUBLIC DISCLOSURE OF INFORMATION

SEC. 2. Section 6 of the Consumer Product Safety Act (15 U.S.C. 2055) is amended to read as follows:

"(a)(1) Nothing contained in this Act shall be construed to require the release of any information described by subsection (b) of section 552 of title 5, United States Code, or which is otherwise protected by law from disclosure to the public.

"(2) All information reported to or otherwise obtained by the Commission or its representative under this Act which information contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, or subject to section 552(b)(4) of title 5, United States Code, shall be considered confidential and shall not be disclosed.

"(3) The Commission shall, prior to the disclosure of any information which will permit the public to ascertain readily the identity of a manufacturer or private labeler of a consumer product, offer such manufacturer or private labeler an opportunity to mark such information as confidential and therefore barred from disclosure under paragraph (2).

"(4) All information that a manufacturer or private labeler has marked to be confidential and barred from disclosure under paragraph (2), either at the time of submission or pursuant to paragraph (3), shall not be disclosed, except in accordance with the procedures established in paragraphs (5) and (6).

"(5) If the Commission determines that a document marked as confidential by a manufacturer or private labeler to be barred from disclosure under paragraph (2) may be disclosed because it is not confidential information as provided in paragraph (2), the Commission shall notify such person in writing that the Commission intends to disclose such document at a date not less than 10 days after the date of receipt of notification.

"(6) Any person receiving such notification may, if he believes such disclosure is barred by paragraph (2), before the date set for release of the document, bring an action in the district court of the United States in the district in which the complainant resides or has his principal place of business, or in which the documents are located, or in the United States District Court for the District of Columbia to restrain disclosure of the document. Any person receiving such notification may file with the appropriate district court or court of appeals of the United States, as appropriate, an application for a stay of disclosure. The documents shall not be disclosed until the court has ruled on the application for a stay.

"(7) Nothing in this Act shall authorize the withholding of information by the Commission or any officer or employee under its control from the duly authorized committees or subcommittees of the Congress, and the provisions of paragraphs (2) through (6) shall not apply to such disclosures, except that the Commission shall immediately notify the manufacturer or private labeler of any such request for information designated as confidential by the manufacturer or private labeler.

"(8) The provisions of paragraphs (2) through (6) shall not prohibit the disclosure of information to other officers or employees concerned with carrying out this Act or when relevant in any administrative proceeding under this Act, or in judicial proceedings to which the Commission is a party. Any disclosure of relevant information in Commission administrative proceedings, or in judicial proceedings to which the Commission is a party, shall be covered by the rules of the Commission (including *in camera* review rules for confidential material) for such proceedings or by court rules or orders, except that the rules of the Commission shall not be amended in a manner inconsistent with the purposes of this section.

"(b)(1) Except as provided by paragraph (2) of this subsection, not less than 30 days prior to its public disclosure of any information obtained under this Act, or to be disclosed to the public in connection therewith (unless the Commission finds that the public health and safety requires a lesser period of notice and publishes such a finding in the Federal Register), the Commission shall, to the extent practicable, notify, and provide a summary of the information to, each manufacturer or private labeler of any consumer product to which such information pertains, if the manner in which such consumer product is to be designated or described in such information will permit the public to ascertain readily the identity of such manufacturer or private labeler, and shall provide such manufacturer or private labeler with a reasonable opportunity to submit comments to the Commission in regard to such information. The Commission shall take reasonable steps to assure, prior to its public disclosure thereof, that information from which the identity of such manufacturer or private labeler may be readily ascertained is accurate, and that such disclosure is fair in the circumstances and reasonably related to effectuating the purposes of this Act. In disclosing any information under this subsection, the Commission may, and upon the request of the manufacturer or private labeler shall, include with the disclosure any comments or other information or a summary thereof submitted by such manufacturer or private labeler to the extent permitted by and subject to the requirements of this section.

"(2) If the Commission determines that a document claimed to be inaccurate by a manufacturer or private labeler under paragraph (1) should be disclosed because the Commission believes it has complied with paragraph (1), the Commission shall notify the manufacturer or private labeler that the Commission intends to disclose such document at a date not less than 10 days after the date of the receipt of notification. The Commission may provide a lesser period of notice of intent to disclose if the Commission finds that the public health and safety requires a lesser period of notice and publishes such finding in the Federal Register.

"(3) Prior to the date set for release of the document, the manufacturer or private labeler receiving the notice described in paragraph (2) may bring an action in the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the documents are located or in the United States District Court for the District of Columbia to enjoin disclosure of the document. The district court may enjoin disclosure if it finds disclosure would be in violation of paragraph (1).

"(4) Paragraph (1) of this subsection shall not apply to the public disclosure of (A) information about any consumer product with respect to which product the Commission has filed an action under section 12 (relating to imminently hazardous products), or which the Commission has reasonable cause to believe is in violation of section 19 (relating to prohibited acts); or (B) information in the course of or concerning a rulemaking proceeding (which shall commence upon the publication of an advance notice of proposed rulemaking or a notice of proposed rulemaking), an adjudicatory proceeding (which shall commence upon the issuance of a complaint) or other administrative or judicial proceeding under this Act.

"(5) In addition to the requirements of paragraph (1), the Commission shall not disclose to the public information submitted pursuant to section 15(b) respecting a consumer product unless—

"(A) the Commission has issued a complaint under section 15 (c) or (d) alleging that such product presents a substantial product hazard;

"(B) in lieu of proceeding against such product under section 15 (c) or (d), the Commission has accepted in writing a remedial settlement agreement dealing with such product; or

"(C) the person who submitted the information under section 15(b) agrees to its public disclosure.

The provisions of this paragraph shall not apply to the public disclosure of information with respect to a consumer product which is the subject of an action brought under section 12, or which the Commission has reasonable cause to believe is in violation of section 19(a), or information in the course of or concerning a judicial proceeding.

"(6) Where the Commission initiates the public disclosure of information that reflects on the safety of a consumer product or class of consumer products, whether or not such information would enable the public to ascertain readily the identity of a manufacturer or private labeler, the Commission shall establish procedures to ensure that such information is accurate and not misleading.

"(7) If the Commission finds that, in the administration of this Act, it has made public disclosure of inaccurate or misleading information which reflects adversely upon the safety of any consumer product or class of consumer products, or the practices of any manufacturer, private labeler, distributor, or retailer of consumer products, it shall, in a manner equivalent to that in which such disclosure was made, publish a retraction of such inaccurate or misleading information.

"(8) If, after the commencement of a rulemaking or the initiation of an adjudicatory proceeding, the Commission decides to terminate the proceeding before taking final action, the Commission shall, in a manner equivalent to that in which such commencement or initiation was publicized, make known the decision to terminate.

"(c) The Commission shall communicate to each manufacturer of a consumer product, insofar as may be practicable, information as to any significant risk or injury associated with such product.

"(d) For purposes of this section, the term—

"(1) 'Act' means the Consumer Product Safety Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, and the Federal Hazardous Substances Act; and

"(2) 'Commission' means the Commission, any member of the Commission, and any employee, agent, or representative of the Commission.".

CONSUMER PRODUCT SAFETY STANDARDS

SEC. 3. Section 7 of the Consumer Product Safety Act (15 U.S.C. 2056) is amended to read as follows:

"CONSUMER PRODUCT SAFETY STANDARDS

"SEC. 7. (a) The Commission may promulgate consumer product safety standards in accordance with the provisions of section 9. A consumer product safety standard shall consist of one or more of any of the following types of requirements:

"(1) Requirements expressed in terms of performance requirements.

"(2) Requirements that a consumer product be marked with or accompanied by clear and adequate warnings or instructions, or requirements respecting the form of warnings or instructions.

Any requirement of such a standard shall be reasonably necessary to prevent or reduce an unreasonable risk of injury associated with such product.

"(b) The Commission shall utilize requirements respecting warnings or instructions under subsection (a)(2), and rules requiring notification of data under section 27(e), rather than requirements under subsection (a)(1), whenever such warnings, data, or instructions would eliminate or adequately reduce the unreasonable risk of injury addressed. Nothing in this subsection shall require the Commission to promulgate a standard under section 7(a)(2) or a rule under section 27(e) to address a risk of injury prior to commencing a rulemaking under section 7(a)(1) to address the same risk of injury.

"(c) The Commission shall utilize voluntary consumer product safety standards, rather than requirements under subsections (a)(1) or (b), whenever compliance with such voluntary standards would eliminate or adequately reduce the risk of injury addressed and it is likely that there will be substantial compliance with such voluntary standards.".

BANNED HAZARDOUS PRODUCTS

SEC. 4. Section 8 of the Consumer Product Safety Act (15 U.S.C. 2057) is amended by striking "propose and".

ADMINISTRATIVE PROCEDURE AND REGULATORY ANALYSIS

SEC. 5. (a) Section 9 of the Consumer Product Safety Act (15 U.S.C. 2058) is amended—

(1) by striking subsection (a)(1), and substituting the following:

"(a) A proceeding for the development of a consumer product safety rule shall be commenced by the publication in the Federal Register of an advance notice of proposed rulemaking which shall—

"(1) identify the product and the nature of the risk of injury associated with the product;

"(2) include a summary of each of the regulatory alternatives under consideration by the Commission (including voluntary consumer product safety standards);

"(3) include information with respect to any existing standard known to the Commission which may be relevant to the proceedings, together with a summary of the reasons why the Commission believes preliminarily that such standard does not eliminate or adequately reduce the risk of injury identified in paragraph (1);

"(4) invite comments by interested persons with respect to the risk of injury identified by the Commission, the regulatory alternatives being considered, and other possible alternatives for addressing the risk;

"(5) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), an existing standard or a portion of a standard as a proposed consumer product safety standard; and

"(6) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), a statement of intention to modify or develop a voluntary consumer product safety standard to address the risk of injury identified in paragraph (1).

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

"(b) No consumer product safety rule may be proposed by the Commission unless, not less than 45 days after publication of the notice required in subsection (a), the Commission publishes in the Federal Register the text of the proposed rule, including any alternatives, which the Commission proposes to promulgate, together with a preliminary regulatory analysis containing—

"(1) a concise statement of the need for and the objectives of the proposed rule;

"(2) a preliminary description of the potential benefits and potential costs of the proposed rule, including any benefits or costs that cannot be quantified in monetary terms, and an identification of those likely to receive the benefits and bear the costs;

"(3) a discussion of the reasons any standard or portion of a standard submitted to the Commission under section 9(a)(5) was not published by the Commission as the proposed rule or part of the proposed rule;

"(4) a discussion of the reasons for the Commission's preliminary determination that efforts proposed under section 9(a)(6) and assisted by the Commission as required by section 5(a)(3) would not, within a reasonable period of time, be likely to result in the development of a voluntary consumer product safety standard that would eliminate or adequately reduce the risk of injury addressed by the proposed rule;

"(5) a description of any reasonable alternatives to the proposed rule, together with a summary description of their potential costs and benefits;

"(6) for a proposed product ban under section 8, a concise statement of the reasons no feasible consumer product safety standard would adequately protect the public; and

"(7) for any product safety standard containing requirements under section 7(a)(1), a concise statement of the reasons requirements for warnings or instructions under section 7(a)(2) or a rule requiring notification of data under section 27(e) would not adequately reduce the unreasonable risk of injury addressed.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.";

(2) by redesignating subsection (a)(2) as subsection (c), and by striking "which have been proposed under section 7 or 8" in subsection (c), as so redesignated;

(3) by redesignating subsection (b) as subsection (d);

(4) by redesignating subsection (c)(1) as subsection (e)(1);

(5) by adding a new paragraph (2) to subsection (e), as redesignated in paragraph (4), as follows:

"(2) The Commission shall not promulgate a consumer product safety rule unless it has prepared, on the basis of the finding of the Commission under paragraph (1) and on other information before the Commission, a final regulatory analysis of the rule containing the following information:

"(A) a statement of the need for and the objectives of the rule and an explanation of the reasons for the determination of the Commission that the rule will attain its objectives in a manner consistent with applicable law;

"(B) a description of the potential benefits and potential costs of the rule, including costs and benefits that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits and bear the costs;

"(C) a description of any alternatives to the final rules which were considered by the Commission, together with a summary description of their potential benefits and costs and a brief explanation of the reasons why these alternatives were not chosen; and

"(D) a summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

Whenever feasible, the costs and benefits of the rule should be described under subparagraph (B) in monetary terms. The Commission shall publish its final regulatory analysis with the rule.";

(6) by redesignating subsection (c)(2) as subsection (e)(3);

(7) by amending subsection (e)(3), as redesignated in paragraph (6), by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and substituting "; and"; and by adding at the end thereof the following:

"(D) in the case of a rule which relates to a risk of injury with respect to which persons who would be subject to such rule have adopted and implemented a voluntary consumer product safety standard, that—

"(i) compliance with such voluntary consumer safety standard is not likely to result in the elimination or adequate reduction of such risk of injury; or

"(ii) it is unlikely that there will be substantial compliance with such voluntary consumer product safety standard; and

"(E) that the costs of the rule are justified by the benefits.";

(8) by adding at the end of subsection (e), as so redesignated, the following:

"(4)(A) Any preliminary or final regulatory analysis prepared under section 9 shall not be subject to independent judicial review, except that when an action for judicial review of a rule is instituted, the contents of any such regulatory analysis and all comments thereon submitted to the Commission during the rulemaking proceeding shall constitute part of the whole rulemaking record of agency action in connection with such review.

"(B) The provisions of subparagraph (A) shall not be construed to alter the substantive or procedural standards otherwise applicable to judicial review of any action by the Commission.";

(9) by redesignating subsections (d) and (e) as subsections (f) and (g), respectively; and

(10) in subsection (g), as redesignated by paragraph (9), by striking "(a) through (d)" and substituting "(a) through (f)", and by striking "(a)(2)" and substituting "(c)".

(b) Section 3 of the Federal Hazardous Substances Act (15 U.S.C. 1262) is amended by adding at the end thereof the following:

"(f)(1) The Consumer Product Safety Commission may not propose a regulation under section 2(q)(1) or subsection (a), (b), or (e) of this section unless it has prepared, and has published with the notice of proposed rulemaking, a preliminary regulatory analysis of the regulation containing the following information:

"(A) a concise statement of the need for and the objectives of the proposed rule;

"(B) a preliminary description of the potential benefits and potential costs of the proposed rule, including any benefits or costs that cannot be quantified in monetary terms,

and an identification of those likely to receive the benefits and bear the costs;

"(C) a discussion of the reasons for the Commission's preliminary determination that efforts to develop voluntary standards, with assistance from the Commission as required by section 5(a)(3) of the Consumer Product Safety Act, would not, within a reasonable period of time, be likely to result in the development of a voluntary consumer product safety standard that would eliminate or adequately reduce the risk of injury or illness addressed by the proposed rule.

"(D) a description of any reasonable alternatives to the proposed rule, together with a summary description of their potential costs and benefits.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

"(2) The Consumer Product Safety Commission may not promulgate a regulation under section 2(q)(1) or subsection (a), (b), or (e) of this section unless it has prepared a final regulatory analysis of the regulation containing the following information:

"(A) a statement of the need for and the objectives of the rule and an explanation of the reasons for the determination of the Commission that the rule will attain its objectives in a manner consistent with applicable law;

"(B) a description of the potential benefits and potential costs of the rule, including costs and benefits that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits and bear the costs;

"(C) a description of any alternatives to the final rules which were considered by the Commission, together with a description of their potential benefits and costs and a brief explanation of the reasons why these alternatives were not chosen; and

"(D) a summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

Whenever feasible, the costs and benefits of the rule should be described under subparagraph (B) in monetary terms. The Commission shall publish its regulatory analysis with the rule.

"(3)(A) Any preliminary or final regulatory analysis prepared under this section shall not be subject to independent judicial review, except that when an action for judicial review of a rule is instituted, the contents of any such regulatory analysis and all comments thereon submitted to the Commission during the rulemaking proceeding shall constitute part of the whole rulemaking record of agency action in connection with such review.

"(B) The provisions of subparagraph (A) shall not be construed to alter the substantive or procedural standards otherwise applicable to judicial review of any action by the Commission.".

(c) Section 4 of the Flammable Fabrics Act (15 U.S.C. 1193) is amended by adding at the end thereof the following:

"(g)(1) The Consumer Product Safety Commission may not propose a regulation under this section unless it has prepared, and has published with the notice of proposed rulemaking, a preliminary regulatory analysis of the regulation containing the following information:

"(A) a concise statement of the need for and the objectives of the proposed rule;

"(B) a preliminary description of the potential benefits and potential costs of the proposed rule, including any benefits or costs that cannot be quantified in monetary terms, and an identification of those likely to receive the benefits and bear the costs;

"(C) a discussion of the reasons for the Commission's preliminary determination that efforts to develop voluntary standards, with assistance from the Commission as required by section 5(a)(3) of the Consumer Product Safety Act, would not, within a reasonable period of time, be likely to result in the development of a voluntary consumer product safety standard that would eliminate or adequately reduce the risk of the occurrence of fire addressed by the proposed rule; and

"(D) a description of any reasonable alternatives to the proposed rule, together with a summary description of their potential costs and benefits.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

"(2) The Consumer Product Safety Commission may not promulgate a regulation under this section unless it has prepared a final regulatory analysis of the regulation containing the following information:

"(A) a statement of the need for and the objectives of the rule and an explanation of the reasons for the determination of the Commission that the rule will attain its objectives in a manner consistent with applicable law;

"(B) a description of the potential benefits and potential costs of the rule, including costs and benefits that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits and bear the costs; and

"(C) a description of any alternatives to the final rules which were considered by the Commission, together with a description of their potential benefits and costs and a brief explanation of the reasons why these alternatives were not chosen; and

"(D) a summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

Whenever feasible, the costs and benefits of the rule should be described under subparagraph (B) in monetary terms. The Commission shall publish its regulatory analysis with the rule.

"(3)(A) Any preliminary or final regulatory analysis prepared under this section shall not be subject to independent judicial review, except that when an action for judicial review of a rule is instituted, the contents of any such regulatory analysis and all comments thereon submitted to the Commission during the rulemaking proceeding shall constitute part of the whole rulemaking record of agency action in connection with such review.

"(B) The provisions of subparagraph (A) shall not be construed to alter the substantive or procedural standards otherwise applicable to judicial review of any action by the Commission.".

(d) Section 3 of the Federal Hazardous Substances Act (15 U.S.C. 1262) is amended by adding at the end thereof the following:

"(g) The Consumer Product Safety Commission may not promulgate a regulation under section 2(g)(1) or subsection (a), (b), or (e) of this section unless it finds (and includes such finding in the regulation) that—

"(1) in the case of a regulation which relates to a risk of injury or illness with respect to which persons who would be subject to such regulation have adopted and implemented a voluntary standard to prevent or reduce such risk—

"(A) compliance with such voluntary standard is not likely to result in the elimination or adequate reduction of such risk; or

"(B) it is unlikely that there will be substantial compliance with such standard; and

"(2) that the costs of the regulation are justified by the benefits.".

(e) Section 4 of the Flammable Fabrics Act (15 U.S.C. 1193) is amended by adding at the end thereof the following:

"(h) The Consumer Product Safety Commission may not promulgate a regulation under this section unless it finds (and includes such finding in the regulation) that—

"(1) in the case of a regulation which relates to a risk of the occurrence of fire with respect to which persons who would be subject to such regulation have adopted and implemented a voluntary standard to prevent or reduce such risk—

"(A) compliance with such voluntary standard is not likely to result in the elimination or adequate reduction of such risk; or

"(B) it is unlikely that there will be substantial compliance with such standard; and

"(2) that the costs of the regulation are justified by the benefits.".

VOLUNTARY STANDARDS

SEC. 6. (a) Section 5(a) of the Consumer Product Safety Act (15 U.S.C. 2054 (a)) is amended by—

(1) striking "and" after paragraph (1);

(2) striking the period after paragraph (2) and substituting a semicolon; and

(3) adding at the end thereof the following:

"(3) following publication of an advance notice of proposed rulemaking or a notice of proposed rulemaking for a product safety rule under any rulemaking authority administered by the Commission, assist public and private organizations or groups of manufacturers, administratively and technically, in the development of safety standards addressing the risk of injury identified in such notice; and

"(4) to the extent practicable and appropriate (taking into account the resources and priorities of the Commission), assist public and private organizations or groups of manufacturers, administratively and technically, in the development of product safety standards and test methods.".

(b) Section 5(b) of such Act (15 U.S.C. 2054(b)) is amended by amending paragraph (3) to read as follows:

"(3) offer training in product safety investigation and test methods.".

(c) Section 27(j) of such Act (15 U.S.C. 2076(j)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by redesignating paragraph (10) as paragraph (11); and

(3) by inserting immediately after paragraph (9) the following:

"(10) with respect to voluntary consumer product safety standards for which the Commission has participated in the development through monitoring or offering of assistance and with respect to voluntary consumer product safety standards relating to risks of injury that are the subject of regulatory action by the Commision, a description of—

"(A) the number of such standards adopted;

"(B) the nature and number of the products which are the subject of such standards;

"(C) the effectiveness of such standards in reducing potential harm from consumer products;

"(D) the degree to which staff members of the Commission participate in the development of such standards;

"(E) the amount of resources of the Commission devoted to encouraging development of such standards; and

"(F) such other information as the Commission determines appropriate or necessary to inform the Congress on the current status of the voluntary consumer product safety standard program; and".

NEW CONSUMER PRODUCT

SEC. 7. Section 13 of the Consumer Product Safety Act (15 U.S.C. 2062) is repealed.

CIVIL PENALTIES

SEC. 8. (a) Section 20 of the Consumer Product Safety Act is amended by—

(1) redesignating subsections (b) and (c) (and all cross references thereto) as subsections (c) and (d), respectively; and

(2) by inserting the following after subsection (a):

"(b) In determining the amount of any penalty to be sought upon commencing an action seeking to assess a penalty for a violation of section 19(a)(4), the Commission shall consider the nature of the product defect, the severity of the risk of injury, the occurrence or absence of injury, the number of products distributed and the appropriateness of such penalty in relation to the size of the business.".

(b) Section 20(c) (as so redesignated by subsection (b) of this section) of such Act (15 U.S.C. 2069) is further amended by inserting at the end thereof the following: "In determining the amount of a civil penalty in an action brought under this section for a violation of section 19(a)(4), the Commission shall consider, in addition to the factors noted above, the nature of the product defect, the number of defective products distributed, and the severity of the risk of injury.".

REPEAL OF ADVISORY COUNCILS

SEC. 9. (a) Section 28 of the Consumer Product Safety Act (15 U.S.C. 2077) is repealed.

(b) Subsection (d) of section 12 of such Act (15 U.S.C. 2061(d)) is repealed, and subsections (e) and (f) of such section are redesignated as subsections (d) and (e), respectively.

(c) Section 17 of the Flammable Fabrics Act (15 U.S.C. 1204) is repealed.

(d) Section 6 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1475) is repealed.

(e) Section 20 of the Federal Hazardous Substances Act (15 U.S.C. 1275) is repealed.

REPURCHASE OF BANNED HAZARDOUS SUBSTANCES

SEC. 10. (a) Section 15 of the Federal Hazardous Substances Act (15 U.S.C. 1274) is amended to read as follows:

"REPAIR, REPLACEMENT, OR REFUND

"SEC. 15. (a) If any article or substance sold by its manufacturer, distributor, or dealer is a banned hazardous substance (whether or not it was such at the time of its sale), the Consumer Product Safety Commission may order the manufacturer, distributor, or dealer to take whichever of the following actions the person to whom the order is directed elects:

"(1) If repairs to or changes in the article or substance may be made so that it will not be a banned hazardous substance, to make such repairs or changes.

"(2) To replace such article or substance with a like or equivalent article or substance which is not a banned hazardous substance.

"(3) To refund the purchase price of the article or substance (less a reasonable allowance for use, if the article or substance has been in the possession of the consumer for one year or more at the time the consumer receives actual notice that the article or substance is a banned hazardous substance).

An order under this subsection may also require the person to whom it applies to submit a plan, satisfactory to the Commission, for taking the action which such person has elected to take. The Commission shall specify in the order the persons to whom refunds must be made if the person to whom the order is directed elects to take the action described in paragraph (3). If an order under this subsection is directed to more than one person, the Commission shall specify which person has the election under this subsection. An order under this subsection may prohibit the person to whom it applies from manufacturing for sale, offering for sale, distributing in commerce, or importing into the customs territory of the United States (as defined in general headnote 2 to the Tariff Schedules of the United States), or from doing any combination of such actions, with respect to the article or substsance with respect to which the order was issued.

"(b) (1) No charge shall be made to any person (other than a manufacturer, distributor, or dealer) who avails himself of any remedy provided under an order issued under subsection (a), and the person subject to the order shall reimburse such person (other than a manufacturer, distributor, or dealer) who is entitled to such a remedy for any reasonable and foreseeable expenses incurred by such person in availing himself of such remedy.

"(2) An order issued under subsection (a) with respect to an article or substance may require any person who is a manufacturer, distributor, or dealer of the article or substance to reimburse any other person who is a manufacturer, distributor, or dealer of such article or substance for such other person's expenses in connection with carrying out the order, if the Commission determines such reimbursement to be in the public interest.

"(c) An order under subsection (a) may be issued only after an opportunity for a hearing in accordance with section 554 of title 5, United States Code, except that, if the Commission determines that any person who wishes to participate in such hearing is a part of a class of participants who share an identity of interest, the commission may limit such person's participation in such hearing to participation through a single representative designated by such class (or by the Commission if such class fails to designate such a representative).

"(d)(1) If the Commission has initiated a proceeding for the issuance of an order under subsection (a) with respect to an article or substance, the Commission or the Attorney General may, in accordance with section 12(e)(1) of the Consumer Product Safety Act, apply to a district court of the United States for the issuance of a preliminary injunction to restrain the distribution in commerce of such article or substance pending the completion of such proceeding. If such a preliminary injunction has been issued, the Commission (or the Attorney General if the preliminary injunction was issued upon an application of the Attorney General) may apply to the issuing court for extensions of such preliminary injunction.

"(2) Any preliminary injunction, and any extension of a preliminary injunction, issued under this subsection with respect to an article or substance shall be in effect for such period as the issuing court prescribes not to exceed a period which extends beyond the thirtieth day from the date of the issuance of the preliminary injunction (or, in the case of a preliminary injunction which has been extended, the date of its extension) or the date of the completion or termination of the proceeding for the issuance of an order under subsection (a) respecting such article or substance, whichever date occurs first.

"(3) The requirement of section 1331 of title 28 United States Code, (relating to the amount in controversy) shall not apply with respect to the jurisdiction of a district court of the United States to issue or extend a preliminary injunction under this subsection.".

CONGRESSIONAL PREVIEW OF RULES

SEC. 11. (a)(1) The Consumer Product Safety Commission, after promulgating a final rule, shall submit such final rule to the Congress for review in accordance with this section. Such final rule shall be delivered to each House of the Congress while it is in session. Such final rule shall be referred to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House, respectively.

(2) Any such final rule shall become effective in accordance with its terms unless, before the end of the period of 90 calendar days continuous session after the date such final rule is submitted to the Congress, both Houses of the Congress adopt a concurrent resolution disapproving such final rule.

(b)(1) The provisions of this subsection are enacted by the Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of concurrent resolutions which are subject to this section, and such provisions supersede other rules; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(2)(A) Any concurrent resolution disapproving a final rule of the Commission shall, upon introduction or receipt from the other House of the Congress, be referred immediately by the presiding officer of such House to the Committee on Commerce, Science, and Transportation of the Senate or to the Committee on Energy and Commerce of the House, as the case may be.

(B) If a committee to which a concurrent resolution is referred does not report such concurrent resolution before the end of the period of 75 calendar days of continuous session of the Congress after the referral of such resolution to the Committee on Commerce, Science, and Transportation of the Senate or to the Committee on Energy and Commerce of the House, as the case may be, under subsection (a)(1), it shall be in order to move to discharge any such committee from further consideration of such concurrent resolution.

(C)(i) A motion to discharge in the Senate may be made only by a member favoring the concurrent resolution, shall be privileged (except that it may not be made after the committee has reported a concurrent resolution with respect to the same final rule of the Commission), and debate on such motion shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the motion. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to. If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other concurrent resolution with respect to the same final rule of the Commission.

(ii) A motion to discharge in the House may be made by presentation in writing to the Clerk. The motion may be called up only if the motion has been signed by one-fifth of the Members of the House. The motion is highly privileged (except that it may not be made after the committee has reported a concurrent resolution of disapproval with respect to the same rule). Debate on such motion shall be limited to not more than 1 hour, the time to be divided equally

between those favoring and those opposing the motion. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(3)(A) When a committee has reported, or has been discharged from further consideration of, a concurrent resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion shall be privileged in the Senate and highly privileged in the House of Representatives, and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the concurrent resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing such concurrent resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the concurrent resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such concurrent resolution was agreed to or disagreed to.

(4) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a concurrent resolution shall be decided without debate.

(5) Notwithstanding any other provision of this subsection, if a House has approved a concurrent reesolution with respect to any final rule of the Commission, then it shall not be in order to consider in such House any other concurrent resolution with respect to the same final rule.

(c)(1) If a final rule of the Commission is disapproved by the Congress under subsection (a)(2), then the Commission may promulgate a final rule which relates to the same acts or practices as the final rule disapproved by the Congress in accordance with this subsection. Such final rule—

(A) shall be based upon—

(i) the rulemaking record of the final rule disapproved by the Congress; or

(ii) such rulemaking record and the record established in supplemental rulemaking proceedings conducted by the Commission in accordance with section 553 of title 5, United States Code, in any case in which the Commission determines that it is necessary to supplement the existing rulemaking record; and

(B) may contain such changes as the Commission considers necessary or appropriate.

(2) The Commission, after promulgating a final rule under this subsection, shall submit the final rule to the Congress in accordance with subsection (a)(1).

(d) Congressional inaction on, or rejection of, a concurrent resolution of disapproval under this section shall not be construed as an expression of approval of the final rule involved, and shall not be construed to create any presumption of validity with respect to such final rule.

(e)(1) Any interested party may institute such actions for declaratory judgment, as may be appropriate to construe the constitutionality of any provision of this section. The district court immediately shall certify all questions of the constitutionality of this section to the United States court of appeals for the circuit involved, which shall hear the matter sitting en banc.

(2) Notwithstanding any other provision of law, any decision on a matter certified under paragraph (1) shall be reviewable by appeal directly to the Supreme Court of the United States. Such appeal shall be brought not later than 20 days after the decision of the court of appeals.

(3) It shall be the duty of the court of appeals and of the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter certified under paragraph (1).

(f)(1) For purposes of this section—

(A) continuity of session is broken only by an adjournment sine die; and

(B) days on which either House is not in session because of an adjournment of more than 25 days to a day certain are excluded in the computation of the periods specified in subsection (a)(2) and subsection (b).

(2) If an adjournment sine die of the Congress occurs after the Commission has submitted a final rule under subsection (a)(1), but such adjournment occurs—

(A) before the end of the period specified in subsection (a)(2); and

(B) before any action necessary to disapprove the final rule is completed under subsection (a)(2);

then the Commission shall be required to resubmit the final rule involved at the beginning of the next regular session of the Congress. The period specified in subsection (a)(2) shall begin on the date of such resubmission.

(g) For purposes of this section:

(1) The term "Commission" means the Consumer Product Safety Commission.

(2) The term "concurrent resolution" means a concurrent resolution the matter after the resolving clause of which is as follows: "That the Congress disapproves the final rule promulgated by the Consumer Product Safety Commission dealing with the matter of , which final rule was submitted to the Congress on .". (The blank spaces shall be filled appropriately.)

(3) The term "rule" means any rule promulgated by the Commission pursuant to section 9 of the Consumer Product Safety Act (15 U.S.C. 2058), section 2(g)(1) or subsections (a), (b), or (e) of section 3 of the Federal Hazardous Substances Act (15 U.S.C. 1261(g)(1), 1262 (a), (b), and (e)), and section 4 of the Flammable Fabrics Act (15 U.S.C. 1192).

(h) Section 27(l)(1) of such Act (15 U.S.C. 2076(l)(1)) is amended—

(1) by striking subparagraph (B);

(2) in subparagraph (A)—

(A) by striking "(2)—" and substituting "(2),";

(B) by striking "(A)";

(C) by striking "each consumer product safety rule proposed after the date of the enactment of this subsection and";

(D) by striking "after such date"; and

(E) by striking "; and" at the end of such subparagraph, and substituting a period.

OFFICES

SEC. 12. Section 4(e) of the Consumer Product Safety Act (15 U.S.C. 2053(e)) is amended by inserting immediately after "offices" the following: ", not to exceed five in number,".

REPORT TO CONGRESS

SEC. 13. Section 5(c) of the Consumer Product Safety Act (15 U.S.C. 2054(c)) is amended by adding at the end thereof the following: "The Commission shall notify the Committee on Commerce, Science, and Transportation of the United States Senate and the Committee on Energy and Commerce of the House of Representatives of each contract or grant under this subsection in an amount greater than $50,000.".

STUDY OF RULES PROMULGATED BY COMMISSION

SEC. 14. Section 27(m) of the Consumer Product Safety Act (15 U.S.C. 2076(m)) is amended to read as follows:

"(m)(1) For purposes of this subsection, the term 'rule' means—

"(A) any rule prescribed by the Commission pursuant to section 9;

"(B) any rule prescribed by the Commission pursuant to section 2(q)(1) of the Federal Hazardous Substances Act (15 U.S.C. 1261(g)(1));

"(C) any rule prescribed by the Commission under section 3 of the Poison Prevention Packaging Act (15 U.S.C. 1472); and

"(D) any rule prescribed by the Commission under section 4 of the Flammable Fabrics Act (15 U.S.C. 1193).

"(2)(A) The Commission shall, within 2 years after the date of enactment of this section, study all rules which the Commission has issued on or after November 10, 1978, and which are in effect on the date of enactment of this subsection.

"(B) The Commission shall study each rule promulgated after the date of enactment of this subsection within 5 years after the date of promulgation of any such rule.

"(C) Any study conducted pursuant to this paragraph shall be completed as expeditiously as possible. The Commission shall submit a report on the results of such study to the Congress which shall, to the extent practicable and appropriate (taking into account the resources and priorities of the Commission)—

"(i) recommend the deletion of particular rules and portions of rules, including reasons for such recommendations; and

"(ii) recommend the initiation of appropriate rulemaking proceedings under this Act to make changes or modifications in particular rules or portions of rules.

"(3)(A) To the extent practicable and appropriate (taking into account the resources and priorities of the Commission), the Chairman of the Commission shall include in the report submitted to the Congress under this subsection, for each such rule—

"(i) an economic impact analysis which takes into account, for such rule, the cost impact on and benefits to consumers and affected businesses (with particular attention to small businesses);

"(ii) a paperwork impact analysis containing—

"(I) an estimate of the numbers of, and a description of the classes of, persons who are required to file reports, maintain records, and fulfill any of the information-gathering requirements under such rule;

"(II) an estimate of the nature and amount of the information required to be filed in such reports, the frequency of such reports, the nature and number of records required to be kept by such persons, and the amount of time such persons who require, and the costs which would be incurred, to keep such records and make such reports, and

"(III) a description of steps being taken by the Commission to ensure that there is no unnecessary duplication in recordkeeping and report filing resulting from such rule;

"(iii) a judicial impact analysis showing the effect of such rule on the workload of the Federal courts; and

"(iv) such other explanatory and supporting statements and materials as the Commission determines necessary and appropriate for congressional consideration of such report.

"(B)(i) Except as provided in clause (ii), no material submitted to the Congress by the Chairman of the Commission under this paragraph shall be subject to any judicial review, including any judicial review to determine whether such material is sufficient to comply with the requirements of this paragraph. In the event the Chairman of the Commission finds that it is impractical or inappropriate to submit the information required under clauses (i) through (iii) of

subparagraph (A), the Chairman of the Commission shall submit a statement as to why he cannot so comply.

"(ii) If any material submitted to the Congress by the Chairman of the Commission under this paragraph also is included in any rulemaking record of the Commission, any determination regarding whether such material is subject to judicial review in connection with any review of such rulemaking record shall not be affected by the submission of such material to the Congress under this paragraph.".

SPECIAL AND GENERAL ORDERS

SEC. 15. (a) Section 27(b)(1) (15 U.S.C. 2076(b)(1)) is amended by inserting "to carry out a specific regulatory or enforcement function of the Commission" after "may prescribe".

(b) Section 27(b) is amended by adding after and below paragraph (9) the following: "An order issued under paragraph (1) shall contain a complete statement of the reason the Commission requires the report or answers specified in the order to carry out a specific regulatory or enforcement function of the Commission. Such an order shall be designed to place the least burden on the person subject to the order as is practicable taking into account the purpose for which the order was issued.".

CHRONIC HAZARDS ADVISORY PANEL

SEC. 16. (a) Section 28 of the Consumer Product Safety Act (15 U.S.C. 2077) is amended to read as follows:

"CHRONIC HAZARDS ADVISORY PANEL

"SEC. 28. (a) The Commission shall appoint Chronic Hazards Advisory Panels (hereinafter referred to as the Panel or Panels) to advise the Commission in accordance with the provisions of section 31(b) respecting the chronic hazards of cancer, birth defects, gene mutations, and behavioral disorders associated with consumer products.

"(b) Each Panel shall consist of 7 members appointed by the Commission from a list of nominees, who shall be nominated by the National Academy of Sciences. Each Panel shall consist of individuals who are qualified in the disciplines relevant to the issues to be considered. No Federal, State, or local government employee may serve on the panel.

"(c) A member of a Panel appointed under subsection (a) shall be paid the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including traveltime) during which the member is engaged in the actual performance of the duties of the Panel. The members of each Panel shall elect a Chairman from among the members appointed to the Panel to serve for the duration of the Panel.

"(d) The Commission shall provide each Panel with such administrative support services as it may require to carry out its duties under section 31. Each Panel shall request information and disclose information to the public, as provided in subsection (e), only through the Commission.

"(e)(1) Agencies and departments of the Federal Government shall provide the Panel with such information and data as each Panel, through the Commission, may request to carry out its duties under section 31. Each Panel may request information, through the Commission, from States, industry and other private sources as it may require to carry out its responsibilities.

"(2) The provisions of section 6 of this Act shall apply to the Commission's disclosure of information which each Panel obtains or generates.".

(b) Section 31 of such Act (15 U.S.C. 2080) is amended—

(1) by inserting "(a)" immediately before the first sentence thereof; and

(2) by adding at the end thereof the following:

"(b)(1) The Commission may not issue an advance notice or notice of a proposed rulemaking relating to a risk of cancer, birth defects, gene mutations, or behavioral disorders associated with a consumer product unless a Chronic Hazards Advisory Panel, established under section 28, has, in accordance with paragraph (2), submitted a report to the Commission with respect to whether such product presents such risk.

"(2)(A) If the Commission proposes to issue an advance notice or notice of proposed rulemaking relating to a risk of cancer, birth defects, gene mutations, or behavioral disorders from a consumer product, the Commission shall request the Panel to review the scientific data and other relevant information relating to such risk to determine, on the basis of available scientific data, if any substance in the product presents such risk and to report its determination to the Commission.

"(B) When the Commission appoints a Panel, the Panel shall convene within 30 days after the date of the final appointment is made. The Panel shall report its determination to the Commission not later than 120 days after the date the Panel is convened or, if the Panel requests additional time, within a time period specified by the Commission. If the determination reported to the Commission states that a substance in a product presents a risk of cancer, birth defects, gene mutations, or behavioral disorders, the Panel shall include in its report an estimate, if such an estimate is feasible, of the probable harm to human health that will result from exposure to the substance.

"(c) Each Panel's report shall be published in the Federal Register and shall contain a complete statement of the basis for the Panel's determination. The Commission may not issue an advance notice or notice of proposed rulemaking or promulgate a final rule relating to a risk of cancer, birth defects, gene mutations, or behavioral disorders associated with a consumer product unless the Commission considers the report of the Panel and incorporates the report into the advance notice or notice of proposed rulemaking and final rule.".

AMUSEMENT PARKS

SEC. 17. Section 3(a)(1) (15 U.S.C. 2052(a)(1)) is amended—

(1) by striking out "or" at the end of subparagraph (H);

(2) by striking out the period at the end of subparagraph (I) and substituting ", or"; and

(3) by inserting after subparagraph (I) the following new subparagraph:

"(J) any mechanical device (i) which carries or conveys passengers along, around, or over a fixed or restricted route or course or within a defined area for the purpose of giving its passengers amusement, and (ii) which is customarily controlled or directed by an individual who is employed for that purpose and who is not a consumer with respect to such article.".

TECHNICAL AMENDMENTS

SEC. 18. (a) The table of contents of the Consumer Product Safety Act is amended by striking the items relating to sections 13 and 28.

(b) Section 15(g)(1) of such Act (15 U.S.C. 2064(g)(1)) is amended by striking "(12)(e)(1)" and substituting "(12)(c)(1)".

(c) Section 27(l)(1)(A) of such Act (15 U.S.C. 2076(l)(1)(A)) is amended by striking "Committee on Interstate and Foreign Commerce" and substituting "Committee on Energy and Commerce".

(d) Section 11(c) of such Act (15 U.S.C. 2060(c)) is amended by striking "9(c)" and substituting "9(e)".

EXTENSION OF ACT

SEC. 19. Section 32(a) of the Consumer Product Safety Act (15 U.S.C. 2081(a)) is amended—

(1) by striking "and" at the end of paragraph (6);

(2) by striking the period at the end of paragraph (7) and substituting a semicolon; and

(3) by adding at the end thereof the following:

"(8) $33,000,000, for the fiscal year ending September 30, 1982.".

EFFECTIVE DATE

SEC. 20. The amendment made by section 11 of this Act (relating to congressional veto) shall apply in accordance with its terms to rules promulgated by the Commission following the date of this Act and to rules already promulgated by the Commission for which the effective date of the rule is at least 90 calendar days after the date of this Act, except that the provisions of section 11 shall cease to have any force or effect after September 30, 1982. The amendments made by this Act respecting the procedures to be followed by the Consumer Product Safety Commission in rulemaking under the Consumer Product Safety Act, the Federal Hazardous Substances Act, and the Flammable Fabrics Act shall apply with respect to regulations promulgated or proposed under those Acts after the date of enactment of this Act.

SECTION-BY-SECTION ANALYSIS—S. 1155, CONSUMER PRODUCT SAFETY ACT AMENDMENTS

Section 1: Short Title.—The short title of this Act is the Consumer Product Safety Act Amendments of 1981.

Section 2: Public Disclosure of Information.—This provision would amend section 6 of the Act to place certain additional limitations on the Commission's authority to disclose sensitive information to the public:

1. The Commission would be prohibited from disclosing information that is subject to the Freedom of Information Act exemption for commercial or financial information which is privileged or confidential. New advance notice procedures would enable a manufacturer to challenge in court a Commission determination that information is not confidential, prior to release of the information.

2. The Commission would be prohibited from disclosing information respecting possible susbtantial product hazards that manufacturers have submitted to the Commission pursuant to the reporting requirements of section 15(b) unless: (a) the Commission has issued a formal complaint alleging that the product presents a substantial product hazard; (b) the Commission has accepted in writing a remedial settlement agreement; or (c) the person who submitted the information has agreed to its public disclosure.

Where the Commission has determined to disclose information pursuant to Section 6(b)(1) after taking reasonable steps to assure its accuracy, the Commission would be required to include with the disclosure any comments or other information or a summary thereof submitted by the manufacturer upon his request. New advance notice procedures would also enable a manufacturer to challenge in court a Commission decision to release information under Section 6(b)(1).

The provision would narrow the exceptions to the requirements of section 6(b)(1) with respect to the public disclosure of information. For purposes of section 6(b)(1), a rulemaking proceeding would commence upon the publication of a notice of proposed rulemaking, and an adjudicatory proceeding would commence upon the issuance of a formal complaint.

3. The Commission would be required to establish procedures to ensure that all prod-

uct safety information that it affirmatively disseminates to the public is accurate and is not misleading. Procedures would be applicable whether or not the information would enable the public to identify the manufacturer, and would extend to information that relates to a class of consumer products as well as to information that relates to a specific consumer product.

4. The Commission would be required to retract inaccurate and misleading information that it has publicly disclosed in a manner equivalent to that in which the disclosure was made. The retraction requirements would extend to the disclosure of inaccurate and misleading information relating to a class of consumer products as well as to a specific consumer product.

5. If the Commission has commenced rulemaking or initiated an adjudicatory proceeding and then decides to terminate it before taking final action, the Commission would be required to publicize its decision to terminate the proceeding in a manner equivalent to that in which the commencement or initiation was publicized.

6. The provision would ensure that the requirements of section 6 would apply to information to be disclosed to the public by the Commission as an entity or by its individual members, employees, or representatives of the Commission in their official capacity.

7. The provision would extend the requirements of section 6 to information obtained under the transferred acts, or to be disclosed to the public in connection therewith.

Section 3: Consumer Product Safety Standards.—This provision makes several changes in the Commission's authority to promulgate mandatory consumer product safety standards:

1. It would eliminate the Commission's power to extend invitations to persons outside the Commission to develop mandatory standards.

2. It would eliminate the existing restriction on the Commission's authority to require, incorporate or reference sampling plans in mandatory standards.

3. It would eliminate the Commission's authority to promulgate mandatory design standards.

4. It would impose a requirement that the Commission promulgate rules requiring warning labels or instructions (rather than promulgating more intrusive mandatory performance standards) if such warnings or instructions would prevent or adequately reduce the unreasonable risk of injury addressed. The Commission would not be required, however, to impose the warning or instructional requirements first, before making the determination that performance standards were necessary.

5. Finally, this provision would require the Commission to utilize voluntary consumer product safety standards, rather than mandatory standards, whenever compliance with such voluntary standards would eliminate or adequately reduce a risk of injury and it is likely that there will be substantial compliance with such voluntary standards.

Section 4: Banned Hazardous Products.—This provision would clarify that the procedures for proposing banning regulations would be contained in section 9 of the Act.

Section 5: Administrative Procedure and Regulatory Analysis.—This provision makes several major changes to section 9 in order to consolidate into one section the administrative procedures for promulgating both mandatory standards and banning regulations, to reform rulemaking procedures, and to impose additional findings on the Commission before rules may be promulgated. Under the amended procedure, in order to promulgate a consumer product safety rule (defined statutorily to include mandatory standards and bans), the Commission must take the following steps:

1. It must issue an advance notice of proposed rulemaking containing a preliminary description of the product and risk at issue and the regulatory alternatives being considered by the Commission (including voluntary standards), inviting public comment, inviting interested persons to submit an existing standard as a proposed consumer product safety standard, and inviting interested persons to submit a statement of intention to modify or develop a voluntary consumer product safety standard.

2. Following a comment period and a period during which the Commission is required to assist voluntary standards efforts (see section 6 of the bill), if the Commission wishes to propose a mandatory rule, it must publish the text of the rule and a preliminary regulatory analysis containing: a concise statement of the need for and the objectives of the proposed rule, a preliminary description of the potential benefits and costs of the proposed rule (including any benefits or costs that cannot be quantified in monetary terms) and an identification of those likely to receive the benefits and bear the costs, a discussion of the reasons the Commission did not incorporate into the proposal any standards submitted to the Commission, a discussion of the reasons for the Commission's preliminary determination that voluntary efforts are unlikely to eliminate or adequately reduce the risk of injury, a summary description of the costs and benefits of reasonable alternatives to the rule, and a preliminary legal justification for the form of regulation proposed.

3. Prior to promulgating a rule, the Commission must perform a final regulatory analysis finalizing the analysis described above, providing reasons other alternatives were not chosen, and summarizing and responding to criticisms of the preliminary regulatory analysis received during the comment period.

Whenever feasible, costs and benefits described in the final regulatory analysis should be expressed in monetary terms. The requirements for a preliminary and a final regulatory analysis would be extended to regulations issued under the Federal Hazardous Substances Act and the Flammable Fabrics Act. The preliminary and final regulatory analyses, and comments thereon submitted to the Commission during the rulemaking proceeding, would become part of the record for judicial review, but the analyses themselves would not be subject to independent judicial review.

In addition to the findings now required by the Consumer Product Safety Act, the Federal Hazardous Substances Act and the Flammable Fabrics Act, in order to promulgate mandatory rules under these acts, the Commission would have to find (1) that compliance with voluntary standards would not eliminate or adequately reduced the risk or that substantial compliance with such voluntary standards was unlikely, and (2) that the costs of the rule are justified by the benefits.

Section 6: Voluntary Standards.—This provision would require the Commission to assist groups in developing voluntary product safety standards once a rulemaking had begun, and it would encourage such assistance otherwise. The Commission's annual report to Congress would be expanded to include information on voluntary standards efforts.

Section 7: New Consumer Product.—This provision would repeal section 13 of the CPSA which now permits the Commission to require by rule that the manufacturer of any new consumer product furnish notice and a description of the product to the Commission before its distribution.

Section 8: Civil Penalties.—In a civil penalty action brought for the failure to comply with the reporting requirements of section 15(b), the Commission would be required to consider several factors in addition to those it must currently consider in determining the amount of a civil penalty. These factors would include: the nature of the product defect, the number of defective products distributed, the severity of the risk of injury, and (where information has been reported under section 15(b)), the timeliness of reporting.

Section 9: Repeal of Advisory Councils.—This section would abolish all advisory committees to the Commission under the CPSA and the transferred acts. These would include: the Product Safety Advisory Council under the CPSA, the National Advisory Committee for the Flammable Fabrics Act, the Technical Advisory Committee under the Poison Prevention Packaging Act, and the Toxicological Advisory Board under the Federal Hazardous Substances Act.

Section 10: Repurchase of Banned Hazardous Substances.—This provision would amend section 15 of the Federal Hazardous Substances Act to allow the Commission flexibility in determining whether to require the repurchase of an article or substance found to be a banned hazardous substance under the Act. The amendment would permit the Commission to require the repair or replacement of the article or substance as an alternative to repurchase.

Section 11. Congressional Review of Rules.—This section, modeled after the Federal Trade Commission Improvements Act of 1980, would require the Commission to submit to the Congress rules promulgated under the Consumer Product Safety Act, the Federal Hazardous Substances Act, and the Flammable Fabrics Act. The rule would fail to become effective if disapproved by both Houses of Congress within 90 days.

Section 12: Offices.—The section would reduce the number of the Commission's regional offices to five.

Section 13: Report to Congress.—This section would require the Commission to notify Congress of all contracts and grants in an amount greater than $50,000.

Section 14: Study of Rules Promulgated by the Commission.—This provision would require the Commission to complete a study of the product safety rules developed under all of the legislation administered by the agency, including an examination of the economic, paperwork, and judicial impacts of the rules. A rule would have to be reevaluated by the Commission 5 years after it was promulgated.

Section 15: Special or General Orders.—When exercising its broad power to require persons to submit written reports and answers to questions, the Commission would be required to provide a complete statement of the reason the information is requested and why it is needed to carry out a specific regulatory or enforcement function of the Commission.

Section 16: Chronic Hazards.—This provision would create an independent Chronic Hazards Advisory Panel to guide the Commission in regulating consumer products posing hazards of cancer, birth defects, gene mutations and behavioral disorders. The Panel would be composed of 7 private experts appointed by the Commission from a group of individuals nominated by the National Academy of Science. Before commencing a rulemaking proceeding with respect to a chronic hazard, the Commission would be required to request the Panel to review relevant scientific data, determine whether or not the product involves a risk of chronic injury, and publish a report, which must be considered by the Commission and incorporated into the Commission's advanced notice or notice of proposed rulemaking and final rule.

Section 17: Amusement Parks.—This provision would clarify that the statutory definition of regulated "consumer products" does not include amusement park rides.

Section 18: Technical Amendments.

Section 19: Extension of Act.—The Consumer Product Safety Commission would be reauthorized for one year, Fiscal Year 1982, at a level of $33 million.

Section 20: Effective Date.—The Congressional veto provisions would apply to rules promulgated by the Commission after the date of this Act and to rules already promulgated but not yet effective. Other rulemaking reforms would apply to rules promulgated or proposed following the date of enactment.

By Mr. INOUYE:

S. 1156. A bill to amend the Internal Revenue Code of 1954 to extend the period within which certain members of the Armed Forces must purchase a new residence to rollover gain on the sale of an old residence; to the Committee on Finance.

TAX ON SALE OF RESIDENCE BY MEMBERS OF ARMED FORCES

● Mr. INOUYE. Mr. President, the general rule permits a rollover on gain from the sale of a principal residence if the taxpayer acquires a higher-cost replacement residence within 18 months. In the case of active-duty military personnel, the law allows up to 4 years on the replacement period. I.R.C. 1034(h). This special military provision applies regardless of whether the military member is assigned in the United States or overseas. Also, the code was recently amended to give the 4-year benefit to any taxpayer—military or not—who is residing outside of the United States. I.R.C. 1034(k).

Only one exception from the 4-year rule for military personnel has been permitted: The 4-year "clock" was suspended for the period of time a member actually served in Vietnam.

The modern trend is to longer military tours of duty and that consecutive overseas tours—totaling 4 years or more—are not uncommon today. Thus, some military members who sold their house before leaving the United States may be unable to avoid payment of a capital gains tax. It is interesting to note that this problem is not necessarily limited to those with foreign tours. For example, there are naval personnel assigned ship-to-shore, permanent change of station tours in Hawaii running 4 years or longer. High interest and real estate costs effectively forces them to reside in those Government quarters that are available.

The 4-year military replacement rule, unquestionably has done its job in its time—the provision goes back to the 1939 Internal Revenue Code. However, it does not always do so today.

I urge you to support this legislation.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1156

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (h) of section 1034 (relating to sale or exchange of residence by members of Armed Forces) is amended to read as follows:

"(h) MEMBERS OF ARMED FORCES.—

"(1) IN GENERAL.—The running of any period of time specified in subsection (a) or (c) (other than the 18 months referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or his spouse if the old residence and the new residence are each used by the taxpayer and his spouse as their principal residence) serves on extended active duty with the Armed Forces of the United States after the date of the sale of the old residence, except that any such period of time as so suspended shall not extend beyond the date 4 years after the date of the sale of the old residence.

"(2) MEMBERS STATIONED OUTSIDE THE UNITED STATES OR REQUIRED TO RESIDE IN CERTAIN QUARTERS.—

"(A) Further extension of period.—In the case of a taxpayer who, during any period of time the running of which is suspended by paragraph (1), is stationed outside of the United States or is required to reside in Government-owned quarters, any such period of time, as so suspended, shall not expire before the later of—

"(i) the date provided for in paragraph (1), or

"(ii) the date 1 year after the date on which the taxpayer—

"(I) is no longer stationed outside of the United States, or

"(II) is no longer required to reside in Government-owned quarters.

"(B) Requirement of notice.—No extension shall be granted with respect to any residence by reason of subparagraph (A) for any period unless the taxpayer has filed notice (in such form and at such time as may be prescribed by regulations) claiming the benefits of subparagraph (A) for such period. The notice described in the preceding sentence, with respect to any residence, shall not be required to be filed more than once a year.

"(3) Extended active duty defined.—For purposes of this subsection, the term 'extended active duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.".

(b) The amendment made by subsection (a) shall apply to sales of old residences (within the meaning of section 1034 of such code) after December 31, 1980.●

By Mr. INOUYE:

S. 1157. A bill to require that imports of fresh ginger root meet all the requirements imposed on domestic fresh ginger root; to the Committee on Agriculture, Nutrition, and Forestry.

IMPORTED GINGER ROOT

● Mr. INOUYE. Mr. President, today, I am introducing legislation which would insure that imported fresh ginger root is of the same quality as the fresh ginger root which is produced domestically.

Hawaii's production of fresh ginger root, also known as Jamaica ginger, and in Hawaii as Awapuhi Pake, is subject to stringent standards which insure a product of the highest quality. These standards are imposed by the State of Hawaii and are designed to protect the consumers of this crop.

Imported fresh ginger root is not subject to these standards which means that the consumer does not have the assurance of receiving a product of the same high quality as the Hawaii product. In addition, the standards that the Hawaii crop must comply with place it at a distinct disadvantage with the imported crops.

It is ironic that the regulations which Hawaii adopted to protect consumers by insuring a product of high quality are hurting the ability of that Hawaii crop to compete with imported crops.

I want to make clear that this measure is not in any way intended to prohibit or even necessarily to decrease the amount of imported fresh ginger root. The only purpose is to insure that the imported product is of the same high quality as the domestic product. This will protect the consuming public while allowing domestic producers to compete on an equitable basis.

I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1157

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by inserting "fresh ginger root," after "filberts,".●

By Mr. GARN (for himself and Mr. LUGAR) (by request):

S. 1160. A bill to amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

TRANSIT ASSISTANCE ACT OF 1981

● Mr. GARN. Mr. President, I am today introducing with Senator LUGAR, by request of the Reagan administration, the proposed Transit Assistance Act of 1981. This bill would provide authorizations for the Federal mass transit program through 1986 and make a number of substantive changes in that program. This legislation is a part of, and is intended to help implement, President Reagan's economic recovery program.

Transportation Secretary Drew Lewis originally submitted the legislation in March 1981, at which time he indicated that the Department of Transportation would be submitting additional statutory language to be included within section 108 of the bill. I received earlier today a letter from Secretary Lewis concerning that section of the bill and describing the administration's proposal.

The bill we are introducing would make significant improvements in the structure of the Federal role in public transportation, and it is my intention that it receive prompt attention of the Committee on Banking, Housing, and Urban Affairs.

Mr. President, I ask unanimous consent that the text of the bill, together with the texts of Secretary Lewis' transmittal letters of March 17, 1981, and May 11, 1981, and accompanying section-by-section analyses, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1160

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Transit Assistance Act of 1981".

AMENDMENTS TO SECTION 3 CAPITAL GRANT PROGRAM

SEC. 101. (a) Section 3(a)(2)(A) of the Urban Mass Transportation Act of 1964

(hereinafter referred to as the "Act") is amended—

(1) by striking out "and" at the end of clause (i);

(2) by striking out the period at the end of clause (ii) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(iii) sufficient capability to maintain the facilities and equipment.".

(b) The second sentence of section 4(a) of the Act is amended by striking out "an amount equal to 80 per centum of the net project cost" and inserting in lieu thereof "an amount not to exceed 80 per centum of the net project cost".

(c) The first sentence of section 4(c)(3)(A) of the Act is amended by striking "$1,600,000,000" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$1,725,000,000 for the fiscal year ending September 30, 1982; $1,615,000,000 for the fiscal year ending September 30, 1983; $1,750,000,000 for the fiscal year ending September 30, 1984; $1,900,000,000 for the fiscal year ending September 30, 1985; and $2,000,000,000 for the fiscal year ending September 30, 1986.".

ADMINISTRATIVE EXPENSES

SEC. 102. Effective October 1, 1982, section 4(d) of the Act is amended to read as follows:

"(d) There are authorized to be appropriated for administrative costs, including salaries and expenses necessary to carry out the functions of this Act, such sums as may be necessary.".

RESEARCH AND TRAINING

SEC. 103. Effective October 1, 1982, section 4(f) of the Act is amended to read as follows:

"(f) There are authorized to be appropriated to carry out the purposes of sections 6, 10, and 11 of this Act aggregate sums not to exceed $70,000,000 by September 30, 1982; $145,000,000 by September 30, 1983; $225,000,000 by September 30, 1984; $310,000,000 by September 30, 1985; and $400,000,000 by September 30, 1986. Sums appropriated under this subsection shall remain available until expended.".

EMERGENCY REPAIRS

SEC. 104. Section 4 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new subsection:

"(j)(1) The Secretary is authorized, in accordance with this subsection, to make capital grants to States and local public bodies and agencies thereof on such expedited terms and conditions as the Secretary shall provide, for repair or replacement of public transportation equipment and facilities which the Secretary finds have recently suffered serious damage as the result of (A) a natural disaster over a wide area, or (B) a catastrophic occurrence from any cause, which seriously disrupts scheduled public transportation services.

"(2) No funds shall be expended under this subsection unless the Secretary has received an application from the State or local public body, or agency, as the case may be, and unless an emergency has been declared by the Governor of the State and concurred in by the Secretary, except that if the President has declared an emergency or a major disaster within the meaning of the Disaster Relief Act of 1974 (Public Law 93-288), concurrence of the Secretary is not required.

"(3) For fiscal years beginning after September 30, 1981, sums authorized to be appropriated by subsection (c)(3)(A) are authorized to be used to carry out this subsection.".

AMENDMENTS TO SECTION 5 FORMULA GRANT PROGRAM

SEC. 105. (a) Section 5(a) of the Act is amended—

(1) by striking out paragraph (1)(B) and inserting in lieu thereof the following:

"(B) There are authorized to be appropriated for the purposes of this paragraph, $900,000,000 for the fiscal year ending September 30, 1981; $850,000,000 for the fiscal year ending September 30, 1982; $480,000,000 for the fiscal year ending September 30, 1983; and $110,000,000 for the fiscal year ending September 30, 1984.";

(2) in paragraph (2)(B), by striking out "and" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$165,000,000 for the fiscal year ending September 30, 1982; $165,000,000 for the fiscal year ending September 30, 1983; and $165,000,000 for the fiscal year ending September 30, 1984.";

(3) in paragraph (3)(B), by striking out "and" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$90,000,000 for the fiscal year ending September 30, 1982; $90,000,000 for the fiscal year ending September 30, 1983; and $90,000,000 for the fiscal year ending September 30, 1984."; and

(4) in paragraph (4)(B), by striking out "and" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$375,000,000 for the fiscal year ending September 30, 1982; $400,000,000 for the fiscal year ending September 30, 1983; $450,000,000 for the fiscal year ending September 30, 1984; $500,000,000 for the fiscal year ending September 30, 1985; and $550,000,000 for the fiscal year ending September 30, 1986.".

(b) Sections 5(a)(1)(A)(i), 5(a)(2)(A)(i)(1), and 5(a)(2)(A)(ii)(1) of the Act are amended by striking out "as shown by the latest available Federal census" and inserting in lieu thereof "as shown by the 1970 Federal census".

(c) Section 5(a)(4)(A) of the Act is amended by striking out the second sentence and inserting in lieu thereof the following: "The apportionments shall be made in accordance with the population and population density formula set out in subsection (a)(1)(A) and shall be calculated using the latest available Federal census.".

(d) Section 5(b) of the Act is amended by adding at the end thereof the following:

"(3) The Governor may transfer an amount of the State's apportionment under paragraph (2) to supplement funds apportioned to the State under section 18(a) of this Act for the purposes of section 18. The Governor may transfer an amount of the State's apportionment under section 18(a) to supplement funds apportioned to the State under paragraph (2). Amounts transferred shall be subject to the capital and operating assistance limitations applicable to the original apportionment of such amounts. Amounts transferred after September 30, 1982, to supplement the State's apportionment under section 18(a) shall be utilized only for construction projects.".

(e) Section 5(c)(4) of the Act is amended—

(1) by inserting "(A)" before "Sums";

(2) by designating the second sentence as subparagraph (B), and by striking out "Any" and inserting in lieu thereof "Prior to September 30, 1983, any"; and

(3) by adding at the end thereof the following:

"(C) After September 30, 1983, any amounts remaining unobligated by the Secretary at the end of such period or which are deobligated by the Secretary after the end of such period shall be added to the amount available for apportionment under section 5(a)(4).

"(D) Apportionments for fiscal year 1975 shall be deemed to have lapsed on September 30, 1977, and apportionments for fiscal year 1976 shall be deemed to have lapsed on September 30, 1978.".

(f) Section 5(d)(1) of the Act is amended by adding at the end thereof the following: "The Secretary shall not approve a project for the payment of operating expenses after September 30, 1984.".

(g) Section 5(g) of the Act is amended—

(1) by striking out "and" at the end of clause (1);

(2) by striking out the period at the end of clause (2) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(3) sufficient capability to maintain the facilities and equipment.".

(h) Section 5(i)(3) of the Act is amended to read as follows: "(3) assurances satisfactory to the Secretary that any public mass transportation system receiving operating assistance under this section has a locally developed process to solicit and consider public comment prior to raising fares or reducing transit service.".

(i) Section 5(m) of the Act is repealed and section 5(n) is redesignated as section 5(m).

OPERATING COSTS FOR UNIVERSITIES

SEC. 106. Section 11 of the Act is amended by striking out subsection (b) and by striking out "(a)" immediately following "Sec. 11.".

FEDERAL PROCUREMENT FACTORS

SEC. 107. Section 12(b) of the Act is amended by striking out subsection (b)(2) and by striking out "(1)" immediately following "(b)".

LOCAL OPTION FOR TRANSIT FOR THE HANDICAPPED

SEC. 108. (a) Section 16 of the Act is amended by adding at the end thereof the following:

"(d)(1) A recipient of funds under this Act may certify to the Secretary that (A) a program is in operation, or will be in operation within one year after the effective date of this subsection, and (B) the program meets the provisions of paragraph (2). The Secretary shall accept such certification and such program shall be deemed to constitute compliance with the requirements of all Federal laws as they relate to the transportation of handicapped persons.

"(2) A program under this subsection must—

"(A) contain locally developed criteria for providing service to handicapped persons with respect to fares, frequency of service, hours of service, restrictions on trip purpose, advanced request time, waiting lists, trip time, transfer frequency, and geographic area of service;

"(B) be developed using a public hearing and comment process that addresses the factors set forth in subparagraph (A) as they compare to the bus service that the recipient provides to the general public;

"(C) provide service that meets the locally developed criteria; and

"(D) provide that if a handicapped person wishes to use any transit service provided by the recipient, and is able to use that service without additional modifications, then the recipient shall not exclude from or otherwise discriminate against such person in connection with such service. A program certified by the recipient under this subsection may provide service limited to those handicapped persons incapable of using the recipient's regular transit service.

"(3) The recipient shall request that approval be withdrawn when it is no longer

providing service that complies with the requirements of paragraph (2).

"(4) The Secretary shall not impose any requirements under this subsection which are in addition to those set forth above.

"(e) Notwithstanding any other provision of Federal law, a recipient of funds under this Act may not be required to—

"(1) retrofit any bus for which a solicitation was issued on or before the effective date of this subsection to provide for wheelchair users; or

"(2) retrofit any usable segment of a fixed guideway system open to revenue service on or before May 31, 1976, to accommodate handicapped persons.".

(b) Not later than three years after the date of enactment of this section, the Secretary shall provide a report to the Congress concerning the implementation of subsection (a), the compliance by recipients with its provisions, and the service being provided by recipients to handicapped persons.

AMENDMENTS TO FORMULA GRANTS FOR NONURBANIZED AREAS

SEC. 109. (a) The second sentence of section 18(a) of the Act is amended—

(1) by inserting "by the 1970 Federal census for fiscal years ending on or before September 30, 1982, and" after "as shown"; and

(2) by striking out the period at the end thereof and inserting in lieu thereof "for fiscal years ending after September 30, 1982.".

(b) The second sentence of section 18(c) of the Act is amended by striking out "including" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: ", except that no sums apportioned by the Secretary after September 30, 1982, shall be used for the payment of operating expenses or costs incurred under purchase of service agreements.".

(c) The first sentence of section 4(e) of the Act is amended by striking out "and" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$75,000,000 for the fiscal year ending September 30, 1982; $75,000,000 for the fiscal year ending September 30, 1983; $75,000,000 for the fiscal year ending September 30, 1984; $75,000,000 for the fiscal year ending September 30, 1985; and $75,000,000 for the fiscal year ending September 30, 1986.".

INTERCITY BUS TERMINALS AND OPERATING EXPENSES

SEC. 110. Sections 21 and 22 of the Act are repealed.

WATERBORNE TRANSPORTATION DEMONSTRATION PROJECT

SEC. 111. Section 320(b) of the Surface Transportation Assistance Act of 1978 (Public Law 95-599) is amended by adding at the end thereof the following: "No funds are authorized to be appropriated to carry out the provisions of subsection (a) after September 30, 1981.".

REPEAL OF SAFETY AUTHORITY

SEC. 112. Section 107 of the National Mass Transportation Assistance Act of 1974 (Public Law 93-503) is repealed.

SECTION-BY-SECTION ANALYSIS

Section 101—Amendments to section 3 capital grant program: This section amends the Federal discretionary capital grant program for state and local transit systems. In the present economic situation, Federal emphasis should be concentrated on maintaining existing transit systems that have proved effective and are an essential part of a large urban transportation network. Rail and bus modernization projects will be continued and expanded in future years, but no new rail systems are projected.

Section 101(a) amends the Section 3 program to require that recipients of capital grants have the technical and financial capability to maintain facilities and equipment that are purchased with Federal funds. Since operating assistance is proposed to be phased out, there is a Federal interest in ensuring that operating costs are not turned into capital costs by deferring maintenance. However, the Federal government will not prescribe maintenance activities, because that is a local responsibility.

Section 101(b) revises the Federal share ratio for Section 3 capital projects. The statute currently requires the Federal government to pay precisely 80% of the project cost. The amendment would revise the section 3 capital share to not exceed 80% and make it identical to the section 5 capital provision. This amendment would offer increased flexibility and would permit the Federal government to offer different participation rates for different types of capital projects.

Section 101(c) extends the capital grant program through 1986 and authorizes $8.99 billion for the period from 1982 to 1986. This is $5.81 billion more than current authorization.

Section 102.—Administrative expenses: This section authorizes appropriations for administrative costs to carry out the UMT Act. Current authorizations expire after fiscal year 1982. Such sums as are necessary are proposed to be authorized for administrative expenses. This section also deletes an authorization for a program that is repealed by section 106.

Section 103.—Research and training: This section authorizes and extends the programs for research, development, demonstration, and training expenses. These authorizations are expressed cumulatively. This structure addresses the long-term nature and schedule variability of the reseach projects administered under the transit program.

Section 104.—Emergency repairs: This section would authorize a category of capital projects which would be limited to the repair or replacement of existing transit facilities and equipment recently damaged as a result of a natural disaster, as defined in Section 102(2) of the Disaster Relief Act of 1974 (Pub. L. 93-288), or catastrophic occurrence. Grants would be given at the normal UMTA 80 percent share and, starting in fiscal year 1982, would be funded from any section 3 appropriations. This provision does not authorize additional appropriations, but it does permit the Secretary to approve a grant conditioned upon subsequent compliance with aplicable statutory conditions.

Although labor protection provisions would apply to grants under this section, it is expected that the Department of Labor would expeditiously certify projects for funding based on 13(c) agreements between the applicant and affected labor organizations for capital grants currently in effect.

If the President declares a major disaster within the meaning of the Disaster Relief Act, UMTA transit assistance will be administered in cooperation with the Federal coordinating officer who is appointed by the President.

Section 105.—Amendments to section 5 formula grant program: The current section 5 formula capital and operating grant program for urbanized areas is not authorized after fiscal year 1982. The amendments proposed by this section phase out operating assistance grants by fiscal year 1985 and extend the formula capital grant program at increasing levels through fiscal year 1986.

Section 105(a) contains the authorizations for the four tiers of section 5. These are sections 5(a)(1), 5(a)(2), 5(a)(3), and 5(a)(4), respectively. Operating assistance authorizations are contained in sections 5(a)(1), 5(a)(2), and 5(a)(3) and are authorized only through fiscal year 1984. Section 5(a)(4) contains only capital authorizations and is authorized through 1986. The proposed funding levels for fiscal year 1982 for the operating assistance tiers have been held at the 1981 levels. The operating assistance will be gradually reduced after fiscal year 1982 to give state and local governments time to adjust their programs and funding mechanisms. The amounts proposed are shown in the following table.

PROPOSED SEC. 5 AUTHORIZATIONS

[In millions]

	1982	1983	1984	1985	1986	Total
Proposed:						
5(a)(1)	$850	$480	$110	0	0	$1,440
5(a)(2)	165	165	165	0	0	495
5(a)(3)	90	90	90	0	0	270
5(a)(4)	375	400	450	$500	$550	2,275
Total						4,480

Section 105(b) revises the operating assistance tiers to require that the population and population density formula distributions be calculated using the 1970 census count. The Federal operating assistance program is being phased out by 1985. Retaining the use of the 1970 census count during this period will ensure that the limited funds that are available will be allocated among recipients in the same ratio as they were since the inception of the program in 1974. Urbanized areas that appear for the first time in the 1980 census would only dilute these limited funds.

Section 105(c) clarifies that the fourth tier bus capital funds are to be allocated based on the latest available census. Since this formula program is not being phased out, funds should be allocated among old and new urbanized areas based on the most recent Federal census.

Section 105(d) has been included as a response to recommendations from the General Accounting Office and should give States greater flexibility to accommodate the changes to the Federal transit grant program. It gives discretion to the Governor to use section 5 formula apportionments allocated for urbanized areas with less than 200,000 people in non-urbanized areas. Similarly, section 18 formula apportionments for non-urbanized areas can be used in urbanized areas with less than 200,000 people. Capital and operating apportionments transferred are subject to the original statutory limitations. After September 30, 1982, no section 5 funds can be transferred or apportioned for operating expenses in non-urbanized areas.

Section 105(e) amends the formula grant program to revise Federal lapse provisions. Since the operating assistance tiers will be phased out by 1985, apportionments that have not been obligated by designated recipients within four years of the date of original apportionments cannot be added to these operating assistance tiers. The amendment provides that after September 30, 1983, funds that are not obligated by the Secretary within the four year period or are deobligated when a project is closed out after the end of the four year period of availability, will be added to the fourth tier bus capital apportionments.

The last sentence of section 105(e)(2) corrects a technical problem with the lapse of 1975 and 1976 apportionments. The Act had never been amended to reflect the change to a new Federal fiscal year in 1976 that changed the lapse of funds from June 30 to September 30. This amendment incorporates that change and is consistent with the budgetary documentation that has been provided to Congress since the beginning of the Section 5 program.

Section 105(f) contains the amendment that ensures that no new operating assistance projects will be approved by the Secretary after the close of Federal fiscal year 1984. Recipients of funds will be permitted to con-

tinue operating assistance projects through the end of the current local fiscal year. This will save state and local governments from maintaining multiple sets of records. New capital projects can be approved using funds that have not yet lapsed.

Section 105(g) adds a maintenance requirement to section 5 that is similar to the maintenance requirement added to section 3 by section 101(a) of this bill.

Section 105(h) amends the current Federal requirement regarding public hearings prior to changes in fares or service. This requirement has been the impetus for a Federal regulation that transit operators have found burdensome. Many transit operators have mechanisms to consider public comment already and the current Federal statute reduces local flexibility. This amendment would continue the requirement of a public comment process, but that public comment process can be locally determined. The requirement would be a condition only of operating assistance grants, and so the Federal requirement will be phased out when operating assistance is phased out.

Section 105(i) repeals the current Federal requirement that transit operators who receive Federal funds must provide off-peak service to elderly and handicapped persons at half-fare. This requirement is being repealed because it is a Federal intrusion into the non-Federal area of determining local fares. Many areas already have their own special fares for special groups of users. The timing of these fares, their level, and eligibility should be locally determined and not dictated by the Federal government.

Section 106.—Operating costs for universities: This section repeals the special program to establish and operate transportation education programs at colleges and universities. This program was added to the Act in 1978 but has never received appropriations from Congress. The authorization for appropriations contained in section 4(d) of the Act is deleted by section 102 of this bill.

DOT will continue to provide grants to colleges and universities to conduct specific research activities. However, in a time of dwindling transit funding, DOT should not pay the general overhead and salary operating expenses of educational programs.

Section 107.—Federal procurement factors: This section repeals the provision contained in section 12(b)(2) of the Act which authorizes the Secretary to specify factors to be considered locally in the award of contracts for buses and railcars. This provision is being repealed so that DOT will not intrude in the non-Federal determination of factors governing the basis of award for contracts for rolling stock.

DOT will continue to assist grantees in their efforts to obtain high quality products at the lowest possible price. DOT will not, however, prescribe the specific factors that grantees should use in evaluating quality and price.

Section 108.—Local option for transit for handicapped: The section amends section 16 of the Act and creates a local option process so that recipients of Federal funds can provide transit service that is targeted to handicapped persons as an alternative to making the entire transit system accessible to all handicapped persons. The amendment is based on a local option provision that was considered in the Congress in 1980 by the House Subcommittee on Surface Transportation. It is intended to modify current law within the meaning of section 324 of the DOT and Related Agencies Appropriation Act for Fiscal Year 1981 (Public Law 96–400).

The purpose of these changes is to clarify the intent of Congress regarding the provision of transportation services to the handicapped. The current DOT regulation which mandates mainstreaming, is not the only approach. While the current statutory language in section 504 permits approaches that provide alternatives to full accessibility, the potential for dilatory litigation would be lessened by explicit Congressional treatment of this area.

The new section 16(d)(1) that would be added establishes the explicit legal principle that providing reasonably comparable transportation service is an alternative to compliance with the Architectural Barriers Act of 1968 and the Rehabilitation Act of 1973. The Secretary would have to make a determination that the service provided would be reasonably comparable. DOT will propose statutory language to define the meaning of "reasonably comparable transportation service" during Congressional deliberations on this legislation. Of course, such a determination only addresses the mass transportation responsibilities of the recipient of Federal funds. It does not address other public buildings and services.

The new section 16(d)(2) requires that the determination made by the Secretary consider transportation services that are provided by operators who are funded by other Federal, state, and local programs.

Section 16(e) is separate from the changes made to section 16(d). Section 16(e) provides that old buses that are rehabilitated will not have to be lift-equipped. This has been the DOT practice under an administrative exemption provision. These buses have a limited useful life so it is not cost-effective to equip them with lifts.

Section 109.—Amendments to formula grants for non-urbanized areas: This section amends the section 18 formula grants program for non-urbanized areas by extending program authorizations through fiscal year 1986 and phasing out operating assistance by fiscal year 1983.

Section 109(a) revises section 18(a) to require that the population formula distributions be calculated using the 1970 Federal census count for as long as the Secretary can apportion section 18 funds for operating assistance. This amendment is similar to one provided for the section 5 operating assistance tiers. Like the amendment to section 5, section 109(a) ensures that section 18 grantees that received operating assistance in the past can continue to receive operating assistance until the phaseout.

Section 109(b) provides that no apportionments made by the Secretary for the section 18 program after September 30, 1982 can be used for operating assistance.

Section 109(c) extends the section 18 authorizations through fiscal year 1986. There is authorized to be appropriated $75,000,000 in each fiscal year from fiscal year 1982 through and including fiscal year 1986. This total authorization of $375,000,000 exceeds the current authorization by $255,000,000.

A provision contained in section 105(d) will permit the Governor to transfer section 18 funds and section 5 funds allocated to small urbanized areas between the two programs.

Section 110.—Intercity bus terminals and operating expenses: This section repeals sections 21 and 22 of the UMT Act. Section 21 authorizes grants for the terminal development program and section 22 authorizes grants for intercity bus service. Both programs were created in 1978 and neither program has ever received appropriations from Congress. The terminal development program is unnecessary because it describes project activities that can be funded under broader UMTA programs. Allocation and priorities for funds should be shaped by the level of local commitment, the degree of local need, and the annual national priorities for Federal funds rather than by narrow categorical grant programs like the terminal development program.

Section 22 authorizes grants for operating expenses in intercity bus service. Eliminating this provision is consistent with the phaseout of operating assistance in the other UMTA programs.

Section 111.—Waterborne transportation demonstration project: This section amends section 320 of the Surface Transportation Assistance Act of 1978 (P.L. 95–599) to ensure that no funds are appropriated for the high-speed waterborne transportation demonstration project in New York after September 30, 1981. Given the present economic condition, the Department of Transportation should concentrate its resources on basic transportation services and avoid high cost, special purpose demonstration projects.

Section 112.—Repeal of safety authority: This section repeals section 107 of the National Mass Transportation Assistance Act of 1974 (Public Law 93–503). Section 107 requires DOT to investigate transit equipment, facilities, and operations funded by UMTA which create a serious hazard of injury. If the Secretary finds any unsafe condition in a bus, subway, or light rail system, grants funds can be withheld.

Section 107 currently puts UMTA in the position of being both banker and policeman for transit systems. UMTA's primary role under the UMT Act is to provide technical and financial assistance to transit systems. The section 107 safety provision diverts UMTA from its primary mission. UMTA's small staff gives it very limited capacity to undertake comprehensive safety investigations. If this investigative safety role is proper for the Federal government, it could be done better by agencies that have more staff resources and the investigatory expertise to carry it out.

Section 107 also places transit authorities in anomalous situations because section 107 is unlike other Federal safety statutes. For instance, the Federal Railroad Safety Act (Public Law 91–458) gives the Federal Railroad Administration (FRA) comprehensive authority over commuter passenger railroads. The statute provides for due process and permits FRA to levy fines. Section 107 does not have similar provisions. Therefore, a transit authority who operates both commuter rail lines under FRA jurisdiction and subway lines under UMTA jurisdiction is subjected to two different statutes, two different standards and two different penalties.

Section 107 can be overly intrusive on local operations. Transit service that is confined to a local area should not give rise to a Federal transit safety role. The fact that the Federal government assists local housing for example, has never necessitated a specific statute so that a Federal grant agency would enforce elevator safety. Local transit safety should be a matter of state and local concern. UMTA will continue to offer technical assistance on safe technologies, equipment, and design and help transit authorities develop local safety programs. This is a better approach than the reactive process established in section 107 and is a better use of UMTA's limited staff resources.

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., March 17, 1981.

HON. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: The Department of Transportation is transmitting for your consideration and reference the Transit Assistance Act of 1981, a bill: To amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations and for other purposes.

This bill implements the principles and policies reflected in the President's Economic Recovery Program presented in Joint Session of Congress on February 18, 1981. It reaffirms the commitment of the Federal government to assist State and local governments and the private business community in providing viable public transportation sys-

tems for our nation's cities, but redirects the Federal role by reducing intrusion in decisions that could better be made by individuals, businesses, and State and local governments.

Primary responsibility for the operation of mass transportation should rest with State and local governments. Accordingly, the Department is proposing a gradual phase-out of Federal operating subsidies. In addition, Federal assistance for new rail construction (other than that currently underway) will be postponed until the national economy and the condition of the Federal budget improve. Federal emphasis will be concentrated on capital expenditures which maintain existing transit systems that have proved effective and are an essential part of a large urban transportation network. Thus, funding for bus an rail modernization projects will be continued and increased in future years.

Overall, the bill would authorize an additional $9.315 billion during the period from fiscal year 1983 to fiscal year 1986, and provide for the needs of public transportation systems in rural areas, small cities, and large cities. This would bring the four-year authorization total to $10,895 billion. The bill would also adjust fiscal year 1982 authorization levels to bring them into conformance with the President's Economic Recovery Program.

URBAN DISCRETIONARY CAPITAL GRANT PROGRAM

The bill would authorize an additional $5.685 billion for the discretionary capital grant program raising the four year level through 1986 to $7.265 billion. These resources, together with State and local commitments, will provide for a balanced program of new and expanded bus systems, an extensive program of rehabilitation and modernization of existing bus and rail systems, and the completion of the operable segments of those rail projects which are under construction based on formal commitments made by the Federal government.

It also includes provisions to assure that necessary maintenance programs are in place to maximize the use of capital equipment funded by the Federal government, and to provide flexibility to adjust the Federal/non-Federal funding ratio in accordance with project priorities.

URBAN FORMULA CAPITAL AND OPERATION GRANT PROGRAM

The bill would authorize an additional $3.0 billion for the capital and operating assistance formula program in urbanized areas during the four-year period ending in fiscal year 1986. It also restructures the formula grant program, phasing out the operating subsidy component by 1985. The bus capital assistance component continues at increased funding levels, reflecting the continued commitment to our nation's bus program.

To cushion the temporary difficulties which may be caused by phase-out of Federal operating assistance, the phase-out will not begin until fiscal year 1983. During the transition period, funds will be concentrated on those large urban areas that provide most of the current transit services. This transition period will give State and local governments and transit agencies the opportunity to make necessary adjustments in State and local subsidies, transit fares, and service levels.

This will also includes provisions to assure that necessary maintenance programs are in place and to amend existing legislation which has resulted in burdensome Federal regulations.

SMALL COMMUNITY AND RURAL FORMULA CAPITAL AND OPERATING GRANT PROGRAM

The bill would authorize an additional $300 million for public transportation assistance in small communities and rural areas of our nation during the four-year period ending in fiscal year 1986. It also restructures the program, phasing out the operating assistance component.

To provide State and local governments the opportunity to make necessary adjustments in subsidies, fares, and service levels, operating assistance will remain available through fiscal year 1982.

TRANSPORTATION SERVICE FOR HANDICAPPED PERSONS

The bill includes a provision that would allow recipients of Federal assistance to meet Federal requirements for the transportation of handicapped persons using approaches other than making the entire transit system accessible. Existing Federal regulations governing the transportation of handicapped persons preclude other alternatives, creating what many cities view as an unnecessary and costly burden. We look forward to working with the Congress to develop an effective solution to this difficult issue.

OTHER PROVISIONS

The bill will also add provisions to simplify approval of grants to repaid or replace existing facilities damaged as a result of a natural disaster or catastrophic occurrence; to repeal selected categorical program authorities to provide greater local flexibility; and to allow more effective administration of program resources by the Urban Mass Transportation Administration.

Taken together, the series of changes proposed in this bill will produce a strong public transportation program which reduces the dependence on the Federal presence and maximizes local flexibility and initiative in developing our national transportation system. I commend these legislative actions to you for early consideration and enactment.

The Office of Management and Budget has advised that the enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

DREW LEWIS.

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., May 11, 1981.

Hon. JAKE GARN,
U.S. Senate,
Washington, D.C.

DEAR JAKE: On March 17, 1981, I transmitted to you the Administration's proposed Transit Assistance Act of 1981. This proposed legislation provides authorizations for the Federal program of assistance to mass transportation systems and recommends several changes in that program.

Section 108 of the proposed legislation addresses the issue of transportation for handicapped persons. Under current requirements, transit systems must be made fully accessible to handicapped users. The Administration believes, however, that local areas should be allowed to address the issue of transportation to handicapped persons through means other than making the entire transit system accessible. Section 108 thus suggested a "local option" approach.

In the descriptive section-by-section analysis that accompanied our March 17 transmittal, we indicated that the section 108 included in that bill was only a preliminary proposal and that we intended to come forward with a more definite proposal on this issue. We have now completed our analysis, and I have enclosed a revised section 108.

Under this provision, a recipient of Federal transit assistance could certify that it has a program which meets locally developed criteria with respect to transportation to be provided to handicapped persons. A recipient making such a certification would be deemed to be in compliance with the requirements of the Urban Mass Transportation Act, the Architectural Barriers Act of 1968 and the Rehabilitation Act of 1973. The proposal also precludes any requirement that old buses and fixed guideway systems be retrofitted so as to be accessible to handicapped persons.

I believe this proposal will enable local areas to address the transportation needs of handicapped persons without unnecessary and burdensome Federal intrusion into local transit system management.

The Office of Management and Budget advises that enactment of this proposal would be in accord with the program of the President.

Sincerely,

DREW LEWIS.

SECTION 108—LOCAL OPTION FOR TRANSIT FOR HANDICAPPED PERSONS

Section 108(a) amends section 16 of the Act and creates a local option process so that recipients of Federal funds can provide transit service that is targeted to handicapped persons as an alternative to making the entire transit system accessible to handicapped persons. The process is intended to be locally self-executing. The amendment is based on local option provisions that passed the Senate in June of 1980 and the House of Representatives in December of 1980, but the provision has been streamlined to reduce the Federal intrusion in the local process. Upon enactment, it is expected that this provision would modify and supercede section 3234 of Public Law 96-400, the DOT Appropriation Act of 1981.

The new section 16(d)(1) that would be added establishes the legal principle that a program certified under section 16(d) is an alternative to compliance with all Federal laws regarding transportation for the handicapped persons, including section 16(a) of the UMT Act, the Architectural Barriers Act of 1968, the Federal Air Highway Act of 1973, and the Rehabilitation Act of 1973. Of course, an approved transit program only addresses the mass transportation responsibilities of the recipient of Federal funds. It does not address other public buildings and services. Section 16(d)(1) provides a one-year start-up period after the effective date of the amendment during which time the recipient could be certified and still not yet providing service. After that time, certification could be made by the recipient only if the program actually meets the standards established in section 16(d)(2). A knowingly and willfully false certification by a recipient would be a criminal act in violation of 18 USC 1001.

Acceptance by the Secretary of the certification is a ministerial act and is not subject to substantive court review. The program certified by the recipient could be provided either directly or under contract to the recipient. However, the recipient has the responsibility for insuring that service is being provided in the manner described in its program.

Subsection 16(d)(2) establishes the only Federal requirements that govern a program. A recipient could, of course, create a program that provides service to handicapped persons that is more extensive than that required under this statute. This decision would be a local decision, without additional Federal regulatory involvement. The program requirements are broad enough so that a local program could be developed using some accessible buses or paratransit services, such as vans or taxicabs, or some mix of the two.

The first program requirement (section 16(d)(2)(A)) is designed to insure that the recipient develops criteria that are responsive to local needs. These locally developed criteria should incorporate local policies regarding the fares, frequency of service, hours of service, restrictions on trip purpose, advance request time, waiting lists, trip time, transfer frequency, and geographic area of the service for handicapped persons.

The second program requirement (section 16(d)(2)(B)) insures that the development of the local criteria will not be done in a vacuum. The program must be developed using a public hearing and comment process

that develops local service criteria after considering the levels of service that are provided to the general public on the regular bus service. However, the ultimate decision on the actual criteria should be made locally without the Federal government or the courts substituting their judgment.

The third program requirement (section 16(d)(2)(C)) is that the program provide service that meets the criteria that have been developed. The fourth requirement is that the recipient cannot discriminate against a handicapped person who is willing and able to use a particular service without further capital or operational modifications. Furthermore, handicapped persons who can use the regular bus system are not entitled to paratransit services any more than the general public is entitled to have paratransit services. This section does not in any way require that a recipient provide duplicative transportation service.

Section 16(d)(3) provides that the certification will continue to be effective until the recipient requests that approval be withdrawn, either by choice or by court order. In any action to compel a recipient to comply with the requirements, compliance will be presumed if the certificate has been accepted. A presumption of compliance by the recipient may be rebutted only by a clear and convincing showing of a pattern of a failure to meet the requirements of the program.

Section 16(d)(4) includes a provision contained in the House passed bill to insure that DOT does not get too involved in the local process. The Secretary could provide technical guidance to recipients, but no additional Federal requirements could be added.

Section 16(e) is separate from the changes made to section 16(d) and is free-standing. Section 16(e)(1) provides that old buses that are rehabilitated will not have to be lift-equipped. This has been the DOT practice under an administration exemption provision. These rehabilitated buses have a limited useful life and it is not cost-effective to require them to be accessible to wheelchair users.

Section 16(e)(2) provides a general statutory exemption to remove any Federal requirement that old rail and other old fixed guideway systems be retrofitted to be accessible to and usable by handicapped persons. The cost of making these existing commuter rail, light rail, and subway systems accessible to wheelchair users and usable by them and other handicapped persons is projected to amount to billions of dollars. The cost per handicapped user is extremely high. The Federal government should not mandate these costs.

Section 108(b) requires the Secretary of DOT to report to the Congress on the implementation of subsection (a), the amendments to section 16 described above, within three years. The Secretary is authorized to conduct studies and gather data necessary to report on compliance by recipients and the service being provided.●

By Mr. PACKWOOD (for himself, Mr. GOLDWATER, Mr. SCHMITT, Mr. STEVENS, Mr. KASTEN, and Mr. CANNON):

S. 1161. A bill to amend the Communications Act of 1934 to provide that nothing in such act shall be construed to permit the Federal Communications Commission to restrict or prohibit in any manner the broadcast of the results or the projections of the results of an election to choose the electors of the President and Vice President of the United States until all polling places in the United States are closed, and for other purposes; to the Committee on Commerce, Science, and Transportation.

ANNOUNCING RESULTS OF ELECTIONS

● Mr. PACKWOOD. Mr. President, in the aftermath of every election, it is only natural that national attention is focused on those institutions which play a major part in the system we use to choose our public officials.

This year, perhaps more than ever before, the role of one of those institutions, the communications industry, has come under close public scrutiny. Political analyst David Broder, in an April 15, 1981 column entitled "TV: Projecting the Winners Too Soon," observed that:

The people in television news are on a collision course with public opinion on an issue of some importance to our politics, and it would be well for all of us in the press if the collision could be avoided.

The issue is the broadcast of presidential election returns into states where the polls are still open—especially, the early projection of an election decision while voters are still weighing how, or whether, to vote.

Others have expanded the scope of that scrutiny. Richard Zoglin, in his November 6, 1980 Atlanta Constitution article, "TV's Credibility on Line in Rush To Pick A Winner," observed that:

(Q)uick-draw projections raise serious questions about the whole business of predicting results.

The frantic race to be first on the boards with a projected winner has always been one of the most pointless aspects of the networks election coverage.

The issue, however, is not correctness but credibility . . . the fact that many of those calls came only seconds after voting had ended means they were almost certainly based not on actual precinct results, but rather on exit polls.

The broadcast of information on election returns for candidates for Federal office before all the polls have closed throughout the country and the making of election projections based upon a sampling of relatively few returns in these elections have been criticized as creating a climate which disrupts fair elections and maximum voter participation.

COVERAGE OF THE 1980 ELECTION

On election night at 8:15 p.m. EST, NBC News announced that, according to its projections, Ronald Reagan had won enough States to put him over the required 270 electoral vote mark and had won the 1980 Presidential election. ABC called the race at 9:52 p.m. and CBS did the same at 10:32 p.m. The NBC projection occurred at 5:15 p.m. on the west coast, several hours before the polls were scheduled to be closed.

The early prediction by all three major television networks of Ronald Reagan's sweeping victory allegedly deterred many voters in Western States, including my own home State of Oregon, from voting. Further, concerns have been raised about the possible impact of the projections on actual elections results.

Reaction to these events was strong. I ask my colleagues to consider some of the editorial comments made in Oregon after the election:

Carter's early concession speech, combined with the even earlier projections of the outcome of the presidential race by the major networks, resulted in a twin depressant effect on the late-in-the-day voter turnout in the West. (Statesman-Journal, Salem, November 12, 1980.)

Never was the problem worse than in the 1980 election, when by 6 p.m. in the West the networks were announcing a Reagan victory and by 7 President Carter had conceded. Some Westerners who were planning to vote undoubtedly decided not to bother because of this news. Those who persevered regardless probably felt their role diminished. (Register-Guard, Eugene, November 9, 1980.)

The very early television predictions in the presidential race Tuesday evening, followed by President Jimmy Carter's untimely concession, caused consternation and anger all along the West Coast.

. . . Most of those persons interviewed by our reporters were upset by the fact that even as they were about to vote, the results were forecast, and the president had capitulated.

We share the frustration of voters, and we think something must be done about preempting the West Coast vote.

The spontaneity, enthusiasm and conviction of one's vote was diluted, if not destroyed, by television forecasts. That should not be. Every American should be given the opportunity to vote his or her conscience. (The *World*, Coos Bay, November 6, 1980).

COMMUNICATIONS INDUSTRY INTEREST

Clearly, the network coverage of Election Day, 1980 generated a tremendous wave of public reaction. It is noteworthy, I believe, that it created quite a stir too within the industry.

For example, a New York Times article of November 6, 1980 entitled "Networks in Dispute on Fast Projections," reported that:

In the harshly competitive television coverage of Presidential election results, . . . the striking disparity between the projection times of NBC News, CBS News and ABC News aroused some unusual sniping among executives and some questions about the methods used by networks.

Essentially, CBS News and ABC News officials say that NBC News relied almost totally on "exit polls" of 15,000 to 20,000 voters leaving election booths, a device used by networks and newspapers to assess the mood of the electorate. Although CBS News and ABC News also used "exit polls," they say they based their projections on actual voting in key precincts. That, they assert, is the only fully accurate way of determining a winner.

NBC News officials insist that their early projection was based not only on exit polls, as critics contend, but also on the examination of voting returns in key states. But officials at the other networks pointed out that NBC News called Ohio as in Mr. Reagan's camp at 7:31, one minute after the polls closed there. Mr. Reagan was projected the winner in Florida at 7:02, while some polls were still open. As polls closed in Connecticut at 8 p.m., NBC News projected Mr. Reagan as the winner.

Clearly, there is considerable skepticism within the industry about the validity of some of the methods used to project election results. In my view, these contentions only serve to undermine the credibility of the "news" which is being reported to voters across the Nation.

Of course, the Times article went on to point out that there is more than one reason why each of the broadcasters strives so hard to be the front-runner:

To network officials, the importance of being first derives not only from the natural competition between the networks but also from the public relations value of calling

the winner accurately. Advertisers are often eager to sign up with the winning network in future elections.

Undoubtedly, this will continue to be an area of controversy within the communications industry, as well as outside of it.

CONGRESSIONAL INTEREST

The serious concerns that have been raised about the possible impact of early projections on voter participation has, perhaps, brought congressional interest in this to an all-time high.

Since 1961, when the first bill on this subject was introduced by our distinguished colleague from Arizona, Senator GOLDWATER, Congress has considered a number of methods of preventing the exposure of voters in Western States to elections results or projections prior to voting. These methods can be categorized as follows: To prohibit the release of elections results until all polls are closed; to provide for the uniform closing for all polling places; to urge voluntary restraints by broadcasters with regard to projecting election outcomes before all polls are closed; and to prohibit the broadcast of results or projections of elections until all polls are closed

In 1967, our former colleague from Rhode Island, John O. Pastore, chaired hearings on the "Predictions and Projections of Election Results" before the Commerce Subcommittee on Communications. Each of the methods I have described was considered by the subcommittee. Congressional interest had been provoked by the 1964 elections.

Based upon the evidence presented then, the subcommittee concluded that no legislation was warranted. In short, the subcommittee found no discernible impact on voter behavior in the 1964 elections from such broadcasts.

Thirteen years later, however, we have seen an unprecedented uproar from voters and elections officials in Western States as a result of the early projections made last November.

Legislation embodying each of the approaches outlined earlier has been introduced and is now pending before this Congress. A consensus seems to have emerged that 1980 was significantly different from 1964 and voters are appealing to their elected representatives for a solution.

I am not certain that any of the options now before Congress will satisfactorily resolve the situation. In the 1980 election-night coverage a new element was injected into the debate by the television networks: the use of election day "exit polling" to supplement, and apparently in some cases, to replace the networks' more traditional projection techniques. While not all of the networks made use of their exit poll results for projections, the fact that the results of these surveys were used raises a question in my mind about what effect, if any, the currently proposed legislation may have on limiting the ability of the networks to make early projections.

First of all, some of the legislation which prohibits projections by the networks is, in my view, a violation of the first amendment protections granting a free press. Any measure which would jeopardize the first amendment rights of the communications industry is, to me, abhorrent.

Other proposals which would establish uniform closing times for polling places, or would restrict access to actual vote counts until all polling places are closed, are likely to have an impact on the networks' more traditional forecasting procedures, but will not have much of an impact on the use of results from exit polling. In fact, if the networks are restricted by legislation from using actual counts and are forced to rely instead on the results of their exit polls, it is possible that the networks would be able to project the winners of certain races at even earlier times on election day than was the case in 1980. Instead of offering a solution, these approaches may only exacerbate the problem now perceived by Western State voters.

EXPLANATION OF PROVISIONS

Mr. President, the legislation I am introducing today offers a new approach to this controversial situation.

First, it makes absolutely clear that the provisions of the Communications Act of 1934 can in no way be construed to permit the Federal Communications Commission to restrict or prohibit the broadcast of the results, or the projections of the results of a Federal election until all polling places are closed.

I am fully committed to encouraging voter participation in the electoral process and to taking whatever steps are necessary to convince voters in all 50 States that each vote counts. We cannot, however, place unconstitutional burdens on the media in the process. The first amendment is clear in its protection of free expression.

Second, this bill directs that a complete and thorough investigation be undertaken to determine if the practices of the communications industry do affect voter behavior.

The investigation authorized by this legislation would be conducted by a national Commission on the Effect of the Communications Industry on Voter Behavior. The Commission would be a blue-ribbon panel which would include Members of Congress, representatives of the communications industry, elected State officials and other qualified individuals.

The Commission would be composed of 15 members. Five would be appointed by the President Pro Tempore of the Senate, five by the Speaker of the House and five by the President. A minimum of three positions on the Commission would be reserved for representatives of the media. At least three slots would be saved for the State officials as well.

The issue which the Commission is directed to study is clearly nonpartisan. The composition of the Commission's membership should reflect its bipartisan nature. For that reason, this bill requires that at no time shall more than three members appointed by the Senate, the House or the President be from the same party.

The Commission is fully vested with those powers necessary to carry out its mandate. At the conclusion of its term, 12 months after its first meeting, the Commission is required to report its findings to the Congress and to make such recommendations as it feels are necessary.

This is a complex issue. The first step is to examine what the problem is perceived to be and to define its scope. No congressional committee of which I am aware can devote the time and attention which I feel is needed in this instance.

One of the most important features of the Commission is that it would embrace representatives from each of the groups which have a vital interest in this matter. Communications industry spokesmen and State officials would be directly involved in the process. In my view, the full representation of their views, as well as the contribution of their cooperation and ideas is essential to the task of coming up with recommendations to the Congress that all parties can live with.

Also, the requirement that the Commission must make its final report and recommendations in 1 year will easily allow the Congress the time it needs to fully consider and act on the Commission's recommendations before the elections in 1984.

CONCLUSION

It has been observed that what often stands in the way of reform is a natural reluctance on the part of Congress tackle controversial matters during a politically charged election year and sheer inertia with regard to them at any other time.

This issue cannot be put off indefinitely. I can attest to the continuing interest of voters in my home State of Oregon. A poll conducted in January 1981 of California voters is proof of their strong feelings on this as well: Almost 75 percent of those interviewed would prohibit elections projections before all of the polls are closed.

As David Broder stated in his April 15, 1981 column:

> The problem is not going away, and the closer we come to 1984 without a resolution, the more anger and controversy there will be.

The time to act is now. I am offering today the fairest and most reasonable approach for achieving a resolution that I know of. Let us begin.

Mr. President, I would welcome my colleagues to join in cosponsoring this bill.

I ask unanimous consent that this bill, and a fact sheet describing it, be printed in the RECORD.

There being no objection, the bill and fact sheet were ordered to be printed in the RECORD, as follows:

S. 1161

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Communications Act of 1934 is amended by adding at the end thereof the following new subsection:

"(f) Nothing in this Act shall be construed to permit the Federal Communications Commission to restrict or prohibit in any manner the broadcast of the results or the projections of the results of an election to choose the electors of the President and the Vice-President of the United States until

all polling places in the United States are closed.".

AUTHORIZATION OF INVESTIGATION

SEC. 2. (a) The Congress hereby authorizes and directs that a complete and thorough investigation be conducted to determine if the practices of the communications industry affect voter behavior.

(b) The investigation authorized under subsection (a) shall be conducted by the Commission established under section 3. The Commission shall submit a written report to the Congress not later than 12 months after the date of the first meeting of the Commission.

(c) The Commission shall cease to exist 30 days after the final report is submitted.

COMMISSION

SEC. 3. (a) There is established the Commission on the Effect of the Communications Industry on Voter Behavior (hereinafter referred to as the "Commission").

(b) The Commission shall be composed of 15 members to be appointed as follows:

(1) Five members shall be appointed by the President pro tempore of the Senate upon the recommendation of the majority and minority leaders. Of the members so appointed one shall be the Chairman and one shall be the Ranking Minority Member of the Senate Committee on Commerce, Science and Transportation. Of the remaining members so appointed not less than one shall be a representative of the communications industry and not less than one shall be an elected State official.

(2) Five members shall be appointed by the Speaker of the House of Representatives upon the recommendation of the majority and minority leaders. Of the members so appointed one shall be the Chairman and one shall be the Ranking Minority Member of the House Committee on Energy and Commerce. Of the remaining members so appointed not less than one shall be a representative of the communications industry and not less than one shall be an elected State official.

(3) Five members shall be appointed by the President. Of the members so appointed one shall be a representative of the communications industry and one shall be an elected State official.

(c) All appointments made in accordance with subsection (b) shall be made not later than 60 days after the date of enactment of this Act.

(d) At no time shall more than 3 members appointed under either paragraph (1), (2), or (3) of subsection (b) be from the same political party.

(e) A vacancy in the Commission shall not affect its powers, and shall be filled in the same manner in which the original appointment was made, and shall be subject to the same limitations with respect to party affiliations as the original appointment. Eight members shall constitute a quorum, but a lesser number may conduct hearings. The chairman of the Commission shall be selected by the members from among members. The term of office of the chairman and the members shall be for the life of the Commission.

(f) The President shall call the first meeting of the Commission not later than 90 days after the date of enactment of this Act.

FUNCTIONS OF THE COMMISSION

SEC. 4. (a) The Commission shall conduct a complete and thorough investigation to determine if the practices of the communications industry affect voter behavior.

(b) The Commission shall submit a written report to the President and Congress not later than 12 months after the date of the first meeting of the Commission.

(c) The Commission shall cease to exist 30 days after the final report is submitted.

ADMINISTRATIVE PROVISIONS

SEC. 5. (a) The Commission may, for the purpose of carrying out its functions and duties pursuant to the provisions of this Act, sit and act at such times and places, hold such hearings, take such testimony, request the attendance of such witnesses, administer oaths, have such printing and binding done, and commission studies by any Federal agency or executive department, as the Commission determines advisable.

(b) Per diem and mileage allowances for witnesses requested to appear under the authority conferred by this section shall be paid from funds appropriated to the Commission.

(c) Subject to such rules and regulations as may be adopted by the Commission, the chairman shall have the power to—

(1) appoint an executive director who shall be compensated at the rate of pay established for level II of the Executive Schedule;

(2) appoint and fix the compensation of such staff personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification in General Schedule pay rates, but at such rates not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title; and

(3) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code but at rates not exceeding $100 a day for individuals.

COMPENSATION OF MEMBERS

SEC. 6. Each member of the Commission not otherwise employed by the Federal Government shall receive compensation at a rate equal to the daily rate for GS–18 of the General Schedule under section 5332 of title 5, United States Code, for each day, including traveltime, he or she is engaged in the actual performance of his or her duties as a member of the Commission. A member of the Commission who is an officer or employee of the United States Government shall serve without additional compensation. All members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There are authorized to be appropriated $2,000,000 to carry out the provisions of this Act.

FACT SHEET—COMMISSION ON THE EFFECT OF THE COMMUNICATIONS INDUSTRY ON VOTER BEHAVIOR

1. Commission will be composed of 15 members:

(a) Five appointed by the President pro tempore of the Senate;

(b) Five appointed by the Speaker of the House; and

(c) Five appointed by the President.

Included among the 15 are Senators and Representatives, members of the communications industry, and elected state officials.

2. Commission shall conduct a complete and thorough investigation to determine if the practices of the communications industry affect voter behavior.

3. A written report will be submitted within one year after the first meeting.

4. Normal administrative provisions and compensation are included.●

By Mr. MATHIAS (for himself and Mr. SARBANES):

S.J. Res. 81. Joint resolution to recognize the Pause for the Pledge of Allegiance as part of National Flag Day activities; to the Committee on the Judiciary.

PAUSE FOR THE PLEDGE ON FLAG DAY

● Mr. MATHIAS. Mr. President, last May in Baltimore, a group of volunteers from the Star-Spangled Banner Flag House launched a national campaign to encourage all Americans to say the Pledge of Allegiance as part of National Flag Day. Their idea, Pause for the Pledge, caught the imagination of many people in the Nation. They received support from such diverse groups as, major league baseball, the American Gas Association, the AFL–CIO, and the Baltimore Gas and Electric Co.

Word of the project spread. Groups in other parts of the country planned ceremonies of their own or else encouraged citizens to join with the Baltimore group by reciting the Pledge of Allegiance at 2 p.m. e.d.t. to coincide with ceremonies held at Fort McHenry, birthplace of the National Anthem.

Encouraged by the interest expressed last year, this dedicated group of Flag House volunteers is now working to bring the Pause for the Pledge idea to all parts of the United States. They have already enlisted the support of business organizations, veterans' groups, Government agencies, service clubs, and sports associations. And they have invited President Reagan to Fort McHenry this year to lead the Nation in the Pledge of Allegiance at 4 p.m. e.d.t. on Sunday, June 14 to commemorate.

The resolution I send to the desk today calls on Congress to recognize the Pause for the Pledge as a part of National Flag Day and to encourage Americans to recite the Pledge of Allegiance at Flag Day ceremonies.

The Continental Congress on June 14, 1777, adopted an official banner by spelling out broad specifications for a national flag. After many years of local Flag Day ceremonies, Congress in 1949 officially designated June 14 as National Flag Day.

Flag Day observations before and after the 1949 congressional action have traditionally centered around the Pledge of Allegiance to the Flag written by James B. Upham and Francis Bellamy in 1892. Other ceremonies have included flag-raising ceremonies, the singing of the National Anthem, and parades.

Since 1952, the Star-Spangled Banner Flag House Association in Baltimore has been the official sponsor of Flag Week. Their headquarters is the house where Mary Young Pickersgill sewed the flag that flew over Fort McHenry in 1814 and inspired Francis Scott Key to write the National Anthem. The association makes recommendations for Flag Week events and urges communities to hold special observances on June 14.

This resolution will also be introduced in the other body by Representative BARBARA MIKULSKI. Congressional passage of this resolution would officially recognize the Pause for the Pledge as part of National Flag Day and pay tribute to the patriotic efforts of the Flag House volunteers.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. Res. 81

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Whereas, by Act of the Congress of the United States, dated June 14, 1777, the first official flag of the United States was adopted, and

Whereas, by Act of the Congress dated August 3, 1949, June 14th of each year was designated National Flag Day, and the Star-Spangled Banner Flag House Association in Baltimore, Maryland, has been the official sponsor of National Flag Day since 1952, and

Whereas, on June 14, 1980, the Star-Spangled Banner Flag House Association developed a national campaign to encourage all Americans to pause for the pledge of Allegiance, and

Whereas, this concept caught the imagination of Americans everywhere and received wide citizen support, and

Whereas, 1981 is the 50th Anniversary year of the adoption of the Star-Spangled Banner as our National Anthem, and the pause for the pledge will be a part of National Flag Day ceremonies at Fort McHenry, birthplace of the Star Spangled Banner, on June 14, 1981 at 4:00 p.m. EDT.

Now, therefore, be it resolved That the Congress of the United States recognizes the pause for the pledge as part of National Flag Day and encourages all Americans to participate in National Flag Day by reciting the Pledge of Allegiance at 4:00 p.m. EDT on June 14, 1981. Section II.

The Congress shall transmit a copy of this Resolution to the Star-Spangled Flag House in Baltimore, Maryland.●

By Mr. MATHIAS (for himself and Mr. SARBANES):

S.J. Res. 82. Joint resolution to mark the bicentennial of Washington College; to the Committee on the Judiciary.

WASHINGTON COLLEGE BICENTENNIAL

● Mr. MATHIAS. Mr. President, today it is my privilege to introduce a joint resolution honoring the 200th anniversary of Washington College, in Chestertown, Md.

Actually, the anniversary is next year. But it is my hope, Mr. President, that the resolution will be passed and printed this summer so that it will be available on October 10, when the college's Bicentennial Planning Committee holds its opening convocation ceremony.

I have chosen May as the month to introduce this joint resolution because May was significant on several occasions in the college's early days.

It was in May—on May 24, 1772, to be precise—that the General Assembly of Maryland enacted the bill giving Washington College its charter, which anticipated that the college would serve "in honorable and perpetual memory of his Excellency, General Washington the illustrious and virtuous commander-in-chief of the armies of the U.S."

And it was on May 15, 1783, that the foundation stone was laid for what was eventually to be the college as we know and admire it today.

The following account of that memorable event is worth noting:

On May 15, the visitors and governors and the masters, students, and scholars, accompanied by a greater number of gentlemen from the neighboring counties, went in procession to the hill where the new college was to be built. Following prayer by the principal, the foundation stone was laid by his Excellency, Governor Paca, who was saluted on the occasion by thirteen discharges of cannon. Orations in French were delivered by Thomas Worrell and Ebenezer Perkins, followed by a pastoral dialogue spoken by three young scholars dressed in shepherds' clothes.

Governor Paca, I should mention, was the same distinguished Marylander who served in the Continental Congress and was one of the four Maryland signers of the Declaration of Independence.

In thinking about these remarks and the joint resolution I am introducing today, my mind turned to the various ways in which we traditionally observe 200th anniversaries.

At times we are inclined to turn scholarly, to assemble histories, and to reflect on the manner in which the past has affected the present.

At times we decide simply to reminisce.

And at times we get caught up in the exuberance of the occasion and celebrate in the traditional birthday-party ways.

Today, in these remarks, I will attempt to blend the latter two approaches. Normally, as my colleagues know, I would opt for the scholarly historical approach. But last year an excellent history of Washington College was published. It is entitled "Washington College," and I recommend it to friends of the college, educators, historians, and, in fact, to anybody who is interested in a fascinating story of representative growth within one sector of our society during the last two centuries. The author of the history is Fred W. Dumschott, and the book was published by the college.

The book narrates with captivating detail and with sensitive insight the stories of the presidents and other officials who guided the college ever upward to the position of esteem it enjoys today; the stories of the various academic structures which have grown over the years into a campus endowed equally with activity and charm; and the stories of the men and women students who achieved special renown in the study halls and on the athletic fields.

I shall not reiterate these lists of names. I shall, however, again recommend Fred Dumschott's book. And I shall acknowledge that I used it extensively—with a great deal of pleasure—in preparing these remarks.

The 200th anniversary of Washington College is an historic and festive occasion for many reasons, not the least of which is the fact that it was the first college chartered in Maryland—and, in fact, the 10th in the United States.

A few glimpses into its past will help us appreciate the significance of the 200th anniversary of Washington College—the first star in the galaxy of Maryland institutions of higher education.

First, its curriculum: Under the founder, William Smith, D.D., the early courses included algebra, geometry, conic sections, fluxions, surveying, natural philosophy, astronomy, moral philosophy, logic, metaphysics, rhetoric, and extensive readings in Greek and Latin.

At the first commencement, Dr. Smith delivered a short Latin oration and, according to the Dumschott history:

The candidates then presented a Latin salutory oration, an oration in French, a Latin syllogistic dispute, and an English syllogistic dispute.

At about the same time, plans were being made for the college's new building—a three wing, four storey structure, plus attic, estimated to cost about $28,000. To raise funds for the structure, the college disposed of some of its land holdings and sold lottery tickets for $4 each, offering prizes ranging from a top award of $4,000 down to 3,000 prizes of $8 each.

In May of 1784, George Washington paid the first of several visits to his namesake college. During his stay, he subscribed his name as a member of the visitors and governors of the college and attended a student presentation of a play entitled "The Tragedy of Gustavus Vasa, the Great Deliverer of Sweden from Danish Oppression."

By the early 1800's the college was taking steps to make sure that its students lived up to the deportment expected of them. Thirteen rules and regulations were promulgated, with fines for transgressions. Rule 10, for example, stipulated:

Every student shall demean himself toward his teacher in a decent and respectful manner, under penalty not exceeding five dollars in the discretion of the Professor.

"Immoral conduct, such as quarrelling, cursing, swearing, or immodest conduct" could cost a miscreant $2. Trifling during the hours of recitation and study carried a penalty of 12½ cents.

Eventually there were additional rules specifically for boarding students—for example, "There shall be no * * * throwing victuals during meals."

The boarders, in the early 1800's, paid $35 per term for board, and they were advised to bring their own beds and bedding and to arrange for their washing. Tuition at the time was $10 a term.

In 1827 fire started in the Common Hall or center building, and ultimately destroyed the whole structure. "We never witnessed a more awful and sublime sight," reported the Chestertown Telegraph.

A resolution to appropriate $10,000 for the rebuilding of the college failed in the Maryland House of Delegates, and for almost 20 years, classes were conducted in rented houses in Chestertown.

The cornerstone for a new building was laid in 1844. And in the college's first catalog, distributed that year, prospective students were informed that they must "present testimonials of good moral character" and that tuition for winter would be $20.50; board, $52; and washing, $6.50."

And so it went—the solicitations of funds, the commencements, the planning of new physical facilities, the changes in regulations, and the setting of new fees and salaries.

Nor were athletics ignored. In 1867, for instance, a group of college men "engaged in a social game of baseball" with a team from Galena and lost, 23 to 21. Next they played a team called the Marylands and won, 47 to 23.

By 1871 the college team called itself

the Chesters, and it was in that year they took on a local team from Chestertown called the Rustics.

Here is how the Kent News described the game:

Never was vain ostentation more arrogantly displayed than by the Rustic nine. For a week they were continually vaunting their superior playing, especially the Captain, until the time rolled round for a practical illustration. Arriving on the College grounds the game commenced. The Rustic countenances wore a beaming aspect until the third inning, when lo! What an amazing transformation! How quick their merry laughter and happy exchanges of congratulations changed to gloomy and dejected mutterings. When we, Chester, went to bat the last inning, their captain walked to the pitcher's stand and uttering this terrible mandate to his ambitious pitcher, "Go to third base, Sir." He went with some reluctance, for t'was a great fall of his feathers and aspirations. There stood the crestfallen captain, witnessing the fall of what he once thought mighty.

Finally, after scoring 10 runs in the eighth inning, the college's Chesters won by a score of 43 to 27.

When Washington College played its first football game about 17 years later, the team seems to have followed the tradition set earlier by the baseball team for producing, at times, somewhat dramatic results. In a game against St. John's College, of Annapolis, the Washington College squad reportedly lost 119 to 0.

But serious, consequential things were happening, too. In 1891, coeducation was adopted at Washington College. Eleven young women attended the college as day students during the first year of the coeducational "experiment," and the next year the number was doubled. By 1895 plans were being made for a ladies' dormitory. A picture of the class of 1895 shows 10 young men and Miss May Matthews, "the first woman to complete the academic course as Washington College."

In 1922 the board authorized the selection of a dean of women.

President Franklin Delano Roosevelt visited the college in October of 1933 and was awarded an honorary degree of doctor of laws. "There hasn't been a President near us since the first Kent News came on the streets in 1823" (after President Washington's visits in the 1780s), observed the newspaper editorially. And apparently the affair was a great success, replete with a 21-gun salute.

When President Harry S. Truman visited the college in June of 1946, he, too, received a hearty welcome, this time with U.S. Senator George Radcliffe and Governor Herbert R. O'Conor among those in attendance.

The most recent Presidential visit to Washington College was in 1954 when President Eisenhower received an honorary doctor of laws degree during the college's commencement exercises. President Eisenhower was accompanied that day by Maryland's Governor, Theodore Roosevelt McKeldin.

The several visits of George Washington to Washington College and the subsequent visits of three other great Presidents of the United States are eloquent testimony to the important role the college has played both in American history and in American education.

For the past 200 years, Washington College has never stood still but has moved from strength to strength maintaining a position in the vanguard of American liberal arts education.

Washington College is not distinguished only by its illustrious past. It is distinguished by its steadfast commitment to the lasting values of a true liberal arts and sciences education, and it is distinguished by the quality of the liberal arts and sciences education it gives.

As a Republican, I note with some sorrow that of the three Presidents who visited Washington College in the recent past, two were Democrats. Now, as the college celebrates its 200th birthday during a Republican incumbency, we Republicans have an opportunity to redress the balance.

As befits the importance of the occasion, President Ronald Reagan has been invited to deliver the commencement address at Washington College on May 17, 1982, during its bicentennial celebration. I have joined with Dr. Joseph H. McLain, the distinguished president of Washington College, and with its dedicated faculty and student body, in urging President Reagan to honor this venerated and venerable Maryland institution by participating in the celebration of its 200th birthday.

As I introduce this resolution, I congratulate Washington College on 200 years of achievement under outstanding leadership and patronage. And, as is common on birthdays, I wish the college many happy returns of the day.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the text of the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 82

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Whereas Washington College is the first chartered college in the State of Maryland and the tenth chartered college in the United States, and

Whereas the Maryland Provincial Assembly did authorize the establishment of the Kent County Free School by law in 1723, creating the Visitors to supervise and operate such school, and

Whereas, the Rev. Dr. William Smith, noted educator and clergyman, did become master of the Kent County School in 1780, and

Whereas by his energy and dedication did succeed in advancing the stature of that school thereby causing its student body to increase in numbers to such a degree he encouraged the Visitors of the Kent County School to petition the Maryland General Assembly to grant a collegiate charter to the Kent County School, and

Whereas, General George Washington, commander-in-chief of the American army, from his headquarters in Newburgh, New York, did give his consent to name the new seminary of learning Washington College, and

Whereas, the Maryland General Assembly, on May 24, 1782, did enact legislation granting a charter to the Visitors of the Kent County School, in the name of Washington College, in honorable and perpetual memory of his Excellency General George Washington, the illustrious and virtuous commander-in-chief of the armies of the United States, and

Whereas, George Washington did contribute the sum of fifty guineas as an earnest of his wishes for the prosperity of the seminary, and

Whereas, George Washington did visit the college in 1784 at which time he signed his name as a Visitor and Governor of the College and in 1789 did accept the honorary degree of Doctor of Laws conferred upon him by the College, and

Whereas, the College during its long history has been proud to bear the name of the founder of this country, and

Whereas, through the years the College has prepared many men and women who later distinguished themselves in government, the ministry, business, law, medicine and education, and

Whereas three Presidents of the United States in addition to George Washington have honored the college with visits to the campus, namely Franklin Delano Roosevelt, Harry S Truman and Dwight D. Eisenhower, and

Whereas, the numerous Governors, Senators and Representatives of Congress have similarly honored the College, and

Whereas, the Visitors and Governors of Washington College, will set aside the academic year 1981–1982 to commemorate their two centuries of service to the State and Nation, now therefore

Be It Resolved in the Congress assembled that this body pay tribute to Washington College and congratulate the Visitors and Governors, the President and administration, the faculty and students, the alumni and all friends of the College for their long, devoted and faithful commitment to excellence in American higher education.●

By Mr. CHAFEE (for himself and Mr. HATCH):

S.J. Res. 83. Joint resolution to authorize and request the President to call a White House Conference on Education not later than January 15, 1982, and for other purposes; to the Committee on Labor and Human Resources.

WHITE HOUSE CONFERENCE ON EDUCATION

● Mr. CHAFEE. Mr. President, we Americans live in the oldest democracy in the free world. To assure that our Nation continues to prosper, we need a well-educated citizenry.

However, in our complex, capitalistic society, we can now see a disturbing trend—the erosion of our much lauded public school system. Indeed, it is more accurate to say that our educational system is in the midst of a crisis. The headlines in our daily papers tell the story: Falling test scores, functional illiteracy, school districts teetering on the edge of insolvency, teachers' strikes, vandalism, and violence against teachers.

A main priority for all elected officials, whether local, State, or Federal, over the next decade, must be a reexamination of our assumptions about the classroom.

Perhaps the most puzzling paradox is that the quality of education has declined over the past two decades as expenditures per pupil have risen sharply. In 1962, the average per pupil cost of elementary and secondary school was $419.

Today, this figure has increased to $2,150—a 500-percent rise. Over the same period, verbal and math aptitude test scores for high school seniors dropped from 478 and 502 respectively to 424 and 466.

Test scores are certainly an imperfect measure of the quality of education. However, it is apparent that many parents believe that the public schools are failing; otherwise, we would not see the

proliferation of private schools. Moreover, in a recent poll, half the respondents said that schools are doing a poor or only fair job. In a similar poll 7 years ago, two-thirds rated schools good or excellent.

Inflation explains, in part, why the cost of education has escalated so quickly. What is more important, though, is the fact that the public has demanded that schools babysit, counsel, feed, inoculate, and integrate the young in addition to educating them.

As a recent article in Newsweek put it, schools "are expected to teach driver ed, sex ed, phys ed, and special ed, and still find time for regular ed besides."

Our educational system will face even greater pressure in the coming decade. On the one hand, our society requires that we possess evermore sophisticated knowledge just to hold a job. Indeed, a highly skilled work force is essential if America is to meet the competition from the other industrialized nations in our interdependent global economy. The needs of our economy dovetail with what the public is demanding: stronger basic skill instruction, complex technical and vocational training, and work/study programs.

On the other hand, we can also see that there will be fewer Federal dollars available to meet the demands for better education. The administration has already proposed cutbacks in funding for many education programs as part of the national effort to control runaway Government spending. With less money, school administrators may well have to cut budgets, lay off teachers, or increase class size.

Moreover, with declining enrollments at every level of education, it seems reasonable to assume that the teachers in today's classrooms will educate our children for the next 10, 20, or 30 years.

This change will, in turn, mean that we must not only train teachers better but also put more emphasis on retraining veteran teachers. We can no longer be so cavalier about the mediocre education many teachers receive if we want our young to have the skills to compete in the America of 1990 or 2000.

For all these signs of failure, there are bright spots. For example, America's best schools produce better educated graduates than ever before. Our Nation also leads in the prizes awarded for basic research in the sciences.

Perhaps best of all, the failure of education has prompted numerous individuals and associations to address its shortcomings. Not since 1957, the year of the sputnik satellite launch, has there been such a thorough public reappraisal of what our educational system should do.

Mr. President, today, I am reintroducing a modest proposal as part of this national reappraisal of American education and am honored to have Senator HATCH as a cosponsor. I propose that the Congress authorize the President to establish a White House Conference on Education to develop recommendations for the improvement of the schools of our Nation, including all levels of education: Elementary, secondary, postsecondary, vocational, and adult.

Past administrations have sponsored such conferences on the problems faced by the aged, the family, the handicapped, and small business. These conferences often led to significant changes and legislative reforms in those areas.

By bringing together teachers, parents, school administrators, taxpayers, and Government officials, we can cover many important questions regarding our vision of America's educational system: What school programs are successful? Can they be adopted to the different situations facing our schools?

What are the best methods for infusing new ideas into the classroom?

What should our schools teach? Will the skills acquired now fit into our society 10 or 20 years hence?

How can we get "more bang for the buck" spent on education? What should be the Federal role in education?

How can we assure that teachers have a minimum level of competence? What role will teacher colleges play as the number of new teachers entering the work force stabilizes at a much lower level?

What will prevent teachers from "burning out" as they face mounting pressures every day? How can violence against teachers be curbed?

This list of questions certainly is not exhaustive. Nevertheless, we need a lively interchange. I believe that a national conference on education can rebuild a consensus between experts and laypersons on the goals of our school system and the best methods to achieve them.

No one disputes the fact that America's best schools are producing better educated graduates than ever before; but, there are too few top quality schools. Far too many students receive mediocre educations. Indeed, we now see a new type of student, the functional illiterate.

The consequence of failing to address the declining quality of our schools is profound. If we fail to emphasize quality in the schools, our Nation will become less and less productive—not just economically and industrially, but intellectually and esthetically as well.

Our educational system has not yet crumbled, and we will have a solid foundation on which to reaffirm our commitment to education. Indeed, our high schools now graduate 75 percent of the Nation's children, compared to 30 percent in 1930.

However, it is not enough that all children get into the system and that an overwhelming majority graduate. All children must be well served when they are there.

A White House Conference on Education can only help to meet this outstanding social vision.

Mr. President, I ask unanimous consent that a copy of the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 83

Whereas the American education system is the foundation upon which the economic, political, social, and esthetic principles of the United States are built;

Whereas the growth and strengthening of educational instruction and services are essential if all Americans are to be assured a quality education, including competency of skills, such as reading and writing proficiency;

Whereas school personnel face a broad variety of challenges in the classroom, of an educational, social, and emotional nature, and are in need of new skills and materials to meet such challenges;

Whereas public concern over declining competency of students has signaled a need to reexamine and reevaluate the American education system; and

Whereas a sharing of educational experiences and expertise is essential to any such reevaluation, and can create a new direction for educational policy and improved quality in education: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That this joint resolution may be cited as the "White House Conference on Education Act".

AUTHORITY OF THE PRESIDENT; FINAL REPORT

SEC. 2. (a) The President of the United States is authorized to call a White House Conference on Education not later than January 15, 1982.

(b)(1) The purpose of the White House Conference on Education shall be to develop recommendations for the improvement of the schools of the Nation, including all levels of education, elementary, secondary, postsecondary, vocational, and adult, in accordance with the policies set forth in the preamble to this joint resolution.

(2) The Conference shall be composed of, and bring together representatives of Federal, State, and local governments, professional and lay people, and other interested members of the general public, including taxpayers, teachers, parents, and students.

(c) The Conference shall be an independent advisory body established by the President. The Conference shall be planned, convened and conducted under the direction of the executive director of the White House Conference on Education.

(d) A final report of the Conference, containing such findings and recommendations as may be made by the Conference, as well as proposals for any local, State, or Federal legislative or executive action necessary to implement the recommendations of the Conference, shall be submitted to the President not later than 180 days following the close of the Conference. The final report shall be made public and, within 90 days after receipt by the President, transmitted to the Congress together with a statement of the President containing the President's recommendations with respect to such report.

(e) The authority for the Conference, its administration, staff and appropriation, shall expire 90 days after transmission by the President to the Congress of the final report of the Conference.

ADMINISTRATOR

SEC. 3. (a) In administering this joint resolution, the executive director shall—

(1) when appropriate, request the cooperation and assistance of other departments and agencies of the Federal Government necessary to facilitate the planning and administration of the Conference;

(2) make technical and financial assistance (by grant, contract, or otherwise) available to the States to enable them to organize and conduct conferences and other meetings in order to prepare for the Conference;

(3) make grants to, and enter into contracts with, public agencies, private organizations, and academic institutions as may be necessary to ensure broad representation and to assist in their preparation for the Conference; and

(4) prepare and make available background materials for the use of delegates to the Conference and distribute such reports of the Conference and associated State conferences as may be appropriate.

(b)(1) The President is authorized to appoint and compensate an executive director

and such other directors and personnel for the Conference as he may deem advisable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) Upon request by the executive director, the head of each Federal department and agency is authorized to detail employees to work with the executive director in planning and administering the Conference without regard to the provisions of section 3341 of title 5, United States Code.

(c) Each Federal department and agency is authorized and directed to cooperate with, and provide assistance to the executive director upon request under clause (1).

(d) The executive director shall have the authority to accept, on behalf of the Conference, in the name of the United States, grants, gifts, or bequests of money for immediate disbursement by the executive director in furtherance of the Conference. Such grants, gifts, or bequests offered the Conference, shall be paid by the donor or his representative to the Treasurer of the United States, whose receipts shall be their acquittance. The Treasurer of the United States shall enter such grants, gifts, and bequests in a special account to the credit of the executive director for the purposes of this joint resolution.

DEFINITIONS

SEC. 4. For the purpose of this joint resolution—

(1) the term "Conference" means the White House Conference on Education authorized under section 2(a);

(2) the term "executive director" means the executive director appointed under section 3(b) of this joint resolution; and

(3) the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

AUTHORIZATION OF APPROPRIATIONS; LIMITATION

SEC. 5. (a) There are authorized to be appropriated without fiscal year limitation such sums, but not to exceed $5,000,000 as may be necessary to carry out this joint resolution. Such sums shall remain available for obligation until expended.

(b) No funds appropriated to the Department of Education, including the National Institute of Education, shall be made available to carry out the provisions of this joint resolution other than funds appropriated pursuant to this resolution.●

ADDITIONAL COSPONSORS

S. 102

At the request of Mr. INOUYE, the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of S. 102, a bill to amend titles XVIII and XIX of the Social Security Act to provide that professional nurse services shall be covered under part B of medicare and shall be a required service under medicaid.

S. 123

At the request of Mr. INOUYE, the Senator from Washington (Mr. JACKSON), the Senator from Michigan (Mr. LEVIN), the Senator from Kentucky (Mr. FORD), and the Senator from Arizona (Mr. DECONCINI) were added as cosponsors of S. 123, a bill to amend titles XVIII and XIX of the Social Security Act to provide more adequate coverage of the services of mental health specialists under the medicare supplemental benefits program and under medicaid programs.

S. 131

At the request of Mr. INOUYE, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 131, a bill to incorporate the Pearl Harbor Survivors Association.

S. 153

At the request of Mr. INOUYE, the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of S. 153, a bill to amend the Internal Revenue Code of 1954 to expand the category of targeted groups for whom the new employee credit is available to include displaced homeowners.

S. 290

At the request of Mr. SASSER, his name was added as a cosponsor of S. 290, a bill entitled "the Reye's Syndrome Act of 1981."

S. 351

At the request of Mr. WALLOP, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 351, a bill to amend the Federal Mine Safety and Health Amendments Act of 1977 to provide that the provisions of such act shall not apply to the surface mining of stone, clay, and sand work.

S. 492

At the request of Mr. D'AMATO, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 492, a bill to increase the income tax exclusion of dividends and interest received by individuals.

S. 604

At the request of Mr. MATHIAS, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 604, a bill to amend the Communications Act of 1934 to provide that telephone receivers may not be sold in interstate commerce unless they are manufactured in a manner which permits their use by persons with hearing impairments.

S. 682

At the request of Mr. RIEGLE, the Senator from New York (Mr. D'AMATO), the Senator from Utah (Mr. GARN), the Senator from California (Mr. HAYAKAWA), the Senator from North Carolina (Mr. HELMS), the Senator from Hawaii (Mr. INOUYE), the Senator from Iowa (Mr. JEPSEN), the Senator from Indiana (Mr. QUAYLE), the Senator from Idaho (Mr. SYMMS), the Senator from Texas (Mr. TOWER), the Senator from Alabama (Mr. DENTON), the Senator from Colorado (Mr. ARMSTRONG), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 682, a bill to place a moratorium on decisions by the Federal Trade Commission in shared monopoly proceedings until the Congress establishes the existence of the violation and defines its elements.

S. 872

At the request of Mr. CHAFEE, the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Connecticut (Mr. DODD) were added as cosponsors of S. 872, a bill to amend title 38, United States Code, to extend the period of Vietnam era veterans' eligibility for readjustment counseling and related mental health services.

S. 879

At the request of Mr. GORTON, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 879, a bill to amend the Uniform Time Act of 1966 to provide that daylight saving time shall begin each year on the last Sunday in March, rather than the last Sunday in April.

S. 961

At the request of Mr. BENTSEN, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 961, a bill to require that a Federal agency may not require that any person maintain records for a period of 5 years, and a Federal agency may not commence an action for enforcement of a law or regulation or for collection of a civil fine after 5 years from the date of the act which is the subject of the enforcement action or fine, and for other purposes.

S. 1080

At the request of Mr. LAXALT, the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Louisiana (Mr. LONG) were added as cosponsors of S. 1080, a bill to amend the Administrative Procedures Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs; to provide for a periodic review of regulations; and for other purposes.

SENATE JOINT RESOLUTION 12

At the request of Mr. INOUYE, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of Senate Joint Resolution 12, a joint resolution to authorize and request the President to designate November 14 of each year as "Operating Room Nurses Day."

SENATE JOINT RESOLUTION 53

At the request of Mrs. KASSEBAUM, the Senator from Indiana (Mr. LUGAR), the Senator from Maryland (Mr. SARBANES), the Senator from Alabama (Mr. HEFLIN), the Senator from Hawaii (Mr. INOUYE), the Senator from North Dakota (Mr. BURDICK), the Senator from Oregon (Mr. HATFIELD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. MELCHER), the Senator from Indiana (Mr. QUAYLE), the Senator from Maine (Mr. COHEN), the Senator from Kansas (Mr. DOLE), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Ohio (Mr. METZENBAUM), the Senator from Oregon (Mr. PACKWOOD), the Senator from New Jersey (Mr. BRADLEY), the Senator from California (Mr. CRANSTON), the Senator from Maryland (Mr. MATHIAS), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. LEVIN), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Nevada (Mr. CANNON), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Rhode Island (Mr. CHAFEE), and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of Senate Joint Resolution 53, a joint resolution to provide for the designation of September 6, 1981, as "Working Mothers' Day."

SENATE JOINT RESOLUTION 73

At the request of Mr. GLENN, the Senator from Indiana (Mr. LUGAR), and the

Senator from Texas (Mr. BENTSEN) were added as cosponsors of Senate Joint Resolution 73, a joint resolution to designate the week beginning June 1, 1981, and ending June 7, 1981, as "Management Week in America."

SENATE JOINT RESOLUTION 74

At the request of Mr. MATHIAS, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Senate Joint Resolution 74, a joint resolution designating the week of October 4 through October 10, 1981, as "National Diabetes Week."

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF DEFENSE AUTHORIZATIONS

AMENDMENT NO. 48

(Ordered to be printed and to lie on the table.)

Mr. LEVIN (for himself and Mr. EAGLETON) submitted an amendment intended to be proposed by them to the bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

AMENDMENT NO. 49

(Ordered to be printed and to lie on the table.)

Mr. LEVIN (for himself, Mrs. KASSEBAUM, Mr. CHAFEE, Mr. EAGLETON, Mr. CRANSTON, and Mr. BUMPERS) submitted an amendment intended to be proposed by them to the bill S. 815, supra.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 50

(Ordered to be printed.)

Mr. METZENBAUM proposed an amendment to the concurrent resolution (S. Con. Res. 19) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the U.S. Government for the fiscal year 1981.

NOTICE OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that the Senate Small Business Committee will hold a full committee hearing on May 15, 1981 to receive testimony on changes in the SBA's disaster loan programs and other cost saving proposals. The hearing will convene at 8:30 a.m. in room 424 Russell Senate Office Building. For additional information contact Marge Broadbin at 224–5175.

Mr. President, I would like to announce that the Senate Small Business Committee will hold a full committee meeting on May 21, 1981 to consider cost saving legislation pursuant to Senate Concurrent Resolution 9. The meeting will convene at 9:30 a.m. in room 424 of the Russell Senate Office Building. For additional information contact Brian Hartman at 224–5175.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a markup to be held by the Select Committee on Indian Affairs on May 15, 1981 in room 6226 of the Dirksen Senate Office Building at 9 a.m.

The following bills will be considered at the markup: S. 262, for the private relief of Dolly Akers; S. 478, for the partition of certain restricted Indian lands in Kansas; S. 547, for permanent improvements of certain lands belonging to the Siletz Indian Tribe in the State of Oregon; and S. 563, the Tribal-State Compact Act.

For further information regarding the markup, you may contact Tim Woodcock or Peter Taylor of the Select Committee on Indian Affairs at 224–2251.

Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committee on Indian Affairs to review the final report of the Navajo-Hopi Relocation Commission.

The hearing will be held in room 457 of the Russell Senate Office Building on May 20 and will begin at 9 a.m.

For further information concerning this hearing, you may contact Tim Woodcock or Peter Taylor of the Select Committee on Indian Affairs at 224–2251. Those wishing to appear or to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C. 20510.

Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public field hearing before the Select Committee on Indian Affairs, chaired by Senator JOHN MELCHER.

The hearing is scheduled for June 1, 1981, beginning at 9 a.m. in the Albuquerque Public Library, main branch, auditorium, 501 Copper Street, Northwest, Albuquerque, N. Mex. Testimony is invited regarding Federal supervision of oil and gas leasing and oil thefts and security measures on Indian lands.

For further information regarding the hearing you may wish to contact Virginia Boylan or Max Richtman of the committee staff on 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C. 20510.

ADDITIONAL STATEMENTS

STRATEGIC MINERALS AND METALS

● Mr. GLENN. Mr. President, we have lately been hearing many alarming reports about how dangerously dependent the United States has become on foreign suppliers for a number of strategic minerals and metals. Materials such as cobalt, chromium, manganese, zinc, titanium, and platinum group metals are vitally important, both to our national security and to our economic vitality as well.

Unfortunately, we cannot produce a sufficient amount of these materials domestically and are now forced to import most of what we need and use. Worse still, many of the minerals can be obtained only from countries which are either politically unstable or governed by regimes hostile to the United States. The upshot is that we are becoming increasingly vulnerable to a potential supply disruption—a disruption that could literally prove disastrous.

I am delighted to report, however, that two private firms are currently involved in research that could conceivably provide a solution to this pressing problem. Materials Concepts, Inc., of my home State of Ohio—along with Fiber Materials, Inc., of the State of Maine—are engaged in work they describe as "critical materials substitution." In essence, this research is seeking to find ways of producing critical materials synthetically.

I recently asked these firms for an update on the status of their work and for a brief description of what they hope to achieve. I have recently received that letter from Mr. M. H. Subila, Jr., president of Fiber Materials, Inc. I submit Mr. Subilia's report for the RECORD and urge my colleagues to give it their careful attention.

Finally, I wish to point out that this is yet another instance of how smaller businesses contribute to the well-being of our Nation. Indeed, for many decades, small business has been responsible for most of the significant industrial innovations in the United States. A study by the Office of Management and Budget, for example, found that between 1953 and 1973, almost 50 percent of all major U.S. innovations came from firms with fewer than 1,000 employees. For these reasons, we here in Washington must increase our support of smaller enterprises and we should especially encourage work such as that described in the accompanying report.

The report follows:

CRITICAL MATERIALS SUBSTITUTION

The United States is more than 90% dependent on imports for its supplies of chromium, cobalt, manganese, and columbium. It is 75–90% dependent on other countries for aluminum, titanium, beryllium, platinum group metals, tin, tantalum and mercury. Imports account for 50 to 75% of U.S. supplies of zinc, gold, silver, tungsten, nickel, cadmium, and selenium. Such reliance on imports and the possibility of supply interruptions for political or ideological purposes and embargoes pose real concern for materials security, military defense, and the well being of many materials.

Chromium, cobalt, manganese, nickel, and columbium are mainly used in high temperature and corrosion resistant alloys. Aluminum, titanium and beryllium are predominantly used in lightweight structures, and the platinum group metals, tin, tantalum, mercury, gold, and silver are used in the electrical industries. Cobalt and tungsten are used extensively in the cutting tool industry.

Composites and improved processing techniques, such as hot irostatic pressing (HIP), are seen as providing substitutes for critical materials in many cases. For example, graphite fiber reinforced organic matrix composites may eventually replace many

aluminum structures in aircraft applications, and graphite fiber reinforced aluminum may replace titanium in critical applications such as jet engine fan blades. Corrosion and heat resistant ceramic and glass matrix composites reinforced with silicon carbide and graphite fibers are excellent potential candidates to replace high chromium and high cobalt content nickel base superalloys. In the area of improved processing techniques, a significant potential savings in cobalt consumption has been demonstrated by applying HIP to the manufacturing of high speed cutting tools. The use of HIP powder metallurgy techniques for consolidation has enabled "difficult to work" cobalt-free tool steel alloys to be used. The capability to conduct research and development on new concepts and manufacturing techniques both in the composites and HIP technology areas is available in the private sector.

The overall effort in "substitution preparedness" will benefit by drawing together the talents, needs, and resources of industry, government, and universities. Program output must be in the form of practical property, process, and cost data that can be applied immediately by industry and the defense agencies to the choice of effective substitutes for critical materials. A positive and coordinated step towards materials substitution needs to be made now to avoid forseen future crisis.●

SPACE SHUTTLE STUDENTS INVOLVEMENT

● Mr. D'AMATO. Mr. President, all America was proud of the successful maiden voyage of the Space Shuttle *Columbia*. Today I am happy to report that there were 191 semifinal entries in the first national Space Shuttle Student Involvement Project.

The object of this project was to stimulate the study of science and technology in grades 9 through 12 by engaging students in a competition to develop experiments suitable for flight aboard the Space Shuttle.

Ten finalists have been selected by a judging team that included representatives from NASA, National Science Teachers Association, National Science Foundation, National Institutes of Health, Department of Education, American Association for the Advancement of Science and several universities and consulting firms. These 10 finalists and their teacher-advisers will attend a special Space Shuttle conference in August at NASA's Kennedy Space Center, Fla.

Among these 10 finalists are 2 New Yorkers. Wendy A. Angelo, 60 Sunset Avenue, Poughkeepsie, N.Y. 12601 is a student at Arlington High School in Pleasant Valley. Her experiment is entitled "Biofeedback." Her teacher-adviser is Jan L. Stoutenburgh.

The second finalist is Daniel J. Weber, 950 Park Avenue, New York City, a student at Hunter College High School. He was assisted by teacher-adviser Francine Salzman in the experiment entitled, "The Effects of Weightlessness on Arthritis."

I extend my congratulations to all the finalists and especially to Wendy and Daniel.

Thank you, Mr. President.●

NATIONAL METRIC WEEK

● Mr. PACKWOOD. Mr. President, I would like to call to the attention of the Senate that this is National Metric Week.

National Metric Week (May 10–16), which is observed annually, is a time when organized activities are sponsored by many educational, private, and public sector groups to call to the public's attention the increased use of the metric system in our country.

It is impossible to ignore the fact that, even on a voluntary basis, the metric system is being used more and more in our daily lives.

Let me cite you just two examples. A couple of years ago, consumers were buying soft drinks in quarts—today they are buying the same soft drink in 1 and 2 liter bottles. Similarly, the consuming public, that was for years buying gasoline exclusively by the gallon, is now experiencing liter dispensing.

Does the emergence of greater metric use in the retail sector means that eventually everything will be expressed in metric? Probably not. It does mean, however, that the consuming public must be equipped with the knowledge to make an educated decision when purchasing a product.

In this regard, and in conjunction with National Metric Week, I would like to call to my colleagues' attention the fine work being done by the U.S. Metric Board in coordinating, undertaking research, as well as informing the American public about use of the metric system in our country.

This small agency, which was established during President Ford's administration, has performed admirably in carrying out their mission, and I would like to commend them for their assistance in organizing what I know will be a worthwhile and productive week.●

THE AMERICAN CITIZENS AND THE MINERALS SQUEEZE

● Mr. GOLDWATER. Mr. President, one of America's outstanding experts on metal, Mr. Robert Keating, has written a paper "The American Citizens and the Minerals Squeeze." He very kindly put together excerpts of this paper for me because of the paper I presented to the Wings Club in New York on essentially the same subject.

I cannot bring to the attention of my colleagues with enough force the very dangerous situation our country faces in the field of metals. I ask that this excerpt be printed in the RECORD.

The excerpt follows:

EXCERPTS FROM THE AMERICAN CITIZEN AND THE MINERALS SQUEEZE

(By Robert B. Keating)

CHROMIUM

Chromium is one of the most important strategic and critical metals required by our basic industries. A versatile material, it is employed in a variety of stainless, tool and alloy steels, cast irons, and nonferrous alloys to increase creep and impact strengths, hardenability, and resistance to corrosion, oxidation, wear, and galling. Chromite ore, the primary source of chromium and its compounds, is consumed by three types of industries.

The metallurgical industry converts chromite ore into chromium alloys and metal primarily for use in steelmaking and other alloy production. Stainless steels containing between 12 and 30 percent chromium are very resistant to chemical oxidation and are widely used in the manufacture of turbine blades, cutlery, surgical equipment, and chemical apparatus. Chromium-alloy steels are used for crushing and earth-moving equipment, projectiles, and with nickel or vanadium for armor plate, gun barrels, and heat-treated machine parts, crankshafts, axles, and gears. Other important demands for chromium occur in the production of tool steels, special purpose alloys, alloy cast irons, heat and corrosion-resistant materials, and tin-free steel electroplated with chromium. A durable, efficient gas turbine engine cannot be made without chromium.

The refractory industry converts chromite ore into chromium refractory products mainly for use in metallurgical furnaces. Large quantities of chromium refractories are consumed in iron and steel processing, nonferrous alloy refining, glass making, and cement processing. Metallurgical furnaces are lined with refractory chrome bricks, and foundry molds for iron and steel castings are made from chromite sand.

The chemical industry uses chromite ore to produce sodium dichromate, the basic chromium chemical from which all other industrial chromium chemicals are derived. Chromium chemicals are important additives in the manufacture of pigments for paints and printing inks, plating compounds for automotive and household appliances, and salts for leather tanning. Other uses are for catalysts, metal and wood treatment, textile dyes, and drilling muds.

The commercial recycling of chromium contained in stainless steel scrap amounts to about 10 percent of total chromium demand. There is no known substitute for chromium in stainless steel, and stainless steels cannot be made without chromium. Chromium may be replaced by other metals in some alloy steels, but the replacements normally are more costly and may result in lower performance standards. Substitutes for chromium pigments are available, but at a sacrifice in desired properties. No satisfactory alternative for chromium in industrial hard plating has been found. Our chromite resources in Montana and the Pacific Coast states are relatively small and low-grade by comparison with foreign chromite ore. Even under emergency conditions, domestic chromite deposits would supply us with only a small portion of our normal requirements. A lack of chromium would set us back 40–50 years in our standard of living and technology.

We no longer mine chromite ore and are totally dependent upon foreign sources for new primary supplies. The bulk of our chromite ore is imported from South Africa (38%), the Philippines (17%), the Soviet Union (14%), and Turkey (12%). Most of our ferrochromium supplies come from South Africa (51%), Zimbabwe (12%), and Japan (12%). South Africa and Zimbabwe together have 95 percent of the world's chromite reserves, with the largest reserve base located in South Africa (66%) and second largest in Zimbabwe (29%). The Soviet Union is the third largest potential source of chromite, but the remaining reserves of chromite ore in the world are small compared with those of South Africa and Zimbabwe. In order of their importance in world mine production, the principal chromite-producing countries are South Africa (33%), the Soviet Union (25%), Turkey (7%), Zimbabwe (6.3%), and the Philippines (6%). Although our chromium requirements are huge and growing, the growth rate in the rest of the world exceeds ours primarily because of the building of new steel mills and expanding industrialization in Japan, Western Europe, and Third World countries.

Great harm to our industrial system would result from shortages of chromite and ferrochromium. We run this risk in relying upon South Africa, Zimbabwe, and the Soviet Union as our principal suppliers of these strategic materials. Over half of our primary

chromite requirements are provided by South Africa and the Soviet Union. Nearly two-thirds of our ferrochromium imports come from South Africa and Zimbabwe. The likelihood of our experiencing severe interruptions in supply is high because of increasing Soviet intervention in the southern third of Africa assisted by the deployment of Cuban troops and East German advisers in Angola and Mozambique. With the coming to power of Marxist guerrilla factions in Zimbabwe, the Soviets are in a position where they could assist in the overthrow of the government of the Republic of South Africa. In this uncertain and volatile situation, South Africa's chromite and ferrochromium production could be halted abruptly or reduced severely by internal political problems, external attacks, or attempted Soviet domination. Should this happen, the effects on our basic industries would be felt immediately. If such losses coincide with stoppages of Zimbabwean and Soviet chromite and ferrochromium supplies, then the damage to our industrial economy would be crippling. We would then be forced into intense competition with other industrialized nations for supplies from other sources; a scramble that would place considerable strains upon Western alliances.

COBALT

Cobalt imparts distinctive qualities of heat and wear resistance, high strength, and superior magnetic properties to many alloys. It is an important additive to many nonmetallic compounds, and its use in superalloys, tool steels, and carbide tools is vital to our industrial and military efforts. Examples of demands for cobalt include the following:

High-temperature-resistant superalloys containing up to 65 percent cobalt for the jet engines of commercial and military aircraft, the engines of U.S. Army tanks, and industrial gas turbines. Both commercial and military aircraft manufacturing are expected to increase significantly during the 1980s.

Cobalt alloys for mining and drilling equipment. The efforts being made by our coal, oil, and gas industries to cope with energy shortages have resulted in increased demands for cobalt alloys for the manufacture of valve stems on wellheads, safety valve systems, springs, logging tools, and cemented carbide drilling bits and nozzles. The depletion of our low-sulfur crude oil reserves combined with pollution control measures have led to greater use of cobalt molybdate catalysts to remove sulfur from light petroleum distillates.

Cobalt magnets for the electrical equipment industry. Because cobalt magnets have greater pulling strengths than conventional magnets and permit weight and space savings, they are used extensively in electrical equipment for compact circuits, magnetic couplings, permanent magnet motors, and repulsion devices.

Cobalt oxides and salts are increasingly used in paints, ceramics, and allied products as decolorizers, dyes, dryers, pigments, and oxidizers. Other applications include organic cobalt compounds to better adhere steel to rubber in steel-belted radial tires. The principal use of cobalt in chemical processes is as a catalyst in hydrogenation.

A much greater consumption of cobalt will result not only from the surge in orders for new commercial and military aircraft, but also from its use in nickel-zinc batteries in electric vehicles, in rare-earth magnets to conserve weight and space in automobiles, and as a catalyst in the production of synthetic fuels. Although some substitutes for primary cobalt in superalloys, tool steels, and permanent magnets are possible, they result in losses of desirable properties. There is no satisfactory substitute for cobalt as a binder for carbides, and substitutes for cobalt as a dryer in paints or as a catalyst in chemical processes usually are not effective. Recycling efforts account for an insignificant portion of our cobalt supply, and it is unlikely that an efficient recycling program could provide more than 10 percent of demand. Moreover, even if domestic cobalt mining were to be started again, it is unlikely that production could meet more than one-fifth of demand.

We no longer mine cobalt and are totally dependent upon foreign sources for new primary supplies. Our major suppliers are Zaire (41%), Belgium (19%), Zambia (10%), Finland (7%), Canada (5%), and Norway (5%). The greatest concentrations of high-grade cobalt deposits in the world are found in Zaire, Zambia, Morocco, Botswana, and South Africa. Zaire has the world's largest cobalt reserve base and Zambia the second largest. Zaire alone provides about 41 percent of global supply, while Zambia, Morocco, and Botswana account for 15 percent. Other major producers include New Caledonia, Australia, the Philippines, the Soviet Union and Cuba.

The vulnerability of American industry to disruptions or shortfalls in primary cobalt supply has been made apparent over the past few years. During 1976, Zaire and Zambia, which produce 46 percent and 10 percent respectively of Free World supply, experienced substantial interruptions in their cobalt shipments because of general political unrest in their mining areas combined with rail transport difficulties. In 1977 and 1978, Communist-aided insurgent attacks in the Shaba mining region of Zaire damaged copper and cobalt production. About 60 percent of our cobalt imports originates in Zaire, with 41 percent imported directly from Zaire and 19 percent shipped from Belgium where the cobalt metal has been refined and processed. Should cobalt production or supply from Zaire be stopped, other Free World producers would not be able to make up such a huge loss for a number of technical and economic reasons. Virtually all cobalt is recovered as a by-product of copper and nickel mining it is not possible to increase the supply of cobalt significantly unless copper or nickel are in very high demand. Moreover, certain cobalt-producing countries such as New Caledonia, Australia, and the Philippines have a relatively low ratio of cobalt to nickel in their ores which restricts large increases in cobalt production. Also entering into the supply-demand relationship is the rising use of superalloys and cobalt alloys by the high-technology industries of Japan and Western Europe which is expected to create a primary demand for cobalt equal to that of the United States. Although we could probably sustain the loss of cobalt supplies from Zaire up to a year, prolonged denial of that major source of cobalt would have a decidedly adverse effect on our industries.

MANGANESE

Conventional steel-making on a large, economical scale is impossible without manganese. It acts as a scavenger to remove oxygen and sulfur, improves rolling and forging, and when added for alloying effects imparts strength, toughness, and hardness to alloy steels. Manganese also is important to the production of aluminum and cast irons, and finds use in batteries, chemical and glass products, welding-rod coatings and fluxes, construction goods, pipes and tubing. No satisfactory substitutes or recycling possibilities have been found for manganese in the production of iron and steel. A cutoff in manganese supplies would shut down our steel mills.

We no longer mine manganese ore and are totally dependent upon foreign sources for new primary supplies. The bulk of our manganese ore is imported from Gabon (40 percent), Brazil (30 percent), Australia (11 percent), and South Africa (9 percent). Most of ferromanganese supplies come from South Africa (34 percent), France (25 percent), and Japan (11 percent). The world's largest reserve base of manganese ore is located in South Africa and the second largest in the Soviet Union. South Africa and the Soviet Union together have more than 80 percent of global reserves. Of the remainder, Australia, Gabon, and India have significant shares. Estimated manganese production through 1985 indicates that the Soviet Union will remain the dominant producer with South Africa in second place.

South Africa's production of manganese is especially important to the Free World as it provides about 40 percent of the Free World supply. Any disruption in South African supply caused by internal political problems, external attacks, or Soviet domination would seriously affect the Free World manganese market. Should production from South Africa be reduced or stopped, then Japan and Western Europe would compete with us for manganese supplies from Gabon, Brazil, and Australia. Although Gabon could increase its supply of manganese to the international market, Brazil is expected to reduce its exports because of the mounting requirements of its growing steel industry for that metal. Australia's potential for major export expansion is limited, and India's ability to produce more manganese hinges on a number of complex issues, including Sino-Soviet relations. Although we do not depend heavily on South Africa for manganese, nevertheless the loss of this major producer to the world market would indirectly reduce the amount of manganese available to us. Reduced amounts of manganese would cause reduction in iron and steel production and we would then be forced to import even more steel to meet our industrial and defense requirements.

PLATINUM GROUP METALS

The Platinum Group consists of six closely related metals; platinum, palladium, rhodium, iridium, ruthenium, and osmium. Although found in the earth's crust in very low concentrations, they have become nearly indispensable to industry because of their extraordinary physical and chemical properties. They are refractory, chemically inert toward a wide variety of materials even at high temperatures, and are extremely active catalysts for a number of important chemical reactions. Without these valuable metals, satellites could not maneuver, our telecommunications would be crippled, and our air pollution would increase enormously. Their many uses may be summarized as follows:

In the electrical industry, platinum-group metals are used in resistors and capacitors, voltage regulators, spark plugs, thermometers, thermostats, thermocouples, electric motor commutator rings, high-stretch magnets, electron tubes, grids for power and radar tubes, printed circuits, and directional signalling equipment. Telephone switchgear for dialing systems accounts for most of the palladium used by the electrical industry.

In the glass industry, platinum-rhodium alloys are used in certain parts of glass-making furnaces, and as liners in pots for making optical glass. Platinum-rhodium bushings are important in the production of glass fibers for textile and insulation purposes.

In dentistry and medicine, the platinum-group metals are used in orthodontic and prosthodontic devices, firing mounts, reinforcements for dental porcelains, cautery points, hypodermic needles, and in containers for implanted cardiac pacemakers. Certain platinum metals complexes are promising chermotherapeutic agents for arresting some types of cancer.

In the automobile industry, platinum and palladium are vital elements in the manufacture of catalytic converters which are installed in automobile exhaust systems to reduce hydrocarbon and carbon monoxide emissions. This is the largest single use of platinum-group metals accounting for about 45 percent of total U.S. purchases.

In the chemical industry, platinum-group metals serve as essential catalysts in the production of a wide range of chemicals and pharmaceuticals. Major applications include their use in the manufacture of nitric acid and hydrogen cyanide. The platinum metals

are also employed for corrosion and temperature-resistant laboratory ware such as crucibles, dishes, electrochemical electrodes, nozzles, stirrers and tongs.

In petroleum refining, catalysts of platinum, platinum-iridium, and platinum-rhenium are used to upgrade the octane ratings of gasolines. They are also used in hydrocracking and isomerization, and to produce benzene, toluene, and xylene for chemical purposes. Their use in the manufacture of lead-free gasoline is increasing.

Other uses of platinum-group metals are for jet engine linings, cathodic protection of ship's hulls, propellers, and rudders, against corrosion by seawater, portable chlorine generators, astronomical instruments, rupture discs, spinnarets for synthetic fiber production, and electrode systems in fuel cells for satellite and manned space vehicles.

The limited supply and high cost of platinum-group metals insure that every effort is made to conserve and recover them. About 10 percent of our annual supply consists of secondary metal that is obtained by refining used scrap metal. Substitutes for platinum metals can include direct replacement by other materials or elements in compounds or alloys. In some chemical syntheses, several types of catalysts may take the place of platinum-group metals but with penalities in efficiency and usually in capital and operating costs. Our domestic reserves and production of platinum-group metals are small, and mine supply could not be increased quickly if foreign supplies were cut off.

Nearly 100 percent of our primary supply of platinum-group metals is imported. Less than one (1) percent of our annual requirement comes from domestic mines. Our major suppliers are South Africa (50 percent), the Soviet Union (22 percent), and the United Kingdom (14 percent). The world's largest reserves of platinum-group metals are located in South Africa (74 percent), followed by the Soviet Union (25 percent) and Canada (1.14 percent). The Republic of South Africa and the Soviet Union together provide about 95 percent of the world's supply of platinum-group metals, with mine production equally divided between the two countries. Moreover, each of these countries is a major producer of one of the platinum-group metals; South Africa supplies about two-thirds of all platinum and the Soviet Union two-thirds of all palladium. Canada ranks a distant third in the production of platinum metals with only 3.7 percent of world output.

American industry has been purchasing about 30 percent of the world's supply of platinum-group metals. Japan uses another 30 percent, and Western Europe and the Soviet Union divide most of the remainder. The overall pricing structure and the dealer's price for the platinum-group metals are largely determined by South Africa and the Soviet Union. On occasion, they influence world market prices by curtailing production. Our heavy dependence upon these two countries for 72 percent of our primary supply means that we are highly vulnerable to whatever actions these countries may take, either taken individually or together, with respect to the production or price of the platinum-group metals.

NOTES

During the period of the United Nations sanctions against Rhodesia, the Soviet Union purchased large amounts of Rhodesian chrome for sale to the West at artificially inflated prices.

During the Korean War, the Soviet Union in 1950 embargoed exports of chromite ore to the United States. Soviet shipments were resumed in 1960, although it was 1963 before significant quantities of chromite were received.

Philippine chromite ore supplies are being rapidly depleted.

The processing of cobalt metal into an ultra-fine powder in Belgium which is then shipped to us for use in cemented carbides increases our import dependence.

France receives its manganese ore from South Africa, Gabon, and Brazil. Japan receives its manganese ore from South Africa, Australia, and India.

Most of the United Kingdom supply of platinum-group metals is derived from South African ores.●

GEORGIA PARENTS TAKE THE LEAD IN THE WAR ON ILLEGAL DRUGS

● Mr. NUNN. Mr. President, there are two sides of the war against the tremendous epidemic of illegal narcotics and dangerous drugs that is sweeping America.

One side consists of our efforts to enforce our controlled substances laws at the Federal and State level. The key players are the Drug Enforcement Administration and the thousands of State and local policemen who operate at the street level.

On the other hand is what is commonly called the demand side. The key government players are our many treatment and rehabilitation centers and agencies such as the National Institutes of Drug Abuse which try to educate our young people about the dangers of illegal narcotics.

The most important players on the demand side, however, are the parents of America's youth. They, like our elementary and high school teachers, stand in the vanguard of the war on drugs.

As the parent of two children rapidly approaching their teenage years, I am keenly aware of the tremendous role that we parents play in the overall education of our children—and in educating them about drug abuse in particular.

I am also keenly aware that many parents in my home State of Georgia have taken the lead in organizing parents around the country to fight drug abuse, and they have been very instrumental in distributing good, accurate information to parents on a nationwide basis.

One of these groups in DeKalb Families in Action, Inc., which began in DeKalb County in the Atlanta suburbs and which has spawned local parents' organization in many States. The President of that group, Mrs. Sue Rusche, has become a leader among parents who are concerned about drug use among their children.

The other Georgia organization is PRIDE, Inc., which has headquarters at Georgia State University in Atlanta and which distributes drug information throughout the country. Its founder, Dr. Thomas Gleaton, is a recognized authority on the role of parents in the war on drugs.

The impact of these groups is being felt all over America. One striking example of their effectiveness was reported recently in the Christian Science Monitor. That story, written by Robert M. Press, described Atlanta's Northside High School as a "zoo" some 4 years ago.

To quote from that story:

The tardiness rate was high. So were some of the students. Students smoked marijuana fairly openly, according to students and administrators. "The drug scene was kind of heavy," recalls one senior who himself used drugs then. "It wasn't just marijuana, it was LSD, Quaaludes, Coke [cocaine], PCP [Angel Dust], and Speed [amphetamines]. There was a good deal of selling going on [at the school]. The big thing was to stock up for the weekend.

But things have changed since then, wrote Mr. Press. The school adopted a firm policy against drugs, parents insisted on discipline and academic reforms, and the students cooperated. As a result, drug use has been halted, tardiness and absenteeism have been cut drastically, enrollment in foreign languages and physics has increased about 25 percent, academic performance has climbed on State-wide tests, and black and white students generally get along well together.

Much of the credit, according to Mr. Press, must go to Northside High Principal William Rudolph. But the parents of the students are also in for much credit, too.

Beginning with just four parents, they met among themselves to learn about drug abuse. They were aided by Dr. Gleaton of PRIDE, Inc. They then jointly imposed a 10 p.m. curfew on their children, and they were able to talk intelligently with them about the dangers of illegal drugs.

Marihuana is still used by some Northside High students, but Mr. Press reported that it has been driven "underground" and apparently is not as widespread as it was in the past. The academic performance of the students certainly attests to improvements.

The experiences at Northside High School also attest to the very important role that parents—when they organize and obtain the proper information and guidance—can play in getting their children away from drugs and back on the right track.

Mrs. Rusche's group, DeKalb Families in Action, has published a manual, "How to Form A Families in Action Group in Your Community," which provides a description of how some 1,000 parents translated their concerns into action. It has been used by other parents groups all over America.

This manual is available from Mrs. Sue Rusche, whose address is 1436 Cornell Road, N.E., Atlanta, Ga. 30306.

Dr. Gleaton's group, which is known formally as Parent Resources Institute for Drug Education, or PRIDE, is located at University Plaza, Georgia State University, Atlanta, Ga. 30303. It provides free information about how to organize parents groups as well as material on drug abuse.

Dr. Gleaton gave some very good advice to parents last year when he was asked by the St. Louis Globe-Democrat, "You discover a child is smoking pot, what do you do?"

His answer was as follows:

First, realize that strong, and assertive doesn't mean unloving. Then, read up on the literature. Find out all you can about marijuana, how it can affect your child. Invite the parents of five or six of your child's friends over and share all your information with them. It's safe to assume if he (she) is smoking pot his (her) friends are, too.

Meet periodically, sharing information and establishing common rules for the young peer group. This will eliminate things like, "But Mom, all the kids are going to the rock concert." Work as a parent group within the

school system setting up parent workshops to examine all aspects of the drug question.

All of us parents should take Dr. Gleaton's advice and learn all we can about drug abuse.

There is a wealth of literature available from a number of sources, including PRIDE and DeKalb Families in Action. I will ask that several articles be reprinted in the RECORD at the conclusion of my remarks.

Mr. President, Sue Rusche and Dr. Thomas Gleaton and their associates are showing the way for parents across the land to become active participants in the war on drugs. They have taken the lead in this most important endeavor, and I certaintly salute them for their outstanding efforts.

I want to call them and their organizations to the attention of the Senate with the hope that parents in other locations can follow their excellent example of leadership.

I ask that the following items be printed in the RECORD at this point: Mr. Press' story in the Christian Science Monitor; a story from the U.S. Journal entitled, "Parents Can Make a Difference"; an article from the New York Daily News entitled, "Signs That Often Tell If a Child Is On Drugs"; an article from the Reader's Digest entitled, "How To Protect Your Child Against Drug Abuse"; and a statement made by Mrs. Sue Rusche before the Senate Judiciary Subcommittee on Criminal Justice.

The materials follow:

[From the Christian Science Monitor, Feb. 9, 1981]

ONE HIGH SCHOOL'S APPROACH TO REDUCING DRUG ABUSE

(By Robert M. Press)

It's 8:40 a.m. The final, long, yellow school bus, now empty, is still at the front door of Northside public high school here.

Outside, two lanes of commuter cars whiz southward toward downtown Atlanta, passing elegant homes set well back behind trees now barren of most leaves.

Inside the school, the last few students rush to beat the 8:45 bell that signals the start of another school day.

Four years ago the starting bell would find many students still not in class. The tardiness rate was high. So were some of the students. Students smoked marijuana fairly openly, according to students and administrators. "The drug scene was kind of heavy," recalls one senior who himself used drugs then. "It wasn't just marijuana, it was LSD, Quaaludes, Coke [cocaine], PCP [Angel Dust], and Speed [amphetamines]. There was a good deal of selling going on [at school]. The big thing was to stock up for the weekend."

"It was a zoo," says English teacher Rosemary Lockard. With the lack of discipline and kids always running into class late, "we couldn't teach," she says.

Northside High Principal William Rudolph describes the environment he found when he arrived in 1977 as "open and permissive."

But things have changed since then.

A firm school policy against drugs, the insistence by parents on discipline and academic reforms, and the cooperation of students have had a major effect on Northside High School.

At a time when drugs and student discipline are still major problems in many schools across the nation, at Northside:

Open drug use has been halted. Anyone found with drugs is apprehended and turned over to the police.

Tardiness and absenteeism has been cut drastically. Parent volunteers began calling homes to tell parents their child was absent or late and to verify excuses.

Enrollment in foreign languages and physics has increased about 25 percent during the past several years. Student "apathy" was widespread, says Mr. Rudolph. Many were taking the easiest courses, he says, so the school began encouraging enrollment in more challenging programs.

Academic performance, already improving before Rudolph's arrival, has continued to climb on statewide tests, though it has declined slightly on scholastic aptitude tests. Northside, with some 1,200 students, remains slightly below national norms by both measures. About 75 percent of Northside graduates go on to a two- and four-year college.

With few exceptions, black and white students continue to get along well, offering what Rudolph says is "absolute proof" that integration can work. Integration is "necessary" for students to learn to respect "different value systems," he says. Half the students at Northside are black; most of them are bused under a voluntary program. Most affluent families in nearby neighborhoods send their children to private schools.

A highly acclaimed School for the Performing Arts draws talented students to Northside from all parts of the city.

Parents played a key role in fighting the drug use among Northside students. Beginning with just four mothers, they met among themselves to learn drug abuse facts.

"If you don't know what you're talking about, the kids can talk circles around you," says one of the mothers, Rosellen Amisano.

Then the parents jointly imposed 10 p.m. weeknight curfews and no-drug rules on their children. Because their children's friends were being hit with the same rules at the same time, parental enforcement was easier, says Mrs. Amisano, who helped launch the effort.

The parents were helped by Georgia State University Prof. Thomas J. Gleaton, whose Parent Resources Institute for Drug Education [University Plaza, Georgia State University; Atlanta, 30303] sends information packets to parents.

Marijuana use among Northside students is far from ended, say Rudolph, Mrs. Amisano, and students interviewed at random at the school. But its use has been driven "underground" and may in fact be much less frequent than in the past.

Some students grumble about the increased discipline, and still others welcome it.

"Things were getting unreasonable," says a class officer of the past behavior of many students.

[From the U.S. Journal, Dec. 1979]

FROM ANGER TO ACTION: PARENTS CAN MAKE A DIFFERENCE

(By Gary Seidler)

'If, for whatever reasons, we abandon our kids to a culture that reinforces drug use, a culture that confuses the "rights" of children to use drugs with their civil liberties, a culture that cares not one whit for their health and well-being but is after their dollars, we will lose them . . . and we may not get them back.'

This is the kind of thinking that motivated parents of an affluent Georgia community to do something to curb drug use among their children. And the first place to start, these parents decided two years ago, was to help change the environment in which their children are growing up.

DeKalb Families in Action Inc., which has been hailed nationally as a model of the potential effectiveness of organized community action, has recorded its experience and numerous accomplishments in a recently published manual: How to Form a Families in Action Group in your Community. In fact, the impressive document, which includes a congratulatory letter from President Jimmy Carter, is not so much a "how to" as it is a "how we did it" manual.

Authored by DeKalb Families in Action President Sue Rusche, the manual provides a vivid description of exactly how about 1,000 parents translated their anger and frustration into action.

The group's primary target was and is the paraphernalia industry. But, make no mistake, the parents' ultimate and common goal is simply to stop drug use by children and teenagers . . . and drugs include alcohol and tobacco.

Mission impossible? You'd have a difficult time convincing these parents of that.

DeKalb Families in Action was born in DeKalb County, a suburb of Metropolitan Atlanta, as a reaction to a sudden influx of drug paraphernalia for sale in neighborhood stores and local shopping centers.

Already reeling from the shock of drug use by neighborhood children as young as 12 and 13 and the drug-related murders of two local area students, the parents began noticing toys, gadgets and magazines promoting the use of illicit drugs.

The parents reacted with outrage to such items as marijuana pipes disguised as "Star Wars" space guns and comic books which illustrated the fine points of smoking dope and snorting cocaine.

Says Sue Rusche, herself a parent of two young children: "We were witnessing the emergence of an industry that glamorizes and promotes illicit drugs to children."

It didn't take long for parents to get together to talk over their common problem and DeKalb Families in Action was formed to find ways to exert control over the paraphernalia industry's negative impact on their youngsters.

As the first small group of parents dug deeper into the phenomenon of drug paraphernalia, they quickly realized they would have to expand their concept of a "drug industry" to include drug lobbies, drug smuggling, and, to some extent, the rock music, broadcasting, and alcohol industries as well.

Their homework was extensive.

They studied materials distributed by the National Organization for the Reform of Marijuana Laws (NORML) and concluded that this group was very closely tied to paraphernalia manufacturers.

They began reading High Times, a popular newsstand magazine devoted to drug users, which listed radio frequencies used by the U.S. Border Patrol to help drug smugglers avoid detection. They read ads for "Buzz Bomb Pipes" which enable kids to combine marijuana with nitrous oxide for a "super high."

They collected information about drug smuggling and learned that marijuana is now the nation's third largest business, behind Exxon and General Motors, and that the dollar value of marijuana and cocaine coming into Georgia exceeds the state's annual budget.

They put on their head phones and heard what their kids heard daily—Eric Clapton singing "Cocaine, cocaine, she's all right, she's o.k.," and the popular group, Boston, extolling the glories of "toking" in order to boogie all night.

They read about, and in some cases saw for themselves, the "shocking amount" of drug use and drug dealing at Atlanta area rock concerts.

They listened to their kids' favorite radio stations and heard D.J.'s joking about "those funny round cigarettes" kids were smoking as they floated down the river in the Chattahoochee Raft Race, and a five hour broadcast of "Music to get High By."

Gradually, the DeKalb parents realized the enormity of the task ahead.

They learned that society's attitudes toward marijuana had softened considerably over the past decade; that pro-marijuana

lobbies were expanding their concept of "recreational" drugs to include all psychoactive drugs; that by reinforcing such a concept through the manufacture and sale of devices to enhance drug use, the drug paraphernalia industry was exhibiting phenomenal growth; and that a disturbingly large number of professionals were advising parents not to worry about kids using pot.

Writes Sue Rusche:

"At the very time when children's normal, healthy growth leads them outward from parents to peers for support, they are bombarded with drug-using role models—rock stars, movie heroes, newspaper columnists, Presidents' kids, professional baseball player, lawyers, White House advisors, doctors, tennis players, dentists, and even some teachers and drug counselors.

"Because society's use of marijuana is so widespread, we often ran into people in all professions who could not understand our concerns. Usually not yet tested with firsthand experience in raising tennagers, these people often failed to distinguish between drug use by fully grown adults making informed choices and children whose emotional, psychological, and physical transition is just beginning.

"The increased vulnerability of children and teenagers to the negative effects of drugs, especially marijuana, is overlooked by far too many professionals who come into contact with kids."

At first, the few concerned parents were met with a solid wall of denial by the majority of families in the community. Typically, they heard "That will never happen to to my kid" or "You're exaggerating . . . if a child that young is smoking pot, there's something wrong with him and his family."

But the parents persevered. Armed with their newly purchased bongs ("the only thing wasted is you") cocaine testing kits, "Frisbee" pot pipes ("Toss a toke to a friend"), they went back to the parents who had insisted they had exaggerated the problem. And what a difference in attitude they found.

The parents enlisted the support of key community leaders, the local P.T.A. and appointed a steering committee which determined a purpose and goals, chose the group's name, elected temporary officers, appointed a subcommittee to draft articles of incorporation and bylaws, established membership requirements, printed membership applications, and divided the county into four geographical areas from which to solicit members. In each district, community meetings for parents were held.

The DeKalb Families in Action manual includes all the ingredients for successful organization of a community action group—chapters include: How to Start—The First Meeting; Check List for Getting Started; Purpose and Goals; Organization Chart; and the organization of key committees.

The manual also includes a review of paraphernalia laws (in Georgia); a suggested reading list for parents; an outline of a typical community speech; symptoms of drug use; guidelines for talking to children about drug use; and recent speeches on marijuana by Dr. William Pollin (NIDA Director) and Dr. Mitchell Rosenthal (President of Phoenix House).

Exactly what have the DeKalb families accomplished in the two years of their existence?

To date, their efforts have led to the passage of three state laws which prohibit the sale of drug paraphernalia to minors in Georgia. They have promoted several suits by companies whose product containers were being converted and sold as drug paraphernalia in violation of trademark laws.

(Coca Cola Company has won a suit filed against a California manufacturer who was buying Coca Cola cans off the shelf and converting them into stash cans which were sold in Atlanta head shops for $11.95. A second company, Smith, Kline and French, filed suit against a manufacturer who was converting the Benzedrex Inhaler into a cocaine sniffer.)

In addition to these feats, the DeKalb group provided background material to NBC–TV for a recent documentary called "Reading, Writing, and Reefer"; appeared on the Phil Donahue Show in a program on teenage marijuana use; and presented a program about its work to the NIDA Advisory Council. Currently, the parents are busy establishing a drug information center at Emory University to collect and share with other parents information about all the pressures in our culture that teach children that drugs are "acceptable" and "fun."

The DeKalb program is also an example of what can be done with very little funding.

In two years, the group's sole source of financial support has come from monies raised from membership . . . a total budget of less than $1,500. (Proceeds from the sale of their manual will help toward establishment of the drug information center.)

The DeKalb parents are convinced that their efforts can make a difference.

Says Sue Rusche:

"Most people despair that society is already so saturated with the acceptance of marijuana (and, to some extent, other psychoactive drugs) that we shall not be able to avoid legalization.

"We reject this argument. We must not lose sight of the fact that the widsepread use of marijuana is a phenomenon of the past 10 years.

"Many people in the United States took the same position about racial segregation, which was rooted in our culture for four hundred years. But the civil rights movement taught us that no barrier—economic, legal, or social—can stand in the way of change once enough people decide that change must take place.

"As the number of America's children and teenagers who use psychoactive drugs increases, the question for parents of the 1980's is: Are we ready to work for change?"

[From the Daily News, Mar. 20, 1980]

PARENTS AND CHILDREN: SIGNS THAT OFTEN TELL IF A CHILD IS ON DRUGS

(By Saul Kapel, M.D.)

Drug abuse received widespread attention in the media during the '60s and early '70s as the problem became increasingly apparent to everyone. However, the urgency of the matter seems to have been drained off as a certain sophistication about drugs has arisen. The headlines talk of rock stars or other celebrities caught with illegal substances but there are few stories about the famous dying from overdoses. The budget crunch suffered by almost every level of government has taken some of the steam out of law enforcement programs. But the abuse of drugs remains a major problem with more youngsters at earlier ages experimenting or using everything from alcohol and marijuana through the so called hard drugs such as heroin and cocaine.

Regardless of the particular substance that a youngster may be using, there are some signs that may tip off parents that their child is possibly experimenting or actually abusing the use of drugs.

The most obvious clue lies in a significant change in the youngster's behavior. The usually outgoing youngster becomes furtive and withdrawn or the quiet, introspective child suddenly turns in to a boisterous extrovert. Often there is a change, certainly for the worst, in academic performance and probably in contributions to household chores.

Secretiveness is another characteristic of the drug user. He or she must hide the activity and prolonged spells of keeping himself behind a locked door or mysterious phone calls from strangers may suggest that something is amiss. The youngster will have money troubles; drug abuse is expensive and requests for money may increase and a parent may suddenly become aware that money is being taken from wallets or pocketbooks belonging to other members of the family.

Sudden changes of school performance should call for a family consultation with the school authorities to see if they can shed light on the reasons behind the youngster's behavior. Parents, of course should talk with the child. Unfortunately, if he or she is abusing drugs there is the possibility that the child will lie.

Drug abuse is destructive of a youngster's future and not to be condoned. However, dwelling upon its immorality or "sinfulness" is not productive. Moral judgments may be shrugged off as another sign of how the parents really don't understand the yonger generation.

Nor is it helpful to lecture about the physical threat of drug abuse. The evidence is that children do not seem to be impressed by scare talk about the health hazards of drug abuse. That doesn't mean you can't show that you are scared. Be concerned but try to maintain a realistic perspective.

The best hope for preventing drug abuse or in helping a child overcome a drug problem lies in the maintenance of channels of communication. Try to talk to your child about all of his or her interests (and yours) not just about such threats as drug abuse. If a youngster feels that you will listen he or she may be willing to discuss his or her problems, including drug abuse. Most youngsters will feel uncomfortable talking about experimenting with drugs or how many of their peers are using them. If they believe that you are willing to try to understand they may be more liable to share their experiences.

There are many programs to assist youngsters who have drug problems. Local mental health groups, school authorities and professionals in the behavioral sciences can direct you towards an appropriate source of aid. Don't wallow in guilt. In today's climate, there are many influences upon a child and it is just too simplistic to blame everything upon the parents.

HOW TO PROTECT YOUR CHILD AGAINST DRUG ABUSE

(By Richard Earle)

A practical, step-by-step program for parents, based upon what doctors, psychologists and drug-abuse educators have learned.

You're a parent and you're afraid. Every day, it seems you hear new stories about drug abuse among children. And the age of youthful abusers seems to get younger and younger.

Will the problem touch your youngster? Almost certainly. Just about every child in America is going to have at least one friend who is experimenting with drugs. In most cases it will be this friend—and not a professional "pusher"—who will tempt your child.

If you get hysterical when this happens, you will almost certainly do more harm than good. But you can do something about the problem. And the responsibility rests directly on your shoulders.

Because, despite the millions of dollars being spent on drug-education films, pamphlets, school seminars, etc., it is increasingly clear to experts in the field that the only effective drug education takes place in the home.

But how to go about it, you ask? And when to start?

You can't possibly start too early. It is a basic psychological truth that the years before youngsters are ready to enter school are the years in which they most readily acquire

from their parents the habits and attitudes that determine how they will react to most of life's future challenges. Just as you instill habits of personal cleanliness, safety and consideration for others, so you can impress healthy attitudes toward the proper use of medicines.

Whenever, for example, your family doctor writes a prescription for you or your children, call attention to the fact that he always gives precise instructions about taking it—how much, how often and when to stop. Point out that most medicinal drugs require a doctor's prescription because indiscriminate use may cause extremely harmful reactions. Also explain that some medicines, such as aspirin, are permitted to be sold without a prescription only because they can safely relieve common, minor ailments—and that even these products must always, under strict government regulations, be labeled with clear directions for proper use because they, too, may be harmful if taken too frequently or in too large a dose. Read aloud the instructions, emphasizing the parts starting with the words "Warning" or "Caution." Explain such phrases as "Do not exceed recommended dosage" or "If the condition persists, discontinue use and consult a physician."

Be especially careful to set a good example whenever you take any medicine. Let your toddlers see that you read all the label instructions before you open the container. Let them watch you count out or measure the recommended dosage.

When your children move from your protective cocoon into the competitive school world, stresses multiply. Trying to do well in their studies, they may grow panicky when tests approach. Children of either sex may suffer emotional storms if popularity eludes them. In such circumstances, the hope of gaining self-confidence or mental peace through proffered drugs becomes hard to resist. But you can help them through this temptation if, during their pre-school years, you help them develop effective habits of coping with the swirling emotions that stress sets loose.

Some children react to frustration by throwing tantrums; others bottle up their emotions and literally stew in their own juices. To steer your youngsters away from these self-defeating over-reactions, start by taking their fears and angers and resentments seriously. Explain that adults experience similar emotions, but show how one can cope by diverting them into less destructive channels.

If a playmate has hurt your child's feelings, for example, soften his anger by saying, "When people are mean to me, I feel sorry for them. They must be feeling pretty bad themselves to act so mean." If your child spills his milk or his paints, reduce his feelings of inadequacy by saying, "When I do something wrong, I try to think of all the things I do right."

If you repeatedly demonstrate to your children such non-destructive ways of venting their feelings, they will develop the habit of using them—and similar inventions of their own—whenever they come up against strong emotional stress. And with that habit firmly established before they enter school, they will be far less likely to seek escape from real problems through the illusions that are all that drugs can offer.

Once in school, they may be barraged by claims from classmates and older children that, far from being harmful, drugs offer a magical way of escaping into a wonderful, worry-free world of heightened abilities and feelings. As young as nine or ten a child may fall easy prey to such fantasies unless he is armed to resist. Thus, this is the ideal time to broaden and strengthen your earlier training. And the best way to accomplish this is by inviting your children to join you in exploring the real effects of drug abuse.

Before you do so, study up on drugs so that you will not, for example, describe marijuana as if it produces the extreme effects of heroin. Such a mistake is almost certain to undermine your children's confidence in everything else you say. Read and encourage the reading of some of the many articles and books on the drug problem now being published. Although you should be able to recognize the slang names of drugs, use the formal "official" names yourself—to help reassure your children that your knowledge is based on solid, scientific fact.

Do not allow these first explorations to turn into head-of-the-family lectures. Let the subject of drug abuse come up naturally. News reports of drug smugglers' arrests, for example, may provide the opportunity to ask your children why they think so many young people have been turning to illicit drugs. Hear them out fully before you voice an opinion of your own; they may reveal why they themselves might experiment with drugs. As early as possible, try to get onto the specific hazards of drugs. Your children may surprise you by the extent and the accuracy of their knowledge. But what they say will also reveal what they don't know and thus enable you to cite hazards of which they may have been unaware.

When your children become old enough for their school's drug-education classes, invite them to tell you about—and even to criticize—what they're being taught. You will probably find it easy to agree on the great dangers of LSD and heroin. But in discussing marijuana you will face a much tougher problem. The argument will be made that, although millions of people now smoke it, researchers have been unable to find any firm evidence that it leads to physiological dependence. You would do well to concede this point. But in doing so, point out that those who repeatedly seek a sense of well-being from smoking marijuana may develop a psychological dependence almost as difficult to break away from as a physiological addiction.

Be careful, however, not to stress too many unproved dangers of marijuana. If you do so, your children may come to feel that they have been lied to, especially if they or a friend should try it once or twice and find the experience fairly tame. They may then draw the conclusion that they have been misled about the risks of all drugs, and make the dangerous mistake of trying to find out the facts about other drugs for themselves, by experimentation.

No matter how successful your program may seem to have been, there will be times when your children's behavior may make you wonder if they are experimenting with drugs. The ordinarily cheerful and outgoing child may become moody and secretive, the bright child's school grades may plummet or the energetic child may suddenly become lethargic. Before you conclude that these are symptoms of drug abuse, however, remember that adolescence and even pre-adolescence are periods of profound hormonal changes which, in many children, bring forth the very manifestations that are worrying you. So, watch your children, but don't accuse them. To do so mistakenly could destroy the trust in you that you have worked so painstakingly to build. (Keep in mind, too, that long hair and sloppy dress don't necessarily have anything to do with drug use.)

If you should find out that your child has experimented with marijuana once or twice, don't panic. Experimentation in even a healthy child is not something to get unduly upset about. Above all, don't let him assume that he's now a "hardened drug user" and must try everything.

On the other hand, should you verify that one of your children is regularly using drugs, scolding and threats are worse than useless. For he'll be scared over what the drugs are doing to him—so desperately scared, in fact, that subconsciously he may want to be found out and prevented from going further. Remember, he is neither a criminal nor an ingrate. He is sick and needs treatment that parents alone cannot give him. That help can best come from a physician, preferably one who is experienced in treating drug users and to whom your youngster will feel free to tell those things he might not dare tell you.

Beyond all else, don't give up on your drug-entrapped child. Like thousands of other children he can be saved by prompt treatment and go on to become an upstanding, clear-minded and fully competent adult.

SOME DRUGS COMMONLY ABUSED

Drug name, slang name, how used, effects and dangers.*

Marijuana, Pot, Tea, Grass, Mary Jane, Weed, Smoke, Boo. Smoked in "joints," "sticks," "reefers," pipes, eaten in food. Euphoria, increased pulse rate. High doses may lead to reduced motivation, impulsive behavior, anxiety, bring on psychotic reactions.

Hashish, Hash. Smoked, eaten, Like marijuana, but about six times as strong. Tendency to hallucinate after high doses.

LSD, Mescaline, Psilocybin, Acid, Sunshine, Peyote, Mesc. Swallowed (capsules, liquid, sugar cubes), injected. Hallucinations, unusual hilarity, intense anxiety, impairment of normal motivation, some prolonged psychotic reactions. Occasional recurrence of hallucinations with no new drug taken.

Amphetamines, Methamphetamines, Speed, Bennies, Dex, Hearts, Greenies, Pep Pills, Crystal, Swallowed (tablets), sniffed as crystal, injected. Abnormal alertness and aggressiveness, loss of appetite, paranoid activities, acute depression as dose wears off ("crashing'), rapid tolerance build-up.

Cocaine, Coke, C., Dust, Snow, Speedballs (when mixed with heroin). Sniffed or injected. Hyperactivity, paranoid activities, possible convulsions.

Barbiturates, Reds, Yellows, Blue Heavens, Barbs, Downs, Swallowed (tablets or capsules), injected. Sluggish, faulty judgment. Physically addictive. Danger of death from overdose, especially in combination with alcohol.

Tranquilizers, Quieters, Downers. Swallowed (capsules). Drowsiness, nausea. Possible physical dependence from excessive doses over long period of time, with withdrawal symptoms, including convulsions.

Heroin, H. Horse, Skag, Junk, Stuff. Sniffed, injected just under the skin ("skin popping") or into vein ("mainlining"). Euphoria, then drowsiness. Likelihood of physical addiction with painful withdrawal or death from overdose.

STATEMENT OF SUE RUSCHE

Mr. Chairman and Members of the Committee:

My name is Sue Rusche. I am president of DeKalb Families in Action, and I want to thank you for the opportunity to appear here today.

I would like to begin my testimony by sharing with you a letter we received a few months ago from a mother in Wisconsin. She writes:

"I read the article 'Children and Drugs,' by Peggy Mann in the October issue of the Ladies Home Journal. It was amazing to learn there are drug-free schools. This is what I want for my children. The article has me so worked up, that I also want to be behind cleaning up our city. Nobody here will get involved. I have gone to the law enforcement and to the schools for the past year and a half. They pretend it's not happening. I can't take it any longer. My 12 and 13 year old sons are on this stuff. And they (the law and the schools) tell me there is nothing I can do. And their hands are tied.

Please help me! I have already started to get the parents aware of what's happening.

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* The effect of any drug depends, among other things, on its strength, the amount taken, the manner and frequency of use.

In four days I have had people call me that I don't even know to encourage me not to stop what I've started here.

Now I need all the information I can get my hands on, cause I've gone too far to quit. Please send me the information listed in the article. And please hurry."

Mr. Chairman, this mother echoes the feelings of mothers and fathers all across the nation. Parents are angry and they have good reason to be. Statistically we know that 26 percent of the nation's high school seniors smoke marijuana weekly and 11 percent smoke it daily. This means that 37 percent of the nation's parents of high school seniors are struggling to cope with chronically stoned kids—kids stoned on a drug society insists is harmless.

Try telling a parent who sees his pot-smoking A or B student slowly become a D or F student that marijuana does not affect the brain. Try telling the parents of a pot-smoking 16 year old, who systematically depletes his parents' savings account in $50 increments using a credit card he stole from his mother to operate the "instant banker," that marijuana does not affect behavior. Tell that to a parent whose first knowledge of his child's involvement with pot comes when that child is arrested for dealing. Try telling a mother whose 15 year old starts with pot and later dies of a drug overdose that marijuana does not lead to other drugs.

These are not "punk" kids we're talking about. These are the sons and daughters of professors, doctors, lawyers, politicians, businessmen, judges, policemen—the kids who will be—or would have been—the leaders of the next generation. Talk to a mother who has kicked her sons out of the house in a desperate effort to raise her younger daughter drug-free. Her sons are known as "burnouts." They started smoking pot at the age of eleven and they can barely function. Tell her that marijuana is harmless.

Yet that is exactly what parents and kids are hearing over and over again—from the drug lobbies who would have us legalize pot, from the drug smugglers who reap incredible fortunes as use of the drug increases, from the drug paraphernalia industry which profits from the sale of toys and gadgets that market pot to kids.

Worse still is the intentional distortion of any medical evidence that suggests marijuana might not be so harmless after all. Many of the drug education pamphlets that are distributed to our children, for example, are published by an organization called the Do It Now Foundation. An excerpt from one of Do It Now's pamphlets illustrates the point (Effective Promotion: A Guide to Low Cost Use of Media for Community Organizations, by Michelle Cauble, 1977).

The trick is to turn a national story into one with local relevance so that the local papers and stations relate to it, and to you. For instance, when the President of the AMA says he favors marijuana decriminalization, quickly call a local medical supporter and arrange for him or her to comment to the media on the national story. Result: headline page 3, "Prominent Local Expert Joins AMA In Endorsing Marijuana Reform." Or in reverse, if a medical journal publishes another one of their classic "Pot Causes Leather Lungs, Psychosis, Baboon Syndrome" articles, get a LOCAL psychiatrist or authority to refute the charges immediately. Result: headline page 1, "Noted Brain Surgeon Calls Marijuana Brain Damage Theory Pure Bunk," etc. (Page 10)

Last July, Dr. William Pollin, director of the National Institute on Drug Abuse (NIDA), presented an update of medical information about marijuana to the Select Committee on Narcotics Abuse and Control:

1. Acute marijuana intoxication impairs learning, memory, and intellectual performance.

2. Marijuana intoxication impairs driving and other skilled performance.

3. Because marijuana smoking increases the user's heart rate, those who have heart conditions should not use the drug at all.

4. It appears highly likely that daily use of marijuana may lead to lung damage similar to that resulting from heavy cigarette smoking.

5. A majority of studies done in this area indicate that marijuana use adversely affects the body's natural defenses against infection and disease.

6. Many clinicians feel that regular use may seriously interfere with psychological functioning and personality development, particularly in childhood and adolescence.

7. There is evidence that marijuana can affect the network of glands and hormones which are involved in such functions as growth, energy levels, and reproduction. Concern has been expressed over possible effects on adolescent development and possible interference with sexual differentiation of the male fetus whose mother smokes marijuana during pregnancy.

8. There are a variety of both animal and human studies suggesting that marijuana used daily and in substantial amounts similar to those of a regular, heavy tobacco smoker may adversely impair aspects of the reproductive function.

Contrast these remarks of Dr. Pollin's with the following: ". . . other than irritating bronchial tissues, it (marijuana) has no proven detrimental effect on the body." This is from a Blue Cross/Blue Shield pamphlet entitled Drug Abuse: Drugs in A Chemical Dependent Society (1977). Or contrast Dr. Pollin's remarks with this: "The most thorough study of marijuana to date was made by the Indian Hemp Comission 75 years ago. We have learned little since." This is from promotional materials describing a film called "Weed" which is distributed by the Encyclopedia Britannica Educational Corporation, and is scheduled to be shown to a 7th grade class in Watertown, Wisconsin this academic year. Or contrast Dr. Pollin's remarks with this: "Marijuana to date has not been proven physically harmful, even in remote ways. . . . As far as the mild psychological changes that occur in many people, these are considered by the youth culture to be generally beneficial in nature, and have evolved into what is commonly caled 'a good place for your head to be.' . . . More liberal parents often say that if their kids would like to try marijuana, not to leave it around the house and subject everybody else to arrest, too. Less liberal parents who accidentally find marijuana in a dresser drawer, etc. have been known to call the police on their kids, or resort to anger or physical violence. This latter reaction is why Sunset Strip, Greenwich Village and other places are full of runaways." This is from Drug Abuse: A Realistic Primer for Parents, published by the Do It Now Foundation (1978) and written by the foundation's former president and director, Vik Pawlak. Mr. Pawlak is currently employed as a Media Specialist by the Commission on Prevention and Education, New York State Office of Alcoholism and Substance Abuse.

Not only are our tax dollars being spent to disseminate misinformation to our children, our tax dollars indirectly support the purposeful distortion of information by tax exempt, pro-pot lobbies and trade associations such as the National Organization for the Reform of Marijuana Laws (NORML) and the National Paraphernalia Association. Last year, NBC–TV produced and aired a documentary called "Reading, Writing and Reefer," which presented some of the scientific findings you have been hearing about these past two days. NORML issued a memo attacking NBC, accusing the network of focusing on ". . . in specific studies and speculation by government 'experts' on health claims . . .," and comparing the documentary to ". . . the 'Reefer Madness' propaganda efforts of forty years ago." NORML continues, "After a decade of research at an expense of more than $25 million, marijuana has yet to show any signs of definite attributable harm." High Times Magazine's account of "Reading, Writing and Reefer" (May, 1979), is even more grossly distorted. (A copy of the NORML memo and High Times' article is included with this testimony.) I have no doubt that NORML, High Times, and others will make similar efforts to discredit the information presented at these hearings.

Given this, perhaps we can better understand the fury of parents. In community after community all across this nation, parents are organizing to do the job of drug education themselves. And their hunger for straight, factual information is truly astounding. The Reader's Digest, for example, published two articles in December on how marijuana affects the brain, the reproductive organs, and kids in general. Within twenty-four hours of the publication of the issue, the Digest received over 400 calls from parents all across the country requesting 50,000 reprints. That figure had mushroomed to 700,000 by last week! In fact, the Digest is making 35,000 reprints available to the National Association of Secondary School Principals which will at its expense send a copy to every school principal in the country. Moreover, Reader's Digest has given permission to principals to reproduce the articles for distribution to students and their parents. Although their primary goal is one of educating each other, their kids, and the community at large, parents are also insisting upon better enforcement of existing drug laws, passage of tougher smuggling laws, and an absolute end to the sale of drug paraphernalia. As one father put it, "We are bringing economic and legal pressure on those who have no moral compunction about how they line their pockets and feather their nests."

This parent's movement began three years ago with the Atlanta mother who should be testifying here today, Keith Schuchard. (She is in Greece for the year with her husband who is teaching on a Fulbright fellowship.) Her determination that parents need not capitulate to the drug culture led to the development of a unique tool with which to combat drug use by youngsters—the parent peer group. Her experiences are chronicled in her book, Parents, Peers, and Pot, published by the National Institute on Drug Abuse. The nation owes a debt of gratitude to Keith for having the courage to follow her convictions and to Dr. Robert DuPont, then director of NIDA, for having the courage to reverse his position on marijuana, once he saw how it was affecting the nation's kids, for recognizing the value of Keith's work, and for commissioning her to write about it. Keith helped found two organizations in Atlanta; with Dr. Thomas Gleaton, P.R.I.D.E. (Parents' Resource Institute on Drug Education) at Georgia State University, and with myself and others, Families in Action in DeKalb County where we live. The efforts of both P.R.I.D.E. and Families in Action have led to the formation of some fifty parent groups throughout metropolitan Atlanta and outlying counties in Georgia. In addition, both organizations have helped form groups in other states such as Naples Informed Parents in Florida and the Drug and Alcohol Program in Anne Arundel County, Maryland, which has organized some thirty parent groups within that county. Both organizations are represented here today. Other organizations throughout the country who are helping educate parents and form parent groups are Phoenix House and the American Council on Marijuana, both in New York; Citizens for Informed Choices on Marijuana in Connecticut; the National Drug Abuse Foundation in Washington, D.C.; and the newly formed Texans' War on Drugs Committee. To assist the formation of parent groups, DeKalb Families in Action recently published a manual called, How To Form A Families in Action Group in Your Community. To date we have received orders for the manual from nearly

every state in the nation including Hawaii, Alaska, and even Puerto Rico. A complete list of the parent groups that we know have formed is attached.

Mr. Chairman, I can tell you that after two solid years of work, we are beginning to see results. One of the immediate results of DeKalb Families in Action's efforts was the passage of three state laws which prohibit the sale of drug paraphernalia. The laws were immediately challenged and are working their way through complex process of adjudication. Those laws which were upheld by the U.S. District Court have gradually been enforced and as of a month ago, the last few head shops in metropolitan Atlanta were raided. Nearly all have gone out of business; those that remain open are selling merchandise that is generally not drug paraphernalia. But the more important news came in early December when the Superintendent of DeKalb County Schools announced that in those schools where there are Families in Action chapters, the number of reported drug cases is on the decline.

Mr. Chairman, parents throughout the nation are proving that it is possible to reverse the trend of drug abuse among youngsters. We need your help. First, we ask you to strike out the marijuana decriminalization provisions in the U.S. Criminal Code which passed out of this committee last month. Second, we ask you to allocate funds for the formation and support of parent groups to work for drug prevention, much like Congress funded community action groups to work for economic opportunities for black people in the 1960's. I know that Congress mandates the percent of its budget that NIDA may spend on prevention and I feel that the figure—2.4 percent—is entirely too low. To increase that percentage, however, without increasing the overall allocation, would cut back moneys spent for research and treatment, neither of which is desirable. I am thinking about the billions of dollars generated by drug smuggling. And I am wondering if there is some way for Congress to mandate "determinate" fines in drug smuggling convictions and to earmark that money for the funding of parent groups through NIDA. I can't think of a better purpose for money earned from the sale of illicit drugs. As one mother out it, "The drug culture is sending our children to cemeteries and institutions. We are sick and tired of apathy in this area and we're going to do something about it." Thank you.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS

● Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization, involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Ms. Barbara Fischer, a member of the staff of Senator S. I. HAYAKAWA, to participate in a program sponsored by a foreign educational organization, Tunghai University in Taichung, Taiwan, from May 24 to June 1, 1981.

The committee has determined that participation by Ms. Fischer in the program in Taiwan, at the expense of Tunghai University, is in the interests of the Senate and the United States.●

ADDRESS BY SECOR D. BROWNE BEFORE ASSOCIATION OF RETAIL TRAVEL AGENTS

● Mr. GOLDWATER. Mr. President, one of the ablest persons who ever served our Government, Mr. Secor D. Browne, continues a deep interest in the problems of flying, particularly airlines, and on March 28, made a very interesting speech before the Association of Retail Travel Agents. It is a well-documented paper that my colleagues should read because it has some bearing on the problems of the airlines that are coming up.

I ask that it be printed in the RECORD. The paper follows:

AIRLINE DOMINOES?

(By Secor D. Browne)

Thank you for inviting me to talk with you today. The program says that I am to talk 45 minutes. As one of my friends of the clergy says, "No souls are saved after the first fifteen minutes," so I will give up at about that point. I hope that then we can have discussion, as well as questions from the floor.

I will try to make some points which will not be entirely acceptable and, perhaps, a few that will be. There was a recent cartoon in many newspapers which showed Moses coming down from the mountain, carrying the stone tablets with the Ten Commandments, and people of that era coming up to him to complain, "We feel that we are being over-regulated."

The modern day legislative and administrative reform of what was thought to be "over-regulation" of commercial air transportation in the United States, has brought its inevitable political, social and economic consequences, and its equally inevitable reactions. In other words, the pendulum is on its return journey.

There are, for those who look and listen carefully, some straws in the political winds of Washington, Senator Kassebaum, Chairman of the Senate Aviation Subcommittee, said recenly that, although she favored deregulation in line with the Reagan overall philosophy, she had some reservations with respect to transportation which, she stated, requires the continuance of regulation to maintain essential services. In the House, Congressman Elliott Levitas, one of the proponents of domestic deregulation, is concerned enough about our international posture to be holding hearings this summer on our international aviation policy.

A list of questions on international aviation policy sent to the Civil Aeronautics Board (CAB) in mid-March by the Senate Subcommittee on Transportation Appropriations addressed the subcommittee's concern over: The financial condition of U.S. international carriers; the wisdom of adding new competition in failing markets; the "benefits" of "liberal" bilaterals to U.S. carriers versus those accruing to foreign carriers; the scope and depth of CAB economic studies to support "liberal" policy objectives; unfair competitive practices of foreign carriers and governments, etc.

Finally, a recent Aviation Week article states that the Reagan Administration is beginning to assemble its resources in the Department of Transportation to look at the "pro-competitive" policies internationally of the Carter Administration. I think that Mr. Reagan's reexamination of Carter policy will inevitably include both international civil aviation and domestic.

Permit me to take this time to look at the state of the U.S. airline industry, both here and abroad.

I think you will agree that formerly friendly skies have turned distinctly unfriendly. Or put another way, the air-ocean, as it was called in the 19th century, has now become very stormy. The storms are obvious: Recession and inflation—reducing the disposable income people have for travel and causing restraints on business travel—the price of fuel domestically and, particularly, internationally; and occasionally at the smaller end of the domestic scale and some parts of the international scale, the problems of its availability—the problems of labor—not only the cost but the strange new competitive situation. (Many new entrants have non-union work forces and are competing with established carriers who have union work forces, dragging with them the cost burden of years of accumulated wage and fringe benefits and complex work rules.) The continuing escalation of other airline operating costs; the problems of the capacity of aircraft which tend to come in inflexible packages. You cannot stretch or shrink the airplane, you have to fly it as the size it is. Hence, many large aircraft sit on the ground, not because they are not adequate for their design markets, but there just are not enough of those big package markets still flourishing.

Another problem is the capacity of our air traffic control system with its obsolescent equipment and the urgent need for modernization. Secretary Lewis estimates that $10 billion spent over a ten year period would bring the system up to the capacity needed to move the number of people we must move, and particularly, to move them efficiently, as well as safely, and to avoid lengthy delays and cost repercussions in terms of fuel consumption. It seems unlikely that any Administration and Congress will put together a program of continuing appropriations and authorizations that will build such an air traffic control system. I am afraid, because I can see many flaws in the concept, that we will have to go to a public corporation, which will levy en route charges like a taxi meter on those using the airspace, somewhat along the lines of the present Eurocontrol system.

Difficult as it might be to implement the concept of an Air Traffic Control Public Corporation, the current administration proposal to recover, through airline ticket/waybill taxes and fuel taxes paid by general aviation, amounts calculated to be in excess of the Federal Aviation Administration's (FAA) facilities and equipment budget, is manifestly less attractive, and certainly less equitable. We have a similar storm in the area of the capacity of the airports. The battle continues over aircraft operations (slots) and the way they are to be allocated, allotted or auctioned. I am not sure that de-federalization of airports—handing the airports over to local administrative and financial control—and thus raising the threat of a disorderly pattern of head taxes—would be of much help to our air transport system or your clients. We certainly have seen, internationally, that kind of chaos, as head taxes come and go. We have also seen a great disorder in the system of fees and charges, as different airports in different countries charge different ranges and fees, mostly higher than ours, for the use of their airport. In fact, somehow our government and other governments' philosophy that the user pays and all costs are fully recovered, seems to totally ignore the hitherto accepted concept of the public benefit of an efficient and safe air transportation system to the nation as a whole.

For our airlines, we see, under the flexibility given them by deregulation, the emergence of an air route system of hubs and spokes and a sharp decline in the number of long haul, nonstop, through-plane services to the highly vocal distress of taxpayers, travelers, shippers and their representatives in Congress. In addition to the hubs and spokes, which I think at least for the time being will

continue to be the wave of the future, there will be continuing supplemental short-to-medium haul linear routes. By that, I mean, the type of services represented by shuttles, New York Air, Midway, and so on. This means that the airlines must maintain multiple scenarios to do what they must do to survive, and to do it quickly. The airlines must respond or they will perish by merger, acquisition or liquidation. It means continuous monitoring, reviewing, updating and revision, and it means for you continuing disorder, if not chaos.

As I have said, domestically, this necessary and responsible realignment of the airlines is for their survival. Remember, they do not work for the public, me, or you, they work for their stockholders. Their job is not only to survive, but to pay their debts, and pay dividends. I would point out that the sorting process of survival inevitably leads to more inadequate and unsatisfactory levels of service and prices and fewer, rather than more, carriers.

I think that, despite the apparent contradiction in philosophy, we will be going back to Adam Smith—not in the sense of free market and open competition—but to Mr. Smith's thesis that transportation, of course as he knew it—highways and waterways—had to be regulated in the public interest. And, also, I would suggest not to worry about politicians reversing stands on regulation. Politicians have notoriously short memories. I have said before that the CAB may disappear, but it will be replaced by something that euphemistically might be called the CAAB or the Civil Aviation Anti-discrimination Board. That is, a regulatory body will assure that the citizen is assured of his sacred right to fly wherever, whenever he must go, at a price which he can afford.

Internationally, I hope that the dream world of President Carter will be replaced by the real world of President Reagan on all fronts, and, hopefully, that process will include aviation. The real world of international aviation contains very salient realities. First, if you go anywhere in an airplane, it is highly desirable to be able to land. If you want to do that internationally, you must have the agreement of another sovereign government. You must, therefore, barter advantages with that government, whose needed advantages and objectives may not be the same as yours. Other governments have national airlines—carriers which they either own outright, or in which they have a substantial financial share as major investors and lenders. These instruments of national policies have objectives that might appear alien to our government. Not only air transport, as such, but overall commerce of that nation, balance of payments, generation of other currencies, tourism, access to markets, communications, access to sources of raw materials, etc. I do not mean that you ship rare alloys by air, but you must have the communications to facilitate, to be able to buy and ship those materials. There may be the need to maintain links with former colonies, and I think, importantly, the desire for prestige, the need for an image, particularly of a new nation, the need for their own livery on the aprons of airports around the world. I need not tell this audience that these national instruments are protected, and they will continue to be protected.

To sum up, quoting Business Week of January 26 of this year, "Much of the U.S. airline industry that flies the American flag overseas is in trouble. It is caught between Washington aviation philosophy and that of virtually every other government. If current trends continue, and it looks as though they will, the U.S. international airline industry faces a dismal future." And may I point out that the present financial condition of the United States' principal international air service operators—Braniff, Northwest, Pan Am, TWA—is the clearest possible evidence, to me, of a dismal present.

I am afraid of the lingering aviation evangelism of Carter's liberal policies. I am particularly concerned over Latin America, where some of the few remaining international markets from which incumbent U.S. carriers derive adequate, if dwindling profits are threatened by a policy whose avowed purpose is to force multiple additional U.S. carriers into those markets with the baggage of ephemeral, transitory and unreal "low" fares, or if you will, onto those markets. In exchange, foreign carriers will be given permanent multiple additional U.S. gateways, with the consequent diversion from U.S. international and domestic airlines of substantial traffic.

Given the U.S. concern, particularly by the Reagan Administration, and the strong reaction to Soviet/Cuban, political, economic and military expansionism in Latin America, it is perhaps time to look at some historical realism and remind ourselves that at the beginning of World War II, Nazi Germany dominated Latin America's civil air services through ownership, subsidy, political manipulation, financing of equipment, provision of equipment, training, and the like. The U.S. response had to be massive, and it was massive U.S. government subsidy through Pan Am, through Pan Am's subsidiaries and affiliates, to end that domination. This was an expensive, and at the time, frightening lesson which we might well recall now. If the United States achieves liberal "pro-competitive" objectives, bringing economic disaster to U.S. incumbents and new U.S. entrants alike in these markets, are we not abandoning another arena to Soviet inspired domination, and may we not have to buy our way back again, if we can?

I have two suggestions for the Reagan Administration.

An immediate, thorough review and definition of overall U.S. international civil aviation goals and policies. As I have said, this appears to be perfectly consistent with President Reagan's review of other areas of government.

A moratorium on further international aviation agreements, awards and concessions until that review and those definitions can be accomplished.●

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

(By request of Mr. ROBERT C. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. SASSER. Mr. President, I am pleased to be a cosponsor of S. 1050, a bill to authorize the National Historical Publications and Records Commission for fiscal years 1982 and 1983. S. 1050 would authorize the activities of the Commission at an annual level of $3 million.

The National Historical Publications and Records Commission provides support for a range of historical purposes including the compilation of papers and works of great American men and women and the establishment of systems for preserving valuable historical records and papers which might otherwise be lost.

In my State of Tennessee, the NHPRC has provided the support needed to begin the compilation and publication of papers and works of Tennessee's three U.S. Presidents. These worthwhile projects include the papers of Andrew Jackson, who served as President from 1828 through 1836; James K. Polk, who served one term beginning in 1844; and Andrew Johnson, who became President in 1865 when Abraham Lincoln was assassinated.

Two of these projects are now almost 50 percent completed. The Jackson project has completed only 1 volume of an anticipated 15 volumes. Both the Polk and Johnson projects have published five volumes with six more to come.

All three of these projects in addition to the tens of other projects now underway will provide valuable insight into the characters of these great Americans and the historical factors which entered into their decisionmaking. The importance of a single compilation of this historical data cannot be underestimated.

Tennessee sponsors have contributed half the cost to these and other important historical efforts—such as the establishment of the Archives for the Nashville Jewish Community in Nashville, Tenn. These projects are certainly in the national interest and will provide generations to come a better understanding of our national heritage.

I hope that many of our colleagues will join us in supporting this important endeavor.●

THE REYE'S SYNDROME ACT OF 1981

(By request of Mr. ROBERT C. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. SASSER. Mr. President, I am pleased to join 11 of my colleagues in cosponsoring S. 290, the Reye's Syndrome Act of 1981. This bill, introduced by the Senator from Montana, Senator MELCHER, would provide a total of $5 million over 3 years for research grants in Reye's syndrome. The bill would also establish, within the National Institutes of Health, a Reye's Syndrome Coordinating Committee.

One of the greatest tragedies of our time is the loss of life among our children from diseases we cannot cure or understand. Despite all of the miracles of modern medicine, there remain diseases which can, without warning, suddenly take a young life or cause permanent damage to a child.

Reye's syndrome is such a disease. This mysterious disease generally attacks children under 14 years of age. Approximately 20 percent of the cases are fatal; many result in permanent brain damage.

Reye's syndrome is no stranger in my State of Tennessee. For example, the members of Trinity Episcopal Church in Winchester, Tenn., wrote:

> Our church is not unfamiliar with Reye's disease. It killed Nora Rollins in May of 1980. Nora was a beautiful twelve year old, the daughter of Dean and Paul Rollins. Now she is dead—struck down by a disease that is still not understood as regards to its cause or cure.

Similar stories are told by parents such as Walt and Shirley Coble of Columbia, Tennessee. They wrote me:

> On March 15, 1980, our son, Scott, became violently ill. He was transported immediately to Vanderbilt Hospital. We were told he had Reye's Syndrome. As we later found, we were one of the many parents and doctors who had never heard of the disease. Our son was one of the few who survived.
>
> There is no known cure or cause for this children's disease. This was the most frightening part of his illness. Many hundreds of

children die each year from this disease. It is the 10th ranked killer of children in the United States. Many who survive are the victims of brain damage.

The funds for research are gathered by parents like ourselves. It is at times a thankless and tiring chore.

Mr. President, I am pleased to be a part of the effort to find the cause of Reye's syndrome; to help develop adequate treatments of the disease; and to eventually find a cure.

I urge my other colleagues to join us in working toward this end.●

RETIREMENT OF ROBERT C. JUHNKE

● Mr. RIEGLE. Mr. President, on June 30, 1981, a distinguished public servant in Michigan will conclude his career as superintendent of the Redford Union Schools in Redford, Mich. Mr. Robert C. Juhnke served in the Redford district for 39 years. He has always been associated with education, starting his career as a teacher, working as a counselor, principal, assistant superintendent, and finally as superintendent of the entire district from 1974 to the present. He enjoys the respect, admiration, and affection of the entire area, both from his colleagues and from the students.

He has striven to give the students of Redford the best possible education, and this has become increasingly difficult in these times of fiscal hardship. Yet, the Redford school system is strong, and will remain so, because of the efforts of Robert Juhnke.

It is very difficult for the community to bid farewell to Robert Juhnke, since his work has touched the lives of so many residents. The enthusiasm and energy that he gave to his career reflects the deep commitment that he had for the children of the community.

Mr. President, I am pleased to call the attention of the Senate to the work of this fine educator and I wish him and his wife, Lorene, a happy and fruitful retirement.●

A TRIBUTE TO HAL COTTON

● Mr. NUNN. Mr. President, on May 13, 1981, Mr. Alonzo H. Cotton of my hometown of Perry, Ga., will receive the Presidential Distinguished Civilian Award in a ceremony at Robins Air Force Base, Ga. I know of no one who is more deserving of the highest honor that can be awarded to a Federal civilian employee than Hal Cotton.

Hal Cotton retired in January 1980, after 39 years of outstanding and dedicated service to our country. Few people can take individual credit for many notable successes in one of the most important and sophisticated operations in the entire Department of Defense—that of logistics support. Hal Cotton, however, is just such a person.

His contributions to streamlining and modernizing the complex techniques of logistics management and support are without equal. He was a pioneer in the area of managing and supporting airborne electronics and avionics and foresaw the need for one location where unparalleled expertise would exist to carry out this function. For this reason and under his leadership, Robins became the avionics center for the Air Force.

He foresaw the critical role of electronic warfare for the modern military and worked diligently to insure that appropriate facilities and systems were available to support these extremely complex systems.

Logistics is crucial to military capability, and our armed services function more effectively and efficiently in this area because of Hal Cotton's innovative leadership. Robins Air Force Base has built and maintained its position as the cornerstone of the Air Force Logistics Command because of his efforts, and everyone who has ever been associated with defense logistics knows of his numerous accomplishments and awards.

I have had the privilege of knowing Hal Cotton personally for many years and consider myself fortunate to rely on his friendship and advice. As a member of the Senate Armed Services Committee, I have come to have even greater appreciation for his leadership, expertise, and vision of the future.

The people of Georgia and the entire Nation owe Hal Cotton a debt of gratitude for his unique and vital contribution to our national security, and I am delighted that he is receiving this most prestigious and well-deserved Presidential award.●

JEWISH HERITAGE WEEK

● Mr. WEICKER. Mr. President, I would like to commend the President and the Congress for designating the week of May 3 through 10, Jewish Heritage Week. The anniversaries we observe at this time of year remind us of both the tribulations and the triumphs of Jewish people in this century. Thirty-eight years ago, the Jews of the Warsaw ghetto, debilitated by starvation and disease, bravely resisted the Nazi seige. Just 5 years later, the State of Israel came into being. Through three turbulent decades, it has persisted, an oasis of democracy, a rock of stability in the midst of shifting sands.

Here at home, we are all cognizant of the magnificent contributions Jewish Americans have made to the arts and sciences, the political arena and the marketplace. Jewish religion and culture have enlightened our laws and enriched our lifestyles. This is most certainly true of my State and of the city of Newington, where the Temple Sinai congregation is celebrating its 25th anniversary.

I would like to take this opportunity to congratulate and thank the Temple Sinai congregation and Jewish Americans all over the country for calling upon their age-old and abundant heritage to help us all build a better future.●

THE 375TH FIELD DEPOT, MONTGOMERY, ALA.

● Mr. HEFLIN. Mr. President, I was scheduled this morning to visit an outstanding U.S. Army Reserve Unit from Montgomery, Ala., the 375th Depot, which is now performing its annual training at the Richmond Defense General Supply Center at Richmond, Va. Because of the early hour that the Senate convened today, plus some important amendments which will be considered and voted on early this morning, I had to cancel my trip to visit that unit and I am very disappointed that I did not get to take the opportunity to see them at work.

I understand there are approximately 120 Army Reservists from the southeast Alabama area training at the Richmond Depot. I do not think there have been so many Alabamians in uniform in that part of Virginia since Lee surrendered at Appomattox.

I have been told that Army Reserve units make up 81 percent of the combat support and combat service support structure of the total U.S. Army. In my judgment, the best way to be a total force in wartime, of course, is to train as a total force in peacetime.

That is why it is important for reserve units like the 375th Field Depot to perform the same types of tasks in annual training that they would have to perform if they were mobilized in an emergency. Besides receiving the most effective and realistic training possible, they are significantly reducing the workload there at the Defense Supply Center. I understand that they are inventorying and processing orders and shipments which had been backlogged. This means that they are saving the taxpayers money and, given this Congress emphasis on reduced spending, the 375th is, in effect, pitching in to help the Defense Department get more for its money. As a fellow Alabamian, I am proud of the job the men and women of the 375th Field Depot are doing, and I am even more proud of the commitment of these Reservists and fellow citizens to our national defense. As citizens-soldiers they are sacrificing many of their personal comforts and family securities for their country. For many, this is the only time allotted by their employers for vacation. As Winston Churchill once said the reservists is "twice the citizen" and for this extra patriotic commitment, I commend them all.

I hope I will be able to visit with them at the Reserve Center at Montgomery, Ala., before the end of the year.●

WESTMINSTER CHRISTIAN HIGH SCHOOL

● Mr. HEFLIN. Mr. President, I rise today to bring the outstanding accomplishments of a determined and talented group of Alabama young people to the attention of the U.S. Senate.

The members of the basketball team at Westminster Christian High School, of Gadsden, Ala., have distinguished themselves by again winning the National Christian School Basketball tournament. This makes the fourth time that Westminster Christian High School has reigned as National Christian School champions.

The Westminster Crusaders finished their basketball season this year with a perfect 24–0 record, thus retaining their phenomenal 63-game winning streak.

I want to particularly congratulate Dr. Levan Parker, who serves as both headmaster and basketball coach at Westmin-

ster, for his outstanding academic and sports leadership.

One of Westminster's players, Kirk Nayler, scored 20 points, rolled up 12 assists and pulled down 10 rebounds in the final game of the tournament against the Christian Challenge of Wichita, Kans.

Kirk was chosen as the tournament's most valuable player and has committed himself to a basketball career at the University of Tennessee.

Other Westminster players who distinguished themselves in the final game that capped the perfect season included Kim Gibbs, who had 21 points and 12 rebounds, Jon Richey, who scored 10 points and Mike Cooper, who also scored 10 points.

Mr. President, I am most proud of these fine young men who have represented their school and the entire State of Alabama so well in athletic competition.

In addition to winning the basketball tournament, Westminster's cheerleading squad won the cheerleading competition.

Mr. President, I ask that an article from the Gadsden times be printed in the RECORD.

The article follows:

WESTMINSTER WINS THIRD TITLE; NALER IS AGAIN MOST VALUABLE

SILOAM SPRINGS, ARK.—Westminster captured its third straight National Christian School basketball championship here Saturday night, defeating Christian Challenge of Wichita, Kan., 71–48 in the tournament final at John Brown University.

The Crusaders, who have won the tournament four times, closed out their season with a 24–0 record and a 63-game winning streak.

They led at each quarter break—18–8, 44–20 and 54–32.

"Christian Challenge tried to hold the ball early," Westminster coach Levan Parker said. "When they got behind, they couldn't hold it. They weren't able to run their offense against our press."

Kirk Naler collected 20 points, 12 assists and 10 rebounds in his high school finale, and was chosen the tournament's most valuable player. Naler, who has committed to Tennessee, captured the top award in every tournament in which he competed during his sophomore, junior and senior years. The Crusaders compiled a 100–8 record during his career.

Kim Gibbs, who had 21 points and 12 rebounds, and Jon Richey, who scored 10 points, were named to the all-tournament team.

Mike Cooper scored 10 points for Westminster.

Terry Campbell led Christian Challenge with 13 points.

Westminster's Beck Cross was named to the girls' all-tournament team. The Crusaders also won the cheerleading competition.●

CONGRESSIONAL TENURE

● Mr. DECONCINI. Mr. President, earlier this year I introduced Senate Joint Resolution 2, amending the Constitution to provide a limit on the number of terms for Members of Congress. A recent article appearing in the Chicago Tribune authored by Bob Wiedrich is a hard-hitting and articulate expression of the problems that are likely to occur when we do not have a reasonable turnover of legislators. I hope this will be the subject of serious consideration by our colleagues this Congress and that our Representatives in Congress will be returned to citizen legislators and not political drones.

I ask that the article be printed in the RECORD.

The article follows:

IT'S TIME TO PUT A LIMIT ON CONGRESSIONAL TENURE

(By Bob Wiedrich)

It is only human nature that once some people have served in Congress for a couple of decades, their vested interests in the job become more important than serving the country.

The salary isn't bad. There is a nice pension. Long-term lawmakers are much in demand as well-paid public speakers. And the seniority system on Capitol Hill usually assures their succession up the ladder of congressional power.

In time, they become national figures, seemingly larger than the Constitution. People look up to them and are impressed by their oratory rather than the substance of their words.

Eventually, they become inordinately powerful by virtue of longevity, which may or may not say something about their ability.

Their faces are constantly on TV. They become the darlings of the talk shows. Admirers relish their wisdom, however invalid their advice may be.

And small cults begin to develop around these fellows as they go about the business of running the legislative branch of government as though they had a lifetime contract.

For those who mature into superlative legislators, the system works well. Unfortunately, some never mature.

Thus, mediocrity also thrives in the halls of Congress, protected by seniority and often undetected by voters too mesmerized by the apparent grandeur of their representatives to recognize they are getting no representation at all.

The long-timers get too big for their britches. They become world statesmen. They forget the people who elected them back home. They start believing their own baloney.

Pretty soon, the voters find their voice in Congress is that of an absentee landlord, out of touch with his home district and too wrapped up in what was never intended to be a career.

And pity the freshman congressman who goes to Congress with bright ideas, but is never heard because of the booming presence of the giants who dominate Capitol Hill.

As a result, some constituencies are denied a voice in the affairs of government. And others suffer a similar fate because their congressman has dismissed the real power base that gives him political power.

It is a sad state of affairs and one, I suspect, the founding fathers never envisioned.

Nobody ever thought government would become such a big business that it would be managed by people who do nothing else during most of their adult life.

Nobody expected that a cadre of professional politicians would evolve to spend as many years in Congress as civil service-protected bureaucrats do in Washington.

Yet, that is what has happened. And that is why there is a growing number of Americans suggesting that congressional terms should be limited to 10 or 12 years so that elected representatives never become firmly entrenched again.

They reason that if an individual has a contribution to make to the country, he or she should be able to do so within a decade.

We successfully limited the presidency to two terms in 1951 after electing Franklin D. Roosevelt to four terms. So why not invoke the same logic in order to get some fresh ideas and new blood into the legislative branch, too.

The way to de-emphasize government is to de-emphasize the people running it. Cut out the celebrity status accorded some lawmakers and bring the entire function back to earth.

As it is, Congress is almost constantly in session, creating one mischief after another. Because the legislators are in session, they think they have to pass new laws and regulations.

Rarely do they pass a bill without an appropriation. And those that don't carry an immediate price tag eventually cost the taxpayer money anyway.

People should realize that government is not productive. It is a necessary evil. And the sooner it is put in its proper place, the better.

Congress won't butt out of our lives until people tell it to.

The voters have to keep hammering away. And promoting a constitutional amendment to limit congressional tenure might assure a new cast of characters and fewer professional drones.●

NURSE ANESTHETISTS WEEK

● Mr. LEVIN. Mr. President, beginning on May 15, the Michigan Association of Nurse Anesthetists (MANA) will hold their spring statewide meeting. The more than 800 members of the Michigan chapter of nurse anesthetists will be celebrating the golden anniversary of the National American Association of Nurse Anesthetists (NAANA) during the week of June 14–20, which they have designated as "Nurse Anesthetists Week."

I would like to take this opportunity to recognize this special occasion and to emphasize the important role which the National Association of Nurse Anesthetists has played in developing continuing education programs, maintaining certification programs for nurse anesthetists, and setting standards for the accreditation of schools of nurse anesthesia throughout the country.●

TAX FREEDOM DAY

● Mr. GARN. Mr. President, May 10 is Tax Freedom Day. Each year, the Tax Foundation calculates how long the average worker would have to labor to finish paying all taxes if every dollar earned from January 1 went directly to satisfy tax obligations at all levels of government. In 1981, Tax Freedom Day is 6 days later than it was last year, continuing the trend toward our having to spend more and more time on the job just to satisfy Uncle Sam.

According to the foundation, the average American spends 2 hours and 49 minutes out of every 8-hour working day to pay Federal, State, and local taxes, more than twice the time it takes to earn the equivalent of his housing costs and household obligations.

The Tax Foundation goes on to say:

Recently, someone even calculated the year when Tax Freedom Day—given present trends—would fall on December 25; and it wasn't that far in the future.

On past Tax Freedom Days, there have been proposals for a moment of silence on the floor of Congress out of respect for the beleaguered taxpayer. Last year, there was a parade on the Capitol grounds, complete with fife and drum corps in colonial dress. Is Tax Freedom Day, then, simply a chance to tweak the tax collector's nose, a latter-day nonviolent Boston Tea Party? We hope not?

. . . We certainly acknowledge the right of government to raise through taxation the revenues necessary to conduct the affairs of the nation. However, we also believe, as did the framers of the Constitution, that govern-

ment has limits; that the wealth of the nation belongs to those who create it, be they coal miners or capitalists; and that the government taxes at the pleasure of, and with the consent of, the citizenry.

On the philosophical level, we refuse to accept the assertion that those in Washington, state capitals, or city halls know how to allocate our resources better than we do. And we challenge the notion that everything a citizen earns belongs to the government, except for that portion which public officials choose to leave in his hands after collecting taxes—the so-called tax expenditure concept.

Those issues are really what Tax Freedom Day—and most of the other research and public education effort generated by the Foundation—are all about. At times when announcing these benchmarks of the growth of government, we feel as timid as the little boy who pointed out that the emperor's new clothes were non-existent. But that is our mandate, and we take comfort in trying to live up to it.

Mr. President, this Congress has been given the same mandate by the people we represent. The spending cuts we are now considering must be joined by the tax cuts the President has proposed. These two crucial elements of the President's program for economic recovery should not be separated. If they are separated, the chances for real spending reductions will be decreased substantially. We must not, however, demand that tax cuts await spending cuts. Some fear that this policy will stoke the inflationary fires, but I find in this fear a "business as usual" approach which we must abandon. For decades now we have been promised tax reductions after spending reductions, and of course the spending reductions never came. Such tax cuts as did come did not even offset the effects of inflation. "Business as usual" means that the Federal Government will continue to take more and more of the Nation's wealth and use it for miscellaneous projects, most of which are inefficient, some of which are completely unnecessary and even harmful, and all of which shift decisionmaking power from the Nation's workers and savers to unelected bureaucrats.

To conclude in the words of the Tax Foundation:

We also take hope. For, after all, the little boy stopped the parade. Maybe we can, too.●

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million, or in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that five such notifications have been received: One on May 4, and four on May 5, 1981.

Interested Senators may inquire as to the details of these preliminary notifications at the offices of the Committee on Foreign Relations, room 4229, Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 4, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 5, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 5, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country including major defense equipment estimated to cost in excess of $7 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 5, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 5, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.●

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notification which has been received. The classified annex referred to in the covering letter is available to Senators in the office of the Foreign Relations Committee, room 4229 of the Dirksen Building.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 4, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-47 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Air Force's proposed Letter of Offer to Australia for defense articles and services estimated to cost $110 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERNEST GRAVES,
Director.

TRANSMITTAL No. 81–47

(Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act)

(i) Prospective purchaser: Australia.

(ii) Total estimated values:

	Million
Major Defense Equipment*	$101
Other	9
Total	$110

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: Program elements for purchase of weapon system update of 16 F–111C aircraft and system integration of PAVE TACK pods (AN/AVQ–26) on these aircraft including government furnished aeronautical equipment, aircrew and maintenance training, support equipment and spares.

(iv) Military Department: Air Force (WAM).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See annex under separate cover.

(vii) Section 28 report: Case not included in Section 28 report.

(viii) Date report delivered to Congress: May 4, 1981.

POLICY JUSTIFICATION
AUSTRALIA–WEAPON SYSTEM UPDATE OF F–111C AIRCRAFT

The Government of Australia has requested the purchase of program elements for weapon system update of 16 F–111C aircraft and system integration of previously purchased PAVE TACK pods (AN/AVQ–26) on these aircraft including government furnished aeronautical equipment, aircrew and maintenance training, support equipment, and spares at an estimated cost of $110 million.

As an ally under the ANZUS Treaty, Australia plays a major role in assuring the stability of Southeast Asia and the South Pacific and is strategically located with respect to the Indian Ocean. Therefore, the United States has cooperated in improving Australia's military capability through foreign military sales, logistics agreements, and combined exercises.

The weapon system update and system integration of the PAVE TACK pods will improve the combat capability of the Royal Australian Air Force F–111C aircraft, thereby improving Australia's air defenses.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the General Dynamics Corporation of Fort Worth, Texas.

Implementation of this sale may require the assignment of additional U.S. Government or contractor personal to Australia. Exact requirements have not been determined.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

TRANSMITTAL No. 81–47

(Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act)

CLASSIFIED ANNEX

Item No. vi.

(vi) (C) Sensitivity of Technology:

(1) (C) The PAVE TACK system is considered Secret over all. The hardware is classified Confidential. Loss of this hardware could permit development of information concerning exploitation of countermeasures by a technologically advanced enemy who is willing to expend the necessary time, engineering and financial resources to reverse engineer and test the system. In this regard, other classified aspects of the PAVE TACK system are tactics, information revealing its vulnerability to countermeasures, and information relating to counter-countermeasures. These categories of information are classified Secret and have not been, and are not planned for release directly. However, there are inherent countermeasures and counter-countermeasures which the Australians will obtain through use and study of the hardware. In addition, it is conceivable that a technologically sophisticated adversary could, through reverse engineering, ascertain specific characteristics of the laser coding which would enable him to develop countermeasures. Sensitive components of the PAVE TACK system include infrared (IR) detector and laser coding technologies. The operating manuals which include employment parameters that optimize the effectiveness of weapons delivered using this system are classified Confidential. This information is necessary for employment of the PAVE TACK system and would itself be significantly useful for purposes of constructing countermeasures. The release of the PAVE TACK system is within the National Disclosure Policy (NDP–1) guidelines for release of classified information to Australia.●

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. BAKER. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:15 a.m. tomorrow.

The motion was agreed to; and the Senate at 8:05 p.m. recessed until Tuesday, May 12, 1981, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate May 11, 1981:

DEPARTMENT OF JUSTICE

Henry Dargan McMaster, of South Carolina, to be U.S. attorney for the district of South Carolina for the term of 4 years, vice Thomas E. Lydon, Jr., deceased.

IN THE AIR FORCE

Gen. Robert E. Huyser, U.S. Air Force (age 56), for the appointment to the grade of general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

Lt. Gen. Hans H. Driessnack [redacted] FR, U.S. Air Force, for appointment as senior U.S. Air Force member of the Military Staff Committee of the United Nations, under the provisions of title 10, United States Code, section 711.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. William James Livsey, Jr., [redacted] U.S. Army.

IN THE MARINE CORPS

The following-named officer under the provisions of Title 10, United States Code, Section 5232, to be assigned to a position of importance and responsibility designated by the President, in grade as follows:

To be lieutenant general

Maj. Gen. Harold A. Hatch [redacted], U.S. Marine Corps.

IN THE NAVY

The following-named commanders of the U.S. Navy and Naval Reserve for temporary promotion to the grade of captain in the various staff corps, as indicated, pursuant to title 10, United States Code, sections 5773 (staff corps officers), 5793 (Medical and Dental Corps officers), and 5791, subject to qualifications therefor as provided by law:

MEDICAL CORPS

Albert, Latimer T.
Brewer, Robert F.
Buckendorf, William A.
Cahill, Richard A.
Crucitt, Michael A.
Davis, William R.
Edwards, James J.
Ellwanger, Frederick R.
Fetters, David V.
Golden, Richard A.
Greene, Kristopher M.
Gross, Kenneth G.
Halder, Robert B.
Hazlett, Donald A.
Heaster, James M.
Hinz, William M.
Kallen, Lowell H.
Karp, David B.
Labouvie, Eric W.
Laing, John W.
Lee, Jonathan O.
Lee, Yu J.
Lohner, Thomas
Lukens, Robert W.
Lyman, William M.
Makens, Neal R.
McDonough, Edward R.
Ogle, Samuel G.
Petit, Paul E.
Saldana, Miguel J.
Stek, Michael, Jr.
Stetson, Douglas M.
Weaver, Richard A.
Weiler, Harold H.
Wickham, Clayton W.
Williams, Edward D.
Woody, James N.
Wright, Dennis I.

SUPPLY CORPS

Akers, John R.
Anderson, David K.
Baker, Kenneth D.
Bishop, William C.
Boardman, Albert E.
Bridwell, Donald L.
Carlson, John O.
Cox, Bobby W.
Dell, Jack V.
Dropp, Robert A.
Endt, Henry J., Jr.
Gahm, Jacob H.
Gregory, Robert T., Jr.
Haas, Willard M.
Hekman, John G.
Hern, William R.
House, Steven H.
Koczur, Eugene
Kreimer, Robert M.
Lara, Harry L.
Leber, Theodore T., Jr.
Ligon, Samuel J., Jr.
Lunn, James W.
McKechnie John J., Jr.
Meier, John D.
Morris, William R.
Palmatier, Philip E.
Rech, Charles L.
Reed, William H.
Reeves, Malcolm C., II
Rhodes, William D., Jr.
Stewart, James R., Jr.
Sullivan, Edward F.
Vonradesky, Charles W. R.
Weber, Jerome J.
Wheeler, Lawrence D.
Whittington, Richard G.
Wilcox, Harold E., Jr.
Wild, Thomas R.
Yeager, Howard B.
Yeoman, William R.
Yim, Calvin K.

CHAPLAIN CORPS

Bell, William H.
Bohula, Edwin V.
Deruiter, Peter J., Jr.
Gordon, Robert E.
Hanawalt, Edward A.
Kieffer, Kenneth F.
McHorse, George R.
Moritz, Jerry D.
Muchow, Donald K.
Oregan, Hugh H.
Rubino, Salvatore
Stott, Albert W.
Toner, Edward R.
Weeks, Robert M.
White, David E.

CIVIL ENGINEER CORPS

Bell, Robert B., Jr.
Campbell, Donald B.
Crumbley, Don C.
Davis, Harry P., Jr.
Emison, Joseph B., Jr.
Fermo, Louis A., Jr.
Gerdel, David H.
Gunther, John A.
Kunz, Joseph D.
Lewis, Herbert H., Jr.
Luzum, Gerald D.
Martinelli, Salvatore A.
Miller, David B.
Olsen, Allen N.
Quigley, Stephen J.
Riffey, Alan K.
Rinnert, Henry J.
Sandrini, Louis M.
Smith, Alan E.
Smith, Myron E., Jr.
Wells, James L.

JUDGE ADVOCATE GENERAL'S CORPS

Averna, Vincent S.
Byrne, Edward M.
Gladis, John T.
Reed, Robert F.
Riley, James E.
Roberts, Philip F.
Transeau, Alvin S.

DENTAL CORPS

Alexander, Roger E.
Blank, Lawrence W.
Cholaki, George C.
Davis, Norman L.
Delong, Richard L.
Dunn, William P., Jr.
Finger, Richard B.
Gustafson, Duane O.
Hensley, John F.
MacLeod, George
Nicklin, Charles R.
Scudder, Robert A.
Wilson, William T.

MEDICAL SERVICE CORPS

Benedict, William H.
Drozd, Joseph J., Jr.
Poquis, Robert M.
Ray, Paul T.
Turner, John R.
Zentmyer, Robert K.

NURSE CORPS

Beatty, Florence W.
Becktell, Beatrice D.
Bogdanski, Mary A.
Elam, Hattie R.
Fleury, Phyllis J.
Jackson, Elizabeth C.
Kozare, Carol A.
Leonard, Dorothy G.
Mills, Arlene E.
Purinton, Ruth E.
Schultz, Cynthia A.
Stammer, M. Ellen
Stangelo, Joan E.

The following-named lieutenants of the U.S. Navy for temporary promotion to the grade of lieutenant commander in the line, pursuant to title 10, United States Code, sections 5769 and 5791, subject to qualifications therefor as provided by law:

Dickson, John E.
Warren, Joe N.

The following-named lieutenants (junior grade) of the U.S. Navy for temporary promotion to the grade of lieutenant in the line and various staff corps, as indicated, pursuant to title 10, United States Code, sections 5769 (line officers), 5773 (staff corps officers), and 5791, subject to qualifications therefor as provided by law:

LINE

Fleming, Kevin W.

SUPPLY CORPS

Snyder, Thomas A.

NURSE CORPS

Deltoro, Miguel A., Jr.
Hauschild, Susan D.
Klemstine, Anneliese M.

The following-named ensigns of the U.S. Navy for temporary promotion to the grade of lieutenant (junior grade) in the line, pursuant to title 10, United States Code, sections 5784 and 5791, subject to qualifications therefor as provided by law:

Aasland, Richard L.
Ahern, Keith J.
Austin, David P.
Becka, James F.
Beemer, Bryan D.
Bosshard, Bruce H.
Boyle, Kevin F.
Bradley, Joseph M.
Brinkoetter, Steven W.
Burke, Daniel A.
Carr, David M.
Cooke, John J.
Cowne, Stephen R.
Cummings, Alan W.
Dlugoszewski, Victor
Doney, Gerald L.
Eason, Timothy C.
Edwards, Gary W.
Ellsworth, Michael L.
Fritz, Scott W.
Gardner, Robert D.
George, Gordon L.
Goff, Robert A.
Gordon, Harry A.
Hendrick, Gary A.
Homes, Bradley B.
Hunn, Mark G.
Jenket, Bruce R.
Johnson, Henry G., Jr.
Jordan, James M., III
Kelly, William A.
Kulason, Robert A.
Leonard, Stephen P.
Lindblad, Glenn E.
Linton, Richard D.
Mason, Donald J., Jr.
Neff, Michael W. G.
Neiman, William C.
Occhi, Martin T.
Osborne, John M.
Phillips, James S., Jr.
Raimondo, Anthony B.
Requard, Keith D.
Riehm, Stephen P.
Shriver, Raymond A.
Sigg, Daniel F.
Spencer, Lennie W.
Spiegelthal, David
Stern, David M.
Stubbs, Gary M.
Thomas, Richard B.
Thomas, Robert L., Jr.
Veitenheimer, Steven J.
Webb, Frank L.
Wellumson, Timothy P.
Werkema, Steven J.
Werp, Peter C.
Williamson, Horace P.

The following-named captains of the U.S. Navy and Naval Reserve for permanent promotion to the grade of captain in the line and various staff corps, as indicated, pursuant to title 10, United States Code, sections 5780 (line officers), 5782 (staff corps officers), 5911 (Reserve line officers), and 5791, subject to qualifications therefor as provided by law:

LINE

Carter, Walter W., Jr.
Ellsworth, Warren R., Jr.
Moreau, Ronald F

SUPPLY CORPS

Balding, David W.
Sechler, John L.

JUDGE ADVOCATE GENERAL'S CORPS

Mario, David A.

NURSE CORPS

Noble, Frances A.

The following-named commanders of the U.S. Navy for permanent promotion to the grade of commander in the line, pursuant to title 10, United States Code, sections 5780 and 5791, subject to qualification therefor as provided by law:

Acord, Jiles U., Jr.
Donnelly, Ambrose T.
Fee, James W.
Hohlstein, Julian G.
Johnson, Golden H.
Lauer, John N.
Linzay, Herman A.
Stroebel, Donald W.
Wade, Richard J., Jr.

The following-named lieutenant commanders of the U.S. Navy for permanent promotion to the grade of lieutenant commander in the line and staff corps, as indicated, pursuant to title 10, United States Code, sections 5780 (line officers), 5782 (staff corps officers), and 5791, subject to qualification therefor as provided by law:

LINE

Artis, Herbert
Cleal, Stephen R.
Collins, James L.
Davis, Edward L.
Gagliardi, Dennis L.
Hart, Terry C.
Hendrix, Royal F.
Kraft, Robert A.
Kane, Jerry A.
Mace, Frederick E., Jr.
Martinez, Luis C.
Nickens, Donnell J.
Shelby, Stephen L.
Smith, Kenton L.

MEDICAL SERVICE CORPS

Suttle, Douglas.

The following-named officers of the line of the U.S. Navy, for ap ointment in the various staff corps, as indicated, as permanent lieutenant (junior grade) and temporary lieutenant, pursuant to title 10, United States Code, sections 5582(b) and 5572, subject to qualifications therefor as provided by law:

SUPPLY CORPS

Belt, Dennis V.
Drake, Christopher B.
Petty, Roger E.
Sellers, Patrick M.
Tryon, Michael P.

CIVIL ENGINEER CORPS

Cavalieri, Ralph P.
Corrigan, Sean G.
Haumann, John S.
Owens, James E.
Pennell, Grady J., Jr.
Titus, Ronald A.
Thornton, Michael D.

The following-named officers of the line of the U.S. Navy, for appointment in the Civil Engineer Corps, as permanent ensign and temporary lieutenant (junior grade), pursuant to title 10, United States Code, sections 5582(b) and 5572, subject to qualification therefor as provided by law:

Clarkson, Elizabeth A.
Hicks, Calvin C.
McCullum, William J.
Smith, Alfred W.

The following-named officer of the Supply Corps of the U.S. Navy, for appointment in the line, as permanent lieutenant (junior grade), pursuant to title 10, United States Code, sections 5582(a) and 5572, subject to qualification therefor as provided by law:

Thomas, Michael J.

IN THE NAVY

The following-named Naval Reserve Officers Training Corps candidates to be appointed permanent ensign in the line or staff corps of the U.S. Navy, subject to qualification therefor as provided by law:

Anderson, Kenneth J.
Campbell, Richard D.
Cardona, Hector R. A. III
Gamble, Karry D.
Woodward, Leonard

Hector M. Rivas, ex-Navy officer, to be appointed a permanent captain in the Medical Corps of the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

Norman B. Schell, ex-Reserve officer, to be appointed a permanent captain in the Medical Corps of the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

John B. Henry, civilian college graduate, to be appointed a permanent commander in the Medical Corps of the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

Carl R. Spease, civilian college graduate, to be appointed a permanent commander in the Medical Corps of the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

Joseph J. Smith, U.S. Navy, to be appointed a temporary commander in the Medical Corps of the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

Curtis L. Hitt, ex-Navy officer, to be appointed a temporary commander in the Medical Corps of the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

EXTENSIONS OF REMARKS

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, May 12, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 13

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Commission of Fine Arts, the National Gallery of Art, and the Bureau of Mines, Department of the Interior.
1224 Dirksen Building
Labor and Human Resources
Business meeting, to mark up S. 755, authorizing funds for fiscal year 1982 for Federal alcohol and drug abuse programs, S. 1085, authorizing funds through fiscal year 1984 for the Head Start program, S. 1086, authorizing funds through fiscal year 1984 for programs of the Older Americans Act, S. 1087, authorizing funds for fiscal years 1982 and 1983 for programs of the Domestic Volunteer Service Act, and S. 1090, authorizing funds through fiscal year 1984 for support services and research programs relating to adolescent pregnancy and parenthood.
4232 Dirksen Building
Select on Intelligence
Closed business meeting on pending committee business, to be followed by a closed briefing on intelligence matters.
S-407, Capitol

9:30 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on Air Force manpower and reserve programs.
1223 Dirksen Building
Banking, Housing, and Urban Affairs
To resume oversight hearings to review major banking and consumer protection laws, focusing on money market mutual fund and securities regulators.
5302 Dirksen Building
Foreign Relations
Business meeting, to resume markup of S. 976, S. 848, S. 993, and S. 785, bills authorizing funds for fiscal year 1982 for foreign assistance programs.
4221 Dirksen Building
Governmental Affairs
Permanent Subcommittee on Investigations
To hold oversight hearings on alleged fraud and abuse activities within certain home health care services.
3302 Dirksen Building
Small Business
*Innovation and Technology Subcommittee
To hold hearings on S. 881, proposed Small Business Innovation Research Act.
424 Russell Building
Veterans' Affairs
Business meeting, to mark up S. 468, establishing an advisory committee on former prisoners of war, making such veterans eligible for certain health care benefits, S. 1008, exempting by law the retired-recalled military personnel assigned to the American Battle Monuments Commission from the end strengths and grade limitations that are authorized to the military departments which furnish them, and related measures including title II and III of S. 26, S. 380, S. 458, S. 636, S. 689, S. 872, S. 914, and S. 921.
412 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Navy and Marine Corps construction program.
1114 Dirksen Building
Energy and Natural Resources
To hold hearings on the nominations of W. Kenneth Davis, of California, to be Deputy Secretary of Energy, Joseph J. Tribble, of Georgia, to be Assistant Secretary for Conservation and Renewable Energy, Department of Energy, Rosslee Green Douglas, of South Carolina, to be Director of the Office of Minority Economic Impact, Department of Energy, and Edward E. Noble, of Oklahoma, to be Chairman of the Board of Directors of the U.S. Synthetic Fuels Corporation.
3110 Dirksen Building
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
*Judiciary
To hold hearings on pending nominations.
2228 Dirksen Building

10:30 a.m.
*Finance
To hold hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

1:30 p.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings to review the current Federal allocation formula process of assistance to State and local governments, and on fiscal disparities within the Federal budget system.
235 Russell Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for certain international programs of the Department of State.
S-126, Capitol
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
Foreign Relations
Business meeting, to continue markup of S. 976, S. 848, S. 993, and S. 785, bills authorizing funds for fiscal year 1982 for foreign assistance programs.
4221 Dirksen Building

2:30 p.m.
Governmental Affairs
*Federal Expenditures, Research and Rules Subcommittee
To hold hearings on S. 30, requiring each Federal agency to pay interest on contract payments more than 30 days overdue, S. 1131, proposed Delinquent Payments Act and related measures intended to improve the Federal Government's bill payment performance.
3302 Dirksen Building

3:00 p.m.
Appropriations
*District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on the Office of Business and Economic Development, and other economic development and regulation services.
1223 Dirksen Building

MAY 14

9:00 a.m.
Appropriations
Business meeting, to consider H.R. 3512, appropriating supplemental funds for fiscal year ending September 30, 1981, and rescinding certain budget authority.
1114 Dirksen Building
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the ter-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

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ritorial affairs programs of the Department of the Interior.
1223 Dirksen Building

Governmental Affairs
*Civil Service, Post Office, and General Services Subcommittee
To hold hearings on proposed costs of living adjustments for Federal employees in foreign countries.
318 Russell Building

Judiciary
Regulatory Reform Subcommittee
To hold hearings on S. 1080, to improve and modify the Federal regulatory process.
2228 Dirksen Building

9:30 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To hold hearings on proposed reforms in programs of the Rural Electrification Administration, Department of Agriculture.
324 Russell Building

Banking, Housing, and Urban Affairs
To continue oversight hearings to review major banking and consumer protection laws, focusing on money market mutual funds and financial industry representatives.
5302 Dirksen Building

Judiciary
Constitution Subcommittee
To hold oversight hearings to explore the state of the law with respect to schoolbusing.
5110 Dirksen Building

10:00 a.m.
Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Foreign Relations
Arms Control, Oceans, International Operations and Environment Subcommittee
To resume hearings on the proposed Law of the Sea Treaty (Exec. N, 86th Cong., 1st sess.).
4221 Dirksen Building

Governmental Affairs
*Permanent Subcommittee on Investigations
To continue oversight hearings on alleged fraud and abuse activities within certain home health care services.
3302 Dirksen Building

10:30 a.m.
Appropriations
*District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on human support service programs.
S-126, Capitol

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for foreign operation programs, receiving testimony from congressional and public witnesses.
S-126, Capitol

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
To hold hearings on the prospective nomination of Charles H. Dean, Jr., of Tennessee, to be a Member of the Tennesee Valley Authority.
4200 Dirksen Building

*Governmental Affairs
To hold hearings on pending nominations.
3302 Dirksen Building

MAY 15

8:30 a.m.
Small Business
To hold oversight hearings on the implementation of the Small Business Administration's disaster loan programs and other cost-sharing proposals.
424 Russell Building

9:00 a.m.
Select on Indian Affairs
Business meeting, to mark up S. 262, providing for the payment of a specified sum to a named individual in full satisfaction of a claim against the United States, S. 478, providing for the partition or sale of certain restricted Indian lands in the State of Kansas, S. 547, providing for permanent improvements to certain lands belonging to the Siletz Indian Tribe in the State of Oregon, and S. 563, authorizing the States and Indian tribes to enter into mutual agreements and compacts respecting jurisdiction and governmental operations in Indian country.
6226 Dirksen Building

9:30 a.m.
Finance
Savings, Pensions, and Investment Policy Subcommittee
To hold hearings on the President's Commission on Pension Policy's report on the national retirement income policy.
2221 Dirksen Building

Judiciary
Agency Administration Subcommittee
To hold hearings on section 5, modifying current law governing judicial review of Federal agencies actions of S. 1080, proposed Regulatory Reform Act.
5110 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Governmental Affairs
Federal Expenditures, Research, and Rules Subcommittee
To hold oversight hearings on the operation of the Federal procurement system.
3302 Dirksen Building

MAY 18

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the defense establishment, receiving testimony on Air Force operations and maintenance programs.
1223 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume oversight hearings to review major banking and consumer protection laws, focusing on consumer credit regulators and consumer group and industry representatives.
5302 Dirksen Building

Finance
Taxation and Debt Management Subcommittee
To hold hearings on S. 230, permitting the withholding of State income tax from certain seamen's wages on a voluntary basis, S. 644, liberalizing certain personal holding company provisions as applied to consumer finance companies, S. 978, permitting an employer to provide W-2 forms for terminated employees at the end of the year, S. 979, providing that interest on obligations of certain volunteer fire departments be exempt, S. 1039, making permanent the exclusion from gross income of the value of employer contributions to or services provided by a qualified group legal services plan.
2221 Dirksen Building

Judiciary
Courts Subcommittee
To resume hearings on S. 21, to establish a U.S. Court of Appeals for the Federal Circuit, and to establish a U.S. Claims Court, S. 839, to alleviate the hardships created for farm producers when a commodity warehouse in which their crops are stored files a petition in bankruptcy, and S. 537, to establish the State Justice Institute to strengthen and improve the judicial administration in U.S. State courts.
2228 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Guard and Reserve Forces construction program.
1224 Dirksen Building

Environment and Public Works
Business meeting, to mark up proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Foreign Relations
To hold hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings on S. 186, authorizing funds through fiscal year 1988 for the Department of Justice to provide assistance to State and local governments for the improvement of the States' criminal justice system.
1318 Dirksen Building

2:00 p.m.
Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

MAY 19

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue oversight hearings to review major banking and consumer protection laws, focusing on former

thrift industry regulators and academicians.
5302 Dirksen Building

*Labor and Human Resources
Business meeting, to mark up proposed reconciliations in relation to proposals which fall within the committee's jurisdiction.
4232 Dirksen Building

Veterans' Affairs
Business meeting, to mark up numerous legislative proposals limiting funds of certain services and benefits for veterans, including S. 916, S. 918, S. 919, S. 920, S. 636, S. 1058, S. 1059, S. 1060, S. 1061, S. 1062, S. 1063, S. 1064, S. 1065, and S. 1066.
412 Russell Building

10:00 a.m.
Energy and Natural Resources
To hold hearings on proposed standby oil controls.
3110 Dirksen Building

Environment and Public Works
Business meeting, to continue markup of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Finance
To resume hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

*Governmental Affairs
To hold hearings on alleged fraud practices within certain Federal programs.
3302 Dirksen Building

2:00 p.m.
Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

MAY 20

9:00 a.m.
*Governmental Affairs
To resume hearings on S. 10, providing for creation of a Commission to design a blueprint for improving governmental performance at the Federal level and throughout the intergovernmental system.
3302 Dirksen Building

Select on Indian Affairs
To hold oversight hearings on the recent report and future plans of the Navajo and Hopi Indian Relocation Commission.
457 Russell Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.
1224 Dirksen Building

Commerce, Science, and Technology
Science, Technology, and Space Subcommittee
To hold hearings on certain activities of the Department of Commerce, focusing on strategic materials and minerals policies.
235 Russell Building

Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings to review the special prosecutor provisions of the Ethics in Government Act.
4200 Dirksen Building

Judiciary
Constitution Subcommittee
To hold hearings to examine the limits of constitutional restraints on the judicial branch of the Federal Government.
2228 Dirksen Building

*Labor and Human Resources
Business meeting, to continue markup of proposed reconciliations in relation to proposals which fall within the committee's jurisdiction.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

2:00 p.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

MAY 21

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and the Neighborhood Reinvestment Corporation.
1224 Dirksen Building

Judiciary
Constitution Subcommittee
To continue hearings to examine the limits of constitutional restraints on the judicial branch of the Federal Government.
2228 Dirksen Building

Small Business
Business meeting, to consider proposed reconciliations in relation to cost-savings proposals which fall within the committee's jurisdiction.
424 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

Environment and Public Works
Business meeting, to resume markup of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

10:30 a.m.
Appropriations
*District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony from public witnesses.
1114 Dirksen Building

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Geological Survey, Department of the Interior.
1223 Dirksen Building

2:00 p.m.
Appropriations
District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on certain governmental direction and support programs.
1114 Dirksen Building

Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

MAY 22

9:30 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To resume oversight hearings to review the special prosecutor provisions of the Ethics in Government Act.
3302 Dirksen Building

11:00 a.m.
Governmental Affairs
To hold hearings on proposed legislation providing for the collection of debts owed to the Federal Government.
1114 Dirksen Building

MAY 26

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the activities of the National Cancer Institute, relating to contracts and procurement policies.
4232 Dirksen Building

MAY 27

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the activities of the National Cancer Institute, relating to contracts and procurement policies.
4232 Dirksen Building

JUNE 1

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the

Defense Establishment, receiving testimony on overall intelligence matters.
1223 Dirksen Building

JUNE 2

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.
1224 Dirksen Building
Commerce, Science, and Transportation
To hold hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building
Labor and Human Resources
Employment and Productivity Subcommittee
To hold oversight hearings on the implementation of the Farm Labor Contractor Registration Act, and to hold hearings on S. 922, clarifying the meaning of "migrant worker", and to insure the proper administration and enforcement of the Farm Labor Contractor Registration Act.
4232 Dirksen Building

JUNE 3

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on programs of the Central Intelligence Agency.
1223 Dirksen Building
9:30 a.m.
Energy and Natural Resources
To resume hearings on proposed standby oil controls.
3110 Dirksen Building
Labor and Human Resources
Employment and Productivity Subcommittee
To continue oversight hearings on the implementation of the Farm Labor Contractor Registration Act, and to hold hearings on S. 922, clarifying the meaning of "migrant worker", and to insure the proper administration and enforcement of the Farm Labor Contractor Registration Act.
4232 Dirksen Building
Veterans' Affairs
To hold oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

JUNE 4

9:00 a.m.
Appropriations
*Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on programs of the National Security Agency.
1223 Dirksen Building
9:30 a.m.
Veterans' Affairs
To continue oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

JUNE 8

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on defense intelligence programs.
1223 Dirksen Building

JUNE 9

9:00 a.m.
Office of Technology Assessment
The Board, to hold a business meeting on pending business matters.
Room to be announced
9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold oversight hearings on the implementation of family planning programs.
5110 Dirksen Building
Labor and Human Resources
*Labor Subcommittee
To hold oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

JUNE 10

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment receiving testimony on special programs of the Air Force.
1223 Dirksen Building
9:30 a.m.
Labor and Human Resources
*Labor Subcommittee
To continue oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building
Veterans' Affairs
To hold hearings on the prospective nomination of Robert P. Nimmo, of California, to be Administrator of the Veterans' Administration.
412 Russell Building

JUNE 11

9:00 a.m.
Appropriations
*Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on command, control and communication programs and intelligence-related activities of the Department of Defense.
1223 Dirksen Building
9:30 a.m.
Commerce, Science, and Transportation
To resume hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building

JUNE 15

9:30 a.m.
Commerce, Science, and Transportation
To resume hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building

JUNE 16

9:30 a.m.
Commerce, Science, and Transportation
To continue hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building

10 a.m.
Labor and Human Resources
Education Subcommittee
To resume hearings on S. 1103, authorizing funds through fiscal year 1986 for elementary and secondary education programs, and providing educational support at the State and local level.
4232 Dirksen Building

JUNE 17

9:30 a.m.
Veterans' Affairs
To hold hearings on the substance of S. 266, implementing procedures and guidelines for the interagency sharing of health resources between the Department of Defense and the Veterans' Administration.
412 Russell Building
10:00 a.m.
Labor and Human Resources
Education Subcommittee
To continue hearings on S. 1103, authorizing funds through fiscal year 1986 for elementary and secondary education programs, and providing educational support at the State and local level.
4232 Dirksen Building

JUNE 25

9:30 a.m.
*Veterans' Affairs
Business meeting, to mark up S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans, and the substance of S. 266, implementing procedures and guidelines for the interagency sharing of health resources between the Department of Defense and the Veterans' Administration.
412 Russell Building

JULY 8

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 917, increasing the rates of disability compensation for disabled veterans, and the rates of dependency and indemnity compensation for their survivors, S. 911, authorizing the payment of a special pension to the survivor of persons awarded the Medal of Honor, and S. 915, S. 779 and S. 112, bills providing for memorials to honor the memory of certain deceased members of the Armed Forces.
412 Russell Building

JULY 15

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 917, increasing the rates of disability compensation for disabled veterans, and the rates of dependency and indemnity compensation for their survivors, S. 911, authorizing the payment of a special pension to the survivors of persons awarded the Medal of Honor, and S. 915, S. 779, and S. 112, bills providing for memorials to honor the memory of certain deceased members of the Armed Forces.
412 Russell Building

JULY 22

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

JULY 23

9:00 a.m.
Veterans' Affairs
To continue hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

SEPTEMBER 16

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

CANCELLATIONS

MAY 14

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

MAY 19

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia
1114 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, May 12, 1981*

The House met at 12 o'clock noon.

Rabbi Ely E. Pilchik, Congregation B'nai Jeshurun, Short Hills, N.J., offered the following prayer:

Creator of the universe, Father of humankind, Author of freedom: We thank Thee for this good sweet land, for this vigorous, promising Nation, for this dream of human dignity all but fulfilled.

Humbly we pray Thee, bless us, Thy people's servants, with will and way to reason together. Invest our words with meaning, our convictions with balance, our decisions with beneficence.

Breathe Thy spirit into our counsels, O God, that from this House shall radiate a great light illuminating the lives of men and women the world over, implementing the nobility of our American dream. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 533. An act entitled "Public Buildings Act of 1981";

S.J. Res. 46. Joint resolution entitled "U.S. Tennis Association Day";

S.J. Res. 47. Joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week"; and

S.J. Res. 51. Joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Inc.), and designating May 10 to 16, 1981, as "CARE Week".

The message also announced that the Vice President, pursuant to Public Law 86-42, appointed Mr. McCLURE and Mr. ANDREWS to attend the Canada-United States Interparliamentary Conference to be held in Halifax, Nova Scotia, May 22 to 26, 1981.

RABBI ELY EMANUEL PILCHIK

(Mr. MINISH asked and was given permission to address the House for 1 minute.)

Mr. MINISH. Mr. Speaker, it is an honor to present our guest chaplain, Dr. Ely Emanuel Pilchik, now retiring after 34 years as rabbi of Congregation B'nai Jeshurun in Short Hills, N.J. This historic congregation, founded in Newark in 1848, has been led by a man of impressive character and achievements.

Rabbi Pilchik came to this country from his native Russia in 1920. He earned his A.B. at the University of Cincinnati, his M.A. in Hebrew literature and his doctor of divinity degree from the Hebrew Union College. He has advanced education by his work as professor of Jewish thought at Upsala College, as president of the Jewish Book Council of America, as father of the Hillel Foundation at the University of Maryland, and as a prolific author.

Ordained in 1939, Rabbi Pilchik served congregations in Maryland and Oklahoma prior to his long and happy tenure at Congregation B'nai Jeshurun. He is immediate past president of the Central Conference of American Rabbis.

This distinguished clergyman, scholar, and teacher served his country as a chaplain in the Naval Reserve during World War II. He served 10 years on the New Jersey State Scholarship Commission before becoming one of the first lay representatives on the Ethics Committee of the Essex County Bar Association, at the request of former New Jersey Chief Justice Hughes.

I am happy to count Rabbi Ely Pilchik as a loyal and esteemed friend. On this occasion of his retirement from his faithful service to Congregation B'nai Jeshurun, let me extend to him congratulations and warm good wishes. Allow me also to thank Rabbi Pilchik for his inspiring words here today. May God continue to bless him and the congregation he has served so well.

BANK CARDS COULD COST MORE THAN EVER

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute.)

Mr. ANNUNZIO. Mr. Speaker, consumers who do not carefully evaluate new terms for bank credit cards could face a 50-percent or more increase in interest rates on credit balances. An article appearing in the Washington Star by John Dorfman points out a number of problems consumers can avoid and at the same time save untold dollars.

Recent changes in legislation throughout the Nation have opened the way for creditors to apply additional and increased rates. We are now experiencing the biggest change in terms for bank-issued credit cards since March 1980, when the Credit Control Act allowed creditors to increase credit costs to consumers.

In many cases the situation illustrated in Mr. Dorfman's article will permit creditors to impose harsh and potentially dangerous new credit terms on their customers. Mr. Dorfman states that—

If you sign up for a bank card issued by such a bank, you'll be agreeing in fine print to a host of stiff conditions.

When Mr. Dorfman says "you may soon find yourself being invited to sign up for a bank card * * *," the key word is invited. Consumers can protect themselves by shopping around for the best possible terms. Many people are still under the misconception that there is only one VISA or MasterCard. The cards are issued by each financial institution and the cost to consumers varies.

Considering that many State laws already permit banks a great deal of latitutde in the charge applied to credit card accounts, consumers must exercise extreme caution. The credit card customer must use those resources designed to help and protect the consumers' best interests.

Under the provisions of the Truth in Lending Act, disclosure on how the finance charges are computed must be clearly and fully stated. Disclosure of what the cost of credit is must also be clearly stated. These are the types of protective devices that the Congress enacted to help the consumer.

Why should someone pay a 24 annual percentage rate for the same bank card available at a 16 annual percentage rate. Why should the consumer pay a $25 annual fee for the same bank card that can be found with no annual fee.

The article by Mr. Dorfman offers a very good example of the types of pitfalls the consumer must be aware of before agreeing to accept a new bank card. Varying interest rates, annual fees, and retroactive charges on interest rates could cost consumers in this country millions.

In a nation that relies heavily on plastic, consumers are now faced with the reality of higher costs for credit. But as Mr. Dorfman urges, if you accept the out-of-State bank card, "check the terms with great care."

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

WALL STREET VOTES ON REAGAN BUDGET

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, the vote on the budget is over. The President has won, and the verdict is in. Wall Street has responded to the President's budget. In the headlines this morning it says: "Dole Urges No Tax Compromise." "Major Banks Raise Prime Lending Rate to 19.5 Percent." "Dow-Jones Industrials Fall 12.96 points."

The business community has registered a resounding vote of no confidence in the President's budget because of the massive deficit that it embraces. Wall Street and the business community perceive the President's budget as inflationary. Mr. Speaker, is it not time to ask Government to start living within its means?

DEMOCRATIC LEADERSHIP NOT TO BLAME

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, as one of those who voted in opposition to the leadership on this side on the budget resolution, I feel the Democratic leadership should not be blamed for the defeat of the Jones budget resolution last Thursday. I believe the vote reflects that the legislative system still works in this country.

The House of Representatives is supposed to reflect what the people think and what they want from Government. The House is the peoples' voice and that voice spoke last Thursday.

The great majority of Americans favor the economic package of President Reagan and want it implemented. They are not concerned about the individual political parties.

There is a strong voice in this country for less spending and a desire to give the new President a chance. That is what the vote last Thursday was all about.

DRUGS

(Mr. BEARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD. Mr. Speaker, we in the Congress and the Government have a peculiar manner of dealing with tough problems. First, we tend to throw money at them and hope they will go away. If that fails we simply ignore them and then assume we no longer have that problem.

That is what we have done with our drug problem, and anyone who tells you that we have made any real progress is simply misinformed.

A recent case in southern Virginia provides a sad example of why our law enforcement officials are beginning to lose faith in a system that places most of the burden on their shoulders. Imagine how Virginia police and the prosecuting attorneys must feel after having arrested five smugglers with over 25 tons of marihjuana and a suitcase stuffed with $1.7 million in cash, only to have the presiding judge order three of them released, two after having served less than 6 months of 10-year sentences, and the third only 13 months of a 20-year term.

This is a mockery of our judicial process, an insult to all law abiding citizens, and unfortunately reflects a nationwide trend.

At my request, the Select Committee on Narcotics Abuse and Control has scheduled a hearing June 4 to look into this and other examples of judicial leniency. We can no longer turn our backs on the drug problem. It is time we let the drug pushers know that when caught and convicted of this horrendous crime, it will be a long time before they see the light of day. It is time for the Congress and the country to wake up to what has to be considered as one of the most critical issues facing our Nation.

ADMINISTRATION KICKS OUT LIBYAN DIPLOMATS—APPROPRIATE ACTION TO COUNTER LIBYAN TERRORIST ACTIVITIES

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, lately I have been critical of the Washington Post's tendency to editorialize in its reporting of the news, but in the case of an actual editorial recently, I believe they called the shots fairly and objectively.

The Post, in its lead editorial May 8, called the Reagan administration's decision to kick out Libyan diplomats in this country an appropriate reaction to Libyan terrorist activites. In comparison to the previous administration, the Reagan administration has taken decisive action to counter Qaddafi's disregard for accepted international behavior.

I also believe, as the Post says, that the United States needs to reduce its dependence on Libyan oil and find new sources so that we can cut all ties with the Qaddafi regime if it is deemed the appropriate thing to do.

OLDER AMERICANS MONTH

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, on April 29, President Reagan declared May "Older Americans Month" by a Presidential proclamation. It is for this reason, Mr. Speaker, that I take this time to honor these fine Americans.

One in every nine Americans—11 percent—is over the age of 65. In just 20 years, the number of older Americans will grow by 20 percent, and by the year 2030, their numbers will double to a full 22 percent of the U.S. population. These statistics indicate that the elderly, who are among our country's most precious resources, are also the fastest growing segment of our population today.

However, we do not recognize our older Americans this month because of their growing numbers. Our older Americans dedicated their younger years to endeavors which contributed to the greatness that is our country today. They have continued their significant contributions in their mature years, especially in their important role in volunteerism, a unique national characteristic.

For example, the Federal Government's ACTION program had 300,000 volunteers from the elderly population last year. The Foster Grandparent program furnished personal support to children with special needs, and the Senior Volunteer and Companion programs enabled retired citizens to help others meet their basic human needs.

The list of Older American Volunteer programs goes on and on. In these days of economic uncertainty, our older Americans have given of themselves with a selflessness that is truly inspiring.

So, during this month for older Americans, I hope that each one of us will take a moment to consider the value of our elderly citizens. Let us strive to enhance their quality of life.

THE REPUBLICAN PARTY NOW STANDS FOR COMMON MAN

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, I have been surprised and maybe even a little bit shocked to hear people on the Democratic side of this House parading to the well on a regular basis recently, the most recent one being the gentleman from Arkansas (Mr. ALEXANDER) talking about Wall Street financiers and defending their own economic program as being in line with what Wall Street wants.

It seems to me that there is no better delineation of the great change that has taken place in this House. It is the Republican Party now standing for the hardworking common man who wants that tax cut, and it is the Democratic Party that is, time after

time, coming to the well of this House and relying on Wall Street financiers to define where they think this Nation should go economically.

□ 1215

FEDERAL ELECTION COMMISSION AUTHORIZATION, 1982

Mr. HAWKINS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3376) to authorize appropriations for the Federal Election Commission for fiscal year 1982, as amended.

The Clerk read as follows:

H.R. 3376

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 314 of the Federal Election Campaign Act of 1971 (2 U.S.C. 439c) is amended by striking out "and" after "1978," and by inserting after "1981" the following: ", and $9,746,000 for the fiscal year ending September 30, 1982".

The SPEAKER pro tempore. Is a second demanded?

Mr. FRENZEL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. HAWKINS) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. HAWKINS).

Mr. HAWKINS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3376 provides for an authorization of $9.746 million for the Federal Election Commission for fiscal year 1982. The bill was unanimously reported by the Committee on House Administration and represents a $1.4 million reduction in the Federal Election Commission's request. The sum provided is the same amount provided in S. 1078 which has been reported out of the Senate Rules Committee, and the same amount recommended by the Office of Management and Budget.

The committee is aware that at this level of funding, the Commission will be compelled to operate under tight budget constraints. However in these times of fiscal austerity, that is a situation we all must live with. The committee desires, and expects the Commission to reassess and reevaluate some of its priorities and programs with an eye toward better use of available resources. Regardless of the financial restrictions however, the committee believes that the $9.746 million funding is adequate for the Commission to perform its statutorily mandated duties.

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the remarks of my distinguished chairman of the House Administration Committee in his description of the bill before us.

I also agree with the gentleman's remarks about the committee's observations and findings about the Federal Election Commission. I would like to take a few moments of the House's time to underscore some of the difficulties and problems of the Commission.

Mr. Speaker, the FEC started this fiscal year 1982 budget cycle with a request of $13,251,212; the Carter administration's Office of Management and Budget approved $10,339,000. Shortly after the new administration took over, the new director of OMB requested the FEC to make further cuts which resulted in a new request of $11,143,285. The new OMB budget request was for $9,746,000 which is the figure we have before us today. The fiscal year 1981 appropriation and supplemental was $9,662,000 so this amount is only $84,000 over last fiscal year level.

The Federal Election Commission may have to reevaluate their priorities at this funding level. However, I do not believe for a moment that their capability to provide for full and timely disclosure and reasonable enforcement of the act will seriously be impaired.

There were a number of committee recommendations to the Commission made in the report. First, the committee directed that the National Clearinghouse on Elections should not be funded at a level that detracts from the more important functions of the Commission.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. At this point, Mr. Speaker, I am pleased to yield to the distinguished gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I deeply appreciate my distinguished friend, the gentleman from Minnesota, who is a hard-working member of our committee and an expert on the Federal Election Commission, yielding.

Mr. Speaker, during the consideration of this bill in committee, there was a discussion regarding the specific level of funding for the clearinghouse. During the discussion I made the point that the clearinghouse was doing an outstanding job, particularly in providing technical advice and training to State and local election officials. I would hope that such services would be continued.

I would like to ask the gentleman from Minnesota (Mr. FRENZEL) whether it is his understanding that such useful services to State and local election officials will continue under the provisions of this bill.

Mr. FRENZEL. Mr. Speaker, in response to the distinguished gentleman from Illinois (Mr. ANNUNZIO), I would like to state that he and I have been strong supporters in the past of the clearinghouse's activities. He and I both appreciate its role in our Government and recognize the value of its work, and we particularly recognize that it is the one point of contact for local and State election officials with the Federal Government.

In this era of budgetary restraint, it is my opinion that the Federal Election Commission will want to reduce some of those efforts of the clearinghouse that are not distinctly related to its primary mission. My personal hope would be that some of the cuts the Commission makes will be in the clearinghouse's functions.

Nevertheless, the gentleman from Illinois (Mr. ANNUNZIO) is correct, I think, in his thought that we have not directed any change within the funding or the authorization bill itself. We have simply recommended that it may want to do those things.

The bill anticipates that the Commission will make its own internal allocation of funds. I hope, like the gentleman from Illinois, that there will be made available by the Commission sufficient moneys for the continuation of the useful clearinghouse projects, particularly some of the seminars and other contacts that it makes with local election officials who have nowhere else to go for information about Federal election law.

Mr. ANNUNZIO. Mr. Speaker, I deeply appreciate the contribution of the gentleman from Minnesota (Mr. FRENZEL) to the clearinghouse. I agree with him that we are not making a specific recommendation, but I am hopeful that the Commission in making its own internal allocation of funds will do the best it can to insure that the clearinghouse is funded.

Mr. FRENZEL. Mr. Speaker, for the past 2 years, the committee has passed an authorization which limited the amount of money for this activity. The amendment was not offered this time but it should not be interpreted to mean that the committee has given the Commission carte blanche to increase the funding for the clearinghouse. In fact, it is hoped that the Commission will carefully examine the funding of the research contracts and studies currently in progress to determine the relative value to the conduct of Federal elections and the campaign financing law. I intend to watch closely those expenditures for the clearinghouse.

The original budget request contained moneys for additional legal staff and expanded enforcement activity. I am hopeful that the reduced authorization will force the Commission to curtail their propensity for pursuing the unintentional and inadvertent minor violations.

Mr. Speaker, during fiscal years 1979, 1980, and 1981, the Commission's caseload for internal and external en-

forcement numbered 758. Out of this number, only five investigations were considered to have involved a knowing and willful violation. One can reach no other conclusion than the law is being taken very seriously by the participants in the election process and that an extraordinary level of voluntary compliance is being achieved. The Commission should recognize this and concentrate its enforcement activities on those serious violations and drop their unnecessary attacks on the minutia of the election law.

The committee report also takes note of the Commission's current practice of requiring a confession of guilt and a payment of a fine in their conciliation process. The committee has also determined that the FEC has no particular standards for the assessment of penalties. One can only hope that the fines are not being assessed in a partisan fashion or that they are not picking penalty amounts out of a hat.

Additionally, the Federal Election Commission's audit procedures have been a constant source of controversy. After the 1976 elections, it took the Commission until the middle of 1979 to release the Carter-Mondale general and primary audit reports. They have improved the timing as all but one 1980 primary audit has been released. However, late last week the Campaign Counsel Group—made up of the attorneys for almost all of the Presidential candidates and both national committees—sent a letter to the Commission detailing their objections to the current public financing audit procedures. Following is the full text of their letter:

CAMPAIGN COUNSEL GROUP,
Washington, D.C., April 30, 1981.

Hon. JOHN MCGARRY,
Chairman, Federal Election Commission, Washington, D.C.

DEAR MR. CHAIRMAN: We are counsel to 1980 Presidential campaigns, and national political parties. We are writing this letter out of a deep concern that recent FEC actions and practices indicate a serious insensitivity to the realities of the Presidential campaign process and the First Amendment expression which is the heart of every political campaign.

Each of our organizations has set up elaborate mechanisms and procedures in an attempt to achieve compliance with the campaign laws. We find that campaign regulation is becoming a hyper-technical exercise the standards for which, it would appear from preliminary audit reports, can only be understood long after the campaign is ended. In particular, we are concerned that vague laws and regulations promulgated thereunder, ex post facto interpretation of regulations promulgated thereunder, ex post facto interpretation of regulations, the lack of standardized accounting procedures and the extraordinary, almost arbitrary, authority given your auditors combine to threaten the campaign process. Moreover, the hyper-technicalities bear little or no relationship to the basic purposes and policies of the election laws.

Campaigns are always hectic, understaffed and turbulent. Thus, rules and regulations governing campaigns must be simple and readily ascertainable or the conduct of the campaign will be hindered to the point of disruption. Where there is evidence of a good faith effort at compliance, actions of the campaign should be construed in the campaign's favor whenever there is a retroactive determination by the Commission.

Our individual dealings with the Commission convince us that we all wish to fashion a regulatory framework that protects the intergrity of the electoral process without hindering the conduct of honest campaigns.

We respectfully call your attention to the following specific problems which, in our opinion, must be remedied in order to avoid disruption of the electoral process:[1]

(1) *Retroactive application of legal principles.* Many questions arising during a campaign are not explicitly covered by FEC regulations, or else the regulations simply require committees to take a "reasonable" approach to an issue (e.g., allocation of costs). *See e.g.,* 11 C.F.R. §§ 104.10, 106.1(a). In such situations the Commission should not penalize a campaign which has in fact acted reasonably, even if the staff would have favored another action. If the Commission wishes to adopt one particular notion of "reasonable' behavior, it should do so prospectively by way of new regulation—not substitute its judgment for that of committees which have acted in good faith.

Unfortunately, where there is disagreement with a committee's interpretation on audit issues, however reasonable that judgment may be, the staff will often declare, retroactively, that the committee was wrong as a matter of law. This creates a legal violation and a corresponding obligation to pay the Treasury a sum equal to the amount of money in question. *See* 11 C.F.R. § 145.2 (Presidential Election Campaign Fund—General Election Financing) 11 C.F.R. § 9008.10 (Presidential Election Campaign Fund, Federal Financing of Presidential Nominating Conventions) 11 C.F.R. § 9038.2 (Presidential Election Campaign Fund—Presidential Primary Matching Funds).

Many of the Commission's forays into retroactive rulemaking have come in the area of state spending limitations. Campaign spending frequently affects more than one state, and expenses must be allocated among states or between a state and the national headquarters. 11 C.F.R. § 106.2. In the audit process, the staff has overriden reasonable allocation determinations made by the affected committees. The result is that the FEC deems greater amounts of money to have been spent in certain states, in some cases pushing the campaigns over state spending ceilings. They are then penalized by a fine equal to the ostensible overspending, even though there has been no violation of any Commission standard.

For example, the regulations recognize that certain expenses are allocable to national headquarters and not to any state. 11 C.F.R. § 106.2(b). Salaries of national staff are one type of a national expense. Id. Yet when national staff travel to a particular state, the FEC's interpretation and application of this regulation require that a portion of the staff's salary be allocated to that state without specific evidence that the services performed by the staff were used in connection with that state's primary or caucus. (See, e.g. FEC AO 1979-73). And the Commission staff has adhered to this view even though the costs of interstate travel are specifically exempted from state spending limits. 11 C.F.R. § 106.2(c)(a).

Similarly, FEC regulations require that media costs be allocated reasonably among states. 11 C.F.R. § 106.2(c)(1). Yet campaigns' reliance on and use of standards developed by the Federal Communications Commission have been rejected by the FEC. This is not because the FCC standards are unreasonable, but rather because the staff apparently believed another approach was more reasonable—and, it seems, more likely to place campaigns in jeopardy of overspending in certain states.

Allocation of long distance, interstate telephone calls poses the same problem. The regulations do not address interstate calls but, as noted, they specifically exempt another form of interstate communication—i.e. travel—from state spending ceilings. 11 C.F.R. § 106.2(c)(2). Certainly it is not unreasonable for a campaign to treat interstate phone calls in the same fashion. Yet the Commission staff's position has been that calls from a state to national headquarters must be treated as a state expense, even though travel to and from the state is exempt and even though calls to the state from headquarters are also exempt.

In all these instances the problem is not so much that the staff's judgment is wrong, although we believe it is, but rather that the staff has substituted its own opinion for the at least equally reasonable judgment of the campaign committees. In so doing the FEC creates new law, applies it retroactively, and imposes substantial financial penalties on campaigns which have done their best to comply with a complex set of statutes and regulations.

To repeat, if the Commission wants to adopt new law, it should do so prospectively and should not penalize committees which have acted reasonably under existing standards.

(2) *The Commission's lack of standard auditing procedures.* The FEC has yet to adopt standard procedures for auditing Presidential campaigns. The accounting profession has established generally accepted accounting principles, and the FEC should follow these. If the Commission sees a need to depart from these principles, it should do so clearly by way of prospective regulation.

Today no discernible principles appear to guide the audit process. Reliance on generally accepted accounting principles would give all campaigns necessary guidance. In addition, use of these principles would force the staff to focus on the large issues of basic compliance with the law—not on minutiae, as is too often the case now.

(3) *Lack of access to information.* At critical stages during the audit process committees are denied access to information that bears directly on issues of interest to them. For example, although committees receive a copy of the preliminary audit report, the General Counsel's comments on that report are not available. The ostensible purpose of the preliminary audit report is to furnish guidance to committees, but it is of no help for the type of issues raised in this letter. What committees need is a coordinated response from the Commission's staff which spells out the legal rationale for each audit determination setting forth, as well, any areas of disagreement between the audit and legal staffs.

In addition, the meetings at which the FEC discusses the audit report are closed to the public. At a minimum, such meetings

[1] The problems raised in this letter are only some of the pressing problems resulting from the FEC's handling of the election laws.

should be open to the committee whose conduct is being examined.

(4) *Lack of a hearing.* Pursuant to FEC memoranda concerning audit procedures, officials of a committee are entitled to participate in an entrance and exit conference with FEC auditors to discuss the purpose and scope of the audit and later the audit findings. (*See, e.g.,* Commission Memoranda Nos. 820 and 1250.) However, committee officials have no opportunity to present their case orally to the members of the FEC at any point during the audit process. Earlier regulations protected the right to a hearing, and this right should not be cavalierly tossed aside, particularly when large sums and reputations are at stake.[2]

(5) *Length of audit process.* Finally, the auditing process is still much too long, particularly for committees which ceased active compaigning before their party's national convention. Such committees should be free to close down within a short period following the election, but most cannot.

The audit process will of course take longer for those campaign committees which were active up to their party's convention, but even here the process can be shortened. Adoption of generally accepted accounting principles would do much to simplify the process.

In addition, the FEC can require a committee to continue functioning during audits and other investigations until any compliance actions stemming from the audit or investigation have been resolved. *See, e.g.,* 11 C.F.R. §§ 102.3, 102.4 and 145.1(b). However, often there is little coordination between the audit and legal staffs, which results in compliance matters lagging far behind even the slow audit process.

CORRECTIVE ACTION BY THE COMMISSION

The problems which we have outlined are serious—not merely for the Presidential campaign committees, which are the subject of FEC audits but, more importantly, for the future of fair and effective campaign regulation. In order to deal forthrightly with these issues, we ask that the Commission declare an immediate 30 day suspension on publication of the final audit reports for all Presidential primary committees. This will give the Commission an opportunity to take corrective action in the areas identified above, and to apply these reforms to the process of auditing the 1980 Presidential campaign.

The signatories to this letter are willing and anxious to assist the FEC during this 30 day moratorium period. We believe that creative and responsible use of this time will result in a more streamlined, fair and speedier audit process.[3]

We request an early response from the commission on our proposal for a 30 day audit suspension. Your response to this correspondence should be addressed to: Douglas B. Huron, Esq., Stein & Huron, 1619 New Hampshire Ave., Washington, D.C. 20009, and Edward L. Weidenfeld, Esq., McKenna, Conner & Cuneo, 1575 Eye Street, N.W., Washington, D.C. 20005.

Sincerely,

Edward L. Weidenfeld, for the Reagan Campaign; Timothy G. Smith, for the Carter Campaign; William C. Oldaker, for the Kennedy Campaign; Kenneth Ziffren, for the Brown Campaign; Ronald D. Eastman, for the Democratic National Committee; Robert P. Visser, for the Bush Campaign; Michael R. Gardner, for the Connally Campaign; Jan W. Baran, for the Baker Campaign; Roger Allan Moore, for the Republic National Committee; Daniel J. Swillinger, for the Anderson Campaign; and J. Curtis Herge, for the Dole Campaign.

[2] See prior regulation at 11 C.F.R. 134.2(b)(1), adopted by the Commission on 8/25/76 and superseded by regulations adopted 4/4/79.

[3] The Commission may also want to consider holding a public hearing on these issues during the 30 day moratorium period. The appropriate oversight committee in Congress may also wish to consider hearings.

Mr. Speaker, the election law is complicated and the Federal Election Commission is bureaucratic. I hope that the Commission is forced to reorder their priorities because of this authorization and will begin to exercise some restraint in their overzealous approach to their regulatory function. I would urge the House to adopt this bill promptly.

Mr. Speaker, that letter is signed by representatives of the Reagan campaign, the Carter campaign, the Kennedy campaign, the Connally campaign, the Brown campaign, the Baker campaign, the Bush campaign, the Anderson campaign, and the Dole campaign, and also by representatives of the Democratic National Committee and the Republican National Committee. It raises serious allegations about the Federal Election Commission which our committee has not had time to deal with. We expect that the Federal Election Commission is going to respond to these allegations and complaints, and I assure the Members of this body that our committee is going to follow those complaints very closely.

Mr. Speaker, I know of no objection to this authorization bill. I am pleased that it is one of the first to be brought in at the level recommended in the President's budget.

I have no requests for time, Mr. Speaker, and I am prepared to yield the balance of my time, if there are no requests on the majority side.

Mr. BIAGGI. Mr. Speaker, I rise to lend my support to H.R. 3376, a bill to provide $9.7 million in authorizations for the activities of the Federal Election Commission in fiscal year 1982. My support is based in part on the hope that some of the FEC's 1982 activities will include monitoring the impact of my bill, H.R. 84, to establish same-time voting on Sundays for a 6-year experimental period beginning in 1982.

Specifically, H.R. 84 would require, on a 6-year experimental basis, that all general elections be held on Sunday, and all polls across the country open and close during the same 9-hour period of 12 to 9 p.m. (e.s.t.) in Presidential election years. The 6-year trial period would begin in 1982 and would cover the 1984 and 1988 Presidential elections. The Federal Election Commission would monitor the impact of the changes on voter turnout during the experimental period.

This legislation seeks to address a very critical problem facing our Nation—a steady decline in overall U.S. voter turnout for the past two decades. Evidence shows that—

Voter turnout in the United States has declined in every Presidential election since 1960 (1960, 62.8 percent; 1964, 61.9 percent; 1968, 60.9 percent; 1972, 55.5 percent; 1976, 54.4 percent; 1980, 53.95 percent); 1980 voter turnout was the lowest for a Presidential election in 32 years, a dismal 53.95 percent; 10 States and the District of Columbia all had voter turnout rates under 50 percent in 1980; and 1980 voter turnout declined from 1976 in every Pacific time zone State, where polls were still open when a Ronald Reagan victory was projected by the media.

Based on over 2 years of research, I am confident that my experimental proposal will help to reverse these dangerous trends by alleviating any adverse impact which early media projections have on Western voter turnout, and eliminating many of the inconveniences voters face as long as elections are held on a workday.

Especially significant is the fact that in Western European democracies where national elections are held on Sundays, voter turnout is dramatically higher than our own. According to the most recent data compiled by the Congressional Research Service for those countries, 91.4 percent of the Icelanders, 90 percent of the Swedes, 89.3 percent of the Austrians, 89 percent of the West Germans, 88 percent of the Italians, and 85.9 percent of the French voted. These figures are in stark contrast to our own dismal turnout of only 53.95 percent in 1980.

There is little doubt that our Nation's steady drop in voter turnout poses a serious threat to our democratic society. The only solution to this critical problem is to take prompt and effective action aimed at eliminating controllable obstacles to voting, such as early media projections and voter inconvenience, so Americans will go to the polls and express their true will. The legislation I have authored seeks to help achieve this crucial goal.

Mr. Speaker, at this time I insert a text of the testimony I presented at a recent Senate hearing on the issue of early media projections and their impact on voter participation.

STATEMENT OF HON. MARIO BIAGGI

Mr. Chairman, having researched the problems associated with our nation's declining voter turnout rate for the past two years, I greatly welcome the opportunity to present my observations here today and appreciate the invitation you extended to me.

While I intend to focus my comments today on the issue of early media projections and their impact on voter participation, let me state that this is only one narrow aspect of a much more complicated and serious problem—a steady decline in

overall U.S. voter turnout for the past two decades. Evidence shows that:

Voter turnout in the United States has declined in every Presidential election since 1960 (1960, 62.8 percent; 1964, 61.9 percent; 1968, 60.9 percent; 1972, 55.5 percent; 1976, 54.4 percent; 1980, 53.95 percent);

1980 voter turnout was the lowest for a Presidential election in 32 years, a dismal 53.95 percent;

Ten States and the District of Columbia all had voter turnout rates under 50 percent in 1980.

This is in addition to another alarming fact that will be the subject of our discussion today—1980 voter turnout declined from 1976 in every Pacific time zone State, where polls were still open when a Ronald Reagan victory was projected by the media.

A summary of the Los Angeles County Report shows that the number of Los Angeles County voters who went to the polls after 6 p.m. (p.s.t.) declined by 3.23 percent from 1976 to 1980. There was an even more drastic decline of 4.12 percent for the period of 7–8 p.m. (p.s.t.).

The Field Institute Survey, which was conducted in January 1981, shows that "one in ten (10 percent) of those who said they were registered but did not vote specifically blame their failure to vote on the early network projections." This was the fourth most popular reason given for not voting.

At this time I would like to note that the Field Institute survey also revealed that out of the 1,061 Californians polled, same-time/Sunday voting was favored by an overwhelming margin of 60 to 36 percent, and 74 percent favor prohibiting early election projections.

No responsible discussion of the early media projection issue can be complete without looking at its impact on local issues of importance, including close Congressional races. Particular attention has been focused on the 1980 election defeat of former Representative James C. Corman, who lost his Los Angeles County seat by only 752 votes—less than ½ a percentage point. There is one piece of hard data that cannot be overlooked in this instance. The Los Angeles County Registrar's report shows that the voter turnout in Mr. Corman's 21st Congressional District declined by 5.61 percent from 1976 to 1980 (80.13 percent in 1976 as compared to 74.52 percent in 1980). This decline was 10 times greater than the national decline for that same period.

I wish to express my concerns about proposals aimed at restricting the media's ability to report the news, or in this case, make projections based on available data. Simply stated, the networks have an obligation to inform the public in a prompt and effective manner. It would be extremely inappropriate for the Congress or anyone else to restrict that ability considering the high regard this nation has for freedom of the press.

My proposal in no way interferes with the network's ability to report to the public. In fact, it could be argued that the same-time voting provisions in my bill would make the network's job easier and more cost and time efficient. Currently, election night coverage usually begins as the first polls in the East close and it often does not end—especially during close Presidential elections—until very late at night after a high percentage of the Western vote is tallied. Under my same-time voting provisions all polls—both East and West—would close at 9 p.m. (eastern standard time), making nationwide election results available to the networks well in advance of the current 11 p.m. (e.s.t.) closing time on the West Coast, and 1 a.m. (e.s.t.) closing in Hawaii and most of Alaska.

Unfortunately, very little hard data is available showing just how much of an impact early media projections have on Western voting patterns. Two studies that do exist, though, include a report focusing on the impact of early media projections prepared by the Los Angeles County Registrar's Office, and a survey conducted by the Field Institute, a San Francisco-based policy research group, on why people in the West did not vote. I will insert copies of the full text of these studies for the record.

The Los Angeles County report begins with a statement from County Supervisor Edmund D. Edelman providing a history of what is known: "At 5:15 p.m. (p.s.t.), when only 5 percent of the national vote had been counted and more than two hours and 45 minutes before the polls had closed in California, one of the major networks had predicted a winner in the Presidential race.

In an attempt to reverse these dangerous trends, I have authored legislation to change election day to Sunday and require polling places across the country to open and close at the same time. First introduced as H.R. 7928 in August 1980—more than 2 months before the November election—and reintroduced earlier this year as H.R. 84, the measure has received widespread interest and support, including bipartisan cosponsorship by 32 of my House colleagues.

Specifically, H.R. 84 would require, on a six-year experimental basis, that all general elections be held on Sunday, and all polls across the country open and close during the same nine-hour period of 12 to 9 p.m. (e.s.t.) in Presidential election years. The six-year trial period would begin in 1982 and would cover the 1984 and 1988 Presidential elections. The Federal Election Commission would monitor the impact of the changes on voter turnout during the experimental period. Identical legislation, S. 57, has also been introduced in the Senate by Sen. S. I. Hayakawa.

Based on my research, I am confident that this experiemental proposal will not only eliminate any adverse impact which early media projections have on Western voter turnout, but it will increase overall voter participation in the United States.

Especially significant is the fact that in Western European democracies where national elections are held on Sundays, voter turnout is dramatically higher than our own. According to the most recent data compiled by the Congressional Research Service for those countries, 91.4 percent of the Icelanders, 90 percent of the Swedes, 89.3 percent of the Austrians, 89 percent of the West Germans, 88 percent of the Italians, 81.1 percent of the French and 73.5 percent of the Japanese voted. These figures are in stark contrast to our own dismal turnout of only 53.95 percent in 1980.

Some might argue that the early media projections had little, if any, impact on West Coast voter turnout. It would be difficult to convince Mr. Corman of that fact. I might add, that if the early projections did in fact alter even a single Congressional race then we have a non-partisan problem that warrants a nonpartisan solution.

In addition, a cursory analysis of a post-1980 Census Bureau election survey indicates that the actual voter turnout for five regions examined in California may not have kept pace with voter registration. In all five instances, when computing a 90 percent turnout for registered voters (as indicated by Table 1, page 4 of the survey), the actual voter turnout was somewhat lower than would be expected (Table 3, page 7). Since that finding is open to interpretation, I will insert the entire text of the 1980 Census Survey report for the record.

Another similar Census Bureau study conducted after the 1972 Presidential election, in which a Richard Nixon victory was projected before polls closed in the West, revealed evening voter turnout in the West was much lower than in the East. For example, out of those surveyed in the Northeast, 21.2 percent said they voted after 6 p.m., as compared to only 14.9 percent in the West. I will insert a copy of this survey for the record.

An analysis of the 1972 hour-by-hour survey and a similar one for 1974 was conducted by two recognized experts in the area of voting behavior, Raymond Wolfinger and Peter Linquiti. The two compared the Census surveys for those years and discovered an unexpected 2.7 percent shortfall of votes cast after 6 p.m. in the West during the 1972 election. In an article that appeared in the February-March 1981 issue of "Public Opinion," they concluded: "In the absence of any other explanation for this gap of 2.7 percentage points, we think it reasonable to suggest that it reflects the network's early verdict on the 1972 election . . . This 2.7 percent amounts to about 454,410 votes in the five Pacific States. In California, it represents around 337,000 votes or about 7,800 per Congressional District."

Unfortunately, no such hour-by-hour breakdown was collected by the Census Bureau for the 1980 election.

For those who might argue that voters would go to the polls no matter whether the outcome of the Presidential election has already been decided to vote for the other undecided races, I have found no data to support this claim. In fact, history shows that very little voter interest is generated when the Presidential contest is not an issue. For example, during the most recent non-Presidential election of 1978, only 34 percent of all eligible U.S. voters actually participated—far less then even the dismal 53.95 percent turnout for the 1980 Presidential election.

Some concern has been expressed about the ability of getting everyone to the polls during an abbreviated 9-hour voting period, as compared to the current 12-hour plus voting periods in many areas of the country. First, let me emphasize that on a non-work day, as proposed under my legislation, the peak before and after work voting periods would be effectively eliminated. I am confident Sunday voting would promote a steady flow of voters throughout the day, rather than the long and discouraging voter lines before and after work that currently exist.

To substantiate this contention, I wish to point out that the Los Angeles County Registrar's report reveals that 83 percent of the total 1980 voter turnout for the County went to the polls during the 9-hour peak periods of before work, lunch time, and after work. This data shows that only 17 percent of the voters actually showed up at the polls during the additional four hours they were open.

Without having documented evidence, I would expect this "4-hour lull period" to be even less of a factor in most bluecollar, urban areas, where many employees are paid hourly wages rather than annual salaries.

In order to avoid the significant loss of either the before or after work vote, however, it must be emphasized that a key component to any same-time voting proposal is that elections be held on a non-work day. This leaves three options. First, election day could be declared a national holiday and continue to be held on Tuesday. However, since national holidays are also paid holidays, this would be a most expensive proposition. A Congressional Research Service study conducted in 1979 estimates that the Federal Government alone loses $140 million on a national holiday, with State and local governments losing $615 million.

Second, election day could be held on a Saturday. However, while I have been unable to find any hard data to substantiate this fact, it is generally assumed that far more Americans work on Saturday than Sunday. This means that if a same-time election were held on Saturday, the prospect of losing either the before or after work vote again becomes a serious problem.

Finally, election day could be held on Sunday, as proposed in my bill, H.R. 84. An experiment with Sundays makes good sense. Since the overwhelming majority of Americans do not work on Sunday, they would have more hours available to go to the polls, and less "voting obstacles."

To substantiate this claim, I wish to again refer to a Census Bureau survey conducted after the 1972 election. Their analysis states that over 48 percent of all registered nonvoters did not vote because they were "unable to go to polls for health reasons, because no transportation was available, or couldn't take time off from work; because the respondent was out of town on election day and did not file an absentee ballot; or because when he went to the polling place he was discouraged from voting by long lines, voting machine failure, and related reasons." I firmly believe that my proposal would help to alleviate most of these voting obstacles.

While some have argued that Sunday elections would result in higher costs, I feel that the abbreviated voting hours made possible by holding national elections on a non-work day, and the expected elimination of "lull" voting periods will actually help to increase cost-efficiency.

Other benefits offered by Sunday elections include energy savings resulting from the added convenience of family members and neighbors being able to go to the polls together; a more deliberate and responsible voter since he or she would not be casting their vote while rushing to or from work; more persons available to man the polling places, a problem that exists in many communities; and more persons able to provide essential transportation services for the elderly and handicapped on election day. As an original member of the Select Aging Committee, I am especially enthusiastic about the latter potential benefit.

Mr. Chairman, at this time I wish to share with you some excerpts of letters I have received from former Presidents Richard Nixon, Gerald Ford and Jimmy Carter, all of whom expressed strong interest in my proposal.

President Nixon wrote: "I think your suggestion with regard to Sunday voting has a great deal of merit . . . Constructive steps that can be taken to increase voter turnout should receive very serious consideration."

President Ford said: "You make a most persuasive case for legislative action at the federal level to increase voter participation in national elections . . . I would recommend public hearings before a House Committee so the pros and cons of your proposal can be properly examined."

President Carter wrote: "I agree with you that declining voter participation is a great danger facing our Nation and we must address ways to reverse the trend, if our electoral system is to remain strong . . . I believe that your proposal has merit."

Certainly, these three former Presidents, who were either the losing or winning candidates in all but one of the Presidential elections since 1960, have a unique and valuable perspective to offer any discussion of our nation's election process. I will insert the full text of their letters for the record.

During the early stages of preparing this legislation, I was concerned about the impact such a proposal might have on American church life. In an attempt to address these concerns, I contacted various religious leaders throughout the Nation to obtain their views. Interestingly, the response has been quite favorable.

In fact, the President of the U.S. Catholic Conference, the Most Reverend John R. Quinn, wrote:

"The proposal for Sunday voting is one that should receive serious study and discussion. I cannot see how it would react negatively on church obligations but might rather emphasize the moral aspects of voter responsibility for all citizens . . . Voting on Sunday, then, could be quite consistent with Catholic social ministry."

An official from the Episcopal Church Center, the Reverend Charles A. Cesaretti, responded:

"The possibility of having Sunday as an election day raises no problems from a religious standpoint . . . Your suggestion will cause a healthy debate and that is most welcome."

For the record, I will submit a number of other expressions of interest and support my same-time/Sunday voting proposal has received from a number of sources, including the New York Times, Forbes Magazine, syndicated columnist James J. Kilpatrick, the Catholic Free Press, WCBS Radio, the Pittsburgh Post-Gazette, the United Auto Workers, the Director of Elections for Alaska, the Chairman of the D.C. Board of Elections, and a concerned member of the American electorate.

Admittedly, there are a number of reasons why people do not vote, including some uncontrollable variables such as the weather, voter apathy, and a sudden sickness or disability. I would not be so foolish as to suggest that my same-time/Sunday proposal is the final solution. However, I do offer my proposal as an effective and responsible solution to two known or potential voting barriers—voter inconvenience, and early media projections.

Simply stated, my investigation of this extremely important issue concludes that our current election process is failing us miserably. Due to an increasing lack of voter participation, our democratic society is growing weaker while well-organized extremist interest groups are growing in power and influence.

The only solution to this critical problem is to take prompt and effective measures aimed at eliminating controllable obstacles to voting, such as early media projections, so Americans will go to the polls and express their true will. The legislation I have authored seeks to help achieve this crucial goal.

Mr. HAWKINS. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. HAWKINS) that the House suspend the rules and pass the bill, H.R. 3376, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PROVIDING FOR CONSIDERATION OF AND WAIVING POINTS OF ORDER AGAINST H.R. 3512, SUPPLEMENTAL APPROPRIATIONS AND RESCISSION ACT, 1981

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 137 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 137

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes, and the provisions of sections 303(a)(1) and 311(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived only against the initial consideration of said bill in the House. During the consideration of said bill, the provisions of clauses 2 and 6, rule XXI shall apply as if the bill had been reported from the Committee on Appropriations, and all points of order against the bill for failure to comply with said provisions are hereby waived.

□ 1230

The SPEAKER pro tempore. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT).

Mr. Speaker, this rule makes in order a very complicated appropriations bill which includes the supplemental, rescissions and the continuing resolution. It deals with a couple of years, 1981 and 1982. The waivers are

necessary because of the Budget Act and the rules of the House. There are a rather limited number of amendments that will be in order. Most of them would be amendments to strike.

Unless there is a desire for a great deal of detail, I would just say that it makes in order the second bill, rather than the first one brought to the Committee on Rules from the Appropriations Committee.

The second bill is somewhat modified. It reduces $500 million in defense spending and it knocks out some language violently objected to by several of the committees; but I think the matter represents a bipartisan and unanimous, as I understand it, Appropriations Committee.

I therefore think the rule should be passed.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Did I understand in the rule that sections of the Budget Act were waived by the bill itself, but those sections of the Budget Act would not be waived in the amending process; is that the situation?

Mr. BOLLING. That is the effect. As the result of this, there is no way to waive points of order against amendments unless the amendments are listed and we have listed no such amendments.

Mr. WALKER. I thank the gentleman.

Mr. BOLLING. Mr. Speaker, I reserve the balance of my time.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of this rule. H.R. 3512, which will be made in order if this rule is adopted, contains supplemental appropriations, rescissions, and deferrals for fiscal year 1981, and also extends the continuing resolution for agencies whose regular fiscal year 1981 appropriations were never enacted.

It is important for members of this House to realize that this legislation will facilitate the President's economic package, and in fact it closely resembles the Reagan administration's budget request for fiscal year 1981. The President has asked for supplemental appropriations of $21.8 billion and rescissions of $14.3 billion, and the Appropriations Committee has recommended supplementals of $18.6 billion and rescissions of $12.7 billion.

In addition, the bill would save some $919 million by deferring certain appropriations until fiscal year 1982 and would trasfer $1 billion in fiscal year 1981 appropriations between accounts.

Over 50 percent of these supplementals will go to the Defense Department, and most of the rescissions proposed in this bill will come from the social, environmental, and energy programs.

The rule before us makes in order H.R. 3512, instead of H.R. 3400, which is the supplemental bill initially reported out of the Appropriations Committee on April 30 of this year. This parliamentary device is used to accomodate two changes adopted by the Appropriations Committee just last Thursday. one of these changes deletes language in the original bill which would have revised certain procedures of the Nuclear Regulatory Commission, and another change reduces by $500 million the supplemental appropriations for the Defense Department. The cut in defense supplements was done to avoid the possibility that the bill would breach the fiscal year 1981 spending ceiling adopted by the House last week in the first concurrent budget resolution.

Because of the nature of this bill, certain points of order must be waived to allow its consideration. Clause 2 of rule XXI must be waived because language is included throughout the bill, particularly with regard to rescissions and deferrals, which could be considered legislation. Clause 6 of rule XXI is also waived to provide for the inclusion of transfers, which amount to reappropriations.

Section 311(a) of the Budget Act is waived in this rule because the current budget ceilings, contained in the second concurrent resolution for fiscal year 1981, have been breached due to reestimates. In addition, section 303(a)(1) of the Budget Act is waived to provide for the inclusion in the bill of a $3.883 billion advance appropriation for the Strategic Petroleum Reserve, as requested by the administration.

To summarize the provisions of this rule, points of order against the bill are waived concerning legislation in an appropriations bill, reappropriations, and certain breaches of the Budget Act. I should point out that these points of order are not waived against amendments to the bill, and therefore any amendments offered must be drafted so as to comply with the House rules and the Budget Act. However, this rule does not preclude consideration of amendments which are otherwise in order. Amendments which will be in order include those which would increase rescissions or deferrals or which would decrease a supplemental appropriation, since such amendments would not operate to exceed the current budget ceiling. In addition, legitimate limitations on the use of appropriated funds will be in order.

Mr. Speaker, I believe this rule is fair and serves the best interests of the House. It honors, on most points, the request made by the distinguished chairman of the Appropriations Committee, and it will provide for the bill's expeditious consideration so that we will not again be faced with a last minute panic and the threat that some agencies will have to close down because we have not acted in time. I would once again emphasize that this rule and the enactment of this bill will complete another important portion of the President's economic package. I therefore urge an affirmative vote.

Mr. CONTE. Mr. Speaker, I support House Resolution 137, which provides a special order of business for the consideration of H.R. 3512, the supplemental and rescission bill, 1981. The resolution waives clauses 2 and 6 of rule XXI against the bill, and waives sections 303(a) and 311(a) of the Budget Act against initial consideration of the bill.

Under the reestimates for fiscal 1981, which were filed with the House on March 18, the current levels of budget authority and outlays exceed the amounts in the second budget resolution, which is the basis for scorekeeping until it is amended by final enactment of the budget resolution which just passed the House.

Until that time, no bill providing new budget authority for 1981 can be brought to the floor without a waiver of section 311.

The bill also contains transfers, rescissions, deferrals, disapprovals of deferrals, and other legislative language that would violate clauses 2 or 6 of rule XXI.

In this regard, this bill is similar to the first combined supplemental and rescission bill which was brought to the House last year under a rule passed by the House.

That bill was the first to combine such a wide range of legislative devices, and was an effective and efficient vehicle for the House to provide for supplemental appropriations, while offsetting some of the additional costs with transfers, rescissions, and deferrals.

The bill also contains an appropriation for fiscal 1982 for the Strategic Petroleum Reserve. The timing of contracts is extremely important in the oil market, and I think that we should allow the administration the opportunity to enter into contracts during 1982 if those contracts are otherwise advantageous, even if the regular bill has not been enacted. However, this 1982 appropriation requires the waiver of section 303(a) of the Budget Act contained in the resolution under consideration.

The issue of the Strategic Petroleum Reserve and its importance to our national security and economic stability is one this body has addressed many times in the last couple years. Always the answer has been the same. To proceed with filling the reserve as expeditiously as possible.

The Strategic Petroleum Reserve was established in the wake of the 1973 Arab oil embargo. Its goal was to

have 1 billion barrels of oil in storage so that we could not again be brought nearly to our knees by the disruption of our foreign oil supplies.

Unfortunately, the SPRO fill rate has lagged consistently far behind our estimates of what was needed for the reserve. In 1979, oil acquisition for the reserve was actually curtailed because of international market conditions.

The Congress has been critical of the executive branch for moving too slowly in this matter. Twice last year the Congress reaffirmed support for filling the reserve and directed the Department of Energy to proceed more expeditiously—first, by mandating in the Energy Security Act a minimum average daily fill rate of 100,000 barrels; and second, in the fiscal year 1981 Interior appropriations bill by directing the Department of Energy to seek to fill the reserve at an annual average rate of 300,000 barrels per day or at a sustained average annual rate which would fully utilize all appropriated funds.

My colleagues, far from acting irresponsibly I believe the committee has shown foresight in their recommendation to you to include the fiscal year 1982 appropriation for the reserve in this bill so that our purchase efforts for the reserve may continue uninterrupted.

The American people have elected us to protect their national and economic security interests and this is just what the committee is doing by this recommendation.

Who among us knows what further instability tomorrow may bring in the Middle East or with any of our other suppliers? Can we emphasize too much the importance of the reserve as both a strategic and economic asset of the United States and its people? Why should we not take action that will allow the executive branch to take advantage of today's favorable market rates in filling the reserve?

Yes; we are asking for a waiver of section 303 of the Budget Act in order to accomplish this. But in my own estimation the filling of the reserve is much more important to the American people than whether we seek to comply with a certain provision of the Budget Act.

Mr. Speaker, the supplemental and rescission bill for 1981 is the first major legislative item in the President's economic program to come before the House.

It is consistent with the budget resolution for 1981 which recently passed the House, and it deserves consideration by the House under this rule.

I ask your support for the rule.

Mr. BOLLING. Mr. Speaker, I have one request for time, but I do not see the Member on the floor.

Therefore, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. WALKER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 38]

Addabbo	Derrick	Hertel
Akaka	Derwinski	Hightower
Albosta	Dicks	Hiler
Alexander	Dingell	Hillis
Anderson	Dixon	Hollenbeck
Andrews	Donnelly	Holt
Annunzio	Dorgan	Hopkins
Anthony	Dornan	Horton
Ashbrook	Dougherty	Howard
Atkinson	Downey	Hubbard
AuCoin	Dreier	Huckaby
Badham	Duncan	Hughes
Bafalis	Dunn	Hunter
Bailey (MO)	Dwyer	Hutto
Bailey (PA)	Dyson	Hyde
Barnard	Early	Ireland
Barnes	Eckart	Jacobs
Beard	Edgar	Jeffords
Bedell	Edwards (AL)	Jeffries
Beilenson	Edwards (CA)	Jenkins
Benjamin	Edwards (OK)	Johnston
Bennett	Emerson	Jones (NC)
Bereuter	Emery	Jones (OK)
Bethune	English	Jones (TN)
Bevill	Erdahl	Kastenmeier
Biaggi	Erlenborn	Kazen
Bingham	Ertel	Kemp
Blanchard	Evans (DE)	Kildee
Bliley	Evans (IA)	Kogovsek
Boggs	Fary	Kramer
Bolling	Fascell	LaFalce
Bonior	Fazio	Lagomarsino
Bonker	Fenwick	Lantos
Bouquard	Ferraro	Latta
Brinkley	Fiedler	Leach
Brooks	Findley	Leath
Broomfield	Fish	LeBoutillier
Brown (CA)	Fithian	Lee
Brown (CO)	Florio	Lehman
Brown (OH)	Foley	Leland
Broyhill	Ford (TN)	Lent
Burgener	Forsythe	Levitas
Burton, Phillip	Fountain	Lewis
Butler	Frank	Livingston
Byron	Frenzel	Loeffler
Campbell	Fuqua	Lott
Carman	Garcia	Lowery
Carney	Gejdenson	Lowry
Chappell	Gibbons	Lujan
Cheney	Gilman	Luken
Clausen	Ginn	Lundine
Clinger	Glickman	Lungren
Coats	Goldwater	Markey
Coelho	Gonzalez	Marks
Coleman	Gore	Marlenee
Collins (TX)	Gradison	Marriott
Conable	Gramm	Martin (NY)
Conte	Gray	Matsui
Conyers	Green	Mattox
Corcoran	Gregg	Mavroules
Coughlin	Guarini	Mazzoli
Courter	Gunderson	McClory
Coyne, James	Hagedorn	McCloskey
Coyne, William	Hall (OH)	McCollum
Craig	Hall, Sam	McCurdy
Crane, Daniel	Hamilton	McDade
Crane, Philip	Hammerschmidt	McEwen
Daniel, Dan	Hance	McGrath
Daniel, R. W.	Hansen (ID)	McHugh
Danielson	Hansen (UT)	Mica
Dannemeyer	Harkin	Michel
Daschle	Hartnett	Mikulski
Daub	Hatcher	Miller (CA)
Davis	Hawkins	Miller (OH)
de la Garza	Heckler	Mineta
Deckard	Hefner	Minish
Dellums	Heftel	Mitchell (MD)
DeNardis	Hendon	Moakley
Molinari	Rodino	Stratton
Mollohan	Roe	Studds
Montgomery	Roemer	Stump
Moore	Rogers	Swift
Moorhead	Rose	Synar
Morrison	Rostenkowski	Tauzin
Mottl	Roth	Taylor
Murphy	Roukema	Traxler
Murtha	Rousselot	Trible
Myers	Roybal	Vander Jagt
Napier	Rudd	Vento
Natcher	Russo	Volkmer
Neal	Sabo	Walgren
Nelligan	Savage	Walker
Nelson	Sawyer	Wampler
Nichols	Schneider	Washington
Nowak	Schroeder	Watkins
O'Brien	Schulze	Weaver
Oakar	Schumer	Weber (MN)
Obey	Seiberling	Weiss
Panetta	Sensenbrenner	White
Parris	Shamansky	Whitehurst
Patterson	Shannon	Whitley
Paul	Sharp	Whittaker
Pease	Shaw	Whitten
Perkins	Shelby	Williams (MT)
Petri	Siljander	Williams (OH)
Peyser	Skeen	Wilson
Pickle	Skelton	Winn
Porter	Smith (AL)	Wirth
Price	Smith (IA)	Wolf
Pursell	Smith (NE)	Wolpe
Railsback	Smith (NJ)	Wortley
Rangel	Smith (OR)	Wright
Ratchford	Snowe	Wyden
Regula	Snyder	Wylie
Reuss	Solarz	Yates
Rhodes	Solomon	Yatron
Richmond	Spence	Young (AK)
Rinaldo	St Germain	Young (FL)
Roberts (KS)	Stanton	Young (MO)
Roberts (SD)	Staton	Zablocki
Robinson	Stenholm	

□ 1245

The SPEAKER pro tempore. On this rollcall 362 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 3512.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

SUPPLEMENTAL APPROPRIATIONS AND RESCISSION ACT, 1981

Mr. WHITTEN. Mr. Speaker, pursuant to the rule just granted, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 1 hour, the time to be equally divided and controlled by the gentleman

from Massachusetts (Mr. CONTE) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi (Mr. WHITTEN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3512, with Mr. STUDDS in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous consent agreement, the gentleman from Mississippi (Mr. WHITTEN) will be recognized for 30 minutes, and the gentleman from Massachusetts (Mr. CONTE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, we bring to the floor today a rather unique bill in a rather unique way in order to deal with the budget ceiling we voted on last week and the budgeting act which we voted for some years ago. We adopted in the House only last week the House version of the budget ceilings for fiscal year 1981. The Senate has an entirely different budgeting proposal and has taken an action somewhat different. Personally, I have some different views as to the approach on the budget resolution in that I am convinced the attempt should be to set targets at the beginning, work toward those targets, and have reconciliation at the end of the process.

Our Committee on Appropriations in the 96th Congress—and listen to this—the people's branch, the one to which the people can turn, had 10,215 witnesses appear before the committee and various subcommittees. This year we had a difficult time, first our committee reviewed the Carter budget recommendations, then we had the Reagan recommendations. They not only cover rescissions, supplementals, and other proposals, but also involve a continuing resolution for four appropriations bills funding Government agencies for which the authority to operate will expire on June 5. Not only does the House have to act but the Senate has to agree, and we have to get together in conference, so that the bill can be signed by the President. Otherwise, under the Attorney General's opinion the departments will be closed.

When these matters came to me as chairman of the Committee on Appropriations, I found out how varied and how many actions we were faced with, not only in rescissions—they proposed 123 rescissions—but deferrals—they proposed 61 deferrals—and 406 supplementals. That is in addition to the continuing resolution and in addition to other actions pending before your committee. All its members have put in days and weeks hearing witnesses on these various requests.

When you are faced with that which is difficult to do, with a necessity to reduce appropriations which have heretofore been made in order to conform to provisions of the budget resolution we adopted, you need the best people you have got, the folks who are the best informed. I want you to know that I took the administration proposals that were referred to me and assigned them to the subcommittees who are familiar with the subject. I would like for the Members to know that what we have before us is the product of each of the subcommittees who oversee the subject matter over which they had worked and where they knew the subject far better than anyone else. So the bill we bring before you provides $18.6 billion out of the $21.8 billion of supplemental appropriations requested by the administration. It provides for the savings in the form of rescissions totaling $12.7 billion compared with the $15.1 billion recommended by the administration. It extends the present continuing resolution from June 5 to September 30, 1981. With the extension of the continuing resolution programs under four major appropriation bills—Labor, HHS, Treasury, Post Service, legislative branch, and foreign aid, which will be without financing unless the Congress concludes an agreement by June 5.

May I say to you that when this came before the full committee, I asked each of the subcommittees to present their part of the bill, and this bill passed through the Committee on Appropriations without substantial amendment and with overwhelming support—not on the basis that we agreed with all the many things that are in this bill, but we had to compromise. The job was not pleasant.

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So I say to you today that before us is a bill that, where they asked for 123 proposed rescissions, we acted on 95 and initiated 16 by the committee; and converted 17 to deferrals. On deferrals, the committee agreed with 61 and overturned 12. The committee initiated 20 deferrals.

On supplementals, there were 406 requested and approved, 350.

At the direction of the Committee on Appropriations, I introduced H.R. 3512, which covered the items in the original committee bill which was developed by the various subcommittees having jurisdiction and approved by an overwhelming majority of the committee, although I personally opposed many items.

Subsequently, on a review of the inflation rate for military spending at a higher rate than other programs, the committee reduced such rate to the same as applies to other programs. For that reason, as chairman, I introduced this bill.

So our committee went back, and I, on behalf of the committee, and at their direction, bring to you a bill which meets the requirements which have been requested of us, about 85 percent of this bill is in line with the amounts as they were submitted by the Office of Management and Budget.

I think it is a tremendous job that has been done and, as I say, it has been shared by the various subcommittees.

Mr. Chairman. This bill has three principal features:

It provides for savings in the form of rescission totaling $12.7 billion compared with $15.1 billion recommended by the administration.

The $21.8 billion of supplemental appropriations requested by the administration have been reduced to $18.6 billion.

It extends the present continuing resolution from June 5 to September 30. Without an extension to the continuing resolution programs under four major appropriations bills—Labor, HHS, and Education; Treasury-Postal Service; legislative; and foreign assistance—would be without financing after midnight, June 5.

LEGISLATIVE HISTORY OF THE BILL

Mr. Chairman, before I refer further to the contents and the key features of this bill, it is necessary for me to explain how this bill, H.R. 3512, got to the floor instead of H.R. 3400 which was reported by the Appropriations Committee on April 30.

From early on this year your Appropriations Committee has sought to consider the necessary supplemental requests and savings proposals of the administration. This job has not been easy. Hearings were held immediately after the submission of the formal budget requests in March. Eleven subcommittees marked up their bills prior to the Easter recess. Since the Defense Department justifications were delayed by approximately 1 month, their markup session was postponed until April 27 and 28. On Thursday, April 30, the full 55-member Appropriations Committee ordered reported H.R. 3400—the supplemental-rescission and further continuing resolution bill for 1981. An accompanying report was filed with the House, House Report 97-29. A request was placed before the

Rules Committee for an appropriate rule, and requests were made for speedy floor consideration with our counterparts in the other body in order to achieve timely actions.

After the Thursday vote on the Gramm-Latta amendment, controversy and confusion arose over the methodology and estimating techniques used to project Federal spending already authorized by previous acts of Congress which could jeopardize this bill. In order to alleviate any doubt about moving this bill to the floor quickly the committee held an emergency meeting last Thursday afternoon and directed me, as chairman, to introduce another bill with two changes which, we were told, would guarantee its swift consideration. Those two changes were:

First, an amendment to conform the rate of inflationary increase projected for the Department of Defense to 8 percent, an amount consistent with OMB budget guidelines. This change reduced the rate of increase for the Pentagon by $500 million included in the bill during markup by our Defense Subcommittee.

Second, the Subcommittee on Energy and Water suggested that three general provisions contained in the bill relating to the Nuclear Regulatory Commission be stricken.

The committee, by adoption of a resolution, directed me to introduce a new bill containing all other aspects of H.R. 3400, and reflecting all of the legislative history contained in the accompanying report, House Report 97-29. This new bill, H.R. 3512, is the bill we place before you today.

BILL TOTALS

In total, the bill is $780 million below the administration's request for fiscal year 1981. The bill before us today includes:

Supplemental appropriations totaling $18.6 billion. In total, the committee has approved 350 supplemental appropriations. This reflects 86 percent of the amounts requested by the administration. This restraint has allowed the committee to achieve savings of $3.1 billion below the President's request.

Rescissions of previously appropriated funds of $12.7 billion. In total the committee approved in whole or in part 95 of 123 rescissions proposed by the administration. Furthermore, an additional 16 new rescissions were found which combine to achieve savings equal to 84 percent of the amount proposed by the administration; 17 of the rescissions proposed by the administration were converted to deferrals totaling $839 million.

Deferrals of budget authority. The committee has sustained 61 deferrals proposed by the administration, totaling some $5 billion, and disapproved only 12 items totaling $470 million while simultaneously initiating 20 new deferrals not requested by the administration totaling some $966 million in additional savings.

This bill reflects fiscal restraint, although I am convinced there must be a move now in meeting our economic and financial problems. Present conditions dictate this. Further, though there are many things we must do, two stand out as being absolutely necessary, if we are to prevent a breakdown.

First. We must stop increasing the interest rates, now at approximately 18 percent.

Second. We must review and at least suspend nonessential restrictions, Federal and State, in all cases where we prohibit the undesirable as against the downright dangerous, where there is substantial evidence of danger to human health.

On the first, all students of the problem of inflation are familiar with the relatively uncomplicated theory that inflation is caused by too much money chasing too few goods. There is some merit to such a description, but despite the fact that the Appropriations Committee has kept appropriations bills below the Presidential budget recommendations 36 years out of the last 37, our national debt is around $900,000,000,000, on which we have to pay the higher interest, and our national obligations are in excess of $10,000,000,000,000. All this is hanging over our financial heads; 58 percent of our laws have built in indexing to add inflation to offset inflation, these laws, providing for "entitlement," make this squeeze on money unworkable and dangerous.

My experience convinces me that if we worked to keep interest rates reasonable, and the Environmental Protection Agency, and its counterparts in the 50 States had limited themselves—the law permitting—to those things dangerous to human health—instead of going all out to eradicate the merely undesirable, we would today be using coal, would have developed our own oil and other sources of power and would not be dependent upon the OPEC countries and thus less involved in a dangerous world.

While we all agree that we must move toward a balanced budget, it is my view that the major problem is to increase productivity, production, and income. To do that, we must eliminate many regulations, restrictions, and other actions which we wrap around ourselves, and which slow industry down. We should also restrict imports of that which we produce, at least to the point of striking favorable trade balance with the country of origin.

Balance means that—income-outgo—and this balance must be at a high level so as to support a sound economy. The best we can hope for is to level off. To do that we must restore economic growth by increasing production of American goods.

BILL HIGHLIGHTS

Mr. Chairman, under leave to revise and extend I include in the RECORD at this point a summary of major supplementals and rescissions included in the bill:

Supplemental appropriations:	
Mandatory pay costs	$5,919,141,000
Food stamp program (contingent upon authorization)	1,204,600,000
Veteran's entitlement programs	1,195,840,000
Mandatory payment for civil service retirement	513,007,000
Defense items	6,022,844,000
Continue operation of Conrail	300,000,000
Strategic Petroleum Reserve:	
Appropriation	430,000,000
By transfer	875,000,000
1982 Advances	3,883,408,000
Student financial assistance	661,000,000
Operating capital for GSA supply fund	150,000,000
Military construction including family housing	221,402,000
Continue operation of Federal crop insurance	192,181,000
Savings from previous appropriations:	
Subsidized housing programs	−5,219,104,000
EPA waste treatment grants	−1,700,000,000
Postal Service subsidy	−250,000,000
Various energy programs	−1,757,157,000
Biomass energy development	−921,500,000
Labor programs	−234,475,000
Health and Human Service programs	−533,629,000
Education programs	−785,891,000
Veteran's construction	−162,160,000
Rehabilitation loan fund	−110,856,000
Ecomonic development program	−181,350,000

NECESSITY FOR SPEEDY ACTION

Mr. Chairman, the necessity for speedy legislative action on this bill continues to be imperative. Under the provisions of title X of the Budget and Impoundment Control Act, the President must make funds available for obligation 45 days after he has proposed them for rescission if both Houses of Congress have not acted. As my colleagues may know, the largest package of rescissions pending before Congress, 81 in number, totaling $11.1 billion, is due to be released on May 17.

Remember this is a fiscal year 1981 bill, and almost 8 months of the fiscal year are behind us. Good financial management demands that we give the departments and agencies not only adequate resources to do the job, but the time to do it economically. There are funds in this bill to provide for veterans readjustment benefits, the VA insurance and indemnity fund, the hazardous waste/superfund program, maintenance of forest roads by the Department of Interior, and authority to continue filling the Strategic Petroleum Reserve.

Finally, I do not have to remind the Members of the closing days of the 96th Congress when late into the night we passed a continuing resolution through June 5, 1981. We were forced to take this action when the Senate did not pass needed appropri-

ations for three of our bills: Treasury, Postal Service and General Government; Labor, Health and Human Services and Education; and the legislative branch. In addition, with certain exceptions, the continuing resolution also provides funding for the Foreign operations bill at the fiscal year 1980 conference level.

As I indicated, funding for four of these appropriations bills will cease at midnight on June 5. It would be irresponsible not to provide for the orderly operations of these programs. We must pass this bill so that the Senate Appropriations Committee may act later this week so that the bill may be considered next week before the Memorial Day recess. We must then go to conference and send it to the President by June 5. There is no room for slippage in the schedule.

DEFENSE SPENDING

This bill provides the first phase of increased appropriations for the Department of Defense under the President's plan. It is, in a very real sense, a downpayment on the fiscal year 1982 bill.

Over the past few weeks we have heard a lot of debate on the need for increased military preparedness, for a stronger, and more flexible defense. As chairman of the Appropriations Committee I want to insure all my colleagues that your committee will review defense requirements and provide appropriations when required. The committee, however, must question the effectiveness of adding high sums of money to any area of the budget, including defense, in a relatively short period of time without detailed justification. The committee has the responsibility to undertake to determine whether or not a dollar in value is received for a dollar expended. The committee will continue to raise valid questions of whether or not the Pentagon and the Nation's industrial capacity can effectively absorb such enormous increases.

COMPARISON TO THE RESOLUTION

Just last week this House passed and sent to conference an amendment to the ceilings contained in the second budget resolution for fiscal year 1981. Until a conference report on the budget resolution is adopted revising the budget ceilings for this fiscal year, this committee has had to exercise its best judgment in crafting a bill that both responds to the Nation's needs and reflects fiscal restraint. We have done that. I am informed by the ranking minority member, Mr. CONTE, that the author of the House-passed budget resolution (Mr. LATTA) has stated that this reported supplemental/rescission bill is consistent with the figures in his substitute amendments now working its way through conference.

Let me repeat the figures here. At the request of your committee, we have provided $18.6 billion of the $21.8 billion of supplemental appropriations requested. It provides savings in the form of rescissions of $12.7 billion compared with the request of $15.1 billion. It extends the continuing resolution for these four appropriations bills at the rate they now have for the remainder of the year following June 5.

So I say to the Members that I think we have to rely on those who know most about it, and that is the members of these subcommittees who deal with these subjects. And it is my judgment, although I would differ with many, many items in it, as I know the Members will, but it is much better to take the judgment of those who work with the subject, who know how to apply these cuts and these changes with a minimum of ill effect and a maximum of benefit.

So I shall expect each of the subcommittee chairmen to deal with their subjects as they come up here. The temptation to handle it myself, of course, is great, from one standpoint; but that is not the way to do it. So we have the result of the actions of those who do know, the Members are going to hear them discussed and defended by those who work with the matters on a regular basis and therefore know most about it. I submit this bill to the Members.

Under leave to revise and extend, I insert in the RECORD at this time the membership of the Subcommittees of the Committee on Appropriations, the people who know the most about the items in this bill and who made the recommendation contained therein.

SUBCOMMITTEES OF THE COMMITTEE ON APPROPRIATIONS

AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES

Jamie L. Whitten, Mississippi, Chairman.

Bob Traxler, Michigan; Bill Alexander, Arkansas; Matthew F. McHugh, New York; William H. Natcher, Kentucky; Jack Hightower, Texas; Daniel K. Akaka, Hawaii; Wes Watkins, Oklahoma.

Virginia Smith, Nebraska; J. Kenneth Robinson, Virginia; John T. Myers, Indiana; Jerry Lewis, California.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

COMMERCE, JUSTICE, STATE, AND JUDICIARY

Neal Smith, Iowa, Chairman.

Bill Alexander, Arkansas; Joseph D. Early, Massachusetts; Jack Hightower, Texas; Bernard J. Dwyer, New Jersey.

George M. O'Brien, Illinois; Clarence E. Miller, Ohio; Carroll A. Campbell, Jr., South Carolina.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

DEFENSE

Joseph P. Addabbo, New York, Chairman.

Bill Chappell, Florida; John P. Murtha, Pennsylvania; Norman D. Dicks, Washington; Charles Wilson, Texas; W. G. (Bill) Hefner, North Carolina; Bo Ginn, Georgia.

Jack Edwards, Alabama; J. Kenneth Robinson, Virginia; Joseph M. McDade, Pennsylvania; C. W. Bill Young, Florida.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

DISTRICT OF COLUMBIA

Julian C. Dixon, California, Chairman.

William H. Natcher, Kentucky; Louis Stokes, Ohio; Charles Wilson, Texas; William Lehman, Florida.

Lawrence Coughlin, Pennsylvania; Bill Green, New York; John Edward Porter, Illinois.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

ENERGY AND WATER DEVELOPMENT

Tom Bevill, Alabama, Chairman.

Edward P. Boland, Massachusetts; Lindy (Mrs. Hale) Boggs, Louisiana; Bill Chappell, Florida; Vic Fazio, California; Wes Watkins, Oklahoma; Adam Benjamin, Jr., Indiana.

John T. Myers, Indiana; Clair W. Burgener, California; Virginia Smith, Nebraska; Eldon Rudd, Arizona.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

FOREIGN OPERATIONS

Clarence D. Long, Maryland, Chairman.

David R. Obey, Wisconsin; Sidney R. Yates, Illinois; Matthew F. McHugh, New York; William Lehman, Florida; Charles Wilson, Texas; Julian C. Dixon, California; William H. Gray, III, Pennsylvania.

Jack F. Kemp, New York; Mickey Edwards, Oklahoma; Bob Livingston, Louisiana; Jerry Lewis, California; John Edward Porter, Illinois.

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HUD-INDEPENDENT AGENCIES

Edward P. Boland, Massachusetts, Chairman.

Bob Traxler, Michigan; Louis Stokes, Ohio; Lindy (Mrs. Hale) Boggs, Louisiana; Martin Olav Sabo, Minnesota.

Bill Green, New York; Lawrence Coughlin, Pennsylvania; C. W. Bill Young, Florida.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees, of which they are not regular members.]

INTERIOR

Sidney R. Yates, Illinois, Chairman.

Clarence D. Long, Maryland; John P. Murtha, Pennsylvania; Norman D. Dicks, Washington; Les AuCoin, Oregon.

Joseph M. McDade, Pennsylvania; Ralph S. Regular, Ohio; Tom Loeffler, Texas.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

LABOR-HEALTH AND HUMAN SERVICES—EDUCATION

William H. Natcher, Kentucky, Chairman.

Neal Smith, Iowa; David R. Obey, Wisconsin; Edward R. Roybal, California; Louis

Stokes, Ohio; Joseph D. Early, Massachusetts; Bernard J. Dwyer, New Jersey.

Silvio O. Conte, Massachusetts; George M. O'Brien, Illinois; Carl D. Pursell, Michigan; Bob Livingston, Louisiana; John Edward Porter, Illinois.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

LEGISLATIVE

Vic Fazio, California, Chairman.

John P. Murtha, Pennsylvania; Bob Traxler, Michigan; Adam Benjamin, Jr., Indiana; Norm Dicks, Washington.

Clair Burgener, California; Silvio O. Conte, Massachusetts; Jerry Lewis, California; Carroll A. Campbell, Jr., South Carolina.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

MILITARY CONSTRUCTION

Bo Ginn, Georgia, Chairman.

Tom Bevill, Alabama; W. G. (Bill) Hefner, North Carolina; Joseph P. Addabbo, New York; Clarence D. Long, Maryland; Bill Chappell, Florida; Bill Alexander, Arkansas.

Ralph S. Regula, Ohio; Clair Burgener, California; Mickey Edwards, Oklahoma; Tom Loeffler, Texas.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

TRANSPORTATION

Adam Benjamin, Jr., Indiana, Chairman.

William Lehman, Florida; Martin Olav Sabo, Minnesota; Les AuCoin, Oregon; William H. Gray III, Pennsylvania.

Lawrence Coughlin, Pennsylvania; Silvio O. Conte, Massachusetts; Jack Edwards, Alabama; Carl D. Pursell, Michigan.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

TREASURY-POSTAL SERVICE-GENERAL GOVERNMENT

Edward R. Roybal, California, Chairman.

Joseph P. Addabbo, New York; Daniel K. Akaka, Hawaii; Sidney R. Yates, Illinois; David R. Obey, Wisconsin.

Clarence E. Miller, Ohio; Eldon Rudd, Arizona; Carroll A. Campbell, Jr., South Carolina.

[The Honorable Mr. Whitten, as Chairman of the Committee, and the Honorable Mr. Conte, as Ranking Minority Member, are ex officio members of all subcommittees of which they are not regular members.]

Mr. BENJAMIN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Indiana.

Mr. BENJAMIN. I thank the gentleman for yielding.

Mr. Chairman, the Transportation Subcommittee's portion of this bill includes 34 different items plus increased pay costs. The net total of all the transportation requests, both program and pay, considered by the subcommittee was $900 million, and we are recommending a total of $780 million, a net reduction in new budget authority of $120 million, or about 13 percent.

The transportation program supplementals considered by the committee amounted to $772.8 million, and we are recommending a total of $688.1 million, a reduction of $84.7 million. Of the supplemental funding being recommended, about $410 million is for the continued operation and labor costs associated with the Consolidated Rail Corporation (Conrail). In addition, we are recommending $126.6 million in program supplementals for the Coast Guard. The remaining $151.5 million covers a large number of transportation related programs.

The committee also considered two transportation rescission requests amounting to $36.2 million. We are recommending three rescissions totaling $69.2 million, a further reduction from the President's request of $33 million.

With regard to pay cost increases, we are proposing total appropriations of $161.4 million, which is about $2.3 million less than requested.

To summarize, we are recommending reductions in new budget authority of $84.7 million in program supplementals, $2.3 million in pay costs and additional rescissions of $33 million, for a total reduction of $120 million.

Mr. Chairman, I support this bill and urge its adoption.

Mr. WHITTEN. Mr. Chairman, I ask my colleagues to go along with this committee on the basis that we had to act. This is the best that those who know the programs the best can do. We hope they will have the Members' support.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding, and I thank him for the work that he and his committees put into this report.

I have a question, several questions, about the bill as presented, and I just ask the gentleman, for a point of information, as to what form I should make my request. Should I ask it of the gentleman on the floor?

Mr. WHITTEN. May I ask, what is the subject matter?

Mr. ROEMER. It has to do with the Department of Energy in this bill.

Mr. WHITTEN. I would address the gentleman from Illinois (Mr. YATES) or the gentleman from Alabama (Mr. BEVILL), whichever Member might be affected.

Mr. ROEMER. I thank the gentleman.

The CHAIRMAN pro tempore (Mr. DOWNEY). The gentleman from Mississippi (Mr. WHITTEN) has consumed 11 minutes.

Mr. CONTE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the supplemental and rescission bill for 1981 is the first major piece of legislation in the President's economic program to come before this House.

While the budget resolution is an important expression of the general will of the House, and of the Congress, the fiscal activities of the Federal Government in the real world are based on revenue and appropriation laws. And it is with revenue and appropriations legislation that the President's economic program will succeed or fail.

This bill represents the best judgment of your Committee on Appropriations, and it deserves the support of the House as reported. Once we start to amend this bill, the entire package will come untied. I will strongly oppose any amendments, and I urge the Members to do likewise.

The bill before the committee totals $57.4 billion in supplemental appropriations, rescissions, deferrals, transfers, limitations, and loan authority. In making their recommendations to the full committee, our subcommittees considered some 590 individual items.

I know that the committee wants to know how the bill compares with the President's budget requests. There is no single answer to that question. I will have to answer it step by step.

We considered 407 individual requests for supplemental appropriations totaling $25.7 billion. We approved 334 requests in whole or in part, and initiated 19 appropriations that had not been requested, for a total of $22.5 billion, or $3.2 billion under the President's requests.

We considered 123 proposed rescissions totaling $15.1 billion. We approved 95 rescissions in whole or in part, initiated 16 rescissions, and converted 21 rescissions to deferrals. Rescissions in the bill total $12.7 billion, which is $2.4 billion over the President's requests.

The appropriations and rescissions, taken together, constitute the total of new budget authority provided in the bill, and are $780 million less than the total for appropriations and rescissions proposed by the President.

In addition, we converted $1.3 billion in rescissions to deferrals, which has the same effect as a rescission in reducing 1981 budget authority and outlays. However, the budget authority deferred will be available in 1982, and must be addressed by the Committee on Appropriations during consideration of the appropriation bills for 1982.

The bill also contains obligational authority in the form of transfers, increases in limitations, and loan authority, which taken together exceed the recommendations of the President by about $3 billion.

If all forms of direct and indirect obligational authority are taken together—appropriations, rescissions, deferrals, transfers, limitations and loan authority—the bill is about $1.3 billion in obligational authority over the amounts recommended by the President.

None the less, I support the bill, and urge my colleagues to do likewise.

The bill also extends the continuing resolution from June 5 through September 30. This extension provides continuing appropriation for Labor-Health, Human Services, and Education, Treasury-Postal Service, the legislative branch, and Foreign Operations.

As I pointed out in my statement, the committee converted 21 rescissions to deferrals. These deferrals will save budget authority and outlays in 1981, but the budget authority will remain available for obligation and expenditure in 1982.

In many cases we deferred, rather than rescinding, because the related authorization legislation has not been enacted. However, as a practical matter, the authorization legislation will not be enacted when we consider the 1982 bills, so we will face the same question again.

In my opinion, 1981 funds deferred, in lieu of rescissions, should be explicitly considered as part of our markup of the 1982 appropriation bills.

And in my opinion, OMB could properly amend its 1982 budget requests so that funds deferred would be deducted from the 1982 requests.

Where budget authority has been proposed for rescission by the President, the 45-day clock has been running, and in some cases may run out before this bill is enacted.

Where funds are proposed for rescission, or where the Congress has initiated rescissions, the OMB and the agencies should not obligate funds to such an extent as to preempt the legislative power of the Congress to rescind previously enacted appropriations, within or independent of the procedures in the Impoundment Control Act.

Finally, there has been considerable discussion on the point of what constitutes a "proper" supplemental. It is suggested that supplementals should not be requested for an appropriation previously denied by the Congress. While there may be fair questions of judgment involved, it is important to point out that the President has wide authority under section 3 of article II of the Constitution, which provides that—

He shall from time to time give to the Congress information of the State of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient.* * *

The Annotated Constitution of the United States comments on this clause that—

Today there is no subject on which the President may not appropriately communicate to the Congress, in as precise terms as he chooses, his conception of its duty.

In section 14(a) of title 31 of the United States Code the Congress has provided that—

The President from time to time may transmit to Congress such proposed supplemental or deficiency appropriations as in his judgment (1) are necessary on account of laws enacted after the transmission of the budget, or (2) are otherwise in the public interest. He shall accompany such proposals with a statement of the reasons therefor, including the reasons for their omission from the budget.

We are sometimes frustrated that agencies propose supplementals for previously denied appropriations, or where we can see no true urgency, but when questions are raised of legality and propriety, it is time to get back to fundamentals and read the applicable constitutional and statutory authorities.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to my good friend, the gentleman from New York.

Mr. PEYSER. I thank my friend for yielding.

Mr. Chairman, the question I want to raise—and I want to congratulate the gentleman in the well and the chairman on the proposal before us at this time—deals with the guaranteed student loan issue, which I noticed is addressed very fairly in this legislation.

As the gentleman knows, there are a number of the major financial institutions in the country right now who have been holding back on the approval of the 1981, September 1981, guaranteed student loans because they have expressed a concern that the Congress is not going to act in a way to provide the necessary funds to continue the program.

Now, my question to the gentleman is this: With this supplemental appropriation—assuming it passes, including the guaranteed student loan provision that is in the bill—this can be interpreted, certainly, as a clear signal to the financial institutions of the country that the Congress has committeed at least for the September 1981 year to move ahead. Is my understanding correct on that?

Mr. CONTE. The gentleman is absolutely right. We put in, I think it was, $103 million in the supplemental, and the gentleman is absolutely right. We are committed in 1981, and no changes.

Mr. PEYSER. If the gentleman will yield further, there is no need for any other action now, unless the Congress specifically wanted to pick out guaranteed student loans at some point and try to make a change in it; this is now going to be basically the law of the land, and the money is available for this program in September of 1981, and so the young people in our country, both under the Pell grant section and guaranteed student loans can move ahead knowing the money is going to be there.

Mr. CONTE. The gentleman is absolutely correct. Of course, we do not know what the Senate is going to do yet.

Mr. PEYSER. I am working on what the House legislation is.

I thank the gentleman for that statement.

Mr. CONTE. The gentleman is absolutely right.

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Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Peoria, Ill.

Mr. MICHEL. I thank the gentleman for yielding.

I want to commend the gentleman and his colleagues for what they put together here. I am reminded of those days when this Member was still on the Appropriations Committee working on rescissions. I think if my memory serves me correctly, whether it was President Ford or President Carter, our record for accepting the rescissions they proposed in years past was pretty miserable. In fact, about 15 percent acceptance has been our best record to date, while this bill goes along with approximately 85 percent of the Reagan rescissions.

So I have nothing but credit to give for that accomplishment.

There is another side of the coin, however, and it is important that we take note of it. What I am particularly concerned about is the impact on 1982 outlays. This bill provides a total of $4.2 billion more in outlays for 1982 than the levels assumed in Latta-Gramm; $3 billion of that add-on results from the decision of the committee to provide advance 1982 funding, on budget, for the Strategic Petroleum Reserve. As you will recall, both Latta-Gramm and the Senate budget resolution assume that this program will be financed off budget through the sale of bonds.

The remaining $1.2 billion by which the bill exceeds the budget resolution for 1982 is due basically to the rescissions that were not approved. For instance, the Labor-HHS-Education chapter reflects approval of only 45 percent of the proposed rescissions. Almost $1.6 billion were rejected. Over $1.1 billion of this falls in the education field, mostly in forward-funded programs that impact substantially on 1982 outlays. So by failing to go along with the full amount of rescissions now, we will in effect be committing ourselves to a spending level in 1982

that exceeds the budget resolution assumptions and which will be hard to reverse later on.

I should also reiterate, as far as 1981 is concerned, that if CBO estimates are used, we are in this bill either $200 million under the Latta-Gramm outlay ceiling or $300 million over, depending on whether the administration's, or CBO's, assumptions are used. We are, in other words, right at that ceiling, and it is my understanding that some future supplementals, totaling nearly a billion dollars, may be necessary for disaster relief and veterans' benefits. So there could be problems down the road.

Despite these problems, this is a reasonably good bill worthy of support. Hopefully the Senate, and ultimately the conferees, will work out changes necessary to more nearly reflect our action on the budget resolution.

Mr. CONTE. I want to thank my good friend.

Mr. WHITTEN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Maryland (Ms. MIKULSKI).

Ms. MIKULSKI. I thank the gentleman for yielding.

I would like to direct a question to the Chair of the Subcommittee on Human Services. My concern centers around the Public Health hospitals because I am concerned that there is the possibility that there would be an inadequate amount of time for proper evaluation related to the future of those hospitals.

Mr. Chairman, as I understand it, the committee is proposing to rescind $36.155 million in fiscal year 1981 funding for the Public Health Service hospitals and clinics. At the same time, the committee is proposing to appropriate $40 million in supplemental funds to the Assistant Secretary for Health to be used to pay costs associated with reduction or termination of various PHS programs.

Mr. NATCHER. Mr. Chairman, will the gentlewoman yield?

Ms. MIKULSKI. I yield to the gentleman from Kentucky.

Mr. NATCHER. The gentlewoman's understanding is correct.

Ms. MIKULSKI. In a number of cases, communities in which PHS hospitals and clinics are located, as well as other agencies of the Federal Government, are considering the possibility of taking over operation of a facility. The committee's report accompanying H.R. 3400 indicates that, should any community make a firm commitment to take over one of the hospitals, the committee will seriously consider a request for fiscal year 1982 funds to upgrade the facility for community use. Is it the intent of the committee to provide funds for conversion costs other than upgrading the facilities, such as startup and technical assistance?

Mr. NATCHER. The committee would seriously consider such a request, Mr. Chairman.

Ms. MIKULSKI. The committee's bill would authorize the Department to apply the $40 million supplemental appropriation toward reduction or termination of various programs of the service. Could the Department also apply these funds to the continued operation of facilities for which local communities, or other nondepartmental sponsors, made a firm commitment to assume responsibility?

Mr. NATCHER. Mr. Chairman, if the gentlewoman from Maryland would still permit me, I would like to say to her that the committee's intent is to give local communities a reasonable opportunity to assume control of the facilities. The supplemental appropriation should be used to implement this goal.

Ms. MIKULSKI. As the chairman well knows, local communities will need some guidance and some lead time in order to carry out a takeover of this kind. To this date, there has been no departmental clarification of what a firm commitment is, how a community would evidence it, or when the commitment is expected. Will the chairman assist us in obtaining further clarification from the Department on this point?

Mr. NATCHER. The committee will be pleased to be of assistance.

Ms. MIKULSKI. I thank the gentleman for yielding the time.

That answers the questions that I have on the Public Health hospital section.

Thank you.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Chairman, the Interior chapter includes supplemental appropriations of $871,327,000, a transfer of $875 million, and rescissions and deferrals of $1,487,690,000, for a net reduction in 1981 appropriations of $616,363,000. This is a reduction of $223,563,000 more than proposed by President Reagan. In addition, the bill includes $3,883,408,000 in 1982 appropriations for the strategic petroleum reserve. This is the 1982 budget request for that program. The subcommittee members felt, in view of the importance of this program, the administration and oil suppliers should know how much money is available for oil purchases for the Reserve as quickly as possible. The administration testified that if this information were known there was an excellent opportunity for entering into contracts in fiscal 1981 for 1982 delivery at a lower price than might be obtained if negotiations were to begin in 1982.

The administration had proposed supplementals of $1,571,971,000 for fiscal year 1981. This included $1,305,000,000 for the Strategic Petroleum Reserve, $152,800,000 for forest fire supplementals, $62,542,000 for Forest Service road construction, and $7,400,000 to initiate a royalty accounting system to insure the availability of accurate data of oil royalties due the United States from production on Federal and Indian lands.

The committee recommended those supplementals and added $15,900,000 to the Forest Service for roads and trails in order to permit salvage of timber damaged by the eruption of Mount Saint Helens last May.

In addition, the committee recommends that $875 million be transferred from the Solar and Conservation Reserve to SPRO for oil purchases. This was appropriated in the 1980 Interior appropriation bill. This reduces budget authority by the amount of the transfer and has no impact on outlays.

The committee had recommended $1,610,000 for work associated with life estates in the Navajo-Hopi joint use area. Information has been provided to the subcommittee that none of these funds will be needed in fiscal year 1981. At the appropriate time, I will offer an amendment to reduce the BIA appropriation by $1,610,000.

The committee also recommends $23 million for construction of sanitation facilities for Indian housing units which are under construction or planned for construction by BIA and HUD in fiscal year 1981, but without the central sanitation facilities.

Rescissions of $2,103,305,000 had been proposed by the administration. Of these, $1,718,624,000 were in energy programs and $362,948,000 were in Department of the Interior programs. The committee recommends rescissions and deferrals of $1,316,781,000 in the energy area and $167,964,000 in the Interior. This includes two rescissions not proposed by the administration which were initiated by the subcommittee, one for $108 million for the payments-in-lieu-of-taxes program and one for $1,900,000 for a domestic water pipeline program in South Dakota.

The committee rejected rescissions for the urban park and recreation program, the land and water conservation fund, the historic preservation fund, and the Institute of Museum Services because the action proposed by the administration came so abruptly that the different States and communities and organizations which had been counting on these programs did not have adequate lead time to prepare for their loss. The fact that States and communities are on different fiscal years and have different obligation patterns made the impact of these rescissions very uneven and inequitable in their application.

The President proposed rescissions of $250 million from the land and water conservation fund on March 17. In order to insure that those funds would be available, the Department of the Interior froze all LWCF obligational authority on February 18. This meant that $42.2 million in State assistance programs was frozen but not proposed for rescission. It meant that $29.6 million for Federal programs was frozen but not proposed for rescission.

Today, May 12, almost 3 months after the funds were frozen, they have still not been released for obligation. This action by the Secretary is just as much an impoundment as the proposed rescission. This is an abuse of the impoundment authority provided to the executive branch by the Budget Impoundment Act of 1974.

Those funds reserved but not proposed for rescission should be released for the purpose for which they were appropriated without fail. Further, the Secretary and OMB should provide assurances that this type of action will not recur.

ENERGY PROGRAM RESCISSIONS

The committee recommends the proposed rescission of $300 million for engineering feasibility studies and cooperative agreements. This is discussed at page 144 of the report. Over 100 projects had already been funded in the summer of 1980. The intent of the committee in providing these funds has been met. This is shown by the fact that the Synthetic Fuels Corporation has received 60 or more proposals for their review and possible financing and the Department of Energy has received many proposals for alcohol fuel and urban waste facilities.

The committee recommends deferral of $60.5 million for fossil energy R. &. D. rather a $65.9 million rescission as proposed by the administration.

For fossil energy construction the committee recommends a deferral of $224.4 million instead of a rescission of $246.9 million. The committee does not agree that liquefaction demonstration plants should be financed by the Synthetic Fuels Corporation. The intent of the Congress and the committee in establishing the Corporation was to encourage commerical production. Therefore, the committee recommends that $22.5 million be made available for the SRC-1 demonstration program in 1981 and recommends deferral of $137.5 million until 1982.

The committee also recommends deferral of $44 million for a high Btu gasification demonstration to permit the groups involved in the project to propose satisfactory financial arrangements.

The committee also recommends a deferral of $45.4 million for a medium Btu gasification demonstration in Memphis pending review of the project application by the Synthetic Fuels Corporation.

For energy production, demonstration, and distribution the committee recommends a deferral of $10.7 million instead of a rescission of $12.6 million. The rescission rejected—$2,500,000—will be available as a reserve to cover possible defaults from loan guarantee applications for coal mines and coal preparation facilities. This reserve would cover up to $21 million in loan guarantee applications currently under consideration by the Department.

For energy conservation the committee recommends deferral of $230.9 million instead of a rescission of $306.0 million. For the State and local conservation program, the committee recommends deferral of $42,500,000 rather than a rescission of $99,950,000 as proposed by the administration. This will leave $140 million for 1981 and the committee would anticipate a comparable level available for fiscal year 1982.

A rescission of $7 million for the weatherization program is rejected because this program is already running out of funds in some localities and will run out of funds completely during the summer.

For economic regulation the committee recommends a deferral of approximately $62 million rather than a rescission of $39,167,000. The proposed rescission was based on the announced intention of the administration not to provide a preimplementation gasoline rationing plan. Since authority for gasoline rationing expires on September 30, 1981, and there are not efforts underway to extend it, the committee agrees that there is no point in having the funds available. The committee does urge the administration to prepare a plan for response to an energy disruption emergency as quickly as possible.

The report language at page 149 expresses the committee's concern about the Department's proposed reduction in the compliance and enforcement programs of the economic regulatory program. This is a program of exceptional importance that the committee intends to provide adequate funds for in fiscal year 1982 in order to continue vigorous compliance and enforcement. The committee expects the Department to protect the Nation's taxpayers by taking steps to collect the billions of dollars of alleged overcharges and other pricing violations by the oil companies.

A rescission of $220.6 million for alcohol and biomass fuels is recommended in lieu of $521.6 as proposed by the President. The funds made available by this action would be adequate to establish a reserve for loan guarantees for alcohol and biomass fuel production facilities now under review by the Department. Since these reserves would not be used unless a failure occurs, there should be no outlay impact from the committee action.

The same rationale applies to a rescission of $195,900,000 for urban waste instead of $218.9 as proposed by the administration. The $23 million retained by committee action will provide a reserve to cover $67 million of loan guarantee for qualified urban waste energy production proposals.

The supplemental appropriation bill for fiscal year 1980 provided that synthetic fuels production funds appropriated to the Department of Energy should be transferred to the Synthetic Fuels Corporation on June 30, 1981, or whenever the Corporation became operational. It was anticipated that the Corporation would become operational before June 30. It is now obvious that this will not be the case. For that reason the committee recommends language that provides for transfer of the programs to the Synthetic Fuels Corporation when it becomes operational rather than on June 30.

The committee has developed a sound, balanced recommendation. I recommend its adoption and would urge that no amendments be offered.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Chairman, as pointed out in chapter IV of the report, H.R. 3512 provides for supplemental appropriations of $219,720,000 compared to the administration's request of $234,460,000. This includes provision in title II for pay costs of $63,720,000 compared to requests of $78,460,000. It also provides for rescission of $208,200,000 from previously enacted appropriations compared to the administration proposals of $460,642,000, and rescission of $1,254,045,000 in contract authority compared to the administration's reduction of $843,000,000. The bill provides for deferrals totaling $298,317,000 compared to the administration's proposed deferrals of $45,800,000. Title IV would continue funding for the Clinch River breeder reactor demonstration project under the terms of the continuing resolution pending resolution of the project status in authorizing legislation.

As shown on page 109 of the report, the bill would reduce fiscal year 1981 outlays by $43,000,000 compared to the administration proposals.

In several cases, the administration's proposals to rescind funding require action by legislative committees to change existing laws. The subcommittee recommendations provide for deferrals rather than rescissions in these cases, to stop the obligation of funds and reduce Federal expenditures, but give Congress the opportunity to

review further these reductions in connection with the 1982 bill.

In chapter IV of the bill, we are recommending supplemental appropriations of $92,000,000 for the Department of Energy which is the same as the request, although we have recommended some changes in the details. These funds are needed for atomic energy defense activities, and to offset a shortfall in estimated revenues from the sale of certain products.

The administration's rescission proposals for the Department of Energy reflected program increases of $73,934,000 and decreases of $242,076,000, for a net reduction of $168,142,000. The bill provides for rescission of $80,412,000 and deferral of $215,517,000 in order to give the legislative committees adequate time to recommend appropriate changes. These deferrals will be taken into account in the committee's recommendation for fiscal year 1982 appropriations. We are also recommending rescission of $1,254,045,000 in contract authority for which no rescission proposal was received although administration budget documents indicate an intended reduction of $843,000,000.

H.R. 3512 provides for the disapproval of a proposed deferral of $10,000,000 from atomic energy defense activities. This deferral involves a small saving which would be very disruptive to the program and ultimately more costly. Accordingly, we have recommended that this deferral be disapproved. To offset any fiscal impact, we have recommended deferrals in other accounts which are considered to have far less programmatic impact. The chairman of the Armed Services Committee has written us in support of this action.

The bill provides $64 million for Corps of Engineers emergency flood control work and extraordinary maintenance requirements as requested by the administration. This includes $35 million to offset a shortfall in funding emergency work resulting from the eruption of Mount St. Helens in Washington, and $14 million to pay back funds borrowed from other projects for emergency dredging along the Texas gulf coast necessitated by Hurricane Allen. It also includes $15 million for additional dredging on the Mississippi River and its tributaries during low water conditions experienced this past winter.

The bill provides for the transfer of $1.3 million to the water and power resources service general investigations program from the construction program. The proposal would provide for installation of a second wind turbine generator at Medicine Bow, Wyo., as part of the wind hydroelectric energy project. This unit would be furnished by the DOE and NASA in exchange for wind program technical data, engineering services, and test data.

The subcommittee recommendation rescinds $10,000,000 for the Nuclear Regulatory Commission and reallocates staff internally to focus attention on the need to license nuclear powerplants. The provisions of House Report 97-29 continue to apply in regard to the rescission and other matters in H.R. 3512. Currently, there are 12 nuclear powerplants that will be finished in 1981 and 1982 but will not be licensed because the NRC will not have completed either its staff work or its public hearings on these plants. The impact on electric ratepayers will be nearly $3 billion. These steps by the committee will have no impact on nuclear safety.

Mr. Chairman, over the past 3 years, a major problem has been allowed to develop by the Nuclear Regulatory Commission that potentially affects everybody that pays an electric bill in this country. This problem is the failure to license nuclear powerplants at the time they complete construction so that they may provide electricity. This has come about for a variety of reasons, some past, some continuing. The accident at Three Mile Island has been used as an excuse by the NRC for more than 2 years now. Unresolved safety matters and the question of "how safe is safe enough" persist in the minds of many as adequate reason not to proceed with nuclear licensing, in spite of the fact that a total of more than 70 nuclear powerplants have operated safely for a total of 1,600 reactor-years without a single loss of life due to nuclear cause in the utility industry.

The time has come, however, when the excuses the Nuclear Regulatory Commission can use have run out. In 1981 and 1982, 11 nuclear plants will complete construction and meet all NRC safety criteria but will not be granted an operating license because the NRC has either failed to complete the staff reviews necessary or the public hearings conducted by the NRC will not be completed. In spite of the fact that these plants, which have been under construction for 10 years or more, have been constructed under NRC supervision and inspection in accordance with a construction permit granted by the NRC and after a detailed and stringent supplemental safety evaluation report and environmental impact statement prepared by the independent NRC staff, and the Advisory Committee on Reactor Safeguards has reviewed it, there still are people who choose to delay licensing through a variety of procedural steps at the hearing stage that are intended only to obstruct the licensing process rather than improve the safety of the plants themselves. This delaying process was recognized by the NRC Special Inquiry Group in its report to the Commissioners on Three Mile Island (1979):

> We have no illusions about the fact that the "hidden agenda" of many intervenors who ostensibly press numerous technical points is really to stop the plant from being built by causing protracted delay in the licensing process. We recognize that citizen and public interest groups generally have not been and will not be interested in very many genuine technical reactor safety issues, particularly in individual licensing proceedings.

Because the NRC has failed to allocate sufficient staff to the licensing activity, the committee directed that sufficient staff be committed to this process. In addition, since the Commission has failed to provide adequate guidance to the Atomic Safety Licensing Board and its hearing panels, the committee in H.R. 3400 proposed three general provisions intended to better focus the scope of the public hearings on genuine substantive and environmental issues. These provisions would have eliminated duplicative and redundant consideration at the operating level hearing stage of issues already resolved, would have raised the threshold for admission of contentions by intervenors and would have limited the ability of hearing examiners to raise issues not placed in contention by intervenors. Each of these were contained in a report from the Nuclear Regulatory Commission dated March 12, 1981, to the Appropriations Committee and the need for reforms such as these were examined in detailed hearings conducted by the committee. The Commission itself recognizing this problem of hearing delays, has under consideration rule changes similar in nature to several of the committee's legislative proposals.

The Appropriations Committee felt it was essential to proceed expeditiously with these changes in light of the seriousness of delays and the potential $3 billion annual cost that will continue through 1982 due to the absence of operating licenses for 11 impacted plants. Furthermore, the record of the authorizing committees in reporting legislation and getting it finally signed into law has been spotty. The fiscal year 1980 NRC authorization was not signed into law until 9 months through that fiscal year. The NRC authorization for the current fiscal year has not been reported out of the House committee, 8 months through the fiscal year. The Energy and Commerce Committee markup of the fiscal year 1982-83 authorization was recently canceled. The Interior and Insular Affairs Committee reported H.R. 2330 without any proposals to address licensing delays. It was with this in mind that the committee proposed three limiting provisions legislation to address this critical issue.

In testimony before the Rules Committee, Chairman DINGELL of Energy and Commerce and Subcommittee Chairman OTTINGER agreed to hold a

markup of the NRC authorization by May 27, 1981, for fiscal year 1982-83 and Mr. OTTINGER committed before the Rule's Committee to support the Broyhill amendment on interim licensing. It is presumed this also represented a commitment on the part of Committee Chairman DINGELL to actually report out legislation so that the House may have an opportunity to address the licensing delays in a timely fashion consistent with the urgency of the problem. Chairman UDALL further informed the Rules Committee that he intended to report legislation to address overall nuclear policy and allow the House to consider it. These steps would partially address the licensing delay problem.

In view of the commitments made by the chairmen of the authorizing committees to substantively address and report legislation in the time period proposed, the Appropriations Committee acted to withdraw its provisions from the Supplemental Appropriations and Rescission Act. The committee intends to carefully monitor progress in this area and will not hesitate to propose measures at any time necessary to assure that the NRC conducts its responsibilities, including its licensing responsibilities, in an efficient and effective manner.

The committee recommends a combined rescission and deferral of $40 million in fiscal year 1981 for the Appalachian Regional Commission instead of the $120 million rescission and deferral proposed by the administration. The objective is to phase down the ARC gradually rather than cut it off entirely. This will allow the congressional authorizing committees the opportunity to consider changes that may be needed in the ARC program and will allow the State and local governments time to assume part of the ARC's funding responsibility.

The major issue before the committee for the Tennessee Valley Authority is the proposed coal gasification plant planned by TVA. The administration proposed to rescind $177 million—all remaining funds from the plant. The committee recommendation agrees to rescind about half of these funds, or $85 million and provides $50 million for fiscal year 1981. An additional $42 million is deferred until fiscal year 1982. These funds will be used to continue detailed design, site preparation and long-lead procurement. All additional funding will be provided by private sector sources. All Federal funding provided—a total of $125 million—will be paid back from revenues first before any other costs are paid off. It is essential to proceed with this plant because it will be the first and largest commercial-size coal gasification facility in the United States.

The bill provides for the rescission of $500,000 as a general reduction from TVA as requested by the administration.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. BEVILL. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding.

In the rescissions or deferrals for contracts, are there any rescissions or deferrals on matters or projects that have already been let out.

Mr. BEVILL. Yes. That is why the Appropriations Committee took the position that it did. Where there were rescissions requested but obligations pending, we substituted deferrals for rescissions.

In other words, there are enough deferrals to at least take care of obligations that the Government may be committed to, not just cut the money off and leave those items hanging.

This also gives the authorizing committees the opportunity to act on these matters, so that they will get input into these decisions.

Mr. KAZEN. Can the gentleman tell me if that is the situation in all chapters in the bill?

Mr. BEVILL. I can say only that it is the fact in chapter 4 which the Subcommittee on Energy and Water deals with.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. BEVILL. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

Let me ask if I understand correctly, the gentleman refers, I think, to the Department of Energy and the general administration addition of $41 million there. That is not an addition as I understand it. That is to make up a shortfall in sales. Would the gentleman explain that again?

Mr. BEVILL. Yes, there was a shortfall in revenues which are applied to offset these costs. We had a cancellation of a sale of some special nuclear material that we thought would go through. It did not and we did not get that money. Also, there was a labor dispute at the "N" reactor, resulting in a revenue loss of $24.6 million.

Mr. ROEMER. Mr. Chairman, if the gentleman will yield further, is it not true that this supplemental increases the money spent by the Department of Energy for overhead and administrative costs by $41 million?

Mr. BEVILL. The gentleman is correct. However it merely restores these functions to the levels provided in the fiscal year 1981 bill. Otherwise, they would not be able to carry out these functions, even at the reduced levels being proposed by the new administration.

Mr. ROEMER. I thank the gentleman.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to the gentleman from New Mexico (Mr. LUJAN).

Mr. LUJAN. Mr. Chairman, I thank the gentleman for yielding.

I intend to offer an amendment later on regarding the rescission on payment in lieu of taxes.

On page 57 of the bill there is $108 million rescission for payment in lieu of taxes. Now this payment in lieu of taxes is considered sometimes to be a western issue. But let me tell the members of this Committee that every one of the 50 States receives some money under this program. The rationale under which this rescission is being promoted is that because of the windfall profit tax the income to the States will increase substantially.

The income to the States has increased by about 10 percent so that if we were being logical we would take 10 percent off the payment in lieu of taxes.

This particular rescission was not recommended by the administration. They talked about looking at the program for 1982. But for 1981, the need continued to be there. There are cities and counties in every single State that receive money from this payment in lieu of taxes.

Let me point out that the administration did not make the recommendation for rescission during 1981. They were making recommendations for 1982 and the Appropriations Committee jumped the gun and said, if they are looking at it for 1982, we might as well move right on ahead with 1981.

I think it is a serious error on the part of the Appropriations Committee to include this rescission at this time.

There are some counties in my State that count on payment in lieu of taxes for 30 to 40 percent of their entire budget. That is not peculiar to my State. Most of the cities and counties that receive payment in lieu of the taxes are in the same predicament.

Mr. Chairman, I would like to submit a State-by-State list which demonstrates my point.

IN LIEU OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT: STATE TOTALS

[Public Law 94-565 as amended (31 U.S.C. 1601) fiscal year 1980

State	Entitlement acres	Payment
Alabama	717,073	$114,447
Alaska	87,082,812	4,079,527
Arizona	28,039,067	7,613,690
Arkansas	3,210,640	1,657,682
California	42,898,394	12,760,936
Colorado	23,374,562	7,507,361
Connecticut	6,612	4,862
Delaware	6,641	4,846
District of Columbia	6,816	5,035
Florida	2,077,792	2,038,497
Georgia	1,236,429	780,160
Hawaii	47,513	38,201
Idaho	32,493,128	6,707,865
Illinois	431,385	322,101
Indiana	294,240	314,577
Iowa	171,739	126,783
Kansas	540,713	347,487
Kentucky	1,068,922	736,003
Louisiana	706,768	134,302

IN LIEU OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT: STATE TOTALS—Continued

[Public Law 94-565 as amended (31 U.S.C. 1601) fiscal year 1980

State	Entitlement acres	Payment
Maine	72,452	50,794
Maryland	39,569	144,815
Massachusetts	31,753	156,502
Michigan	1,995,210	1,609,278
Minnesota	2,900,306	1,474,132
Mississippi	1,492,769	426,789
Missouri	2,034,623	1,030,016
Montana	27,092,106	8,078,067
Nebraska	492,320	328,876
Nevada	56,918,303	5,200,468
New Hampshire	711,082	297,144
New Jersey	47,569	158,024
New Mexico	22,315,846	9,589,751
New York	140,733	195,824
North Carolina	1,600,089	894,494
North Dakota	1,714,762	571,552
Ohio	283,289	420,170
Oklahoma	1,349,003	784,538
Oregon	28,948,259	2,831,037
Pennsylvania	639,785	493,893
Rhode Island	5	1,475
South Carolina	728,246	98,834
South Dakota	3,002,907	2,019,329
Tennessee	1,107,804	651,196
Texas	2,368,017	1,301,686
Utah	32,784,858	8,146,654
Vermont	272,464	135,081
Virginia	2,100,241	1,465,504
Washington	11,307,013	1,454,578
West Virginia	1,087,279	797,407
Wisconsin	1,325,487	734,987
Wyoming	29,523,146	6,550,736

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding.

While I have sympathy with the gentleman's position as regards the payment in lieu of taxes for Federal lands in the gentleman's area of the country, I would like to point out the grave inequity that exists because we have similar situations in my State for which there is no payment in lieu of taxes made.

□ 1330

One particular problem in the New York City area is that we have a great many foreign consulates and properties that are exempt from taxation only because of national policies, and we have been seeking for many years to get payments in lieu of taxes for them.

Mr. Chairman, I object to the inequity of having the Federal Government make huge payments to Western States to compensate for holdings of tax-exempt public lands, while at the same time the Federal Government neglects to compensate other areas of the counrtry in which Federal activities severely deplete dwindling municipal tax bases. For one example, many localities in the United States—the heaviest concentration of which are in the Northeast—are financially burdened with a great number of tax-exempt properties owned by foreign representatives living in the United States. These local governments are being asked to pay the cost of services rendered to tax-exempt representatives of foreign governments without any compensation from the Federal Government which has provided this tax-free privilege to these foreign representatives.

In the city of New Rochelle, N.Y., which is located in my congressional district, the total assessed valuation of properties located in that city exempt because of foreign diplomatic ownership is $943,050 which represents a rather significant portion of New Rochelle's total assessed valuation of $390,404,777. If taxes were being levied on these properties, New Rochelle would receive an additional $41,216 to finance its essential services. The school district would receive an additional $66,334 and Westchester County would collect an added $18,700. Similar losses exist throughout my district.

I have joined my colleague from New York (Mr. LENT) in sponsoring legislation, the Real Property Tax Compensation Act of 1981, which directs the Secretary of the Treasury to reimburse municipalities like New Rochelle an equal amount of the real property tax revenue that the community would have received during the previous calendar year had these taxes been collected.

This same reimbursement principle for tax-exempt properties which we are proposing in this legislation and which exists with regard to payments in lieu of taxes for Federal land holdings should also be applied to Federal office buildings, post office buildings, and other tax-exempt installations.

It is my understanding that the administration is drafting legislation to revise the payments in lieu of taxes program. I intend to work with my colleagues to assure that the compensation principle which exists for Federal lands is equitably applied to all properties, buildings, and installations which are tax exempt as a result of an action by the Federal Government.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Mr. Chairman, I very much appreciate the gentleman from Massachusetts yielding this time. I do not want to be misunderstood in my remarks by anyone thinking that I am taking to task the Appropriations Committee.

Mr. Chairman, in recent years I have been disturbed over instances of bypassing the authorization process when considering annual appropriations legislation on the floor, reportedly in the interest of expediency.

I really think this comes from the Rules Committee, and not the various legislative committees, that seek this process. While admittedly this has been infrequent in the area of national defense, it is disturbing to witness yet another example of granting a rule waiving the requirements of section 138, title 10, United States Code, and the attendant House rule, which require that defense appropriations be preceded by authorization legislation.

In considering the fiscal year 1981 Department of Defense supplemental authorization request, the Armed Services Committee and several subcommittees devoted considerable time to a review of the programs and to markup sessions in order to report the supplemental request in a timely fashion. Indeed, on April 24 a letter signed by the chairman and myself was sent to the Rules Committee requesting a hearing in order to get a rule to come to the floor for our supplemental bill.

In 1959 the Congress, in its wisdom, enacted into law the requirement that no funds may be appropriated in any fiscal year for the use of the Armed Forces or obligated or expended in several areas unless funds therefor have been specifically authorized by law. At that time the Congress considered it necessary that not just one, but two congressional committees in the House each year review the ever-increasing requests for weapons systems with their mounting cost and complexity. In my view, over the years the wisdom of Congress in requiring annual authorization prior to appropriations has been proven and additional authorization requirements have been mandated in the law.

Mr. Chairman, I recognize the need for enacting the supplemental legislation in a timely fashion, and I certainly support the President's efforts to enhance our military posture and readiness. However, I trust this inclination to overlook the authorization process will be reversed with the onset of the fiscal year 1982 military appropriations legislation. We must return to the traditional but necessary order of handling Department of Defense annual authorization legislation on the floor if we expect the oversight process to function effectively in considering annual military budgets that soon could approach half a trillion dollars of the taxpayers' money.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I will be very pleased to yield to my chairman.

Mr. PRICE. Mr. Chairman, I would like to say to the House and to the gentleman from Alabama that I am in complete agreement with the statement just made by the gentleman. I think we are in danger here of, rather than an expediency——

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. CONTE. Mr. Chairman, I yield 2 additional minutes to the gentleman from Alabama.

Mr. PRICE. I recognize that there are times that this would be the expedient way of handling a matter, and we have always cooperated. But, in the last few years it has become more than a mere emergency handling of

the situation. I agree with the gentleman 100 percent.

Mr. DICKINSON. I thank the chairman, and let me just say that sometimes there are urgent situations that might require exceptional handling, but I would submit this is not the case. We had finished the hearings and submitted a letter requesting a hearing on the 24th of last month. There would have been ample time in the meantime for our authorization bill to be considered and brought to the floor.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I would be very pleased to yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, I thank the gentleman. I fully agree with him that there should be authorizations, and it is only because of the urgency of the matter and the fact that the continuing resolution runs out June 5. Normally we do not mark up our appropriation bill until the gentleman's Armed Services authorization bill has passed the House because we feel that we need the authorization guidelines. In working on the pending appropriations supplemental, we did take into consideration much of the work the gentleman from Illinois and the gentlemen in the well have done and tried to stay within those guidelines as much as possible.

Mr. DICKINSON. I thank the chairman. As I said at the inception, this is at the doorstep of the Rules Committee rather than the Appropriations Committee, but we did act in a timely manner and it could have been handled and could have been handled prior to the appropriations process if the Rules Committee had seen fit to do so. We were not negligent; we were not late. We were ready, willing, and anxious to do so, and I would hope that we do not see a repeat of this in the future as appropriations bills come up, because without the authorization, we have got to get a waiver, which was granted in this case, by the Rules Committee.

Mr. ADDABBO. If the gentleman will yield further, I would hope that the gentleman's bill would reach the floor before we go to conference so that we will have those guidelines at that time. I hope that the regular order will be followed in the fiscal year 1982 bill.

Mr. DICKINSON. We finished the markup today.

Mr. WHITTEN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Chairman, I rise in reluctant support of this supplemental bill. It is a very strange supplemental. We have 13 subcommittees on the Appropriations Committee. Twelve of those subcommittees were asked to rescind $12 billion previously provided. In our Subcommittee on Defense Appropriations we were asked to increase the 1981 budget by $12 billion.

In the Defense Appropriation Committee, we carefully went over it line by line, and were able to save $1.7 billion. I believe we could possibly have done more if more time had been allotted to us, but we bring to you a bill today in which we are asked to appropriate $10.7 billion in the supplemental. We have made reductions of $1.7 billion, and we believe those cuts in no way affect our military readiness or in no way affect training. The reductions have been taken in areas where there was either waste or overestimation by the Defense Department.

So, we believe this is a good bill on balance. I would further say, Mr. Chairman, I would ask my colleagues to support the supplemental because the other 12 subcommittees have carefully looked at the rescissions. Most of the rescissions are less than those proposed by the administration. If this bill is not passed, then the deeper cuts proposed by the administration would go into effect.

I have been asked by some of my colleagues how the funds for the F-15 or F-16 aircraft could be used. Funds in this Defense Department bill are solely for the U.S. Air Force's use. The F-15's and F-16's will be solely for our Air Force use.

Mr. CONTE. Mr. Chairman, I reserve the balance of my time.

Mr. WHITTEN. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. TRAXLER).

Mr. TRAXLER. Mr. Chairman, chapter VI includes rescissions, supplementals and deferrals for the Department of Housing and Urban Development and some of the independent agencies that are part of the HUD-independent agencies appropriations bill.

The HUD subcommittee considered an administration request to rescind $7,441,200,031 in various programs. We recommended the rescission of $7,459,168,747—or about $18 million more than the administration proposed.

The administration also proposed a total of $1,421,057,000 in program supplemental appropriations for this chapter. After a number of selected increases and decreases, we are recommending $1,454,057,000, or an increase of $33 million.

In the area of deferrals, the administration proposed deferrals totaling $220 million. The committee has allowed deferrals totaling $102,528,000 and has overturned approximately $118 million of deferrals primarily in the area of veterans medical and construction programs.

Finally, the subcommittee recommended a pay cost amount of $349,693,000—or an increase of $34.6 million above the $315 million request. Again, this increase was primarily the result of action taken in connection with veterans medical care.

In total, then, the HUD subcommittee has recommended 99 percent of the rescissions, deferrals, and supplementals proposed by the President. Therefore, Mr. Chairman, I think we can be certain and I think everybody here can be certain that as far as the HUD chapter of this bill is concerned—we are clearly within the assumptions of the budget resolution.

Mr. CONTE. Mr. Chariman, I yield such time as he may consume to the gentleman from California (Mr. CLAUSEN).

Mr. CLAUSEN. Mr. Chairman, I rise to express my disappointment over the fact that the Rules Committee did not accede to our request to provide the kind of rule that would permit us to offer an amendment to restore funding for the payment-in-lieu of taxes provision enacted in 1976.

Mr. Chairman, as a long time proponent of the payment-in-lieu of taxes program, I would like to urge my colleagues to continue their efforts in conference committee to restore $108 million to the PILT program for fiscal year 1981. I would like to emphasize the point that the Congress already approved the $108 million for the PILT program as part of the Department of the Interior appropriations for fiscal year 1981 and that the Reagan administration did not request any rescission for this amount.

As a member of the Interior and Insular Affairs Committee and an original cosponsor of the payment-in-lieu of taxes program enacted in 1976, I believe very strongly that we cannot turn our backs on our commitment to the local units of government which depend on this program for their general fund operating expenditures.

As you may know, the concept behind the payments-in-lieu of taxes program is that local units of government should be compensated for the loss of tax revenues due to the Federal ownership of land and the burden of providing services to these lands such as fire, police, and roads.

The conditions which led to the establishment of the PILT program have not changed and the program has been one of the most successful programs ever enacted by Congress. PILT payments are made directly to the local units of government and, as such, represent an important revenue-sharing concept. At a time when this administration is cutting bureaucratic and regulatory inefficiency and fighting the battle against inflation and balanced budgets, we cannot justify cutting a program which operates with less than 1 percent overhead, no red-tape, and with local control. Many of our counties, particularly in the West, have very large Federal land hold-

ings—as much as 40-60 percent of their land. In an era of escalating costs of providing services to these lands such as fire, police, and roads, the burden of these Federal lands is intolerable.

To arbitrarily cut off payments to our counties at this time would not be responsible legislative action. The fiscal year is almost two-thirds of the way over, and many of our counties have completed the budgetary process for fiscal year 1981, basing their expenditures on previously committed PILT payments. These counties have no lower levels of government with whom to share the fiscal burden if PILT payments are suddenly terminated.

PILT is a Federal program which operates at the local level. It is not a categorical grant program, but a commitment by the Federal Government to pay property taxes on its land holdings. It is essential that we honor our commitment to this program and it is toward this effort that I urge my colleagues to work with the other body in restoring the original funding levels for this worthwhile program.

Thank you.

Mr. WHITTEN. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Chairman, chapter II of this bill was developed by the Subcommittee on Commerce, Justice, State, and Related Agencies, which I am privileged to chair. The full Appropriations Committee approved our recommendations and I ask the House to do likewise.

In this chapter of the bill, Members will notice that the administration requested rescissions totaling about $484 million, and new obligational authority of $296 million. We turned down about $191.3 million of the rescissions, but we offset most of that in this manner:

We found new things to rescind that they did not ask for, $92.9 million; and we reduced their supplemental requests by $68.5 million, so that in the end we have reached a reasonable accommodation, I think somewhere in the neighborhood of 84 percent of the total requests. But, we did it by making some shifts to a combination of programs that I think will better satisfy the needs of the country.

Most of the rescissions that we turned down were in EDA, where we found that moral commitments were made, and they would have to be violated. We did not think that was right, and so we have listed in the committee report those projects for which we found that moral commitments for funding had been made. The list also includes the amount for each project. EDA is expected to provide those applicants and those local communities the funds to go ahead with those projects.

Mr. Chairman, the Commerce, Justice, and State Subcommittee considered requests which would provide for a net decrease in budget authority of $187.9 million for these departments and agencies. This figure is comprised of requests for new budget authority of $103.4 million in program supplementals and $192.6 million in pay supplementals, and requests for rescission of enacted budget authority of $483.9 million. The subcommittee's recommendation would provide for a net decrease in budget authority of $158.2 million. This figure includes new budget authority of $59.8 million for program supplementals and $167.6 million for pay supplementals, and rescissions of budget authority totaling $385.6 million. Thus, the subcommittee's recommendations would provide for a net decrease in budget authority for these departments and agencies which is $29.7 million less than the administration's requests. In addition, the subcommittee considered requests for transfers of previously enacted appropriations totaling $29.6 million for program supplementals and $7.8 million for pay supplementals. The subcommittee recommends transfers of $46 million and $17.5 million for these items respectively. The subcommittee also considered requests for deferrals of previously appropriated funds totaling $257.9 million. The subcommittee recommends approval of $142.4 million of these proposed deferrals and disapproval of $129.6 million.

I would like to take a few minutes to explain the highlights of our subcommittee's recommendation in each of these areas.

PROGRAM SUPPLEMENTALS

The subcommittee considered requests for new budget authority for program supplementals totaling $103.4 million. The subcommittee recommends a total of $59.8 million in new budget authority which is a reduction of $43.6 million or about 42 percent from requests. The amount recommended by the committee includes $24.2 million to cover the remaining costs of processing the 1980 Decennial Census, $15.4 million for continuation of criminal justice statistical programs at maintenance level, and approximately $7 million for various fisheries support programs in the National Oceanic and Atmospheric Administration. The proposed reduction of $43.6 million includes $35 million for the Department of State. The subcommittee recommends that $35.1 million of the supplemental requirements for the Department, which include overseas wage and price increases and cost-of-living and comparability adjustments, be financed from the funds already appropriated in the regular fiscal year 1981 Appropriation Act, but withheld from obligation due to the 2-percent reduction for the Department in that act. In addition, the subcommittee recommends a reduction of $3.8 million associated with new allowances and benefits authorized under the Foreign Service Act of 1980. The subcommittee has included funds in the bill for danger pay and special incentive pay, but feels that the other new allowances and benefits can be deferred until fiscal year 1982. In addition, the subcommittee has not approved the request of the International Communication Agency for $11.9 million to liquidate outstanding obligations of the International Media Guarantee Fund. Because these funds represent what is essentially a bookkeeping transaction between two Government agencies, the subcommittee did not approve the request for new budget authority, but instead included language in the bill which would fully cancel the debt, including the notes outstanding and all accrued interest.

PAY SUPPLEMENTALS

The subcommittee considered requests for new budget authority for increased pay costs of $192.6 million. The subcommittee recommends a total of $167.6 million for increased pay costs, a reduction of $25 million or about 14 percent from the requests. These reductions are scattered throughout the various departments and agencies in the subcommittee's jurisdiction and reflect absorption of the cost-of-living increases that were granted to Federal employees earlier this year.

RESCISSIONS

The subcommittee considered requests to rescind budget authority totaling $483.9 million and recommends that $292.6 million of this amount be rescinded. The subcommittee's recommendation includes basically all of the administration's requests for rescissions for these departments and agencies except for $161 million for the Economic Development Administration $12.9 million for the public telecommunications facilities grants program and $17.3 million for various weather, fisheries, and environmental programs of the National Oceanic and Atmospheric Administration of the Department of Commerce. With respect to EDA, the subcommittee recommends a rescission of $181,350,000, thereby making available $161 million of the $342,350,000 proposed for rescission. The $161 million includes $140 million in "moral commitments" for projects tentatively approved before the rescission proposal was submitted and $21 million for grants to substate planning districts. With respect to the public telecommunications facilities program, the subcommittee recommends a rescission of $12.9 million which is 50 percent of the administration's request.

The subcommittee recommends $93 million in additional rescissions which were not requested by the administra-

tion. This amount includes $84 million for contributions to international organizations in the Department of State, which represents the fourth quarter payment for calendar year 1981 of U.S.-assessed contributions to most international organizations except the Inter-American organizations which would be permitted to go forward. The fiscal year 1982 budget request proposed a reduction in these payments as the first step in a 4-year process which would change the timing of these payments to more accurately reflect budgetary requirements. The subcommittee believes that this 4-year process can be accelerated and therefore recommends the $84 million rescission for this program in the accompanying bill. The subcommittee also recommends an additional rescission of $8.9 million for the Board for International Broadcasting. The $8.9 million represents the projected gain from purchases of foreign currencies for RFE/RL for the first three quarters of fiscal year 1981. Since these funds cannot be used for program purposes under current law, the subcommittee is recommending that they be rescinded.

TRANSFERS OF FUNDS

The subcommittee considered requests for transfers of funds for program supplementals of $29.6 million and recommends transfers of $46 million for this purpose. The increase of $16.4 million above the budget request in funds recommended for transfer is mainly due to the transfer of funds that were withheld from obligation due to the 2-percent reduction for the State Department in the fiscal year 1981 Appropriation Act. These transferred funds will offset the request for new budget authority to finance supplemental requirements for the Department of State. The subcommittee considered requests for transfer of funds to finance increased pay costs totaling $7,750,000 and recommends transfers totaling $17,500,000 for this purpose. The increase of $9.8 million above the budget request in funds recommended for transfer is due principally to funds available in the Space and Facilities account in the Judiciary that are not needed and can be used to offset the request for new budget authority to finance increased pay costs for the Judiciary.

DEFERRALS

The subcommittee considered requests totaling $257.9 million for deferral of previously appropriated funds. The subcommittee recommends approval of $142.4 million of these proposed deferrals and disapproval of $122.6 million. The amount for which the subcommittee is recommending disapproval includes $113.4 million for the direct and guaranteed business loan program of the Small Business Administration, $6 million for the surety bond guarantee program of SBA and $3.2 million in State and local drug grants which provide funds to multistate agencies to combat illegal drugs. With respect to the proposed deferrals for SBA, the subcommittee's recommendations of disapproval would restore the direct and guaranteed business loan programs and the surety bond guarantee program to the levels originally provided for fiscal year 1981. These levels of funding, which are $403.5 million for the direct business loan program, $4.5 billion for the guaranteed business loan program, and $30 million for the surety bond guarantees program, are essential in order to provide an adequate credit assistance program for small business. The subcommittee also recommends a deferral of $7 million for the Coastal Energy Impact Fund in the Department of Commerce. The administration had proposed a rescission of $40 million for this program. The subcommittee recommends a rescission of $33 million of this amount and a deferral of $7 million until fiscal year 1982.

Mr. WHITTEN. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma (Mr. JONES), chairman of the Budget Committee.

Mr. JONES of Oklahoma. Mr. Chairman, I take this time to notify my colleagues that when we get into the amendment process, I intend to offer an amendment to strike from the supplemental appropriations bill $3 billion that is appropriated for the fiscal year 1982 funding of the strategic petroleum reserve.

Last Thursday, when the House of Representatives voted on the first budget resolution, they voted on a substitute amendment that provided $900 million for the strategic petroleum reserve, and cut $3 billion from the strategic petroleum reserve. And so, the amendment that I will offer will conform the supplemental appropriations with the budget resolution that was passed by the House last week. It will conform with the budget resolution of the Senate, and I hope that those who voted for the budget resolution last week will be consistent 5 days later and vote to uphold what the budget resolution called for.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I am glad to get the time. Let me say to my chairman that I support his position. It is consistent with what we did last week, and it is consistent, as he has pointed out, with what the Senate approach to this problem is. We have been working with the administration to come up with a plan to take SPR off-budget. I think that is a proper approach, the proper way to go. If we go the other way, we are going to have an additional $3 billion on budget.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will be happy to yield to the gentleman from Illinois.

Mr. YATES. What kind of an off-budget scheme will the administration come up with? There were two schemes that have been proposed so far, neither of which is satisfactory. The gentleman is leaving for some indefinite time in the future the important matter of filling our strategic petroleum reserve. I think it is wrong not to act prudently and efficiently, in a businesslike manner, to provide the funds that are necessary to fill our strategic petroleum reserve. That is as much a part of national defense as buying a tank or buying a battleship or buying weapons for the Armed Forces, and I think the time is long past when we should fill the strategic petroleum reserve.

Our committee sees this time as an opportunity to go into the market, a soft market, and fill the strategic petroleum reserve. We are not spending the $3.8 billion in this fiscal year, but rather we are using a budget request of the administration, if you please, and moving it forward so that the strategic petroleum reserve administration can commit itself for long-term contracts to buy at the specially favorable prices at this time in order to fill the strategic petroleum reserve.

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Mr. Chairman, I think it would be scandalous—I really do—to delay until some time in the future action on an offbudget plan.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. LATTA) has expired.

Mr. WHITTEN. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Chairman, I would like to ask a question or two of the subcommittee chairman, the gentleman from Kentucky (Mr. NATCHER).

I would like to ask if there is language or a provision in H.R. 3400, now H.R. 3512, which would cause or provide for the closing of public health hospitals; and is it not true that it takes other congressional action to change the existing laws?

Mr. NATCHER. Mr. Chairman, if the gentleman from North Carolina will yield to me at this point, I would like to advise the gentleman that there is nothing in H.R. 3512, the bill that we have before the committee at this time, which changes Public Law 93-155 or which reduces the entitlement of merchant seaman to free care. These are matters, I would like to advise the gentleman from North

Carolina, that would have to go before the proper authorizing committees.

Mr. JONES of North Carolina. Mr. Chairman, I thank the gentleman very much for his response, and I have one more quick question.

What would be the position of the Committee on Appropriations of the House as to assistance if the municipal and State governments proceeded to take over and operate these public health hospitals?

Mr. NATCHER. Mr. Chairman, if the gentleman will yield further to me, I would like to advise the gentleman that on page 207 of the report that accompanies this bill the committee has indicated its willingness to consider additions to the 1982 appropriation to upgrade any hospital which a community has agreed to take over and operate.

Mr. JONES of North Carolina. Mr. Chairman, I thank the subcommittee chairman very much.

● Mr. ST GERMAIN. Mr. Chairman. I applaud the actions of the House Appropriations Committee for including the moneys for the National Consumer Cooperative Bank in this supplemental bill. The bank can now move a giant step toward self-sufficiency if the pending supplemental appropriations and rescission bill is approved by the House. The bill, as reported by the Appropriations Committee, rejects efforts to rescind funds, previously appropriated by the Congress, to provide seed money for the bank.

If the bank is assured the previously promised capital, it can move into the private markets for additional funds and start down the road to self-sufficiency as Congress intended when it created the bank in 1978.

The capital provided the bank is repaid with interest by the cooperatives as they borrow from the institution. Eventually, all capital will be repaid and the bank will become a totally self-sufficent private institution in the same manner as the entities of the farm credit system became private lending entities after returning every dime of the Treasury's capital.

Support for the Appropriations Committee's action is important not only for the millions of Americans who participate in consumer cooperatives, but to protect the Federal Government's interest in capital already provided. Repayment is assured if the bank is allowed to remain a viable institution capitalized at a level sufficient to expand its portfolio and attract private investors.

Although in operation only a year, the bank has already approved nearly $100 million of loans to a variety of locally owned, locally controlled cooperatives providing housing, food, and other consumer services. Interest in the bank has been phenomenal as consumers, faced with month after month of double-digit inflation, have seen cooperatives as a means of providing themselves choices and cost-cutting possibilities in the marketplace. Loans provided by the Co-op Bank promote self-help efforts by local people who work together in their own neighborhoods. Congress should support this local initiative and we are convinced that this type of bootstrap self-help will be all the more important when Federal assistance programs are curtailed and eliminated through budget cuts.

The National Consumer Cooperative Bank provides a highly cost-efficient means of developing economic activity at the local level. The need for the bank, which some questioned when the original legislation was before the House, has been proven and today there are hundreds of millions of dollars of loan applications filed by citizen-organized cooperatives in virtually every congressional district.

Mr. Chairman, the Self-Help Development Fund and Technical Assistance Office is an essential part of the National Consumer Cooperative Bank.

The $13 million provided by the Appropriations Committee for these functions is critically needed.

These moneys will perform two important functions:

First. Assure that newly developing cooperatives serving predominantly low-income persons will have a source of funds available. The Self-Help Fund is authorized to adjust terms for these co-ops and this has a special meaning for inner-city areas and depressed rural areas. This is very important now that other programs are being cut for these areas. It is a highly cost-efficient method of delivering credit to these areas. These are loans, not grants.

Second. The moneys also provided technical assistance for consumer cooperatives and this function helps protect the loans of the bank. It assures that cooperatives are set up on a business-like basis and that they have the technical know-how to meet the purposes of the cooperative. These are small sums, but highly important in protecting the investments of the bank.

Once again, Mr. Chairman, the self-help development program encourages local initiative in local neighborhoods and we should encourage such activity. This is a minuscule amount, but highly important to the bank and new co-ops across the Nation.●

● Mr. KEMP. Mr. Chairman, for the record, I would like to submit my observations concerning the supplemental appropriations and rescission bill for 1981.

With the passage of the Reagan bipartisan budget last week, Americans can look forward to renewed economic growth and opportunity. That budget reflects a vision that was shaped and is shared by an impressive majority of this House. We have reconciled our differences to join President Reagan in his efforts to forge a new beginning for our great country. We can be proud of our work.

Now the time has come to turn to the line items that will comprise phase 1 of the Reagan bipartisan budget we worked so hard to produce. This is the task that commands our attention as we take up consideration of the appropriations bill for new budget authority for this fiscal year.

Here, too, the work of the Appropriations Committee has proceeded with much the same spirit of teamwork that accompanied the passage of the first budget resolution. The President requested $21.8 billion in new budget authority and proposed $15.1 billion in rescissions for fiscal 1981. The committee has recommended $19.1 billion in supplemental appropriations and $12.7 billion in rescissions, reflecting a net difference of only $300 million from the President's request, but a significant $9.1 billion net drop below the proposals submitted by the Carter administration in January of this year. This stark departure from the "business-as-usual" approach to the affairs of Government is a welcome and salubrious development.

These spending cuts have not been easy for us to adopt. We have debated long and hard over these recommendations, sometimes relenting against our wishes, sometimes pressing for alternative decisions, but finally reaching accommodation.

But I would be less than candid if I pretended to be satisfied with all of the marks reflected in this bill, or if I said that I thought the bill contained the best possible set of recommendations we could issue.

Frankly, it disturbs me to see $1.6 billion slashed from the President's request for our Nation's defenses, while the committee on its own initiative would expand the loan guarantee authority of the Export-Import Bank $500 million to provide more Federal subsidies for export businesses. I am opposed to this and hope it can be corrected. I do not understand why the committee decided to donate $540 million to the World Bank for soft loans to developing countries, while at the same time we are cutting back on all phases of domestic social programs and asking Americans to do without.

I have strong reservations concerning the committee's recommendations on defense spending. At a time when our strategic forces are growing steadily more vulnerable, the committee recommends that we defer funding for the MX missile system, and that we eliminate money for related ballistic missile defense. The committee has cut back funding for particle beam research, while the Soviet effort in this area continues to expand. Our theater

forces in Europe are in desperate need of modernization, yet the committee has cut all procurement funding for ground-launched cruise missiles and has cut back funding for Patriot air defense missiles planned for deployment in Europe.

An additional complication arose when the Congressional Budget Office determined that the outlays contemplated by this bill potentially could exceed the limits set by the budget resolution. Although OMB disagreed sharply with CBO's assessment, the Appropriations Committee met in emergency session at the 11th hour to cut an additional $500 million from the bill, all of which was taken out of defense. If I had my wish, I would restore that money to the fiscal year 1981 defense budget, and direct that it be used on an urgent basis to begin to redress the dangerous vulnerabilities of our nuclear deterrent forces.

I must take strong exception to the committee's recommended appropriation of $540 million for the Sixth Replenishment of the International Development Association. The terms of the U.S. contribution to IDA–IV were negotiated by the Carter administration under unequivocal admonishment from leaders in this House that Congress would not endorse that undertaking. Accordingly, the United States is under no commitment under international law to meet those terms. When and if authorizing legislation comes to the floor of this House, I intend to oppose its passage. I would like to see IDV–VI renegotiated, under terms that would restrict long-term outlays now projected at seriously swollen rates, and would better guarantee the prudent utilization of U.S. foreign aid dollars.

In addition, I question the wisdom behind the committee's recommended increases of the Export-Import Bank's direct lending and loan guarantee authority. President Reagan proposed careful limits on Eximbank's lending power as part of his overall effort to reduce Federal subsidies to business. The committee, unpersuaded by the President's concerns, has recommended an increase in Ex-Im loan guarantees of half a billion dollars, and has cut in half the President's proposed reduction in the Bank's direct loan authority.

I believe that this recommendation coming out of the committee is sharply at odds with the President's overall economic recovery program. I do not see how we can recommend increasing Federal subsidies for export businesses while we are asking the American people to accept substantial cutbacks in domestic programs. Moreover, U.S. exports will prosper as the American economy becomes more productive, and inflation is brought under control. To the extent that the Export-Import Bank distorts the market and encourages the inefficient allocation of resources, it renders general economic improvements more difficult. Thus I supported and continue to support President Reagan's efforts to restrict the Bank's lending activities.

Overall, while I do not endorse this appropriations bill in all of its specifics, I do believe that it represents a sincere and conscientious effort to reconcile competing goals with the spending levels we recently have set. For that reason, I intend to vote for the bill.

With the President's outstanding leadership, and our sustained dedication and cooperation in enacting the spending and revenue measures that soon will come before us, we will have honored the mandate of the people who reposed their trust in us, and we will insure the future prosperity for America that we envision today.●

● Mr. McDADE. Mr. Chairman, I rise in support of H.R. 3512, making supplemental appropriations, rescinding budget authority and providing continuing appropriations for certain Federal agencies and to urge its adoption by this House. I particularly want to call to the attention of the Members the actions of the committee regarding the Interior and related agencies chapter. Our subcommittee considered supplementals of $1.5 billion and rescissions of $2.1 billion. We provided appropriations of $871 million, transfer payments of $875 million, rescissions of $887 million and deferrals of $568 million. This request represents a net reduction of $616 million, some $223 million below the administration's request.

Our committee considered and approved most of the administration's supplemental budget requests. In addition to funding the Strategic Petroleum Reserve at $1.3 billion, we provided $152 million, the full cost of fire suppression. These funds were necessary because of the unusually heavy drought last summer. We provided funds to improve the royalty collection system on oil royalties due to American Indians and other taxpayers. In addition, we provided $15.9 million to salvage timber destroyed by Mount St. Helens, an action that will provide 470 million board feet of timber that otherwise would not be harvested.

Of the $2.1 billion in funds proposed for rescission, $1.7 billion were to fund energy programs. The committee ended up rescinding $728 million, deferring $557.5 until fiscal year 1982 and denying $430 million. This was done despite the contention by the minority that some of these deferrals should have, and could have, been converted into rescissions without a major disruption of the Nation's energy program.

Our committee is concerned over the future direction of the Nation's energy research program. We are concerned because the Reagan administration has made a major policy shift away from the short-term technology projects that have been funded in Congress with bipartisan support over the past several years. We are in a time of transition for the Nation's energy program. While we have a commitment from the administration to go forward with the synthetic fuels initiatives that the Congress has enacted, they intend to take those initiatives "off budget," transferring them to the newly established Synthetic Fuels Corporation (SFC). Our committee is concerned that this transfer not lose any of the momentum that we have generated over the past several years.

We have deferred action on a number of the fossil research and demonstration programs at DOE until we have had a chance to review their future in our regular 1982 appropriation. In doing this, the committee wishes to assure the Members that our prime goal remains the same—to establish as soon as possible as many significant new sources of domestic energy as we can to loosen further our dependency on OPEC. Thus, many of the items the Members see before them are deferred until 1982.

Nevertheless, there are before us in this bill actions that the Members should be aware of. We rescinded all $300 million in funding for round 2 alternate fuels feasibility studies and cooperative agreements. Several years ago, when there was uncertainty as to whether or not private industry would respond to our synthetic fuels initiatives, these studies were valuable. But, there has been a positive response—110 proposals were funded in round 1, 63 proposals are pending before the SFC, another 21 are funded in the alcohol and biomass sections of this bill and 5 of the round 2 studies are identified here for funding.

In the fossil energy construction accounts, the committee was faced with the question of whether to continue with five demonstration plants cofunded by the Government and private industry. Two plants would produce high Btu gas, a third would produce low/medium Btu industrial gas and the remaining two are direct liquefaction projects. We deferred action on all five, approving $22 million to keep the SRCI liquefaction program alive.

Our committee is still reviewing testimony on whether or not to build this plant and proceed with this technology. The costs are high, but testimony before our committee indicates that direct liquefaction is still the most productive way to liquefy coal. This project would probably not be funded by the SFC because joint venture cost-sharing agreements are low-priority projects at the SFC. Yet, we believe that our Nation needs to construct one

such plant, replicate it and commercialize this technology as soon as possible.

Likewise, the committee is hopeful that the SFC will proceed to fund the Memphis, Tenn., medium-low Btu plant by approving the pending application submitted by Memphis for a loan guarantee. Yet, many questions remain unanswered as to whether the SFC will consider Memphis with the high priority the committee believes it needs. So, we have deferred action until 1982 to give the SFC time to make that judgment.

It is apparent that the high Btu gasification demonstration plants funded by the committee is in trouble. One of the projects has pulled out entirely from the Department of Energy and gone to England to build a plant, while the other is encountering difficulty in securing its financial package. The deferral of funds here will help our committee come to a final decision on this technology when we mark up our fiscal year 1982 appropriation.

In concert with the administration's reliance upon funding long-term technology, major cuts were proposed for energy conservation. Our committee refused the administration's request to rescind $306 million—instead deferring action on $230 million and denying the balance. Many of the most successful energy conservation programs in the industrial conservation sector will probably not be picked up by the private sector as administration witnesses suggested. In addition, the committee acted to insure a $100 million level of funding for the State and local conservation program, leaving $140 million for fiscal year 1981 and an anticipated comparable level for fiscal year 1982. We rejected the $7 million rescission for weatherization because this program is already running out of funds and will probably run out completely this summer.

As mentioned earlier, the committee partially funded the administration's request to eliminate the alcohol fuel and biomass programs in the Treasury Department. This action funds all pending loan guarantee applications for alcohol fuels and biomass. These reserves would not be used unless the pending applications fail, so it is conceivable that there would be no outlay of funds to the Treasury. The Nation would get the beginnings of an alcohol fuels industry, made competitive by tax credits and stimulated to construction by these loan guarantees.

The supplemental also combines another recommendation that we believe to be most important to the SFC. The 1980 supplemental appropriations bill provided that funds appropriated to the Department of Energy should be transferred to the Synthetic Fuel Corporation on June 30, 1981, or whenever the Corporation became operative. This was done in anticipation that the SFC would become operative before June 30. While the Reagan administration has submitted the names of its appointees to the SFC Board, there have not been confirmation hearings on any of them. Hopefully, this language will prod all of the parties involved to get on with the business of making the Corporation the hub of the Nation's synthetic fuels industry.

Mr. Chairman, the committee made some very difficult decisions in this supplemental with an eye toward supporting the President's economic programs, fairness to the State and local governments who benefit from our actions, as well as meeting our obligations to the stewardship of our Nation's resources. This stewardship is our primary concern. We have taken actions to replenish lands destroyed by the effects of natural disasters, whether it be fire or volcanic eruption.

We restored the very popular parks, recreation and museum support programs for this year, with the intention of reviewing them in the 1982 budget. In doing so, we had to choose whether or not we would treat all 50 States with fairness. We had to choose whether or not we would keep the full faith and credit of the Government regarding commitments made to private landowners to acquire their land. We had to choose whether or not the modest cuts proposed for historic preservation and museum services were a worthwhile tradeoff against the closing of small museums or the economic shot in the arm a historic structure can give a community. Consequently, these programs remain alive in 1981.

We also took some committee initiatives to cut funds which we thought could be reduced with a minimum of difficulty to the taxpayers. This was the reasoning behind our reduction of the PILT program from payments in lieu of taxes. The Reagan administration has recognized that we need to take a fresh look at the inequities that exist under PILT. Mineral, timber, and grazing receipts are growing at a staggering rate, giving some counties a windfall, while other counties are receiving nothing for loss of their land. In many cases, States are not passing these payments through to the counties as required by law. Still other States receive far in excess of the amounts they would receive if they remained on the tax rolls. The administration is pledged to develop an equitable formula to redistribute these receipts. We believe this can be done without any further direct appropriations to PILT.

Mr. Chairman, in chapter 6 we have responded to the President's call for budget reductions in a most fair way. All in all, I believe we have met our goal of reporting a strong bill that deserves your support.●

The CHAIRMAN pro tempore. At this point the Chair will state that the gentleman from Mississippi (Mr. WHITTEN) has 3 minutes remaining, and the gentleman from Massachusetts (Mr. CONTE) has 9 minutes remaining.

The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as I explained at the beginning of debate, we have over 500 items in this bill before us, plus the continuing resolution. I doubt that this bill suits many in every respect, and I know it does not suit many members of the Appropriations Committee in particular.

As I explained, I handled the Agriculture Subcommittee and acted as chairman of that subcommittee, and various other members and the chairmen of the other subcommittees handled their hearings, markups, and the reports of their subcommittees. They are the best qualified to deal with these rather difficult tasks.

I asked the members of the Appropriations Committee to accept the work of the best trained and most informed members of that committee. They did so and acted without substantial opposition.

I am calling the attention of the Members again to the fact that we do not have revised budget ceilings. The House has acted, the Senate is still deliberating and we do not yet have a revised budget ceiling. We do have a situation where the funding for four appropriation bills expire on June 5, and I hope that my colleagues here will stay with the committee. We are up against a deadline that must be met. I do not know of anyone who could do better with the tough job we had than the subcommittees which heard the witnesses, held the hearings, and gave us their best judgment about what would create fewer problems.

So I urge my colleagues to vote for the committee's bill as it appears before us. It is the best we can do. If we take the lid off and open up these 500 items, we will be here until June 5 rather than be ready to keep those departments running. So I urge the Members to stay with the committee, which has worked untiringly.

I want to remind the Members again that some of my friends have complained because we do not do everything they wanted; remember that we had 10,215 witnesses during the last Congress. If we waited for all our good friends to do all the good things we want to do, we never would get through.

Mr. Chairman, I hope the Members will stay with the committee on this bill.

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Chairman, I thank the ranking minority Member for yielding me this time.

Mr. Chairman, I would just point out, in reference to chapter X, "Military construction," that the originally requested amount was $352 million plus some additional dollars. The subcommittee reduced this by $112 million to a final supplemental appropriation of $221 million, and in so doing we put a lot of emphasis on family housing.

I think this section of the bill is important because as we attempt to retain our people in the military services, family housing becomes a very essential part of keeping a desirable living climate for those who would stay in the military service. For this reason the Military Construction Subcommittee felt this was an important thing to emphasize.

The other thing to which I would draw the Members' attention is that we did defer in title X $92 million that had been set aside for the MX basing mode. This is deferred until the President of the United States certifies to the Congress his decision on the basing mode for the MX missile and the final environmental impact statement has been completed.

I would point out that Secretary Weinberger has appointed a blue-ribbon panel to make a decision on the MX missile basing mode, and that the report is due sometime between July 1 and August 1. We recognized that fact in putting together the military construction portion of the supplemental.

Mr. GINN. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to my chairman, the gentleman from Georgia.

Mr. GINN. Mr. Chairman, I want to thank the gentleman for his statement and heartily concur with everything he said. Our subcommittee is unanimously in agreement on the bill and the recommendations we bring to the floor today, and I particularly want to thank the gentleman from Ohio (Mr. REGULA) and the other members of the subcommittee for the fine job they have done.

Mr. CHAIRMAN pro tempore. The Chair will state that the gentleman from Massachusetts (Mr. CONTE) has 7 minutes remaining, and the gentleman from Mississippi (Mr. WHITTEN) has 1 minute remaining.

Mr. CONTE. Mr. Chairman, I have no further requests for time.

Mr. WHITTEN. Mr. Chairman, I yield back the remainder of my time, and I ask that the Clerk read.

Mr. CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

TITLE I

CHAPTER I

DEPARTMENT OF AGRICULTURE

SCIENCE AND EDUCATION ADMINISTRATION

Of the amounts appropriated under the headings "Extension activities" and "Cooperative research" in the Agriculture, Rural Development and Related Agencies Appropriation Act, 1981 (Public Law 96-528), for payment to carry out cooperative agricultural extension work under the Smith-Lever Act, as amended, and cooperative forestry and other research under the Hatch Act, as amended, American Samoa and Micronesia shall be entitled to a distribution, as determined by the Secretary of Agriculture, for the fourth quarter of fiscal year 1981.

Mr. WHITTEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, may I say that I handle the appropriations for Agriculture, which I have continued to handle since becoming chairman of the full committee, I have handled agriculture through the years since I feel it is basic to everything we do.

DEPARTMENT OF AGRICULTURE

During our subcommittee's deliberations on this supplemental request, a number of both technical and substantive changes to the proposed rescissions have been submitted to us by the Office of Management and Budget. In fact, Mr. Chairman, in the case of one rescission proposed by OMB we learned, upon close examination, that the funds had already been obligated. While fully supporting the President's efforts to reduce the budget for the current fiscal year, there simply was not sufficient time between Inauguration Day and the date the budget revisions were submitted to have allowed OMB to conduct a thoughtful, step-by-step analysis of the impact of each proposed rescission, the subtle interaction of interrelated proposed rescissions, and the cumulative effect of this proposed budget on individuals and groups of citizens.

Therefore, in a spirit of providing the opportunity for reconsideration of these proposals, the subcommittee recommends deferral of the $428.5 million proposed for rescission. By taking this action, we are recommending that the administration retain the flexibility either to defer these funds if it so chooses, or to utilize these funds if careful reexamination proves that to be necessary.

Mr. Chairman, let me turn now to some of the specific recommendations of the committee.

FARMERS HOME ADMINISTRATION

MODERATE-INCOME HOUSING LOANS

Rescission R81-119 proposed to rescind $316,000,000 in loan authority out of a total of $850,000,000 available in fiscal year 1981 for housing loans to families with moderate incomes. With the current high interest rates, many families in the Farmers Home Administration category of moderate income—$11,000 to $15,000—cannot afford to purchase a home without a deep interest subsidy. Therefore, the committee recommends that $150,000,000 in loan authority be rescinded and $166,000,000 be deferred. Through this approach, the $166,000,000 in loans will remain available for use should the administration decide the funds are required.

AGRICULTURAL LOANS

Rescission R81-120 proposed to rescind $88,850,000 in loan authority composed of $80,000,000 in farm ownership loans, $5,000,000 in soil and water loans, and $3,850,000 in resource conservation and development loans. For farm ownership loans the committee recommends that $30,000,000 in loan authority be deferred and $50,000,000 be rescinded. The committee recommends that the $5,000,000 for soil and water loans be deferred rather than rescinded. The committee recommends that the proposed rescission of $3,850,000 in resource conservation and development loans be rejected.

WATER AND WASTE DISPOSAL LOANS

Rescission R81-121 proposed to rescind $160,000,000 in loan authority out of a total of $750,000,000 available in fiscal year 1981 for water and waste disposal loans. The committee recommends $110,000,000 in loan authority be deferred and $50,000,000 be rescinded. The $110,000,000 in loans deferred will remain available for use should the administration decide the funds are required.

RURAL GRANT PROGRAMS

Rescission R81-047 proposed to rescind $1,500,000 of the $3,500,000 appropriated for fiscal year 1981 for rural community fire protection grants. The committee has been advised that these funds may have already been obligated and, therefore, recommends against the proposed rescission. Therefore, the committee recommends that these funds be deferred so that they will be available if needed.

Rescission R81-046 proposed to rescind $2,000,000 of the $5,000,000 appropriated for fiscal year 1981 for rural development planning grants. The committee also recommends that these funds be deferred rather than rescinded.

Rescission R81-048 proposed to rescind $500,000 of the $1,500,000 for rural housing supervisory assistance grants. The committee also recommends that these funds be deferred rather than rescinded.

ALCOHOL PRODUCTION FACILITY LOANS

Mr. Chairman, the committee has reviewed the alcohol fuel loan program now operated by the Farmers Home Administration and found a number of questionable procedures and practices. Nevertheless, the committee is convinced that an alcohol

production facility loan program is absolutely essential and can play an important role as the country works to reduce its dependence on imported oil. Therefore, the committee recommends that $250,000,000 in loan guarantee authority be provided to continue an alcohol fuel production facility program. In carrying out the new program, the committee will expect Farmers Home to insure that borrowers have sufficient equity that would provide reasonable expectation of business success; collateral offered by borrowers is sufficient in quality and value to protect the interests of the U.S. Government; financial statements submitted by borrowers in support of loan applications are verified as accurate; personnel responsible for the review and approval of loan applications are sufficiently experienced in loan processing and that these personnel conform to requirments contained in FmHA regulations; and the established responsibility of the lenders in servicing FmHA-approved loans is enforced with a clear understanding that negligence on the part of the lenders can result in denial of FmHA liability.

Rescission R81-097 proposed that the $505,000,000 appropriated for alcohol fuel biomass loans be rescinded. The committee concurs in this recommendation because of the proposed new program as previously discussed and, therefore, recommends that the funds be rescinded.

RURAL ELECTRIFICATION ADMINISTRATION

Rescission R81-122 proposed to rescind $62,000,000 in loan authority for insured electric loans and $125,000,000 in loan authority for insured telephone loans. The committee does not recommend acceptance of either of these proposals. In order to allow the administration additional time to reconsider their proposals and in view of the importance of electricity and telephone service to rural people and especially to modern farming, the committee recommends that some of the funds be deferred. By deferring the funds, they will be available if needed, and if not needed, the authority will lapse at the end of the fiscal year. Therefore, the committee recommends that for insured electric loans up to $62,000,000 may be deferred and for insured telephone loans up to $50,000,000 may be deferred.

The committee recommends that $16,000,000 in loan authority for Community Antenna Television Facility loans be rescinded as proposed by the Administration.

FOOD STAMP PROGRAM

Mr. Chairman, the 1980 Amendments to the Food Stamp Act established an authorized cap of $9,739,276,000 for fiscal year 1981, the same as the amount already appropriated this year in Public Law 96-528. The committee recommends an additional $1,204,600,000 for the food stamp program, the same as the budget request, and also recommends bill language making the availability of these funds contingent upon the enactment of additional authorizing legislation raising the existing cap. The amount recommended by the committee will bring the total for fiscal year 1981 up to $10,943,876,000.

The committee notes that the President's budget includes assumptions of significant savings through management improvements and/or revisions in authorizing legislation. In addition, the appropriations bill for fiscal year 1981 contains such funds as necessary for the Secretary to employ the regulatory and administrative methods available to him under the law to curtail fraud, waste, and abuse in the program. Therefore, it is anticipated that any reestimate of the 1981 cost of this program will be entirely offset by economies realized through curtailment of fraud, waste, and abuse, or new legislation. In addition, the bill requires that the appropriation shall be subject to any work registration or workfare requirements as may be required by law.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Animal and Plant Health Inspection Service maintains a contingency fund for the control of emergency outbreaks of plant and animal diseases and infestations which endanger the health or food supply of the American people. Mediterranean fruit fly and khapra beetle outbreaks have already exhausted the fiscal year 1981 contingency fund appropriation. Additional funds will be needed to achieve khapra beetle eradication and treat the large grasshopper outbreaks which USDA surveys predict for the spring and summer of 1981.

Therefore, in order to provide for known requirements and to have funds on hand to meet emergency outbreaks of plant and animal diseases and infestations, the committee recommends that $7,000,000 be restored to the Animal and Plant Health Inspection Service contingency fund.

DAIRY AND BEEKEEPING INDEMNITY PROGRAMS

The committee recommends that the $1,500,000 appropriated for the new experimental beekeeper indemnity program be deferred rather than rescinded. The committee is convinced that bees are essential to the production of food and fiber and, therefore, a viable beekeeping industry must be maintained. Therefore, the committee has recommended that the $1,500,000 be deferred to allow the administration time to reexamine its proposal.

FEDERAL CROP INSURANCE CORPORATION

Mr. Chairman, the Federal Crop Insurance Act of 1980 was signed into law on September 26, 1980, and provided for an expanded, nationwide, all-risk crop insurance program. The fiscal year 1981 Agriculture Department appropriations bill had already passed the House on July 30, 1980. A budget amendment in the amount of $49,200,000 was subsequently submitted to the Senate but not acted on.

The Secretary of Agriculture has advised the committee that FCIC will run out of administrative funds by the end of April 1981, and would have to cease operations if no supplemental funds are provided by that date.

Therefore, the committee recommends a supplemental appropriation of $42,181,000, the minimum amount necessary to allow this program to continue.

Legislation is now pending in both the House and Senate to allow the Federal Crop Insurance Corporation to borrow administrative and operating expenses from the Commodity Credit Corporation. Should this bill become law, the committee will expect that the supplemental appropriation be used to repay any funds borrowed either directly or indirectly from the Commodity Credit Corporation.

The Corporation also has an urgent need for supplemental funds to enable the Secretary of Treasury to subscribe and pay for capital stock of the Federal Crop Insurance Corporation. The committee recommends providing the requested $150,000,000 for capital stock for 1981 to enable the Corporation to meet its financial responsibilities and to provide adequate working capital.

INCREASED PAY COSTS

Mr. Chairman, the committee recommends a total appropriation of $95,914,000 for increased pay costs for fiscal year 1981, an increase of $5,956,000 over the amended budget request. These amounts are included in the total pay costs provided under title II of the bill.

In providing increases of $700,000 for the Office of the Inspector General, $239,000 for the Office of the General Counsel, and $2,000,000 for the Food Safety and Quality Service, the committee is correcting an underestimate in the calculation of funds required for the actual salaries of employees currently onboard in those agencies.

In providing an additional $2,063,000 for the Farmers Home Administration and an additional $954,000 for the Soil Conservation Service, the committee is restoring the travel funds which these agencies were directed to reduce. In doing so, the committee notes that the programs administered by these agencies cannot be properly supervised, and collections of loan payments cannot be processed in a timely and orderly fashion without adequate funding levels for the travel which is a necessary and essential element in the conduct of these programs. Therefore, the committee is restoring these amounts, and directs these agencies to

apply those funds to field travel only, at the county office level, to support their work with borrowers and farmers.

Mr. Chairman, this concludes the summary of the recommendations for chapter I of the bill. This is a good bill, Mr. Chairman. It has the support of our committee and I ask that it have the support of the House.

Mr. Chairman, I know my colleagues on the Appropriations Committee, Mr. FAZIO, Mr. LEWIS, and others are very much interested in a number of items which affect their State of California.

Mr. FAZIO. Mr. Chairman, I would like to commend the committee and your subcommittee for including within this bill a $7 million supplemental to replenish the contingency fund of the Animal and Plant Health Inspection Service. It is my understanding that the supplemental is recommended to meet threats posed by the Khapra beetle and a projected outbreak of grasshoppers as well as other emergencies which might arise, including continued efforts to eradicate the Mediterranean fruit fly from California. The State will have spent about $30 million on this eradication effort by the time it succedes, the Federal Government something under 10 percent of that. Nevertheless, it is important that APHIS be able to continue to play its key role and it is my impression that APHIS will be able to do so with these supplemental funds, at least to the extent its other priorities allow.

● Mr. LEWIS. Mr. Chairman, over the past several months those of us from California have been feverishly trying to bring to the attention of the Congress the critical problem facing California agriculture as a result of the outbreak of the highly destructive Mediterranean fruit fly. We have had great cooperation from the Subcommittee on Agriculture of Appropriations and I appreciate our chairman JAMIE WHITTEN for his expression of support. I intent to do all that is within my power as a member of the Appropriations Committee to see that adequate funds to meet this crisis are included in the conference report on this supplemental.

A measure of the very serious nature of this threat to our multibillion-dollar fresh fruit and vegetable industry is reflected in the high level of attention paid to it on both the State and Federal level. I believe this crisis simply highlights once again the need for a comprehensive review of the procedures whereby we respond to such emergency. If provisions were available to have allowed USDA to immediately direct controlled spraying at the initial stages this problem could have been nipped in the bud at only a fraction of the cost which this Government-created crisis will now cost.

I appreciate the chairman's cooperation in this matter and look forward to working with him as we review the Federal law in this area.●

The CHAIRMAN pro tempore. The Clerk will read.

The clerk read as follows:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

For an additional amount for "Animal and Plant Health Inspection Service", $7,000,000, for the control of outbreaks of insects, plant diseases and animal diseases to the extent necessary to meet emergency conditions.

Mrs. SMITH of Nebraska. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as ranking minority member of the Subcommittee on Agriculture, Rural Development, and Related Agencies, I rise in support of H.R. 3512, as reported by the Committee on Appropriations. In this time of commitment to reduced levels of Federal spending and to use of Federal programs to stimulate productivity, I believe that the committee is presenting a workable and acceptable version of the administration's recommendations for supplemental appropriations and rescissions for the Department of Agriculture for fiscal year 1981. While not perfect, the version—a compromise of varying views—is the best approach the committee could fashion.

H.R. 3512 includes virtually all the rescissions of budget authority for agriculture requested by the President and 90 percent of the recommended rescissions and deferrals in loan programs.

It is my understanding—and I invite comment from the distinguished chairman of the committee, and my good friend, Mr. Whitten—that deferrals for the Agriculture Subcommittee appropriations will not carry over to fiscal year 1982 and will not have any effects on future outlays.

H.R. 3512 includes the requested $1.2 billion supplemental for food stamps, contingent upon an authorization to raise the existing program cap. I am pleased that the subcommittee has included language requiring that the food stamp supplemental appropriation be subject to any work registration or workfare requirements that may be enacted. While recognizing the importance of the food stamp program, the Agriculture Subcommittee will continue to encourage stricter enforcement of eligibility and distribution procedures and to welcome changes directed at eliminating fraud and abuse of the program.

The bill contains all but $7 million of the administration-requested $199.2 million supplemental for the Federal Crop Insurance Corporation, indicating that the 1980 crop year resulted in very heavy indemnity claims. This insurance plan is an integral part of the administration's effort to give farmers more dependable sources of assistance in times of disaster and to shift liability for disaster from the Government to the private sector.

The measure also restores a $7 million contingency fund for emergency control of insect outbreaks. This fund was depleted early in the year by outlays for outbreaks of Mediterranean fruit fly and Khapra beetle, and requires sufficient financing to meet possible similar emergencies the remainder of the year.

As we act on the first major spending legislation to be considered since the President submitted his budget proposals, I plan—cognizant of fiscal prudence—to vote aye for H.R. 3512.

□ 1400

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

JUDICIAL SURVIVORS' ANNUITY PROGRAM

For deposit to the credit of the "Judicial Survivors' Annuities Fund", the amount determined to be necessary to maintain the Fund on an actuarially sound basis, pursuant to Public Law 96-504, $616,000.

Mr. O'BRIEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, with respect to what actions the committee took, and before the Clerk finishes reading all of chapter II, I would like to add a comment or two to supplement what was said by the gentleman from Iowa (Mr. SMITH), our chairman.

With respect to the President's request, the Subcommittee on Commerce, Justice, State and Judiciary, came within 85 percent of the total recommended by the administration.

There were three major changes. One involved restoring $161 million for EDA, related to projects to which we felt we were morally and ethically committed. Part of the EDA's restored funds was made up of $84 million rescinded from assessed contributions to international organizations, a request that came from within our committee, not the administration.

Finally, $17 million was restored of the requested $78.6 million in rescissions for the National Oceanic and Atmospheric Administration.

Mr. Chairman, I think the committee made a conscientious effort to stay with the President and the exceptions made were deserving ones. Let me elaborate a little.

With respect to the President's request, the Subcommittees on Commerce, Justice, State, and Judiciary came within 85 percent of the total recommended by the administration.

The subcommittee recommends total rescissions of $385.6 million, $98.3 million less than the President requested. This rescission reflects $191.3 million disallowed in cuts recommended by

the President, but the addition of $93 million in rescissions not requested.

Supplementals: A total of $227.4 million is recommended in supplementals; $59.8 million for program supplementals and $167.6 million in pay supplementals which is approximately $69 million less than requested.

The largest supplemental was $24.2 million requested for the Department of Commerce's Bureau of Census in connection with the 1980 census.

Rescissions: Fiscal year 1981 funds for regional development programs, $21 million, are rescinded as requested, with the remaining balances made available only to the extent necessary to terminate the program.

The major changes from the President's proposals include: First, restoring $161 million of the $342.2 million, or half, of the requested rescission for the Economic Development Administration (EDA) in order to finance those projects it was felt that the Government was "morally and ethically" committed. These projects had been tentatively approved before this rescission request was made. Some projects were already underway and others had already received moneys and commitments from other Federal agencies and private sources.

Second, part of the EDA restored funds was made up by $84 million rescinded within the State Department regarding the assessed contributions to the international organizations. This was not requested by the administration. This is merely a change in payments that will be stretched out in fiscal years 1981, 1982, 1983, and 1984 and does not mean a change in obligations. Contributions are to be calculated after each organization adopts its budget and paid in the fourth quarter of the subsequent fiscal year.

Third, $17 million was restored of the requested $78.6 million in rescissions for the National Oceanic and Atmospheric Administration (NOAA) in which $10 million of the restored funds is earmarked for the operations, research, and facilities program; that is, oceanographic instrumentation, Pascagoula Fisheries Lab, the flood program, the purchase of local warning radars, anadromous grants, marine resources, monitoring, commercial fisheries grants to States, regional fishery management councils, Columbia River fisheries, fisheries programs, and sea grant.

Deferrals amounted to $142.4 million. The committee disapproved $119.4 million in proposed deferrals for the Small Business Administration.

In sum, the committee did a creditable job.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

SURETY BOND GUARANTEES REVOLVING FUND
(DISAPPROVAL OF DEFERRAL)

The Congress disapproves the proposed deferral D81-102 relating to the Small Business Administration, "Surety Bond Guarantees Revolving Fund" as set forth in the message of March 10, 1981, which was transmitted to the Congress by the President. This disapproval shall be effective upon the enactment into law of this bill.

Mr. CONTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, overall, the Commerce, Justice, State and Judiciary chapter includes a net reduction in budget authority of $158 million, an increase in net budget authority of $30 million, or 16 percent, above budget requests.

For the Economic Development Administration, the bill includes a rescission of $181 million, compared with the proposed rescission of $342 million. The $161 million remaining is for projects for which a written or moral commitment has been made, and to retain the EDA administrative structure largely intact.

The bill rescinds the entire $21 million proposed for the Regional Development Commissions.

For the National Oceanic and Atmospheric Administration, the bill rescinds $26 million of the $36 million proposed for rescission.

The bill includes a $9 million rescission and a $5 million deferral for construction of the Western Regional Center at Sand Point, Wash., as requested.

The bill includes a rescission of $33 million of the $40 million rescission requested for the coastal energy impact fund, and a deferral of the remaining $7 million.

Half of the $26 million rescission requested for public telecommunications facilities is approved.

The $92 million deferral requested for ship construction subsidies is approved.

Funds for a number of Department of Justice programs are proposed for deferral pending transfer to other Department programs. The recipients of these transfers are mainly the FBI and the Immigration Service. Most of these transfers are approved, but only half of the transfer from State and local drug grants is approved.

For the State Department, the bill includes an unrequested rescission of $84 million for assessed contributions to international organizations, except the OAS and other Inter-American organizations. The effect is to change the timing of the U.S. contributions, a change proposed by the administration in fiscal year 1982, but not in fiscal year 1981.

The bill funds most of the State Department supplemental requests through use of the 2 percent ($31 million) withheld from obligation under an amendment adopted on the floor last year. That amendment read: "no more than 98 percent of the funds appropriated by this title (State Department) shall be expended, except for any sums appropriated for the payment to the American Institute in Taiwan."

The bill denies part of the supplemental request for some of the benefits authorized by the Foreign Service Act of 1980. In effect, some medical and family travel benefits are deferred until fiscal year 1982. Similar action is included for AID and Peace Corps employees in the Foreign Operations chapter of the bill.

A small rescission for the Federal Trade Commission is approved, but with report language stating that the cut shall not come from the regional offices.

For the Small Business Administration, the bill denies any cut for the small business development centers, leaving $9.5 million available, which will fund all existing and potential centers in fiscal year 1981. The bill denies the deferral of $113 million for the business loan and investment fund and $6 million for surety bond guarantees.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

CHAPTER III

DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONAL

MILITARY PERSONNEL, NAVY

For an additional amount for "Military personnel, Navy", $305,329,000.

Mr. ADDABBO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the Subcommittee on Defense Appropriations considered budget estimates totaling $12,352,242,000 including both program estimates and estimates for increased pay costs. The committee recommends the appropriation of $10,680,927,000, a net reduction of $1,680,927,000. The recommended reduction includes a reduction of $42.3 million in increased pay costs and $1,629,015,000 in program costs. So, for the most part, the committee funded the items requested.

I should point out that insofar as the Defense Department is concerned, the supplemental request for fiscal year 1981 is an unusual request. Supplementals which are considered at this time of the year generally provide for the increased costs of pay raises voted by Congress in the previous session as well as a few emergency and extraordinary items. Further, this supplemental requires 12 subcommittees to cut $12 billion and Defense to add $12 billion.

Not only was the amount of the Defense request unusual, but the character of the request was somewhat unusual in that in a number of instances,

requests which had been denied by Congress last year were again requested in the supplemental. The Defense request was unusual in that in the Defense Department, unlike other agencies throughout the Government, was not required to absorb any significant part of the pay increase cost. In most years, the Office of Management and Budget as well as the Congress have insisted that some part of the pay costs be absorbed. The civilian agencies were required to absorb 30 percent of the increased pay costs and the Defense Department was only required to absorb only 3½ percent in fiscal year 1981. Since a minimal absorption was required, and since the usual turbulence in personnel will probably take place, there is some considerable cushion in the military personnel and O. & M. accounts for this reason.

The committee found, and I think all Members who attended the hearings would agree, that for the most part, the fiscal year 1981 supplemental request was not as carefully prepared as is customary and as is expected by the committee. We had a great deal of difficulty in getting information upon which to make rationale decisions. At the time of the hearings, it was very obvious that the Department had not really thought through a number of the requests. We delayed our markup as a result.

I do not intend to be too critical. I know that it is difficult for a new administration to get its hands on the many details involved in the Defense program. It has been especially difficult for this administration since great numbers of key positions have not yet been filled.

In military personnel in the program area, $705.7 million was requested and $549 million is recommended. We found a number of instances in which the administration had just plainly, as a result of faulty arithmetic, overestimated the amount of money that would be required to pay the numbers of personnel anticipated to be onboard at the new rates of pay.

I might add for the benefit of the Members at this time that there is no money in this supplemental for the much discussed 5.3-percent additional military pay raise. The administration has not yet forwarded a specific request for legislation in this regard and, of course, no legislation has been reported from committees in either House. So this matter is not before the House at this time.

In the operation and maintenance accounts in the program area, the request was for $3 billion and the committee allowed $2.2 billion, a reduction of $800 million. There is also provided $620 million in contract authority liquidation. There are many small reductions applied to the O. & M. accounts. For instance, in each of the services they budgeted for postage anticipating that the Postal Service would raise the first-class rate to 20 cents. Since the rate only went to 18 cents, the request was overstated.

To discuss larger amounts, the services requested funds based on anticipated fuel price increases. Since the present world position on petroleum products is that there is not only a sufficiency, but some petroleum products are a glut on the market. Therefore, prices have not risen to the extent anticipated, so the committee made some reductions in this area.

I should also add that in the committee's view since fuel prices are lower now than they probably will be in a few months, the committee not only provided the full $300 million requested to buy fuel for the Defense Stock Fund, but increased this amount by $123 million on the theory that it is better business to buy fuel now than later.

One of the major reductions made by the committee in O. & M. is only a paper reduction; $311 million were requested for the depot maintenance industrial fund of the Air Force. This was not to provide for any additional depot maintenance, but to provide capital for the fund in view of a GAO report critical of the way the Air Force financial management is conducted in this area. The committee believes that until this matter is fully resolved that the Air Force can continue operating in its present manner and does not at this time need the $311 million appropriation.

The request for procurement funds totals $3.3 billion and $2.8 billion is recommended. In the procurement area for the Army, the committee made reductions in the UH-60 Blackhawk helicopter program because of the huge cost overruns and schedule delays which have been recently experienced in this program. The committee provided the full $158.5 million requested for cost growth for the infantry fighting vehicle as well as the $415.4 million additional requested for the M-1 tank program, mostly for cost growth.

In the area of Navy procurement, the committee deleted $26.5 million for cost growth in the CH-53E helicopter program. The committee provided all of the funds requested for the CG-47 Aegis cruiser, the Trident submarine, the SSN-688 submarine, the FFG-7 destroyer, and the reactivation of the battleship *New Jersey*.

The committee recommends deletion of the $139 million requested for the rehabilitation of the old aircraft carrier, the *Oriskany*. The committee feels that not only will it be extremely expensive to rehabilitate the *Oriskany* because it is in very poor condition, but that even if the ship were to be reconditioned and put into service it would be of very little value. The only aircraft we have which could operate on the *Oriskany*, except for helicopters and vertical takeoff and landing aircraft which have a limited capability, are the A-4M attack aircraft. These aircraft only have a daylight capability to attack and have no defensive capability. None of the Navy's fighters can operate from the *Oriskany* so the carrier would be defenseless from enemy attack. It does not appear that we should be putting this kind of carrier in our fleet.

In Air Force procurement, the committee approved the request for funds for the A-10, F-5F, and F-15 aircraft. The committee deleted $44.6 million in aircraft modifications which were deleted from the authorization bill by the House Armed Services Committee. The committee approved all of the $605.2 million requested by the Air Force for aircraft spares and repair parts in the view that this would be helpful to obtaining better readiness rates on our aircraft.

The committee deleted $41.2 million of the $59.2 million requested for the ground launched cruise missile of the Air Force. This program has been having schedule difficulties and the committee proceeded with research and development funds rather than procurement funds.

In the area of research, development, test and evaluation, the request is for $598.3 million and the amount recommended is $434.7 million. In the Army proper, the committee recommends reductions in the ballistic missile defense development program and the Patriot antiaircraft missile program. The BMD program request was related to developing a ballistic missile defense for the M-X system. At this time when the M-X program itself has not been definitized, it is impossible to know whether or not such an effort is necessary or what kind of a ballistic missile system might be appropriate. With regard to the Patriot, the committee feels that since all of the procurement funds appropriated for Patriot this year will not be used, the Army can reprogram funds from procurement to research and development to do the needed R. & D. on this missile system.

With regard to research and development in the Navy, the committee deleted $14.3 million associated with the DDG-X program, a program which the Navy has not pursued with enthusiasm.

In Air Force research and development, the major reduction made is a reduction of $40.6 million of the $66 million requested for a low altitude airfield attack system termed the JP-233 which was deleted from the Defense appropriation bill by Congress last year. This is a British system which has experienced both cost overruns and technical difficulties. The committee feels that there are better

systems being developed in the United States for attacking airfields. The committee funded the $47.9 million requested for the precision location strike system of the Air Force although the funds for this program had also been deleted from the appropriation bill last year. The Air Force made a strong plea and a majority of the members thought that the program should proceed. I did not agree and feel that funds should be denied for this program which was deleted by Congress last year.

Of the $4.7 billion requested for increased pay costs, the committee approved $4.658 billion, a reduction of $42.3 million. The $42.3 million is associated with such things as the overestimating of the impact of the pay raises enacted as I discussed earlier.

Mr. Chairman, I feel that the Defense Subcommittee did a reasonably good job in trying to be responsible in fulfilling its duties in analyzing the request presented for defense funds in this supplemental bill. It is my personal view that further reductions should have been made, but they were not, and I believe that the bill as presented is in most cases a good one.

The Defense Subcommittee in its markup included almost $500 million for additional inflation costs. The Carter budget had projected an inflation rate of 9 percent in fiscal year 1981. The Reagan budget reduced this to 8 percent and deleted about $1 billion from the estimates. The subcommittee felt that inflation would not be reduced this much and added back $500 million over my objections. The full committee deleted the $500 million and now inflation is treated the same way in the Defense budget as it is for all of the other departments and agencies, as it should be.

There are other areas in which I feel that funds should not have been included in the bill, such as the restoration of the old battleship *New Jersey*. My additional views set forth these areas and my reasons. I hope the Members will read them.

Under general leave to extend, I would like to place in the RECORD at this point a summary tabulation showing the committee's action on the Defense part of the supplemental bill.

SUPPLEMENTAL—FISCAL YEAR 1981

	Document No.	New budget authority— Estimates	New budget authority— House bill	House bill compared with estimate
CHAPTER III				
MILITARY PERSONNEL				
Military personnel, Army	97-29	$24,900,000		−$24,900,000
Military personnel, Navy	97-29	351,279,000	$305,329,000	−45,950,000
Military personnel, Marine Corps	97-29	82,350,000	36,150,000	−46,200,000
Transfer from other accounts			(47,800,000)	(+47,800,000)
Military personnel, Air Force	97-29	191,700,000	152,100,000	−39,600,000
Reserve personnel, Army	97-29	9,200,000	9,200,000	
Reserve personnel, Marine Corps	97-29	8,257,000	8,257,000	
National Guard personnel, Army	97-29	27,400,000	27,400,000	
National Guard personnel, Air Force	97-29	10,600,000	10,600,000	
Total, military personnel		705,686,000	549,036,000	−156,650,000
Transfer from other accounts			(47,800,000)	(+47,800,000)
OPERATION AND MAINTENANCE				
Operation and maintenance, Army	97-29	441,300,000	327,049,000	−114,251,000
Liquidation of contract authority		(2,985,000)	(2,985,000)	
Army stock fund	97-29	34,000,000	34,000,000	
Operation and maintenance, Navy	97-29	542,334,000	402,899,000	−139,435,000
Liquidation of contract authority		(153,567,000)	(153,567,000)	
Operation and maintenance, Marine Corps	97-29	53,760,000	45,060,000	−8,700,000
Liquidation of contract authority		(4,077,000)	(4,077,000)	
Operation and maintenance, Air Force	97-43	1,313,900,000	779,118,000	−534,782,000
Liquidation of contract authority		(388,743,000)	(388,743,000)	
Operation and maintenance, Defense agencies	97-29	131,130,000	67,675,000	−63,455,000
Defense stock fund	97-29	300,000,000	423,000,000	+123,000,000
Operation and maintenance, Army Reserve	97-29	16,700,000	16,700,000	
Operation and maintenance, Navy Reserve	97-29	16,113,000	12,113,000	−4,000,000
Liquidation of contract authority		(8,786,000)	(8,786,000)	
Operation and maintenance, Air Force Reserve	97-29	28,300,000	24,300,000	−4,000,000
Liquidation of contract authority		($14,997,000)	($14,997,000)	
Operation and maintenance, Army National Guard	97-29	26,400,000	26,400,000	
Liquidation of contract authority		(2,663,000)	(2,663,000)	
Operation and maintenance, Air National Guard	97-29	82,000,000	66,200,000	$−15,800,000
Liquidation of contract authority		(44,235,000)	(44,235,000)	
Claims, Defense	97-29	49,000,000		−49,000,000
Total, operation and maintenance		3,034,937,000	2,224,514,000	−810,423,000
Liquidation of contract authority		(620,053,000)	(620,053,000)	
PROCUREMENT				
Aircraft procurement, Army	97-29	128,000,000	105,000,000	−23,000,000
Missile procurement, Army	97-29	27,000,000	25,100,000	−1,900,000
Procurement of weapons and tracked combat vehicles, Army	97-29	796,000,000	796,000,000	
Procurement of ammunition, Army	97-29	38,700,000	12,700,000	−26,000,000
Other procurement, Army	97-29	732,600,000	523,400,000	−209,200,000
Aircraft procurement, Navy	97-29	143,600,000	117,100,000	−26,500,000
Shipbuilding and conversion, Navy	97-29	317,700,000	156,900,000	−160,800,000
Procurement, Marine Corps	97-29	19,200,000	19,200,000	
Aircraft procurement, Air Force	97-43	740,625,000	739,885,000	−740,000
Missile procurement, Air Force	97-29	209,369,000	164,663,000	−44,706,000
Other procurement, Air Force	97-29	142,706,000	138,206,000	−4,500,000
Procurement, Defense agencies	97-29	17,436,000	16,436,000	−1,000,000
Total, procurement		3,312,935,000	2,814,590,000	−498,346,000
RESEARCH, DEVELOPMENT, TEST AND EVALUATION				
Research, Development, test and evaluation, Army	97-29	79,500,000	17,150,000	−62,350,000
Research, Development, test and evaluation, Navy	97-29	146,900,000	101,664,000	−45,236,000
Research, Development, test and evaluation, Air Force	97-29	330,900,000	285,127,000	−45,773,000
Research, Development, test and evaluation, Defense agencies	97-29	41,000,000	30,763,000	−10,237,000
Total, research, development, test and evaluation		598,300,000	434,704,000	−163,596,000
Total, chapter IV: New budget (obligational) authority		7,651,859,000	6,022,844,000	−1,629,015,000

SUPPLEMENTAL—FISCAL YEAR 1981—Continued

	Document No.	New budget authority— Estimates	New budget authority— House bill	House bill compared with estimate
Appropriation to liquidate contract authority		($620,053,000)	($620,053,000)	
Transfer from other accounts			(47,800,000)	(+$47,800,000)
DEPARTMENT OF DEFENSE—MILITARY				
MILITARY PERSONNEL				
Military personnel, Army		1,087,632,000	1,067,132,000	−20,500,000
Military personnel, Navy		755,283,000	743,183,000	−12,100,000
Military personnel, Marine Corps		238,414,000	235,614,000	−2,800,000
Military personnel, Air Force		890,562,000	885,362,000	−5,200,000
Reserve personnel, Army		71,650,000	70,950,000	−700,000
Reserve personnel, Navy	97–29	16,255,000	16,755,000	+500,000
Reserve personnel, Marine Corps		9,333,000	9,333,000	
Reserve personnel, Air Force	97–29	18,386,000	18,386,000	
National Guard personnel, Army		104,803,000	103,303,000	−1,500,000
National Guard personnel, Air Force		34,437,000	34,437,000	
Total, military Personnel		3,226,755,000	3,184,455,000	−42,300,000
OPERATION AND MAINTENANCE				
Operation and maintenance, Army	97–29	391,600,000	391,600,000	
Operation and maintenance, Navy	97–29	431,800,000	431,800,000	
Operation and maintenance, Marine Corps	97–29	21,100,000	21,100,000	
Operation and maintenance, Air Force	97–29	291,000,000	291,000,000	
Operation and maintenance, Defense agencies		212,348,000	212,348,000	
Operation and maintenance, Army Reserve	97–29	19,100,000	19,100,000	
Operation and maintenance, Navy Reserve	97–29	5,000,000	5,000,000	
Operation and maintenance, Air Force Reserve	97–29	17,900,000	17,900,000	
Operation and maintenance, Army National Guard	97–29	41,800,000	41,800,000	
Operation and maintenance, Air National Guard	97–29	41,400,000	41,400,000	
National Board for the Promotion of Rifle Practice, Army		20,000	20,000	
Court of Military Appeals, Defense		113,000	113,000	
Total, operation and maintenance		1,473,181,000	1,473,181,000	
Intelligence Community Staff				
ICS		447,000	447,000	
Total, pay		4,700,383,000	4,658,083,000	−42,300,000
Grand total—program and pay (NOA)		12,352,242,000	10,680,927,000	−1,671,315,000
Transfers			(47,800,000)	(+47,800,000)
Liquidation of contract authority		(620,053,000)	(620,053,000)	

Mr. CONTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, for those of us involved in marking up the defense chapter, it was a troubling exercise.

On the one hand, we were acutely aware of the state of our Nation's defenses. We find ourselves lagging our adversaries in conventional capability, strategic capability, seapower buildup; and to further complicate matters, our military services are critically short of middle-level management people—the NCO's and officers who make things go and who are the heart of our Defense Establishment.

Clearly, a majority of the committee feels that immediate steps are needed to address our defense needs.

But, at the same time, I believe each of us was aware that defense alone reflected an increase, and that other areas had been cut to accommodate this heightened attention to defense.

I, for one, was disappointed in the quality of the hearings we had on this defense supplemental. Also, I was disappointed in the justifications which accompanied this request.

But in the end, we all had to sit down and make some hard decisions. The final product of our deliberations is before us today as chapter III of this bill.

We took our job seriously. We did not rubber stamp anything. We went over each request line item by line item, cutting here and adjusting there.

What we have here is essentially a good defense supplemental. It does not make any of us completely happy. Everyone associated with this chapter would make changes if we were sole authors of the chapter. But what we offer you today is a compromise and, as is the case with all compromises, it has its strengths as well as weaknesses.

I do not intend to engage in a lengthy explanation of precisely what we have done, I do think it is significant to make at least one point, that being the extent of the cuts we recommend to you today.

In the military personnel account, we have cut 22 percent;

From operations and maintenance, we cut 26.7 percent from the request;

From procurement, 15 percent; and

From research and development, we cut 27 percent.

Overall, when transfers are taken into account, we have cut over 21 percent from the defense request.

In terms of dollars, we cut over $1.6 billion from the administration's request for supplemental funding.

We made adjustments in fuel price estimates, travel allowances, and in procurement.

Cuts were made because we were not sure defense could obligate the funds requested for specific programs in the remaining weeks of the fiscal year. We cut because we were uncomfortable with the justification for the increase, or because we didn't feel additional funds were needed for particular purposes.

In short, we didn't make cuts simply for the sake of cutting. We reduced requests for a variety of reasons. In all honesty, some were questionable, but an overwhelming majority of our cuts were made because the information we had at the time led us to the conclusion a cut was warranted.

I can assure my colleagues that if we made bad cuts or bad judgments, we will take a serious look at any new data coming to us as we move to conference. Likewise, if cuts were not made where they should have been, we will give that issue a good hard look at conference.

Mr. Chairman, I can support the defense portion of this bill because I believe in general the work of the subcommittee is commendable.

Before I surrender the floor, I would also address the military construction chapter. In this case, we cut about 33 percent of the request and deferred another $92 million of MX missile planning money.

Here, too, one can differ as to specific cuts, but, in general, the $113 million reduction is warranted, and I support the chapter as presented.

In summary, I am pleased with the general thrust of the defense and milcon chapters, and I urge that they be adopted without amendment.

We cut where we were unsure and funded where we were sure.

Defense, therefore, meets the test of essentiality. It is time that we moved forward to strengthen our Nation. This bill does just that.

Mr. McHUGH. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to take a few moments to express some reservations about this package, although perhaps we will have no choice but to support it in the end.

I take this time because I think the priorities reflected in this supplemental and rescission package are important for the Members to understand. This is the first step in the new administration's effort to shift resources significantly from nonmilitary programs to military programs. I think it is important for the Members to see this package in that perspective.

As the chairman of our committee has pointed out, there is a total package of rescissions in nonmilitary programs of $12.7 billion. This includes some significant cuts in appropriations already made for this fiscal year. For example, in subsidized housing a rescission of over $5 billion is proposed for this fiscal year.

There is a proposed rescission of $1.7 billion in EPA waste treatment programs.

There are $920 million rescinded in biomass energy development.

There are $786 million proposed for rescission in education programs, and $181 million in economic development programs.

These are just a few examples, Mr. Chairman, but they demonstrate the scope of the cuts being proposed in existing appropriations for domestic programs.

On the whole, I think the subcommittees have done a good job. If we are serious about fiscal restraint, if we want to have a tighter budget, then some of these very painful rescissions have to be made; but if we are serious, it is important as well to look at the military side of our budget.

Mr. Chairman, let me state at the outset that if the military expenditures requested are necessary for our defense, then they must be made. However, we have before us an exceptionally large supplemental request for the military. It calls for increasing the military side by $11.2 billion.

In looking at the report of the Appropriations Committee, it is apparent that there is some question about whether the Pentagon has adequately justified this rather extraordinary supplemental request. As the committee report indicates, the supplemental requested by the Department of Defense is "somewhat unique." It is somewhat unique for a number of reasons. First of all, it is a very large supplemental request. As the report points out, supplementals are usually reserved for extraordinary or emergency requests. This is not in that category. There are many routine items in this supplemental request.

Moreover, as the report also expressly indicates, the character of this request is unusual. For example, it includes programs which have been denied by the last Congress for this fiscal year. It is extraordinary for the Department of Defense to come back in a supplemental and request funding for programs which Congress rejected just a short time ago.

Moreover, this supplemental request is unique, or at least somewhat unusual, in the sense that the increased pay costs are fully funded for the Defense Department, but not for any other department of the Government. In other words, a double standard is being applied in this supplemental with respect to the costs of pay increases. Every department except Defense must absorb a substantial part of these costs.

Finally, as the report also points out, the Department of Defense was relatively unprepared to substantiate and justify its supplemental request.

Here I would simply quote from the report itself:

> The supplemental request is also unusual in that it was quite obvious in the hearings that the Department and the military services were not as carefully prepared as is customary and as is expected by the Committee. The Committee had difficulty in obtaining the information needed as a basis for rational decisions at the time it was needed. The Committee was forced to postpone its planned markup date because of this in order to give the department another two weeks in which to submit the material required.

I should also note that when our full Appropriations Committee met to consider all of these supplemental and rescission requests, we had no written report from the Defense Subcommittee, not because of any negligence on the part of the subcommittee, but because of the delays referred to in this report which were the fault of the Defense Department.

As I said earlier, Mr. Chairman, if we are serious about fiscal restraint, if we want to eliminate waste and inefficiency wherever we find it, we cannot exempt the Department of Defense from that rigorous standard.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. McHUGH was allowed to proceed for an additional 30 seconds.)

Mr. McHUGH. I have taken the floor this afternoon to simply put into perspective this package that we have before us and to urge the Members of the House to look at the committee report carefully.

I would especially commend to the Members' attention the additional views of the chairman of the Defense Subcommittee, Mr. ADDABBO, who in my judgment has done a fine job in pointing out in his views some of the concerns to which I have referred and some of the reservations which I share.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. DICKS and by unanimous consent, Mr. McHUGH was allowed to proceed for 2 additional minutes.)

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I want to tell the gentleman from New York that I agree with the thrust of his remarks in this sense; I, too, believe that the Defense Subcommittee, of which I happen to be a member, should scrutinize the programs under the jurisdiction of the Department of Defense just as thoroughly as those for any social program and that we can make some substantial savings in eliminating waste and fraud in the Department of Defense just as well as anywhere else; but I would like to point out to my friend, the gentleman from New York, that our subcommittee under the leadership of the distinguished gentleman from New York (Mr. ADDABBO) made substantial reductions in the requests. We did not just approve this budget in a willy-nilly fashion. We went through it line item by line item and tried to eliminate those items for which the Department of Defense did not give us proper justification; so I think that we did the task, as the gentleman from New York has pointed out, I think we did it in a thorough way.

Mr. McHUGH. Well, I appreciate the gentleman's comments. I have tried not to be critical of the Defense Subcommittee, which I think had to operate under very difficult circumstances. As the chairman of the full committee pointed out, we were under severe time constraints.

My concern is that the Defense Department does come before the gentleman's committee and fully justify these extraordinary requests, extraordinary for a supplemental, and the references which I have made in my statement are references which reflect the Defense Subcommittee's own report.

Mr. DICKS. Mr. Chairman, if the gentleman will yield further, I am not disagreeing with the gentleman. I just think it is important for the Members to understand that we did try to do a good job under difficult circumstances. In fact, the chairman refused to mark up the bill until he received adequate justification from the Department.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. DOWNEY, and by unanimous consent, Mr. MCHUGH was allowed to proceed for 3 additional minutes.)

Mr. DOWNEY. Mr. Chairman, would the gentleman yield further?

Mr. McHUGH. I would be happy to yield.

Mr. DOWNEY. I think the gentleman has raised an important point that we should consider.

On page 65 of the committee report, a number of us have been discussing for some time what the economic consequences of this tremendous increase in defense will have.

Let me just quote from the report:

Recently, the Selected Acquisition Reports identified a $47 billion cost increase in 47 weapons systems. Over one-half of these increases were the result of underestimating inflation.

The report also goes on to add that the estimates for inflation for defense procurement is even higher than that in the civilian side; so what we can expect, I think, from not only the increases contained in this supplemental for procurement, but in the 1982 budget as well, for the defense increases to place a severe inflationary constraint not only on our budget, but certainly on our economy

I think that any of us who think that just increasing defense is going to (1) buy us more security and (2) not do damage to the economy are making some very big mistakes.

I thank the gentleman for pointing out some of the priorities in the supplemental.

Mr. McHUGH. I thank the gentleman for his comments.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

ARMY STOCK FUND

For the Army Stock Fund, $34,000,000.

OPERATION AND MAINTENANCE, NAVY

For an additional amount for "Operation and maintenance, Navy", $402,899,000; and, in addition, $153,567,000 for liquidation of contract authority in "Operation and maintenance, Navy" for fiscal year 1980; and, the amount of funds available only for regularly scheduled ship overhauls, restricted availabilities and expenses associated with the installation of equipment, improvements, and modifications scheduled to be accomplished concurrently during an overhaul or restricted availability is decreased to $3,620,000,000.

Mr. TRAXLER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, during the review of this bill in the full Appropriations Committee, I offered an amendment to our committee report dealing with the regional development programs funded by the Commerce, Justice and State Subcommittee, found in chapter II.

This language points out that the regional commissions are a joint venture of the Federal and State Governments, and that we recognize that the Governors of the various States have an important role to play in the decision to operate or terminate the regional commissions.

The bill provides money sufficient to complete ongoing projects and to terminate the commissions. It is the committee's understanding that the commissions have sufficient balances remaining to allow them to remain in operation through fiscal 1982 as they complete the projects recognized in our action, and the language points out that allowing the commissions to continue to operate with the States' share of administrative funds will allow the most effective transition of activities possible.

The bill language on the subject allows "remaining balances" to be used for completion of projects and the termination of the commissions. I think that there should be no doubt that when we say remaining balances we do, indeed, mean all remaining balances.

But at the same time, it needs to be pointed out that an examination of the commissions occurs only on a decision of the Commission. This requires a vote of a Federal cochairman and the Governors. The law also states that remaining balances consist of funds "appropriated until expended." The Governors' approach to achieving a modification in the operation of the commissions and their potential termination, demonstrates a more equitable and reasonable approach to the possible termination of the commissions over the course of the next year, particularly when we consider that the legislative authorization for the commissions expires in September 1982, making any further decision regarding the operation of the commissions properly a matter for the authorizing and not the Appropriation Committee.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

URANIUM SUPPLY AND ENRICHMENT ACTIVITIES

(RESCISSION)

Contract authority deemed to have been made available for "Operating Expenses, Uranium Supply and Enrichment Activities" in Public Law 96-367 and other Acts making appropriations for Energy and Water Development in the amount of $979,585,000 are hereby rescinded.

Mr. McEWEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to pose a question to the committee at this point as one who is vitally interested in the timely completion of the gas centrifuge enrichment plant at Portsmouth, Ohio. I would request information as to whether or not this rescission will in any way impact or delay the timely construction timetable of this strategic project.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Indiana.

Mr. MYERS. I thank the gentleman for yielding. The purpose of this particular section of this bill is a technical one that does not really affect the amount of money available for construction. It has primarily to do with operating expenses. The procedure that has been used in the past by DOE is that they use revenue received from the sale of enriched uranium to pay for power for the enrichment, and in certain cases for construction. It really will not affect the final completion of the Portsmouth plant. It is more a technical section because this dollar figure was used by the Office of Management and Budget to charge twice for the same account because DOE was using funds in the revolving fund.

Mr. McEWEN. Mr. Chairman, I have a concern as to whether or not the actual construction contracts are being rescinded in any way.

Mr. MYERS. If the gentleman will continue to yield, the construction contracts are not rescinded, and there will not be any impact on the construction timetable. There might be just a slight delay a few days maybe in instances where revenue is coming in, but revenue is coming in at an expected rate, I do not think it will have any impact whatsoever. There will not be any rescinded construction contracts.

Mr. McEWEN. I thank the gentleman.

The CHAIRMAN pro tempore (Mr. BEILENSON). The Clerk will read.

The Clerk read as follows:

GEOTHERMAL RESOURCES DEVELOPMENT FUND

GEOTHERMAL LOAN GUARANTEE AND INTEREST ASSISTANCE PROGRAM

(RESCISSION AND DEFERRAL)

Of the funds appropriated for "Geothermal Resources Development Fund, Geothermal Loan Guarantee and Interest Assistance Program" in Public Law 94-355, Public Law 95-96, Public Law 96-69, Public Law 96-367 and other Acts making appropriations for Energy and Water Development, $21,982,000 are rescinded and $101,000 are deferred for obligation until October 1, 1981.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to clarify here with the distinguished chairman of the Appropriations Subcommittee on Energy and Water Development (Mr. BEVILL) a couple questions about the actions taken by the Appropriations Committee with respect to the geothermal loan guarantee reserve fund.

The Appropriations Committee has agreed to rescission R81-68 which rescinds $22,066,000 from the geothermal loan guarantee reserve fund. Of the appropriations left in the reserve, the committee bill also provides au-

thority to utilize $20,000,000 remaining in the fund to cover loan defaults as well as interest assistance payments. As I understand the action taken by the committee, acceptance of this rescission does not constitute a deauthorization of the authority of the Department of Energy to issue loan guarantees. As provided in Public Law 96-367, that loan guarantee authority would still total $500,000,000.

The distinguished gentleman tells me that I am correct as to the effect of the rescission and furthermore that any future legislation from the cognizant legislative committees is only necessary to help the Appropriations Committee better execute the already existing loan guarantee program and that legislation is not necessary to reauthorize the geothermal loan guarantee program. We would expect the authorizing committees to review this matter and make their recommendations. Meanwhile, the committee is not recommending any changes in the loan program which would require a reauthorization of the program or a reappropriation of the loan guarantee authority.

Mr. Chairman, I have already discussed this with the distinguished chairman, Mr. BEVILL, and he confirms my understanding, and I wanted it to appear in the RECORD at this point.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

CHAPTER V

MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association by the Secretary of the Treasury, $540,000,000, to be available only upon the enactment of authorizing legislation, for the first installment of the United States contribution to the sixth replenishment, to remain available until expended: *Provided,* That no such payment may be made while the United States Executive Director to the International Bank for Reconstruction and Development is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while the alternate United States Executive Director to the Bank is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

Mr. KEMP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time to raise an issue that I think is of great import to the Congress, to the administration, and to the American people: the financing of the replenishment funds for the International Development Association, commonly known as IDA. In this case it is the sixth replenishment.

The bill provides $540 million this year. This is only the beginning. Behind the fiscal year 1981 appropriation is the intent to appropriate $850 million in fiscal year 1982, and then $1.8 billion in 1983. This sixth replenishment of IDA would cost $3.24 billion, $800 million above the level of the fifth replenishment, an increase of 33 percent.

As we all know, this issue came up in our committee last year. The gentleman from Florida (Mr. YOUNG), and the chairman, the gentleman from Maryland (Mr. LONG), both refused to go along with the IDA sixth replenishment. It had not been authorized and, in any case, they thought that it was too much money for the soft loan window of the World Bank given IDA's development policies. All of us know that IDA is involved in affording 50-year loans to so-called developing countries at interest rates that range between zero and zero percent.

Mr. Chairman, I am sure my facetiousness is not lost on the Members of Congress. The Congress is cutting back on loans to cities. It is cutting back on guaranteed loans in the EDA program. It is cutting back on UDAG. It is cutting back on so many programs that affect the United States and our domestic constituents. It does not seem to this Member that it is wise for us to go ahead with something that was negotiated by the previous administration, not approved by Congress, but that would commit this and the next Congress to spending over $1 billion a year for a program most of us feel is misdirected.

I, frankly, would like to say on the floor that I strongly opposed it in our subcommittee just as I opposed it in the 96th Congess. We lost by one vote. It was the consensus of the committee however that we ought to come before the Congress and go ahead with this supplemental. This is not the place to attack a program which is not even authorized. When the authorization bill comes to the floor, many of my colleagues and I intend to make a case that this country not only should not commit itself to the next 3 years of IDA VI, but that it should be stretched out and renegotiated. Something is wrong with the soft loan window in the World Bank. Almost 60 percent of all the money goes to 4 countries—India, Pakistan, Bangladesh, and Indonesia. Interestingly enough, one country in that part of the world that is getting only a small percentage of IDA money is Sri Lanka. Sri Lanka has the highest economic growth and the lowest rate of inflation in that area, and they contribute to economic development by creating a sound economy, a sound tax system, and a sound monetary policy.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I will be glad to yield to the gentleman from California, who I think shares some of these concerns.

Mr. LEWIS. I appreciate the gentleman's raising this question today. At the subcommittee level I was one of the people who voted for this supplemental request on the part of the administration. We are talking about no small amount of money. We are talking about $540 million worth of supplemental at a time when across the country in domestic program after domestic program we are literally asking the American taxpayer and our people to tighten their belts.

I must say that I am very disappointed myself with the way this matter was handled by the administration in committee. It was upon the urging of the administration, a letter coming from the Secretary, that many Members voted for it. At a time when we are asking our people to reevaluate the direction of our funding, at a time that we are suggesting that it is time for us to review our preconceived notions, important on our premises, we certainly ought to be willing to take this opportunity to take a hard look at multilaterals.

In this case the administration said it was necessary to maintain our commitments created by the former administration, that we had to follow through in this specific case; and yet, reviewing the record from the year before, it is very clear in testimony from Secretary Blumenthal, very clear in question after question raised by our colleague, the gentleman from Florida (Mr. YOUNG) that the administration had not committed the Congress. We literally had to wait for approval by the authorizing committee and the Appropriations Committee.

So we were misled, and I think it ought to be known on the record and by the administration that those of us who were led down the garden path in this case are not happy about it. We think we ought to be reviewing major programs of this kind.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. KEMP was allowed to proceed for 4 additional minutes.)

Mr. KEMP. I yield to the gentleman from California (Mr. LEWIS).

□ 1430

Mr. LEWIS. I appreciate the gentleman yielding to me, and I certainly appreciate his raising this issue in this fashion.

Mr. KEMP. The gentleman's comments are right on target. I might add that Chairman LONG and Congressman YOUNG made it quite explicit to the previous administration that, unless Congress authorized and appropriated

the money, there could be no international agreement for the sixth replenishment. I am disappointed that this administration went along with the idea that somehow we had a commitment because it was negotiated by a previous administration. Irrespective of that point, it seems to me that while this administration—and I support it—is attempting to begin a new age, a new domestic economic policy, it should not advocate this kind of business-as-usual approach to international economics. There is not a case to be made that IDA is an effective tool of economic development. Particularly at a time when we are signaling such a sharp change in economic policy and strategy here to get our own domestic economy going. We should not advocate outmoded, counterproductive policies for the very poorest nations. We cannot say to them that low tax rates, fiscal restraint, and sound money will aid America's poor but that they should be shackled with high tax rates, huge deficits and debased currencies.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I will be glad to yield to my chairman, who might further edify us on just what kind of a commitment we have.

Mr. LONG of Maryland. Just let me say that I voted the other day for the Reagan budget, and with the administration asking Democrats to support the Reagan budget, it seems the least it can ask is for some people over here to support its programs in foreign aid.

I thank the gentleman.

Mr. KEMP. I appreciate the gentleman's contribution. I was not quite prepared for his comment.

But the gentleman from Maryland—and I want to say this, despite his previous comment—has done, along with the gentleman from Florida, a yeoman's service to the Congress in alerting this body, to the failure of the multilateral lending agencies to fulfill their stated goals of economic development. He has made it clear to all that there was no agreement by the Congress to fund IDA VI. The past administration knew there was no agreement because the gentleman and Mr. YOUNG, of course, signaled that to the administration so many times. Mr. Blumenthal actually alluded to that in his comments.

There is no agreement. It ought to be renegotiated. We should not commit the American taxpayers to spending $3.2 billion to fulfill something that is not only spurious in terms of its goals, but is helping to cause such serious dislocations in our own domestic economy.

Mr. LIVINGSTON. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Louisiana, a member of the committee.

Mr. LIVINGSTON. I thank the gentleman for yielding.

Mr. Chairman, the gentleman has raised some splendid points which I am going to take into consideration when this issue comes up in the future.

I think that perhaps we focused on this issue a little bit too late in order to make the corrective changes that were needed this time around.

The administration perhaps focused on it a little late, as well. They made a decision and I, for one, share the gentleman's intent to support this administration. I think that we should support them. Let us let this one go, go ahead and support them, bring it up in the authorization bill later on, and make sure that the correct move is made at that time.

Mr. KEMP. It is not the purpose of the gentleman from New York to suggest that we ought to make the fight here. But I do expect that on the authorization bill we are going to try to stretch out funding for IDA VI—I am not against IDA or the IDA sixth replenishment. But, frankly, I think that while we think in terms of that funding we ought to think also in terms of renegotiating this replenishment to get the OPEC nations to bear a larger share of the burden, a burden largely created by higher energy prices.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has again expired.

(By unanimous consent, Mr. KEMP was allowed to proceed for 1 additional minute.)

Mr. KEMP. I now yield to my colleague, the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. I appreciate my colleague's taking this time to reemphasize the point that, as the gentleman from Florida has brought out on previous occasions and has discussed with the gentleman, there was no commitment, specific commitment, on the part of Mr. Blumenthal for an exact dollar amount; is that not correct?

Mr. KEMP. Well, not only was there no specific dollar amount, it was made quite clear by Secretary Blumenthal that because the Congress had not either authorized or appropriated the money, the Carter administration could not commit the United States to the IDA sixth replenishment. The gentleman is substantially correct.

Mr. ROUSSELOT. So the point is, then, which the gentleman has made very well, with his colleague from the same subcommittee, there was really not a firm commitment on the part of the United States for an exact dollar amount in the sixth replenishment.

Mr. KEMP. The administration made a commitment contingent on gaining authorizing and appropriating legislation. They knew that they did not have the authorization and the appropriation and were told by the subcommittee that passage was unlikely.

Mr. ROUSSELOT. I appreciate my colleague yielding.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: On page 39, line 8, strike "$540,000,000" and insert in lieu thereof "$534,600,000".

Mr. ROUSSELOT. Mr. Chairman, we have talked a lot here in the last few days about saving funds in our budget. I believe that this is an appropriate request. My amendment does nothing more than reduce this appropriation for the replenishment, but by 1 percent. So that reduces it to $534 million. And I do it on the basis that there was no firm commitment, as was just discussed, on the part of the United States for this sixth replenishment fund. And the Members are now aware of the history of this replenishment fund. We have been the major contributors to this fund early on, even though our percentage of our participation is now being reduced, and we have asked the American people domestically to reduce Federal funding in many areas of funding much more than 1 percent. Yet here for this fund, much of it that goes free of interest, in some cases foreign countries are given 40-year loans, and in some cases they do not even repay it, and yet our people at home are carrying mortgages that have interest charges of 12, 14, and 15 percent. Yet in this bill we are asking the American taxpayers to replenish this fund for a substantial amount.

I know, some of my colleagues have said to me, "Do not offer this amendment, JOHN."

Mr. KEMP. If the gentleman will yield, was the gentleman referring to the gentleman from New York?

Mr. ROUSSELOT. No; I have not said a thing about the gentleman from New York, and when I do I will be glad to yield to the gentleman.

I know that some members of the committee feel that they made a commitment to the White House, which I understand, and so they will be committed to vote for the full amount. What I am saying is that I believe in fairness to the American taxpayer, who will be asked to fund this appropriation, a 1-percent reduction is not an exorbitant amount. It is an appropriate reduction especially since so much of this funding goes for loans that are sometimes as low as 5 or 6 percent. All I am suggesting is that we make it clear to our negotiators, as has already been pointed out by the previous discussion, that the Congress not be taken for granted when these replenishment funds are being negotiated. So I merely ask that our colleagues join in reducing this by 1 percent.

Mr. LONG of Maryland, Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Maryland.

Mr. LONG of Maryland. Let me say that I have no objection to the gentleman's amendment.

Mr. ROUSSELOT. Good. I accept the gentleman's statement, and appreciate his support.

Mr. LONG of Maryland. We would never have put the money in there if we had not felt we would get support on the gentleman's side. We are trying to help the gentleman's side of the aisle.

Mr. ROUSSELOT. I appreciate it. And if the gentleman will accept the amendment, I thank him.

Mr. LONG of Maryland. I think, in the interest of getting help from us in the future, I do not think we ought to get more of this type of thing, you know, letting us be trapped into going along and helping you and then turning around and making us look like a bunch of wild-eyed spenders. I accept the gentleman's amendment.

Mr. ROUSSELOT. I appreciate it.

I do not think the gentleman is a wild-eyed spender on this issue.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Washington.

Mr. DICKS. Do I understand this correctly? Is this just to cut 10 percent?

Mr. ROUSSELOT. A 1-percent cut from the $540 million.

Mr. DICKS. What are the implications of cutting 10 percent?

Mr. ROUSSELOT. Not much, as we have discussed in previous times.

I remember the last time we were told, Oh, it is too intricate a negotiation. They handled the last reduction demanded by Congress on the telephone.

Mr. DICKS. Does the administration request a 10-percent cut?

Mr. ROUSSELOT. No. I am not representing the administration today in any way. This is JOHN ROUSSELOT, Member of Congress, from the 26th District in California.

Mr. DICKS. Can the gentleman tell us what the consequences will be?

Mr. ROUSSELOT. The implication is we are reducing the appropriation by 1 percent, on the basis that it is not needed. That is the whole of the matter.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. I accept the amendment.

Mr. ROUSSELOT. I appreciate the gentleman's acceptance.

Is the gentleman from Washington accepting it also?

Mr. DICKS. I am sure that the gentleman would know what the administration's position is.

Mr. ROUSSELOT. My understanding is that it is not wholly clear except over a 3-year period. I believe it is in excess of $1.8 billion, or something. So we have plenty of time to find out what is really needed.

Mr. DICKS. I agree with the gentleman on that point.

Mr. ROUSSELOT. I appreciate the gentleman's support, and I hope he will rise in support of the amendment.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

(By unanimous consent, Mr. CONTE was allowed to proceed for 5 additional minutes.)

Mr. CONTE. Mr. Chairman, as I said when I first spoke here on the floor today, that I would oppose any amendments, either adding or subtracting from this bill, it is a very, very difficult bill to carry. The gentleman from California is a very brave guy. Anybody can cut this particular area. It has no constituency whatever. He knows it. If you want to demagog it, go ahead, demagog it. But we have a delicate package here, and I hope we can hold it together today.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

Mr. Chairman, I am sure that the gentleman knows, on the basis of previous discussions on this issue of multilateral funds, that the constituents that both the gentleman and I represent who pay for this are the taxpayers.

Mr. CONTE. No doubt.

Mr. ROUSSELOT. They are being asked to reduce in other domestic programs. This is the sixth replenishment; note I say the sixth additional to the International Development Association Fund.

Mr. CONTE. That is right.

Mr. ROUSSELOT. Many times in the past, our country has been asked to put up as much as 40 to 60 percent in these various multilateral funds. We have done our part. All I am suggesting is that we apply the same technique to this area as we have to our domestic programs.

Mr. CONTE. I think that if we fail to vote this supplemental, the United States will be reneging on an international agreement which both the Carter and Reagan administrations have repeatedly said they would honor by contributing the agreed-upon U.S. share of 27 percent.

I would like to have the gentleman's attention, my good friend from California. This is the lowest share in U.S. history in the IDA agreement. Failure to appropriate it, would mean a dramatic reversal of over 20 years of U.S. leadership in this major international institution. Failure to vote this supplemental will also terminate IDA operations, thereby cutting off the largest source of development assistance for the poorest countries in the developing world with 1.5 billion people.

If the United States is going to renege on this agreement, our credibility with our key allies in the developing world would be severely damaged. This in turn would reduce the U.S. leverage in achieving the results that we seek in a whole range of international agreements. It will make it much more difficult for the United States to press our allies to meet other shared commitments, such as defense spending. In IDA-VI, the contribution of the European community and Japan is twice as large, twice as large as the United States. In sum, failure to appropriate this entire supplemental request would undermine the administration's effort to establish a strong and a coherent foreign policy. It is for this reason, as well as the impact on the world development, that President Reagan has explicitly endorsed IDA-VI, and has stressed to both Secretary Regan and Secretary Haig the importance he attaches to the United States following through on this commitment.

What would the impact be on the developing countries if we vote to knock down the entire supplemental? I think it would bring a collapse to the IDA-VI replenishment program.

A cutoff of $10 billion in loans to increase food production, improve health, sanitation, and education in countries with per capita income of less than $360 a year, a halt in lending to seven major borrowers from IDA which line the periphery of the Indian Ocean and which have been subject to recent Soviet efforts to expand their influence there. The loss of most multilateral assistance to important friends in key strategic areas in Egypt, Kenya, Central America, and the Caribbean. An end to the largest source of assistance to one of the world's poorest areas, sub-Sahara Africa.

There has been a lot of talk about Sri Lanka. I have a letter here, just addressed to me today. It says:

On behalf of Secretary Regan, I am replying to your April 30 letter which poses questions about IDA programs in Sri Lanka.

Since IDA's inception in 1960, to June 30, 1980, Sri Lanka received credits totaling $369.6 million from IDA, ranking ninth among the 73 IDA borrowers. In World Bank fiscal year 1980, Sri Lanka borrowed $151.5 million or about 4 percent of total IDA lending that year, making Sri Lanka the eighth largest among the 40 IDA borrowers.

In per capita terms, Sri lanka has received $25.30 since 1960 (based on mid-1979 population estimates), placing it 24th among 73 countries. In fiscal year 1980, Sri Lanka received $10.38 per capita, which ranked the country fifth overall.

So Sri Lanka is being well taken care of.

The entire letter reads as follows:

DEPARTMENT OF THE TREASURY,
Washington, D.C.

Hon. SILVIO O. CONTE,
House of Representatives,
Washington, D.C.

DEAR MR. CONTE: On behalf of Secretary Regan, I am replying to your April 30 letter which poses questions about IDA programs and Sri Lanka.

Coincidentally, Secretary Regan met with Sri Lankan Finance Minister de Mel on May 6. The Minister expressed appreciation for past U.S. support for IDA and hoped for continued U.S. leadership.

Since 1977, Sri Lanka has enjoyed relatively high growth rates. Real Gross Domestic Product growth in 1980, was a respectable 5.6 percent compared with 6.2 percent in 1979. While substantially below the 8.2 percent achieved in 1978, the 1980 growth rate was close to the 6 percent annual average target rate for the 1978-1982 period. Real per capita Gross Domestic Product in 1980 is estimated at $278. Inflation has become a serious problem, rising from 15 percent in 1979 to 25 percent in 1980, according to official statistics. The sharp rise in prices has been associated with substantial government deficits, price decontrol, worsening terms of trade, and growing domestic resource shortages.

Since IDA's inception in 1960, to June 30, 1980, Sri Lanka received credits totaling $369.6 million from IDA, ranking ninth among the 73 IDA borrowers. In World Bank fiscal year 1980, Sri Lanka borrowed $151.5 million or about 4 percent of total IDA lending that year, making Sri Lanka the eighth largest among the 40 IDA borrowers.

In per capita terms, Sri Lanka has received $25.30 since 1960 (based on mid-1979 population estimates), placing it 24th among 73 countries. In fiscal year 1980, Sri Lanka received $10.38 per capita, which ranked the country fifth overall.

Considering only countries with more than three million inhabitants, we find that Sri Lanka ranks twelfth among 52 countries in cumulative per capita IDA borrowing. In fiscal year 1980, Sri Lanka was the largest IDA borrower per capita among 32 countries.

I should add that Sri Lanka currently has eight projects for $216.5 million in the IDA project pipeline, awaiting reactivation of IDA lending.

I understand that the World Bank has worked closely in recent years with the Sri Lankan Government to develop economic policy alternatives.

I hope that this information will be of use to you and your colleagues.

Sincerely

W. DENNIS THOMAS,
Assistant Secretary,
Legislative Affairs.

□ 1445

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. ROUSSELOT. The gentleman made a point a minute ago that this would be a disappointing action to vote for this amendment because it would break down the agreements that we have with the IDA organization.

Let me quote to the gentleman a letter that was sent to the subcommittee from our good colleague, the gentleman from Florida (Mr. YOUNG), who the gentleman knows was the ranking member of the subcommittee just a year ago. He wrote to the subcommittee as follows:

Hon. JACK F. KEMP,
Rayburn House Office Building,
Washington, D.C.

DEAR JACK: Regarding our conversation this afternoon concerning funding for the IDA VI Replenishment, I thought you might like to have the following information.

On March 6, 1976, Secretary of the Treasury, W. Michael Blumenthal, testified before the Appropriations Subcommittee on Foreign Operations on United States participation in the International Financial Institutions. In response to my questions, Secretary Blumenthal maintained that there was no United States commitment to the replenishments negotiated until the Congress had passed both the authorization and appropriations for the particular replenishment. A copy of this testimony, which he had an opportunity to edit before printing, is enclosed. It was taken from page 458 of Part 1 of the fiscal year 1979 Foreign Assistance and Related Agencies Appropriations Hearings.

Secretary Blumenthal reconfirmed the Administration's position on this issue during the fiscal year 1980 hearings. I am also enclosing a copy of a statement presented by then United States Executive Director to the World Bank, Edward R. Fried, to the World Bank's Board of Executive Directors advising them of this United States position as it related to the World Bank's most recent replenishment.

In addition, I am also enclosing a copy of my February 6, 1981 letter to OMB Director, Dave Stockman, on the subject of the IDA VI Replenishment. Some of the points contained in the letter may be helpful to you.

With best wishes and personal regards, I am

Very truly yours,

C. W. BILL YOUNG,
Member of Congress.

Now the gentleman knows the authorization has not been passed and Congress has not really spoken on this issue and we are asking the American people domestically to slow down their Federal increases in expenditures.

I cannot believe the gentleman would really oppose this amendment on the basis that it really has not been authorized.

Mr. CONTE. Let me say this, as a team player, I am here carrying my administration's request and I know the gentleman is going to be a team player. I know the gentleman is not going to take a whack at them every time he sees a chance. I know the gentleman is going to be in there pitching.

Let me read a letter I received just a few minutes ago.

THE SECRETARY OF THE TREASURY,
Washington, May 12, 1981.

Hon. SILVIO O. CONTE,
House of Representatives,
Washington, D.C.

DEAR SIL: Thank you for your continuing efforts in support of legislation authorizing and appropriating funds for U.S. participation in the multilateral development banks.

As I indicated in my testimony of April 10 before the Foreign Operations Subcommittee of the Committee on Appropriations, the Administration wants to provide funding to the banks without strings attached, working vigorously within the banks, however, to make certain that none of the funds are used for lending which we oppose. We believe it would be self defeating to place limitations on the use of U.S. funds by the banks through the adoption of restrictive amendments because the banks could not accept the funds under those conditions.

I have considered this issue further since my testimony and can find no reason whatsoever to change the views I expressed at that time. In this regard, you may be interested in having the enclosed copy of a statement on the issue signed by former Secretaries of the Treasury. That statement shows the very strong bipartisan position that has existed against adoption of amendments restricting U.S. funds by the banks.

Thank you again for your support. Best wishes.

Sincerely,

DONALD T. REGAN.

JOINT STATEMENT BY FORMER SECRETARIES OF THE TREASURY, JULY 1978

As former Secretaries of the Treasury, we want to reaffirm again this year our belief that United States participation in the international financial institutions—the World Bank and the regional development banks—is vital to American economic and political interests.

Since the Second World War successive Presidents of the United States—Truman, Eisenhower, Kennedy, Johnson, Nixon and Ford—with strong bipartisan backing in the Congress, have supported the World Bank and the regional development banks as major elements of our foreign policy.

As Secretaries of the Treasury during this period, we have consistently nurtured the growing role of these institutions in the world economy.

We did so because these institutions provided the most orderly, effective and business-like way of promoting international cooperation between the developed, democratic nations in assisting the poorer, less developed nations in giving hope for solid economic progress to their peoples.

The multilateral development banks provide a way of sharing the burden equitably, which otherwise would tend to fall disproportionately on the richer and larger nations such as the United States.

These institutions are set up so that the decisions on loans, hard or soft, are made by Executive Boards of Directors, representing member countries, but voting on a weighted basis, reflecting quantity of support, on recommendations from a staff of international civil servants. By this devise, the politicizing of aid by individual nations can be avoided; appropriate terms and conditions to make the lending effective can be attached without the resentment of the borrower being directed at an individual lending nation; and the types and forms of loans can be made to reflect the points of view of borrowers and lenders alike. Moreover, procedures following up the extension of the loan can be administered so as to assure its appropriate use without the charges of interference that might otherwise attach to an individual lending nation.

We firmly believe that a continued U.S. leadership role in the multilateral financial institutions is vitally necessary to a continu-

ance of these organizations along the efficient, business-like lines described, and to our own cooperative effort in the world.

The House of Representatives will soon vote on the FY 79 Foreign Assistance Appropriations Bill. The House Appropriations Committee will report the bill to the floor with an $876 million reduction in the Administration's budget request. It is crucially important that no additional cuts be made. Any such cuts would seriously erode the U.S. position in the banks by putting the United States further behind in meeting past pledges. We believe that any further reduction this year would run counter to important U.S. interests and policies.

Unfortunately, it is possible that amendments may be offered again this year which would earmark U.S. contributions to the banks in a way which will prohibit their use for loans for certain countries and certain commodities. If such restrictive amendments were to be adopted, they would effectively end U.S. participation in the banks. The Charters of these multilateral institutions do not permit the banks to accept funds so conditioned by individual members. These institutions have become such an integral part of the world economic system and U.S. foreign policy that such a result would gravely undermine the world economy and the future well-being of the American people.

We are pleased that the Appropriations Committee decided not to recommend any legislative restrictions on the use of funds appropriated in this year's bill. We urge the House and the Senate to reject any restrictive amendments that would have such devastating effects on the banks and U.S. participation in them, as well as to vote down any further reductions in the appropriations for the World Bank Group and the regional development banks.

Robert B. Anderson, Joseph W. Barr, John B. Connally, C. Douglas Dillon, Henry F. Fowler, David M. Kennedy, George P. Shultz, William E. Simon.

Let us support our President.

Mr. McHUGH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not a member of the Reagan team, but I am here to support the administration position because I think all of us should be very concerned about this amendment, an amendment which on its face seems very innocuous. The gentleman from California argues that it is only a 10-percent cut and, after all, some domestic programs are being cut by much more.

The fact is that this amendment has profound implications for U.S. foreign policy and I hope we all understand it. It relates to our continued constructive relationship with our allies and with many of the countries in the Third World.

I think it is important, first of all, to understand what IDA is. Many Members do not have an opportunity to focus on this institution except when an amendment like this is offered. IDA is the primary mechanism internationally through which many of the developed countries contribute in some small measure to the rather desperate problems of the underdeveloped countries. Seventy-five percent of the loans which are made by IDA go to countries with a per capita income of less than $360 a year. Seventy-five percent of the loans go to countries with a per capita income of less than $360 a year. Many of those countries are friends of the United States, such as Egypt, Pakistan, Kenya, and others. These countries are concerned about IDA and are concerned about U.S. leadership and participation in IDA.

The IDA loans help to support agricultural and other rural development programs which are essential to reducing foreign assistance in the years ahead.

What is the source of these IDA funds? These funds are contributed to IDA in accordance with negotiated international agreements. As the gentleman from Massachusetts pointed out, in December 1979, 33 nations negotiated the terms of the IDA-VI replenishment. At that time the United States pledged 27 percent of the total IDA-VI replenishment. That represented a decrease in the percentage of contribution that the United States had given in the past.

More specifically, when IDA was first established the United States contributed 42 percent of the total loan fund, not 60 percent as the gentleman from California indicated. The negotiations for IDA-V, which preceded the replenishment we are now discussing, resulted in the United States contributing 31 percent of the total.

Now under IDA-VI, the United States is contributing less than ever before, 27 percent. Thus, through a succession of administrations we have negotiated for less participation on our part and more participation on the part of other countries. I applaud that trend.

But it is now imperative that we meet our responsibility, negotiated in good faith. The first installment of a 3-year payment schedule was to be made in July of last year, and we have not yet paid one dime of that first installment.

Other nations without exception have indicated their willingness to go forward with their contributions. Indeed, our Western allies have advanced a portion of their contributions so that IDA funding could continue while the rest of the world waited for the United States to meet its first installment.

I am sure that it is some source of embarrassment to the Reagan administration, as it was to the Carter administration before it, that the United States has not yet begun to pay our contribution to this replenishment. As a result of our continuing default, all IDA lending has come to a halt.

I think it is also important to understand that the first U.S. installment was expected to be $1.080 billion, one-third of our total obligation which was to be paid over 3 years. The administration is asking for only half of that in this supplemental, that is, $540 million, substantially less than what was expected to be the first installment of the United States under the negotiated agreement. This is not what was anticipated and it will cause some problems in IDA. But that is what is before us, and the least we can do is to approve that much in this supplemental.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from New York.

Mr. PEYSER. I thank the gentleman for yielding.

I want to congratulate the gentleman for having the courage to make the statement that he is making now.

The CHAIRMAN pro tempore (Mr. BIELENSON). The time of the gentleman from New York (Mr. McHUGH) has expired.

(At the request of Mr. PEYSER and by unanimous consent, Mr. McHUGH was allowed to proceed for 2 additional minutes.)

Mr. PEYSER. If the gentleman will continue to yield, I would also like to congratulate the gentleman from Massachusetts (Mr. CONTE), for very clearly stating the case for this program.

To my friend from California who spoke, it is very easy to speak of the sacrifices that the American people are having to make, and I do not need to remind the gentleman that a lot of those sacrifices are a result of the vote that was taken here in the House last week where 176 Members voted not to make all those sacrifices, but this is nevertheless a program that the Reagan administration has called for, as have other administrations in the past and I think we have to support it and stop really what would have to be viewed as taking a political position on an issue of utmost importance.

I thank the gentleman for yielding.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Missouri.

Mr. VOLKMER. I thank the gentleman for yielding.

When did the original negotiation conclude on the IDA?

Mr. McHUGH. The original negotiation was concluded, as I recall, on IDA-VI in December of 1979. It was anticipated that the countries who are participating would make their first payment in July of 1980. We are now in May of 1981 and we have not made our first payment.

The request in the supplemental is for only one-half of our first installment due July 1, 1980.

Mr. VOLKMER. But things have changed since July 1, 1979, not only in this country, but throughout the world also. The economic conditions in

this country have changed dramatically since December of 1979.

Mr. EARLY. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Massachusetts.

Mr. EARLY. Mr. Chairman, I rise in support of the amendment.

Just to make a point, I have great respect for the man in the well, but it was suggested this is 10 percent. This is only a 1-percent cut. We are going to suggest that the multilateral banks cannot take the 1-percent cut.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. McHUGH) has again expired.

(At the request of Mr. EARLY and by unanimous consent, Mr. McHUGH was allowed to proceed for 2 additional minutes.)

Mr. EARLY. If the gentleman will continue to yield, it is 1 percent.

Now there has been no reaction to the amount. We stand up like robots. We support or we oppose because of what it was. Now here we are asking to cut 1 percent of a $540 million account.

Now the gentleman made very valid points. He has always been on that position on the issue. I have always been opposed to his particular position. But we are cutting biomass, veterans, postal service subsidies. We are cutting health and welfare and we cannot take a 1-percent cut?

Mr. McHUGH. If I may reclaim my time, let me simply say that as a member of the Subcommittee on Foreign Operations of the Committee on Appropriations, it is a difficult job at any time to get up and support foreign assistance. There is not much of a constituency for it. However, my own view is that if the United States wants to be a leader in the world it is going to have to begin to meet its responsibilities. This is a responsibility of our Government and if we want to exercise leadership, we have to accept this share of the burden.

These banks have been cut year after year after year, not by 1 percent, but by very large percentages. So if anyone thinks that this is a minor amendment which for the first time is cutting foreign aid programs, and only by a little bit, you are making a big mistake. Foreign aid programs, including the international banks, have been substantially cut in recent years, and this amendment has tremendous significance for our foreign policy.

In conclusion, Mr. Chairman, while I am not a member of the Reagan team, I can say that as an American it is very important that we support the position which the administration has taken in this case.

Mr. VOLKMER. Mr. Chairman, I move to strike the requisite number of words and I rise to speak in behalf of the amendment.

Mr. Chairman, I would like to bring to the attention of those Members who have been here in the Chamber that today at approximately noon, the House Committee on Agriculture voted to put a cap on the food stamp provisions for our senior citizens and for our low income, for our children, for our blind, and for our disabled.

As a result of the amount of the cap, it is estimated that there will be a reduction in the benefits in the next year for our senior citizens and for those other people, unless that cap is removed and with the administration spokesman there saying that it probably would not be, that the administration would probably not come back in, that there probably would be anywhere from a 5- to 10-percent reduction for those people.

□ 1500

Now, I would like to know from the gentleman from Massachusetts or the gentleman from New York or anyone else on the other side, when I go out and tell my senior citizens and those people that we cannot afford another $500 million for them, and they have to take our reductions, and yet we can afford another approximately $500 million and over—$540 million actually—in the bill, we cannot cut it 1 percent.

To me, it is hard for me to understand the philosophy behind that, when we can feed the rest of the world poor, and I would like to feed everyone if we could afford it, but we are in a different time right now. How can we say to our own, "You cut back, you take less?"

These are the poorest of the poor. These are the people that are destitute in this country, and yet we say we cannot cut back, to give a little bit less to the foreign aid. I cannot understand it.

I would like for one of the gentlemen, if they would, to tell me what the answer is. How can this country continue to send it overseas, and I see that there are benefits in this very same supplemental for Export-Import, which is nothing but a subsidy to the major manufacturers in this country. I like the idea of selling overseas, but that is nothing but a subsidy for Boeing, Douglas, many of those employees are in my district, but that is all it is.

But, we can cut back on our own but we cannot cut back for foreign aid.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. I agree entirely with the gentleman, and I have already said the committee will accept the amendment, and I hope we can just get on to a vote right now.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and on a division (demanded by Mr. VOLKMER) there were—ayes 13; noes 14.

Mr. VOLKMER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN pro tempore. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from Missouri (Mr. VOLKMER) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 272, noes 126, not voting 32 as follows:

[Roll No. 39]

AYES—272

Addabbo	Courter	Fuqua
Akaka	Craig	Gephardt
Albosta	Crane, Daniel	Gibbons
Alexander	Crane, Philip	Ginn
Anderson	D'Amours	Glickman
Andrews	Daniel, Dan	Goldwater
Anthony	Daniel, R. W.	Gore
Applegate	Dannemeyer	Gradison
Archer	Daschle	Gramm
Ashbrook	Daub	Gregg
Atkinson	Davis	Gunderson
AuCoin	de la Garza	Hagedorn
Badham	Deckard	Hall (OH)
Bafalis	Derrick	Hall, Sam
Bailey (MO)	Derwinski	Hammerschmidt
Bailey (PA)	Dickinson	Hance
Barnard	Dicks	Hansen (ID)
Benedict	Dingell	Hansen (UT)
Benjamin	Donnelly	Hartnett
Bennett	Dorgan	Hatcher
Bethune	Dornan	Heckler
Bevill	Dreier	Hefner
Biaggi	Duncan	Heftel
Billey	Dunn	Hendon
Boner	Dwyer	Hertel
Bonker	Dyson	Hightower
Bouquard	Early	Hiler
Brinkley	Eckart	Hillis
Brooks	Edwards (AL)	Holland
Brown (CO)	Edwards (OK)	Holt
Brown (OH)	Emerson	Hopkins
Broyhill	Emery	Howard
Burgener	English	Hubbard
Butler	Ertel	Huckaby
Byron	Evans (IA)	Hughes
Carman	Fascell	Hunter
Carney	Ferraro	Hutto
Chappell	Fields	Hyde
Clausen	Findley	Ireland
Coats	Flippo	Jacobs
Coelho	Florio	Jeffries
Coleman	Foley	Jenkins
Collins (TX)	Fountain	Johnston
Corcoran	Frost	Jones (NC)

Jones (OK)	Murphy	Smith (OR)
Jones (TN)	Murtha	Snowe
Kazen	Myers	Snyder
Kindness	Napier	Solomon
Kogovsek	Natcher	Spence
Kramer	Neal	St Germain
Lagomarsino	Nelligan	Stangeland
Lantos	Nelson	Stark
Latta	Nichols	Staton
Leath	Panetta	Stenholm
Lee	Parris	Stratton
Lent	Pashayan	Stump
Loeffler	Paul	Swift
Long (MD)	Perkins	Synar
Lowery	Petri	Tauzin
Lujan	Pickle	Taylor
Luken	Pursell	Thomas
Lungren	Railsback	Traxler
Madigan	Rinaldo	Trible
Marks	Roberts (KS)	Udall
Marlenee	Roberts (SD)	Vander Jagt
Marriott	Robinson	Volkmer
Martin (IL)	Roemer	Walgren
Martin (NY)	Rogers	Walker
Mattox	Rose	Wampler
Mavroules	Rostenkowski	Watkins
Mazzoli	Roth	Weaver
McClory	Rousselot	Weber (MN)
McCloskey	Roybal	White
McCollum	Rudd	Whitehurst
McCurdy	Russo	Whitley
McDade	Santini	Whittaker
McDonald	Schroeder	Whitten
McEwen	Schulze	Williams (MT)
McGrath	Sensenbrenner	Williams (OH)
McKinney	Shannon	Winn
Mica	Sharp	Wolf
Miller (OH)	Shaw	Wortley
Minish	Shelby	Wright
Moakley	Shumway	Wyden
Molinari	Shuster	Wylie
Mollohan	Siljander	Yatron
Montgomery	Skeen	Young (AK)
Moore	Skelton	Young (FL)
Moorhead	Smith (AL)	Young (MO)
Morrison	Smith (NE)	Zeferetti
Mottl	Smith (NJ)	

NOES—126

Annunzio	Fazio	Moffett
Aspin	Fenwick	Nowak
Barnes	Fiedler	O'Brien
Bedell	Fish	Oberstar
Beilenson	Fithian	Obey
Bereuter	Ford (TN)	Ottinger
Bingham	Forsythe	Patterson
Blanchard	Frank	Pease
Boggs	Frenzel	Pepper
Boland	Garcia	Peyser
Bolling	Gejdenson	Porter
Bonior	Gilman	Price
Bowen	Gonzalez	Rangel
Broomfield	Gray	Ratchford
Brown (CA)	Green	Regula
Burton, Phillip	Guarini	Reuss
Campbell	Hamilton	Rhodes
Cheney	Harkin	Richmond
Chisholm	Hawkins	Rodino
Clay	Horton	Roukema
Clinger	Jeffords	Sabo
Collins (IL)	Kastenmeier	Savage
Conable	Kemp	Sawyer
Conte	Kildee	Scheuer
Conyers	LaFalce	Schneider
Coughlin	Leach	Schumer
Coyne, James	Lehman	Seiberling
Coyne, William	Leland	Shamansky
Crockett	Lewis	Simon
Danielson	Livingston	Smith (IA)
Dellums	Long (LA)	Solarz
DeNardis	Lott	Stanton
Dixon	Lowry	Studds
Dougherty	Markey	Tauke
Downey	Matsui	Vento
Dymally	McHugh	Washington
Edgar	Michel	Waxman
Edwards (CA)	Mikulski	Weiss
Erdahl	Miller (CA)	Wirth
Erlenborn	Mineta	Wolpe
Evans (DE)	Mitchell (MD)	Yates
Fary	Mitchell (NY)	Zablocki

NOT VOTING—32

Beard	Brodhead	Chappie
Breaux	Burton, John	Cotter
Evans (GA)	Hall, Ralph	Quillen
Evans (IN)	Hollenbeck	Rahall
Foglietta	LeBoutillier	Ritter
Ford (MI)	Levitas	Roe
Fowler	Lundine	Rosenthal
Gaydos	Martin (NC)	Stokes
Gingrich	Oakar	Weber (OH)
Goodling	Patman	Wilson
Grisham	Pritchard	

The Clerk announced the following pairs:

On this vote:

Mr. LeBoutillier for, with Mr. Hollenbeck against.

Messrs. MARKEY, PRICE, and WIRTH changed their votes from "aye" to "no."

Messrs. CARMAN, EVANS of Iowa, LATTA and HILLIS changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1530

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

EXPORT-IMPORT BANK OF THE UNITED STATES

LIMITATION ON PROGRAM ACTIVITY

During fiscal year 1981, and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $5,524,000,000. During fiscal year 1981, the total commitment to guarantee loans shall not exceed $8,059,000,000 of contingent liability for loan principal.

AMENDMENT OFFERED BY MR. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OBEY: On page 43, line 1, strike out "$5,524,000,000" and insert "$5,148,000,000".

On line 3 strike out "$8,059,000,000" and insert "$7,559,000,000".

Mr. OBEY. Mr. Chairman, I had not wanted to offer this amendment, but it is being offered because of the adoption of the previous amendment.

What has been happening around here for the last month is that this place has been willing to cut and run every time a basic issue comes up which represents the interest of poor people. It has been willing to cut and run every time we are faced with an issue which is difficult to explain, but which is in the national interest of the United States; but we are not willing to cut when it comes to the most privileged people and the most economically well-off people in society.

What I am giving you an opportunity to do, since we just reduced a program which is fundamentally important to the national interests of the United States and which also was aimed at providing a small degree of financial assistance to defend our national interest in countries who in the main have per capita incomes of less than $440 a year.

The money is not here because we are being softheaded. The money was not recommended for IDA because we were trying to be kind to people. The money was in that appropriation because the committee felt that it was in the national interest of the United States to try to attack the causes which make revolution in the Third World a whole lot easier to promote. Nonetheless, because it is always difficult to explain an issue like this back home, we just voted to knock out money for IDA.

What I am giving the House an opportunity to do now is to save $376 million in direct credits on the Eximbank and to return the other portion of the Eximbank funding to the level requested by the administration. If we are going to reduce funds for programs like IDA, we have no business going above the administration's request for a fund like the Eximbank.

The gentleman from New York (Mr. KEMP) can give a long and eloquent speech describing the recipients of the funding under the Eximbank. The majority of funding under the Eximbank goes to make it more convenient for seven of the largest corporations in this country, including Boeing, GE, and a number of others to finance their exports.

I have no problem on the merits of the Eximbank, but if we are going to be cutting funds which we are using to direct our resources at programs that affect very poor people both in this country and throughout the world and we are cutting a lot of poor people's programs domestically in this budget today, if we are doing that, there is no reason for us to not ask Boeing, GE, and the other privileged characters in our society to share the load; so I urge support for the amendment.

Mr. DICKS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first of all, I want to say that I certainly appreciate the concern of my friend about IDA.

I would like to point out that the Export-Import Bank has had a positive effect on the economy of this country. I think what most people forget is this, that the British, the French, the Germans, and the Japanese all subsidize the exports from their countries.

We need a strong export policy for this country, if we are to seek to correct the balance-of-payments deficit now existing.

The committee has gone about halfway with the rescission. It has not granted the entire rescission. It has granted half the rescission, because it understands the job consequence all over this country if we gut the Export-Import Bank. I think if you are worried about employment in this country, if you are worried about jobs for the American people, having a strong Export-Import Bank makes sense.

Now, if you are going to reduce export support, you do not do it unilaterally.

I think what we need to do is negotiate with our allies to see if we can get everyone in the world to stop subsidizing exports; but until we do that we are not going to get other countries to reduce their efforts if we unilaterally weaken our export effort.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Now, Mr. Chairman, it is a fact today that Air Bus Industries, which through a consortium of European countries produces an airplane called the A-300 air bus that is being sold throughout the world on virtually no interest terms; in fact, Eastern Airlines in this country has bought large quantities of that airplane and that is going to invade our market primarily because of the enormously positive credit terms. Our companies, whether they be McDonnell Douglas or Boeing or Lockheed or whether it is in the aircraft business in which we sell about 85 percent of all airplanes in the world, or whether it be in other industries, will be unable to compete with that kind of financing.

The Europeans are out to get us and the way they are going to do it is through credit.

I think that the amendment is not a worthwhile one. I urge it be defeated.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. DICKS. Yes; I yield to my colleague from Missouri.

Mr. VOLKMER. Mr. Chairman, I would like to know, what is the interest rate that the countries who borrow, or the firms that borrow from the Export-Import Bank have to repay back to the Export-Import Bank? Someone told me that it was 2 percent; is that not correct?

Mr. DICKS. It is 8 to 9 percent.

Mr. VOLKMER. Eight to nine percent, with a going rate of approximately 16, 17 percent.

Mr. DICKS. The point of it is, for my friend, the gentleman from Missouri, the British, the French, the Germans, and the Japanese have a larger effort in subsidizing their exports than we do. If we are really serious about this issue, we should be trying to get those countries to negotiate downward the subsidy that is already in place.

What you are talking about here is unilaterally weakening the Export-Import Bank of this country and that is hurting our own people, hurting the subcontractors, and the workers of the United States.

One further thing. Do you realize if one of these companies relocates abroad, they qualify for that subsidy in France, in Germany, in Japan, and in those countries?

What you are really doing is giving further impetus for companies to locate abroad. It is a serious mistake.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield for one more question?

Mr. DICKS. Yes.

Mr. VOLKMER. That question is, this amendment does not cut out the Export-Import total amount of money.

Mr. DICKS. Yes; it does.

Mr. VOLKMER. It only cuts back.

Mr. DICKS. It ends up reducing $1.5 billion of authority in this fiscal year at a time when the banks have already used up their authority. It is a blow to the workers of this country to work for these exporting companies.

Mr. VOLKMER. It does not, I say to the gentlemen. It leaves plenty of authority in guaranteed loans.

Mr. DICKS. They do not have any money left for this year.

Mr. OBEY. Mr. Chairman, will the gentlemen yield?

Mr. DICKS. Yes; I yield.

Mr. OBEY. Let me suggest that I think perhaps on merits if we were considering this as the only issue before us, the gentleman would be correct; but when we are cutting back in support for medical schools, when we are cutting back in support for agriculture, for health, for education, you name it, when we just——

Mr. DICKS. I will take my time back and just tell the gentleman from Wisconsin that in terms of budget authority outlays, this amendment only involves about $27 million. What we are talking about here is loan authority. The bank already has the money in place. We are not going to save any money. I support the gentlemen's concern about human needs.

The CHAIRMAN pro tempore. The time of the gentleman from Washington has expired.

(At the request of Mr. OBEY, and by unanimous consent, Mr. DICKS was allowed to proceed for 2 additional minutes.)

Mr. DICKS. Mr. Chairman, I support the gentleman from Wisconsin. I think that we are making tragic mistakes on those other programs and the gentleman knows I am supporting him on that; but why hurt the American worker by doing this?

Mr. OBEY. Can I answer the gentleman's question?

Mr. DICKS. Yes.

Mr. OBEY. As the gentleman well knows, we had an agreement in the Appropriations Committee that much as we disagreed with a good many portions of this bill, we would not offer any amendments to it. We would swallow the turkey whole; right?

Mr. DICKS. That is correct.

Mr. OBEY. Now, admittedly the gentleman from California was not a part of that agreement, but the fact is that now what has happened is that we have attacked the most vulnerable portion of the bill politically. On IDA what we have done in a sense, using the gentleman's words, is to begin to unilaterally disarm in our efforts to influence events in the Third World while we have a couple characters called the Cubans and the Russians who are trying to expand their opportunities at the greatest possible rate.

□ 1545

I would suggest further that when we start to unravel this package, then we cannot remain credible with the American people if we are going to be cutting programs for health and medical schools but preserving Boeing and GE subsidies and other corporate giants.

Mr. DICKS. Let me take my time back. I do not think we are going to be credible doing something that is basically wrong on the merits. The gentleman admits that his amendment is not properly constructed in terms of a meritorious argument, in my view. Let us not compound the mistakes we have already made by taking away jobs from the American people. It is just a mistake.

Mr. SWIFT. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to my colleague, the gentleman from Washington.

Mr. SWIFT. I thank the gentleman for yielding.

I think if the argument of my good friend, the gentleman from Wisconsin (Mr. OBEY) is understood properly, what he is suggesting is that Reagan wants to shoot this country in the foot economically, and that we should let them. My feeling is it is our foot, too, and we should not simply go along with anything they propose as a way of saying, let us stick them with it, when in fact it hurts workers in America.

Mr. DICKS. By the way, the Senate has agreed to this amendment. They also recognize that the administration may have gone too far in urging this rescission.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Wisconsin (Mr. OBEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. OBEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 231, noes 166, not voting 33, as follows:

[Roll No. 40]

AYES—231

Albosta	Andrews	Anthony
Anderson	Annunzio	Applegate

Ashbrook	Gephardt	Nelson
Aspin	Gore	Nichols
Atkinson	Gradison	Oberstar
Bafalis	Gramm	Obey
Bailey (MO)	Gregg	Panetta
Beard	Gunderson	Pashayan
Benedict	Hagedorn	Paul
Benjamin	Hall (OH)	Petri
Bennett	Hall, Sam	Pickle
Bereuter	Hammerschmidt	Price
Bethune	Hance	Rangel
Bolling	Hansen (ID)	Reuss
Boner	Hansen (UT)	Rinaldo
Bouquard	Harkin	Roberts (SD)
Brinkley	Hartnett	Roemer
Brooks	Hatcher	Rogers
Brown (CO)	Heckler	Rose
Brown (OH)	Hefner	Roth
Broyhill	Hendon	Rousselot
Byron	Hightower	Rudd
Campbell	Hiler	Russo
Carney	Hillis	Santini
Chappie	Holland	Savage
Cheney	Holt	Schneider
Clausen	Hopkins	Schroeder
Clay	Howard	Seiberling
Coats	Hubbard	Sensenbrenner
Coleman	Huckaby	Shamansky
Collins (TX)	Hughes	Shannon
Conyers	Ireland	Sharp
Corcoran	Jacobs	Shaw
Courter	Jeffries	Shelby
Coyne, James	Jenkins	Shumway
Craig	Johnston	Shuster
Crane, Daniel	Jones (NC)	Siljander
Crane, Philip	Jones (OK)	Skeen
Crockett	Jones (TN)	Skelton
D'Amours	Kastenmeier	Smith (AL)
Daniel, R. W.	Kazen	Smith (NE)
Danielson	Kemp	Smith (NJ)
Dannemeyer	Kildee	Smith (OR)
Daschle	Kindness	Snowe
Daub	Kogovsek	Snyder
Davis	Kramer	Solomon
de la Garza	Lagomarsino	Spence
Deckard	Latta	St Germain
Dellums	Leach	Stark
DeNardis	Leath	Staton
Derrick	Leland	Stenholm
Derwinski	Lott	Studds
Dickinson	Lujan	Stump
Donnelly	Lungren	Tauzin
Dreier	Markey	Taylor
Duncan	Marlenee	Thomas
Dunn	Martin (IL)	Traxler
Dwyer	Martin (NY)	Trible
Dyson	Mazzoli	Udall
Early	McCloskey	Volkmer
Eckart	McCurdy	Walgren
Edwards (CA)	McEwen	Walker
Edwards (OK)	Mica	Watkins
Emerson	Miller (OH)	Weaver
Emery	Mineta	Weber (MN)
English	Minish	Weiss
Evans (GA)	Mitchell (MD)	White
Fary	Mitchell (NY)	Whitley
Fascell	Moakley	Williams (MT)
Fiedler	Molinari	Williams (OH)
Fields	Montgomery	Wirth
Fithian	Moore	Wolf
Flippo	Moorhead	Yatron
Ford (TN)	Murphy	Young (FL)
Fountain	Myers	Young (MO)
Frost	Napier	Zablocki
Fuqua	Natcher	Zeferetti

NOES—166

Addabbo	Bonker	Dicks
Akaka	Bowen	Dingell
Alexander	Broomfield	Dixon
Archer	Brown (CA)	Dornan
AuCoin	Burgener	Dougherty
Bailey (PA)	Burton, Phillip	Downey
Barnard	Butler	Dymally
Barnes	Carman	Edgar
Bedell	Chappell	Edwards (AL)
Beilenson	Chisholm	Erdahl
Bevill	Clinger	Ertel
Biaggi	Coelho	Evans (DE)
Bingham	Collins (IL)	Evans (IA)
Blanchard	Conable	Fazio
Bliley	Conte	Fenwick
Boggs	Coughlin	Ferraro
Boland	Coyne, William	Findley
Bonior	Daniel, Dan	Fish
Florio	Lundine	Robinson
Foley	Madigan	Rodino
Forsythe	Marks	Rostenkowski
Frank	Marriott	Roukema
Frenzel	Matsui	Roybal
Garcia	Mattox	Sabo
Gejdenson	Mavroules	Sawyer
Gibbons	McClory	Scheuer
Gilman	McCollum	Schulze
Ginn	McDade	Schumer
Glickman	McGrath	Simon
Goldwater	McHugh	Smith (IA)
Gonzalez	McKinney	Solarz
Gray	Michel	Stangeland
Green	Mikulski	Stanton
Hamilton	Miller (CA)	Stratton
Hawkins	Mollohan	Swift
Heftel	Morrison	Synar
Hertel	Mottl	Tauke
Horton	Murtha	Vander Jagt
Hunter	Neal	Vento
Hutto	Nelligan	Wampler
Hyde	Nowak	Washington
Jeffords	O'Brien	Waxman
LaFalce	Ottinger	Weber (OH)
Lantos	Parris	Whitehurst
LeBoutillier	Patterson	Whittaker
Lee	Pease	Whitten
Lehman	Pepper	Wilson
Lent	Perkins	Winn
Lewis	Peyser	Wolpe
Livingston	Porter	Wortley
Loeffler	Railsback	Wright
Long (LA)	Ratchford	Wyden
Long (MD)	Regula	Wylie
Lowery	Rhodes	Yates
Lowry	Richmond	
Luken	Roberts (KS)	

NOT VOTING—33

Badham	Gaydos	Oakar
Breaux	Gingrich	Patman
Brodhead	Goodling	Pritchard
Burton, John	Grisham	Pursell
Cotter	Guarini	Quillen
Dorgan	Hall, Ralph	Rahall
Erlenborn	Hollenbeck	Ritter
Evans (IN)	Levitas	Roe
Foglietta	Martin (NC)	Rosenthal
Ford (MI)	McDonald	Stokes
Fowler	Moffett	Young (AK)

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. Guarini against.

Mr. Hollenbeck for, with Mr. Pritchard against.

Mr. Quillen for, with Mr. Pursell against.

Messrs. LOEFFLER, STANGELAND, and PORTER changed their votes from "aye" to "no."

Messrs. HANCE, COURTER, KEMP, and EDWARDS of Oklahoma changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1600

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

Chapter VI

Department of Housing and Urban Development

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(RESCISSION)

Of the amounts of additional contract authority provided under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, as authorized by section 5 of the United States Housing Act of 1937, $30,611,609 for existing units under section 8, including section 8(j), of such Act, $197,102,148 for newly constructed and substantially rehabilitated units assisted under such Act, and $5,219,104,150 of budget authority, are rescinded.

Mr. BOLAND. Mr. Chairman, before highlighting the major recommendations in chapter VI I would like to thank the members of the HUD-Independent Agencies Subcommittee for their efforts on this bill. Their help and cooperation during the hearings and markup made the job so much easier. I especially want to thank the new ranking minority member of the subcommittee, BILL GREEN. It is a real pleasure working with BILL.

Mr. Chairman, chapter VI includes $7,459,168,747 in rescissions, $1,454,057,000 in program supplementals and $349,693,000 in pay cost supplementals. Let me briefly itemize the major actions taken in this chapter.

First, we rescinded approximately $5.2 billion under the assisted housing program which has the effect of reducing the number of assisted housing units from approximately 254,000 to 207,600 in 1981.

Second, we added $100 million for the operation of low-income housing projects. This supplemental request was in the original budget transmitted by President Carter and was withdrawn by President Reagan. However, the committee believes that these funds are vitally needed to offset significant increases in utility costs already experienced by public housing authorities.

Third, the administration proposed rescinding all funds available to the Solar Energy and Energy Conservation Bank. Although this is a new program, the committee felt that it was not proper to kill the program at this time. Therefore, it did act to leave approximately $20.2 million to implement the energy conservation program only.

Fourth, we have included $68 million to initiate funding for the hazardous substance response trust fund. As most of you know, this is often referred to as the superfund. These funds are of the highest priority and the committee provided the full budget request which should address the needs of approximately 150 spills and 50 waste sites in 1981.

Fifth, the committee has recommended a rescission proposed by the administration of $1,700,000,000 in the construction grants program. As you know, this program received some attention in the local press over the past weekend—and we feel that it is a program that does need to be looked at—both in terms of the formula and in terms of whether or not these funds are actually getting our waters cleaned up. There are some real concerns in this area regarding the question of whether there are enough trained op-

erators to handle these new plants. These kinds of questions need to be addressed in the coming months by the legislative committees.

Sixth, the administration has proposed terminating the National Consumer Cooperative Bank, rescinding $90 million of the 1981 funds, and has withdrawn the request for 1982. The rescission message states that although there may be merit to its activities, funding the bank is clearly a low priority compared to other Federal activities. The committee affords the bank a higher priority than does the administration. As such, the bill rescinds $17 million of the self-help development appropriation. That leaves $137 million in bank funds and $20 million in self-help development funds. This action will allow the bank to be self-sustaining after 1981.

Seventh, we approved the administration's request to rescind $162,160,000 for the construction of Veterans' Administration hospitals at Baltimore and Camden. The subcommittee felt that these projects were clearly of a lower priority in view of the funding constraints in the entire Federal Government. However, I want to point out that the committee, again in an effort to strike priorities, has restored funding for 1,280 direct patient care personnel in the existing VA hospitals and has restored the funding for 176 staff years for the Operation Outreach program that is targeted at helping acute psychological problems for a number of Vietnam veterans.

Eighth, the bill contains a proviso in title II in the medical care paragraph regarding personnel. That language limits the use of the 1981 appropriation. It states that the VA shall not fund more than 19,381 other than full-time permanent staff years and not more than 1,401 nonceiling staff years. The committee has included this language because it is concerned about the restrictions imposed on hiring permanent full-time positions.

In 1980, because of a hiring limitation, the VA was forced to use its funds for about 5,000 more other than full-time permanent staff years than had been planned. A commensurate reduction occurred in full-time permanent employment. The number of nonceiling employment also increased about 750. The Congress had not intended the funds to be used in that manner when it added $76,380,000 for 3,800 additional health care personnel.

The 1981 ceiling is so low that hospital directors are forced to limit the number of full-time permanent employees hired. This restriction does not contribute to the efficient allocation of resources. Arbitrarily requiring that other than full-time permanent employees be hired does not save money and does not promote good management. Again, it is certainly not what the Congress had in mind when it added 1,176 staff years in the 1981 HUD-Independent Agencies Appropriation Act. The decision to hire a full-time permanent or part-time or temporary employee to fill a particular position should be made by each hospital director to fit local circumstances.

The Office of Management and Budget should remove or raise to an appropriate level the ceiling on full-time permanent positions. The language is included in the bill to achieve that end.

On balance, Mr. Chairman, what we tried to do throughout our markup was to look at each of these issues in terms of the total priorities and in terms of total funds available. Clearly, the Congress has made a determination that the Government is going to spend less money. Once we make that determination, we have to cut funds from certain programs. Not all programs are going to survive, and not all programs are going to survive at the same level that they were originally appropriated for in 1981. That is what this subcommittee did. We looked at the priorities. We took out what we felt could be rescinded or deferred, and we restored in a few areas, dollars where we felt that the programs were of a sufficiently high priority to warrant special attention.

Thank you Mr. Chairman.

Mr. GONZALEZ. Mr. Chairman, I move to strike the last word.

Mr. Chairman, realizing, under the procedures and the circumstances under which this type of bill arises, where you have a combination of supplemental as well as a rescission, and the restrictions on full and free and untrammeled ability to deal with the matter through the amendatory process, I nevertheless feel it absolutely incumbent, in fact mandatory, to remind those present that at this point we are going into chapter VI, which is a rescission on the housing or the HUD section, and at least on the record the Members ought to be aware of the extent of the impact of the action taken here on this rescission motion.

I realize also we are against the background of what I call the second reconstruction era in this Nation's history. It is ironic that almost at a 100-year period we should be in the throes of another reconstruction in which here, of course, more than just the newly emancipated slave and the Southern States, the reconstruction involves a cross section of our population but is a reconstruction in the sense that it is directed for the first time to pitting class against class, which is the ongoing struggle from here on out.

But this bill does not merely reduce programs. It cuts out completely efforts that this Congress and Congresses in the past have repeatedly found worthwhile, effective and justified.

There is no evidence to suggest at any point, even at the time of introduction of the recommendation for cutting, to suggest why these cuts are made other than under the mandate of a computerized, arithmetical, targeted goal, but not matters or reasons based on either the viability, the justification, the effectiveness or lack of it of the program.

As an exercise in rationality, these cuts are simply no better than blind dart throwing. Where we have approved, authorized and appropriated money for small-scale, inexpensive, self-help programs, this bill and this act calls for termination, not reduction, termination.

So much for the reward of trying to find cheap ways to rebuild neighborhoods.

Where we have provided expensive solutions to an expensive problem, namely, housing, the bill calls for a $5.2 billion cut.

And where we have proposed modest funds to provide counseling to prevent mortgage defaults, we get a 60-percent cut.

In other words, no matter where you look in the housing sector, no rationale works as far as this bill goes.

If we have a cheap program encouraging self-help, we get effective termination. If we have an expensive program for housing subsidies, we get arbitrary cuts, notwithstanding the sad and unprecedented distress of the millions of Americans who cannot conceivably afford safe, decent and sanitary housing.

If we have an inexpensive program designed to prevent an expensive problem; namely, mortgage defaults, we again get effective program termination.

The bill before us today even outdoes the Reagan cuts by imposing better than a 50-percent cut in assisted housing for Indians, people who are by all accounts the worst housed citizens in this country.

The Housing Subcommittee has had extensive hearings, not only last year but this year, just 3, 4 weeks ago, and the lamentable plight, the point of crisis in our housing is inescapable. If this Congress and its Representatives wish to look the other way in the name of budgetary crisis and emergency, that is something else. But what is not denied is the present and the growing, emerging housing crisis in this Nation.

And what is the justification for this? None, except the claim that Indian housing costs too much. Certainly it is expensive to build housing in remote Alaskan villages. Certainly it is expensive to build a house out on some Arizona reservation where there is no road, no water, no sewer facility. But it was the hand of this Government that put the reservations

there. Are we now justified in saying that it is just too expensive to address the miserable housing conditions in these places?

The dart board mentality does not ask whether it would even be possible to produce Indian housing for less than we are doing it today. It does not address the question of how you can keep hope, or even a viable program of Indian housing alive under a better than 50-percent cut, halfway into the fiscal year. It merely says that this is a handy place to cut out $120 million. It merely says that there is a lot of housing in the pipeline—not admitting the fact that the pipeline is being drawn down faster than ever. It ignores the great need, ignores the fact that we now have, after long and hard effort, a program that actually works well, ignores everything that right and reason says we ought to address.

I do not blame the committee for this dart board mentality. It is simply the logical result of the impossible burdens created by the Latta-Gramm resolution of last week. That resolution was not grounded in any rational basis at all. Indeed, today less than 1 week after we were told that Latta-Gramm was realistic in its assumptions, we are getting from anonymous Treasury sources that critical assumptions for 1981 were wrong. This from people who claimed the ability to see 3 and 4 years into the future. Today, now that we are locked into the dart board mentality, we hear that the people who could infallibly forecast years ahead could not even accurately forecast 6 months ahead. Not that we had any reason not to suspect their veracity—for they could not even produce a deficit estimate in late March that was valid a month later.

We were warned, but the majority decided that a lot of grim news produced by the brothers Grim was just what the country needed. And from that we got the dart board.

Let us examine the rationality of things. Evidence, reason and logic tells us that it is expensive to build housing in remote and primitive places. It happens that by acts of fate and history, those remote and primitive places need adequate housing in a desperate way. So Congress responded to that in the only way reason tells us it should have: We authorized a program to help Indians build decent housing. Now today, we are told that it ought to be cut by more than one-half. Why? Well, it costs too much per unit. But how much would be a reasonable price? We do not know, because we are not told. There is only a simple, flat claim supported by no evidence, none whatever.

Let us look at rationality again.

Reason and evidence tell us that if we provide subsidized housing, and the owners default in large numbers, we have an expensive problem on our hands. One obvious thing to do, reason tells us, is to provide counseling, because there are a great many defaults that can be avoided by provision of a little modest help. In other words, reason and the evidence tell us that housing counseling is a cheap way to ease a very expensive problem. But what are we told today? Kill the program, never mind that you have a cheap way to deal way an expensive problem.

We are told, save money. And so the Housing Subcommittee, with the approval of the Congress, authorized the neighborhood self-help program. What could be cheaper than self-help? What could be more American than neighbors working together? Yet in this rescisson we are told, forget it. Why? Well, because it did not completely prove itself in the space of less than 1 year of actual operation. Let us hear that again. The recommendation is to kill neighborhood self help because it has not been around long enough to build a record of accomplishment. The argument we are presented is not that this is a big and costly program, for manifestly it is not. We are not told that the program should be killed because it is unworthy, for it is rich with promise, all the promise that American energy and genius and self-motivation holds. We are just told it should die because it is new. Not that it doesn't work, not that it would not work, just that it is new.

And so, just because neighborhood self-help is new, it is going to die. Here we have a reasonable, cheap answer to a grim problem. But being reasonable and cheap does not mean much in the land crafted by the brothers Grim.

The biggest cut of all is reserved for assisted housing, and why? Because housing is expensive. Yes, it is.

Housing is so expensive that only a few of us can even think about buying a home. Interest costs are so high that thousands of homes are sitting out there unsold. The housing market is so bad that builders are going out of business in record numbers, in the face of strong need and demand for housing.

Only about 5 percent of Americans who are poor enough to qualify for housing subsidies are able to get into assisted housing. Ninety-five percent of the need for assisted housing is unmet. These are people who can never, in the foreseeable future, qualify for a home without some kind of help. Yes; it will be expensive to address even a fraction of that need. And we have been anything but generous in dealing with it.

In not 1 single year in the last 10 have we authorized funds for assisted housing at the level actually called for in the national housing goal. That is because we have been anything but generous. And in not 1 single year have we ever increased the percentage of GNP that goes into assisted housing. That is because we have been anything but generous. Where we have erred, we have erred on the side of prudence, on the side of caution, on the side of cheapness. And yet this bill will kill 44,000 housing units—this at a time when national housing information tells us that we need to produce three times as much assisted housing as is authorized.

Yes; assisted housing is expensive. But we are faced with a tremendous and growing problem. I want to see a cheaper solution—but reason and logic compel us to proceed with a prudent program while we look for a better answer. Chopping off substantial parts of the only thing we have, which is modest compared with the need—is logical only in the land of the brothers Grim, who crafted the bad news budget resolution of last week, the same budget that the administration now tells us was not defensible at all.

Long experience, not to mention the Constitution, require the Congress to exercise independent judgment. In this pending bill, no judgment at all is exercised, certainly not when you consider the real needs of the Nation for housing, certainly not when you search for some thread of logic in the housing cuts. All this bill gives us is the first of many installments of the lot of grim news embraced by Latta-Gramm.

Do we gut needed programs? Do we gut what Congresses have repeatedly said is necessary? Do we even allow room to correct egregious errors? Not in today's parliamentary situation. Last week we bought the "Latta-Grim fairy tale." Today we see how the work of the brothers Grim plays out in real life.

Mr. CONTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, under the chapter entitled "HUD/Independent Agencies," the committee is recommending program supplementals of $1.5 billion, pay supplementals of $349.7 million, rescissions of $7.5 billion and further recommends denying deferrals totalling $117 million.

Among the program supplementals contained in this chapter are $100 million for the operation of public housing made necessary by the increases in utility charges, $77 million for superfund activities and over $1.2 billion for veterans assistance.

With respect to rescissions, the administration proposed rescissions of $5.1 billion in assisted housing programs. The committee is recommending that the amount of the rescission be increased by an additional $120 million in order to redirect $15 million in annual contract authority into public housing modernization. The committee has also recommended approval of the requested rescissions of $1.7 billion

in the section 201 construction grants program and $162 to terminate authority for the construction of VA hospitals originally proposed for Camden and Baltimore.

In the matter of the solar energy and energy conservation bank, the committee is recommending that all but $20 million of the proposed $121 million rescission be approved. The remaining $20 million woud be used for the bank's energy conservation activities. The committee recommends that Federal support for the National Consumer Cooperative Bank be continued although the committee does agree to rescind $16.9 of the $29.9 million available for the self-help fund; $18 million is restored from the proposed $82 million reduction in the research and science education activities of the National Science Foundation.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

(RESCISSION)

Of the funds appropriated under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, $5,000,000 are rescinded.

Mr. GREEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as we wind up the housing part of this chapter, I think it is worth calling to the attention of the committee the concerns and the philosophy that motivated the decisions that we made—and they were difficult decisions—regarding this part of the bill.

It was very much our feeling that in a time of budget stringency, we should try to preserve that which already exists as our No. 1 priority. It makes little sense to spend the billions which the section 8 program requires if we are not going to try to preserve that which we have already created by way of Government-assisted housing.

For that reason, we did go along with the administration request with respect to the section 8 program, and that, of course, is the largest part of the rescission in this chapter.

We did so because the subcommittee is very concerned at the great expense of this program. Currently, HUD calculates that generation of a single unit of new housing or substantially rehabilitated housing requires a commitment of some $7,700 a year, and that commitment becomes a full faith and credit obligation of the U.S. Government for from 20 to 30 years.

In addition, most of the projects that are developed under section 8 are developed either with subsidized mortgages under the GNMA program or have been built through the issuance of State tax-exempt bonds under the allocation of section 8 funds to State housing financing agencies.

In addition, most of the projects receive further hidden subsidies in the form of the special provisions of the Internal Revenue Code providing higher tax shelters for investments in low- and moderate-income housing.

So, the cost to the Federal Government under this program is very high indeed, and it is something that both the administration and our subcommittee do want to continue to examine. We do feel there has to be some moderation of the cost of the housing programs if they are to be workable.

At the same time, we did add $100 million, which the administration had not requested, for public housing operating subsidies.

□ 1615

The performance funding system is an objective measure that HUD has established for determining the operating needs of our public housing authorities. All of the testimony before us made it clear that the housing authorities would truly need $165 million under that formula if they were to receive 100 percent of what that formula entitled them.

We gave them $100 million, which was the amount that former President Carter had requested in his budget message. Even with that, it is obviously going to take a lot of scrimping on the part of the local housing authorities if they are going to get by. But our basic principle was to provide the funds that are necessary to keep together that which we already have, while trying to put some control on the very large amounts of money that the section 8 program is committing us to over many years. At the same time we shall reexamine that program and see if we cannot find a better vehicle for dealing with our housing programs.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONSTRUCTION GRANTS

(RESCISSION)

Of the funds appropriated under this head, $585,648,601 in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1980, and $1,000,000,000 in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, are rescinded. The reduction in each appropriation will be distributed among the States according to the allotment formula specified in section 205(c) of Public Law 92-500, as amended by Public Law 95-217. Whenever a State's share of the reduction from an appropriation, as determined by the formula, is greater than its March 4, 1981 unobligated balance for that appropriation, the shortfall will be distributed according to the allotment formula among all the States which still have funds remaining from that appropriation. This process of distributing the shortfall will continue until the amount of the reduction has been allocated among the States.

All remaining funds, in the amount of $114,351,399, appropriated under this head in the Public Works Employment Appropriation Act, 1977, are rescinded.

Mr. COUGHLIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time to compliment the chairman of the committee, the gentleman from Massachusetts and the new ranking minority member of the committee for the job that they have done on this title of the bill. It was a very difficult job and I think they have done an extraordinarily good job.

I think it is important to point out that as in so many other areas, as the gentleman from New York has so happily pointed out, that this does not mean that we are not providing funding for assisting housing. It means that we may not be able to build all the new units of assisted housing that we need as fast as we would like to because the money simply is not there to do it.

The same is true in the case of the waste water treatment construction grant program. We might like to build these at a faster rate than they are building them now, but looking at all the demands on the Federal Government that may not be possible.

In particular, I would like to call attention to the criticism of this program that has been surfacing currently because it has been this subcommittee under the very able leadership of the gentleman from Massachusetts (Mr. BOLAND) that has called attention to the fact that despite our idealism and despite the motives in trying to promote clean water and the value of waste water treatment plants that there is potentially and actually a great deal of waste in the waste water treatment program, waste in taking and trying to purify water to a stage that is unnecessary, waste in developing plants for treatment that goes too far and that this program needs to have very careful scrutiny.

It has unobligated balances in it now of some $3.4 billion and the rescission of the $1.7 billion in this section does not mean a lack of commitment to the program, but it does mean that the program should be examined so that we are not going further than is necessary.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from New York.

Mr. GREEN. Mr. Chairman, I just want to thank the gentleman from Pennsylvania, my predecessor as the ranking Republican member of this subcommittee, for his very kind words about my work and to join him in his compliment to the chairman of the subcommittee, who led us through a very difficult program with his usual thorough knowledge of all the pro-

grams with which our subcommittee is charged.

Mr. COUGHLIN. I thank my colleague.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as I have indicated to my colleagues, I am most interested in the effect of the administration's rescission on EPA's waste water construction grants programs.

The $1.7 billion rescission will have a severe effect on sewage treatment capacity in States with good records for obligating their construction grant funds.

In some States, fiscal year 1981 funds scheduled for rescission have already been obligated. In others, the money left in the kitty was earmarked to pay for management costs for State agencies. In these States, a rescission of the magnitude proposed will mean: No money for cost overruns; no money for administration; and, in some cases, no money for projects which have already been promised funds.

Washington State is one of a very few States nationwide which obligates its waste water treatment funds in a timely manner. Should the proposed rescission of $1 billion in fiscal year 1981 be adopted today, Washington will have a balance of zero remaining in its construction grants budget.

The State of Arizona will be in a similar position. I find it somewhat ironic that States which have stuck to their schedules for obligating these funds are the ones which will suffer the most from this rescission.

Congress gave the States an edict to achieve a certain water quality by a specific date, and agreed to help fund the sewer system necessary to meet that goal. With the proposed rescission, we penalize those States which have upheld their part of that bargain.

The majority of States in the Nation are not as significantly impacted by this rescission as is Washington State. Many States are still operating their waste water construction programs on fiscal year 1980 money, and have not yet touched their fiscal year 1981 funds. In fact, two States have more than $100 million remaining from fiscal year 1980. Six States have more than $50 million still available from 1980. As many as 31 States have more than $5 million remaining from 1980. These States have not yet had to dip into their 1981 money. In fact, 93 percent of the 1981 money, after rescission, remains unobligated nationally.

However, some States have acted more quickly. Two States have obligated all their 1981 money—those States are Arizona and Washington. Compare the records of these 2 States with the records of the 22 States which have not yet obligated any of the 1981 funds. Then ask yourself why we should punish States with good records, and not affect States which have acted more slowly.

I know that lots of you are parents. Do you reward your child for not cleaning his room? Do you praise him for being late to school? No. But If he does something good, if he brings home a good report card, then you make sure he knows how proud you are.

The parallel can be drawn here. Should we punish States which have met the mandate of the Congress? No. We should help them to keep up their good work. How can we help? By providing the necessary funds to keep State agencies functioning. By helping them meet cost overruns on projects. By maintaining the necessary funding for court-ordered projects.

We are not talking about a great deal of money. Only eight States have spent more than 10 percent of their 1981 funds. Only two have obligated all their money. It is these States I ask my colleagues to consider.

It just does not make sense to let projects which are already underway become white elephants because sufficient funds were not available for completion. It is not fiscally sound to stop those projects in the middle. What happens to the Federal dollars spent so far on these projects? Do we simply declare them wasted? I doubt any of us would want to do that.

What happens to the management mechanisms now in place when funding is removed? Personnel will be laid off, projects currently underway may find themselves slipping off course without proper guidance from above. And, we have to consider the time it would take to get these State agencies back on course, and appropriately staffed. The development of a pipeline of projects does not happen overnight.

I urge my colleagues in the House to recall the needs to fast-trackling States when this bill goes to conference. I urge you to keep the wastewater treatment programs going in States with good records. Now that we have set up the clean water mechanism, do we really want to stand by and watch it crumble? Or do we want to step in and help the States with good water quality report cards?

I think we agree that States with sound records should not be penalized, and I hope my colleagues will keep the problems these States face in mind during their deliberations in conference.

Thank you, Mr. Chairman.

Mr. Chairman, I would like to have a colloquy with the distinguished chairman of this subcommittee, the gentleman from Massachusetts (Mr. BOLAND), a person for whom I have the greatest personal respect and regard.

I would like to urge my chairman, the gentleman from Massachusetts (Mr. BOLAND), to see if there is some possible way, as we go through this process and on into fiscal year 1982, we can find a way to take care of those States that have done a good job and make sure this action does not penalize them.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Massachusetts.

Mr. BOLAND. I appreciate the gentleman yielding.

I appreciate, too, his very deep and keen interest in this particular program. I recognize the fact that his State, the State of Washington, has fast tracked the waste water construction grant program and that it is enjoying considerable success.

As the gentleman knows, $1.7 billion was recommended for rescission by this administration. That rescission included $1 billion in 1981 funds, $586 million in 1980 funds and the remainder of the Talmadge-Nunn funds which amounted to about $114 million. A change in the rescission formula has been recommended by the Senate Appropriations Subcommittee on HUD-Independent Agencies. As the gentleman well knows, the Senate Appropriations Subcommittee recommends a $700 million rescission of 1981 funds and a $1 billion rescission of 1980 funds.

Now that would assist the gentleman's State by rescinding less funds from Washington State's unobligated balances than the administration's proposal. It would allow the State to continue construction on the waste water treatment plants that it is engaged in. I understand that the particular formula the Senate Appropriations Subcommittee recommends would improve the situation of 27 States in relation to the rescission proposal of the administration. But, if we agree with the Senate position in conference and rescind $1 billion from 1980 funds, we are going to reduce the ability of States like New York, Massachusetts, Pennsylvania, and New Jersey, among others, to commit funds in 1981.

I understand what the problem is and I think we can work this out in conference and I am willing to do that. I am not willing, of course, to impact seriously the ability of those States that have 1980 funds still that they can obligate until the end of this fiscal year. I am not willing to impact them or to injure them in any significant way from going ahead with their particular programs. But I do think we can come to an agreement in conference. The gentleman from Washington can rest assured that we can address this in conference, and I am sure that the gentleman will be satisfied with the action that the conference committee will take.

Mr. DICKS. I appreciate the gentleman's remarks. The gentleman is a legislative craftsman and I am sure that he can find a way to accommodate the various interests at stake here.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New York.

Mr. GREEN. I thank the gentleman for yielding.

I just want to echo the words of our chairman that I, too, am very much aware of the problems that the gentleman's State and other States face, and also the problems that some of the States that traditionally have obligated their funds only late in the fiscal year, like my State, face.

New York City, as the gentleman knows, is under a court order to complete two massive waste water treatment plants at great expense, and very clearly I, as a member from New York, have a very strong interest in seeing this program move forward and move forward effectively.

So, I want to assure the gentleman that I shall be joining the chairman in trying to resolve the issues the gentleman raises.

Mr. DICKS. I deeply appreciate the gentleman's remarks and comments and look forward to working with him.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New York.

Mr. WEISS. I thank the gentleman for yielding.

Mr. Chairman, in the same context, it is my understanding that in regard to the two massive plants which are under construction that the gentleman from New York just spoke about——

The CHAIRMAN pro tempore. The time of the gentleman from Washington (Mr. DICKS) has expired.

(At the request of Mr. WEISS and by unanimous consent, Mr. DICKS was allowed to proceed for 1 additional minute.)

Mr. WEISS. If the gentleman will continue to yield, I understand that because in fact those obligated funds have been committed that the construction on those, in essence, has to come to a halt during this fiscal year; is that not correct?

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from New York.

Mr. GREEN. I think that will depend on the resolution of the question concerning the fiscal year 1982 appropriations. At the present time, as the gentleman knows, the administration's budget request has not included any money for fiscal year 1982, but the administration has indicated a willingness to proceed with a $2.4 billion appropriation for fiscal year 1982 if the issues in the authorizing committee can be resolved.

It is my hope that it will be possible to resolve those issues at the authorizing committee level. It is my understanding that if that can be done promptly, so that we can proceed with the fiscal 1982 appropriations and the fiscal year 1982 funds can be obligated quickly, then it would not be necessary to interrupt those jobs.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

NATIONAL CONSUMER COOPERATIVE BANK

SELF-HELP DEVELOPMENT

(RESCISSION)

Of the funds appropriated under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, $16,990,000 are rescinded: *Provided,* That, notwithstanding any other provision of law, all interest deposited in the Office's Account in the Bank pursuant to 12 U.S.C. 3043(c) shall be available to pay administrative and technical assistance expenses of the Office.

During 1981, within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $19,700,000.

Mr. WYLIE. Mr. Chairman, as a cosponsor of the legislation which created the National Consumer Cooperative Bank, I am pleased that the Committee on Appropriations voted to continue funding for the bank.

The National Consumer Cooperative Bank was chartered by Congress as a mixed ownership institution patterned after the highly successful cooperative farm credit system. Congress took this action because it was convinced that self-help cooperatives generally do not have access to traditional sources of credit because most lenders do not understand their nonprofit style of operation and do not appreciate the strengths brought to such organizations by customer ownership of such institutions.

The House Appropriations Committee has recommended continuation of the previously approved levels of funding for the bank with a rescission of part of the self-help funds for fiscal year 1981. I support the recommendation because I believe this bank should be given an opportunity to prove its worth in helping the cooperative form of free enterprise.

Mr. Chairman, to illustrate the type of broad support for this approach which allows people to solve their own problems in the marketplace instead of turning to government, I ask that the attached list of organizations who are participating in the "Save the Co-op Bank Effort" be published at this point in the RECORD.

ORGANIZATIONS PARTICIPATING IN THE "SAVE THE CO-OP BANK" EFFORT

National Council of Farmer Cooperatives.
American Association of Retired Persons/National Retired Teachers Association.
Network.
National Grange.
National Farmers Union.
AFL-CIO.
Wisconsin Federation of Cooperatives.
Consumers Union.
Group Health of St. Paul.
Congress Watch.
National Farmers Organization.
National Association of Housing Co-ops.
Center of Community Change.
Rural America.
AFSCME.
Farm Credit Central Bank for Cooperatives.
League Life Insurance Companies.
Group Health—Puget Sound.
Recreational Equipment, Inc.
NRECA.
National Council of Senior Citizens.
Cooperative Housing Foundation.
NASCO.
Consumer Federation of America.
National Council of Churches.
Rural Community Assistance Corporation.
Agway, Inc.
Michigan Credit Union League.
Chamber of Commerce—Schenectady, N.Y.
Land O'Lakes.
National League of Cities.
Farmland Industries.
Greenbelt Cooperative.
Dairylea Cooperative.
Ohio Farm Bureau.
Continental Association of Funeral & Memorial Services.
Midland Cooperatives.
American Friends Service Committee.
Cooperative League of the USA.
National Resources Center for Consumers of Legal Services.
Landmark, Inc.
Universal Cooperatives, Inc.
National Hispanic Housing Coalition.
National Rural Telephone Cooperative Association.
Southern Rural Policy Congress.
U.S. Catholic Conference.
Credit Union National Association.
Public Interest Economics.
Minnesota Association of Cooperatives.
National Urban League.
National Conference of Black Mayors.
Maine Council of Cooperatives.
National Center for Urban Ethnic Affairs.
Bread for the World.
Farm Credit Banks of Baltimore.
National Council on the Aging.
Alternative Economics.
National Public Law Training Center.
American Association of Homes for the Aging.
National Citizens Committee for Broadcasting.
Multi-Family Housing Services.
National Council of La Raza.
Nationwide Insurance, Inc.
National Caucus & Center on Black Aged.
American Baptist Churches.
Conference on Alternative State & Local Policies.
Mutual Services Insurance.
Iowa Institute of Cooperation.
Kansas Cooperative Council.
Landmark.
Colorado Council of Cooperatives.
Farm Credit Banks of St. Paul.
Native American Consultants, Louis Bruce, President.
Norbest, Inc.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

VETERANS' ADMINISTRATION

COMPENSATION AND PENSIONS

For an additional amount for "Compensation and pensions", $973,600,000, to remain available until expended.

Mr. MONTGOMERY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to commend the chairman and other members of his committee and staff, and especially the chairman of the subcommittee, Mr. BOLAND, for the attention they have given to items contained in this supplemental appropriations and rescissions bill that affect the Veterans Administration. I will not dwell on the items contained in the bill as I think they are clearly set out on pages 54, 55, and 56.

One item that requires immediate attention would provide $4,740,000, to remain available until expended, for the veterans insurance and indemnities account. It is my understanding from the agency that this account is running out of money and adding this amount in the supplemental bill will alleviate a major problem.

Mr. Chairman, I am very pleased that the Appropriations Committee has disapproved the deferrals related to the Veterans Administration's medical care, medical and prosthetic research and medical administration and miscellaneous operating expenses accounts. This action, disapproving these deferrals, will finally clear up any misunderstanding that the Office of Management and Budget may have had concerning the allocation of personnel in these three accounts. The Committee on Veterans' Affairs, the Appropriations Committee, and the General Accounting Office, all agree that the action taken by OMB in not allocating personnel and funds for these three accounts, as directed by the Congress in last year's appropriation bill, is a clear violation of the law. I am pleased that the committee has seen fit to include strong language in the committee report to this effect.

Finally, Mr. Chairman, I want to compliment Mr. BOLAND, the chairman of the subcommittee, and his members in attempting to direct the Office of Management and Budget to allocate more full-time personnel for the medical programs. Although I am concerned about the limitation of the language contained on page 125 of the bill in that it could possibly hamper the ability of the chief medical director to employ more part-time physicians, nurses and other health-care personnel when he is unable to recruit them on a full-time basis or whenever it is more cost effective to utilize personnel on a part-time basis, I know the committee is attempting to force OMB to allocate more full-time people. I hope the committee is successful in bringing this about. I would simply suggest that if the supplemental appropriation bill does not proceed according to schedule, that the chairman of the subcommittee would see fit to take another course of action to help resolve the personnel problems that currently exist by the chief medical director having to operate under dual personnel ceilings. The allocation of adequate personnel and the dual personnel ceilings imposed on the agency by OMB are not working, and I know the gentleman shares my concern that we must do something about it.

Again, Mr. Chairman, I want to compliment Mr. BOLAND; the ranking minority member, Mr. GREEN; the chairman and ranking minority member of the full committee, and all the Members who, year in and year out, continue to do such a good job in helping to care for the needs of America's veterans.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

PAYMENTS IN LIEU OF TAXES

(RESCISSION)

Of the funds appropriated under this head in the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514) and previous Interior Department Appropriations Acts $108,000,000 are rescinded.

AMENDMENT OFFERED BY MR. LUJAN

Mr. LUJAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUJAN: Page 57 strike out line 7 through line 12.

Mr. YATES. Mr. Chairman, I reserve a point of order against the amendment.

Mr. LUJAN. Mr. Chairman, I rise today in support of my amendment to H.R. 3512, legislation making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, and for other purposes.

What would happen to you if you refused to pay your property tax? That is exactly what this rescission does.

My amendment concerns the payments-in-lieu of taxes program commonly known as PILT.

PILT was enacted into law in 1976.

PILT provides a means of returning tax dollars directly to county governments.

PILT is a way of compensating county governments for the loss of tax revenue they have incurred due to the ownership of Federal land within their jurisdiction.

A formula is used to determine how much is returned to each county government depending on the amount of Federal land in the county, the population of the county, and so forth.

In 1981 $108 million is scheduled to be returned to county governments all over the Nation.

County governments in all 50 States receive PILT payments.

County governments in California receive over $12.7 million.

County governments in Florida receive over $2 million.

County governments in New Mexico receive over $9.5 million.

County governments in Colorado receive over $7.5 million.

County governments in Michigan receive over $1.6 million.

County governments in Missouri receive over $1 million.

Unfortunately I do not have the time to mention every State.

The House Appropriations Committee wants to rescind all funding for PILT for 1981.

President Reagan did not request this rescission.

County governments all over the Nation have planned on these funds this fiscal year.

Some counties rely on PILT for a majority of their operating funds.

We have one county in New Mexico, Otero County, in which PILT represents over 77 percent of general fund operating expenditures.

A loss of PILT payments will probably mean higher local taxes.

Mr. Chairman, the argument has been made that PILT should be ended because of the increase in royalty payments to States under the Mineral Leasing Act.

Mineral leasing royalty payments have not gone up as far as expected.

In New Mexico, these payments have only gone up 8.3 percent. The increase in these payments over the last year will not equal the PILT payments.

Adjustments to the PILT formula can be made to take an increase in mineral leasing royalty payments into consideration, but PILT should not be totally rescinded.

Mr. Chairman, I urge the adoption of my amendment. Local county governments are counting on it and the administration supports it.

Mrs. BOUQUARD. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I yield to the gentlewoman from Tennessee.

Mrs. BOUQUARD. Mr. Chairman, I rise today to speak in support of the amendment offered by my distinguished colleague from New Mexico (Mr. LUJAN)

His amendment would restore the $108 million for the Department of Interior payment-in-lieu-of-taxes program, which the Appropriations Committee has rescinded. The payment-in-lieu-of-taxes program is vital to many communities in our Nation, in that it represents a very important segment of their budgets.

There are counties in my district, for example Polk County, where the Federal Government owns over 60 percent of the land. Without payment in lieu of taxes for the use of these lands,

these counties would be forced to reduce many vital services to their citizens. It appears to me to be extremely unfair for the Federal Government to make use of this land, thereby taking away a source of tax revenue for the community, and yet refuse to provide some compensation.

While we may need to revise the formula and schedule of payments for this program, as the administration has requested, I do not feel that we should take away funds which we have already committed to these communities. Many communities have already developed their budgets assuming that these funds will be available. I believe we should honor our previous commitment to these communities. For this reason, I urge you to support the amendment of the gentleman from New Mexico.

Mr. LUJAN. I thank the gentlewoman from Tennessee.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I will be glad to yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, I agree with the gentleman and I differed with my colleagues when this matter came up in the committee. There have been some agreements entered into, and I do not think the position that is taken is a proper solution. However, the Rules Committee was unwilling to make this amendment in order.

I do hope that the Senate will take appropriate action and perhaps in conference we can provide some relief. I speak for myself only in this matter but having some experience and some knowledge of the situation and being affected by it, I would like to reserve here my position.

Mr. LUJAN. I thank the gentleman.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I yield to the gentleman from California.

Mr. BURGENER. Mr. Chairman, I do not know what disposition will be made on the possible point of order. I commend the gentleman, however, for bringing this to our attention. Neither administration, neither the Carter administration nor the Reagan administration, recommended that it go out, this $108 million in fiscal year 1981. There is indeed a difference of opinion for 1982.

One administration zeroed the item, and one administration, the Reagan administration, proposed $45 million, but I do indeed regard this as a contract to the counties. It does not concern any military land. This is land other than military in which the Federal presence is predominant in the county.

Regardless of the disposition at this time, it will be a very serious subject for conference, and I do commend the gentleman.

Mr. LUJAN. I thank the gentleman.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I will be happy to yield.

Mr. YATES. I would say to the gentleman that in 1980 the State of New Mexico received $68 million funds, and passed through not $1 to the counties. That is from the records of the Bureau of Land Management.

Mr. LUJAN. If the gentleman would respond, is he saying that New Mexico received $68 million in payment in lieu of taxes? That is not correct. New Mexico received $9 million.

Mr. YATES. The gentleman is right—it is mineral leasing funds.

Mr. LUJAN. That is correct.

Mr. YATES. I correct my remarks.

Mr. LUJAN. I might point out that it is proper to take this into consideration, but to eliminate the whole program when the increase has been only 10 percent I think is going a little bit too far.

POINT OF ORDER

Mr. YATES. Mr. Chairman, I insist on my point of order.

The CHAIRMAN pro tempore. The gentleman will state his point of order.

Mr. YATES. Mr. Chairman, I make a point of order against the amendment.

I make a point of order against the gentleman's amendment because it provides additional budget authority and budget outlays in excess of the budget authority and budget outlay totals agreed to in the latest concurrent budget resolution and is in violation of section 311 of the Congressional Budget Act (Public Law 93-344).

The gentleman's amendment proposes to delete language (to reduce an amount) in the bill which has the effect of providing budget authority and budget outlays in excess of the current budget ceilings for fiscal year 1981. Section 311 of the Congressional Budget Act states that it shall not be in order to consider any amendment providing additional budget authority or spending authority the adoption of which would cause the appropriate level of total budget authority of total budget outlays set forth in the most recently agreed to concurrent resolution on the budget to be exceeded.

As we all know, on March 18, 1981, Mr. JONES, chairman of the House Budget Committee, placed in the CONGRESSIONAL RECORD the reestimates of budget authority and budget outlays required of him by the Congressional Budget Act which indicate that the fiscal year 1981 budget authority ceiling has been exceeded by $19.6 billion and the budget outlay ceiling has been exceeded by $27.6 billion. The House has recently passed a measure adjusting those ceilings upward but that measure must still be worked out in conference with the Senate.

With these reestimates in place and in the absence of a new resolution having been agreed to raising these ceilings, there is no room left to provide any additional budget authority or outlays. In fact, these budget levels are currently in deficit by billions of dollars.

The gentleman's amendment therefore exceeds the current budget ceilings and is in violation of section 311 of the Congressional Budget Act. It is out of order.

The CHAIRMAN pro tempore. Does the gentleman from New Mexico care to respond to the point of order?

Mr. LUJAN. I would like to address the point of order; I certainly would, Mr. Chairman.

What the gentleman says is absolutely correct, but I think we are forgetting one fact here. The previous amendment that just passed reduced that budget amount by $376 million. Certainly, $108 million would fit very nicely under that figure of $376 million.

The CHAIRMAN pro tempore. The Chair is prepared to rule. The amendment offered by the gentleman from New Mexico proposes to strike a rescission of funds contained in the bill.

The amendment, by striking the amount of the rescission in the bill, has the effect of increasing the net amount of new budget authority contained in the bill as a whole, and also has the obvious effect of increasing total outlay levels further above the ceiling currently in place for fiscal year 1981, contained in House Concurrent Resolution 448 of the 96th Congress. As indicated in the letter from the Budget Committee to the Speaker inserted in the RECORD of March 18, 1981, the outlay ceiling for fiscal year 1981 as of that date had already been exceeded by $27 billion. Thus, despite adoption of the prior amendment, the amendment falls within the prohibition stated in section 311 of the Budget Act, as indicated in a ruling by the Presiding Officer in the other body on June 27, 1980, wherein an attempt was made to reduce a rescission in last year's supplemental appropriation bill.

The Chair, therefore, sustains the point of order raised by the gentleman from Illinois (Mr. YATES).

The Clerk will read.

The Clerk read as follows:

OFFICE OF WATER RESEARCH AND TECHNOLOGY

SALARIES AND EXPENSES

(DEFERRAL)

Of the funds appropriated under this head in the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514) $3,610,000 shall not become available for obligation until October 1, 1981, and shall remain available for obligation until September 30, 1983.

Mr. CONTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, with respect to the chapter on Interior and related agencies, the committee is recommending

program supplementals of $4.6 billion, pay supplementals of $147.5 million and rescissions of $888.5 million. While the committee's recommendation of $888 million in rescissions is $1.2 billion less than the administration's request, it is important to note that the committee is recommending deferrals of nearly $600 million in lieu of the proposed rescissions in order to provide for a more orderly and rational decisionmaking process. The bulk of the deferrals the committee is recommending in lieu of rescissions are in the energy programs.

With respect to the alternate fuels program, the committee is recommending approval of the administration's proposed rescission of $300 million for feasibility and cooperative agreements but would reduce the amount of the requested rescission of alcohol fuels, biomass, and urban waste money by $324 million to cover loan guarantee requirements for applications the Department already has on hand.

The committee is recommending the full amount of the supplemental budget request for oil purchases for the strategic petroleum reserve—$1.3 billion. Of the $1.3 billion, $875 million is to be made available by transfer from the $1 billion solar and conservation reserve established in the Interior and Related Agencies Appropriations Act of 1980. To allow the Department the flexibility necessary to maximize the fill rate in fiscal year 1981 and to be able to take advantage of today's favorable market, the committee is further recommending that in addition to this $1.3 billion supplemental, the full amount of the fiscal year 1982 budget request—$3.88 billion—also be appropriated in this bill for use as of October 1, 1981.

Finally, the committee is recommending that the rescissions proposed for the land and water conservation fund, the urban parks program, historic preservation, and the Institute of Museum Services all be denied. This recommendation does not commit the committee to any particular course of action with respect to funding of these programs in fiscal year 1982.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

For an additional amount for "Operation of Indian programs", $8,960,000, of which $1,610,000 shall be for the Navajo-Hopi settlement program to survey, monument and fence the life estates, provide for feed and water, and to establish permanent water developments as prescribed by Public Law 96-305.

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: Page 59, lines 18 through 22, strike "$8,960,000, of which $1,610,000 shall be for the Navajo-Hopi settlement program to survey, monument and fence the life estates, provide for feed and water, and to establish permanent water developments as prescribed by Public Law 96-305" and insert in lieu thereof "$7,350,000".

Mr. YATES. Mr. Chairman, my amendment reduces the amount provided to the BIA by $1,610,000. This amount had been made available to begin acquisition and fencing of life estates in the Navajo-Hopi joint use area. The legislation authorizing the program requires that regulations be issued and assumed issuance by October 8, 1980. The committee learned last week that the regulations will not be issued before July 1 and the deadline for filing for estate status will probably be extended to October 1, 1981. Thus, no action will take place in fiscal 1981 and funds will not be needed until fiscal 1982.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I would like to say to my distinguished friend that this side concurs fully in his amendment.

Mr. YATES. I thank the gentleman.

The CHAIRMAN pro tempore The question is on the amendment offered by the gentleman from Illinois (Mr. YATES).

The amendment was agreed to.

The CHAIRMAN pro tempore The Clerk will read.

The Clerk read as follows:

OFFICE OF TERRITORIAL AFFAIRS

ADMINISTRATION OF TERRITORIES

For an additional amount for "Administration of territories", $5,704,000, to remain available until expended.

Mr. DICKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to ask my distinguished colleague from Illinois a question regarding a portion of the $250 million from the land and water conservation fund not recommended for rescission. Allow me to provide the committee with some background on my question.

On March 27, 1978, the United States took, by legislative action, some 48,000 acres of timberland for expansion of the Redwood National Park. At the moment the bill was signed the landowners were immediately deprived of title and use of their properties.

In 1978, the National Park Service estimated that the value of the Redwood National Park property was in excess of $359 million. The Director of the National Park Service this year testified that the true value of this property is considerably higher than the original estimate—somewhere between $500 million and $1 billion. Approximately $300 million has been paid to the landowners.

In the 1981 Interior appropriations bill the House provided $50 million to be deposited with the U.S. District Court for the Northern District of California for payment pending final determination of the value of the land taken. An additional $4 million was appropriated for Government timber cruises and appraisals necessary to establish the final value along with economic studies.

The Senate provided $5 million for Government cruising and needed appraisals with language directing the Park Service and the Justice Department "to give this essential work a higher priority." In addition, they stated "that it is in the best interest of the landowners and the Federal Government that just compensation for these lands—which is expected to exceed by far the Service's estimate—be provided as quickly as possible."

The conference committee recommended that $25 million of the $80,211,000 appropriated to the Park Service from the land and water conservation fund be deposited with the court for payment to the landowners. This brings me full circle back to my question.

Is it the understanding of the distinguished chairman of the Subcommittee on Interior that by disagreeing with the proposed rescission from the land and water conservation fund the committee expects that the $25 million earmarked for deposit with the U.S. District Court for these landowners will be used for this purpose?

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Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, it would be my opinion that the effect of rejecting the rescission would be to make operative the provision of the conference report to which the gentleman has referred.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. DICKS. Yes, I yield to my colleague, the gentleman from California.

Mr. FAZIO. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would simply like to say that I concur completely in the views of the gentleman from Washington and of the chairman of the subcommittee on this matter. Further, it seems to me especially important that we bear in mind that it was the Congress itself which obtained land for the Redwood Park by a legislative taking. That fact imposes on the Congress a special obligation to see to it that the property owners are fully reimbursed as soon as possible. The Constitution itself provides that no citizen shall be deprived of property without just compensation. Therefore the Congress has a duty under the Constitution as well as to the property owners

involved to see that this $25 million is turned over to them promptly, not to mention the additional sums which are owed to them.

Mr. DICKS. Mr. Chairman, I want to thank the gentleman from California (Mr. FAZIO) for his interest, and I thank the subcommittee chairman for his comments on this matter as well.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows

SECRETARIAL OFFICES

OFFICE OF THE SOLICITOR

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses", $62,000.

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN: On page 60, delete lines 6 through 9.

Mr. GLICKMAN. Mr. Chairman, I will try to take just 2 of the 5 minutes allotted to me.

I have talked briefly with my good friend, the gentleman from Illinois (Mr. YATES), about this amendment. This concerns the fact that in this bill there is $62,000 for the Solicitor of the Interior Department to write a legislative history of the Alaska lands bill. It is my understanding that the Secretary of the Interior requested $255,000 to write this legislative history, but the committee only approved $62,000.

I suppose that maybe this is being picky over a small amount of funds. I voted for the Alaska National lands bill. I think it is a great law, but I cannot for the life of me understand why we have to spend $62,000 for the Department of the Interior to write a legislative history when we have lots of lawyers in that Department and lots of lawyers on our Interior Committee staff. It just looks to me like these are some funds we can return to the taxpayer.

So, Mr. Chairman, I say to the Members that if they vote for my amendment, we will save $62,000 and we do not hurt anybody.

Mr. Chairman, I yield back the balance of my time.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this really is not a very significant amendment in terms of money, but it is important in terms of what its consequences would be. The budget from OMB requested $200,000 to prepare a legislative history of the Alaska National Lands Conservation Act. We decided to recommend $62,000 to the Congress for the balance of the year.

Now, the Alaska Lands Act was very complex legislation. It touched the Bureau of Land Management, the Fish and Wildlife Service, the Park Service, the Geological Survey, the Bureau of Indian Affairs, and the U.S. Forest Service. The Solicitor's Office of the Department of the Interior will be the group which will have the task of interpreting the effect on those lands and the complex legal points respecting that act. In order for it to render an opinion, it will be necessary to have at hand the legislative history of the legislation.

It seems to me that rather than complicating an already complicated situation we should give the Solicitor's Office an opportunity to render a service to those who want and need to know what the legislative history of that act is. The expenditure of $62,000 for the remainder of the year for that purpose is eminently desirable.

Mr. GLICKMAN. Mr. Chairman, will my colleague yield?

Mr. YATES. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, it would seem to me that the taxpayers would be just as well served by having the Congressional Research Service do this for free. I do not recall this kind of work being done in too many other pieces of legislation.

All I am saying is at a time when we are cutting back on food stamps, it looks strange that we can find moneys internally for writing a legislative history of the Alaska national lands bill.

Mr. YATES. Mr. Chairman, I suggest to my colleague, the gentleman from Kansas, that the Congressional Research Service is not available to outside litigants, and that the courts may call upon the Solicitor or the Department of the Interior for a legal interpretation.

Mr. Chairman, for the sum of money that is involved here, I think we are spending too much time in argument on this amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The amendment was rejected.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

RURAL WATER TREATMENT AND DISTRIBUTION SYSTEM (RECSISSION)

Of the funds appropriated under this head in the Department of the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), $1,900,000 are rescinded.

AMENDMENT OFFERED BY MR. DASCHLE

Mr. DASCHLE. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN pro tempore. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. DASCHLE: Page 60, strike out lines 19 through 23.

Page 61, line 9, strike out "$78,442,000" and insert in lieu thereof "$76,542,000".

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from South Dakota that the amendments be considered en bloc?

Mr. CONTE. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

The gentleman from South Dakota (Mr. DASCHLE) is recognized for 5 minutes in support of his first amendment.

Mr. DASCHLE. Mr. Chairman, the reason I was offering both amendments at the same time was to make the point that I am not adding any money at all. I am simply shifting funds away from road construction in the Forest Service now in the bill. It calls for deleting $1.9 million of the $78.4 million, and putting it instead into the authorization for the delivery system which is currently being planned in South Dakota. I think a little history here is in order, Mr. Chairman. In 1944 the construction of the dams in the Upper Missouri River in South Dakota was authorized, and those dams are now completed. The purpose of these dams is flood control and navigation improvement for downriver States, with very little benefit accruing to the people of South Dakota. As a matter of fact, now more than 500,000 acres of prime South Dakota land have been permanently flooded as result of the construction of these dams, permanently taken out of production and off the tax rolls.

At the same time we have been provided a guarantee by the Federal Government that we would be compensated in some way for the construction of these dams, and yet as the Oahe irrigation project was removed from construction priority in 1976, we lost the opportunity of irrigating more than 190,000 acres of land as a result of the action taken by the previous administration.

The Walworth, Edmunds, Brown, or so-called WEB project offers an opportunity to begin picking up the pieces of the obligation that the Federal Government owes to South Dakota for taking one-half million of its best farm land permanently out of production. Agreement, a very fragile agreement, on a settlement of this issue is beginning to take shape. Killing WEB right now would be the death blow to this agreement.

WEB is a rural water delivery system serving a population of 30,525 people in South Dakota, including 51 towns and 2,925 rural farms. The quality and quantity of drinking water in this area is substantially below the standards mandated by the Federal Government. Local support and interest has been demonstrated by the collection of interest money and signup fees, as well as $3 million in loan funds guaranteed by the Oahe subdistrict. Total cost of the project, in 1980 dollars, is $69,800,000 to be funded

through FmHA on a 25-75 loan grant mix. Signups are almost complete, with a signup percentage of well over 80 percent.

There were two main reasons the subcommittee offered in their decision to rescind these funds, though only one was mentioned in the committee report. That cited reason was that WEB funding and continued authorization was dependent on Oahe deauthorization. In a sense, this is true. Public Law 96-355, the Rural Development Act of 1980, which authorizes and funds WEB in its first year does in fact include a provision that second-year funding, and continued authorization of WEB are contingent on Oahe deauthorization. There is no mention made of first-year funding being contingent on Oahe deauthorization. The law clearly states, as a matter of fact, that the deadline for Oahe deauthorization, as regards the continuance of WEB, is September 30, 1981. This is not yet September 30. The committee's report also gives the impression that no progress has been made on Oahe deauthorization. This is also not the case. The delegation has come to an agreement to hold deauthorization hearings in the State this summer, and draft bills outlining the deauthorization process are already in circulation. As a matter of fact, if WEB funds are rescinded, effectively killing the project, the momentum presently built up in the State and among the delegation favoring an equitable Oahe deauthorization bill will be destroyed, and we will still sit with an authorization on the books for a project which, in 1981 dollars, has a cost approaching $1 billion.

The second reason given by the committee, although not contained in the committee report was that the $1.9 million appropriated for WEB had not yet been obligated, thus indicating a lack of enthusiasm for the project. This assumption by the committee is mistaken. Due to the complex nature of WEB funding, signoffs were necessary from OMB, Interior, and Agriculture before the money was finally available for obligation in the State. This did not occur until March of this year. As soon as those funds were available for obligation, the obligation process was started and was nearing completion when the subcommittee action, and the resultant freeze by the Interior Department, prevented obligation.

Mr. Chairman, if I really believed that we were busting the budget, if I believed that this required abrogating the sense of what we were trying to do in the supplement, I would not stand before the committee today, but in essence we are not doing that. In essence, we are simply providing an opportunity to trade 3 percent of what money we have for road construction in the Forest Service today for 100 percent of what is called for to provide for the first-time rural water delivery in a State which is now suffering one of the greatest droughts that we have suffered in a long, long time.

Mr. Chairman, the reduction of $1.9 million from the construction and land acquisition fund of the national forest system, for forest road construction, is justified because of the very shaky figures that the supplemental appropriation was based on, as indicated in the committee's own report language. It appears that the figure arrived at was only a gross estimation, and the removal of $1.9 million from an appropriation of over $78 million seems a fair trade to bring badly needed drinking water to a population of 30,000 people who have no other recourse.

Mr. Chairman, I certainly urge the committee to adopt my amendment and to accept the second amendment which I will offer after this amendment is passed.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a project that ought not to be in this chapter of the bill. It is a grant involving a rural water project that is the jurisdiction of the Farmers Home Administration, and it rightfully belongs in the Agriculture Subcommittee's portion of the bill.

It was added by the Senate to the fiscal year 1981 Interior appropriation bill as a means of bringing it before the attention of the Congress after it had been defeated in another forum. The project is contingent, as the gentleman said, to deauthorization of the Oahe project by September 30, 1981.

Our committee saw no point in providing the planning and design money until it becomes clear the conditions of the legislation authorizing the project were met, that is, that the Oahe project would be deauthorized by September 30, 1981.

Mr. Chairman, we do not think it should be part of the Interior supplemental appropriation and, therefore, we oppose the amendment.

Mr. AuCOIN. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I, too, oppose the gentleman's amendment.

I can understand why the gentleman from South Dakota would desire to protect the water project in his district. I would point out to my colleagues, however, that the manner in which the gentleman funds the project in his district takes the money out of the forest roads program which was carefully considered by the Interior Subcommittee through hearings and in the markup session. His amendment would have the effect of taking $1.9 million out of the $15.9 million set aside by the subcommittee for accelerated salvage of downed and damaged timber in the Mount St. Helen's volcano disaster area.

As sympathetic as I am to the water problems in the gentleman's district—and I know that drought is a very real problem—I would point out to the gentleman that without the benefit of sitting in on the subcommittee hearings and listening to the very real problems of the Mount St. Helen's area, the gentleman offers an amendment that would upset the schedule of crucially needed accelerated timber salvage in that area.

The effect of this would be very damaging. The fact of the matter is that the Forest Service thus far has salvaged no timber out of the Mount St. Helen's area. The downed timber is a significant and growing fire hazard. It is also a real threat in terms of infestation within the volcano disaster area.

More importantly, it is a tremendous insect and fire threat to the green timber, the standing timber throughout the surrounding region. We are dealing with hundreds of millions of board feet of timber here.

So if the House were to approve the gentleman's amendment in his understandable desire to protect the project in his district, it would be doing so in a manner that would cause enormous economic jeopardy and hardship to many Members' districts throughout the Pacific Northwest and to the economy of the Northwest.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I just hope that the House would do better than that, would see the wisdom of supporting the committee and that Members will oppose this amendment.

Mr. Chairman, since I mentioned the gentleman's name, I would be happy to yield to the gentleman from South Dakota for whom I have sympathy but for whose amendment I have no sympathy.

□ 1700

Mr. DASCHLE. I appreciate the gentleman yielding.

I would simply point out that what we have authorized in this appropriation is $78.4 million. I am simply shifting $1.9 million, leaving that $76.5 million to do exactly what I understand the gentleman's point to be; that is to provide that kind of care to those areas who are adversely affected.

As the gentleman pointed out, there was actually added over and above the administration requests some $15.9 million in the committee to deal with that problem. We are not earmarking funds specifically——

Mr. AuCOIN. I shall reclaim my time. I would just tell the gentleman, if the gentleman sat in on the committee hearings as the members did and

listened to the justifications by the Forest Service, the gentleman would see that the thrust of the amendment and the effect of the amendment would be to cut in on the dollars made available for accelerated salvage for the Mount St. Helen's area and that's an enormous mistake we must avoid.

I will yield to the ranking Republican on the subcommittee, the distinguished gentleman from Pennsylvania.

Mr. McDADE. I want to thank my friend, the gentleman from Oregon, for yielding. I want to join the chairman and the gentleman from Oregon in opposing the amendment.

As has been stated very effectively and accurately, the reasons are there. We can understand the gentleman's desires to do something in his own district, but it is an amendment that does not belong here. I think we ought to vote it down and proceed with the business of the House.

I urge defeat of the amendment.

Mr. WHITTEN. Mr. Chairman, will the gentleman yeild?

Mr. AuCOIN. I yield to the distinguished chairman of the full committee.

Mr. WHITTEN. May I say to the committee, I also hope the amendment will be defeated. I realize there was an oversight, but the amendment was not given to us. It is clearly subject to a point of order and the point of order would have been raised had we had a copy of the amendment.

I assure my colleague that at the proper place and at the proper time consideration will be given to the gentleman's problem; but this is not the place.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to my friend, the gentleman from the State of Washington, who helped in the adoption of this program in the subcommittee.

Mr. DICKS. Well, I regret deeply that because of an inadvertence the gentleman from South Dakota was not protected on this particular item of great concern to his district and the people who live there. I just want the gentleman to know that we will do everything possible to try to help him find a way to get his project funded; at least, this Member will acting for himself only, of course.

The CHAIRMAN pro tempore The time of the gentleman from Oregon has expired.

(At the request of Mr. DICKS, and by unanimous consent, Mr. AuCOIN was allowed to proceed for 1 additonal minute.)

Mr. DICKS. Mr. Chairman, if the gentleman will yield further, I want to agree with my colleague, the gentleman from Oregon, that this has a profound impact on our State, and after the adoption of the prior amendment of the gentleman from Wisconsin, I am not sure that we can take two blows like this in 1 day.

I urge that the Committee reject this amendment; but I promise my friend that I will do everything I can to help him in the future to help himself and his own people.

Mr. ROBERTS of South Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Daschle amendment. I certainly understand the significance of what it means to South Dakota. It is a promise that is long overdue. As Mr. DASCHLE, I was quite concerned when the funds were removed from the particular committee. I think there was some misunderstanding. I see this as an opportunity, as the gentleman from South Dakota (Mr. DASCHLE) stated, a total of $78 million, we are looking at $1.9 million in a State that has drought problems, a State that has sacrificed 540,000 acres of our prime agriculture land.

I urge your support.

Mr. Chairman, the South Dakota delegation is now unanimous, as I rise in support of the amendment.

The amendment before us, Mr. Chairman, would restore $1.9 million rescinded by the committee for construction startup of the WEB Rural Water System, a pipeline designed to serve the municipal and agricultural needs of a 10-county area of central South Dakota.

I believe, Mr. Chairman, that the committee's recission of this small amount was an inadvertent one caused by a misunderstanding of an agreement forged between the Carter administration and the South Dakota congressional delegation last year.

The Carter administration had sought the deauthorization of the Oahe project under the Flood Control Act of 1944, and in exchange for that deauthorization had committed its support of various water projects designated by the State.

While deauthorization of the Oahe project is moving forward and hearings are expected this summer to deauthorize it, the WEB project represents the first of several water development projects important to our State's future which had been approved for funding.

Mr. Chairman, rescinding these funds represents a turnaround on the Federal commitment to help South Dakota develop its water resources in exchange for the Federal taking of hundreds of thousands of acres of prime agricultural land in earlier years. I support the amendment, and urge my colleagues on this side of the aisle to support it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from South Dakota (Mr. DASCHLE).

The amendment was rejected.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

ECONOMIC REGULATION

(DEFERRAL)

Of the funds appropriated under this head in the Department of Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), $61,967,000 shall not become available for obligation until October 1, 1981, and shall remain available for obligation until September 30, 1982.

Mr. LOEFFLER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this is my first term on the Appropriations Committee. At this time I would like to express my appreciation to the chairman of the committee, Mr. WHITTEN, as well as the ranking Republican member of the committee, Mr. CONTE, and also to the chairman of the Subcommittee on the Interior, the gentleman from Illinois (Mr. YATES), and the ranking Republican member of the Committee on the Interior, the gentleman from Pennsylvania (Mr. McDADE) for the guidance and assistance that they have given me. I believe they have done an excellent job with a number of difficult decisions facing the Interior Subcommittee on this legislation.

Overall, the subcommittee approved $723.8 million in supplemental appropriations and $888.5 million in rescissions.

Many of the administration's requests for rescissions in fiscal year 1981 funding for programs due to be eliminated in fiscal year 1982, particularly in the area of energy conservation programs within the Department of Energy, have been deferred. While these deferrals will result in net reductions in budget authority for 1981, the uncertainty of the future of many of these programs pose difficult questions for the private sector.

In particular, and as the distinguished chairman and ranking Republican member knows, I am concerned about the deferral of administration's proposed rescission of funds for the Residential Conservation Service program which requires utilities to inspect residential and commercial buildings and provide an estimate of costs and expected energy savings from the installation of qualified measures recommended through the audit.

I believe that the administration's request was a proper one. The Department of Energy estimates that only 7 percent of eligible customers will respond to the RCS audit while the total cost of RCS compliance for utilities is almost $5 billion over the life of the program.

It is clear from recent history that energy conservation occurs most readily from the challenges of the marketplace without federally mandated programs. The Congress has already rec-

ommended a thorough review and delay of a similar program, the building energy performance standards, or BEPS. Deferring these funds for the RCS program poses difficult problems for utilities both with respect to electricity and gas, who are forced to comply with a Federal program which may be phased out in the future.

Clearly, I do not rise today to offer an amendment consistent with the position I have taken. I do believe that this is an issue that we must address both in the subcommittee and in the full committee here in the House as well as in the other body as we continue deliberations in areas currently mandated as far as conservation is concerned from the Department of Energy.

I thank the Chair for the time.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. LOEFFLER. I yield to my good friend.

Mr. DICKS. I just want to compliment the gentleman on his statement. I hope this is an issue that we can resolve, because I think it does leave a lot of people in the industry with a question in their mind about whether we are going to go forward or not go forward and make these investment or not. I think that kind of uncertainty is not at all healthy. I think the gentleman, who is a new member of the subcommittee, ought to be complimented for bringing this to the attention of the House.

Mr. LOEFFLER. I thank my good friend, the gentleman from Washington. I look forward to working with him and the members of our subcommittee and the full committee in the future.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

STRATEGIC PETROLEUM RESERVE

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for "Strategic petroleum reserve", $1,305,000,000 to remain available until expended, of which $875,000,000 shall be derived by transfer from funds appropriated to the "Solar and conservation reserve" in the Interior and Related Agencies Appropriations Act, 1980 (Public Law 96-126).

(FISCAL YEAR 1982 APPROPRIATION)

For expenses necessary to carry out the provisions of sections 151 through 166 of the Energy Policy and Conservation Act of 1975 (Public Law 94-163), $3,883,408,000, to become available for obligation October 1, 1981, and to remain available until expended.

AMENDMENT OFFERED BY MR. JONES OF OKLAHOMA

Mr. JONES of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Oklahoma: Page 63, line 19, strike out "$3,883,408,000" and insert in lieu thereof "$883,408,000".

Mr. YATES. Mr. Chairman, I reserve a point of order on the amendment.

Mr. JONES of Oklahoma. Mr. Chairman, this amendment could be called the truth-in-budgeting amendment. Five days ago the House of Representatives by a vote of 253 to 177 adopted a substitute amendment. The substitute amendment offered by the gentleman from Ohio (Mr. LATTA) called for a cut of $3 billion from the proposed $3.9 billion in funding for fiscal year 1982 for the strategic petroleum reserve.

Now, under the bipartisan agreement that was reached in January to move the budget appropriations and tax bills on a fast track, it was agreed to that the appropriations bill could come with a waiver against a point of order so long as the appropriations bill conformed to the budget resolution passed by the House of Representatives last week. This $3.9 billion in funding for the strategic petroleum reserve simply does not conform to the budget resolution that was passed by the House last week.

Mr. YATES. Mr. Chairman, will the gentleman yield on that point?

Mr. JONES of Oklahoma. I would be happy to yield.

Mr. YATES. That is the basis upon which I reserved a point of order. I would like to explore that with the gentleman for a moment.

It is true that by passage of the Gramm-Latta bill, $900 million was assumed to be reserved for the strategic petroleum reserve and $3 billion was assumed to be cut; but the question I should like to ask the gentleman is whether or not the appropriate legislative committee, in this case the Energy and Commerce Committee, which according to the terms of the Gramm-Latta bill has to reconcile $4,885,000,000 cannot choose within its ceiling and within the reconciliation process to select the strategic petroleum reserve in preference to some of its other programs. If it does that, it meets the terms of the budget resolution, does it not?

Mr. JONES of Oklahoma. The gentleman is correct. The Energy and Commerce Committee can do that.

The fact of the matter is that once the budget resolution goes into place, we scorekeep against appropriation bills in the amount that is specified in that 1982 resolution. That just puts further pressure on the Appropriations Committee to find $3 billion somewhere else, because this will be counted against it.

So the point is at this stage of the game, the Senate budget resolution cuts for fiscal year 1982 $3 billion from the strategic petroleum reserve. The House budget resolution does the same thing. This matter will not be in conference. This is something that is going to have to be decided probably in the second budget resolution or through some mirror type of game, either an off-budget item or something that the Commerce Committee does in another fashion.

Mr. YATES. Will the gentleman yield further?

Mr. JONES of Oklahoma. I would be happy to yield.

Mr. YATES. I still do not understand why the gentleman offered this amendment. I could understand the amendment being offered by the gentleman from Michigan (Mr. DINGELL) who has the task of reconciliation.

I suggest to the gentleman that even his own instructions, the instructions of the Budget Committee to the legislative chairmen, is hostile to the intention of his amendment.

Let me point out what the gentleman said on page 55 of the committee's report:

Although the committee—

The gentleman's committee—

may suggest certain specific reforms in making its reconciliation recommendations, the authorizing committees are free to determine what provisions of law will be changed and how those changes will be made.

I suggest to the gentleman that the gentleman's amendment is premature and that the legislative committee, the Committee on Energy and Commerce, can decide whether it wants to make the money available under its reconciliation instructions for the strategic petroleum reserve and take it out of other programs.

Therefore, the gentleman's amendment cutting the appropriation is not well taken.

Mr. JONES of Oklahoma. I will take back my time.

The point is that what the gentleman reads from the committee document refers to what the committee resolution was. The committee resolution was defeated. The committee resolution was defeated by a substitute and, very clearly, that substitute contained a $3 billion cut in the 1982 appropriation for the strategic petroleum reserve.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. YATES. I would be happy to yield to the gentleman from California.

Mr. PANETTA. I suggest to the chairman that what we would be doing by this amendment is exactly the opposite by in effect removing from the Committee on Energy and Commerce $3 billion of roughly $4 plus billion that they have to reconcile.

In effect, the gentleman is saying by appropriating into 1982 that this is an area the gentleman will not even be able to consider, because we have already appropriated for it in 1982.

I would suggest that what we are doing is presuming in fact that they

are going to go in the gentleman's direction.

The CHAIRMAN pro tempore. The time of the gentleman from Oklahoma has expired.

(By unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 4 additional minutes.)

Mr. YATES. Mr. Chairman, will the gentleman yield further?

Mr. JONES of Oklahoma. I would be happy to yield.

Mr. YATES. The gentleman may be right, but that still does not obviate the criticism that I made. I do not think the Budget Committee ought to be in here arguing what the Committee on Energy and Commerce ought to be doing.

What the gentleman is doing by this action is telling the Committee on Energy and Commerce that you ought not to be considering the amount of money for the strategic petroleum reserve.

□ 1715

I still suggest to the gentleman that even though Gramm-Latta struck out $3 billion for the strategic petroleum reserve, if the Energy and Commerce Committee wanted to include it in their authorizing legislation for 1982 and it still came under their ceiling, it would be appropriate.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding. What you have in effect done is tie the hands of the authorizing committee. The gentleman is absolutely right in terms of reconciliation.

Mr. YATES. That is right.

Mr. PANETTA. There is maneuverability within the authorizing committee to come up and meet that target.

Mr. YATES. That is right.

Mr. PANETTA. But the gentleman is essentially, by funding $3 billion into the future in 1982, then restricting that much more the options available to the authorizing committee. Why not at the very least allow the authorizing committee that opportunity? That is the function of the legislative committee, not the gentleman's Budget Committee.

Mr. JONES of Oklahoma. Let me reclaim back my time. Let me just make the point that what we are talking about here is not whether or not the strategic petroleum reserve should be funded. I support it, and I think most of the Members of this body do. The question is how are you going to finance that particular program? Will it be financed through the appropriations process and kept on budget? Will it be financed through some other form of private financing which has yet been undetermined and looks very doubtful; or will it be financed through some other mechanism that takes it off the budget? We can talk about the technical details all we want to, but I think if I may quote the gentleman from Ohio in the debate last week on the budget:

> The American people understand one thing, that this House of Representatives last week, five day ago, voted for a substitute budget resolution. Included in that budget resolution was a cut in fiscal year 1982 of $3 billion for the strategic petroleum reserve. A remaining $900 million was left in the strategic petroleum reserve to get you through the first quarter of fiscal 1982.

What the American people will understand, whether or not this amendment is voted down, or some kind of subterfuge substitute is offered for it, if we do not live up to that budget resolution, is that 5 days later, on the appropriations bill, $3 billion was put back into spending after they voted to cut it out.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding. The gentleman says that there was a $3 billion cut in that budget resolution. You do not make budget cuts in the Budget Committee, you make assumptions. I think we ought to get that clear right off at the start here. It is an assumption, not a direction.

Mr. JONES of Oklahoma. That is not what the American people assumed.

Mr. YATES. The gentleman does not speak for the American people on this.

Mr. JONES of Oklahoma. I urge adoption of this amendment if we are going to be truthful in budgeting. If when we vote on a budget we tell them that it contains X, Y, and Z cuts, then at least 5 days later let us follow through and be consistent and honest.

Mr. YATES. Will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Illinois.

Mr. YATES. Under your assumptions the American people assumed all of the provisions of Gramm-Latta; did they not?

Mr. JONES of Oklahoma. That is correct.

Mr. YATES. All right. Among the provisions in Gramm-Latta is the following:

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(At the request of Mr. YATES, and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 2 additional minutes.)

Mr. YATES. If the gentleman will continue to yield, Gramm-Latta says this:

> (B) The House Committee on Energy and Commerce shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $4,885,000,000 . . . .

The $3 billion that we have placed in this bill is not the amount that the gentleman has asked the Energy Committee to reconcile and, therefore, until that committee acts, there has been no violation of what the people of America understand.

Mr. JONES of Oklahoma. And there is no legal violation. All I am talking about is the consistency that this House ought to adhere to when they say one thing. What you are doing is precluding the Energy and Commerce Committee from dealing with this issue as a reconciliation matter.

Mr. YATES. But that is his objection to make, not the gentleman from Oklahoma's.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding. I would just like to state in defense of the gentleman in the well that if we cannot assume the assumptions in the amendments, then the budget process is pretty difficult for any of us to work. I would also like to suggest that if in fact SPRO is included, we wind up asking the appropriate committees to do an impossible thing, which is to gage the rest of the energy programs to a degree which I do not believe anybody in this House believes is possible.

Mr. JONES of Oklahoma. The gentleman is entirely correct.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Michigan if I have the time.

Mr. DINGELL. I thank the gentleman for yielding. Mr. Chairman, I am struggling to try and ascertain what is the best thing we should do here or what it is that I would like to suggest to the House. I would like to begin by commending the gentleman from Oklahoma. He is carrying out his responsibility, and I think he is proceeding fairly. And I supported the chairman of the subcommittee, the distinguished gentleman from Illinois, Mr. YATES, for whom I also express great affection and respect, not only generally but in this particular matter dealing with the strategic petroleum reserve.

The CHAIRMAN pro tempore. The time of the gentleman from Oklahoma (Mr. JONES) has expired.

(At the request of Mr. DINGELL, and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 5 additional minutes.)

Mr. DINGELL. If the gentleman will continue to yield, I think there is no quarrel between the gentleman from Oklahoma (Mr. JONES) and the gentleman from Illinois (Mr. YATES) and myself on this matter. We find ourselves in an awkward position because of what transpired with regard to the Gramm-Latta proposal just a few days ago.

My question is to the distinguished chairman of the Committee on the Budget, the gentleman from Oklahoma (Mr. JONES), What it is that would occur as regards actions by the Committee on Energy and Commerce in the event that the action that he seeks today is not taken? In that event, we would then have, as I understand it, an appropriation of $3.8 billion, that that appropriation would be moneys which would be appropriated and presumably would be authorized, or at least would be held against authorization by the Committee on Energy and Commerce. It would be my assumption then that if the Committee on Energy and Commerce is under instructions of the House to come back with cuts, that $3 billion would then be $3 billion that would be included in the total levels of expenditures authorized by the Committee on Energy and Commerce, and we would still have to come up with a total of $4.85 billion in rescissions that would have to be taken by the Committee on Energy and Commerce—which would mean that we would be able to cut—since this appropriation constitutes an authorization in itself and we would then have to cut $4.85 billion. Is that correct?

Mr. JONES of Oklahoma. This is my understanding.

Mr. DINGELL. The second question is, Is it possible under the rules of the House and under the legislation for the Committee on Energy and Commerce to essentially deauthorize an appropriation which has been passed by the Appropriations Committee because we would have to if we were to decide that we are going to proceed outside the budget, and we would then be chargeable with an item of approximately $3 billion that we would have to in some way rescind through some fashion? Can the gentleman from Oklahoma respond to that?

Mr. JONES of Oklahoma. I yield to the gentleman from California (Mr. PANETTA) who has been dealing with the reconciliation issue.

Mr. PANETTA. I thank the gentleman for yielding. I think, in fact, the gentleman is correct that the committee could move to deauthorize it. That, frankly, is one of my concerns.

Mr. DINGELL. I have a question that we can deauthorize something that has been authorized by another committee. We might be able to affect the authorization, but there is a grave question about whether we would have the power to deal under the rules of the House with an appropriation.

Mr. JONES of Oklahoma. Once an appropriation has been passed.

Mr. DINGELL. Once an appropriation has been passed.

Mr. PANETTA. That is the conflict that would be set up in terms of the committee moving to deauthorize, and then the appropriation is in place for 1982, because, indeed, the rules can be waived at that point in terms of the authorization itself. That is what concerns me in terms of where we are heading on this. I believe the committee ought to be given the full opportunity to weigh whether we want to go in that direction or not, and not put the cart in front of the horse by putting the appropriation in and in effect locking up your terms.

Mr. DINGELL. Nor do I want to be felt in any fashion as limiting the gentleman from Illinois (Mr. YATES) who is doing what I am satisfied he thinks is right in terms of trying to fill the strategic petroleum reserve in the face of some curious behavior by the House a week before—and I intend to check that all out.

Mr. GRAMM. Mr. Chairman, would the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Texas.

Mr. GRAMM. I thank the gentleman for yielding. I would like to make several clarifications before we decide on this issue. I support the amendment offered by the gentleman in the well, the gentleman from Oklahoma (Mr. JONES). No matter what we do under this supplemental, none of this money is available until September 30. We have currently a fill program as far as putting oil in the SPRO faster than any fill program we have had under five Presidents. We have the funds available to continue that fill until the passage of the second budget resolution, and in fact we have on budget in the President's budget adopted by this House $900 million which will in all probability take us through Christmas.

We have an opportunity on the second budget resolution to decide whether we want this on budget or off budget, but I urge my colleagues not to bust the budget 1 week after we put it into force. It is imperative that we reject this supplemental appropriation, at least that part of it that deals not with the supplemental for 1981——

The CHAIRMAN pro tempore. The time of the gentleman from Oklahoma (Mr. JONES) has expired.

(At the request of Mr. GRAMM, and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 3 additional minutes.)

Mr. GRAMM. Will the gentleman continue to yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Texas.

Mr. GRAMM. I think it is imperative that we strike that portion of this supplemental appropriation that does not deal with the 1981 revisions, supplements, and revisions, but deals with 1982. I personally believe that there are strong arguments for being off budget. The gentleman believes there are strong arguments for being on budget. But this is something we can decide in the second budget resolution, and nothing we do today will in any way affect the amount of oil that is going into storage. So let us decide this in the second budget resolution.

Let us not take a step here on the 1981 supplemental that breaks the 1982 budget and puts the Energy Committee in an untenable position of having reconciliation cuts that cannot be made because at this point, if this money is put back, even if we eliminate the Department of Energy totally, we probably would not be able to achieve the goal of reconciliation. So we want reconciliation to work. Let us not shoot it in the foot here today.

I urge my colleagues to vote for the amendment offered by the gentleman from Oklahoma (Mr. JONES), and I commend him for his efforts to enforce a budget which he opposed. I think it says something about the gentleman's commitment to the budget process and making the budget work, and I thank him.

Mr. WIRTH. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Colorado.

Mr. WIRTH. I thank the gentleman for yielding. I would just like to clarify where we are at this point. Is it not true that in the budget resolution that passed the House, supported by the President, there was an off-budget funding for the strategic petroleum reserve? Is that not the case?

Mr. JONES of Oklahoma. At the time it passed the House, I am not sure that they clarified that there would be off-budget funding for the strategic petroleum reserve. There was merely a cut of $3 billion in 1982 strategic petroleum reserve funding.

Mr. WIRTH. In other words, the administration in supporting Gramm-Latta was not supporting funding within the budget of the strategic petroleum reserve? Is that not the case?

Mr. JONES of Oklahoma. Subsequent to that vote I understand an administration spokesman testified before the appropriate committee that they would just move the strategic petroleum reserve financing from on-budget to an off-budget item.

Mr. WIRTH. What does that mean, to move it from on-budget to off-budget?

Mr. JONES of Oklahoma. That means it would not show up in the deficit on the budget, but it would require still that the Federal Government borrow through Treasury bills the money to pay for the strategic petroleum reserve.

Mr. WIRTH. But that means effectively being off budget, that the Treasury is still asked to borrow the money; is that right?

Mr. JONES of Oklahoma. That is right.

Mr. WIRTH. It still has the same fiscal impact?

Mr. JONES of Oklahoma. That is correct. It just would not show up.

The CHAIRMAN pro tempore. The time of the gentleman from Oklahoma (Mr. JONES) has expired.

Mr. WIRTH. I ask unanimous consent the gentleman have 3 additional minutes.

Mr. WHITTEN. If the gentleman will yield, I would like to have permission for the Committee to rise, and we can meet at 3 o'clock tomorrow. I hope we will not delay this too long so the Committee can rise.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Colorado (Mr. WIRTH)?

PARLIAMENTARY INQUIRY

Mr. McDADE. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. McDADE. Is there not a point of order pending?

The CHAIRMAN pro tempore. As soon as the time of the gentleman from Oklahoma (Mr. JONES) has expired, the point of order will be disposed of.

Mr. McDADE. Mr. Chairman, there is a point of order pending which the Chair has yet to rule upon. I have a substitute which I would like to offer to this matter. My understanding of the precedents is that when a point of order is pending, there cannot be discussions on matters other than the point of order.

The CHAIRMAN pro tempore. The point of order has only been reserved and debate on the merits of the amendment has begun. It will be disposed of momentarily as soon as the time of the gentleman from Oklahoma (Mr. JONES) has expired.

Mr. McDADE. May I ask the gentleman from Illinois (Mr. YATES) if he is going to insist upon his point of order?

Mr. YATES. If the gentleman from Oklahoma will yield, I intend to withdraw the point of order at the proper time.

Mr. McDADE. Mr. Chairman, I object to further time.

The CHAIRMAN pro tempore. Does the gentleman from Illinois (Mr. YATES) withdraw the point of order?

Mr. YATES. Mr. Chairman, I withdraw the point of order.

□ 1730

Mr. McDADE. Regular order, Mr. Chairman.

The CHAIRMAN pro tempore. Is there objection to the unanimous consent request for 3 additional minutes to the gentleman from Oklahoma (Mr. JONES)?

Mr. McDADE. Mr. Chairman, I have a substitute at the desk.

The CHAIRMAN pro tempore. Does the gentleman from Pennsylvania, first, object to the gentleman from Oklahoma (Mr. JONES) having 3 additional minutes?

Mr. McDADE. No, Mr. Chairman, I do not object.

The CHAIRMAN pro tempore. The gentleman from Oklahoma (Mr. JONES) is recognized for 3 additional minutes.

Mr. WIRTH. I thank the gentleman from Pennsylvania (Mr. McDADE) for not objecting.

Mr. Chairman, I just wanted to make sure that we understood.

In going off-budget financing being recommended by the administration, has not a major case been made by the Budget Director, Mr. Stockman, and by the administration that we should not have this kind of back door, off-budget financing?

Mr. JONES of Oklahoma. I personally, as well as a number of Members on both sides of the aisle—and, I believe, Mr. Stockman, when he was a Member of this body—objected to large amounts of off-budget borrowing which does not show up in the size of the deficit, the on-budget deficit. I think Mr. Stockman has had that position in the past.

I personally believe that this strategic petroleum reserve should be financed. I think we should be up front about it. I think we ought to include it in the budget and we ought to debate it in appropriations bills. I personally think it ought to be on budget instead of off budget. But that is an issue that will be decided at a later time.

All we are talking about here today is to try to be consistent with what we told the American people last week when we passed a substitute budget that called for and assumed, if you will, a $3 billion cut in the strategic petroleum reserve. And here it is, 5 days later, and we are including, putting that in, $3 billion in the appropriations bill. This is the very thing that we warned against last week when we had the Gramm-Latta substitute up. It is OK to vote fiscally conservative this time, but be consistent; do not come back—I said a month from now, I did not think it would be 5 days—a few days or a month from now and try to vote for the bigger spending and be inconsistent.

Mr. WIRTH. If the gentleman will yield further, I want to commend the gentleman. I know that the gentleman wants to fill the strategic reserve. I want to fill the strategic petroleum reserve. I think a majority of this body does. But we voted last week not to do so under the budget resolution where that comes out. We have to be consistent with that and not have this either back door funding off the budget or have the kind of inconsistency that we may be seeing here. With all due apologies to the Appropriations Committee, I think we must support the motion by the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman. That is the point of this amendment, and I hope it will be supported.

AMENDMENT OFFERED BY MR. MCDADE AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. JONES OF OKLAHOMA

Mr. McDADE. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. McDADE as a substitute for the amendment offered by Mr. JONES of Oklahoma: On page 63, beginning on line 19, strike out "$3,883,408,000" and all that follows through line 21, and insert in lieu thereof the following: $3,883,408,000, to become available for obligation October 1, 1981, and to remain available until expended, or until legislation is enacted resulting in financing of the Strategic Petroleum Reserve to be off-budget as defined in House Document 97-26.".

The CHAIRMAN pro tempore. The Chair will recognize the gentleman from Mississippi (Mr. WHITTEN) for a motion if he seeks recognition, before recognizing the proponent of the amendment.

Mr. WHITTEN. Mr. Chairman, as I announced earlier, there is a great interest in the Committee rising and I certainly do not want to cut off my colleague.

Mr. Chairman, is it the gentleman's desire to proceed now, or would it be agreeable if I moved that the Committee rise at this time and the gentleman from Pennsylvania (Mr. McDADE) make his argument on the amendment tomorrow?

Mr. McDADE. Mr. Chairman, I would like to suggest that perhaps we could get some kind of an agreement because the amendment that I have offered is one that we might be able to get general agreement upon.

Mr. WHITTEN. Mr. Chairman, I have a commitment to move that the Committee rise. I am asking the gentleman if he wishes to defer argument on his amendment until tomorrow.

Mr. McDADE. Mr. Chairman, I, of course, favor the substitute, and if the Chairman wishes to rise at this point, it is agreeable to me.

Mr. WHITTEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BEILENSON, Chairman pro

tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. DE LUGO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of the special order today by the gentleman from New York (Mr. SOLARZ).

The SPEAKER. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

CHICKENS COME HOME TO ROOST

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WEISS. Mr. Speaker, sometimes the chickens come home to roost quicker than one expects. I call to the special attention of our Democratic colleagues who were persuaded to vote for the Reagan "drop dead, America" budget words of Republican gratitude reported in Friday's New York Daily News, and I quote:

The House vote on the budget was not even over yesterday when the politicking began. A key Republican official said the GOP owed no political favors to the Democrats who supported President Reagan * * *

Representative Guy Vander Jagt, the head of the powerful Republican Congressional Campaign Committee, said he would not ease up efforts to defeat Democrats in 1982 Congressional Elections even for those who sided with the President.

"I'm dedicated to defeating any Democrat who intends to vote for Tip O'Neill as speaker," Vander Jagt told reporters. "They do more damage to us with their first vote in the House for speaker and for the committee alignments than anything else. I don't care if they had a 100 percent voting record in support of the President—I'm going after them."

For the benefit of all of our colleagues, I am inserting the entire article in the RECORD.

NEXT HILL BATTLE: A HOUSE DIVIDED—IN FAVOR OF GOP

(By Frank Van Riper and Harrison Rainie)

WASHINGTON.—The House vote on the budget was not even over yesterday when the politicking began. A key Republican official said the GOP owed no political favors to the Democrats who supported President Reagan, and the Democratic Party boss announced plans for a televised counteroffensive.

Rep. Guy Vander Jagt (R-Mich.), the head of the powerful Republican Congressional Campaign Committee, said he would not ease up efforts to defeat Democrats in 1982 congressional elections even for those who sided with the President.

"I'm dedicated to defeating any Democrat who intends to vote for (Democrat Thomas P.) Tip O'Neill as speaker (of the House)," Vander Jagt told reporters. "They do more damage to us with their first vote in the House for speaker and for the committee alignments than anything else. I don't care if they had a 100% voting record in support of the President—I'm going after them."

The Michigan lawmaker, who in the last six years has turned the once-moribund campaign committee into a heavily financed and well-run political machine, said the party and the White House have given top priority to establishing a Republican majority in the House in the next election.

Democrats currently have a 52-vote margin. As a result, Vander Jagt said every tactical decision would be aimed at converting the 26 seats the GOP needs to take full control of the House. He said at least 12 seats would change hands because of reapportionment—the change of political districts that transfers 17 seats from the more Democratic Frost Belt to the more Republican Sun Belt.

Vander Jagt said it was unlikely now that conservative Democrats would jump parties if they were not guaranteed to end up in the majority party—the one that controls the show. But he added that if the GOP comes within five seats of majority status there might well be some Democratic converts who could give the GOP the majority and feel more at home with conservative colleagues.

The Democrats seemed to be awakening yesterday as party chief Charles Manatt announced that he would ask the TV networks next week to give Democrats regular access to the airwaves to formally answer major administration policy statements. Manatt, concerned that his party's opposition to the Reagan economic program has been ineffective and largely ignored, said his request for "fair" and comparable air time would be just that—a request—and not a demand for "equal time" that could raise legal and other free press questions.

Party sources conceded that the main reason for the request was the fact that "we got clobbered" last week when the President made his well-received plea for his economic program before a joint session of Congress.

At the time, Democratic congressional leaders responded to Reagan's address in what Manatt and party leaders felt was a piecemeal and ineffective way.

Under his own plan, which the networks would have to approve, Manatt would designate a prominent Democrat to respond when the President or another administration figure makes a major policy statement.

HOUSE VETERANS' AFFAIRS COMMITTEE MEETS ITS OBLIGATIONS TO VIETNAM VETERANS

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONIOR of Michigan. Mr. Speaker, like many Members of this House, and hundreds of thousands of Vietnam veterans across the country, I have long shared a dream that this Congress would act to meet its continuing obligations to those who served us so well, in a time that was so hard. On March 10, as the Congress prepared to receive the President's second round of budget cuts, I rose to call my colleague's attentions to a small range of budget cuts that would, I fear, have set that dream back so far. I am honored today to rise and say that despite the administration the House is acting—that the dream may be beginning to be fulfilled.

This morning, the House Veterans' Affairs Committee meet to mark up four vital measures for Vietnam veterans. The committee has acted, in the face of administration opposition, to extend the readjustment counseling program for Vietnam era veterans. The committee has acted to begin to address the continuing problems faced by Vietnam veterans exposed to agent orange by granting them eligibility for the full range of health care. The committee has acted to meet the continuing underemployment and unemployment problems of Vietnam veterans by extending eligibility for vital employment assistance. The committee has acted to help bring Vietnam veterans into the economic mainstream by creating a small business loan program.

It is a bold agenda, Mr. Speaker. Combined together they fulfill in part the longstanding need for a Vietnam Veteran Act. In any Congress, I would be proud to rise in support of this package. But in this Congress I am especially proud.

In an era of budget cutting, this program required rare leadership. Among the many members of the committee, I want in particular to commend the committee's chairman, Congressman MONTGOMERY, and my colleague, the present chairman of the Vietnam Veterans in Congress, Congressman TOM DASCHLE.

TRIBUTE TO TENNYSON GUYER

The SPEAKER pro tempore (Mr. FARY). Under a previous order of the House, the gentleman from Ohio (Mr. LATTA) is recognized for 60 minutes.

Mr. LATTA. Mr. Speaker, I have taken this time to pay tribute to our former colleague, TENNYSON GUYER, who passed away suddenly in his Virginia home on April 12.

The untimely passing of TENNYSON GUYER will be felt by countless people throughout the Nation and especially by those in his congressional district and in the State of Ohio. TENNY's enthusiasm, eloquence and dedication served all of them well.

TENNY's service in public office fit well with his love of people. He was not cast in the mold of the ordinary man nor what the public conceives as

a typical politician. He was not interested in public office for the sake of honor and power. Rather, public life offered him a broader stage upon which to help and to communicate with people.

TENNY GUYER had a contagious enthusiasm. He was a born optimist. He had a way of putting our faults in perspective and was always working to help us correct them. TENNY GUYER was an eloquent spokesman for the American dream. He never dwelled on the weaknesses of America but always extolled her virtues.

I considered TENNY GUYER not only a colleague but a close, personal friend of many, many years. TENNY GUYER was one who never failed to bring a smile to the face of his friends and admirers. He was truly an ambassador of good will.

TENNY GUYER was a man of God and an ordained minister. He never neglected his church and was a lifetime contributor to it.

TENNY GUYER was a family man. He shared 37 years of marital bliss and togetherness with his beloved wife, Mae. Mae and TENNY were richly blessed with two lovely daughters, Rosie and Sharon and had recently become very proud grandparents.

My good wife, Rose Mary, joins me in expressing our sympathy to TENNY's family and to his scores and scores of friends. We will all miss him but we were immensely blessed by the fact that we could share these few short years on Earth with him.

Mr. BROOMFIELD. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. I thank the gentleman for yielding.

Mr. Speaker, I rise today to pay tribute to one of the finest men I have ever had the privilege to serve with in this body, the late TENNYSON GUYER. His untimely death on April 12 saddens all of us who knew and loved him as a great American, a great family man, a great Christian and above all, a great friend.

TENNY, as he was known to his friends, was first elected to Congress in 1972 from his native Findlay, Ohio, where his father was the president of Findley College. He was reelected to the House four consecutive times by large margins over his opponents. Last November, he was returned to Washington by a 72-percent majority.

In Congress, he first served on the Committee on Internal Security and currently was a member of the Committee on Foreign Affairs, the Committee on Veterans' Affairs, the Select Committee on Narcotics Abuse and Control and recently was named to head the task force on MIA/POW's in Southeast Asia.

Before coming to Washington, he served four terms in the Ohio Senate and began his political career as president of the council and mayor of the city of Celina, Ohio. In addition, he was an ordained minister, director of public relations for a large corporation, and professional speaker.

Known as "Mr. Main Street, USA," TENNY was a true leader by example and inspiration. He represented those basic traits and values of unselfish dedication to God, country, and fellow man that is America. A friend to all, for he had no enemies, he always had a kind word and a handshake to those he met, whether they were high officials of government or ordinary citizens. He was liked and respected by all, no matter what divergent ideological view. Clearly, his greatest asset and gift was his undying optimism and faith in mankind.

"This man loved people." This simple sentence, spoken by our colleague from Ohio, DEL LATTA, at TENNY's memorial service, captures the essence of what motivated him throughout his life. As a lifelong friend and political ally, DEL LATTA knew as well as anyone how much "he loved to make people laugh. He hoped to relieve the tensions of the day so that the person might have a brighter outlook tomorrow."

Ohio's Governor, Jim Rhodes, echoed this theme when he stated that TENNY "never failed to bring a smile to the face of his friends and admirers, and he never failed to represent Ohio with integrity, strength and humanity."

Likewise, President and Mrs. Reagan expressed their sympathy to the GUYER family in a personal letter that called TENNY a "devoted public servant" and a "good and generous friend." In noting those basic personal qualities that guided TENNY's life, the President stated that "his example will always inspire those who follow in his footsteps. He was a keeper of principles held dear not only by the people of Ohio, but by all Americans."

As a fellow Representative, Republican, midwesterner and member of the Committee on Foreign Affairs, I have grown to know TENNY as a true American, colleague and friend. His unselfishness, integrity and dedication to God, duty and country continue as an inspiration to us all.

At this time of personal sorrow, my heartfelt sympathies go out to TENNY's lifelong friend, confident, companion and wife, Mae Guyer, and their two daughters Rosie and Sharon. I express this sorrow, because all of us mourn his passing and understand the depth of this loss to his family, for it is a loss not only to his close family and friends, but to all citizens who shared his belief in what was good about this country and its people. TENNYSON GUYER was America.

□ 1745

Mr. LATTA. I thank my colleague.

I yield to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I want to thank my colleague, the dean of the Ohio delegation, Congressman LATTA, for reserving this time today so we in the House of Representatives can pay tribute to a really distinguished American, the late Honorable TENNY GUYER.

Having had the opportunity to know and serve with TENNY GUYER for a number of years, I was deeply saddened by his untimely passing. We in Ohio and in the Congress shall miss his noted wit, his wisdom, his eloquent speeches, and his loyal friendship. How many times have we said there is only one TENNY GUYER?

TENNY GUYER was a man dedicated to principle. He was proud to be called a conservative long before conservatives were any ways near in vogue. He spoke of patriotism long before patriotism returned to the American vocabulary.

When times were difficult for those of us who espoused these principles, TENNY GUYER did not give up. He did not change for the sake of change and he did not buckle under political pressure.

Mr. Speaker, I represent a congressional district which adjoins the one so ably represented for so many years by TENNYSON GUYER. I have many friends in that district and I always enjoyed telling them that their Congressman was not only doing an excellent job, but he was one of the very best. He was. We shall miss him.

Again, I thank my distinguished colleague for obtaining this special order.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, first of all, I want to say thanks to Congressman DEL LATTA for taking this special order so that we may express our sorrow at the loss of one of our most valuable Members. It has been my privilege and, I would say, great pleasure, indeed, to have known TENNYSON GUYER for almost 30 years.

TENNY was one of those rare individuals who could brighten the moment with his ready wit and good humor. To those who knew him, TENNY was never at a loss for words and used his to become a great public speaker.

When I attended his funeral last month, many people came to me expressing admiration, warmth, and real grief over the sense of loss they felt for this man who had represented them in Congress so ably and well. TENNYSON GUYER was a kind man who always rather took you along, as I can recall from a recent meeting of the Ohio Savings & Loan League. After the dinner, TENNY said, "I know it is customary not to have any speeches,

and I won't make a speech." Whereupon, he proceeded to make one of the most humorous talks of appreciation for the evening which I have heard. I said to his wife Mae afterward, "TENNY was certainly in rare form tonight." Well, his spirit caught on and one Member after another in the Ohio delegation rose to make reference to a humorous episode in his political life, which made for one of the most delightful evenings I have ever experienced. That was TENNYSON GUYER at his best. He was the catalyst for an evening of good will, good humor, and a feeling of real warmth between all present. Yes, TENNY was a dear friend who will be missed by his constituents, his colleagues, and all who knew him.

Marjorie joins me in expressing sympathy to his wife Mae and his family. Our prayers go with them.

Mr. MILLER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Ohio.

Mr. MILLER of Ohio. Mr. Speaker, last month the Congress lost one of its most distinguished Members; Ohio lost a dedicated and able public servant; and I lost a dear friend.

We lost TENNYSON GUYER, and I am, at this moment, at a loss for just the right words to adequately pay tribute to a good and gracious American. Perhaps it is ironic to be short of words when paying tribute to a man who literally commanded the speaker's podium on any occasion, at any time, on virtually any subject. His ability to inspire us with well-chosen words and corresponding deeds will long remain his legacy.

As he honored us with his words and deeds, he was also honored. He was Ohio's "Ambassador of Good Will," he was a recipient of the AMVETS Community Service Award, he was named Findlay College's Outstanding Alumnus, and earned the Exchange Club's Golden Deed Award. The list is as endless as the impact of his work for the Fourth Congressional District of Ohio.

TENNY was described in countless ways, with bright adjectives that befitted his radiant personality. He was characterized as outgoing, witty, candid, and colorful. I have a feeling that his spirited passages and timely expressions will remain with us for a long, long time.

He was commended, as well he should have been, for being approachable and accessible. He took time with people. He took the time to listen. I am convinced that what he said in public was the result of having, first, listened carefully to others. He was a student and a teacher. He studied the lives of others and taught us how to live.

My colleagues are aware, of course, of his tireless efforts on behalf of the prisoner-of-war/ missing-in-action issue. As chairman of the POW/MIA Task Force, he pursued evey conceivable avenue that might possibly lead to the accounting of yet another American held captive or missing in Southeast Asia. As others have attempted to forget Vietnam, TENNY sought to remind us that we cannot ignore those who served there and the families of those who remain among the missing. He represented hope in the midst of an issue surrounded by chance and circumstance.

During the turbulent years of Vietnam, candles were kept burning by the families of the prisoners and missing-in-action in windows all across America. As prisoners came home from both North and South Vietnam, candles were extinguished. I am sure that other candles remain aglow for the missing. I would like to think that candles lit in the conscience of all of us by TENNYSON GUYER will never fade, will never die.

TENNY used to incorporate the following words in his addresses:

Kind hearts are the garden,
Kind thoughts are the roots,
Kind words are the blooms,
Kind deeds are the fruits.

His kind deeds are as countless as his contributions to this Nation. I am blessed to have known him. He will be greatly missed.

My wife Helen and I wish to say to the family of TENNYSON GUYER, wife Mae, daughters Rose Benedict, Sharon Guyer, and granddaughter Jennifer, your profound sorrow runs deep and we share it with you.

Mr. LATTA. I yield to the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. I thank the gentleman for yielding.

Mr. Speaker, in reflecting on the life of our beloved colleague, TENNYSON GUYER, I found myself wondering if there was anything TENNYSON had not done in his lifetime. Indeed, I not only wondered if there was anything he had not done, I wondered if there was anything he had not done well.

"Ohio's Ambassador of Good Will" distinguished himself in so many fields of endeavor, as an acrobat; circus clown; honorary Indian chief; Kentucky colonel; honorary doctor of literature, letters, law, commercial science, and divinity; author; recording star; humorist-philosopher; pastor; councilman; mayor, State Senator and Congressman.

He was all of these; but to each of us he was simply TENNY, a respected lawmaker, inspiring speaker and valued friend.

What had he not done?

Well, I never knew of his holding a grudge or having an unkind word for anyone. I never knew of his failing to find time for his family. And I certainly never knew of his taking himself too seriously.

TENNY served as pastor of the Celina Church of God, and was fond of telling the story of his leave-taking after 10 years of service in the pulpit.

He said he told the congregation that as difficult as it was to leave, he found comfort in the assurance that the Jesus who had brought him to that ministry was the same Jesus who was taking him away.

"And then," he explained, "the choir sang 'What a Friend We Have in Jesus.'"

I, too, find comfort in the assurance that the same Divine Spirit by whose grace TENNY served among us has taken him home.

And what a bright moment it must have been when our ambassador of good will took his place in the Heavens:

We didn't have a radio or TV when I was growing up. In those days furniture was expected to keep quiet.

I knew a guy in school who wasn't very bright. He couldn't pass recess.

Some of those June brides would be better off if they kept the bouquet and threw the groom away.

We knew a guy who did deck duty on a submarine.

Fixed income is what you have left after you've fixed the car, fixed the TV, fixed the furniture.

Yes, we will miss him. Ann and I join in the condolences and sympathy extended to TENNY's family. Rose Benedict worked in my office for nearly all of the time I have been here up until February when her baby came. She worked up until Friday and the baby was born on Monday. There is wonderful timing in that family.

We certainly all join in an expression of sympathy and respect for our departed colleague, TENNYSON GUYER.

Mr. LATTA. I yield to the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. I thank the gentleman for yielding. I was saddened along with my colleagues last month to learn of the death of TENNYSON GUYER, of Ohio, and I am grateful for this opportunity to make these remarks in his memory.

I am going to ad lib here a little bit in view of what my good friend, TOM KINDNESS, has just said. I am so glad that TOM brought into this special order a few of the pleasant humorous things of life with which we all associate our memory of TENNYSON GUYER.

I remember one afternoon a few years ago I was walking back to the Cannon Building with TENNY through the tunnel. He had just given a speech and he had come up with a handful of very appropriate quips, much like the ones TOM KINDNESS has just spoken, and going down the tunnel I said, "TENNY, you must have a million of those one liners."

He said, "No, I do not have a million, but I have something like 7,643," with a nice smile on his face, of course. He said, "Would you like to have a few?"

I never had that kind of a question put to me before. I said, "Sure, yes, I would like to have a few."

He said, "I will send some over to you."

Lo and behold in 30 minutes here came a messenger with a cassette loaded with those one liners. A solid hour of quips is a lot of quips. But I have them and once in a while I have tuned in just to see if I can find one to use.

So I have a little living part of TENNY GUYER that I can use from time to time.

I thank TOM KINDNESS for reminding me of that or I would have forgotten it completely at this time.

□ 1800

Mr. Speaker, TENNY was more than just a colleague to me. He was also a good and warm personal friend. During the years that he served with us, we worked together on the Committee on Veterans' Affairs throughout his tenure, and also served with me during the 95th Congress on the Committee on Foreign Affairs. Because of those contacts, we became very well acquainted and I used to enjoy discussing the issues that confronted us and also just plain passing the time with him when we were not otherwise occupied.

I also had the opportunity to work with him and to travel with him in connection with our mutual interests in the serious question of the missing in action in Vietnam and with our work on the Select Committee on Narcotics Abuse and Control. I always found him to be very knowledgeable of the work for which he was responsible and that he exercised those responsibilities faithfully.

TENNY was also an ordained minister, a fact which I did not know until the occasion of the death of our old colleague, Senator Hubert Humphrey. At that particular time, TENNY GUYER and I happened to be in Kuala Lumpur, Malaysia, in connection with the matters of narcotics and refugees. When we learned of the death of Hubert Humphrey, I was amazed to find that in the matter of a few hours TENNY GUYER organized a beautiful and dignified memorial service for Hubert Humphrey which all of us attended along with the members of our diplomatic delegation to Malaysia at the facilities of our embassy there. TENNY GUYER conducted the service and gave a eulogy which was outstanding. Often I have thought back upon it because another member of our group. Spike Dubs of the State Department, was also present and participated. It was not long thereafter Spike Dubs, then our Ambassador to Afghanistan, was murdered by terrorists at Kabul, Afghanistan.

I know that we will all miss TENNY GUYER and I feel that it is good that we have this opportunity to remember him together. I hope that his wife, Mae and his family will derive some comfort from the knowledge that we share their sorrow.

I thank the gentleman.

Mr. LATTA. Mr. Speaker, I yield to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, as with my other colleagues in the House, it was with deep sorrow and profound regret that Norma and I learned of the untimely death of my colleague and friend, TENNY GUYER.

I want to commend our colleague, DEL LATTA, for leading this special order and to express my admiration and respect for the eulogy he delivered at TENNY's funeral in Findlay, Ohio.

He will be sorely missed in this body and particularly on the Foreign Affairs Committee and the Subcommittee on Inter-American Affairs, where I knew him best. He provided thoughtful leadership and effective support for the responsible and practical conduct of U.S. foreign policy.

Also of great importance was his leadership as chairman of the MIA/POW Task Force. The question of some 2,500 Americans unaccounted for in Southeast Asia remains a serious concern, and TENNY GUYER's efforts forced continued attention on this issue. TENNY GUYER and I traveled in 1979 with the Foreign Affairs Committee study mission to Hanoi, and TENNY unstintingly pursued the cause of our Americans missing in action. His sense of humanitarian concern was also apparent during that same study mission in our meeting with the pentacostal dissidents seeking refuge in the U.S. Embassy in Moscow. These firsthand impressions gave me an even greater respect for TENNY GUYER's sense of humanity and compassion for his fellow man, characteristics which served him and his constituents well in his duties as Representative from the Fourth District of Ohio.

Another outstanding characteristic of TENNY GUYER was his warm sense of humor. He was well known and well regarded as a speaker with a ready quip for every occasion. He also had very definite opinions on the rules a speaker should follow to get his message across effectively.

I would like to share with you something that TENNY wrote only 2 days before his death. He wrote these as guidelines that every effective speaker should follow. If more Members of this Congress followed TENNY's suggestions, we might succeed in expediting the business of this legislative body.

TENNY wrote the following:

Speaking, whether on a national and professional basis, or merely as an avenue to communicate ideas, share thoughts, ask for a raise, help put over a community project, or raise money for a charity, is indeed worth all it costs.

The simple rules such as (1) Know yourself, (2) Know your subject, (3) Know your audience, (4) Know how to sell your message, and (5) Know when to stop—are still good principles.

The government agency of OSHA has devoted several pages just to define the word "exit." If fire broke out, and a person had to read the book to find an egress, he would never make it.

There are 52 words in the preamble to the Constitution. Only 66 words in the Lord's Prayer. About 270 in Lincoln's Gettysburg Address, and in the Bible, the whole story of creation is told in less than 900 words in the Book of Genesis.

The longest speech of any President on an inauguration day was by William Henry Harrison. It lasted an hour and 20 minutes. It was bitter cold, and the President spoke with his coat off. That speech cost him his life. He got pneumonia and lived 30 days.

In my 10,000 speeches, I seldom use notes. I even change material if I notice one or two people who just heard me a week or so before. I try to make my material as new as tomorrow's news, yet as tested as The Ten Commandments.

I use humor because that is part of my life. But in a speech I use it as a nail on which to hang the coat of the message.

The main ingredients in any speech are enthusiasm, sincerity, and conviction. Conceive it, believe it, and achieve it.

No book will make a person a great speaker. But a good book will make anybody a good speaker.

Whether it's the public relations man of the Plymouth Colony selling the Pilgrims on the idea of a trip to New England, or Columbus selling Queen Isabella on sponsoring his voyage, or St. Peter turning cowards into heroes at Pentecost, the human voice, the human word, with a message that is heard, digested, and believed—can change the world.

By his own example and the human words he uttered, I believe that TENNY GUYER helped change the world for the better, and I believe there can be no finer testament for a man than that.

The thoughts and prayers of my wife Norma and I are with TENNY's widow Mae and his daughters Rosie and Sharon.

Mr. LATTA. I thank the gentleman.

Mr. Speaker, I yield to the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Speaker, I thank the gentleman from Ohio (Mr. LATTA) for allowing us, TENNY GUYER's colleagues and friends, to have an opportunity to express our feelings at his loss.

Many men have walked the Halls of this Congress, great men, and they have given of their intellect and they have given of their knowledge, but TENNY GUYER gave of himself. He shared all of his knowledge, all of his intellect, every bit of information he had, with those of us who were new to this body.

I served with TENNY on the Foreign Affairs Committee, and just last month we spent hours upon hours working on the foreign assistance leg-

islation that we have just completed. Every step of the way he guided those of us who were new on ways not to focus on problems and disagreements, but where we could come together, and I admire that in any man in this body.

He served on the Foreign Affairs Committee, the POW-MIA Ad Hoc Committee, and at the time when this Congress was to close the chapter on POW's and MIA's, he stood firm and convinced me, who took a position the other way, to keep that book open; and I am so glad he did because we did find information that was of great importance to this body and this Nation.

I only knew TENNY GUYER for 2 years, but I think the best thing that I can say is that I felt like I have known him my whole life. He was my friend.

Mr. LATTA. I thank the gentleman.

Mr. Speaker, I yield to the gentleman from Illinois (Mr. O'BRIEN).

Mr. O'BRIEN. Mr. Speaker, I thank the gentleman for yielding.

My wife, Mary Lou, and I add our profound sympathy to those of our friends here, to Mae and her family, on the passing of TENNY. If we could do something to help them over this ordeal, we would. But there is little you can do except extend your concerns.

Like everyone else, to me TENNY added a certain sweetness to the day. He was never without a bright saying, and he improved the quality of life around him.

In conclusion, I am reminded of a poem that Noel Coward wrote in the last 6 months of his life, an unpublished poem. It was rather touching, and it seems to be appropriate. He said:

When I have fears as Keats had fears of the moment I will cease to be,
I comfort myself with vanished years, remembered laughter, remembered tears, the peace of the tranquil sea,
And I think of my friends who are dead and gone,
How happy are they I cannot yet know,
But happy am I who loved them so.

Mr. LATTA. I thank the gentleman.

I yield to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Speaker, first of all I would say thank you to the gentleman from Ohio for taking this time for a special order to a dear friend of all of us.

Mr. Speaker, the untimely death of TENNYSON GUYER came as a shock which has saddened all of us in the House of Representatives. I join my colleagues today in paying tribute to the late respected Representative of the people of Ohio's Fourth District.

The Bible, in the book of St. Mark, chapter 12, verses 30-31, says:

And thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind, and with all thy strength.

And the second is like, namely this, Thou shalt love thy neighbor as thy self. There is none other commandment greater than these.

TENNYSON GUYER or "TENNY," as he was affectionately known to all of us, lived his life by these two great Commandments.

His days on Earth were a testimony to his love of the Lord and his neighbor.

TENNY GUYER reminded me of Will Rogers who said, "I never met a man I did not like."

Every person whose life TENNY touched was his neighbor in a Biblical sense. His love of his fellow man was evident to all who knew him well.

He exemplified the thought that if you "speak kind words, you will hear kind echoes."

In his lifetime, he heard the kind echoes of the tens of thousands of people who heard him speak and were captivated by his commonsense philosophy.

TENNY and I were both born in Ohio. We served together 6 years in the Ohio Senate and were elected the same year to represent our respective districts in the Congress.

Time will not allow me to recount the many ways that TENNY's compassionate leadership in the Ohio Senate did much to improve the quality of life for Ohio residents.

His record in Ohio won him the gratitude and respect of the people of Ohio.

My friend TENNYSON's voice was well known in the Buckeye State, but it reached much farther. His more than 10,000 speeches were heard in all 50 States and in 35 foreign nations and earned him the designation of "Best Inspirational Speaker in America."

He also was popularly called "America's Ambassador of Good Will."

"Inspirational speaker" and "ambassador of good will"—these popular descriptions of the man TENNYSON GUYER are, in themselves, superlative tributes. They are accolades given him while he lived and served—not in retrospect.

In his book "The Prophet," Khalil Gibran wrote: "Master, speak to us of giving" and he answered, "You give little when you give of your possessions. It is when you give of yourself that you truly give."

TENNY GUYER gave of himself in a way that stands as a shining example and challenge to all who knew him well.

Ohio has lost a fine public servant and we have lost an esteemed colleague. On a personal note Mary and I will miss his ready smile and wit, his wise counsel but, most of all, we will miss the warmth of his cherished friendship.

Mr. LATTA. Mr. Speaker, I yield to the gentleman from Ohio (Mr. WILLIAMS).

Mr. WILLIAMS of Ohio. Mr. Speaker, on April 12 of this year, the State of Ohio, along with us all, lost a good friend with the passing of TENNYSON GUYER. From his first election to Congress on November 7, 1972, through last November, the people of the Fourth Ohio District happily returned him to office in each succeeding Congress.

I remember his good sense, good humor, and ability. He enjoyed being with people, and having people around him. He never lost touch with those whom he represented. When the occasion called for it, he was a fluent and convincing speaker. But he was equally effective talking to just one person about an issue that touched the people back home.

All of us were impressed by his energy and enthusiasm and by his lively approach to life. He gave more than he took, shared more than he kept, and those of us who knew him are the better for it.

I count it a privilege to join with my colleagues in expressing our sympathy to his family and relatives, and to salute him for his accomplishments. He will be missed.

Mr. LATTA. Mr. Speaker, I yield to the gentleman from Ohio (Mr. MCEWEN).

Mr. MCEWEN. Mr. Speaker, I would like to join with my colleagues in paying tribute to our friend and colleague TENNYSON GUYER.

It was with a great sense of sadness and personal loss that I learned of TENNY's passing, and I know he will be greatly missed and sincerely mourned by his many friends, especially here in the House.

The resident of the Fourth Congressional District of Ohio were indeed fortunate to be represented by such a dedicated, conscientious, and capable legislator during the past 8 years, and he served them faithfully and well.

As a member of the prestigious Foreign Affairs Committee, TENNY contributed significantly to the accomplishments of the committee by his sound judgment and knowledge of world affairs. However, it was through his service as a member of the Committee on Veterans' Affairs, Housing and Memorial Affairs Subcommittees on which I also serve, that I grew to know him better personally and to learn of the great concern and compassion he felt for our Nation's veterans.

While I was privileged to serve in the House with TENNY for only a short period of time, I know that he commanded the respect and admiration of his colleagues, on both sides of the aisle, for his intelligence, his hard work, his sense of fairness and cooperation, and his devotion to the system of government he unashamed loved.

Liz and I would like to take this means of expressing our deepest sym-

pathy to his wife Mae and the other members of his family.

Mr. Speaker, I feel that words are inadequate to properly express our sense of frustration and grief and loss at the passing of TENNY GUYER. Little would we have suspected 4 weeks ago as we sat in committee that he would not be with us now.

TENNY possessed those qualities which we have classified as "best"—best in Americans and best in people. TENNY was a happy person who brought happiness to others.

My wive and I have a phrase we use to encourage one another whenever we are depressed or whenever we feel like not making the extra effort, stimulating one another with the phrase that "life is lived with happiness by the givers." They give of themselves. No better description, in my opinion, could be given of TENNY GUYER than that he was a giver and he gave happiness and brought happiness to all with whom he came in contact.

Mr. Speaker, behind every successful man there is a woman. With the sense of loss that our friend, the gentleman from Ohio (Mr. LATTA) and his family feel, and then multiplied times that would be the sense of loss that his wife, Mae, must feel. Our prayers and best wishes go with her until we go to be with him.

□ 1815

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Arizona.

Mr. RUDD. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, we in this House have suffered a grievous loss with the passing of our dear friend and colleague, TENNYSON GUYER. We have lost not only a good, fine friend but a very distinguished colegislator and hard worker, who spent his days and his energies on behalf of the actions in this House.

My wife, Ann, and I extend our very deepest sympathy to his widow, Mae. She is reported to have said that "TENNY was a very, very, very special person to me and to our family, but little did we know that he was so special to such a magnitude of people all over the United States and the world."

TENNY was characterized as a humorist and a philosopher. Without any question, these words all apply to him, but what his wife said about him is probably the nicest testimonial that anyone could give to anyone else. And that is just and proper.

When I first met TENNY GUYER here on the floor of the House, the thing that impressed me more than anything else about him was that when he smiled, his smile flashed immediately across his face. We talked about his home State, the State of Ohio, and I told him that my mother had been born in Wapakoneta, and he immediately gave me several stories about the town of Wapakoneta, which endeared me to him immediately.

He projected himself not only to one human being, talking one on one, but to a group in a very enormously personal way as to project himself across and to gain the attention and the immediate warmth and liking and friendship of others that he could develop in his own way.

In a sense we are poorer for having lost TENNY, but at the same time we must remember that we are a lot richer for having had him with us, although for all too short a time. I know that our colleagues, every Member of this House, share the grief of his loss and share also at the same time the joy of having known him. I know that not only the Members but everyone who ever met TENNY will miss him.

Mr. Speaker, I thank the gentleman from Ohio (Mr. LATTA).

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to our Republican leader.

Mr. MICHEL. Mr. Speaker, I thank the gentleman for taking the time so that we might say a few words in memory of our dear friend, TENNY GUYER.

TENNY, of course passed away during the period when the Congress was in recess at Eastertime. It is unfortunate that many Members were not apprised in time—and some, as a matter of fact, were far beyond the borders of this country—and could not attend the funeral or were unable to do so.

I certainly lost a dear friend in TENNY GUYER, one who will never be replaced. He brought such credit to this House of Representatives, with the caliber of representation that he gave the people of his district in this body. And I guess that every Member who has spoken heretofore, in whatever eulogy, could not refrain from mentioning their joy in knowing TENNY GUYER. They all state the fact that he always had a beautiful smile and a cordial greeting whenever he saw us anyplace.

It is something to have that kind of personality. It radiated, and it was so obvious that as a Christian he recognized that this was the way he was going to serve his Lord, by radiating that good countenance.

I must say, too, that those of us who were privileged to attend the funeral were impressed by the fact that the gentleman from Ohio (Mr. LATTA) just did a superb job in his eulogy. And then there were also Pastor Pritchard and Dr. Winters, who likewise delivered such beautiful words in memory of TENNY GUYER. I came back and told my wife that I had never attended a more beautiful service for a Member or for a friend, because it was so obvious that those of you who spoke on that occasion knew TENNY GUYER personally for many, many years. It was reflected in the words that were said; they were so personal, and everyone attending that funeral could equate with them.

I was particularly touched by the fact that either Pastor Pritchard or Dr. Winters read some of the words that TENNY's daughter, Sharon, had written to the song, "The Happy Wanderer." I used to sing that song, and I was moved then to ask Sharon if she might send me the words so that some day down the road, when we were given an opportunity to sing again, we could do it in memory of our dear friend, TENNY, because the words were so appropriate:

"I love to go awandering where'er my Lord doth lead;
He is my shield and hiding place. He answers every need.
Bless the Lord, O my soul.
Bless the Lord, O my soul.
Deliver me from all my pride, and heal each sinful flaw.
To me give understanding, Lord, and I will keep thy law.
Unto him, do I sing, I do sing, and rejoice.
I praise his name, His holy name.

TENNY was, as I said, a Christian and radiated and reflected that in everything he did. Those of us who had the privilege of serving with him are certainly going to miss him as a fellow legislator and, I guess more importantly, as a friend.

When Congressman LAGOMARSINO made mention of TENNY's admonishment to the rest of us to be rather brief in what we said from time to time, as he had to listen through some of these long, dry speeches on this floor, I remembered him turning to me once and mentioning the quote of T. S. Eliot:

Blessed is the man who, having nothing to say, abstains from giving us wordy evidence of that fact.

TENNY was just that way at the appropriate time. He had the appropriate thing to say. I just wish that I had that gift, because it is something that he had, I guess, and all of us were rather envious of it.

He was such a wonderful friend, and I just wish there were something more we could do to assuage those feelings of grief and despair of his good wife, Mae, and Sharon and Rosie and the rest of the members of the family.

Suffice it to say, then, that we share their grief and their loss. He was to us just as much a friend as he was an individual family member.

Mr. Speaker, I appreciate the gentleman's taking this opportunity so that we might reflect upon the good life, the full life, the life that we would like to emulate as Members of this body is knowing TENNY GUYER.

Mr. LATTA. Mr. Speaker, I thank the gentleman from Illinois (Mr. MICHEL).

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I thank the gentleman from Ohio (Mr. LATTA) for arranging this time on the floor to enable us to express our sorrow on the passing of our good friend and colleague, the gentleman from Ohio, TENNYSON GUYER, and want to commend the gentleman for his moving eulogy in Findley, Ohio.

Mr. Speaker, TENNY was more than just a devoted public servant, he was a close colleague * * * a personal friend, and I find it difficult to express just how deeply his loss is felt. We often sat together in this Chamber, sharing our thoughts and TENNY's good humor. TENNY was a dedicated Member of this body. I had the privilege of not only coming to the 93d Congress with TENNY, but I also served with him on the Committee on Foreign Affairs, the Select Committee on Narcotics Abuse and Control, as well as on both the Select Committee on the Missing in Action and its successor body, the House Foreign Affairs Task Force on Missing Persons in Vietnam, which he chaired.

While TENNY did not often mention that he was an ordained minister of the Churches of God of North America, it was obvious that calling reinforced the concern for people that he continually demonstrated throughout his public career.

TENNY was also a dedicated husband and father and often proudly spoke of his devoted helpmate, Mae Reuter Guyer, and his lovely daughters, Rose and Sharon, to whom I express my deepest sympathy.

TENNY GUYER was an outstanding example for all of us. We will all miss his congenial ways, his good humor, and his concern for his fellow man.

We will long miss TENNY GUYER in the Chamber. I regret that he did not live to see the search for the missing in action, to which he was so dedicated. May we all rededicate ourselves to that task of completing an accounting for the missing as our lasting tribute to the memory of our good friend, TENNYSON GUYER.

Mr. LATTA. Mr. Speaker, I thank the gentleman from New York (Mr. GILMAN).

Mr. SHUMWAY. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from California.

Mr. SHUMWAY. Mr. Speaker, I was deeply saddened to learn of the loss of my friend and colleague, TENNYSON GUYER, and I am pleased to have this opportunity to pay tribute to his memory today.

TENNY's abilities as a leader and a legislator speak for themselves, and they will be sorely missed. To me, his many personal contributions to the integrity of the House and to each of its Members will be missed even more, however. He was a sincere and genuine man, one who cared deeply about the good of his fellow Americans, and of his Nation as a whole. From my earliest days as a Member of the House, I remember TENNY as a master when it came to bringing out the best in people. He was always ready with optimism, wit, and humor, and he needed only to enter our cloakroom to lighten the mood and encourage camaraderie. It is no wonder to me that he gained an international reputation as a speaker and humorist, or that he was reputed to be an outstanding ambassador of good will. His upbeat personality and his facile grasp of the language placed him among the most likable of men. As such, he has left an endearing mark, one which will always be fondly remembered.

There is no doubt that TENNYSON GUYER gave of himself in a wide variety of areas. In addition to his performance as a Member of Congress and the professional capacities which preceded that service, his contributions and efforts enhanced a myriad of civic causes and gained him the admiration and respect of all those who came in contact with him. I would like to extend my most sincere sympathy to TENNY's wife and family, and to assure them that I will always remember his many positive accomplishments and memorable contributions.

□ 1830

Mr. LATTA. Mr. Speaker, I yield to the gentleman from California (Mr. DORNAN).

Mr. DORNAN of California. Mr. Speaker, I thank the gentleman also for calling for this special order to honor one of the most outstanding Members of our body.

I did not prepare any special remarks today because I did not know TENNY as long or as well as some of my colleagues, but I just have to make a couple of observations today, that in the 4½ years that I have been here there are some Members that just stand out in your mind so vividly that they are in a class all by themselves.

Reader's Digest used to run a series, I do not know if it still does, called "The Most Unforgettable Man I Have Ever Met," or "The Most Unforgettable Woman I Have Ever Met." From my first days in the cloakroom 4½ years ago as a freshman, I can remember TENNY being the most good humored, the most clever, the most humorous Member of this body I ever met and that is saying something because this is, obviously, a very talented group of men and women.

His humor reminded me always of something another great humorist in our country, my uncle, Jack Haley, used to tell me as a young boy, that if something is not clean, it is not worth repeating.

TENNY could go on regaling us in the cloakroom for hours with material that was certainly new to me, that made me go look up in his biography and there I saw the word "lecturer." I guess in the sense of the old Chautauqua speakers, there are very few Members of this body left who come from that tradition of people who literally traveled the country out there on the stump inspiring their fellow Americans with not only good humor, but with a good dose of old fashioned patriotism and love of country.

I remember TENNY one day telling me a story about his father, leading always a parade down his beloved hometown, I guess it was Findlay, of a flag that was so wide it cleared the walls of the buildings by about 2 inches on either side. He would speak of his mother, his father, his lovely wife, Mae, his children, as though they were friends of all of us, as Mae is a friend of many of us.

His love of children is best remembered by me by something that happened to me about 4 nights ago. I was going through a series of slides from a trip that I took to most unusual places with TENNY and Mae GUYER, to Hanoi, the capital of a former enemy and a very bloody war with the United States, to Pakistan, when the first refugees were coming across the border, only 350,000 then before the Soviet invasion, and then to the Kremlin, to Moscow itself. As I was looking at slides against the light bulb, unable to see exactly who was in the slide, I found one in Hanoi of maybe 50 children. I put it in the view graph and put it up on the big screen and there was TENNY, looking 20 years younger than his age, smiling ear to ear, as that big smile of his was so electric and captivating, and all these little North Vietnamese children gathered around and he looked like the Good Shepherd.

He will be sorely missed by not only his old and deep and long friends in this House, but even those who have only known him through two sessions or two different Congresses, 4 years.

I did serve with him on that task force on the missing in action. He was the chairman. He will not be easy to replace. He has all the answers now to whether or not any Americans are alive. He never gave up hope, because he was a religious man and he knew that hope is a virtue.

I hope deeply that TENNYSON GUYER will guide us in our deliberations on that missing in action task force that he so thoughtfully and expertly helmed during the last few years.

He will be sorely missed. He is certainly one of the most unforgettable people that I ever met.

Mr. LATTA. I thank the gentleman.

I yield to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I join with my colleagues from Ohio and the rest of this House, the full membership of the House, I am sure, in expressing my deep sorrow at the passing of TENNYSON GUYER and in offering my condolences to his wife, Mae, and to this two daughters, Sharon and Rosetta Kae, and the rest of the Guyer family.

TENNY GUYER was a warm, friendly, and likeable man whose death is mourned by the many he helped and served throughout Ohio and really this Nation and even abroad. His service in elective office spanned four decades. He capably served as the mayor of Celina, Ohio, during the 1940's; for 12 years as a State senator and as the Representative of the expansive Fourth Ohio Congressional District since 1972. We shared territory in one county in common.

A down to Earth man who knew many of the people in his area on a first name basis, because he had spoken at their graduation in all likelihood; he loved Ohio and Ohioans with his very heart and soul and this deep love was reflected in his every action on behalf of those he represented throughout his career as a public servant.

His constituents had come to rely upon him as a man who was attentive, reliable and totally committed to giving them personal service, friendship, and attention.

TENNY GUGER's deep concern for his fellow man was also reflected in those efforts to which my colleague has just alluded, serving on the House Veterans' Affairs Committee, the Foreign Affairs Committee, serving with the interest of the men who both currently serve and have served in the Nation's Armed Forces, particularly his interest as the chair of the House task force on missing persons in Vietnam.

An intensely patriotic man, TENNY was devoted to the American serviceman and veteran and distinguished himself as a friend upon whom they could rely without fail.

I never will forget one of the mother's of a missing in action person asking me how well I knew Mr. GUYER and telling me that she had received, and she was not in his district, she was not able to vote for him, that she had received a personal phone call from Mr. GUYER upon his return from a trip to Southeast Asia, to which allusion was made, to let her know what they found out and to let her know in a very personal way and his own personal opinions. That really is a caring person. I told her that it was typical of TENNY GUYER.

TENNY GUYER was well known throughout Ohio and, indeed, the Nation as an inspirational and patriotic speaker. During his life he had delivered about 10,000 speeches in all 50 States and 24 other countries, spreading American goodwill across the Nation and the world.

No one was ever caught napping during one of TENNY GUYER's rousing and quick-witted presentations. I have to say in a personal sense, I frequently tried to avoid the opportunity to be on the platform at the same time with him, because TENNY's speeches were always a good deal more interesting than mine and I felt that a comparison did not serve me well politically, although, of course, it served TENNY well, and therefore it was perhaps desirable to avoid that kind of comparison; but I always enjoyed the circumstance when it came, because I picked up a couple stories that I could remember, if I could remember, that I could deliver and perhaps achieve some of his capacity and ability. The only trouble was that I always knew I would never deliver them as well as TENNY did.

It was an honor for me to have known TENNY and to have had the opportunity to serve in Congress with him and to share Logan County with him.

His passing is a personal loss to Joyce and me. I remember visiting TENNY out in the hospital when he had his original difficulty with his heart. He was even than optimistic and happy with the fact that he had discovered his problem, but not happy with the fact that it apparently was going to limit his activity to some degree.

I share his loss not only with the rest of this body and his constituency and our mutual area, but above all, I want his family to know that we share his loss deeply in a personal sense with them, not in the same way, of course, that they can and do, but in a very special way, a friend and brother and constituent.

We know that his passing will be marked by all of the angels everywhere. His loss is a particular loss to all his friends everywhere and even to those he touched without them ever knowing him.

Mr. LATTA. I thank the gentleman.

I yield to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Speaker, I thank the gentleman for yielding.

I want to join the many Members that have paid tribute to our colleague, TENNY GUYER.

I take this opportunity, without permission from Mae Guyer, to quote from a letter that she sent to many of us who had expressed our sincere love and regrets about TENNY's passing. In her letter she said:

> Tenny was a very, very special person to me and our family, but little did we know that he was so special to such a multitude of people all over the United States and the World.

Those words ring very true, because TENNY GUYER and I and Mae and sometimes Joan traveled to several countries together as concerned members of the Foreign Affairs Committee. I never saw a man in my life, and probably very few women, that showed the concern for people that did TENNY GUYER, no matter what their nationality nor color might be.

I remember his work and activities, as has been mentioned, in his concern about the missing in action. I think CLARENCE BROWN pointed out some beautiful examples again of TENNY GUYER's concern for people.

I would like to remind my colleagues again, although I have heard it several times, about his tremendous humor, probably I think we would have to say one of the great story tellers or humorists or joke tellers in America. I think that although he was obviously a top public speaker, many of those jokes and that humor showed his true concern for people again.

I take this opportunity again to point out from Mae Guyer's letter. She says, "My prayer is that you will be able to pass down to your families just what kind of person little ole TENNY GUYER really was—t'would be the greatest memorial ever."

I think that is what the Members of Congress are trying to do here today to pay tribute to our colleague, TENNY GUYER, and Joan and I wish Mae and the girls our deepest thoughts.

● Mr. LEE. Mr. Speaker, colleagues, I welcome this opportunity to pay tribute to our late colleague, TENNYSON GUYER of Ohio who passed away so suddenly.

Those of us who had the opportunity to know and work with TENNYSON GUYER, for even just a brief period as was the case after my first election in 1978, developed a hearty and lasting respect for this man. He was more than a satisfactory legislator in this Chamber, he was a man who could be counted on to speak as conscience and commonsense in the debates of the day, and a man whose exceptional perception helped many of us—just as with his constituents in Ohio—understand the most complex of issues.

Many are unaware of Mr. GUYER's very long and highly-esteemed career prior to his election to Congress. In Ohio, he served in the clergy, in many elective positions at the community and State levels, and in countless community betterment activities. He was an accomplished author and public speaker, committing many of his best received works to recordings which are today cherished by those fortunate enough to have received them.

TENNYSON GUYER will be sadly missed in this Chamber, and by the American people in their entirety. I join with my colleagues and Mr. GUYER's many friends here today in expressing our heartfelt condolences on his passing.●

● Mr. HYDE. Mr. Speaker, during the recent congressional recess, we were all extremely saddened to hear of the passing of one of our most beloved and distinguished colleagues, TENNYSON GUYER.

TENNY used to tell me that the measure of a man's life is taken in two questions: How much did he care? And what did he do about it? TENNY's life provided the same answer to both of these questions: "a great deal".

He cared about the great and small, about ideas and progress, traditions and the family. He was a patriot whose love affair with America grew more passionate every year. His sense of humor taught us all not to take ourselves too seriously—a lesson that needs reteaching every day in the political arena.

He loved God and his church and represented his constituency in the highest traditions of our great Republic.

He leaves an endless list of friends whose lives were enriched by his smile, his kindness and concern and his sense of duty. He cannot be replaced for he was truly unique.

His district in Ohio, as well as all America, is the better for his long public service. He will be missed by all of us.●

● Mr. FOUNTAIN. Mr. Speaker, I wish to thank the distinguished gentleman from Ohio, Mr. LATTA, for obtaining this special order so that we might pay tribute to our departed colleague, TENNYSON GUYER.

Mr. Speaker, with the untimely passing of TENNY GUYER, the Members of this body have lost a dedicated friend and colleague, a man of great honor and ability.

TENNYSON GUYER's public service began long before he entered the U.S. Congress in 1973. In fact TENNY's devotion to public service started over 40 years ago when he was elected president of council and mayor of Celina, Ohio. And for over 20 years, TENNY served with distinction as a member of the Ohio State Senate.

In the House of Representatives, I had the honor and privilege of serving with TENNY on the House Foreign Affairs Committee. His commonsense approach to the crucial problems of the day was a fine example for all committee members to follow. And I know that I, as well as many other members, often sought his valued opinion on many important issues.

TENNY was also a dedicated member of the Veterans' Committee and the Select Committee on Narcotics Abuse and Control—a valuable asset to a committee trying to grapple with America's growing drug problem.

As is the case with so many of our Nation's truly distinguished leaders, TENNY had a vast array of interests and talents, most notably his religion and his well-known love and ability for public oratory.

TENNY's devotion to his church, the Church of God, was a service of love. He was an ordained life minister, pastor of three churches in the Churches of God of North America, was seven times president of the Ohio conference, and later he was State overseer of that body. As a son of rural America, TENNY was close to his family, his church, and his God.

As an orator, TENNY GUYER knew few rivals. In over 10,000 speeches in all 50 States and 24 foreign countries, thousands of people had the opportunity to benefit from this man's insight, warmth, and good "old-time" sense of humor. Perhaps TENNY's oratory gave the best look into his character: He was not a pompous or vain man, but a hard-working and good natured rural American who had that rare ability to view life happily and to see the foibles of the human character.

Mr. Speaker, the citizens of Ohio and of this entire Nation have lost an exemplary public servant, and we in the House have lost a dedicated colleague and friend.

My sympathy and prayers go out to TENNY's lovely wife Mae and to the entire Guyer family. Their loss is, indeed, great. But, while there is sadness here today, I know how fortunate we have been to have known TENNYSON GUYER. He was a deeply religious man, a solid legislator, and most of all, a good and devoted friend.●

● Mr. RODINO. Mr. Speaker, I was deeply saddened to learn of the sudden death of my friend and former colleague TENNYSON GUYER who died Sunday, April 12.

As a friend, TENNY GUYER was warm and considerate. His wit and charm enriched this House and provided us all with many humorous moments. TENNY combined a natural gift for sparkling oratory with strong convictions and a sense of morality and decency.

As a Member of Congress, TENNY worked hard and won our respect for his conscientious service on the Veterans' Affairs and Foreign Affairs Committees, as well as the Select Committee on Narcotics Abuse and Control. I served with TENNY on the Narcotics Committee where he showed a deep concern for the effects of drugs on America's youth.

TENNY GUYER never stopped caring about the youth of our country or the veterans who fought in our wars. His 9 years in this House were marked by his strong patriotism and commitment to serving the people of Ohio.

It was a distinguished 9 years, and I am saddened to have him taken away from us so suddenly. My sympathies go out to his wife Mae and family.●

● Mr. BOLAND. Mr. Speaker, I appreciate this opportunity to pay tribute to TENNYSON GUYER who passed away on April 12, 1981.

TENNY GUYER had a distinguished career in the public service which he began as mayor of Celina, Ohio, from 1940 to 1944. From 1959 to 1972, TENNY served in the Ohio State Senate. From 1973 until his death, he ably represented Ohio's Fourth District in the U.S. Congress.

When TENNY GUYER came to the House in 1973, he brought much more with him than his experience in public office. His experience as a public speaker and as an ordained life minister in the Church of God made TENNY one of the most gifted orators in the House. During his active life he made thousands of speeches, and achieved considerable renown for his ability to capture the imagination of his audiences.

TENNYSON GUYER dedicated himself wholeheartedly to his work in the House. He distinguished himself as a member of the Committee on Veterans' Affairs and the Select Committee on Narcotics Abuse and Control. Throughout his service in the House, he strived to advance the best interests of the people of Ohio and the entire Nation.

TENNY's unique sense of humor gained him the epithet "King of Corn." His engaging and forceful personality made him universally liked and respected among the Members of the House. We all miss TENNYSON GUYER. I am pleased to join my colleagues in honoring TENNY today and extending our best wishes to his wife and children.●

● Mr. MAZZOLI. Mr. Speaker, I would like to join with my colleagues in the House in paying tribute to the late TENNYSON GUYER, our esteemed colleague from the Fourth District of Ohio, who passed away on April 12, 1981.

I was terribly saddened to learn of the death of TENNY. His life was devoted to the service of his fellow man. As a Member of the House, TENNY was known and respected for his ethical and conscientious work—for the people of the Fourth District, as well as for the whole country. His presence will be missed by all those who knew him.

I wish TENNY's family strength and courage to help them through the difficult days ahead.●

● Mr. ANDERSON. Mr. Speaker, I share the deep regret felt by all of my colleagues at the loss of our friend, TENNYSON GUYER. TENNY has long been a faithful servant of the people of western Ohio, representing them in Congress since 1972. His contributions in the Veterans' Affairs and Foreign Affairs Committees were great. His conscientious attention to committee work and his statesmanship on the floor of the House will not soon be forgotten.

I am not sure whether he will be missed more by his constituents who benefited from his persuasive powers of advocacy, or by us, his colleagues, who benefited from his independent thinking and honest approach to public policy.

In this time of national economic crisis, it is unfortunate that we will not have the wise counsel of our friend TENNY GUYER, as we struggle to overcome our problems.

My wife Lee joins me in offering our sincerest condolences to TENNYSON's wife Mae and their daughters, Sharon Mae and Rosetta Kay.●

● Mr. ROSENTHAL. Mr. Speaker, it is with great sadness that I join my colleagues today in honoring the memory of our colleague from Ohio, TENNYSON GUYER.

It has been my pleasure and privilege to serve with TENNY on the Committee on Foreign Affairs for the last 8 years. During that time period, I was continuously amazed at the cheerfulness and cooperative spirit which he personified. He was a conscientious member. He only joined debate when he had something valuable to say. I will miss his humanitarian concern and his deep understanding of America. Personally, I will regret the absence of this gentleman from the membership of this House.●

● Mr. PEPPER. Mr. Speaker, Members on both sides of the aisle were saddened to learn that TENNYSON GUYER passed away this weekend.

It is a remarkable fact that the artificial nature of the aisle that separates the two great parties of this legislative body disappears when a Member dies. Republicans and Democrats alike are united in their sense of loss and sadness. We would not expect anything else. The differences between the parties can never stop the friendship and mutual respect that is built between people who have worked closely together over the years.

TENNYSON was a minister before he entered politics. His voting record and his contributions to the committees on which he served reflect the strong sense of morality that is fundamental to this Nation. We all know that TENNYSON was able, hard working and dedicated to the public interest. We in the House will miss TENNYSON GUYER, a man who was respected for his character, integrity and competence.●

● Mrs. HOLT. Mr. Speaker, every so often we meet a person who is so basically good that his presence lifts the spirits of those who are near him. That was my impression of our friend TENNYSON GUYER, and his death is a great loss to me personally.

There was much human warmth in the man, much kindness, and a great deal of humor. In the early days of his career, he acquired some fame as a humorist-philosopher. He was an ordained clergyman who never let Washington life harden him or reduce him to cynicism.

TENNYSON GUYER served four terms in the Ohio State Senate before he was elected to the House in 1972, the same year that I was elected to Congress for the first time. As a Member of the same class, we became good friends as we learned the ways of Capitol Hill.

I admired the work he did in the Foreign Affairs Committee and the Veterans' Affairs Committee, and I knew I could depend on him for sage advice on the subjects that came before those committees.

We have lost a good man, Mr. Speaker, and I join the House in extending condolences to his family and many friends. He will be missed by all.●

● Mr. McCLORY. Mr. Speaker, when we experience the loss of a friend and colleague, it is a time for deep reflection. When the friend and colleague is Representative TENNYSON GUYER of Ohio, the soul searching and meditation which we experience tests our human powers to the utmost.

TENNY GUYER was a man beloved by literally all of his colleagues. He radiated joy and understanding, he possessed an engaging sense of humor and a wealth of philosophy and wisdom unsurpassed among his colleagues.

Mr. Speaker, Representative TENNYSON GUYER was indeed a man of God in his pastoral service to the Church of God and in his frequent participation in the meetings of our congressional prayer group. In his public service and in his private life, he embodied those elements of goodness and wisdom which marked him as a man among men.

Mr. Speaker, my wife, Doris, and I were privileged to enjoy the friendship of Mae and TENNY GUYER, to receive a beautiful Christmas ornament remembrance from them annually during the Christmas season, and to be refreshed and inspired by their presence and by their uplifting thought.

Mr. Speaker, Representative GUYER distinguished himself in this body and on the committees of the House of Representatives on which he served. He brought nothing but honor, dignity, and prestige to this body as he imparted his intellectual strength and his moral courage. What is more, in the projects which he undertook and in the programs in which he participated, all that he did, he did in good spirit and always with an attitude of joy.

Mr. Speaker, my wife, Doris, and I take this occasion to express to his beloved wife, May Guyer, and to the Guyer children, our respect, our love, and our deep sympathy.●

● Mr. CLAUSEN. Mr. Speaker, it is with a great sense of loss that I join my colleagues in paying tribute to the late TENNYSON GUYER. We are all very deeply saddened to hear of TENNY'S untimely passing, and we offer the Guyer family our sincerest sympathies.

It was my privilege to have known TENNYSON GUYER during his nearly 10 years of service in the Congress. He was a very special person and a special friend. His energy and enthusiasm for life were manifested in his many contributions to his community, State, and country and in the special love and affection he shared with his family and friends. His incredible sense of humor and the remarkable working relationship he shared with each of us, will be missed greatly.

TENNYSON GUYER set a code of honesty, decency, credibility, and trustworthiness to which we should all aspire. He was a patriot in the truest sense of the word—and he was totally dedicated and devoted to the country he loved so much.

Our prayers and hopes are with Mae Guyer and the family as they proceed through this difficult time. We are all very grateful, though, for the privilege of having known TENNY and will long cherish the memories of his friendship.●

● Mr. RHODES. Mr. Speaker, it is a privilege to join in this special order honoring TENNYSON GUYER. In an age of specialists, TENNY excelled as a generalist. Unlike the proverbial jack-of-all-trades who mastered none, TENNYSON GUYER moved successfully through diverse fields of endeavor. A people-oriented individual, TENNY never lost an opportunity to aid, inspire, teach, or entertain those with whom he came in touch. He honored others, but never exhibited self-pride. He had a firm commitment to service, but never took himself too seriously. He fashioned down-to-earth speech into a lofty art.

TENNYSON GUYER—a man for all people. Humanity intrigued him as much in Europe or Asia, as it did in Findlay, Ohio. If traveling broadens the mind—just living opened his heart. He gave freely of his time and talents to all who were privileged to know him.

We will miss him in Congress. They will miss him in Ohio. They will miss him in the other States and countries where he passed their way. But though he was a generalist in life, he is a specialist in our memories.

Betty joins me in offering our deepest sympathy to our very good friend, Mae Guyer and her two daughters.●

● Mr. KEMP. Mr. Speaker, today I join my colleagues from both sides of the aisle in paying respects to that dear friend and great American from Ohio, the late TENNYSON GUYER. Wow, what a guy!

The thing I remember most about TENNY is the extraordinary personal commitment he had to his fellow man and to this Nation. His work on the

Veterans' Affairs Committee and the House Task Force on Missing Persons in Vietnam was focused on bringing home our POW's and determining the fate of as many MIA's as was humanly possible. He had an enormous amount of sensitivity to the suffering of those brave men and their families.

TENNY was equally sensitive to the anguish of those dealing with the ravages of drug abuse. He worked long and hard on the Select Committee on Narcotics Abuse and Control to help combat the spread of drugs in this country.

TENNY's concern for others also extended to the plight of those living in the developing nations of Southeast Asia and was evident in the work he did on the Foreign Affairs Committee.

The presence of TENNYSON GUYER, a man of warmth and great humor, will be sorely missed by all of us in this Chamber. But no matter how great a loss we feel today, our thoughts and prayers are with his wife Mae, and his daughters Sharon and Rosetta. I also share the sense of loss felt by the citizens of Ohio's Fourth District, who overwhelmingly chose TENNYSON GUYER to represent them in this body and in the Ohio State Senate for over 20 years. TENNY served his party by serving his country and I deeply appreciate his leadership and friendship.●

● Mr. FINDLEY. Mr. Speaker, Our late colleague, TENNY GUYER, was a rare human being who combined the qualities of dedication, high purpose, and good humor. I counted him a special personal friend and judging by the numerous and deep expressions of regret I have heard since his passing it must be that many hundreds of people considered that they had a similar, close personal relationship with him. He was that kind of man who was able to bring out the best in us and help us over the difficult spots in life. He was always pleasant company and he and Mrs. Guyer made a wonderful team. We are all richer for their service to the Washington scene.●

● Mr. DERWINSKI. Mr. Speaker, I would like to join with my colleagues in paying our respects and to participate in this special tribute to our good friend, the late TENNYSON GUYER.

TENNY was a natural, warmhearted man, who served tirelessly, patiently, and with great attention to even the smallest details that would affect his constituents. Throughout his public career, TENNY worked diligently on behalf of his district and his country. He was dedicated to the discharge of his congressional duties in a fashion that was totally responsive to the needs of our Nation as well as the State of Ohio and the district he represented.

It was my privilege to have served with TENNY GUYER on the House Foreign Affairs Committee. He was truly an outstanding member of that committee, and a positive force in contributing to our committee's legislative achievements.

For 9 years, TENNY GUYER filled this institution with his warmth, his humor, and his profound understanding of the needs of the American people. His oratorial efforts always spoke of the soundness of our country's future. During his years of dedicated service in Washington, he remained close to his roots in the Fourth District of Ohio. His concern and commitment to the welfare of the people of Ohio will long be remembered.

TENNY was a close friend, a valued colleague, and a truly great Congressman. I benefited and appreciated TENNY's wise counsel. He had the qualities of character that can be described as heartwarming and motivating.

Mrs. Derwinski joins me in extending our heartfelt sympathies to wife Mae and his children. We have lost the services of a respected and effective colleague and an extremely close and understanding friend.●

● Mr. HALL. Mr. Speaker, I join my fellow colleagues to honor the memory of a friend and neighbor, TENNYSON GUYER. TENNY represented the sprawling Fourth Congressional District of Ohio just north of my district.

TENNY was a servant of the people in the highest sense. He was always ready to help the men and women of Ohio with their problems. In many ways, he viewed his position in Congress as an extension of his previous role as a pastor. He looked after his constituents, and they reelected him with overwhelming majorities every time.

Yet, TENNY was more than a representative of his district. His skills of oratory were widely respected, and he entertained audiences the world over. He considered himself a humorist-philosopher, and he was generous with his wit and his wisdom. He was truly "Ohio's Ambassador of Good Will."

Most important, he was a warm human being. TENNY always had a kind word, a smile, and a funny story. He cared about people.

TENNY's loss came as a great shock to me. We will all miss him.●

● Mr. STANTON of Ohio. Mr. Speaker, in this body of able, dedicated, patriotic, and often colorful public servants, TENNYSON GUYER was a standout. I first learned of him in the late fifties, shortly after he was elected to the Ohio Senate where his reputation as a superb public speaker preceded him. There is hardly a town in our State that has not been graced with TENNY's wit and wisdom as he spoke to countless civic and service organizations over the last quarter of a century.

TENNYSON GUYER served his Fourth District, State, and Nation with absolute devotion until the day he died last month. A Member of the House for the past 8 years, TENNY will be remembered for his contributions to the Foreign Affairs and Veterans' Affairs Committees and for his service on the Select Committee on Missing Persons in Southeast Asia, in particular. But most of all, his colleagues and constituents will miss a true friend whose warmth and concern for others was legendary and was recognized by numerous well-deserved tributes and awards. Surely the most appropriate of all the honors that were bestowed on him was that by our Governor: "TENNYSON GUYER, Ohio's Ambassador of Good Will."●

● Mr. HAMMERSCHMIDT. Mr. Speaker, I certainly appreciate this time to share fond memories of the late TENNYSON GUYER.

As ranking member of the House Veterans' Affairs Committee I had the pleasure of working closely with TENNY on that panel. During his tenure, I had the highest personal regard, respect, and admiration for his professional accomplishments. Our Nation's veterans had a true champion in TENNYSON GUYER. I came to know him as a legislator with an inquiring mind and a passionate commitment to what was right. He knew his district intimately and no legislation or administrative action which affected that district got by without his discerning scrutiny. He always sought to do his best to fulfill his own demanding concept of the type of legislator and the type of man he ought to be.

Those of us who knew TENNY personally, found him to be a very dedicated and compassionate man, a champion of causes which enhanced the plight of the less fortunate of our society. He was a public servant of the finest caliber. TENNY was a doer, a willing participant in the heroic causes of mankind. Many times I witnessed the way he moved ahead with responsibilities that might well have been postponed or left to others. His service on the House Task Force on Missing Persons in Vietnam evidenced his sheer determination to see a job well done.

TENNY was a deeply religious man. He was an ordained minister in the Churches of God of North America, and in the forties he became a pastor of the Celina Church. He went on to become other things as well—a businessman, a mayor, a State senator, and eventually a U.S. Congressman.

A gifted orator, TENNYSON GUYER made 10,000 speeches—in all 50 States, and in 24 foreign nations. He gained national recognition for his moving and inspirational rhetorical style. To hear TENNYSON GUYER deliver a speech entitled "The Miracle Called

America," was an extraordinary experience to be sure.

I know many of my colleagues will want to join with me in paying tribute to this great American, humanitarian, and gifted statesman, who will remain an inspiration to all of us who had the distinct pleasure of working with him.

In closing, my wife Ginny and I would like to extend our heartfelt sympathy to his devoted wife, Mae, and his two daughters Sharon and Rosetta. During this period of bereavement they will remain in our prayers.●

● Mr. RAILSBACK. Mr. Speaker, it is with heavy heart that I rise on this occasion to pay tribute to our beloved colleague, TENNYSON GUYER who represented his Ohio district since 1972 and passed away quietly in his sleep on Sunday, April 12.

TENNY was not only an esteemed Member of this august body, but he was an ordained minister whose every act reflected his strong sense of morality as well as the rural, conservative Midwest district he represented.

He served with distinction on the Foreign Affairs Committee and Veterans' Affairs Committee. Most recently, he was chairman of the special House subcommittee investigating Americans still missing in Southeast Asia. TENNY and I served together on the Select Committee on Narcotics Abuse and Control where his work reflected a deep commitment to solving our escalating drug abuse problem.

But TENNY would not want us to weep at his passing. A one time puppeteer, he was the unabashed king of the one-liners, and perhaps appeared on the lecture circuit more than any other Member of Congress, having given more than 1,000 talks before Rotary Clubs, conventions and at commencement exercises across the country.

Many of the clerics in Congress are somewhat liberal, but TENNY was different. He was a tough, no-nonsense conservative, who nevertheless had a ready smile, a quick quip, and a line for most every topic.

Some of his most famous remarks showed not only his barbed wit but compassion for his fellow man regardless of party lines.

When President Carter was having heartaches over the Billy Carter affair, TENNY remarked, "I suppose the President is saying to himself, The next time I'm born again, I want to be an only child."

Of his beloved helpmate of 37 years, Mae Guyer, who wrote his constituents' newsletter "Mae's Wash Line" at their own expense TENNY once jokingly remarked, "My wife ought to be on a parole board—she never lets anyone finish a sentence."

We lawyers in the House will never forget his statment "I have nothing against lawyers, but I can't understand how a guy can write a 10,000-word document and call it a brief."

In deference to TENNEY, I will not make this eulogy a 10,000 word brief. I could not do justice to our beloved colleague in 100,000 words.

I want to give my heartfelt condolences to his wife, Mae, his two daughters, Sharon, and Rosetta Kae Benedict, and his granddaughter.

TENNYSON GUYER, colleague, confidant, and friend, while your desk may remain unoccupied, your presence will be felt in this Chamber as long as there is a Congress of the United States.●

● Mr. SENSENBRENNER. Mr. Speaker, I wish to join my colleagues in expressing my sorrow over the untimely death of Representative TENNYSON GUYER. TENNY had a varied background, serving the State of Ohio as a pastor of the Celina Church of God, mayor of Celina, State senator, and Representative of the Fourth Congressional District. He was internationally known in the field of public speaking and the House will miss both TENNY's wit and insight. The death of TENNYSON GUYER is a great loss to his District, the State of Ohio, and the House of Represenstatives. My wife, Cheryl, and I extend our deepest sympathies to his wife, Mae, and his two daughters, whose personal loss is the greatest of all.●

● Mr. VANDER JAGT. Mr. Speaker, It is with a great sense of personal sadness and loss that I join my colleagues in paying tribute to the late TENNY GUYER. We in this House will sorely miss his friendship and good humor, his unfailing sense of dedication and service not only to his constituents and the people of Ohio, but to the Nation at large.

TENNY GUYER and I shared a special bond in our pastoral background and our special interest in public speaking. I know of TENNY's deep faith and his ability to project that faith to all with whom he came into contact. It was a special gift that he had, and I am ever so grateful to him for his sharing over the years.

His public speaking ability was recognized here in this House and across the country by the numerous groups which had the privilege to hear him over the years. As a public speaker, I was pleased to have the opportunity during the years we served together in this Body to have TENNY's good counsel and support in my efforts. He was uniformly generous with his time and gracious with his praise and assistance.

I think that the greatest tribute that we can note with respect to TENNY GUYER is to recall his commission as an "Ambassador of Good Will" for the State of Ohio and the Shriners, and the numerous awards recognizing his service to his fellowman and his spirit of friendship.

I know that the memory of the great good that he shared over the years, and the sense of friendship that he left with all whose lives he touched will join with his great faith in God to give strength to his wife and family in this trying time. Carol and I share in their loss, and that of the Nation and the people of Ohio.●

● Mr. SCHULZE. Mr. Speaker, it is with a deep sense of loss and sadness that I participate in the special order of the distinguished gentleman from Ohio, Congressman DEL LATTA for our departed colleague, TENNYSON GUYER.

I remember fondly the many times that TENNY would have a cheerful word during the difficult decisions this body had to make over the past 8 years. This gentle caring human being will be sorely missed by not only his colleagues, but by the constituents of the Fourth Congressional District of Ohio, who have lost an able legislator.

As a minister in the Church of God, TENNY would understand the difficulty that we laymen have in expressing what we feel toward the loss of a friend. He knows that much of what we feel will go unsaid, but not unfelt. We are all a little better for having had the opportunity to share a part of our lives with him.

The words of John Banister Tabb come to mind in the hearts of all of us who believe in a life after:

Out of the dusk a shadow,
Then a spark,
Out of the clouds a silence,
Then a lark;
Out of the heart a rapture,
Then a pain;
Out of the dead, cold ashes,
Life again.●

● Mr. BRINKLEY. Mr. Speaker, it is a privilege to participate in this special order in honor of TENNYSON GUYER, one of the finest to ever serve in the U.S. House of Representatives. It was my good fortune to serve with him on the Veterans' Affairs Committee and to sit with him in the prayer breakfast meetings.

What a remarkable man he was. He was so quick with his witticisms that it was a real challenge to try to keep up with him.

TENNYSON GUYER was a good man who loved his country and who loved his fellow man. He served with distinction, his dear wife, Mae, being ever at his side. Her commitment was to be seen in maintaining close touch with their mutual friends and constituents back home with her family-oriented "Wash-Line."

All of us have come to love the Guyers and we are truly and deeply sympathetic over TENNYSON's passing. But he left his mark. His example affects eternity. Who can know where his influence will stop.●

● Mr. IRELAND. Mr. Speaker, I had the privilege and pleasure of getting to know Mae and TENNY GUYER as

friends and colleagues in recent years because of our mutual assignment to the Foreign Affairs Committee.

I want to extend to Mae, and to TENNY's family, my sincere condolences, and my best wishes for the future.

TENNY GUYER was as fine and decent a man as ever sat in this House. I don't think I ever heard him say something unkind about anyone, yet I also knew him to be a shrewd judge of human character. He had that unique ability to look on the bright side of things, and people, all the while telling it like it is.

TENNY was also the luckiest of men, for he had as best friend and helpmate his wife, Mae Guyer. In this, TENNY shared his luck with his constituents, and with us.

In the foreign policy area, TENNY was deeply concerned over two issues, in particular, the need for increased cooperation between the United States and the nations of Asia in controlling illegal narcotics from the Golden Triangle, and the humanitarian responsibilities of the Communist nations of Southeast Asia to give us a final accounting on our boys still listed as missing in action or prisoners of war from the Vietnam conflict.

Just as TENNY was a leader in this work, particularly in his role as chairman of the MIA/POW taskforce, so too did he have a lot of help. This is important, for it means that the work TENNY so nobly advanced will continue.

I can think of no finer tribute to Congressman TENNYSON GUYER than this—he was engaged in work which served his family, his friends, his community and his country. He is missed, but his work will go on.

Thanks, TENNY.●

● Mr. BROWN of Ohio. Mr. Speaker, I join with my colleagues from Ohio and the full membership of the House in expressing my deep sorrow at the passing of TENNYSON GUYER and in offering my condolences to his wife, Mae, and to his two daughters, Sharon and Rosetta Kae.

TENNY GUYER was a warm, friendly, and likable man whose death is mourned by the many he helped and served. His service in elective office spanned four decades. He capably served as the mayor of Celina, Ohio, during the 1940's, for 12 years as a State senator, and as the representative of the expansive Fourth Ohio Congressional District since 1972. His constituents had come to rely upon him as a man who was attentive, reliable, and totally committed to giving them personal service. A down-to-earth man who knew many of the people in his area on a first name basis, he loved Ohio and Ohioans with his very heart and soul, and this deep love was reflected in his every action on behalf of those he represented throughout his career as a public servant.

TENNY GUYER's deep concern for his fellow man was also reflected in his efforts on behalf of those who have served in this Nation's Armed Forces. He had served on the House Veterans Affairs Committee, the Foreign Affairs Committee and most recently chaired a special House Task Force on Missing Persons in Vietnam. An intensely patriotic man, TENNY GUYER was devoted to the American serviceman and veteran and distinguished himself as a friend upon whom they could rely without fail.

TENNY GUYER was well-known throughout Ohio and indeed the Nation as an inspirational and patriotic speaker. During his life, he had delivered about 10,000 speeches in all 50 States and 24 other countries, spreading American goodwill across the Nation and the world. No one was ever caught napping during one of TENNY GUYER's rousing and quick-witted presentations.

It was an honor for me to have known TENNY GUYER and to have had the opportunity to serve in the Congress with him. His passing is a personal loss to me, to this body, to his constituency, but above all to his family and friends in Ohio.●

● Mr. ADDABBO. Mr. Speaker, it is with great sadness and fond remembrance that I rise today to say a few words of tribute to TENNYSON GUYER, a fine gentleman, outstandint orator, and respected colleague, who passed away on April 12, at the far too early age of 67. His sudden passing was a severe blow to this body and I am sure I speak for all of us present today when I say that he will be missed.

I have served in Washington for a great many years and can recall few colleagues who were as gifted as TENNY. Among his many gifts which we will all remember, I think the two I will remember most were his ability to hold an audience spellbound with his voice, and his great love of all people, two attributes which went hand in hand. As an orator, humorist, and inspirational speaker, few could touch him, yet his words touched so many. Every speech had a purpose for our dear friend, every sentence had a message. To coin a phrase, when TENNY spoke, everyone listened.

I have said that he was fond of all people. But that was only part of the story. He cared for them as well, whether they were in his district, or in a prisoner of war camp somewhere in Southeast Asia. He fought hard for the aged, handicapped, disadvantaged, and underprivileged of our Nation. As a Member of Congress he epitomized what a public servant should be, a man who always believed that the needs of the general public should never play second fiddle to the desires of a special few.

To us, he was a colleague, a man we enjoyed working with on the floor or in committee. But to a special few, his staff, he was much more than just a Congressman, he was the father of a very close family, a family which loved him, as well as loved by him. I have been told he never was too busy to help out in a crisis, whether it pertained to office or personal matters. The lessons they learned from him, and the love shared, will remain in their hearts and minds forever.

To his family and staff I extend my sincere condolence on their loss, a loss shared by a nation which appreciates all that he tried to accomplish for it. In this time of sadness they surely must be sustained by the memory of his lifetime and numerous achievements, as well as by the respect in which his memory is held by those fortunate to have known him.●

● Mrs. SMITH of Nebraska. Mr. Speaker, I would like to commend the gentleman from Ohio, DELBERT LATTA, for requesting this special order for another Ohioan, the late TENNYSON GUYER.

TENNY GUYER came to Congress 2 years before I entered as a freshman in January 1975. His spirit of Christian love embraced me immediately. Certainly the members of the Church of God whom he served as an ordained minister of the Church of God must have respected and appreciated him as did his colleagues on the floor of this House.

TENNY's experience—as pastor, public affairs specialist, and public official—served him well as orator and writer. I benefited directly from his expertise. On several occasions, he gave me precious illustrations, statistics, and anecdotes which he had used in his speeches, recommending that I adapt them for my own use. Some of these notes—in his own handwriting—I still have.

It is important to note that, in every case, his examples were dedicated to pointing out the good that derives from belief and integrity in Christian principles and the greatness that typifies America. Throughout his life, TENNYSON GUYER inspired others to demonstrate and nurture that good and that greatness.

In extending my deepest sympathy to his family, I underline the fact that we shall miss him.●

● Mr. SHAW. Mr. Speaker, I rise to pay my tribute to our late colleague, the Honorable TENNYSON GUYER, whose death has saddened our Nation and has diminished this legislative body.

I wish to add my voice to those who have spoken so well and so eloquently of Mr. GUYER. His recent, unfortunate passing has been a sorrow to us all.

I served for a brief time with TENNY GUYER on the Select Committee for

Narcotics Abuse and Control, where his commitment to service, his devotion to duty, and his love of his country were constantly evident. I convey my personal expression of sympathy to all those who have suffered his loss—to all those whose lives he has touched.

We shall miss him in the House of Representatives.●

● Mr. SMITH of New Jersey. Mr. Speaker, I did not know TENNYSON GUYER for any length of time. But I served with Congressman GUYER on the Veterans' Affairs Committee. He was my colleague—and I was truly privileged to know him.

TENNY GUYER was elected to this House in 1972. He came from the Ohio State senate, where he served from 1959 until his election to this House. Prior to that he was mayor of Celina, Ohio from 1940 to 1944, and Public Relations Director of the Cooper Tire & Rubber Co. from 1950 until 1972, when he left that position upon his election to this House.

TENNY GUYER was a man of conviction and principle. He was a man of religious belief; he proved his calling as pastor of the Celina Church of God.

I remember TENNY GUYER at meetings of the Veterans' Committee, alert, asking questions, his presence always felt. He was a friend of the veteran. He believed the men and women who served our country in battle deserved well of this Nation. He felt their sacrifices should not be forgotten.

This House—this country—is a lesser place without TENNY GUYER. We have a real sense of loss, the loss of a comrade and a colleague whom we cherished. It was a sad moment for us when he died.

Given TENNY GUYER's beliefs, I do not think he feels our parting is for all time. Surely, there is a good and merciful God who will bring together friends again. This life is but a prelude to a better life. We shall see TENNY GUYER again.

But, our sense of loss is great at this time. We are deprived of his presence and company. In our own, poor way, we come to pay tribute.

One of the best known things about Congressman GUYER was his love of Shakespeare. He could recite effortlessly—perfectly—whole lines of Shakespeare, whole parts of the plays. Therefore, let me speak of TENNY GUYER in the words of the playwright he loved.

Let me quote the lines of "Hamlet":

He was a man, take him all in all;
I shall not look on his like again.

Let me close with the passage from "Romeo and Juliet," which, I think, sums up our feelings about TENNY GUYER:

And, when he shall die,
Take him and cut him out in little stars.
And he will make the face of heaven so fine
That all the world will be in love with night,
And pay no worship to the garish Sun.●

● Mr. WON PAT. Mr. Speaker, I was shocked to read in the Washington Post on April 13, that my good friend and colleague, Representative TENNYSON GUYER of Ohio passed away. He was a man of great inspiration and devotion to the principles of honesty and good government. He served his constituents with the highest quality of standards and to his many friends in the Congress he will be missed.

It was my privilege to work closely with Congressman GUYER on several occasions and travel together as well. I was deeply impressed with his understanding of the problems facing this Nation and his willingness to work for what he regarded as proper solutions to these problems.

Congressman GUYER was of great assistance to me when I worked with the Select Committee on Narcotics Abuse to stop the flow of heroin to Guam. He was also a very effective member of the special subcommittee that investigated the fate of Americans missing in Southeast Asia.

His loss is a great one for me and for his colleagues. I deeply regret his untimely passing. He was a friend and a most respected Member of this body. I extend my deepest sympathy to his family on this most sad occasion. Thank you.●

● Mr. PASHAYAN. Mr. Speaker, it was a great personal pleasure to serve in the 96th Congress with a Member of the stature of TENNYSON GUYER; he will be sorely missed by the Members of the Chamber.

TENNYSON GUYER leaves behind a record of over 40 years of public service at the local, State, and National levels. TENNYSON GUYER's contributions to his community, his native State of Ohio, and this Nation, transcend his distinguished record in public office; his quiet dedication to his church and his concern for youth were also integral concerns of this good man.

To TENNYSON GUYER's family I extend my sincere condolences and the appreciation of a grateful Nation.●

● Mr. STOKES. Mr. Speaker, I would like to thank my distinguished colleague, the gentleman from Ohio (Mr. LATTA) for taking out this special order so that we can memorialize one of the great statesmen and advocates of this Nation—the late TENNYSON GUYER. As my colleagues know, Mr. Speaker, TENNYSON GUYER passed on April 12, 1981, at the age of 67. I know that I speak for Members on both sides of the aisle and the Ohio Democratic delegation by saying that we will miss TENNYSON GUYER greatly.

Mr. Speaker, perhaps the greatest tribute to TENNYSON GUYER is the exemplary way he lived and his impeccable record of public service. Taking that into consideration, I am sure that my colleagues will agree that TENNYSON GUYER leaves us a profound legacy of justice, courage, and love for America. This should serve as a guiding force as we conduct the important business of this legislative body.

Mr. Speaker, TENNYSON GUYER transmitted these high principles and standards to everyone he came in contact with during his every waking moment. With them in the forefront of his thoughts and actions, TENNYSON GUYER went on to serve his constituents and this Nation to the very best of his ability. Because of that, Mr. Speaker, he made an indelible mark on this body.

Mr. Speaker, TENNYSON GUYER served on the Veterans' and Foreign Affairs Committees and the Select Committee on Narcotics Abuse and Control. He had recently chaired a special House subcommittee investigating the problem of Americans still missing in action in Southeast Asia. Those of us who worked with him know of his great oratorical skills and monumental contributions to the work of the House on behalf of the American people.

With that in mind, Mr. Speaker, on behalf of the residents of the 21st Congressional District of Ohio, I express my heartfelt condolences to TENNYSON GUYER's wife and family as well as to his constituents.●

● Mr. YATRON. Mr. Speaker, I wish to join with the distinguished gentleman from Ohio (Mr. LATTA) in paying tribute to the late TENNYSON GUYER, our esteemed colleague from Ohio.

From time to time, our Nation is blessed by the presence of men and women who bear the mark of greatness, who help us see a better vision of what we can become, TENNYSON GUYER was such a man.

I had the honor and privilege of serving with TENNY on the House Foreign Affairs Committee. He was an outstanding member of this committee and his contributions will be sorely missed. I was very grateful for his counsel and advice.

Each Member of Congress makes a contribution to the Nation in a unique and special way. TENNY's contribution was that he never lost faith in the American system and the great opportunities it offered to those who were willing to participate fully in making it work. He was willing to dedicate himself to making it work, and it is because of men like him that it does.

I wish to express my most heartfelt sympathy to his wife Mae and his children. I thoroughly enjoyed my years working with him and learning from him and I consider it a privilege to have known him.●

● Mrs. HOLT. Mr. Speaker, often we meet a person who is so basically good that his presence lifts the spirits of those who are near him. This was my impression of our friend TENNYSON

GUYER, and his death is a great loss to me personally.

There was much human warmth in the man, much kindness, and a great deal of humor. He acquired fame as a humorist-philosopher. He was an ordained clergyman who never let Washington life harden him or reduce him to cynicism.

TENNYSON GUYER served four terms in the Ohio State Senate before he was elected to the House in 1972, the same year that I was elected to Congress for the first time. As a member of the same class, we became good friends as we learned the ways of Capitol Hill.

I admired the work he did in the Foreign Affairs Committee and the Veterans' Affairs Committee, and I knew I could depend on him for sage advice on the subjects that came before those committees.

We have lost a good man, Mr. Speaker, and Duncan and I join the House in extending condolences to Mae and his family and to his many friends. He will be missed by all.●

● Mr. MONTGOMERY. Mr. Speaker, I appreciate the gentleman yielding and rise to express my profound sorrow over the untimely passing of TENNY GUYER. If there was ever a Member who could brighten a room with his charm and wit it was TENNY GUYER.

It was my pleasure to serve with TENNY on the House Veterans' Affairs Committee and he was a most valued member. He was dedicated to the needs of our veterans and was always conscientious in fulfilling his duties and responsibilites as a committee member. I could always count on TENNY being present and taking an active interest in our committee's deliberations.

Mr. Speaker, I would also like to commend the late TENNY GUYER for his never ending concern for the fate of our remaining missing in action servicemen in Southeast Asia. As chairman of the special task force on MIA's, he continued to press our Government to do everything possible to obtain as full an accounting as possible of the MIA's. His work in this area is a tribute to his dedicated service in the Congress.

Mr. Speaker, I mentioned earlier TENNY's charm and wit. As we all know TENNY had a talent for storytelling that was probably unsurpassed in the Congress. His off-the-cuff remarks on patriotism and duty to country could keep audiences spellbound for hours on end. And more importantly you always felt better after hearing TENNY speak. He lifted your spirits like no one else could and he always renewed your faith in this great country of ours.

TENNY was also a devoted husband and father. He was extremely close to his family and they to him. He believed in the family as a unit. I join with my colleagues in extending heartfelt symphony to Mae and Sharon and Rosetta for their great personal loss and hope their grief will be lessened with the knowledge that their husband and father was loved and respected by his colleagues in this House.●

● Mr. NAPIER. Mr. Speaker, I would like to take this opportunity to offer a tribute to the late TENNYSON GUYER, a fine patriot. The Congress and our Nation will sorely miss has leadership. I did not have the honor of knowing this fine gentleman as well as many of my colleagues, but after many conversations with those of this Congress who did, I have come to appreciate his many qualities and contributions. I recall well, however, his friendliness and kindness when he came up to me early in the session to introduce himself and welcome me to Congress.

Mr. GUYER was a patriot in the best sense to the term. He was a man of courage and devotion to his country. During his terms in office he served this Nation with determination and fervor. He was regarded by those who knew him with the highest respect and admiration. TENNYSON GUYER had a great love for this Nation and its people and served them both with honesty, humility, and devotion.

Our Nation is saddened by his passing. We will miss the abilities and talents of this outstanding gentleman. Our country mourns his loss, and I extend my sympathy to his wife and family.●

● Mr. ERLENBORN. Mr. Speaker, this Chamber lost a beloved raconteur with the passing a month ago of the Honorable TENNYSON GUYER, and the people of the Fourth District of Ohio lost a many-talented, respected citizen and Representative. To them, and especially to TENNY's wife and daughters, I extend my deep sympathy. Their and our lives are richer for having known and been associated with this gregarious, sharing man of the cloth.●

● Mr. UDALL. Mr. Speaker, I join all the friends of TENNYSON GUYER in mourning his passing. TENNY was a good and decent man and an honorable public servant. He cared about people and worked hard in these Halls on behalf of the people of his beloved Ohio. I am sad that he is gone. I was proud to be his friend.●

● Mr. ECKART. Mr. Speaker, the Nation suffered a triple loss on April 12 of this year with the deaths of three great men: Joe Louis, James Haggerty and Representative TENNYSON GUYER.

My fellow Ohioan TENNY GUYER and I were at different ends of the political spectrum. But while I did not always share his views, I shared the admiration of my colleagues for the way he listened to the people he represented. He enjoyed talking with people and did it superbly.

TENNY GUYER was once a circus clown. He was a professional orator. He was pastor of the Celina Church of God for 10 years. He served the people of Ohio in political office for 22 years. In each of these professions, TENNY GUYER spent time talking and listening to people.

He made more than 10,000 patriotic speeches in every State and 24 countries. His favorite speech was called The Miracle of America.

TENNY GUYER represented his district well. He brought the love for America and values of the Ohio communities he represented to his audiences across the country and the world.●

● Mr. GOODLING. Mr. Speaker, it is indeed an honor to pay tribute to a man whom I held in such high personal esteem, TENNYSON GUYER.

The character which TENNY projected in his 8 years of service cannot be forgotten. TENNYSON GUYER was such a blend of civility, warmth, humor, and professional politician that he has affected us all in a positive manner.

Not only has his personality made an indelible mark upon his colleagues but his professional flair has been engraved upon the laws of this land. Indeed, his service on the Veterans' and the Foreign Affairs Committees, the latter of which we served on together, and the Select Committee on Narcotics Abuse and Control should be a standard to which we all strive.

TENNYSON GUYER's colleagues have not been the only ones to benefit from his presence in Congress, for he sought first to serve his constituents of the Fourth District of Ohio. Certainly, his effectiveness was confirmed by his overwhelming election victories.

As he has enhanced the lives of both his colleagues and constituents, so too has he enhanced the character of our Nation. Indeed, TENNYSON GUYER will not be forgotten.●

● Mr. JEFFRIES. Mr. Speaker, it is with great sadness, yet also with honor, that we pause to mourn the untimely passing of a dear friend and colleague, the Honorable TENNYSON GUYER.

As a member of the Veterans' Affairs Committee I had the distinct privilege of serving with "TENNY." A true American in every sense, he worked for his district, his State, and most importantly, his country to the very best of his ability. His knowledge of Asian affairs made him a dynamic member of the Foreign Affairs Committee as well. Not surprisingly, he was also chosen as chairman of a select House subcommittee investigating the problem of American servicemen still missing in Southeast Asia.

TENNYSON GUYER achieved distinction outside the Halls of Congress

even before being elected to his first of five successive terms. Author, public speaker, minister—TENNY made his mark in many areas, and he will not be forgotten. Respected and loved, he lives on in the hearts and minds of all who have known him; perhaps that is the greatest tribute of all.

So, Mr. Speaker, let us join in remembrance of TENNYSON GUYER on this day. Let each of us strive to follow his example, to have the courage to adhere to our ideals and dreams and make them into realities.●

● Mr. WALKER. Mr. Speaker, I take this opportunity to join my colleagues in expressing a deep sense of sorrow and loss at the passing of our dear friend TENNYSON GUYER. As a friend I will long remember the way TENNY gave of himself whenever called upon to do so. He unselfishly shared with each of us his vast knowledge and experience without ever a thought of personal gratification or gain. As a colleague I will remember TENNY's quick wit and sense of humor which many times helped to guide us back to our true purpose when our objectives would, on occasion, become clouded in our rhetoric. TENNY will be missed by his constituents, his colleagues and by all who knew him. Sue joins me in expressing our deepest sympathies to his wife and family.●

● Mr. SHUSTER. Mr. Speaker, it is with great sadness that I rise today to pay tribute to our late colleague and my friend, TENNYSON GUYER.

Mr. Speaker, when I arrived in this distinguished body in January of 1973, one of the first to befriend me was TENNYSON GUYER. Like me, he was a freshman entering the Congress for the first time. Unlike myself, however, TENNY GUYER had a long career of public service in his State. In Celina, Ohio, in the 1940's he began his career as president of the council and then mayor. In the 1950's he was actively involved in the Ohio Republican Party as a State central committeeman, and in the 1960's he served his fellow Ohioans in the State senate. To a freshman who had never before served in a legislative body, TENNYSON GUYER's insightful wisdom was welcome indeed. As the years passed he became a most valued and treasured friend.

Mr. Speaker, the people of the Fourth District of Ohio have lost a superb Representative, the Members of this House have lost a distinguished colleague, and I have lost a friend. He will be greatly missed.●

● Mr. DUNCAN. Mr. Speaker, I wish to join with my colleagues in expressing the sense of loss we all feel with the passing of our compatriot, TENNYSON GUYER. His death has left a void in our midst which cannot be easily filled.

TENNY GUYER carried about him a spirit and dedication to duty to his district and his country. He worked tirelessly as chairman of the POW/MIA Task Force to aid those families who had lost loved ones in the Vietnam conflict.

I would like to extend my sympathies to Mae Guyer, his wife, and his daughters, Rosie and Sharon. TENNY GUYER will be missed, not only by his family, but also by his colleagues and by those Ohioans he represented so well for 8 years.●

● Mr. BIAGGI. Mr. Speaker, I wish to join my colleagues in paying tribute to our departed colleague, TENNYSON GUYER. His loss is felt already in this House and will be for some time.

For the past 8½ years, the people of the Fourth Congressional District had the privilege to be represented by TENNY GUYER. He gave them almost a decade of tireless service and a total commitment to their well being. TENNY GUYER truly loved his great State of Ohio—he served in the State senate and was a total part of his community, which was Findlay, Ohio.

Much in the way of tributes have poured in for TENNY GUYER but perhaps it was President Reagan who best captured the feelings which many of us have. The President said, "He was a keeper of principle held dear not only by the people of Ohio but by all Americans."

When I think of my associations with TENNY, I have nothing but pleasant thoughts. TENNY was a man of contagious charm and seemingly limitless wit. He was one of this House's greatest orators. He spoke with simple eloquence of things basic to each of us—love of family values, kindness.

While in the House, he was an accomplished legislator but will best be remembered for his outstanding service as chairman of the POW/MIA Task Force as a member of the Veterans' Affairs Committee. His leadership and determination brought great hope to the families and loved ones of these brave Americans.

I wish to convey my sincerest condolences to TENNY's devoted wife of some 37 years, Mae, as well as to his daughters Rosie and Sharon. We share their loss in our own way but assure them that TENNY's legacy in this House will endure for generations.

Because TENNY GUYER was such a man of humor, it seems appropriate that I retell a story he once told me one day.

"It seems that a Bishop and a Congressman died on the same day and both arrived at Heaven's Gate. St. Peter met them warmly and proceeded to escort the Bishop to a very small and dark cubicle. He then returned to the waiting Congressman and escorted him to a luxurious suite with flowers and all the amenities one could think of.

"A short time later, the Bishop confronted St. Peter and asked, 'Why has someone who has devoted his entire life in service to the Lord been relegated to these squalid conditions in Heaven while the Congressman gets such wonderful accommodations?'

"St. Peter responded, 'Bishops have been coming to Heaven since the beginning but he is the first Congressman we have ever had.' "

That Congressman must be TENNY GUYER.●

● Mr. COUGHLIN. Mr. Speaker, it is with deep sense of loss that I join my colleagues in our tribute to our late friend, TENNYSON GUYER. He was indeed a man who lived a full life inside and outside of his political career.

TENNY started his career in Washington on November 7, 1972, when the wise people of Ohio's Fourth Congressional District elected him to a position in the House. It was evident to everyone how well liked TENNY was as he was reelected four times by his constituents, adding up to 9 useful years in office.

Yet, TENNY's career started long before he came to Washington. He was elected to four terms in the Ohio Senate, elected mayor of Celina, was an ordained minister of the Churches of God of North America, and participated in elected positions at both community and State levels. He was a member of the Committees on Foreign Affairs and Veterans' Affairs, the Select Committee on Narcotics Abuse and Control, the former Committee on Internal Security, and was head of the task force on MIA/POW's in Southeast Asia. TENNY used his strong convictions, his intelligence, and his knowledge to try to make the world a better and safer place.

Aside from his many achievements in office, TENNY will also be fondly remembered for his enthusiasm, optimism, and his eloquence. He was a man who always had a quip or lively witticism for any occasion. He made 10,000 speeches in all 50 States, in 24 foreign countries, and earned an international reputation as an orator as well as a philosopher. Radiating personal warmth and spirit, TENNY inevitably developed a close camaraderie with everyone in contact with him. His constituents came to know him as a reliable and attentive public servant.

TENNY was endeared by many, and we in the House, along with the multitude of people touched by TENNY will miss "Ohio's Ambassador of Good Will." I extend my condolences to his wife Mae, and to his two daughters, Sharon and Rosetta Kae, whose loss is greatest of all.●

● Mr. SHAMANSKY. Mr. Speaker, many of my colleagues joined the gentleman from Ohio (Mr. LATTA) in a special order recently to record their feelings and memories of our former colleague, the late TENNYSON GUYER.

Although TENNYSON GUYER was a fellow Ohioan, I knew him more by reputation than by personal association.

But the name TENNYSON GUYER was well known in Ohio for decades of public service, and, as I have found, well known in Washington and the rest of the country also. His 40 years of public service, beginning with the positions of city council president and mayor of Celina, his distinguished work for more than 20 years in the Ohio Senate, and then, for 9 years, his activities in this House, all testified to his dedication and civic-mindedness.

TENNYSON GUYER's abilities as a commonsense orator and humorist, his ethical concerns as an ordained minister in the Churches of God of North America, and his conscientious service on the Veterans' Affairs and Foreign Affairs Committees, as well as the Select Committee on Narcotics Abuse and Control, strengthened his legacy. For the people of northwestern Ohio, the State, and the Nation—and for each of us here—TENNYSON GUYER's memory will stand as an example and a challenge. Thank you.●

Mr. LATTA. Mr. Speaker, I thank all the Members who participated in this tribute today to our late friend, TENNYSON GUYER.

GENERAL LEAVE

Mr. LATTA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the life, character, and public service of the late Honorable TENNYSON GUYER.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

□ 1845

INTRODUCTION OF THE NONIMMIGRANT ALIEN ADJUSTMENT ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the Virgin Islands (Mr. DE LUGO) is recognized for 30 minutes.

Mr. DE LUGO. Mr. Speaker, today I introduced in the House of Representatives H.R. 3517 entitled "The Nonimmigrant Alien Adjustment Act of 1981." The problems addressed in this legislation have been the subject of a long series of studies, hearings, administrative rulings, statutes, and judicial determinations. By all these means, the Federal Government has tried over decades to resolve frustrating questions of immigration policy specifically affecting the U.S. Virgin Islands.

H.R. 3517 is concerned primarily with several thousands of aliens living legally under the flag of the United States, in the U.S. Virgin Islands, nearly all of them having come originally from the British, French, and Dutch Islands of the Caribbean. These people have lived in the Virgin Islands for as many as 20 years without ever attaining the security of permanent resident status. After all these years as contributing participants in the life and development of the U.S. Virgin Islands, they remain in a legal limbo that could, for reasons totally beyond their control cause their rights of domicile to be restricted or abrogated as easily as if they had just been recruited for a short-term job as migrant farm laborers harvesting a fast-ripening crop. This is not a problem that will attract national headlines nor will it inspire noisy demonstrations on the steps of the Capitol. No member will be besieged by constituents crying out for the adjustment of the status of these nonimmigrant aliens. We should be aware, nevertheless, that there is a very real and fundamental importance in this legislation as to how our country is perceived in the world, especially so in the island nations that lie on our southern sea frontier. We have at hand the opportunity to demonstrate our regard for the human rights of those who, adhering to our rules and our laws and, at times, in response to our open invitation, have come to live and work among us and who now choose to make this their permanent home. We also have the opportunity to take active cognizance of the significance of the interrelationships between the U.S. territories in the Caribbean and the other peoples of this critical region.

H.R. 3517 expresses its objectives in the required language of immigration law, referring to such necessary verbal abstractions as "the nonimmigrant alien worker under section 101(a)(15)(H)(II)" and a "fourth or fifth preference petition." Permit me, instead, to tell you briefly in plain words what this bill is about.

Before the United States bought what are now the U.S. Virgin Islands from Denmark in 1917, there had existed for centuries a mostly unrestricted flow of residents between the islands under the jurisdiction of the various European colonial powers. This was especially true of the people of the former Danish West Indies and the nearby British Virgin Islands. There was hardly a U.S. Virgin Islander without close family relations on other islands of the eastern Caribbean.

The U.S. Government at first paid little attention to these comings and goings between the island groups. With the beginning of World War II, military construction in the U.S. islands to help fight the battle of the Atlantic suddenly required the active recruitment of many workers from the other jurisdictions, especially after the enlistment into the U.S. Army of hundreds of U.S. Virgin Islanders for service overseas. Some of the new workers were brought in under one or another legal device improvised by the U.S. authorities. Others came without formal legal sanction and were employed—until they were no longer needed for the war effort, at which time many were rounded up and deported.

A similar situation emerged again in the years between 1950 and 1970, when migration to the U.S. islands was encouraged, this time not for defense projects but for the rapidly expanding tourist industry financed by mainland investors and for other related economic developments. The principal legal vehicle for this influx was a liberal administrative interpretation in 1956 of the terms "temporary services and labor" in the Immigration and Nationality Act of 1952. Further complications arose with the Immigration and Nationality Act Amendments of 1965. These latter amendments had the effect of increasing the influx of foreign temporary workers and somewhat paradoxically, at the same time preventing most of those workers from attaining permanent resident status, even 20 or more years later.

And that is where we find ourselves today.

Admittedly, what I have offered is an oversimplification. For an excellent analysis of the subject I have tried to condense, I refer you to a 1975 study of the Subcommittee on Immigration, Citizenship, and International Law of the House Committee on the Judiciary.

The subcommittee's opening words are still valid:

> The Virgin Islands of the United States is experiencing the most complex immigration problems facing the United States. Most of the problems are peculiar to the Virgin Islands and have stemmed from a U.S. immigration policy that has failed to recognize that the Virgin Islands are unique from the rest of the United States in terms of history, geography, economy and social structure.

What the subcommittee said then continues to be true today.

In the years since the 1975 study, there has been a lively dialog in the Virgin Islands about how these complexities could be untangled while protecting the interests of the citizens in the islands, the alien workers, and the Nation as a whole.

H.R. 3517 was submitted in draft form to the Legislature of the Virgin Islands by Governor Juan Luis as a joint proposal by the Governor and the Virgin Islands Delegate to Congress. In his letter to the legislature dated March 20, 1981, the Governor stated:

> It is important to keep in mind in contemplating the provisions of the joint proposal that it is designed to provide a humane solution to the plight of several thousand nonimmigrant workers and their families who

have resided in the Virgin Islands for as many as twenty years as victims of the restrictive quota system of the Immigration and Nationality Act which has prevented their attaining permanent residence status. The joint proposal is, at the same time, designed to provide as many safeguards as possible against not only immediate adverse population impacts of status adjustment on the delicate infrastructure of the Virgin Islands, but against secondary adverse population impacts when permanent residents earn the right to apply for United States citizenship.

The Virgin Islands Legislature has responded by formally endorsing H.R. 3517 in an unanimous vote of 9 to 0, on April 29, 1981. This action followed a series of public hearings at which the witnesses on All three principal islands of the territory overwhelmingly supported this bill. H.R. 3517 has also been formally endorsed by the alien interest movement, the leading organization of noncitizens living in the U.S. Virgin Islands and the advisory council of the alien emphasis program.

The following are the principal features of H.R. 3517:

First. Most H-2 (temporary) workers, their H-4 spouses and their minor children who have lived in the Virgin Islands at least since June 1975 could apply for permanent resident status during a limited 1-year period following the enactment of the legislation.

Second. Those granted permanent resident status under the program could petition for the admission of their spouses and unmarried sons and daughters. To protect against any unforeseen flood of such admissions, provision is made for the Secretary of State, in consultation with the Secretary of the Interior and the Governor of the Virgin Islands, to limit the number of such second preference admissions in any fiscal year.

Third. A second wave of relatives of those admitted under the program, married sons and daughters and brothers and sisters would not be permitted to immigrate to the islands under fourth and fifth preference status.

Fourth. The present H-2 temporary worker program would be terminated.

Fifth. An interagency task force on Virgin Islands immigration would be established. Its members would include the Governor of the Virgin Islands, the chief judge of the territorial court, the president of the legislature, the Secretary of Health and Human Services, the Secretary of Education, the Secretary of Housing and Urban Development, the Secretary of Labor, the Secretary of the Interior and the Attorney General. The task force would assess the needs created in the islands by this program in the areas of health, education, housing and other social services in order to determine what Federal assistance might be needed to cope with these impacts.

I feel very deeply, Mr. Speaker, that H.R. 3517 represents the wishes of a majority of the people of the U.S. Virgin Islands. I believe sincerely, after much review and consultation that this bill takes into account and affords the necessary protections for the interests of the present residents of the U.S. Virgin Islands, as well as the national interest of the United States.

Mr. Speaker, I am proud to have the privilege of bringing this bill before the House of Representatives. What we have proposed is right, it is humane, and it is honorable. This program is rational, it is cautious, and it is sound. I ask all Members to join me in supporting this important legislation.

TENNYSON GUYER

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, I very respectfully wish to join my friends and colleagues who have expressed their sympathy and sense of loss for our departed colleague TENNYSON GUYER. I cannot add to what has been said about this great American, this compassionate individual, this dedicated public servant, this devoted family man, and loyal friend to so many of us.

I only wish to attest to all we have heard here today and remember my pleasant association with him and his dear wife during the years we served together.

I add my sympathy and condolences to his family, friends, and his constituents.

THE SYNTHETIC FUELS PILOT PLANT ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 5 minutes.

● Mr. CORCORAN. Mr. Speaker, today I am introducing legislation which will clarify the Synthetic Fuels Corporation's responsibilities and options in the important area of synfuels demonstration plants. President Reagan's decision to move all demonstration plants to the jurisdiction of the Corporation has raised many questions concerning their future. Included in these are whether the Corporation can even legally be given this jurisdiction under the Energy Security Act; and, if it can, whether the Corporation's guidelines, which give last priority to demonstration plants, will inadvertently signal the death of future technological innovations and lock the United States into our present level of technology.

My bill, the Synthetic Fuels Pilot Plant Act of 1981, does not force the Synthetic Fuels Corporation to provide loan guarantees nor direct funding for demonstration plants. It merely clarifies the Corporation's role in promoting synthetic fuels development from a standpoint of demonstration- and commercial-scale plants. Both types are put on an equal basis, with the final choice resting, as it well should, with the directors of the Corporation.

It is essential that we give the Corporation this flexibility in light of the fact that there are numerous unresolved technical problems connected with the production of synfuels, particularly those from oil shale and coal. It would be better to solve these problems using relatively inexpensive demonstration-scale apparatus. Instead, the Energy Security Act mandates rushing into large-scale commercial production of synthetic fuels. At the commercial scale, technical problems are difficult to resolve and the necessary plant changes can be made only at enormous expense.

Furthermore, no one is sure that the current technologies for synfuels production are the best that can be found. Research, development, and demonstration of alternative methods at the relatively inexpensive demonstration scale could: One, reduce long-term net costs by being less capital intensive and more cost efficient than currently available technologies; two, more effectively utilize the energy potential of domestic coal and other resources; and, three, provide less adverse environmental impacts than currently available technologies.

This bill does not mandate demonstration plant development, nor does it effect the current funding mechanisms. It will simply allow the Synthetic Fuels Corporation the flexibility to respond in the most cost-effective means to the development of this country's important synfuels future.●

GOVERNMENT LIABILITIES TRIPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 15 minutes.

● Mr. COLLINS of Texas. Mr. Speaker, Congress does not yet feel the full impact of America's need in our economy to reduce Government Spending. In last week's issue of the U.S. News & World Report, I studied their analytical and most stimulating analysis on Government liabilities.

U.S. News listed a chart showing that the Government liabilities have tripled during the past 10 years. The liabilities for the U.S. Government in 1980 total $6,492.5 billion.

Last year we saw inflation running 14 percent as the national debt went up $80 billion. But the national debt only partially reflects the tremendous

liability obligations of the U.S. Government.

U.S. News & World Report assembled data that was available from the U.S. Department of the Treasury. They include the financial totals from June 30, 1970, through September 30, 1980.

Here is the summary as presented so vividly by U.S. News:

U.S. Government liabilities and other financial commitments

	Billions
Direct financial liabilities:	
Federal debt	$914.3
Accounts payable	103.7
Accrued interest on Federal debt	8.7
Checks outstanding	7.4
Deposit-fund liabilities	5.1
Other direct liabilities	0.3
Total	1,039.4
Contractual liabilities:	
Undelivered orders	452.4
Long-term contracts	20.5
Total	472.9
Private-loan guarantees:	
Federal Housing Administration mortgages	135.7
Veterans Administration mortgages	48.6
Rural Electrification Administration loans	23.1
Rural-housing-insurance fund	19.1
Agricultural-credit-insurance fund	18.2
Low-rent public housing	16.3
Student-loan-insurance fund	11.7
Foreign military sales	10.1
Small Business Administration loans	9.1
Rural-development-insurance fund	8.2
Federal ship-financing fund	7.4
Export-Import Bank loans	6.2
Federal Railroad Administration loans	1.4
Medical and health-facilities loans	1.4
Federal buildings fund	1.2
Washington, D.C., subway system	1.0
Other guarantees	4.9
Total	323.6
Insurance commitments:	
Bank-deposit insurance	925.0
Savings and loan deposit insurance	487.3
Riot insurance	320.0
Aviation war-risk insurance	185.0
Nuclear-liability insurance	89.5
Flood insurance	88.5
Credit-union insurance	52.3
Veterans' life insurance	32.5
Maritime war-risk insurance	21.7
Export-Import Bank Insurance	5.6
Overseas-private-investment insurance	5.4
Federal crop insurance	$2.7
Other insurance commitments	1.9
Total	2,217.4
Actuarial deficits of retirement and compensation programs:	
Social Security trust funds	1,464.0
Military retirement	364.8
Federal hospital-insurance trust fund	299.0
Civil-service retirement	166.4
Veterans' pensions and compensation	65.3
Railroad retirement	14.6
Federal employes' compensation	10.0
Cost Guard retirement	5.2
Foreign Service retirement	2.5
Public Health Service retirement	2.0
Other annuity programs	0.2
Total	2,394.0
Other contingent liabilities:	
Unsettled claims	16.9
International commitments	12.5
Other commitments	15.7
Total	45.1
Grand total (1980)	6,492.5

Mr. Speaker, our country has more government than it needs, more regulations than the people want, and more taxes than we can afford to pay.●

THE GENERAL DRAZA MIHAILOVICH MEMORIAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DERWINSKI) is recognized for 5 minutes.

● Mr. DERWINSKI. Mr. Speaker, I am introducing today, with the support of 64 cosponsors, legislation to authorize the construction and maintenance of the General Draza Mihailovich Memorial in Washington, D.C.

During World War II, more than 500 American airmen who were shot down over Yugoslavia were rescued and returned to active duty by the nationalist resistance forces of Gen. Draza Mihailovich. General Mihailovich was awarded the Legion of Merit in the Degree of Supreme Commander by President Truman on the recommendation of General Eisenhower for these and other services to the Allied cause.

The National Committee of American Airmen Rescued by General Mihailovich has petitioned Congress for permission to erect a simple memorial with publicly subscribed funds as an enduring expression of their gratitude to the man who saved their lives. The airmen's desire to repay this debt of honor has been endorsed by the American Federation of Labor and Congress of Industrial Organizations and by the American Legion Convention in 1977.

Mr. Speaker, in previous Congresses, this legislation has passed the Senate, and it has been introduced again in this Congress by my good friend, Senator STROM THURMOND, Republican of South Carolina. I will be working for House approval by this Congress and welcome the support of my colleagues.●

WIRES HAIG TO ENFORCE LAW, PREVENT ISRAELI ATTACKS AGAINST SYRIAN MISSILES IN LEBANON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. FINDLEY) is recognized for 5 minutes.

● Mr. FINDLEY. Mr. Speaker, today's newspaper contains the startling declaration from Prime Minister Begin that he ordered Israel's Air Force to knock out the SA-6 missiles the day after they were deployed by Syria in Lebanon. This threatened air strike, presumably using U.S.-supplied F-15's, shows Begin's disregard for U.S. law and agreements with Israel which limit use of U.S.-supplied weapons except for "legitimate self-defense purposes." The SA-6 missiles are purely ground-to-air defensive missiles. They are stationed in central Lebanon. There is no way that they threaten the State of Israel. Their only threat is against Israeli planes flying over central Lebanon. And they were deployed in central Lebanon only after Israel shot down two Syrian helicopters operating in that part of Lebanon. In my view, this, too, was an illegal use of U.S.-supplied weapons, since one of the planes was an F-15.

Fortunately, the weather conspired against Mr. Begin and forced him to cancel the air strikes against the Syrian missiles. The following day he received a request from Secretary Haig that no action be taken until Ambassador Habib had sufficient time to resolve the impasse through diplomatic means. Hopefully Habib will succeed. But it is distressing indeed that just before he met with Habib yesterday, Begin stated that unless our Ambassador was successful in persuading the Syrians to withdraw the missiles, Israel would knock them out.

To be sure, Syria should withdraw the missiles. But whatever the outcome, our Government should make it clear to Israel that it cannot use U.S.-supplied weapons to attack the missile sites. To do so would not constitute legitimate self-defense and would violate our laws and our agreement with Israel. Equally important, it would be a dangerous escalation in the hostilities that have plagued Lebanon for the past several months. It would be the kind of escalation that might very well bring in Soviet forces and broaden the conflict to a full-scale war in the Middle East, one that neither Israel, the United States, nor any other country can afford. The United States should use all of its diplomatic and other persuasive abilities to secure Syrian and Soviet cooperation in reducing the level of tension and hostilities in Lebanon. Both these countries bear a major responsibility for the outcome.

To help avert such a dangerous escalation, I have today wired Secretary of State Haig asking him to make a determination as to the legality of using our F-15's or any other U.S.-supplied weapons or equipment. I have asked that the determination be made before Begin has a chance to act. Hopefully, this will help our own State Depart-

ment in its attempt to cool down the dangerous situation.●

THERE IS NO JUSTIFICATION FOR TERRORISM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. SOLARZ) is recognized for 20 minutes.

● Mr. SOLARZ. Mr. Speaker, the Reagan administration has rightfully focused a great deal of attention on the problem of international terrorism. I would like to take this opportunity today to bring to my colleagues' attention one little-publicized facet of this global terrorism plaque: the vicious assassination campaign against Turkish diplomats and their family members being waged by various Armenian terrorist groups.

I want, first of all, to express both my grief and my outrage over this murderous wave of violence against Turkish diplomats, which has included assassinations in Paris, Vienna, Los Angeles, and Beirut, as well as attempts in Rome and other cities. In the past 5 years, 17 Turkish diplomats have been slain, and several others injured, in what appears to be a concerted effort to terrorize the Turkish Government. The most recent attack occurred only last month in Copenhagen, where the Turkish Ambassador was injured.

No matter how great or strongly felt the grievances of the Armenians toward the Turks, as a result of the tragic events which took place in Turkey during World War I, there is simply no justification for the killing of innocent victims today. This is particularly true with respect to victims who are in no way associated with the events that furnish the ostensible justification for these dastardly deeds. Certainly the Armenian community as a whole does not support these terrorist acts. In fact, Archbishop Colakyan, a leader of the Armenian Catholic community in Turkey, issued a statement recently condemning "these senseless and cruel crimes which are incompatible with the tenets of our religion and humanity, directed against innocent people and which serve no purpose." The Archbishop called upon his Armenian kinsmen in various countries to avoid participating in the "shameful" terrorist campaign against Turkish diplomats.

I believe that terrorism directed against the diplomats of any country is a threat to the diplomats of every country, and must be censured in the strongest possible terms. The inviolability of diplomatic personnel is fundamental to the conduct of foreign relations and the maintenance of international order. Surely the United States, whose memory of the seizure of the 52 U.S. hostages in Iran, including a number of diplomats, is still fresh, should take the lead in expressing its condemnation of the perpetrators of these vile murders.

The United States, in cooperation with other nations, must take the necessary steps to initiate an effective global antiterrorism program. We must strive to eradicate the savage terrorist acts which not only claim innocent lives but also undermine the stability of our own society and that of our allies.●

● Mr. VANDER JAGT. Mr. Speaker, in the past 8 years, 17 Turkish diplomats around the world have been murdered by terrorists. Only last month, a labor attaché from the Turkish Embassy in Copenhagen was shot six times by terrorists and miraculously escaped death.

Terrorists, claiming to be Armenian, have taken credit for all the attacks. They have been condemned by responsible peoples throughout the world including the United Nations, the Pope, the United States, and various other governments throughout the world. Even the Armenian community has joined in the condemnations as illustrated by this article which appeared in the Armenian newspaper, Armenian Observer, dated February 18, 1981, under the headline, "Patriarch Shnorhk of Turkey Condemns Terrorism Against Turkish Officials."

The article states as follows:

His Beatitude Archbishop Shnorhk Kalousdian, Patriarch of the Armenians in Turkey, appealed to the Armenians to condemn the terrorist activities attributed to the Armenians.

Published in the Armenian language daily, Marmara, of Istanbul (Jan. 1, 1981), the Patriarch has directed his comments to the Catholicoi of the Holy See of Etchmiadzin and the See of Cilicia, to the Patriarch of Jerusalem, to the Primates of the Dioceses, to the AGBU Leadership, the political parties, to the press and to the entire Armenian people throughout the world.

In a strongly worded appeal, Abp. Kalousdian states: "We should not remain silent in the face of the crimes committed by irresponsible elements in the name of the Armenian people. Every such crime is a moral calamity thrown at the face of the Armenian people. The Armenian people have never been criminals and will not be."

The Patriarch's appeal comes on the heels of the recent bombings of Turkish institutions and assassination attempts on Turkish officials claimed by various Armenian-named organizations, such as the Armenian Secret Army, Justice Commandos, Secret Army for the Liberation of Armenia, etc.

The spiritual head of the Armenians in Turkey also states that the perpetrators of these acts are being guided by "international dark forces," who want to cloud the social waters of nations so they can catch their own fish. Supporting his views, the Patriarch quotes claims made at a press conference by the Secret Army for the Liberation of Armenia that it has established "cordial relations with other international terroristic organizations."

I also quote here the translation of the text of the answer by Papken Episkos Varjabetyan, spiritual leader of Armenians in the United States."

Your appeal to all Armenians outside your country has had great effect on the Armenian press in the United States. The thoughts and emotions you have expressed are to be appreciated. His Holiness Vazheni Catholicos and Supreme Patriarch of all Armenians, and all Armenian churches and community leaders, intellectuals, artists and others have condemned, and continue to condemn, the terrorist acts against Turkish diplomats.

We are particularly saddened by the recent murder of Consul General Sarik Ariyak.

All Armenians are obliged to clean off the stains on their names as soon as possible, because they are always accused on similar deplorable incidents.

These statements by recognized, legitimate leaders of the Armenian communities in both the United States and Turkey go a long way toward condemning the actions of a fanatic minority who neither speak nor act on behalf of the Armenian people.●

● Mr. STANGELAND. Mr. Speaker, Turkey, a member of NATO, is a staunch ally of the United States. It is one of the few countries effectively combating international terrorism. At a recent press conference, Turkey's Prime Minister Bulent Ulusu described just how effectively:

In the months preceding the September assumption of government by Turkeys's military, a daily average of 22 citizens were losing their lives as victims of terrorism.

As a result of the devoted and patriotic efforts of our security forces, this number has now been reduced to fewer than one per day. High numbers of weapons, ammunition and explosives handed in by citizens and seized by security forces during a period of six months from September 12, 1980, to March 11, 1981, shows how our beloved country had been transformed into an arms arsenal.

In fact, 19,407 guns and machine guns have been seized by security forces and 132,552 were surrendered by citizens to the authorities.

Some 13,725 rifles were seized by security forces and 25,144 were surrendered by citizens to the authorities.

Two thousand, seven hundred fifty-seven kilograms of explosives were seized by security forces and 2,977 kilograms were surrendered by citizens to the authorities.

Four hundred seven thousand bullets were seized by security forces and 635,707 were surrendered by citizens to the authorities.

Briefly, 151,959 guns and machine guns, 38,869 rifles, 5,731 kilograms of explosives, and 1,042,707 bullets have been seized by the security forces or surrendered by citizens to the authorities during the past six months.

Our aim is to establish a climate of full security where all can live peacefully and work in full safety and stroll in the streets with no fear. Despite the strenuous efforts of the martial law authorities and security forces, anarchy and terrorism have not yet been totally eradicated. However, peace and security will soon be re-established in Turkey and never again will such a chaotic situation be permitted.

Turkey's endeavors in this field are to be commended.

The threat Turkish diplomats are faced with outside Turkey is another facet of the assault directed by international terrorism against Turkey. Armenian terrorist organizations, most of them with Marxist connections, have claimed responsibility for the murders of 17 Turkish diplomats. They have bombed various Turkish buildings and injured many people other than Turks in the implementation of terrorist activities. It was only a few months ago, in October, that they bombed the Turish diplomatic missions at Los Angeles and New York. I read in the Los Angeles Times of February 4, 1981, of an attempt to bomb the Swiss Consulate in Los Angeles. I submit the text of this article for the RECORD.

Los Angeles police dismantled a bomb discovered Tuesday morning on the doorstep of the Swiss Consulate on Wilshire Boulevard.

Ninety minutes after the bomb was found, a man with a foreign accent called the Associated Press, identified himself as 'Operation Three' and said, 'We don't want to explode it. . . They have to release our friend.'

Neither consulate officials nor police would speculate about a motive, but the editor of an Armenian newspaper published in Los Angeles said it evidently was linked to the cause of an Armenian nationalist being held by Swiss authorities as a suspected terrorist bomber.

"It seems to me there is no other possibility at this time unless Switzerland is having another problem that I'm not acquainted with," said Serge Samoniantz, editor of the newspaper, Asbarez.

An Armenian group calling itself October 3 has claimed responsibility for a number of bombings of Swiss government and commercial buildings throughout Europe in recent months. The group has been seeking the release of Alex Yenikomeshian, who was with a Canoga Park woman in a Geneva hotel last October when a bomb went off, injuring the woman. Authorities said the pair was assembling the bomb when it went off.

The woman, Suzy Mahseredjian, was released by a Swiss court and allowed to return to the United States after she was accused of affiliation with the Secret Army for the Liberation of Armenia.

Police investigators here refused to give any details or description of the bomb, which was discovered by consulate employees when they reported to work about 8:30 a.m.

Armenian nationalists want Turkey to surrender the eastern fifth of its territory to the descendants of the Armenians who once lived there. Previously, Turkish diplomats had been the targets of the terrorists.

The international community should be more conscious of the threat posed by these terrorists to international law and order. Through collective efforts we can eradicate international terrorism and help our Turkish friends during the process. I submit the following article from the February 11, 1981, New York Times:

Just before Christmas, Sarik Ariyak, the Turkish Consul General in Sydney, was driving to his office when a motorcycle pulled up alongside his car. A rider on the motorcycle pulled out a submachine gun, fired through the car windows and killed Mr. Ariyak and his bodyguard.

Outside Australia, the incident barely rated a few paragraphs in the world's press. Attacks on diplomats have become so commonplace as to be regarded as occupational hazards. "Diplomacy was once a privilege," a Turkish diplomat said here the other day. "Now it is a permanent risk."

For Turkey, Mr. Ariyak was the 13th diplomat to be slain in the eight years since two Turkish envoys were lured by a gunman to a Santa Barbara, California, hotel and killed. An unofficial survey by American officials counted 15 attacks on embassies or killings of envoys of all nations last year. The year before was worse. The seizure of the American diplomats in Iran was one of 16 assaults.

Against this background, the five Nordic nations, Norway, Sweden, Denmark, Finland and Iceland, proposed a resolution last fall with a characteristically bland United Nations flavor: It condemned violence against diplomats and asked Secretary General Kurt Waldheim to offer some solution.

The Turks, the chief victims after the United States, pressed for something stronger to prod nations to give foreign diplomats more protection.

It is not easy to agree on practical measures for anything at the United Nations, and there was considerable private resistance. But after six weeks of closed-door negotiations, Ankara emerged with a modest victory.

The General Assembly, without dissent, has agreed that all states shall publicly report to the United Nations every assault on diplomats, what has been done to catch the assailants, what punishment has been imposed and what steps will be taken to guard against a repetition.

Nobody, including the Turks, thinks this will stop the Justice Commandos for Armenian Genocide, one of the groups assaulting Ankara's representatives in revenge for Turkey's outrages against Armenians in World War I. Nor is the measure likely to stifle Omega Seven terrorists who claim responsibility for attacks on Cubans here. The resolution certainly went unheeded by the Iranians holding American diplomats. Indeed, Teheran's envoy here complained that it did nothing about diplomats who threaten the security of the host countries.

But the Turks and others think the reporting device will put host countries on the spot, spur them to provide stronger protection and, above all, embarrass nations that are habitually lax in hunting, arresting and punishing terrorists. An American diplomat said the reports "will spur somebody in a foreign ministry to call the police and ask: How come you haven't caught them yet?"

The United States was not an enthusiastic supporter of the reporting notion. As a host country for the United Nations, the United States fears that most incidents could go unsolved here than elsewhere.

The French, whose reputation for finding political terrorists is poor, were also cool to the Turkish plan. So were Austria and Britain. The Turks then suggested that they might put the matter to a roll-call vote for the record. Nobody could publicly oppose the measure and it was adopted by consensus.

The activities within the United Nations are only one aspect of international cooperation required for combat against terrorism. These measures should be strengthened.●

CABLE COPYRIGHT LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 10 minutes.

● Mr. KASTENMEIER. Mr. Speaker, today, I am introducing legislation to amend certain provisions of the 1976 Copyright Act relating to the compulsory license for retransmission of broadcast programing by cable television systems. The bill would accomplish the following:

First. Make the compulsory license available for a limited number of distant signals;

Second. Grant the Copyright Royalty Tribunal the power to establish syndicated exclusivity rules;

Third. Mandate the Copyright Royalty Tribunal to establish "just and reasonable" royalty rates for use of the compulsory license;

Fourth. Grant sports teams full copyright protection with respect to cable retransmission of games within a radius of 50 miles of the stadium;

Fifth. Mandate distribution of a portion of the royalty pool to radio program producers;

Sixth. Raise the small system exemption from copyright liability to 5,000 subscriber systems;

Seventh. Eliminate much of the current paperwork cable systems must file with the Copyright Office;

Eighth. Grant the Tribunal subpena power;

Ninth. Eliminate a provision of present law which appears to require an automatic stay in distribution of royalties upon judicial appeal.

I wish to emphasize that I have not yet made a personal decision on the merits of each of the items addressed in the bill. The bill attempts to address issues which have been drawn to the attention of the subcommittee in such a way as to encourage testimony and debate and to focus on realistic and equitable solutions to problems cited by critics of the existing law.

Before introducing the bill the staff of my subcommittee and I discussed the issue with numerous individuals and groups, reflecting a wide variety of viewpoints. We circulated drafts of the legislation in order to elicit comments and criticism.

I am aware that critics of the existing system, particularly program producers, broadcasters and sports leagues, would prefer legislation abolishing the compulsory copyright license altogether—to adopt what they call a "marketplace" solution. Similarly, representatives of the cable industry would prefer the existing law. My bill constitutes a middle ground. It

would continue to provide a minority of cable systems access to broadcast programing with the same limitations they have successfully lived with for the last several years. It would, however, exempt the great majority of cable systems—those with fewer than 5,000 subscribers from any copyright liability whatsoever. In relieving smaller systems in nonmetropolitan areas from copyright liability, the bill focuses entirely on the marketplace of greatest concern to broadcasters, sports leagues and program producers—the large urban television markets where there is fierce competition for viewership among broadcast stations and cable companies. It suggests a method of placing this competition on an equitable footing.

The legislation contains sections specifically directed at the unique problems of owners of sports programing and of radio programing.

These two provisions are intended to highlight special areas of concern raised during the period of comment on our discussion draft.

The language of section 2 was suggested by representatives of professional sports leagues who believe that they have unique copyright problems involving the limited residual appeal of their product as well as the special relationship between gate and broadcast revenues.

The language of section 5 was suggested by representatives of National Public Radio, a major producer of radio programing retransmitted by cable systems. NPR believes that radio producers should receive compensation for use of their copyrighted product as do producers of video products. At the present time it is difficult to assess the exact value of radio programing in the cable market because of the failure of the 1976 law to require cable systems to report radio program usage on the same basis as television usage. Because of the inordinate bureaucratic burden such a requirement would create for cable operators, the bill suggests that a specific percentage of royalty revenues simply be allotted to radio copyright owners. The bill as introduced does not specify what this percentage should be. An exact figure could be developed after more information is obtained. It should be emphasized that this provision in no way increases the royalty burden for cable systems—it simply attempts to suggest a more equitable distribution of the royalties generated by the compulsory license.

I wish to emphasize that I do not advocate either the provisions of sections 2 or 5 at this time. They are merely included in the bill to highlight what appear to be legitimate issues raised by interested parties.

Indeed, the entire bill is primarily a means of directing discussion and debate to a solution to the cable copyright problem which is fair to all parties.

The Subcommittee on Courts, Civil Liberties, and the Administration of Justice will begin hearings on Thursday, May 14, and I invite all interested parties to make their views known.

Mr. Speaker, I insert the bill in the RECORD along with an accompanying staff memorandum on the history of the cable/copyright controversy:

[Subcommittee on Courts, Civil Liberties, and the Administration of Justice]

STAFF MEMORANDUM ON THE HISTORY OF THE CABLE/COPYRIGHT CONTROVERSY—MAY 11, 1981

Chris Weaver, the science and technology vice president of the National Cable Television Association, has stated that the future of cable "will rival the Industrial Revolution in terms of changing the world." He may be right and there are some interesting parallels between the politics of cable and the politics of the industrial revolution.

The industrial revolution in England was stimulated by an artificial political act—the enactment by Parliament in the 17th century of the Enclosure laws which permitted property owners to stake out their land with fences and cultivate privately owned flocks of sheep. In this way the wool for the textile industry was generated and the labor supply for the mills was created by the peasants who were displaced.

Our 20th century has its own enclosure laws for cable and the programming which flows through cable. The municipal franchise encloses the cable market and copyright and communications laws enclose the programming product.

At first there was no enclosure of the cable market, and no tension with the other elements in the communications business. If anything, the early "antenna services" enhanced broadcasting and program production.

However, by the mid-nineteen sixties the interests of cable and the other communications media began to diverge. And, the unsuccessful 1965 effort to rewrite the copyright law became the first battleground in the struggle.

Copyright owners began to argue that retransmission of copyrighted programming required their permission as owners of the product. Cable operators said no. And, when the House of Representatives passed a bill in 1967 which attempted to rewrite its archaic 1909 statute, the Senate was unable to act—primarily because of the objections of cable operators.

The fight then shifted to the courts and to the F.C.C. Copyright owners tried to argue that the 1909 law covered cable's use of their products. Ultimately, the Supreme Court held otherwise in the famous case of Teleprompter v. C.B.S., 415 U.S. 395(1974). The F.C.C., anticipating an eventual definition of the rights of the parties in the copyright law, stepped in to fill the legal void. After a number of different regulatory approaches which from time to time permitted unrestricted growth and the restriction of cable's ability to retransmit copyrighted programming, the commission finally settled on two important rules: the distant signal limitation and the syndicated exclusivity restriction.

In many ways these rules substituted for copyright protection for broadcast programming.

The distant signal rule forbids cable systems within the top 50 television markets from retransmitting more than three signals of non network, non educational, independent stations in remote markets. Cable systems within the second 50 markets are permitted two such signals, and stations in smaller markets, one such signal.

The syndicated exclusivity rule permits a broadcast station to order the blackout by cable systems within its market area of programming retransmitted from a distant television station when it has purchased exclusive rights to that programming.

Under the F.C.C. rules a television's market area is usually considered to be everything within a radius of 35 miles from the transmitter.

It was with the Supreme Court's *Teleprompter* decision and the F.C.C. rules as a backdrop, that the Subcommittee on Courts, Civil Liberties and the Administration of Justice approached the 1976 revision of the law.

As the subcommittee went into markup on the bill both sides—cable and program owners—had a clear interest in a legislative solution to the copyright issue. Of course, program owners and broadcasters wanted to restrict free use of product by cable. Cable, on the other hand, wanted final dissolution of the legal cloud which hung over their industry and prevented the kind of economic certainty which would stimulate the investment of the enormous capital resources necessary to the growth of industry.

Against this backdrop a compromise was agreed upon. The Motion Picture Association of America and the National Cable Television Association reached agreement on copyright liability for cable television's use of distant broadcast signals pursuant to a compulsory license with royalty rates set forth in the black letter law. These royalties were expected to generate about $8 million per year in total revenue. In fact, they have generated slightly more—over $12 million.

The broadcast industry was not involved in the new compromise agreement and took a generally neutral position. A new regulatory agency, the Copyright Royalty Tribunal, was empowered to resolve disputes over the distribution of this royalty pool and to periodically, beginning in 1980 and every fifth year thereafter, raise rates. However, the Tribunal was encumbered with two significant restrictions: it could only raise rates to accommodate for inflation and to compensate for adjustments in F.C.C. rules. The constant dollar value of a rate structure which returned $12 million in 1978 and under the 1976 F.C.C. framework—was to remain intact. Thus for the first time, copyright owners were able to achieve protection from cable, but cable was getting certainty as to the scope of that protection and an unrestricted right to use copyrighted products at very reasonable cost.

However, this compromise solution was not to retain universal acceptance for very long—largely as a result of three factors:

1. The enormous growth of cable and entry of giant corporations into the market.
2. The development of satellite technology and the superstation, and
3. Deregulation of cable by the F.C.C.

As early as 1979, the subcommittee began to feel pressure to reopen the 1976 act. This was largely because of the impact of cable's phenomenal growth and of the superstations.

Extensive hearings on the issue were held in November of that year.

However, the real catalyst for change was the F.C.C.'s announced intention to abolish the two rules which had served as the foun-

dation of the 1976 copyright act's treatment of cable.

As a letter written to Chairman Charles Ferris by Chairman Bob Kastenmeier in the spring of last year makes clear, the Congress in 1976, clearly did not contemplate total deregulation by the F.C.C. It contemplated modifications such as the expansion of the number of distant signals permitted to be carried and provided for the CRT to make rate adjustments accordingly. However, the F.C.C. has voted to repeal the syndicated exclusivity and distant signal rules, which have for many years restricted the use of over the air broadcast signals by cable television systems.

The F.C.C. decision is now under appeal to the Court of Appeals for the Second Circuit in *Malrite TV* v. *F.C.C.* No. 80-4120. The Court has stayed the order of the Commission pending its review and a decision is expected soon.

Meanwhile, a coalition of broadcasters, sports leagues and program producers has appealed to Congress for abolition of the compulsory license. The Register of Copyrights and the immediate past Chairman of the Copyright Royalty Tribunal, have joined in this call.

At the direction of Chairman Kastenmeier, the staff has consulted with various interested parties and prepared a discussion draft containing amendments to the 1976 Copyright Act which attempt to deal with the concerns raised by critics of the Act, but which fall short of abolishing the compulsory license.

H.R. 3560

A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS

SECTION 1. (a) Section 111(c)(1) of chapter 1 of title 17 of the United States Code is amended by inserting before the period at the end thereof the following: *": Provided, however,* That the compulsory license for television broadcast signals provided for herein shall be limited, except as provided in section 801(b)(3), to the secondary transmissions of primary transmissions authorized pursuant to the rules on carriage of television broadcast signals of the Federal Communications Commission in effect on July 1, 1980. Transmissions unauthorized pursuant to such rules shall be actionable as an act of infringement under section 501 and subject to the remedies provided by sections 502 through 506".

(b) Section 111(c)(2)(A) of chapter 1 of title 17 of the United States Code is amended by inserting "or the Copyright Royalty Tribunal pursuant to section 801(b)(3)" after "Commission".

(c) Section 111(d)(2) of chapter 1 of title 17 of the United States Code is amended by striking out the last sentence of subparagraph (A) and by striking out subparagraphs (B), (C), and (D) and inserting in lieu thereof the following:

"(B) in the case of cable systems with 5,000 subscribers or more, a just and reasonable royalty fee covered by the statement, as determined by the Copyright Royalty Tribunal.".

APPLICATION OF THE COMPULSORY LICENSE TO SPORTS PROGRAMMING

SEC. 2. (a) Section 111(c)(1) of chapter 1 of title 17 of the United States Code is amended by striking out "Subject to the provisions of clauses (2), (3), and (4) of this subsection" and inserting in lieu thereof the following: "Subject to the provisions of clauses (2), (3), (4), and (5) of this subsection.".

(b) Section 111(c) of chapter 1 of title 17 of the United States Code is amended by adding the following new clause:

"(5) Notwithstanding the provisions of clause (1) of this subsection, the secondary transmission to the public by a cable system of a primary transmission made by a broadcast station licensed by the Federal Communications Commission or by an appropriate governmental authority of Canada or Mexico and embodying a performance or display of a work is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and sections 509 and 510, if—

"(A) the primary transmission consists of the broadcast of a game, or any part thereof, involving members of a professional sports league; and

"(B) the secondary transmission is made into an area which is (i) beyond the local service area of the primary transmitter, and (ii) within 50 miles of the place of a game of a member of that professional sports league.".

RATE DETERMINATION OF COPYRIGHT ROYALTY TRIBUNAL

SEC. 3. Section 801(b)(2) of chapter 8 of title 17 of the United States Code is amended to read as follows:

"(2) to make determinations concerning the establishment and adjustment of just and reasonable rates referred to in section 111".

APPLICATION TO THE COMPULSORY LICENSE TO SYNDICATED PROGRAMMING

SEC. 4. Section 801(b) is amended by striking out "; and" at the end of paragraph (2) and inserting in lieu thereof a period, by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) to establish rules under which syndicated copyrighted programming carried on those secondary transmissions for which a compulsory license is authorized in section 111(c).".

DISTRIBUTION OF ROYALTY FEES FOR RADIO PROGRAMMING

SEC. 5. Section 801(b)(4) (as redesignated) is amended by inserting before the period at the end thereof the following: *": Provided,* That in accordance with section 111(d)(4)(C), at least — percent of such fees are distributed to copyright owners whose work consists exclusively of aural signals, the distribution to those copyright owners to be based on the production of original programming".

PROCEEDINGS BEFORE THE TRIBUNAL

SEC. 6. (a) Section 804(a) of chapter 8 of title 17 of the United States Code is amended—

(1) by striking out "(A) and (D)" both times it appears therein:

(2) by striking out "1985" and inserting in lieu thereof "1982".

(3) by striking out "fifth" and inserting in lieu thereof "third".

(b) Section 804(b) of chapter 8 of title 17 of the United States Code is repealed and subsections (c), (d), and (e) of such section are redesignated as subsections (b), (c), and (d), respectively.

(c) Section 804 of chapter 8 of title 17 of the United States Code is amended by inserting at the end thereof the following new subsections:

"(e)(1) With respect to all proceedings under this chapter the Tribunal shall be empowered to issue subpenas to compel the production of testimony of witnesses together with such documentary materials as are necessary to make determinations under this title.

"(2) If a person to whom a subpena is issued under this subsection refuses to comply with such subpena, the United States District Court for the District of Columbia or for the judicial district within which such person is found or resides or transacts business may, upon application of the Chairman of the Tribunal, order such person to comply with the subpena. Failure to obey such order may be punished by such court as contempt thereof. Subpenas of the Tribunal shall be served in the manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure.

"(f) with respect to the authority provided under section 801(b)(3), the Tribunal shall initiate proceedings to establish or modify rules within thirty days of a petition by an owner or user of a copyrighted work subject to compulsory licensing under section 111(c).".

JUDICIAL STAY

SEC. 7. Section 809 of chapter 8 of title 17 of the United States Code is amended by striking out the first sentence and inserting in lieu thereof the following: "Any final determination by the Tribunal under this chapter shall become effective thirty days following its publication.".

TRANSITIONAL AND SUPPLEMENTARY PROVISIONS

SEC. 8. (a) Royalty rates established by the Copyright Royalty Tribunal pursuant to section 111(d)(2) and section 804 of title 17 of the United States Code and as modified by order of the Copyright Royalty Tribunal on January 5, 1981, shall remain in effect pending a review by the Tribunal pursuant to the provisions of sections 2 and 4 of this Act and the implementation of a final order under section 809.

(b) Section 118 of title 17 of the United States Code is amended by striking out "in the Federal Register" wherever they appear therein.

(c) Sections 804(c) (as redesignated) and 810 of chapter 8 of title 17 of the United States Code are amended by striking out "in the Federal Register" wherever they appear therein.●

EL SALVADOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 10 minutes.

● Mr. LAFALCE. Mr. Speaker, the situation in El Salvador is serious; but there are great misunderstandings associated with that crisis.

The last administration was providing El Salvador with limited military assistance, in order to help that government overcome the leftist guerrillas. However, that military assistance was directly linked to the wide-ranging

social and economic reforms which President Duarte was attempting to implement. The State Department's insistence on the linkage was reinforced by former Ambassador Robert White's repeated warnings to the El Salvador Government concerning the importance and urgency of those reforms.

The most important feature of the last administration's policy was the fact that it was working. On January 10, the leftist guerrillas launched their final offensive and promised to overthrow the Government or at least bring it to its knees. Within a week, that final offensive became a general offensive, because the revolt proved to be a dismal and unpopular failure. The refusal of the masses to support this military initiative demonstrated that the leftists lacked wide backing and that the reforms were finally taking effect.

The former administration's policy was also based on two key considerations. First, it recognized that the leftist opponents of the Government were not all card-carrying members of the Communist International and that some of them were sincere reformers. Second, it recognized that the rightist supporters of the old ruling classes were as much of a problem as the leftists. As Ambassador White and others have testified, these rightists carried on a wide-ranging terrorist and assassination campaign against those who disagreed with them. The presence of ultra-rightist elements within the armed services and the police made them an even graver problem, but President Durante had been making progress toward their elimination from the armed services and the police with the blessing of the U.S. Government.

Almost immediately after taking office, the Reagan administration discovered that there was an insurgency occurring in El Salvador and linked this insurgency to a worldwide Communist plot which threatened to undermine the security of the West. Secretary Alexander Haig's rhetoric on the crisis was particularly strident and frightening. At times bordering on the apocalyptic, the new administration's rhetoric and analysis was strictly based on military considerations and terms. It completely ignored the political, social, and economic aspects behind the insurgency and the nearly 50 years of repression in the unfortunate country. No mention was made of the rightists' terrorism and of the obstructionism to social and economic reforms from the former ruling classes.

Mr. Speaker, in effect, the new administration created a phony or false war, because the Government had easily defeated the so-called final offensive. Indeed, the new administration's depiction of the leftist guerrillas as larger than life may have boosted their by now low morale and may thereby have fanned the fires of insurgency in El Salvador.

The reaction to the administration's rhetoric was almost unanimous. Both Catholic and Protestant churches in this country were shocked and sternly protested against such warlike talk. Our democratic friends in Costa Rica, Venezuela, and Mexico vigorously objected, and the opposition from Mexico was particularly troubling because of the importance of Mexico to this country. The reaction of our European allies was equally negative, and many European newspapers warned the administration against its own excesses. Private reports indicated that European diplomats were both puzzled and concerned about the administration's fixation on this small Central American Republic fearing an indifference to our real diplomatic and military problems.

The administration's rhetoric was also puzzling in light of recent events in Jamaica. Ex-Prime Minister Michael Manley's government was openly pro-Cuban leaning, but it suffered a stunning defeat in November during a general election. The first country visited by the new Prime Minister, Edward Seaga, was the United States; and Mr. Seaga's talks with President Reagan and other Americans were warm and friendly. In addition, the leftist govenment in Grenada has been keeping a low profile; and contrary to some predictions, the Nicaraguan Government is still in the neutral camp.

Mr. Speaker, I believe that Congress should carefully examine every aspect of additional military assistance to El Salvador, in order to insure that it is truly necessary. The Department of State has testified that the assistance is needed, but former Ambassador White has emphasized the fact that the Government easily defeated the final offensive. But in any event, military assistance should be directly linked to further progress in the field of social and economic reforms; and more emphasis should be given to economic assistance which can help make those reforms effective and meaningful.

Recently, the House Committee on Foreign Affairs placed severe restrictions on all future military and economic assistance to El Salvador. These restrictions would force that government to achieve concrete progress on economic and social reforms and to increase respect for all basic human rights. I intend to strongly support those conditions which would directly link U.S. support for the Duarte government to real progress for social, economic, and political reforms. Without that necessary linkage, we would be sending the wrong message to El Salvador and other Latin American countries.

I am pleased that the administration has softened its rhetoric on El Salvador and has taken a more realistic and balanced approach to problems in that country. A firm foreign policy does not require constant saber rattling or warlike rhetoric; it does require a clear and rational assessment of real events and developments.●

VOLUNTEERS HONORED AT CHICAGO'S NORTHWEST HOSPITAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, as the Congressman for the 11th District of Illinois, which I have the privilege to represent, I am very proud of the volunteer organization at the Northwest Hospital located in my district at 5645 West Addison Street in Chicago.

Every year the Women's Auxiliary of Northwest Hospital has a ceremony during which the volunteers are honored and are presented with volunteer service awards. The ceremony, reception, and luncheon was held this year on May 9 at DiLeo's Restaurant in my district, and attracted over 250 people who are vitally concerned with serving their fellow man in dedication to the highest ideals.

These outstanding volunteers have worked many long hours at the hospital and are an inspiration to the patients, many of whom are neighbors and friends. This is truly the most noble example of wholehearted devotion to our community and its people of which I know. We hear much talk about the lack of civic spirit in various cities throughout America, but on the Northwest Side of Chicago, we are a community of people who care about each other.

It was a special privilege for me to participate in the awards ceremony, because my good friend, the late Dr. Pasquale M. De Marco, who served for many years as administrator of Northwest Hospital, was the man who started the hospital with the purchase in 1955 of a 33-bed facility. He worked ceaselessly in the years that followed and saw it grow to a great 350-bed not-for-profit medical institution. The new pavilion and the expanded facilities which were completed last year are an inspiring monument to Dr. Pat, as he was affectionately called by thousands, for he was the one who secured approval to add 166 additional medical and surgical beds in a new 7-story building, which also houses a new surgical unit and expanded auxiliary facilities.

Northwest Hospital is a living memorial to the betterment of life, and Peter Rusin, the new administrator of Northwest Hospital, and his dedicated

staff, along with these devoted volunteers, are carrying on in this same fine tradition. Once again, I congratulate all of the volunteers at Northwest Hospital who merited awards for their selfless and compassionate service.

Mr. Speaker, the program of Northwest Hospital's 12th Annual Volunteer Awards presentation follows, as does the volunteer honor roll:

PROGRAM

Welcome Address: Mr. Lyn Kearns, Director of Volunteers.

Our Special Guest: Honorable Congressman Frank Annunzio.

Honored Guests: Mr. Peter Rusin, Administrator; Dr. Manu Khodadad, President of the Medical Staff; Dr. Murray Rosenberg, Secretary/Treasurer of the Medical Staff; Dr. Leon Gershbein, Director of the Research Institute and Member of the Board of Trustees; Mrs. Lucy Wolski, Director of Nursing.

Our Guests also include members of the Board of the Women's Auxiliary and of the Executive Nursing Staff.

VOLUNTEER SERVICE AWARDS

500 Hour Pins: Frances Bram, Jeanne Buchholz, Josephine Cannone, Albina Dempewolf, Loretta Ficht, Helen Flink, Ruth Meindl, Victoria Riche, Kay Ulrich, Doris Webster, Mary Yuro.

1,000 Hour Guard: Lyn Ayres, Helen Demarco, Marge Haines, Mary Hane, Marie Solesky, Corinne Timko, Ida Ullo.

1,500 Hour Guard: Erika Metzger and Irene Tumbarello.

2,000 Hour Guard—1st Diamond: Dee Bernhauser, Evelyn Gruetering, Rose Margentina, Mary Mascari, Mike Ross, Julie Weidenhoff.

2,500 Hour Guard: Naomi Johnson, Mary Lewald, Agnes Nellis, Betty Paullan, Mabel Rupany, Florence Urban, Marion Watson.

3,000 Hour Guard—2nd Diamond: Evelyn Hahn, Marie Hince, Coletta Hitzelberger, Anna Hovde, Irene Johanson, Gertrude Johson, Irene Mandrake, Alice Nelson, Virginia Sobolewski.

3,500 Hour Guard: Frances Birr, Louise Malanga, Hazel McClement, Alice Nelson, Sam Perrone.

4,000 Hour Guard—3rd Diamond: Mary Conley, Agnes Pradzinski.

4,500 Hour Guard: Mary Conley, Francis Plezia.

5,000 Hour Guard—4th Diamond: Alice Corrigan, Edna Murray, Irene Salerno.

6,000 Hour Guard—5th Diamond: Mary Roggetz.

7,000 Hour Guard: Mary Kurfirst, Ann Markussen.

7,500 Hour Guard: Joan Carracio.

9,500 Hour Guard: Lou Zoelle.

13,000 Hour Guard: Chris Callahan.

15,500 Hour Guard: Kay Kehoe.

VOLUNTEER HONOR ROLL

Anna Anderson, Lyndell Ayres, Sally Baier, Anne Bartelt, Lucille Bauter, Lucyle Behnke, Lorraine Belstner, Dee Bemhauser, Lea Betti, Genevieve Beverage, Frances Birr, Eda Bloedel, Margaret Bonner, William Bonner, Frances Bram, Veronica Brzezicki, Jeanne Buchholz, Chris Callahan, Josephine Cannone, Josephine Carlina, Joan Carracio, Marion Casper, May Chada, Florence Chadwick, Mary Conley, Alice Corrigan, Hulda Davis, Helen Dechambre, Helen Demarco, Antionette Degroot, Albina Dempewolf, Joann Dudek, Gertrude Fabach, Louis Fabis, Julia Feindt, Loretta Ficht, Helen Flink, Dorothy Fosbinder, Lillian Gentz.

Antonette Giovannoni, Clara Gramann, Evelyn Gruetering, Lillian Gurke, Blanche Guy, Stan Guzik, Evelyn Hahn, Margarete Haines, Mary Hane, Ethel Hempel, Irene Hemphill, Marie Hince, Coletta Hitzelberger, Al Hobson, Dorothy Hogan, Elizabeth Holt, Mildred Hoffman, Lou Holtz, Anna Hovde, Frances Huth, Marie Interrante, Lucille Iversen, Irene Johanson, Gertrude Johnson, Naomi Johnson, Irene Karas, Elizabeth Karzis, Kay Kehoe, Celia Kirstein, Mary Kolle, Mary Kopec, Jean Kozubal, Adeline Kuczma, Mary Kurfirst, Helen Kwerneland, Eileen Lerch, Mary Lewald, Marian Lischalk, Vito Loiacono.

Beatrice Lundean, Louise Malanga, Irene Mandrake, Rose Margentina, Ann Markussen, Mary Mascari, June Mathisen, Hazel McClement, Sophie McGrath, Ruth Meindl, Ellen Meinke,[1] Erika Metzger, Patricia Michaels, Mary Mitchell, Joan Moore, Dorothy Mueller, Helen Mundo, Edna Murray, Catherine Naughton, Agnes Nellis, Alice Nelson, Florence Nelson, Kay Norton, Mary O'Kane, Helen O'Parka, Mary Papa, Betty Paullan, Toni Pawlowski, Darlene Pecho, Mary Pelton, Sam Perrone, Dorothy Peterson, Sarah Pishitello, Frances Plezia, Bessie Posner, Agnes Pradzinski, Bessie Rasiarmos, Marie Rebel, Cornelia Rembowski.

Victoria Riche, Loretta Rock, Mary Roggetz, Michael Ross, Mabel Rupany, Margaret Salce, Irene Salerno, Elizabeth Sauerwein, Laura Schultz, Betty Sechman, Eleanor Seurbom, Jeanette Snyder, Virginia Sobolewski, Britta Soderlund, Marie Solesky, Lyn Sologub, Monika Swing, Corinne Timko, Rosalie Todd, Carmen Trujillo, Irene Tumbarello, Ida Ullo, Catherine Ulrich, Florence Urban, Margaret Watson, Marion Watson, Roberta Weber, Doris Webster, Julie Weidenhoff, Jeane Weldon, Elmira Welhaven, Bernice Willing, Mary Yuro, Lou Zoelle, Anne Zolik.

3 Volunteers are Receiving 3 Stars (300 Hours).

11 Volunteers are Receiving 2 Stars (200 Hours).

20 Volunteers are Receiving 1 Star (100 Hours).

16 Volunteers are Receiving Certificates for Service Under 100 Hours.

During the past year our senior volunteers have served approximately 38,700 hours.

Their dedication and loyalty is sincerely appreciated by everyone at Northwest Hospital.●

INTRODUCTION OF LEGISLATION TO COMMEMORATE JOE LOUIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. SAVAGE) is recognized for 5 minutes.

● Mr. SAVAGE. Mr. Speaker, today I am introducing several bills to honor the memory of, and to commemorate Joe Louis.

Joe Louis was the son of a black sharecropper who, through exceptional courage, strength, and skill, became the champion heavyweight boxer of the world. But Joe Louis was more than just a legendary sports hero—he was a quiet, determined, talented American who stands as a model of inspiration to millions of people—black and white—all over the world.

[1] Our sincere sympathy to the family of Ellen Meinke who passed away April 8th, 1981. She will be missed by her fellow volunteers.

The legislation I am introducing today would honor Joe Louis in the following ways: By directing the U.S. Postal Service to provide and sell a Joe Louis stamp; by expressing the sense of Congress that the President should award posthumously the Presidential Medal of Freedom to Joe Louis; by expressing the sense of Congress that the Secretary of the Army should place a plaque at the Arlington National Cemetery gravesite of Joe Louis to honor his life and distinguished career; to designate May 13, 1982 as "Joe Louis Day," and to establish an award to be made annually by the President of the United States to the amateur athlete who best represents the ideals symbolized by Joe Louis.

I believe that these bills are important because they will stand to remind Americans now, and in generations to come, of a special American who stands as a source of pride to all of us, and as a symbol of what can be achieved through courage, hard work, and determination.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. MAZZOLI) is recognized for 5 minutes.

● Mr. MAZZOLI. Mr. Speaker, I was unavoidably absent for two recorded votes on Thursday, April 30, 1981. Had I been present, I would have voted: "Aye" on rollcall No. 25, to approve the Journal of Wednesday, April 29, 1981 and "aye" on rollcall No. 26, adoption of the rule House Resolution 134 to allow for House Concurrent Resolution 115, the first budget resolution for fiscal year 1982.●

CO-OP FUND DISPUTE ENDS AMICABLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 15 minutes.

● Mr. ST GERMAIN. Mr. Speaker, the National Consumer Cooperative Bank—one of the smallest entities in this city—has moved to settle its dispute with the forces of the Reagan administration so that it can get on with the job of meeting a growing loan demand by consumer cooperatives.

The settlement calls for the bank to return some $60 million it withdrew on April 21 and 22 with the understanding that the Treasury Department will immediately make available about $33 million—the original apportionment of funds scheduled for the third quarter.

This compromise will allow the bank to start processing loan applications that have been pending for weeks. It means that the bank can operate. The remaining funds, previously appropriated for fiscal year 1981, will be availa-

ble at the beginning of the fourth quarter.

This compromise, Mr. Speaker, is satisfactory providing that there is also a tacit understanding—and I am inclined to believe this is the case—that there will be no behind-the-scenes harassment of the bank and that it will be allowed to get on with its business. I am hopeful that the informal face-to-face meetings between bank officials and the administration officials have accomplished this.

Frankly, there is little to be gained from an ongoing dispute. In fact, a bank, eventually dependent on its acceptance in the private market, cannot long survive if it is subject to assaults from higher officials in the administration. If this compromise brings an end to this campaign, it will have been worthwhile.

There is no question that the president of the bank acted in a proper manner and after receiving advice of private and Government attorneys. The withdrawal of the $60 million, previously appropriated by the Congress, was within the law and certainly squarely in keeping with the intent of the legislative branch that the stock purchases be made.

In fact, the president of the bank was the only one displaying a legal opinion—the Comptroller General's opinion—supporting her actions. The administration never produced a legal opinion from an objective source; only vague references to "our attorneys have a different opinion."

Mr. Speaker, also by now I think everyone—the administration and the press included—realizes that all actions taken by the bank and its officials have been right out in the open. Notices beforehand to everyone. No longer, I hope, will we have people in responsible positions saying they did not know what was going on. That simply does not wash and at some point we may learn why the slumbering giant of Government awoke some 3 weeks after the Comptroller General's opinion was released publicly.

Despite the strong legal position of the bank, it probably did the right thing in compromising the dispute. It would be difficult, indeed, to suggest to this little bank that it should fight through long court battles to justify its actions. The political and legal resources of the administration are simply too massive and in the end the bank could have destroyed itself against the rocks of legal righteousness.

The important thing now is that consumer cooperatives have an opportunity to thrive and have a source of loan funds provided by the National Consumer Cooperative Bank.

While the dispute raged, the 45 days of impoundment allowed by the Budget and Impoundment Control Act have run and this means that not only title I moneys—stock purchases—must be released, but also funds impounded for title II, self-help development and technical assistance.

Thus the combination of time and compromise have today made the bank almost whole again. It should also be noted that the House Appropriations Committee has endorsed continuation of the bank and has included funds for the operations of both title I and title II in the bill coming to the floor this week. The House, we are hopeful, will endorse the committee's action.

Mr. Speaker, it is essential that this bank be given stability so that it can perform its functions and so it can get on with the efforts to repay the Government's investment. Other Federal credit programs, particularly those operated through the farm credit system after which the Consumer Bank is modeled, were allowed to operate with stability and without interference through many changes of administration. The Consumer Co-Op Bank deserves no less.●

THE TIME IS NOW TO BALANCE THE BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. DASCHLE) is recognized for 5 minutes.

● Mr. DASCHLE. Mr. Speaker, as the author of a constitutional amendment which requires a balanced Federal budget and limits Federal spending, I believe the best time to balance the budget is now.

I am not satisfied with the $45 billion deficit proposed by the administration, or the $25 billion deficit proposed by our Budget Committee, or the $33 billion deficit tentatively adopted by this House last week. We can do better. If we are willing to look at all Federal expenditures, to cut waste wherever we find it, to reject unjustified spending and premature tax cuts alike, we can balance our budget this year. The Tax Expenditure Reduction Act I introduce today would take a $16 billion step toward that end.

David Stockman tells us the administration's spending cuts have, "reduced the thundering herd of sacred cows to a handful." Mr. Stockman is certainly this administration's top economic ranchhand, but he appears to have lost his lasso when it comes to the breed of sacred cows known as tax expenditures. He apparently considers these tax handouts to the richest and most powerful among us to be a breed apart, a breed he prefers not to round up despite the multibillion-dollar tax break stampede they cause and the irreparable damage they do to our drive for a balanced Federal budget.

I can understand Mr. Stockman's reluctance to tangle with the powerful defenders of our most sacred tax loopholes, but I cannot accept it. Tax expenditures now cost this Government some $260 billion per year. They have increased 160 percent since 1974 while outlays have risen only 111 percent and tax receipts only 96 percent.

My Tax Expenditure Act would slow this spending hemorrhage by shutting down just a few of the largest, most indefensible loopholes. It would end tax breaks for big oil which were enacted before OPEC and price decontrol combined to assure that industry profits it enjoys today. It would shut down abuse of our tax laws by international operations that incorporate in Puerto Rico, Guam, and American Samoa to avoid paying taxes. It would limit use of the consumer credit interest deduction by our wealthiest citizens and require a modest sacrifice of those claiming deductions for business meals.

At a time when our farmers and workers, our youth and our elderly, our disabled and our poor are all asked to accept deep, painful cuts in programs on which they depend it is surely not too much to ask that a few tax expenditures for fabulously wealthy oil companies and internationally powerful conglomerates also be reduced. The purpose of my Tax Expenditure Reduction Act is to make those reductions and in so doing to bring us $16 billion closer to the balanced Federal budget this Nation wants and deserves.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCEWEN), to revise and extend their remarks and to include extraneous material:)

Mr. CORCORAN, for 5 minutes, today.

Mr. COLLINS of Texas, for 15 minutes, today.

Mr. DERWINSKI, for 5 minutes, today.

Mr. FINDLEY, for 5 minutes, today.

Mrs. SMITH of Nebraska, for 5 minutes, today.

Mr. LIVINGSTON, for 60 minutes on Tuesday, May 26.

(The following Members (at the request of Mr. DE LUGO), to revise and extend their remarks and to include extraneous material:)

Mr. SOLARZ, for 20 minutes, today.

Mr. KASTENMEIER, for 10 minutes, today.

Mr. LAFALCE, for 10 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. SAVAGE, for 5 minutes, today.

Mr. MAZZOLI, for 5 minutes, today.

Mr. ST GERMAIN, for 15 minutes, today.

Mr. PEPPER, for 15 minutes, May 20.

Mr. DASCHLE (at the request of Mr. DE LUGO), for 5 minutes, today, and to include extraneous material.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BIAGGI, to revise and extend his remarks, prior to the vote on H.R. 3376.

Mr. CONTE, to revise and extend his remarks, on House Resolution 137 immediately following Mr. LOTT.

Mr. FAZIO, during consideration of chapter I, H.R. 3512, immediately following the remarks of the chairman of the subcommittee, in the Committee of the Whole today.

Mr. LEWIS, immediately following the remarks of Mr. FAZIO during consideration of chapter I, H.R. 3512, in the Committee of the Whole today.

Mr. WYLIE, on the National Consumer Cooperative Bank section of H.R. 3512 in the Committee of the Whole today.

Mr. BOLAND, to extend his remarks preceding debate on chapter VI on H.R. 3512 in the Committee of the Whole today.

(The following Members (at the request of Mr. MCEWEN), and to include extraneous matter:)

Mr. WOLF.
Mr. BETHUNE.
Mr. HOPKINS.
Mr. BROWN of Ohio.
Mr. COURTER.
Mr. SMITH of New Jersey.
Mr. LAGOMARSINO.
Mr. ROUSSELOT.
Mr. COLLINS of Texas in two instances.
Mr. MCCLORY.
Mr. DERWINSKI.
Mr. FINDLEY.
Mr. BURGENER.
Mr. GUNDERSON.
Mr. MCDADE.
Mr. ERDAHL.
Mr. PURSELL.
Mr. HORTON.
Mr. STANTON of Ohio.
Mr. WORTLEY.
Mr. SMITH of Oregon.
Mr. GILMAN.

(The following Members (at the request of Mr. DE LUGO), and to include extraneous matter:)

Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. RODINO in two instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. GUARINI.
Mr. ECKART.
Mr. MCHUGH.
Mr. MAZZOLI in two instances.
Mr. STOKES in two instances.
Mr. SCHEUER.
Mr. WIRTH.
Mr. MAVROULES in two instances.
Mr. VENTO in two instances.
Mr. GARCIA.
Mr. SAVAGE.
Mr. BIAGGI.
Mr. MURTHA.
Mr. BEILENSON.
Mr. AUCOIN.
Mr. BAILEY of Pennsylvania.
Mr. WOLPE.
Mr. MCDONALD in four instances.
Mr. EDWARDS of California.
Mr. FASCELL in five instances.
Mr. CROCKETT in two instances.
Mr. SKELTON.
Mr. HAWKINS.
Mr. DONNELLY.
Mr. DYSON.
Mr. SANTINI.
Mr. STUDDS.
Mr. CONYERS.
Mr. DANIELSON.
Mr. LONG of Maryland in two instances.
Mr. CLAY.
Mr. BONIOR of Michigan.

SENATE BILL AND JOINT RESOLUTIONS REFERRED

A bill and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 533. An act entitled "Public Buildings Act of 1981"; to the Committee on Public Works and Transportation;

S.J. Res. 46. Joint resolution entitled "U.S. Tennis Association Day"; to the Committee on Post Office and Civil Service;

S.J. Res. 47. Joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week"; to the Committee on Post Office and Civil Service;

S.J. Res. 51. Joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Incorporated), and designating May 10 to 16, 1981, as "CARE Week"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. DE LUGO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 p.m.), the House adjourned until tomorrow, Wednesday, May 13, 1981, at 3 p.m.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees, delegations traveling under an authorization from the Speaker, and a miscellaneous report filed with the Committee on House Administration, concerning the foreign currencies and U.S. dollars utilized by them during the fourth quarter of calendar year 1980 and the first quarter of calendar year 1981 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON AGRICULTURE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Werner Brandt (Staffdel)	1/10	1/17	Tokyo, Japan	155,540	770.00		$1,638.62				2,408.62
E. (Kika) de la Garza (Codel)	1/27	1/29	Monterey, Mexico	3,492	150.00	(3)	(3)				150.00
	1/29	2/1	Mexico City	6,990	300.00						300.00
(1 day side trip)	1/30	1/30	Tuxtla								
Military transportation cost of five Agriculture Committee passengers (listed below) [3].							7,707.05				7,707.05
Hon. William Thomas	1/27	1/29	Monterey, Mexico	3,492	150.00						150.00
	1/29	2/1	Mexico City	6,990	300.00						300.00
(1 day side trip)	1/30	1/30	Tuxtla								
Hon. William Wampler	1/27	1/29	Monterey, Mexico	3,492	150.00						150.00
	1/29	2/1	Mexico City	6,990	300.00						300.00
(1 day side trip)	1/30	1/30	Tuxtla								
Hon. Thomas Coleman	1/21	1/29	Monterey, Mexico	3,492	150.00						150.00
	1/29	2/1	Mexico City	6,990	300.00						300.00
(1 day side trip)	1/30	1/30	Tuxtla								
Mario Castillo (Staffdel)	1/27	1/29	Monterey, Mexico	3,492	150.00						150.00
	1/29	2/1	Mexico City	6,990	300.00						300.00
(1 day side trip)	1/30	1/30	Tuxtla								
Codel de la Garza other expenses:											
Local transportation for group							392.66				392.66

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON AGRICULTURE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Chauffeurs for rental vehicle							157.94				157.94
Local overtime assistants									573.12		573.12
Hospitality suite for group									264.38		264.38
Representation expenses for group in Tuxtla									907.55		907.55
Hon. Berkley Bedell	2/6	2/7	Venezuela	445.10	104.00	208.00	48.59				152.59
	2/7	2/11	Brazil	23,040.27	333.00	4,430.49	64.14	8,639.68	260.80		657.94
	2/11	2/14	Argentina	903.294	402.00	303,144,86	134.91	730,497	325.09		862.00
	2/14	2/15	Peru	26,850	75.00	48,944	135.29				210.29
	2/15	2/16	Mexico	3,495	150.00	1,493.30	64.09	646.81	37.76		241.85
Military transportation cost for Hon. Berkley Bedell with Codel Neal Smith's group.							4,852.31				4,852.31
Committee total					4,084.00		15,195.60		2,358.70		21,938.30

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Military transportation total $7,707.05.

E de la GARZA, Chairman.
May 7, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON THE BUDGET, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Rep. James R. Jones (See footnote 4)	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. Richard A. Gephardt	2/7	2/11	United Kingdom	218.65	516.00						516.00
Transportation—Department of the Army							500.64				500.64
Transportation—Commercial (Return to United States).							343.00				343.00
Rep. Les Aspin	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. W. G. Hefner	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	[3]7,871.00	141.02						141.02
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. Beryl Anthony, Jr.	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00				66.48		294.48
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. Bill Frenzel	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. Ed Bethune	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. Paul Trible	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
John Dill	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Wendell Belew	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
William Cleary	2/7	2/11	United Kingdom	281.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
J. Wilson Morris	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
James Hedlund	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
John O'Shaugnessy	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Bruce Meredith	2/7	2/11	United Kingdom	218.65	516.00						516.00
	2/11	2/13	Belgium	7,871.00	228.00						228.00
	2/13	2/16	Italy	249,804.00	243.00						243.00
Transportation—Department of the Army							1,466.17				1,466.17
Rep. Eldon Rudd	1/7	1/8	Japan	22,000.00	110.00						110.00
	1/8	1/11	Singapore	582.89	282.00						282.00
	1/11	1/13	India	1,314.70	166.00						166.00
	1/13	1/15	Egypt	105.00	150.00						150.00
	1/15	1/17	Greece	6,690.00	150.00						150.00
Transportation—Department of the Air Force							11,138.20				11,138.20

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON THE BUDGET, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Committee total					15,105.02		41,894.79		9,816.74		66,816.55

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Refunded Belgium francs (3003).
[4] Group expenses for local transportation, U.K., $4,443.05; Group expenses for miscellaneous expenses, U.K., $767.80; Delegation expenses, U.K., $5,747.50; Group expenses for local transportation, Belgium, $312.28; Group miscellaneous expenses, Belgium, $810.60; Delegation expenses, Belgium, $429.04; Group expenses for local transportation, Rome, Italy, $1,005.27; Group miscellaneous expenses, Rome, Italy, $230.33; Delegation expenses, Rome, Italy, $1,299.81; Group expenses for local transportation, Milan, Italy, $379.46; Delegation expenses, Milan, Italy, $465.18.

JAMES R. JONES, Chairman.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ENERGY AND COMMERCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Corcoran, Tom	1/8	1/12	Japan		440.00		80.00				520.00
Lent, Norman	1/6	1/12	Brazil		525.00		313.12		47.48		885.60
	1/12	1/14	Argentina		268.00		220.56		213.19		701.75
	1/14	1/17	Peru		300.00		187.85				487.85
						[3]	3,293.30				3,293.30
Mikulski, Barbara A.	1/9	1/11	Costa Rica		150.00		123.65				273.65
	1/11	1/14	Nicaragua		225.00				71.91		296.91
	1/14	1/19	Honduras		300.00				608.19		908.19
						[4]	393.71				893.71
Scheuer, James H.	1/7	1/8	Japan		110.00						110.00
	1/8	1/11	Singapore		282.00						282.00
	1/11	1/13	India		166.00						166.00
	1/13	1/15	Egypt		150.00						150.00
	1/15	1/17	Greece		150.00						150.00
						[3]	11,138.20				11,138.20
Committee total					3,066.00		16,250.39		940.77		20,257.16

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Military.
[4] Commercial.

JOHN D. DINGELL, Chairman.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON FOREIGN AFFAIRS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
D. Bonker	2/22	2/24	Spain		178.00						178.00
	2/24	2/27	Switzerland		279.00						279.00
Commercial transportation							2,764.00				2,764.00
J.J. Brady	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		87.00		124.74		517.74
	1/16	1/17	Costa Rica		73.00		31.52		96.58		201.10
Military transportation							8,223.18				8,223.18
J. Carson	1/7	1/12	Sierra Leone		450.00						450.00
	1/12	1/13	Nigeria		144.00		25.98		24.04		194.02
	1/13	1/15	Ivory Coast		218.00		36.88		47.76		302.64
	1/15	1/17	Senegal		250.00		95.95		32.55		378.50
Military transportation							6,083.56				6,083.56
G. W. Crockett	1/7	1/12	Sierra Leone		450.00						450.00
	1/12	1/13	Nigeria		144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast		218.00		36.88		47.76		302.64
	1/15	1/17	Senegal		285.00		95.95		32.55		413.50
Military transportation							6,083.56				6,083.56
F. S. Fatemi	2/22	2/24	Spain		178.00						178.00
	2/24	2/28	Switzerland		279.00		111.00				390.00
Commercial transportation							2,567.00				2,567.00
W. H. Fite	3/2	3/4	South Korea		157.73						157.73
L. H. Fountain	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		124.74		87.00		517.74
	1/16	1/17	Costa Rica		75.00		31.52		96.58		203.10
Military transportation							8,223.18				8,223.18
J. E. Fox	1/7	1/8	Jamaica		58.16		65.40				123.56
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		488.75		50.00		900.75
	1/13	1/16	Brazil		306.00		87.00		124.74		517.74
	1/16	1/17	Costa Rica		75.00		31.52		96.58		203.10
Military transportation							8,223.18				8,223.18

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON FOREIGN AFFAIRS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
D. Frank	[3] 12/18	[3] 12/21	Pakistan								
	[3] 12/21	[3] 12/23	India		25.26						25.26
	[3] 12/23	[3] 12/26	Japan		330.00						330.00
	[3] 12/26	[3] 12/27	South Korea		124.05						124.05
	[3] 12/27	[3] 12/30	People's Republic of China		169.36		100.01				269.37
	[3] 12/30	1/3	Thailand [4]		305.00		211.85		5.72		522.57
	1/3	1/4	Singapore		10.00						10.00
	1/4	1/7	Indonesia		154.15						154.15
	1/7	1/9	Philippines		63.22		33.83				97.05
	1/9	1/10	Taiwan		78.00						78.00
Commercial transportation							5,377.20				5,377.20
W. H. Gray	1/7	1/12	Sierra Leone		450.00						450.00
	1/12	1/13	Nigeria		144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast		218.00		36.88		47.76		302.64
	1/15	1/17	Senegal		285.00		95.95		32.55		413.50
Military transportation							6,083.56				6,083.56
T. Guyer	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		87.00		124.74		517.74
	1/16	1/17	Costa Rica		75.00		31.52		96.58		203.10
Military transportation							8,223.18				8,223.18
R. C. Harmon	1/7	1/12	Sierra Leone		440.00						440.00
	1/12	1/13	Nigeria		144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast		218.00		36.88		47.76		302.64
	1/15	1/17	Senegal		285.00		95.95		32.55		413.50
Military transportation							6,083.56				6,083.56
P. V. Hyndman	3/2	3/4	South Korea		142.13						142.13
G. Ingram	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		87.00		124.74		517.74
	1/16	1/17	Costa Rica		62.00		31.52		96.58		190.10
Military transportation							8,223.18				8,223.18
V. C. Johnson	1/7	1/12	Sierra Leone		450.00						450.00
	1/12	1/13	Nigeria		144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast		218.00		36.88		47.76		302.64
	1/15	1/17	Senegal		190.00		95.95		32.55		318.50
Military transportation							6,083.56				6,083.56
J. Pritchard	[3] 12/28	[3] 12/30	People's Republic of China		151.92		100.01				251.93
	[3] 12/30	1/2	Thailand [4]		375.00		211.85		5.72		592.57
	1/4	1/4	Singapore		94.00						94.00
	1/4	1/7	Indonesia		300.00						300.00
	1/7	1/9	Philippines		150.00		33.83				183.83
	1/9	1/10	Taiwan		78.00						78.00
Commercial transportation							3,351.00				3,351.00
B. S. Rosenthal	1/7	1/8	Jamaica		64.54		65.40				129.94
	1/8	1/11	Peru		136.60		208.15				344.75
Military transportation							8,223.18				8,223.18
J. M. Salvia	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		87.00		124.74		517.74
	1/16	1/17	Costa Rica		69.23		31.52		96.58		197.33
Military Transportation							8,223.18				8,223.18
S. J. Solarz	[3] 12/19	[3] 12/21	Pakistan								
	[3] 12/21	[3] 12/23	India								
	[3] 12/23	[3] 12/26	Japan		330.00						330.00
	[3] 12/26	[3] 12/27	South Korea		178.00						178.00
	[3] 12/27	[3] 12/30	People's Republic of China		194.30		100.01				294.31
	[3] 12/30	1/3	Thailand [4]		375.00		211.85		5.72		592.57
	1/3	1/4	Singapore		194.58						194.58
	1/4	1/7	Indonesia		263.26						263.26
	1/7	1/9	Philippines		150.00		33.83				183.83
	1/9	1/10	Taiwan		78.00						78.00
Commercial transportation							5,377.20				5,377.20
G. Strand	1/7	1/12	Sierra Leone		450.00						450.00
	1/12	1/13	Nigeria		144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast		218.00		36.88		47.76		302.64
	1/15	1/17	Senegal		285.00		95.95		32.55		413.50
Military transportation							6,083.56				6,083.56
G. E. Studds	1/9	1/11	Costa Rica		150.00		123.65				273.65
	1/11	1/14	Nicaragua		225.00		71.90				296.90
	1/14	1/19	Honduras		375.00		608.19				983.19
Commercial transportation							893.71				893.71
S. R. Weissman	1/7	1/12	Sierra Leone		450.00						450.00
	1/12	1/13	Nigeria		144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast	218.00		36.88		47.76		302.64	
	1/15	1/17	Senegal	285.00		95.95		32.55		413.50	
Military Transportation							6,083.56				6,083.56
L. Winn, Jr.	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil	306.00		87.00		124.74		517.74	
	1/16	1/17	Costa Rica	75.00		31.52		96.58		203.10	
Military Transportation							8,223.18				8,223.18
C. Yesh	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		124.74		87.00		517.74
	1/16	1/17	Costa Rica		74.00		31.52		96.58		202.10
Military Transportation							8,223.18				8,223.18
C. J. Zablocki	1/7	1/8	Jamaica		75.00		65.40				140.40
	1/8	1/11	Peru		225.00		208.15				433.15
	1/11	1/13	Argentina		402.00		448.75		50.00		900.75
	1/13	1/16	Brazil		306.00		87.00		124.74		517.74
	1/16	1/17	Costa Rica		75.00		31.52		96.58		203.10
Military Transportation							8,223.18				8,223.18

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON FOREIGN AFFAIRS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Committee total					23,583.49		156,126.72		3,120.01		182,830.22

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Year 1980.
[4] Received per diem in Thailand to cover 1 day each in Cambodia and Vietnam.

CLEMENT J. ZABLOCKI, Chairman.
April 30, 1981.

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON MERCHANT MARINE AND FISHERIES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN OCT. 1 AND DEC. 31, 1980

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Mario Biaggi	[3] 12/13	[3] 12/21	Italy				[4] 1,113.09				1,113.09
Committee total							1,113.09				1,113.09

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Year 1980.
[4] Traveler was part of Presidential delegation to assess earthquake damage. Necessary to break away from delegation and return at later date via commercial airlines.

WALTER B. JONES, Chairman.
April 30, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON MERCHANT MARINE AND FISHERIES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. John Breaux	1/9	1/10	Japan	22,220	110.00		[3] 1,401.20				
Hon. David Bowen	1/10	1/15	China	688.28	375.00		[4] 5,909.83				7,796.03
	1/7	1/12	Sierra Leone	489.00	450.00		[5] 6,083.56				
	1/12	1/13	Nigeria	83.15	144.00		[6] 25.95		[7] 25.04		
	1/13	1/15	Ivory Coast	49,705	218.00		[8] 36.88		[9] 47.76		
	1/15	1/17	Senegal	53,230	231.00		[10] 95.95		[11] 32.55		7,390.69
Rudolph Cassani	3/22	3/25	England	224.83	516.00	15.40	[12] 1,119.35				1,635.35
Jeffrey Curtis	2/28	3/6	India	4,816.49	581.00		2,740.00				3,321.00
Jack E. Sands	3/21	3/25	England	224.83	516.00		514.00				
						15.40	[12] 35.35				1,065.35
Gerald Seifert	3/22	3/25	England	224.83	516.00		1,084.00				
						15.40	[12] 35.35				1,635.35
Committee total					3,657.00		19,081.42		105.35		22,843.77

[1] Per diem constitutes lodging and meals. [2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended. [3] Commercial airfare D.C./Japan. [4] Military transportation D.C./Japan/China/D.C. [5] Military transportation. [6] Local transportation (car and bus). [7] Shared portion for control room. [8] Local transportation. [9] Shared portion control room ($18.24); shared portion overtime ($29.52). [10] Local transportation ($40.30); shared portion of chartered aircraft ($55.65). [11] Shared portion of control room. [12] Local transportation, train—Paddington Station/Banbury/Paddington Station.

WALTER B. JONES, Chairman.
April 30, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Marvin Leath	1/6	1/8	Venezuela	890.25	208.00					890.25	208.00
	1/8	1/10	Peru	77.220.50	225.00					77.220.50	225.00
	1/10	1/8	Brazil	53.306.40	798.00					53.306.40	798.00
Committee total					1.231.00						1.231.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JAMES J. HOWARD,
April 30, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON SCIENCE AND TECHNOLOGY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Ertel		1/2	U.S.A.			([3])	[4] 3,844.06				3,844.06
	1/4	1/14	New Zealand/Antarctica	445.69	444.45					445.69	444.45
	1/15		U.S.A.								
Maxwell		1/2	do			([3])	[4] 2,468.15				2,468.15
	1/4	1/14	New Zealand/Antarctica	380.69	446.29					380.69	446.29
	1/15		U.S.A.								
Davis		1/3	do			([3])	[4] 346.39				346.39
	1/3	1/8	Canada	445.31	375.00			44.00	37.05	489.31	412.05
	1/8		U.S.A.								
Marceau		1/3	do			([3])	[4] 200.55				200.55
	1/3	1/7	Canada	356.25	300.00			44.00	37.05	400.25	337.05
	1/7		U.S.A.								
Heitowit		1/3	do	do		([3])	[4] 249.79				249.79
	1/3	1/8	Canada	445.31	375.00			35.00	29.47	480.31	404.47
	1/8		U.S.A.								
Moss		1/3	do			([3])	[4] 200.55				200.55
	1/3	1/7	Canada	178.13	150.00			35.00	29.48	213.13	179.48
	1/7		U.S.A.								
Brown		1/5	do			([3])	[4] 314.90				314.90
	1/5	1/8	Canada	264.84	225.00			35.00	29.62	300.84	254.62
	1/8		U.S.A.								
Fuqua		1/6	U.S.A.			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.000	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Dornan		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Harkin		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Roth		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Flippo		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					66,000.00	375.00
	1/15		U.S.A.								
Glickman		1/6	do			([5])	[4] 909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Young		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Anthony		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Nelson		1/7	do			([6])	6,753.83				6,753.83
	1/8	1/10	Japan	44,440.00	220.00					44,440.00	220.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Hanson		1/16				([5])	[4] 5,909.83				5,909.93
	1/17	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Vander Myde		1/16	do			([5])	[4] 5,909.83				5,909.93
	1/17	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Holmfeld		1/16	do			([5])	[4] 5,909.83				5,909.93
	1/17	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Ketcham		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Branscome		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00				66,000.00	330.00	
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Taylor		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Kramer		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Krebs		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Crawford		1/6	do			([5])	[4] 5,909.83				5,909.83
	1/7	1/10	Japan	66,000.00	330.00					66,000.00	330.00
	1/10	1/15	China	688.28	375.00					688.28	375.00
	1/15		U.S.A.								
Total Codel Charges	1/7	1/10	Japan			363,595.00	[7] 1,792.64	290,598.00	2,930.75	654,193.00	4,723.39

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON SCIENCE AND TECHNOLOGY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Nelson		2/8	U.S.A.			([3])	[4] 3,588.00				3,588.00
	2/9	2/14	Saudi Arabia	1,003.20	304.00	232.80	[7] 70.55			1,236.00	374.55
	2/14	2/17	Oman		307.50		[7] 27.60				335.10
	2/17		U.S.A.								
Committee total					15,507.24		120,324.12		3,093.42		138,924.78

[1] Per diem constitutes lodging and meals. [2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended. [3] Commercial air. [4] Roundtrip. [5] Military air. [6] Military/Commercial air. [7] Ground.

DON FUQUA, Chairman.
April 30, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, PERMANENT SELECT COMMITTEE ON INTELLIGENCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Wyche Fowler, Jr.			Africa		150.00						150.00
Committee total					150.00						150.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

EDWARD P. BOLAND, Chairman.
April 27, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO ENGLAND, BELGIUM AND ITALY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN FEB. 9 AND FEB. 16, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Albert Sayers	2/9	2/11	England	109.33	258.00		449.00				
	2/11	2/13	Belgium	7,871	228.00						228.00
	2/13	2/16	Italy	249,804	243.00						243.00
Jacob Lew	2/9	2/11	England	109.33	258.00		449.00				707.00
	2/11	2/13	Belgium	7,871	228.00						228.00
	2/13	2/16	Italy	249,804	243.00						243.00
Stephen Ariel Weiss	2/9	2/11	England	109.33	258.00		449.00				707.00
	2/11	2/13	Belgium	7,871	228.00						228.00
	2/13	2/16	Italy	249,804	243.00						243.00
Committee total					2,187.00		898.00				2,827.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

Stephen Ariel Weiss.
February 24, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO JAMAICA, PERU, ARGENTINA, BRAZIL, AND COSTA RICA, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 17, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Rita H. Hankins	1/7	1/8	Jamaica	133.41	75.00		65.40				140.40
	1/8	1/11	Peru	77,220.00	225.00		208.15				433.15
	1/11	1/13	Argentina	801,588.00	402.00		448.75		50.00		900.75
	1/13	1/16	Brazil	20,440.80	306.00		50.00		45.00		401.00
	1/16	1/17	Costa Rica	542.45	41.73		31.52		96.58		169.83
Military Transportation							8,223.18				8,223.18
Dr. James Ford	1/7	1/8	Jamaica	133.41	75.00		65.40				140.40
	1/8	1/11	Peru	77,220.00	225.00		208.15				433.15
	1/11	1/13	Argentina	801,588.00	402.00		448.75		50.00		900.75
	1/13	1/16	Brazil	20,440.80	306.00		50.00		45.00		401.00
	1/16	1/17	Costa Rica	975.00	75.00		31.52		96.58		203.10
Military Transportation							8,223.18				8,223.18
Committee total					2,132.73		18,054.00		383.16		20,569.89

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

Rita H. Hankins, Chairman
Feb. 9, 1981

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO PANAMA, NICARAGUA, COSTA RICA AND MEXICO, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAR. 11 AND MAR. 16, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. David E. Bonior	3/11	3/12	Panama		75.00						
	3/12	3/13	Nicaragua	750	75.00						
	3/13	3/15	Costa Rica	3,375	228.00						
	3/15	3/16	Mexico		150.00		[3] 3,142.00				
Hon. Robert W. Davis	3/11	3/12	Panama		75.00						
	3/12	3/13	Nicaragua	750	75.00						
	3/13	3/15	Costa Rica	3,375	225.00						
	3/15	3/16	Mexico		150.00		[3] 3,142.00				
Geoffrey A. Feiss	3/11	3/12	Panama		75.00						
	3/12	3/13	Nicaragua	750	75.00						
	3/13	3/15	Costa Rica	3,375	225.00						
	3/15	3/16	Mexico		150.00		[3] 3,142.00				
Thomas D. Martin	3/11	3/12	Panama								
	3/12	3/13	Nicaragua		75.00			715.00	71.50		
	3/13	3/15	Costa Rica		225.00			344.60	[4] 20.88		
	3/15	3/16	Mexico		150.00		[3] 3,142.00	2,590.00	[4] 112.60		
Mrs. Robert W. Davis	3/11	3/12	Panama		75.00						
	3/12	3/13	Nicaragua								
	3/13	3/15	Costa Rica								
	3/15	3/16	Mexico				[3] 3,142.00				
Committee total		2,100.00		15,710.00		204.98					

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. $ equivalent; if U.S. currency is used, enter amount expended.
[3] Military aircraft.
[4] Long distance.

DAVID E. BONIOR.
April 22, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO JAPAN, CHINA, AND HAWAII, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 17, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Dorothy A. Biard	1/7	1/10	Japan	66,000	330	([3])	5,909.83				
	1/10	1/15	China	478.28	210						
	1/15	1/17	Hawaii								
Keith Jewel	1/7	1/10	Japan	66,000	330	([3])	5,909.83				
	1/10	1/15	China	478.28	210						
	1/15	1/17	Hawaii								

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Military air.

DOROTHY A. BIARD,
January 17, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO SIERRA LEONE, NIGERIA, IVORY COAST AND SENEGAL, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 17, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Singleton McAllister	1/2	1/12	Sierra Leone	489.00	450.00						
	1/12	1/13	Nigeria	83.15	144.00						
	1/13	1/15	Ivory Coast	49,705.00	218.00						
	1/15	1/17	Senegal	65,765.00	285.00						
Barbara Tutt	1/7	1/12	Sierra Leone	489.00	450.00						
	1/12	1/13	Nigeria	83.15	144.00						
	1/13	1/15	Ivory Coast	49,705.00	218.00						
	1/15	1/17	Senegal	65,765.00	285.00						
Committee total					2,194.00						

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

Note.—Due to the fact that respective embassies have not reported transportation cost and "other expenses" it will be necessary to send an amended report.

SINGLETON McALLISTER, Employee.
Feb. 13, 1981.

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO SIERRA LEONE, NIGERIA, IVORY COAST AND SENEGAL, U.S. HOUSE OF REPRESENTATIVES EXPENDED BETWEEN JAN. 7 and JAN. 17, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Singleton McAllister	1/7	1/12	Sierra Leone	489.00	450.00						450.00
	1/12	1/13	Nigeria	83.15	144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast	49,705.00	218.00		36.88		47.76		302.64
	1/15	1/17	Senegal	65,765.00	285.00		95.95		32.55		413.50
Military transportation							6,083.56				6,083.56
Barbara Tutt	1/7	1/12	Sierra Leone	489.00	450.00						450.00
	1/12	1/13	Nigeria	83.15	144.00		25.98		25.04		195.02
	1/13	1/15	Ivory Coast	49,705.00	218.00		36.88		47.76		302.64
	1/15	1/17	Senegal	65,765.00	285.00		95.95		32.55		413.50
Military transportation							6,083.56				6,083.56
Committee total					2,194.00		12,484.74		210.70		14,889.44

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

SINGLETON McALLISTER, employee.
April 2, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, PAMELA P. IACONE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 17, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Pamela P. Iacone	1/7	1/8	Japan		110.00					22,000	110.00
	1/8	1/11	Singapore		282.00					582.89	282.00
	1/11	1/13	India		166.00					1314.70	166.00
	1/13	1/15	Egypt		150.00					105.000	150.00
	1/15	1/17	Greece		150.00					6,690.00	150.00
Department of the Air Force							11,138.20				
Committee total							11,138.20				$858.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

PAMELA P. IACONE.
March 6, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, HON. GILLIS LONG, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 9 AND JAN. 17, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Gillis Long	1/9	1/12	Brazil		262.50		313.12		47.49		623.11
	1/12	1/14	Argentina		268.00		220.56		213.19		701.75
	1/14	1/17	Peru		300.00		187.85				487.85
							[3] 1,227.00				
							[4] 2,043.67				
Committee total					830.50		3,992.20		260.68		5,083.38

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Transportation-Department of State, Washington-Brazil.
[4] Transportation-Department of Air Force—return.

GILLIS W. LONG, Chairman.
March 24, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, HON. JAMES T. MOLLOY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAR. 8 AND MAR. 11, 1981

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
James T. Molloy	3/8		Canada	269.01	225.00		104.65			269.01	329.65

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JAMES T. MOLLOY, Employee.
April 9, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, BRITISH-AMERICAN PARLIAMENTARY GROUP, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAR. 12 AND MAR. 15, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Phillip Burton	3/12	3/15	Bermuda		417.00		225.00				642.00
Robert Kastenmeier	3/12	3/15	do		318.00		225.00				543.00
Charles Rose	3/12	3/15	do		318.00		225.00				543.00
Norman Dicks	3/12	3/15	do		318.00		225.00				543.00
Clair Burgener	3/12	3/15	do		318.00		225.00				543.00
Robert Lagomarsino	3/12	3/15	do		318.00		225.00				543.00
Peter A. Abbruzzese	3/12	3/15	do		318.00		225.00				543.00
Delegation expenses and representation									233.35		233.35
Committee total					2,325.00		1,575.00				4,133.35

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

PHILLIP BURTON, Chairman.
May 1, 1981.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1312. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority as of May 1, 1981, pursuant to section 1014(e) of Public Law 93-344 (H. Doc. 97-50); to the Committee on Appropriations and ordered to be printed.

1313. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense equipment to Japan (Transmittal No. 81-44), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

1314. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend title V of the Housing Act of 1949; to the Committee on Banking, Finance and Urban Affairs.

1315. A letter from the Secretary of Housing and Urban Development, transmitting a report on the feasibility of collection data on home mortgage delinquencies on a regional basis, pursuant to section 317 of Public Law 96-399; to the Committee on Banking, Finance and Urban Affairs.

1316. A letter from the Secretary of Education, transmitting a plan for the administrative arrangements necessary to transfer the overseas dependents schools from the Department of Defense to the Department of Education, pursuant to section 302(c) of Public Law 96-88; to the Committee on Education and Labor.

1317. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to authorize appropriations for alcohol abuse and alcoholism research; to the Committee on Energy and Commerce.

1318. A letter from the Secretary of Energy, transmitting a report on motor vehicle alcohol usage, pursuant to section 272 of Public Law 96-294; to the Committee on Energy and Commerce.

1319. A letter from the Secretary, Interstate Commerce Commission, transmitting notice that the Commission is unable to render a final decision in Investigation and Suspension Docket No. 9179, *Cancellation of Intermediate Routing, Michigan Northern Railway*, within the time periods specified, pursuant to section 10327(k); to the Committee on Energy and Commerce.

1320. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting a report on the review of the U.S. Munitions List, pursuant to section 108(a) of Public Law 96-533; to the Committee on Foreign Affairs.

1321. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting a report on the advisability of amending section 620B of the Foreign Assistance Act in order to permit the issuance of licenses under section 38 of the Arms Export Control Act for the export of certain categories of items and services on the U.S. Munitions List, pursuant to section 108(b) of Public Law 96-533; to the Committee on Foreign Affairs.

1322. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Israel for permission to transfer certain U.S.-origin military equipment to Ecuador, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1323. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Thailand for permission to transfer certain U.S.-origin military equipment, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1324. A letter from the Assistant Secretary of the Treasury for Legislative Affairs, transmitting various project performance audit reports prepared by the International Bank for Reconstruction and Development, special studies prepared by the External Review and Evaluation Office of the Inter-American Development Bank, and project performance audit or completion reports prepared by the Asian Development Bank, pursuant to section 301(e)(3) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

1325. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to Australia (Transmittal No. 81-35), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1326. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to Japan (Transmittal No. 81-44), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1327. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense articles and services to Australia (Transmittal No. 81-46), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1328. A letter from the vice president, Federal Land Bank of Columbia and Federal Intermediate Credit Bank of Columbia, transmitting the annual report of the Farm Credit Retirement Plan, Columbia District, for the plan year ended August 31, 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

1329. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of a proposed new records system for the Navy, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1330. A letter from the Secretary, Mississippi River Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1980, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

1331. A letter from the treasurer general, National Society of the Daughters of the American Revolution, transmitting the society's annual audit for the fiscal year ended February 28, 1981, pursuant to Public Law 88-504; to the Committee on the Judiciary.

1332. A letter from the Secretary of Transportation, transmitting a proposed amendment to the previously submitted draft "Transit Assistance Act of 1981"; to the Committee on Public Works and Transportation.

1333. A letter from the Acting Administrator of General Services, transmitting various prospectuses proposing the lease of space, pursuant to section 7 of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

1334. A letter from the Acting Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to provide additional flexibility within the Veterans' Administration's existing medical personnel management system; to the Committee on Veterans' Affaiirs.

1335. A letter from the Attorney General, transmitting notice that the Justice Department will not defend the constitutionality of section 402(a)(19)(A)(vi) of the Social Security Act, which discriminates on the basis of gender, pursuant to section 21 of Public Law 96-132; to the Committee on Ways and Means.

1336. A letter from the Acting Chairman, Interstate Commerce Commission, transmitting a draft of proposed legislation to amend the Interstate Commerce Act (49 U.S.C. 10101 et seq.) to eliminate gender-specific language contained in the act; jointly, to the Committees on Energy and Commerce, and Pubic Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Filed May 11, 1981*]

Mr. BOLLING: Committee on Rules. House Resolution 137. Resolution providing for the consideration of and waiving points of order against H.R. 3512. A bill making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes (Rept. No. 97-33). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DE LUGO (for himself, Mr. DYMALLY, Mr. SUNIA, Mr. FORD of Tennessee, Mr. DELLUMS, Mr. CROCKETT, Mr. WON PAT, Mr. BROWN of California, Mr. YOUNG of Missouri, Mr. LOWERY of California, Mr. WEISS, Mr. MCCLOSKEY, Mr. PHILLIP BURTON, Mr. MURPHY, Mr. CONYERS, Mr. CORRADA, Mr. CARNEY, Mr. WILLIAMS of Montana, Mr. PEYSER, Mr. BINGHAM, Mr. SEIBERLING, Mrs. COLLINS of Illinois, Mr. MITCHELL of Maryland, Mr. CLAY, Mr. KILDEE, Mr. KOGOVSEK, Mr. DIXON, Mr. SIMON, Mr. OTTINGER, Mr. JOHNSTON, and Mr. SAVAGE):

H.R. 3517. A bill to authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes; to the Committee on the Judiciary

By Mr. FASCELL (for himself, Mr. BINGHAM, Mr. YATRON, Mr. BONKER, Mr. SOLARZ, Mr. MICA, Mr. WOLPE, Mr. BARNES, Mr. BROOMFIELD, Mr. DERWINSKI, Mr. PRITCHARD, and Mr. LEACH of Iowa):

H.R. 3518. A bill to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes; to the Committee on Foreign Affairs.

Mr. PRICE (for himself and Mr. DICKINSON):

H.R. 3519. A bill to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, anf for operation and maintenance, to precribe personnel strenghts for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes; to the Committee on Armed Services.

By Mr. WAXMAN (for himself, Mr. DINGELL, Mr. WIRTH, Mr. SHARP, Mr. MOFFETT, Mr. SANTINI, Mr. LUKEN, Mr. WALGREN, Ms. MIKULSKI, Mr. MOTTL, Mr. WYDEN, Mr. BROWN of Ohio, Mr. MARKS, Mr. RITTER, Mr. APPLEGATE, Mr. ATKINSON, Mr. BAILEY of Pennsylvania, Mr. BENJAMIN, Mr. BONER of Tennessee, Mr. WILLIAM J. COYNE, Mr. ERTEL, Mr. FAZIO, Mr. FITHIAN, Mr. FOGLIETTA, Mr. FORD of Michigan, Mr. FOUNTAIN, Mr. GRAY, Mr. KOGOVSEK, Mr. LAFALCE, Mr. LEATH of Texas, Mr. MOLLOHAN, Mr. MURTHA, Mr. MYERS, Mr. NOWAK, Ms. OAKAR, Mr. PEASE, Mr. PRICE, Mr. SEIBERLING, Mr. STRATTON, Mr. RAHALL, Mr. TRAXLER, Mr. WASHINGTON, Mr. WILSON, Mr. YATRON, Mr. YOUNG of Missouri, Mr. BAILEY of Missouri, Mr. BUTLER, Mr. JAMES K. COYNE, Mr. DAVIS, Mr. DOUGHERTY, Mr. FINDLEY, Mr. GILMAN, Mr. HAMMERSCHMIDT, Mr. HILLIS, Mr. MCDADE, Mr. MCEWEN, Mr. MILLER of Ohio, Mr. O'BRIEN, Mr. NELLIGAN, Mr. PURSELL, Mr. REGULA, Mr. STANTON of Ohio, Mr. WALKER, and Mr. WILLIAMS of Ohio):

H.R. 3520. A bill to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis to facilitate modernization; to the Committee on Energy and Commerce.

By Mr. COLLINS of Texas:

H.R. 3521. A bill to amend the Internal Revenue Code of 1954 to increase the amount of dividends and interest which are excluded from gross income, and to make such exclusion permanent; to the Committee on Ways and Means.

By Mr. CORCORAN:

H.R. 3522. A bill to amend the Energy Security Act to provide for funding by the Synthetic Fuels Corporation for projects which will demonstrate the technical and feasibility of new technologies for the commerical production of synthetic fuel in addition to projects solely for the commercial production of such fuels; jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

By Mr. JAMES K. COYNE:

H.R. 3523. A bill to amend the Internal Revenue Code of 1954 to provide a deduction for amounts paid into an education savings account; to the Committee on Ways and Means.

By Mr. DIXON (for himself, Mr. BEILENSON, Mr. WAXMAN, Mr. FRANK, Mr. WEISS, Mr. BARNES, Mr. BINGHAM, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mrs. CHISHOLM, Mr. CONYERS, Mr. DELLUMS, Mr. FAUNTROY, Mr. FAZIO. Mr. GARCIA, Mr. GREEN, Mr. LOWRY of Washington, Mr. MCKINNEY, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. OTTINGER, Mr. RICHMOND, Mr. SABO, Mr. STARK, and Mr. STUDDS):

H.R. 3524. A bill to repeal section 202(a)(4) of the Immigration and Nationality Act, as amended, and for other purposes; to the Committee on the Judiciary.

By Mr. DASCHLE:

H.R. 3525. A bill to amend the Internal Revenue Code of 1954 to eliminate certain tax expenditures; to the Committee on Ways and Means.

By Mr. DERWINSKI (for himself, Mr. ADDABBO, Mr. ALBOSTA, Mr. ANNUNZIO, Mr. BEARD, Mr. BENJAMIN, Mr. BURGENER, Mr. CHAPPELL, Mr. COLLINS of Texas, Mr. CONTE, Mr. COUGHLIN, Mr. PHILIP M. CRANE, Mr. DANIEL B. CRANE, Mr. DANNEMEYER, Mr. DORNAN of California, Mr. DOUGHERTY, Mr. DUNCAN, Mr. EDWARDS of Oklahoma, Mr. ERTEL, Mr. FARY, Mr. FOGLIETTA, Mr. FORSYTHE, Mr. GILMAN, Mr. GINGRICH, Mr. GONZALEZ, Mr. HANSEN of Idaho, Mr. HERTEL, Mr. HOLLENBECK, Mrs. HOLT, Mr. HORTON, Mr. HYDE, Mr. JACOBS, Mr. JOHNSTON, Mr. KRAMER, Mr. LAGOMARSINO, Mr. LEBOUTILLIER, Mr. LOWERY of California, Ms. MARTIN of Illinois, Mr. MCCLORY, Mr. MCDONALD, Mr. MITCHELL of New York, Mr. MOAKLEY, Mr. MONTGOMERY, Mr. MURPHY, Mr. OBERSTAR, Mr. OTTINGER, Mr. PASHAYAN, Mr. PAUL, Mr. PEPPER, Mr. ROE, Mr. RUDD, Mr. RUSSO, Mr. SCHEUER, Mr. SENSENBRENNER, Mr. SMITH of New Jersey, Mr. STUMP, Mr. UDALL, Mr. WEISS, Mr. WHITEHURST, Mr. WILSON, Mr. WINN, Mr. WOLF, Mr. WOLPE, and Mr. WON PAT):

H.R. 3526. A bill to authorize the construction and maintenance of the General Draza Mihailovich Memorial in Washington, District of Columbia, in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II; to the Committee on House Administration.

By Mr. DOWNEY:

H.R. 3527. A bill to eliminate discrimination with regard to mental illness under medicare; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. FRANK:

H.R. 3528. A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions, and for other purposes; to the Committee on the Judiciary.

H.R. 3529. A bill to amend the Internal Revenue Code of 1954 to exempt from the communications services excise tax telephone facilities designed for individuals who are deaf or hearing impaired; to the Committee on Ways and Means.

By Mr. FRANK (for himself, Mr. MOAKLEY. Mr. RAILSBACK, Mr. PEPPER, Mr. BUTLER, Mr. PHILLIP BURTON, Mr. FAZIO, Mr. RICHMOND, Mr. FRENZEL, Mr. VENTO, and Mr. SAWYER):

H.R. 3530. A bill to amend the copywright laws to strengthen the laws against record, tape, and film piracy and counterfeiting, and for other purposes.; the Committee on the Judiciary.

By Mr. GARCIA:

H.R. 3531. A bill to provide for the issuance in the year 1983 of a commemorative postage stamp in honor of the world famous Staten Island Ferry; to the Committee on Post Office and Civil Service.

H.R. 3532. A bill to provide for the issuance of a commemorative postage stamp to honor Roberto Clemente; to the Committee on Post Office and Civil Service.

By Mr. GARCIA (for himself, Mrs. CHISHOLM Mr. MITCHELL of Mary-

land, Mr. LOWRY of Washington, Mr. CORRADA, Mr. SIMON, Mr. WEISS, Mr. STOKES, Mr. PEPPER, Mr. WON PAT, Mr. HORTON, Mr. CONYERS, and Mrs. COLLINS of Illinois):

H.R. 3533. A bill to provide for s study to be conducted by the Secretary of Agriculture to determine the costs and feasibility of amending the National School Lunch Act so as to permit free lunches to be served to all children attending school under the jurisdiction of a local educational agency in which at least 60 percent of the children attending such schools are otherwise eligible for such lunches; to the Committee on Education and Labor.

By Mr. GONZALEZ (for himself, Mr. ST GERMAIN, Mr. FAUNTROY, Mr. VENTO, Mr. GARCIA, Mr. LOWRY of Washington, Mr. MITCHELL of Maryland, Mr. SCHUMER, Mr. FRANK, and Mr. WILLIAM J. COYNE):

H.R. 3534. A bill to amend and extend certain Federal laws which establish housing and community and neighborhood development and preservation programs, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GUARINI:

H.R. 3535. A bill to amend the Internal Revenue Code of 1954 to allow the investment tax credit for certain rehabilitated building leased to tax-exempt organizations or to government units; to the Committee on Ways and Means.

By Mr. HAMMERSCHMIDT:

H.R. 3536. A bill to amend title 38, United States Code, to permit veterans freedom of choice as to how certain drugs and medicines will be supplied to them; to the Committee on Veterans' Affairs.

By Mr. HOWARD (for himself, Mr. CALUSEN, Mr. ROE, and Mr. HAMMERSCHMIDT):

H.R. 3537. A bill to amend the Disaster Relief Act of 1974 relating to the State and local governmental share of the cost of disaster assistance, the rental of temporary housing, and to authorize funds for fiscal year 1982; to the Committee on Public Works and Transportation.

By Mr. LAFALCE:

H.R. 3538. A bill to amend the Internal Revenue Code of 1954 relating to the application of DISC rules to export trading companies, and for other purposes; to the Committee on Ways and Means.

By Mr. LATTA:

H.R. 3539. A bill to amend the Internal Revenue Code of 1954 to allow certain married individuals who file separate returns to be taxed as unmarried individuals; to the Committee on Ways and Means.

H.R. 3540. A bill to provide for the safeguarding of taxpayer rights, and for other purposes; to the Committee on Ways and Means.

By Mr. LIVINGSTON:

H.R. 3541. A bill to amend title 18 of the United States Code to establish rational criteria for the imposition of the sentence of death, and for other purposes; to the Committee on the Judiciary.

By Mr. MARRIOTT (for himself, Mr. HANSEN of Utah, Mr. DANNEMEYER, Mr. YOUNG of Alaska, and Mr. STUMP):

H.R. 3542. A bill to clarify the intent of Congress in connection with certain school grant indemnity land statutes and the Taylor Grazing Act; to the Committee on Interior and Insular Affairs.

By Mr. MICA:

H.R. 3543. A bill to amend title II of the Social Security Act to increase to $10,000 in 1981 (with automatic adjustments thereafter) the annual amount of outside earnings which a beneficiary (of any age) may have without suffering deductions from benefits thereunder; to the Committee on Ways and Means.

H.R. 3544. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. MINISH:

H.R. 3545. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income a certain amount of interest earned on the All Savers Certificate offered only at savings institutions; to the Committee on Ways and Means.

By Mr. MYERS:

H.R. 3546. A bill to amend section 1725 of title 18, United States Code, to permit newspapers and magazines on which no postage has been paid to be deposited in letter boxes; to the Committees on the Judiciary and Post Office and Civil Service.

By Mr. PICKLE:

H.R. 3547. A bill to amend the Internal Revenue Code to restore to savings and loan associations and other organizations to which section 593 applies, the full amount of the section 38 investment tax credit, and for other purposes; to the Committee on Ways and Means.

By Mr. PRICE (for himself and Mr. DICKINSON) (by request):

H.R. 3548. A bill to amend title 10, United States Code, to provide that companies of the Corps of Cadets of the U.S. Military Academy may be commanded by commissioned officers of the Navy, Air Force, and Marine Corps, as well as by commissioned officers of the Army; to the Committee on Armed Services.

By Mr. SANTINI:

H.R. 3549. A bill to authorize the recreational use of Ruby Lake National Wildlife Refuge in the State of Nevada; to the Committee on Merchant Marine and Fisheries.

By Mr. SAVAGE:

H.R. 3550. A bill to establish an award to be made annually by the President to the amateur athlete who best represents the ideals symbolized by the life and career of former world heavyweight boxing champion Joe Louis; to the Committee on Banking, Finance and Urban Affairs.

H.R. 3551. A bill to direct the U.S. Postal Service to provide and sell a postage stamp issue to commemorate the life and achievements of former world heavyweight boxing champion Joe Louis; to the Committee on Post Office and Civil Service.

By Mr. STANTON of Ohio (by request):

H.R. 3552. A bill to amend title V of the Housing Act of 1949; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WHITE:

H.R. 3553. A bill to permit the Tigua Indian Tribe of Texas to file with the U.S. Court of Claims any claim of such tribe for compensation for lands allegedly taken from such tribe by the United States without the payment of adequate compensation; to the Committee on Interior and Insular Affairs.

By Mr. WHITE (for himself and Mrs. HOLT):

H.R. 3554. A bill to amend chapter 55 of title 10, United States Code, to authorize the provision of full dental care benefits to dependents of members of the uniformed services on active duty under the civilian health and medical program of the uniformed services and in facilities of the uniformed services, and for other purposes; to the Committee on Armed Services.

By Mr. WHITEHURST:

H.R. 3555. A bill to authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the U.S. Army at the end of World War II; to the Committee on Armed Services.

By Mr. WILLIAMS of Montana:

H.R. 3556. A bill to seal the ballots in Presidential elections until all polling places are closed; to the Committee on House Administration.

H.R. 3557. A bill to provide a uniform time for the closing of polling places in all regular elections of Representatives to Congress, U.S. Senators, and electors of the President and Vice President of the United States; to the Committee on House Administration.

By Mr. COLLINS of Texas:

H.R. 3558. A bill to eliminate the requirement under section 107 of the Natural Gas Policy Act of 1978 that the price allowable under that section is permitted only if elected in lieu of any tax incentive allowed for the production of the natural gas involved; to the Committee on Energy and Commerce.

By Mr. FLORIO (for himself, Mr. SCHEUER and Mr. MOFFETT):

H.R. 3559. A bill to provide the Consolidated Rail Corporation with the opportunity to become a profitable corporation, to provide for the transfer of commuter service presently operated by Conrail, and for other purposes; to the Committee on Energy and Commerce.

By Mr. KASTENMEIER:

H.R. 3560. A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions, and for other purposes; to the Committee on the Judiciary.

By Mr. MONTGOMERY (by request):

H.R. 3561. A bill to amend title 38, United States Code, to provide additional flexibility within the Veterans' Administration's existing medical personnel management system; to the Committee on Veterans' Affairs.

By Mr. MINETA (by request):

H.R. 3562. A bill to terminate functions of the Civil Aeronautics Board and to transfer certain functions of the Board to the Secretary of Transportation, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. HOLLAND:

H.J. Res. 252. Joint resolution designating the week beginning September 20, 1981, as "Positive Mental Attitude Week"; to the Committee on Post Office and Civil Service.

By Mr. SAVAGE:

H.J. Res. 253. Joint resolution to designate May 13, 1982, as "Joe Louis Day"; to the Committee on Post Office and Civil Service.

By Mr. McDONALD:

H. Con. Res. 129. Concurrent resolution expressing the sense of the Congress that the United States terminate diplomatic relations with Soviet-sponsored Government of Afghanistan; to the Committee on Foreign Affairs.

By Mr. SAVAGE:

H. Con. Res. 130. Concurrent resolution expressing the sense of the Congress that the President should award posthumously the Presidential Medal of Freedom to former world heavyweight boxing champion Joe Louis; to the Committee on Post Office and Civil Service.

H. Con. Res. 131. Concurrent resolution to express the sorrow of the Congress upon the death of former world heavyweight boxing champion Joe Louis; to the Committee on Post Office and Civil Service.

H. Con. Res. 132. Resolution expressing the sense of the Congress that the Secretary of the Army should place at the grave of former world heavyweight boxing champion Joe Louis in Arlington National Cemetery a plaque honoring his distinguished life and career; to the Committee on Veterans' Affairs.

By Mr. FAUNTROY (for himself and Mr. MITCHELL of Maryland):

H. Res. 138. Resolution expressing the sense of the House of Representatives concerning the resurgence of violence against members of religious, ethnic and racial minority groups, and requesting the President to take certain actions; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

71. By the SPEAKER: A memorial of the Legislature of the State of California, relative to the closure of McClellan Air Force Base; to the Committee on Armed Services.

72. Also, a memorial of the House of Representatives of the State of Hawaii, relative to CETA; to the Committee on Education and Labor.

73. Also, a memorial of the House of Representatives of the State of Rhode Island, relative to designating "National Forgotten Victims Week"; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUTLER:

H.R. 3563. A bill for the relief of Rev. Carl T. Tinsley and Yvonne P. Tinsley; to the Committee on the Judiciary.

By Mr. GINN:

H.R. 3564. A bill for the relief of Hoyt W. Brown; to the Committee on Armed Services.

By Mr. YOUNG of Florida:

H.R. 3565. A bill to authorize the President to appoint John E. Tsavaris, U.S. Navy Reserves retired, to the grade of rear admiral on the Reserves retired list; to the Committee on Armed Services.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1: Mr. BEILENSON, Mr. RINALDO, and Mr. WYDEN.

H.R. 27: Mr. GOODLING and Mr. SHARP.

H.R. 248: Mr. ROE.

H.R. 316: Mr. MADIGAN, Mr. SOLOMON, Mr. Levitas, Mr. GOODLING, Mr. BROWN of Colorado, Mr. CHAPPELL, Mr. RUDD, Mr. YOUNG of Missouri, Mr. MAZZOLI, Mr. NICHOLS, Mr. DAUB, Mr. BEREUTER, Mr. CLAUSEN, Mr. SUNIA, Mr. PEPPER, Mr. MCCOLLUM, Mr. DYSON, and Mr. GUNDERSON.

H.R. 484: Mr. ROBINSON.

H.R. 741: Mr. LOWERY of California.

H.R. 822: Mr. MITCHELL of Maryland.

H.R. 835: Mr. SIMON.

H.R. 924: Mr. RICHMOND.

H.R. 934: Mr. SAVAGE.

H.R. 980: Mr. RUDD.

H.R. 982: Mr. MILLER of Ohio.

H.R. 1005: Mr. GREGG, Mr. LUKEN, Mr. NEAL, Mr. BROYHILL, and Mr. ANTHONY.

H.R. 1400: Mr. COELHO.

H.R. 1454: Mr. MARKEY and Mrs. COLLINS of Illinois.

H.R. 1641: Mrs. FENWICK.

H.R. 1643: Mr. JEFFRIES, Mr. MARTIN of New York, Mr. BURGENER, and Mr. BEREUTER.

H.R. 1648: Mr. BEVILL, Mr. CONYERS, Mr. JAMES K. COYNE, Mr. DAVIS, Mr. DWYER, Mr. EVANS of Georgia, Mr. FISH, Mr. GOLDWATER, Mr. GOODLING, Mr. GRAY, Mr. HOLLENBECK, Mr. LEHMAN, Mr. LOWRY of Washington, Mr. MARRIOTT, Mr. MATSUI, Mr. MILLER of California, Mr. PASHAYAN, Mr. RICHMOND, Mr. SHUMWAY, Mr. SMITH of New Jersey, Mr. STENHOLM, Mr. WATKINS, Mr. WEBER of Ohio, Mr. WHITEHURST, and Mr. WORTLEY.

H.R. 1711: Mr. GOODLING.

H.R. 1864: Mr. HANCE.

H.R. 1918: Mr. MURPHY.

H.R. 1981: Mr. LOTT, Mr. ALBOSTA, Mr. ATKINSON, Mr. BADHAM, Mr. BAFALIS, Mr. BENNETT, Mr. BARNARD, Mr. BEVILL, Mr. BLILEY, Mr. BOWEN, Mr. BROWN of Colorado, Mr. BROYHILL, Mr. BURGENER, Mr. CAMPBELL, Mr. CORCORAN, Mr. JAMES K. COYNE, Mr. DAN DANIEL, Mr. ROBERT W. DANIEL, Jr., Mr. DE LA GARZA, Mr. DYSON, Mr. EDWARDS of Alabama, Mr. EDWARDS of Oklahoma, Mr. ERLENBORN, Mr. EVANS of Georgia, Mr. EVANS of Delaware, Mr. FOUNTAIN, Mr. FROST, Mr. FUQUA, Mr. GLICKMAN, Mr. GOLDWATER, Mr. HATCHER, Mr. HEFTEL, Mr. HIGHTOWER, Mrs. HOLT, Mr. HUBBARD, Mr. HUTTO, Mr. KRAMER, Mr. LAGOMARSINO, Mr. LEBOUTILLIER, Mr. LEVITAS, Mr. LIVINGSTON, Mr. LUJAN, Mr. MADIGAN, Mr. MCKINNEY, Mr. MONTGOMERY, Mr. MOORE, Mr. MURPHY, Mr. NELSON, Mr. NICHOLS, Mr. PARRIS, Mr. PATMAN, Mr. PATTERSON, Mr. SIMON, Mr. STENHOLM, Mr. STRATTON, Mr. WALKER, Mr. WATKINS, Mr. WEBER of Minnesota, Mr. WHITEHURST, Mr. WHITLEY, and Mr. WILSON.

H.R. 2034: Mr. BEARD, Mr. CONTE, Mr. D'AMOURS, Mr. DONNELLY, Mr. DORNAN of California, Mr. EVANS of Indiana, Mr. GINGRICH, Mr. GUNDERSON, Mr. HAMMERSCHMIDT, Mr. JONES of Tennessee, Mr. LEBOUTILLIER, Mr. MOLLOHAN, Mr. MONTGOMERY, Mr. MURTHA, Mr. PASHAYAN, Mr. PRITCHARD, Mr. SYNAR, and Mr. ZEFERETTTI.

H.R. 2039: Mr. MOTTL and Mr. SMITH of New Jersey.

H.R. 2121: Mr. WEAVER.

H.R. 2136: Mr. BONER of Tennessee, Mr. MOTTL, Mr. DUNN, and Mr. SMITH of New Jersey.

H.R. 2163: Mr. JAMES K. COYNE, Mr. MARRIOTT, Mr. NELLIGAN, and Mr. GOODLING.

H.R. 2389: Mr. PASHAYAN, Mr. JOHNSTON, and Mr. SMITH of New Jersey.

H.R. 2472: Mr. PICKLE, Mr. HANCE, and Mr. MINETA.

H.R. 2473: Mr. AUCOIN and Mr. LEWIS.

H.R. 2812: Mr. COLLINS of Texas, Mr. FRENZEL, Mr. KINDNESS, Mr. LAGOMARSINO, Mr. PASHAYAN, and Mr. WHITEHURST.

H.R. 2878: Mr. ANTHONY.

H.R. 3019: Mr. GARCIA, Mr. DWYER, and Mr. WEISS.

H.R. 3075: Mrs. ROUKEMA and Mr. LEBOUTILLIER.

H.R. 3112: Mr. BRODHEAD, Mr. PHILLIP BURTON, Mr. WILLIAM J. COYNE, Mr. DENARDIS, Mr. DOWNEY, Mr. DWYER, Mr. FOGLIETTA, Mr. FORD of Michigan, Mr. HAWKINS, Mr. JACOBS, Mr. LELAND, Mr. LONG of Maryland, Mr. LOWRY of Washington, Mr. MAZZOLI, Mr. MILLER of California, Mr. RAHALL, Mr. RATCHFORD, Mr. SAVAGE, Mr. SIMON, Mr. STARK, Mr. VENTO, Mr. WEISS, Mr. WIRTH, and Mr. WON PAT.

H.R. 3117: Mr. RINALDO and Mr. WON PAT.

H.R. 3144: Mr. DANNEMEYER, Mr. LAGOMARSINO, Mr. PASHAYAN, and Mr. BROWN of California.

H.R. 3158: Mr. HAMILTON.

H.R. 3177: Mr. ANTHONY.

H.R. 3220: Mr. SIMON.

H.R. 3288: Mr. MINETA.

H.R. 3298: Mr. LAGOMARSINO, Mr. FOGLIETTA, Mr. SPENCE, Mr. RAHALL, Mr. LUJAN, Mr. SAM B. HALL, JR., Mr. EDGAR, Mr. CHAPPELL, Mr. RUDD, Mr. DOUGHERTY, Mr. LEWIS, Mr. LAFALCE, Mr. BURGENER, Mr. DORNAN of California, Mr. DREIER and Mr. CLAUSEN.

H.R. 3443: Mr. HEFTEL.

H.R. 3499: Mr. COELHO.

H.J. Res. 50: Mr. DECKARD.

H.J. Res. 128: Mr. CLINGER, Mr. DE LA GARZA, Mrs. HECKLER, Mr. HIGHTOWER, Mr. JOHNSTON, Mr. MARTIN of North Carolina, Mr. MINETA, Mr. O'BRIEN, Mr. PETRI, Mr. RODINO, Mr. ROEMER, Mr. SIMON, Mr. SUNIA, Mr. SYNAR, and Mr. TAUZIN.

H.J. Res. 221: Mr. UDALL.

H. Res. 29: Mr. FORSYTHE, Mr. GINGRICH, Mr. PARRIS, Mr. PAUL, Mr. RUDD, and Mr. WHITEHURST.

H. Res. 48: Mrs. BOUQUARD and Mr. GILMAN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

80. By the SPEAKER: Petition of the council, New York, N.Y., relative to the U.S. Public Health Hospital, Staten Island, N.Y.; to the Committee on Energy and Commerce.

81. Also, petition of the Embassy of Nicaragua, Washington, D.C., relative to peace in Central America; to the Committee on Foreign Affairs.

82. Also, petition of the Santa Rosa Democratic Club, Santa Rosa, Calif., relative to the Legal Services Corporation; to the Committee on the Judiciary.

83. Also, petition of Samual E. Hayes, Jr., majority leader, Pennsylvania House of Representatives, Harrisburg, relative to legislators' tax home legislation; to the Committee on Ways and Means.

SENATE—*Tuesday, May 12, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by Hon. CHARLES E. GRASSLEY, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Let us pray.

Almighty God, sovereign Lord for whom history is the unfolding of Thy purpose, Thou hast a plan for the nations and for each of us individually. As a sparrow's fall does not escape Thy notice, certainly no business done in this place is of indifference to Thee.

Thy will concerns all things infinite and infinitesimal. Thou art a God of the microcosm as well as the macrocosm. We have no secrets from Thee. Our thoughts, our words yet unspoken, our desires are known to Thee. Lead us in Thy way, O God, and help us by Thy Holy Spirit's wisdom and guidance to do Thy will in all things today. Through Jesus Christ our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 12, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CHARLES E. GRASSLEY, a Senator from the State of Iowa, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. GRASSLEY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the acting majority leader is recognized for not to exceed 5 minutes.

THE JOURNAL

Mr. ANDREWS. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ANDREWS. Mr. President, I ask unanimous consent that following the time allocated to the two leaders under the standing order there be a period for the transaction of routine morning business not to extend beyond 9:30 a.m. with Senators permitted to speak therein.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the acting minority leader is recognized for a period not to exceed 5 minutes.

The Senator from Ohio.

Mr. METZENBAUM. Mr. President, will the acting majority leader yield for a question?

Mr. ANDREWS. I am happy to yield.

Mr. METZENBAUM. Mr. President, I am prepared to yield back my time if the acting majority leader is prepared to yield back his time. It appears that neither of us is prepared to address the Senate on any issue of concern.

Mr. ANDREWS. Mr. President, I have full intention of yielding back my time, may I assure the acting minority leader.

Mr. METZENBAUM. Mr. President, on behalf of the minority leader, I yield back that time available.

Mr. ANDREWS. Mr. President, I yield back the time on my side.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business.

Mr. ANDREWS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

S. 1162—EXPANDED OWNERSHIP ACT OF 1981

Mr. LONG. Mr. President, on behalf of myself and a rather formidable number of cosponsors, I introduce a bill dealing with employee stock ownership, for appropriate reference.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill, S. 1162, to amend the Internal Revenue Code of 1954 to increase the allowable contributions to employee stock ownership plans, to provide a credit against tax for contributions to an employee stock ownership plan based upon payroll as an alternative to that based on investment in equipment, and for other purposes, introduced by Mr. LONG, for himself, Mr. BAUCUS, Mr. BENTSEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. CRANSTON, Mr. DANFORTH, Mr. DECONCINI, Mr. DIXON, Mr. DURENBERGER, Mr. EAGLETON, Mr. HATFIELD, Mr. HEFLIN, Mr. INOUYE, Mr. JOHNSTON, Mr. KASTEN, Mr. LEVIN, Mr. MATHIAS, Mr. MATSUNAGA, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. TOWER, Mr. TSONGAS, and Mr. ZORINSKY, was referred to the Committee on Finance.

Mr. LONG. Mr. President, over the next several months there will be much discussion and debate over which approach we should take in reforming our tax laws to promote the productivity of American business and to provide relief to American taxpayers. The approach we choose will be a major factor in determining the economic direction in which this Nation will move over the next decade.

In setting that direction, let us take the time to form a clear vision of the kind of society we wish this Nation to become. Only then should we enact the type of tax reform that will shape our economic lives during the 1980's.

The vision that this bill suggests is one of expanded capital ownership. As we enact incentives for new capital formation we should also enact incentives that will enlarge the number of Americans who share a personal stake in our free enterprise system.

Years ago we recognized that widespread ownership was important. At one time agricultural land was the dominant form of productive capital and the Federal Government, in legislation such as the Homestead Act of 1862, took steps to insure that the opportunity to own such capital was within the reach of all.

Capitalism's land frontier, however, is long since closed, and our industrial revolution is now more than a century old. Unfortunately, at least for those of us who see free-enterprise capitalism as better than any of its alternatives, we did not finance our industrial growth of the past century in such a way that it would be broadly owned.

This bill suggests that we not continue that shortsighted approach. Instead, we can begin to promote a type of capitalism that is true to its democratic roots, and true to the American tradition of widespread participation.

Our free enterprise system is not work-

ing well enough; its remarkable vitality and adaptability are declining. Yet there is no evidence of a better economic alternative. A primary problem, and a problem this bill addresses, is that so few Americans share a personal ownership stake in the system.

EXPANDED OWNERSHIP AS A NATIONAL ECONOMIC GOAL

The encouragement of expanded capital ownership does not mean the redistribution of existing wealth. The intent is not to take from those who own to give to those who do not. Rather, the intent is to provide incentives for newly created capital to be more broadly owned.

The economic strength and political stability of this Nation stem largely from our commitment to a private property, free enterprise philosophy. To date, however, we have not encouraged the use of financial techniques designed to provide widespread access to capital ownership. Consequently, in this, the world's most avowedly "capitalist" nation, we have only a scanty sprinkling of capitalists.

In 1976, for example, the Joint Economic Committee studied this ownership issue and found that 50 percent of the market value of individually owned corporate stock in the United States is held by just 1 percent of the U.S. population, and 6 percent own more than 80 percent.

Similarly, 1 percent receive 47 percent of all dividends. The committee also cited a 1972 study indicating that 55 percent of American households have a net worth of less than $10,000, and 12 percent, or 1 in every 8, have a net worth of $1,000 or less. This concentration of wealth is not only unjust, it is also harmful to the successful operation of a market economy.

The financial press estimates that productive wealth by the end of this century will increase by $2 to $4 trillion. Unless this Congress develops incentives to spread this newly created wealth more broadly among our citizens, the historical pattern will continue and the great bulk of that new wealth will accrue largely to the top wealthholders.

This likelihood led the Joint Economic Committee to conclude in its 1976 annual report:

> To provide a realistic opportunity for more U.S. citizens to become owners of capital, and to provide an expanded source of equity financing for corporations, it should be made national policy to pursue the goal of broadened capital ownership.

Expanded ownership is a bipartisan issue, one that cuts across party lines in an attempt to bring out the best in our free enterprise approach to economic matters. As the 1980 Republican platform reminds us, "The widespread distribution of private property ownership is the cornerstone of American liberty. Without it neither our free enterprise system nor our Republican form of Government could long endure."

Consequently, the 1980 Republican platform pledges the Reagan administration "to help millions of Americans * * * to share in the ownership of the wealth of their nation." President Nixon included a similar pledge in his 1970 state of the Union address in which he suggested:

> We must adopt reforms which will expand the range of opportunities for all Americans. . . . This means . . . new opportunities for expanded ownership, because in order to be secure in their human rights people need access to property rights.

Similarly, President Reagan, in a July 1974 speech to the Young Americans for Freedom, explained the historical precedent for a national policy of expanded ownership and endorsed the uniquely American opportunity that such a policy would represent:

> Over one hundred years ago, Abraham Lincoln signed the Homestead Act. There was a wide distribution of land and they didn't confiscate anyone's already owned land. They did not take from those who owned and give to others who did not own. It set the pattern for the American capitalist system. We need an Industrial Homestead Act. . . . I know that plans have been suggested in the past and they all had one flaw.
>
> They were based on making present owners give up some of their ownership to the non-owners. Now this isn't true of the ideas that are being talked about today.
>
> Very simply, these business leaders have come to the realization that it is time to formulate a plan to accelerate economic growth and production and at the same time broaden the ownership of productive capital. The American dream has always been to have a piece of the action.

In a similar vein, Senator Hubert Humphrey explained his support of expanded ownership in a letter to the editor of the Washington Post not long before his death:

> Throughout my career as a public servant, I have viewed full employment as a top priority goal for this country. And I continue to do so. But I recognize that capital, and the question of who owns it and therefore reaps the benefit of its productiveness, is an extremely important issue that is complementary to the issue of full employment.
>
> I see these as twin pillars of our economy: Full employment of our labor resources and widespread ownership of our capital resources. Such twin pillars would go a long way in providing a firm underlying support for future economic growth that would be equitably shared.

Since 1973, the Congress has passed, and three separate administrations have signed into law, 14 bills promoting the use of employee stock ownership plans (ESOPs) as a means to expand the ownership of productive capital. In addition, in the Tax Reduction Act of 1976, Congress made clear its interest "* * * in encouraging employee stock ownership plans as a bold and innovative method of strengthening the free private enterprise system which will solve the dual problems of securing capital funds for necessary capital growth and of bringing about stock ownership by all corporate employees."

This bill continues this bipartisan congressional policy by providing additional incentives for companies to finance their growth or transfers in ownership in such a way that their employees will share a stake in the enterprise for which they work.

RELIEVING THE FISCAL STRAIN

A strong case for expanded ownership could be made on equitable grounds alone—or on motivational grounds alone. Certainly a nation that puts its faith in a private enterprise system should conduct its tax policy so as to insure that the voting public has a personal stake in that system. In addition, we should consider the possible long-term effect of transforming the American economy into one in which the vast majority have the interest and the incentive of capital ownership.

Rather than creating a constituency for private property capitalism, however, we have been steadily adding people to the "income security" rolls, to the make-work rolls, and to the countless other transfer programs designed to disguise the onus of welfare. This is not the direction in which Federal tax policy should encourage the American economy to move.

Only recently have the consequences of this shortsighted approach begun to surface. The fiscal strains are the most obvious, with the growth of Federal transfer programs revealing one troublesome dimension of the problem.

In 1960, these payments to individuals totaled 26.4 percent of total budget outlays; by 1980, they had skyrocketed to more than 50 percent; $27 billion was paid out in 1960; by 1980, these costs had risen to more than $284 billion.

Just since 1970, transfer payments have grown more than $200 billion. As a proportion of total U.S. wages, such payments have increased 250 percent since 1970—currently 20.2 percent, up from 8.1 percent only 10 years ago.

During the past 20 years, our population has increased by only 23.3 percent. The Federal budget, however, has risen 528 percent. These trends simply must be reversed.

One of the most disturbing indictments of the present state of our private property system is provided by the National Bureau of Economic Research which reports that for the majority of American families, their most important "wealth" is now their entitlements under our pay-as-you-go social security system.

It is a shortsighted strategy for our private property economy to so structure its affairs that the most important "wealth" held by the bulk of Americans is an entitlement to future Government transfer payments. No one wants to be a ward of charity, and no one wants to carry a stranger on his back economically.

Yet three-fifths of our elderly currently derive more than one-half of their income from social security. Our long-term tax strategy should not be one that leaves most Americans dependent for their subsistence on a system under which they give to each other under Government duress or take from each other with Government assistance.

Reversing our drift in the direction of ever-increasing Government redistribution will not be an easy task. As a modest first step, this bill suggests that the private sector be encouraged to finance its capital requirements in such a way

as to promote the economic self-sufficiency of an ever-expanding number of American households.

The best way to reduce Government spending over the long term is to reduce the need for Government spending. Thus, this bill suggests that as we enact incentives for expansion of the Nation's investment base, we should also enact incentives for expansion of the Nation's ownership base.

CREATING A CONSTITUENCY FOR CAPITALISM

We cannot spend our way out of inflation. We will make no real impact on inflation until we make a real impact on new capital investment. It takes capital growth to have any long-term effect on productivity. It also takes an enormous amount of new capital to create private sector job opportunities. If the private sector is to provide the number of jobs needed, it simply must have the financial means to develop and acquire the new tools and equipment that such jobs require.

With our current "supply-side" focus on the economy, the productive wealth of this Nation will almost certainly increase.

Indeed, the productivity-oriented tax incentives now under consideration are specifically designed to promote the growth of investment that otherwise would not occur.

At present, the economic pie available to be divided is contracting rather than expanding. Thus, in order for any one segment of the population to have more, some other segment must, by definition, settle for less. The only way for everyone to have more is to restore the economy to a pattern of sustained economic growth.

However, if we are to win in this hard-fought battle against inflation, we would do well to create a widespread unity of interest—a spirit of cooperation and compromise.

Yet how are we to enlist this cooperative effort unless a substantial majority of mainstream Americans feel that they have a personal stake in the supply-side measures we adopt?

Passage of this bill would help enlist that cooperation by providing a way for more Americans to share in the fruits of this investment-oriented tax reform.

This approach cannot only lay a foundation for economic growth that will be more equitably shared, it can also foster better relations between management and labor.

Expanded ownership could serve as a new stabilizing element, an element that may encourage these traditional foes to act more in the national interest by beginning to operate more in that much-needed spirit of cooperation and compromise.

Unions have got to find new ways to deliver victories to their members and management has got to find new ways to deal with union demands. Employee stock ownership provides a fruitful new area in which these traditional adversaries can resolve their differences.

This approach would also help create a stronger political base for our endangered private property system. If we are reasonably to expect the taxpaying public to support private property capitalism, then capitalism should itself be designed to support the taxpayer's reasonable access to capital ownership.

By taking this modest step in the direction of expanded ownership, we would be indicating to the American public that, yes, we in the 97th Congress really do believe that ownership counts.

Rather than continuing to pay only rhetorical homage to the idea of private property ownership, this bill helps to reduce that rhetoric to reality by offering a program of tax incentives designed to once again enable working Americans to share in a piece of the action.

TOWARD A PRIVATE SECTOR SOLUTION

Expanded ownership is a matter of alternatives. Which economic course should we follow? The trend toward ever-increasing transfer payments is a trend that clearly must be reversed. Yet how can this be accomplished without simultaneously promoting widespread economic self-sufficiency?

Similarly, we must reverse the trend toward public sector employment. One of every six working Americans is currently employed at taxpayer expense, and the Labor Department reports that during 1979 one out of every three new jobs was created in the public sector. In 1960, the Federal Government's payroll was less than $13 billion; it is now $75 billion.

Without continued public spending, we cannot maintain these people in the new jobs to which they have been drawn by the inflationary spending of the past. We find ourselves running faster and faster to keep people employed in artificially created jobs, and inflation proceeds at an ever-accelerating pace.

This approach stems, in part, from the belief in the deliberate stimulation of aggregate demand as a means of creating full employment. But to blindly follow that approach requires that we elevate the tax system and Government-stimulated demand to a position higher than the Nation's wealth-production system, upon which all tax revenues and everyone's ultimate standard of living depend. It is production that creates income and only income that can be taxed or spent.

The expanded ownership concept suggests that continued heavy reliance on taxation and Government spending is not a sound long-term approach to maintaining market demand and economic growth in a private property economy.

Our long-term tax strategy should offer incentives for the private sector itself, as the principal producer of goods and services in the economy, to become a more direct and efficient distributor of the purchasing power needed to consume those goods and services.

We can begin to move in that direction by encouraging companies to finance newly formed capital so that it is broadly owned, and then encouraging those companies to make a substantial payout of the earnings on that capital in order to put purchasing power into consumers' hands.

RESTORING MARKET MECHANISMS

Market mechanisms reward productivity—the ability to produce a product or a service to meet market demand. Productivity is, in part, dependent upon individual effort. However, and this is particularly true of our crucial industrial infrastructure, to a great extent productivity is dependent on technological advances and efficiencies converted to productive capital.

Since the dawn of the Industrial Revolution, our enhanced ability to utilize labor-saving technology has enabled this Nation to gradually shift the burden of industrial production off of our labor force and onto the Nation's capital resources—the machinery, equipment, processes, and other advances that have been the hallmark of 20th-century economic growth.

If the market system were permitted to operate in a totally laissez faire manner, the bulk of the national income would flow largely to the owners of productive capital. Those few owners, however, could consume only a small portion of the gross national product.

Mass production implies mass consumption; it is of no use to encourage the production of goods people cannot buy, and unless the forces of supply and demand are roughly in balance, inflation or recession will occur. Without widely diffused purchasing power, a market system for allocating resources simply cannot function.

The socialist solution to maintaining purchasing power is to transfer the ownership of productive wealth to the State and to distribute income on the basis of "need." The economist Keynes, on the other hand, considered the distribution of wealth to be "determined by the more or less permanent social structure" and suggested that Government use its influence to increase aggregate demand through techniques which put more purchasing power in the hands of consumers. Keynes argued that this stimulated demand would call forth more production—reducing unemployment—to meet consumer demand.

Unfortunately, in practice this approach is now a primary fuel of inflation, and the stimulatory tools utilized have tended toward socialism, including, for example, the extraordinary growth of transfer payments based on "need."

With the Keynesian approach, the vast majority of consumers continue to own nothing, outside of their labor, which produces income for them.

In a technologically advanced, capital-dominated economy such as ours, that presents a problem. The concept of a market economy is based on the premise that each person's outtake from the economy is directly related to that person's productive input.

Thus, where capital provides a major portion of the economy's productive input and capital owners are few, we must call on Government to redirect the income that would otherwise flow to this already income-saturated few.

The result is a curious anomaly. On the one hand, we encourage the "more or less permanent social structure" to

continue to concentrate the ownership of the most productive factor of our technology-rich economy: Its capital instruments.

On the other hand, we erode property rights in that ownership by means that redistribute much of the income such property generates.

Rather than take steps to diffuse the ownership of productive capital, we instead have taken steps to diffuse the income it produces.

Although we protect the bare title to productive property, we effectively "socialize" much of its substance.

The socialists suggest that we completely destroy private property—on the grounds that private ownership is at the heart of the income distribution problem. That argument is roughly analogous to blaming the science of bookkeeping for bankruptcy.

When capital owners are few, the private property conduits of a market economy create vast savings reservoirs for the few. If there were many owners, those same conduits could begin to broadly irrigate the economy with purchasing power.

The solution lies not in destroying the institution of private property, but in spreading it out.

By producing the economic pie, we necessarily create the problem of how it is to be distributed. Redistributive taxation is one way to achieve a more equitable and a more workable distribution, but for this purpose it is strictly a hindsight, remedial approach. And of course Government can never return as much as it takes, so its costs insure a net loss in the transfer.

This bill suggests a positive approach, one that begins to link the concern for production with the concern for distribution. It suggests that Federal tax policy should provide productivity-oriented, supply-side incentives.

It also suggests, however, that as we build the economy's overall power to produce, we should simultaneously provide incentives to systematically build the economic power of households to consume.

From the demand side, the idea is to encourage a mode of economic distribution that more closely parallels the mode of economic production.

Thus, the market power of potential consumers would begin to rise more in unison with the productive output of the economy.

Rather than leaving the vast majority of American households dependent on either wages or welfare for their subsistence, this bill suggests that we begin to encourage a broader distribution of productive input and a fuller payout of the earnings generated by that input.

PRODUCTIVITY AND ECONOMIC OPPORTUNITY

Our private property approach to economic matters recognizes the indisputable interplay between economic rights and political rights. As Alexander Hamilton once observed "a control over a man's subsistence amounts to a control over his will."

Thus, protection of the cornerstone of liberty—the concept of private property—was embodied in the Constitution. The Founding Fathers recognized that individual liberties and a democratic form of government cannot long endure unless the majority of citizens have a high degree of economic independence.

This forward-looking group also recognized that a private enterprise system was the most natural economic structure—a structure that evolved from the actions of a free people. It had not been forced, it had grown. It had not been enforced, it had come on its own.

If a nation is to be politically free, it must structure its social contract to first insure economic freedom. Economic freedom implies the right to participate freely in the economy and the right to a just return for one's participation. Our concern for equality of economic opportunity is closely linked to those ideals.

The concept of equal economic opportunity recognizes that everyone should have an opportunity to effectively participate in the economy—an opportunity to earn a living by making a productive input. Both the Employment Act of 1946 and the Equal Employment Opportunity Act of 1964 include this tacit assumption. The premise is sound.

Thus, these acts direct Congress to insure that as many citizens as possible have employment opportunities and that those opportunities are equally available to all.

The nature of economic opportunity, however, should be a function of how goods and services are produced. The economic opportunity appropriate to the largely agrarian 1860's would clearly be inappropriate to the post-industrial 1980's.

Working Americans today are not the same as the American worker of 100 years ago, or of 50 or even 20 years ago. The means of production have changed; thus, the nature of economic opportunity should also change.

In a capital-intensive economy such as ours, the right to earn a living involves more than the right to work and the right to a just return for work done. True economic opportunity involves the right to economically participate by means consistent with the existing state of technology.

At our labor-saving insistence, American engineers, scientists, and managers have been remarkably successful at destroying the very employment that Government, again, at our insistence, has been directed to promote.

Rather than breaking the relationship between effort and reward or between input and outtake, the expanded ownership concept suggests that we recognize the increasingly dominant role that capital plays in the productive process.

In our technology-rich, capital-intensive marketplace, job-centered measures are inadequate. Our full employment approach to solving the income distribution problem simply does not reflect the extent to which productive capital is now the factor most fully employed in producing the basic goods and services of a modern economy.

The expanded ownership approach suggests that what made sense in the policy of the Homestead Acts, namely to dispose of land in ways that create ownership in new people, should be applied at every step of the Government's relationship with its people.

Why not use the public sector to build productive capital in reasonable-size holdings into the vast majority of American households who presently own little if any?

The benefits of Government-stimulated economic growth have traditionally trickled down through higher wages, expansion in the number of jobs, and the availability of increased tax revenues to fund expanded social programs.

That approach has produced strains on the economy as the benefits of this growth have resulted in the accumulation of massive amounts of productive capital by a relatively few households while the vast majority have been left with only a meager net worth.

Attention must be given to new ways to distribute the benefits of this growth more widely. Despite all the fine populist oratory and good intentions of great men like Franklin Delano Roosevelt, Harry Truman, Dwight Eisenhower, John Kennedy, and Lyndon Johnson, the distribution of wealth among Americans, in relative terms, is about the same today as it was when Herbert Hoover succeeded Calvin Coolidge.

The already-rich of this Nation should warmly welcome this new dimension to capitalism. Expanded ownership financing techniques are designed to avoid the redistribution of ownership of existing capital for the simple reason that we cannot build a broadly based private property economy on the expropriation of anyone's private property.

The goal is not to redistribute already-owned wealth but to redistribute the opportunity to own wealth not yet created. The aim is to strengthen, not to further erode, the rights of private property ownership, and certainly we would not need to tax the rich nearly so hard if we worked harder at making more people rich.

Friedrich A. Havek, the Nobel prize-winning economist. summarized the predicament facing those who most benefit from our pinnacle pattern of capital ownership in his the Constitution of Liberty:

> It is also true that the less possible it becomes for a man to acquire a new fortune, the more must the existing fortunes appear as privileges for which there is no justification . . . . A system based on private property and control of the means of production presupposes that such property and control can be acquired by any successful man. If this is made impossible, even the men who otherwise would have become the most eminent capitalists of the new generation are bound to become the enemies of the established rich.

This bill suggests that we pledge ourselves to raising the quality of economic opportunity. The American people need and deserve a chance to own a stake in an economy of their own making. It is time to acknowledge the role of the individual in our capital-intensive economy and provide working Americans with access to ownership of the productive capital with which they work.

We should broaden access to the ownership of productive property, property

that can preserve individual political rights by strengthening individual economic rights. Expanded ownership is well suited to provide a strong economic foundation to support the structure of our political economy.

LINKING EQUITY AND EFFICIENCY

Reliance on full employment as the sole method for solving the Nation's income distribution problem is not working. Expanded ownership provides a way to begin to more closely match pay to productivity.

Conceptually, consider the word "salary" versus the word "compensation." Salary comes from the Latin for "salt." We find it in the Book of Genesis, "by the salt of thy brow."

Here lies the origin of the work ethic. You may recall that the Roman legions were paid a salt allowance for their exertions on behalf of the Republic, and everyone knows what it means when a workman is described as "not worth his salt."

Compensation, on the other hand, is from the Greek for "a balancing of accounts." It reflects the quid pro quo of a market economy.

In a sense, the work ethic is not a sweat ethic or a toil ethic, or even a job ethic—it is really more of an exchange ethic or a bookkeeping ethic. It has to do with keeping the scale in balance.

The very idea of someone having purchasing power implies a matching amount of productive power. And to the extent that purchasing power is not backed by the power to produce, we have inflation.

Thus, the expanded ownership approach is very much concerned with what is now termed "supply-side" economics. The long-term economic goal is to create mechanisms to supplement full employment, mechanisms with which income can be distributed more clearly on the basis of productive input. The idea is to restore that sense of balance, that sense of "compensation" to the marketplace, and to begin to bring our outtake system more "in synch" with the realities of our input system.

As we begin to move in this direction, the economy should find itself better equipped to operate on the basis of market-directed, self-sustaining economic flows. Under our present system, pay is badly outpacing productivity. And, because the upward drift of income is not accompanied by a real growth in output, income gains are, of course, largely illusory.

Nevertheless, this inflationary bias is understandable as most Americans are left in the untenable position of having only their increasingly depreciated labor as the capital with which they provide input into—and derive income from—the economy.

What is needed is a trade-off sufficiently attractive and valuable to alter this inflationary bias. The trade-off that this bill suggests is an opportunity, over a reasonable working lifetime, to acquire a significant capital estate.

With a widespread program of expanded ownership, we could begin to break this self-defeating, inflationary cycle by beginning to link a growing number of American households to the economic growth represented by newly created capital, the new capital whose creation our tax system is now being amended to encourage.

The tax system is a key to linking equity and efficiency. As currently structured, that system not only aggravates the trends toward concentrated ownership and governmental redistribution, in the process it also jams the market's pricing system and its ability to allocate resources in the most productive, market-responsive fashion.

We must begin to strike a better balance between the energy and efficiency of the market and the equity, compassion, and equality of democracy.

Capitalism's market mechanisms of incentive and reward have brought more and better goods and services to more people here and throughout the world than any other system in history.

Yet those mechanisms are not indestructible. If they are to be preserved, we need an institutional framework that operates in their support.

That support lies in the direction of a more democratic form of private property capitalism.

CREATING A WELCOME CONTEXT FOR TECHNOLOGY

Expanded ownership is a type of corporate responsibility that is consistent with the goals of American business. Capitalism is based on production for profit, not for employment; corporations value their earnings, not the jobs they create.

The concern is for the rational, efficient production of goods and services, generally with little thought given to just how consumers are to get the purchasing power to buy those goods and services.

The need for economy and efficiency is indisputable. Indeed, business holds a franchise from the American public in large part because we believe that we can best achieve our economic goals by relying on private initiatives.

However, if we are to create a self-sustaining economic system, and one in which Government plays only a minor role, as American business suggests it should, then American business must itself begin to play a greater role in solving the income distribution problem.

This will become increasingly important as the private sector takes advantage of supply-side tax incentives to apply the latest advances in technology. One of the market's greatest strengths is its ability to stimulate and harness new technologies and resources, and to direct innovation into socially desirable directions.

The historically demonstrated power of market incentives to influence the pace and direction of technological change warrants every effort to retain such incentives as part of our economic and tax policy.

However, while these technological changes on balance create gains in the form of higher living standards, almost every one of them causes a loss of income to some firms and individuals.

Practically every new product replaces an old one and every new process makes someone's skills obsolete. This situation will become increasingly troublesome as the funds generated by supply-side tax incentives are used to acquire the best that new labor-saving technology has to offer.

The increasing application of microelectronics provides several sobering examples of why "full employment" may become decreasingly effective as a method for solving our income distribution problem.

In Nissan's Zama plant near Tokyo, for example, 96 percent of the welding is now done by industrial robots. According to Worldwatch Institute, between 1972 and 1976, 7 Japanese television manufacturers reduced their combined work force from 48,000 to 25,000 while increasing production by 25 percent.

General Electric spent $5 million in 1980 for 47 robots, and plans to acquire 1,000 over the next 10 years. Why? The outlay for 1980 will save $2.6 million a year in labor costs; not surprisingly, the company expects to replace half of its 37,000 assembly workers with robots.

With the advent of microelectronics, the "jobless growth" already apparent in agriculture, which now employs only 3.2 percent of the U.S. work force, is spreading beyond manufacturing and into the economy's tertiary sector—finance, insurance, government, services, et cetera.

According to Department of Labor statistics, from 1960 to 1980 the service sector accounted for more than 85 percent of new jobs. It is in the service sector, however, that most experts are predicting the chief impact of this new technology will be felt.

Moreover, it is those with low-level clerical and analytical skills who will be most affected, particularly women and minorities.

As a nation, the American people have greatly benefited from the remarkable labor-saving advances of the past century.

As individuals, however, they have not fared as well. Due to the way in which those advances were financed, they continue to find themselves left with only their labor as stock in trade.

Thus, each round of new investment further threatens their power to earn a living. Instead of being part owners of the capitalist process, they are forced to fight against it.

If this badly needed new technology is to have a welcome context for its use, we must begin to strike a new balance between social and economic objectives. Our present supply-side, investment-based strategy can make the American economy more successful—more growth-oriented and less redistribution-oriented. However, unless the benefits of this new growth are widely shared, for example, through a combination of employee stock ownership and job sharing, we may find ourselves 10 to 20 years hence with a population even more in need of governmental transfer payments.

Speaking to the Young Americans for Freedom in July 1974, Ronald Reagan illustrated this point with the following story:

Some years ago a top Ford official was showing the late Walter Reuther through the very automated plant in Cleveland, Ohio, and he said to him jokingly, "Walter, you'll have a hard time collecting union dues from these machines," and Walter said, "You are going to have more trouble trying to sell automobiles to them." Both of them let it stop right there. There was a very logical answer to that, the logical answer was that the owners of the machines could buy automobiles and if you increase the number of owners you increase the number of consumers.

How efficiently our free enterprise system works in solving our income distribution problem is partly a function of how well our structure of property laws matches the underlying technological and economic realities. If those realities change and our property arrangements do not keep pace, a conflict is inevitable.

OWNERSHIP AND THE ACCESS TO CREDIT

A principal objection to private property is that not enough people own some of it. That has been a primary criticism of American capitalism throughout history.

Unfortunately, in many parts of the world capitalism is portrayed simply as an economic system in which a nation's productive wealth is concentrated in the hands of a privileged few.

It is a remarkably shortsighted strategy for us to expect other nations to move in the direction of a private enterprise economy when we ourselves have failed to set the U.S. economy on a sure path toward expanded capital ownership.

With an effective policy of expanded ownership, we could strike at that aspect of American capitalism most subject to criticism: Our crippling legacy of concentrated ownership.

We would be making good on our promise of a better life for our people and challenging other nations to do likewise, and lesser developed nations would be encouraged to move our way rather than follow the socialist path.

Capital ownership is most emphatically a social opportunity; indeed, a socially-created opportunity. It is the institutions of society that determine who will be the owners of productive capital that has yet to be created. Capital ownership, however, is an opportunity historically reserved for a relative few. That is due to the simple fact that new wealth is largely a function of existing wealth. The current structure of our financial institutions insures that the rich will, in fact, continue to get richer.

For the most part, people cannot afford capital ownership. Most working Americans owe rather than own; they accumulate debts rather than wealth.

Daily economic survival, not savings and investment, is their main concern; and the less our technologically-advanced economy needs their labor, the less able they are to save their way to capital ownership. Inflation, of course, further penalizes their thrift.

The financial logic used by business in borrowing to invest in productive assets that will pay for themselves is not today available to the enormous number of Americans born without capital.

Instead, they are encouraged to save their way to capital ownership. Thrift, not credit, is the financial opportunity provided.

If we are to break this monopoly of participation in the ownership of productive assets, we must first resolve the financial Catch-22 that requires accumulated savings as a condition of capital ownership. The expanded ownership idea suggests that we approach this dilemma by broadening access to the financial logic of self-liquidating corporate debt.

The very purpose of corporate debt is to enable a business to acquire productive assets before it has saved the funds to pay for them.

Instead, the acquisition is made on terms where the newly acquired assets will, within a reasonable period of time, pay for themselves out of the earnings they generate.

Widespread access to this type of credit must be distinguished from the widespread access to consumer credit. Consumer credit produces no marketable wealth; rather it is simply an advance against future purchasing power.

Although originally developed to narrow the purchasing power gap, in the long run it only widens it; the end result is to mortgage future purchasing power, not to increase it.

In 1960, consumer credit outstanding in the United States totaled $65 billion; today it is approximately $310 billion. Consumer credit involves the financing of inherently nonfinanceable articles, articles that generate no income with which to repay the debt incurred.

Consumer financing has become so sophisticated that a consumer can now spend his or her income for many years into the future in order to purchase today articles which throw off no marketable wealth.

Expanded ownership or ESOP-type financing is of a different kind. It is producer credit—credit for the acquisition of productive assets rather than for consumer articles.

It involves access to credit for the financing of assets which are calculated to generate earnings with which to repay the debt incurred over a reasonable period of time, and which can then go on to generate purchasing power for their owners, their productiveness preserved by reserves set aside for depreciation.

This approach is intended to place thrift in a new and more workable context. Capital ownership is still attained by the individual through his savings—his investment in lieu of consumption. Only now the income generated by newly acquired productive capital is saved and applied to repay the debt incurred

If we continue to rely solely on traditional techniques of finance, those techniques will continue to allocate productive credit primarily to the already-rich. With that approach, the concentrated ownership of newly-created capital is virtually assured; and the rich-get-richer legacy of capitalism will continue unabated.

That would show a great failure of foresight on our part, because not only will we continue to have an unworkable form of capitalism here in the United States, we will also have a form of capitalism unsuitable for imitation abroad.

We need a working model of what we would advocate for other nations. We need to be able to show people all over the world how our increasing prosperity spreads out and reaches Americans in all walks of life.

Unless we have such a model, other nations will continue to see the socialist model as a more attractive alternative.

A program of expanded ownership offers us a form of capitalism that is more supportive of our private property system, and a system of finance that operates in support of a more democratic form of capitalism.

THE FUTURE OF FREE ENTERPRISE

Free enterprise capitalism is at a crossroads. There appear to be three political/economic roads from which we can choose: State ownership, concentrated ownership, or expanded ownership.

The first course would have us join much of the rest of the world and nationalize ownership of the Nation's productive assets. History has shown us the perilous direction in which that path leads.

Or we can take the second course and further increase the already intensely-concentrated ownership of productive capital in the United States. Non-action is a vote in favor of this second course. Or we could choose the third course, establishing policies and programs to broadly diffuse capital ownership so that many individuals, particularly productive, working Americans, can participate as owners of America's productive wealth.

On closer examination, it becomes clear that instead of three roads there really are but two. The first two are remarkably similar over time if, of necessity, Government must step in to redistribute the income produced under a system of concentrated ownership.

Thus, the second road is almost as perilous as the first as Government's redistributive efforts must grow ever larger as technology continues to eliminate jobs and Government efforts are ever more needed to kep incomes flowing to the consuming public.

The path that expanded ownership takes faces in exactly the opposite direction from that taken by those who favor State ownership. Expanded ownership seeks to steadily increase the number of capitalists instead of preventing anyone from being a capitalist by making the State the only capitalist.

In a democratic nation in which only a few people are citizens, the solution is not to destroy citizenship but to make it possible for all to become citizens. Similarly, in an industrialized nation in which only a few people are owners of capital, the solution is not to destroy private ownership but to make it possible for all to become owners of some of it.

As Ronald Reagan explained in February 1975:

Capitalism hasn't used the best tool of all in its struggle against socialism—and

that's capitalism itself. . . . Could there be a better answer to the stupidity of Karl Marx than millions of workers individually sharing in the ownership of the means of production.

Let us not repeat the mistake we have made so often in the past. This time as we move to solve the problem of capital creation let us make certain that we create more capitalists as well.

WHOSE REINDUSTRIALIZATION?

The growing interest in expanded ownership is reflected in a recent public opinion poll and in the rising level of both Federal and State interest in employee ownership. For example, two out of three Americans surveyed by Peter Hart Research Associates in 1975 said they would prefer to work for an employee-owned company if given the choice.

Federal assistance to ESOP companies over the past 7 years has included loans and loan guarantees from a variety of Federal agencies, including the Economic Development Administration, the Farmers Home Administration, and the Department of Housing and Urban Development. In addition, as part of the trade adjustment relief provided under the Trade Act of 1974, ESOP companies are granted preferred status for Federal loan guarantees. More recently, the Small Business Development Act of 1980 included for the first time specific language encouraging the Small Business Administration to provide financing for ESOP companies and for employee organizations seeking to acquire an ownership interest in their employer. ESOPs were also made a condition of Federal financial assistance to the Chrysler Corp., Conrail and others.

The Revenue Act of 1978 encouraged expanded ownership with an experimental program called the General Stock Ownership Corporation (or GSOC). That act provides that any State may, by statewide referendum or by action of the legislature, charter a private corporation for the benefit of residents of the State. Such a corporation may elect to operate on a tax-exempt basis. As a condition of such tax-exempt status, every resident of the State as of a date specified in the charter (unless he or she declines) must receive one share. Shares generally cannot be transferred for 5 years and cannot be transferred to nonresidents. Also, an individual may not acquire more than nine shares by purchase. In addition, the corporation is required to pay out 90 percent of its earnings on a current basis.

The GSOC is intended as an experiment under which States can provide their citizens with an ownership stake in the private enterprise system. This should lead to a better understanding of the system and may encourage individuals to invest in other business enterprises. Also, in the case of individuals now receiving various forms of transfer payments, the receipt of dividend income from a GSOC would, to some extent, reduce the need for such payments.

The State of Alaska (whose Senator Mike Gravel sponsored this legislation) considered the GSOC; however, no State has yet chartered such a venture. In order to permit such experimentation on a less unwieldy scale (that is, less than a statewide basis), perhaps we should consider legislation permitting the establishment of GSOC's on a smaller scale (for example, for municipalities, utility districts, et cetera).

State interest in ESOPs is steadily increasing. Maryland, Michigan, Minnesota, and New Jersey now have laws favorable to ESOP financing. Maryland's Broadened Ownership Act, for example, establishes support for ESOPs as official State economic policy, and requires several State agencies to report annually on their progress in implementing the policy. Since 1974, Minnesota has had several ESOP-related tax incentives on its books. Similar ESOP legislation was recently introduced in Delaware, Massachusetts, and Virginia. In addition, legislation is being prepared for introduction in California and Ohio.

Financial and other assistance has also been provided for ESOP buyouts by California, Georgia, Indiana, Iowa, Maine, New Jersey, New York, and Pennsylvania. The Conference of Alternative State and Local Policies is currently preparing a handbook for State legislators on the ESOP and how to design legislation to promote expanded ownership.

This increased use of ESOPs for development financing reflects a return to incentive economics. The coupling of development programs with employee ownership programs results in a more production-oriented work force. In these economically troubled times, we must insure that scarce economic development dollars are invested so as to get the most "bang for the buck." ESOPs are a healthy step in that direction. In addition to insuring that the benefits of development financing are more widely dispersed than through traditional means, the ESOP also helps to create the circumstances in which assisted companies are more likely to survive.

In terms of motivation, the merit of an ESOP-targeted economic development policy can be easily summarized: Ownership counts. It summons up a common determination to succeed. It creates a climate wherein a unity of interest and incentive can emerge. If a company succeeds, its success is widely shared, and its eventual success or failure is placed in the hands of those upon whom its success or failure will largely depend.

In recent years, the use of ESOP, financing with Federal or State assistance has been limited largely to cases of corporate divestitures or plant shutdowns. Thus far, such financing has been utilized primarily to save jobs and business activity in communities that would otherwise lose them, or for preventing independent or potentially independent businesses from being acquired by other corporations (and possibly moved or shut down). Thus, the success of these employee-owned companies is all the more remarkable because they often face initial financial difficulties and a disruption of marketing patterns.

At first blush, it would seem that a company that could not survive as a subsidiary of an existing corporation could not survive as an independent, employee-owned firm. However, this is often not the case. For example, a parent corporation may set a certain target rate of return that it expects from its subsidiaries. If they fail to generate that return, they are closed or sold. Employees-owners, on the other hand, may well be satisfied with a lower, but still profitable rate of return, particularly since their jobs are at stake.

In other cases, a parent corporation may decide that a subsidiary simply no longer fits into its plans, or that it needs the cash that would result from a sale. Also, a parent corporation may mismanage a subsidiary, or saddle it with burdensome overhead costs. Moreover, even a subsidiary that is well run may be better run with employee ownership for the simple reason that its new owners may well work smarter than before.

Professor William Whyte, who is heading a research project on employee ownership at the Cornell University School of Industrial and Labor Relations, cites these reasons and others as the explanation for the fact that, to the knowledge of researchers in the field, all of the 50-plus companies which have had employee takeovers in the 1970's are still in operation, and many have been turned from money losers into profitable operations.

Given what many economists see as the over acquisition of the 1960's and 1970's, many opportunities for employee ownership may present themselves in the years ahead. For employees and communities where conglomerates have erred, ESOP buyouts may present the most workable solution to an otherwise difficult situation.

This does not mean that whenever a plant is closing or relocating that an ESOP buyout is the best alternative. Economic feasibility is always an issue. However, if there is a reasonably good chance that the company could succeed as an employee-owned firm, economic development assistance to preserve the jobs may be far less expensive than the alternatives (that is, unemployment compensation and possibly food stamps, welfare, public works employment, CETA money, and so forth).

As we design programs to "reindustrialize" and otherwise revitalize America, we should keep in mind the important role that employee ownership can play in that process. Expanded ownership need not, of course, be limited to the employment relationship. Public utilities, for example, could be encouraged to finance their capital growth in such a way as to spread ownership among both the employees providing the service and the consumers being served.

Expanded ownership provides a healthy new dimension to the reindustrialization process. It enables those affected to examine the issue in a different frame of reference, one in which the effect on them becomes much more real, and one in which they can realize how important their productive efforts are to that process.

WHOSE PRODUCTIVITY?

Much has been written about the sad state of American productivity. Among

our western industrial competitors, we lag behind all but economically beleaguered Great Britain in our record of stagnated economic growth.

Output per man-hour for our nonfarm business sector was off 0.6 percent in 1980, marking the third consecutive year of decline. Reversing that decline requires new capital formation. However, from 1974 to 1979, capital outlays per worker in the United States declined by 0.1 percent compared with a 2.9-percent average annual increase over the previous 25 years. In effect, we are asking the American worker to do tomorrow's job with yesterday's tools. Not surprisingly, productivity suffers, our ability to compete internationally deteriorates, and the value of the dollar declines.

Reversing this trend will require broad-based support for productivity-oriented tax and economic policies. Several years ago, Louis Harris conducted a nationwide poll for the National Commission on Productivity of the attitudes toward productivity among 1,578 American families. The key finding showed that over 70 percent of hourly wage earners felt that management and stockholders benefited a great deal from increased productivity, while less than 20 percent felt that wage earners themselves benefited.

Although increased productivity has a generally positive ring to it, for the average hourly worker increased productivity suggests that the company will benefit at his expense; for example, through speed up or through job insecurity due to automation. It will be difficult to create a climate conducive to productivity gains unless employees are rewarded and not penalized for increased productivity. The inference is clear: when employees themselves become stockholders, their attitudes toward productivity will change.

This commonsense inference gains support from a 1977 survey of 180 ESOP companies conducted by five MBA candidates at UCLA. These students found that improved employee motivation was the most commonly cited benefit of establishing an ESOP. In a related finding, a 1977 report on employee-owned companies by the Survey Research Center at the University of Michigan (sponsored by the Economic Development Administration of the U.S. Department of Commerce) found that companies with a substantial degree of employee ownership are more profitable than comparable conventionally owned firms. They also found that the more equity the employees own, the more profitable the company. In that same report, managers reported a noticeable improvement in work attitudes and a positive effect on productivity.

A 1980 survey of 229 ESOP companies by the Journal of Corporation Law at the University of Iowa School of Law found that the productivity of ESOP companies is higher than the national productivity average. Similarly, a study of employee-owned plywood cooperatives in the Pacific Northwest found that their average output exceeded industry productivity levels by more than 30 percent. In fact, when the Internal Revenue Service challenged a number of cooperatives for paying wages higher than the industry average and sought to tax the excess as dividend income, the cooperatives were able to justify their higher wages by showing that they were 25 to 60 percent more productive than the plywood industry average.

Similar results are reflected in a 1979 study of 72 ESOP companies sponsored by the ESOP Association of America. The typical ESOP company studied had been in business for 24 years and had established its ESOP 3 years prior to the study. Over the 3 years, an average of 7 percent of the stock of the company was transferred to the ESOP each year; at the time of the survey, the typical ESOP held 20.6 percent of the company stock. During those 3 years with an ESOP, annual sales per employee increased an average of 25 percent, total annual sales rose an average of 72 percent, and annual profits were up an average 157 percent. In addition, the results showed a close correlation between ESOPs and the growth in both employment and tax revenue, the study finding an average 37-percent jump in total jobs per company and an average 150-percent increase in company-paid taxes.

On the basis of this preliminary research, a reasonable conclusion can be drawn that worker-owned companies are capable of higher productivity than similarly situated, conventionally owned companies. Thus, as the 97th Congress turns its legislative attention to productivity-oriented economic solutions, we should remember the close correlation between productivity and ownership. Just as the company with employee ownership will have an advantage over a conventionally owned competitor, so, too, should the U.S. economy enjoy a competitive advantage with a national policy of expanded capital ownership.

TAPPING OUR POTENTIAL

Amid the reports of declining American productivity is a recurrent theme of employee discontent, of an unmotivated and uncommitted work force. Most disturbingly, this seems most prevalent among the young. What type of economic policy is best designed to tap the abilities and skills of this increasingly well-educated work force?

How can we realistically expect to tap their interest, their enthusiasm and their commitment when what is being offered as an opportunity is not the chance to own but the chance to work for those who own? Or, worse yet, the chance to be employed at a make-work job that results in a rising tax burden for others? Why should they support a system of which they are not a part? And, most disturbingly, of which they are not likely to become a part?

A widespread program of expanded ownership is well designed to tap the Nation's reserve of human energies, resources, and commitment. Commitment is dependent upon a sense of participation; however, we have thus far largely limited that participation to jobs alone. Expanded ownership would provide an opportunity for commitment by providing an opportunity to participate in ownership of the Nation's future capital growth.

All too often, Federal programs perpetuate people's dependency, poverty, and powerlessness. Many of our Federal jobs creation programs, for example, are meaningless except as a necessary source of income. As Ray Marshall, former Secretary of Labor, once observed:

> There is no more complete rejection of a human being than to give them a job you know and they know is useless.

A life without work is a poor life indeed. But when that work is useless, pointless and a dead end, then that is truly a life of poverty. It has little meaning, vitality or challenge.

Living in decency and dignity is impossible without a stable source of income. Yet it is clear that there is more to life than material well-being. Who would claim that the wholly wage-dependent family enjoys the dignity, the security, the range of choice, and the autonomy (not to mention the leisure and the freedom) of the family even partially supported by capital ownership?

We need to rejuvenate ownership's dying spirit. We need to return a sense of community, a sense of commitment and a sense of dignity to the American workplace. What better way to do all of these things than to provide working Americans with access to ownership of the companies for which they work?

This ownership issue goes to the very heart of just what sort of economic system we mean to have in the United States, and just what sort of Nation we intend to leave for succeeding generations of Americans. If these provisions can be enacted, then this Congress will have outpaced all others in advancing the cause of democratic capitalism. It will not be the end, but it will be one of the essential areas of movement that must be achieved for our economic system to realize its potential.

A LEGISLATIVE PROGRAM OF EXPANDED OWNERSHIP

One area in which Congress can begin to make inroads on expanded ownership is in the design and availability of the investment tax credit.

The investment tax credit has been an on-again, off-again stimulus to capital investment since its introduction in 1962 during President Kennedy's administration. In the Tax Reduction Act of 1975, the standard investment tax credit was raised from 7 percent to 10 percent. In addition, that act permitted corporations to claim an additional 1 percent (an eleventh percent) credit provided the company used its tax savings to invest in company stock for its employees through a specially-defined type of ESOP. These plans were quickly dubbed Tax Reduction Act Stock Ownership Plans (TRASOP's); the Internal Revenue Code now refers to this type of plan as the tax credit employee stock ownership plan or the tax credit ESOP.

Initially, these plans did not prove very popular, primarily because the additional 1 percent credit was available for only 2 years. Then, in 1976, Congress

approved legislation extending the period during which the ESOP credit could be claimed. In addition, the Senate approved expansion of the ESOP credit to a full 2 percent. In conference, however, that was scaled back to the original 1 percent, plus the availability of an additional one-half percent credit to the extent employees contributed a matching amount of cash.

A primary objection to expansion of the ESOP credit to a full 2 percent was that the tax incentive is primarily used to buy stock for employees of capital-intensive companies. For labor-intensive companies, the ESOP credit generally is not large enough to be worthwhile. This continues to be an unfair discrimination.

This bill addresses that objection by providing a tax incentive to both the capital-intensive and the labor-intensive corporation. This legislation would grant a company the option, on an annual basis, of claiming either the investment-based ESOP credit of current law or an ESOP credit of up to 1 percent of the payroll of employees covered by the plan.

This alternative approach will make such plans equally attractive to those corporations whose primary investment is in the employment of machinery and equipment and those whose primary investment is in people. In addition, this alternative should make the tax credit ESOP particularly attractive to small businesses. This bill would also make these options a permanent part of the Internal Revenue Code. Current incentives are scheduled to expire December 31, 1983.

There are really two types of investment tax credit now in the Internal Revenue Code. The first is the standard type of investment tax credit which, in the interest of stimulating investment, makes the already rich richer still. The second is the ESOP investment tax credit. Both of these provisions help to stimulate capital formation: however, the long-term benefits of the first, representing a tax expenditure of $16.4 billion for fiscal 1981, flow largely to those few Americans who own the bulk of the Nation's productive capital.

The standard investment tax credit helps to stimulate new capital formation; however, it also operates to further concentrate ownership of that newly formed capital in existing shareholders. In a sense, the investment tax credit is a gift from the American taxpayer to already-existing shareholders—in the interest of promoting full employment. Perhaps it is time for Congress to reevaluate the nature of this type of investment stimulus, and to consider linking a larger portion of this tax incentive to expanded ownership.

ESOP FINANCING

A more widely used type of ESOP is the ESOP used more directly as a technique of corporate finance. Through the use of a tax-exempt trust, ESOP financing offers sponsor corporations certain tax incentives and cost reductions not available under traditional methods of finance. The ESOP also enables employees to acquire ownership of productive capital in a tax-free manner during their employment while incurring tax only on their ownership incomes—received in the form of dividends—and on their stock when removed from their ESOP trust accounts.

The ESOP traces its origins to the Revenue Act of 1921 which first granted tax-favored status to stock bonus and profit-sharing plans as a method for U.S. companies to attract and retain qualified employees. It is worth noting that it was not until 5 years later that Congress granted similar tax-exempt status to pension plans. Although the ESOP has many of the same legal characteristics as more traditional defined benefit-type pension plans, the ESOP's primary purpose is not a retirement vehicle but, rather, as a means by which employees can earn an ownership stake in the company for which they work.

The ESOP is not simply another means for encouraging retirement savings. Instead, what Congress created with the ESOP is a socially-improved technique of corporate finance that also serves as a new type of employee benefit. Thus, as a tax-qualified plan for providing employee benefits (in the form of employer stock), an ESOP must meet many of the basic requirements of the Employee Retirement Income Security Act of 1974 (for example, nondiscriminatory participation, vesting within a reasonable period, reporting and disclosure, and so forth).

The term "technique of corporate finance" refers to the "leveraged ESOP," an ESOP that uses borrowed funds to purchase employer stock, with the employer (or a related party) guaranteeing repayment of the loan. In 1953 revenue ruling, the Internal Revenue Service sanctioned this type of leveraging by a stock bonus plan, thus laying the legal groundwork for the leveraged ESOP. The employer's guarantee is the element that puts the logic of corporate finance to work for a company's employees.

The first known use of ESOP financing, pioneered by Louis Kelso, involved an employee buy out of a chain of California newspapers that was threatened with a takeover by a major chain in 1956. But only in the last few years has the business world at large become aware of this innovation.

Suppose, for example, that Corporation X wants to build a new plant costing $10 million. With traditional debt financing, the company would borrow the $10 million, provide adequate guarantee of repayment to satisfy the lender, use the borrowed funds to build the plant, and then apply the profits from the new plant to repay the loan.

The ESOP adds a third element to this transaction—an ESOP trust. The trust borrows the money; however, the corporation guarantees that it will make periodic payments to the ESOP trust sufficient to amortize the loan. The trust then uses the borrowed funds to acquire newly-issued employer stock, and the corporation uses the funds to build the new plant. As the new plant generates profits, Corporation X makes payments to the trust which are used to repay its obligation to the lender.

The payment schedule from the company to the ESOP trust may differ very little from the payment schedule that would have existed with the lender under conventional debt financing. Also, the corporate obligation is generally the same whether or not ESOP financing is used. There is one significant difference, however. With conventional debt financing, interest payments are deductible for tax purposes whereas amounts attributable to repayment of principal are not. Employer contributions to the ESOP trust, on the other hand, are fully deductible, including those applied by the trust to the repayment of loan principal.

Consequently, where Corporation X uses the ESOP as its financing vehicle, it may (within limits) repay its indebtedness (both interest and principal) in pretax dollars. Assuming a 50 percent effective tax rate, Corporation X would need to gross $20 million to repay the $10 million principal with conventional debt financing. With ESOP debt financing, however, the corporation need gross only $10 million to repay the principal with pretax dollars through its ESOP.

By enabling a company to expense its capital investment, the ESOP lowers the sponsor company's taxable income and increases its available working capital; and the same dollar that finances the company's capital requirements also finances an employee benefit in the form of employer stock.

After purchase, the stock is held in an escrow account for allocation to employees' ESOP trust accounts as the loan is repaid. In no sense is this a "gift" of productive capital to employees; rather, the capital is paid for out of the future flow of earnings that the new capital itself generates. As the already rich know so well, the new capital's productiveness generally pays for itself. The ESOP participants, however, also "earn" their ownership interest in the company through the ESOP's vesting schedule—which generally allocates stock to employees' accounts based on a combination of length of service and relative compensation.

THE VERSATILE ESOP

The ESOP can also be used (with or without leveraging) as an "in-house market" for the sale of stock held by the shareholders of a closely-held company. For example, suppose the sole shareholder of Corporation Y wants to begin to convert his shares to cash over a period of years in contemplation of retirement. The corporation could contribute cash each year to its ESOP and the ESOP could use the cash to purchase shares from the owner. Should the owner wish to sell out before the ESOP trust has adequate funds to pay him, the ESOP could borrow the money to pay the owner with the corporation guaranteeing the loan.

Similarly, an ESOP can be used to refinance existing debt, finance mergers or acquisitions, and accomplish divestitures or spinoffs. For example, at his confirmation hearing before the Senate Finance Committee, Treasury Secretary Regan explained how Merrill Lynch & Co. used an ESOP to divest itself of the Lionel-Edie Co. Rather than sell the company to

someone else, the former chief executive explained:

We used employee stock ownership, letting them buy it, and they have prospered as a result of that. I am definitely in favor of that.

ESOPs lend themselves to use in a wide variety of ways. For example, the employees of Continental Airlines recently voted—8,932 to 359—to forego a portion of their future pay raises to invest in company stock. With that pledge, and with commitments from the company, their ESOP should be able to borrow the money to acquire 51 percent of the company (through the purchase of newly issued shares).

This sale of stock would bring the company a new infusion of equity, allowing it to draw down existing bank loans and reduce its interest payments. These employees may have shown us a way to use ESOPs to revitalize the American economy. In order to stimulate investment, economists agree that we need to spend less on consumer goods and invest more in capital goods. By taking part of their future wage hikes in stock, these employees are demonstrating a way to help break the inflationary spiral which is making income gains increasingly less valuable.

THE ATTRACTIVENESS OF ESOP FINANCING

Under current law an employer has only a very limited incentive to utilize the leveraged ESOP. In large part, this is due to the fact that the interest expense of a leveraged ESOP is included in determining an employer's maximum deduction limitations under code section 404(a) and, equally important, in determining the amount that may annually be released from escrow and added to participants' ESOP accounts under code section 415.

The effect of these two limitations is to subject ESOP financing to an unintended limitation, and a limitation that has grown increasingly restrictive with today's high interest rates. Thus, this bill removes these limitations as they apply to the interest expense incurred in connection with an ESOP's leveraged acquisition of employer stock.

An argument could be made that where an ESOP is used to finance an employer's capital growth the deduction limitation should be based solely on the company's capacity to service the debt. The result of such a change would be to rechannel corporate profits (that would otherwise have gone into the corporate income tax base) into productivity increases in the private sector while also broadening the base of private property ownership among productive workers.

The amendment recommended in this bill should prove to be beneficial for two important reasons. First, this change brings these ESOP-related Internal Revenue Code provisions more closely into alinement both with congressional intent and with the Reagan administration's announced purpose to encourage expanded ownership. Present law undermines this purpose.

Second, this change directly addresses a problem concerning the relationship of employee ownership to productivity and profitability. In most cases ESOPs own only a small percentage of the sponsor company's stock. However, the Survey Research Center at the University of Michigan found in their 1977 study of employee ownership that the most important correlation between ownership and profitability is the percentage of company stock owned by employees—the more equity owned by the employees, the more profitable the company.

If these plans are to be effective motivators and significant contributors to productivity and profitability, we should encourage companies to permit employees, through the use of leveraged ESOPs, to acquire substantial blocks of employer stock. If ever that is to be possible, however, these amendments must be enacted so as to make our tax laws more appropriate when applied to the use of ESOPs as a financing tool.

This bill also suggests an additional encouragement for employers to utilize ESOP financing. Under current law, an employer is permitted to contribute and deduct up to 15 percent of covered compensation to an ESOP each year. This 15-percent limitation is the same as applies to traditional stock bonus plans and profit-sharing plans (the basic building blocks of employee benefit law upon which the ESOP was modeled when first fully incorporated into the Internal Revenue Code in 1974).

When an ESOP consists of a combination stock bonus plan and money purchase pension plan, the 15-percent deduction limitation is increased to 25 percent. In order to utilize this 25-percent limit, however, an employer must include a pension element as part of the ESOP which, in turn, calls for ongoing contributions by the employer, even though such contributions may no longer be required to retire the ESOP's indebtedness.

This required combination of different types of plans serves as a substantial disincentive to employers who might otherwise be attracted to the ESOP as a financing vehicle. In addition, this requirement forces an employer to maintain two separate accounts for each employee and imposes additional reporting, bookkeeping and other related administrative burdens.

To remedy this situation, this bill permits an ESOP company to contribute to the plan and to deduct an amount up to the 25-percent limitation (to repay an ESOP loan), but without the required inclusion of a money purchase pension plan.

In addition, this bill makes a related change in the treatment of stock that is forfeited by employees who leave before they are fully vested in their account balances in an ESOP. Under current law, the amount that may be contributed to a leveraged ESOP is directly limited by the percentage-of-pay limitations of code section 404. In addition, the contribution is indirectly limited by the operation of code section 415 (which limits the amount that may annually be added to each employee's account under the plan).

The section 415 limitation (the lesser of 25 percent of pay, or $41,500 adjusted for cost-of-living inreases) roughly parallels the 25-percent-of-pay deduction limitation of section 404. Amounts that cannot be added to employees' accounts (due to the limitation of section 415) cannot be contributed and qualified for a deduction under section 404. The problem results from the fact that the section 415 limitation includes both employer contributions and forfeitures. In the context of ESOP financing, this inclusion of forfeitures reduces the amount that a plan sponsor might otherwise be permitted to apply to the repayment of an ESOP loan on a tax-deductible basis.

The effect of current law is to introduce a great deal of uncertainty into the planning of ESOP financing transactions. This uncertainty discourages ESOP lending and otherwise frustrates congressional intent in encouraging the use of ESOPs as a technique of corporate finance. Thus, this bill provides that the allocation of forfeitures of stock acquired with the proceeds of a leveraged ESOP loan will not be subject to the section 415 limitations. As under current law, the allocation of such forfeitures must not discriminate in favor of employees who are officers, shareholders, or highly compensated.

This bill also provides an incentive for corporations to acquire their stock for employees on a nonleveraged basis. Under present law, a corporation can claim an annual deduction of up to 15 percent of pay for contributions to a stock bonus plan or a profit-sharing plan (or to any combination of such plans). Under this bill, an employer would be permitted to contribute up to 25 percent of pay to any combination of such plans, provided that the additional 10 percent is used to acquire employer stock.

PROMOTING AN OWNERSHIP INCOME

This bill also provides a tax deduction to corporations for the amount of cash dividends they distribute currently on stock held in employees' accounts in an ESOP (or on stock held by former ESOP participants or their beneficiaries), or which are used to repay stock acquisition indebtedness of an ESOP. This provision converts taxable corporate income into either taxable dividend income for employees (to supplement their paychecks or their retirement and social security incomes) or a more rapid rate of accumulation by employees of individual capital estates. Such dividends would qualify for the $200 partial exclusion from income of code section 116—$400 in the case of a joint return.

As mentioned earlier, studies indicate a strong correlation between employee ownership and employer profitability. This provision provides ESOP companies with a means by which such increased profitability can be made to reach the firm's employee-owners in the form of an ownership income. As Ronald Reagan explained in advocating this approach in February 1975, "An ever-increasing number of citizens thus would have two sources of income—a pay check and a share of the profits." If working Americans are to learn to truly understand and appreciate the value of capital ownership, that ownership should be designed to have some direct effect on their lives.

This payout of the fruits of corporate

productivity will introduce a new dimension to employee compensation in the United States. Such a dividend income can lay a stronger foundation for economic growth by increasing consumer demand. In addition, by making more working Americans dividend-receiving capitalists, this provision will foster a better appreciation of the function of productive property in our private enterprise system. That appreciation should, in turn, support a better understanding of the costs and tradeoffs of Government programs.

This approach also helps to insure that the employees, on whose behalf the stock is being acquired, will receive a fuller payout of the earnings of the capital underlying their stock. This is particularly important during the period that the ESOP trust is paying for the stock.

Behind this approach lies a rationale suggesting that our tax system's bias against property and in favor of income redistribution should gradually be phased out. Under present law, the corporation income tax dilutes by approximately half the property incomes of present stockholders. When that income becomes available to stockholders in the form of dividends, the Federal Government then levies a second tax on the remainder.

In effect, Government is a partnership in profit with the private corporation (to the extent of the corporate income tax). The expanded ownership approach suggests that as more Americans become partners in profit with America's private sector, Government's stake in that profit (via the corporate income tax) should gradually be phased out and the tax instead levied only at the individual level. This provision achieves that result to the extent that a corporation is owned by its employees via an ESOP and either pays out its earnings on a current basis to its ESOP participants or applies those earnings to repay ESOP indebtedness.

This provision should also help companies to attract equity capital. Many small corporations do not pay dividends, or pay them only on an irregular basis. An ESOP generally must hold the best class of common stock issued by the corporation (including the best dividend rights). Thus, the deductibility of dividends on the stock held by the ESOP should be an inducement for the sponsor company to establish a policy of regularly declaring dividends. This policy should benefit not only existing stockholders (including those whose shares are held by the ESOP) but also should make such stock a more attractive investment to others.

ELIMINATING DOUBLE TAXATION—AN EQUITABLE APPROACH

In 1980, the Carter administration Treasury opposed this proposal on the grounds that it is a "piecemeal approach" to the overall issue of integration of corporate and personal income taxes (an issue constantly "under study" by the Treasury), and the ESOPs should not receive special treatment. Their position overlooks the ownership-broadening purpose of this provision. By limiting this proposal to ESOPs, this bill would provide an incentive for expanded ownership and would help to promote a policy which should be at the center of American economic policy.

Thus far, proposals for overall integration have been of a type that would effectively perpetuate and promote the existing concentration of wealth (for example, by providing tax credits to individuals for dividends received). With 1 percent of the U.S. population currently claiming 47 percent of corporate dividends, that approach to integration is not exactly a grassroots issue.

A more equitable approach might be to permit ESOP companies to deduct the expense of all dividends paid (versus those paid on stock in the ESOP, as this bill proposes). To qualify, an ESOP company could be defined as a company with a specified percentage of employee ownership, for example, 20 percent (or, perhaps, 20 percent in 1981, to be increased by 2 percent each year thereafter for the next 15 years). This approach would provide a strong incentive for existing owners to establish ESOPs in order for the corporation to qualify for dividend deductibility on their own stock.

Ironically, one side effect of our present populist-inspired system of double taxation is to discourage expanded ownership. This is due to the simple fact that current law encourages corporations to retain their earnings for reinvestment rather than pay them out as dividends to be taxed to the shareholder at unearned income rates (as high as 70 percent at the Federal level, plus whatever State tax rates apply). Instead, shareholders generally prefer to realize the increased value of their stock on a later sale and be taxed at that time at capital gain rates. The corporation's retained earnings, in turn, are generally used to generate (or acquire) new capital—capital which, of course, will be owned by preexisting stockholders.

Similarly, the deductibility of interest encourages corporations to use either borrowed funds or various debt instruments for financing a substantial portion of the balance of their capital needs. As with the use of retained earnings, the previous owners become the new owners. The other principal source of corporate financing has been funds generated internally through the use of depreciation reserves, investment tax credits, and the like. For the most part, new capital is financed either with such internally generated cash flow or with borrowing repaid out of cash flow. From an ownership point of view, the result is the same.

New equity issues now play only a minor role in the financing of new capital. According to Federal Reserve Board figures, corporate equities accounted for only 0.89 percent of total funds raised in the United States by nonfinancial sectors during 1979. For the entire 1970's equities represented a mere 3.7 percent of new capital. To the limited extent that equities have played a part, it seems likely that those new issues were acquired primarily either by institutional investors or by existing stockholders; that is, by those few people in the United States who have the excess purchasing power to make such acquisitions.

The expanded ownership approach to corporate financing suggests that this self-perpetuating cycle of concentrated ownership should be altered. The ESOP is the first of what will hopefully be many new methods of finance designed to broaden ownership and to make that broadened ownership a meaningful part of people's economic lives.

To that end, this bill also defers taxation on the first $25,000 of any lump-sum distribution from an ESOP, provided the distributee has been a participant in the plan for at least 3 years. This provision is intended to recognize the fact that far too few working Americans are able to accumulate a capital estate of any size.

The effect of present law is illogical when applied to the taxation of ESOPs. Although our tax laws are intended to promote personal capital accumulation through the use of ESOPs, those same laws generally require that a portion of this accumulation then be sold to pay taxes due on the stock when distributed. The alternative is to roll over the stock or the proceeds into an individual retirement account and be subjected to its complexities and restrictions. Thus, this modest deferral of tax on the first $25,000 of capital accumulated through an ESOP is meant to further promote the economic self-sufficiency that such plans are intended to bring about. The distributee would be subject to tax when the stock is later sold, and dividends distributed in the interim would also be taxable upon receipt.

STRENGTHENING THE TAX BASE

This bill also provides that a qualified employee stock ownership plan and trust shall have the tax characteristics of a charitable organization for estate, gift, and income tax purposes. This is intended to encourage affluent taxpayers to make gifts to qualified ESOP trusts in order to reconnect the ownership of capital with a broader base of private individuals.

At present, a wealthy stockholder who has built a substantial estate is faced with a dilemma. If he tries to give it away or leave it by bequest, the Federal Government ends up with the bulk of it. Often, the only alternative is to make a donation to a public purpose foundation. Even though this stockholder may wish to leave a substantial portion of his or her wealth to the employees who helped to create that wealth, our current tax laws make such an event highly unlikely.

Consequently, at a time when American capitalism desperately needs more capitalists, we find enormous amounts of private wealth being "socialized" in such foundations. Clearly these foundations provide a valuable public service. However, we should question the logic of a private property system that has so arranged its incentives that a taxpayer wishing to leave his business to the employees who helped to make him wealthy is instead forced by our tax laws to place the bulk of that great wealth either in Uncle Sam's coffers or in a public purpose foundation.

One of the best public purposes to which such wealth could be put is to connect more of our working population

to productive, income-generating assets. At present, we provide a substantial tax incentive for disconnecting productive capital from private ownership by placing it in foundations; we should give that same tax incentive for individuals willing to donate their wealth to connect capital to a broad group of private individuals.

This is not meant to suggest that foundations do not perform an important function. Quite the contrary; they play a crucial role and, in many cases, fill a void that might otherwise need to be filled at taxpayer expense. What it is meant to suggest is that the options now open to a wealthy person are too limited. If he or she wishes to leave personal wealth to such a foundation, that is as it should be. We should applaud that decision, and our tax laws should continue to offer an incentive to make such gifts and bequests.

But the fact that a person is not encouraged to leave a business to those who helped to build it is not as it should be. That we force the socialization of such wealth is not as it should be. That is a shortsighted strategy from a tax philosophy point of view, and one that serves to further sap the already waning strength of capitalism—the same capitalism that has enabled such foundations to prosper all these years.

As for this Nation's many fine public-purpose foundations, which hopefully will enthusiastically support this provision, they would do well to recall the advice of Henry Ford II on his retirement from the Ford Foundation in 1976. At that time, he observed:

> The Foundation exists and thrives on the fruits of our economic system. The dividends of competitive enterprise make it all possible. A significant portion of the abundance created by U.S. business enables the Foundation and like institutions to carry on their work. In effect, the Foundation is a creature of capitalism—a statement that, I'm sure, would be shocking to many professional staff people in the field of philanthropy. . . . Perhaps it is time for the trustees and staff to examine the question of our obligations to our economic system and to consider how the Foundation, as one of the system's most prominent offspring, might act most wisely to strengthen and improve its progenitor.

Certainly there can be no more logical successors to ownership of a company than the employees who helped to build and develop it. They generally have the experience, the interest, and the commitment to carry on the operation. This provision would encourage that type of succession. The tax benefits would be denied, however, where any part of the contribution or bequest is allocated under the ESOP to the taxpayer, to members of his family, or to any person owning more than 25 percent of the company's stock. In addition, allocations could not discriminate in favor of employees who are officers, shareholders, or highly compensated.

This provision is also designed to strengthen the tax base. Government would lose no tax revenues since contributions to charitable organizations are already exempt from tax and profits from donated income-producing property are generally accumulated tax free within such organizations. In addition, assets left to charity are forever lost to our tax system.

By permitting an individual to leave his property to an ESOP, we are moving not only to strengthen the connection of working Americans to productive capital but also to assure that these amounts will remain within the Federal tax system. Further, these amounts will be taxable to employees who receive a distribution from the ESOP. Thus, in an era when most tax legislation results in a revenue loss, this provision should result in a revenue gain.

In addition, this provision would give expression to the best in charitable giving by providing the wealthy with an incentive to leave their holdings of capital in such a way that more individuals might become self sufficient rather than becoming wards of governmental or private charity. This approach corresponds with the ancient philosopher Maimonides' observation that—

> The most meritorious of all (methods of giving) is to anticipate charity, by preventing poverty . . . this is the highest step and the summit of charity's golden ladder.

AN ENCOURAGEMENT TO SMALL BUSINESS

This bill also provides that where the owner of a small business sells the company to his employees through either an ESOP or a worker-owned cooperative and, within 18 months, reinvests the proceeds of the sale of the stock in another small business, the tax on the proceeds would be deferred until the newly acquired stock is sold. This provision would have a very minor impact on Federal revenues but could have a very major impact on the ability of small businesses to continue as independent enterprises.

Current law provides a strong incentive for a business owner to transfer ownership of his company to a larger, more established company for a tax-free exchange of stock. On the other hand, where that owner sells or liquidates his business, he must pay capital gain tax on the proceeds.

The effect of present law is to encourage economic concentration and to divert funds from investment and innovation and into mergers and acquisitions. The Federal Trade Commission—FTC—has jurisdiction over proposed mergers or acquisitions which may be anticompetitive. It is encouraging to note that as the FTC staff analyzes assertions of the failing company defense, they are increasingly asking companies if they have considered selling their plants to employee groups instead of to competitors.

Another effect of present law is to encourage the disappearance of small and independent businesses, even though these firms have been shown to be the most innovative, growth-inducing, and job-creating sector of the economy. For example, a National Science Foundation study found that small companies are 24 times more innovative per research dollar than companies employing 10,000 or more employees. In a related finding, the U.S. Department of Commerce reports that innovation accounted for 45 percent of the Nation's economic growth from 1929 to 1969. In addition, a 1979 study from the Massachusetts Institute of Technology found that firms with under 500 employees generate 86.7 percent of all new jobs in the United States.

It would be to the Nation's advantage for our tax laws to encourage investment in small, innovative companies. The present trend toward concentration can only serve to further decrease the competitiveness of the U.S. economy, and thereby further erode its vitality and creativity. Thus, this provision provides a mechanism whereby a business owner can sell to his employees at no financial disadvantage when compared with a tax-free exchange of stock with another company. By creating this alternative, we can preserve the continuity of many small businesses.

While the incentive to sell to established firms is one cause of the decline of independent businesses, the lack of investment capital is another. This provision would open up a new source of funds for existing small businesses because a seller must reinvest the proceeds in another small business within 18 months in order to qualify for the tax benefits of this provision.

Moreover, this provision could prevent some small companies from closing simply for lack of a buyer. Many small, but profitable, companies are liquidated for just this reason, for example, to create estate liquidity.

This provision is designed to encourage the sale of companies to their employees through either ESOPs or worker-owned co-ops. To qualify, a worker-owned cooperative must be a nonprofit organization doing business on behalf of its members. In addition, it must meet the definition provided in section 105(a) of Public Law 95–351 and in the "eligibility and priorities policy" section of the National Consumer Cooperative Bank; that is, 70 percent of its shares owned on the basis of one share and one vote per member.

This bill also provides that the executor of an estate may transfer an estate's tax liability to an ESOP by transferring stock of the estate to an ESOP, provided that the sponsor company guarantees payment of the estate tax and agrees to pay that tax over a period of years.

Thus, this provision enables an ESOP to be used as a financing vehicle to acquire stock from an estate with the Treasury, in a sense, acting as the "lender." Whereas the charitable organization status for ESOPs—discussed above—reduces the estate tax by reducing the size of the taxable estate. This provision reduces the estate tax liability by an amount equal to the value of stock transferred to the ESOP.

In order to make this assumption of liability both attractive and feasible, this provision adopts the approach of Internal Revenue Code sections 6166 and 6166A, relating to the extension of time for payment of estate tax where an estate consists largely of an interest in a closely held business. These code provisions are designed primarily to make it possible to keep a business enterprise intact where the death of one of the

owners of a business results in the imposition of a relatively heavy estate tax.

Without these provisions permitting the payment of estate tax on an installment basis, heirs might otherwise be forced to break up a business or sell it to some larger business enterprise in order to pay Federal estate tax. This problem is particularly burdensome for estates in which a substantial portion of the assets consist of stock in a closely held business or other illiquid assets.

Thus, although these two provisions of existing law do not remove any Federal estate tax liability, by spreading out the period over which the estate tax may be paid, it becomes possible for the estate in most cases to be paid for out of the earnings of the business, or at least provides the heirs with time to obtain funds to pay the estate tax without upsetting the operation of the business.

This bill adapts this approach to the concept of employee ownership via ESOP financing by relieving the estate of tax liability to the extent that stock is transferred to an ESOP and the employer guarantees payment of the estate tax. If the estate qualifies under code section 6166, there may be up to a 5-year deferral of principal payments, with up to 10 annual payments permitted after the deferral period. Interest on the deferred tax attibutable to the first $1 million in valuation of the business is 4 percent. Interest on the balance is at the usual rate under code section 6621—approximately 90 percent of the prime rate. Allowing this reduced interest rate for a limited amount of tax is intended to reflect the problems that small businesses have in generating enough income and cash flow to pay interest at a normal rate and amortize the principal amount of the estate tax liability. If the estate qualifies under code section 6166A, interest is at the section 6621 rate and payments must be made in ten annual installments, with the first payment payable at the time the return is filed.

In addition to providing a stimulus to employee ownership, this provision should be particularly helpful in enabling small businesses to continue in operation as independent enterprises. As the Committee on Ways and Means stated in their 1958 rationale for the original deferral of tax provision—

> This provision is particularly important in preventing corporate mergers and in maintaining the free enterprise system.

OTHER ESOP AMENDMENTS

This legislation also permits an ESOP to acquire nonvoting common stock in certain limited cases. Although an ESOP is generally required to purchase only voting stock of the sponsoring company, there are situations in which it is appropriate for that requirement to be waived. For example, this would be the case where there are several classes of employer stock outstanding and yet the only shareholders willing to sell their shares to the ESOP hold nonvoting stock. To preclude the ESOPs acquisition of nonvoting stock in such a circumstance may only succeed in precluding the employees from having an opportunity to own any stock in their employer.

Employees should be protected, but not where such protection operates to their detriment. Thus, this bill permits an ESOP to acquire nonvoting common stock. However, in order to discourage manipulation or abuse, an ESOP can only acquire such stock where the nonvoting shares have been issued and outstanding for at least 24 months.

In addition, this bill addresses a problem of great concern to financial institutions that desire to establish ESOPs. Under present law, in order for a company to utilize the leveraged ESOP, it must provide its plan participants with a "put option" on any shares distributed where such shares are not readily tradable. This requirement insures that plan participants will have a ready market for their shares upon distribution.

In most situations, this requirement presents no major problem. In the case of banks and similar financial institutions, however, both State and Federal law generally prohibit the redemption or purchase of their stock. Thus, application of the put option requirement to these potential ESOP companies serves as a substantial barrier to their adoption of ESOPs. This bill retains the put option requirement as it applies to stock distributions from ESOP companies. However, in order to make ESOPs attractive to banks—while also protecting employees' interests—this bill relieves banks and similar financial institutions of the put option requirement provided participants have the right to receive a cash distribution equal to the value of their shares.

This bill also provides that where a corporation, by its charter or bylaws, limits ownership of its outstanding securities to current employees, distributions from the plan may be made in cash; that is, without the necessity of providing the participant with the option of demanding stock as his or her form of distribution. This provision enables an employee-owned company to keep its stock owned solely by current employees, those whose efforts can have the most direct effect upon the economic success of the company. This provision also provides a source of stock that may be acquired on behalf of new employees.

In addition, this provision can protect an employee-owned company from inadvertently "going public." Current law treats stock in an ESOP as held by a single shareholder. Each individual who receives a distribution of stock, however, is counted as an additional shareholder, and, should the number of shareholders reach 500 or more, the company may be required to file a registration statement and meet certain reporting requirements of the Securities and Exchange Act of 1934.

In addition, this bill makes the changes necessary to insure that an ESOP may be established by a subchapter S corporation. Under current law, such a corporation could not establish an ESOP (due to the general prohibition against the stock of such corporations being held in trust). This bill provides an exemption from that general prohibition in the case of ESOP trusts. In addition, in order to insure that such a corporation will not lose its subchapter S status due to distributions of stock to employees (thereby increasing the number of shareholders beyond permissible limits), stock distributed by ESOPs sponsored by such corporations would be disregarded in determining the number of shareholders.

This bill also makes two other changes relating to the put option requirement as it applies both to ESOPs and to other types of plans. The first change corrects a technical error made in the Miscellaneous Revenue Act of 1980. That act was intended to permit a tax-qualified stock bonus plan to distribute cash to a participant entitled to a distribution, subject to the participant's right to demand that benefits be distributed in the form of employer stock.

In addition, if such a stock bonus plan provides for cash distributions and if stock which is distributed is not readily tradable on an established market, the participant was to have had the right to require the employer to repurchase the stock. Due to an erroneous cross-reference, the 1980 amendment incorporated the cash distribution option, but omitted the put option requirement. This bill corrects that error by incorporating the correct cross-reference and also provides that for purposes of this requirement, the definition of employer securities means any securities of the employer held by the plan because the definition of qualifying securities for purposes of a stock bonus plan is not as restrictive as that for ESOPs.

The second change alters the nature of the put option requirement as it applies to both leveraged ESOPs and stock bonus plans maintained by employers whose stock is not readily tradable. Under current law, if such an employer distributes stock, or desires to distribute cash from one of these plans and the participant instead demands that the distribution be made in the form of stock, that participant must be given a put option requiring the employer to repurchase the stock at any time within the next 6 months. Alternatively, the ex-employee can elect to wait until that 6-month period lapses and, instead, exercise the put option at any time during a 3-month period in the next plan year, following notification of the next valuation of the stock.

The current requirements of this put option provision not only create a disincentive for the establishment of ESOPs, they also may inadvertently operate to the disadvantage of plan participants. This is because the length of the current put option requirement—6 months, plus a possible additional 3 months—creates grave uncertainties for employers as to their liquidity requirements needed to provide for the exercise of such options. Consequently, employers are required to commit sums of cash that might more productively be put to other purposes, thus detrimentally affecting the value of the participants' stock.

This bill modifies the put option requirements by shortening the put option period to an initial 60-day period followed by another 60-day period in the next plan year following notification of the next valuation. Thus, the employee continues to get the benefit of choosing to await a second valuation, but the value of the stock will no longer be as adversely

affected by requirements which force the employer to commit funds for as long as a period to provide for the repurchase liability.

Also, in operation the 6-month put option period of current law may inadvertently operate to the detriment of employees by lulling them into missing their opportunity to sell the stock and rollover the proceeds, or a portion thereof, into an individual retirement account (IRA) on a tax-free basis. In order to take advantage of the opportunity for a tax-free rollover, the rollover must be accomplished within 60 days of the distribution. By shortening the put option period to 60 days, this provision makes the put option operate in conjunction with, and in support of, the rollover period.

This provision also protects an employee's ability to control the tax consequences of his or her distribution of benefits. A participant receiving a lump-sum distribution of cash from one of these plans is generally entitled to 10-year averaging, provided he or she has 5 years of participation in the plan. Depending on the participant's tax circumstances, however, it may be advantageous to instead qualify the distribution for capital gain treatment, which requires a distribution in the form of employer stock. Thus, where the plan offers cash, the employee can take cash and qualify the proceeds for 10-year averaging. If capital gain treatment is preferred, the employee instead can insist on a distribution of stock, sell the stock back to the company and qualify the distribution for treatment as capital gain. With either form of distribution, the employee would have the option of delaying taxation with a tax-free rollover of the proceeds, or a portion thereof, into an IRA.

This bill also makes a needed change affecting the unique distribution requirements of tax credit employee stock ownership plans (TRASOPs). When the TRASOP was created in the Tax Reduction Act of 1975, Congress adopted a policy that stock in the plan should not be distributed to a participant until 84 months following the date it was acquired. Exceptions were provided, however, in the case of separation from service, death or disability. Unfortunately, in creating these exceptions we failed to take into consideration the constant acquisition and divestiture of subsidiaries and divisions which occur among major U.S. corporations, many of which have established such plans.

When a corporation disposes of a subsidiary, a division, or a division unit, it makes no sense to require the corporation's tax credit ESOP to continue to hold assets for these former employees. The employees now work for another employer, and continued ownership of their former employer's stock no longer carries with it the motivational benefits which arise from employee ownership. In addition, the tax credit ESOP, and the corporation which established it, must continue to incur needless recordkeeping and other administrative expenses for these former employees.

To resolve this problem, this provision would permit a tax credit ESOP participant's benefit to be distributed, irrespective of the 84-month requirement, if the subsidiary, division, or division unit by which the participant is employed is sold or transferred by the controlling corporation to another corporation which becomes his or her direct or indirect employer as a result of such transaction.

FLEXIBLE BENEFITS

This bill also makes a clarifying amendment relating to what are commonly known as flexible benefits or cafeteria plans—compensation arrangements under which companies provide their employees with a mix of benefits from which they can choose.

Employees are finding that where they are offered such plans they are better able to select a compensation package tailormade to their and their family's needs. For example, a young employee just starting a family might choose a large amount of insurance to protect his family along with more current—versus deferred—compensation, for example, in order to make his home mortgage payments. On the other hand, an older employee, for example, with his children grown and his home paid for, might opt instead for more in the way of deferred compensation, for example, an arrangement under which he more rapidly accumulates stock of his employer.

Employers are finding that such plans offer a way to provide employees with a compensation package that truly meets their individual needs versus an across-the-board approach that never seems to fully satisfy anyone. The U.S. Chamber of Commerce reports that employee benefit payments in 1979 averaged 36.6 percent of payroll; thus, it is becoming increasingly important that employers be provided means by which they can gain the maximum employee satisfaction per benefit dollar expended.

Cafeteria plans provide a means by which employees and employers can work together to design a flexible compensation package, one that maximizes employee satisfaction while minimizing employer costs. Under current law, benefits under a cafeteria plan may include amounts deferred under a profit-sharing or stock bonus plan pursuant to a qualified cash or deferred arrangement. Thus, a cafeteria plan may be designed to permit employees to choose among currently taxable compensation, deferred compensation, and fringe benefits.

This bill simply makes it clear that benefits under a cafeteria plan can be one of the choices available to employees under a qualified cash or deferred arrangement. This clarification should prove helpful in encouraging the use of capital accumulation plans, such as ESOPs and stock bonus plans, in the developing concept of flexible benefits.

S. 1162

A bill to amend the Internal Revenue Code of 1954 to increase the allowable contributions to employee stock ownership plans, to provide a credit against tax for contributions to an employee stock ownership plan based upon payroll as an alternative to that based on investment in equipment, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

(a) GENERAL RULE.—This Act may be cited as the "Expanded Ownership Act of 1981".

SEC. 2. TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN MADE PERMANENT.

(a) IN GENERAL.—Subparagraph (E) of section 46(a)(2) of the Internal Revenue Code of 1954 (relating to tax credit employee stock ownership plan percentage) is amended to read as follows:

"(E) TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN PERCENTAGE.—For purposes of this paragraph, the tax credit employee stock ownership plan percentage is the sum of—

"(i) a paragraph (not in excess of 1 percent) which results in an amount equal to the amount described in, and actually transferred under, section 48(n)(1)(A) and

"(ii) an additional percentage (not in excess of one-half of 1 percent) which results in an amount equal to the amount determined under section 48(n)(1)(B)).

This subparagraph shall apply to a corporation only if it meets the requirements of section 409A and only if it elects (at such time, in such form, and in such manner as the Secretary prescribes) to have this subparagraph apply.".

(b) USE OF THE TERM EMPLOYEE STOCK OWNERSHIP PLAN.—Clause (iii) of section 46(a)(2)(A) of the Internal Revenue Code of 1954 is amended to read as follows:

"(iii) the tax credit employee stock ownership plan percentage."

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to periods beginning after December 31, 1981.

SEC. 3. PAYROLL-BASED CREDIT FOR ESTABLISHING EMPLOYEE STOCK OWNERSHIP PLAN.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowed) is amended by inserting immediately after section 38 the following new section:

"SEC. 38A. TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN CONTRIBUTIONS.

"(a) GENERAL RULE.—

"(1) CREDIT ALLOWED.—In the case of a corporation which elects to have this section apply for the taxable year and which meets the requirements of subsection (c)(1), there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the amount of the credit determined under paragraph (2) for such taxable year.

"(2) DETERMINATION OF AMOUNT.—The amount of the credit determined under this paragraph for the taxable year shall be equal to the lesser of—

"(A) the aggregate value of employer securities transferred by the corporation for the taxable year to a tax credit employee stock ownership plan maintained by the corporation, or

"(B) one percent of the amount of the aggregate compensation (as defined in section 415(c)(3)) paid or accrued during the taxable year to all employees under a tax credit employee stock ownership plan.

"(b) CREDIT TREATED AS PART OF INVESTMENT TAX CREDIT AMOUNT.—For purposes of this subtitle, the amount of the credit determined under subsection (a) for any taxable year shall be treated as if it were an amount determined under clause (iii) of section 46(a)(2)(A) for the taxable year.

"(c) SPECIAL RULES.—

"(1) REQUIREMENTS FOR CORPORATION.—A corporation meets the requirements of this paragraph if it—

"(A) establishes a plan that meets the requirements of section 409A,

"(B) does not elect for the taxable year to have subparagraph (F) of section 46(a)(2) (relating to tax credit employee stock

ownership plan percentage) apply (determined without regard to any carryback or carryover of excess credit), and

"(C) agrees, as a condition for the allowance of the credit allowed by this subsection—

"(i) to make transfers of employer securities to a tax credit employee stock ownership plan maintained by the corporation having an aggregate value of not more than the applicable percentage for the taxable year (determined under subsection (a)(2)) of the amount of the aggregate participants' compensation (as defined in section 415(c)(3)) paid by the corporation during the taxable year, and

"(ii) to make such transfers at the times prescribed in paragraph (2).

"(2) TIMES FOR MAKING TRANSFERS.—The transfers required under paragraph (1)(C) shall be made—

"(A) to the extent allocable to the credit allowed under subsection (a) for the taxable year, or allowed as a carryback to a preceding taxable year, not later than 30 days after the due date (including extensions) for filing the return for the taxable year, or

"(B) to the extent allocable to that portion of the credit allowable under subsection (a) which is allowed as a carryover in a succeeding taxable year, not later than 30 days after the due date (including extensions) for filing the return for such succeeding taxable year.

The Secretary may by regulations provide that transfers may be made later than the times prescribed in the preceding sentence whenever the amount of any credit, carryover, or carryback for any taxable year exceeds the amount shown on the return for the taxable year.

"(3) CERTAIN CONTRIBUTIONS OF CASH TREATED AS CONTRIBUTIONS OF EMPLOYER SECURITIES.—For purposes of this section, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the tax credit employee stock ownership plan, used within 30 days to purchase employer securities.

"(4) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed under section 162, 212, or 404 for amounts required to be transferred to a tax credit employee stock ownership plan under this section.

"(5) DEFINITIONS.—The terms 'value' and 'employer securities' have the meaning given them by section 48(n)(6).

"(6) INCONSISTENT ELECTION DENIED MEMBER OF CONTROLLED GROUP.—No member of a controlled group of corporations (within the meaning of section 414(b)) may elect to have this section apply for a taxable year which begins with or within a calendar year with or within which the taxable year of any other member of such group begins and for which such other member elects to claim the employee stock ownership plan percentage under section 46(a).".

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting immediately after the item relating to section 38 the following new item:

"Sec. 38A. Tax credit employee stock ownership plan contributions.".

(c) BASIC EMPLOYEE PLAN PERCENTAGE LESS THAN 1 PERCENT.—Subparagraph (A) of section 48(n)(1) of the Internal Revenue Code of 1954 is amended by striking out "equal to" in clause (i) and inserting in lieu thereof "not in excess of".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to aggregate participants compensation (as defined in section 415(c)(3) of the Internal Revenue Code of 1954) paid after December 31, 1980.

SEC. 4. LIMITATION ON DEDUCTIONS FOR CONTRIBUTIONS ATTRIBUTABLE TO PRINCIPAL PAYMENTS IN CONNECTION WITH AN EMPLOYEE STOCK OWNERSHIP PLAN.

Section 404(a) of the Internal Revenue Code of 1954 (relating to deductions for employer contributions to an employees' trust) is amended by adding a new paragraph (10) at the end thereof, to read as follows:

"(10) Notwithstanding the provisions of paragraphs (3) and (7), if contributions are paid into a trust which forms a part of an employee stock ownership plan (as described in section 4975(e)(7)), and such contributions are, on or before the time prescribed in paragraph (6), applied by the plan to the repayment of the principal of a loan incurred for the purpose of acquiring qualifying employer securities (as described in section 4975(e)(8)), such contributions shall be deductible under this paragraph in the taxable year when paid. The amount deductible under this paragraph shall not, however, exceed 25 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries under such employee stock ownership plan. Any amount paid into such trust in any taxable year in excess of the amount deductible under this paragraph shall be deductible in the succeeding taxable years in order of time to the extent of the difference between the amount paid and deductible in each such succeeding year and the maximum amount deductible for such year under the next preceding sentence.".

SEC. 5. EXCLUSION FROM LIMITATION ON DEDUCTIONS FOR CONTRIBUTIONS ATTRIBUTABLE TO INTEREST PAYMENTS IN CONNECTION WITH AN EMPLOYEE STOCK OWNERSHIP PLAN.

Section 404(a) of the Internal Revenue Code of 1954 (relating to deductions for employer contributions to an employees' trust) is amended by adding a new paragraph (11) at the end thereof, to read as follows:

"(11) Notwithstanding the provisions of paragraphs (3) and (7), if contributions are made to an employee stock ownership plan (as described in section 4975(e)(7)) and such contributions are applied by the plan to the repayment of interest on a loan incurred for the purpose of acquiring qualifying employer securities (as described in section 4975(e)(8)), such contributions shall be deductible for the taxable year with respect to which such contributions are made.".

SEC. 6. EXCLUSION FROM LIMITATION ON ANNUAL ADDITIONS ATTRIBUTABLE TO FORFEITURES AND INTEREST PAYMENTS IN CONNECTION WITH AN EMPLOYEE STOCK OWNERSHIP PLAN.

Section 415(c)(6) of the Internal Revenue Code of 1954 (relating to limitations on benefits and contributions made under qualified plans) is amended by adding a new paragraph (C) at the end thereof, to read as follows:

"(C) The limitations imposed by this section shall not apply to—

"(i) forfeitures of employer securities under an employee stock ownership plan (as described in section 4975(e)(7)) where such securities were acquired with the proceeds of a loan (as described in section 404(a)(10)), or

"(ii) employer contributions to an employee stock ownership plan (as described in section 4975(e)(7)) which are deductible under paragraph (11) of section 404(a)."

SEC. 7. LIMITATION ON DEDUCTIONS FOR EMPLOYER CONTRIBUTIONS WHERE AN EMPLOYER MAINTAINS AN EMPLOYEE STOCK OWNERSHIP PLAN AND A STOCK BONUS OR A PROFIT-SHARING PLAN.

(a) Section 404(a) of the Internal Revenue Code of 1954 (relating to deductions for employer contributions to an employees' trust) is amended by adding at the end of paragraph (3)(A) the following new sentence:

"If, however, the contributions are made to a stock bonus trust and to a profit-sharing trust, each such trust shall be considered a single trust for purposes of applying the limitations in this subparagraph provided that the additional amount deductible by reason of this sentence shall be represented by a contribution of stock of the employer or a contribution which is used to acquire stock of the employer. Notwithstanding the next preceding sentence, the total amount deductible in a taxable year under such trusts shall not exceed 25 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries under such trusts."

SEC. 8. DEDUCTIBILITY OF CERTAIN DIVIDEND DISTRIBUTIONS FROM EMPLOYEE STOCK OWNERSHIP PLANS AND QUALIFICATION FOR PARTIAL EXCLUSION FROM INCOME.

(a) Section 404 of the Internal Revenue Code of 1954 (relating to deductions for employer contributions to an employees' trust) is amended by adding at the end thereof the following new subsection:

"(i) DIVIDENDS PAID DEDUCTIONS.—In addition to the deductions provided under subsection (a), there shall be allowed as a deduction to an employer the amount of any dividend paid in cash by that employer during the taxable year with respect to stock of the employer if:

"(1) the employer stock is

"(A) held on the record date for the dividend by a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)), and

"(B) in accordance with the plan provisions, the dividend received by the plan is—

"(i) distributed in cash, not later than 60 days after the close of the plan year in which received, to participants in the plan, or

"(ii) applied by the plan to the repayment of a loan (described in section 4975(d)(3)) incurred for the purpose of acquiring stock of the employer,

or

"(2) the employer stock is held on the record date for the dividend by a former employee (or beneficiary) who received such stock in a distribution from a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7))."

"(b) Section 116(c) of the Internal Revenue Code of 1954 (relating to partial exclusion of dividends received by individuals) is amended—

"(1) by renumbering paragraphs (1), (2), and (3) as paragraphs (2), (3), and (4), respectively, and

"(2) by adding at the beginning thereof the following new paragraph:

"(1) Dividend Defined. The term "dividend" shall include amounts paid in accordance with section 404(i).".

SEC. 9. SPECIAL PROVISION FOR DISTRIBUTIONS FROM EMPLOYEE STOCK OWNERSHIP PLANS.

Section 402(a) of the Internal Revenue Code of 1954 (relating to taxability of a

beneficiary of an employees' trust) is amended—

(1) by striking out "(2) and (4)" in paragraph (1) and inserting in lieu thereof "(2), (4) and (8)", and

(2) by adding at the end thereof the following new paragraph:

"(8) SPECIAL RULE FOR DISTRIBUTION OF EMPLOYER SECURITIES FROM TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN OR EMPLOYEE STOCK OWNERSHIP PLAN.—

"(A) GENERAL RULE.—If—

"(i) a lump-sum distribution consisting of employer securities (as described in section 409A(1)) is made to a participant (or beneficiary) from a qualified trust which is part of a tax credit employee stock ownership plan (as described in section 409A) or an employee stock ownership plan (as described in section 4975(e)(7)), and

"(ii) the participant was covered under the plan for at least three plan years prior to the date of distribution, then such distribution shall not be includable in gross income until the participant (or beneficiary) sells such employer securities.

"(B) LIMITATION OF AMOUNT.—The total amount of any such distribution which may be excluded from gross income shall not exceed $25,000.

"(C) TAXABILITY OF EMPLOYER SECURITIES.—Any such employer securities will be taxable to the participant (or beneficiary) at the time such employer securities are sold and shall be treated as long-term capital gain (as defined in section 1222(3).".

SEC. 10. BEQUESTS, AND OTHER TRANSFERS TO EMPLOYEE CHARITABLE CONTRIBUTION, STOCK OWNERSHIP PLANS.

Section 409A of the Internal Revenue Code of 1954 (relating to tax credit employee stock ownership plans) is amended by redesignating subsection (n) thereof as subsection (o) and inserting after subsection (m) a new subsection to read as follows:

"(n) CERTAIN TRANSFERS TREATED AS CHARITABLE CONTRIBUTIONS.—For purposes of sections 170(b)(1), 642(c), 2055(a) and 2522, a contribution, bequest, or similar transfer of employer securities to a tax credit employee stock ownership plan (as defined in subsection (a)) or to an employee stock ownership plan (as defined in section 4975(e)(7)) shall be deemed a charitable contribution to an organization described in section 170(b)(1)(A)(vi), if—

(A) such contribution, bequest, or transfer is allocated, pursuant to the terms of such plan, to the employees participating under the plan in a manner consistent with section 401(a)(4);

(B) no part of such contribution, bequest, or transfer is allocated under the plan for the benefit of the taxpayer (or decedent), or any person related to the taxpayer (or decedent) under the provisions of section 267(b), or any other person who owns more than 25 percent in value of any class of outstanding employer securities (as defined in subsection (l)) or qualifying employer securities (as defined in section 4975(e)(8)) under the provisions of section 318(a);

(C) such contribution, bequest, or transfer is made only pursuant to the provisions of such tax credit employee stock ownership plan or such employee stock ownership plan; and

(D) the plan shall treat such employer securities as being attributable to employer contributions except that the provisions of sections 404 and 415 shall not * * *

SEC. 11. NONRECOGNITION OF GAIN ON REINVESTMENT AND INCREASE IN BASIS OF STOCK SOLD TO AN EMPLOYEE STOCK OWNERSHIP PLAN.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 of the Internal Revenue Code of 1954 (relating to nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1041. SALES OF SMALL BUSINESS STOCK.

"(a) NONRECOGNITION OF GAIN.—If small business stock is sold to a tax credit employee stock ownership plan (as defined in section 409A(a)), to an employee stock ownership plan (as defined in section 4975(e)(7), or to a worker-owned cooperative (as defined in section 105(a) of P.L. 95-351), then gain (if any) from such sale shall, at the election of the taxpayer, be recognized only to the extent that the taxpayer's sale price exceeds the cost of small business stock or stock in a small business investment company purchased by the taxpayer within 18 months after the date of such sale.

"(b) DEFINITIONS; SPECIAL RULES.—For purposes of this section—

"(1) SMALL BUSINESS STOCK.—The term 'small business stock' means qualifying employer securities (as defined in section 4975(e)(8)) or employer securities (as defined in section 409A(1)) which are issued by a domestic corporation or small business corporation as defined in section 1371(b))—

"(A) which does not, in the taxable year in which such stock is issued, have passive investment income (as defined in section 1372(e)(5)(C)) in excess of the limitation set forth in section 1372(e)(5)(A), and

"(B) the equity capital (within the meaning of the last sentence of section 1244(c)(2)) of which does not exceed $25,000,000.

"(2) CONTROLLED CORPORATIONS.—In the case of a corporation which is a member of a controlled group of corporations (as defined in section 1563(a)(1)), the equity capital of all members of the controlled group shall be treated, for purposes of paragraph (1)(A) of this subsection, as the equity capital of the issuing corporation.

"(3) STOCK ACQUIRED BY UNDERWRITER.—No acquisition of stock by an underwriter in the ordinary course of his trade or business as an underwriter, whether or not guaranteed, shall be treated as a purchase for purposes of subsection (a).

"(4) DEFINITION OF SMALL BUSINESS INVESTMENT COMPANY.—The term 'small business investment company' has the same meaning as when such term is used in title III of the Small Business Investment Company Act of 1958 (15 U.S.C. 681 et seq.), except that such term shall not include an electing small business corporation (as defined in section 1371(b)).

"(c) TWELVE-MONTH HOLDING PERIOD LIMITATION.—Subsection (a) shall only apply to gain attributable to sale of small business stock with respect to which the taxpayer's holding period is more than 12 months.

"(d) BASIS OF SMALL BUSINESS STOCK.—The basis of small business stock or stock in a small business investment company purchased by the taxpayer during the 18-month period shall be reduced by the amount of gain not recognized solely by reason of the application of subsection (a). If more than one share of a small business stock or stock in a small business investment company is purchased, such reduction in basis shall be applied to each such share in chronological order of purchase. The amount of the reduction applicable to each share shall be determined by multiplying the maximum gain not to be recognized pursuant to subsection (a) by a fraction the numerator of which is the cost of such share and the denominator of which is the total cost of all such shares.

"(e) STATUTE OF LIMITATIONS.—If during a taxable year a taxpayer sells small business stock at a gain, then—

"(1) the statutory period for the assessment of any deficiency attributable at any part of such gain shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of—

"(A) the taxpayer's cost of purchasing small business stock or stock in a small business investment company which the taxpayer claims results in nonrecognition of any part of such gain,

"(B) the taxpayer's intention not to purchase property within the period specified in paragraph (2), or

"(C) a failure to make such purchase within such period; and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.".

(b) Section 1223 of such Code is amended by redesignating paragraph (12) as paragraph (13) and by inserting a new paragraph (12) as follows:

"(12) In determining the period for which the taxpayer has held small business stock the acquisition of which resulted under section 1041 in the nonrecognition any part of the gain realized on the sale of small business stock, there shall be included the period for which small business stock with respect to which gain was not recognized had been held, and the period such replacement small business stock or stock in a small business investment company was held as of the date of such sale or exchange.".

(c) The table of sections for part III of subchapter O of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Sec. 1041. Sales of small business stock.".

SEC. 12. TRANSFER OF EMPLOYER SECURITIES TO AN EMPLOYEE STOCK OWNERSHIP PLAN.

(a) IN GENERAL.—Subchapter C of chapter 11 of the Internal Revenue Code of 1954 (relating to miscellaneous estate tax provisions) is amended by adding at the end thereof the following new section:

"SEC. 2210. TRANSFER OF EMPLOYER SECURITIES TO AN EMPLOYEE STOCK OWNERSHIP PLAN.

"(a) IN GENERAL.—If—

"(1) a qualified amount of employer securities are acquired by an employee stock ownership plan from the decedent or pass from the decedent, or are transferred by the executor, to such a plan, and

"(2) the executor elects the application of this section and files the agreement described in subsection (e)(1) before the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof),

then the executor is relieved of liability for payment of that portion of the tax imposed by section 2001 which an employee stock ownership plan is required to pay under subsection (b).

"(b) PAYMENT OF TAX BY EMPLOYEE STOCK OWNERSHIP PLAN.—

"(1) IN GENERAL.—An employee stock ownership plan—

"(A) which has acquired a qualified amount of employer securities from the decedent, or to which such securities have passed from the decedent or been transferred by the executor, and

"(B) with respect to which an agreement described in subsection (e)(1) is in effect,

shall pay that portion of the tax imposed by section 2001 on the gross estate of the decedent which is described in paragraph (2).

"(2) AMOUNT OF TAX TO BE PAID.—The portion of the tax imposed by section 2001 on the gross estate of the decedent which is described in this paragraph is equal to the lesser of—

"(A) the excess of—

"(i) the tax imposed by section 2001 on such gross estate, over

"(ii) the tax imposed by section 2001 on such gross estate determined by excluding employer securities from such gross estate, or

"(B) the tax imposed by section 2001 on such gross estate reduced by the sum of the credits allowable against such tax.

"(c) INSTALLMENT PAYMENTS.—If—

"(1) the executor of the estate of the decedent (without regard to this section) may elect to have the provisions of section 6166 or 6166A (relating to extensions of time for payment of estate tax where estate consists largely of interest in closely held business) apply with respect to payment of that portion of the tax imposed by section 2001 on such estate which is described in subsection (b)(2), and

"(2) the plan administrator files the agreement described in subsection (e)(2),

then the plan administrator may elect, before the time prescribed by section 6075(a) for filing the return of such tax, to pay all or part of such tax in installments under the provisions of section 6166 or 6166A.

"(d) GUARANTEE OF PAYMENTS.—An employer whose employees are covered by an employee stock ownership plan, and who has entered into an agreement described in subsection (e)(2) which is in effect, shall guarantee the payment of any amount such plan is required to pay under subsection (b), including any interest payable under section 6601 which is attributable to such amount.

"(e) AGREEMENTS.—The agreements described in this subsection are as follows:

"(1) A written agreement signed by the plan administrator consenting to the application of subsection (b) to the plan.

"(2) A written agreement signed by the employer whose employees are covered by the plan described in subsection (b) consenting to the application of subsection (d).

"(f) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED AMOUNT OF EMPLOYER SECURITIES.—The term 'qualified amount of employer securities' means an amount of employer securities the value of which equals or exceeds that portion of the tax imposed by section 2001 on the gross estate of the decedent which is described in subsection (b)(2).

"(2) EMPLOYER SECURITIES.—The term 'employer securities' has the meaning given such term by section 409A(1).

"(3) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

"(4) PLAN ADMINISTRATOR.—The term 'plan administrator' has the meaning give such term by section 414(g).".

(b) EXEMPTION FROM TAX ON PROHIBITED TRANSACTIONS.—Subsection (d) of section 4975 of such code (relating to exemptions from the tax on prohibited transactions) is amended—

(1) by striking out "or" at the end of paragraph (14),

(2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof ", or ", and

(3) by inserting after paragraph (15) the following new paragraph:

"(16) any transaction in which employer securities are transferred to an employee stock ownership plan and the plan (or the employer on behalf of the plan) pays that portion of the decedent's estate tax described in section 2210(b)(2).".

(c) CONFORMING AMENDMENTS.—

(1) Section 2002 of such Code (relating to liability for payment of estate tax) is amended to read as follows:

"SEC. 2002. LIABILITY FOR PAYMENT.

"Except as provided in section 2210, the tax imposed by this chapter shall be paid by the executor.".

(2) The table of sections for subchapter C of chapter 11 of such Code is amended by adding at the end thereof the following:

"Sec. 2210. Transfer of employer securities to an employee stock ownership plan.".

(3) Section 6018 of such Code (relating to estate tax returns) is amended by adding at the end thereof the following new subsection:

"(c) ELECTION UNDER SECTION 2210.—In all cases in which subsection (a) requires the filing of a return, if an executor elects the application of section 2210—

"(1) RETURN BY EXECUTOR.—The return which the executor is required to file under the provisions of subsection (a) shall be made with respect to that portion of estate tax imposed by subtitle B which the executor is required to pay.

"(2) RETURN BY PLAN ADMINISTRATOR.—The plan administrator (as defined in section 414(g)) shall make a return with respect to that portion of the tax imposed by section 2001 which the employee stock ownership plan is required to pay under section 2210(b).".

(4) Subsection (j) of section 6166 of such Code (relating to alternate extension of time for payment of estate tax where estate consists largely of interest in closely held business) is amended by adding at the end thereof the following new paragraph:

"(5) Payment of estate tax by employee stock option plan.—

For provision allowing plan administrator to elect to pay a certain portion of the estate tax in installments under the provisions of this section, see section 2210(c).".

(5) Subsection (k) of section 6166A of such Code (relating to extension of time for payment of estate tax where estate consists largely of interest in closely held business) is amended by adding at the end thereof the following new paragraph:

"(3) Payment of estate tax by employee stock option plan.—

For provision allowing plan administrator to elect to pay a certain portion of the estate tax in installments under the provisions of this section, see section 2210(c).".

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall apply to those estates of decedents which are required to file returns on a date (including any extensions) after December 31, 1980.

SEC. 13. USE OF NONVOTING STOCK IN EMPLOYEE STOCK OWNERSHIP PLANS.

Section 409A(1) of the Internal Revenue Code of 1954 (relating to the definition of employer securities) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) NONVOTING COMMON STOCK MAY BE ACQUIRED IN CERTAIN CASES.—Nonvoting common stock shall be treated as employer securities if an employer has a class of nonvoting common stock outstanding and the specific shares that the plan acquires have been issued and outstanding for at least 24 months.".

SEC. 14. CASH DISTRIBUTIONS FROM AN EMPLOYEE STOCK OWNERSHIP PLAN.

Section 409(h)(2) of the Internal Revenue Code of 1954 (relating to right to demand employer securities) is amended by adding the following sentence at the end thereof: "In the case of an employer where ownership of all outstanding employer securities is restricted by the charter or the by-laws of such employer to employees, a plan which otherwise meets the requirements of section 4975(e)(7) shall not be considered to have failed to meet the requirements of section 401(a) merely because it does not permit a participant to exercise the right set forth in subparagraph (1)(A): provided such plan provides that participants entitled to a distribution from the plan shall have a right to receive a distribution in cash."

SEC. 15. PUT OPTION FOR STOCK BONUS PLANS.

Section 401(a)(23) of the Internal Revenue Code of 1954 (relating to cash distribution option for stock bonus plans) is amended—

(1) by striking out "409A(h)(2)", and

(2) by inserting in lieu thereof "409A(h): provided, however, that for purposes of this paragraph employer securities shall mean any securities of the employer held by the plan."

SEC. 16. PUT OPTION REQUIREMENTS FOR FINANCIAL INSTITUTIONS; PUT OPTION PERIOD.

Section 409A(h) of the Internal Revenue Code of 1954 (relating to put options for employee stock ownership plans) is amended by adding a new paragraph (3) at the end thereof, to read as follows:

"(3) Special rule for banks and similar financial institutions. In the case of a plan established and maintained by a bank or a similar financial institution which is prohibited by law from either redeeming or purchasing its own securities, the requirements of section 409A(h)(1)(B) shall not apply: provided such plan provides that participants entitled to a distribution from the plan shall have a right to receive a distribution in cash.".

"(4) An employer shall be deemed to satisfy the requirements of subparagraph (1)(B) if it provides a put option for a period of at least 60 days following the date of distribution of stock of the employer and, if the put option is not exercised within such 60-day period, for an additional period of at least 60 days in the following plan year as provided in regulations promulgated by the Secretary.

SEC. 17. EMPLOYEE STOCK OWNERSHIP PLANS PERMITTED FOR "SUBCHAPTER S" CORPORATIONS.

Section 1371(e) of the Internal Revenue Code of 1954 (relating to certain trusts permitted as shareholders of certain small business corporations) is amended by adding a new paragraph (4) at the end thereof, to read as follows:

"(4) A trust which is a part of a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)). For purposes of subsection (a), stock distributed from such plans shall be disregarded."

SEC. 18. DISTRIBUTION OF EMPLOYER SECURITIES FROM A TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN IN THE CASE OF A SALE OF EMPLOYER ASSETS OR STOCK.

Section 409(d) of the Internal Revenue Code of 1954 (relating to distribution of employer securities) is amended by deleting the last sentence thereof in its entirety and substituting in lieu thereof the following.

"To the extent provided in the plan, the preceding sentence shall not apply in the case of separation from service, death or disability; nor shall it apply in the case of a sale of all (or substantially all) of the assets of a division of the employer (or a unit of such a division), or the sale of all (or substantially all) of the stock of a subsidiary of the employer, and the transfer of the participant to the direct or indirect employment of the acquiring entity."

SEC. 19. NONDISCRIMINATION TESTS APPLICABLE TO PLANS PROVIDING FOR A CHOICE OF BENEFITS (CAFETERIA PLANS).

Section 401(k)(2)(A) of the Internal Revenue Code of 1954 (relating to the definition of qualified cash or deferred arrangements) is amended to read as follows:

"(A) under which a covered employee may elect to have the employer make payments as contributions to a trust under the plan on behalf of the employee, receive such payments directly in cash, or receive such payments as benefits under a cafeteria plan (as defined in section 125(d))."

SEC. 20. EFFECTIVE DATE.

Except as provided in sections 2 and 12, the provisions of this Act shall be effective for taxable years beginning after December 31, 1980.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempport. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of Senate Concurrent Resolution 19 and the pending amendment by the Senator from Ohio (Mr. METZENBAUM) on commodity tax credits.

The Senate resumed consideration of Senate Concurrent Resolution 19.

AMENDMENT NO. 50

Mr. METZENBAUM. Mr. President, before addressing myself to the specifics of the issue before us, I should like to talk about a matter of discrimination, because what we have in this budget that is before the U.S. Senate is a very, very discriminatory piece of legislation. It is a piece of legislation that says we are going to protect some people in society and not make them pay their fair share of the tax burden; we are going to protect certain subsidies; and we are going to protect, as was indicated yesterday, the water projects in the Western and Southern parts of the country and not worry about discriminating against the Northeast and the Midwest.

Discrimination in any form, Mr. President, is wrong, and this budget is totally discriminatory. The security net that this budget was supposed to provide does not protect the poor and middle-class Americans; it protects the rich and the affluent and those who play games in the stock market with commodity straddles, those who have a special privilege to pay lower taxes on growing certain products, than it does the American farmer, who pays his full share of taxes.

Mr. President, this is the kind of budget that does not make sense. It is the kind of budget that causes the people of the country to lose confidence in their governmental leaders.

Mr. President, look at the front page of the Washington Post today. Right next to each other are two columns. One says that the Reagan administration is going to slash social security benefits. The other column says that corporations are going to get their taxes cut 50 percent.

What kind of justification can there be for that, what kind of humaneness can that be? Where is this crowd coming from? How can they be so cruel and indifferent and unconcerned about the American people? All this talk about production incentives and supply side economics—tell that to the poor of the country; tell that to the middle-class Americans, who will not be able to send their kids to college as a consequence of this budget.

Oh, this is a budget that the American people have not yet come to understand. This is a budget that is iniquitous; this is a budget that is inequitable.

There are those who would say, "Well, just give us a chance; the economy is going to be better," Oh, yes, it is going to be better. Read the top line of the Washington Post today: Interest rates up to 19.5 percent and going higher, and the stock market continuing to tumble.

Open the paper and look at the chart in the Washington Post about how the stock market has tumbled and tumbled and tumbled since April. Why? Because the smart people who are in the marketplace, the best economists on Wall Street, like Henry Kaufman, are saying that this budget will not work.

You can kid yourself; you can even kid the American people. But you cannot kid the money market and you cannot kid the reality of the economics of this Nation.

The amendment that I am offering this morning is a tax expenditure amendment, but it is not—and I want my friends on the other side to get the emphasis, because when they attempt to respond they will probably be talking about the fact that this is a tax increase: This is not a tax increase amendment, Mr. President. This amendment does not raise one tax bracket by even so much as a tenth of 1 percent.

It does not remove even one exemption already contained in the law. It does not eliminate one zero tax bracket. It does not levy 1 penny of new tax authority on any person or corporation.

It simply closes down the notorious shell game called the butterfly straddle, where appearances have become more important than reality and the Internal Revenue Service has to spend its time looking under the shells for profit, while, all the time, the real profit is concealed in the magician's pocket.

Mr. President, it is called a butterfly straddle because it has to do with the complicated game of puts and calls. But it ought to be called a butterfly straddle because it makes it possible, as the butterfly flies away, for $1,300,000,000 of the Federal Treasury's funds to fly away from the Treasury and never get paid.

Mr. President, this amendment does not raise the tax burden of one hourly worker who punches a timeclock. It does not raise the taxes for one farmer who protects his family's crop value in the futures market.

Mr. President, it does not raise taxes, but it does capture them. It collects taxes that are now being illegitimately sheltered in an elaborate and complexly fabricated system of puts and calls, short and long positions that have nothing to do with making a profit, or with speculation or with protecting crop values or commodity values.

Mr. President, this is not the first time I have raised this issue on the floor of the Senate. Five weeks ago, I offered an amendment to the budget on the subject of tax expenditures. That amendment provoked an extensive debate as to the question of timing: Was it or was it not the proper time to debate tax expenditures in general and to question some dubious tax expenditures in particular? The sense of the Senate then was that we should defer consideration of this issue until a later date.

Mr. President, today is the time to consider that issue. Today, we are debating a budget resolution that deals with revenues, that deals with a deficit, that deals with taxes. But this resolution contains some very discriminatory provisions having to do with tax straddles, having to do with capital gains on timber, having to do with a number of other areas where the taxes are not fairly met nor paid.

Mr. President, this budget discriminates against the small saver on behalf of the commodity straddle wheeler-dealer. I would not propose in this amendment to do anything about those who are legitimately in the commodity market and who use straddles for the purpose of hedging their position. That is not the thrust of this amendment. I have made that clear to every commodity dealer who spoke with me. I have made it clear to every Senator who has spoken with me. I have made it clear that I am interested in the people who play this game of commodity straddles in order to avoid paying legitimate taxes and not to have any negative impact upon those who legitimately use commodity hedges as a part of their business operations. Mr. President, I am zeroing in on that crowd of people that has nothing to do with the commodity market except to use it in order to avoid paying taxes.

Mr. President, this budget discriminates against the average $20,000-a-year wage-earning family in favor of the $200,000-a-year family. Think of it, Mr. President: The $200,000-a-year taxpayer will save 36 times the amount saved by the $20,000-a-year wage earner.

Think of it: Under this great program of tax saving that is being advocated by the administration, that portion of the taxpaying public that earns less than $10,000 a year will have their share of the tax burden increased 50 percent—will have their share of the tax burden increased 50 percent. But that portion of the taxpaying public that earns in excess of $100,000 a year will have their share of the tax burden reduced 25 percent.

Who could possibly justify or explain that to their constituents? But that is the reality of the budget that is before the U.S. Senate. That is the reality of the tax program advocated by the administration.

This budget discriminates against the family farmer. Why discriminate against the man who grows cotton, who grows corn or soybeans or wheat, in favor of the conglomerate paper and lumber giants? What possible justification could there be for that kind of discrimination?

This budget discriminates against the small machine owner in Cleveland, in Detroit, in Buffalo, in favor of the huge oil companies. It perpetuates the billion-dollar-a-year tax subsidy of the filet mignon and martini business lunch, at the cost of huge slashes in the soup and sandwich lunches for school kids and senior citizens. Who could rightfully and with good conscience justify that kind of discrimination?

These tax expenditures, all $266 billion of them, are employed within this budget resolution, and I am not here to say that all of them should be challenged; but some of them certainly should be challenged.

Even David Stockman said:

I think that there are some tax expenditures that are obsolete, inefficient, or unjustifiable. They ought to be eliminated as a matter of good tax policy and as a matter of political equity in some general sense—basically, the sense that you are trying to articulate here today.

Those were David Stockman's words before the Budget Committee in response to my question to him on March 12, 1981.

However, is there any indication in this budget that there is any effort to eliminate those tax expenditures that are obsolete, inefficient, and unjustifiable? Not one penny.

Today, I hope we can remedy one of those discriminatory advantages, because we have the strong recommendation of the Treasury Department to do away with a useless and costly tax expenditure, and it is in that respect that I offer this amendment that is before the Senate. The Treasury Department already has addressed itself to this issue. I raised the issue with Mr. Regan, the Secretary of the Treasury, when he was before our committee.

My amendment would close that very issue to which we spoke in the committee, the one having to do with the so-called commodity straddle tax shelter, perhaps the most blatant, the most useless, the most nonproductive way ever devised by high-priced tax lawyers to help very, very wealthy people avoid paying their taxes.

Pending in the Senate is proposed legislation to do that very thing; and that measure, offered by Senator MOYNIHAN, which I have cosponsored, would eliminate that commodity straddle.

As a matter of fact, a week ago, the Treasury Department endorsed the idea of legislation to eliminate commodity tax straddles.

The Assistant Secretary for Tax Policy, John Chapeton, told the House Ways and Means Committee:

The use of commodities and commodities futures in various tax avoidance schemes raises very serious problems in the administration of the tax laws. We believe a legislative solution is necessary to curtail these abuses. We estimate the revenue loss will be $1.3 billion in 1981. Decisive and clear-cut action is needed to stop these tax avoidance schemes. The use of these transactions to defer the payment of tax and to convert ordinary income to long-term capital gain must be eliminated.

The ACTING PRESIDENT pro tempore. The Chair informs the Senator that he has used 15 minutes.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that 5 minutes of the time allocated to the Senator from Ohio with respect to the issue of capital gains be allowed me at this point.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, what I am saying is this: The Treasury Department already has come out for this issue. The Treasury Department is on the side of this amendment. All we are saying with this amendment is that since the Treasury is pushing for it and since the Members of the majority party seem to stand up and salute for everything the administration wants, it is reasonable to assume that the majority will enact that legislation, which the administration is advocating.

If that be the case, why should we not have some independence of spirit and cover the point in this budget resolution before the Senate? It is going to happen. Why do we not do it? Or, do we have to have somebody call us up and say, "Now is the time for you to vote to eliminate the commodity straddle"? Can we not do it on our own? The Treasury Department is advocating it.

Yesterday, the National Taxpayers Union advocated an amendment that the Senator from Ohio offered, and you turned it down. Today, the Treasury Department is advocating this elimination of $1.3 billion in tax expenditures. Why can you not include it in this budget resolution?

Mr. President, I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. SYMMS. I yield myself 5 minutes from the time of the majority on the amendment.

Mr. President, I rise today in opposition to the proposal made by Senator METZENBAUM because it would do far more harm than good to our economy, and particularly to the agricultural segment of the economy.

To understand why this proposal would be injurious to the futures market, and subsequently to the agricultural community, it is important to have a basic understanding of those markets.

The principal economic purpose of the futures market is to provide a place for a producer or commercial user to transfer risk to someone else.

It allows the farmer or the grain elevator to sell his grain at a definite price before the crop is ready for delivery to market, and at the same time, allows the miller or the processor to purchase today their future needs at a certain price.

A secondary purpose of the market is to provide pricing information for commodities at a future point in time.

Both of these functions are very important to the production, processing, marketing, and distribution of agricultural, as well as many other commodities.

There are two basic categories of traders in the futures market: The commercial trader, either the producer or user of a commodity who is hedging, and the speculator, who assumes some of the risk that the commercial hedger is transferring.

If there were commercial users who were willing to buy the same amount of a commodity being offered by the producer at the offered price, theoretically there would be no need for the speculator. But in the real world, there is an imbalance between buyers and sellers and the speculator is there to fill the gap.

The speculator also adds capital to the market-making prices less volatile. It is axiomatic to the market that the more competing bids and offers there are, the narrower the price range of trading.

Speculators fall into three categories—position traders, daily position traders who take position for short periods of time, called "scalpers," and spread traders. Of these three categories, scalpers and spreaders are, by far, the most productive contributors of liquidity and, between them, spreaders are the most important.

In fact, spread trading may constitute about 50 percent of the daily trade volume in some markets—trading which for the most part is motivated solely for economic reasons, not for tax purposes.

Furthermore, the largest portion of the liquidity contributed to the market by the scalpers and spreaders come from "locals"—those who trade on the floor of the exchange.

The spread trader provides initially all of the market liquidity for the forward or "out" delivery months. It is a fundamental fact in the futures market that the largest transaction activity occurs in the close or nearby delivery months largely because there is more certainty.

Generally, the further away the delivery month, the less trading activity and thus the less liquidity. Therefore, a commercial hedger who needs to buy or sell in a distant delivery month would not be able to effectively do so if it were not for spreaders.

They will take the risk because at the same time they have offset their position with an equal amount of the commodity in a different delivery month.

Contrary to representations being made by Senator METZENBAUM, the proposed changes would change the tax treatment of all speculative spreads, even if the motivation for putting on the spread is solely economic and even if the spread trader makes his living on an exchange floor trading spreads and other commodity futures.

Statements by Senator METZENBAUM that his proposal would only affect "butterfly" spreads and spreads sold to the general public as tax shelters reflect a lack of understanding of the ramifications of his proposal.

If enacted, the proposed changes would drive millions of dollars of legitimate day-to-day speculative capital from the

futures market. This in turn would mean less liquid markets resulting in lower prices to producers and higher prices to users.

In fact, it is my understanding, that the tax straddle provides approximately 80 percent of the liquidity in the market.

The Metzenbaum proposal would drive speculative capital from the markets because the day-to-day trader in the futures market will not take the extreme risk involved in trading futures if gains are taxed at a rate of up to 70 percent and in a bad year only $3,000 of losses are deductible against any ordinary income the trader may have.

The speculator in futures markets—be he a position trader, daily trader or a spread trader—will not take the great risk of trading futures unless there is an opportunity to average income by moving income forward and unless he has a reasonably good chance of obtaining long-term capital gains on some trades.

While most of the day-to-day traders transactions are motivated by economic considerations he does use spreads for tax planning and to mitigate the severe impact of the high tax rates on gains and the limitation on losses.

The proposals would deny any such opportunity and drive him from the market.

The tax benefits for commodity traders are not much different than those given to those investing in other segments of the economy—oil and gas, timber, real estate, and equipment leasing, et cetera. Like these other investors, the commodity speculator benefits the public by assuming a risk for producers and users of commodities and, at the same time, keeping the prices of these commodities less volatile and ultimately lower to the consuming public.

In addition to the adverse market effects of the proposed changes, there are some significant technical problems. For example, since the proposals would treat all speculative spreads alike, it would be a nightmare for the day-to-day commodity trader, who trades thousands of spreads each year, to trace through his spreads to determine the tax ramifications. The same nightmare might also be true for the IRS revenue agent who has to audit the tax returns involved.

I am in agreement that there are some cases of tax abuses because of the present tax treatment of spreads and I am in favor of addressing this problem.

However, the proposal suggested today is too drastic in that it has a devastating impact on trading for legitimate economic purposes.

If we want to leave the budget resolution as the Budget Committee has brought it to the Senate then we should vote against and reject the amendment.

Mr. President, I reserve the remainder of my time.

Are there any other Members on this side who request time?

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. METZENBAUM. Mr. President, I yield myself the remainder of the time that I have remaining.

The ACTING PRESIDENT pro tempore. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, how much time is that?

The ACTING PRESIDENT pro tempore. There are 2 minutes exactly remaining.

Mr. METZENBAUM. Mr. President, just as I predicted, my good friend speaking in opposition to this amendment indicated that it would raise taxes. It does not raise taxes. It does not raise taxes 1 cent for anyone who should legitimately be paying his taxes.

What it does is it says that some people who are not paying their fair share of the taxes and who have a discriminatory advantage over all the other members of society who pay their fair share of taxes should get in the swim.

It completely accords with the President's view that the budget should be fair and equitable, and saying that someone who is not paying any taxes should pay his fair taxes is hardly what I would consider to be raising taxes.

The farmers will not pay any more. The people who deal in commodities will not pay any more because I am prepared to work out that kind of an amendment, and I have made that position very clear to the Senator from Idaho.

The fact is I do not want those people to pay any more. But there is not any logical reason for those people who are playing games—the Treasury Department says this $1.3 billion we should pick up.

Mr. SYMMS. Mr. President, the fact of the matter is that in the Senator's amendment, the recommended level of Federal revenues is as follows: $651.6 billion for fiscal year 1982.

The ACTING PRESIDENT pro tempore. The Senator will suspend. The 2 minutes of the Senator from Ohio have now expired.

Who yields time?

Mr. SYMMS. Mr. President, I yield myself such time as I might need.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Idaho.

Mr. SYMMS. My good friend from Ohio knows that if his amendment is passed the revenue assumption in this resolution will be changed for fiscal year 1982 from $650.3 billion to $651.6 billion.

That is an increase in taxes. This would have to be addressed by the tax writing committee, the Finance Committee of the Senate.

There is no opposition to the merits of the instance that the Senator cites where there is someone who makes money on say a real estate transaction and puts it into the commodity markets to avoid paying taxes.

There is no argument on the part of the Treasury or the Senator from Idaho or any other Member of this Chamber.

But what the Senator is talking about is he is comparing apples with oranges. If we pass his amendment today, we would have to go back to some other place in the tax code and give up $1.3 billion in tax cuts for the taxpayers of this country.

The Senator well knows when we debated this in the committee that he was equating hedges with butterfly straddles. They are completely different things. A butterfly straddle is one thing.

A legitimate hedge is something else, where the farmer sells to the grain elevator and the grain elevator sells commodities into the future to offset that. Then he finds out that, say, September was not a good month, so he rolls those forward to November or on into the next year. We have people who hold positions both long and short in order to provide liquidity for that agricultural market.

If we do not have buyers and sellers, instead of having a steady price on, say, soybeans, wheat, and corn, we would have prices fluctuating up and down. Then what happens to the farmer? The farmer ends up selling low, and the speculators end up selling high. The farmer loses, and we have lower commodity prices at the farm that hurt people also.

Mr. METZENBAUM. Mr. President, will the Senator yield?

Mr. SYMMS. I am happy to yield to the Senator from Ohio.

Mr. METZENBAUM. Mr. President, this is a question. Will the Senator from Idaho agree that revenue loss in this matter is $1.3 billion according to the Treasury?

Mr. SYMMS. The Senator's phrase of tax expenditures always marvels me, and I know the Senator is sincere in this, but when we talk of tax expenditures around this Chamber it is as though the Government owns the money in the first place and the taxpayer did not earn the money legitimately in the first place.

A legitimate hedger on the floor of the Board of Trade in Chicago may be long and short 2 different months on, say, wheat or corn, or whatever the commodity is, and in his so doing he is providing the liquidity for the producer.

A lot of the revenue the Senator is talking about simply is money where the trader is short on one side and long on the other. So he has had losses on one side and gains on the other. These legitimate transactions are part of the $1.3 billion. I would challenge whether we really know or not how much money would have been paid in taxes that is not eventually paid anyway.

There is another point that the Senator often forgets. This taxpayer may roll the taxes forward 1 year and pay the taxes the next year.

Mr. METZENBAUM. I have to say, then, the Senator is questioning the Treasury Department because their statement is, "We estimate the revenue loss will be $1.3 billion in 1981," and they say that, "The Treasury believes that legislative action is necessary to stem the growing use of commodities and commodity-related transactions for tax avoidance purposes."

The Senator from Idaho knows that I have made it very clear to him and I am prepared to work out language to take care of the legitimate concerns of the farmer; is that not correct?

Mr. SYMMS. That is correct, but I just say to my friend from Ohio that there is a proper place to do this. I think we should do it, and the Treasury is in favor of doing it. There is no opposition from the Senator from Idaho and others to go after the particular instance that the Senator from Ohio is citing, but if we in fact accept his amendment here today, then the Finance Committee of the

Senate will be bound by a $1.3 billion higher revenue floor. I do not think that we can demonstrate at this point in time that this amendment would not outlaw the legitimate hedger. It would be a mistake for this Senate and the House of Representatives and Congress to pass legislation which interfered with the very, very fine operation we have in agricultural marketing in this country by diminishing the liquidity and price discovery of trading in these commodities.

It would be devastating to a whole sector of our economy. This affects millions and millions of American workers who earn their living on the farms of this country, in the field, in the forests, and in the mines of this country.

This amendment is totally inappropriate today, and it raises taxes by $1.3 billion.

Mr. METZENBAUM. Mr. President, would the Senator from Idaho like to reduce the deficit by $1.3 billion?

Mr. SYMMS. The Senator from Idaho would love to do that. But I would like to explain why these tax-shelter uses of legitimate market activity have come about. We have a 70 percent top tax rate today on what they call unearned income, which is investment income.

Mr. METZENBAUM. No.

Mr. SYMMS. It is no wonder people are looking for ways to shelter income.

Mr. METZENBAUM. You pay zero if you are in the commodity market, you pay zero.

Mr. SYMMS. I would say to the Senator from Ohio if we reduce the marginal rates of taxation in this country, there may not be $1.3 billion of tax abuse as claimed by the Senator. These people would have no incentive to look for tax loopholes.

There is a whole corps of people out here in the accounting field and in the law field, trying to help people figure out ways to delay taxes or reduce the burden of taxation because they have high incomes. If we reduce the marginal rates these tax abuse problems will diminish significantly.

Mr. METZENBAUM. I gather the Senator from Idaho is suggesting that people love to pay taxes at the 50-percent rate but avoid paying them at the 70-percent rate; is that the Senator's statement?

Mr. SYMMS. They love it less at 70 percent than at 50 percent.

Mr. METZENBAUM. I guess they would love 30 percent better or even zero.

Mr. SYMMS. I think they would love 30 percent much better.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. METZENBAUM. Mr. President, I yield the Senator from New York 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I thank the Chair. I thank my friend from Ohio. I am happy to join him here, as I have in the Budget Committee on numerous occasions, to support the commodity tax straddles legislation.

I have introduced legislation in this Congress which would bring to our Treasury $1.3 billion a year of avoided taxes; taxes not taken, in any sense, on profitably or gainfully invested capital.

Mr. President, in the interval since the legislation was introduced in January there has been an important event. The Assistant Secretary for Tax Policy of the new administration, the Honorable John B. Chapeton, has announced the Reagan administration's support for legislation achieving this end. So we now know that two successive administrations have agreed that, clearly, this is something in the interest of our budgetary situation; but I should like to suggest, and I think the Senator from Ohio would agree, that something much more important is involved. That is the integrity of our tax system. This matter is on the verge of becoming a national scandal. While it is still within our power to control it, we ought to do it.

Mr. President, tax straddles can be used to defer income taxes indefinitely. One man who sold a closely-held business at a $10 million profit in 1976 still has not paid taxes on that income. They can be used to convert income that would be taxed at ordinary rates into capital gains that are taxed at 40 percent of the ordinary rates. Alternately, they are a tax free loan.

The only thing that prevents straddles from becoming an epidemic is that they are very complicated transactions. If they were easier to understand, they would be as attractive to the general public as money market funds. One would have to be a fool not to use them.

Tax straddlers distort the operation of the commodities markets. I quote from a Department of Agriculture publication:

> There is evidence of a large use of futures trading for the purpose of postponing, reducing, or even completely avoiding payment of income tax on profits derived either from such trading or from other sources. The fact that profits from some futures transactions can, by application of certain novel trading and accounting procedures, be made completely tax exempt, is inducing persons to trade in commodity futures who otherwise would confine their activities to other fields.
>
> Those who are using the markets for tax reduction purposes add nothing to the dignity or usefulness of an institution dedicated to the marketing of agricultural products.
>
> In this discussion no consideration is given to the legality or desirability of such transactions from an income tax point of view. The point under consideration here is the effect of such activities on the functioning of the commodity marketing system. It is believed that such operations are now on a scale which warrants the concern of those who use the markets for their intended purpose of facilitating the distribution of agricultural products.

Former Assistant Secretary of the Treasury Lubick tells an interesting story. He wrote me last December about a limited partnership that had been set up with almost a 100 partners to trade in commodities and produce tax losses for the partners.

In its first full year of operation, the partnership produced $46 million in losses. "Such dismal results so impressed investors," Lubick wrote—

> That the partnership doubled in size the following year, and investor interest proved fully justified. The enlarged partnership proceeded to lose close to $70 million.

In the meantime, the partnership's activities showed a remarkable dichotomy. The losses were matched by long-term gains of about equal size. However, these gains were not taxable until later years and then at the low rates for capital gains income.

Shortly after Secretary Lubick wrote, he got a series of telephone calls from angry taxpayers who complained that Lubick should not have disclosed information about their tax returns. None of the individuals who called was involved in the partnership in question.

So there may be much more straddling through limited partnerships than was at first believed.

Two administrations, the present Republican and the previous Democratic, have called for action on straddles. This is not a party issue.

Mr. President, in order that the general public may have access to the views of the Treasury Department at this moment, I ask unanimous consent that there be printed in the RECORD a statement by Secretary Chapeton regarding tax straddles.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE HONORABLE JOHN B. CHAPETON

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to offer the views of the Treasury Department on the growing use of transactions involving commodities, commodities futures, and financial futures for tax avoidance purposes. Although the Treasury Department is prepared to offer recommendations for legislation to curb the emerging pattern of abuse from these transactions, I must stress that our principal focus has been, and continues to be, on the economic program of the President and on the tax proposals which are a part of that program. Our comments on the use of commodities and futures transactions for tax avoidance purposes, and the recommendations that we make, must be understood as secondary in importance to the overwhelming need for swift and decisive action on the President's program. As you are aware, we have requested that congressional action with respect to tax measures other than the President's program be deferred until the completion of legislative action on the economic package.

The views which are set forth in this statement represent the views of the Treasury Department alone. Due to the lack of time, we have not obtained the advice of the Office of Management and Budget on the relationship of our proposals to the program of the President.

The use of commodities and commodities futures in various tax avoidance schemes raises very serious problems in the administration of the tax laws.[1] As the Internal

[1] In my testimony today, I have assumed that taxpayers can successfully maintain that they are entitled to certain tax benefits as a result of engaging in these transactions. In fact, the Internal Revenue Service has taken a contrary position on many of these issues and litigation is presently being maintained in the courts. This litigation is proceeding on the basis of several theories any one of which, if successful, would deny the taxpayers the favorable tax consequences which they claim. The length of time needed to achieve a judicial resolution of these issues to a degree sufficient to prevent taxpayers from claiming the tax benefits of

Revenue Service has focused more attention on these transactions, the magnitude and depth of the problem have become readily apparent. For example, when one of the eight Service groups that deal with commodities related transactions was asked recently to produce some examples of major transactions in commodities currently under audit, this sample of returns alone disclosed, in the aggregate, one quarter of a billion dollars in losses being questioned.

I. BACKGROUND ON THE OPERATION OF THE FUTURES MARKETS

In order to appreciate the difficulties raised by commodities and other futures transactions, it is helpful to understand the operation of the futures markets in general. These markets, and the instruments which are traded on these markets, are totally unlike the stock and securities markets with which most of us are familiar. As will be described in more detail later, all commodities futures positions are "marked to market" on a daily basis, and actual cash will be either paid or received in respect of an increase or decrease in the market value of a position in the commodities futures market.

A commodities futures contract is a standardized, interchangeable, executory contract either to purchase or to sell a specified quantity of a particular commodity at a specified time in the future at a fixed price. This contract is not an option—it is a binding, bilateral agreement for a transaction to occur in the future. The person who will receive delivery of the specified quantity and grade of the commodity in a particular month (the "delivery month") upon full payment of the contract price is referred to as being in a "long" position. The person who will make delivery of the commodity in the delivery month is referred to as being in a "short" position. A "straddle" is a position in which a person simultaneously holds both a long and a short position, ordinarily in the same commodity, but in different delivery months (e.g., June '81 silver and August '81 silver).

Futures contracts may be settled by delivery or by taking an opposite or offsetting position in the futures market. Very few futures are held to maturity and virtually all are offset by the holder entering into an opposite position prior to the maturity date. For example, the holder of a long position in December silver may elect, at any time prior to the receipt of delivery, to enter into a contract to sell December silver, thereby offsetting his December long position.

A clearinghouse for each exchange guarantees performance on all futures contracts. Every day, once the accuracy of all of the transactions on the exchange is verified, the clearinghouse of the exchange becomes the buyer for everyone who has sold a contract and the seller for everyone who has bought a contract. This enables the individual trader to liquidate particular contracts with ease because the purchase of an offsetting position is automatically matched against the previously held contract, and both are cancelled.

A person who enters into a futures contract, for example, a long contract for October 82 silver, is not required to pay the full contract price until the delivery date in October 1982. The person is, however, required to deposit original margin funds with the broker, in an amount at least equal to the minimum set by the exchange for that position. This initial margin is a form of "earnest money." In addition to the original margin, the person may be required to put up additional margin, in cash, which is known as "variation margin." The amount of variation margin for any one contract on a given day is a function of the amount and direction of the daily price move.

At the end of each day, a committee (the "Committee on Quotations") for each exchange on which futures trading occurs sets the "settlement prices" for each contract for that day. A settlement price is determined for every contract on the exchange, even though there may not have been any trades in the contract that day. The settlement price is then used by all clearing member firms on the exchange to determine the amount of variation margin that they are required to pay to, or that is credited to their account with, the clearinghouse in respect of their open customer positions. Each commission house thus receives cash from the clearinghouse which it, in turn, uses to pay out, in cash, the profits earned that day by its customers. Similarly, the commission house must pay from its own funds, or customer funds obtained by a margin call, any losses sustained that day by customers.

Generally, any additional variation margin is required to be paid, in cash, before the opening of trading the next day. If the member firm is entitled to receive variation margin, the excess is generally available on the day following calculation of the settlement price. Thus, if a person buys one Treasury bill futures contract for delivery of December 81 Treasury bills (the standard contract provides for delivery of a $1 million face amount of 90 day bills) at 87.30 and the settlement price reaches 87.50, the person will be entitled to receive $500 in cash (the variation margin required for this contract is $25 per point).

II. USE OF COMMODITIES AND FUTURES CONTRACTS FOR TAX AVOIDANCE PURPOSES

Taxpayers are currently engaged in an astonishing variety of transactions, whose principal purpose is tax avoidance, involving commodities (*e.g.*, silver, soybeans, Treasury bills) and futures contracts for commodities. Although a strict categorization of these transactions is difficult, we have grouped them into five basic classes for purposes of analysis:

"Straddle transactions involving balanced positions in particular commodities. A taxpayer will enter into a futures contract obligating him to purchase a given quantity of a commodity in some future month and also enter into a futures contract obligating him to sell the same quantity of the commodity (or a closely related commodity) in some other future month. These transactions present the opportunity both to defer the payment of tax and to convert short term capital gain to long term capital gain.

"Cash and carry transactions. The taxpayer simultaneously acquires the actual commodity and contracts to sell the same quantity of the commodity in a future month. This is most effective with commodities in which the price difference between the months (the "spread") is primarily a function of the cost of carrying the commodity. In addition to deferral, this transaction permits the conversion of ordinary income to long term capital gain.

"Transactions involving Treasury bills and Treasury bill futures contracts. These transactions allow for both deferral and conversion of ordinary income to long term capital gain by capitalizing on the difference, for tax purposes, between a Treasury bill (not a capital asset) and a futures contract for a Treasury bill (a capital asset).

"Utilizing a provision of the Internal Revenue Code permitting dealers in securities to identify and segregate certain assets as held for "investment" and thus eligible for treatment as a capital asset. These transactions also involve both conversion and deferral.

"Straddle transactions which permit the recognition of an ordinary loss and an offsetting capital gain through manipulation of the "sale or exchange" requirement. This transaction is used to convert ordinary income into long term capital gain."

The most widely publicized of these techniques is the commodities straddle. As described above, the taxpayer contracts to enter into both a "long" and a "short" position in a commodity. Because the long and short positions are in different delivery months, the contracts do not automatically cancel each other with the clearinghouse. The offsetting contracts generally cover the identical commodity (e.g., short June silver—silver to be delivered in June—and long August silver) but may often involve the same commodity in a physically altered form (e.g., soybeans and soybean meal) or two or more commodities whose price movements are known to be highly correlated.

In a straddle transaction, the taxpayer's economic risk is not measured by the price change in the underlying commodity; a given price change will produce a gain in one position and a loss in the other. Rather, the risk in a straddle is a function of a change in the price relationship between the different delivery months. If the spread between the months remains stable, a movement (up or down) in the price of the underlying commodity will produce an unrealized gain in one position and an unrealized loss of approximately the same magnitude in the offsetting position. The effect is not unlike the movement of a child's seasaw.

In straddle transactions, the magnitude of the tax loss claimed in the first year substantially exceeds the overall economic loss inherent in the straddle position. Moreover, there is no impediment to achieving an indefinite deferral of the gain through the use of a series of such transactions in each year. The benefit derived from a simple straddle transaction is the ability to defer, or roll over, an amount of gain from one tax year to the next. The value of such a deferral can be viewed as a tax free loan from the government in an amount equal to the tax that would otherwise be due.

In addition to mere deferral, however, tax straddles can be used to convert short term capital gain into long term capital gain. In order to accomplish this objective the straddle position containing the unrealized gain must be the long position and the long must be held for at least 6 months. A short position (i.e., a contract requiring the holder to make delivery) will always produce short term capital gain or loss. If an appreciated long position is held for six months and thereafter sold at a gain, the gain will be long term.

The ideal commodity in which to place a tax straddle is one with significant volatility in the price of the underlying commodity, but a relatively stable price spread between delivery months. A taxpayer entering into a straddle in such a commodity waits for the expected price movement in the underlying commodity (either up or down), sells the loss leg (maintaining the position having the offsetting unrealized gain), and claims the full amount of the loss for tax purposes. In order to maintain the same minimal risk position, the taxpayer will immediately purchase a position identical to the one just sold (long or short, as the case may be) in the same commodity but in a different delivery month.

Although the use of precious metals futures contracts is widely publicized as a medium for tax straddles, the opportunity for deferral and conversion is present in trading in other nonagricultural, and agricultural, commodities. The requirements for a good straddle vehicle are met by any commodity with a sufficiently volatile price, spreads between months that closely reflect carrying costs, and sufficient market liquidity so that contracts can easily be entered into and offset.

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these transactions on their returns may be quite long. Accordingly, we believe that a legislative solution to these questions is necessary to curtail these abuses. We are confident that the Internal Revenue Service will ultimately prevail in the litigation, however.

As an example of a typical straddle, a taxpayer may be both long June 1981 and short August 1981 silver. When the taxpayer experiences a loss in his June 1981 silver position which meets his requirements for a tax loss, he will liquidate that position and will purchase another long position, possibly in February 1982 silver. He will remain in a straddle position (protected against price movements in the underlying commodity) and can dispose of both legs in the following tax year, yet he may claim a tax loss on his 1980 return attributable to the sale of the June 1981 position. The wash sale rules, which generally apply to the sale at a loss and repurchase within 30 days of substantially identical stock and securities, do not apply to transactions in commodities futures.

The risk of loss in a straddle transaction may be further minimized through the use of the so-called "butterfly" straddle. A butterfly straddle actually involves the purchase of two offsetting straddle positions; four contracts in all. In addition to the long June 81—short August 81 silver straddle described above, the taxpayer utilizing a butterfly straddle may purchase another straddle in which he is short August 81 and long October 81 silver. (The taxpayer's overall position is as follows: 1 long contract for June 1981 silver, 2 short contracts for August 1981 silver, 1 long contract for October 1981 silver). For a taxpayer in this position, any loss attributable to a change in the spread between months experienced with respect to one straddle position will be almost entirely offset by a gain attributable to the same change in the spread in the second straddle position. The spreads will move in the opposite direction from each other, but in approximately the same amount, thus reducing the economic risk attributable to a lack of stability in the spread between delivery months.

The Internal Revenue Service, in 1977, ruled that a loss in a silver straddle is not a deductible loss for federal income tax purposes. Rev. Rul. 77–185, 1977–1 C.B. 48. The ruling was not limited to butterfly straddles. The Service has applied a similar analysis in the case of losses claimed with respect to straddles involving other commodities. Rev. Rul. 78–414, 1978–2 C.B. 213 (straddle transactions in futures contracts covering Treasury bills).

The second basic category of transactions which we have identified as used for tax avoidance purposes are those referred to as cash and carry transactions. A cash and carry transaction affords the taxpayer the opportunity both to defer the payment of income taxes and also to convert ordinary income (taxable at a maximum 70 percent rate) into long term capital gain (taxable at a maximum 28 percent rate). In the cash and carry transaction, the taxpayer acquires the actual commodity (e.g., silver) and simultaneously enters into a contract for the delivery of the same quantity of the commodity (a "short") more than one year hence. This transaction usually involves commodities in which the spread between the price of the actual commodity and the price for the futures contract is generally a function of the costs of carrying the commodity to the delivery month: storage charges, insurance, and an interest factor.

Thus, the spread acts to compensate the holder for the market's evaluation of the cost of carrying the commodity. Generally, this spread will not increase above the full carrying costs. To the extent that it does at any given point in time, arbitrageurs enter the market to profit from the disparity, causing the market to return to the equilibrium relationship between the spread and the actual carrying charges. The taxpayer holding the actual commodity may claim current deductions for the cost of storage, insurance, and interest paid on the indebtedness incurred to carry the commodity even though the spread compensates him for these costs. After a year, if the price of the underlying commodity has risen above the contract price for the short position, the actual commodity can be sold and the gain reported as a long term capital gain (there will also be a short term capital loss when the futures contract is offset.)

If the spot price is not in excess of the contract price of the short position, the taxpayer can deliver the physical commodity against his obligation under the short position. In either case, the gain from the sale or exchange of the commodity will be reported as a long term capital gain and the amount of the net gain will be substantially equal to the sum of the interest, storage, and insurance charges claimed as current deductions by the taxpayer. Thus, the taxpayer will have been able to defer an amount of ordinary income equal to the deductions claimed and to convert that ordinary income to long term capital gain.

The taxpayer in the cash and carry transaction is able to assure himself of being compensated for the carrying costs at the time the spread is entered into. Although the taxpayer may bear the risk that these costs will increase dramatically in the interim, the taxpayer may also be able to "lock in" the cost of borrowing, generally the major carrying cost, at the same time that he locks in the spread (which contains a component that compensates for the interest cost). This substantially reduces the risk that the carrying charges actually paid will exceed the spread between the spot price and the futures price when the position is established.

The third principal category of transactions in this area involves transactions designed to capitalize on the differential treatment, for tax purposes, of Treasury bills and Treasury bill futures contracts or other governmental debt obligations. Under current law, Treasury bills and other governmental obligations issued at a discount, with a fixed maturity not exceeding one year, are expressly excluded from the definition of a "capital asset" by section 1221(5). Gains and losses on the sale or exchange of a Treasury bill constitute ordinary income or loss and there is no need to segregate the portion of the original issue discount accrued during the time the obligation is held from the gain or loss realized upon the sale or other disposition of the obligation. Further, no part of the discount at which the obligation was originally issued accrues as income until the date on which it is paid at maturity, sold, or otherwise disposed of.

Although a Treasury bill is, by statute, excluded from the definition of capital asset, the Internal Revenue Service has ruled that, generally, a commodities futures contract for the delivery of a Treasury bill constitutes a capital asset. Rev. Rul. 78–414, 1978–2 C.B. 213. Accordingly, gain or loss recognized on the sale or exchange of such a futures contract constitutes a capital gain or loss.

The different tax treatment of Treasury bills and Treasury bill futures contracts (and other government obligations) has been used by taxpayers in transactions which both defer amounts of ordinary income and convert that income to short term or long term capital gain. One trading strategy involves the person entering into a Treasury bill futures straddle in much the same way that the taxpayer entered into the silver straddle described earlier. Assume, for example, that the taxpayer buys one contract for delivery of a Treasury bill in September 1981 (a "long") and sells one contract for delivery of a Treasury bill in December 1981 (a "short"), and that interest rates rise in the interim.

The rise in the interest rates will result in the September 1981 long position producing an unrealized loss and the December 1981 short position producing and an unrealized gain of approximately the same amount. The taxpayer will maintain this straddle position until the settlement date on the September contract, accept delivery of the Treasury bill, and immediately sell that Treasury bill on the market claiming an ordinary loss on the sale of the Treasury bill. The December short position would be closed out at the same time, producing a short term capital gain. The taxpayer can then use some other straddle, such as a silver straddle, to defer the recognition of this short term capital gain to a later taxable year and ultimately to convert it to a long term capital gain.

The fourth category of transactions which we have identified involve the use of a special provision of the Internal Revenue Code permitting dealers in securities to identify and segregate certain of their assets as held for investment. Under current law, gains and losses from property held primarily for sale to customers in the ordinary course of business are reported as ordinary income or loss. Gains and losses from property held for investment, however, are capital gains and losses. Under section 1236, however, persons who are dealers in securities are able to identify and segregate certain of their assets as held for investment, even though these assets are similar, or identical, to assets which are held as inventory, provided that they do so within 30 days of the date of acquisition.

We have discovered that partnerships are being organized, and interests in such partnerships sold to investors, which are intended to operate as so-called "broker dealers" and "market makers" with regard to a wide range of securities. It is claimed that these investments provide ordinary losses equal to some multiple of the taxpayer's cash investment (e.g., 3:1) with income recognition, often in some later year, at long term capital gain rates. These broker-dealer partnerships generate their ordinary losses and capital gains, in part, by establishing straddle positions in securities, and waiting up to 30 days for a price movement to produce a loss on one position and an offsetting gain in the other.

The partnership then identifies the loss position as inventory and the gain position as investment and closes out the straddle position, reporting an ordinary loss on the "inventory" asset and a capital gain on the "investment" asset. Although futures contracts on commodities and financial instruments, which are uniquely suited to the balanced position role, are not "securities" for purposes of section 1236, it appears that taxpayers may claim similar tax treatment for these gains or losses by analogy. It is not essential to the success of these schemes that the "investment" asset be held for more than one year. All that is needed is to produce an ordinary loss and an offsetting short term capital gain. As was demonstrated earlier, there are any number of straddle transactions that can be used to defer the short term capital gain and convert it to a long term gain in a later year.

The final category of transactions which we have identified as presenting opportunities for tax avoidance are certain straddle transactions which may directly convert ordinary income into long term capital gain as well as producing deferral of the income to a later year. Under the Code, a taxpayer generally recognizes gain or loss upon the "sale or other disposition" of property. In order for the gain or loss to constitute a capital gain or loss, the asset must be a capital asset in the taxpayer's hands and the disposition does not constitute a sale or exchange" of the asset. To the extent that a disposition does not constitute a sale or exchange, the gain or loss is ordinary.

Taxpayers are now entering into certain contracts, generally forward contracts (a forward contract is similar to a futures contract, except that it is separately negotiated

rather than standardized, and not traded on an exchange), as part of a balanced position. For example, the taxpayer may enter into a forward contract to purchase German marks in September 1982. On the same date, the taxpayer may enter into a forward contract with another person to sell the same or similar quantity of marks in December 1982. This is similar to the basic straddle transaction discussed earlier with its accompanying seesaw effect. With a fluctuation in the price of marks, there will be an unrealized gain with respect to one of the contracts and an unrealized loss with respect to the other contract. The taxpayer will cancel (in a disposition not amounting to a "sale or exchange") the contract showing the loss upon payment of an amount of money equal to the loss to the other party to the contract.

At the same time, the taxpayer will assign or sell to another party the contract producing the unrealized appreciation. In this type of forward contract straddle, the taxpayer will report an ordinary loss on the contract that was canceled equal to the amount paid to cancel the contract and a capital gain on the contract that was assigned, which will be long term if the contract has been held for more than one year. Thus, the transaction is used to convert an amount of ordinary income into long term capital gain. Although the above example illustrates this transaction using currency forward contracts, any form of forward contract where there is sufficient volatility in the price of the underlying commodity can serve as a ready vehicle.

III. PROPOSALS FOR LEGISLATIVE CHANGES

The Treasury believes that legislative action is necessary to stem the growing use of commodities and commodities related transactions for tax avoidance purposes. As we stated earlier, the Internal Revenue Service is actively litigating the tax issues involved in these transactions. Such litigation is likely to take many years to achieve a definitive resolution that would prevent taxpayers from claiming the benefit of these transactions on their returns. During such time, we expect that there will be a continued loss of tax revenues from such transactions; we estimate the revenue loss will be $1.3 billion in 1981. Decisive and clear cut action is needed to stop these tax avoidance schemes.

1. Straddle Transactions:

The Treasury proposal for the basic straddle transaction would establish a general rule for commodities and commodities related transactions, similar in approach to the "balanced position" rules of H.R. 1293. It would also establish a special rule for persons with a significant volume of transactions for whom the pairing of balanced positions is difficult.

Under the general rule, a taxpayer could not recognize a loss from a balanced position, in excess of the gain recognized as part of the same transaction, unless the taxpayer remained out of that position for 30 days. Any loss in excess of recognized gain would be treated as sustained for tax purposes at the close of the 30 day period unless the taxpayer disposes of all of the straddle positions before the running of the 30 day period. In that case, the loss would be treated as sustained on the day the person disposes of the last position.

A balanced position would be one in which the taxpayer's risk of loss is substantially reduced by reason of holding two or more positions in property. We propose that the Internal Revenue Code set forth a series of presumptions that would conclusively identify balanced positions. These positions are as follows:

(a) Positions in the same commodity, whether established in the actual commodity or a futures contract for the commodity.

(b) Positions with respect to the same commodity, but in a substantially altered form (e.g., silver and silver coins; soybeans and soybean meal).

(c) Positions in commodities with respect to which the margin, required by any exchange on which the commodity is traded or otherwise), for entering into the balanced position, is less than the aggregate margin required for each of the positions held separately.

(d) All positions in debt instruments and futures contracts for debt instruments.

(e) All such positions as the Secretary may, by regulation, prescribe.

The conclusive presumptions that would be set forth in (d) and (e) would not apply in those cases where the taxpayer can establish, to the satisfaction of the Secretary, that the positions are not offsetting.

Whenever a taxpayer is in a balanced position, the holding period for any property that is part of the balanced position would be suspended for the period that the position is considered balanced. Accordingly, a balanced position could no longer be used as a vehicle for converting short term capital gain into long term capital gain.

We also propose that a special rule apply in the case of persons who have a significant volume of commodities transactions. Most often, this rule would apply to persons who are traders in commodities. The volume of their transactions makes a balanced position rule, requiring the identification of particular positions, cumbersome to apply. There is also the risk that such a rule could be avoided by these market participants. In lieu of the balanced position rule, we propose that these persons be subject to a mandatory "mark to market" rule for their positions in futures contracts traded on an organized futures exchange. Because futures positions are marked to market on a daily basis under the normal operating rules of the exchange, with actual cash settlements on a daily basis, this rule does no more than make the tax laws reflective of the underlying market transactions.

The persons who would be subject to this special rule would be a class of traders in commodities. For these purposes, we would define a "trader in commodities" as any person who entered into more than 50 transactions in futures contracts traded on an organized exchange in at least 3 of the 4 quarters of the taxable year. A "transaction" would be defined as a single trade, regardless of the number of contracts that are part of that trade. This mark to market rule would apply only to positions in futures contracts on an established commodities exchange where there is marking to market and would apply to all persons who satisfy the volume test even if they engage in no straddle transactions. For positions in property that are not traded on such an exchange, the general rule, which requires the identification of balanced positions, would apply. All exchange traded futures contracts for persons subject to this special rule would be marked to market. There would be no need to identify balanced positions for exchange traded futures transactions.

Persons subject to this rule would be required to mark all of their positions to market at year end. As a practical matter, their net gain or loss will be approximately equal to the aggregate amount of variation margin to which they are entitled, or with respect to which they must pay in, during the year. A special valuation rule might have to be provided to discourage distortions in the settlement price of particular contracts at year end.

Under our proposal, gains and losses would be ordinary and losses could be carried over to prior and subsequent years under the current net operating loss rules. As part of our proposal, a transitional rule might have to be provided to deal with gains and losses accrued prior to the effective date.

As an additional part of this proposal, we would provide a special rule for those persons who meet the test to qualify as traders under our proposal, but who use the futures markets to hedge quantities of the physical commodities. Those persons would be permitted to designate certain of their futures contracts as hedges for actual commodities, and avoid marking to market these contracts. An exception such as this would apply only to the extent that the designated positions are actually being used as part of the normal activities of the business and are not being used for tax avoidance purposes.

2. Cash and Carry Transactions:

The Treasury proposal for cash and carry transactions adopts the approach of H.R. 1293. Carrying costs (such as storage and insurance, and interest on indebtedness incurred or continued to purchase or carry the property during the period of time that it is held as part of the balanced position) would be required to be added to the basis of the commodity. Thus, these costs would offset the gain on the sale of the commodity, preventing taxpayers from rolling over or deferring income to a later year and, in many cases, converting ordinary income to long term capital gain.

3. Treasury Bills and Treasury Bill Futures Contracts:

The Treasury proposal on this point would be to repeal the exclusion for short term, discount obligations from the definition of a capital asset. Thus, Treasury bills would be capital assets and gain or loss from sale or other diposition of Treasury bills would constitute capital gain or loss, provided that the security was a capital asset in the hands of the taxpayer. The holder of a Treasury bill would be required to take into account, as interest income, that part of the original issue discount accruing during the period of time the instrument was held.

For the vast majority of holders, this change will be of little consequence. Dealers in Treasury bills would continue to recognize all of the gain or loss as ordinary income or loss. For those persons who purchase bills at other than original issue, we further propose a change in the rules for computing original issue discount. The amount includible as interest on such a Treasury bill would be determined by reference to the amount of discount on the most recent, regularly auctioned Treasury bill maturing on the same date as the bill purchased. Thus, a person buying a Treasury bill with 10 weeks to maturity would be treated, for tax purposes, as accruing original issue discount with reference to the discount on 13 week bills maturing on the same date. No change is suggested in the rules of current law which require inclusion of this amount in income only upon the payment at maturity, sale, or other disposition of the obligation.

We do not believe that this change in the income tax treatment for Treasury bills will be damaging to the market for U.S. government obligations. In fact, the change in the treatment of Treasury bills may eliminate one distortion in the market which is now observed. In the month of December, deliveries of Treasury bills against futures contracts are abnormally high and have, on occasion, caused a squeeze in the deliverable supply of instruments. By removing the tax incentive to take or make delivery on Treasury bill futures contracts, this unusual market behavior may cease. Treasury has actively solicited comments on this proposal from members of the securities industry. To date, none have come forward to demonstrate that this proposal would be damaging to the market. We continue to be receptive to industry comments on this aspect of our proposal and are prepared to explore alternatives if it can be demonstrated that this aspect of our pro-

posals would detrimentally affect the market for Treasury securities.

4. Identification and Segregation of Assets by Securities Dealers:

Under the proposal, the 30 day period within which securities must be identified, for purposes of the special treatment provided in section 1236, would be shortened. For the gain from the sale or exchange of a security to qualify as capital gain under H.R. 1293, such security would have to be identified as held for investment by the close of the day following its date of acquisition. Our analysis indicates that this change in the time required for the identification of investment assets is appropriate. The requirement that the security not be held for sale to customers at any time following the close of the identification period would be retained, as well as the rule regarding the treatment sold at a loss.

In addition, we propose that section 1236 be amended to provide explicitly that any security constituting part of a balanced position will receive the unfavorable treatment mandated by section 1236 (i.e., capital loss and ordinary income), unless all securities that are a part of the balanced position are identified as investment securities on the dealer's records under the rules of section 1236. We believe that this change would simply clarify the treatment under current law of such balanced positions.

5. Sale or Exchange Requirement:

In order to eliminate the ability of taxpayers to convert ordinary income into capital gain or loss through manipulation of the sale or exchange requirement, we propose that the sale or exchange requirement of current law be eliminated. Thus, any disposition of a capital asset would yield a capital gain or loss.

Although this change may appear far reaching, we believe that it reaches the appropriate tax result without undue consequences. The character of the gain or loss ought to depend on the character of the underlying asset, not the method of disposition. This change might have consequences for the abandonment of assets and for casualty losses. Casualty losses generally produce an ordinary loss under current law and we would not propose changing this characterization. In the case of abandonment losses, however, to the extent that such losses may be recharacterized as ordinary under current law if a sale or exchange is avoided, we believe that the proposed change would achieve the proper tax result. The bulk of abandonments typically involve property used in a trade or business where a sale or exchange of such property also produces an ordinary loss. For property not covered by this provision of current law, we see no reason to permit taxpayers to elect the character of the gain or loss on disposition, depending on the mode of disposition.

IV. CONCLUSION

While our proposals will certainly have some effect on the quantity of transactions in the futures markets, we believe that, in the final analysis, they will improve the efficiency of these markets. It is incorrect to argue that the value of a market to the economy is measured by the quantity of transactions taking place there. In fact, a market is most valuable when the price of its goods—be they futures or any other goods—reflects best their inherent economic value. When values are distorted by tax considerations, the market is less efficient, not more, and some persons who would enter an efficient market may remain outside of an inefficient one. Our proposals improve the efficiency of futures markets by insuring that measured gains or losses from transactions reflect economic gains or losses. They also improve efficiency by insuring that traders enter into financial arbitrage when they believe that price differences between assets are too great, but when they believe that tax arbitrage offers them the possibility of profit without reference to financial considerations.

We believe that our proposals adequately deal with the problems that have arisen, and are likely to arise, with the use of the existing commodities contracts. We must point out that there are proposals to permit trading in a broad range of options (including options on Treasury bills), a futures contract based on the Standard & Poor's stock average, and even options on futures. We will be reviewing carefully the extent to which current law, and the new rules we have proposed, operate to prevent the use of any new financial instruments for tax avoidance purposes.

As I stated previously, the problem of the use of commodities related transactions for tax avoidance purposes raises very serious problems in the administration of the tax laws. The use of these transactions to defer the payment of tax and to convert ordinary income to long term capital gain must be eliminated. We urge this Committee to act to eliminate this abuse.

Mr. BENTSEN. Will the Senator from Ohio yield so I may congratulate the Senator from New York?

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. METZENBAUM. Mr. President, I yield the Senator from Texas 1 minute.

Mr. BENTSEN. I thank the Senator.

Mr. President, I congratulate the Senator from New York for what he proposed. I am very pleased to join in support of it.

Mr. MOYNIHAN. That is very generous of the Senator and characteristic of him.

Mr. BENTSEN. It has been used not just in avoidance of taxes but, I think, beyond that, frankly.

Mr. MOYNIHAN. I thank the Senator.

Mr. MITCHELL. Mr. President, I support the proposal which would eliminate the commodity straddle and produce a savings of $1.3 billion.

The gist of this proposal is simple. It would require Congress to curtail one of the most notorious and flagrant tax loopholes now in existence: the commodity straddle. It would take no money from legitimate government operations. It would take no money from legitimate business operations. It would impose no additional tax burden on any productive sector of our economy.

It would require that the wealthy investors who are seeking to minimize their tax obligations cease to use the futures markets for their tax avoidance schemes.

Last December, the Treasury Department reported that one individual made a $10 million gain in 1976 and 3 years later had paid not a penny of tax on it. Another individual with an income of $500,000 in 1 year paid no taxes at all because of paper losses in a commodity straddle. When individuals in this income bracket avoid even the modest tax liability that falls on working men and women, our entire system of voluntary taxpayments and equitable treatment of taxpayers is threatened.

The Department reported that 100 individuals in a partnership reported an ordinary loss of $46 million, a short-term loss of $20 million, and a long-term gain—taxable at lower rates—of $37 million. That "losing" partnership attracted so many new partners that the following year it proceeded to lose $70 million, giving each participant a personal tax loss of $400,000, to write off against his income.

At a time when the Congress is contemplating substantial tax incentives and reforms to encourage the productive investment of capital in business and industry, there is no rational reason to permit the manipulation of capital in the futures markets whose only purpose is to artificially lower tax liability.

The Joint Committee on Taxation found in a recent study that the straddle technique has expanded and is now being used in the buying and selling of Treasury bills, in GNMA certificates, and in broker-dealer partnerships.

In all cases, the tax avoidance scheme hinges on the creation of artificial losses—paper losses—which are written off against real income, whether the losses are disguised as futures contracts losses or the gains are converted to long-term capital gains which have a much lower tax rate. The committee found that in one district, 51 partnerships had managed to generate aggregate losses of over $280 million. Two other partnerships, involving some 250 individuals, managed to generate $110 million in losses from straddles.

The growth of this tax avoidance technique ought not be condoned. At a time when we are cutting back drastically on needed programs that serve the most vulnerable in our society, when we are seeking to reduce spending for productive Government programs that help businesses grow and prosper; when we are faced with administration calls for severe cuts in such basic safety net programs as the social security program, it is unconscionable to permit $1.3 billion in revenues to be lost to unproductive tax avoidance schemes of this kind. It is even more foolish to permit millions of dollars of potentially productive capital to be diverted into risk-free tax shelters when we are making an aggressive effort to increase tax incentives for the risk-taking, entrepreneurial activity on which our Nation's future economic growth and prosperity depends.

An earlier effort to eliminate this tax loophole was side-tracked on procedural grounds. No such obstacle exists in connection with this resolution. I believe the amendment is not only very germane to the resolution before us, but essential to our Nation's economic prosperity and to restoring the faith of ordinary citizens in the essential fairness of our tax laws.

UP AMENDMENT NO. 84

(Purpose: To eliminate the special capital gains treatment for certain timber)

Mr. METZENBAUM. Mr. President, at this time I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. Is the Senator from Ohio wishing to set aside his first amendment?

Mr. METZENBAUM. It is my understanding under the order heretofore entered last evening that the amendment will come up for final passage at 10:45, am I correct?

The ACTING PRESIDENT pro tem-

pore. That is true if the yeas and nays have been ordered.

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays on the first amendment.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The ACTING PRESIDENT pro tempore. The clerk will report the second amendment.

The bill clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an unprinted amendment numbered 84.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 6, strike out "$650,300,000,000" and insert "$650,985,000,000".

On page 2, line 11, strike out "$51,300,000,000" and insert "$50,615,000.000".

On page 3, line 4, strike out "$48,800,000,000" and insert "$48,115,000,000".

On page 3, line 9, strike out "$1,091,200,000,000" and insert "$1,090,515,000,000".

Mr. METZENBAUM. Mr. President, this amendment is offered to again indicate the discrimination that this budget contemplates. Those people who grow timber in this country pay taxes on their profits on the basis that they are capital gains and, as a matter of fact, they get a special kind of preferential treatment that anybody else in the country who grows a product, cotton, corn, wheat, soybeans, rice, whatever it may be, do not get and. as a consequence. the Treasury Department, and the Joint Committee on Taxation indicate that the Federal Treasury will suffer a loss in the sum of $685 million in 1982, $670 million in 1983, $865 million in 1984, $975 million in 1985, and $1.095 billion in 1986. That means we are talking about a total in 5 years of $4.290 billion.

My amendment would reduce the deficit in 1982 by $685 million. I know that somebody may say, "Well, if you pass this amendment they will strip all the land before the amendment becomes effective." There will be an argument that it should be treated as a capital gains. But as you go around the country and you watch the TV ads, which are wonderful, that Weyerhaeuser puts on they show you how they are seeding the fields and how they are growing timber all over the country, and they show you how they go back every so often and reforest, and I think that is great. But I do not know why we should have this kind of discrimination in favor of the timber companies of this country and against every other grower. particularly when this truly benefits those who are some of the substantial corporations in the country, and we discriminate against the small family farmer who pays full taxes on his or her income.

As a matter of fact, this amendment has an affect on especially favorable treatment for two highly specialized companies dealing in paper and allied products, and lumber and wood products. These are not small industries. These industries are dominated by a few very large corporations. Five corporations account for one-half of the capital gains claimed.

Furthermore, these two industries take 29 percent of all the corporate capital gains even though they only account for 4 percent of the corporate taxable income. That is what I am talking about with this amendment. This amendment is an indication of another discriminatory procedure that exists in our laws and it does not make good sense if we are going to be fair, just, and equitable.

This amendment is trying to say, "Look, if you want to have a budget that is fair to all the people of the country, then you ought not to have a budget that includes tobacco subsidies and not make any cut in that area, that includes water projects and make almost an insignificant cut in that area, that has special tax privileges for the affluent few and discriminate against those who do not have well-heeled lobbyists around Washington."

Mr. President, this amendment is my way of saying there is another kind of discrimination that exists in the law and we, on the floor of the Senate, ought to be willing to pick up that over $4 billion in the next 5 years.

Mr. President, I know that my good friend from Washington wishes to be heard on this subject, and at the conclusion of his remarks I may have some further response, but I want to advise at this point that I intend to withdraw this amendment and not put it to a vote.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Washington.

Mr. GORTON. I thank the Chair.

I am, of course, encouraged by the last remark of the Senator from Ohio which indicates that this amendment has been presented simply to allow a debate on the subject rather than as a result of a serious desire at this point, at least, to change the law which is now some 36 years old. I hope that upon adequate reflection the Senator from Ohio would not only withdraw the amendment but would come to be a supporter of the policy which is represented by the present capital gains treatment of standing timber.

It is, of course, utterly invalid to say that the budget which we are debating here today shows its discrimination by treating timber on a capital gains basis. This type of capital gains treatment has now been a part of the Tax Code of the United States for the past 37 years.

On many occasions in this body proposed changes in tax laws are debated upon the basis of a prediction as to their future effect, as to whether or not they will help to develop a particular area of the economy, to provide jobs, to cause people to plan for the future or, on the contrary, whether they will result in unjustified profits and preferences for given individuals or given corporations. At best, when we are looking at the future we can only guess or estimate the possible results.

In connection with this particular kind of capital gains treatment, however, we can see the results of 37 years of history. In the years immediately preceding 1944, at which time the law was changed, there was a constantly decreasing supply of unharvested timber on the private lands of the United States.

Ever since 1944, and the change in the law which encouraged not just cutting and running but management of timberlands of the future, the supply of timber available to the people of the United States in the future has increased. This, of course, was the goal of the Members of Congress in 1944 who made this change. That goal has been reached, and there is no point in abandoning it now.

The greatest renewable natural resource available to the people of the United States is in its timber. It differs from most other nonrenewable natural resources in exactly that fashion. Because the tax changes have been successful is the best argument for its retention.

Now, at the same time, one might say it has created profits which are too great for these particular enterprises. And yet the history over the same period of time shows that the profits of the large corporations and of individual landowners who manage their land for timber for the future have not only not been larger than comparable industrial concerns but are somewhat smaller than they are. This is not a case of large petroleum companies or other natural resource companies whose profits have been exceedingly large. By treating the sale of standing timber as a capital asset, we have seen to it that the profits of both individuals and corporations in this area are reasonable.

Finally, of course, this is not something which is discriminatory against analogous forms of economic activity. Those illustrated by the Senator from Ohio were cotton, soybeans, wheat, and other crops. Agriculture crops grow and are harvested in a single year. In some fortunate circumstances in some parts of this Nation more than a single crop a year is grown.

Timber, on the other hand, takes a minimum of 20 years to become a usable crop in the Southeast; more like 40 years under many sets of circumstances. In the part of the Nation represented by the President and myself, that period of time is anywhere from 30 to 100 years between single crops.

What other kind of asset sold after 40 or 50 or 100 years is treated on the basis of ordinary income? The answer is none. As a matter of fact, many assets, most assets, which are now treated as capital gains are sold in a far shorter period of time than is the case with a single crop of timber on a single piece of timberland.

The effect of this amendment is, in one sense, the same as the effect of the preceding amendment. It would not require the Finance Committee to change the law in respect to the capital gains treatment of timber. It would simply require the Finance Committee to assure that another $600 million to $1 billion a year in revenues came into the Treasury in the course of the next year.

If we make the same assumption which the Senator from Ohio makes, that, in fact, the passage of this amendment would result in the change for which he speaks, we must point out that it would

harm the economy. It would cause people to be less likely to plan for the future. It would treat unfairly a business which is not above average in its returns at the present time, and it would reverse 37 years of successful economic history which demonstrates not that this is an unfair tax advantage but a wise one for the future of the country.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I offered this amendment in order to make the point. I see no useful purpose in taking a vote. I withdraw the amendment at this time.

The PRESIDING OFFICER. The amendment is withdrawn.

UP AMENDMENT NO. 85

(Purpose: To eliminate the expensing of intangible drilling and exploration and development costs)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an unprinted amendment numbered 85.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 6, strike out "$650,300,000,000" and insert "$653,245,000,000".

On page 2, line 11, strike out "$51,300,000,000" and insert "$48,355,000,000".

On page 3, line 4, strike out "$48,800,000,000" and insert "$45,855,000,000".

On page 3, line 9, strike out "$1,091,200,000,000" and insert "$1,088,255,000,000".

Mr. METZENBAUM. Mr. President, it looks to me as if I ought to go to a vote right at this moment. I will not do that.

This issue has to do with the matter of intangible drilling and exploration and development costs and the right of oil companies to write off those costs in the first year.

This is a very, very expensive procedure. It is a special kind of discriminatory procedure that exists in favor of the oil companies. No other industry in America has that right. And that is illogical, because the oil companies are the last group in industry at the moment that needs any help.

Last year their profits absorbed somewhere between 40 and 42 percent of all the profits of American industry. But what do we do for them? We give them special tax gimmicks such as this one.

Now there may have been an argument made for it in yesteryear. But the fact is that yesteryear is not today, and now is the time we ought to be getting rid of it. I am a realist enough to know that the oil companies continue to be, through their lobbying efforts, more powerful than the President of the United States and the Members of the Congress, be they Democrat or Republican.

This revenue loss is extremely substantial. It amounts to almost $3 billion in 1982; $3.5 billion in 1983; $4 billion in 1984; over $4.5 billion in 1985, and over $5 billion in 1986.

Over the 5-year period, this issue, this right to write off the intangible drilling costs in the first year, will cost the U.S. Treasury over $20 billion. Now with the decontrol of oil and the partial decontrol of natural gas, there is absolutely no further reason for special treatment of these development costs.

Oil company profits are soaring; petroleum producers' profits constituted almost 40 percent of all the oil industry profits last year. The fact is that there has been a little falloff in the last few months, but not enough to get very excited about. You may be certain that those profits will turn around in the immediate future.

In 1980, oil company profits rose more than 25 percent—Exxon, over $5½ billion; Mobil, almost $2.3 billion; Texaco, $2.2 billion; Amoco, almost $2 billion; Sohio, $1.8 billion; and Arco, $1.6 billion. And Sohio's 1980 profits were a 51-percent increase over 1979 profits.

Now some will say, "But the oil industry may have some future problems. Things may not be as good for them. There is a glut of oil in this country."

Well, let me give you a quote from a Phillips Petroleum Co. vice president made on February 22 of this year:

Energy is going to be higher than a kite and we are going to make tons of money.

Now, what could be more absurd than that?

Before the windfall profit tax was enacted, there were studies made in which Congressman Vanik reported to the American people that oil companies were paying somewhere between 3 and 7 percent of their profits as taxes. Now that just does not make sense.

Let me explain how this procedure works.

John Blair, in a book called "The Control of Oil," wrote as follows:

In a typical drilling operation, from one-tenth to one-quarter of the total outlay pays for the derrick, pipe in the ground, and other immovable material and equipment, while the other nine-tenths to three-fourths, that is, the intangible drilling expenses, goes for wages and salaries, fuel, machine and tool rental, cost without salvage value.

In any other industry, the latter would be regarded as part of the cost of developing an income producing property, and together with the original outlay would constitute a capital cost to be amortized gradually over the useful life of the property. But in the oil industry, the intangible drilling expenses may be deducted in the year in which they are incurred. The result of this extraordinarily rapid amortization is a huge first year deduction which can be used to shelter an equivalent amount of taxable income from other sources.

What I am saying is this: If General Motors, United States Steel, IBM, or any other company in this country, or the smallest business operator in this country, buys some new equipment, whether it is intangible or tangible, puts it into their plant and starts to operate with it, they must, under the law, expense it over a period of years, whatever the number of years may be, depending upon the useful life. We have proposals before us that are called 10–5–3, we have other proposals before us called 2–4–7–10, but the oil industry gets that discriminatory benefit in favor of itself and in favor of no other industry in America, permitting them to write off 100 percent of the intangible drilling costs in the first year.

Mr. President, that is rank and raw discrimination. It is discrimination in favor of an industry that needs no assistance. It is wrong. It is inequitable. It is unfair to the rest of the American economy. It is another instance in which the tax laws of our country have been drafted and formed so that a few may not pay their fair share of the tax burden while so many others have to pay taxes in accordance with the general laws of this country.

Mr. President, I reserve the remainder of my time.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. QUAYLE). The Senator from Utah.

Mr. HATCH. Mr. President, I remember back in 1977 when an identical amendment was offered which was filibustered by the distinguished Senator from Ohio and his partner Jim Abourezk. The purpose of that amendment was to stop the deregulation of natural gas in America which, as we have found out, has given incentives to the private sector to find more oil and gas and start to alleviate the 47-percent dependency that we have on foreign oil and gas supplies.

Thank goodness, that amendment passed.

I might add that since deregulation has occurred, drilling rigs have jumped from around 1,800 a day working to find more oil and gas in America to 3,800, and that is going up every day.

Thank goodness that the approach of the distinguished Senator from Ohio, who is a good friend of mine here in this body, and for whom I have the highest esteem, was not accepted. It has been rejected by this country, and, I might add, by the Congress, for the most part.

One proposal that he supported and voted very strongly for was the windfall profit tax, which has added $20 billion to the cost of finding oil and gas in America. It was sold as a tax against the oil companies when, in fact, it is nothing more than an excise tax payable by the consumers of America. All this so we could keep this voracious money grabbing and shredding machine called the Federal Government going with programs that really are not working.

That is why Ronald Reagan was elected President of the United States.

Anybody who knows the slightest thing about the oil business realizes that the reason we were energy self-sufficient, the reason that we have been able to accomplish all that we have been able to accomplish in this country's history, the reason we have had cheaper energy for so long and have built our industrial facilities and plants to such unprecedented heights is because, in many respects, the

oil industry was out there finding oil and gas to be able to alleviate the dependency that we now suffer as a result, in part, of too much overregulation and too much of the philosophy articulated by my good friend from Ohio.

This amendment raises the fiscal year 1982 revenue by $2.9 billion. This means only one thing, that it is a tax on the oil companies and a tax on the consumers. They are in the business to make money, to make profits. They pass on all of these additional charges in the form of higher user costs and higher energy costs to the American people.

This would be $2.9 billion more in taxes than the President has recommended.

I might add that one of the reasons we have been able to find oil and gas in America is because there are basically two types of drilling. One is developmental, where they know that they have acreage with proven discovery of oil and gas. The other is what we call wildcatting. If this country is going to resolve its conflicts over energy and produce more energy, we have to increase our wildcat drilling and development in America.

Wildcat drilling may prove to be the salvation of America and of our industrial complex which fuels and keeps this country going like nothing else can.

The reason oil companies are allowed to expense intangible drilling and development costs of production is because of the high risk involved in wildcat drilling not only here in America but wherever. Wildcat drilling in this hemisphere, at least from an American standpoint, primarily has to occur offshore, in the overthrust belt, or in certain other areas of Texas, Louisiana, Oklahoma, and so forth. The fact is that the intangible drilling and development cost deduction has been a basic and major reason why the private sector has been willing to take the risk, the high risk, of going out and finding more oil and gas.

Now is not the time to be raising taxes on energy production, especially on the heels of the windfall profit tax, which has cost Americans dearly, just so this voracious money-grabbing and shredding machine called the Federal Government can continue to fuel inflation with its big spending practices to the detriment of everybody in America and, I might add, throughout the world.

Most wildcat drilling results in dry holes. Recently, I met a wildcat driller down in Wichita Falls, Tex., who hits only 5 out of 100 wells, but those 5 are crucial to energy in this country.

So this provision of the intangible drilling and development cost deduction actually provides some incentives to take those extraordinary risks that have to be taken if we are going to have some degree of energy independence in order to keep this country moving in the right direction. We would oppose, and I think the administration vociferously opposes, this particular amendment.

Mr. BENTSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, I rise in opposition to the amendment.

Mr. METZENBAUM. On whose time, Mr. President?

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, I yield to the Senator from Texas such time as he may desire.

Mr. BENTSEN. The Senator from Ohio and I have fought this issue a number of times, Mr. President. We had the problem during the natural gas debate. At that time we were experiencing brownouts, schools and factories were closing.

We won the fight and started the deregulation of natural gas.

Since that time, we have had an actual net increase in the natural gas reserves in this country.

Now we must fight the loss of IDC's—intangible drilling costs. They constitute about 70 percent of the cost of a well. Labor, materials, and fuels are a few examples necessary for exploration and development. They represent cash flow. The cash flow that is 90 percent of the exploratory wells in this country are being drilled by independents. They are finding 75 percent of the new reserves. They are drilling more than they ever have, and that is great.

The Senator from Ohio is talking about changing this by eliminating the IDC. That is a strange approach when, at the very time he is talking about eliminating IDC's, we are talking about accelerating depreciation for industry—every other kind of industry. Even with the various plans, 10–5–3, 2–4–7–10, the lowest one I know of says it will increase the depreciation schedule by 50 percent. Why? So they will have more cash flow to spend, to reinvest, so we can start rebuilding America.

What is one of the toughest problems we have in this country? The problem of energy. Where do we have the most dependence on foreign sources, unstable foreign sources? Again, energy. So, what we are saying here, Mr. President, with this kind of amendment is that we want to cut off the cash flow that goes to that independent who is going out there and finding the new oil and gas, because it is working too well.

Let us turn that around. Let us treat them differently than we treat all the rest that we are trying to help by accelerating depreciation. Let us head in the other direction for the oil industry.

It is an interesting thing, the oil industry. My friend was talking about the great power of the oil industry. Yet I do not know of another industry who has more problems in public relations than the oil industry has. I understand the Senator from Ohio, his point of view, and his amendment. However, I say to my friend that IDC's do not mean as much to the major oil companies as to the independents.

My friend talks about the majors last year increasing their profits. He is right. The great part of that came from decontrol of the price of oil. But then, Congress turned around and enacted a windfall profit tax to take $227 billion over the next decade in additional taxes, part of that from the independent.

I opposed that act because, to the extent you tax independents, you are providing less money to invest in new drilling. The independent has a history of putting 105 percent of everything he brings out of the ground back into the ground. He is the fellow who is always going to make the big strike, he thinks. Thank goodness, a few of them do. That keeps the incentive working.

Another thing is depletion. There are over 120 items that are subject to depletion—all the way from asbestos to marble to oil and gas. But whom do they decide to cut back? Oil and gas, because it is politically unpopular.

So, Mr. President, whether it is an elimination of IDC's or depletion or a windfall profit tax, these items hamper the independent producers, hamstring them so they cannot solve the energy problems of this country. This will lead to a continued dependence on Middle East oil, a drain of billions of dollars from our economy and a hemorrhaging of funds that adds to the inflation of our country.

No, Mr. President, this amendment is ill-conceived. It will not accomplish its objective, for it would cut back on the cash flow of the independent, and would reduce the drilling for oil and gas in this country. That would be a serious mistake, directly in the opposite direction we are going in the Senate Finance Committee and the House Ways and Means Committee. Trying to do the things to increase the cash flow to rebuild America, building its energy resources is one of our major objectives. One for which we ought to fight.

Mr. President, I urge this body again to reject this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Mr. President, argument has been made against this amendment that, somehow, it relates back to the issue of phased decontrol of natural gas. The argument has been made that because we did that, we provided in the Senate for the private sector to find more. I do not think we should do that. If you have good business sense, of course you should try to find more.

But let me point out that the reason this developed immediately after the passage of the bill having to do with phased decontrol of natural gas related directly to the fact that the natural gas companies—which, in the main, were the oil companies of this country—took the caps off the wells. Fifteen separate governmental studies indicated that those wells had been capped and they immediately took those caps off and we had a glut. They call it a bubble. They were embarrassed about it because there was so much gas, because it had been there all the time, but they were hiding it from the American people.

The other argument is made, do not do this to the oil companies. Do not say

to them that they ought to pay their fair share of taxes because they are doing such a great job producing oil. Actually, they are producing less oil today than they were producing when it was $2 and $3 a barrel. I believe it is down to 7 million barrels a day, from about 9 million, and they are getting 18 to 20 times as much.

However, even that is not the issue. I do not have any quarrel in this debate as to what the price is or whether they are making a profit or not. What I am saying is that this is discriminatory; this is unfair.

My good friend from Texas pointed out:

Let us not treat that differently than we treat all the rest.

He pointed out that we are now moving toward 10–5–3 or 2–4–7–10. I do not have any quarrel on that issue. I will look at the specifics of those proposals when they come before us.

All I am saying in this amendment is this: Let us treat the oil companies in the same manner we treat the rest of American industry, and that is exactly what the Senator from Texas was saying.

I am not saying that we should eliminate the right to write off their intangible drilling costs. Of course not. I would not think of suggesting that. I am just saying that we should treat them equally with the rest of American industry.

As for the rest of American industry, we are going to do a lot of great things for them. As a matter of fact, we probably are going to do so much for them that we are going to let them write off more than 100 percent of the actual cost of the profits they are writing off. We are going to give them an investment tax credit of 10 or 20 percent and let them revert to the 100-percent figure for the purpose of depreciation; and when they are done, they will have written off something in the area of 100 percent of their actual cost, which is exactly what the law is today.

Even that I am not questioning. But why should the oil companies have not only the investment tax credit but also have the right to write off their intangible drilling costs in the first year? Who made them so much better than the rest of American industry? Let us treat them equally. Let us not discriminate against American industry.

As I said in connection with the capital gains issue for farmers, let us not discriminate against farmers in favor of timber companies.

As I said with respect to tobacco subsidies, let those who get tobacco subsidies share in the burden that the President has asked the rest of us to share in this country.

As I have said many times before, let us just be fair. Let us not treat western water projects better than we treat eastern projects. Let us have some equity in this budget.

This amendment is an effort to eliminate the discrimination that presently exists in our tax laws.

Mr. President, my whole effort today and yesterday was to convince the Members of the Senate—not to prevail upon them, because I never really thought I could prevail upon them; I can count noses as well as anyone else—but to attempt to prove that this budget is very unfair and unjust and inhumane and discriminates against the people of this country, the poor people, the middle-class Americans, people who live in the Northeast and the Midwest.

Nobody argues with the President's objective. Nobody says that the President is off base in attempting to balance the budget. Nobody says that there was not a message in the last election that the Government is too big and that we should do something about it.

I honestly believe that if the President were made aware of some of the discrimination that continues to exist in our tax laws and in some of the other programs, the subsidy programs, with favoritism to the West and the South as against the Northeast and the Midwest, I do not think he would agree with it.

These amendments are not going to be adopted, but I believe it is important that the issue be made that this budget is very unfair and is a discriminatory budget, that it really is going to provide great harm and great suffering to millions of Americans when it need not do that.

AMENDMENT NO. 50

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the amendment of the Senator from Ohio (No. 50). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER) and the Senator from Florida (Mrs. HAWKINS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from Rhode Island (Mr. PELL) are necessarily absent.

The PRESIDING OFFICER (Mr. ARMSTRONG). Is there any other Senator wishing to vote?

The result was announced—yeas 32, nays 62, as follows:

[Rollcall Vote No. 103 Leg.]

YEAS—32

Baucus	Exon	Moynihan
Bentsen	Ford	Nunn
Biden	Glenn	Pressler
Bradley	Hart	Proxmire
Byrd, Robert C.	Inouye	Randolph
Chiles	Jackson	Riegle
Cohen	Kennedy	Sarbanes
Cranston	Leahy	Specter
DeConcini	Levin	Tsongas
Dodd	Metzenbaum	Williams
Eagleton	Mitchell	

NAYS—62

Abdnor	Danforth	Hayakawa
Andrews	Denton	Heflin
Armstrong	Dixon	Heinz
Baker	Dole	Helms
Boren	Domenici	Hollings
Boschwitz	East	Huddleston
Burdick	Garn	Humphrey
Byrd, Harry F., Jr.	Goldwater	Jepsen
	Gorton	Johnston
Chafee	Grassley	Kassebaum
Cochran	Hatch	Kasten
D'Amato	Hatfield	Laxalt
Long	Percy	Stennis
Lugar	Pryor	Stevens
Mathias	Quayle	Symms
Mattingly	Roth	Thurmond
McClure	Rudman	Tower
Melcher	Sasser	Wallop
Murkowski	Schmitt	Warner
Nickles	Simpson	Weicker
Packwood	Stafford	Zorinsky

NOT VOTING—6

Bumpers	Durenberger	Matsunaga
Cannon	Hawkins	Pell

So Mr. METZENBAUM's amendment (No. 50) was rejected.

UP AMENDMENT NO. 85

The PRESIDING OFFICER. The vote now recurs on the next pending Metzenbaum amendment. The question is on agreeing to the amendment of the Senator from Ohio. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), and the Senator from Florida (Mrs. HAWKINS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS) and the Senator from Nevada (Mr. CANNON) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 12, nays 84, as follows:

[Rollcall Vote No. 104 Leg.]

YEAS—12

Biden	Jackson	Pell
Bradley	Kennedy	Proxmire
Dodd	Metzenbaum	Tsongas
Eagleton	Moynihan	Williams

NAYS—84

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Baker	Hart	Packwood
Baucus	Hatch	Percy
Bentsen	Hatfield	Pressler
Boren	Hayakawa	Pryor
Boschwitz	Heflin	Quayle
Burdick	Heinz	Randolph
Byrd, Harry F., Jr.	Helms	Riegle
	Hollings	Roth
Byrd, Robert C.	Huddleston	Rudman
Chafee	Humphrey	Sarbanes
Chiles	Inouye	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Laxalt	Stennis
DeConcini	Leahy	Stevens
Denton	Levin	Symms
Dixon	Long	Thurmond
Dole	Lugar	Tower
Domenici	Mathias	Wallop
East	Matsunaga	Warner
Exon	Mattingly	Weicker
Ford	McClure	Zorinsky
Garn	Melcher	
Glenn	Mitchell	

NOT VOTING—4

Bumpers	Durenberger	Hawkins
Cannon		

So Mr. METZENBAUM's amendment (UP No. 85) was rejected.

Mr. BAKER. Mr. President. I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, could we have order in the Senate?

The PRESIDING OFFICER. The majority leader is recognized.

ORDER FOR VOTING AT 9 P.M.

Mr. BAKER. Mr. President, it has been brought to my attention that there are a number of meetings on both sides of the aisle between 12 and 2 o'clock. I think it would accommodate the Senate if we were to continue the debate but not have rollcall votes until 2 o'clock. I ask unanimous consent that any rollcall votes ordered between 12 o'clock and 2 o'clock be stacked and occur at 2 o'clock in sequence and the first vote be 15 minutes and any subsequent votes will be back to back and 10 minutes each.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I do not object, I support the majority leader in the request and I thank him for making the request.

Mr. BAKER. Mr. President, I thank the minority leader.

The PRESIDING OFFICER. Is there objection to the request of the majority leader? Hearing none, it is so ordered.

Under the previous order the Senate will now proceed to the consideration of the Bradley amendment.

UP AMENDMENT NO. 86

(Purpose: To restore funds for certain programs)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) on behalf of himself, Mr. KENNEDY, Mr. BIDEN, and Mr. RIEGLE, proposes an unprinted amendment numbered 86.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with line 1, strike out through line 15 on page 23 and insert the following:

(a) The following budgetary levels are appropriated for the fiscal years beginning on October 1, 1981, October 1, 1982, and October 1, 1983:

(1) the recommended level of Federal revenues is as follows:

Fiscal year 1982: $653,400,000,000;
Fiscal year 1983: $712,400,000,000;
Fiscal year 1984: $774,300,000,000;

and the amount by which the aggregate levels of Federal revenues should be decreased is as follows:

Fiscal year 1982: $51,300,000,000;
Fiscal year 1983: $97,100,000,000;
Fiscal year 1984: $144,800,000,000;

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1982: $776,900,000,000;
Fiscal year 1983: $815,000,000,000;
Fiscal year 1984: $867,900,000,000;

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1982: $700,100,000,000;
Fiscal year 1983: $732,400,000,000;
Fiscal year 1984: $773,300,000,000;

(4) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1982: —$46,700,000,000;
Fiscal year 1983: —$20,000,000,000;
Fiscal year 1984: +$1,000,000,000;

(5) the appropriate level of the public debt is as follows:

Fiscal year 1982: $1,089,100,000,000;
Fiscal year 1983: $1,152,900,000,000;
Fiscal year 1984: $1,196,600,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1982: $89,300,000,000;
Fiscal year 1983: $61,700,000,000;
Fiscal year 1984: $42,300,000,000.

(b) Based on allocations of the appropriate levels of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the preceding subsection of this resolution, the Congress hereby determines and declares pursuant to section 301(a) of the Congressional Budget Act of 1974 that, for the fiscal years beginning on October 1, 1981, October 1, 1982, and October 1, 1983, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):
Fiscal year 1982:
(A) New budget authority, $225,400,000,000;
(B) Outlays, $188,000,000,000.
Fiscal year 1983:
(A) New budget authority, $254,300,000,000;
(B) Outlays, $221,100,000,000.
Fiscal year 1984:
(A) New budget authority, $289,200,000,000;
(B) Outlays, $250,300,000,000.

(2) International Affairs (150):
Fiscal year 1982:
(A) New budget authority, $16,800,000,000;
(B) Outlays, $11,100,000,000.
Fiscal year 1983:
(A) New budget authority, $16,100,000,000;
(B) Outlays, $11,500,000,000.
Fiscal year 1984:
(A) New budget authority, $17,200,000,000;
(B) Outlays, $12,000,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 1982:
(A) New budget authority, $7,400,000,000;
(B) Outlays, $7,100,000,000.
Fiscal year 1983:
(A) New budget authority, $8,200,000,000;
(B) Outlays, $7,600,000,000.
Fiscal year 1984:
(A) New budget authority, $8,000,000,000;
(B) Outlays, $7,900,000,000.

(4) Energy (270):
Fiscal year 1982:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $6,900,000,000.
Fiscal year 1983:
(A) New budget authority, $3,800,000,000;
(B) Outlays, $6,500,000,000.
Fiscal year 1984:
(A) New budget authority, $2,800,000,000;
(B) Outlays, $4,900,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 1982:
(A) New budget authority, $8,400,000,000;
(B) Outlays, $12,800,000,000.
Fiscal year 1983:
(A) New budget authority, $10,700,000,000;
(B) Outlays, $11,800,000,000.
Fiscal year 1984:
(A) New budget authority, $10,800,000,000;
(B) Outlays, $10,900,000,000.

(6) Agriculture (350):
Fiscal year 1982:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1983:
(A) New budget authority, $6,400,000,000;
(B) Outlays, $4,700,000,000.
Fiscal year 1984:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $4,900,000,000.

(7) Commerce and Housing Credit (370):
Fiscal year 1982:
(A) New budget authority, $8,300,000,000;
(B) Outlays, $4,800,000,000.
Fiscal year 1983:
(A) New budget authority, $5,200,000,000;
(B) Outlays, $4,200,000,000.
Fiscal year 1984:
(A) New budget authority, $5,800,000,000;
(B) Outlays, $3,800,000,000.

(8) Transportation (400):
Fiscal year 1982:
(A) New budget authority, $22,300,000,000;
(B) Outlays, $21,100,000,000.
Fiscal year 1983:
(A) New budget authority, $21,500,000,000;
(B) Outlays, $20,600,000,000.
Fiscal year 1984:
(A) New budget authority, $21,900,000,000;
(B) Outlays, $20,600,000,000.

(9) Community and Regional Development (450):
Fiscal year 1982:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $9,200,000,000.
Fiscal year 1983:
(A) New budget authority, $7,500,000,000;
(B) Outlays, $7,800,000,000.
Fiscal year 1984:
(A) New budget authority, $7,800,000,000;
(B) Outlays, $7,600,000,000.

(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1982:
(A) New budget authority, $27,800,000,000;
(B) Outlays, $28,200,000,000.
Fiscal year 1983:
(A) New budget authority, $28,100,000,000;
(B) Outlays, $27,700,000,000.
Fiscal year 1984:
(A) New budget authority, $27,600,000,000;
(B) Outlays, $27,500,000,000.

(11) Health (550):
Fiscal year 1982:
(A) New budget authority, $83,600,000,000;
(B) Outlays, $73,400,000,000.
Fiscal year 1983:
(A) New budget authority, $90,800,000,000;
(B) Outlays, $80,900,000,000.
Fiscal year 1984:
(A) New budget authority, $99,600,000,000;
(B) Outlays, $88,900,000,000.

(12) Income Security (600):
Fiscal year 1982:
(A) New budget authority, $263,900,000,000;
(B) Outlays, $237,300,000,000.
Fiscal year 1983:
(A) New budget authority, $286,800,000,000;
(B) Outlays, $253,000,000,000.
Fiscal year 1984:
(A) New budget authority, $307,500,000,000;
(B) Outlays, $270,300,000,000.

(13) Veterans Benefits and Services (700):
Fiscal year 1982:
(A) New budget authority, $24,500,000,000;
(B) Outlays, $23,900,000,000.
Fiscal year 1983:
(A) New budget authority, $25,500,000,000;
(B) Outlays, $25,100,000,000.
Fiscal year 1984:
(A) New budget authority, $26,500,000,000;
(B) Outlays, $26,000,000,000.

(14) Administration of Justice (750):
Fiscal year 1982:
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,500,000,000.
Fiscal year 1983:
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,500,000,000.
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,700,000,000.

(15) General Government (800):
Fiscal year 1982:
(A) New budget authority, $5,000,000,000;
(B) Outlays, $4,800,000,000.
Fiscal year 1983:
(A) New budget authority, $5,200,000,000;
(B) Outlays, $5,000,000,000.
Fiscal year 1984:
(A) New budget authority, $5,300,000,000;

(B) Outlays, $5,300,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1982:
(A) New budget authority, $6,400,000,000;
(B) Outlays, $6,400,000,000.
Fiscal year 1983:
(A) New budget authority, $6,500,000,000;
(B) Outlays, $6,500,000,000.
Fiscal year 1984:
(A) New budget authority, $6,900,000,000;
(B) Outlays, $6,800,000,000.
(17) Interest (900):
Fiscal year 1982:
(A) New budget authority, $89,500,000,000;
(B) Outlays, $89,500,000,000.
Fiscal year 1983:
(A) New budget authority, $93,700,000,000;
(B) Outlays, $93,700,000,000.
Fiscal year 1984:
(A) New budget authority, $94,600,000,000;
(B) Outlays, $94,600,000,000.
(18) Allowances (920):
Fiscal year 1982:
(A) New budget authority, $0;
(B) Outlays, $0.
Fiscal year 1983:
(A) New budget authority, —$20,400,000,000;
(B) Outlays, —$20,400,000,000.
Fiscal year 1984:
(A) New budget authority, —$27,800,000,000;
(B) Outlays, —$27,800,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1982:
(A) New budget authority, —$33,500,000,000;
(B) Outlays, —$33,500,000,000.
Fiscal year 1983:
(A) New budget authority, —$39,400,000,000;
(B) Outlays, —$39,400,000,000.
Fiscal year 1984:
(A) New budget authority, —$45,900,000,000;
(B) Outlays, —$45,900,000,000.

REVISIONS TO THE SECOND CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1981

SEC. 2. Pursuant to section 304 of the Congressional Budget Act of 1974:

(a) Section 1 of H. Con. Res. 448 is revised as follows:

(1) The recommended level of Federal revenues is $600,600,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $8,600,000,000.

(2) The appropriate level of total new budget authority is $716,600,000,000.

(3) The appropriate level of total budget outlays is $662,800,000,000.

(4) The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $62,200,000,000.

(5) The appropriate level of the public debt is $999,200,000,000, and the amount by which the temporary statutory limit on such debt should accordingly be increased is $90,500,000,000.

(b) Section 2 of H. Con. Res. 448 is revised as follows:

(1) National Defense (050):
(A) New budget authority, $181,000,000,000;
(B) Outlays, $162,900,000,000.
(2) International Affairs (150):
(A) New budget authority, $25,300,000,000;
(B) Outlays, $11,000,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $6,600,000,000;
(B) Outlays, $6,200,000,000.
(4) Energy (270):
(A) New budget authority, $7,000,000,000;
(B) Outlays, $9,800,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $10,400,000,000;
(B) Outlays, $13,600,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,600,000,000;
(B) Outlays, $2,700,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,600,000,000;
(B) Outlays, $3,400,000,000.
(8) Transportation (400):
(A) New budget authority, $25,000,000,000;
(B) Outlays, $23,900,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,000,000,000;
(B) Outlays, $11,300,000,000.
(10) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $31,300,000,000;
(B) Outlays, $31,900,000,000.
(11) Health (550):
(A) New budget authority, $71,800,000,000;
(B) Outlays, $66,400,000,000.
(12) Income Security (600):
(A) New budget authority, $250,200,000,000;
(B) Outlays, $229,700,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $23,300,000,000;
(B) Outlays, $22,800,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,400,000,000;
(B) Outlays, $4,700,000,000.
(15) General Government (800):
(A) New budget authority, $5,300,000,000;
(B) Outlays, $5,000,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,100,000,000;
(B) Outlays, $6,800,000,000.
(17) Interest (900):
(A) New budget authority, $79,500,000,000;
(B) Outlays, $79,500,000,000.
(18) Allowances (920):
(A) New budget authority, $0;
(B) Outlays, $0.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$28,800,000,000;
(B) Outlays, —$28,800,000,000.

RECONCILIATION

SEC. 3. (a) Congress hereby determines and declares that it is necessary to make changes in enacted laws in order to reduce budget authority by $14,055,000,000, and outlays by $2,265,000,000, in fiscal year 1981; to reduce budget authority by $51,050,000,000, and outlays by $35,915,000,000, in fiscal year 1982; to reduce budget authority by $56,873,000,000, and outlays by $45,814,000,000, in fiscal year 1983; and to reduce budget authority by $65,139,000,000, and outlays by $54,372,000,000, in fiscal year 1984.

(b) The Committees on Appropriations of the House and Senate shall report not later than June 5, 1981, legislation to reduce previously enacted appropriations by $12,688,000,000 in budget authority and $1,412,000,000 in outlays for fiscal year 1981; by $3,200,000,000 in outlays for fiscal year 1982; by $1,800,000,000 in outlays for fiscal year 1983; and by $1,100,000,000 in outlays for fiscal year 1984.

(c) Not later than May 31, 1981, the committees named in subsections (c)(1) through (c)(29) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by subsections (c)(1) through (c)(29) of this section. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(1)(A) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $163,000,000 in fiscal year 1981; to reduce budget authority by $474,000,000 and outlays by $928,000,000 in fiscal year 1982; to reduce budget authority by $659,000,000 and outlays by $618,000,000 in fiscal year 1983; and to reduce budget authority by $794,000,000 and outlays by $795,000,000 in fiscal year 1984; and

(B) the Senate Committee on Agriculture, Nutrition, and Forestry shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $645,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1981; $3,243,000,000 in budget authority and $3,200,000,000 in outlays for fiscal year 1982; $4,011,000,000 in budget authority and $3,961,000,000 in outlays for fiscal year 1983; and $4,613,000,000 in budget authority and $4,517,000,000 in outlays for fiscal year 1984.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $233,000,000 and outlays by $233,000,000 in fiscal year 1981; to reduce budget authority by $966,000,000 and outlays by $966,000,000 in fiscal year 1982; to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983; and to reduce budget authority by $511,000,000 and outlays by $511,000,000 in fiscal year 1984.

(3) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $6,146,000,000 in budget authority and $133,000,000 in outlays for fiscal year 1981; $14,910,000,000 in budget authority and $908,000,000 in outlays for fiscal year 1982; $17,812,000,000 in budget authority and $1,884,000,000 in outlays for fiscal year 1983; and $20,703,000,000 in budget authority and $3,442,000,000 in outlays for fiscal year 1984.

(4)(A) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1982; to reduce budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1983; and to reduce budget authority by $450,000,000 and outlays by $450,000,000 in fiscal year 1984; and

(B) the Senate Committee on Commerce, Science, and Transportation shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,408,000,000 in budget authority and $814,000,000 in outlays for fiscal year 1982; $1,173,000,000 in budget authority and $1,043,000,000 in outlays for fiscal year 1983; and $1,740,000,000 in budget authority and $1,682,000,000 in outlays for fiscal year 1984.

(5) The Senate Committee on Energy and Natural Resources shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appro-

priations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,071,000,000 in budget authority and $106,000,000 in outlays for fiscal year 1981; $3,714,000,000 in budget authority and $3,404,000,000 in outlays for fiscal year 1982; $3,660,000,000 in budget authority and $3,628,000,000 in outlays for fiscal year 1983; and $3,604,000,000 in budget authority and $3,711,000,000 in outlays for fiscal year 1984.

(6)(A) The Senate Committee on Environment and Public Works shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $185,000,000 in fiscal year 1982; to reduce outlays by $900,000,000 in fiscal year 1983; and to reduce outlays by $1,365,000,000 in fiscal year 1984; and

(B) the Senate Committee on Environment and Public Works shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,350,000,000 in budget authority and $68,000,000 in outlays for fiscal year 1981; $4,935,000,000 in budget authority and $793,000,000 in outlays for fiscal year 1982; $3,035,000,000 in budget authority and $1,872,000,000 in outlays for fiscal year 1983; and $3,500,000,000 in budget authority and $2,826,000,000 in outlays for fiscal year 1984.

(7)(A) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $212,000,000 and outlays by $295,000,000 in fiscal year 1981; to reduce budget authority by $4,354,000,000 and outlays by $9,354,000,000 in fiscal year 1982; to reduce budget authority by $4,494,000,000 and outlays by $10,870,000,000 in fiscal year 1983; and to reduce budget authority by $4,618,000,000 and outlays by $11,761,000,000 in fiscal year 1984; and

(B) the Senate Committee on Finance shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $96,000,000 in budget authority and $112,000,000 in outlays for fiscal year 1982; $114,000,000 in budget authority and $132,000,000 in outlays for fiscal year 1983; and $149,000,000 in budget authority and $177,000,000 in outlays for fiscal year 1984.

(8) The Senate Committee on Foreign Relations shall report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,050,000,000 in budget authority and $301,000,000 in outlays for fiscal year 1982; $600,000,000 in budget authority and $367,000,000 in outlays for fiscal year 1983; and $435,000,000 in budget authority and $531,000,000 in outlays for fiscal year 1984.

(9)(A) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $513,000,000 in fiscal year 1982; to reduce outlays by $414,000,000 in fiscal year 1983; and to reduce outlays by $357,000,000 in fiscal year 1984; and

(B) the Senate Committee on Governmental Affairs shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $4,776,000,000 in budget authority and $4,690,000,000 in outlays for fiscal year 1982; $6,360,000,000 in budget authority and $6,388,000,000 in outlays for fiscal year 1983; and $7,462,000,000 in budget authority and $7,440,000,000 in outlays for fiscal year 1984.

(10) The Senate Committee on the Judiciary shall report changes in laws within the judisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982; $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983; and $144,000,000 in budget authority and $124,000,000 in outays for fiscal year 1984.

(11)(A) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $39,000,000 and outlays by $49,000,000 in fiscal year 1981; to reduce budget authority by $533,000,000 and outlays by $522,000,000 in fiscal year 1982; to reduce budget authority by $1,251,000,000 and outlays by $1,195,000,000 in fiscal year 1983; and to reduce budget authority by $2,102,000,000 and outlays by $2,051,000,000 in fiscal year 1984; and

(B) the Senate Committee on Labor and Human Resources shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,776,000,000 in budget authority and $326,000,000 in outlays for fiscal year 1981; $9,753,000,000 in budget authority and $7,478,000,000 in outlays for fiscal year 1982; $11,793,000,000 in budget authority and $10,773,000,000 in outlays for fiscal year 1983; and $15,024,000,000 in budget authority and $13,365,000,000 in outlays for fiscal year 1984.

Mr. BRADLEY. Mr. President, this is an amendment which is a net revenue gain. Let me begin by saying that.

Mr. President, the debate on this budget has largely been framed in two ways.

The first way it has been framed is in the rhetoric of marginal tax rates, the theory being, so the argument goes, that if we reduce marginal tax rates, we will increase savings, increase work, increase tax revenues, increase growth, and increase investment.

Mr. President, these are fairly large claims, but, nevertheless, as I understand the nature of the argument, that is what the reduction in marginal tax rates is supposed to create.

The second way that this budget has been viewed, is that it is framed in the rhetoric of Government spending on nondefense items. The argument goes that Government spending on nondefense items is one of the major engines of inflation. Therefore, we have to cut back drastically in spending on nondefense items. This is viewed as a retreat from the theoretical underpinnings of most modern social democracies; that is, that Government spending has been used effectively to stimulate the economy. But this argument would say to the contrary it has created waste, created a drag on the economy, and stimulated inflation rates.

Mr. President, these are the two arguments offered by the other side with regard to this budget. First, a reduction in marginal tax rates will generate enormous growth; second, it will handle inflation by cutting the nondefense segments of the budget.

Mr. President, as I have listened to the arguments of the other party over the last 2 or 3 years, I have detected a certain ambivalence in them, an ambivalence that I think one saw in candidate Reagan's conduct in the previous campaign where early on he seemed to have endorsed much more of the first argument; that is, that a cut in marginal tax rates will result in enormous growth and we will actually have more tax revenues.

As he proceeded through the campaign, and now he has come to frame his first budget, we now see much more of the second argument as well.

Mr. President, the first argument, the marginal tax rate argument, is really that of the new Republicans, and cutting the Federal budget is really the argument of the old Republicans.

Mr. President, rather than engage in this theological dispute, I would prefer to try to leapfrog the issue of whether marginal tax rates are really going to increase revenues versus whether we should cut the budget before we reward people with tax cuts, and move on to the amendment I have offered today.

The amendment I have offered today is an economic growth amendment. It is an amendent which recognizes that there is some Government spending that is essential for economic growth. It is an amendment which restores funding in eight areas of the Federal budget that the administration cut, areas which I feel are essential to achieving the economic growth that will give us the revenues that we need to fulfill commitments to the elderly, to the poor, and to the disabled, and will also give us the optimism about the future that will assure rising living standards for the next generation.

Mr. President, this amendment should be viewed in that manner, as an economic growth amendment.

Before I get into a description of the specific categories, I would like to establish the framework.

The framework of the amendment is that in order to promote economic growth, you need investment. That is very clear. But investment is more than simply investment in new plant and equipment. I do not think there is much dispute in this body that our industrial plant has deteriorated; that it consists of plant and equipment which was built for a world where oil was $3 a barrel, not $40 a barrel; that it does not produce as much output per unit as it should; and that we invest 10 percent of our GNP versus 15 percent for West Germany and 20 percent for Japan. Yes, we do need new plant and equipment. What this amendment says is that that is not sufficient, and that there are two other kinds of investment.

The second kind of investment is investment in economic infrastructure.

Mr. President, what this amendment does in the out years of 1983 and 1984 is to restore funds for Conrail. It would

continue, at a declining rate, the operating funds for the system. The administration has provided $100 million for operating expenses in fiscal year 1982, and we proposed to continue support until Conrail becomes self-sustaining.

Mr. President, the purpose of restoring funds for Conrail and, second, restoring funds for mass transit, $50 million in 1982, is to frame the issue of investment very clearly. Investment is not simply a matter of private sector investment in new plant and equipment. It is also public investment in the economic infrastructure, in the railroads and mass transit systems of our country.

Look at the next decade, project where we are going to get our economic growth. You hypothesize a growing world economy. You would have to argue that we must increase our exports, moving away from an investment-led economy to an export-led economy. If you look at those areas where we have an advantage, Mr. President, clearly one of those is coal. The problem is that you cannot get the coal from the mines to the ports because the railroads are not good enough.

So, Mr. President, this amendment recognizes that investment means rebuilding railroads, ports, and mass transit systems. If we are looking at a decade where we continue to be dependent on foreign oil, we clearly see the need to keep mass transit systems functioning. Otherwise, we will push people into automobiles, consuming more foreign oil and making us more vulnerable to oil supply disruption.

So, Mr. President, the restoration of funds for Conrail and for mass transit is directly related to getting the economy back on the path of sustained growth.

In addition to investment in new plant and equipment and investment in economic infrastructure, there is another kind of investment that is equally important. That is investment in people, primarily in education and retraining. Mr. President, this amendment would restore $350 million in fiscal year 1982 for Elementary and Secondary Education Act title I programs, $100 million for the Pell grants, and $100 million for guaranteed student loans, and would provide $300 million for an experienced worker retraining program.

Why these amendments, Mr. President? Why these programs funded at these levels? Mr. President, if you have new plant and equipment and you have a rail system that is modernized and a mass transit system that works, all of those things promote economic growth. What you need in addition is a work force that is trained, a work force that is skilled, a work force that has a view of the future that will assure maximum work effort.

Mr. President, the Elementary and Secondary Education Act, title I, is basically a program that goes to those school districts in the country that are most disadvantaged. Mr. President, school districts that are the most depressed in the country get assistance under title I, which means that the students of those schools have the lab equipment and the school books with which they can actually learn. If you look at our country over the next decade or so, you see a very real danger that those citizens, those young people who are now in our cities and have no stake in our society, will continue to have no stake in our society. By the time we get to the 1990's, they will not be 20 or 25 but 35 and 40, still with no stake in our society. That will be precisely at the time, in the mid-1990's, when we will have a labor shortage, precisely at the time that we will need all the available manpower we can marshal.

Mr. President, what this amendment says is let us make sure that those individuals have an adequate education. Let us make sure that they have an opportunity to go on to college; let us make sure that they have an opportunity to maximize their skills—not for paternalistic reasons or for fear reasons, but precisely because the economic growth potential of this country depends upon the maximum efficient utilization of our manpower, which includes young people in our cities. Mr. President, that is the purpose of the Pell grants, the guaranteed student loans, and the Elementary and Secondary Education Act program expenditures.

As to the experienced worker retraining, if we look at our manpower, we see many citizens who are out of work, workers who no longer have jobs because of competition from abroad. Competition from abroad did not spring up overnight. People are not buying foreign automobiles because they are brightly colored or have softer seats; they are buying them because they get 40 miles a gallon and they are quality products. It is clear—and I do not mean this to apply to the automobile industry—that some industries in this country will lose their competitive advantage in the near term. What we in Government must be concerned about are the people working in those industries. To be consistent with maximizing our economic growth, we have to make sure that those individuals are retrained from the less competitive sectors of our society to the more competitive sectors of our society.

That is the purpose of this amendment. It says, let us take those people who are working in industries that can no longer make it; let us give them training, make sure they are trained—not subsidization, but make sure they are trained so they can move into the more vibrant parts of the private sector that are going to contribute the most to the growth potential of this country in the next decade. Mr. President, those are the three kinds of investment that this amendment attempts to address: new plant and equipment, sure, that is necessary; investment in economic infrastructure, equally necessary; investment in people, equally necessary.

If we continue down this path, thinking that simply by reducing the tax rates and simply by reducing nondefense spending in this budget, we are going to hit on a consistent living pattern for Americans that is going to last the next 20 or 30 years, I think we are kidding ourselves. What we have to recognize is that investment is necessary in three areas, not one area. That is what this amendment attempts to do.

In underlining those three kinds of investment, this amendment addresses the central issue to our competitive advantage. We must make a commitment to research and development, we must make sure that we remain on the cutting edge of technological change. This amendment restores $70 million for NASA and $60 million for the National Science Foundation.

Take NASA as an example. This budget funds almost all of the defense applications for NASA. What it does not do is fund the solar electric propulsion system or the international solar polar mission or other space science, space applications, aeronautics and space technology—precisely those areas which, in the next decade or longer, are going to give this country the kind of competitive advantage that it can attain only if the Government makes these expenditures on this kind of research and development. By cutting this spending out of the budget, Mr. President, we are really short circuiting the jump on Japan and West Germany that we already have and we are creating a situation where they might catch up—not in the defense area, that is clear, but in the competitive areas, in ways that are going to hamper our economic growth in the next decade and beyond.

To the National Science Foundation, as I said, we would restore $60 million here. What does this do? This restores full funding for instrumentation grants and provide partial restoration of money for science education and research.

Mr. President, it makes no sense, if you look at the long run, to say that we must cut out funds for our scientists, our brightest scientists. Oh, they will say, we are not cutting out funds for science. That is right; we are only cutting out funds for the instruments to put in the laboratories which the scientists could use to learn their craft and develop the skills that are essential to putting us back on the path of vibrant economic growth.

Mr. President, that is what this amendment does. It restores funds for research and development, for investment in economic infrastructure, and investment in education and retraining—precisely for the reason, Mr. President, of getting this country back on the path of economic growth.

It is an illusion, Mr. President, to believe that there is one simple answer to our economic problem—cutting marginal tax rates or eliminating nondefense spending. It is much more complicated than that. This amendment tries to address those complexities in a rational manner.

Mr. President, I said at the beginning of my presentation that this is a net revenue gainer. It is, Mr. President, because, in addition to restoring these funds, we eliminate two tax expenditures: One that the Senate has already discussed, commodity straddles, and the other Domestic International Sales Corporations. So, by 1984, if this amend-

ment is adopted, there will be a net budget surplus of $1 billion. So, Mr. President, this is not an amendment that prevents us from meeting the aims of the reconciliation package or the aims of a balanced budget by 1984, however much any of us think that might be a dream, given the assumptions of the administration. What this does is take some of those assumptions and say, fine, we shall have a budget surplus under this amendment by 1984.

Mr. President, I would argue strongly that, rather than engage, as I am sure we will in the Senate in the coming weeks, in the theological dispute about marginal tax rates or cutting the budget, let us leapfrog that debate and address the real issues of economic growth in this country in the next decade. That is what this amendment attempts to do. I think it does it.

Mr. President, I am pleased to yield to my colleague from Delaware (Mr. BIDEN).

Mr. BIDEN. I thank the Senator.

Mr. President, I shall be brief, since we are marking up the Justice Department bill in the Committee on the Judiciary.

The PRESIDING OFFICER. The Senator may proceed.

Mr. BIDEN. Mr. President. I commend the Senator from New Jersey for balancing the changes made in spending programs by this amendment with reductions in tax expenditures. It makes no sense to me to reduce Federal activities that strengthen the economy—such as transportation or education—while leaving in place tax expenditures that represent Federal intervention in the economy, often to the detriment of the economy. The two tax expenditures that this amendment cites as examples of potential savings from tax expenditures—tax straddles and DISC's—are surely less useful in building a strong economy than are the programs which this amendment seeks to restore.

The commodity straddles are manipulations of commodity transactions purely for tax avoidance. A straddle consists of taking both a long and a short position in a commodity—then taking a loss in one year to offset other taxable gains while creating a gain in the other year—where it can be offset by a loss from a new straddle. There is no gain to the economy from these transactions. But the tax avoidance they represent costs the Federal Government $1.3 billion.

The Domestic International Sales Corporations (DISC's) can receive an indefinite deferral of taxes on half of their profits from export sales above a base period. But there is no evidence that this deferral really stimulates exports that would not have occurred anyway. But it costs $1.8 billion in lost revenue.

These are only examples of the dozens and dozens of nonproductive or counterproductive tax expenditures that would be candidates for elimination to help finance the important economic health builders restored by this amendment. The fact is that the ever increasing number of special provisions in our tax code have increased its complexity; added to Government intervention in the economy; and reduced our ability to give general tax reduction.

Anyone who has ever filed a tax return will agree that our tax system has grown to be far too complex. It is now burdened with hundreds of special provisions, most of them intended as incentives to certain kinds of actions. Most of them were added to the tax code with the best of motives, as an incentive to act in one way or another. The reward was to be a reduced tax bill.

The use of the tax system for such purposes is often praised because it is said to achieve an objective without creating a large bureaucracy. But, to the extent that this is true, we pay a high price for it, because no one monitors the operations and impacts of these tax expenditures. IRS, which administers these provisions, cannot be an expert in the myriad tax code provisions which encompass such subjects as housing, energy, export trade, consumer loans, oil depletion allowance and a host more. In Congress, the legislative committees that usually work on these subjects have no jurisdiction over the tax code. So no one measures the effects of these tax provisions, no one determines whether they are economically beneficial, no one looks at the economic distortions they may introduce.

It is certainly possible that one cause of our economic problems is that the Tax Code has artificially diverted economic resources into less productive uses. What is more, every one of these tax provisions decreases the total pool of revenue on which the Federal Government can draw to finance defense and other critical Government programs. Because that pool of revenue is decreased, there is also less opportunity for general tax relief. In an article, "Ax May Hit Tax Credits, Deductions," by Caroline Atkinson which appeared in the Post on April 26, 1981, the writer said:

> And it does entail government intervention in the economy. People are encouraged to invest, spend or save in one particular way rather than another by a federal subsidy, albeit one operated through the tax system rather than the budget.

Mr. President, those may be economically beneficial ways or they may not. Might we not be better off to eliminate these special incentives to economic action and just allow the free market to operate? Why shoud Government write tax laws to manipulate economic activity? Might we not be better off to give back to each person a greater share of their income and then let them decide how to invest it?

An economist, Robert J. Samuelson, said in an article entitled "Top-Heavy Tax System Its Own Worst Enemy" in the Post on April 28, 1981:

> Instead, it has become a vehicle for social engineering and political favoritism. It's tinkered with and twisted to satisfy the gripes and self-pleading of any group that can hire a clever tax attorney and publicist to make its case. Responding to some bad causes and a lot of good ones—individually worthy—has produced a top-heavy system that is becoming its own worst enemy.

On the issue of complexity, no more needs to be said. Everyone knows about it, but no one does anything about it. As Robert Samuelson says:

> Talk about paperwork. The Office of Management and Budget estimates that about half of all government created paperwork stems from tax forms, to the tune of about 650 million hours annually.

Mr. President, if we really want to cut Government paperwork, we had better take a closer look at the Tax Code that we in Congress have written.

Both of these articles point up the need for greater review and control over tax expenditures and I ask that they be printed in full at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered. (See Exhibit 1.)

Mr. BIDEN. Until we can achieve better control over tax expenditures, Mr. President, it makes sense to prune them back some to make it possible to continue vital economic activities, activities designed to increase productivity, such as education, scientific research, transportation, and worker training. That is what is proposed in this amendment.

Tax expenditures now total some $250 billion each year. Yet the President's economic renewal program—which deals with taxes and spending—does not even touch them. Just as surely as there is waste in our expenditure budget, some existing tax expenditures are not achieving a useful economic purpose. It makes sense to weed out a few of the least productive ones to finance some highly productive expenditures.

EXHIBIT 1

[From the Washington Post, Apr. 26, 1981]

AX MAY HIT TAX CREDITS, DEDUCTIONS

BUDGETEERS FACE UNPOPULAR CHOICE

(By Caroline Atkinson)

President Reagan has set about cutting the budget with a vengeance. But so far he has left untouched about $260 billion of revenue lost by the federal government each year through special deductions, exemptions and credits against tax, sometimes labeled "tax expenditures."

This was not an oversight. Many Reagan officials reject the notion of tax expenditures on ideological grounds. In a typical defense of the decision to spare expensive tax loopholes and special subsidies from the budget ax, Office of Management and Budget Director David Stockman said recently, "Our mandate was to cut spending, not raise taxes."

But budget experts accuse Stockman of being disingenuous. They say that many so-called tax expenditures are equivalent to direct spending programs in their effect on the economy. Others, such as the deduction against tax allowed for interest payments on mortgages and consumer installment loans, work directly against the administration's declared objective of increasing savings in the economy, they say.

In close cross-questioning in the House Ways and Means Committee earlier this year, the OMB director had to agree that some tax expenditures are analogous to direct spending and should be analyzed in the same way.

A homeowner who deducts mortgage interest payments before calculating tax liability, an employee with free medical insurance that is not counted as part of income or a private firm that can invest cheap money raised by the sale of tax-exempt state or municipal bonds, are all beneficiaries of tax expenditures. So, too, are the rich investors who escape taxes through commodity straddles or the independent oil companies that can write off as depreciation costs more than they ever spent on a well.

The federal government loses tax revenue

through the special deductions and tax credits for these and other groups. In many ways such tax measures work like spending programs to subsidize certain people or activities. And often members of Congress argue that they do the job of a spending program without adding new layers of bureaucracy to the federal government and without, in theory, increasing federal spending.

For example, in 1978, when Congress decided to encourage people to insulate their homes, it enacted a tax credit for those who did so, rather than setting up a grant program. But, of course, such a tax credit boosts the budget deficit just as a spending program would.

But Congress is likely to mount some sort of attack on tax expenditures this year, even if the administration does not go along with it. House Budget Committee Chairman James Jones (D-Okla.) has suggested shaving $3.2 billion from next year's deficit through closing "loopholes." House Ways and Means Chairman Dan Rostenkowski (D-Ill.) is likely to urge elimination of some tax expenditures in the tax bill his committee writes.

And even the administration may be softening its stance on tax expenditures. Treasury Secretary Donald T. Regan told the Senate Budget Committee this month that the Treasury is studying various tax expenditures and may recommend changes in some.

But despite the large revenue losses from these special credits and deductions, there are few that could be eliminated easily. The tax deduction for interest on home loans is a prime example. However undesirable it is economically, few politicians could vote to scrap this provision—a vital element of many families' finances.

There are also considerable political constituencies behind deductions for interest paid on consumer loans, the tax exemption for employe health benefits, deductions of state and local taxes, or tax-exempt retirement saving schemes: these measures mean a lot of money to a lot of people.

But if Congress and the administration are in the mood to push for cuts in many favored spending programs, why not stand up to the tax spending lobbies, too?

There is both a political and ideological answer. First, some of the most conspicuous tax expenditures are tax shelters or loopholes used by the rich to shield part of their income from the government's long arm, while many others help middle-class taxpayers who are favorites for congressional aid this year. Tax deductions help only those 30 percent of middle- and upper-income taxpayers who itemize their deductions.

Second, many conservatives do not like the term "tax expenditures" because of the implication that the federal government somehow is spending money, when it merely chooses not to tax certain amounts of income. In addition, experts find it difficult to determine just what constitutes a tax expenditure.

But tax expenditures do unquestionably reduce the tax base, the pool of income that a government can draw on for taxes. And even the staunchest conservatives agree that governments need to tax some pool of income, to allow the government to pay for defense and policing, for example.

Then the government has to decide at what rate to levy taxes.

Special tax deductions and credits restrict the pool of taxable income and the tax base, but do not cut tax rates. Tax expenditures mean that some kinds of income used for certain purposes are no longer subject to tax, but taxes are levied on the rest at the same rate. So this way of cutting taxes, or increasing tax expenditures, certainly does not help everyone, nor can it encourage a general increase in work, saving or investment.

And it does entail government intervention in the economy. People are encouraged to invest, spend or save in one particular way rather than another by a federal subsidy, albeit one operated through the tax system rather than the budget.

Conversely a cut in tax expenditures, while it swells tax revenues, is thought by many to be more like a cut in government "spending" than a rise in tax rates. It seems strange, say such observers, that a cut in the student loan program can be counted as "good" because it's a spending cut, but that the administration blesses tuition tax credits which give tax breaks to people paying for their children's college education.

Both involve a government subsidy of college education: one through the budget and one through the tax system. Both will add to the budget deficit. But one shows up in a spending program and the other does not.

Ironically, tax credits and deductions have increased dramatically in recent years and have been legitimized, as one economist says, by the very movement that sought to curb their use. Stanley Surrey, who invented the term tax expenditures, and others who have argued for a more detailed and precise accounting of the revenues lost through them, generally thought them an inefficient and unfair way of supporting certain activities. In particular it is pointed out that tax deductions help rich people more because they are in higher tax brackets.

But since the term tax expenditures made clear how the tax code may be used like a spending program, it became the fashion in Congress to include a few special deductions and credits in any tax bill. President Carter, while officially against tax expenditures and loopholes, further popularized their use. During his presidency, he suggested 20 new tax expenditures, most of them part of his energy proposals. While many were not passed, Congress thought up some more of its own, and 20 new ones became law during the four years of the Carter administration.

Even in this year of spending cuts, and when some congressmen are talking critically of tax loopholes, there is a strong push for some new tax expenditures. The savings incentives, which Ways and Means Chairman Rostenkowski has promised to include in any tax bill that comes out of his committee, are tax expenditures, for example.

They would cut the tax paid on savings income, whether by excluding some of it from tax altogether or allowing the interest to be deducted against tax. This would reduce the tax base and not the tax rate. The administration has argued against such measures as an alternative to marginal rate cuts. They say a general cut in rates, and thus a rise in after-tax yield on savings, would be a more efficient way of boosting saving.

But the temptation to use the tax code as a tool for intervening closely in the economy probably will prove overwhelming once again this year, while the attempt to curb the cost of such fine tuning in the past could founder.

[From the Washington Post, Apr. 28, 1981]

TOP-HEAVY TAX SYSTEM ITS OWN WORST ENEMY

(By Robert J. Samuelson)

The temptation is to say that Jim Jones has crossed the thin line between crusader and crackpot.

Jones—not to be confused with the chairman of the House Budget Committee or the fanatical cult leader—is an amiable, retired, Texas businessman who thinks the U.S. tax system stinks. He's been poking around Washington for the past few years, telling anyone who will listen. Too much paperwork, too many contradictions. Junk it, he says. Replace it with a flat tax.

Any practical politician will tell you that Jones is a fool. You can't simply scrap the whole system and replace it with a nice simple tax. That would cause rebellion. We live in a complex society. The tax system reflects the complexity. Its provisions—complicated though they may be—respond to the peculiar needs of all the diverse groups that comprise America.

Which is precisely Jones's insight. We have lost sight of the essential purpose of any tax system: to raise money for legitimate public purposes.

Instead, it has become a vehicle for social engineering and political favoritism. It's tinkered with and twisted to satisfy the gripes and self-pleading of any group that can hire a clever tax attorney and publicist to make its case. Responding to some bad causes and a lot of good ones—individually worthy—has produced a top-heavy system that is becoming its own worst enemy.

All this is worth pondering as Congress prepares to write another tax bill. For no public program is bigger and affects more people than the tax system. Whether people respect the system—no one expects them to like it—determines to a considerable extent whether they respect government. And the evidence is beginning to show that public respect is on the wane.

For years, Americans' high rate of voluntary tax compliance has been the envy of the world. But anecdotal and statistical evidence is now challenging this reassuring cliche. A public opinion survey commissioned last year by the Internal Revenue Service found that as many as one-quarter of the taxpayers may have under-reported their income deliberately at one time or another. A more thorough IRS investigation a few years ago estimated that perhaps 9 percent to 12 percent of income goes unreported.

Of course, there always has been unreported income—from crime, for instance. But the hunch of specialists is that chiseling and cheating are on the rise and, more important, have gained increasing respectability. The system's very complexity—making everyone believe that someone else is benefiting from a special tax break, so why not me? encourages it.

Jones' description of the tax system as grotesque is hardly unique. Here is Aaron Wildavsky, a well-known political scientist at the University of California (Berkeley), writing in a recent issue of the Washington newsletter Tax Notes:

"Practically everyone I know believes that other people take unfair advantage of the tax code. . . . Those who benefit sneer at how easy it is or feel guilty at taking advantage of provisions presumably designed to do good. There is a pervasive sense that moral values are being subordinated to strategies for minimizing taxes, so that financial gain is suspect—because it appears to be derived more from special privilege than from unusual talent. Consequently, the legitimacy afforded to government by the people, the respect that supports the authority to govern, is being undermined."

And here is the conclusion of a special study commission established by the Chamber of Commerce of the United States:

"The primary conclusion of the commission is that massive tax simplification is urgently required. . . . The Internal Revenue Service is generally an efficient and well-run agency, but no organization can administer so grossly complicated a tax system without gradually assimilating some of the problems of the system it represents. The myriad social policy decisions currently being enforced through the tax system also turns the IRS into a 'lightning rod' for all manner of citizen complaints about their government whether or not connected with revenue matters."

We have come to this in barely a generation's time. Thomas F. Fields, a lawyer with Tax Notes, recalls that, before the early 1940s, a lot of people "were proud to pay income tax." Rates were low, and a relatively

small part of the population paid taxes; it was a sign of distinction, of "having made it." But during the war the government adopted withholding, and then the bite of government spending and taxes increased sharply.

The result is a system so riddled with deductions, credits and income exclusions that tax rates (what's on the forms) and the tax burden (what government actually takes out of the economy) diverge substantially. How much?

Look at it this way. Government spending constitutes about 22 percent to 23 percent of the nation's gross national product. Roughly, a tax of slightly more than one-fifth of what we produce will cover that. But the top corporate tax rate is 46 percent. And the individual rates run from 14 percent to 50 percent (for earned income, such as wages) and to 70 percent for so-called unearned income (such as dividends and interest).

All this produces collective gamesmanship on two levels.

First, there's the individual and the firm. Everyone strives to find the maximum combination of credits, deductions and exclusions to reduce taxes. For this reason—or simply because the system is so complicated—two fifths of all individual returns are prepared by professional accountants or tax services, according to the IRS.

Second, there is the political gamesmanship. At the moment, groups are exhorting Congress to enact, among other things, the following: tax credits for college and private school tuition, tax credits for firms engaging in research and development, liberalized deductions for charitable contributions, and refundable investment tax credits for firms that have large losses. The list goes on.

The upshot is a remarkable centralization of political and economic power. The tax system tells people and firms to do some things, not to do others—and many of the commands represent inefficiencies. At the same time, an increasingly large army of lawyers, accountants, lobbyists and economists now dedicates itself to manipulating the system or (as with economists) simply trying to understand its effects.

Talk about paperwork. The Office of Management and Budget estimates that about half of all government-created paperwork stems from tax forms, to the tune of about 650 million hours annually.

Undoing this mess won't be easy, precisely because tax provisions satisfy broad constituencies and most were enacted (as Wildavsky puts it) "to accomplish a good purpose." But we need to acknowledge the destructive logic of the process: that every special provision means that general tax rates go higher and that more groups, seeing others with tax breaks, are encouraged to seek similar treatment.

What this requires is a change in mood.

More than ever, every part of the political spectrum believes that the tax system is to be used for special purposes. Liberals, conservatives, unions, corporations, charitable organizations all are chanting for their own pet proposals. The paradox is that the politicians who encourage and respond to these pressures think they're upholding the worth of the political system and the public's confidence in government. In fact, they may be slowly destroying both.

Mr. BIDEN. Mr. President, let me take about 5 minutes to try to highlight my rationale for cosponsoring this amendment of Senator BRADLEY'S, which is, essentially, what the Senator from New Jersey and I attempted to do on the reconciliation instruction.

We have—as the Senator puts it so succinctly—attempted to leapfrog the debate. We are not talking about arguing on the margins here.

One of the problems with this institution—and both our political parties are institutions—is that we are continuing, notwithstanding all the rhetoric about how we are going to make fundamental changes in terms of how we view the Government's role with regard to Federal expenditures and tax expenditures, to argue on the margins.

On the one side, we argue whether or not the tax rates should be increased or decreased, or decreased at what rate; and the other side of that equation is how much we are going to trim expenditures in the nondefense area, or how to cut down on the rate of growth of defense spending.

As the Irish poet William Butler Yeats said about 80 years ago in commenting on his times, "The world has changed; it has changed utterly."

Things have changed utterly in this country, and we have failed to understand how that change has taken place, if we judge by the major voices in both our political parties.

We are not on the margins. We are talking about the future versus the past.

We are not going to do a great deal about growth, notwithstanding the undying and unyielding faith the President seems to have in his laissez-faire economics. He thinks the free enterprise engine is going to create all this business and all this growth.

At the same time, as I read the budget, he has essentially written off the Northeast and the central northern parts of the United States of America. He has said that, somehow, we are going to find these great, new breakthroughs in research and development and science and technology by the Federal Government getting out of that activity. We are going to see to it that we have the ability to transport and export our great hope for export, after agriculture, and that is coal.

I see the chairman of the Agriculture Committee in the Chamber, and I concur with him that agriculture is our single most valuable asset.

The President says we are going to make major new changes in our energy picture, but we are forgetting how we are going to get this coal to the ports for export.

The administration also has indicated that mass transportation really does not matter a great deal, because probably we are just going to be able to go along as we usually have, and we will continue the use of the automobile.

Then the President comes along and says that we are going to cut back on the already strapped middle and lower middle class wage earners, who are supposedly the subject of his largesse in this budget, and we are going to see to it that it is a lot harder to send their children to college. He has decided that the Pell grants are going to be cut, as well as the guaranteed student loans, which affect not only low-income folks but also middle-income folks, who have trouble getting their children to college.

He has decided that the most skilled work force in America and in the world, which happens to be in large part in the so-called "Frost Belt," will have to cut it some other way. We are not sure how. We are not sure where. We are not sure why. We are not sure if. But they are going to cut it; and they are not going to worry about that, because free enterprise is going to take care of this.

I note in today's New York Times that a number of major corporations have endorsed the plan of the Secretary of Transportation for the takeover of Conrail. That is good; I am all for it. If these independent railroads are going to come in and take over Conrail for us, a little more than a piece at a time, and get it working, I am all for it. I would rather the railroad be owned by profit-making enterprises.

But what is going to happen in the next couple of years? What happens if they do not? What happens if they do not move and if they do not move quickly?

I met with a group of Congressmen, most of whom happened to be Democrats, on alternative plans the Democrats should have. Essentially, they were Southern and Western Congressmen. They said, "We will just have to adjust."

I said, "How are we going to adjust? How are we going to do that?"

They said, "In 2 or 3 years, maybe 5, this transition will have occurred."

I said, "Good. I'm all for that. But what happens in the meantime? What happens when my folks from southern Pennsylvania are trying to make it to Colorado to get in on the boom? How are they going to get there? What is going to happen to their families? What happens in the meantime?"

I want my autoworkers to become roughnecks in Oklahoma. I want them to make a big buck. But I do not understand how we figure they are going to get there between now and those 5 years.

What I feel embarrassed about is that it took me this long to figure out what the administration really meant. It really means hang on any way you can; it will work out in the end. I am not so sure it will work out in the end.

The Senator and I are not here talking about whether or not we should put money back into food stamps or whether or not we should do something about the school lunch program. All those things are important debates.

I will leave it to my more senior colleagues to conduct that debate. They are used to that, and it is something they feel very committed to. I will leave that to my more senior colleagues on the other side of the aisle, the more conservative colleagues, who suggest that it is not the role of the Government to do those things. I am not talking about that.

We are trying to figure out if we mean what we say. We say that the key to America's advance into the 21st century is our ingenuity, our research, our technology, the great minds we have, our educational system, and the skilled work force. Fine. I will settle for that.

I point out that by cutting out two

tax expenditures, we end up with a surplus. I mean we end up in a tradeoff where there is going to be more money in the Treasury than is taken out by adding on these things. All we are asking for is a shot at a little growth.

I chair a nuclear military planning group for NATO, and I happened to be in France, speaking with a group. We were talking about nuclear weapons and were about to go on to a dinner, to speak at the dinner. It was delayed an hour, and the debate between Giscard and Mitterand was delayed an hour on French television. It was going to be broadcast. Do you know why it was delayed? Because the French people wanted to watch the *Columbia* land. The Presidential debate, in the most heated election in the recent past, was delayed an hour so that France could watch the *Columbia* land.

The switchboard of the French national television networks blew when they found out they were going to go on with the French Presidential debate—literally. In the uproar, they moved the debate back an hour.

Do you know what all those high-ranking Frenchmen, including some of their theoreticians who were at that meeting, talked about as they watched? They said, "look at that. There is America. I guess you are on your way back."

We could have done 6,000 other things, but nothing was as important as the symbol of seeing the *Columbia* land on the dime, on the second. They know what we have.

Here we are deciding that NASA is being cut. We can talk about the military applications, but we are still cutting NASA. We are cutting the National Science Foundation. We are cutting Conrail. We are cutting mass transportation. We are deciding that poor kids, lower income families, will not get education programs under the title I program.

We are deciding that the Pell grants and funding for grants for students to go to college at $1,800 a year—I do not know where they are going to find that—are not going to happen.

All those folks who have a kid in college, hang on. All of those who are interested very much in seeing to it that their kids get a shot to go to school and are looking for that low-interest money, hang on, because it is not coming.

So what have we done? We capped it all off by deciding that we are not going to retrain the most skilled work force in the world to give them a shot at the new industry.

The Senator and I, although we are from the Northeast, are not suggesting we hang on to things that should not be hung on to. We are suggesting that we have a shot, that our people have a shot, and that Senators think about doing for the Northeast what we spent a lot of time doing for the South and the West.

Somehow we have ended up with four economies in this country, at least. Some would argue there are only three, some two, but clearly there is more than one. And this budget does not fall too well for my section of the country, although I should note for the RECORD the lower two counties in my State consider themselves part of the South, and I want that to be noted, that they believe that. The fact of the matter is, though, their economy is tied in the Northeast as much as they hate to admit it.

Mr. President, as I said there is a great deal to say about this, and I probably would have been wiser to stick to my prepared text, but let me sum it up.

The Senator from the State of New Jersey is absolutely correct. If we do not do it now I guarantee you we will be here in 2 years or 4 years doing precisely what he has been arguing for, and that is leapfrogging this traditional debate which is getting us really nowhere very rapidly. Without a significant commitment to research and development, to space, to our rail system, to retraining the most sophisticated work force in the world and educating our students and allowing middle- and low-income people a shot to get their children into colleges and through colleges, without doing those things we do not stand much of a chance.

I am confident, although we may not win this time, that within the next year, 2, 3, or 4, we will be back on the floor, and I will bet Senators that they will all come around to this point of view. I will bet them we are funding NASA, we will be funding the National Science Foundation, we will be doing something about the rail system other than giving it a wish and a prayer, and the economic theologians of the past will be replaced by some hardheaded Yankee pragmatist of the future who suggest that this is a whole country. The Northwest is not part of Canada. We do belong. We are heartblood and we have been the driving force in this economy. We are prepared and understand the changes that have taken place. All we are saying is let us not write off a part of the country and let us not write off a generation of students, a generation of people we expect to do all these grand things that we all acknowledge must be done.

I thank the Senator from New Jersey for yielding but most of all I thank him for his leadership in this matter.

In the time he has come to this body as a superstar on a basketball court he has demonstrated that he can do a whole lot more than shoot. He thinks awfully well and he, at least on our side of the aisle, has in large part been a driving force to getting members of my party to begin to rethink the parameters of this debate, and I think that we are lucky to have him. I do not like him a whole lot. [Laughter.]

But we are lucky to have him. I congratulate the Senator and by the way, for the RECORD, I hope the reporter will note that they laughed when I said I do not like him a whole lot. I am only kidding.

Mr. President, thank you very much for the time, and I thank the Senator from New Jersey for his effort.

Mr. BRADLEY. Mr. President, I thank my distinguished colleague from Delaware for his remarks, particularly those last remarks.

I am prepared to hear from the other side on this amendment and go to a vote in the near term.

Mr. DOMENICI. Mr. President, might I ask my good friend from New Jersey, the Senator from New Mexico intends to take 5 minutes in opposition to the amendment and Senator WEICKER has asked me to yield him about 8 minutes off my time on this amendment for purposes of addressing the entire resolution. So I think we are talking about no more than 15 minutes between us.

I wonder if we could agree on a time certain for the culmination of debate on this. We have not stacked the vote. But could we agree on 12:30?

Mr. BRADLEY. I think we could agree on 12:20 p.m.

Mr. DOMENICI. At 12:20 p.m.

Mr. President, I ask unanimous consent that the time on this amendment expire at 12:20 p.m. and that our side use no more than 15 minutes of the remaining time.

Mr. BRADLEY. Mr. President, I have no objection to that time. I will not use the entire amount.

Why does the Senator not frame it that at 12:20 p.m. or any time that we yield back our time?

Mr. DOMENICI. No later than 12:20 p.m. is what our agreement is, and we will not use more than 15 minutes.

The PRESIDING OFFICER. Will the Senator from New Mexico restate the unanimous-consent request?

Mr. DOMENICI. Mr. President, I ask unanimous consent that the time on this amendment be shortened such that we have 15 minutes in opposition and that the time expire no later than 12:20 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, while I cannot agree at all with this amendment, I wish to share in the accolades that the good Senator from Delaware sent to the distinguished Senator from New Jersey. He is indeed a good friend of mine and a contributor to this body's deliberation and for that I thank him.

Let me just say with reference to specifics. I do not intend to spend a great deal of time arguing the specifics of this amendment because they have basically been made at one time or another in the reconciliation process or during the last couple of days on various functional add-ons.

But I suggest just a couple of things that Senator BIDEN said that we should understand if not a little better, a little differently.

From the NASA standpoint this budget resolution contains all of the requests of the President and this will permit the continuation of the successful Space Shuttle program in its entirety. It allows for continuation of the Galileo mission and the space telescopes and continued support for the Landsat satellite series.

So while we all share in the great pride of the accomplishments of NASA, and in particular of its last mission, I would not want anyone who has heard Senator BIDEN's debate to assume that either the President in his recommendations or the

Budget Committee in its rather compelling majority support for the NASA function is doing what is suggested. That program will be intact. It will have many more successes and we are doing no violence to it here.

I wish to summarize what I see for the Senate in this amendment. We can talk about that. This is not a budget-busting amendment. The truth of the matter is plain and simple; that is an erroneous statement.

When we add up the budget authority add-ons and the outlay authority add-ons for 1981, 1982, 1983, and 1984, the essence of this amendment is to add for those years $7.8 billion in budget authority and $5.6 billion in outlays.

I am not trying to deceive anyone. I can break it down for the Senators by year, but if they listen to the arguments of the two proponents, they are obviously serious. They are not talking about 1982. They are saying we are going to have to do these things that they have proposed here. So I thought it only fair that we tell the Senate what their amendment does.

New outlays for the years 1981, 1982, 1983, and 1984 are $5.6 billion, and there are $7.8 billion in new budget authority for the same time frame.

On the other hand, that is part of what we have been trying to solve, cut expenditures. This one adds what I just said.

Those who propose that we balance off that kind of new expenditure with tax increases can come down here and use any kind of tax increase they want, and the good Senator serves on the Finance Committee, but the sum and substance of this is that it adds the expenditures I have discussed, and then it increases taxes $10.780 billion over the same period of time.

I will break that down for you, too. $700 million in 1981; $3.1 billion in 1982; $3.3 billion in 1983; and $3.6 billion in 1984.

The sum and substance is that this amendment runs exactly contra to what we have been spending all our time on here, what the President has been proposing, and what I think the American people have been begging us to do.

In a nutshell, it raises taxes significantly—$10.7 billion worth of new tax increases. The Senator would say it gets rid of some tax expenditures we do not need. The sum and substance of getting rid of tax expenditures that are deemed archaic or unnecessary, in a budget resolution, is to raise taxes. There is nothing in this amendment and nothing in this resolution when we are finished that binds the Finance Committee to get rid of the Domestic International Sales Corporation. There is nothing that tells them they should get rid of the commodity straddle.

The reason that Senators voted in an overwhelming manner against the Metzenbaum amendment on commodity straddles, is because they are beginning to understand the process. What you do is you come down here with a tax increase and you give your speech as to how you would raise taxes and make everybody happy.

So what this amounts to is a $10.7 billion increase in taxes, with a speech by the good Senator from New Jersey saying, "It will not hurt anyone because the way I propose the increase is to get rid of DISC and get rid of the commodity straddle."

But the Senate is beginning to understand that, plain and simple, that is increasing taxes. We have had debate after debate on whether we should put room in this for $54 billion worth of tax cuts and now we come along and increase taxes.

This straddle and this DISC can be part of the $54 billion tax cut bill, if that is what the Finance Committee deems appropriate for this country.

I am not going to go into the add-on of $300 million for experienced worker retraining, other than to say that it comes within the function that CETA is in and to remind everyone that if the authorizing committees of this Congress think we now ought to get into the business of experienced worker retraining, there is $4.7 billion in that CETA function for job training, for youth training, and my recollection is that this committee, the Budget Committee, put $300 million more in.

If that is a good idea, we do not have to invent it in a budget resolution, because nobody is bound by this budget resolution. Just sell it to the authorizing committee, that instead of the conventional training program we ought to now start experienced worker retraining to the tune of $300 million.

We have done a fantastic job as a nation training people with some of our programs. I am sure we will do equally as well with experienced worker retraining. I hope if we do it will be better than the program we had for trade adjustment assistance, which was to get our workers through the adjustment of trade competition. That program started off with an estimate just slightly higher than this one, started off at a half billion dollars. When we finally turned it off it was $2.7 or $3 billion, some such figure.

I am not going to argue in detail on NSF. I am a strong proponent of it. I would like to see it raised also. I am satisfied, however, that with appropriate tailoring of that bill, you can keep NSF moving in the direction of basic research and a few of the frills that have been added in terms of the NSF research can be gotten rid of and we will stay within the President's number.

So, in a nutshell, I hope the Senate rejects this. It is just a composite of individual votes that have occurred before. While it technically does no violence to the reconciliation which we spent so much time on, in another way it does violence to it because we come along and squeeze those functions with reconciliation and then we come right up behind it here in function 400 on transportation and 500 on education and we say, "Well, we can, on the one hand, squeeze it, but we will raise the targets. Just in case those reductions are too onerous, we will have higher targets to shoot at."

That is my best explanation of how you can add to a target without doing violence to a reconciliation. You just say on the one hand you take away and on the other hand you set a target that takes it back.

On education, I would mention, however, that substantial moneys are in this resolution over and above the President's recommendations. They are not designated for ESEA, title I, but I repeat they are available for that authorizing committee, as it should be. If they deem title I to be of the significance that the two Senators that sponsor this do, there is plenty of money for them to fund ESEA, with additional dollars as prescribed here.

In conclusion, I would just say I do not think the Senate is going to take the tax increases seriously as a way of paying for this, because they know better. But I think if we were taking it seriously, the cuts for DISC, Domestic International Sales Corporation, would come under some real scrutiny as to whether or not, in this kind of economic day, we ought to be gutting DISC.

We had a tremendous debate on what we ought to do with the other program that helps our corporations and companies compete in a foreign market. This is another one of those. And this amendment, if it ever was carried out by Finance, would basically do away with that program.

Now, I yield to the Senator from Connecticut the remainder of my time for his discussion. I designate the junior Senator from Washington to manage the bill at this point.

The PRESIDING OFFICER (Mr. DURENBERGER). The Senator from Connecticut.

Mr. WEICKER. Mr. President, after careful study of Senate Concurrent Resolution 19, the first budget resolution for fiscal year 1982, I have decided to cast my vote in the negative. I do this because I disagree with the distribution of budget cuts among the various components of the budget and because I believe the huge tax cut assumed in the resolution will prove to be destructive of our economy and of the purchasing power of our people.

First, as to the spending side, I wish to make it clear that I support the bottom-line figure of roughly $40 billion in Federal spending cuts for fiscal year 1982. I agree that an important step toward restraining inflation must be to restrain the growth of Federal spending. And I believe that budget cuts of the order of magnitude proposed by the President and the Budget Committee are about right. However, the mix is all wrong. Defense spending is projected to grow at an annual rate of 17 percent over the next 4 years, and by 1985 the 4-year net increase in defense spending will exceed the absolute level for 1978.

The recommended increase in defense spending between 1981 and 1982 is $26 billion, or 16 percent. If we held the increase to 15 percent—1 percent less—We could free up $2 billion for health care, jobs training education, mass transit and science, all of which are vitally important to the American people. No one can convince me that $2 billion will buy so much more national security next year that such Draconian cuts in nondefense

programs are justified. And let there be no misunderstanding about that point: Real nondefense spending will be cut in the next fiscal year under this budget. We are told that this budget does not really cut Government spending; that it merely slows the rate of increase from what would otherwise have occurred.

Well this is just nonsense because defense accounts for almost 80 percent ($26 billion of the total $35 billion) of the budget increase over 1981. Defense spending would go up by over 6 percent after inflation, while nondefense would fall by over 6 percent after inflation. So let us not say nondefense spending will continue to grow, albeit at a slower rate. Nondefense spending, adjusted for inflation, will fall sharply in 1982. And in 1983, under this budget, the entire growth in the Federal budget, from $699 billion to $730 billion—$31 billion—will be accounted for by the increase in defense sepnding, from $188 billion to $221 billion. In 1983, therefore, nondefense spending will fall in absolute dollars and after adjustment for inflation.

Nothing is more important than our national security, the protection of our vital national interests, and keeping our people free. But that does not mean you blindly throw money at the problem to the tune of 17 percent per year. What will that buy, when we are cutting science, technology and education. Brainpower is our only hope for military superiority and national security. Surely we cannot outman the Russians. Just think how an additional $2 billion could have improved energy supply and conservation, the minds and opportunities of our young people, and the misery of the poor and elderly.

Our futures will be determined by our investments in flesh and blood, not by pilot programs in economic philosophy.

The PRESIDING OFFICER. By a previous agreement, the time of the Senator from New Mexico on the amendment has expired and 8 minutes remain on the amendment allotted under the control of the Senator from New Jersey.

Mr. GORTON. How much more time does the Senator from Connecticut need?

Mr. WEICKER. I have an agreement with the distinguished Senator from New Mexico that I would have 8 minutes on this statement. I need an additional 5 or 6 minutes to finish my statement.

Mr. GORTON. I yield 5 minutes from the bill.

The PRESIDING OFFICER. The Senator has that right.

Mr. BRADLEY. Mr. President, the time of the Senator from New Jersey is still intact, the time remaining?

The PRESIDING OFFICER. The Senator is correct.

Mr. WEICKER. So, on reflection, Mr. President, and seeing the price we must pay in terms of devastating humanity to achieve 17 percent annual defense spending increases, I must oppose the fiscal program contemplated in this budget resolution.

With respect to the tax cut, Mr. President, I wish to make clear that I am unequivocally opposed to a 30-percent across-the-board cut in personal income tax rates. The budget resolution we are voting on assumes a tax cut costing $54 billion in fiscal year 1982, $44 billion of which is due to the assumed enactment of the 30-percent tax cut. Within 3 years, that tax cut will cost the U.S. Treasury a grand total of $240 billion—all this at a time when the Budget Committee is proposing to increase—and I want to emphasize that, increase—the budget deficit compared to current policy, from $37.5 billion to $48.8 billion in fiscal year 1982.

The committee tells us that even though the 1980 deficit was $59 billion, and the 1981 deficit will turn out to be $63 billion, and the 1982 deficit will be almost $50 billion, if we just adopt a $240 billion, 3-year personal income tax cut, we will have a balanced budget by 1984. Three years of blockbuster deficits will be wiped out miraculously and skyrocketing inflation and interest rates will settle down almost overnight. Anyone who says you can start out with a $63 billion deficit in 1981 and by 1984 increase defense spending by $87 billion, cut personal and business taxes by $302 billion, and still balance the budget is just deluding himself, and it is high time someone stood up and said so.

Now maybe the supply-side evangelists can accept all this dogma as an article of faith. But the guinea pig in all this is the American people. Surely my colleagues must have grave reservations about all this snake-oil economics. And if they do not, as yet, I hope they will take a good look at the money and capital markets before it is too late. The long-term bond market is essentially moribund. And why? Because no lender has any confidence that any fixed interest rate will survive the inflation rates of the 1980's. In short, the financial markets have no faith in this tax cut religion. It is all well and good to go around preaching the theology of supply-side economics, but no one is going to plunk down a million dollars for 10 years and expect to get back a fair real rate of return on the basis of a $240 billion tax cut. If there was any doubt about this, my colleagues should take note of the fact that the U.S. Treasury recently paid 14.56-percent interest on a 10-year note, the highest on record for an obligation of that maturity. This was followed by an increase to 19½ percent in the prime lending rate. It is apparent to me that tight money is having a head-on collision with a loose budget, and interest rates are going sky high.

The Budget Committee's own table on page 29 shows clearly that the net fiscal stimulus of this program will grow from $18.2 billion in fiscal year 1982 to $53.4 billion in fiscal year 1984, mainly because the stimulus of increased defense spending and tax cuts will continue to exceed the restraint of Federal spending reductions. Obviously, we have here a highly expansionary budget that will accelerate inflation and increase interest rates.

Our people should know that 20-percent inflation will take back every penny of the huge tax cut, and possibly much more.

Mr. President, I believe that as an alternative to the $54 billion tax cut, we should limit ourselves to a tax cut that matches dollar for dollar the spending cuts achieved. Such a tax cut would reduce the budget deficit $14 billion below what has been proposed and take tremendous pressure off the financial markets. I have been saying for months that in the present perilous economic environment any tax cut would have to be earned dollar for dollar by offsetting economies. We have agreed that a bottom line of about $40 billion was the proper spending cut for fiscal year 1982. Therefore, this should be our target for tax reduction.

So, Mr. President, I have concluded that there are three gross flaws in this budget resolution. First, it makes cuts in Federal programs without regard to substance.

Put in another way, it fails to distinguish between Federal investment and Federal spending. The potential of an individual's dream is not something to be risked by the dogmatic application of campaign promises. Indeed, on a cost-benefit basis, the United States should not be. But it is, because nobody reduced it solely to figures on paper.

Two, if Government spending is to be cut, that means no preordained increases such as that meted out to defense.

Three, a misguided and massive 30 percent personal income tax cut will only continue fiscal imprudence, albeit in a new costume.

Accordingly, Mr. President, I shall vote against the passage of Senate Concurrent Resolution 19.

Mr. BRADLEY. Mr. President, who is planning the time on the bill for this side?

The PRESIDING OFFICER. The Senator from New Jersey will be deemed to be the manager of the bill.

Mr. BRADLEY. Mr. President, I am pleased to yield 3 minutes to the Senator from Massachusetts on the bill.

The PRESIDING OFFICER. The Senator has that right.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I join as a cosponsor to the amendment of the Senator from New Jersey. The issues which are included in the amendment have been issues which were debated in connection with reconciliation some few weeks ago, and I think include some of the most important investments that we can make in order to put America back to work, to improve its competitive position and expand exports. They are targeted in on the development of the human potential.

Title I has proven to be one of the most cost effective and successful programs we have. Expert studies have documented that the special remedial help provided through title I has significantly improved the basic reading and math skills of our country's poorest youngsters. Without this help these students fall further and further behind their classmates and drop out of school only to end up on the unemployment rolls. Title I opens doors and futures for these youngsters.

The Pell grant program is another critical investment in futures. It enables young people from poor families to achieve what their parents only dreamed about, a college education. This program

makes dreams come true. It provides the financial help that would otherwise not be available. Pell grants mean future scientists, engineers, and economists; Pell grants mean a chance for these young people to shape the future of their country.

This amendment also invests in human potential through retraining of experienced workers. If we are to successfully revitalize our economy and our industries we need skilled workers. One way to successfully meet this need is to retrain those workers who have lost their jobs because their industries are no longer competitive. This budget makes substantial cuts in adjustment assistance and unemployment insurance programs that have in the past offered some security to these workers. The Bradley proposal offers an alternative—a future for these workers in new jobs and industries.

This amendment also includes resources for the National Science Foundation which are absolutely essential to the long-term interests of this country. We must, as our foreign competitors in Western Europe and Japan are doing, strengthen long-term research in developing both the personnel and industrial know-how to bring our industries into a competitive position.

It is also an amendment that is sensitive to the importance of our overall economic interests in rail transportation, both the long distance rail transportation as well as the short distance rail transportation and mass transit.

It is a modest amount of resources when we consider the total budget. I want to join with the Senator from New Jersey and others who believe that this kind of investment is a very secure and sound investment in terms of our human potential and in terms of our economy.

Conrail and mass transit are particularly vital. These funds will insure against the hasty abandonment and the inevitable deterioration of our rail and subway systems.

Conrail is critical to the industrial future of Massachusetts. Some 80 industries have located or expanded their facilities on Conrail in an investment of some $50 million and the creation of 6,200 new jobs. They and the existing industries and communities depend on Conrail for service and I would venture to say, Mr. President, that many of these industries serve communities in every State in the Nation.

Perhaps the most important point to make is that Conrail is not a Northeast and Midwest railroad. It is a railroad that interconnects with other railroads to help move freight all across the land.

This amendment would actually reduce the deficit and lead to a surplus in 1984 by offsetting revenues in DISC and the commodity straddle.

The budget cuts in the areas addressed by this amendment have not been based upon any careful evaluation to make the determination that these programs are wasteful or inefficient. To the contrary, for the reasons that I have stated studies have demonstrated time in and time out the value of every one of these various programs.

I commend the Senator from New Jersey. I think it is important that we continue to raise these issues because I do believe that it will not be long before the American people are really going to start to listen and to understand the major importance of this type of a commitment for the future of our country.

I certainly urge the Senate to accept the Bradley amendment and hope that we will include it in this resolution.

Mr. BRADLEY. Mr. President, I thank the Senator from Massachusetts for his support and cosponsorship of this amendment. Senator BIDEN should also be listed as a cosponsor.

Mr. President, I think I should respond to a few of the points made by Senator DOMENICI with regard to some of the specifics of the amendment and the larger, overall purpose.

He did mention that this is an amendment quite similar to one that was proposed on reconciliation.

That is correct, Mr. President. The bulk of these restorations were a part of a package amendment that I proposed on reconciliation. The difference, Mr. President, is that this amendment, since it is to the first budget resolution, is unlike the reconciliation package in that it can address the tax side of the budget, the revenue side, and it does, for the purpose of making this amendment a net revenue raiser.

The only thing that the Senator from New Mexico can say to that is that that raises taxes.

Well, that is true, Mr. President, it raises taxes on some people, or, more appropriately, it makes the tax rates apply more equitably to all people. This is very much a matter of how one perceives the issue.

If we had the ideal system, it would be simple and clear for everyone to understand. When one stands up to propose wiping away some of the underbrush, he is accused of raising taxes. That is clearly a fallacious argument, Mr. President. It raises taxes by making the tax rates apply equitably across the board.

I will get into this when we have our tax amendment later this afternoon.

If the idea is to create growth in the economy and simplify the system, that could be done not by reducing the marginal rates by 30 percent but reducing them by 15 percent and eliminating all these tax expenditures. That would make it very simple, Mr. President.

I argue that there is a purpose to doing it on the first budget resolution and the purpose is to be able to come before the Senate and argue, unlike reconciliation, that this does not add spending, it is a net revenue raiser. It takes one small step toward simplifying the tax system and making it somewhat more understandable for all Americans.

The Senator has also raised the question of the experienced worker retraining and has raised the specter that this really means CETA jobs. He has raised the question, Do we need any more of this retraining?

Mr. President, I would answer that strongly: Yes, we do need this retraining. We do need to be able to have skilled workers for the 1990's. If you look at the proportion of skilled workers in this country relative to skilled workers throughout the world, it has declined, Mr. President. It is ludicrous to believe that if we go into the 1990's with a work force that was trained for the 1950's, then we are going to be able to compete effectively. It just will not be done.

The motivation for this, Mr. President, is the same motivation that led President Dwight Eisenhower in the 1950's to propose the first manpower training program. When Nikita Khrushchev hit his fist on the table and said, "We will bury you," the response was that we had to marshal all our resources so the Soviet Union would not bury us economically. At that point, there was the recognition that people count; that, indeed, investment is in people as well as in plant and equipment and economic infrastructure; and that it was important for the Eisenhower administration to make that investment.

What this amendment says is that it is equally important today. Although Nikita Khrushchev is no longer here and although the Soviet Union is not an economic threat to the United States, we do have threats from our allies in Japan and West Germany. They have work forces that are trained and skilled and ready to compete for the world market in the 1980's.

Mr. President, I come before the body today to offer this amendment. I ask unanimous consent to have Senator RIEGLE added as a cosponsor to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, what we attempt to do in this amendment is leapfrog the theological debate that has ensued on the Republican side between the marginal tax rate reduction exponents and the balanced budget-austerity proponents and leapfrog the debate between the parties that has, basically, been the same debate for the past 20 years—social spending versus no social spending. We look to the future, Mr. President, to a time when this country can dream again, to a time of the adventure and sense of commitment that all of us felt, as the Senator from Delaware correctly described, at the landing of the *Columbia*, to a time where we can all begin to believe again in that future and believe that we can compete effectively—not in a world market that is shrinking, but in a world market that is growing, that can give some reasonable prospect of providing prosperity for the American people over the long term.

Mr. President, this amendment recognizes that Government is a part of the process of assuring that future by investment in economic infrastructure—railroads and mass transit systems; by investment in people—the young in our cities who do not have a stake in our society now and, without education, will never have a stake in our society, and the middle-class families that are thinking of the future and hoping to send their child to college but cannot see through how they are going to get the money to

do that. But as a country, we need those people. This amendment addresses their concerns, too.

It also addresses the middle-aged workers who have come to a dead end because their plant moved, Mr. President, because of the competition abroad.

Mr. President, this is not just a Northeast issue. This will affect the textile workers in South Carolina, this will affect the steelworkers in Youngstown as well as the automobile workers in Michigan. In the years to come, there will be industry after industry that will have to face the process of adjustment. Unless we begin in Government to talk about how to assure that adjustment process from the less competitive industries to the more competitive industries, we shall not be able to live up to our promise to assure the people of this country rising living standards and to fulfill our commitments to the poor, the elderly, and the disabled.

Mr. President, that is what this amendment does. That is the intent behind the amendment.

Mr. President, I hope my colleagues will see that it is a net revenue raiser, a simplifier of the tax system, an amendment that looks to the future, looks beyond today to a time when Americans can dream again and have a sense of adventure and a belief that they can control their future.

Mr. President, I shall be pleased to yield back the remainder of my time on this amendment if the Senator——

The PRESIDING OFFICER. All time on this amendment has expired.

Mr. BRADLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, the vote will occur at 2 o'clock.

Mr. BRADLEY. I thank the Chair.

UP AMENDMENT NO. 87

(Purpose: To increase budget authority by $200 million and budget outlays by $200 million for function 350, and decrease budget authority by $200 million and budget outlays by $200 million for function 150)

The PRESIDING OFFICER. Under the previous order the Senate will now proceed to the consideration of the Melcher-Burdick agricultural amendment.

Mr. MELCHER. Mr. President, may the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER), for himself and Mr. BURDICK, proposes an unprinted amendment numbered 87.

On page 4, line 18, strike "$16,800,000,000" and insert in lieu thereof "$16,600,000,000".

On page 4, line 19, strike "$11,000,000,000" and insert in lieu thereof "$10,900,000,000".

On page 6, line 8, strike "$5,400,000,000" and insert in lieu thereof "$5,600,000,000".

On page 6, line 9, strike "$4,600,000,000" and insert in lieu thereof "$4,800,000,000".

Mr. MELCHER. Mr. President, the amendment that we are proposing today seeks to help agriculture during a time when agriculture may be in very dire straits.

We are working on the fiscal year 1982 budget and our amendment only refers to fiscal 1982. It does not go beyond the 1 year.

It is difficult for agricultural producers to determine what their needs will be in any particular crop year.

When we try to project the true needs of agriculture in the fiscal years 1983, 1984, and 1985, we are simply projecting into uncertainty what may be the true needs of the agriculture producers.

So we are only attempting by this amendment to make some adjustments in the overall budget that would help agriculture for fiscal year 1982.

I will just outline the area that we would like to help briefly right now. First, the Farmers Home Administration. I want to increase the budget authority for funds available for operating loans to farmers and ranchers who cannot get credit through any other source. The Farmers Home Administration is a lender of last resort for farmers and ranchers. We intend to increase that budget authority by $200 million for fiscal 1982.

Under budget outlays, we are adding an additional $200 million for fiscal 1982 for Soil Conservation Service. These are funds that are needed to help in watershed projects, for preventing flood losses, for technical assistance to hold down erosion, for technical assistance through the Soil Conservation Service—to do the very basics that are necessary in protecting our land and water base here in the United States.

That is just part of the amendment. It is an increase in both in budget authority and budget operation of $200 million each.

Where does the money come from? It comes out of the foreign aid program. It comes out of the program that we have in fiscal 1982 that benefits foreign countries. I do not take this lightly. I take it as planned cuts. There will be $200 million in outlays cut from multilateral development banks. Lending by multilateral banks has grown tremendously during the past decade. Banks cannot handle this increasing volume efficiently and we can afford to reduce the outlays.

You might ask whether a modest cut like this in foreign aid is sufficient or not to emphasize the necessity for providing more help for our domestic production here in the United States.

I am not certain. I am not certain whether we can afford to take more out of this particular phase of foreign aid, but I am certain, that we can at least take $200 million in outlays from this particular program in foreign aid without damaging the U.S. relationships with other countries.

The other part will be to reduce budget authority $200 million. This must come from economic assistance programs, and the cost of foreign military sales. The Foreign Relations Committee has reduced the loan commitment and increased the interest on loans to foreign countries, but not enough. So this $200 million cut is to make room for the add-on for agriculture and it comes from reducing the budget authority for the particular programs in foreign aid I have mentioned.

How much need is there for increasing the agricultural opportunity through Farmers Home Administration, through the Soil Conservation Service, through the conservation practices of this country?

Let me give you some facts, Mr. President. While there are about 25 Federal agencies which administer about 400 programs that directly affect rural areas and small towns, the Farmers Home Administration, within the Department of Agriculture, is by far the largest. Its programs account for 40 percent of all Federal loans and grants in rural America, and its budget is the single largest one within the U.S. Department of Agriculture. The Farmers Home Administration has grown rapidly over the last several years. Of the approximately $86 billion in loans and grants made by the agency in its 45-year history, slightly more than half has been distributed over the last 4 years.

The administration's budget would cut the Farmers Home Administration programs by nearly 25 percent in fiscal year 1982. That would be coming down from close to $11 billion that was proposed by the Carter budget to about $8.2 billion.

I think the cut is much too great. But in no particular area is it felt as harshly, a cut of that nature, as in the area of farm operating loans. Because when the farmers and ranchers of this country cannot find any credit available in any other source, it is through the Farmers Home Administration that they must make their application as the lender of last resort.

There has been a great need to recognize that farm and ranch credit is excessive in the United States—about $200 billion right now in farm and ranch credit. And it is much too great for the type of income that farmers and ranchers are receiving from their production.

It is for this reason that I have a special concern that we do a little bit more, a little bit more for the Farmers Home Administration, particularly in the realm of operating loans, and that I believe this amendment is absolutely essential and I believe that the Senate should address this afternoon in a positive way.

Perhaps it is wise, Mr. President, if I would give some examples or some background information on how and when Farmers Home Administration farm and ranch loans are used. They are used to assist qualified farm and ranch families who are unable to satisfy their credit needs elsewhere. They are absolutely essential when all other forms of credit from private sources are not available to them.

They are becoming increasingly important when weather or economic emergencies, through either bad prices or natural disasters, put a special strain on a farm or ranch operator. The operating loans, insured or guaranteed, are usually secured by chattel mortgage for feed, seed, and fertilizers; sometimes for livestock or machinery or other elements of production. The operating loans are made to owner-operators or tenant oper-

ators who, because of lack of equipment, capital, land, adequate financing, or sound farming practices, need a lower interest rate to have a reasonable chance of success.

These are obstacles faced most often by young farmers or young ranchers who have not been able to develop their farms or ranches adequately to earn them a decent living.

The question of whether or not we are entering into a period when this type of loan is essential is best addressed by the fact that the price structure or the profit picture for farmers and ranchers is not all that adequate. The Department of Agriculture will show us that the farm and ranch income for 1981 is not projected to be too great. It is not projected to be a bumper year or a banner year for our agricultural producers.

The administration, while not projecting a good income year for 1981 for agriculture producers, is still not taking note in their own budget of what that might mean in 1982 for farm and ranch operators.

It is for that very reason, Mr. President, that I think that this amendment is absolutely essential on the basis of providing some additional lending authority for the Farmers Home Administration for farmers and ranchers who will need it in 1982.

One might say that soil conservation, the other part of the $200 million that is added on in our amendment, can be stalled off for another year or two. Well, Mr. President, we have been stalling off on protecting our land and water base year after year for the past decade. We have watched the effects take place in farm and ranching communities throughout the United States and much to our disadvantage.

We have seen an increase in erosion because of lack of adequate conservation. We have seen the effects of losing topsoil in the productivity of our land. We have seen practices in the western wheat country where wheat ranchers have been driven to the necessity of providing additional income by adding acres in order to keep up with costs, which have lessened the work of conservation, or the so-called block method rather than strip farming, where a portion of the land is farmed 1 year and then the adjacent strip is left uncultivated for a year.

We have seen a decrease in that simply because of the economic situation where wheat farmers have been driven to meet their additional costs by increasing their acreage. It does not lend itself to sound conservation.

We have watched over the past decade in the agricultural conservation program a steady Federal participation of about $190 million for the past 10 years. I do not think that is enough. It was adequate 10 years ago but it certainly is inadequate now with the effects of inflation leading into the amount of conservation work that can be done with the same amount of dollars. However, in this budget it is even worse. As proposed by the administration, that would be cut by about 40 percent. It is for that reason that I suggest we do a little bit more with our conservation work by adding $200 million in the bill for the Soil Conservation Service, for the various assistance programs, and the conservation practices that they participate in.

Mr. President, I will have further remarks later, but for now I yield to my colleague and coauthor of the amendment (Mr. BURDICK) who is ready to describe some of the needs for this amendment.

Mr. BURDICK. Will the Senator yield?

Mr. MELCHER. I am delighted to yield.

The PRESIDING OFFICER (Mr. HUMPHREY). The Senator from North Dakota is recognized.

Mr. BURDICK. Mr. President, first of all, I would like to associate myself with the comments of the able Senator from Montana. Our distinguished colleague, the senior Senator from Montana, has made an outstanding statement telling about some of the problems we are going to have in our vast agricultural areas.

Our friend has made a valiant effort again this year to bring to the forefront a number of critical issues facing our agricultural economy. I am pleased to join in the effort today to ask this body to give just a little more flexibility to the appropriate committees of Congress to deal with a problem, should it arise. I think there is another compelling reason, in addition to those raised by Senator MELCHER, for doing that.

There is a growing liquidity problem with banks nationally. Rural banks are on the leading edge of this problem.

The Comptroller of the Currency has a rating system for bank loan assets. When 65 percent of a bank's loan assets become classified as either substandard, doubtful, or loss, the Comptroller lists the bank as a problem bank. If the bank's classified assets become much worse, the Comptroller is sometimes required to take some serious steps to prevent the bank's collapse.

For the past 5 years, farmers have been borrowing against equity from appreciated land values. For the past 3 years, farmers have been borrowing like that, at an increasing rate.

Last year, the Comptroller of the Currency changed the way it viewed those types of loans. Instead of considering equity, the Comptroller looks at those loans in terms of a borrower's ability to generate the cash flow to pay it back.

Many of our banks, particularly our rural banks carrying farm loans, have found that an increasing number of farmers are only paying interest charges, thus reducing the banks' cash income.

So, the combination of reduced cash income and many newly classified loans have pushed many of our rural banks dangerously high in the percentage of classified loans.

To take the problem a step farther, because of our banks' reduced cash income, they have had difficulty meeting the reserve requirements at the Federal Reserve. Ordinarily, the banks would sell some of their loans to bigger banks to raise the cash. However, the bigger banks are not buying because the big banks do not want to take on more classified assets. And, the big banks are having cash problems of their own due to the reserve requirements, the increase in classified corporate loans, and the rapidly increasing delinquent real estate accounts.

So the banks have had to borrow from the Fed to meet their reserve requirements. The discount rate today, I believe, is 14 percent. And, there is no way for a bank to turn that into income-producing assets.

Farmers are large consumers of credit. To be a food producer, you have to have good soil, lots of water, and a big loan. The last figures I saw placed total farm debt at $174 billion. Last year, farm real estate debt increased about 17 percent to $96 billion. Farm nonreal estate debt rose about 13 percent to $78 billion.

The Budget Committee's report appropriately raises the issue that 2 years ago over 25 percent of the net increase in total U.S. agricultural debt was financed through loans made by Farmers Home Administration.

Farmers Home Administration is the lender of last resort. Farmers have had to resort to loans from Farmers Home Administration more in recent years, admittedly. But, it has not been through the fault of the farmer or the Farmers Home Administration or the banks. It has been due to the condition of the economy in general, and the farm economy in particular. I hope the economy performs at least as well as the Budget Committee expects it to.

But, for the moment, we are facing some liquidity problems in banks. It is too dry through most of the grain growing areas of the country. We may need the additional flexibility, provided by this amendment, in the agricultural function later this year. I urge the adoption of the amendment as a necessity to a viable and successful agriculture.

I thank the Senator from Montana for yielding to me at this time.

Mr. ANDREWS. Will the Senator yield?

Mr. MELCHER. I am delighted to yield.

Mr. ANDREWS. Mr. President, I appreciate the opportunity to speak to the amendment offered by my colleague, the distinguished Senator from Montana.

One of the things that ought to be brought out in debate on the floor about this amendment is that the budget input in agriculture is different from the budget input for other functions of our Government. I wish to point out to Senators why budget authority in agriculture is different than other budget authority and budget outlays.

Most of the cost of farm price support programs is evidenced in the commodity loan program. For instance, when a farmer puts his wheat crop, his feed grain crop, or his crop of whatever type covered by a Government price support loan program under loan, if the loan rate is $3 a bushel, the full amount of $3 a bushel is scored against Government spending in that category. In each situation the Government knows full well, and OMB knows full well, that virtually all funds, will be restored when that commodity moves out of the loan bin into the marketplace.

If you score $3 a bushel against 500 million bushels of wheat, $1,500,000,000 will show up as an expense against the farm program in that given fiscal year. But when that commodity is redeemed, it is all paid back to the Government. The Government's input is solely the interest expense and/or storage expense if in the discretion of the Secretary of Agriculture he deems it in the interest of the consumers of America to store that grain or put it into reserves so they are available for our consumers and overseas sales.

Mr. President, I would certainly hope that the Senate would support this amendment. In the Budget Committee markup I had an amendment that I proposed in the committee. Senator EXON had a similar amendment in the committee. The committee rejected both of those amendments. Our amendments were considerably higher than this very modest suggestion that my colleague from Montana is proposing.

This amendment increases $400 million in outlay authority for fiscal 1982. The amendment I put in in committee would increase $500 million in that year. Further, my amendment would have increased $500 million in outlay authority in 1983 and some $800 million in 1984.

The increase for price support is needed to run sensible, consumer protecting farm commodity programs in the future. We need to know now what we can do because we are writing the farm bill. My colleague, my good friend from Montana, serves with me in the responsibility of serving on that Agriculture Committee. He knows as I do, how difficult it is to structure these commodity programs so they will be workable, so they will be designed to keep the family farmer producing and, more importantly, to keep a supply of food and fiber so necessary to our consumers here in America, and so necessary to our economy in earning those overseas dollar payments that we need if we are going to balance off the great amount we have to spend for importing OPEC oil.

I salute my colleague and good friend for bringing up this amendment, and I do hope the Senate will see fit to accept it.

The PRESIDING OFFICER. Who yields time?

Mr. MELCHER. Mr. President, I wish to discuss the part of the amendment which deals with the opportunity to increase soil conservation funds. I have been reflecting, during the past several months, after receiving the first inkling of what would be in the administration's budget, on the effects it would have on our efforts to protect our land and water resource base in the United States. As I look at what is being proposed and what has actually been spent over the past decade, with now a further reduction in that, I become quite concerned that we are dipping too deeply into the very fundamentals of what makes America great. We are dipping too deeply into the productivity capability of our land and into the opportunities to retain for the future a continuation of that productivity.

The facts are that we have had a 25-percent decrease in purchasing power over the past 10 years in soil conservation service work through the funding of soil conservation service. True, there has been a 58-percent increase in actual appropriations during that past 10 years, but when one reflects on the fact that the rate of inflation has been much greater than that during that decade, we understand why it is true that there has been a 25-percent decrease in actual purchasing power for soil conservation work.

The impact of double-digit inflation in recent years and the reluctance to recognize and to provide for the full impact of inflation on Federal programs and the difficulty in defending the continuing of discretionary programs through periods of tight fiscal policies have led the various administrations during that decade and the various Congresses during that decade to hold back on conservation work.

In conservation technical assistance alone, it is shown that there has been a steady program level for 10 years, with a small 2-percent decrease in buying power. That is just in the single item of conservation technical assistance. Internally, however, the mix of activities funded under this account has changed significantly.

New data collection and analysis activities, including inventory, monitoring, and RCA have been added and the soil survey activity has increased significantly. Congress and administrations during the past decade have found that to be necessary.

Meanwhile, the traditional field level technology transfer activity under conservation technical assistance has decreased by 13 percent in purchasing power.

What about watershed planning? It reflects a 53-percent decrease in buying power, 40 percent of that between 1981 and 1982. The fiscal year 1972 program activity produced 40 new planning starts and 22 plan completions for watersheds. Fiscal year 1982 funds will provide no new starts and only 10 completions.

Mr. President, this is one of the points that the amendment seeks to correct, so that we can provide some new starts.

Soil Conservation Service capability to support a viable, long-term construction program has been significantly reduced by the past funding trend and will be essentially eliminated if we do not make this adjustment for the 1982 budget level.

What about watershed and flood prevention? This reflects a 46-percent decline in purchasing power in the construction program; 22 percent of that decline was between 1981 and 1982. The fiscal year 1972 program produced 50 new starts and 28 completions. The fiscal year 1982 program provides no new starts and 23 completions.

Again, Mr. President, this is an important reason for this modest increase in Soil Conservation Service funds.

The policy of no new starts in both construction and planning limits flexibility to target the watershed programs to the most severe problems.

What about the Great Plains program? The Great Plains program reflects a 42-percent decrease in buying power. The fiscal year 1972 program funded 2,500 new contracts on 5 million acres. The fiscal year 1982 program will fund less than 1,000 new contracts on about 3 million acres. Again, this points up the dire need for an increase for the Soil Conservation Service for fiscal year 1982.

I remind my colleagues in the Senate that a $200-million increase in this particular activity is an investment in the United States and our very most precious resource, our land and soil base. Mr. President, I think that the obvious is before us, that the amendment is very much needed.

We shall have some argument, I suppose, or some discussion on whether or not we can afford to cut this amount of money out of our foreign aid. It is true, I think, as the Foreign Relations Committee has pointed out to us, that international bank commitments are, in some instances—perhaps in most instances—good business. But figures show that in World Bank contributions, we contribute 27 percent of the money. We get only 21 percent of the vote on how it is to be spent and only 15 percent of the contracts that are involved. If, instead, we use that money to help agriculture, we shall get a lot better deal. We shall be providing more productivity right here, in the United States, and getting more bang for the buck.

We shall be spending it here, in the United States, on our most basic, our most fundamental industry. Particularly, we shall be spending half of this increase, $200 million, in fiscal year 1982 on soil conservation work, and making the other half available to the Farmers Home Administration.

Besides, the tremendous growth in the size of the programs of the multilateral banks that are involved in our foreign aid means that these banks cannot even lend out all the money that is available for them. They are building up a backlog, and have more money available than there has been demand for.

For example, the undispensed funds in the Asian and African banks have grown from $1 billion in 1971 to $3.7 billion in 1979. I think some of this may have been reduced and there is less probably available at this point in 1981 than that $3.7 billion. But the point is this: We can well afford to slow down our growth in contributions—that is, the U.S. contributions—to the multilateral banks.

The Committee on Foreign Relations has made cuts. It is to their credit that they have made cuts in our international affairs fund, and I am glad to see that. But the fact remains that while the total cut in foreign aid is about 9 percent, the cuts in agricultural funding, as proposed in the budget that we are considering now, is about 30 percent.

The question is, Mr. President, where do we put our dollars? Is it essential to make sure of our land and water resource base? I think it is.

Is it essential to make sure that farmers and ranch operators can stay in business, to help our agricultural situation in this country? I think it is.

It is often said that there is no constituency for foreign aid. Well, I am not so sure about that. There have been plenty of votes around here in recent years that have shown an outstanding constituency during times of very high inflation in the United States. I think we have been guarding foreign aid rather zealously. There must be a constituency here, in the Senate, and in the House that has protected these programs. But what about the American taxpayer? What do they say about it?

I think the American taxpayers are saying rather emphatically to us, "If you're going to be cutting out the programs that are basic to the United States, that are basic to our economy, that are basic to our very most precious resource, our land and water base here in the United States, we want to see an evenhanded approach also in what we are cutting in our foreign aid programs."

Mr. President, I think it is about time that we ask the multilateral banks, international organizations, and other governments to bear witness to the fact that we are making substantial cuts in domestic programs here, in the United States, some of which are very tough to take. I think there have to be some offsetting cuts in our foreign aid program, too. It is on that basis that we offer this amendment.

Mr. SYMMS. Mr. President, I first want to ask my good friend, the senior Senator from Montana, how much of the $200 million would be put in the soil conservation programs? Half of it? I am advised that in order to get this corrected—and I am willing to see that we do get it corrected so we know what we are voting on—that function 300 in natural resources and environment is where the soil conservation fund is. Does the Senator want that evenly divided?

Mr. MELCHER. It is our intention that the budget authority of $200 million would be in function 350.

Mr. SYMMS. The $200 million would be in function 350?

Mr. MELCHER. That is correct—in that budget authority for Farmers Home Loan Administration.

Mr. SYMMS. My understanding is that the soil conservation programs are in function 300.

Mr. MELCHER. But the Farmers Home Loan Administration is in 350.

Mr. SYMMS. Does the Senator want to divide that out?

Mr. MELCHER. It is our intention that the $200 million in budget authority be in function 350 for the Farmers Home Loan Administration.

Mr. SYMMS. Then, how much in function 300?

Mr. MELCHER. In function 300, $200 million.

Mr. SYMMS. It would be $200 million added in each function?

Mr. MELCHER. That is right.

Mr. SYMMS. The Senator is talking about adding $400 million total to farm programs and taking $400 million out of foreign assistance programs?

Mr. MELCHER. That is correct.

Mr. SYMMS. The copy of the amendment I have reads:

To increase budget authority by $200 million and budget outlays by $200 million for function 350, and decrease budget authority by $200 million and budget outlays by $200 million for function 150.

Perhaps the Senator wants to correct the amendment.

Mr. MELCHER. Yes. I thank the Senator from Idaho for pointing that out. Indeed, we do want to correct it, and I send a corrected version of the amendments to the desk.

The PRESIDING OFFICER. Is there objection to the modification? The Chair hears none, and the amendment is so modified.

The modified amendment reads as follows:

On page 4, line 18, strike "$16,800,000,000" and insert in lieu thereof "$16,600,000,000."
On page 4, line 19, strike, "$11,100,000,000" and insert in lieu thereof "$10,900,000,000."
On page 5, line 23, strike "$8,400,000,000" and insert in lieu thereof "$8,500,000,000."
On page 5, line 24, strike "$12,800,000,000" and insert in lieu thereof "$12,900,000,000."
On page 6, line 8, strike "$5,400,000,000" and insert in lieu thereof "$5,500,000,000."
On page 6, line 9, strike "$4,600,000,000" and insert in lieu thereof "$4,700,000,000."

Mr. SYMMS. For clarification, I say to the Senator from Montana that now we have the situation in which we are reducing budget authority by $400 million from function 150 and adding back $200 million in 350 and $300 million in 300.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. SYMMS. I am happy to yield.

Mr. MELCHER. It is $200 million reduction in authority and $200 million in outlays, both from function 150.

Mr. SYMMS. But we are adding back how much?

Mr. MELCHER. We are adding back $200 million in budget authority for function 350 and $200 million in budget outlays for function 300.

Mr. SYMMS. In other words, we are going to add back $400 million but subtract $200 million?

Mr. MELCHER. No; we are going to subtract from one function $200 million in budget authority and $200 million in budget outlays, for a total of $400 million from that function.

Mr. SYMMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. Mr. President, I make the further point to our colleagues that the Reagan budget, in the Senate Budget Committee, increases the operating loans from $850 million in fiscal year 1981 to $1.325 billion in fiscal year 1982. So there is already in this resolution a 56-percent increase.

The soil conservation programs, as was mentioned, are not in function 350; they are in function 300.

I believe we now have the amendment corrected. I ask the Senator from Montana, for clarification of the record, so that our colleagues will understand what we are talking about, if now we are going to reduce by $200 million function 150. The Senator is talking about reducing function 150 by $200 million and increasing function 350 by $100 million and increasing function 300 by $100 million?

Mr. MELCHER. That is correct.

Mr. SYMMS. I say again, Mr. President, that I am sure it makes good copy to talk about taking the money out of foreign aid. If we could somehow divide this, I say to the Senator from Montana, I would agree with him that we probably could stand to cut it a little more. Whether we need to spend the money back in the agriculture programs, I question that.

Probably more important than anything else for the American farmer is to get the Reagan economic program through Congress. That is probably more important than how we have the FHA or the soil conservation or the ASCS programs; because, ultimately, when we finally get the Reagan economic package through Congress and get the economy moving, there is going to be a major move, not only by this Senator but also by many others in this Chamber and the administration—I have talked to the President about this—to repeal the inheritance tax, which does more damage to the farmers. It would do much more good for the farmers to lessen the burden of the inheritance tax situation than any slight adjustment to these farm programs that are in place.

It is not that $100 million is not important when it comes to farm operating loans, but this budget resolution calls for $1.325 billion in farm operating loans presently, so we are talking about adding on $100 million. I believe that what would be far more beneficial to the American farmer would be to see the President's economic package pass Congress, be signed into law, get some accelerated depreciation for the farmers, get some amelioration in the second tax package on the vital reform of the inheritance tax and gift tax, so that capital can be kept concentrated on farms, instead of always forcing the sale of the family farm to pay estate taxes.

With respect to soil conservation, I have to say to the Senator from Montana that I know that the argument he makes is very sound. He is preserving our water and our land base.

My own observation has been as a farmer, but I have often noted that the farmers who are unable to participate in the program are oftentimes those who are the best situated financially and sometimes that young farmer who is striving very hard to get started cannot come up with the matching funds for the soil conservation program.

That is not to say that improving our water resources and our land is not a good program because I think it is a good program. But I think we have reached a point in this budget resolution where there has been over $1 billion taken out of the foreign assistance program. Nine hundred million dollars was taken out by the Foreign Relations Committee out of what the President called for. So I think that cuts have been fairly deep in that area as it is and, as I say, we cannot

divide this so we have to vote one way or the other.

I think that it would be in the best interest of the Senate to turn this amendment down and then take these things one on one on the merits in the authorizing and the appropriations process later on this summer.

I yield to the Senator from Montana.

Mr. MELCHER. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. MELCHER. I thank my friend for yielding.

Mr. SYMMS. Mr. President, how much time do I have remaining on the amendment?

The PRESIDING OFFICER. The Senator from Idaho has 44 minutes and the Senator from Montana 25 minutes, but under the previous order we are having back-to-back votes at 2 p.m. so actually the Senators have 15 minutes remaining.

Mr. SYMMS. Mr. President, I yield 10 minutes to the distinguished chairman of the Foreign Relations Committee, Senator PERCY.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I thank my distinguished colleague.

I really cannot think of anything that would be more injurious to the President's economic assistance and security assistance programs abroad than the present amendment because we have to put this amendment in the context of what has been done before.

The Reagan budget reduced the program suggested to Congress by President Carter by $150 million. The Senate, since that time, has reduced the Reagan request by $900 million. It has cut military direct loans in half. It has cut out all contingency funds. It has cut the military training program. It has cut the development loan program to negative real growth. It has cut international organizations by $150 million.

There is simply no place else to cut. Further cuts, especially in outlays, would require the Foreign Relations Committee to cut into money for the Middle East. This would affect basic U.S. national security interests.

We are talking about reducing the chances for conflict in the world.

What would happen if we started slashing the programs for Israel and Egypt at this particular time? Here they are in a critical period in the Middle East with a conflict in Lebanon that could go either way, with an emissary of the President out there right now trying to mediate this particular situation.

What would happen if Congress, with firm pledges having been made by two Presidents, went in and slashed any of those programs?

The President has been deprived of all contingency funds. Secretary Haig, whom four members of the Foreign Relations Committee just left at the State Department, would certainly reiterate that to remove all flexibility from the Secretary of State at this particular time, not allowing any funds for any contingency or emergency that might occur any place in the world, what would happen to the defense policy? What would happen to the military assistance program abroad?

Here we are willing to vote billions of additional dollars, and with the full support of the Senator from Illinois because there is no way to have a credible foreign policy without a strong national defense, but here we are voting billions of dollars for additional defense in this country.

We have had a firm policy for years that there should be assistance to other countries that want to protect the interests of the free world which are the interests of the United States of America. And we vote all of that money for our own domestic defense needs and yet we deprive the Department of State of funds that will assist other countries in maintaining their stability and maintaining their strength when they are willing to provide their manpower, when they are willing to provide their energy, their effort, put their prestige on the line, take sides in this East-West conflict, and yet we are going to say, "No, we do not have the money for you."

What kind of a foreign policy can we have if we just nibble away at this program which is already down to bedrock, which already the department simply does not know how it is going to adjust to?

This makes no sense at all.

Though it is sometimes popular to say we will just take it out of foreign aid, if you look at every single one of these programs, these programs are in the interest of the foreign policy and our national security interests of the United States of America. There is no question about that. There is no question in the mind of President Reagan. There is no question in the mind of Vice President BUSH. There is question in the mind of Secretary Haig. There is no question in the mind of Secretary Cap Weinberger.

Any member of the Cabinet and any informed person would say these programs cannot be cut without cutting the national security interest of the United States of America.

This requires an understanding on the part of our people. It requires an understanding on the part of the Senate.

We left a meeting at the State Department with 200 some chief executive officers of major corporations in the United States. Those companies do business abroad all over the world, and let us face it. Twenty-five percent of the gross national product of the United States of America is generated through trade that we do abroad. This is going both ways. When we look at some of the manufacturers in this country, for example, Caterpillar Tractor in Illinois, 47 percent of their business is done in export business.

When we look at farmlands in the State of Illinois, one out of two workers in agriculture in Illinois depend upon export markets. One out of three acres in Illinois is all exported.

We require those export markets and we require the imports that we receive in raw materials for our factories, and in a few years 80 percent of all imports coming into the United States will be coming from abroad.

Of all raw materials used in our factories, 80 percent of those raw materials will be coming from abroad, many of those from areas of instability in the world.

The purpose of these military assistance and economic assistance programs abroad is to create a condition of stability in the world.

This economy depends upon world stability. Every time we are torn apart in some area, it is more difficult for the United States of America to carry on its business, and the business of carrying on America's business abroad is the responsibility of the Secretary of State.

To undercut the Secretary in this regard and deprive him of funds that are essential and needed for these programs is irresponsible.

I simply do not feel the Senate will do this, nor can it do it at this particular time.

I, therefore, hope the pending amendment will be defeated by my colleagues.

Mr. MELCHER. Mr. President, I appreciate the remarks of the chairman of the Foreign Relations Committee.

The distinguished Senator from Illinois, I realize, has a profound interest in not only the foreign relations of the United States but he has a profound interest in the productivity of the heartland of America, in his State in particular, the State of Illinois. He has a profound interest in the agricultural base for this country. He has spoken eloquently on numerous occasions for both points.

I appreciate his remarks today in defense of foreign relations for the United States.

But I must point out, Mr. President, that what we are talking about is a $200 million reduction in budget authority from $16.8 billion, a $200 million reduction in budget obligations from $11.1 billion.

I think that the question should hinge not on whether or not we want to take it out of either program. I think it should hinge on which program can stand cuts.

I see no reason to safeguard our expenditures in foreign aid at the expense of our agricultural production and at the expense of our land and water resource base here in the United States.

So, we have offered a very modest exchange of $200 million in budget authority and $200 million in budget obligation both of which are to come out of foreign aid and both of which would assist our agriculture production, one in the form of Farmers Home Administration operating loans and the other in the form of soil conservation work.

I think the amendment has great merit. I hope the Senate can agree to it.

The PRESIDING OFFICER (Mr. LUGAR). The hour of 2 p.m. has arrived.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the distinguished Senator from Texas desires 3 minutes to speak in opposition to the

Melcher amendment. If there be no objection, he wishes to do that now. It will take unanimous consent that we vote in 3 minutes on the Bradley amendment instead of voting now.

Does the Senator from Montana have any objection to that?

Mr. MELCHER. Mr. President, do I understand my friend from New Mexico to say that the distinguished Senator from Texas would like to have 3 minutes to speak on my amendment?

Mr. DOMENICI. Yes.

Mr. MELCHER. Mr. President, I have no objection, providing I can have 2 minutes to respond.

Mr. BAKER. Mr. President, I am not prepared to do that. I am sorry, but I have commitments to other Senators. I will object to that.

The PRESIDING OFFICER. The objection is heard.

UP AMENDMENT NO. 86

Under the previous order, the hour of 2 o'clock having arrived, the question is on agreeing to unprinted amendment No. 86 offered by the Senator from New Jersey (Mr. BRADLEY). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 22, nays 76, as follows:

[Rollcall Vote No. 105 Leg.]

YEAS—22

Bentsen	Inouye	Pell
Biden	Jackson	Randolph
Bradley	Kennedy	Riegle
Byrd, Robert C.	Leahy	Sarbanes
Cranston	Levin	Tsongas
Dodd	Matsunaga	Williams
Eagleton	Metzenbaum	
Hart	Moynihan	

NAYS—76

Abdnor	Garn	Murkowski
Andrews	Glenn	Nickles
Armstrong	Goldwater	Nunn
Baker	Gorton	Packwood
Baucus	Grassley	Percy
Boren	Hatch	Pressler
Boschwitz	Hatfield	Proxmire
Bumpers	Hawkins	Pryor
Burdick	Hayakawa	Quayle
Byrd, Harry F., Jr.	Heflin	Roth
Chafee	Heinz	Rudman
Chiles	Helms	Sasser
Cochran	Hollings	Schmitt
Cohen	Huddleston	Simpson
D'Amato	Humphrey	Specter
Danforth	Jepsen	Stafford
DeConcini	Johnston	Stennis
Denton	Kassebaum	Stevens
Dixon	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Long	Tower
Durenberger	Lugar	Wallop
East	Mattingly	Warner
Exon	McClure	Weicker
Ford	Melcher	Zorinsky
	Mitchell	

NOT VOTING—2

Cannon	Mathias

So Mr. BRADLEY's amendment (UP No. 86) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to UP Amendment numbered 87 offered by the Senator from Montana. The yeas and nays have been ordered.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Mr. President, the pending amendment would add $200 million in two areas of the bill. Another part of the amendment would cut $200 million from another part of the bill, the $200 million add-on or added to areas which have already been substantially increased over the President's budget.

My parliamentary inquiry is this: Is this subject to division, namely, the two add-ons in one vote and the reduction in a subsequent vote?

The PRESIDING OFFICER. The response of the Chair is that it is not subject to a division.

The Budget Act provides that:

(6) Notwithstanding any other rule, an amendment, or series of amendments, to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

This amendment is so drafted.

Mr. HARRY F. BYRD, JR. I thank the Chair.

The PRESIDING OFFICER. We will now proceed to the vote. The yeas and nays have been ordered and the clerk will call the roll.

Mr. BAKER. Mr. President, this is a 10-minute rollcall vote?

The PRESIDING OFFICER. The Senator is correct. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 39, nays 59, as follows:

[Rollcall Vote No. 106 Leg.]

YEAS—39

Abdnor	Garn	Melcher
Andrews	Grassley	Mitchell
Baucus	Hart	Nunn
Bentsen	Hawkins	Pressler
Boren	Heflin	Proxmire
Bumpers	Helms	Pryor
Burdick	Huddleston	Randolph
Byrd, Robert C.	Inouye	Riegle
Cohen	Jackson	Roth
DeConcini	Jepsen	Sarbanes
Eagleton	Johnston	Sasser
Exon	Matsunaga	Symms
Ford	McClure	Zorinsky

NAYS—59

Armstrong	Glenn	Murkowski
Baker	Goldwater	Nickles
Biden	Gorton	Packwood
Boschwitz	Hatch	Pell
Bradley	Hatfield	Percy
Byrd, Harry F., Jr.	Hayakawa	Quayle
Chafee	Heinz	Rudman
Chiles	Hollings	Schmitt
Cochran	Humphrey	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stennis
Denton	Laxalt	Stevens
Dixon	Leahy	Thurmond
Dodd	Levin	Tower
Dole	Long	Tsongas
Domenici	Lugar	Wallop
Durenberger	Mattingly	Warner
East	Metzenbaum	Weicker
	Moynihan	Williams

NOT VOTING—2

Cannon	Mathias

So Mr. MELCHER's amendment (UP No. 87), as modified, was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have three other housekeeping matters I would like to take care of before the next amendment is voted on.

May I inquire, is there a Moynihan amendment now sequenced without a time limitation?

The PRESIDING OFFICER. The Moynihan-Bradley tax cut amendment, which is the next order of business, has a 2-hour time limit.

Mr. BAKER. Mr. President, I have been advised by the distinguished Senator from New York and the minority leader that it is agreeable on their side to reduce that 2 hours to 1 hour and I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, after the Moynihan amendment, I ask unanimous consent that the Senator from New Hampshire (Mr. HUMPHREY) be recognized for not to exceed 30 minutes to speak, not to offer an amendment.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I do not want to object, I want to be sure that the Senators who are sequenced in on amendments have time on their amendments. Perhaps we could cut the time somewhat on amendments.

I hope we will not have Senators speaking on the measure, to the possible prejudice of Senators who want to call up amendments and whose amendments are sequenced.

Mr. BAKER. I understand the concern of the minority leader, and I assure him that we can make provision that the time otherwise allocable to the majority be available to the Senator from New Hampshire.

Mr. President, I hope there might not be an objection to this request. There is a commitment, I believe, to permit the Senator to make a statement at this time.

Mr. DOMENICI. Mr. President, I say to the minority leader that last night

when we were sequencing and determining more or less our game plan for today, the Senator from New Mexico neglected—and it is his fault—to honor a request that had been pending for 2 days by the distinguished Senator. What I am prepared to do now is to say to the Senator that he can take 15 minutes from the time in opposition to the Moynihan amendment. We will take 15 minutes, and if he will get 15 minutes for Senator Humphrey, that will be 30.

Mr. ROBERT C. BYRD. Then, the request has been reduced to 15 minutes?

Mr. DOMENICI. That is correct.

Mr. ROBERT C. BYRD. Could the distinguished majority leader withhold this request until we talk about one or two other amendments?

Mr. BAKER. I will be happy to do so.

Mr. President, I withdraw that request for the time being, and I will have to make it again before we finish.

In the meantime, I believe we also have an agreement on the tobacco amendment, so called, to be offered by the Senator from Ohio (Mr. METZENBAUM). This has been cleared with the Senator from Ohio and the minority leader.

Mr. President, I ask unanimous consent that on the Metzenbaum amendment dealing with tobacco subsidy there be a time limitation of 40 minutes, to be equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Metzenbaum amendment on tobacco be sequenced immediately after the Stevens amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Would the distinguished majority leader consider reducing the time on the amendment by Mr. SASSER to 50 minutes overall, to be equally divided?

Mr. BAKER. Yes, I am happy to do that, and I make that request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, on the amendment by Mr. Bumpers, I believe there is a 2-hour limitation under the statute.

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. Could we reduce that time? Mr. BUMPERS is in the Chamber.

Mr. BUMPERS. Mr. President, I will save a lot of time. It is not my present intention to offer that amendment. I believe that was taken care of when the Thurmond amendment was defeated the other day.

Mr. BAKER. Can we remove that from the sequence?

Mr. BUMPERS. The leader may remove it.

Mr. BAKER. I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Senator from Arkansas.

Mr. ROBERT C. BYRD. Mr. President, as I understand it, the remaining amendments that are sequenced are the amendment by Mr. MOYNIHAN and Mr. BRADLEY on the tax cut, to be followed by an amendment by Mr. RIEGLE. Or is it Mr. STEVENS?

Mr. BAKER. Mr. RIEGLE.

Mr. ROBERT C. BYRD. Then, it is to be followed by the amendment by Mr. STEVENS, dealing with COLA. Am I correct?

Mr. BAKER. Yes.

Mr. President, I advise the minority leader that the Senator from Alaska has indicated that he will not take a great amount of time. He is not in the Chamber at the moment, but I believe we can get a short time limitation on the amendment.

Mr. DOMENICI. Actually, it is a mathematical correction, and it should not take 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I have no objection to the request of the distinguished majority leader for 15 minutes for Mr. HUMPHREY.

Mr. BAKER. I thank the minority leader.

Mr. President, I now make the request that the Senator from New Hampshire be recognized after the Moynihan amendment.

Mr. DOMENICI. For a full 30 minutes?

Mr. BAKER. For 15 additional minutes, with the understanding that the Senator from New Mexico, as the manager on behalf of the majority, will yield another 15 minutes, to make a total of 30 minutes.

Mr. DOMENICI. Mr. President, reserving the right to object, I would not want the 30 minutes of the distinguished Senator from New Hampshire to be divided by a vote. So long as that is the arrangement, I have no objection to the proposal.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, can the distinguished majority leader get me 10 minutes sometime prior to the vote on the resolution itself?

Mr. ROBERT C. BYRD. Mr. President, I have no problem with 10 minutes, provided Senators who are calling up their amendments and who have been sequenced—and we have to leave time for amendments in the second degree to any amendments—I would have no objection to provide for that, if it be understood that if we need that 10 minutes at the end in order to take care of one of the amendments that are sequenced, or an amendment in the second degree, the 7 o'clock time will be 7:10.

Mr. BAKER. Mr. President, first of all, I now have been advised that the Senator from Alaska is agreeable to a 20-minute time limitation, equally divided, and I now make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. That should significantly reduce the time pressure.

Mr. President, let me try this request: I ask unanimous consent that prior to final disposition of the pending measure, the senior Senator from Virginia be recognized for not to exceed 10 minutes, with the understanding, however, that that 10 minutes may not diminish the time otherwise allocated by order to any Senator who has an amendment in sequence.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, I thank the minority leader, and I thank all Senators for cooperating. I believe that what we have done now almost surely indicates that we can finish by 7 or perhaps before 7 with the matter before the Senate.

Mr. DOMENICI. Mr. President, I am familiar with all the amendments mentioned except one that the minority leader has called the Riegle amendment. Do we have a description of what it is?

Mr. ROBERT C. BYRD. I do not have a description at the moment.

Mr. DOMENICI. The Senator is in the Chamber. Does he have a description?

Mr. RIEGLE. I have a couple of possibilities. One would be a transfer. I have not decided, to be very blunt about it.

Mr. BAKER. I hope the Senator from Michigan can tell us more about that, because every other Member has identified at least the general subject matter of his amendment in advance. We did not require that of the Senator from Michigan last evening because he was not on the floor at the time we sequenced these amendments. It seems to me that it gives him an advantage that no other Senator has, to have an option between amendments.

As I pointed out last night when I presented the request, there is of course a statutory requirement that this amendment must be germane, and that will prevail. However, in all fairness to all those who have agreed on time limitations and the sequencing of amendments, I hope the Senator from Michigan will let us know the general nature of the amendment he intends to offer.

Mr. RIEGLE. Mr. President, I appreciate the request of the majority leader.

I have an amendment that would transfer some moneys out of the 050 function into several other functions. I say to the Senator that it is my current intention to offer that; but I do not want to forfeit my right to change that.

Mr. BAKER. Mr. President, I hope that, a little later, the Senator from Michigan can give us a better idea or at least deal with greater particularity as to what the amendment is. It appears that that is as good as we can do for the moment.

Mr. RIEGLE. I will make clear what I intend to do.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIEGLE. I yield.

Mr. ROBERT C. BYRD. Is the Senator not saying, in effect, that when he is reached in the order of sequence, he will either call up that amendment or he will not call up that amendment? Is that it?

Mr. RIEGLE. It is partly what I am saying. I do not want to foreclose my options. The agreement was that I would have an opportunity to offer an amendment. I think this is the one I will offer, but I am not absolutely certain at this

point. I think I am within my rights not to decide now. If not, I should like to know why I would not be.

Mr. BAKER. Mr. President, the Senator is within his rights. But his rights stem from, I thought, an act of generosity on our part last evening. When every other Senator designated the subject matter of his amendment there was a request to schedule and sequence an amendment of the Senator from Michigan. When we inquired about what the subject of that amendment was the Senator from Michigan was, not here. It would have been just as easy not to sequence that amendment and forego that until we found out what the subject matter was. We did not do that. Instead we took at face value his request and sequenced it.

I would not have done that if I thought there were some doubt about the nature of the amendment he offers. But I have done it.

All I can do now is call on the good conscience of the Senator from Michigan to tell us the subject matter of the amendment so that he does not have an advantage over any other Senator who has done so.

Mr. RIEGLE. I understand what the majority leader is saying. I appreciate his courtesy last evening and today.

I can say to him that my current intention is to offer an amendment that would transfer some funds from the 050 function to several other functions. That is the presumption I am working on.

Because my amendment was unspecified, I have that degree of flexibility. If I change my intention, I will alert Senators to that change in sufficient time to allow my colleagues to respond. I have no desire to catch people flatfooted. On the other hand, I wish to have more time to evaluate this situation.

Mr. BAKER. I am not going to argue about it because we are going to chew up more time here than we should or need to, but I hope that the Senator from Michigan will understand that the reason he is sequenced and the reason he has no rights is that we agreed to sequence him yesterday, notwithstanding we did not know the subject matter of the amendment, as a matter of accommodation. It is not a right that exists. Otherwise, had we declined to do that last night, he simply would have been authorized to offer an amendment today sometime to get recognized.

Mr. RIEGLE. Let me try to help the majority leader this way. Can we review the order in which amendments are going to be taken up from this point as to where I fall in the order of things? I know the Moynihan amendment is up now followed by——

Mr. ROBERT C. BYRD. Followed by the Senator from Michigan.

Mr. BAKER. The Senator from Michigan is after Senator HUMPHREY speaks, but the Senator from Michigan will be the next amendment after the Moynihan amendment.

Mr. RIEGLE. The Bumpers amendment will not intervene?

Mr. BAKER. It will not. It has been withdrawn.

Might I inquire of the Senator from Michigan if he is prepared to reduce the time?

Mr. RIEGLE. No. I would not be at this point, although I may be at the time I present it. I am open on that question, but at the moment I would not want to enter into agreement to reduce the time.

Mr. BAKER. Mr. President, I do not wish to pursue this any more. I think that at some point it might be a good idea for us to confer privately on this subject, but I will not pursue it at this point.

UP AMENDMENT NO. 88

(Purpose: To provide for a balanced budget in fiscal year 1984)

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the amendment offered by the Senator from New York (Mr. MOYNIHAN) and the Senator from New Jersey (Mr. BRADLEY).

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN), for himself and Mr. BRADLEY, Mr. MITCHELL, and Mr. BIDEN, proposes an unprinted amendment numbered 88.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike out sections 1.(a)(1), 1.(a)(2), 1.(a)(3), 1.(a)(4), 1.(a)(5) and insert in lieu thereof the following: "(1) the recommended level of Federal revenues is as follows:

Fiscal year 1982: $650,400,000,000;
Fiscal year 1983: $738,300,000,000;
Fiscal year 1984: $839,200,000,000;

and the amount by which the aggregate levels of Federal revenues should be decreased is as follows:

Fiscal year 1982: $51,200,000,000;
Fiscal year 1983: $68,000,000,000;
Fiscal year 1984: $76,300,000,000;

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1982: $775,100,000,000;
Fiscal year 1983: $843,000,000,000;
Fiscal year 1984: $903,400,000,000;

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1982: $704,200,000,000;
Fiscal year 1983: $762,100,000,000;
Fiscal year 1984: $815,500,000,000;

(4) amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1982: —$53,800,000,000;
Fiscal year 1983: —$23,800,000,000;
Fiscal year 1984: +$23,700,000,000;

(5) the appropriate level of the public debt is as follows:

Fiscal year 1982: $1,096,200,000,000;
Fiscal year 1983: $1,161,700,000,000;
Fiscal year 1984: $1,193,100,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1982: $96,400,000,000;
Fiscal year 1983: $65,500,000,000;
Fiscal year 1984: $19,600,000,000."

Beginning on page 4, strike out sections 1.(b)(1) through 1.(b)(16) and insert in lieu thereof the following:

"(1) National Defense (050):
Fiscal year 1982:
(A) New budget authority, $225,400,000,000;
(B) Outlays, $193,100,000,000;
Fiscal year 1983:
(A) New budget authority, $258,800,000,000;
(B) Outlays, $227,400,000,000;
Fiscal year 1984:
(A) New budget authority, $294,000,000,000;
(B) Outlays, $262,200,000,000;
(2) International Affairs (150):
Fiscal year 1982:
(A) New budget authority, $16,800,000,000;
(B) Outlays, $11,100,000,000;
Fiscal year 1983:
(A) New budget authority, $16,300,000,000;
(B) Outlays, $11,600,000,000;
Fiscal year 1984:
(A) New budget authority, $17,400,000,000;
(B) Outlays, $12,100,000,000;
(3) General Science, Space, and Technology (250):
Fiscal year 1982:
(A) New budget authority, $7,200,000,000;
(B) Outlays, $7,000,000,000;
Fiscal year 1983:
(A) New budget authority, $7,800,000,000;
(B) Outlays, $7,400,000,000;
Fiscal year 1984:
(A) New budget authority, $7,300,000,000;
(B) Outlays, $7,300,000,000;
(4) Energy (270):
Fiscal year 1982:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $6,900,000,000;
Fiscal year 1983:
(A) New budget authority, $3,800,000,000;
(B) Outlays, $6,600,000,000;
Fiscal year 1984:
(A) New budget authority, $2,800,000,000;
(B) Outlays, $5,000,000,000;
(5) Natural Resources and Environment (300):
Fiscal year 1982:
(A) New budget authority, $8,400,000,000;
(B) Outlays, $12,800,000,000;
Fiscal year 1983:
(A) New budget authority, $10,800,000,000;
(B) Outlays, $11,900,000,000;
Fiscal year 1984:
(A) New budget authority, $10,900,000,000;
(B) Outlays, $11,000,000,000;
(6) Agriculture (350):
Fiscal year 1982:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $4,600,000,000;
Fiscal year 1983:
(A) New budget authority, $6,500,000,000;
(B) Outlays, $4,700,000,000;
Fiscal year 1984:
(A) New budget authority, $5,500,000,000;
(B) Outlays, $4,900,000,000;
(7) Commerce and Housing Credit (370):
Fiscal year 1982:
(A) New budget authority, $8,300,000,000;
(B) Outlays, $4,800,000,000;
Fiscal year 1983:
(A) New budget authority, $5,300,000,000;
(B) Outlays, $4,200,000,000;
Fiscal year 1984:
(A) New budget authority, $5,900,000,000;
(B) Outlays, $3,800,000,000;
(8) Transportation (400):
Fiscal year 1982:
(A) New budget authority, $21,700,000,000;
(B) Outlays, $21,000,000,000;
Fiscal year 1983:
(A) New budget authority, $21,000,000,000;
(B) Outlays, $20,300,000,000;
Fiscal year 1984:
(A) New budget authority, $21,500,000,000;
(B) Outlays, $20,300,000,000;
(9) Community and Regional Development (450):

Fiscal year 1982:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $9,200,000,000;
Fiscal year 1983:
(A) New budget authority, $7,600,000,000;
(B) Outlays, $7,900,000,000;
Fiscal year 1984:
(A) New budget authority, $7,900,000,000;
(B) Outlays, $7,700,000,000;
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1982:
(A) New budget authority, $26,800,000,000;
(B) Outlays, $27,400,000,000;
Fiscal year 1983:
(A) New budget authority, $27,200,000,000;
(B) Outlays, $26,900,000,000;
Fiscal year 1984:
(A) New budget authority, $26,400,000,000;
(B) Outlays, $26,400,000,000;
(11) Health (550):
Fiscal year 1982:
(A) New budget authority, $83,600,000,000;
(B) Outlays, $73,400,000,000;
Fiscal year 1983:
(A) New budget authority, $91,700,000,000;
(B) Outlays, $81,700,000,000;
Fiscal year 1984:
(A) New budget authority, $100,600,000,000;
(B) Outlays, $89,800,000,000;
(12) Income Security (600):
Fiscal year 1982:
(A) New budget authority, $263,900,000,000;
(B) Outlays, $237,300,000,000;
Fiscal year 1983:
(A) New budget authority, $289,700,000,000;
(B) Outlays, $255,600,000,000;
Fiscal year 1984:
(A) New budget authority, $310,600,000,000;
(B) Outlays, $273,000,000,000;
(13) Veterans Benefits and Services (700):
Fiscal year 1982:
(A) New budget authority, $24,500,000,000;
(B) Outlays, $23,900,000,000;
Fiscal year 1983:
(A) New budget authority, $25,800,000,000;
(B) Outlays, $25,400,000,000;
Fiscal year 1984:
(A) New budget authority, $26,800,000,000;
(B) Outlays, $26,300,000,000;
(14) Administration of Justice (750):
Fiscal year 1982:
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,500,000,000;
Fiscal year 1983:
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,500,000,000;
Fiscal year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,700,000,000;
(15) General Government (800):
Fiscal year 1982:
(A) New budget authority, $5,000,000,000;
(B) Outlays, $4,800,000,000;
Fiscal year 1983:
(A) New budget authority, $5,300,000,000;
(B) Outlays, $5,100,000,000;
Fiscal year 1984:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $5,400,000,000;
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1982:
(A) New budget authority, $6,400,000,000;
(B) Outlays, $6,400,000,000;
Fiscal year 1983:
(A) New budget authority, $6,600,000,000;
(B) Outlays, $6,600,000,000;
Fiscal year 1984:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $6,900,000,000;"

On page 11, strike section 1.(b)(18).

On page 15, strike section 2.(a)(18).

Mr. MOYNIHAN. Mr. President, it is my understanding, and I believe this is the case, that the time in opposition to this amendment has been reduced from 30 minutes to 15 minutes. Is that correct?

Mr. DOLE. That is correct.

The PRESIDING OFFICER. That is correct.

Mr. MOYNIHAN. Mr. President, may I observe without the slightest touch of satisfaction, that I am not surprised that the Members on the other side of the aisle wish to reduce their time, the time they have to defend themselves against this amendment. It is going to be an embarrassing if not indeed an anguishing experience for them, and it is therefore not without a sense of their own interest that they decide to cut the duration in half.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I am happy to yield to my friend on his time.

Mr. DOLE. That is right.

Does the Senator wish to reduce it further? Is that it?

Mr. MOYNIHAN. I am sure the distinguished chairman of the Finance Committee wishes the subject would never have come up, and I have to say at the outset that it is certainly not his fault that it has.

Mr. President, the occasion of this amendment arises from a vote in the Budget Committee on April 9 of this year to report the resolution. It appeared the work on the first concurrent resolution had been completed, but three members of the majority looked at what they had done and found that they had proposed, and were about to vote for, a deficit of $63 billion in 1981, $54 billion in 1982, $52 billion in 1983, and $45 billion in 1984. A party that had made the balanced budget a center of their political rhetoric was suddenly proposing an indefinite extension to that goal; whereupon, three critical members of the majority voted against the proposition and it failed.

Mr. President, do I take it that the chairman of the Budget Committee is going to now have the remainder of this debate conducted by the chairman of the Finance Committee? Is that his desire?

Mr. DOMENICI. The chairman of the Finance Committee expressed a willingness to be here in the Chamber in my absence.

Mr. MOYNIHAN. When he returns; in the Senator's absence.

Mr. DOMENICI. I will have a member of the Budget Committee here very soon.

Mr. MOYNIHAN. May I say, as I said on that glum day, April 28, when the chairman was forced to present us with this document whereby a $45 million deficit in 1984 miraculously disappeared before the onslaught of the "savings to be proposed, reductions, waste, fraud, abuse, and rescissions," that it was not for me to press upon him at a moment of such patent embarrassment. I am happy that I shall be spared once again that necessity to a man I hold in such high regard.

Mr. President, there is a simple issue before us in this matter. Are we to balance the budget in 1984? Are we indeed to balance the budget ever? Is the budget process to become a vehicle for the transparent avoidance of fact?

There is an elemental fact in that this budget is not balanced and in no prospect of being balanced, and we are about to vote a false, meretricious, and unworthy set of revenue estimates which we know are not so; which three Members of the majority knowing not to be so felt required to vote against the result.

Mr. President, the origins of this matter must be understood.

In the course of the last 4 years the Republican Party understandably—I bring no rancor to this proposition whatever—embraced a set of economic propositions which simply does not sustain analysis. They stated straight out that a 3-year, 10 percent per year, reduction in personal income taxes would be recouped during the same period as those tax reductions by an increase in economic activity brought on by larger numbers of entrants into the work force, longer hours worked, and such matters as that.

There is no economic data of any kind that would support this proposition.

Some economic models will argue that somewhere between 20 and 30 percent of such a revenue reduction is recouped in the third year. No respectable practicing economist would say anything more.

Yet the party committed itself to this proposition.

As late as May 1980, in Flint, Mich., our President, whom we admire and so much support in the large purposes he has embarked upon, in a continued attachment to this doctrine said:

> We would use the increased revenues the Federal Government would get from this decrease to rebuild our defense capabilities.

This is a President who truly believed there would flow more funds to the Treasury than had been reduced; that was his campaign.

Earlier in the year, an opponent of his in the primary, the distinguished Representative from Illinois, John Anderson, is quoted as saying:

> How do you balance a budget, cut taxes, and increase the defense spending at the same time? It is very simple. You do it with mirrors.

Come September, a serious Presidential campaign was underway. The candidate of the Republican Party gave what to his staff was called internally the mirrors speech. His effort to reconcile the obviously irreconcilable. And for the first time we learned that there would not be this great reflow of revenues following these tax cuts and we learned that "through a comprehensive assault on waste and inefficiency," 2 percent would be trimmed off the 1981 budget, gradually increasing to 7 percent in 1985. In the meantime, there would be a balanced budget by 1983, a surplus in 1984, and so forth.

Then came the election, the installation of a transition team, and the seri-

ous analysis of the data. And it became clear that nothing such as this was possible. At that point, for the first time, because the incoming administration felt committed to the tax proposals, we began to hear about spending reductions which had nothing whatever to do with the 2 percent achievements of the deficiency and waste. Instead we learned of the reductions of 25 percent in education, 25 percent in health, and elimination of mass transit operating assistance.

On Wednesday last, in the Finance Committee, far from going back to the Great Society, we tore a page out of the Social Security Act, a commitment of 45 years to orphans in this country. Orphans—not hyperbole. This is fact. Children placed in foster homes by State authorities have been entitled to have half of their maintenance paid by the Federal Government. Out it went. This is not waste and inefficiency, these are 3-year-old children whom we can no longer afford to support.

And why? Because of a mindless adherence to a doctrine of economics which no less a distinguished person than the Vice President of the United States described as voodoo economics.

Mr. President, we can save ourselves from this and we can spare the majority the need to do something it does not want to do and say, "Let campaign bygones be bygones, but let us face economic facts."

Last September 15, the Committee on Finance, by a 19-to-1 vote, reported out a tax bill which, as it happens, has almost the identical impact in 1982 as the alternate bill contemplated in this resolution. It was a good tax bill. It was a supply side tax bill by results. Half the money went to business institutions and investors, which they received in tax reductions when they invested successfully, as in the case of capital gains. We had proved the power of a capital gains tax reduction the previous year by having made very small cuts; far from losing revenue, we raised revenue. We found the tax was too high. We meant to go on cutting it.

We proposed the first reduction in rates since President Kennedy's proposal in 1963. We proposed as well an end to the marriage penalty. Now, there is a supply side tax cut for you. When you make it more rewarding for people to go to work than to stay home, you have added to the supply of labor. When you penalize a married couple for working, you diminish it. It was a good bill, and it was supported 19 to 1; every Republican Member voted for it, save one who, for general reasons, was not voting any tax reduction that year.

Mr. President, the purpose of my amendment, very simply, is to include in the budget revenue assumptions that are based upon a tax bill similar in purpose and effect to the one adopted last year by the Finance Committee. It would not dictate the terms. Nobody could dictate such terms in a budget resolution. But it assumes the general impact on investment and savings that was assumed in that tax bill. It would balance the budget and give us a surplus in 1984.

We would break out of this seeming incapacity, which, in the end, reflects an incapacity of the Government itself to keep its books in balance.

Mr. President, I hope this amendment will find approval.

My distinguished friend and cosponsor from New Jersey (Mr. BRADLEY) is on the floor. Seeing as yet no desire on the opposing side to say a word in opposition to that which they know ought not to be opposed, I yield to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I thank my colleague from New York for yielding and also for his amendment. Because, Mr. President, what this amendment does is to resolve the basic ambivalence that has characterized the President's program from the beginning. This budget is a perfect example of that ambivalence.

On the one hand, Mr. President, we have an economic theory that believes cuts and marginal tax rates will spur growth unheard of in this country before. On the other hand, Mr. President, we have a belief that says, in order to pay for our tax cuts, we have to cut the budget first. Mr. President, this is the difference between the new Republicanism and the old Republicanism.

Now, what we try to do in this amendment is simply say that if, on the one hand, you believe a reduction in marginal tax rates is going to dramatically increase revenues, who do we not be honest about it and why do we not eliminate all tax expenditures and reduce that marginal tax rate down to 20 percent?

Mr. President, that is not what the administration proposes to do. They propose to gradually ease us into a 30-percent reduction over 3 years that is provided for in this budget, which, combined with the level of nondefense spending cuts and defense increases, will insure this country continued stagflation for the next 3 to 4 years.

So what I am suggesting here is that we be honest about this process. The Senator from New York knows, the Senator from Nebraska knows, and the Senator from South Carolina knows, as we have all seen the reports in the newspapers. The administration now, after winning a budget battle, has developed some flexibility on the tax issue, which means, Mr. President, that even the administration knows that GEORGE BUSH was right when he characterized it, as the Senator said, as voodoo economics and it will eventually come around to that realization.

So what this amendment says, Mr. President, is let us not play the game down the road for 2 years. Let us admit at this point that we are going to have a 1-year tax cut along the lines, perhaps, that the administration wants. This amendment allows for the full amount that the administration would want in tax cuts for fiscal year 1982. It does not cut that figure. It gives the President a chance to see if, indeed, when people get that extra $200 in their pockets they are going to go straight to the savings and loans and put it in or straight to the savings banks or perhaps the money market.

But, Mr. President, on the possible chance that they are going to spend that money and, therefore, generate excess inflation, why must we, in this budget resolution, commit ourselves to a 3-year tax cut instead of a 1-year tax cut that has effects over the next couple of years in revenue losses?

Mr. President, this is a very simple amendment. It is one that I think even the administration will come to appreciate in the coming months when they find nowhere near that savings response from tax cuts, when they find higher interest rates going even higher, because of an enactment of a tax cut in these times and because, Mr. President, inflation will continue to rise for reasons that I will not get into in this amendment, related largely to the fact that when you raise the interest rate you get enormous sums of money flowing into this country from abroad and thereby increasing our money supply and making the use of monetary policy as the sole weapon against inflation fruitless.

Mr. President, I am pleased that the Senator from New York has offered this amendment. I join him as an original cosponsor. I think it is a very clear challenge to the type of tax approach that has been taken by the administration. I think it resolves the ambivalence between those old Republicans who say, "Cut the budget before you can have a tax cut." and the new Republicans who say, "The feedback effect is dramatic and growth will ensue and we will have enormous revenues flowing."

Mr. President, I compliment the Senator on his amendment. I am pleased to join him. Again, I simply reiterate that this is a 1-year tax cut. When has the Senate enacted 3-year tax cuts in budget resolutions? It has not happened, Mr. President.

We are saying, let us approach this tax cut and this budget resolution as we have in the past, giving opportunity for variations as the economy shifts.

Mr. President, I am pleased to join with my colleague and urge support of the Moynihan-Bradley amendment.

Mr. MOYNIHAN. Mr. President, I observe there is still no Member of the majority party rising to defend the indefensible. I take that to be a good sign for the long-run health of this budget process. This spurious, contrived result—this claim to a balanced budget in 1984—is indefensible and it is not being defended.

Mr. President, so that history might know what I am talking about, I ask unanimous consent to have printed in the RECORD at this point the mimeographed summary of additions that was contrived on April 28, 1981, to produce this balanced budget.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

BUDGET SUMMARY—CHANGES ADOPTED BY THE BUDGET COMMITTEE AFTER APR. 9 VOTE

[In billions of dollars]

	Fiscal year 1982		Fiscal year 1983		Fiscal year 1984	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Totals rejected by the committee on Apr. 9	775.0	704.1	842.9	[1] 762.0	903.3	815.4
Proposed changes:						
Accept administration commitment to hold down defense outlays [2]		−5.1		−2.1		−7.4
40 percent absorption of defense pay raise costs (similar to absorption already assumed for other agencies) [3]		−1.9		−1.9		−1.9
Savings as a result of increased efforts to reduce waste, fraud, and abuse (to be spread to appropriate functions) [4]				−8.1		−8.7
				−7.2		−7.7
Savings as a result of increased efforts to achieve rescissions [5 6]				−5.0		−5.0
				−5.0		−5.0
Additional savings to be proposed [5 6]				−15.3		−22.7
				−15.3		−22.7
Total spending	775.0	699.0	812.6	730.5	865.0	770.7
Revenues		651.3		709.1		770.7
Deficit (−) or surplus (+)		−48.7		−21.4		0

[1] Adjusted to correct for small error in veterans program outlays in the table used by the committee on Apr. 9.

[2] Use the OMB estimate of defense outlays, which predict lower fuel prices and lower spend-out rates than do the CBO defense assumptions originally used by the committee.

[3] Increase to 40 percent the Defense Department's rate of "absorption" of future pay raise costs (referring to that portion of DOD funds drawn from other areas, and not specifically provided by congressional appropriation for pay increases.

[4] Require a reduction of 1 percent in appropriated funds in fiscal years 1983 and 1984 through additional, unspecified decreases in waste, fraud, and abuse.

[5] Resurrect function 920, allowances, including in it: (1) savings resulting from changes in congressional review of administration rescission proposals (requiring a 2-House resolution of disapproval to deny, rather than the current requirement for congressional affirmation), (2) unspecified additional savings to be proposed (these are to eliminate nearly half the 1984 deficit).

[6] Will be assigned to function 920, allowances.

Mr. MOYNIHAN. Mr. President, still no one appears in opposition.

I see the distinguished manager of the legislation rising. I observe that he does so with a quizzical air, that capacity having fallen to him. I am happy to yield to the Senator.

Mr. GORTON. Mr. President, the distinguished and eloquent Senator from New York labors under the misapprehension that the majority requested only 15 minutes to debate this issue because it did not want one to speak any longer when, in fact, it does not need 15 minutes in order to set out the reasons for rejecting the amendment, as I fondly believe it will be rejected, in a way which is totally logical and persuasive to all who will listen.

The amendment of the Senator from New York curiously enough accepts all of the economic assumptions of the Budget Committee as well as those of the President, except for the key one that the growth in productivity which would result from the passage of the President's program was at least as much based upon a very substantial 3-year tax cut as it is upon balancing the budget and cutting Federal expenditures.

In fact, if we were to accept the position of the Senator from New York, I am convinced that economic recovery would be far slower, and that the promises which he here makes even as to a balanced budget would not in fact take place.

Why is that the case? It is the case simply because the proposal by which he proposes to limit the authority of the Finance Committee in considering reductions in tax rates is simply not a tax cut at all.

He proposes only a 1-year tax cut, even though we have had more than 2 years of inflation-induced tax increases since the last change in our tax system in 1978. In fact, between fiscal year 1981 and fiscal year 1984, individual income tax collections would increase 51 percent under the proposal made by the Senator from New York.

This is not a tax reduction at all, but simply a slight reduction in the rate of increase in taxation. It balances the budget only by increasing the taxes on the already overtaxed citizens of the United States of America.

There is, however, a far more important reason for rejecting the proposal by the Senator from New York. That is simply that, by rejecting this amendment, every single element in his proposal for a tax cut is still before the Committee on Finance. If he can persuade the Finance Committee to report the 1980 bill, it will be reported and will be before us. What he proposes to do, however, is to limit the Finance Committee essentially to the consideration of one set of proposals before there has been any real opportunity either in the Finance Committee or on the floor of this body to consider Kemp-Roth proposals or any other set of proposals on the same side.

Mr. MOYNIHAN. Will the distinguished Senator yield at this point for a question?

Mr. GORTON. Since I have such a short amount of time and have to yield to others. I would prefer to finish my statement and, if I have time remaining, I will yield to the Senator from New York.

It seems to me vitally important to allow the Finance Committee, of which the Senator from New York is a member and I am not, to make the determination as to whether it wishes a 3-year tax cut precisely in the form of Kemp-Roth, in some other form, or a lesser cut for 2 years or for 1 year.

Only by rejecting the proposal of the Senator from New York will the Finance Committee truly have that opportunity.

At this point I yield 5 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, I may not use 5 minutes.

Mr. MOYNIHAN. Will the Senator yield to me to make a comment on a statement made by the Senator from Washington?

Mr. LONG. I yield from my time.

Mr. MOYNIHAN. With the greatest respect for my friend from Washington, Mr. President, I have repeatedly stated on this floor that these numbers do not in any way commit committees to specific programs. The greatest point that he brought forth for rejecting this matter seems to be no point at all.

As I have stated repeatedly, my amendment leaves the Finance Committee free to draft any kind of legislation it wishes as long as it remains within the amount of $52.1 billion. But I say to you, Mr. President, before this year is over we will draft the kind of bill we drafted last year, and the administration will be relieved to support it because they know the economics argument is in its favor, just as they know their earlier propositions, through no fault of their own—they are not economists—have been rejected by the persons they now turn to for advice. They have turned to responsible people in the administration and those responsible persons are tied up. They know what they have heard about the 3-year bill was not so. It was not viable. They will be happy to have us save them from their own situation. I, for one, will be happy to join them; for while we are different parties we are one Nation. I thank the Senator for yielding.

Mr. LONG. Mr. President, I voted for everything that was in the Finance Committee bill last year and I see no reason why I could not vote for everything that is in that bill again this year, and why I could not vote for that bill. I believe the bill is better targeted in ways calculated to get a production response than is the so-called Kemp-Roth suggestion.

But, Mr. President, we owe it, in my judgment, to the new President and his administration to see that they have the opportunity to make their case just as those of us who might want to offer some alternative suggestions ought to have the opportunity to make our case.

The Budget Committee and the budget process, Mr. President, is not a line item process. It was never intended to be that and we should not make it that.

The Finance Committee, under the able leadership of the distinguished senior Senator from Kansas, starting this week will commence hearings on the administration proposal, but the chairman of that committee has stated that those of us who have other suggestions will have the opportunity to offer them.

Mr. President, those of us in the minority would be very poorly advised to try to dictate to this Senate an answer that would mean that those on the majority side of the aisle cannot have their proposals considered, because it invites a similar mind set from the other side.

We are in the minority, not the majority.

Mr. President, while I will have a lot of suggestions I would like to make, I

would point out that we should try to work as we did last year, in a bipartisan fashion to consider the best that every Senator has to offer. That committee, after hearings, should report out the best combined thinking of all Senators, having given an openminded and fair consideration to whatever one has to suggest, including, Mr. President, the suggestions of the President of the United States.

This amendment would preclude that. It may very well be that we should report a smaller tax cut. The chairman of the Finance Committee has stated that as far as he is concerned he is not wedded to a figure and he is not wedded to a particular legislative approach. He wants everyone's suggestions considered. I think we ought to leave it that way, Mr. President. I hope that we will, because to do otherwise would be to deny the President of the United States, who has tremendous backing from the American people at this point in history, the opportunity to have his suggestions fully considered. They should be.

Those of us who have some thoughtful addendums or some changes we would like to suggest have been invited to make our suggestions by no less a person than the President himself.

We ought to leave the door open so that it can all be considered.

The majority in mangaging this bill have not insisted on trying to commit the minority to the Kemp-Roth proposal and, by the same token, I hope the Senate will not try to commit those who support the President's position to any other answer until we have followed the orderly legislative process.

The House has not even sent us the bill yet. Under the Constitution, or at least under the way the House construes the Constitution, we have no privilege to send out a revenue bill until they send us one.

Under all circumstances, Mr. President, I hope that Senators will exercise tolerance from the point of view of one another, give the committee a chance to hold its hearings and consider the suggestions of the best minds that America has to offer, and then, when we have had our hearings and a chance to consider all suggestions available to us, including those of the media, that we then proceed to thoughtfully put together a bill that fairly represents the combined thinking of those, first, on the committee and those in the Senate itself, making no mistake in doing it.

I hope, Mr. President, that we will stop this thing of trying to commit the Senate to one legislative answer or another before we have given consideration to the best thoughts of all those men and women of good will who are trying to advance the national interest, and giving them the opportuntiy to have their suggestions considered.

I therefore hope the amendment is not agreed to.

Mr. GORTON. Mr. President, I yield 1 minute to the Senator from Oklahoma and the balance of my time to the Senator from Kansas.

Mr. BOREN. Mr. President, I shall just briefly add my voice to that of the Senator from Louisiana and the remarks which I am sure will follow by the Senator from Kansas and urge fellow Members to defeat this amendment. The President of the United States is entitled to a chance to present his program and, by agreeing to make room in the budget resolution for the tax cut which he has proposed, we are in no way tying the hands of the Senate.

I think there have been some proposals made by my colleagues which I could recommend. I hope that the ultimate tax legislation will include a number of those proposals. At the same time, I think if there were ever a time when our country needed a spirit of bipartisanship—when, as the Senator from Louisiana said, we bring together the best thinking that we can muster from throughout the whole country, that we carefully consider what we are doing, that we prove ourselves to be the greatest deliberative body in the world by carefully considering all of the possible proposals—that time is now. I urge that the Committee on Finance be given that opportunity without tying his hands now.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, is there a minute or 2?

The PRESIDING OFFICER. There are 3 minutes, 55 seconds remaining.

Mr. DOLE. Mr. President, I shall just take a minute or two of that time, because I think we discussed this same general proposition yesterday for 3 hours and 39 minutes. The results were satisfactory.

Mr. President, the Senator from New York proposes to change the revenue figure in the pending resolution to accommodate a tax cut comparable to that approved by the Finance Committee last year, rather than the tax cut proposed by President Reagan. Adopting the Moynihan amendment would cause only a slight change in the revenue level for fiscal year 1982, but it would result in a significantly smaller tax reduction in the outyears. In other words, the Moynihan amendment would project a significantly higher tax burden in the outyears.

Mr. President, the resolution we are considering is directed to fiscal year 1982, and the numbers that really count are those that pertain to 1982. Nevertheless, I hope my colleagues will not accept the premise underlying the Moynihan amendment. Senator MOYNIHAN argues that a smaller tax reduction in the coming years is more likely to be good for the economy and lead to a balanced budget. That is just not a realistic argument.

I would not quarrel with the specific tax proposals underlying the Moynihan amendment. As the Senator points out, they were approved by the Finance Committee last year. Some of these provisions may in fact be approved this year or next. But whether that is so or not, the main point is the size of the tax reduction we will need to insure a stable, growing economy over the next few years. The Moynihan amendment simply does not give adequate consideration to the tax increases built into the budget already.

Mr. President, the Senator from New York assumes that less tax reduction in future years will bring the budget in balance sooner. The Senator does not take into consideration the fact that higher tax rates may mean slower growth, and less revenue to balance the budget. This is not the direction the American people want us to take.

In sum, Mr. President, I believe this amendment merely confuses the issues, and does nothing to improve the pending resolution. I urge its rejection.

Mr. President, I suggest that the Senate Committee on Finance is a responsible committee. The chairman of that committee is open to suggestions from the Senator from New York, the Senator from New Jersey, the Senator from Louisiana, the Senator from Oklahoma, and others. I do not quarrel with the Senator from New York for offering his amendment. I think he feels strongly about it. It does, in most respects, indicate the good work he did last year in the Senate Finance Committee. But this is another year, with another administration and other changes.

Mr. President, that does not suggest that we may not come up with some consensus in the Senate Committee on Finance that would satisfy, almost completely, the Senator from New York. That is flexibility. That is the word that the Senator from South Carolina likes so well, "flexibility."

As I indicated yesterday, I have great respect for the Budget Committee. I have great respect for the Finance Committee. I am not yet willing to surrender and become a chairman of a subcommittee of the Budget Committee. Mr. President, I hope we can reject this amendment. We start hearings tomorrow—everyone is invited—at 10:30 a.m. Treasury Secretary Donald Regan will present the administration's point of view. Then we shall proceed from there.

I thank my colleague for raising this question. It is a chance to focus on tax cuts. The American people want us to focus on tax reductions. I think the Senator has done a great service. I hope he will lose, but I think that people will recognize what a contribution it was.

Mr. MOYNIHAN. Mr. President, it is one thing to be courteous; it is altogether another to be disarming, and this is a time when the Senator from Kansas verges on the disarming. It has not been formally ruled out of order in this Chamber, but the time to consider it may be at hand.

Mr. President, I am not talking about taxes. I am talking about a balanced budget. The Budget Committee has sent us a spurious document. The integrity of the process is at issue. The three Republican members of the committee who voted "no" on April 9 knew why they were doing so. They knew they were being asked to approve an endless series of deficits.

Mr. President, the Senate told the American people in this Chamber, on the resolution of the senior Senator from Virginia, that we would balance the budget in the current fiscal year. The time has come to do so. If you do not want to vote for balancing the budget, vote for the unbalanced budget

before us. But I wish it to be known that I think the American people are genuinely entitled to such an effort.

Those of us who thought we understood economics 20 years ago at least knew that if you ran deficits in some years, you had to run balancing surpluses in others. We said so. Somehow the idea got lost in the ensuing years, but it is still valid. There is an issue of integrity here, and the idea of arguing that matter in the opposite betrays the issue.

Mr. President, it is not a question of giving the President an opportunity to have his program, it is a question of freeing the President from an inane economic proposition which got picked up in the political wars of the last 5 years and now hounds him into the very center of his Government. None of it do people believe in any longer.

Free Stockman. Free Regan. Let the Secretary do his work in the way a professional and seriously committed man would do.

Acknowledge Weidenbaum and the fact that economics, if not an exact science, is nonetheless a discipline and a profoundly professional profession—an honorable profession, where men and women will not say things they do not think to be so.

We can free up this whole suspicious atmosphere by simply acknowledging the problem to be solved. We can balance the budget in 1984; but only by adopting the reasonable revenue measure I am suggesting—certainly not by supporting the committee's spurious recommendation.

Once again, those who speak of the faith the American people have in their Government ought to recognize that some measure of that confidence is going to be voted on in about 3 minutes here. Can we not free ourselves from a temporary aberration not very far distant from the free coinage of silver as a solution to the problem of agriculture in North Dakota? Countries go through that. But they get over it. The mark of a mature and competent and capable country, which ours is, is that when a slogan has served its political usefulness, they do not carry it forward to economic catastrophe. That is what is at issue.

Mr. President, we need supply side tax cuts, not to raise our savings rate from 5 to 6 percent, but to the 20-percent savings rate we need in this country. We need as well a similar increase in the investment rate, not just replacement of a worn-out capital, but actual new additions to it. We are on the way to becoming a marginal economy if we do not invest and we will not invest by increasing our spending.

In conclusion, Mr. President, I repeat the remarks of one of the most distinguished economists in our time, a man acknowledged by his profession to be among its leaders.

He was recently talking to a group of business executives about productivity and the issue of this tax cut proposal came up. He said to them:

Gentlemen, may I ask you, if you found that your sales force were somehow not producing what you hoped for and needed from them, do you think that you would have resolved your problem simply by raising their pay?

No, we have to have supply side tax reductions measured by results. When you have invested, you get a more rapid depreciation. When you have capital gains, when there has been investment which has successfully returned income, you get a higher rate of return. That is what supply side economics is about. Just because of the adherence to this effective folly of the last 5 years—effective because it worked—let us not turn a campaign tactic into a Government doctrine to the detriment of all responsible parties who know it will not work.

Mr. President, I have made my case. I observe, once again, that save for the gallant and forthcoming Senator from Washington, not a member of the party opposite is here. Not one of them is here, because hey know I am telling the truth and the truth embarrasses them. The truth could liberate them. The truth could set them free.

The Senator from Maine has arrived, but I suggest he comes to listen, not to speak. They dare not speak. They are silent in the face of the obvious fact that a spurious document is before us which we are asked solemnly to adhere to.

One last point, Mr. President. The name of patriotism has been brought up in the sense that we must give the President's program an opportunity. Of course we must, and shall and do and are. We have approved the most extraordinary spending cuts in the history of this Republic. But this is the first budget resolution. If, by July, you can find one member of the Council of Economic Advisers who will send me a letter repeating the proposition that the decreases in taxation will produce similar increases in revenue—that we can balance the budget, avoid any serious spending cuts, and increase defense spending—I promise to vote for the budget. If one member of the Council will send such a letter repeating the doctrines of the campaign, I will support it.

I doubt that they will. I thank the chairman for his patience and courtesy throughout and I put the matter to the judgment of my peers.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

The Senator from Kansas has 1 minute and 40 seconds.

Mr. DOLE. I yield back the remainder of my time.

The PRESIDING OFFICER. The time has been yielded back. The question is on agreeing to the amendment.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Is the agreement that the Senator from New Hampshire now has 30 minutes, or will that follow the vote?

The PRESIDING OFFICER. After the vote is concluded on this amendment.

Mr. MOYNIHAN. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not been ordered.

Mr. MOYNIHAN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York (UP No. 88). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who have not voted and who wish to vote?

The result was announced—yeas 34, nays 63, as follows:

[Rollcall Vote No. 107 Leg.]

YEAS—34

Baucus	Exon	Moynihan
Biden	Ford	Nunn
Bradley	Glenn	Pell
Bumpers	Hart	Randolph
Burdick	Inouye	Riegle
Byrd, Robert C.	Jackson	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Tsongas
DeConcini	Levin	Weicker
Dixon	Matsunaga	Williams
Dodd	Metzenbaum	
Eagleton	Mitchell	

NAYS—63

Abdnor	Hatch	Packwood
Andrews	Hatfield	Percy
Armstrong	Hawkins	Pressler
Bentsen	Hayakawa	Proxmire
Boren	Heflin	Pryor
Boschwitz	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Roth
Chafee	Hollings	Rudman
Cochran	Huddleston	Schmitt
Cohen	Humphrey	Simpson
D'Amato	Jepsen	Specter
Danforth	Johnston	Stafford
Denton	Kassebaum	Stennis
Dole	Kasten	Stevens
Domenici	Laxalt	Symms
Durenberger	Long	Thurmond
East	Lugar	Tower
Garn	Mattingly	Wallop
Goldwater	McClure	Warner
Gorton	Melcher	Zorinsky
Grassley	Murkowski	
	Nickles	

NOT VOTING—3

Baker	Cannon	Mathias

So Mr. MOYNIHAN's amendment (UP No. 88) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. D'AMATO. Mr. President, I publicly commend my colleagues in the House of Representatives for their overwhelming support of President Reagan's budget. Unfortunately the House budget has assumed an accelerated phase out of mass transit operating subsidies by reducing fiscal year 1982 spending by 15 percent.

On April 14, 1981, I chaired a hearing of the Transportation Subcommittee of the Senate Appropriations Committee on the

problems facing mass transit. At this hearing in New York City we heard from representatives of the business community, leaders of the community groups, and transportation agencies.

Mr. Ronis, who operates the transit system in the city of Cleveland and is also the president of the American Public Transportation Association, forecast an increased 50 percent in fares in Cleveland if the operating subsidy is cut, which will drive down ridership by approximately 50,000 rides per day. This loss of ridership will snowball with more people reverting to cars, buying more gasoline and in the long run the city will lose jobs.

Mr. President, the overwhelming evidence is that operating subsidies are the lifeblood of mass transit systems. These systems are an absolute necessity if urban areas not only in the northeast, but in the rest of the country are to survive.

I think it is important that the question with respect to what the Senate committee's specific charges are to be reiterated, and I reiterate my concern and ask Chairman DOMENICI whether the budget resolution specifically instructs the committees of the Senate to phase out programs on specific dates or whether or not it leaves that to the discretion of the specific committee and sets spending levels and targets?

Mr. DOMENICI. Mr. President, I have no difficulty answering that question. There is nothing in the budget resolution in the function on transportation whereby this resolution mandates phasing any aspect of the transportation out by any date certain. There is both reconciliation and a target. They both require the reduction of current law expenditures by the appropriate authorizing committees, and it is up to them as to how they spend those targeted numbers.

Mr. MOYNIHAN. Mr. President, on April 2, 1981, my distinguished colleague from the State of New York (Mr. D'AMATO), the distinguished chairman of the Budget Committee, Mr. DOMENICI, and I engaged in a colloquy concerning the effect, if any, the revised second concurrent resolution on the budget for 1981 might have on the continuation of mass transit operating assistance. At that time I pointed out that the Budget Committee had included on page 66 of its report, in the section having to do with the Committee on Banking, Housing, and Urban Affairs, the statement:

> The committee agrees with the Senate Banking Committee's recommendation that that committee be given the broadest flexibility to review the issue of Federal assistance to mass transit.

This language had been included in the Budget Committee's report as a result of a letter from the chairman and ranking minority member of the Banking Committee in which it was suggested that such flexibility was desirable.

I then had the following exchange with the chairman of the Budget Committee. Referring to the statement on page 66:

> Mr. MOYNIHAN. • • •
>
> By that statement we intended to say that we leave open and do not foreclose the question of operating subsidies for fiscal 1983 and thereafter. Will the chairman agree with that statement?

Mr. DOMENICI. Mr. President, the Senator is absolutely correct with reference to the committee report. It was at his request that that language was included. The question is open for 1983 in outyears, but it is open only to the extent that I have heretofore described. The committee that the distinguished junior Senator from New York serves on has a number of programs that are within its authorizing jurisdiction. Certainly it is not only mass transit.

And to the extent that the Banking Committee, with reference to Eximbank, community development, UDAG, mass transit, capital improvements for mass transit, and a host of other authorizing authorities already in existence and from whence appropriations are forthcoming, they have the greatest flexibility among those programs that they have that kind of authority over to decide which authorizations they cut and how much in arriving at the reduction figure that the reconciliation instruction imposes on them.

Mr. President, our purpose here today is to reaffirm that the action taken by this body in its revised second concurrent budget resolution for fiscal vear 1981 and the action taken now in this first budget resolution for fiscal year 1982 in no way require the phaseout of mass transit operating assistance either in fiscal year 1982 or in the later years. I am delighted that the distinguished chairman of the Budget Committee has agreed with me that we have taken no action that forecloses the continuation of operating assistance in fiscal year 1982 or thereafter.

Finally, Mr. President, I wish to say a few words about mass transit. The Republican platform states that—

> Mass transportation offers the prospect for significant energy conservation. In addition, both management and labor agree that ease of access to the workplace is an important factor in employment decisions and industrial plant location. Lack of adequate access is a major reason why businesses have moved out of crowded urban areas, resulting in lower tax bases for cities. To encourage existing businesses to remain in urban centers and to attract new businesses to urban areas, it is vital that adequate public and private transportation facilities be provided.

But now we find that the administration is saying that—

> . . . there is no reason for someone in Sioux Falls to pay federal taxes so that someone in Los Angeles can get to work on time by public transportation.

Mr. President, we are one Nation, with different needs but a common concern and a shared future and a shared energy crisis. How can we have economic revitalization without making it possible for people to get to work? I do not think that is what Americans were voting for last fall. And I will work to see that the Banking Committee keeps mass transit assistance.

Mr. President, I ask unanimous consent that a letter dated March 13, 1981, from the chairman of the Banking Committee, Mr. GARN, and the ranking minority member, Mr. WILLIAMS, to the chairman of the Budget Committee, Mr. DOMENICI, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, D.C., March 13, 1981.

PETE V. DOMENICI,
Chairman Committee on the Budget,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: In response to requirements of Section 301(c) of the Congressional Budget Act, the Committee on Banking, Housing, and Urban Affairs, herein transmits its views on budget issues affecting programs within the Committee's jurisdiction.

The Committee intends to take specific actions to further the President's goals of streamlining the operations of Federal programs, and of sharply improving the control over Federal spending. In support of these objectives, the Committee shall effect a number of program revisions as well as reductions in program and spending activity. However, as you are aware, the President has submitted his revised budget for FY 1982 only within the last few days. Underlying substantive legislation, and necessary supportive data on each of the proposed budgetary actions have not been submitted nor are they expected for some time. Thus, our knowledge of the legislative context in which the budget recommendations are to occur, and their implications, is incomplete.

Program reforms or redirections of policy can have far-reaching consequences that prudence demands we consider in advance. While the Banking, Housing, and Urban Affairs Committee can provide broad support for the President's budget recommendations, we urge the Budget Committee to pursue a flexible approach in its determination of budget levels and program assumptions so that the Banking Committee can explore the potential impacts of various proposals with the specifics of the President's legislative program, and the data to support it, in hand.

This is particularly important in the area of housing assistance. The Committee is committed to fulfilling its resonsibility to provide housing assistance to low-income persons but it is equally concerned that this purpose be met efficiently. The Committee intends to examine closely the Section 8 and public housing program, to seek innovative proposals that may improve their cost-effectiveness and streamline the Federal government's housing delivery system. We also intend to examine the feasibility of housing block grants within the context of current assisted housing programs. We, therefore, recommend that the Budget Committee project a level of budget authority recommended by the President.

The Committee also urges at this time that the Budget Committee make no specific assumptions about the termination of the Solar Energy and Energy Conservation Bank since our Committee desires full debate on this issue. Nor should you decide upon any revision in the rent income ratio beyond that already within the discretion of the Secretary of Housing and Urban Development to implement until we weigh its impact within the context of the housing assistance delivery system.

The Committee endorses the President's proposed budget amounts for the Section 202 housing loan program and for the community development function of the budget. In addition, the Committee accepts the President's estimate of the level of FHA insurance activity. We will, however, examine the effects of a cap to determine if it fosters a need for credit allocation among various regions of the country or erects additional obstacles to homeownership or the obtaining of mortgage credit by the lower income end of the homebuying market.

Finally, in the area of mass transit, the Committee recommends that the Budget

Committee support the President's budget levels for 1981 and 1982. The Banking Committee will address the President's recommendations with respect to 1983–1986 funding levels for the mass transit operating assistance program. The Administration has proposed to phase out such operating assistance by 1985 with significant reductions in 1983 and 1984. Several members of this Committee oppose a phase out of this program, while others are supportive of the President's intentions. Our Committee certainly believes that significant efficiencies are necessary if this program is to continue, but urge the Budget Committee to provide broad flexibility in its assumptions so as not to conflict with the Banking Committee's efforts to review all of the complex issues of Federal assistance to transit in the coming months.

Sincerely,

JAKE GARN,
Chairman.

RECOGNITION OF SENATOR HUMPHREY

The PRESIDING OFFICER. Under the previous order the Senator from New Hampshire (Mr. HUMPHREY) is recognized for 30 minutes.

Mr. BUMPERS. Mr. President, the Senator from New Hampshire is apparently not here. Would it be in order under the amendment for me to request 2 minutes time on the resolution just to make a short 1-minute statement on the last amendment?

The PRESIDING OFFICER. The Chair will rule that the Senator from New Hampshire has appeared and the order is for the Senator from New Hampshire to have 30 minutes, so the Senator from New Hampshire is now recognized for 30 minutes.

Mr. DOMENICI. Mr. President, could we have order?

The PRESIDING OFFICER. May we have order in the Senate so that the Senator from New Hampshire may be heard? He has the floor. Order in the Chamber.

The Senator from New Hampshire is recognized.

Mr. HUMPHREY. Mr. President, to begin with, I thank the distinguished majority leader and minority leader as well as the Senator from New Mexico for making arrangements to secure time for me today.

Mr. President, I wish to be sure before I begin that I have 30 minutes at this point. I did when I began.

The PRESIDING OFFICER. The Senator is correct. He has 30 minutes.

Mr. RIEGLE. Mr. President, the Senate is not in order. May the Senate be in order so that the Senator may be heard?

The PRESIDING OFFICER. The Senate will be in order so that the Senator from New Hampshire may heard. He has the floor.

The Senator from New Hampshire.

Mr. BUMPERS. Mr. President, will the Senator yield to the Senator from New Mexico for the purpose of yielding 2 minutes to me off the resolution without taking any time away from the 30 minutes of the Senator from New Hampshire?

Mr. HUMPHREY. Mr. President, I yield under those circumstances.

Mr. DOMENICI. Mr. President, I just have to say to my good friend that I cannot do that without the leader. We have sequenced these and there should be time at the end of the amendment for a number of Senators to speak on whatever they would wish.

To do that would be to deny the sequence which still has three amendments. I just cannot do it.

Does the Senator from New Hampshire think he will use the entire 30 minutes? I am not trying to push him on it, but I am just trying to suggest to the Senator from Arkansas that we could yield at the end of the time of the Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I intend to yield back my time to the opposition leader, and he may do with it as he wishes.

Mr. DOMENICI. At that time I will be glad to yield.

The PRESIDING OFFICER. The Senator from New Hampshire may proceed.

Mr. HUMPHREY. Thank you, Mr. President.

Mr. President, a year ago at this time in May 1980 some Members of this body were publicly congratulating themselves on having produced for fiscal year 1981 a balanced budget.

There was a good deal of skepticism at the time, and certainly I was one of those skeptics, about whether or not we had indeed for the first time since 1969 produced a balanced budget and for only the second time in 20 years. We all know how badly things have gone in the last year, Mr. President. The supposedly balanced budget that, in fact, was in surplus on paper by $100 million—Mr. President, may we have order?

The PRESIDING OFFICER (Mr. DENTON). The Senate will be in order. The Senator will proceed.

Mr. HUMPHREY. Mr. President, the supposed surplus of $100 million has disappeared to the point where today we are looking at a $55-billion deficit for 1981, projected. In fact, of course, that would have been very much worse had not President Reagan proposed some cuts in the 1981 budget.

And there is more to it than meets the eye, Mr. President. It is not just a matter of a $55-billion deficit in 1981. As we all know, there are a great many off budget items which have the same impact as a deficit on budget. We all know there are a great many programs in which the Federal Government is involved which, at bottom line, entail allocation of resources, for instance, loan guarantees, which have the effect of sending capital in the direction of whichever party is lucky enough to have the guarantee of the Federal Government behind its projects.

So the impact upon the economy is not the $55-billion deficit, where we were supposed to have a $100-million surplus. In fact, the impact on the economy on the credit markets has been $80 billion or will be before the conclusion of this year. Eighty-billion dollars, Mr. President, to finance deficits of various kinds, visible and invisible; $80 billion which could have gone to persons who wanted to build homes or finance homes through mortgages; $80 billion that could have gone to our industrial sector which is badly in need of rejuvenation; $80 billion which could have been invested wisely by the private sector, in large measure confiscated by the Federal Government.

And now we are involved in putting together the figures for next year's budget, the budget for fiscal year 1982. In May of 1981, we have still, as we had a year ago, double-digit inflation. We have in this month of May 1981 interest rates that are very nearly as high, not as high, as last year, a prime rate at 19.5 percent as of yesterday and interest rates for ordinary borrowers over 20 percent.

Mr. President, it is not random coincidence that we have these difficulties on the one hand and on the other that we have just incurred a deficit that will be $55 billion before the end of the year. No random occurrence at all, because, of course, there is a direct link between deficits and inflation and high interest rates.

Every penny that this Congress spends, Mr. President, must be paid for in some fashion. It is paid for largely through tax revenues but, because Congress does not have the courage, in my opinion, the political courage to levy taxes heavy enough to fully pay for its expenditures, a large segment of our expenditures are paid for through hidden taxes, the vicious taxes of inflation and high interest rates. In the end, the American people pay for every penny we spend, even though we might on some occasion succeed in hiding the spending from them, through borrowing.

Because this process has been going on now and accelerating for decades, but specifically so in the last 10 years, we have, at this juncture, a national debt of $985 billion, which is going to have to be raised to over $1 trillion. That infamous benchmark will be reached very shortly, before the end of this fiscal year, surely. $985 billion today and a trillion dollar debt very shortly. That is a pretty poor heritage for our children.

We are often told we cannot cut programs, we cannot cut spending because to do so is lacking in compassion. Well, I would ask: Where is the compassion in 12-percent inflation? Where is the compassion in 20-percent interest rates? Where is the compassion in a trillion dollar heritage in debt to our children? The answer is obvious.

This Senator takes some small comfort, Mr. President, in having consistently opposed deficit spending and having, except for on one occasion, consistently voted against, time after time, with one exception, increases in the national debt. That one occasion was the most recent occasion which occurred only a few weeks after President Reagan was sworn in and found himself with, essentially, an empty treasury through no fault of his own. The Senator made an exception in that case, but does not intend to make exceptions under any foreseeable conditions in the future.

Mr. President, the debt limit is supposed to be the ultimate tool for controlling deficits. But, of course, it has been as useful in holding down deficits as a sieve is in holding up water. That is because Members have continually over

the years been all too willing to raise the national debt limit.

There is an interesting aspect of the Senate budget resolution which we are to vote on this evening, apparently, which has not received much public attention but which certainly caught my eye when I studied the document this past weekend in relation to the national debt. Reading from the Senate concurrent budget resolution on page vii: "The appropriate level of the public debt is as follows: Fiscal year 1982: $1,091,200,000,000."

Mr. President, I said a moment ago that the limit today is $985 billion. Here is the documentary justification for raising that over the next 15 months or so by well over 10 percent to a level of $1,091,000,000,000. That is one thing we are voting on today in this resolution and this Senator cannot support that.

Mr. President, unfortunately, the budget resolution on which we are about to vote contains for fiscal 1982 a deficit of $48.9 billion. Last year at this time we were starting out with the assumption that we had a $100 million surplus and we ended up with a $55 billion deficit. It would have been much worse had the President not taken action. This year we are proposing to start out with a $49 billion deficit.

We are all concerned, Mr. President, with rejuvenating the economy, with restoring health to the economy, and making the dollar sound once again. Imagine the impact if the Federal Government were not out there in the credit market next year borrowing this $49 billion; imagine the impact if that $49 billion were available for more productive enterprises, and if it were to remain in the private sector if we were not proposing to spend beyond our means once again.

Mr. President, there are those who say we cannot balance the budget in 1 year; that the best we can do is to promise to balance the budget down the road a ways if everything goes well. We have been hearing that for a long time. There is nothing new in that.

I say that we can balance the budget in 1982 if we have the courage and the boldness to do so. In the first place—and many Americans seem to lose sight of this because of the complexity of the budget process—it is Congress which decides how high the level of spending will be and what the level of spending will be in relation to the level of revenues. This Congress will decide how much money we spend right down to the penny. Not 1 cent of next year's $700 billion budget will be spent without the authorization and the appropriation by this Congress. So, in the first place, Congress can set any level of spending it has the urge to do.

I would like to refer for just a moment, Mr. President, to a newsletter which I sent to my constituents a year ago, dated October 1980, in regard to the budget process. A great many Americans feel that things are out of control in Washington and, in a sense, they are. But in a real sense they are not. Because, as I pointed out, Congres decides what the level of spending will be.

I will quote just one paragraph from that newsletter, Mr. President.

> Many of the people I talk to here in our State think Washington is out of control. An understandable sentiment. But, in fact, matters in Washington are entirely under control. Americans tend to lose sight of the fact that our nation's budget is set by Congress and that in Congress a majority prevails. Not one cent of the 1981 $633 billion budget can be included without a majority of Congress voting "aye," and not one cent can be spent without a majority voting "aye." The government is perfectly under control, doing just what Congress authorizes and funds.

While I am on the subject of newsletters, Mr. President, in regards to inflation let me also quote from a newsletter I sent out exclusively devoted to the issue of inflation just 1 year ago. At that time we were being told that inflation was the result of high energy prices, that inflation was the result of the materialistic indulgence of American citizens. I said to my constituents:

> Here is the real story. The roots of our inflation lie neither in the Middle East nor in Manchester, but within the single biggest spender, borrower and consumer in our economy—the federal government. When a government persistently devalues its currency by increasing the supply of money faster than the underlying economy can produce new goods, you get inflation. The federal government has been creating money fast enough to fill up Lake Winnipesaukee, and you don't need a Ph. D. in economics to understand why.
>
> For decades, Congress has been on a wild spending spree. In the last four years alone, the federal budget has soared from $400 billion to $600 billion. Invariably, taxes have not been sufficient to cover this spending (but not because Washington has not tried!), and each year the government has gone into the credit markets to borrow the forty, fifty or sixty billion dollars needed to cover the deficit.
>
> In addition to financing the current year's deficit, Washington is continually present in the capital markets re-financing the national debt, which is now nearing one trillion dollars. In other words, as the government's IOUs come due, Washington pays them off by borrowing further, and denying needed funds for private investment.
>
> With less and less capital available to firms and individuals, the competition for money drives up interest rates. Historically, when interest rates rise, the Federal Reserve injects a flood of freshly printed money into the banking system, and this expansion of the money supply satisfies loan demand, causing interest rates to fall.
>
> Unfortunately, there is a catch in this process. When the government pumps newly printed dollars into the economy, those dollars dilute the value of dollars in your pocket. That's inflation. So you see, Congress starts the fire by overspending, such that it must borrow heavily, driving up interest rates. The Federal Reserve tries to put the fire out with its flood of greenbacks, and inflation destroys your money in the process. The sooner the government curbs its spending, the sooner inflation will subside.

Mr. President, I have stated that it is Congress which sets the level of spending and we shall decide in the next few days how much we are going to spend next year and how much in deficit we will spend.

There are those who put forth the argument that we cannot cut spending sufficiently to balance the budget in 1982 because such a dramatic change in spending plans would induce a recession.

Those who argue that point are telling us that unless the Government in 1982 borrows $49 billion and spends it for citizens, we will have a recession.

The point is absurd.

They are saying that unless the Government takes money from the citizens, borrows money from the private sector, that money is going to be hidden away under a mattress somewhere and will have no effect on the economy.

I think the argument that we cannot cut spending because it will produce a recession is a very silly argument, Mr. President. Indeed, I would argue that the burden of a $49 billion deficit is much worse if you count items off the Federal budget—including, unfortunately, this killing of the strategic petroleum reserve which we have all but taken off the budget in contrast with the fundamental approach of this administration—if you are being honest about levels of spending and levels of deficit.

I would argue that if we left that $49 billion in the private sector, that would go a long way toward rejuvenating our economy. It would not induce a recession.

I would say as my last point in arguing that we can balance the budget this year, Mr. President, that it would take only a further 8-percent reduction in the entire Federal budget of $699 billion to eliminate this $49 billion deficit.

Mr. President, let me inquire at this point how much time I have remaining.

The PRESIDING OFFICER. The Senator has 12 minutes, 29 seconds.

Mr. HUMPHREY. Mr. President, let me say a word about tax cuts. That was the subject of an amendment which was acted upon a moment ago.

Those listening to my remarks might suspect that as an opponent of next year's deficit, I am also opposed to reducing taxes.

I am not at all. I fully support the President's program, all 3 years of it, for this very important reason with respect to 1982. The proposed tax cut of $51.4 billion in 1982 is not a tax cut at all. It barely offsets the tax increase that is already programmed by virtue of bracket creep and increased social security taxes.

According to a letter from the Joint Committee on Taxation to the President recently, taxes, through bracket creep and increased social security taxes, will increase in 1982 by $45.7 billion. The President's program, if passed as he wishes, will reduce taxes in 1982 by $51.4 billion for a net reduction in taxes not of $51.4 billion, Mr. President, but $5.7 billion.

So this so-called tax cut is not really a tax cut at all. All it represents is the elimination of a tax increase which will occur if we do not pass this so-called tax reduction.

We could defer these tax cuts but we would then be balancing the budget through increased taxes, would we not? That is not the way to go at this point, since the burden of taxation is already so great that it is counterproductive. That is, that it is yielding lower revenues than a more moderate rate of taxation would.

I am a supply sider. I believe in that.

Unfortunately, I do not think we are going far enough, and certainly not in the area of cutting spending.

I support the President's tax cuts because to oppose them is to favor a tax increase, which can only have further deleterious effects on our already weakened economy.

We must not balance the budget through raising taxes. The only way to balance the budget at this point is to reduce spending.

We have made some magnificent progress. I do not mean to take away at all from the efforts of the distinguished chairman of the Budget Committee and the members of that committee. They have done a magnificent job coming up with the very large reductions in spending that they have achieved. Surely, this is inarguably the most dramatic turnaround in magnitude and direction in decades. But, unfortunately, it is not enough. The $49 billion deficit in the budget resolution states that so eloquently.

Mr. President, some are going to vote against this budget resolution tonight because they feel the cuts are too great. I do not deny that the pain is great and the anguish and the wailing is great, and the political pressure is great. But this Senator cannot support the budget resolution for another reason, and that is that the cuts are not great enough. I cannot support this budget resolution because of the $49 billion deficit which, I am sorry to say in my best judgment, is likely to be worse than stated.

Yet, no one should misinterpret my opposition to this resolution, Mr. President, as opposition to the President. I was among his earliest supporters, well before the primary in my own party. When the final tally is taken, I am confident that I will be seen to have been one of his most ardent supporters.

The real test of support, Mr. President, is not so much in this budget resolution; the real test is going to come in the next couple of months in the Appropriations Committee and here on the floor when the appropriations bills come to the floor and are subject to what no doubt will be scores and scores of amendments to restore cuts made by the President and by the Budget Committee on the recommendation of the President.

I intend to fully support the President, I say to this body, and I will be among his staunchest supporters when the chips are down in opposing the restoration of funds to these cuts which have been made.

Mr. President, a word about the budget process.

I pointed out that last year at this time that some—not including this Senator—were congratulating themselves on having produced a balanced budget, according to the first budget resolution, and having produced a $100 billion surplus.

We all know the sorry results of that situation, that we have today facing us a $55 billion deficit.

The fact is, Mr. President, that not only last year but the year before that and the year before that, spending vastly, and the deficits vastly, exceeded figures in the first budget resolution. We have a very sorry record in that respect.

In fiscal year 1980, in the first budget resolution, the deficit was projected as $23 billion. In the second resolution, it had grown to $29.8 billion. It was necessary to have a revised second resolution which raised the projected deficit to $46.95 million. Even that did not cover the actual situation because the deficit in the end was $59.6 billion.

In fiscal year 1981, the first budget resolution projected a surplus of $200 million. By the second resolution, that surplus was gone. We were projecting a deficit of $27.4 billion. Again we had to pass an amended and revised second resolution in which the deficit projected rose to $62.8 billion, and has been reduced only through the courageous actions of the President.

So our record is clear. One has to be especially worried on the basis of that history when we are starting out with a $49 billion deficit.

Mr. President, I am worried that we might be losing our best opportunity to balance the budget. I am worried that, at this time next year, we shall not have nearly the national and bipartisan support for fundamentally changing the budget and cutting spending. I am worried that we are going to have a diminished sense of urgency as the months unfold. I am worried that we are going to fail.

Mr. President, I hope fervently that my pessimism is unfounded, that my judgment will be proven wrong, that events will turn out far better than even the chairman of the Budget Committee has predicted. I would be more than happy to eat humble pie—several humble pies—on this subject. But I have to exercise my independent judgment. Therefore, I cannot support this budget resolution.

Mr. President, if someone can bring the manager of the bill onto the floor, I am prepared to yield the floor. In the interim, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, I intend to vote against this committee's resolution, primarily because it perpetuates——

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Under the previous order, the Senator from Michigan is to be recognized to call up the Riegle amendment.

Mr. HART. Will the Senator from Michigan yield me 2 minutes?

Mr. RIEGLE. Yes, I yield 2 minutes to the Senator.

The PRESIDING OFFICER. Until the Senator has called up his amendment, he has no time to yield.

UP AMENDMENT NO. 89

(Purpose: To reduce defense spending and to accommodate additional funding for education and income security programs and for other purposes.)

Mr. RIEGLE. Mr. President, do I have the floor at this time?

The PRESIDING OFFICER. The Senator has the floor.

Mr. RIEGLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. RIEGLE) and the Senator from Delaware (Mr. BIDEN) propose an unprinted amendment numbered 89.

Mr. RIEGLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, line 6, delete "$225,400,000,000" and insert in lieu thereof "$223,200,000,000".

On page 4, line 7, delete "$188,000,000,000" and insert in lieu thereof "$186,200,000,000".

On page 4, line 10, delete "$254,300,000,000" and insert in lieu thereof "$251,900,000,000".

On page 4, line 11, delete "$221,100,000,000" and insert in lieu thereof "$218,800,000,000".

On page 4, line 14, delete "$289,200,000,000" and insert in lieu thereof "$286,700,000,000".

On page 4, line 15, delete "$250,300,000,000" and insert in lieu thereof "$247,800,000,000".

On page 7, line 6, delete "$20,800,000,000" and insert in lieu thereof "$21,000,000,000".

On page 7, line 7, delete "$20,100,000,000" and insert in lieu thereof "$20,300,000,0000".

On page 7, line 9, delete "$21,300,000,000" and insert in lieu thereof "$21,400,000,000".

On page 7, line 10, delete "$20,100,000,000" and insert in lieu thereof "$20,200,000,000".

On page 7, line 13, delete "$7,000,000,000" and insert in lieu thereof "$7,200,000,000".

On page 7, line 16, delete "$7,500,000,000" and insert in lieu thereof "$7,600,000,000".

On page 7, line 17, delete "$7,800,000,000" and insert in lieu thereof "$7,900,000,000".

On page 7, line 20, delete "$7,600,000,000" and insert in lieu thereof "$7,700,000,000".

On page 7, line 24, delete "$26,800,000,000" and insert in lieu thereof "$27,700,000,000".

On page 7, line 25, delete "$27,400,000,000" and insert in lieu thereof "$28,200,000,000".

On page 8, line 2, delete "$26,900,000,000" and insert in lieu thereof "$27,900,000,000".

On page 8, line 3, delete "$26,600,000,000" and insert in lieu thereof "$27,500,000,000".

On page 8, line 5, delete "$26,100,000,000" and insert in lieu thereof "$27,400,000,000".

On page 8, line 6, delete "$26,100,000,000" and insert in lieu thereof "$27,300,000,000".

On page 8, line 20, delete "$263,900,000,000' and insert in lieu thereof "$264,700,000,000".

On page 8, line 21, delete "$237,300,000,000" and insert in lieu thereof "$238,100,000,000".

On page 8, line 24, delete "$286,800,000,000" and insert in lieu thereof "$287,600,000,000".

On page 8, line 25, delete "$253,000,000,000" and insert in lieu thereof "$253,800,000,000".

On page 9, line 3, delete "$307,500,000,000" and insert in lieu thereof "$308,300,000,000".

On page 9, line 4, delete "$270,300,000,000" and insert in lieu thereof "$271,100,000,000".

On page 9, line 7, delete "$24,500,000,000" and insert in lieu thereof "$24,800,000,000".

On page 9, line 8, delete "$23,900,000,000" and insert in lieu thereof "$24,100,000,000".

On page 9, line 10, delete "$25,500,000,000" and insert in lieu thereof "$25,800,000,000".

On page 9, line 11, delete "$25,100,000,000" and insert in lieu thereof "$25,400,000,000".
On page 9, line 13, delete "$26,500,000,000" and insert in lieu thereof "$26,800,000,000".
On page 9, line 14, delete "$26,000,000,000" and insert in lieu thereof "$26,300,000,000".
On page 13, line 3, delete "$181,000,000,000" and insert in lieu thereof "$180,400,000,000".
On page 13, line 4, delete "$162,900,000,000" and insert in lieu thereof "$162,800,000,000".
On page 14, line 7, delete "$30,800,000,000" and insert in lieu thereof "$31,400,000,000".
On page 14, line 8, delete "$31,800,000,000" and insert in lieu thereof "$31,900,000,000".

Mr. RIEGLE. Mr. President, this is an amendment which would moderately reduce defense spending and transfer those funds into domestic areas. For example, my amendment would restore cuts in function 400, Transportation, in an attempt to maintain the ConRail system.

It will transfer funds into section 450, community and regional development. My intention is to permit an orderly phase down of most EDA programs. The resolution before us would require a sudden, disruptive halt to all EDA programs except for small but vital technical assistance activities such as the EDA university center program.

My amendment will also transfer funds into function 500, education and training, to provide more adequate funding for Pell grants, for title I, for guaranteed student loans, and for retraining of displaced workers.

My amendment would transfer funds into function 600, income security, for two purposes: For low-income energy assistance, which I think is a vital national need, and for school lunches.

Finally, my amendment would move money into function 700, veterans, to accommodate the increase for veterans health programs proposed last Friday in the Thurmond amendment. That is a need which some of us strongly support.

Mr. President, the corresponding budget authority reductions in the defense function, 050 are $600 million in 1981, $2.2 billion in fiscal year 1982; $2.4 billion in fiscal year 1983; and $2.5 billion in fiscal year 1984.

To illustrate the kind of programs that would benefit from my amendment, I shall use the low-income energy assistance.

Low-income Americans lost $6 billion in purchasing power over the last 12 months due solely to rising energy costs. That calculation was done by the Department of Energy's Fuel Oil and Marketing Advisory Committee.

In 1980, the poor spent nearly 22 percent of their income on household energy. They actually spent 35 percent, if you count the cost of gasoline for those who had automobiles. By contrast, the typical middle-class family spends only 5.1 percent of their income on household energy, or 13.2 percent, if you include gasoline.

Unlike other Americans, most poor people cannot further conserve energy without weakening their health. Mr. President, I have been in homes all across my State in the wintertime.

Time and again I have visited elderly persons, who have been dressed in several layers of clothing. Many were living in apartments or small homes where the thermostats had to be set at 50 or 52 degrees in an effort to hold down utility bills so they could have enough money left to meet their other needs, including food.

Mr. President, while these conditions exist, the Budget Committee is proposing deep cuts in low-income energy assistance but massive increases in defense spending. I support a large part of that defense increase, I particularly support efforts to strengthen our readiness for conventional warfare. I have great skepticism about plans to invest additional hundreds of billions of dollars in exotic new weapons systems, nuclear systems. I share the concern of many experts that these funds cannot be spent wisely and that much of this spending will not increase our security.

There are limits to the capacity of the Federal Government to spend money on everything we might want at any one time. My colleague from New Hampshire has just spoken of his concern, that over the years, the Federal Government has often been outrageously wasteful. I share his concern. We have not paid sufficient attention to our overall levels of spending.

But I am afraid we are about to fall into the same trap in defense spending. The administration's plan for military spending, which is incorporated in the resolution now before the Senate, projects an increase in the Pentagon's budget by 1984 which is so large that the increase alone is larger than the entire defense budget for fiscal year 1980.

Bear in mind that I am for some rather substantial increase in defense, but what is being asked for goes beyond what is justified.

I read from an article that appeared recently in the New York Review of May 14, 1981, by Lester Thorow:

> The recent discussion of President Reagan's budget has largely overlook its most alarming feature, so far as the U.S. economy is concerned. Reagan is proposing to increase defense expenditures by $142 billion, from $162 billion for the fiscal year 1981 in the current budget to $304 billion in fiscal year 1985, the last budget of his first term. If re-elected he is planning a further $39 billion increase, to $343 billion in fiscal 1986.
>
> This $181 billion increase over five years can be understood only if it is compared with the build-up of military spending during the Vietnam War. In the five years between 1965 and 1970 military spending rose by $24.2 billion, and soon after rose to a peak of $26.9 billion. After correcting for inflation, a $26.9 billion increase then would be equivalent to a $59 billion increase now.
>
> As a result the military build-up that is currently being contemplated is three times as large as the one that took place during the Vietnam War.

Mr. President, I ask unanimous consent to have the article printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIEGLE. Mr. President, apart from the staggering financial implications of the proposed breakout of defense spending, there are enormous practical implications for the civilian economy. Very richly funded defense contracts, will draw scarce talents and scarce resources in our society away from activities upon which our long-term economic competitiveness will depend. Engineering talent, scientific talent, managerial talent, strategic resources, strategic minerals, and manufacturing facilities will be diverted from the task of regaining U.S. competitiveness in emerging world markets.

Basic industries in the civilian sector, such as automobiles and steel, will have even greater difficulty in mobilizing resources to overtake competitors in foreign countries that do not tax their economies with crash plans for military spending.

The rates of inflation on military procurement are already among the highest of all elements of the Federal budget. Those rates of inflation are bound to become worse, as bottlenecks and shortages in the defense industrial base are strained further. The resolution now before the Senate promises to buy more defense—instead, it almost guarantees we will spend more for the same level of defense.

Moreover, the proposed drain of capital from the private sector is likely to severely undermine long-term jobs creation. The number of jobs created per dollar spent is far greater in the civilian economy than in the defense economy. I am deeply concerned about that issue.

Mr. President, I come from Flint, Mich., an automotive town, the original home of General Motors. General Motors is still the foundation of Flint's economy. Many of my colleagues may have missed it, but I noticed an item buried in the Wall Street Journal indicating that General Motors, financially the most powerful company of the American auto industry, has just had to scale back its capital investment plans. Construction was halted on two new plants, one planned for St. Louis, Mo., and one for the suburban area around Flint. Both were intended to meet competition from the Japanese and other foreign countries. Construction had to be put on the back burner because mighty General Motors does not have sufficient capital.

Mr. President, we already have a capital shortage in the United States. The financial markets in the United States are struggling with an authentic crisis. Talk to your savings and loan managers, talk to your commercial bankers, talk to your builders, talk to readers in our basic industries—the breadth of the problem is troubling. Small business people, people in agriculture all are being crushed with record high interest rates.

The prime rate is at 19.5 percent. Some of the best forecasters, including Henry Kaufman expect the prime rate to go above 20 percent in response to the administration's economic plan, with its huge defense increase.

Mr. President, the defense spending reductions I propose today are modest in percentage terms. But I believe they are significant in dollar terms, and the dollars will be very significant if they

are reallocated to critical areas in the domestic economy as I propose.

Numerous defense analysts have identified responsible, prudent savings in Pentagon spending which far exceed the savings that I propose in my amendment.

Several strategic systems which are excellent candidates for spending delays or reductions—one is the MX missile. That system continues to be the subject of intense controversy within the Nation. Most recently, the Mormon Church, many of whose members are in the region where that system is targeted for construction has taken a close look at it. The church has great reservations about it; and I share those reservations.

So we have a number of tempting places in which these savings can be found.

Mr. President, I reserve the remainder of my time.

EXHIBIT No. 1

HOW TO WRECK THE ECONOMY

(By Lester Thurow)

The recent discussion of President Reagan's budget has largely overlooked its most alarming feature, so far as the US economy is concerned. Reagan is proposing to increase defense expenditures by $142 billion, from $162 billion for the fiscal year 1981 in the current budget to $304 billion in fiscal year 1985, the last budget of his first term. If re-elected he is planning a further $39 billion increase, to $343 billion in fiscal 1986.

This $181 billion increase over five years can be understood only if it is compared with the build-up of military spending during the Vietnam War. In the five years between 1965 and 1970 military spending rose by $24.2 billion, and soon after rose to a peak of $26.9 billion. After correcting for inflation, a $26.9 billion increase then would be equivalent to a $59 billion increase now.

As a result the military build-up that is currently being contemplated is three times as large as the one that took place during the Vietnam War. Whether an increase of this magnitude is really necessary depends on an analysis of foreign affairs and military readiness that is beyond this review. Some defense experts and legislators are questioning whether many items in the new military budget are actually needed and whether some of them endanger national security more than they protect it. Such questions are certainly important and must be raised. But if such a build-up is necessary, then it is important that it be done in such a way that it does the least possible damage to the economy.

The Reagan budegt has not been clearly understood because, perhaps deliberately, it has been presented as a set of subtractions from or additions to the Carter budget. The policies of President Carter are now irrelevant. It makes no difference what he proposed. Everything that is in the budget is now a Reagan proposal. The only questions to be resolved turn on what President Reagan wants.

In addition to the increase in the military budget, civilian expenditures are scheduled to rise by $76 billion—from $493 billion to $569 billion. After correcting for inflation, we can see that civilian expenditures are down substantially by 16 percent, although they rise in money terms. As a result the total budget increases from $655 billion in fiscal 1981 to $912 billion in fiscal 1986. In addition, President Reagan is proposing a 16 percent reduction in federal tax collections—$196 billion in fiscal 1986—in order to stimulate savings and investment.

President Johnson's refusal to raise taxes to pay for the Vietnam War is legitimately remembered as one of the key factors leading us into our current economic mess. He wanted both the Great Society and the war. But if he was to have both and not wreck the economy, his only option was to raise taxes sharply. He chose not to do so, and he wrecked the economy.

President Reagan wants both dramatic tax cuts to encourage investment and an even more extensive military buildup. But he cannot have both without wrecking the economy further unless he is willing to raise taxes dramatically on private consumption. He has chosen not to do so. If his current program is carried out, he too will wreck the economy.

Military spending is a form of consumption. It does not increase our ability to produce more goods and services in the future. While it may be necessary, it is consumption nonetheless. And as in any private budget, if you allocate more to one form of consumption, you must allocate less to some other form of consumption.

This means equivalent cuts must be made in other forms of consumption. The proposed military increase is so large that it cannot be fully paid for with cuts in civilian expenditures unless the president is willing to abolish major social programs such as Social Security. If he is not willing to do this, taxes must be raised to cut private consumption.

While President Reagan is only preparing for war and not actively engaging in one, the economic problems of military spending spring from the rapid production of weapons, not from their use. The capacity to produce capital goods and equipment, skilled manpower, and raw materials must all be quickly redirected to military production. In shifting both human and capital resources from civilian to military activities tremendous strains are placed on the domestic economy, unless measures are taken to restrain private consumption. Without tax increases the military can get only the necessary capital capacity, skilled manpower, and raw materials by paying more than the civilian economy is willing to pay. This drives up prices and creates civilian shortages.

The problem is compounded if tax breaks are to be given for investment, as is contemplated by Reagan's economic plan. The capital goods industries cannot produce enough equipment to build both military factories and civilian factories. The investment tax reductions therefore encourage private investors to get into a bidding war with the military for the industrial equipment that is available. The result would be a rapid rate of inflation in capital goods that would eventually lead to inflation in consumer goods. Inflation would break out, as it did during the Vietnam War, but this time the US would be adding inflation to an economic system that already has an 11 percent rate of inflation rather than to a system that had an inflation rate of less than 2 percent.

Unfortunately the negative effects of such a military budget and such a tax policy do not emerge quickly. Remember the acceleration in inflation during the Vietnam period. It was very slow but very persistent. During 1965 inflation stood at 1.7 percent per year. From there it rose to 2.9 percent in 1966–1967, to 4.2 percent in 1968, to 5.4 percent in 1969, and to 5.9 percent in 1970. President Nixon temporarily stopped inflation with wage and price controls in 1971, but when those controls were lifted inflation broke out in an even more virulent form, and has continued to this day.

As with President Johnson, the mistakes of President Reagan will only become obvious long after they have been made. By the time they are obvious, it will be too late to correct them. If the mistakes are to be corrected and the undesirable effects avoided, the correction must be made now—not two to three years from now.

President Reagan talks as if his cuts in civilian government consumption are going to pay for the extra military spending. But he also talks as if those civilian budget cuts are going to pay for the loss in revenue from business tax cuts and from the 30 percent cut in personal income taxes called for by the Kemp-Roth plan. But the sums that will be spent and saved do not match. A $138 billion cut ($43 billion of which has not yet been announced(in civilian expenditures—not an absolute cut but one relative to the Carter budget—simply does not counterbalance a $196 billion tax cut and a $181 billion increase in military spending.

If the Reagan administration were to carry out its current plans, it would have no rational alternative to a large tax increase on private consumption. If we were actually to fight World War III, we would instantly increase taxes to pay for it. If we want quickly to buy the equipment the administration claims is necessary to fight World War III, we have to be willing to do the same.

If the administration is unwilling to raise taxes on private consumption, it will repeat the Vietnam experience. Initially output will rise and unemployment will fall. But eventually a sustained inflation will result from the economy's inability to produce both the civilian and military goods that are being demanded of it. But the economic problems of a large increase in military spending go far beyond that of simply keeping total consumption under control. The defense department does not demand exactly the same commodities that civilians give up when their after-tax income goes down. Even if taxes are raised by the requisite amount, essential supplies will have to be directed to military uses without completely disrupting the civilian economy.

To do this, most countries when they decide to wage war or prepare for war traditionally impose controls over production, wages and prices, raw materials, and capital equipment. In this respect, the Korean War is a model of what to do. The Vietnam War is a model of what not to do.

During the Korean War America raised taxes dramatically at the beginning of the war and imposed a full range of wartime controls. When the war proved to be smaller than was first expected, those controls could be gradually eased with no disruption to the civilian economy. Instead of rising during the war, inflation fell from 6.6 percent in the first year of the war to 1.6 percent in the last year of the war.

By contrast, during the 1960s the US did none of the things that would have been necessary to fight the Vietnam War without economic damage. Military spending reached a peak of 13 percent of the gross national product during the Korean War and only 9 percent in the Vietnam War, but the economic damage was far greater during the Vietnam War. The economics of war production calls for planning for the worst possible economic effects and then being pleasantly surprised if the worst does not occur. Perhaps our economy will be able to take the current build-up without being wrenched out of shape, but no one should count on it.

The economic problems of the military build-up planned to take place between 1981 and 1988 are complicated by the current weakness of the American economy and the economic strength of the countries that are our military allies but our economic adversaries. When a nation such as the US sharply increases its military forces, it generally does so at a time when its industrial competitors are also attempting to increase their own military establishments, and are experiencing comparable economic strains. But the Reagan build-up is to take place in

a time when our allies are not raising their military expenditures at anything like our pace. Germany has just announced plans to cut back on its defense budget.

This difference poses the problem of how the US can maintain the industrial strength to compete with other countries in civilian production and sales. The basic problem here is not so much one of obtaining critical raw materials and equipment, although there may be shortages of both, but is one of skilled workers—craftsmen, engineers, and scientists. Such people will tend to be attracted to military production. Defense contractors will entice workers away from civilian firms by paying higher salaries as they build up their work forces on a crash basis. But even if the salaries were identical there would be a tendency for the most highly qualified people to move into defense. For most engineers, such work is simply more exciting.

Would the typical engineer rather work on designing a new missile with a laser guidance system or on designing a new toaster? To ask the question is to answer it. Military research and development are more interesting since they are usually closer to the frontiers of scientific knowledge and are not limited by economic considerations such as whether the product can be sold in the market. The military is willing to pay almost any premium to have a superior product. The civilian economy is not. As a result the most skilled technicians and scientists move into defense.

But suppose you own a civilian computer firm in Boston and many of your best people leave to work in Boston's higher paying and more exciting areospace firms. How do you compete with Japanese computer firms that will not be losing their most brilliant employees? The Japanese engineer might also like to work on missiles but he does not have the opportunity to do so. The result is that you cannot compete; the Japanese computer industry could well drive the American computer industry out of business.

A military build-up of the magnitude proposed by President Reagan almost demands that the US insist that its military allies, who are also its economic competitors, engage in a similar military build-up. From the point of view of equity, the American taxpayer cannot be expected to accept a large reduction in his standard of living while taxpayers abroad continue to improve their standards of living. But even more importantly, America cannot afford to destroy the competitive strength of its none-too-strong domestic economy. If the skilled workers and funds that are used for defense here are used for civilian production abroad, it should not come as a great surprise if we are driven out of civilian markets. What will happen to the United States if the industries that manufacture semiconductors, micro-processors, and computers are forced out of business while the nation is busy rearming itself? What good does it do us to dominate the world in missile production if we are at the same time being defeated in toasters? In the long run, a civilian economy that consistently fails in competition abroad will be unable to produce missiles for an effective military economy.

According to the Reagan economic scenario, the burden of total government spending will shrink not because of a decrease in that spending, but because there will be an explosion of economic output. After we correct for inflation, output is supposed to grow 23 percent during the next five years.

This explosion in output is predicted for an economy where growth in productivity has been gradually slowing down since 1965 and has in fact been negative during the last three years. The Reagan administration assumes that productivity is going to return to a 3 percent rate of growth almost instantly, but what will make this happen? Such an increase in productivity has never happened before in our history, and there are good technical reasons for believing that it will not happen now.

Our slowdown in productivity is caused by many factors, including an increasing movement toward services, and sharp declines in construction and mining productivity. These are not going to end suddenly. And the same slow transition will occur in the part of the economy on which the Reagan administration is focusing most of its attention—investment. New investment takes time. Major new industrial facilities typically take from five to ten years to complete, so we will have no output from them for five to ten years. Consequently they will not be raising productivity for five to ten years.

If a little extra investment would cure our productivity problem we would not have such a problem at all. When productivity was growing at more than 3 percent per year, from 1948 to 1965, Americans invested 9.5 percent of their GNP in industrial plant and equipment. While productivity was falling 0.5 percent a year from 1977 to 1980, Americans invested 11.3 percent of their GNP in industrial plant and equipment. We need more investment, but investment cannot cure the productivity problem in the short run.

But in planning a major military build-up, a wise economic general does not argue about whether there will, or will not, be a dramatic rebound in the growth of productivity. He plans such a rapid increase on the conservative assumption that there will not be a sharp change in productivity and hopes to be pleasantly surprised if productivity does in fact dramatically improve. No permanent damage occurs if he plans for slow productivity and finds that productivity is actually growing rapidly. He can always easily cut taxes if the economy has extra unused productive capacity. But if he plans for rapid growth in productivity and it does not occur, the economic damage will be great. Taxes can be raised later on, but as the Vietnam War demonstrated, a tax increase in 1969 does not substitute for a tax increase that should have occurred in 1965.

If vigorous growth resumes, as the Reagan administration assumes it will, the defense budget will generate the kinds of economic stress that we experienced during the Vietnam War. Under Reagan's assumptions about economic growth, the military budget will consume an extra 1.5 percent of the Gross National Product. Vietnam consumed an extra 1.7 percent. But if vigorous growth does not resume, the strains will be far more serious. The military will be absorbing an extra 2.4 percent of the GNP. As a result we should plan for those larger stresses but hope for the smaller ones.

These economic difficulties will also be magnified by the plans for the civilian budget. A 16 percent cut in taxes is supposed to stimulate savings and investment but it is directed at the wrong targets. Any across-the-board tax cut such as Kemp-Roth must confront the fact that the average American family saved only 5.6 percent of its income in 1980. Past experience strongly suggests that given a $100 tax cut, the average American will save and invest $5.60, but will also consume $94.40. In view of our needs for investment and of the military program the administration demands, we simply cannot afford to add private consumption of this magnitude to our economic system. We should be cutting consumption.

Similarly, many of the investment tax cuts proposed by Reagan are poorly conceived. A cut in the capital gains tax that includes both investment in plant and equipment and speculative investment—in land, homes, gold, antiques, paintings, etc.—may suck investment funds out of productive investments and into speculative investments, since speculative investments pay off faster than productive investments. But we need productive investments not speculative investments. If supply-side economics were to make sense, it would include tax increases for speculative investments.

The current proposal for accelerated depreciation on a "10–5–3"* basis gives the largest breaks to commercial buildings and may well encourage the construction of more shopping centers rather than industrial factories. Here again the largest tax breaks should favor new industrial facilities.

The administration's cuts in the civilian budget have relatively little to do with economics. They are good or bad depending upon your view of what constitutes adequate provision for the needy in a good society. My ethics tell me that there is something wrong with cutting nutrition programs for poor pregnant women. Mr. Stockman's ethics tell him that they are precisely the group whose benefits should be cut. Perhaps that is the difference between learning one's ethics and economics in a department of economics rather than at a divinity school.

There is, however, one major economic problem with the proposed cuts in expenditures. Most of the cuts focus on the working poor—essentially the group that is above the poverty line but within $3,000 of it. This group is going to be faced with a choice. The Reagan administration assumes that a cut in the social welfare benefits for the working poor will force them to work more. It is more likely that it will encourage them to work less to regain eligibility for the programs that they have just lost.

Suppose you are one of the working poor and have a sick child. One choice is to work harder—perhaps by taking a second job—in order to pay the necessary medical bills. Another is to quit working to make yourself eligible for Medicaid. To pose the choices is to give the likely answer. If the second choice prevails, the remaining social welfare programs will have to expand and will cost more than expected. The cuts in the civilian budget will therefore be smaller than the ones now projected. The result will be that the grave strains imposed on the economy by Reagan's military build-up will become graver still. The dangers of this budget are such that I can think of no priority higher for the nation's economic welfare than close and skeptical scrutiny of all new military expenditures to determine whether they are really needed.

Mr. HART. Mr. President, will the Senator yield me 2 minutes?

Mr. RIEGLE. I yield.

Mr. HART. I thank the Senator from Michigan for yielding.

Mr. President, I intend to vote against this committee's resolution because it perpetuates budget deficits at a time when both the President and the Congress have promised the American people a balanced budget. I have supported much of the President's economic program. The few differences are serious differences nonetheless. They compel my opposition to the resolution as a whole.

From the beginning, I have supported four of the five parts of the President's economic program:

First, I have supported budget cuts that were near the level the President proposed. In some instances, I offered or supported substitute cuts. Nonetheless, my commitment to eliminating budget deficits—as evidenced by my vote and the votes of my fellow Democrats in support of the reconciliation instruction—is clear.

Second, I support legitimate increases

in spending for national security that are fully as large as the President's request. A number of my colleagues have suggested the administration's program be reduced, to encourage the Department of Defense to undertake management and administrative efficiencies. Such improvements are possible and desirable, but the funds involved are urgently needed for other national security programs that the administration has not provided for sufficiently, such as improved readiness, military pay, and naval capability.

Third, I have supported reducing or eliminating unnecessary Government regulation, and proposed a number of regulatory reform measures of my own.

Fourth, I have supported targeted reductions in business taxes to stimulate investment. In fact, the tax program I offered in the Senate Budget Committee provided reductions more than twice the level proposed by the administration.

Finally, while I agree we must reduce personal income taxes to offset the effects of inflation—and proposed a tax plan to achieve that goal, I cannot support the fifth part of the President's program—the massive 3-year, across-the-board Kemp-Roth personal tax cut.

My concerns about the likely effect of this tax cut on our economy are so strong that I cannot, in good conscience, support the 1982 budget resolution. No one seriously concerned with reducing inflation could support it. It promises a balanced budget, and it pretends it can be achieved by resorting to the most dubious accounting and rosy economic assumptions. But ultimately Kemp-Roth will destroy that hope.

THE DEFECTS OF "KEMP-ROTH"

At a time when our economy is reeling from new increases in the cost of living and interest rates, President Reagan is asking us to take a large gamble—one we cannot afford. He asks that we risk large deficits and higher inflation in the remote hope that somehow inflation will be cured and productivity increased. As Professor Tobin of Yale has noted, Kemp-Roth is the laetrile of economics. It is no surprise that a vast array of liberal and conservative economists have agreed "Kemp-Roth" would be a terrible mistake in this period of very high inflation.

The adherents of Kemp-Roth paint a rosy picture. They claim a 3-year, 30-percent reduction in tax rates will produce an economic renaissance of such strength and vitality that the Japanese economy will look sluggish by comparison.

How this would happen, though, is less clear. The administration claims Kemp-Roth will foster a new burst of private saving and investment, and thereby provide billions of dollars for productive investment in our capital base. Frankly, this seems unlikely. Historically, Americans have saved only a small portion—about 6 percent—of their income from any source, including tax cuts; it is hard to figure out why Kemp-Roth will increase this percentage substantially. Therefore, most of the tax cuts will be a stimulus for consumption—and hence, inflation.

Furthermore, even if Kemp-Roth does increase personal savings, much of any increase will be invested in assets that are unproductive—for example, land, commodities and housing. If we are concerned with productive investment, we are far more likely to achieve it by reducing business taxes and providing direct incentives to save.

As a result, instead of this promised economic renaissance, Kemp-Roth could as easily lead to an even more troubled economy. Looming deficits and stimulative tax cuts would increase inflation as they weakened our confidence and resolve. Once again, tight money and high interest rates would assume the front line of anti-inflation policy.

This is not a partisan view. It is a concern shared by leaders in the financial community. Henry Kaufman—an investment banker and probably Wall Street's most respected economist—has roundly criticized Kemp-Roth. He did so because he is convinced it would lead to continued deficits. As a result, the entire burden of fighting inflation would fall on monetary policy and higher interest rates. Kemp-Roth, he warns is:

> Exceedingly expansionary, (and) does not pursue a course that fights inflation vigorously. . . .

Already the bond markets have begun to confirm Kaufman's prediction. Long-term interest rates, Wall Street's guess about the course of inflation, have risen steadily as the chances of a 3-year Kemp-Roth loom larger. What more eloquent testimony do we need?

Some in the administration have tried to justify Kemp-Roth on President Kennedy's coattails. But the Kennedy tax cut of the early 1960's offers no comparison. It was proposed at a time when the inflation rate was 1.5 percent and inflation was not even considered a problem. And the Federal deficit that year was $5.9 billion, about one-tenth what it is today.

The Kemp-Roth version of supply-side economics represents an illusory rainbow that leads to a nonexistent pot of gold. Higher inflation and larger deficits lie at the end of this rainbow instead. We cannot afford to try this experiment. Adoption of Kemp-Roth at this time would hurt the economy, for a number of reasons:

First, it would be seriously inflationary.

It would spur consumption—not saving—in an economy that has no need for $50 billion in excess demand. At a time when our Nation plans and needs substantial increases in defense, it would be a grave mistake to stimulate private consumption as well. We made that mistake in the 1960's, and most economists agree the result began the inflationary disease we're racked with today.

It would also continue high Government deficits and Government borrowing. Unless equally massive spending cuts can be found and enacted to offset the $150 billion or more in lost revenues, adoption of the Kemp-Roth program would, over 3 years, guarantee deficits billions of dollars larger than any we have seen. One economic simulation performed for the Joint Economic Committee estimated a fiscal year 1984 deficit of almost $110 billion. Others are more moderate but still disturbing: The Congressional Budget Office estimated a deficit of $77.9 billion based upon the spending cuts identified thus far. Whether one chooses estimates that are optimistic or pessimistic, it is obvious Kemp-Roth would strike a death blow to our—and President Reagan's—hopes for a balanced budget.

Budget deficits are certainly not the only cause of inflation, but they do mean more Government borrowing in competition with farmers, small businesses, homebuilding, and other sectors of the economy. At a time when the President and the Congress have promised a balanced budget—to instill confidence in our ability to control both our Government and our economy and to reduce Government borrowing that maintains high interest rates—any proposal that guarantees inflationary budget deficits for at least 4 more years ought to bear a heavy burden of proof.

Second, Kemp-Roth is unfair, in that most of its benefits go to those who are already well-off. Although portrayed as a "30-percent cut for everyone," the effect of Kemp-Roth is to reduce taxes of the wealthy far more than for the rest of us. Fully 30 percent of the reduced tax burden would accrue to taxpayers earning more than $50,000 per year. In the tax bill proposed by the Senate Finance Committee last year, by contrast, the comparable figure was 18 percent. It is hard to justify a tax cut that provides more for the wealthy than for the average worker and the poor at a time when inflation takes so harsh a toll on all.

KEEPING FAITH WITH THE AMERICAN PEOPLE

As the President has so rightly observed, our economic success depends critically upon our faith and resolve. Americans must have confidence in the forthrightness of the Government and the strength of the economy if they are to accept the sacrifices involved in wage and price restraint, and in saving instead of consumption. How can this confidence be maintained when promises of a balanced budget give way to a Federal deficit equal to $500 for every man, woman, and child in the country?

We cannot balance the budget by putting in more promises—a promise to find new cuts, a promise that the economy will behave perfectly. We have been promising a balanced budget for too long. Our task now is to enact one. We must demonstrate—not promise—that we can eliminate deficits before we turn to large personal tax cuts.

I am voting against the promise of illusory budget cuts and rosy economic assumptions. My vote is a vote against a tax program that is inflationary and unfair and that will not encourage saving and investment. It is a stand against telling the American people they will have a balanced budget 3 years hence, when nearly every respected economist tells us we will not, and against a program of continued deficits, high interest rates, heavy Government borrowing, and continued inflation.

Mr. President, the issue is a simple one

in this resolution: It is the issue of the individual tax cuts. There is no supporting economic data to justify the conclusion that an across-the-board, 3-year, 10-percent reduction in personal taxes will lead to a balanced budget in the near term. In fact, all the economic data reaches the opposite conclusion.

If that is the case, and we have budget deficits in 1983 and 1984 and into the mid-1980's, we will continue to have high rates of inflation.

We will continue to have high interest rates, and that will lead to massive bankruptcies in the housing, automobile, agriculture, and small business communities.

Mr. President, we cannot afford this at this time. The issue is not whether we should cut taxes. The issue is the timing. To suggest the massive kind of program of individual tax cuts that are untargeted and unspecified in their incentives for savings and investment, with the hope that the recipients of the tax cut will invest in response, is not being fair with the American people, in my judgment, and it is not a proper exercise of discretion on the part of the administration or Congress.

At such time as we have eliminated or seriously reduced the deficit, when interest rates have come down, when we have kept faith with the American people, then there will be plenty of time to reduce individual tax cuts in the nature of what the President is proposing.

In the meantime, these tax cuts are the wrong cuts at the wrong time and under the wrong circumstances. They are cuts pursuing a promise at the end of a rainbow which cannot be met. Therefore, I must oppose this resolution on that ground.

The PRESIDING OFFICER (Mr. WARNER). Who seeks recognition?

Mrs. KASSEBAUM. Mr. President, in response to the Senator from Michigan, I point out that we debated this matter in the Budget Committee on many of the points he has raised regarding his amendment. We have both sought to bring the best scrutiny to the defense budget as well as all other aspects of the budget.

However, I believe that in addressing these issues now, we are only going through an exercise that we have been through several times, not only in the debate on reconciliation but also on other numerous votes we have taken—a very similar vote having been on the Bradley amendment, just recently.

While I share many of the concerns the Senator from Michigan raises, these aspects have been thoroughly debated; and I believe that at this point it would be attempting to circumvent the numerous expressions of support we have already seen expressed in the votes on the floor.

The PRESIDING OFFICER. Does the Senator from Kansas wish to proceed?

Mrs. KASSEBAUM. Mr. President, I am ready to yield back whatever time might remain on this side.

Mr. RIEGLE. Mr. President, let me add a few thoughts.

First of all, I have great regard for the Senator from Kansas. I do not relish being on the opposite side of a debate from the Senator. I know we have a shared concern about these issues, whatever our difference on this particular amendment.

Nevertheless, I want to make several points. Numerous reports by GAO and other analysts have demonstrated that our principal need in military spending right now is combat readiness of existing forces and equipment. The need is constantly overlooked in our preoccupation with new systems. The need was highlighted when the Iranian rescue mission floundered on equipment failures. The stories of our lack of readiness, of our lack of conventional strength, are legion. Yet funds are being poured into exotic new ideas, the neutron bomb and other new nuclear weapons costing tens of billions of dollars.

In fact, U.S. News & World Report recently had a cover story on the waste in the Pentagon. The cover showed the Pentagon and a whirlwind of money going down into its top. The accompanying article detailed the structure of waste in defense spending.

But the Budget Committee would throw money at the Defense Department. Many Senators have said that, in the past, we have thrown money at social programs. That is no justification for abandoning prudence in defense spending.

It just does not make sense to rip up Conrail, which provides a freight system of strategic importance to the Nation and vital importance to 40 percent of our industrial base. There is absolutely no guarantee that we can maintain service in many areas that are now covered.

I think there are strategic implications to that, but the Budget Committee would have us scrap that system and send the money over to the Pentagon.

The committee takes the same approach to EDA's economic development. We are going to shut that down and send that money over to the Pentagon.

The committee would cut Pell grants. It would cut student loans. It would provide little for jobs for displaced workers. It would cut low-income energy assistance. It would cut school lunches. It would cut veterans' health facilities. It would divert the money to the Pentagon.

I feel strongly about this because my State is the hardest hit of any of the 50 States in terms of economic misery. But the economic stimulus of this defense spending increase will not be spread evenly across the 50 States. Waste in defense spending would not be justified even if it were, but it is not spread with any degree of equity. The benefits are concentrated in certain areas. The American industrial heartland, which is in desperate trouble and needs help in positive ways, is told, "Sorry, we cannot respond to your problem because we need this money to pile up more nuclear weapons."

We need economic stimulus in the cities of this country. We need it in Detroit, New York, Los Angeles, and other places. That is where we should be targeting our resources.

So, this amendment would merely bring a small decrease in the military increase.

It would reallocate those funds to other kinds of strategic investments in the future of this country and our people. Such investments would give us strength beyond nuclear weapons.

We are in the process right now of moving our defense industries, our basic industrial base offshore to other nations. We are moving them offshore to Japan. We are moving them offshore to Korea, to South America, and to other places. This just speeds up the weakening of this Nation.

Some people think we can just become a service economy with a tremendous Defense Establishment that picks up the defense tab for the whole rest of the world. I think that is a route to economic ruin. It is the road we are on today, and it troubles me very much.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LEVIN. Mr. President, I rise in support of the amendment by my distinguished colleague from Michigan to reduce the national defense function of the first concurrent resolution on the budget for fiscal year 1982 by $600 million and to distribute this amount to increase the functions devoted to income security, veterans, and transportation.

In supporting this amendment to make a modest reduction in defense spending, I can, as a member of the Committee on Armed Services assure my colleagues that the military preparedness of our Nation will in no way suffer from its passage.

This is because, even with passage of the Riegle amendment, the large amount of money still in the national defense function represents a massive increase in our annual defense spending which will finance many improvements in our military strength.

I have opposed "transfer amendments" in the past that have carved billions out of the defense function and reallocated them to social programs. Such amendments are usually very nonspecific in their intent—both as to where funds are to be cut and added.

Mr. President I support this amendment for two reasons:

First, as a member of the Committee on Armed Services, I have spent the last 2½ years sitting through hearings and committee markups evaluating the hundreds of military research and development, procurement, and operations, and maintenance programs which comprise our defense budget. I know full well that there are specific programs in this budget function before us which are marginal, duplicative or unnecessary to maintain and improve our military capabilities.

The sum total of specific and identifiable reductions which I consider would be valid without harming our national security far exceeds the $600 million total embodied in the Riegle amendment. Such militarily justifiable reductions include more than $600 million alone for long-lead funding for another nuclear aircraft carrier, about $530 million to continue procurement of the

Roland Army air defense system and $200 million to finance redundant and overlapping management and administrative support activities within DOD and the armed services. These specific programmatic reductions total $1.33 billion.

In fact, I will be proposing an amendment to eliminate the $200 million in duplicative funding when the Senate considers the fiscal 1982 Defense Authorization Act later this week. Such an amendment would target this reduction to prevent readiness-related spending from being negatively affected.

The specific suggestions I have just made to support the Riegle amendment indicate that, as far as I am concerned, it too is a targeted reduction.

Second, as I have alluded to before in this statement, the overall size of the military budget contained in this national defense function itself creates a special set of circumstances the Senate should consider.

This budget represents one of the largest annual totals for defense allocated since World War II. Many of the programs it supports are needed to make up for years of past neglect—especially in the nuts-and-bolts areas of spare parts and war reserve stocks.

However, to fund these needed programs, the Congress and the Federal Government have begun the most sweeping restoration of Government spending priorities since the Great Depression.

In some areas, Congress even has exceeded the executive branch in its zeal to "turn the world upside down," and in its enthusiasm I think we have gone too far. We have poked many holes in the "safety net" of social programs which President Reagan promised will remain to support the health and welfare of the truly needy.

I do not disagree that we have to eliminate the waste and "fat" in our domestic programs, and that we have to make the Government more responsive to the needs and desires of the American people to reduce its intrusion into their lives. But I disagree with those who contend that these needs and desires require the Government to shirk its basic responsibilities to provide for the life, liberty, and happiness of those who cannot help themselves.

It is for that reason why I think that the modest amount reallocated to domestic programs by the Riegle amendment are appropriate, albeit slight, increases to these budget functions. This reallocation attempts to plug some of the more gaping holes in President Reagan's social safety net and to help our Government meet its basic responsibilities for the public good.

The PRESIDING OFFICER. Who yields time? If no one yields time, the time will run equally.

May I inquire of the managers of the resolution to yield back the time?

Mr. RIEGLE. Mr. President, I yield back the remainder of my time.

Mrs. KASSEBAUM. Mr. President, I yielded back earlier all the time I had.

The PRESIDING OFFICER. I thank the distinguished Senator from Kansas and the Senator from Michigan for having yielded back their time.

All time having been yielded back, the question is on agreeing to the amendment of the Senator from Michigan. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER (Mr. GORTON). Are there other Senators in the Chamber desiring to vote?

The result was announced—yeas 17, nays 81, as follows:

[Rollcall Vote No. 108 Leg.]

YEAS—17

Bumpers	Leahy	Riegle
Cranston	Levin	Sarbanes
Eagleton	Matsunaga	Tsongas
Hatfield	Metzenbaum	Weicker
Inouye	Mitchell	Williams
Kennedy	Pell	

NAYS—81

Abdnor	Exon	Moynihan
Andrews	Ford	Murkowski
Armstrong	Garn	Nickles
Baker	Glenn	Nunn
Baucus	Goldwater	Packwood
Bentsen	Gorton	Percy
Biden	Grassley	Pressler
Boren	Hart	Proxmire
Boschwitz	Hatch	Pryor
Bradley	Hawkins	Quayle
Burdick	Hayakawa	Randolph
Byrd, Harry F., Jr.	Heflin	Roth
	Heinz	Rudman
Byrd, Robert C.	Helms	Sasser
Chafee	Hollings	Schmitt
Chiles	Huddleston	Simpson
Cochran	Humphrey	Specter
Cohen	Jackson	Stafford
D'Amato	Jepsen	Stennis
Danforth	Johnston	Stevens
DeConcini	Kassebaum	Symms
Denton	Kasten	Thurmond
Dixon	Laxalt	Tower
Dodd	Long	Wallop
Dole	Lugar	Warner
Domenici	Mattingly	Zorinsky
Durenberger	McClure	
East	Melcher	

NOT VOTING—2

Cannon	Mathias

So Mr. RIEGLE's amendment (UP No. 89) was rejected.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LEAHY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President, it is now 5:20, and there is an order for final disposition of this measure at 7 o'clock.

Mr. STENNIS. Mr. President, may we have quiet so we can hear the distinguished majority leader?

The PRESIDING OFFICER. The Senate will please be in order. Senators wishing to converse will please retire to the cloakrooms.

Mr. BAKER. Mr. President, I thank the Chair and the Senator from Mississippi. Mr. President, I was about to say that, in looking over the list of the amendments which are to be offered and which have been sequenced, I find the Stevens amendment is next, on which there is a 20-minute time limitation equally divided, to be followed by the Sasser amendment on which there is a 50-minute limitation, I believe, equally divided. I am sorry, the Metzenbaum amendment and then the Sasser amendment.

Some have indicated the possibility that there might be an amendment in the second degree to one or more of those amendments. I wonder if I can inquire at this time if there is such an intention to offer an amendment in the second degree to the amendment of Mr. STEVENS, to the amendment of Mr. METZENBAUM, or to the amendment of Mr. SASSER so we can get a better idea of where we stand on time.

Mr. ROBERT C. BYRD. Mr. President, Mr. RIEGLE does intend to offer an amendment in the second degree to the amendment by Mr. STEVENS. I have not talked to Mr. RIEGLE about cutting back on his time, but he is in the Chamber. Perhaps he can indicate the time required for the amendment in the second degree. I would then hope to get an order to that effect.

Mr. BAKER. I thank the minority leader. I join in hoping that, in view of the work yet to be done, the Senator from Michigan might consider reducing the time, the 1 hour to which he is entitled, on the amendment in the second degree.

Mr. RIEGLE. Mr. President, I am prepared to do that. I believe 40 minutes equally divided would be adequate.

Mr. BAKER. Mr. President, I make that request, that on the amendment in the second degree by the Senator from Michigan, which is to be offered to the amendment by the Senator from Alaska (Mr. STEVENS), there be a limitation of 40 minutes, equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, are there any other second-degree amendments which are to be proposed to amendments which have been sequenced?

Mr. President, I yield to my colleague from Tennessee.

Mr. SASSER. Mr. President, I suspect we could dispose of my amendment in 30 minutes, with 15 minutes to a side, equally divided.

Mr. BAKER. Mr. President, I thank the Senator from Tennessee. With his concurrence, then, Mr. President, I make the request that the time for the amendment of the Senator from Tennessee be reduced from 50 minutes to 30 minutes, equally divided.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. I thank all Senators.

Mr. President, if there are no other amendments that we do not know of, it appears that we may be able to reach the final phases of this matter as scheduled. I thank all Senators who made it possible for us to do that.

UP AMENDMENT NO. 90

The PRESIDING OFFICER. Under the previous order, the Senate will now pro-

ceed to the consideration of the Stevens amendment.

Mr. STEVENS. Mr. President, my amendment is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS), for himself, Mr. WARNER, Mr. DURENBERGER, Mr. MURKOWSKI, Mr. DOMENICI, and Mr. MATTINGLY, proposes an unprinted amendment numbered 90:

On page 2, line 16, delete "$775,100,000,000" and insert in lieu thereof "$775,900,000,000."

On page 2, line 21, delete "$699,100,000,000" and insert in lieu thereof "$700,800,000,000."

On page 3, line 4, delete "$48,800,000,000" and insert in lieu thereof "$50,500,000,000."

On page 3, line 9, delete "$1,091,200,000,000" and insert in lieu thereof "$1,092,000,000,000."

On page 3, line 10, delete "$1,154,300,000,000" and insert in lieu thereof "$1,155,100,000,000."

On page 3, line 11, delete "$1,197,600,000,000" and insert in lieu thereof "$1,198,400,000,000."

On page 3, line 15, delete "$91,400,000,000" and insert in lieu thereof "$92,200,000,000."

On page 4, line 6, delete "$225,400,000,000" and insert in lieu thereof "$226,200,000,000."

On page 4, line 7, delete "$188,000,000,000" and insert in lieu thereof "$188,800,000,000."

On page 8, line 21, delete "$237,300,000,000" and insert in lieu thereof "$238,200,000,000."

Mr. STEVENS. Mr. President, the amendment I have introduced is to retain the March 1982 cost-of-living adjustment for civil service and military retirees. Under the assumptions of this budget resolutions, civil service and military retirees would not receive an inflation adjustment for 18 months. My amendment conforms the resolution to the President's proposal and to the action of the Governmental Affairs Committee, which reduces the frequency of such adjustments from twice to once a year. Assuming the Congress adopts the President's proposal, civil service and military retirees will receive their next adjustment in March 1982. The current language in this resolution would defer that adjustment to October 1982.

Mr. President, my amendment would restore $800 million to function 50 for the military and $900 million to function 600 for the civil service. Although I opposed annualizing the cost-of-living adjustments for Federal retirees, the Governmental Affairs Committee reported out legislation to do so. Prior to the committee's decision on the cost-of-living adjustments, I had introduced an alternative formula which was the subject of a hearing before our subcommittee. The consensus of the witnesses was they would prefer annualization over my proposal if they must choose. However, it was clear that the affected parties were going to experience a hardship from annualization.

Many feel that Federal retirees are living in luxury. However, approximately one-half of those on the Federal retirement roles receive under $600 a month, which amounts to a "whopping" sum of $7,200 a year. Annualizing the cost-of-living adjustments will reduce the average annuitants income by $300 a year. If their next adjustment were deferred to September 1982, the same annuitant would lose an additional $600 a year. I think we all agree, enough is enough. I urge adoption of this amendment.

Mr. President, I stand ready to answer any questions any Member of the Senate might have concerning this. I am indebted to my good friend from New Mexico for cosponsoring the amendment and for the discussion I have had with Senator HOLLINGS, of South Carolina, who, as I understand it, is prepared to accept the amendment.

Mr. DOMENICI. Mr. President, the Senator is correct. I am a cosponsor. I commend him for this amendment.

Actually, Mr. President, as I view this amendment, when the Senate voted for a change in the cost-of-living index and/or for social security solvency reform, from my standpoint, there was a technical error. I really did not understand, when we were voting on that, that we were voting for the same kind of extension of the adjustment date for those who are now getting a twice-a-year cost-of-living increase; we had already ordered, by the reconciliation, that those twice-a-year COLA's be changed to once a year. So what we were doing was not only ordering the Committee on Governmental Affairs to change that from twice a year to once a year, but from my standpoint, we were mistakenly including a 6-month deferral as to the indexation increment by moving them to October. They were already, many of them, going to go without a cost-of-living increase because they were being changed from twice to once—that is, annually.

In addition, they do not all come due at the same time.

In terms of the rest of the savings that the Governmental Affairs Committee was ordered to make—they have also been ordered to save some substantial sums in other areas—they have done so.

Mr. President, I support the amendment. I do not wish to ask the added sacrifices by Federal retired employees, whom we already affected by reconciliation.

Mr. STEVENS. Mr. President, the Senator is right. What this does is annualize all of those who are retired who are entitled to a cost-of-living adjustment.

Mr. DOMENICI. Mr. President, it is correct also that, pursuant to the reconciliation instruction, if they were receiving an adjustment twice a year, they will now only receive it once per year. So we have already made a significant change to save substantial money. To delay their increase additional months to get it on an October date would really not be desirable.

Mr. STEVENS. I thank the Senator.

I yield to the Senator from Virginia, Mr. President.

Mr. WARNER. Mr. President, I join with the distinguished Senator from Alaska as a cosponsor of this amendment. I commend the distinguished manager of the budget resolution, the Senator from New Mexico (Mr. DOMENICI), for his clarification of the vote that was taken last Friday, a vote in which I participated in support of the manager's position.

Mr. President, the first concurrent resolution on the budget, with the directions of the President, is for the purpose of reducing inflation, which is the biggest enemy to any retiree. The Hollings amendment would go much farther in my judgment. It would make Federal retirees wait 18 months for their next raise. The Stevens amendment corrects this "double whammy" effect. It is for that reason that I support it.

This is only fair, Mr. President. Federal retirees should help with the very important task of controlling inflation, and restoring our economy's health. But they should not have to do more than their fair share—and this amendment will insure that they do not.

Mr. STEVENS. Mr. President, I am prepared to yield back the remainder of my time if the manager on the other side is prepared to yield back the remainder of his time so that Senator RIEGLE may offer his amendment.

Mr. KENNEDY. Will the Senator yield for a question? I would like to ask the Senator a question on his time.

Mr. STEVENS. Certainly, Mr. President.

Mr. KENNEDY. Mr. President, I am interested in why the Senator did not include the social security recipients in his amendment.

Mr. STEVENS. The intent of the Hollings amendment was that we would, in this resolution, annualize Federal retirees and adjust all retirement income by the lower of the CPI or wage index. What this does is say that these people who got their cost-of-living adjustment in March of 1981 need not wait until October of 1982—in other words, until fiscal 1983—in order to get their next payment because we agreed to annualize.

This amendment does not address the social security recipient at all. It merely carries out the decision which I understood was made and was followed up by the Governmental Affairs Committee to annualize the Federal retirees. Rather than having a twice-a-year adjustment, they will have a once-a-year adjustment. That means the civil service and military retirees must get theirs next March.

Mr. KENNEDY. On this point, Mr. President, it seems to me that what the Senator from Alaska is attempting to do is eliminate the inequities to the Federal retirees and some other personnel. I am just wondering why the case is not as compelling to eliminate the discrimination against the social security recipients as well, just in terms of time.

Mr. STEVENS. Mr. President, social security recipients will get their cost-of-living adjustment in October of 1982 and October of the following year. They will be treated the same way as civil service retirees who got their adjustment in March and will get it next March. This treats them all alike.

Mr. KENNEDY. It was July when they received it.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KENNEDY. Is it not a fact that the social security recipients receive their COLA in July and that as the resolution now reads, there would be a delay beyond July 1982 for the social security recipients? In this respect, the social security recipients are being treated just

as unfairly as Federal retirees, if we call the delay the Senator from Alaska seeks to adjust unfair to these workers.

Mr. STEVENS. It is this Senator's intent to simply conform the assumptions in this resolution to the bill that has come out of the Governmental Affairs Committee—that is, to annualize this rather than have it twice a year. I believe in the twice-a-year adjustment, but I lost that, and I do not see any reason for going any further. The unfortunate interpretation of the language in this resolution would have meant that the civil service and military retirees would have gone 18 months instead of 12 months before receiving an adjustment. That is the sole thing I am trying to correct in this amendment.

Mr. KENNEDY. I thank the Senator for his response.

The PRESIDING OFFICER. The Senator from West Virginia has time.

Mr. ROBERT C. BYRD. Mr. President, how much time remains?

The PRESIDING OFFICER. Eight minutes and 40 seconds.

Mr. ROBERT C. BYRD. I yield 8 minutes to Mr. RIEGLE on this amendment, if he wishes to use it. He may yield it to Mr. KENNEDY or anyone else.

Mr. RIEGLE. I thank the Senator.

Mr. President, is all time yielded back on the other side?

Mr. STEVENS. I am prepared to yield back the time on this side, if any remains. The Senator could speak at this time, if he wished.

Mr. ROBERT C. BYRD. Mr. President, is there any time remaining on the other side?

The PRESIDING OFFICER. The time has expired.

Mr. ROBERT C. BYRD. So the Senator has the remainder of 8 minutes to do as he wishes.

Mr. RIEGLE. Mr. President, I understand the parliamentary situation is that until that 8 minutes is used, I cannot submit my amendment. Is that correct?

Mr. STEVENS. That is correct.

Mr. ROBERT C. BYRD. The Senator can yield it back.

Mr. RIEGLE. Mr. President, the amendment I will offer shortly, in behalf of myself and other cosponsors, will be an amendment that is designed to correct two major defects in the budget resolution now before the Senate, which relate to social security and other Federal retirement programs.

We have debated this issue before. The amendment is in a different form, which I will explain. This amendment would maintain the Senate's support for the Consumer Price Index as the measure for calculating cost-of-living allowance (COLA) increases for Federal retirement programs. In addition, it would provide funds to retain the July dates for implementing the adjustment—the resolution is now based on an assumption that the adjustment will be delayed until October. So the effect of my amendment is to stay with the current law.

I am offering this as a perfecting amendment to the Stevens amendment. My amendment would incorporate the Stevens amendment and the change he is asking for.

I understand what the Senator from Alaska is saying. I believe he is correct in the effort he makes.

In addition, we have added language that makes it clear that there is no intention on my part to have the Appropriations Committee bear the responsibility for absorbing the offsets that are set forth here.

The funds I would restore would be fully offset through 1984 with reductions in the allowances function (920).

Now, why is this amendment offered? The Senator from Alaska has raised this issue today because of a concern he has about the impact of some of the policy changes proposed in the budget resolution. He is aware of how this resolution would impact some retired workers. I absolutely agree with him on that point. The problem is that his concern does not go far enough, his amendment would not deal with the problem that the budget resolution would create for millions of other retirees. They would be the losers if their benefits do not keep pace with the Consumer Price Index and if they are forced to wait several more months for a cost-of-living adjustment of their benefits. This budget resolution proposes a significant reduction in the incomes most retirees would receive under existing law.

Over the weekend, as I understand from phone calls I have received from senior citizens in my State and others, great concern has grown among the 44 million retirees in this country. They hear the reports, they recall promises that were made by the new administration. They are aware of the letter that was sent by the administration to the minority leader just last week, saying that the President has no intention to change the Consumer Price Index as the basis for calculating the COLA increases in social security and these other retirement programs. However, they now know that the numbers in this document are based on the assumption that just such a cut in benefits is contemplated.

The force of the amendment I am offering is to make it clear that the Senate does not support a cut in promised benefits.

The Senate voted overwhelmingly just a month ago to retain existing law on the social security COLA. We voted by a margin of 86 to 12 not to make the change that is now built into this resolution.

When this issue came up last Friday, in much the same form, several Members were absent who have strong feelings on this matter. They were not able to be recorded at that time. They will be able to be recorded today.

I believe that an affirmative vote for this perfecting amendment is a statement of assurance to 44 million retirees across this country, to those now heading into retirement and to those who have made their retirement plans based on the existing law. An affirmative vote would uphold commitments made during the campaign of 1980 and would reinforce commitments that have been repeated by the new administration, which has said that they intend to maintain these programs in force as part of the safety net.

It will say to these retirees that we mean to see that that promise and that commitment are kept.

Everyone here knows that inflation has been raging out of control in the United States. It hurts no one more than it hurts senior citizens on fixed incomes.

The PRESIDING OFFICER. All time on the Stevens amendment has now expired.

UP AMENDMENT NO. 91 TO AMENDMENT NO. 90

(Purpose: To restore certain cuts in Social Security and other retirement benefits that would result from changes in the cost of living adjustment)

Mr. RIEGLE. Mr. President, I send the perfecting amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. RIEGLE) proposes an unprinted amendment numbered 91 to the Stevens unprinted amendment numbered 90.

Mr. STEVENS. Mr. President, what is the time limit?

The PRESIDING OFFICER. Forty minutes, evenly divided, on the amendment to the amendment of the Senator from Alaska.

Mr. RIEGLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with, as I have already undertaken to explain it, and I will be happy to explain it as we go along.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Delete all proposed insertions through "$92,200,000,000." on line 14.

Delete "$238,200,000,000" on line 20 and insert in lieu thereof "$244,200,000,000".

On line 18, after "$188,800,000,000" add the following:

"Notwithstanding any other provision of this resolution, the Congress hereby determines and declares pursuant to section 301 (a) of the Congressional Budget Act of 1974 that, for the fiscal years beginning on October 1, 1981, October 1, 1982, and October 1, 1983, the appropriate level of new budget authority and the estimated budget outlays for the major functional categories National Defense (050), Income Security (600), Veterans Benefits and Services (700), and Allowances (920) are respectively as follows:

(1) National Defense (050):

Fiscal Year 1983:

(A) New budget authority, $255,000,000,000;

(B) Outlays, $221,800,000,000.

Fiscal Year 1984:

(A) New budget authority, $289,900,000,000;

(B) Outlays, $251,000,000,000.

(12) Income Security (600):

Fiscal Year 1982:

(A) New budget authority, $264,000,000,000;

(B) Outlays, $244,200,000,000.

Fiscal Year 1983:

(A) New budget authority, $286,400,000,000;

(B) Outlays, $259,400,000,000.

Fiscal Year 1984:

(A) New budget authority, $306,800,000,000;

(B) Outlays, $276,700,000,000.

(13) Veterans Benefits and Services (700) .
Fiscal Year 1982:
(A) New budget authority, $24,600,000,000;
(B) Outlays, $24,000,000,000.
Fiscal Year 1983:
(A) New budget authority, $25,600,000,000;
(B) Outlays, $25,200,000,000.
Fiscal Year 1984:
(A) New budget authority, $26,600,000,000;
(B) Outlays, $26,100,000,000.
(18) Allowances (920):
Fiscal Year 1982:
(A) New budget authority, —$1,000,000,000;
(B) Outlays, —$7,800,000,000.
Fiscal Year 1983.
(A) New budget authority, —$20,800,000,000;
(B) Outlays,—$27,600,000,000.
Fiscal Year 1984:
(A) New budget authority, —$27,900,000,000;
(B) Outlays, —$35,000,000,000.

Notwithstanding any other provision of this resolution and pursuant to section 304 of the Congressional Budget Act of 1974, the paragraphs of section 2 of H. Con. Res. 448 relating to the major functional categories Income Security (600) and Allowances (920) are revised as follows:

(12) Income Security (600);
(A) New budget authority, $250,200,000,000;
(B) Outlays, $230,300,000,000.
(18) Allowances (920);
(A) New budget authority, $0;
(B) Outlays, —$600,000,000.

It is the sense of Congress that savings anticipated in function 920 for fiscal year 1981 and fiscal year 1982 shall not be allocated to any committee pursuant to Sec. 302 of the Congressional Budget and Impoundment Control Act of 1974, until after the Congress adopts a Second Concurrent Resolution on the Budget for Fiscal Year 1982.

Mr. RIEGLE. Mr. President, I will make one other point, and I will yield 5 minutes to the Senator from Massachusetts.

The inflation that is ravaging this country is hurting senior citizens more than any other group. They are the ones who are on fixed incomes, in most instances. They are the ones who, in many cases, are unable to seek work or to take work to generate additional income. Many are alone. Many are in poor health. Many have very high costs for medical care. Many of them are in older dwelling units which are poorly insulated. Many are in areas where, because of intense cold in some seasons of the year or intense heat in other seasons are unable to meet their utility bills. In many cases, they are not able to eat adequately.

We have data to show that more and more senior citizens in the United States are slipping into poverty, in large part because of the inflationary pressure that is underway. That is why the Consumer Price Index adjustment is critical.

We have to keep these benefits abreast of consumer price increases.

Some claim that that index can be perfected. That is a serious issue. Let us look at that question. Let us have hearings. Let us discuss it. Let us consider recommendations from the administration and others.

But let us not move here to change basic national policy by sneaking assumptions into budget resolutions.

Let us not suddenly rip away both this part of the safety net and that solemn pledge to the seniors of this country. Let us not undermine what they thought they could depend upon.

I think they should be able to depend upon a steady commitment from Congress. We have a chance here to honor that commitment and to honor that pledge by supporting this amendment.

Mr. President, I ask for the yeas and nays on the Stevens amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. STEVENS. On the Stevens amendment or the Riegle amendment?

Mr. RIEGLE. I am asking for the yeas and nays on the Stevens amendment at this point.

The PRESIDING OFFICER. That requires unanimous consent.

Mr. STEVENS. Mr. President, will the Senator let me use some of our time on this amendment?

The PRESIDING OFFICER. The Senator from Michigan has the floor at this point, but it is not in order for him to ask for the yeas and nays at this point on the Stevens amendment.

Mr. STEVENS. No.

Mr. RIEGLE. Mr. President, I ask for the yeas and nays on my amendment then.

Mr. STEVENS. On his amendment, yes.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. RIEGLE. Mr. President, I yield 5 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I join my colleague in urging that the Senate accept this amendment in the final few hours or so of discussion and debate on the budget resolution, and I wish to just very briefly underline what I think is the basic issue in this debate.

When the President went before the American people not many weeks ago he proposed an economic program which he said would deal with the problem of inflation, which would bring America back to a position of economic competitiveness throughout the world; he said that we were not going to ask any group in our society to bear an undue burden. All of us were going to have to tighten our belts. But it was all going to be fair and equitable.

And if any one group would not be asked to do more than their fair share, it would be the senior citizens of the Nation. I think all of us heard those words. Certainly the 44 million Americans affected by the Budget Committee's proposal heard those words.

Unless we accept the Riegle amendment we are going to find that millions of Americans are going to find that their quality of life diminished to a very important degree.

It is not fair to ask the senior citizens on social security to bear a massive share of the burden of carrying the administration's economic program when that program is being questioned in the bond markets and the money markets every day.

If the Wall Street bankers and the leading business economists are questioning that program, is it not a bit premature to strip benefits from social security recipients.

Let us wait and see what these proposals are. Let us wait and see what occurs with the economy. But let us not take away benefits from the most vulnerable sector of our population.

Under the resolution cost-of-living adjustments under six Federal retirement programs would be based upon the lower of the Consumer Price Index or the BLS wage index and the date for applying the adjustment would be shifted forward to October 1.

But let us take a look at the proposal to revise the method of calculating the cost-of-living index for social security.

It seems to be premised on an assumption that the elderly really are not experiencing the impact of inflation as much as the CPI would indicate.

Well, that happens to be a false premise.

First, let us take food. The CPI estimates that food comprises 18 percent of the cost-of-living on the average. But what do low-income people spend, on the average, from their income, not 18 percent but 35 percent, nearly double.

Second, let us look at energy. The CPI estimates that energy comprises 10 percent of what families spend from their income. But what do the poor people and the elderly people spend on energy? They spend 25 to 35 percent of their income on energy—again twice as much.

And finally, what does the CPI estimate families spend from their income on health care? The CPI calculates that they spend only 4.7 percent of their income on health care.

Well, what do the poor people and the elderly pay on health care? It is at least double that amount Mr. President—9 percent.

And what are the elements of the CPI that have shown the largest increase over recent years? Food, energy, and health.

So before we start penalizing the elderly by reducing their benefits, perhaps we need to do a bit more studying of the implications.

I can think of no better demonstration of how the budget process has elevated numbers over the interests of the citizens of this country.

Less than 5 weeks ago we overwhelmingly rejected a similar proposal by a vote of 86 to 12. Now it has returned in an even harsher form.

It is not the product of a comprehensive review of Federal retirement programs; it has not been the subject of hearings.

In January OMB Director Stockman said we did not have to change COLA calculations because administration's anti-inflation programs would so drastically cut inflation that the budget impact of the COLA adjustments would be sharply reduced.

Mr. President, most elderly citizens rely on a combination of Federal retirement programs and other nonindexed income from private pensions and savings to meet basic needs. One-third of total elderly income is represented by private pensions and savings. Yet less than 3 percent of the private pension plans in this country include cost-of-living adjustment.

An individual who retired in 1974 has seen the value of his private pension eroded by almost 50 percent in just 7 years—and because unions are prohibited from bargaining for retirees those covered by collectively bargained pension plans have little hope of seeing that lost purchasing power restored.

I would also remind my colleagues that many of the individuals who will be affected by the Budget Committee proposal are also slated to face reduction in fuel assistance payments, reductions in health services and reductions in food stamps.

For all these reasons, we can expect the poverty rate among senior citizens—which jumped from 13.9 percent in 1978 to 15.1 percent in 1979, the largest increase ever recorded—to continue increasing. Nevertheless the budget resolution proposes to further erode the income of millions of older Americans whose only real protection from inflation is the indexing of their Federal retirement benefits.

The Budget Committee's proposal does not simply reduce benefits to future recipients, it is going to take benefits away from present recipients. Most of the cost-of-living adjustments under these programs are scheduled to take effect on July 1. We are not going to complete action on this legislation before the first checks reflecting these changes are mailed out. So, some time this fall over 35 million elderly citizens are going to have their social security checks reduced. In addition, the Social Security Administration will have to recoup overpayments made during the intervening period.

Mr. President, the Budget Committee's proposal makes no real sense in terms of equity. It is going to reduce the only protection the vast majority of retirees have from inflation at a time when there is no sign inflation is being reduced.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KENNEDY. Mr. President, will the Senator yield me 2 additional minutes?

Mr. RIEGLE. Mr. President, I yield 2 additional minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator may proceed for 2 additional minutes.

Mr. KENNEDY. Mr. President, we can talk about safety nets. But without the Riegle amendment, 36 million Americans who have paid into the social security system over the years, who in so many instances depended upon it as a lifeline, are going to find that they are the ones who bear the heavy burden in the fight against inflation.

So I hope that the Riegle amendment will be accepted. It remedies the previous action of the Senate and I think it is essential if we are going to be fair and equitable to the seniors of this country.

The PRESIDING OFFICER. Who yields time?

Mr. RIEGLE. Mr. President, I yield 2 minutes to the Senator from Arkansas.

Mr. PRYOR. Mr. President, I thank the distinguished Senator from Michigan for yielding.

Mr. President, last Friday the distinguished senior Senator from Michigan did offer an amendment in the Chamber which proposed to retain the Consumer Price Index indexing of cost-of-living benefits for the over 37 million civil service and social security retirees currently receiving benefits.

That amendment and the one offered this afternoon by Senator RIEGLE attempt to protect our retirees from a Budget Committee proposal which would, if retained in the budget package, place severe additional handicaps and financial strains on a group of older Americans which is already feeling the effect of these inflationary times.

Mr. President, during debate on his amendment on Friday, Mr. RIEGLE pointed out that, althcugh included in the Budget Committee's package, this provision does not reflect the President's recommendations for the retirees of our Nation. The Senator from Michigan pointed out that the Senate would soon be in receipt of a comprehensive package for social security reform, and that approval of the Budget Committee's provision was, indeed, somewhat premature.

I think that he was wise then, and I think he is wise now in proposing this amendment.

Mr. President, we have now received the President's social security package and while it is still too early to know the full impact or merit of his plan, one thing is clear, the President today continues, it is my understanding, to oppose changing the current CPI-based cost-of-living adjustment formula in the social security program as a budget savings measure. The President does not support the provision currently contained in the Budget Committee's resolution to the best of my knowledge.

Mr. President, if we accept the Budget Committee's proposal to reduce the future income of these older Americans, we will have broken our promise to them. If we turn our backs on them now, we do so at our peril. Our Government, no less than our Nation and its people, must have its word as its bond.

Our retirees want fairness. They want a decent standard of living. They want the promises of Government to be kept. I have often said that we will not be judged by future generations by the buildings we build, or by the degree of technology we have achieved. We will be judged on our ability to support those who have worked in their lifetimes to preserve our peace and security, and who are now unable to support themselves.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. RIEGLE. Mr. President, I ask unanimous consent that Senators PRYOR, KENNEDY, METZENBAUM, and MATSUNAGA be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. DOMENICI. Mr. President, I yield 2 minutes to the Senator from Alaska.

Mr. STEVENS. Mr. President, I think the Senators who have just spoken ought to realize that the action taken by the Finance Committee concerning the social security program is yet to come. The Governmental Affairs Committee has already acted on the civil service retiree problem, and the bill has been reported from the committee.

This resolution, unless it is changed pursuant to my amendment, is inconsistent with the action taken for Federal civil service retirees. The Finance Committee has leeway under the budget resolution to take a series of options in dealing with social security reform, one of which is the option that Senator KENNEDY has just described. But it is not mandated by this resolution. We have already taken the action that was mandated by the previous resolution, and this should not be inconsistent with the action taken in compliance with the resolution passed by this Senate to date.

I hope the Riegle amendment, coming at us for the second time, will not be the springboard for defeating the change that should be made for the thousands and thousands of civil service retirees who would be inadvertently affected by the wording of the resolution as it exists today.

I think my amendment must carry to do justice to those people. The Finance Committee will deal with the question of what recommendations to make to the Senate on the social security question.

Mr. KENNEDY. May I have 30 seconds? I just want to give assurance to the Senator from Alaska that the Senator from Alaska's amendment is incorporated in the Riegle amendment, because I think for the very reasons we do not want to be unfair to the Federal employees, the Senator from Alaska has made a very worthwhile and valuable point. So the Senator from Alaska's amendment is included within the Riegle amendment.

What we are trying to make sure of is, what we are trying to be fair about as to the Federal and civil service retirees, we also want to make sure the other social security recipients are treated in the same way.

Mr. STEVENS. Mr. President, if I may have 30 seconds more, my point is, Mr. President, that the Riegle amendment has been defeated before. My amendment is new, and I am introducing it to correct an inadvertent inequity.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 3 minutes.

Mr. President, with the exception of a slight change, just an arbitrary reduction of $100 million in 1984, which, I assume, the Senator from Michigan did so that it would not be called an identical proposal, with that one exception this is the proposal he made before that was voted down by the Senate.

It takes the money that is contemplated, if we assume the Stevens amendment is going to pass, and let us assume

that for the moment here in the Senate, it takes the money that the Budget Committee recommends be saved in the function that includes social security recipients, it takes that money and puts it down into function 920 and says, "We want to leave the same budget numbers but we do not want it to come out of the Finance Committee in terms of any kind of social security reform or otherwise."

On pure budget matters it is a kind of gimmickry at its best. But let us leave that alone for the minute. It does have some interesting crosswalk language, presumably so that some appropriators will not be worried that they might not have to find all that money in their functions, which I would just say for the record is totally ineffective. It is nothing but some language. But let us leave that alone and talk about the issue.

When we came to the floor with the budget resolution, and when Senator RIEGLE came along and wanted to strip the savings that were contemplated by the Hollings amendment, it was being said with almost certainty, as if the American people ought to get frightened to death out there and think that the Senate Budget Committee and the Senate have only one way to provide some social security solvency reform saving, and that is the CPI adjustment—some people took to the floor, including the distinguished chairman of the Finance Committee, who opposed the Riegle amendment, and said he supported it.

The PRESIDING OFFICER. The Senator has used his 3 minutes.

Mr. DOMENICI. I yield myself 3 additional minutes.

The chairman said that these were targets and that he thought there might be ways to find the saving.

Let me tell you what has happened in the meantime. In the meantime the President of the United States, acting through his Secretary, Secretary Schweiker, has come forth with a social security solvency plan. It does not have anything to do with balancing the American budget. It happens that, since Lyndon Johson, we have put social security in the integrated budget. The President and his people, cognizant of the President's commitments on social security, have said the time is now to begin social security solvency reform.

When you take their estimate of what they ask us to save in calendar year 1982, you find suggestions aimed at the long-term solvency.

If passed, it saves an amount which will be very close to the recommendation of the Budget Committee for savings in 1982, very close to the amount, and even higher in savings in 1983 and 1984.

No one's check is reduced. The early retirees who are already vested remain vested.

The point I am trying to make is Senator RIEGLE can insist that the Budget Committee making this recommended saving, which will be $6 billion if Senator STEVENS' amendment passes, $6 billion, he can say it means that Americans, the older Americans, are going to have their cost-of-living adjustment cut. But he could be wrong. It need not be done that way. Congress may decide to do it after appropriate hearings, but the target number for saving is realistic, it is achievable if Congress is willing to make the reforms recommended by this executive package. It might not be the only proposal to effect savings.

It is a vote on whether or not the social security fund, which everyone acknowledges has a solvency problem, significant in nature, whether or not $6 billion in savings for fiscal year 1982 are going to be doable or not.

I submit it is doable in a number of different ways, and the President has prescribed one in his recommendation which he submitted formally today, and which he and his Secretary are talking about to the American people.

So I am going to vote as I did last time, and I urge my fellow Senators to vote as they did last time, to defeat this amendment, leave the targets that we establish for social security solvency as they were, and we will see whether or not the House and Senate, in their wisdom, are willing to pass social security reform measures that keep that fund solvent, protect it for the young people paying, and assure that the old people continue to receive benefits.

I submit, from what I have read, it is doable and there are a number of ways to do it. I totally reject any argument to the contrary.

I trust the wisdom and the fairness of the Finance Committee in the Senate to find the savings consistent with the commitments that have been made to the American people.

Mr. President, I reserve the remainder of any time I might have.

The PRESIDING OFFICER. Who yields time?

Mr. RIEGLE. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I want to say to my friend from New Mexico that there is absolutely no way to fuzz this issue. The intent of the Budget Committee was made crystal clear in its report. The intention can be read on page 127. I did not write that report. The chairman and the Budget Committee majority did. It is absolutely clear-cut that the assumption in this budget document is about changing the COLA. And there is no way you can cover up or deny that intention.

I read this letter to Senator ROBERT C. BYRD from the President's agents here, Donald Regan and David Stockman, on May 6, it says:

> The President has opposed changing the current CPI-based cost-of-living adjustment formula in social security as a budget savings measure.

The Senator knows that no matter how much he might like now to cloud the issue, that just such a reduction in the COLA is exactly what is proposed in this document. That is what you have done. That is how the numbers have been developed, and that is where the numbers come from. That is the way you purport to save that $8 billion next year.

To say that this cut is not going to reduce the living standard of the older people of this country is just misleading. The Senator knows as well as I do that if you delay the benefit adjustment and if you shave that increase down, retirees are going to have their living standards eaten away by inflation. That is what is happening out there. We built this COLA factor to avoid that in the first place.

If the Senator does not understand the impact of this proposal, I think the President does. If he does not understand it in real human terms, he understands it in political terms. That is why the President has not proposed to make this change. But the Senator has, and it is built into this document, and there is no way to explain it away. That is where these numbers come from. That is why the senior citizens of this country are worried. The changes that the Senator is proposing here are spelled right out on page 127.

Now, if the Senator wants to tear this page out of his report and throw it away, we can start all over again. But, as long as that policy change is built into the proposed resolution, we should debate the policy.

That is why we are proposing to back out that recommendation and to support the current practice.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I find it amazing that my good friend from Michigan, when he reads assumptions in the Budget Act this afternoon, finds them to be the assumptions made to be absolutely binding, that is exactly the only way you can get where you have to go. Yet he has come down here and asked the Senator from New Mexico on the function on mass transit, he said, "We are not a line item committee and here this report says we have to cut Amtrak. Now, Mr. Chairman, that is not binding. All that is binding is the total savings. Isn't that correct?"

And the chairman of the committee says, "Yes, that is correct, Senator RIEGLE." And then someone comes down here and says, "How about Conrail? You recommend the exact payments out of Conrail. Now, that is one of your assumptions. That need not be the case, Mr. Chairman.

"No, it need not be. It is up to the authorizing committee."

Now, if it is up to the authorizing committees on all these other assumptions, why is it not up to them to find $6 billion in savings if they can find it? There is one proposal now that the President has made that will do that. There will be others. And I repeat, you can read what the assumptions are, you can take it, you can put it in your amendment, and you can say it is this that I am trying to get rid of.

But what I am saying is that with the passage of the Stevens amendment, the Finance Committee of the U.S. Senate will have to find $6 billion in social security reform, cuts, whatever you want to call it, $6 billion.

If the Senator from New Mexico says, "Maybe the President's proposal will prevail," and it does not do it, then do not

tell me that you are absolutely right and I am absolutely wrong. We are probably both entitled to our opinion, and that is about all it is.

It will then be up to committees in the Congress to find out whether or not you can do it. And if you cannot, you will come to the second concurrent resolution and tell us that it cannot be done.

Mr. President, how much time remains on my side?

The PRESIDING OFFICER. The Senator has 7 minutes and 45 seconds remaining.

Mr. RIEGLE. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. Mr. President, I am pleased to yield.

Mr. RIEGLE. Mr. President, it sounds to me like the Senator is apologizing for this assumption.

Mr. DOMENICI. Mr. President, it sounds to me like whatever the Senator wants to assume it sounds like. It is up to my good friend, I say to the Senator.

Mr. RIEGLE. Mr. President, is the Senator still supporting this assumption or not?

Mr. DOMENICI. Mr. President, I am not apologizing for anything. That is a perfectly valid assumption.

Mr. RIEGLE. So this is the assumption that is before us?

Mr. DOMENICI. Wait a minute. I am generally willing to do anything to accommodate the Senator. But I did not say that this is the assumption. I said that is an assumption in the document.

Mr. RIEGLE. Is this what the numbers are based on?

Mr. DOMENICI. The numbers are based on that. And if you take Stevens out, by coincidence, they are equal to the amount that the President says he will save by his solvency reform. Now, which is the number? The number is about $6 billion.

Mr. RIEGLE. What problem would the Senator have then in revising this? Why do we not just tear this out of here? Why do we not just take out the bottom of page 127, if the Senator is saying that we are not bound by this or that he has some misgivings about it? Clearly, the President does, because he is on record, as recently as last week, in saying that he does. Why do we not just take it out? That is all the amendment does. We are changing the Senator's budget totals, as he knows.

Mr. DOMENICI. Mr. President, I say to the Senator that we are not about to take a Budget Committee report, with hundreds of assumptions, with hundreds of assumptions, and go back through this record and find the many times that we have said we are not a line item committee, we do not dictate the exact way—yes, the authorizing committee could put more in Amtrak and less in Conrail. If somebody stood up and said, "Will you take the assumption out of the record?", I would say, "No."

The Senator asked me if I want to take it out of this. No.

I tell the senior citizens of this country to wait and see. There will be plenty of time for hearings. This is a target number.

I did not have the President's plan, nor did the committee with their reform package, when we wrote that budget resolution. The numbers are there. The assumptions are there.

There can be many other assumptions in the minds of the committee.

I say to the Senator that I have been here at times when a chairman of a committee looked at our budget resolution, read the assumption, and came to me and said, "We are going to save that $2 billion you recommended, but we are not going to do it the way you suggested because we have already been researching and we have another way to save the $2 billion."

Now, I did not come down here and say to take that resolution, and one of these committees sees fit to save the money another way, to take the assumption out. It is a perfectly valid assumption. I cannot tell the Senator anything more than that.

Mr. RIEGLE. Mr. President, I would say to the Senator that in light of what he said, it ought to be taken out. If you want to make the savings in some other form, I have no problem with that. Our amendment accommodates that. We are not changing the Senator's total. We have offsets here where you can go and find those savings in some other way, some other form, even some other function.

But when you leave this in here, you may win, but the old people of this country are going to lose, and the Senator knows it. That is the effect of this. That is how you got the big savings. I just do not understand it.

Mr. DOMENICI. Mr. President, we will wait and see. We will be back after 3 or 4 days of conference and have another report.

I yield back the remainder of my time on the amendment.

Mr. RIEGLE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Two minutes and fifty-five seconds.

Mr. RIEGLE. Mr. President, I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I would just like to direct a statement to the manager of the bill. In the statement of the Secretary of HHS on page 4, he talks about moving the date for automatic benefit increases as part of their calculation, which is $3.4 billion. So it does seem to me that what we are seeing is really a basic and fundamental statement by the administration of the reduction of benefits.

I just want to again underline what the Senator from Michigan has said. If you are going to save the $7 billion, if you think that is essential in terms of the integrity of the social security system, we ought to have the opportunity to have alternatives. We have been closed out from that opportunity, and what we are faced with today is a very arbitrary one which we think will be unfair and unfairly burdensome on the senior citizens of this country by changing the cost-of-living adjustment.

Mr. RIEGLE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. One minute and fifty-three seconds.

Mr. RIEGLE. Mr. President, this may be the single most important vote we cast on this resolution. It goes right to the integrity of the safety net promise; it goes to the integrity of the promises made by the President of the United States.

Make no mistake about it. If we adopt this budget package without the amendment that is now before us, we are party to the breaking of a solemn pledge that the President of the United States made about the safety net. That pledge to 44 million Americans has been kept all of 5 months. We should here today reject this threat that the pledge will be broken.

Mr. President, we are getting heavy mail today. We are getting the highest volume of mail in the history of this institution. But, if we leave this budget assumption unchallenged, in the face of conflictional promises that have been made to people, we are going to see a volume of mail we have not seen before. We might as well get ready for it.

To break that promise, to dishonor that pledge is to breed disillusionment. To hurt these people, to steal from their living standard, to walk away from the problem that inflation is imposing on them is absolutely irresponsible.

There is no way to fuzz this issue. You cannot speak with two voices on this issue. Either what the President said is true, and honest, and real, and dependable, or it is not. That is what this vote is about.

I hope the Senate will uphold that pledge.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

All time having been yielded back, the question is on agreeing to the amendment of the Senator from Michigan to the amendment of the Senator from Alaska. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 44, nays 54, as follows:

[Rollcall Vote No. 109 Leg.]

YEAS—44

Baucus	Eagleton	Metzenbaum
Bentsen	Ford	Mitchell
Biden	Glenn	Moynihan
Bradley	Hart	Pell
Bumpers	Hawkins	Pressler
Burdick	Heflin	Proxmire
Byrd, Harry F., Jr.	Heinz	Pryor
Byrd, Robert C.	Inouye	Randolph
Chafee	Jackson	Riegle
Chiles	Kennedy	Sarbanes
Cranston	Leahy	Sasser
DeConcini	Levin	Specter
Dixon	Long	Tsongas
Dodd	Matsunaga	Williams
	Melcher	Zorinsky

NAYS—54

Abdnor	Gorton	Nickles
Andrews	Grassley	Nunn
Armstrong	Hatch	Packwood
Baker	Hatfield	Percy
Boren	Hayakawa	Quayle
Boschwitz	Helms	Roth
Cochran	Hollings	Rudman
Cohen	Huddleston	Schmitt
D'Amato	Humphrey	Simpson
Danforth	Jepsen	Stafford
Denton	Johnston	Stennis
Dole	Kassebaum	Stevens
Domenici	Kasten	Symms
Durenberger	Laxalt	Thurmond
East	Lugar	Tower
Exon	Mattingly	Wallop
Garn	McClure	Warner
Goldwater	Murkowski	Weicker

NOT VOTING—2

Cannon	Mathias

So Mr. RIEGLE's amendment (UP No. 91) was rejected.

Mr. BAKER. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

Mr. HEFLIN. Madam President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not been ordered.

Mr. HEFLIN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

The yeas and nays were not ordered.

Mr. RIEGLE. Madam President, a parliamentary inquiry. How many are required?

The PRESIDING OFFICER. One-fifth of those Senators having voted on the last vote.

Mr. HEFLIN. I suggest the absence of a quorum.

Mr. EAGLETON. I ask for the yeas and nays.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HART. Madam President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order. Those Senators wishing to converse will retire from the Chamber.

Mr. HEFLIN. Let us have the yeas and nays.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio that the order for the quorum call be rescinded?

Mr. BAKER. Madam President. I hope we will not have a rollcall vote. We are rapidly running out of time. We have other matters to dispose of. The sponsor of the amendment is willing to have a voice vote on this matter. I think we can dispose of it quickly, and I hope we will proceed on a voice vote.

Mr. HEFLIN. I request the yeas and nays.

Mr. STEVENS. Is the quorum call still on?

The PRESIDING OFFICER. There is a quorum call in process.

Is there objection to rescinding the order for the quorum call? The Chair hears none, and it is so ordered.

Mr. HEFLIN. I move that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Madam President, I ask unanimous consent that the rollcall be a 10-minute rollcall.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Alaska (UP No. 90). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 97, nays, 1, as follows:

[Rollcall Vote No. 110 Leg.]

YEAS—97

Abdnor	Garn	Moynihan
Andrews	Glenn	Murkowski
Armstrong	Goldwater	Nickles
Baker	Gorton	Nunn
Baucus	Grassley	Packwood
Bentsen	Hart	Pell
Biden	Hatch	Percy
Boren	Hatfield	Pressler
Boschwitz	Hawkins	Proxmire
Bradley	Hayakawa	Pryor
Bumpers	Heflin	Quayle
Burdick	Heinz	Randolph
Byrd, Harry F., Jr.	Hollings	Riegle
	Huddleston	Roth
Byrd, Robert C.	Humphrey	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stennis
DeConcini	Laxalt	Stevens
Denton	Leahy	Symms
Dixon	Levin	Thurmond
Dodd	Long	Tower
Dole	Lugar	Tsongas
Domenici	Matsunaga	Wallop
Durenberger	Mattingly	Warner
Eagleton	McClure	Weicker
East	Melcher	Williams
Exon	Metzenbaum	Zorinsky
Ford	Mitchell	

NAYS—1

Helms

NOT VOTING—2

Cannon	Mathias

So Mr. STEVENS' amendment (UP No. 90) was agreed to.

(Later the following occurred:)

Mr. PROXMIRE. Mr. President, earlier today I voted "no" on the Stevens amendment. I intended to vote "aye." It would not change the result of the vote, and I ask unanimous consent that I may be recorded as voting in the affirmative on the Stevens amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

The PRESIDING OFFICER. Under the previous order, the Senator from Ohio is recognized.

UP AMENDMENT NO. 92

(Purpose: To reduce outlays for tobacco price supports for fiscal year 1982)

Mr. METZENBAUM. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes unprinted amendment No. 92.

Mr. METZENBAUM. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 21, strike out "$699,100,000,000" and insert "$699,021,000,000".

On page 3, line 4, strike out "$48,800,000,000" and insert "$48,721,000,000".

On page 3, line 9, strike out "$1,091,200,000,000" and insert "$1,091,121,000,000".

On page 3, line 10, strike out "$1,154,300,000,000" and insert "$1,154,221,000,000".

On page 3, line 11, strike out "$1,197,600,000,000" and insert "$1,197,521,000,000".

On page 3, line 15, strike out "$91,400,000,000" and insert "$91,321,000,000".

On page 6, line 9 strike out "$4,600,000,000" and insert "$4,521,000,000".

Mr. BAKER. Madam President, will the Senator yield to me?

Mr. METZENBAUM. I yield.

Mr. BAKER. Madam President, I ask unanimous consent that I may now have a brief colloquy with the distinguished minority leader and the sponsor of this amendment without charging against his time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, it is clear now that we are not going to be able to dispose of this amendment in the time that we previously provided for it, through no one's fault. It is just running out.

But what I wish to inquire of the minority leader at this time is whether or not the proposal that I have made to him on a method to conclude consideration of this measure and get in shape to go to conference may be generally acceptable and to try to deal with the request by the distinguished Senator from Ohio to extend the time briefly so that he may have a brief time or have some time to debate his amendment. But the two really do interrelate because we have to tie this package up and get it ready to go to conference.

So, I inquire of the minority leader if he could respond to the attitude of the minority on the method suggested for the final termination of this matter.

Mr. METZENBAUM. Not wishing to interrupt the colloquy, the Senator from Ohio wishes to ask for the yeas and nays before the hour of 7 p.m. arrives.

The PRESIDING OFFICER. Is there a

sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HUDDLESTON. Madam President, may I inquire? I intend to move to table this amendment. Is it appropriate to ask for the yeas and nays on that motion at the present time?

The PRESIDING OFFICER. The Parliamentarian advises it will take unanimous consent to do that at this time.

Mr. HUDDLESTON. Madam President, I ask unanimous consent that it be in order that I ask for the yeas and nays on the motion to table.

Mr. METZENBAUM. Objection, because I would be cutting myself off from debate at this point.

The PRESIDING OFFICER. No.

Mr. BAKER. Madam President, it is 2 minutes until 7 p.m.

I ask unanimous consent that for the purpose of permitting us to have a colloquy on the final terminal procedures on this matter that the time for final disposition be changed under the same conditions as provided for yesterday, that is the final disposition of this matter from 7 p.m. to 7:05 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, if I could engage the attention of the minority leader, I wish to try to explore the method by which we can conclude consideration of this resolution and place the Senate in a favorable position to go to conference with the other body.

Mr. ROBERT C. BYRD. Madam President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Madam President, may I ask the distinguished majority leader what would be his motion or his request, whichever he elects to pursue, with respect to the terminal proceedings?

Mr. BAKER. Madam President, in response to the question put by the distinguished minority leader, the motion that I had in mind to make is as follows: I would move the Senate proceed to the consideration of Calendar No. 83, House Concurrent Resolution 115, a concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

At that point I would anticipate that either I or the distinguished chairman of the committee would then seek recognition on behalf of the committee to send to the desk an amendment to the House-passed resolution, and the amendment would be in the form that I am prepared to deliver to the minority leader at this point, which has been discussed at length, I believe, with the distinguished minority manager, ranking member of the Budget Committee.

If the amendment were adopted, the net effect of that would be to place, I believe, the Senate in the most favorable position for an expeditious conference with the House of Representatives.

Mr. ROBERT C. BYRD. Madam President, I will ask the majority leader this question: Would the amendment which he or the manager of the resolution proposes to send to the desk at that point in time contain any new matter or material over and beyond that which is being considered in the Senate resolution?

Mr. BAKER. It would not.

Mr. ROBERT C. BYRD. Would the amendment be mathematically consistent?

Mr. BAKER. It would.

Mr. ROBERT C. BYRD. Would the Senator explain the reason for this amendment?

Mr. BAKER. If the minority leader will permit me to do so, I would like to yield to the distinguished chairman of the Budget Committee for that purpose.

Mr. DOMENICI. Madam President, we would be following the exact practice that the Appropriations Committee follows when a House bill is here. They do not take the House bill caption and substitute their bill. They take their bill, as passed by the Senate, and line by line amend the House bill. The net effect of that is that if during conference you should end up with technical disagreement you have in fact accomplished a successful conference to the point that you reached a technical disagreement.

If we do not do that, a technical disagreement would require unanimous consent to be cured for us to have any agreement at all.

So in any document and subject matter as complex as this, we could indeed have a couple of technical disagreements coming out of conferecne, yet we would have a conference. We would return to the Senate with just the technical matters in dispute and it would not be subject, as I understand it, to a point of order that we had not reached agreement.

The technically unagreed upon matters would still be conferrable subject to the rules of the Senate and the Budget Committee, and subject to debate, but we would basically have a much better opportunity to avoid the risk that failure to agree could result in no conference at all.

The crosswalks are in there, and we would not have to seek technical—we would not have to seek unanimous consent in the event we were not in agreement.

I would say in the past we have had technical disagreements, as the distinguished minority leader understands, and they have each year been cured by unanimous-consent request that we have a conference on some technical disagreements.

I am not suggesting that that will not occur again, but I think the distinguished leader has said to me to present this in the best way for us to go to conference so that we would be avoiding that necessity for unanimous consent in the event of technical disagreements.

Mr. BAKER. Madam President, I might say to the minority leader, and I am sure he understands, there is no effort to inject new material, to create a new position favorable to the majority or any point of view or any position. It is rather to put this matter in a position that will lead to the most expeditious manner of resolving this matter after the two bodies conclude their conference.

I hope the procedure I have just outlined might be found agreeable, and if it is I would like to proceed to provide some time now for the distinguished Senator from Ohio so that he may debate the amendment that is now before the Senate.

Mr. ROBERT C. BYRD. Madam President, will the Senator yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Madam President, the purpose of this procedure is to make it possible for section 302 allocations to be included in the conference report when it is brought back.

I recognize the necessity for that, and with the assurance that there is nothing new in the amendment which would be sent to the desk by the distinguished majority leader or the manager of the resolution (Mr. DOMENICI), and with the further assurance that the amendment is in every way mathematically consistent, and with the further responses that have been given to my question, I will have no objection to the terminal procedure.

Mr. BAKER. Madam President, I thank the minority leader. I think it will greatly expedite the proceedings of the Senate.

I would now like to address the question of how much time—and I urge it be as brief as possible—how much time the Senator from Ohio wished to debate his amendment.

Mr. METZENBAUM. Twelve minutes on a side.

Mr. HUDDLESTON. Twelve minutes per side.

TIME LIMITATION AGREEMENT

Mr. BAKER. Madam President, an additional 12 minutes on a side for an additional 24 minutes is agreeable to the adversaries, and I ask unanimous consent that there now be a period of 24 minutes of debate on the Metzenbaum amendment, and that the vote on final disposition of this matter occur at the expiration of the time, the disposition of that amendment.

Mr. DOMENICI. Madam President, reserving the right to object——

Mr. JOHNSTON. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOMENICI. I have a technical amendment which has been cleared with Senator HOLLINGS that I will have to get in there before I move the substitution of our language. I need that.

The PRESIDING OFFICER. There has been an objection raised by the Senator from Louisiana.

Mr. BAKER. May I point out if there is an objection, that as soon as I yield the floor we will proceed to final passage of this resolution, and I really do not wish to do that, so I ask unanimous consent once more, Madam President, that we be able to provide some time for debate on the amendment.

Surely if the time suggested by the two Senators, that is, the Senator from Kentucky and the Senator from Ohio, is agreeable to them it should be to the remainder of the Senate. So, Madam President, I ask unanimous consent that

there be an additional time of 24 minutes equally divided on this amendment and that after this amendment is disposed of the Senator from New Mexico be recognized for the purpose of offering a technical amendment, and that following on after the disposition of that we proceed immediately, without intervening motion or debate, to the final consideration of the matter before the Senate as previously set forth.

Mr. SARBANES. Madam President, reserving the right to object, will the majority leader let us know what the technical amendment the Senator from New Mexico, the chairman of the committee, wishes to offer?

Mr. HOLLINGS. Madam President, if the distinguished Senator will yield, the technical amendment is that in the reconciliation when it was sent over we gave the wrong designation to certain committees, and this corrects and gives the proper designation to the House committees.

Mr. BAKER. Madam President, I would like to, if I may, amend my unanimous-consent request in one respect. I neglected to state that we had provided yesterday for a time for the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) to be recognized prior to final passage. He had asked for 10 minutes. He has now very kindly suggested to me that he will take 1 minute, so I modify my request to provide that after the disposition of the Metzenbaum amendment, after the disposition of the technical amendment by the Senator from New Mexico, that there be 1 minute in which the Senator from Virginia be recognized.

Mr. JOHNSTON. Madam President, reserving the right to object, how much time is it on the Metzenbaum amendment?

Mr. BAKER. Twenty-four minutes.

Mr. JOHNSTON. This is the same tobacco amendment we have debated many, many times?

Mr. METZENBAUM. No.

Mr. JOHNSTON. I object, Madam President.

The PRESIDING OFFICER. The objection is heard.

Mr. BAKER. Madam President, I ask unanimous consent that the time for the colloquy on this subject be extended under the same conditions to 7:15 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, let me point out that if we do not provide——

Mr. JOHNSTON. Madam President, if I may interrupt, I will withdraw my objection.

Mr. BAKER. Madam President, I thank the Senator. I renew my request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, I thank all Senators.

UP AMENDMENT NO. 92

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Madam President, I yield myself 6 minutes.

This amendment reduces funding for the Federal program of tobacco price support subsidy.

Madam President, may I have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order. Senators wishing to converse will withdraw from the Chamber.

The Senator from Ohio may proceed.

Mr. METZENBAUM. Madam President, it is time we stop this unnecessary and counterproductive subsidy for one of our Nation's most profitable and most deadly industries.

Next year, the Federal Government will spend $203 million in special price and crop insurance support programs for the tobacco industry. The Commodity Credit Corporation, which makes loans to farmers to maintain tobacco crop price levels, has budgeted $199 million for tobacco price support loans for fiscal year 1982.

Madam President, I ask for order in the Senate and I ask that the time not be charged against myself.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STEVENS. Madam President, I object to not charging the time.

The PRESIDING OFFICER. The objection is heard.

The Senator from Ohio may proceed.

Mr. METZENBAUM. Madam President, at the same time, it anticipates the repayment of $120 million from past loans, meaning a balance of $79 million in price support outlays in the next fiscal year.

In fiscal year 1981, the Federal crop insurance program has budgeted $41.5 million for payments for tobacco crops, against premium revenues of $18.2 million, for an expenditure of $23.3 million to subsidize tobacco insurance.

In fiscal year 1982, the Federal crop insurance program has budgeted $4.2 million in insurance losses for tobacco.

The Federal Government provides other types of support to tobacco growers as well. In the past, the low interest rate charged on price support loans was an extra subsidy in itself. That subsidy costs $106 million this year. Although figures are inexact, the Agriculture Department's below-market rate loans have cost at least $550 million in nonrecoverable subsidies in the past 7 years.

Also, according to published reports, the Government has built up a 647-million-pound tobacco stockpile of potentially unsalable tobacco, valued now at about $981 million.

Finally, we run the well-known tobacco allotment program, a license to grow tobacco at a guaranteed profit with the help of Federal loans and supply restrictions. This flies in the face of good sense, good economic policy, and this administration's determination to let free economic forces work.

The U.S. Government has no business being in the tobacco business. I am glad that the Director of the Office of Management and Budget, Dave Stockman agrees with me that we do subsidize tobacco, and that it ought to stop.

Let me repeat for you a conversation that took place in the Senate Budget Committee on March 12 of this year, between the Senator from Utah, Senator HATCH, and Director Stockman:

Senator HATCH. Let me ask you this: What about those little people on those tobacco farms. I frankly do not like tobacco subsidies either, but are they really subsidies?

Mr. STOCKMAN. Well, you get into a great, arcane question of——

Senator HATCH. Are they subsidies?

Mr. STOCKMAN. They are subsidies, yes.

Senator HATCH. Okay.

(Laughter.)

Senator HATCH. Well, I believe they are too, but that is what I want to find out. You are saying they have a negative balance sometimes?

Mr. STOCKMAN. Well, they have a negative and they have a positive, but mostly it is a positive cost to the government, and I think it is too costly and we ought to find some way to do something about it.

Mr. President, my amendment offers us an opportunity to "do something about it."

I am not proposing a complete, immediate dismantling of the tobacco subsidy programs we run, but instead, a beginning. I propose to eliminate the $79 million which represents, for fiscal year 1982, the difference between repayments and expenditures in the price support program.

That is not much out of a program costing $325 million a year. This is a modest beginning but it is a step in the right direction.

The USDA's tobacco program began in the 1930's, when tobacco farmers were getting as little as 6 cents a pound for their product. Today, the Federal Government guarantees a minimum price of $1.587 to $1.636 a pound and controls supply through a system that makes a mockery of the free market.

Just because a farmer wants to produce tobacco in this country does not mean that he can do so. Tobacco may be produced without penalty only by those who hold an acreage allotment assigned more than 30 years ago. The penalty for growing tobacco over the allotment or without the allotment is a stiff one. It equals 75 percent of the previous year's average sale price of tobacco.

Those allotments are as hereditary as any feudal domain in medieval Europe.

They are valuable. A 200-acre farm with a 10-acre tobacco allotment is worth up to $50,000 more than an identical farm without an allotment.

Mr. President, ours is the greatest free market economy in the world, and this administration prides itself on being a "free market" administration. This administration campaigned on getting, and keeping, the big, bad regulatory Government out of the marketplace.

And so this administration has pulled out of the safety and regulating business. And it is pulling out of the consumer safety assurance business.

It is pulling out of environmental regulatory involvement with business.

But is it not strange that the one type of business and free marketplace interference this administration still supports, is interference with the free marketplace in tobacco?

We control crop volume.

We control crop price.

We penalize backyard growing of tobacco without a license.

We keep Mom and Pop out of the marketplace unless he or she has an allotment.

Even the tobacco growers' newspaper, "The Cured Tobacco Farmer," questioned the allotment program:

The benefits of the support program appear to be migrating largely into the bank accounts of the nonproducing quota owners, with you, the actual producer, profiting at approximately the same level you could be expected to without any program at all.

We may even be keeping some newer, safer types of tobacco out of circulation: Who knows?

The one thing I do know is that this administration, the "keep the Government out of the marketplace" administration and the "get the Government off the businessman's back" administration, has all 10 fingers and all 10 toes in the tobacco industry, keeping prices up and supply down.

Madam President, the Government should not be in the business of promoting in any way the production, sale, or export of tobacco.

Let us review some of what is known about smoking and health.

As a group, smokers have a 70-percent increased risk of death over nonsmokers of the same age. Heavy smokers run a 100-percent higher risk of early death.

Smokers are more frequently afflicted than non-smokers with chronic conditions—bronchitis, emphysema, sinusitis, peptic ulcer disease.

Male smokers lose 33 percent more workdays than nonsmokers. For women, that figure is 45 percent.

Smoking clearly and unequivocally causes cancer—of the lung, larynx, mouth and esophagus.

Smoking is linked with heart disease.

Smoking by pregnant women increases the incidence of fetal death and lowers birth weights.

Smoking, Madam President, is one of this Nation's two or three leading public health problems.

It is not good public policy to subsidize with Federal funds an industry that produces a product endangering the Nation's health.

Madam President, I reserve the remainder of my time.

Mr. HUDDLESTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Madam President, again the distinguished Senator from Ohio is confusing his terminology when he refers to the tobacco program as a subsidy program.

We have debated this question on the floor of the Senate and in the Agriculture Committee many times.

I think anyone who understands the program recognizes that it is, No. 1, the most effective and least expensive of all of our agriculture programs.

In the period of some 40 years that it has been in effect, it has cost the taxpayers less than a million dollars per year, and in many years returned a direct profit to the Federal Treasury. That is not including the fact that the Federal Treasury receives almost three times as much revenue from tobacco as the farmer who grows it, through taxation. State governments receive about the same amount and even city and local governments also receive a great deal.

I think most of our colleagues recognize that the program works as a loan to the producers, with the stocks taken in by CCC and later resold.

We have just recently cleaned out the supply of burley tobacco that has been on hand, and the Federal funding was returned with interest.

During the 40-some years that the program has been in effect, the Federal Government has advanced some $4 billion for loans. Three and a half billion dollars of that has already been repaid, with interest over $276 million to the Treasury. So it is not a program that will affect any savings by eliminating it or by reducing it, as the Senator from Ohio has suggested.

Madam President, before acting on the amendment to reduce funding for the tobacco price support program, there are a number of false impressions which have prompted unjustified attacks on the tobacco price support program, which I wish to address.

And, there are a number of facts pertaining to the program and the economic impact of the proposal which cannot be ignored.

Perhaps, the most frequent misconception regarding the tobacco price support program, administered by the Department of Agriculture, is an impression that it is inconsistent with programs administered by the Department of Health and Human Services to discourage smoking. As clearly shown by statements issued from the then Office of the Secretary and Office of Smoking and Health in the Department of Health, Education, and Welfare, there is not an inconsistency.

In an April 15, 1980 letter to me from Mr. William B. Welsh, then Assistant Secretary for Legislation, Office of the Secretary, Department of Health, Education, and Welfare, Mr. Welsh stated:

. . . The Department has long held that the price support program of the Department of Agriculture is not a public health issue.

The purpose of the program is to protect the price the farmer gets for his tobacco, not to encourage or uphold cigarette smoking. Presumably, if the program were removed the price would drop, which would mean either more profit for the cigarette manufacturer or lower prices for the person who buys cigarettes. This might actually increase consumption.

Similarly, Mr. Robert Hutchins, Associate Director, Office of Smoking and Health, and an ardent antismoking advocate, stated with regard to the tobacco price support program:

We must do what we can to encourage current smokers to quit and to encourage nonsmokers, especially young people, not to take up the habit. We are doing this through our smoking and health initiative.

If the Government's price support program for the tobacco farmer has any effect at all on public health it is favorable. The purpose of the program is to stabilize tobacco production, and, thus, assure fair prices to the farmer. If the program were to be withdrawn, tobacco prices would fall, and cigarettes would become less expensive, possibly encourage more young people to smoke.

President Reagan and Secretary Block have indicated that they support this Nation's tobacco price support program.

Secretary Bergland indicated that it makes no sense to dismantle the tobacco price support program and suggests that the issues of smoking and health and the tobacco price support program should be separated, I agree.

A second false impression, precipitated by opponents of the program, is that the tobacco price support program imposes an enormous cost on the taxpayer. To the contrary, Mr. President, the program, operative since the mid-1930's has been perhaps the most successful and least costly of the major price support programs administered by the Department of Agriculture. The cumulative financial loss on the tobacco loan program represents less than 0.3 of 1 percent of CCC's total loss of about $18 billion on all commodity loan inventory operations since 1923.

The loss has been small due to the programs' structure. In return for the acceptance of marketing quotas—voted on by farmers every 3 years—tobacco farmers have been assured at least the support price for the tobacco they produce, either by commercial buyers or through nonrecourse loans by the Federal Government.

Under contracts with the Commodity Credit Corporation (CCC), the farmer cooperatives receive the tobacco pledged for Federal loans, process, store and ultimately sell the tobacco, repaying the loans, with interest, to the Government.

The Burley Tobacco Growers Cooperative Association, Lexington, Ky., has administered the price support program for 40 crops of Burley tobacco in the States of Kentucky, West Virginia, Ohio, Indiana, and Missouri. The statement of its operations for the 1940-79 crops shows the exceptional results of their efforts. Since 1940, the pool has had sales which have substantially exceeded the costs of the program.

Excluding the profits on the 1975, 1976, 1977, 1978, and 1979 crops which have been sold but not finally settled for, this Association from its operations has distributed to its members $16,486,000.

On the 1975 and 1976 crops, the association will distribute to its members the first week in June 1981, in excess of $7,000,000 and in 1982, it will distribute in the 1977, 1978, and 1979 crops an additional $7,000,000. The overall result is that the total gains distributed, and to be distributed, will exceed $26,000,000.

Today, the Burley Tobacco Growers Cooperative stocks have been depleted, as production has not kept pace with demand.

USDA data shows that since 1940 loans made to all tobacco farmers, through their regional cooperatives, have exceeded $4 billion. During the period 1940-80, the bulk of these loans have been repaid, $3½ billion, plus over

$275 million in interest, January 31, 1981, loans outstanding total $782 million. Of this latter figure, loan stocks valued at $200 million were committed for sale, leaving a balance of $582 million in stocks to be liquidated. Based on 39 years of experience, eventual sale of the loan tobacco should liquidate these loans without loss to the taxpayers.

Total losses on the program over the past 40 years, as reported by USDA, are $56 million, a small price to pay for a commodity that has generated over $130 billion in State and Federal excise taxes over the past 100 years.

A third impression mistakenly held by some is that the principal beneficiary of the tobacco price support program is the cigarette manufacturer. This clearly is not the case.

Tobacco companies, in the absence of a program, could produce tobacco themselves, contract with producers for large acreages largely on their terms, or import quantities of tobacco needed to meet domestic demand at lower prices. Instead they have supported the domestic price support program which has provided the major types of high quality leaf tobacco in a timely manner at higher, yet reasonable, prices.

And a fourth impression, incorrectly held, is that progress cannot be made to develop a "safer cigarette." An example of progress which has been made through production research is the development of tobacco varieties with lower nicotine-tar ratios. Another is an emerging technology which shows promise of permitting nitrogenous compounds, considered undesirable from a public health perspective, to be removed in a crystalline form which will have applications in the medical field in the treatment of kidney disease and other ailments which respond to or need a protein of high quality and purity. Such research may have an enormous public payoff and should continue to be assisted by public funds.

I wish to turn now, Madam President, from factors which may have prompted the proposed amendment, to the economic impacts which its adoption would have on almost 600,000 farm families who depend on tobacco for most or a significant part of their livelihood.

In the United States 275,000 producers market about 2 billion pounds of tobacco from 1 million acres each year. Although tobacco uses only 0.3 percent of the Nation's cropland, it is usually the fourth or fifth most valuable crop, accounting for 4 percent of cash receipts from all U.S. crops.

Last year U.S. farmers in 18 States received $2.7 billion from tobacco sales, while Federal, State, and local governmental bodies across the country received over $6.4 billion in tax revenues.

While farm receipts from tobacco vary significantly from State to State, production does occur in the following States: Alabama, Connecticut, Florida, Georgia, Missouri, North Carolina, Indiana, Kentucky, Massachusetts, Tennessee, Virginia, Ohio, Pennsylvania, South Carolina, West Yirginia, and Wisconsin.

In my State, tobacco sales total over $700 million and this represents 52 percent of farm receipts from crops, and 28 percent of farm receipts from all commodities.

With over 75 percent of the farms operated by Burley tobacco producers containing less than 50 acres of cropland, it is clear that other crops are not reasonable income alternatives. Nor would they offer the same level of employment. Labor requirements per acre of Burley tobacco average over 300 hours per year, a factor which has resulted in an industry wherein production units are sized mainly by operator and family labor availability. To eliminate the price support program would impact severely on these family farming units, and not at all on tobacco consumption.

The amendment we are now considering would eliminate a very successful farm program which is the backbone of farm income security for tobacco farmers.

If this amendment would become law, what would have been accomplished is to condemn hundreds of thousands of small tobacco farmers in my State to a life of abject poverty.

There is no way that small farmers in my State would be able to continue to produce tobacco facing the uncertainty that would exist if there were no tobacco program. Tobacco farmers are not large, well capitalized farmers. They are small operators who could not continue farming under the boom-and-bust conditions that would prevail with no tobacco program.

Madam President, if the tobacco price support production control program were dismantled, not one less cigarette would be smoked in this country.

If tobacco production in this country were totally ended, cigarette manufacturers would continue to make cigarettes using imported tobacco. Who would benefit under this type of situation?

Not the American public generally, because our balance-of-payments deficit would grow—not the 55 million cigarette smokers in the United States—not the tobacco farmer. I do not know a single individual or group that would benefit from this amendment.

Tobacco farmers have already been asked and expected to have to assume over $8 million in costs which have been expended from the Treasury to maintain the tobacco grading and inspection service—an essential marketing function that has been covered many times over by taxes imposed on tobacco products.

In conclusion, Madam President, I am convinced that the amendment, offered as a measure to assist in balancing the budget, would have the opposite effect, as secondary and tertiary effects of the elimination of the program began to impact on tobacco farmers, rural communities, and the national economy, and are reflected in other revenue and expense line items in the Federal budget.

With farm income already a major national concern, there is little doubt that cancellation of this program would not exacerbate an already severe income problem in the farm sector.

I urge the Senate to defeat this amendment and permit the tobacco price support production control program to continue.

I yield at this time to the distinguished Senator from North Carolina.

Mr. HELMS. Madam President, I thank my friend from Kentucky.

Madam President, let me say at the outset that my friend from Ohio is sincere, but he is sincerely wrong. This amendment is disingenuous. It is based on a Senator's arithmetic which is not accurate, on facts which are incorrect, and logic which is unsupportable. The tobacco program does not involve subsidies in the sense that the term is used around here.

The tobacco program is a mechanism which employs nonrecourse loans from the Commodity Credit Corporation to provide price stability for tobacco farmers and to assist in the orderly marketing of the crop. It is a program for farmers—not the tobacco "industry."

Virtually every farm commodity employs similar mechanisms, and the advantage to the Nation is without question. Some 15 commodities are provided access to the CCC nonrecourse loans—including wheat, corn, cotton, rice, soybeans, and a host of others. Tobacco receives no "special privilege" or unusual consideration. In fact, because tobacco farmers have approved overwhelmingly in referendum to accept strict production controls not imposed on the growing of other crops, tobacco is dealt with more strictly than any other crop. Farmers want it that way because they do not want their tobacco program to involve large outlays and direct subsidies.

I cannot emphasize strongly enough that outlays for virtually all farm commodity programs are recoverable. The loans are literally that, loans made to farmers with their crops held as collateral. When the stocks are sold off after the glut of the harvest is over, the loans are repaid, with interest.

Recently, the CCC announced that it would charge all borrowers interest rates which reflect the cost of money to the Treasury in all instances, and at market rates when appropriate. This will remove any sort of interest "subsidy" received by farmers of any kind—including tobacco.

Additionally, the administration has sent up request legislation which provides that fees for the inspection and grading of tobacco will be collected from tobacco farmers. In each of these instances tobacco farmers have recognized the need to reduce Federal budget exposure, and have agreed to cooperate in making the changes.

My point, Madam President, is that tobacco farmers have willingly taken their share of cuts and reductions in budget exposure. Any effort to punish them or to make them carry special burdens not asked of other farmers is not in the national interest.

TOBACCO IS PEOPLE

When we talk about tobacco we are talking about people—the vast numbers of our citizens whose livelihood it is to

grow and manufacture tobacco and tobacco products.

So often when economists and other experts gather to discuss tobacco they speak of volumes of exports, marketing quotas, grade distribution of loan rates, and other highly technical information that is important, but which does not communicate the human, personal aspect of the importance of tobacco to our farmers and to rural America.

To show you what I mean, let me cite a few figures: There are almost 700,000 families directly engaged in the growing and production of tobacco. That includes 182,000 families in my own State of North Carolina, with the rest in a dozen or so other States. In addition, tobacco manufacturers employ almost 80,000 workers.

This is not to mention the literally countless thousands of our people who are integral parts of our farm economy—the fertilizer and fuel distributors, the merchants in our rural villages and towns, and all the rest.

Tobacco is people. Without tobacco all these people—the most industrious and hard-working people the world knows—would be without a livelihood. There would be no way for them to support their families, to educate their children, and to improve their lives.

TOBACCO AND FOOD PRODUCTION

It is just not enough to say that tobacco is important to North Carolina and to the other tobacco producing States—tobacco is absolutely crucial: it is the underpinning of our entire farm and rural economy.

Many of the opponents of tobacco and the tobacco program have said to me: "Why should your people grow tobacco. They ought to grow food." The answer, of course, is that they do grow food. Tobacco is a cash crop that enables our farmers to stay in business. The average allotment for the Fluecured area is 6 or so acres. Gross income in my State can average $2,500 per acre. Without such cash income it just would not be possible for farmers to finance the expensive equipment, fertilizer, land and all the rest of the things they use to provide this Nation—and indeed, the world—with vital food products.

For instance, the best substitute crops—the ones the enemies of tobacco always mention—are soybeans and corn. These crops would yield only around $300 gross income per acre for the farmer. Now, our farmers do grow soybeans and corn and hogs, poultry, and other food products, but again, without the certainty of the cash income from tobacco, they just would not have the means to finance their entire farm operation, and would, of course, very quickly go out of business. Tobacco not only provides income and well-being to our farmers; it enables them to supply the rest of us with plentiful supplies of reasonably priced food.

WE ALL HAVE A STAKE

Madam President, the tobacco industry is America's oldest, dating from John Rolfe's first export crop from Jamestown in 1613. No survey of its direct and indirect contributions to the economy had been made, however, until the Wharton Applied Research Center of the University of Pennsylvania began a preliminary study in 1978.

Now Wharton has extended its research to determine not only the economic effects of tobacco nationally in 1979 but its contributions as well to the 100 counties of North Carolina.

All total, America's golden leaf gave in 1979 to all 50 States: 2 million jobs of all kinds; $30 billion in wages and earnings; $15.5 billion in capital investment; $22 billion in taxes; and $58 billion, or 2.4 percent, to America's gross national product.

In short, of every dollar's worth of goods and services rendered to, and by, Americans in 1979, roughly 2½ pennies were generated by tobacco.

In North Carolina, Wharton estimates that cultivating 342,000 acres of leaf on 44,000 farms in 82 counties in 1979 entailed the equivalent of 36,900 year-round jobs. The 224,210-person work force estimated at harvest time equalled the combined population of Raleigh and Durham.

According to Wharton, there were an estimated 70,000 full-time jobs in the industry in North Carolina in 1979 for people involved between the seedbed and sales counter. Almost 2,600 more North Carolina jobs are in industries supporting cigarette manufacture.

Tobacco's direct contribution to North Carolina employment, then, is an estimated 72,300 jobs, or 3.3 percent of the State's private work force. More than 75,000 others exist because of the golden leaf's spillover effects. Therefore, tobacco accounts, directly and indirectly, for roughly 1 of every 15 Tar Heel jobs of all sorts, or about 6.8 percent of all employment.

The nearly 148,000 Tar Heels who benefit directly or indirectly from tobacco earned $1.6 billion in 1979. Their paychecks and goods and services paid for by their employers boost all parts of the State's economy.

Not to be overlooked is the fact that tobacco is more heavily taxed than any consumer product. In fact, Federal, State, and local governments collected $6.3 billion in direct taxes on tobacco products in fiscal year 1979. Cigarette taxes, alone, represented 98.8 percent, or $6.2 billion.

That its estimated contribution to the gross national product is roughly two-and-a-half times the net U.S. spending on tobacco products, demonstrates the magnitude of the industry's dramatic "ripple" effect on the national economy.

NO TOBACCO SUBSIDY

In the wake of President Reagan's announced proposals of cutting various subsidized programs, recent news reports have incorrectly labeled the tobacco price stabilization and production control program a Government "subsidy" for farmers. The implication is that this "subsidy" should be cut along with others.

To begin with, there is no—no tobacco subsidy. There is a Government program to stabilize tobacco prices and to control production of this crop.

The U.S. Department of Agriculture administers laws to stabilize leaf production and assure fair prices. To be eligible to participate in the program, a grower must guarantee not to produce more than specific acreage and poundage allotments.

When growers approve marketing quotas for a certain type of leaf, price supports for it are mandatory. Under this program, the Commodity Credit Corporation makes loans to farmers through their cooperative associations with the tobacco as collateral.

If a grower's tobacco fails to bring an auction bid of at least 1 cent above the price support, a grower-owned cooperative takes the leaf and uses the funds from CCC to make the farmer a loan equal to the support price.

The cooperatives process and store the leaf until it is sold, repaying the loans, plus interest. This program is the most successful of all farm commodity programs.

Since it began in 1933, the cooperatives have handled a total of $5.5 billion in loans. During the past 47 years, loans advanced to farmers, minus interest paid on the loans and sales of tobacco collateral, equal a net cost of $56.7 million to the American taxpayers.

This amounts to 0.1 percent of the cost of all 13 farm commodity price support programs. Put another way, the net cost of the tobacco loan program over 47 years represents about the same amount of money the Federal Government spends every 45 minutes.

It also should be noted that during the life of the program, about $130 billion has been collected by Federal and State Governments in cigarette excise taxes. Tobacco also contributes heavily to the U.S. balance-of-payments, netting nearly $2 billion in foreign trade last year.

Instead of asking if the tobacco support program should be eliminated, the question should be, "How can other farm commodity programs be altered to operate as efficiently as the tobacco program?"

The amendment of the Senator from Ohio is unworthy, and I urge its defeat.

Madam President, the cumulative loss since 1933 has amounted to $56.7 million. That is since 1933. In the last 10 years, it has made money for the Federal Government, even on the loan program.

I might point out that comparable losses for the other commodities during the same period were $67 billion.

As the Senator from Kentucky has pointed out, the Federal Government gets three times as much from this program as the tobacco farmers earn from it themselves.

Madam President, I yield the floor.

Mr. THURMOND. Madam President, will the distinguished Senator yield?

Mr. HUDDLESTON. Madam President, I yield 2 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. Madam President, I rise in opposition to the amendment offered by the Senator from Ohio (Mr. METZENBAUM) which purports to require the Senate Agriculture Committee to report legislation that would eliminate tobacco subsidies.

There appears to be widespread misunderstanding of the tobacco price support program. A common misconception

is that the Federal Government is subsidizing tobacco producers. This is simply not the case.

In 1933, as a result of excessive production and depressed prices, the Federal Government promised tobacco farmers a minimum price for their crop, if they would agree to limit annual production. A referendum was held in which a majority of farmers voted in favor of the program. Subsequently, each farmer was assigned an acreage allotment. Additional referendums have been held every 3 years since 1940.

The support price is not a subsidy. It is in fact a loan—which is repaid, with interest. Under the price support program, when prices fall below the support price, the Commodity Credit Corporation (CCC) will make loans to tobacco producers, with the tobacco as collateral. When prices rise above the support price, the CCC liquidates the tobacco it has been "holding" as collateral. The proceeds from the sale are utilized to cover administrative and storage costs.

The tobacco price support program has been one of the most successful of all farm commodity price support programs. The realized cost of the program since its beginning in 1933 has been about 0.1 percent of the cost for all 13 farm commodity price support programs. There have been no losses at all in more than a decade. In fact, in most years, the program produces a profit for the Government.

It also should be made clear, Madam President, that during the life of the tobacco program, about $130 billion has been collected by the Federal and State governments in cigarette excise taxes.

In 1979, the Federal Government received more than $2.4 billion in excise taxes on tobacco products, while State treasuries were benefited by $3.7 billion in revenues from tobacco.

Tobacco also contributed favorably to this Nation's international balance of payments, netting nearly $2 billion in foreign trade in 1980. Over $2.4 billion of U.S. tobacco was exported last year, while about $487 million of foreign leaf was imported into this country.

The point is, Madam President, the tobacco price support program is not a drain on the Federal Treasury. The program essentially pays for itself, and the tobacco industry enormously benefits the national economy through billions of dollars in excise taxes and trade receipts.

Elimination of the successful tobacco price support program would create chaos in a farming sector where stability has prevailed, and the ultimate victims would be thousands of small family farmers who depend on income from tobacco, or leased tobacco allotments, for a substantial portion of their livelihoods.

With regard to the health issue, Madam President, I have stated many times that I do not think it is the province of Government to dictate to its citizens what they can and can not consume, so long as the products involved have not been proved to be criminally dangerous to society.

My own view is that a substantial number of Americans are going to continue to smoke no matter what the Surgeon General warns, and I do not think it is the Government's job to forcefully shape personal habits. Moreover, whether or not the tobacco price support program continues, tobacco products no doubt will remain available and be consumed by millions of Americans. Elimination of the support program would only mean that other countries would grow even more tobacco and American farmers would probably grow far less. That kind of foreign aid seems to me to be most unwise and illogical.

For all of these reasons, Madam President, I believe this amendment should be rejected.

Madam President, I ask unanimous consent that a leaflet prepared by the Tobacco Institute, entitled "There Is No Tobacco Subsidy," be printed in the RECORD, and also a resume of points for retaining the tobacco program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THERE IS NO TOBACCO SUBSIDY

Countless tobacco critics have diagnosed "schizophrenia" in our federal government which, in one department scolds smokers and in another helps farmers who grow the leaf.

End the "tobacco subsidy," the argument goes, and the image of the split personality will dissolve.

In fact, there is no tobacco subsidy.

Yes, taxpayers' money is used to guarantee farmers a minimum price for their tobacco crops. And their corn crops and their rice crops and their wheat and their peanuts, and their cotton. Thirteen different commodities, altogether. (See table.)

No, the money isn't a gift. It's a loan. Repaid with interest. To be eligible a tobacco farmer must guarantee to *limit* his tobacco production.

How does the program work? What does it really cost? What is its effect in terms of the smoking and health controversy?

Nearly a half-century ago, the Great Depression was more than a business calamity, a stock market crash and an unemployment epidemic. Consumer purchasing power was low. Agricultural prices would not sustain farm families.

Permanent federal government "programs" to stabilize many aspects of the national economy, including agriculture, emerged from the Franklin Roosevelt administration and the Congress. Tobacco was among the leading farm commodities subjected to price stabilization and production control legislation.

Tobacco is cultivated today on some 400,000 American farms. Among major crops, its dollar yield per acre is highest. It is characteristically grown on a plot of land so small that no other crop on the same plot can support a family.

Traditionally, tobacco is sold at warehouse auctions after being graded for type and quality by government-employed inspectors. The rapid "chant" of the auctioneer records bids and invites higher ones as buyers from tobacco products and leaf export companies signal their interest. (U.S. tobacco products manufacturing companies purchase all their leaf supplies: none actually grows tobacco.)

If leaf offered by a farmer is unsold at a government-pegged minimum price, and if the farmer has not exceeded his government-set production quota, he receives instead a government loan equal to the minimum price. His tobacco is taken as collateral by a cooperative funded by the government.

Tobacco is among the most imperishable of farm crops. It can be and is stored, sometimes for many years, until it can be sold under more favorable commercial market conditions.

Setting crop quotas in advance of each growing season is an important and sophisticated activity of the U.S. Department of Agriculture. Among the considerations are weather and demand forecasts, as well as inventory factors and the outlook for quality and yield.

For 44 years beginning in 1933, stabilization of the tobacco farm economy has been a public policy objective in the U.S.

But at what cost?

In those 44 years, the arithmetic comes out this way: Loans advanced to farmers, minus interest paid on the loans, minus sales of the tobacco collateral equals a net loss of $52 million to the taxpayers. That is twelve hundredths of one percent of the cost of all farm commodity price support operations.

In a fair appraisal, one must add to this the government's annual administrative costs—for example, $5.6 million in 1977 for tobacco—chiefly for inspection and market news services. This annual expense varies downward, of course, for earlier, pre-inflation years—$52 million, plus administrative expenses, in 44 years.

During those 44 years, purchasers of tobacco products paid the U.S. Treasury more than $68 billion in excises such as the current federal tax of eight cents on each package of cigarettes. They provided state governments with an additional $46 billion.

So there is no tobacco "subsidy." Considering then the price stabilization-production control program of the government (to give it its lengthy but proper label), what are its implications for the nation's health?

Critics of the program see it as helping to make tobacco products more easily and widely available on the consumer market. In their opinion, tobacco is a detriment to the health of Americans, and therefore the program is, too. But these critics appear to ignore the essential facts:

1. The program is intended to and does keep tobacco leaf prices higher than they would be without it.

2. The program is intended to and does keep tobacco supplies lower than they would be without it.

If the Congress were to repeal the program, as these critics have suggested, considerably increased acreage could be devoted to tobacco farming. The restrictive quotas would be gone. There would be a larger tobacco supply entering the commercial market.

As Health, Education, and Welfare Secretary Joseph Califano testified at a 1978 Congressional hearing: "I do not believe that anyone smokes or doesn't smoke or decides to begin or continue or stops smoking because of the tobacco subsidy. I don't think it is in any way related to that."

He gave the program the wrong name. But he gave it an accurate analysis.

GOVERNMENT PRICE SUPPORT LOANS, 1977

[Dollar amounts in millions]

	New loans	Loans "charged off"—unpayable
Corn	$1,926.0	$186
Wheat	1,204.0	140
Cotton	919.0	95
Sorghum	384.0	34
Soybeans	327.0	0
Tobacco	288.0	0
Sugarbeets	229.0	0
Rice	123.0	146
Barley	111.0	12
Peanuts	109.0	102
Oats	64.0	1
Honey	4.0	0
Rye	1.4	0

Source: Fiscal Division, U.S. Department of Agriculture.

POINTS

1. The tobacco price support is not a subsidy. It is a loan which is repaid, with interest.

2. The tobacco price support program has been one of the most successful of all farm commodity price support programs. The realized cost of the program since its beginning in 1933 has been about .1% of the cost for all 13 farm commodity price support programs. There have been no losses at all in more than a decade. In fact, in most years, the program produces a profit for the government.

3. In 1979, the Federal government received more than $2.4 billion in excise taxes on tobacco products. State treasuries were benefitted by $3.7 billion in revenues from tobacco.

4. Tobacco also contributed favorably to our balance of payments, netting nearly $2 billion in foreign trade in 1980. Over $2.4 billion of U.S. tobacco was exported last year, while about $487 million of foreign leaf was imported.

5. Destruction of this successful program would create chaos in a farming sector where stability has prevailed. The ultimate victims would be thousands of small family farmers who depend on income from tobacco, or leased tobacco allotments, for a substantial portion of their livelihoods. It would reduce revenues to the Federal and state treasuries, and adversely affect our trade balance.

6. The 500,000 families in 22 states engaged in growing and harvesting of tobacco.

Mr. THURMOND. Madam President, I just want to say in closing that I hope the Senate will not see fit to abolish this program.

Mr. HUDDLESTON. Madam President, how much time remains?

The PRESIDING OFFICER. Five minutes, twenty seconds.

Mr. HUDDLESTON. Madam President, I yield to the Senator from South Carolina.

Mr. HOLLINGS. Madam President, I thank my distinguished colleague.

Madam President, I rise in opposition to the amendment by the Senator from Ohio. This proposal is an attempt to eliminate the tobacco price support program thereby destroying an industry that works well and contributes much to the economies of many States and the Nation as well.

This amendment is based on a limited perspective that fails to recognize the important contribution our tobacco producers make. I am confident that the Senate will reject this amendment handily, when the facts are presented and the case is made. Let me state that case and voice the concerns this amendment raises.

First, the long-term costs of the tobacco price support program are low since nearly all price support loans are repaid. Repaid with interest I might add. Commodity Credit Corporation net realized losses due to the tobacco program are expected to average below $1 million per year for the next 5 years.

Since 1933, $5 billion has been loaned under the tobacco price support program with a loss rate of only 1 percent.

A loss rate that, I might emphasize, Madam President, is the lowest of any major commodity. The tobacco program is successful, it works better than the rest, but my colleague inappropriately singles it out for elimination.

Second, elimination of the tobacco price support program could have serious employment effects. Tobacco is by far the most labor intensive agricultural crop grown in the United States. Tobacco production uses about 250 hours of labor per harvested acre, compared to 21 hours for cotton and 3 hours for food and feed grains.

According to the Census of Agriculture, 50,000 tobacco farms reported employing an average of 10 workers per farm, usually at harvest time. These seasonal workers have very few outside employment opportunities because of their low skill level, lack of proximity to urban employment, and the minimum wage requirements of off-farm work.

The production of tobacco, because of its labor intensity, offers many jobs to young people and makes a significant impact on the youth employment problem.

Third, tobacco production is stabilized through the price support program. This aspect of the program enhances U.S. tobacco exports by increasing the reliability of U.S. supplies.

Approximately $2.1 billion worth of tobacco products will be exported in fiscal year 1981. This ranks tobacco fifth among our agricultural exports, Madam President.

Needless to say this has a tremendous and very beneficial impact on our balance of payments. These exports strengthen the value of the dollar abroad and fight inflation at home by reducing prices on imported products.

Fourth, termination of the tobacco price support program would be particularly detrimental to small-scale family farms. Tobacco growers represent 276,000 farm families in 18 States. The average productive tobacco acreage per farm is only 3 acres. Tobacco is unique in that it allows small family farms to support themselves. It preserves the family farm. My colleague from Ohio would call an end to this.

Fifth, smokers more than pay for the cost of the tobacco support program. The USDA program is estimated to cost about $0.2 billion in fiscal year 1981—less than one penny for each pack of cigarettes sold.

Also, the Federal excise tax on cigarettes which is 8 cents per pack amounts to about $2.6 billion per year. State and local taxes in turn generate about $3.5 billion annually while other tax revenues, such as corporate income tax, account for an additional $3 billion.

Total estimated revenue for tax collection from the tobacco industry, therefore, Madam President, is in the vicinity of $9 billion annually. The tobacco program is economically sound and a significant money maker that I wish we had a few more of around here.

With a few more contributors to our economic system along the lines of tobacco we would not have the economic problems that presently exist in our Nation. Success such as this should be promoted, not destroyed.

Finally, it should be indicated that despite the critics contention the tobacco price support program is a subsidy; it is nothing of the kind. Usually there is no expense with the support program and generally the program generates revenues for the Treasury. That is the record and the facts prove this point, Madam President.

The tobacco price support program does not encourage increased tobacco production or smoking. The program insures orderly marketing and stabilizes tobacco production. It is a sound and contributing part of our economy, Madam President, and for this reason and the reasons I have outlined I urge that the amendment by the Senator from Ohio be defeated.

Mr. HUDDLESTON. Madam President, I yield 1 minute to the Senator from Kentucky.

Mr. FORD. Madam President, not only is the program we are debating today of little or no cost at all to the Government, it is also vital to the economic well-being of the State I represent.

The importance of tobacco, the fact that 1 of every 14 Kentucky workers owes his or her job to the crop, and the rippling economic effect of the tobacco industry to communities, local, State—and even the Federal Government—were highlighted in a recent editorial in the Lexington (Ky.) Leader.

I ask unanimous consent that this editorial be entered in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VALUE OF TOBACCO INDUSTRY SHOULD NOT BE UNDERESTIMATED

It comes as no surprise to Kentuckians that tobacco is the commonwealth's cash crop, that it has a major impact on the state economy and that one of every 14 Blue Grass workers owes his or her job to tobacco.

Nevertheless, it is good to hear a prestigious research organization reinforce our confidence in the tobacco industry and come up with some facts and figures to back up long-held opinions about the contributions it makes to the state.

Granted that the study was commissioned by the Tobacco Institute, an organization of cigarette makers. However, the study was made by the Wharton Applied Research Center at the University of Pennsylvania, so its credibility is above reproach.

The timing of the report is significant, because it says good things about tobacco and its economic benefits. It can go a long way toward countering some of the criticism of federal tobacco programs that comes annually at budget time.

What the study did was measure the Kentucky tobacco industry's effect on the economy; that was based in a 1979 survey of all jobs, income and tax revenues directly related to the industry's business activities.

Since it was the first such study, it carries weight in facts and figures that are more plausible than previous statements many believed were conjecture.

For example, the total tobacco industry generates 43,580 fulltime jobs in the state, with compensation of nearly $399 million a year. The study estimates that tobacco also generates, through non-tobacco sector effects, an additional 38,100 jobs and $517 million in compensation.

Consider also the benefits for state tax coffers—about $9 million, or 2.3 cents of every tax dollar collected, was linked to tobacco in 1979.

There is prestige and profit in Kentucky's standing among other states in tobacco statistics. For example, it ranks second only to

North Carolina in tobacco farm employment, and third in manufacturing. The most prominent factor in this area, however, is the fact that Kentucky ranks first in tobacco warehousing.

That is particularly impressive to Lexingtonians, because this is the world's largest burley market, and that segment of the industry is the backbone of local economy.

We hope that Gov. John Y. Brown, Jr., in making the report to a meeting of tobacco men here, caught the significance of the figures on Kentucky's per-pack tax on cigarettes. The state in 1979, collected $21.3 million in this category, and its tax is only 3 cents a pack.

We still maintain that the tax could be doubled, offering relief for state revenue shortfalls and at the same time having a negligible effect on cigarette sales. Increasing the per-pack levy certainly is something Gov. Brown and the General Assembly should consider next year.

The Wharton report comes at a time when things are looking up for Kentucky burley farmers. Both poundage quotas and support prices have been increased for this season. Demand by buying companies probably will be greater this year.

The report should also give a new image to tobacco and its importance in the eyes of all Kentuckians, because there are few who aren't touched by the economies of the leaf industry.

Mr. FORD. Madam President, I think of all of the debate we have had on this issue in the past and there has been no change now. I urge my colleagues to vote as they have in the past.

Mr. HUDDLESTON. Madam President, I yield 2 minutes to the Senator from Virginia.

Mr. WARNER. I thank the distinguished Senator from Kentucky.

Madam President, the law states that, should tobacco producers vote to adopt marketing quotas, as a supply control measure, the Government is required to provide price support. The method used to support tobacco prices is nonrecourse loans from the Commodity Credit Corporation, with tobacco held as collateral.

Since 1971, the amount of new loans made each year has ranged from $30.1 million to $315.8 million, with the average being $173.3 million per year. New loans in fiscal year 1980 amounted to $172.0 million.

Over the past 10 years, loan repayments have come within $24 million of equalling new loans that were made. There were large differences from year to year, but over the long run, repayments and loan outlays have approximately balanced.

This is exactly how the loan program is designed to work, and the year-to-year variation between repayments and new loans is simply the manifestation of the success supply stabilization feature of the price support program.

It is the loan program that absorbs some of the shock of production variation due to weather. Without stocks of tobacco under loan, the supply shocks would produce greater market price variation. The loan program works to stabilize the tobacco market.

A small amount of tobacco has been sold out of the loan program at a loss to the Government. These losses on tobacco sold from loan stocks, plus other associated costs and recoveries, have totaled $1.66 million over the past 10 years, an average of $166,000 per year. In fiscal year 1980, the CCC showed a net loss of $36,000 on its loan activities.

The low net loss on tobacco loan activities of the past 10 years typifies the program since its inception. Since 1933, the cumulative loss on loan activities has amounted to only $56.7 million. Comparable losses for all other commodities is $69 billion.

I ask unanimous consent that a document entitled "Facts About Tobacco Price Support Program" be printed at this point in the RECORD.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

TOBACCO PRICE SUPPORT PROGRAM

1. Who Benefits?

Farmers. Tobacco is the principal cash crop on 276,000 farms in 22 States. The price support "loan" is made to farmers on tobacco that is not sold the day it is brought to market. The "Tobacco Stabilization Cooperative" takes posession of the tobacco, processes it, and sells it at a later date. The farmer is then paid for his tobacco, and thereupon repays the "loan." The average tobacco allotment is 4.4 acres—so we're talking about relatively small farmers benefiting most.

2. Is there a tobacco subsidy?

No. The price support loans are all repaid when Stabilization sells its stocks. In fact, because the stocks are sold at a profit by Stabilization, the government actually realizes a profit. CCC had a net gain of $827,000 on tobacco price support operations in 1978, with $88 million more repayments in outstanding loans in 1980 than new loans offered.

3. Does the tobacco program encourage smoking—The health issue.

No. Here's what HEW says:

". . . if the (tobacco) program has any effect at all on public health it is favorable. The purpose of the program is to stabilize tobacco production, and, thus, assume fair prices to the farmer. If the program were to be withdrawn, though, prices would fall, and cigarettes might become less expensive, possibly encouraging more young people to smoke."

4. Tobacco taxes

U.S. farmers received about $2 billion for their tobacco crop last year.

The federal government received $2.4 billion in direct taxes.

States, counties, and cities collected almost $4 billion more, for a total of $6,305,-521,000 in direct taxes on tobacco.

5. Balance of trade

One-third of all U.S. tobacco is exported—to the tune of $2.5 billion in 1980. The favorable balance of trade in tobacco was $1.69 billion.

6. Farm income stabilization—the bottom line

USDA projected a decline in farm income of 20–24 percent for 1980. A discontinuation of this program would further exacerbate the depressed economic situation and cause massive foreclosures in the 8 states where tobacco is a leading crop.

7. Caution

The tobacco program is uniquely suited to that commodity alone because of its geographic concentration. Unlike other crops that can be grown anywhere, tobacco is concentrated in the Southeast—with 67 percent in N.C. alone.

Mr. MITCHELL. Madam President, I will vote for the pending proposal to reduce spending in the budget resolution by $79 million by eliminating the costs the administration has identified in connection with the tobacco program.

This resolution purports to be a barebones budget, containing only the most essential spending for our national defense, for our economic recovery and for the survival of the most needy in our society. At a time when inflation is eroding the purchasing power of the wages of working men and women and the pensions of retirees, the goal of a barebones budget is a laudable one.

All Americans are prepared to scale back their demands for programs and services if we have, in truth, a budget that contains only the minimal amounts absolutely essential for Government operations.

But the presence in this resolution of funding of $79 million to encourage the production of a commodity which the Government itself has identified as positively harmful to human health—a commodity, moreover, whose growers claim is in no need of a subsidy—is inconsistent with our objective.

During our first budget-cutting debate, the majority in the Senate decided we could not afford $80 million for vocational education costs—a program that helps young people prepare to hold productive, taxpaying jobs in our economy. That majority decided we could not afford to pay for the costs of rural health care centers—low-cost clinics which serve people who have no ready access to physicians. That majority even determined that we could not afford $6 million to maintain a program of immunization for America's children.

Yet, this resolution says that we can afford $79 million to continue to support the production of a commodity which is not a food source, has no medicinal value, and has been associated with the most serious and life-threatening illnesses.

If the Senate determines that tobacco program costs cannot be cut, then we have plainly established the wrong priorities in this budget. How can anyone stand before the American people and say that we cannot afford $6 million to protect our children from disease, but we can afford $79 million to subsidize the growing of tobacco?

Various claims have been made for public support of spending cuts: The majority of those claims rest on reasonable grounds. But I have seen no evidence to support the contention that the public desire for budget cuts, reallocation includes a desire to protect the expenditure of $79 million to grow tobacco.

The PRESIDING OFFICER. Who yields time?

The Senator from Ohio.

Mr. HUDDLESTON. Madam President, I reserve the remainder of my time.

Mr. METZENBAUM. Madam President, I was pleased to hear the comments of my distinguished friends addressing themselves to this issue.

As a matter of fact, I am not prepared to stand here and say they are 100 percent wrong, because they are not. They are partially right. But their figures tell only a small part of the story.

They do not reflect the fact that we have $840 million in price support loans outstanding, some as old as 7 years, and almost all of which are far below the cost of money to our Government.

They do not reflect the fact that this $849 million is in nonrecourse loans.

All we have is 670 million pounds of tobacco stored away. Some of it cannot be sold because current demand is being met by current production. Some of it cannot be sold because it would undercut the current price. Some of it cannot be sold because, reportedly, it is old and stale.

The bottom line is that the Federal Government is not getting back dollar for dollar what it loans out because of this 670 million pound white elephant which represents, in the CRS report's own words, an outstanding loan of $814 million.

The CRS study, which some have referred to, does not include the allotment lease payments, about $279 million a year, which are passed on to the consumer in higher tobacco prices, nor does it include the interest subsidy for the outstanding loans which amount to about $106 million in costs, nor does it include the losses from the crop insurance program, or the $15 million a year administrative cost to run all these programs.

If this program did not cost the Federal Government any money, if this program did not provide for a Federal subsidy, does anybody really believe that as many Senators as have risen on this floor to oppose it would have seen fit to come to the floor for that very purpose?

Of course it costs money. Of course it costs hundreds of millions of dollars. All we are trying to do is to cut back $79 million of that Federal subsidy.

Madam President, if the opposition is ready to yield back the remainder of its time, I am prepared to yield back the remainder of my time.

Mr. HUDDLESTON. Madam President, how much time do we have remaining?

The PRESIDING OFFICER. There are 3 minutes and 2 seconds.

Mr. HUDDLESTON. Madam President, I shall take just a minute to respond to the statements just made by the Senator from Ohio.

We are not here because it is a Government expenditure program, we are here because it is a program that has stabilized and controlled the growing of tobacco and has been eminently successful. It is the major source of income for hundreds of thousands of small farmers throughout the tobacco area. That is why we are here defending it today.

Madam President, I yield back the remainder of our time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. HUDDLESTON. I move to lay the amendment on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

Mr. JOHNSTON. Madam President, I ask unanimous consent that this be a 10-minute vote.

Mr. BAKER. Madam President, I need to clear that on my side. I am sympathetic to it. I must object for now.

The PRESIDING OFFICER. The objection is heard. The question is on agreeing to the motion to lay the amendment on the table. The clerk will call the roll.

Mr. BAKER. Madam President, before the rollcall starts, I am told that we do not have an objection. I join in the request of the distinguished Senator from Louisiana that the rollcall be a 10-minute rollcall.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. Madam President, I ask unanimous consent that I be allowed to proceed for 30 seconds to make a parliamentary inquiry—just to make a point.

Mr. METZENBAUM. Madam President——

Mr. HELMS. I am not going to address the substance, Madam President.

Mr. METZENBAUM. The Senator is not going to raise any parliamentary questions?

Mr. HELMS. No, Madam President, I just want to ask the Parliamentarian if a point of order would lie against this amendment.

Mr. METZENBAUM. Madam President, I yielded to the Senator only because he said he is not raising a parliamentary question.

The PRESIDING OFFICER. The Chair advises the Senator from North Carolina that the Parliamentarian says it would be subject to a point of order. It is not mathematically consistent.

Mr. HELMS. I just wanted to make that point, Madam President.

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER (Mr. STEVENS). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 56, nays 42, as follows:

[Rollcall Vote No. 111 Leg.]

YEAS—56

Abdnor	Exon	Melcher
Andrews	Ford	Murkowski
Baker	Goldwater	Nunn
Baucus	Grassley	Percy
Boren	Hayakawa	Pressler
Burdick	Heflin	Pryor
Byrd, Harry F., Jr.	Helms	Randolph
Byrd, Robert C.	Hollings	Sarbanes
Chiles	Huddleston	Sasser
Cochran	Inouye	Schmitt
Cranston	Jackson	Simpson
D'Amato	Jepsen	Stennis
DeConcini	Johnston	Stevens
Denton	Laxalt	Symms
Dixon	Long	Thurmond
Dole	Lugar	Tower
Domenici	Matsunaga	Wallop
East	Mattingly	Warner
	McClure	Zorinsky

NAYS—42

Armstrong	Gorton	Moynihan
Bentsen	Hart	Nickles
Biden	Hatch	Packwood
Boschwitz	Hatfield	Pell
Bradley	Hawkins	Proxmire
Bumpers	Heinz	Quayle
Chafee	Humphrey	Riegle
Cohen	Kassebaum	Roth
Danforth	Kasten	Rudman
Dodd	Kennedy	Specter
Durenberger	Leahy	Stafford
Eagleton	Levin	Tsongas
Garn	Metzenbaum	Weicker
Glenn	Mitchell	Williams

NOT VOTING—2

Cannon Mathias

So the motion to lay the amendment (UP No. 92) on the table was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. METZENBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized to offer an amendment.

UP AMENDMENT NO. 93

Mr. DOMENICI. Mr. President, I am offering a technical amendment to correct the reconciliation instructions, as I indicated earlier. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 93.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, line 16, delete "$645,000,000" and insert in lieu thereof "$505,000,000."

On page 25, line 18, delete "$3,243,000,000" and insert in lieu thereof "$2026,000,000."

On page 25, line 18, delete "$3,200,000,000" and insert in lieu thereof "$1,932,000,000."

On page 25, line 19, delete "$4,011,000,000" and insert in lieu thereof "$2,656,000,000."

On page 25, line 20, delete "$3,961,000,000" and insert in lieu thereof "$2,616,000,000."

On page 25, line 21, delete "$4,613,000,000" and insert in lieu thereof "$3,153,000,000."

On page 25, line 21, delete "$4,517,000,000" and insert in lieu thereof "$3,066,000,000."

On page 27, line 18, delete "$2,282,000,000" and insert in lieu thereof "$2,460,000,000."

On page 27, line 19, delete "$372,000,000" and insert in lieu thereof "$402,000,000."

On page 27, line 20, delete "$8,578,000,000" and insert in lieu thereof "$9,956,000,000."

On page 27, line 21, delete "$6,733,000,000" and insert in lieu thereof "$8,082,000,000."

On page 27, line 22, delete "$10,035,000,000" and insert in lieu thereof "$11,586,000,000."

On page 27, line 22, delete "$8,968,000,000" and insert in lieu thereof "$10,440,000,000."

On page 27, line 23, delete $12,324,000,000" and insert in lieu thereof "$14,014,000,000."

On page 27, line 24, delete "$10,872,000,000" and insert in lieu thereof "$14,014,000,000."

On page 28, line 5, delete "$176,000,000" and insert in lieu thereof "$215,000,000."

On page 28, line 6, delete "$110,000,000" and insert in lieu thereof "$149,000,000."

On page 28, line 7, delete "$695,000,000" and insert in lieu thereof "$787,000,000."

On page 28, line 7, delete "$1,011,000,000" and insert in lieu thereof "$1,103,000,000."

On page 28, line 8, delete "$903,000,000" and insert in lieu thereof "$1,082,000,000."

On page 28, line 9, delete "$1,537,000,000" and insert in lieu thereof "$1,716,000,000."

On page 28, line 10, delete "$1,164,000,000" and insert in lieu thereof "$1,355,000,000."

On page 28, line 11, delete "$2,056,000,000" and insert in lieu thereof "$2,247,000,000."

On page 28, line 16, delete "$764,000,000" and insert in lieu thereof "$1,764,000,000."

On page 28, line 17, delete "$19,000,000" and insert in lieu thereof "$29,000,000."

On page 28, line 19, delete "$4,088,000,000" and insert in lieu thereof "$4,138,000,000."

On page 28, line 20, delete "$4,846,000,000" and insert in lieu thereof "$4,976,000,000."
On page 28, line 22, delete "$5,101,000,000" and insert in lieu thereof "$5,261,000,000."
On page 34, line 9, delete "$3,659,000,000" and insert in lieu thereof "$3,791,000,000."
On page 34, line 9, delete "$8,383,000,000" and insert in lieu thereof "$8,427,000,000."
On page 34, line 10, delete "$3,591,000,000" and insert in lieu thereof "$3,748,000,000."
On page 34, line 11, delete "$9,373,000,000" and insert in lieu thereof "$9,492,000,000."
On page 34, line 12, delete "$3,454,000,000" and insert in lieu thereof "$3,637,000,000."
On page 34, line 13, delete "$9,745,000,000" and insert in lieu thereof "$9,907,000,000."

Mr. DOMENICI. Mr. President, I move the adoption of the amendment.

Mr. HOLLINGS. We have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. Will Senators please take their seats?

Mr. BAKER. Mr. President, earlier I had planned to make this request, and I make it now.

I ask unanimous consent that consideration of the amendment by the distinguished junior Senator from Tennessee in sequence be vitiated.

Before the Chair rules, I explain that the Senator from Tennessee very kindly agreed to offer his amendment tomorrow. It is a sense of the Senate resolution. It need not be attached to this resolution. I have agreed that I will make a provision, which I will do later this evening, for a time for the transaction of morning business tomorrow, in which that resolution can be considered.

I express my appreciation to the Senator from Tennessee for his consideration in permitting us to proceed in this manner.

The PRESIDING OFFICER. Without objection, the order is vitiated.

ECONOMIC ASSUMPTIONS OF S. CON RES. 19

Mr. FORD. Mr. President, in just a few moments, the Senate will vote on the revised second budget resolution for fiscal year 1981. I intend to cast my vote to approve this resolution, but I do so with grave reservations about the economic assumptions on which this version of the budget is based.

I am concerned—deeply concerned—that these assumptions are far too optimistic and I seriously question their validity.

The Budget Committee has relied on assumptions that are identical to the administration except that interest rates were adjusted to take into account trends implied by prices in the Treasury bill futures market.

These assumptions, in my opinion, are still closer to wishful thinking than reality. I hope that I am mistaken, but I fear that time will prove it true.

Historically, the Budget Committee has relied on economic predictions of the Congressional Budget Office which have consistently been more reliable than administration forecasts. But now, despite CBO's dependable track record, the Senate apparently prefers to ignore the CBO's assumptions which project slower economic growth, higher inflation and higher interest rates and rely, instead, on the rosier picture painted by the administration.

As Senator HOLLINGS pointed out in his minority views:

> For the first time in its history, the Budget Committee ignored the economic assumptions of the nonpartisan Congressional Budget Office. It formulated a budget not using the CBO estimates, but instead using "Reaganomics" which predicted nearly twice the growth rate in 1982 predicted by other major economic forecasters, as well as totally unrealistic inflation and interest rate projections.

Using the CBO estimates, the 1984 deficit actually amounted to over $50 billion—not the balanced budget asserted by the Republicans.

I realize that it is difficult, if not impossible, to project what the economy will look like 6 months from now, much less 3 years down the road. But at the same time, we have a responsibility to separate fact from fiction and reality from fantasy.

The administration's figures fail to accomplish this, and I fear this fact will become painfully clear in the months ahead.

If anything, I have presented a compelling case for opposing this resolution, but yet my vote on this budget resolution, like my vote on the budget reconciliation measure, will be in support of the President's overall economic proposals.

Despite my misgivings, I do not want to be seen as an obstructionist. While I disagree with many specifics of the administration plan, I will give the President a chance to put his economic recovery program in place.

I hope that it will work. I hope that it can pump new life into this country's economy and bring inflation under control. I also hope that if the economic projections on which we are signing off today prove to be in error, that the administration will come back to the Congress, admit it made a mistake, and work with the Congress to correct any shortcomings that become obvious in this plan.

Mr. LEVIN. Mr. President, the first budget resolution for 1982 recognizes a clear need to cut spending and taxes. I, too, recognize that need and wish I could find a way to support the specific approach contained in the resolution.

Unfortunately, I cannot for two fundamental reasons. First, the budget makes little economic sense. The budget assumes a 30 percent across-the-board cut in marginal tax rates—a cut which is truly inflationary and assures deficits in 1984 and beyond. Economists and investors are already responding to the inflationary implications of this budget. The increase in interest rates, and the projection by Secretary Regan that they may again reach 20 percent—or higher—is compelling evidence to suggest that the private sector does not view this tax plan as an economic answer. The recent increase in Treasury bill yields also points to significant skepticism about this economic approach. Obviously, higher interest rates will do little to spur sales of major consumer items—like autos and homes. Any economic recovery plan which has the effect of further retarding demand in these critical sectors of the economy has very little chance of success.

Furthermore, this tax plan just does not do enough to target incentives to save and invest. The approach used denies us the use of other more precise tax tools which could have come from alternative plans—tax plans which the Senate rejected today even though they were endorsed just last year by a bipartisan majority on the Senate Finance Committee. Our economy ought not be a political football. But the votes we have seen today suggest that it has become one.

Philosophically, I am unable to support this resolution because it denies basic principles of equity. The assumed tax cut confers disproportionate relief to the wealthy. In the area of budget cuts, this proposal violated the commitments we have made as a nation to millions of seniors who have come to depend on the social security system for adequate retirement incomes. We are breaking our promise to the unemployed, the poor, and the disadvantaged—breaking the President's own pledge that a safety net for the truly needy would remain in place.

The resolution is unfair to more than individuals. It is also unfair to entire regions of the country and sectors of the economy. If the budget is considered a tool to encourage economic growth, and promote growth in areas needing help, this budget is contrary to that goal. For example, objective studies suggest that an analysis of the budget cuts and the defense spending increase clearly work to the disadvantage of older industrial States of the Northeast and Midwest. While water projects remain relatively untouched, critical economic development programs are eliminated or substantially reduced. I just do not believe that this country is really willing to sacrifice its honor and its future in an effort to reduce Federal spending—especially when alternative reductions have been offered which are compatible with our past promises.

Mr. President, this resolution makes some laudable reductions in Federal spending. I suport many of them. In fact, if my votes on this resolution and the reconciliation bill are examined, it becomes clear that for every dollar I voted to spend, I also voted to reduce a matching amount in other areas. My support for increased spending in some areas, then, is not a vote for increased Federal spending above the President's level. But because the mix of reductions

is unfair, because the tax plan is economically unproductive, I cannot support the resolution.

Mr. BRADLEY. Mr. President, the economic policy reflected in this budget resolution is not sound, and I must oppose the resolution. It is a static, rather than a forward-looking approach. It subjects the economy to volatile cross-currents, rather than striking out on a direct course to improve competitiveness, lower inflation and achieve vibrant growth. It fidgets with formulas, rather than addressing economic fundamentals.

Mr. President, I believe this budget resolution reflects and reinforces an untested economic theory that gambles with the only economy we have. It threatens to mortgage our future to a throw of the dice.

Mr. President, the budget resolution strikes the wrong fiscal balance between spending and revenues, contains an unexamined defense spending time bomb that threatens to explode with shattering effect on our economy in the future, and results in a stimulative fiscal policy that is at cross-purposes with the restrictive monetary policy that the Federal Reserve will be driven to in order to offset the budget's inflationary effects. The result for the economy is a high risk of inflation, financial uncertainty and poor growth performance.

Mr. President, 6 weeks ago I supported the reconciliation resolution approved by this body because I share with the President and with most of my Senate colleagues, a commitment to reduce Federal spending. That measure addressed only the issue of savings on the spending side of fiscal policy; it permitted no action concerning the revenue side of fiscal policy.

Accordingly, I voted to support the general level of savings achieved in the measure. But it makes no sense to make large cuts in spending, in order to reduce inflation and strengthen private capital markets, if you recklessly allow those gains to hemorrhage out the tax side with consumption-stimulating inflationary tax cuts for the next 3 years. And it is unfair to take food from the mouths of children, or medical care from the poor in order to preserve tax privileges which complicate the equitable administration and broad understanding and acceptance of our tax system.

Mr. President, spending on the tax side, in the form of tax expenditures, is no less inflationary and no less damaging to capital markets than is direct spending on programs. Indeed, it is my view that the mix of spending and revenue policy reflected in this budget resolution is more damaging to the economy than would be a mix favoring productive public expenditure and disfavoring inflationary tax programs or exploitative tax privileges.

Accordingly I proposed a package of changes to the budget resolution which have redirected spending to programs that move the economy toward long-term real growth, and away from tax expenditures that make no direct contribution to growth. I sought to strengthen our country's industrial base, which is necessary to make us more competitive in the future. That means replacing old plants and equipment with new capital investment. I strongly support measures to stimulate increased net savings and investment without which we will not improve our productivity, or make the necessary technological breakthroughs. But no less important to rekindle economic growth are two other investment components: Retaining our economic infrastructure such as railroads, and developing human capital in the form of skilled manpower for the industries of the future. Mr. President, my program specifically increased funding for research and development, mass transit, education, worker retraining and science by reducing tax-avoidance schemes such as commodity tax straddles and others. My proposal would have achieved a better, more productive fiscal mix by strengthening future-oriented programs, eliminating wasteful tax subsidies, and at the same time reducing the Federal deficit. I cannot support a budget program that would spend more to gain far less.

I also cannot support a budget resolution that turns defense spending into a blind alley which could lead straight to economic disaster. I support a strong defense for this country, but not scattershot defense spending. Such an approach will not only undermine our economy, but it is the surest way to undermine the consensus in this country for a strong defense. We need a sustained defense effort over time, not a one-shot glut. We must not repeat the error of the 1960's when we financed a war with inflation, instead of recognizing that everything, including defense, has an opportunity cost. We need to present Americans with a solid defense program trimmed of all fat, aimed at realizing clearly articulated strategic objectives and funded in a way that conveys strength and analysis.

The people of this country I think will come to understand that escalating levels of defense spending combined with deep tax cuts cannot assure either real economic growth or a steady sound defense buildup. Now they are willing to bear the cost of the higher defense expenditure, which I believe we need, because security is the most basic human need. But they will continue that support only if they know what they are getting, and are satisfied that they are getting, what they pay for.

Mr. President, our Government has a responsibility to justify defense increases in terms of the strategic requirements of our national security and to make clear the real costs of such a defense under realistic assumptions about developments in our economy. The administration has not done this. Therefore I proposed a sense of the Congress resolution calling on the administration to report to Congress the effect on the economy of the proposed defense spending and deep tax cuts under varying rates of economic growth.

It also called for a thorough justification of the administration defense programs in terms of the strategic requirements of U.S. national security interests. My proposal was defeated. Therefore my concern remains that these critical strategic and economic considerations will not receive the necessary attention.

Finally, Mr. President, now that the tax side has been added to the spending side of the budget equation, my concern that the President's economic program would risk high inflation and depressed growth intensifies. Because of the failure to balance spending and tax cuts properly, and to design both with an eye toward improving the competitiveness of the U.S. economy, the Federal budget is prone to stimulate consumption and thereby fuel the wage-price cycle. This fiscal stimulus will cause the Federal Reserve to further restrict the supply of money, driving up interest rates. In the absence of a sound program to fight inflation, this will put a squeeze on real economic growth. High interest rates will drive out the very investment that is necessary to improve the competitiveness of U.S. industries, and provide the robust economic growth which the administration is counting on to generate revenues for balancing the budget and funding defense. With a fiscal policy that is at cross-purposes with monetary policy, the economy won't achieve the necessary growth. There will be little or no relief from inflation, and the budget deficit will grow out of control. This will not fulfill the promise that we made to the American people to move toward a balanced budget and to restore robust real growth. Further, it will not set in place the basis for a competitive economy able to meet the challenges of the future. Therefore I cannot give my support to this budget resolution, and to its underlying economic policy.

IMPOUNDMENT CONTROLS IN BUDGET RESOLUTION

Mr. HATFIELD. Mr. President, I wish to commend Chairman DOMENICI and the members of the Budget Committee for their efforts to date. They have provided the framework for the Senate to implement the goals of the economic recovery program. I rise today, however, to remark upon that portion of the Budget Committee's report on the resolution which deals with increased impoundment powers for the executive branch. Title X of the Budget Act, entitled "Impoundment Control," is of particular interest to me and, I think I can safely say, most Members of the Senate.

Title X provides for the procedure of rescinding and deferring appropriated funds. The President transmits special messages to Congress to propose the delay—deferral—or elimination—rescission—of budget authority for a particular program. This is an option available to the President whenever he determines that all or part of any budget authority will not be required to carry out the full objectives of programs, or that such an action is necessary for fiscal policy considerations. Unless both Houses of Congress complete action on a rescission bill within 45 days, the budget authority must be made available for obligation. In the case of deferrals, one House must pass an impoundment resolution in order to disapprove the delay of obligating funds.

This process insures Congress review

of such Presidential proposals, and develops a partnership with him to achieve an appropriate fiscal policy. This year, for example, President Reagan has sent Congress a large number of rescission and deferral proposals which are an important part of this overall economic recovery program. The Congress has lost no time in considering the President's package and is forging ahead on the fiscal year 1981 supplemental appropriation which will implement a great deal of his program. Let me illustrate how diligently both Appropriations Committees are pursuing the rescission process this year. Over the life of the Budget Act, Presidents have proposed some $11.9 billion in rescissions and Congress has approved approximately $6 billion. This year alone, I am confident the members of the Appropriations Committees will agree in conference to over $13 billion in rescissions. So in 1 year, we will eclipse the totals established over the life of the Budget Act.

I mention that to indicate just how responsive Congress can be in enacting spending cuts. But I also should note that rescissions are not simply prospective savings. They actually constitute a reversal of appropriations choices made by Congress only months before. These earlier decisions are not entered into lightly and that explains why Congress may sometimes be reluctant to reverse itself.

The report on the budget resolution, however, proposes a review of this procedure with an eye for greatly expanded impoundment powers vested in the executive branch. I appreciate the desire on the part of Members to give the President maximum flexibility to reach his economic goals. But I feel that to do so through amending title X of the Budget Act in this way would not be the responsible course.

As most Members recall, title X and its impoundment controls are the heart of the congressional budget process. It was extensively debated and carefully constructed to provide balance between what was seen at the time as an abuse of the Presidential power of impoundment and the Constitutional mandate for Congress to take responsibility for appropriating funds. The Senate, in particular, made clear its intentions regarding that responsibility, by resisting the House's approach to impoundment control. The House-passed version of the Budget Act—H.R. 7130, 93d Congress—contained a provision for handling impoundments proposed by the executive branch, requiring a resolution by either House to disapprove executive branch impoundments. In other words, in the absence of congressional action, the impoundment would take place. Because the Senate felt so strongly that impoundment actions must undergo the active scrutiny of the very legislative body which made the authority originally available, the conferees on the Budget Act achieved a compromise on this point. That is why today we have the process by which the President proposes rescissions, but Congress must act in order for them to take effect. And, alternatively, Congress must intervene to prevent the President from deferring funds. This two-pronged approach is the result of much careful debate and consideration. This procedure has been tested many times since 1974, and especially this year is providing the Congress the ability to react most positively to Presidential proposals aimed at limiting spending.

Mr. President, I should also add a word about the deep concern of both the House and Senate Appropriations Committees over so-called uncontrollable expenditures. These are the outlays driven by entitlement programs, permanent appropriations and other payments mandatory under law which are not subject to the discipline of annual appropriations review. The level of so-called uncontrollables is over 77 percent of the President's 1982 budget.

Unfortunately, the rescission process does not touch these programs at all. Instead, rescissions cut only the remaining 23 percent of the budget which is under annual appropriations review. In this light, it is obvious that increased impoundment powers for the President will do nothing to bring restraint to the large uncontrollable segment of the budget most in need of review.

I believe there are improvements in the process which the Congress should consider. For example, the act provides for 45 days of continuous congressional session in which to act upon rescissions. This is confusing and time consuming, since the wait has often averaged as much as 80 days. In place of the current provision, I believe we should substitute a 60-calendar day limit.

Another beneficial change would allow a deferral after a prior rescission or deferral is rejected. This action would be allowed only where the new deferral furthers good administrative practice or is based on factors unknown when the prior proposal was made. Thus, the President could make use of sound financial practices and aid in controlling unwarranted expenditures.

But in its zeal to provide the President with the greatest latitude to achieve a balanced budget, Congress must not undo the careful balance struck between legislative and executive authority in title X of the act.

Mr. President, let me close with just a few words about another proposal by the Budget Committee. I share their concern about the difficulties experienced in estimating outlays and I commend them for focusing our attention on this issue. This is a problem which will not present a simple solution, since overestimates have been as large a problem as underestimates in recent years. The following chart illustrates our experience with outlay estimates from 1969 to the present.

Again, Mr. President, I want to commend the Budget Committee, and especially its chairman, for the work they have done. I plan to cooperate fully with them as we explore the proposals outlined in their report.

DIFFERENCE IN BUDGET OUTLAYS: CURRENT-YEAR ESTIMATE TO ACTUAL 1969–1981

[Outlays in billions of dollars]

Fiscal period	Current-year budget	Actual	Difference	
			Amount	Percentage
1969	183.7	184.6	0.9	0.5
1970	197.9	196.6	−1.3	−.7
1971	212.8	211.4	−1.4	−.7
1972	236.6	231.9	−4.7	−2.0
1973	249.8	246.5	−3.3	−1.3
1974	274.7	268.4	−6.3	−2.3
1975	313.4	324.6	11.2	3.6
1976	372.3	365.7	−6.6	−1.8
1977	416.6	401.9	−14.7	−3.5
1978	462.2	450.8	−11.4	−2.5
1979	493.4	493.7	.3	.1
1980	563.6	579.6	16.0	2.8
1981	662.7	NA		

Mr. LEAHY. Mr. President, I will oppose the budget plan before us today because in my judgment, it is not equitable, it is not balanced in its priorities, and it is not economically sound.

A consensus has formed in favor of reduced Government spending, reduced Government regulation, and lower taxes to promote thrift and business investment. It is a consensus shared by the American public, by Congress, and by President Reagan.

This consensus was shaped by a common desire for an improved economy, for lower inflation, new job opportunities and greater economic security. It is held together by a belief that spending cuts and selective tax cuts will improve the economy. It is held together because the American public trusts Congress and trusts the President to make necessary cuts in a just and sensible way.

Mr. President, I must oppose this budget because it breaks this public trust and the consensus that I joined. It violates the rules of equity and fairness. It lacks in vision and planning for the future. It is short on compassion. And worse, it promises, in my judgment, higher inflation, fewer jobs, and less economic security for many Americans.

Earlier this year, I supported the budget reconcilation resolution to cut the budget by some $36 billion this year alone. I favor substantial cuts in Federal spending because I believe a balanced budget is one of the many steps that must be taken to reduce inflation and interest rates.

Unfortunately, the budget before us today proposes huge budget deficits for the next several years—deficits which the Congressional Budget Office estimates may exceed $200 billion by 1984.

What do the money experts think?

Expectations of higher inflation have again pushed the prime lending rate near 20 percent—this despite predictions by the Reagan administration that those rates would soon fall below 10 percent.

In the last 10 days of trading on the New York Stock Exchange, the Dow Jones average of 30 industrials has plummeted 60.61 points.

Mr. President, these developments are not votes of confidence for the Reagan economic plan. A close look at the budget plan before us reveals some troubling facts.

There is strong reason to believe that huge budget deficits will persist throughout the remainder of the President's term in office.

This budget assumes real economic growth of between 4 and 5 percent each year beginning this fall. It assumes inflation of 8.3 percent and falling, and interest rates of 12 percent and falling, also beginning this fall. And it assumes that unemployment will decline to 7.2 percent next year and will continue to fall over the next several years. These optimistic forecasts are greatly at odds with most private economic forecasters. If the economy does not perform the hoped for miracles, the budget deficit could swell by tens of billions of dollars.

Over the next 3 years, this budget proposes $170 billion in increased defense spending—more than the entire fiscal year 1981 defense budget—$176 billion in domestic spending cuts, and tax cuts of $293 billion. Unless the untested "supply-side economics" theory works miracles, budget deficits of nearly $300 billion or $100 billion each year may be the result.

Even if the optimistic economic forecasts and theories bear themselves out fully, there is still reason to believe that this budget will not be balanced in 1984.

On top of the rosy forecasts, this budget relies on savings of $81 billion from "additional cuts not yet proposed, assumed passage of legislation to increase Presidential impoundment powers, assumed 1 percent cuts in waste, fraud, and abuse" and other sleights of hand to bring it into balance.

Mr. President, this budget is just plain fiscally irresponsible. It places commitments to a careless and wasteful defense buildup and tax handouts to the wealthy above the fight against inflation.

The huge budget deficits likely to result are not the only inflationary feature of this plan.

Few economists will argue that the $54 billion Reagan-Roth-Kemp tax cut proposed for next year, written entirely in red ink, will not be inflationary. Coming at a time of already high inflation, it is virtually certain to fan, not dampen, inflation.

This budget overlooks the major role that skyrocketing energy costs and oil import bills continue to play in our present inflation. To cut energy conservation and alternative energy development budgets by roughly two-thirds is pure folly.

Not only do I oppose the economic policies reflected by this resolution, Mr. President, but I believe many of the specific spending cuts it assumes are inequitable and shortsighted.

The combined effect of cuts in housing, highway and EPA sewage construction moneys, regional and community development moneys, and large cuts in Farmers Home, SBA, and HUD lending programs may prove devastating to Vermont's economy and the economies of other rural States with chronic money shortages.

It is false economy to slash assistance for preventive health care and education assistance. Greater costs to society will surely follow.

All of our major nutrition programs—school lunch, food stamps, and the special program for pregnant women, infants, and children (WIC)—will be dramatically reduced if Congress enacts this budget. While I support efforts to cut Federal spending, even in the nutrition area, these cuts are pennywise and pound-foolish.

Mr. President, the budget cuts for child nutrition may achieve immediate savings, but the long-term costs for health care and education will far outweigh the short-term benefits. According to Vermont school officials, these nutrition cuts may force many elementary and secondary schools to close down their school lunch program, a program which has been in existence since 1946. If the cuts are not modified, most school lunch programs in rural areas will close in 1982.

A balanced mix of all the domestic energy sources is needed to end the U.S. dependence on foreign oil. This mix must include fossil fuels, solar, hydro, and other renewable energy resources as well as a strong conservation effort. The energy spending proposals reflected in this budget are not balanced. Cuts of roughly two-thirds have been proposed for conservation programs, for solar and renewable energy source programs, and for fossil fuel programs in fiscal year 1982. At the same time, large subsidies for synthetic fuels and a 33-percent increase in funding for nuclear power programs were left in place.

These cuts ignore the realities of today's energy markets, the success of renewable energy programs and the success of conservation efforts in Vermont and elsewhere. Funds for conservation and renewable energy source programs should be restored.

Major reductions are proposed in Federal support for mass transportation in rural and urban areas. These cuts threaten the future of the entire Amtrak passenger rail system, including Vermont's "Montrealer". While it may be possible for Vermont's four rural bus lines in the areas surrounding Rutland, Bethel, Newport, and Bennington to absorb some budget cuts, the Reagan administration proposal which is tied to the cuts could force all four bus lines to end or seriously reduce their services.

Reduced funding for mass transit and arbitrary and urban-biased restrictions on the use of mass transit funds contradict our Nation's need to reduce the consumption of foreign oil through more efficient transportation services.

There are also areas where I believe further cuts could and should be made, and where proposed spending increases go too far.

We can and should save millions of additional tax dollars by eliminating water projects that are not economically justified. To stop construction of the Tennessee-Tombigbee and Dickey-Lincoln projects would save well over $2.5 billion. Halting these two projects this year would save $200 million, an amount roughly equal to the entire Federal payment to the State of Vermont.

Another area in which to achieve budget savings is the myriad "advisory commissions." They are easy to set up, but are proving considerably more difficult to end. For example, the Franklin Delano Roosevelt Memorial Commission was established in 1955 to create a suitable memorial for FDR. It was set up despite the existing memorial in downtown Washington, and against the wishes of the Roosevelt family. While the commission's $500,000 annual budget may appear small, the total spent to fund over 800 such "advisory commissions" is substantial. The Leahy report in 1976 on this abuse of taxpayers' dollars has resulted in many of them being discontinued, but the job is far from complete.

Finally, we must recognize that America's security is based on a balance which must be struck among efforts to address all of our national needs—defense, economics, energy, health, and so on. Indiscriminate defense spending destroys this balance and is precisely the same thing as indiscriminate Government spending in any other area—waste. America cannot afford waste in any program.

To give the Pentagon, or any Federal department, $255 billion without sufficient guidance and accountability is both shortsighted and irresponsible. We must question the need for the full $170,000,000,000 defense spending increase which has been proposed over the next 3 years. We must question where and how each dollar will be spent. Before we commit billions to any new weapon program, we must make certain that there are ample funds for fuel, training, operations, maintenance, and personnel in the Department of Defense.

Mr. President, I commend President Reagan for acting swiftly and effectively in presenting his economic plan. I share his commitment to control further the growth of Government spending, to provide selective tax cuts for business and individuals, and to continue to simplify and reduce the cost of Government regulation.

In the spirit and interest of the broad public support which I believe exists for each of these goals, I believe we should reject the budget plan before us today. We should reject it in favor of a plan which promises an end to huge Federal budget deficits. This plan does not.

We should reject it in favor of a budget package which assumes a modest, carefully targeted tax cut which Government can afford. This budget will place us billions and billions more into debt.

Finally, we should reject this plan in the interest of a budget which requires equal sacrifice and offers equal reward to the different regions of the country and to people of differing economic means.

CONCERNS ABOUT REAGAN'S ECONOMIC PLAN

Mr. EAGLETON. Mr. President, the American people clearly want an end to inflation. President Reagan has used his enormous personal appeal and his formidable sales ability to convince them his program will do just that, and more. The administration has promised that its economic package of budget cuts, tax cuts and tight money will do it all—

bring inflation under control, stimulate economic growth, increase productivity and reduce the role of Government in all our lives. What is more, the plan provides the resources with which to rebuild the Nation's defenses and make it the unrivaled superpower on Earth.

Mr. President, it is a difficult thing to rise in opposition to such a wonderous prospect as this. Yet, that is what I do today, for the simple reason that it just will not work. There is no way one can increase defense spending over 3 years by $100 billion, reduce taxes over the same time by a net total over $300 billion and offset it in any feasible way by cuts in basic social programs. Even if Congress were willing to go along with additional social cuts, we would still be left with a highly expansionary and inflationary program.

This is not just one Democrat's view of the matter. Skepticism and downright disbelief are widespread within the economic and financial communities. Remove the emotional and partisan trappings from this package and get down to hard-headed economic analysis, and you will hear a different verdict than what is likely to be reached here today.

Let me cite some examples to elaborate my point, Mr. President. For example, the May 7, 1981 Wall Street Journal contained a front page article that I found worrisome entitled "Wall Street Is Greeting President's Program With Jitters, Turmoil." The article went on to say that "a top White House official concedes that the recent turmoil in the financial markets 'indicates a lack of confidence in the President's program'."

This sentiment was compounded by economic pundit Henry Kaufman of the New York investment banking firm of Salomon Brothers several weeks ago in a speech before the National Press Club. Dr. Kaufman, whose standing in financial circles is such that his words can influence markets, said that he was sympathetic toward the administration's goals, but he was completely at odds with its theory of economics. Discussing the administration's proposed tax cut and increases in defense spending, he said:

> The powerful stimulative combination of large tax cuts and sizable increases in defense spending is likely to more than offset the restraining influence of a slowing in Federal expenditures, even with some presumed revenue feedback from the tax cut. . . . The stimulants (in the Reagan package) are bound to have a greater demand multiplier impact than the negative impact coming from a slower growth in non-defense outlays.

Later in the speech he stated:

> The new fiscal policy, however, is exceedingly expansionary, does not pursue a course that fights inflation vigorously along the way, and will place nearly all the anti-inflation effort squarely on monetary policy. . . . Massive tax cuts, large leaps in defense spending, and a slowdown in other Government outlays will not, in my opinion, be enough. These measures will place an extraordinary strain on monetary policy, leading to further distortions in financial markets, much higher interest rates, and additional fragility of our financial systems.

The May 3, 1981 New York Times Magazine carried an article by leading MIT economist Lester Thurow, entitled "Undamming the American Economy" in which Dr. Thurow convincing argues that the Reagan administration's brand of supply-side economics will not, in fact, "undam the economy." Dr. Thurow writes:

> If the GNP is to resume growing, the monetary dam must be removed. But this means finding some technique other than recession for fighting inflation. The current administration has no such technique. It merely plans to pursue the old methods with greater vigor.

He further criticizes the administration for an unrealistic and unimaginative approach for dealing with our economic woes.

> But the Reagan Administration's proposed investment incentives are as poorly targeted as its savings incentives. . . . At the same time that its program to stimulate productivity is inadequate, the Reagan Administration has no new proposals for dealing with inflation. . . . it is not surprising that the Reagan Administration has drifted off into what Vice-President Bush once called "voodoo economics." Economic progress is ostensibly going to be restored without anyone having to sacrifice—except the poor. Tax cuts are the order of the day.

A case of the jitters at home has also been mirrored by our friends and allies abroad. During British Prime Minister Thatcher's visit to the United States several months ago, much talk centered on the topic of the economies of the United States and Great Britain—and the extent to which the two countries were proceeding down similar paths. There are, in fact, striking similarities between the two plans: Mrs. Thatcher promised sizable tax cuts, deep spending cuts, and an end to rampant inflation. She believed that excessive growth in the money supply was the root cause of that inflation and therefore promised to keep a tight rein over monetary policy. Finally, she promised to pare down the role of government overall. From all appearances, Ronald Reagan may be trying to ride that same wave with a plan of action that mirrors that of our close ally.

What has been the reaction of some of Mrs. Thatcher's own press to President Reagan's proposals? Let me cite a few quotes:

From the Financial Times:

> On the political side, Mr. Reagan has clearly committed all his formidable powers of persuasion to his program . . . the assumptions about growth and inflation are quite another matter, except for those so star-struck as to believe that Mr. Reagan's persuasive charm can alter the whole pattern of market behavior. . . . This is a road we have recently traveled and it did not arrive at the expected destination.

From the Daily Guardian:

> The rationale behind the Reagan Administration's tight money policy is essentially similar to Mrs. Thatcher's: if the government borrows less even in recession, then the private sector will be able to borrow more for productive investment. There is everything right with the objective, but sadly, everything wrong with the method.

Last, but not least, from the respected London Economist:

> Even if all the proposed tax cuts fought their way through a 1 or 2 percent rise in annual productivity by some improbable (but not impossible) supply-side magic, this would take at most 1 or 2 percent off the inflation rate, and the rest would have to be accomplished by monetary control or (this is the real hope) lower inflationary expectations leading to lower wage demands . . . Any American tug-of-war between bungled budgets and ever tighter money will be unremitting bad news all around the world.

The quote from the Financial Times dwells on a key element of the Reagan/Thatcher plan: The use of the "bully pulpit" as an economic tool for reducing inflationary expectations. The British people wanted "believing to make it so"—and elected Margaret Thatcher's party into office. But Britain's progress to date has shown that it takes more than unswerving faith to make her bold experiment work.

The administration's preoccupation with inflationary expectations has unsettled many people. Referring to a quote from the Reagan White Paper, "An Economic Plan for Recovery," which stated that "central to the new policy is the view that expectations play an important role in determining economic activity, inflation, and interest rates," Lawrence Chimerine, Chief Economist for Chase Econometrics Associations said bluntly, "The impact of expectations on the inflation process is very, very slow." William Fellner, an economist with the conservative American Enterprise Institute added, "Because most labor contracts run three years, there will be a lag of 3 or 4 years before a change in expectations produces a slower inflation rate." Irwin Kellner wrote in the February 1981 Manufacturers Hanover Economic Report:

> The probability of success (of the President's economic program) would be greater if less attention were paid to the relatively new and untested rational expectations theory and more emphasis were placed on the traditional, well-known and respected theories of balancing the budget, slowing money growth and providing additional economic incentives from business investment.

That these distinguished gentlemen—whose word is highly respected on Wall Street—find reason to be concerned with an important component of the Reagan package is cause for concern on my part. Others are skeptical of the underlying assumptions on which the package is based. Said Irving Shapiro, chairman of E. I. Dupont de Nemours and Company, "I have a lot of trouble with this new economic religion. No businessman would run his business on the basis of an untested thesis."

From abroad, the Swiss Journal de Geneve says:

> Like Lucky Luke, the cowboy who shoots faster than his shadow, Ronald Reagan has only one chance of succeeding: He has to take America by speed. . . . If a majority of Americans judge inflation to be unbeatable—for that matter the Reagan program doesn't contain any specific anti-inflation measure—one can confidently bet that current monetary tensions, which are keeping interest rates at high levels, will persist. . . .

As we debate this budget resolution, I will hazard a guess that Congress will pass legislation that will leave the administration's budget proposal more or less intact. However, I am not so sanguine about the fate of the tax proposals; I believe other colleagues of mine would echo these sentiments. Speaking of the Reagan tax proposal, Sam Nakagama, an economist with Kidder Peabody calls it "the most irresponsible fiscal program to be presented to the American people in our time. Reagan says he wants to shift 2–3 percent of the GNP to defense, 1 percent to energy and 1 percent to capital formation. How can he do that with a consumption tax cut?"

Said Fred Peck, an economist at the First Boston Corp., "No one except the administration ever expected tax cuts to increase savings substantially." The January 15 issue of Financial World quotes Lawrence Kudlow, formerly an economist at Bear Stearns, and currently Assistant Director for Economic Policy at OMB saying, "They can't cut the budget enough in 1981 and Kemp-Roth will just worsen Federal borrowing." As for the composition of the tax package, the March 1981 Dun's Review quotes Arthur Levitt, Jr., chairman of the American Stock Exchange as saying. "* * * capital gains tax cuts would help us more. Government must recognize the need to move financial assets from the less productive to the more productive part of our economy."

There are echoes of this skepticism from abroad. The February 16, 1981 issue of Forbes magazine quotes Roger Nightingale, an economist at the London brokerage house of Hoare Govett, Ltd. (and whom Forbes calls the "British Henry Kaufman") as saying:

> The U.S. supply siders say they'll encourage investment by changing the tax environment. Of course, you can make investment more attractive to industrialists, but at the expense of collecting less taxes. So your federal deficit goes up. How do you finance it? Do you increase consumer taxation—meaning that consumers spend less—so that extra capital equipment is not balanced on the consumption side? Or do you sell more bonds? But in that case industrialists either have less money to buy equipment or consumers have less money to buy new output.

The well-known Japanese newspaper Yomiuri Shimbun states:

> Although the President claims that the reduced tax revenues will be saved and encourage capital investment, isn't it possible that on the contrary consumer spending will increase, accelerate inflation . . .? The most essential question is, with only this policy will labor and management change their way of thinking and co-operate in the enhancement of productivity?

I hope that my colleagues will find these viewpoints and comments constructive during this debate on the first concurrent resolution on the budget. As I mentioned earlier, it troubles me that some of our conservative businessmen and investment analysts are sending out so many red flags on the Reagan administration's economic package.

For my part, I am most unhappy that the Senate Budget Committee has chosen to use the administration's economic assumptions as the basis for this resolution—rather than using CBO's numbers. As my good friend Senator HOLLINGS pointed out so well in his "Individual Views on the Budget Resolution," it will be virtually impossible for us to achieve a balanced budget by 1984 as the Republicans predict using these numbers. By 1984, the Republicans have magically waved away an early $45 billion deficit. They have assumed, among other things, a 1-percent cut in all functions for "waste, fraud, and abuse," a 40-percent pay absorption by the Defense Department, passage of Presidential impoundment powers legislation, and "additional cuts not yet proposed" to the tune of $22.8 billion in fiscal year 1984. In my opinion, this is nothing but sleight of hand.

Those are the Republican's own figures that they arrived at in their April 9 meeting. Instead of a balanced budget for fiscal year 1984, the Republicans were confronted with a $45 billion deficit. If one were to use the more reasonable, impartial figures of the Congressional Budget Office, the real deficit could approach a figure closer to $80 billion, making it the biggest deficit in the country's history.

Let me urge my colleagues to reflect on these facts and on some of the statements made by others in positions of responsibility here and abroad. I have quoted economists, academicians, businessmen, and press—all of whose opinions are widely solicited and wisely respected. As we proceed with the budget resolution, let us not be hesitant to listen to others "out there" who will ultimately know the impact of our decisions here, for the rise and fall of Reaganomics depends on them.

In conclusion, Mr. President, over the 3-year life of the Reagan tax proposal, taxes would be cut over $300 billion. During these same 3 years, the Administration will spend over $100 billion additional on national defense.

With $300 billion less revenue and $100 greater defense spending, there is no way on Earth that we can have a balanced budget by 1984.

Further, along the road to 1984, there will be greater Federal deficits, greater Federal borrowing engendering high interest rates, and greater inflation created by the consumption-oriented nature of the tax cuts.

That is why Wall Street and financial analysts are becoming concerned over the economic consequences of the Reagan tax plan.

That is why we should be concerned as well.

That is why we should vote against the budget resolution, which is predicated on the Reagan tax plan.

BUDGET RESOLUTION EXCESSIVE, INFLATIONARY BUT BETTER THAN NOTHING

Mr. PROXMIRE. Mr. President, I shall vote for the budget resolution with a heavy heart. I vote for it because it does place limits on the volume of Federal spending. Those limits are too high, much too high. I tried to cut those limits by $48.8 billion in the amendment I offered. The amendment would have balanced the budget. The Senate proposes in this budget a mamouth $48.8 billion deficit for 1982. That deficit will drive up prices, it will help keep interest rates at their present cruelly punishing level. Unfortunately, it is a fact of life that without this resolution the deficit would be even worse. The sentiment in the House and Senate where committees already push spending above the limits of this resolution makes that clear.

Mr. President, the first step in bringing high interest rates down is to stop fat increases in Government borrowing. How do we do that? One way: Balance the budget and run surpluses. Until we do, the greatest geniuses in the world at the Federal Reserve can not bring high interest rates under control. And high interest rates choke this economy, right now. Housing, automobiles, small business have their backs to the wall because the Federal Government borrows almost a trillion dollars a year—the average maturity of our $945 billion national debt is less than a year—and in the process drives interest rates right up to the sky.

So let us not kid ourselves. This budget resolution may keep the situation from getting worse than it otherwise would get. But it does not solve the problem. The people of this country want the budget balanced. And right now. We know that. How do we answer the simple question: "Why don't you cut spending enough to stop this immense increase in Federal borrowing every year?" Mr. President, I have been waiting for 3 years for the answer to that question. Every year I submit an amendment balancing the budget, and every year I get the same answer: "Not this year. Some other time." Mr. President, that simply is not good enough. I am going to continue to offer a balance budget amendment every year I remain in the Senate until we do it. When we do and only when we do will we begin to make a credible fight to bring inflation and high interest rates under control, and not until then.

Mr. KENNEDY. Mr. President, I oppose this budget resolution and I intend to vote against its final passage by the Senate.

All of us support a fair policy of budget restraint. All of us seek to reduce inflation and to restore prosperity. But we cannot support the unfair economic policy of unequal budget sacrifice which the administration has proposed.

The administration claims it has a mandate from the people for its program. But I do not believe that the American people voted last November to deny a college education to the sons and daughters of workers and the middle class. I do not believe that the American people voted last November to turn their backs on our public schools, on health care for our children, on housing for our cities, or on cost-of-living benefits for the millions of retired Americans for whom social security is an essential lifeline.

The figures we are talking about and voting upon are not just printouts from computer runs or numbers on a balance sheet.

This is not a time for silence, delay, or equivocation. Real human beings will suffer from untreated illness if these budget cuts are enacted into law. Real

workers will be put out of work. The elderly next winter will be left with a cruel choice between food on their tables and heat for their homes. Students will be forced to abandon their dream of a college education because they have lost their college loans. Teachers of reading and arithmetic will be fired from the public schools. School nutrition programs will be cut back for 14 million children. Infants will be born retarded because of cuts in protein supplements for their mothers.

There are those who suggest that no matter what the merits of our case, we should not resist the conservative tide. They suggest, in effect, that we try to ride the tide ourselves—or at least wait for a better political time to speak. But as Democrats, we stand for more than that. As Democrats, we must not run out on all those who have always depended on our party as their hope and their help. As Democrats, we must not run from our great political convictions for the convenience of the hour. As Democrats, we have always been, and we must always be, more than warmed-over Republicans.

The budget now before us is an unrelenting budget for the super-rich. It is antihealth, antieducation, antielderly, antipoor, and antimiddle class. It rests on a quicksand of quixotic economic myths that will make all our problems worse. It is a budget whose antigovernment bias is contrary to our best traditions and alien to all our hopes.

The plain fact is that we cannot renew our industrial base, revive our cities, or restore price stability without active effective government. I am convinced that the day for that kind of government will come again—and sooner than our opponents now foresee. And when it does, we will be ready.

We will be ready with new ideas, but they will not be retreads of the reactionary policies of this day. They will be rooted in the timeless and time-tested values of the Democratic Party—equity, compassion and a fair prosperity for all Americans.

Mr. THURMOND. Mr. President, the measure before the Senate, the first concurrent resolution on the budget for fiscal year 1982, represents another milestone along the road to a national economic recovery and a balanced Federal budget. I commend President Reagan and his administration for his foresight in charting what I believe is a proper course for this Nation's future, and I congratulate Senator DOMENICI for his leadership in bringing this package to the Senate for consideration.

This budget resolution represents a sharp and greatly needed break with past Federal policies in three critical areas. First, it contains the reconciliation instructions enacted by the Senate a few weeks ago that initiate the greatest reductions in previously adopted spending programs ever attempted. These curtailments are urgently needed to rein in runaway spending in a number of program areas. This passage will cut in half the otherwise anticipated rate of future increases in Federal outlays from in excess of 12 percent to about 6 percent, or an average annual decline of 1.1 percent in real terms. Clearly, the Federal Government's appetite for spending must be whetted, if we are to be successful in balancing the budget as soon as practicable and in getting inflation under control.

The second major policy change set in motion by this budget resolution is its allowance for the tax reduction package recommended by President Reagan. There are a number of reasons why the Reagan tax cut is necessary, Mr. President, but the bottom line is that the Federal Government has not only been spending too much, it also has been extracting too much from the pockets of working Americans and the vast majority of businesses. A sustained high rate of inflation over the last few years, combined with the progressively increasing percentage bite of the Federal income tax tables has pushed American families into higher tax brackets—a phenomenon known as bracket creep—thereby causing an actual decline in real incomes. This, in turn, has contributed to a decline in individual savings, a drop in work effort and employee productivity, and general stagnation in the economy.

In the business sector, American companies have found it increasingly difficult to build new plants and purchase modern equipment—the kind of investments that would create new jobs and enhance productivity. This has occurred because the current tax laws do not permit firms to recover the cost of capital expenditures in a realistic time, considering the rate at which prices of such recurring investments have been rising and the rapid writeoffs permitted competing firms in most other industrial nations. Thus, the accelerated, simplified depreciation schedules and investment credit modifications proposed by President Reagan are essential. They are essential, Mr. President, if we are to achieve the productivity advances and economic growth necessary to restore and preserve the U.S. position of world economic leadership. Of course, directly associated with this goal of economic strength among nations is the objective of further improving the standard of living for all our citizens here at home, especially those who are now without jobs or are underemployed.

Mr. President, this budget resolution not only follows the course of economic revitalization boldly charted by President Reagan, it also embraces a third, most important policy change initiated by our President—that of reviewing the decline in real spending for our Nation's defense. With the Soviet Union outspending the United States in nearly every military category and encouraging Communist aggression at every opportunity throughout the world, it is absolutely critical that we undertake a major reallocation of spending from domestic programs to national defense. This budget resolution begins that process of reallocation. It allows for increased defense spending at an average annual rate of 16.4 percent for fiscal years 1981–85, in contrast to an average real decline of 2.6 percent per year during the decade of the seventies.

Mr. President, we must, for our freedom's sake and that of our children, put our defense priorities first. Unfortunately, that has not been the case in the post-Korean war years, as Federal expenditures for defense and international affairs slipped dramatically from a level exceeding domestic spending, to a point in 1980 where, for every dollar spent on defense and international affairs, $4.32 was spent on domestic programs. We cannot afford for these trends to continue. Our economy cannot stand the strain of such rapid increases in social program spending, and our defensive bulwarks cannot stand further neglect. We are fortunate to be at peace today because our potential adversaries still respect our strength; however, that respect is declining, as our advantage in military capabilities is eroded in one area after another. If we are to preserve our freedom and world peace, there must be no room for doubts about the strength of this Nation's defenses or its ability to respond swiftly to crises wherever they may occur throughout the world.

Mr. President, these three major policy changes—slowing the overall rate of Federal spending growth, decreasing the tax burden, and reversing the decline in real defense expenditures—are vital to our Nation's future prosperity and security.

It is clear that, not only is this the new direction in which our Nation should go, but it also is the direction in which the majority of our citizens want to go. As I have traveled around my State and other parts of the Nation in recent months, my conviction that the American people want some dramatic changes has been reinforced. They think the Federal Government should spend far less; they want the budget to be balanced; they feel the tax burden is too great; and they think we must enhance our defense capabilities. I have heard from thousands of citizens by telephone, post card, telegram, and especially, by individual, often hand-written letters, who have overwhelmingly expressed their support for the Reagan program, as now embodied in this budget resolution. Many realize that some of the budget cuts will adversely affect them, but they are ready and willing to do their part. I have been most impressed by some of their comments. For example, an elderly gentleman from Anderson, S.C., remarked:

> I am seventy five years old and I receive Social Security checks and Medicare helps pay my medical bills. I will be delighted to have these items cut along with many others. I want my children and grandchildren to be able to live with a reasonably stable dollar.

Mr. President, such an unselfish willingness to sacrifice is noble and admirable. Admittedly, the more frequent and understandable reaction to budget cuts that hit home is quite different. In this particular instance, however, my constituent can be reassured by the fact that the President exempted social security retirement benefits and medicare from reductions, although there may yet have to be some adjustments in these program areas.

Another of my South Carolina constituents, the chairman of a small avia-

tion company, summarized his view of the President's program this way:

The proposed [aviation] user fees will be a massive blow to the aviation business, and comes at a time when our industry is still struggling under the traumatic effects of high fuel costs and excessive interest rates. . . . *In spite of these burdens, we are actively supporting the President's program* (italic added).

Mr. President, of course, I have also received mass mailings from groups who strongly oppose some part or parts of the President's program. The concerns of many of those who have written me and/or visited my office are understandable. As a matter of fact, there are a few specific areas in which the administration has recommended cuts that cause me particular concern. For example, reductions in already very limited veterans programs would cause hardships for some who have served their country with bravery and self-sacrifice. That is why I offered an amendment to this resolution to make some adjustments, within the overall ceiling established for the budget, in the veterans function. I would also like to indicate my strong approval of a decision made by the Budget Committee, through the adoption of an amendment offered by Senator ANDREWS, to restore cuts slated for rural electric and telephone cooperative programs. This was one area in which I felt the administration failed to accurately gage the importance of these modest Federal support programs to the economic health of rural America.

Mr. President, I fully realize that other Senators may have their particular concerns about specific budget reductions. Without a doubt, many worthwhile programs will have to be reduced. I am confident, however, that this administration is right in its overall approach, and I strongly support the economic recovery package. We can and we will continue to provide assistance to those who, through no fault of their own, are unable to adequately care for their own needs. President Reagan and his Cabinet have repeatedly emphasized this.

In the long run, however, those on the lower end of the economic ladder, the jobless, and American citizens generally, will benefit far more from a revitalized, growing economy than they will from a myriad of social programs. This budget resolution correctly outlines, in my opinion, the priorities which our Nation should follow. Furthermore, as a significant step in the legislative process, it moves us forward toward the goals of domestic economic health and stability, improved national security, and a new, well-deserved respect among other nations in the world community. It is my hope that this resolution will receive the overwhelming support of the Senate, just as the House earlier gave its strong endorsement to a very similar budget proposal.

BUDGETING THE COSTS OF REGULATIONS

● Mr. DURENBERGER. Mr. President, when the Senate talks about budgets and budget resolutions, the debates focus almost exclusively on taxes and spending. That focus is appropriate. Gradually, however, Congress is expanding the concept of spending and is looking at the Federal budget in the context of the national economy. This year yet another aspect of Federal spending has been introduced: the cost of regulation.

I want to call attention to section 9 of the first budget resolution dealing with regulatory costs. Section 9 recognizes the probable inflationary costs of regulations. It calls upon the President to implement a "zero net inflation impact" policy, and to keep an accounting of all new regulations which have a significant measurable cost to the economy.

Mr. President, I heartily endorse this policy.

The Federal Government uses a variety of tools to achieve national goals: Direct spending; taxation and tax exemptions; loans and credit authority; and finally, regulation.

We have always known that some regulations impose significant costs on those who must comply. Until recently, there seemed to be a consensus that the public benefit being purchased—whether it was clean air, clean water, safe toys, or equal employment opportunities—was worth the price. But, as we began using the regulatory tool to achieve an increasing number of national goals, complaints started coming in about the costs of compliance, the inflexibility of the regulatory approach used, and in some cases, the need for regulation. In the same way that the intergovernmental system has become overloaded, so our regulatory system has become overloaded—and costly, rigid, and dysfunctional to the realization of many important national goals.

The shortcomings of the regulatory process have been highly publicized. It is now fashionable to attack the entire system. And, it will be tempting, in this climate, to err on the side of too little regulation.

It is time for Congress to examine this issue of regulatory costs in an objective, comprehensive fashion. As a first step, we need to develop a scheme for looking at regulations in a comprehensive, comprehendable form. Such a scheme would organize regulations according to the national goals they are designed to meet, much as the budget format organizes spending programs by function. It would also be important to organize regulations from the perspective of the major industries affected, following the example of the Automobile Calendar recently published by the Regulatory Council.

Second, we need the information section 9 of the budget resolution calls for, information about costs. Although the executive branch has been requiring agencies to estimate costs and benefits for 2 years now, the success has been varied. Some agencies, notably EPA, received high marks for cost accounting; others are not doing so well.

The difficulties lie not so much with the willingness of the agencies to comply with the cost-benefit requirement, but with the undeveloped state of the science. Theoreticians have not reached a consensus about what costs should be measured: Direct, indirect, or some combination of both. Technicians have not reached consensus about how to measure the costs. Furthermore, the costs complying with one type of regulation often cannot be compared in a meaningful way with the costs of complying with others. Are the costs associated with smokestack scrubbers in any way comparable to the costs of hiring more minority employees? Despite the experience with estimating regulatory costs and benefits, the theory and the practice are still in the first stages of development. Congress can push the theoreticians and the technicians to accelerate their work by including policy statements in the budget resolution and by enacting a regulatory reform bill with a cost-benefit analysis requirement.

Third, the executive branch and the Congress must apply some constraints to regulatory costs. Even while the cost-accounting techniques are in the trial-and-error stage, we should look toward the development of a regulatory budget. I do not suggest that we set mandatory cost ceilings or "appropriate" regulatory authority to agencies in terms of dollar amounts. I do suggest that we begin debating regulatory cost levels, just as we now debate expenditure and tax levels; that we consider tradeoffs when it is clear not all our regulatory goals can be met simultaneously or in our preferred time frame; and that we consciously look for alternative, nonregulatory techniques to use in achieving our goals.

Mr. President, the task before us is difficult, but we must move ahead. Although the Congress does not write regulations, it enacts the laws that give birth to the regulations. We need to direct our attention to the resources allocated to compliance with an eye toward limiting those costs to appropriate levels. The policy contained in the first budget resolution is a step in the right direction.●

Mr. RIEGLE. Mr. President, I am voting against this committee's resolution because it has several critical defects.

First, it perpetuates massive Federal deficits which can only add to inflationary pressure and saddle our economy with sky-high interest rates.

The projected deficits as estimated by the Congressional Budget Office are $63 billion in 1981, $60 billion in 1982, $78 billion in 1983, and $88 billion in 1984. Even with the most optimistic economic assumptions developed by the Republican-controlled Budget Committee, the deficits as projected to be $63 billion in 1981, $54 billion in 1982, $52 billion in 1983, and $45 billion in 1984. We cannot afford deficits of this size.

It was these massive continuing Federal deficits that originally caused three Republican members of the Budget Committee to reject this same budget package now before us.

An effort was made to "paperover" these deficits with unrealistic or unspecified future "savings," but the hard fact remains that this package does not head toward a balanced budget, and the record high interest rates and instability in the financial markets at this time are grim, impartial evidence that this package is highly inflationary.

For those regions like the industrial Midwest, this is chilling news. We cannot

achieve reindustrialization or economic revitalization unless interest rates fall and massive new capital investment takes place. This package, as now constructed, virtually guarantees high interests for the next 4 years. I have fought to reduce these deficits in committee and on the floor, but these efforts were unsuccessful.

The second major deficit concerns major regional inequities in the pattern of spending cuts. I support a ceiling on Federal spending, and have previously supported the President on that issue, despite my differences on specific spending priorities. I support fiscal restraint as a necessary part of the fight against inflation.

However, as cochairman of the Northeast-Midwest Coalition I must state my view that the pattern of spending cuts will harm Michigan more than any other State, while States in the South and the West are asked to make far less sacrifice. We urged this administration to correct this inequity—their response was to deny its existence—despite overwhelming evidence to the contrary. To this must be added the fact that States in the upper Midwest have traditionally been shortchanged by the Federal Government vis-a-vis our tax payments to Washington so that the additional extra sacrifices our region is now being asked to make have crippling future implications for States like Michigan.

I have repeatedly said the Michigan will make its fair-share sacrifice in the interest of national economic recovery, but we cannot make a double- or triple-sized sacrifice—and I will use every resource at my command to prevent that kind of inequity.

It is also important to note that many vital human programs are either eliminated outright or cut to the bone, apparently for ideological reasons, while other programs like tobacco subsidies and western water projects are scarcely touched.

Major cuts in community action programs, job training, student loans, health care, community development, scientific research and training, alternative energy development including solar and gasohol, unemployment compensation, trade adjustment assistance, vocational education, low-income energy assistance. The minimum benefit under social security, economic development, nutrition programs, and dozens more will hurt countless people and communities across America. These are false savings that will cost us more in the longer run. Smaller individual program cuts, more widely distributed, would achieve the same overall dollar savings, and with greater benefit to our Nation.

One particularly mistaken aspect of this resolution is the sneak attack on social security recipients, in direct violation of President Reagan's much publicized pledge not to cut the social safety net. The change incorporated in this resolution would end the use of the Consumer Price Index as the annual cost-of-living adjustment factor, and would postpone the inflation catchup adjustment an additional 3 months starting in 1982. Four other groups of Federal retirees, including veterans, are also hurt by that recommended policy change contained in this resolution.

On two occasions during the debate on this package, I offered amendments which would have maintained the current practice on the cost-of-living adjustments, keeping President Reagan's promise to the Nation's retirees, and I also required other offsetting budget savings so that the overall budget totals were not increased. By votes of 42 to 49, and 44 to 54, these two amendments were defeated, largely on party line votes.

The third major defect is a massive 5-year buildup in defense spending that exceeds our realistic defense needs and our financial capacity. I have supported and continue to support needed substantial increases in defense spending, particularly for conventional capability, mobilization, rapid deployment, and better salaries to retain skilled personnel.

I strongly object to unlimited spending of additional billions for nuclear weapons which are excessive to our real need and provide no new security. I attempted to provide a somewhat smaller increase in defense spending, but that amendment was rejected. It is important to note that President Reagan is projecting a 5-year increase in defense spending that will be three times greater than the military cost buildup of the Vietnam war. I believe those aggregate expenditure levels are excessive, will divert scarce resources from our civilian economy, and prove to be highly inflationary. This, too, will lead to higher interest rates.

The fourth major defect involves the size and nature of the proposed tax cuts. The business portion is too small and fails to provide a major capital investment "front-load" that could move critically needed capital into reindustrialization, modernization, innovation, and job creation. Because the investment tax credit is not refundable, it will be useless to most of the domestic auto companies, and the critical supplier companies, large and small, now in loss positions. This is a disastrous oversight, both for the vital industrial sector and for Michigan.

Despite efforts to correct this obvious defect, the administration was unwilling to accept any change. One of many frustrating ironies is that special tools used by the auto industry, now depreciated over 2 years, will have a longer 5-year depreciation life under the tax plan in this resolution—a step in exactly the wrong direction for this capital-short industry.

The business tax cuts should also be more tightly targeted—and include incentives to encourage the rehabilitation and modernization of existing plants, rather than untargeted incentives that will hasten plant flight to new locations, presumably in the Sun Belt, subsidized by Federal tax incentives.

On the personal tax cut side, the 10–10–10 Roth-Kemp plan is unfair and overly stimulative to an economy experiencing runaway inflation and record high interest rates. We need total tax cut reforms like elimination of the marriage tax penalty, specific incentives for savings, where individuals and families could earn substantial interest on savings accounts, and dividends on stock free of Federal tax, where small family farms and family businesses could have an inheritance tax exemption to enable these farms and businesses to pass intact from one generation to another. We also should target the major portion of the tax cut to the middle-income wage earners; this program targets the largest benefits to those at the very high income levels. I find that unfair and poor economic strategy as well. I offered such alternative tax proposals in the Budget Committee; they were rejected.

Looking beyond today's vote, I intend to work cooperatively with the Reagan administration to face these problems and correct these defects as we act on these individual legislative items in the weeks and months ahead. I want a sound program that can succeed—one that is fair and will accomplish our goals of fiscal restraint, less inflation, targeted tax cuts, and major incentives for new capital investment and job creation. This is the only way to bring down interest rates, get people back to work, and enable the American people to get off the inflationary treadmill that is eroding our living standard.

We have only one chance to achieve this goal—so we must be careful to construct a program that is balanced and can win the broad confidence of our citizens and our financial decisionmakers.

The overall goals are sensible—and the general direction is correct—and President Reagan deserves great credit for focusing national attention on these overriding economic needs. Our task now is to adjust this program so it can actually meet the goals we made and which the country must accomplish. I am pledged to this task.

● Mr. DODD. Mr. President, I intend to oppose final passage of Senate Concurrent Resolution 19, the first budget resolution for fiscal year 1982. When I opposed passage of Senate Concurrent Resolution 9, the reconciliation resolution, I referred to the numerous examples of misplaced priorities it contained. We were asked. at that time, to accept crippling reductions in a wide range of programs which in the past have contributed to economic growth, development and the health of our Nation.

At the same time, that resolution failed to achieve needed savings in a number of areas where substantial reductions in real waste could be achieved. Cities and towns, efforts to achieve energy self-suffciency, and the education, health and well-being of our children and senior citizens all took second place to continued extravagance in procurement, bureaucratic frills, and military waste which will add nothing to our national security.

Now, we are asked to support a budget resolution which would not only reaffirm these wrong choices, but also add new distortions, misinformation and flawed policy prescriptions through widely disputed economic assumptions and provisions for a massive, multiyear, demand-oriented tax cut widely regarded as inflationary and unlikely to spur real economic growth.

We are asked to believe forecasts of inflation which have been judged as ex-

cessively optimistic by five out of the six economic organizations whose observations are contained in the report. We are also asked to believe forecasts of economic growth which are, again, judged as excessively optimistic by five out of six of these same organizations. And we are asked to accept spending targets which not only fail to address the pressing needs of communities and individuals across the Nation, but also underestimate by tens of billions of dollars the actual expenditures likely to be mandated by economic conditions created by these policies. If inflation is higher than predicted, the cost of entitlement programs, such as social security, and other programs linked to the inflation rate, will also be higher than predicted.

High interest rates, which will almost certainly coincide with higher inflation, will also increase spending above the projections, directly through higher interest costs to the Government, and indirectly through increased costs to businesses, higher prices, sluggish economic activity, increased joblessness, and ultimately through higher welfare and unemployment compensation costs.

I am particularly concerned about the proposals to weaken the social security benefit structure in the name of fighting inflation and preserving the soundness of the social security system. There is no doubt that the system needs reforming, but the best way to revive the system is to revive the economy. The administration's social security proposals reflect the wrong decisions made in the budget. These proposals take from those who can least afford to sacrifice, as does the budget as a whole.

I submit that our Nation is being subjected to a serious error in fiscal judgment when we are asked to ignore more than $4 billion in wasteful activity relating to water projects, consultant services, public relations, advertising, filmmaking and debt collection. However, my most serious objection lies in the revenue estimates that assume passage of the 3-year, 30-percent tax cut formerly known as Kemp-Roth. Proponents of this approach to tax-cutting argue that it is necessary in order to stimulate economic growth and that this growth will be so rapid that the tax cuts will pay for themselves. This view is inconsistent with the views of many economists of varying political persuasions who find one flaw after another in this analysis

Last year, for example, the Congressional Research Service estimated that in order for these general tax cuts to pay for themselves, nominal gross national product (GNP) would have to increase annually by roughly five times the amount of the direct revenue loss, which the administration acknowledges will exceed $200 billion in 1986. However, this required growth rate is roughly 50 percent greater than the already optimistic growth rates assumed by the administration in this budget and in this resolution.

In addition, the administration insists that this multiyear tax cut is necessary so that Americans will be encouraged to work, save, and invest and thus provide the basis for healthy national economic growth. However, inflationary pressures which have sapped and will continue to sap the purchasing power of most Americans are not likely to permit Americans to save much more than they have been saving over the recent past. I am distressed that this body saw fit to reject what, in my view, were substantial improvements in this approach.

The amendment offered by Senators MOYNIHAN and BRADLEY, for example, would have substituted a proposal developed in the Senate Finance Committee last year, in which nearly half of the tax reductions were explicitly targeted toward increases in productivity and capital formation and which would have produced a budget surplus by 1984.

I recognize the urgent need to restrain spending and reduce taxes, but the cuts made within this budget were destructive, rather than constructive. There are blatantly wrong choices made in this budget and the goals of reducing inflation and reviving the economy are seriously threatened by these choices. It is clear to me, Mr. President, that this proposal is unacceptable as a remedy for our economic problems, and for this reason, I am opposing it.●

Mr. HARRY F. BYRD, JR. Mr. President, the budget resolution now before the Senate has been justly described as a turning point.

It represents the first time in the 7-year history of the congressional budget process that a serious effort has been made to restrain the growth of Federal spending. Last year the cost of Government increased by 17 percent.

I commend the Budget Committee for bringing this improved situation, and I commend President Reagan for presenting and working for a significant reduction in spending growth. It is his courageous leadership that has made the difference.

I believe that as we approach a final vote on this important measure, it is useful to see just what it does. And that can best be done by looking first at what it does not do.

This resolution does not cut spending.

This resolution does not cut taxes.

Under the provisions of Senate Concurrent Resolution 19, spending in fiscal year 1982 will rise by $36 billion over the total for this year. Taxes will go up by a minimum of $50 billion.

These are not reductions but sizable increases.

What is being achieved in the Senate today is the passage of a resolution that charts a new course for the Federal Government.

If the present determination holds, this new course can lead to a sharp reduction in the rate of growth of Federal spending, which recently has run between 12 and 17 percent, and to a cutback in the proportion of income taken by the Federal Government, now at a record high.

I say "if the present determination holds" advisedly. On the floor of the Senate—and the House—significant victories have been won for the cause of fiscal responsibility. But at the same time, reports from the committee rooms of both Houses show clearly that the special interests clamoring for "business as usual" spending have only begun to fight. And they have won some skirmishes.

So even as we pass this resolution, forces are at work to undermine its objectives. The fight has only begun.

The first concurrent resolution on the budget is a significant milestone, but the debate on this measure has highlighted two important problems.

The first is what might be called the "Battle of the Estimates." Obviously, in preparing a budget, one must proceed on some assumptions as to what will happen in the economy in the year ahead. Economic conditions affect both revenues and outlays.

The difficulty is that there is no consensus about the course of the economy over the next year and a half.

For example, for calendar 1982, professional forecasts of real growth in the gross national product range from 2.1 percent to 4.9 percent. Inflation projections range from 7.4 to 9.7 percent.

Under these circumstances, there is a natural tendency for advocates of each Federal budget proposal to adopt as gospel whatever set of estimates best suits their own prescription.

The result is that for every budget plan, there is an economist to justify it. "You pays your money and you takes your choice."

At the same time, the economic forecasters as a group have fallen victim to a credibility gap as a result of repeated bad guesses in recent years.

As a noneconomist who nevertheless has had some experience with Government finance, I would offer this observation:

While a great deal of attention has been paid to the impact of the economy on the budget, too little has been paid to the converse—the impact of the budget on the economy.

Let no one be so foolish as to suppose that actions in Washington do not heavily influence the economy. Not only do massive deficits lead to a huge debt and heavy Government borrowing, but Wall Street watches every jiggle of the money supply and the various interest rates. Decisions made on the floor of the Senate and at the Federal Reserve have an enormous impact on decisions made by businessmen, labor unions and consumers.

Moreover, the actions of the Government greatly influence economic expectations—the psychological climate in which buying and selling, building and contraction, take place all around the country.

I think that is one of the most important truths which President Reagan is trying to get across to the country.

If we can by our actions help to create a climate favorable to economic growth, then that growth is very likely to take place. And if we can demonstrate the will to restrain spending and fight inflation, inflation will very likely decline.

On the other hand, if the Congress backslides into its big spending habits of recent years, it is a sure bet that stagnation and inflation will continue.

So we bear a heavy responsibility. It is imperative that the Congress keep this responsibility in mind as it moves from the formation of general targets in this resolution to the nitty-gritty of authorizations and appropriations.

My own interpretation of the battle of the estimates is this:

There is no responsible or rational economic projection under which the Nation will be better off with a continuation of the bankrupt high-spending, high-tax policies of the past.

Therefore, the new course chartered by this resolution is the way we must go.

As the year goes by, there will be many debates over the merits of individual programs and over the proper shape of a tax reduction. That is as it should be.

But if we depart from the fundamental direction of this resolution, we shall be courting disaster.

The second difficulty highlighted in the budget debate could be called the dilemma of the deficit.

Let me say at the outset that this particular dilemma is one which I find most painful.

For many years I have fought to achieve a balanced budget.

In 1978 I sponsored legislation to require a balanced budget in fiscal year 1981—the current year—and thereafter. This legislation was passed by the Congress and signed into law by former President Carter.

But Congress has refused to obey its own law.

I have also sponsored an amendment to the Constitution which would require a balanced budget, and place a ceiling on Federal spending, except in time of emergency.

So far, Congress has not acted on that resolution, or on the many similar resolutions proposed by other Members of the Congress.

I remain convinced that a balanced budget policy—except in time of emergency—should be the law of the land.

The resolution before us, however, projects a deficit of $49 billion in fiscal year 1982, which begins on October 1, 1981.

Moreover, it projects figures for future years which would delay achievement of a balanced budget until fiscal year 1984, which does not begin for 2½ years.

I do not approve of the deficit envisioned by this resolution—nor the total spending which prompts it. Spending is still too high.

I joined with Senator PROXMIRE in sponsoring an amendment which would have produced a balanced budget in fiscal year 1982.

Moreover, I voted for other amendments to this budget resolution which would have reduced spending by $4.3 billion below the level recommended by the Budget Committee.

I believe the growth of spending could and should be cut more than it has been in this resolution.

But as I stressed earlier, this legislation charts a new course in the finances of the Federal Government.

Most importantly, it reverses the trend of recent years toward ever-increasing rates of growth in spending.

We have had budget resolutions before which have projected budget balance down the road—in that never-never land which we call the "outyears"—but in each case, those projections came packaged with a current year budget which continued the bankrupt, big spending policies of the past.

In those resolutions, the promises for the future were negated by the policies of the present.

Today we have a resolution which points the Nation in a new direction—a reduction in the continued escalation of Federal spending growth.

In my judgment, the spending restraints do not go far enough. I feel the spending level is too high. I do not feel the deficit level to be appropriate.

But I recognize that the resolution does represent some progress toward getting Government spending under control. For that reason, I support Senate Concurrent Resolution 19.

● Mr. BIDEN. Mr. President, the Senate, following the lead taken by the Senate Budget Committee, is moving quickly and decisively to adopt the President's economic program. The Budget Committee's report refers to the program before us as "a dramatic change in the spending and taxing policies that have governed the Federal Government."

This resolution proposes a major economic experiment. It proposes a combination of spending cuts and tax reductions which, its proponents say, will set the pace for an economic recovery with lower inflation, increasing productivity, and less unemployment.

I have no doubt that we are going to give this experiment a chance. I think it deserves that chance, and will vote for it for that reason.

However, I feel compelled to state that I am skeptical about the likelihood of this program's success.

I believe that too much is being claimed for the program. I cannot agree with some of the program priorities expressed in this resolution. I am concerned about the size of the deficits that may result. And most of all, I am concerned about whether the resolution, as revolutionary as it is, truly puts us on a path toward fiscal responsibility and restraint.

Mr. President, I supported the President's program of reducing spending when it was before us as the Reconciliation Instruction in Senate Concurrent Resolution 9. While I favored various changes in spending priorities, I nonetheless voted for the total package. I did so because I believe restraining Federal spending is essential.

I support the need for increased funds for our national defense.

I support reductions in the general tax burden of individuals whose taxes have been pushed ever upward by inflation.

I support tax reductions for business—reductions targeted to increase capital investment and productivity—as well as targeted cuts in individuals taxes for the same purpose.

And I support decreasing Federal regulation and involvement in our economy.

In other words, I support many of the President's goals.

But I am not at all convinced that his economic program—as embodied in this resolution—will actually achieve them.

A particular concern in this regard is the need to balance the Federal budget.

While this resolution is heralded as the beginning of a new direction in Federal budget policy, it does not actually provide for a budget that is balanced. In fact, it only contains a promise to try to balance the budget—4 years from now, in 1984.

If we implement all of the budget cuts and tax reductions for fiscal year 1982 that are contained in this resolution, the budget will still have a deficit of $45 billion or more in fiscal year 1984. This means we will need to make at least $45 billion in additional cuts to actually achieve a balanced budget in that year.

This is a serious defect in this economic program, in my judgment. The people of this Nation cannot stand continued, massive Federal deficits year after year. These deficits are devastating the credit markets, and pushing interest rates out of reach of individuals, farmers and businesses. There is no greater disincentive to capital investment for productivity growth than the difficulties in securing credit that exist today.

As we proceed in the next few months to carry out the budget policy contained in this resolution, we must do a better job of tailoring fiscal policy toward budget balance than this resolution does.

Another issue of major concern in this resolution is the extremely optimistic economic assumptions it contains.

The resolution assumes, for example, that inflation will drop to 5.5 percent by 1984. It assumes that unemployment will fall to 6.4 percent in the same period. And it assumes prolonged and substantial growth of GNP in the range of 4 to 5 percent each year.

Frankly, even if the President's program is a success, there is still a serious question about whether such dramatic improvements in the economy will be realized.

I do not raise this issue in order to have an academic debate over the likely course of the economy in the next few years. The question of the validity of the resolution's economic assumptions is a hardnosed question, since the validity of the resolution's budget policy rests on the validity of these assumptions.

For example, if inflation does not slacken as rapidly as expected, many spending programs will rise much more than anticipated, increasing budget outlays. If unemployment does not fall off as quickly as expected, further increases in budget outlays will occur. And if economic growth is not as steadily strong as expected, the whole effort to reverse fiscal policy may well fail.

In sum, I fear we may be headed into the same trap we have fallen into before—by seeing in the future what we want to see. It may be much more difficult to put our fiscal house in order under the terms of this resolution than the resolution assumes. Other estimates of the likely path of the economy forecast a much more gloomy picture, pointing to a deficit this year of $65 billion or more,

and a $50 billion deficit in 1984 under the President's program.

If the economic assumptions contained in this resolution are correct, all will be well. But if they fail by just a little, our goal of balancing the budget will be that much harder to achieve.

For this reason, I would be much more secure if we were using more moderate economic forecasts with some further adjustments of spending and revenue to reach a securely balanced budget in 1984. If we were using more moderate forecasts, I believe a majority of the committee would demand further changes in fiscal policy.

A third area of concern in this resolution is the program of tax changes it envisions.

Although I support tax reductions for both individuals and business, as I have stated, I cannot embrace the specific tax package contained in this resolution.

This package could be wildly inflationary, reducing revenues by $54 billion in 1982 and $150 billion by 1984. It could result in a deficit of more than $50 billion in 1984, when the budget should be balanced.

In addition, the individual tax reductions of $44 billion in 1982 and $118 billion by 1984 will not have major supply-side effect, any more than the several other tax reductions that have been enacted since I have served in the Senate. They will be demand-side cuts, bolstering consumer spending power.

I believe we should make supply-side tax cuts first, to increase supply before we stimulate consumer demand.

Finally, the individual tax cuts contained in the resolution give too great a proportion of the benefits to those taxpayers who least need it. These cuts do not give real relief to middle-income taxpayers, whose incomes have been most pinched by rising tax burdens.

In my judgment, a tax cut program such as the one proposed here yesterday by Senator HOLLINGS is far preferable. There should be an immediate reduction in business taxes targeted to increase investment and productivity.

This cut should be immediate, not phased in as proposed in the resolution, so that its effects will be felt as quickly as possible.

There should also be supply-side cuts in individual taxes, such as exemptions of interest and dividends of up to $2,000 per couple and a decrease in the marriage tax penalty. These steps should be followed next year by a general tax reduction for individuals as well as a decrease in corporate tax rates, especially for smaller businesses.

In addition to these broad concerns about this resolution, I also wish to state my specific concerns about two specific procedural proposals which are surfaced in the Budget Committee's report, and credited by that report with achieving some $12 billion in savings. I fear that we have no idea of the program impacts of these procedural changes.

I will state my concerns about these proposals only briefly here, because they are not really matters for consideration at this time. However, the committee has chosen to make them a part of its estimates, and some comment is therefore necessary.

The first proposal is to increase the President's impoundment power. I hasten to add that the committee report does not spell this out. It simply states that we must modify our "rescission procedures." But there is no doubt that the intention is to modify the provisions of the Congressional Budget and Impoundment Control Act of 1974 to increase the President's authority.

As we all know, this is the act which strengthened congressional control over the budget. It is the act which has been used successfully this year to implement the President's program.

I hope that later this year I can join my colleagues in strengthening still further congressional control over fiscal policy. I believe this is the right way to go. We will not achieve greater fiscal responsibility by weakening Congress or delegating its powers and responsibilities.

While I will withhold final comment until I see the specific proposals, we should be mindful at this time of the controversial issue which the committee's report raises here.

The second procedural proposal which concerns me is the proposal for an "automatic procedure" for cutting fraud, waste, and abuse from the budget.

This procedure would apparently withhold a flat percentage amount from the budget of every agency, which would then be placed under pressure to identify that amount of savings from the elimination of fraud, waste, and abuse.

If the money were truly needed to carry out legitimate program services, it could only be returned after a long and difficult series of investigations and public hearings which most departments would probably prefer to avoid.

What this means is that there will be a strong temptation, when no fat is left to cut, to cut into the meat and substance of Federal program expenditures. This proposal is, in effect, authority to the executive branch to impound funds regardless of the extent of fraud, waste, and abuse.

In the last analysis, this proposal may actually create more waste than it eliminates. The determination of which funds are truly needed will not be made until the fiscal year is 75 percent over, so that any agency which receives funds back at that time will have to rush to spend them in just 3 months—a sure recipe for wasteful spending.

I want to eliminate fraud, waste, and abuse as much as anyone here. But I seriously doubt the wisdom of trying to achieve that goal by taking a flat percentage out of every agency's budget with no knowledge of the program consequences.

In summation, Mr. President, I support President Reagan's goal of paring back Federal spending. I have had some differences with the administration on specific program issues, but I have always supported the goal of a restrained and prudent fiscal policy. I admire the President for the bold, forthright way he is proceeding.

I am, however, concerned that the President's efforts may be blunted by overly optimistic estimates of economic performance, a poorly designed tax reduction plan, some unwise spending changes which will have serious economic consequences in the long run, such as the proposal to disband Conrail, and faulty procedural changes. There are already indications that the financial markets share many of these concerns.

The importance of a return to balanced budgets and a stable Federal fiscal policy cannot be overemphasized. This must be the central element of any economic recovery plan. The President recognizes this, I know. But we must have a plan that will actually give us a balanced budget, not just promise one. And I fear that the program contained in this resolution may not be adequate to this task.●

● Mr. GLENN. Mr. President, I find it necessary to cast my vote against this budget resolution because it does not fight inflation, it does not balance the budget, and promises the people of this Nation more than it can deliver.

The resolution is flawed, I believe, because its foundation is laid in greatly overly optimistic assumptions with regard to interest rates, the rate of inflation, and other economic factors. Even so, it achieves an allegedly balanced budget in 1984 only by making further promises with regard to future, unidentified budget cuts exceeding $30 billion. And it assumes eventual approval of a tax cut proposal—the Kemp-Roth program of personal tax cuts of 10 percent a year for 3 years—that amounts to an experiment based more on hunch than on experience.

Mr. President, I favor well-targeted tax cuts on the business side that will enhance capital formation and investment. In fact, after all the talk about supply-side economics, the resolution does not do nearly enough to provide needed business capital. I favor tax cuts much more targeted to the needs of business than just hoping that sufficient spillover will occur from upper-income investors. But I find no reason for confidence that the tax cuts assumed by this resolution will lead to that needed investment in increased productivity and jobs.

I intend to continue to pursue tax changes more in line with that need, just as I voted twice for better-business-targeted tax proposals during consideration of this resolution.

Indeed, I believe the tax bill that this Congress will eventually approve later this year is of more importance than the budget-cutting targets of this nonbinding resolution because they will have a far longer impact on the economy than will this resolution.

I favor reduced Federal spending. I voted earlier for Senate Concurrent Resolution 9, which included the reconciliation instructions which are folded into this resolution as well. I may differ, and have during consideration of both of these resolutions, on the specific cuts targeted in any number of instances.

We have chopped programs which are aimed at greater productivity. I regret cuts that have been posed in energy research programs that might give us in-

dependence from OPEC oil, in science funds, and in other areas that affect our future ability to compete in the international marketplace.

I favor a balanced budget, and surely by 1984. But this resolution gives us that. only by making assumptions beyond anything approaching a realistic appraisal.

Mr. President, not long ago I received a letter from the mayor of Cleveland, George Voinovich, addressing a different area of concern. Mayor Voinovich, whose political faith is not the same as mine, enclosed a copy of a letter of the President dated April 24, 1981, in which he advised the President of earlier correspondence with the administration concerning complaints about major holes in the so-called safety net.

Mayor Voinovich wrote, and I quote:

What is dismaying to me is the vagueness of the response by the inclusion of comments such as, it is believed, awaiting a formula, while specific figures are not available, and we can give no detailed figures on the points raised.

As the mayor wrote:

This kind of response indicates to me that there has not been a great deal of research on how the proposed reductions will affect the lives of many city residents.

I can only agree with Mayor Voinovich, but my wonder encompasses more than city dwellers. We are gambling with an entire country and its economic future by taking this step down an uncharted path without benefit of greater and more careful consideration.●

● Mr. PELL. Mr. President, I have voted against the first budget resolution for fiscal year 1982, but with some reluctance. I strongly support the objectives of President Reagan's economic program—to control inflation and restore sound economic growth. To reach those objectives we must restrain Federal Government spending, provide targeted tax incentives to increase savings and investment, and move strongly toward a balanced budget.

The budget resolution presented by the Budget Committee moves in the right direction, but in my view makes reductions in some programs that are too severe, while providing a huge increase in defense spending which I believe would be wasteful and inflationary.

In addition, instead of providing for carefully targeted tax cuts, the resolution provides for across-the-board tax cuts that are too large.

Most importantly, as a result of the defense spending increases, and the oversized tax cuts, this resolution projects huge budget deficits, and in fact does not provide for a balanced budget within the next 3 years. This failure to move strongly toward a balanced budget, even with all of the cuts in domestic programs, is a serious flaw that must be corrected if we are to stand a chance of controlling inflation.

I hope these serious flaws can be corrected in the course of further congressional action on the budget, but I cannot support the budget resolution in its present form.●

Mr. ROBERT C. BYRD. Mr. President, passage by the Senate of the first budget resolution is a tribute to the President's popularity and power of persuasion. The fact that the Senate will pass this resolution reflects the national mood that his program be given a chance.

There are two ways to look at a budget. A budget can be the articulation of targets and goals. But as well as being a wish list, a budget should also be a blueprint which tells the Nation, with some degree of accuracy, where the Federal budget will be in the next fiscal year and in the several fiscal years down the road.

I will vote for this budget resolution because I hope that the President will succeed in meeting his optimistic economic assumptions of high levels of growth, with significantly lower price increases and interest rates. I share his goal of reduced domestic spending, increased defense spending, and significant tax reductions. And I will vote to give the President a chance to achieve his targets and goals.

But I have severe reservations about this budget as an accurate blueprint for the coming years. Because the budget assumes $27 billion in unidentified savings; because it employs unrealistically optimistic economic assumptions; because it fails to account for a second tax bill which the administration has promised; because it assumes a change in the cost-of-living adjustment for social security and other programs—I do not believe that the budget will be balanced in fiscal year 1984 as this resolution promises.

I hope I am wrong. I am voting in support of this resolution because I want to give the administration's economists and budget experts the benefit of the doubt. But as I look at their track record to date, I am not encouraged.

This resolution provides for total outlays in fiscal year 1981 of $662.7 billion. During congressional consideration of the second budget resolution for fiscal year 1981, which this resolution amends, Caspar Weinberger, speaking for the President, promised that outlay levels could be held to $620 billion in this fiscal year. If the administration misestimated the spending levels for this fiscal year by $43 billion in a matter of a few months, one must wonder whether their blueprint for a balanced budget 3 years from now is likely to prove accurate.

In the last several months, I have talked with thousands of my constituents from West Virginia. The message I receive is largely consistent. Many of them are concerned about the impact and the fairness of some of the budget cuts. Many of them are skeptical about the Kemp-Roth tax cut. Many of them do not think the President's plan will work. But they overwhelmingly believe that his program deserves a chance.

I truly hope that the economy experiences the dramatic recovery the administration predicts.

I truly hope that inflation will drop from 11.1 to 8.3 percent in just 1 year, and to 6.2 percent the following year. I must admit that as much as I hope to see these dramatic improvements, my expectation is that we may be disappointed.

This first budget resolution is a target, and only a target. There is nothing binding about it. My vote for it is not an endorsement of Kemp-Roth. Nor do I endorse the administration's rosy economic assumptions. Nor do I want to give the impression that the budget can be balanced under the administration's program.

I have very serious doubts that the 1984 budget is balanced on anything other than paper.

I think that the balanced budget in this resolution is based on unsound projections and juggled figures—some of which were produced out of thin air.

I am very doubtful that the $45 billion deficit for fiscal year 1984 that the Budget Committee projected prior to the Easter recess has been eliminated. I believe it has been disguised behind blue smoke and mirrors.

Also, I doubt that the Congress will agree to increase Presidential impoundment powers.

I believe that the $27 billion in unidentified savings can fairly be characterized "as a gleam in Mr. Stockman's eye." I find it curious that the Budget Committee would include unidentified savings which work to reduce the deficit, but fail to include the revenue loss from the unidentified provisions of the second tax bill which the administration has promised, and which would of course increase the deficit.

Although all of these doubts concerning this resolution are serious, perhaps my most serious doubt is the assumption of savings by reducing benefits for millions of retirees in this country. Whether the COLA is changed or the savings result from the social security changes the President proposed today, the hole in the promised social safety net is growing larger.

We are asked to assume that the Congress will enact legislation that was revealed only today. No hearings have been held. Most of us have not had an opportunity to review anything other than the briefing materials. Yet, we have to assume savings of $7.9 billion in fiscal year 1982, $7.3 billion in fiscal year 1983, and $7.4 billion in fiscal year 1984. I, for one, have serious doubts that this administration and this budget resolution will achieve these savings.

The President will receive a victory in the passage of this first budget resolution. His program is being given a chance. But it is my genuine hope that he will be willing to relent on the issue of Kemp-Roth, and recognize that a tax cut which only gives 20 percent of its revenue to productivity will not bring about the supply-side response necessary to effect the economic recovery which we all desire. Victory for the President in this first target budget resolution should not be misinterpreted by the public or the administration as a mandate for Kemp-Roth. It is not.

When the tax bill is written in the Ways and Means and Finance Committees, there will be substantial changes made to the President's tax program. I would urge the administration to work cooperatively with the Congress in framing a tax cut which truly will bring the supply-side response which most of us now feel is necessary.

In my remarks on the Senate floor summing up the Democratic strategy on the reconciliation resolution, I said:

From the start Democrats have had a strategy to deal with the budget. All along we have said we would support the dimensions of the President's cuts, disagree on some of the specifics, and rework his tax proposal. We have witnessed that strategy at work this week. We will see it at work throughout the long budget cycle.

Mr. President, this continues to be the strategy of Senate Democrats. Some Senators from my side of the aisle will vote against the resolution because of the dimension of the tax cuts which it assumes, because of their disagreement over the economic assumptions, or because they do not believe that the budget can be balanced in fiscal year 1984. Some will vote "no" because they disagree with the spending priorities. Others, like myself, for reasons I have explained, will vote for this resolution.

But in the final analysis, when all the votes have been tallied, it will be clear, I believe, that the Senate is giving the President's program its chance.

Mr. BAKER. Mr. President, I know of no other amendments; none have been ordered. The time for disposition of this matter has arrived.

HOUSE CONCURRENT RESOLUTION 115

I move that the Senate proceed to the consideration of Calendar No. 83, House Concurrent Resolution 115, revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H. Con. Res. 115) revising the congressional budget for the United States Government for the fiscal year 1981 and setting forth the congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984.

The PRESIDING OFFICER. The resolution is privileged and the motion is not debatable.

UP AMENDMENT NO. 94

Mr. DOMENICI. Mr. President, on behalf of the Budget Committee, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 94.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I call attention to the fact that the amendment would have to be read if an objection were made, but I have already asked the distinguished majority leader if there is anything in the amendment new, above and beyond the matter or material contained in the Senate resolution which has been debated now for 4 days. The distinguished majority leader answered in the negative.

I asked if the amendment as sent to the desk would be mathematically consistent in every respect. The majority leader answered in the affirmative.

I asked explanations for the reasons why the amendment was being offered, and I received the explanations. They were satisfactory.

I have no objection.

Mr. BAKER. Mr. President, I thank the minority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 2, strike "$603,300,000,000)" and insert in lieu thereof, "$599,900,000,000".

On page 2, line 4, strike "$8,900,000,000)" and insert in lieu thereof, "$8,600,000,000".

On page 2, line 6, strike "719,050,000,000" and insert in lieu thereof, "$716,000,000".

On page 2, line 8, strike "$660,000,000,000" and insert in lieu thereof, "$662,700,000,000".

On page 2, line 11, strike "—$56,700,000,000" and insert in lieu thereof, "$62,800,000,000".

On page 2, line 13, strike "$994,100,000,000" and insert in lieu thereof, "$999,800,000,000".

On page 2, line 13, insert "temporary" before "statutory".

On page 2, line 15, strike "$9,100,000,000" and insert in lieu thereof, "$91,100,000,000".

On page 2, strike lines 16 through 21.

On page 3, line 5, strike "$180,700,000,000" and insert in lieu thereof, "$181,000,000,000".

On page 3, line 6, strike "$162,100,000,000" and insert in lieu thereof, "$162,900,000,000".

On page 3, line 8, strike "$23,600,000,000" and insert in lieu thereof, "$23,300,000,000".

On page 3, line 9, strike "$11,250,000,000" and insert in lieu thereof, "$11,000,000,000".

On page 3, line 11, strike "$3,450,000,000" and insert in lieu thereof, "6,500,000,000".

On page 3, line 14, strike "$7,050,000,000" and insert in lieu thereof, "$7,000,000,000".

On page 3, line 15, strike "$9,600,000,000" and insert in lieu thereof, "$9,800,000,000".

On page 3, line 17, strike "$10,650,000,000" and insert in lieu thereof, "$10,400,000,000".

On page 3, line 23, strike "$6,350,000,000" and insert in lieu thereof, "$6,600,000,000".

On page 3, line 24, strike "$3,050,000,000" and insert in lieu thereof, "$3,400,000,000".

On page 4, line 1, strike "$24,800,000,000" and insert in lieu thereof, "$25,000,000,000".

On page 4, line 2, strike "$23,700,000,000" and insert in lieu thereof, "$23,900,000,000".

On page 4, line 4, strike "$9,200,000,000" and insert in lieu thereof, "$8,000,000,000".

On page 4, line 5, strike "$12,200,000,000" and insert in lieu thereof, "$11,300,000,000".

On page 4, line 8, strike "$32,000,000,000' and insert in lieu thereof, "$30,800,000,000".

On page 4, line 9, strike "$31,750,000,000" and insert in lieu thereof, "$31,800,000,000".

On page 4, line 11, strike "$72,200,000,000" and insert in lieu thereof, "$71,800,000,000".

On page 4, line 12, strike "$66,800,000,000" and insert in lieu thereof, "$66,400,000,000".

On page 4, line 14, strike "$250,350,000,000" and insert in lieu thereof, "$250,200,000,000".

On page 4, line 15, strike "$227,300,000,000" and insert in lieu thereof, "$229,700,000,000".

On page 4, line 17, strike "$23,000,000,000" and insert in lieu thereof, "$23,300,000,000".

On page 4, line 18, strike "$22,600,000,000" and insert in lieu thereof, "$22,800,000,000".

On page 4, line 20, strike "$4,250,000,000" and insert in lieu thereof, "$4,400,000,000".

On page 4, line 21, strike "$4,550,000,000" and insert in lieu thereof, "$4,700,000,000".

On page 4, line 23, strike "$5,150,000,000" and insert in lieu thereof, "$5,300,000,000".

On page 4, line 24, strike "$4,900,000,000" and insert in lieu thereof, "$5,000,000,000".

On page 5, line 1, strike "$6,200,000,000" and insert in lieu thereof, "$6,100,000,000".

On page 5, line 4, strike "$79,000,000,000" and insert in lieu thereof, "$79,500,000,000".

On page 5, line 5, strike "$79,000,000,000" and insert in lieu thereof, "$79,500,000,000".

On page 5, line 7, strike "$1,200,000,000" and insert in lieu thereof, "$0".

On page 5, line 8, strike "$1,200,000,000" and insert in lieu thereof, "$0"

On page 5, line 10, strike "$29,300,000,000" and insert in lieu thereof, "$28,800,000,000".

On page 5, line 11, strike "$29,300,000,000" and insert in lieu thereof, "$28,800,000,000".

On page 5, strike lines 18 and 19, and insert in lieu thereof, "Budget Act of 1974, that for the fiscal years beginning on October 1, 1981, October 1, 1982, and October 1, 1983:".

On page 5, line 21, strike, "$657,800,000,000", and insert in lieu thereof, "as follows:

Fiscal Year 1982: $650,300,000,000;
Fiscal Year 1983: $709,100,000,000;
Fiscal Year 1984: $770,700,000,000;"

On page 5, strike line 23, and insert in lieu thereof, "creased as follows:

Fiscal Year 1982: $51,300,000,000;
FiscalYear 1983: $97,100,000,000;
Fiscal Year 1984: $144,800,000,000;"

On page 5, line 25, strike "$764,550,000,000" and insert in lieu thereof, "——— as follows:

Fiscal Year 1982: $775,900,000,000;
Fiscal Year 1983: $812,600,000,000;
Fiscal Year 1984: $865,000,000,000;"

On page 6, strike line 2, and insert in lieu thereof, "as follows:

Fiscal Year 1982: $700,800,000,000;
Fiscal Year 1983: $730,500,000,000;
Fiscal Year 1984: $770,700,000,000;"

On page 6, line 5, strike "—$31,000,000,000" and insert in lieu thereof, "as follows:

Fiscal Year 1982: $50,500,000,000;
Fiscal Year 1983: $21,400,000,000;
Fiscal year 1984: $0;"

On page 6, line 7, strike "$1,000,000,000,000" and insert in lieu thereof, "as follows:

Fiscal Year 1982: $1,092,000,000,000;
Fiscal Year 1983: $1,155,100,000,000;
Fiscal Year 1984: $1,198,400,000,000;"

On page 6, at the end of line 7, insert "temporary".

On page 6, strike line 9, and insert in lieu thereof, "creased is as follows:

Fiscal Year 1982: $92,200,000,000;
Fiscal Year 1983: $63,100,000,000;
Fiscal Year 1984: $43,300,000,000;"

On page 6, strike line 15, and insert in lieu thereof, "that, for the fiscal years beginning on October 1, 1981, October 1, 1982, and October 1, 1983, the".

On page 6, strike lines 20 and 21, and insert in lieu thereof,

"Fiscal Year 1982:

(A) New budget authority, $226,200,000,000;

(B) Outlays, $188,800,000,000.

Fiscal Year 1983:

(A) New budget authority, $254,300,000,000;

(B) Outlays, $221,100,000,000.

Fiscal Year 1984:

(A) New budget authority, $289,200,000,000;

(B) Outlays, $250,300,000,000.

On page 6, strike lines 23 and 24 and insert in lieu thereof,

"Fiscal Year 1982:

(A) New budget authority, $16,800,000,000;

(B) Outlays, $11,100,000,000.

Fiscal Year 1983:

(A) New budget authority, $16,100,000,000;

(B) Outlays, $11,500,000,000.

Fiscal Year 1984:

(A) New budget authority, $17,200,000,000;

(B) Outlays, $12,000,000,000."

On page 7, strike lines 1 and 2, and insert in lieu thereof,

"Fiscal Year 1982:

(A) New budget authority, $7,200,000,000;

(B) Outlays, $7,000,000,000.

Fiscal Year 1983:
(A) New budget authority, $7,700,000,000;
(B) Outlays, $7,300,000,000.
Fiscal Year 1984:
(A) New budget authority, $7,200,000,000;
(B) Outlays, $7,200,000,000."

On page 7, strike lines 4 and 5, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $6,900,000,000.
Fiscal Year 1983:
(A) New budget authority, $3,800,000,000;
(B) Outlays, $6,500,000,000.
Fiscal Year 1984:
(A) New budget authority, $2,800,000,000;
(B) Outlays, $4,900,000,000."

On page 7, strike lines 7 and 8, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $8,400,000,000;
(B) Outlays, $12,800,000,000.
Fiscal Year 1983:
(A) New budget authority, $10,700,000,000;
(B) Outlays, $11,800,000,000.
Fiscal Year 1984:
(A) New budget authority, $10,800,000,000;
(B) Outlays, $10,900,000,000."

On page 7, strike lines 10 and 11, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $4,600,000,000.
Fiscal Year 1983:
(A) New budget authority, $6,400,000,000;
(B) Outlays, $4,700,000,000.
Fiscal Year 1984:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $4,900,000,000."

On page 7, strike lines 13 and 14, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $8,300,000,000;
(B) Outlays, $4,500,000,000.
Fiscal Year 1983:
(A) New budget authority, $5,200,000,000;
(B) Outlays, $4,200,000,000.
Fiscal Year 1984:
(A) New budget authority, $5,800,000,000;
(B) Outlays, $3,800,000,000."

On page 7, strike lines 16 and 17, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $21,700,000,000;
(B) Outlays, $21,000,000,000.
Fiscal Year 1983:
(A) New budget authority, $20,800,000,000;
(B) Outlays, $20,100,000,000.
Fiscal Year 1984:
(A) New budget authority, $21,300,000,000;
(B) Outlays, $20,100,000,000."

On page 7, strike lines 19 and 20, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $9,200,000,000.
Fiscal Year 1983:
(A) New budget authority, $7,500,000,000;
(B) Outlays, $7,800,000,000.
Fiscal Year 1984:
(A) New budget authority, $7,800,000,000;
(B) Outlays, $7,600,000,000."

On page 7, strike lines 23 and 24, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $26,800,000,000;
(B) Outlays, $27,400,000,000.
Fiscal Year 1983:
(A) New budget authority, $26,900,000,000;
(B) Outlays, $26,600,000,000.
Fiscal Year 1984:
(A) New budget authority, $26,100,000,000;
(B) Outlays, $26,100,000."

On page 8, strike lines 1 and 2, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $83,600,000,000;
(B) Outlays, $73,400,000,000.
Fiscal Year 1983:
(A) New budget authority, $90,800,000,000;
(B) Outlays, $80,900,000,000.
Fiscal Year 1984:
(A) New budget authority, $99,600,000,000;
(B) Outlays, $88,900,000,000."

On page 8, strike lines 4 and 5, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $263,900,000,000;
(B) Outlays, $238,200,000,000.
Fiscal Year 1983:
(A) New budget authority, $286,800,000,000;
(B) Outlays, $253,000,000,000.
Fiscal Year 1984:
(A) New budget authority, $307,500,000,000;
(B) Outlays, $270,300,000,000."

On page 8, strike lines 7 and 8, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $24,500,000,000;
(B) Outlays, $23,900,000,000.
Fiscal Year 1983:
(A) New budget authority, $25,500,000,000;
(B) Outlays, $25,100,000,000.
Fiscal Year 1984:
(A) New budget authority, $26,500,000,000;
(B) Outlays, $26,000,000,000."

On page 8, strike lines 10 and 11, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,500,000,000.
Fiscal Year 1983:
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,500,000,000.
Fiscal Year 1984:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,700,000,000."

On page 8, strike lines 13 and 14, and insert in lieu thereof,

Fiscal Year 1982:
(A) New budget authority, $5,000,000,000;
(B) Outlays, $4,800,000,000.
Fiscal Year 1983:
(A) New budget authority, $5,200,000,000;
(B) Outlays,$5,000,000,000.
Fiscal Year 1984:
(A) New budget authority, $5,300,000,000;
(B) Outlays, $5,300,000,000."

On page 8, strike lines 16 and 17, and insert in lieu thereof:

Fiscal year 1932:
(A) New budget authority, $6,400,000,000;
(B) Outlays, $6,400,000,000.
Fiscal year 1983:
(A) New budget authority, $6,500,000,000;
(B) Outlays, $6,500,000,000.
Fiscal year 1984:
(A) New budget authority, $6,900,000,000;
(B) Outlays, $6,800,000,000."

On page 8, strike lines 18 and 20, and insert in lieu thereof,

Fiscal year 1982:
(A) New budget authority, $89,500,000,000;
(B) Outlays, $89,500,000,000.
Fiscal year 1983:
(A) New budget authority, $93,700,000,000;
(B) Outlays, $93,700,000,000.
Fiscal year 1984:
(A) New budget authority, $94,600,000,000;
(B) Outlays, $94,600,000,000."

On page 8, strike lines 22 and 23, and insert in lieu thereof,

Fiscal year 1982:

(A) New budget authority, $0;

(B) Outlays, $0.

Fiscal year 1983:

(A) New budget authority, —$20,400,000,000;

(B) Outlays, —$20,400,000,000.

Fiscal year 1984:

(A) New budget authority, —$27,800,000,000;

(B) Outlays, —$27,800,000,000."

Beginning on page 8, line 25, strike out everything through page 9, line 1, and insert in lieu thereof,

Fiscal year 1982:
(A) New budget authority, —$33,500,000,000;
(B) Outlays, —$33,500,000,000.
Fiscal year 1983:
(A) New budget authority, —$39,400,000,000;
(B) Outlays, —$39,400,000,000.
Fiscal year 1984:
(A) New budget authority, —$45,900,000,000;
(B) Outlays, —$45,900,000,000.

On page 9, line 6, strike "$55,970,000,000" and insert in lieu thereof "$51,452,000,000".

On page 9, line 8, strike "$78,620,000,000" and insert in lieu thereof, "$85,626,000,000".

On page 9, strike line 10, and insert in lieu thereof, "$70,042,000,000".

On page 9, line 13, strike the word "primary" and insert in lieu thereof, "gross".

On page 9, line 18, strike "primary" and insert in lieu thereof, "gross".

On page 9, line 19, after "$30,000,000" insert the following, "of which $0 shall be secondary loan guarantee commitments."

On page 9, strike lines 20 and 21.

On page 9, line 23, strike "$8,230,000,000" and insert in lieu thereof, "$11,183,000,000".

On page 9, line 24, strike the word "primary" and insert in lieu thereof, "gross".

On page 9, line 25, strike "$8,340,000,000" and insert in lieu thereof, "$11,043,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 10, strike lines 1 and 2.

On page 10, line 4, strike "$0" and insert in lieu thereof, "$144,000,000".

On page 10, line 5, strike the word "primary" and insert in lieu thereof, "gross".

On page 10, line 6, strike "$0" and insert in lieu thereof, "$0, of which $0 shall be secondary loan guarantee commitments."

On page 10, strike lines 7 and 8.

On page 10, line 10, strike "$1,100,000,000" and insert in lieu thereof, "$4,504,000,000".

On page 10, line 11, strike the word "primary" and insert in lieu thereof, "gross".

On page 10, line 12, strike "$2,640,000,000" and insert in lieu thereof, "$6,502,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 10, strike lines 13 and 14.

On page 10, line 16, strike "$20,000,000" and insert in lieu thereof, "$24,000,000".

On page 10, line 17, strike the word "primary" and insert in lieu thereof, "gross".

On page 10, line 18, after "$0" insert the following, "of which $0 shall be secondary loan guarantee commitments."

On page 10, strike lines 19 and 20.

On page 10, line 22, strike "$7,530,000,000" and insert in lieu thereof, "$8,878,000,000".

On page 10, line 23, strike the word "primary" and insert in lieu thereof "gross".

On page 10, line 24, strike "$2,430,000,000" and insert in lieu thereof, "$3,597,000,000 of which $0 shall be secondary loan commitments."

On page 11, strike lines 1 and 2.

On page 11, line 4, strike "$14,150,000,000" and insert in lieu thereof, "$13,689,000,000".

On page 11, line 5, strike the word "primary" and insert in lieu thereof, "gross".

On page 11, line 6, strike "$35,730,000,000" and insert in lieu thereof, "$121,175,000,000 of which $69,542,000,000 shall be secondary loan guarantee commitments."

On page 11, strikes lines 7 and 8.

On page 11, line 10, strike "$150,000,000" and insert in lieu thereof, "$475,000,000".

On page 11, line 11, strike the word "primary" and insert in lieu thereof, "gross".

On page 11, line 12, strike "$1,140,000,000" and insert in lieu thereof, "$1,504,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 11, strike lines 13 and 14.

On page 11, line 16, strike "$850,000,000" and insert in lieu thereof, "$841,000,000".

On page 11, line 17, strike the word "primary" and insert in lieu thereof, "gross".

On page 11, line 18, strike "$80,000,000" and insert in lieu thereof, "$1,280,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 11, strike lines 19 and 20.

On page 11, line 23, strike "$920,000,000" and insert in lieu thereof, "$1,424,000,000".

On page 11, line 24, strike the word "primary" and insert in lieu thereof, "gross".

On page 11, line 25, strike "$5,200,000,000" and insert in lieu thereof, "$6,197,000,000 of which $500,000,000 shall be secondary loan guarantee commitments."

On page 12, strike lines 1 and 2.

On page 12, line 4, strike "$90,000,000" and insert in lieu thereof, "$93,000,000".

On page 12, line 5, strike the word "primary" and insert in lieu thereof, "gross".

On page 12, line 6, strike "$100,000,000" and insert in lieu thereof, "$175,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 12, strike lines 7 and 8.

On page 12, line 10, strike "$300,000,000 and insert in lieu thereof, "$2,959,000,000".

On page 12, line 11, strike the word "primary" and insert in lieu thereof, "gross".

On page 12, line 12, strike "$14,790,000,000" and insert in lieu thereof, "$17,446,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 12, strike lines 13 and 14.

On page 12, line 16, strike "$550,000,000" and insert in lieu thereof, "$648,000,000".

On page 12, line 17, strike the word "primary" and insert in lieu thereof, "gross".

On page 12, line 18, strike "$7,380,000,000" and insert in lieu thereof, "$7,383,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 12, strike lines 19 and 20.

On page 12, line 23, strike the word "primary" and insert in lieu thereof, "gross".

On page 12, line 24, after "$0", insert the following, "of which $0 shall be secondary loan guarantee commitments."

On page 13, strike lines 1 and 2.

On page 13, line 4, strike "$21,840,000,000" and insert in lieu thereof, "$31,000,000".

On page 13, line 5, strike the word "primary" and insert in lieu thereof, "gross".

On page 13, line 6, strike "$0" and insert in lieu thereof "$31,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 13, strike lines 7 and 8.

On page 13, line 10, strike "$140,000,000" and insert in lieu thereof, "$145,000,000".

On page 13, line 11, strike the word "primary" and insert in lieu thereof, "gross".

On page 13, line 12, strike "$760,000,000" and insert in lieu thereof, "$756,000,000 of which $0 shall be secondary loan guarantee commitments."

On page 13, strike lines 13 and 14.

On page 13, line 17, strike the word "primary" and insert in lieu thereof, "gross".

On page 13, line 18, after "$0" insert the following "of which $0 shall be secondary loan guarantee commitments."

On page 13, strike lines 19 and 20.

On page 13, line 23, strike the word "primary" and insert in lieu thereof, "gross".

On page 13, line 24, after "$0" insert the following, "of which $0 shall be secondary loan guarantee commitments."

On page 14, strike lines 1 and 2.

On page 14, line 5, strike the word "primary" and insert in lieu thereof, "gross".

On page 14, line 6, after "$0" insert the following, "of which $0 shall be secondary loan guarantee commitments."

On page 14, strike lines 7 and 8.

On page 14, strike lines 9 through 17, and insert in lieu thereof,

"(c) It is the sense of the Congress that the President through administrative actions should limit in fiscal year 1982 total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to $16,460,000,000; and Federal Financing Bank purchases of loan assets from Federal agencies to $6,531,000,000. It is the further sense of Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank."

On page 14, line 18, strike everything after "SEC. 204" through page 15, line 24, and insert in lieu thereof,

"It shall not be in order in the House or the Senate during fiscal years 1981 and 1982 to consider any bill, resolution, or amendment authorizing new direct loan obligations or new loan guarantee commitments unless that bill, resolution, or amendment also provides that the authority to make or guarantee such loans shall be effective only to such extent or in such amounts as are contained in appropriation Acts."

On page 16, line 1, strike everything through page 21, line 23.

On page 21, line 24, strike everything through page 22, line 12.

On page 22, strike lines 17 and 18, and insert in lieu thereof,

"SEC. 301. Congress hereby determines and declares that it is necessary to make changes in enacted laws in order to reduce budget authority by $14,667,000,000, and outlays by $2,353,000,000, in fiscal year 1981; to reduce budget authority by $52,825,000,000 and outlays by $36,945,000,000, in fiscal year 1982; to reduce budget authority by $59,228,000,000, and outlays by $47,694,000,000, in fiscal year 1983; and to reduce budget authority by $68,074,000,000, and outlays by $56,937,000,000, in fiscal year 1984."

Beginning with page 22, line 23, strike everything through page 23, line 3, and insert in lieu thereof, "to reduce outlays by $163,000,000 in fiscal year 1981; to reduce budget authority by $232,000,000 and outlays by $693,000,000 in fiscal year 1982; to reduce budget authority by $400,000,000 and outlays by $362,000,000 in fiscal year 1983; and to reduce budget authority by $520,000,000 and outlays by $525,000,000 in fiscal year 1984; and"

Beginning with "$1,923,000,000" on page 23, line 9, strike lines 9 through 14, and insert in lieu thereof, "$525,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1981; $2,026,000,000 in budget authority and $1,932,000,000 in outlays for fiscal year 1982; $2,656,000,000 in budget authority and $2,616,000,000 in outlays for fiscal year 1983; and $3,153,000,000 in budget authority and $3,066,000,000 in outlays for fiscal year 1984."

On page 23, strike lines 19 through 24 and insert in lieu thereof, "to reduce budget authority by $233,000,000 and outlays by $233,000,000 in fiscal year 1981; to reduce budget authority by $966,000,000 and outlays by $936,000,000 in fiscal year 1982; to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983; and to reduce budget authority by $511,000,000 and outlays by $511,000,000 in fiscal year 1984."

On page 24, strike lines 6 through 11, and insert in lieu thereof, "outlays as follows: $7,146,000,000 in budget authority and $143,000,000 in outlays for fiscal year 1981; $14,139,000,000 in budget authority and $808,000,000 in outlays for fiscal year 1982; $16,534,000,000 in budget authority and $1,669,000,000 in outlays for fiscal year 1983; and $18,789,000,000 in budget authority and $2,632,000,000 in outlays for fiscal year 1984."

On page 24, strike lines 17 through 22 and insert in lieu thereof, "follows: $39,000,000 in budget authority and $40,000,000 in outlays for fiscal year 1982; $53,000,000 in budget authority and $34,000,000 in outlays for fiscal year 1983; and $72,000,000 in budget authority and $69,000,000 in outlays for fiscal year 1984."

On page 25, strike lines 3 through 8, and insert in lieu thereof, "$808,000,000 and outlays by $725,000,000 in fiscal year 1982; to reduce budget authority by $1,681,000,000 and outlays by $1,532,000,000 in fiscal year 1983; and to reduce budget authority by $2,785,000,000 and outlays by $2,590,000,000 in fiscal year 1984; and"

On page 25, strike lines 14 through 19, and insert in lieu thereof, "as follows: $2,460,000,000 in budget authority and $402,000,000 in outlays for fiscal year 1981; $9,956,000,000 in budget authority and $8,082,000,000 in outlays for fiscal year 1982; $11,586,000,000 in budget authority and $10,440,000,000 in outlays for fiscal year 1983; and $14,014,000,000 in budget authority and $12,486,000,000 in outlays for fiscal year 1984."

Beginning on page 25, line 25, strike everything through page 26, line 5, and insert in lieu thereof, "$215,000,000 and outlays by $149,000,000 in fiscal year 1981; to reduce budget authority by $787,000,000 and outlays by $1,103,000,000 in fiscal year 1982; to reduce budget authority by $1,082,000,000 and outlays by $1,716,000,000 in fiscal year 1983; and to reduce budget authority by $1,355,000,000 and outlays by $2,247,000,000 in fiscal year 1984; and"

On page 26, strike lines 11 through 16, and insert in lieu thereof, "as follows: $1,764,000,000 in budget authority and $29,000,000 in outlays for fiscal year 1981; $4,885,000,000 in budget authority and $4,138,000,000 in outlays for fiscal year 1982; $5,251,000,000 in budget authority and $4,976,000,000 in outlays for fiscal year 1983; and $5,297,000,000 in budget authority and $5,261,000,000 in outlays for fiscal year 1984."

Beginning with page 26, line 22, strike everything through page 27, line 2, and insert in lieu thereof, "as follows: $1,050,000,000 in budget authority and $301,000,000 in outlays for fiscal year 1982; $600,000,000 in budget authority and $367,000,000 in outlays for fiscal year 1983; and $435,000,000 in budget authority and $531,000,000 in outlays for fiscal year 1984."

On page 27, strike lines 3 through 13, and insert in lieu thereof,

"(8) The House Committee on Interior and Insular Affairs shall report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $331,000,000 in budget authority and $84,000,000 in outlays for fiscal year 1981; $815,000,000 in budget authority and $369,000,000 in outlays for fiscal year 1982; $796,000,000 in budget authority and $564,000,000 in outlays for fiscal year 1983; and $774,000,000 in budget authority and $654,000,000 in outlays for fiscal year 1984."

On page 27, strike lines 19 through 23, and insert in lieu thereof, "$116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982; $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983; and $144,000,000 in budget authority and $124,000,000 in outlays for fiscal year 1984."

On page 28, strike lines 4 through 9, and insert in lieu thereof, "$39,000,000 and outlays by $39,000,000 in fiscal year 1981; to reduce budget authority by $242,000,000 and outlays by $242,000,000 in fiscal year 1982; to reduce budget authority by $479,000,000 and outlays by $479,000,000 in fiscal year 1983; and to reduce budget authority by $641,000,000 and outlays by $641,000,000 in fiscal year 1984; and"

On page 28, strike lines 15 through 20 and insert in lieu thereof, "outlays as follows: $147,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1982; $60,000,000 in budget authority and $32,000,000 in outlays for fiscal year 1983; and $71,000,000 in budget authority and $60,000,000 in outlays for fiscal year 1984."

Beginning on page 28, line 25, strike everything through page 29, line 5, and insert in lieu thereof, "Law 93-344 sufficient to reduce outlays by $513,000,000 in fiscal year 1982;

to reduce outlays by $414,000,000 in fiscal year 1983; and to reduce outlays by $357,000,000 in fiscal year 1984; and"

On page 29, strike lines 11 through 16, and insert in lieu thereof, "as follows: $4,737,000,000 in budget authority and $4,650,000,000 in outlays for fiscal year 1982; $6,304,000,000 in budget authority and $6,324,000,000 in outlays for fiscal year 1983; and $7,390,000,000 in budget authority and $7,371,000,000 in outlays for fiscal year 1984."

Beginning on page 29, line 21, strike everything through page 30, line 2, and insert in lieu thereof, "Public Law 93-344 sufficient to reduce outlays by $185,000,000 in fiscal year 1982; to reduce outlays by $900,000,000 in fiscal year 1983; and to reduce outlays by $1,365,000,000 in fiscal year 1984; and"

On page 30, strike lines 8 through 13, and insert in lieu thereof, "outlays as follows: $2,350,000,000 in budget authority and $68,000,000 in outlays for fiscal year 1981; $6,446,000,000 in budget authority and $1,033,000,000 in outlays for fiscal year 1982; $5,122,000,000 in budget authority and $2,697,000,000 in outlays for fiscal year 1983; and $6,241,000,000 in budget authority and $4,381,000,000 in outlays for fiscal year 1984."

On page 30, strike lines 19 through 24, and insert in lieu thereof, "follows: $82,000,000 in budget authority and $35,000,000 in outlays for fiscal year 1981; $78,000,000 in budget authority and $39,000,000 in outlays for fiscal year 1982; $90,000,000 in budget authority and $59,000,000 in outlays for fiscal year 1983; and $102,000,000 in budget authority and $83,000,000 in outlays for fiscal year 1984."

On page 31, strike lines 6 through 11, and insert in lieu thereof, "lows: $97,000,000 in budget authority and $67,000,000 in outlays for fiscal year 1981; $526,000,000 in budget authority and $390,000,000 in outlays for fiscal year 1982; $564,000,000 in budget authority and $541,000,000 in outlays for fiscal year 1983; and $554,000,000 in budget authority and $533,000,000 in outlays for fiscal year 1984."

On page 31, strike lines 12 through 21 and insert in lieu thereof,

"(15)(A) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1981; to reduce budget authority by $32,000,000 and outlays by $32,000,000 in fiscal year 1982; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1983; and to reduce budget authority by $24,000,000 and outlays by $24,000,000 in fiscal year 1984; and

"(B) The House Committee on Veterans' Affairs shall also report changes in laws within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $414,000,000 in budget authority and $375,000,000 in outlays for fiscal year 1982; $397,000,000 in budget authority and $404,000,000, in outlays for fiscal year 1983; and $522,000,000 in budget authority and $520,000,000 in outlays for fiscal year 1984."

On page 32, strike lines 2 through 7, and insert in lieu thereof, "$36,000,000 and outlays by $195,000,000 in fiscal year 1981; to reduce budget authority by $3,791,000,000 and outlays by $8,427,000,000 in fiscal year 1982; to reduce budget authority by $3,445,000,000 and outlays by $4,492,000,000 in fiscal year 1983; and to reduce budget authority by $3,637,000,000 and outlays by $9,907,000,000 in fiscal year 1984; and"

On page 32, strike lines 13 through 18, and insert in lieu thereof, "lows: $978,000,000 in budget authority and $994,000,000 in outlays for fiscal year 1982; $1,294,000,000 in budget authority and $1,312,000,000 in outlays for fiscal year 1983; and $1,647,000,000 in budget authority and $1,675,000,000 in outlays for fiscal year 1984."

Beginning on page 32, line 25, strike everything through page 33, line 6, and insert in lieu thereof: "Public Law 93-314 sufficient to reduce outlays by $163,000,000 in fiscal year 1981; to reduce budget authority by $474,000,000 and outlays by $928,000,000 in fiscal year 1982; to reduce budget authority by $659,000,000 and outlays by $618,000,000 in fiscal year 1983; and to reduce budget authority by $794,000,000 and outlays by $795,000,000 in fiscal year 1984; and"

On page 33, strike lines 13 through 18, and insert in lieu thereof, "$645,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1981; $3,243,000,000 in budget authority and $3,200,000,000 in outlays for fiscal year 1982; $4,011,000,000 in budget authority and $3,961,000,000 in outlays for fiscal year 1983; and $4,613,000,000 in budget authority and $4,517,000,000 in outlays for fiscal year 1984."

Beginning on page 33, line 23, strike everything through page 34, line 3, and insert in lieu thereof, "sufficient to reduce budget authority by $233,000,000 and outlays by $233,000,000 in fiscal year 1981; to reduce budget authority by $966,000,000 and outlays by $966,000,000 in fiscal year 1982; to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983; and to reduce budget authority by $511,000,000 and outlays by $511,000,000 in fiscal year 1984."

On page 34, strike lines 9 through 14, and insert in lieu thereof, "thority and outlays as follows: $6,146,000,000 in budget authority and $133,000,000 in outlays for fiscal year 1981; $15,460,000,000 in budget authority and $958,000,000 in outlays for fiscal year 1982; $18,412,000,000 in budget authority and $2,274,000,000 in outlays for fiscal year 1983; and $21,303,000,000 in budget authority and $3,882,000,000 in outlays for fiscal year 1984."

On page 34, strike lines 15 through 25, and insert in lieu thereof,

"(4)(A) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1982; to reduce budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1983; and to reduce budget authority by $450,000,000 and outlays by $450,00,000 in fiscal year 1984; and

"(B) The Senate Committee on Commerce, Science, and Transportation shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,558,000,000 in budget authority and $884,000,000 in outlays for fiscal year 1982; $1,598,000,000 in budget authority and $1,328,000,000 in outlays for fiscal year 1983; and $1,465,000,000 in budget authority and $1,337,000,000 in outlays for fiscal year 1984."

On page 35, strike lines 6 through 11, and insert in lieu thereof, "and outlays as follows: $2,071,000,000 in budget authority and $106,000,000 in outlays for fiscal year 1981; $3,714,000,000 in budget authority and $3,404,000,000 in outlays for fiscal year 1982; $3,660,000,000 in budget authority and $3,628,000,000 in outlays for fiscal year 1983; and $3,604,000,000 in budget authority and $3,711,000,000 in outlays for fiscal year 1984."

On page 35, strike lines 16 through 19, and insert in lieu therof, "Law 93-344, sufficient to reduce outlays by $185,000,000 in fiscal year 1982; to reduce outlays by $900,000,000 in fiscal year 1983; and to reduce outlays by $1,365,000,000 in fiscal year 1984; and"

Beginning on page 55, line 25, strike everything through page 36, line 5, and insert in lieu thereof, "thority and outlays as follows: $2,350,000,000 in budget authority and $68,000,000 in outlays for fiscal year 1981; $4,935,000,000 in budget authority and $793,000,000 in outlays for fiscal year 1982; $3,035,000,000 in budget authority and $1,872,000,000 in outlays for fiscal year 1983; and $3,500,000,000 in budget authority and $2,826,000,000 in outlays for fiscal year 1984."

On page 36, strike lines 10 through 15, and insert in lieu thereof, "to reduce budget authority by $212,000,000 and outlays by $295,000,000 in fiscal year 1981; to reduce budget authority by $4,354,000,000 and outlays by $3,354,000,000 in fiscal year 1982; to reduce budget authority by $4,494,000,000 and outlays by $10,870,000,000 in fiscal year 1983; and to reduce budget authority by $4,618,000,000 and outlays by $11,761,000,000 in fiscal year 1984; and"

Beginning on page 36, line 21, strike everything through page 37, line 2, and insert in lieu thereof, "follows: $96,000,000 in budget authority and $112,000,000 in outlays for fiscal year 1982; $114,000,000 in budget authority and $132,000,000 in outlays for fiscal year 1983; and $149,000,000 in budget authority and $177,000,000 in outlays for fiscal year 1984."

On page 37, strike lines 8 through 13, and insert in lieu thereof, "lays as follows: $1,050,000,000 in budget authority and $301,000,000 in outlays for fiscal year 1982; $600,000,000 in budget authority and $367,000,000 in outlays for fiscal year 1983; and $435,000,000 in budget authority and $531,000,000 in outlays for fiscal year 1984."

On page 37, strike lines 18 through 23, and insert in lieu thereof, "93-344, sufficient to reduce outlays by $513,000,000 in fiscal year 1982; to reduce outlays by $414,000,000 in fiscal year 1983; and to reduce outlays by $357,000,000 in fiscal year 1984; and"

On page 38, strike lines 4 through 9, and insert in lieu thereof, "and outlays as follows: $4,776,000,000 in budget authority and $4,690,000,000 in outlays for fiscal year 1982; $6,360,000,000 in budget authority and $6,388,000,000 in outlays for fiscal year 1983; and $7,462,000,000 in budget authority and $7,440,000,000 in outlays for fiscal year 1984."

On page 38, strike lines 15 through 20, and insert in lieu thereof, "follows: $116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982; $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983; and $144,000,000 in budget authority and $124,000,000 in outlays for fiscal year 1984."

On page 39, strike lines 1 through 6, and insert in lieu thereof, "thority by $39,000,000 and outlays by $49,000,000 in fiscal year 1981; to reduce budget authority by $658,000,000 and outlays by $622,000,000 in fiscal year 1982; to reduce budget authority by $1,601,000,000 and outlays by $1,495,000,000 in fiscal year 1983; and to reduce budget authority by $2,702,000,000 and outlays by $2,551,000,000 in fiscal year 1984; and"

On page 39, strike lines 12 through 17 and insert in lieu thereof, "thority and outlays as follows: $2,388,000,000 in budget authority and $414,000,000 in outlays for fiscal year 1981; $10,303,000,000 in budget authority and $7,928,000,000 in outlays for fiscal year 1982; $12,363,000,000 in budget authority and $10,913,000,000 in outlays for fiscal year 1983; and $15,224,000,000 in budget authority and $13,525,000,000 in outlays for fiscal year 1984."

Beginning on page 39, line 23, strike everything through page 40, line 3, and insert in lieu thereof, "lays as follows: $97,000,000 in budget authority and $67,000,000 in outlays for fiscal year 1981; $526,000,000 in budget authority and $390,000,000 in outlays for fiscal year 1981; $564,000,000 in budget au-

thority and $541,000,000 in outlays for fiscal year 1983; and $554,000,000 in budget authority and $533,000,000 in outlays for fiscal year 1984."

On page 40, strike lines 4 through 13, and insert in lieu thereof,

"(13)(A) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1981; to reduce budget authority by $32,000,000 and outlays by $32,000,000 in fiscal year 1982; to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1983; and to reduce budget authority by $24,000,000 and outlays by $24,000,000 in fiscal year 1984; and

"(B) the Senate Committee on Veterans' Affairs shall also report changes in laws within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $414,000,000 in budget authority and $375,000,000 in outlays for fiscal year 1982; $397,000,000 in budget authority and $404,000,000 in outlays for fiscal year 1983; and $522,000,000 in budget authority and $520,000,000 in outlays for fiscal year 1984."

On page 40, between lines 13 and 14, insert the following,

"SEC. 302a. The Committees on Appropriations of the House and Senate shall report not later than June 5, 1981, legislation to reduce previously enacted appropriations by $13,300,000,000 in budget authority and $1,500,000,000 in outlays for fiscal year 1981; by $3,200,000,000 in outlays for fiscal year 1982; by $1,800,000,000 in outlays for fiscal year 1983; and by $1,100,000,000 in outlays for fiscal year 1984."

On page 40, line 24, strike "June 15, 1981" and insert in lieu thereof, "May 31, 1981".

On page 40, strike lines 14 through 23.

On page 41, between lines 7 and 8, insert the following,

"SEC. 304a. The enactment of savings required by this resolution is critical to the health of the economy of the Nation; and

"Expeditious action on legislation pursuant to these instructions is critical to achieving the savings required by this resolution; and

"The Senate is committed to completing action on the savings legislation required by this resolution at the earliest possible time; and

"It is the sense of the Senate that Senate committees instructed in section 3(c)(1) through (c)(13) of this resolution should begin deliberations on the legislation those committees are required to report under this resolution as soon as the resolution is agreed to in the Senate; and

"It is the further sense of the Senate that Senate committees should report the legislation required by section 3(c) of this resolution as agreed to in the Senate, except to the extent that the amounts referred to may be modified in conference with the House of Representatives, by May 31, 1981."

On page 41, between lines 7 and 8, insert the following,

"SEC. 304b. The Senate Committee on Governmental Affairs should report changes in laws within the jurisdiction of that committee which would reduce the costs to the Government which result from waste, fraud, and abuse. Savings in appropriations and expenditures from trust funds from such statutory changes are estimated to be $700,000,000 in budget authority and $1,300,000,000 in outlays in fiscal year 1982; $1,000,000,000 in budget authority and $2,000,000,000 in outlays in fiscal year 1983; and $1,500,000,000 in budget authority and $3,000,000,000 in outlays in fiscal year 1984."

On page 41, strike lines 9 through 19, and insert in lieu thereof,

"SEC. 305. No bill or resolution providing new budget authority for fiscal year 1982 or providing new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in excess of the allocation to or report by a committee or subcommittee pursuant to section 302 of the Budget Act shall be enrolled until Congress has completed action on the Second Budget Resolution for that fiscal year as required to be reported under section 310 of the Budget Act; and, if a reconciliation bill or reconciliation resolution, or both, are required to be reported under section 310(c), until Congress has completed action on that bill or resolution or both."

On page 41, after line 19, insert the following:

"SEC. 306. It is the sense of the Congress that due to the extreme rate of inflation in the United States economy, the possible cost-of-living effects of Federal regulations and legislation shall be carefully monitored as part of a program of fiscal restraint. Cost-of-living effects should therefore be a prime consideration in developing both regulations and legislation. In order to coordinate the aggregate economic impact of regulations with Federal fiscal policy, it is the sense of Congress that the President should implement a "zero net inflation impact" policy for the regulations promulgated in the remainder of fiscal year 1981 and for fiscal year 1982. This policy will require the President to keep an accounting for fiscal year 1981 of all new regulations which have a significant, measurable cost to the economy. Cost-saving modification need not affect the same area of economic activity as the cost-inducing regulations. The President should institute an exemption procedure to assure the promulgation of regulations necessary to avert any imminent threat to health and safety."

(b) It is also the sense of Congress that the Director of the Congressional Budget Office should issue a periodic "inflation scorekeeping" report which shall contain an estimate of the positive or negative cost-of-living effects, wherever measurable, of legislation enacted to date in the current session of Congress. The report shall also indicate for each bill, promptly after it is reported by a committee of Congress, whether—

(1) it is judged to have no significant positive or negative impact on cost of living;

(2) it is judged to have a positive or negative cost-of-living impact on the amount specified in terms of both dollar amounts and change in the Consumer Price Index; or

(3) it is judged likely to have a significant positive or negative impact on cost of living, but the amount cannot be determined immediately.

Mr. DOMENICI. Mr. President, in order to go to conference with the House, it is necessary to amend the House-passed resolution so as to reflect the decisions of the Senate. The amendment that I have sent to the desk would change the House numbers so as to reflect our actions of the last few days.

In the past, we have gone to conference simply by offering a "strike and insert" amendment to the House resolution. Although this was a convenient method of getting to conference, it created an awkward post-conference procedure which unnecessarily complicated our deliberations.

Mr. President, this amendment incorporates the Senate decisions into the House resolution. It contains nothing more and nothing less. It strikes any additional House language not confirmed in the Senate resolution as amended.

In sum, it is nothing more than a procedural vehicle to get to conference with the House in an orderly manner as envisioned by the draftsmen of the Budget Act. By adopting this amendment and moving to final passage on the House resolution, we can finalize our consideration of the first concurrent budget resolution and go to conference with the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 94) was agreed to.

Mr. SARBANES. Mr. President, will the majority leader yield for a question?

Mr. BAKER. Mr. President, I am happy to yield.

Mr. SARBANES. Mr. President, did I understand what has been included in the procedure is not different from what the Senate adopted in the course of considering its resolution?

Mr. BAKER. That is correct.

Mr. DOMENICI. That is correct.

Mr. BAKER. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution, as amended.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS), is necessarily absent.

I further announce that, if present and voting, the Senator from Maryland (Mr. MATHIAS), would vote yea.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), would vote "yea."

The PRESIDING OFFICER. Are there any other Senators who wish to vote?

The result was announced—yeas 78, nays 20, as follows:

[Rollcall Vote No. 112 Leg.]

YEAS—78

Abdnor	Ford	Murkowski
Andrews	Garn	Nickles
Armstrong	Goldwater	Nunn
Baker	Gorton	Packwood
Baucus	Grassley	Percy
Bentsen	Hatch	Pressler
Biden	Hatfield	Proxmire
Boren	Hawkins	Pryor
Boschwitz	Hayakawa	Quayle
Bumpers	Heflin	Randolph
Burdick	Heinz	Roth
Byrd, Harry F., Jr.	Helms	Rudman
	Huddleston	Sasser
Byrd, Robert C.	Inouye	Schmitt
Chafee	Jackson	Simpson
Chiles	Jepsen	Specter
Cochran	Johnston	Stafford
Cohen	Kassebaum	Stennis
D'Amato	Kasten	Stevens
Danforth	Lavalt	Symms
DeConcini	Long	Thurmond
Denton	Lugar	Tower
Dixon	Matsunaga	Wallop
Dole	Mattingly	Warner
Domenici	McClure	Zorinsky
Durenberger	Melcher	
East	Mitchell	

NAYS—20

Bradley	Hollings	Pell
Cranston	Humphrey	Riegle
Dodd	Kennedy	Sarbanes
Eagleton	Leahy	Tsongas
Exon	Levin	Weicker
Glenn	Metzenbaum	Williams
Hart	Moynihan	

NOT VOTING—2

Cannon	Mathias

So the concurrent resolution (H. Con. Res. 115), as amended, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. GOLDWATER. I move to lay that motion on the table.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of House Concurrent Resolution 115 so as to accurately reflect the decisions of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I move that the Senate insist upon its amendments, that the Senate request a conference with the House, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. STEVENS) appointed Mr. DOMENICI, Mr. ARMSTRONG, Mrs. KASSEBAUM, Mr. BOSCHWITZ, Mr. HATCH, Mr. TOWER, Mr. ANDREWS, Mr. HOLLINGS, Mr. CHILES, Mr. BIDEN, Mr. METZENBAUM, and Mr. EXON conferees on the part of the Senate.

Mr. BAKER. Mr. President, if the other Senators have unanimous-consent requests I will yield for that purpose. Otherwise, Mr. President, I would like to take this opportunity to express my profound appreciation to the distinguished manager of the bill on behalf of the majority, Senator DOMENICI, and the manager on behalf of the minority, Senator HOLLINGS. Together they have preserved and extended the tradition of the Budget Committee in the Senate of acting in a bipartisan way in bringing to the Senate a measure that could be dealt with promptly and with dispatch and, I think, appropriate for the circumstances at the moment.

I think we passed a good resolution. I think it was a good spirit of accommodation on both sides of the aisle. I think it is remarkable indeed that in the course of the deliberations on this measure that we consumed 34½ hours of debate; we considered 22 amendments; we had 22 rollcall votes, to dispatch this matter, an important matter of legislative concern, I think, in a very effective and workmanlike way.

Mr. President, I wish to express my appreciation to the distinguished minority leader for his help and assistance in arriving at a reasonable schedule for the Senate and in helping arrive at an agreement for the reduction in time of so many amendments, and in assisting the majority in a bipartisan way to see that the Senate acted promptly, effectively, and in a most judicious way.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for his kind remarks.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, I wish to express my appreciation to several Senators who offered amendments for their diligence and consideration for the requirements of the Senate in scheduling and the consideration they showed for the leadership for permitting us to move as we have now moved.

Mr. President, I wish to express my appreciation and respect to the distinguished staff of the Budget Committee on both sides of the aisle for their efforts, for their diligence, and for their very, very effective work on behalf of both the majority and minority.

Those staff members are: Stephen E. Bell, staff director; Lizbeth Tankersley, minority staff director; Robert Fulton, chief counsel; Sidney Brown, budget review chief; Carol Cox, legislative director; Andrew Ellis, counsel; Gail Fosler, chief economist; Pete Davis, senior economist for tax analysis; William Stringer, assistant to the staff director and senior economist; Kemble Stokes, chief economist, minority staff; and J. Thomas Sliter, special assistant to minority staff director.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, as a part of our arrangement for disposition of this resolution tonight, the distinguished junior Senator from Tennessee (Mr. SASSER) agreed to withdraw his amendment, which was a sense-of-the-Senate resolution. I represented that I would provide for the consideration of that measure as a free-standing resolution on tomorrow.

Let me proceed now, Mr. President, to try to arrange a schedule for tomorrow and for the remainder of this day.

Might I inquire, first, Mr. President, if it is not so that there is an order next to proceed to the consideration of the defense authorization bill?

The PRESIDING OFFICER. The Senator is correct. Under the previous order, the Senate will proceed to the consideration of S. 815 when the Senator has yielded the floor.

Mr. BAKER. I thank the Chair. Mr. President, I will yield the floor shortly, but before we do proceed to the consideration of the defense authorization bill, I wish to announce there will be no further rollcall votes tonight. It would be my hope that the managers of the bill could make their initial opening statements and that one amendment, at least, might be called up and debated to some extent tonight, although I would not expect them to ask for a rollcall vote. If one is ordered tonight, we will attempt to put it over until tomorrow.

ORDERS FOR WEDNESDAY

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business this evening it stand in recess until the hour of 9:30 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

REDUCTION IN LEADERSHIP TIME

Mr. BAKER. Mr. President, I ask unanimous consent, with the minority leader's concurrence, that the time for the two leaders under the standing order be reduced to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUMPTION OF DEFENSE AUTHORIZATION BILL

Mr. BAKER. Mr. President, I ask unanimous consent that at 9:45 a.m. tomorrow the Senate resume consideration of the defense authorization bill or any amendment thereto that may be pending at that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF MR. SASSER AT 12:30 P.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that at the hour of 11 a.m. tomorrow the Senate temporarily set aside the defense authorization bill and that the Senator from Tennessee (Mr. SASSER) be recognized for the purpose of calling up a sense-of-the-Senate resolution as in routine morning business. Mr. President, I further ask unanimous consent that there be a limitation of time on that resolution of 1 hour to be equally divided.

Mr. ROBERT C. BYRD. Mr. President, I am informed that the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) would want an hour under his control.

Mr. BAKER. On this resolution?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. I thank the minority leader. I amend the request, Mr. President, so that there will be a 2-hour time limitation on the resolution, 1 hour to be equally divided between the junior Senator from Tennessee and the majority leader or his designee, and that the second hour be under the control of the distinguished senior Senator from Virginia.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

Mr. BAKER. I thank the minority leader.

The PRESIDING OFFICER. Will the distinguished majority leader inform the Chair if there was any mention of amendments in the unanimous-consent agreement?

Mr. BAKER. No. I will make that provision. I thank the Chair for calling it to my attention.

Before I do that, however, may I continue with the request that after the disposition of the Sasser resolution the Senate immediately resume consideration of the defense authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, we have 2 hours on the Sasser resolution, 1 hour equally divided between the junior Senator from Tennessee and the majority leader or his designee, and 1 hour under the control of the distinguished senior Senator from Virginia.

Mr. President, I ask unanimous consent that on any amendment to the Sasser resolution that there be a time

limitation of 20 minutes to be equally divided and that on any second-degree amendment there be a limitation of 10 minutes to be equally divided.

Mr. LONG. Will the Senator mind asking that those amendments be germane?

Mr. BAKER. Mr. President, I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that any point of order, if the same is submitted, or appeal be limited to 10 minutes, equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. BAKER. Yes.

Mr. STENNIS. I did not understand what other proceeding was to be had here tomorrow.

Mr. BAKER. Mr. President, if I might, in answer to the distinguished Senator from Mississippi, it was contemplated that the Senator from Tennessee would offer an amendment to the budget resolution tonight, a sense of the Senate resolution. It was determined that it was not necessary that that resolution be offered to the Budget Act and the junior Senator from Tennessee kindly agreed to withhold his amendment tonight in exchange for my commitment that tomorrow during the day we would provide an opportunity for debate on the free standing offer of his resolution to the Senate. In order to try to accommodate the maximum number of Senators, I have just requested that we interrupt the consideration of the defense authorization bill at 11 o'clock in order to proceed to the consideration of the Sasser resolution and honor the promise that I made to the junior Senator from Tennessee.

Mr. STENNIS. I really do not want to disturb the Senator's agreement or anything. We really had in mind a debate. The Senator from Texas was called from the Chamber for a minute, and I see he has returned. If he wants to say anything about it, I will yield to him. I am not inclined to try to disturb anything.

Mr. BAKER. Mr. President, I thank the Senator from Mississippi and all Senators. I hope they will understand that it was certainly my view, and I believe the view of the joint leadership, that in order to arrive at a time to have a final disposition of the budget resolution it was necessary to proceed in this way.

Mr. STENNIS. That is entirely all right. But it will be at 11 o'clock when we go back on the military bill?

Mr. BAKER. No. Under the request I have made, which I hope the Senate will permit and the Chair will grant, the request that I have made is that at 11 o'clock we will leave the defense bill and proceed to the consideration of the Sasser amendment and immediately after the disposal of the Sasser amendment we will return to the consideration of the defense bill.

Mr. STENNIS. I have no objection.

Mr. TOWER. Mr. President, reserving the right to object, and I shall not object, I just might note that the distinguished majority leader has discussed this with me and it is perfectly acceptable to the manager of the bill.

Mr. BAKER. Mr. President, I thank the distinguished chairman. I apologize to the Senator from Mississippi for not discussing this matter with him but, as he knows, things were in something of a turmoil at the time we concluded consideration of the budget resolution.

Mr. STENNIS. I thought the Senator did the right thing.

Mr. BAKER. I thank the Senator.

(Later the following occurred:)

Mr. TOWER. Mr. President, if I may have the attention of the distinguished majority and minority leaders, it is the intention of Senator LEVIN tonight to lay down an amendment concerning the MX missile so that it will be the pending business tomorrow morning. He has some difficulty with the consent request to permit Senator SASSER to intervene at 11 o'clock. Is there any possibility that that unanimous-consent request could be reconsidered and postponed until noon?

Mr. BAKER. Mr. President, I certainly have no objection to that. I do not know whether the Senator from Tennessee is still here or not. I know he intended to be here at 11 o'clock. I think it might be safe to assume that he would be here at 12:30.

For my part, Mr. President, I am willing to make that modification, if the distinguished minority leader will concur.

Mr. ROBERT C. BYRD. Mr. President, I have no objection. I wonder if the distinguished majority leader would condition it on the approval of Mr. SASSER.

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. I have no reason to believe he will not be here, but I would like to protect him in that regard.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the order previously entered to turn to the consideration of the Sasser amendment at 11 o'clock be changed to provide for its consideration at 12:30 on the same terms and conditions as previously described, and that that order be subject to revocation upon the objection hereafter by the distinguished Senator from Tennessee.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, might I inquire of the distinguished minority leader and the managers of the defense bill, there is one other measure that might be dealt with tonight that would take just a brief moment, I believe, and that is a resolution to be offered by the distinguished Senator from New York (Mr. D'AMATO), which has been cleared. I am prepared to do that now or we can wait until we do calendar work later in the evening.

Could I ask the distinguished Senator from New York how long it would take to present his resolution?

Mr. D'AMATO. No longer than 2 minutes.

Mr. ROBERT C. BYRD. Mr. President, that resolution has been cleared on this side of the aisle, with the understanding that there will be no amendments offered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of a resolution offered by the distinguished junior Senator from New York, that no amendments be in order, and that the time for the consideration of the resolution be limited to 2 minutes, equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

I might state that it is the Chair's understanding that the whole agreement the majority leader has asked for concerning the proceedings tomorrow has been agreed to.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The Senator from New York.

SENATE RESOLUTION 131—THE IMPRISONMENT OF ANATOLY SHCHARANSKY

Mr. D'AMATO. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 131) relating to the imprisonment of Anatoly Shcharansky.

The cosponsors of the resolution submitted by Mr. D'AMATO are: Senators BAKER, DOLE, MATTINGLY, SPECTER, ARMSTRONG, HATCH, LAXALT, DOMENICI, HELMS, QUAYLE, BOSCHWITZ, GORTON, PACKWOOD, THURMOND, BENTSEN, JEPSEN, GRASSLEY, MURKOWSKI, BRADLEY, HUMPHREY, COHEN, NICKLES, HAYAKAWA, ZORINSKY, PROXMIRE, GOLDWATER, DIXON, ROBERT BYRD, SYMMS, LUGAR, JACKSON, ANDREWS, STEVENS, DANFORTH, PELL, WALLOP.

Senators HEINZ, WEICKER, HARRY BYRD, SCHMITT, KASSEBAUM, HATFIELD, SIMPSON, MCCLURE, KASTEN, COCHRAN, LEVIN, LEAHY, SARBANES, DECONCINI, DODD, MOYNIHAN, METZENBAUM, CRANSTON, BIDEN, PRESSLER, EAST, HAWKINS, GARN, TOWER, PERCY, RUDMAN, BOREN, ABDNOR, NUNN, CHAFEE, WARNER, RIEGLE, SASSER, MATSUNAGA, ROTH, and STAFFORD.

The Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I am submitting today, along with many of my colleagues, a resolution that has great humanitarian significance. It is most significant, because as I speak, Anatoly Shcharansky is dying in a Soviet prison.

Anatoly Shcharansky has been imprisoned in violation of the Helsinki accord—a document for which he fought in his homeland—a fight which has cost him freedom.

Five years ago, Anatoly Shcharansky and 10 others formed what was known as the first "public group to promote observance of the Helsinki agrements." Mr. Shcharansky and his comrades worked

to make the world aware of human rights violations. Their published reports angered the very officials in the Soviet Government who signed the Helsinki agreements. Anatoly Shcharansky has become the victim of his own government's hypocricy.

On July 14, 1978, Mr. Shcharansky was sentenced to 13 years in a Soviet labor camp. He remains there today. He is in poor health. His wife, Mrs. Avital Shcharansky, who I met with Sunday, tells me he is dying.

Mr. President, I implore you and my colleagues to protest this senseless and unjustified violation of one man's freedom. We must reaffirm our commitment to those basic freedoms on which the Helsinki accords rest—the right of the individual, the right of human dignity, the right to individual freedom. All of these are being denied Anatoly Shcharansky, injuring his good health.

I am calling on the Soviet Union to end the enslavement of Anatoly Shcharansky. He has suffered too long for a crime he did not commit. The crime, according to the Soviet authorities, was treason. If Anatoly Shcharansky betrayed anything, it was the Soviet Union's determined effort to quash all public dissent, to lower human dignity and freedom to the lowest denominator.

Anatoly Shcharansky must be set free and allowed to emigrate to Israel. I am calling on the Secretary of State and the U.S. Delegation to the current Madrid Conference on Security and Cooperation in Europe to express in the strongest possible terms that the United States is opposed to the imprisonment of Anatoly Shcharansky. This message shall be transmitted by the Secretary of State to the Soviet Ambassador to the United States and the Chairman of the Soviet Union's Presidium.

It is a message of freedom; the kind of message which Anatoly Shcharansky lived and fought for and eventually was sent to prison for. I hope this message will also set him free.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 131) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Resolved, Whereas, the final act of the Conference on Security and Cooperation in Europe commits its 35 signatories to respect human rights and fundamental freedoms;

Whereas, the Soviet Union is signatory to this Act;

Whereas, Anatoly Shcharansky has been imprisoned in violation of this Act;

Whereas, Mr. Shcharansky's health has now deteriorated to the point where his life is threatened, as a result of the actions of Soviet officials, and

Whereas, humanitarian interests and the provisions of the final act require that Soviet authorities cease their continued incarceration and inhumane treatment of Mr. Shcharansky: Now, therefore, be it

Resolved, That it is the sense of the Senate that:

Section I—Anatoly Shcharansky be released from prison and be given proper medical treatment and be permitted to emigrate to Israel,

Section II—The Senate urges the President, the Secretary of State and the United States Delegation to the Current Madrid Conference on Security and Cooperation in Europe meeting to continue to express at every suitable opportunity and in the strongest terms the opposition of the United States to the imprisonment of Anatoly Shcharansky,

Section III—The Secretary of the Senate shall transmit copies of this resolution to the Soviet Ambassador to the United States and to the Chairman of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics.

ORDER OF PROCEDURE

(The following proceedings occurred later and are printed at this point in the RECORD by unanimous consent:)

Mr. BAKER. Mr. President, I would like to take up the calendar now.

Might I ask the distinguished minority leader if he is prepared to proceed to the consideration of any items on the Executive Calendar, and I particularly invite his attention to Calendar No. 137, the nomination of Gerald P. Carmen, of New Hampshire, to be Administrator of General Services.

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side to the consideration of that nomination.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nomination of Gerald P. Carmen, of New Hampshire, to be Administrator of General Services.

The PRESIDING OFFICER. Without objection, it is so ordered.

GENERAL SERVICES ADMINISTRATION

The PRESIDING OFFICER. The nomination will be stated.

The assistant legislative clerk read the nomination of Gerald P. Carmen, of New Hampshire, to be Administrator of General Services.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask that the President be immediatelv notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. BAKER. Mr. President, I inquire of the minoritv leader if there are items on the General Order Calendar which might be dealt with at this time.

Mr. ROBERT C. BYRD. Mr. President, in response to the question by the distinguished majority leader, there is no objection to proceeding to the consideration of Calendar Order Nos. 68, 69, 70, 71, 77, and 86. There is no objection to doing those items en bloc, if the majority leader would like to do so.

Mr. BAKER. Mr. President, I ask unanimous consent that the items identified by the minority leader may be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADVANCE PAYMENTS FOR COMPUTER PROGRAMING SERVICES

The bill (S. 1124) to authorize the Sergeant at Arms and Doorkeeper of the Senate, subject to the approval of the Committee on Rules and Administration, to enter into contracts which provide for the making of advance payments for computer programing services, was announced as next in order, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1124

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, the Sergeant at Arms and Doorkeeper of the Senate, subject to the approval of the Committee on Rules and Administration, is hereafter authorized to enter into contracts which provide for the making of advance payments for computer programming services.

PRINTING OF ADDITIONAL COPIES OF PART 1 OF THE REPORT ENTITLED "DEVELOPMENTS IN AGING, 1980"

The resolution (S. Res. 93) authorizing the printing of additional copies of part 1 of the Senate report entitled "Developments in Aging, 1980," was considered and agreed to, as follows:

S. RES. 93

Resolved, That there shall be printed for the use of the Special Committee on Aging the maximum number of copies of part 1 of its annual report to the Senate, entitled "Developments in Aging: 1980", which may be printed at a cost not to exceed $1,200.

PRINTING OF ADDITIONAL COPIES OF A DOCUMENT FOR USE OF THE COMMITTEE ON FINANCE

The resolution (S. Res. 26) authorizing the printing of extra copies of a document for use of the Committee on Finance, was considered and agreed to, as follows:

S. RES. 26

Resolved, That a compilation of materials relating to the history of the Committee on Finance be printed, with illustrations, as a Senate document, and that there be printed such additional copies not to exceed $1,200 in cost of such document for the use of the committee.

PRINTING OF A REVISED EDITION OF THE STANDING RULES OF THE SENATE

The resolution (S. Res. 122) authorizing the printing of a revised edition of the "Standing Rules of the Senate" as

a Senate document, was considered and agreed to, as follows:

S. RES. 122

Resolved, That the Committee on Rules and Administration hereby is directed to prepare a revised edition of Senate Document Numbered 96–46, entitled "Standing Rules of the Senate", and that such standing rules shall be printed as a Senate document.

SEC. 2. There shall be printed two thousand five hundred additional copies of the document specified in section 1 of this resolution for the use of the Committee on Rules and Administration.

AUTHORIZATION FOR YOUTH EMPLOYMENT AND DEMONSTRATION PROGRAMS

The bill (S. 1070) to extend the authorization for youth employment and demonstration programs, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1070

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Youth Employment Demonstration Amendments of 1981".

SEC. 2. Section 112(a)(4) of the Comprehensive Employment and Training Act is amended by adding at the end thereof the following new subparagraph:

"(D) There are authorized to be appropriated such sums as may be necessary for the fiscal year 1982 to carry out part A of title IV.".

SEC. 3. Section 441 of the Comprehensive Employment and Training Act is repealed.

SENIOR CENTER WEEK

The joint resolution (S.J. Res. 79) to designate the second week in May beginning with Mother's Day, May 10, 1981, as "Senior Center Week," was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 79

Whereas local communities support over eight thousand senior centers and there is hardly a city or town without one;

Whereas senior centers affirm the dignity, self-worth, and independence of older persons by facilitating their decisions and action, tapping their experiences, skills, and knowledge, and enabling their continued contribution to the community;

Whereas, as encouraged and supported by the Older Americans Act, senior centers function as service delivery focal points, helping older persons to help themselves and each other, and offering service or access to community services as needed;

Whereas the month of May has historically been proclaimed Older Americans Month, and communities across the country are giving special recognition to older persons and the role of senior centers in serving them: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the second week in May, beginning with Mother's Day, May 10, 1981, is designated as "Senior Center Week" and the President is requested to include this designation of Senior Center Week as part of the proclamation he issues for Older Americans Month, calling upon the people of the United States to honor older Americans and these local organizations that bring together activities and services for their benefit.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bills were passed and the resolutions were agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I have a question of the distinguished majority leader. Just recently the Senate entered an order, at my request, that certain portions of the Budget Reform Act be included in a new printing together with the Standing Rules of the Senate. Calendar Order No. 71 requests the printing of a revised edition of "Standing Rules of the Senate" as a Senate document. I take it that the provisions from the Budget Reform Act will be included in that new printing.

Mr. BAKER. Mr. President, I might say to the distinguished minority leader that it is my understanding that that material will be included in this printing.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader.

ORDER TO INDEFINITELY POSTPONE S. 648

Mr. BAKER. Mr. President, could I ask the minority leader if he is in position to dispose of Calendar Order No. 59, S. 648, that it be indefinitely postponed.

Mr. ROBERT C. BYRD. There is no objection on this side.

Mr. BAKER. Mr. President, I ask unanimous consent that Calendar Order No. 59, S. 648, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the minority leader and all Senators. I especially thank the Senator from Texas and the Senator from Mississippi for permitting me to take care of these housekeeping details.

MILITARY PROCUREMENT AUTHORIZATION

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 815, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 815) to authorize appropriations for fiscal year 1982 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Armed Services with an amendment to strike out all after the enacting clause, and insert the following: That this Act may be cited as the "Department of Defense Authorization Act of 1982".

TITLE I—PROCUREMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, as authorized by law, in amounts as follows:

Aircraft

For aircraft: for the Army, $1,836,700,000; for the Navy and the Marine Corps, $9,331,700,000; for the Air Force, $15,070,798,000.

Missiles

For missiles: for the Army, $2,469,100,000; the Navy, $2,555,000,000; for the Marine Corps, $223,024,000; for the Air Force, $4,718,746,000.

Naval Vessels

For naval vessels: for the Navy, $10,118,600,000.

Tracked Combat Vehicles

For tracked combat vehicles: for the Army, $3,537,300,000; for the Marine Corps, $281,739,000.

Torpedoes

For torpedoes and related support equipment: for the Navy, $516,600,000.

Other Weapons

For other weapons: for the Army, $655,400,000; for the Navy, $200,200,000; for the Marine Corps, $136,344,000: for the Air Force. $3.047.000.

Army National Guard Equipment

For tracked combat vehicles and other weapons: for the Army National Guard, $50,000,000, which amount shall be in addition to any other funds authorized to be appropriated by this or any other Act.

COMPANION TRAINER AIRCRAFT PROGRAM

SEC. 102. None of the funds authorized to be appropriated by this title may be obligated or expended for advanced procurement related to the Companion Trainer Aircraft program until a contractor has been selected by the Air Force for the construction of such aircraft and 60 days have elapsed after the date on which the Secretary of the Air Force has notified the Committees on Armed Services of the Senate and the House of Representatives of the name of the contractor selected.

SEALIFT FUNDS

SEC. 103. Of the funds made available during fiscal year 1981 for the procurement of sealift vessels, the sum of $53,000,000 shall be available and expended for advance procurement items for the Maritime Prepositioning Ship (TAKX). None of the funds made available during fiscal year 1981 for the procurement of sealift vessels may be obligated or expended after the date of the enactment of this Act for the modification of any Fast Logistics Ship (T-AKRX) that does not include a roll-on/roll-off (RO/RO) capability.

XM–1 MAIN BATTLE TANK

SEC. 104. Of the total amount authorized to be appropriated in this title for the XM–1 Tank, the sum of $577,200,000 may not be obligated or expended until the Secretary of Defense certifies in writing to the Committees on Armed Services of the Senate and the House of Representatives that (1) the durability performance results of the RAM–D testing program for such tank do not present an unacceptable level of risk in terms of satisfying the Army's operational mission requirements, and (2) such results support the procurement of such tanks in a number greater than 569.

FIGHTING VEHICLE SYSTEM

SEC. 105. Of the funds authorized to be appropriated in this title for tracked combat vehicles, $50,000,000 shall be available only for the purpose of providing a second source for the manufacture and assembly of the Fighting Vehicle System. No business entity in which the prime contractor for the Fighting Vehicle System has an ownership interest

shall be eligible as a second source contractor for such system.

LIGHT ARMORED VEHICLES

SEC. 106. Of the funds authorized to be appropriated in this title for tracked combat vehicles, the sum of $36,200,000 shall be available only for the procurement of Light Armored Vehicles for the Marine Corps. The Secretary of the Navy shall be responsible for management and direction of the program for the procurement of such vehicles.

AUTHORIZATION OF APPROPRIATIONS FOR CONTRIBUTION TO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) FOR NATO

SEC. 107. Of the funds authorized to be appropriated in this title for aircraft for the Air Force, the sum of $358,200,000 shall be available only for contribution by the United States as its share of the cost for such fiscal year of acquisition by the North Atlantic Treaty Organization of the Airborne Warning and Control System (AWACS).

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NATO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) PROGRAM

SEC. 108. (a) During fiscal year 1982, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of the following functions performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control System (AWACS) program office:

(A) auditing;
(B) quality assurance;
(C) codification;
(D) inspection;
(E) contract administration;
(F) acceptance testing;
(G) certification services; and
(H) planning, programming, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E-3A Cooperative Programme for fiscal year 1982, assume contingent liability for—

(A) program losses resulting from the gross negligence of any contracting officer of the United States;

(B) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(C) the United States share of the unfunded termination liability.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $3,893,100,000; for the Navy (including the Marine Corps), $6,155,001,000; for the Air Force, $9,130,100,000; for the Defense Agencies, $1,935,550,000, of which $53,000,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982, such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in this title.

STANDOFF TARGET ACQUISITION SYSTEM

SEC. 202. (a) The Secretary of the Army shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report not later than December 15, 1981, containing a comprehensive evaluation of reasonable alternatives to the Standoff Target Acquisition System.

(b) Not more than $20,000,000 of the funds authorized to be appropriated by this title may be used to conduct any research, development, testing, or evaluation of the Standoff Target Acquisition System until after the Secretary of the Army has submitted to the Committees on Armed Services of the Senate and the House of Representatives the report required under subsection (a).

LIGHTWEIGHT ARMORED VEHICLES

SEC. 203. The Congress finds that, because of the urgency of the need for lightweight armored vehicles, it would be in the best interest of the United States to give full responsibility for the development of such vehicles to one military department. Accordingly, the Secretary of the Navy shall assume, at the earliest practicable date as determined by him, full responsibility of the program for the development of lightweight armored vehicles for use by the ground combat forces of the United States.

LIGHT AIRCRAFT CARRIER DESIGN

SEC. 204. Of the amount authorized to be appropriated in this title for the Navy, not more than $55,100,000 is authorized for Ship Development (Engineering). However, none of the funds authorized to be appropriated in this title for the Navy may be obligated or expended for Ship Development (Engineering) until the Secretary of the Navy submits to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives a written report describing the Navy's most feasible ship designs for a light aircraft carrier, and most realistic construction program for such aircraft carrier, in sufficient detail to permit the authorization of funds in fiscal year 1983 for the development and construction of such a carrier should the Congress elect to authorize funds for such purpose.

DIESEL-ELECTRIC SUBMARINE DESIGN

SEC. 205. Of the funds authorized to be appropriated for the Navy in this title, not more than $40,953,000 is authorized for Ships, Submarines, and Boats Technology. However, none of the funds authorized to be appropriated in this title may be obligated or expended for Ships, Submarines, and Boats Technology until the Secretary of the Navy submits to the Committees on Armed Services of the Senate and the House of Representatives the written report concerning existing diesel-electric submarine designs which was requested by the Committee on Armed Services of the Senate in Senate Report Number 96-826.

MX MISSILE AND BASING MODE

SEC. 206. (a) None of the funds authorized to be appropriated by this title may be obligated or expended for the full-scale engineering development of an operational basing mode for the MX missile until—

(1) the President has submitted a written report to the Congress containing his decisions on the MX missile and basing development, procurement, and construction program which specifically describes the proposed basing mode for such missile;

(2) the Secretary of Defense has submitted to the Committees on Armed Services of the Senate and the House of Representatives a report in writing (A) justifying the decisions of the President referred to in clause (1), and (B) a comparison and evaluation of alternative programs to the program decided upon by the President; and

(3) sixty days have elapsed after the day on which the President's report has been received by the Congress and during which the Senate and the House of Representatives have not agreed to resolutions of their respective Houses expressing disapproval of the President's decision.

(b) For the purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the does not favor the decisions of the President regarding the basing mode for the MX missile submitted to the Congress on ", the first blank space therein being filled with the name of the resolving House and the second blank space therein being filled with the date on which the report of the President described in subsection (a)(1) was received by the Congress.

(c) A resolution in the Senate shall be referred to the Committee on Armed Services of the Senate. A resolution in the House of Representatives shall be referred to the Committee on Armed Services of the House of Representatives.

(d) If the committee to which a resolution has been referred has not reported it at the end of seven calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution which has been referred to the committee.

(e) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(f) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution.

(g) When the committee has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(h)(1) Debate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(2) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(3) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(i) Whenever the President transmits copies of the report referred to in subsection (a)(1) to the Congress, a copy of such report shall be delivered to each House of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(j) Subsections (c) through (i) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b), and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

TITLE III—OPERATION AND MAINTENANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States (other than the Coast Guard) and for other activities and agencies of the Department of Defense, for operation and maintenance purposes, as authorized by law, in amounts as follows:

(1) For the Army (including the Army Reserve and the Army National Guard), $17,490,300,000.

(2) For the Navy and the Marine Corps (including the Naval Reserve and the Marine Corps Reserve), $21,929,949,000.

(3) For the Air Force (including the Air Force Reserve and the Air National Guard), $19,274,420,000.

(4) For the defense agencies and other activities of the Department of Defense, $4,881,551,000.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982 such additional sums as may be necessary (1) for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated by this title, and (2) for unbudgeted increases in fuel costs and for increases as the result of inflation in the cost of activities authorized by this title.

TITLE IV—ACTIVE FORCES

AUTHORIZATION OF END STRENGTHS

SEC. 401. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1982, as follows:

(1) The Army, 785,800.
(2) The Navy, 554,300.
(3) The Marine Corps, 192,100.
(4) The Air Force, 582,400.

LIMITATION ON NUMBER OF NON-HIGH SCHOOL GRADUATES WITH NO PRIOR MILITARY SERVICE THAT MAY BE ENLISTED OR INDUCTED INTO THE ARMED FORCES DURING FISCAL YEAR 1982

SEC. 402. Section 302(a) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 10 U.S.C. 520 note) is amended by striking out "October 1, 1980" and "September 30, 1981" and inserting in lieu thereof "October 1, 1981" and "Septemebr 30, 1982", respectively.

TITLE V—RESERVE FORCES

AUTHORIZATION OF AVERAGE STRENGTHS

SEC. 501. (a) For fiscal year 1982, the Selected Reserve of the reserve components of the Armed Forces shall be programed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 392,800.
(2) The Army Reserve, 235,300.
(3) The Naval Reserve, 87,600.
(4) The Marine Corps Reserve, 37,600.
(5) The Air National Guard of the United States, 98,600.
(6) The Air Force Reserve, 62,800.
(7) The Coast Guard Reserve, 11,700.

(b) Within the average strengths prescribed in subsection (a), the reserve components of the Armed Forces are authorized, as of September 30, 1982, the following number of reserve component members to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

(1) The Army National Guard of the United States, 11,439.
(2) The Army Reserve, 6,285.
(3) The Naval Reserve 208.
(4) The Marine Corps Reserve, 447.
(5) The Air National Guard of the United States, 3,312.
(6) The Air Force Reserve, 701.

(c) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

(d) Upon a determination by the Secretary of Defense that such action is in the national interest, the authorizations prescribed in subsection (b) may be increased by not more than 5 percent.

INCREASE IN NUMBERS OF CERTAIN PERSONNEL ON ACTIVE DUTY IN SUPPORT OF THE RESERVE COMPONENTS

SEC. 502. (a) Effective only for the peroid beginning October 1, 1981, and ending September 30, 1982, the table in section 517(b) of title 10, United States Code, relating to the number of enlisted personnel in grades E–8 and E–9 who may be on active duty in support of the reserve components, is amended to read as follows:

"Grade	Army	Navy	Air Force	Marine Corps
E–9	222	146	76	4
E–8	908	319	307	12".

(b) Effective only for the period beginning October 1, 1981, and ending September 30, 1982, section 524(a) of title 10, United States Code, relating to the number of reserve officers in certain grades which may be on active duty in support of the reserve components, is amended—

(1) by striking out the column of figures under the heading "Army" and inserting in lieu thereof the following:

"Army
1,105
551
171".

and

(2) by striking out the column of figures under the heading "Air Force" and inserting in lieu thereof the following:

"Air Force
189
194
147".

TITLE VI—CIVILIAN PERSONNEL

AUTHORIZATION OF END STRENGTHS

SEC. 601. (a)(1) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1982, as follows:

(A) The Department of the Army, 381,200.

(B) The Department of the Navy, including the Marine Corps, 312,600.

(C) The Department of the Air Force, 249,000.

(D) Activities and agencies of the Department of Defense (other than the military departments), 81,400.

(2)(A) Of the 21,300 increase in civilian personnel for the Army authorized by paragraph (1), the Secretary of the Army shall use not less than 16,800 civilian personnel to relieve military personnel for the performance of other duties. Not more than 5,000 of such 16,800 personnel may be indirect hires.

(B) The Secretary of the Army shall submit a written report to the Committees on Armed Services of the Senate and the House of Representatives not later than September 30, 1981, specifying how the 16,800 increase in civilian personnel referred to in subparagraph (A) is to be utilized. The Secretary shall also indicate in such report (i) the extent to which such increase in civilian personnel will be used to fill positions currently occupied by noncommissioned officers, and (ii) the number of such noncommissioned officers who will be returned to combat units by virtue of such increase in civilian personnel.

(b) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Personnel employed under a part-time career employment program established under section 3402 of title 5, United States Code, shall be counted as prescribed by section 3404 of that title. Whenever a function, power, duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(c) When the Secretary of Defense determines that such action is necessary in the national interest or if any conversion of commercial and industrial type functions from performance by Department of Defense personnel to performance by private contractors which was anticipated to be made during fiscal year 1982 in the Budget of the President submitted for such fiscal year is not determined to be appropriate for such conversion under established administrative

criteria, the Secretary of Defense may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 2 percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under this subsection.

EXEMPTION FROM CERTAIN REPORTING REQUIREMENTS APPLICABLE TO THE CONVERSION OF PERFORMANCE OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS FROM DEPARTMENT OF DEFENSE PERSONNEL TO PRIVATE CONTRACTORS

SEC. 602. Section 502 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 10 U.S.C. 2304 note) is amended—

(1) in subsection (a)—

(A) by striking out "that on October 1, 1980, is being performed by" in the material preceding clause (1) and inserting in lieu thereof "that, on October 1, 1980, is being performed by fifty or more"; and

(B) by striking out "if more than 50 employees are involved," in paragraph (2)(D)(i);

(2) by adding at the end thereof the following new subsection:

"(d) In no case may any commercial or industrial type function being performed by Department of Defense personnel be modified, reorganized, divided, or in any way changed for the purpose of exempting from the requirements of subsection (a)(2) the conversion of all or any part of such function to performance by a private contractor."; and

(3) by redesignating subsection (d) as subsection (e).

TITLE VII—MILITARY TRAINING STUDENT LOADS

AUTHORIZATION OF TRAINING STUDENT LOADS

SEC. 701. (a) For fiscal year 1982, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 57,996.
(2) The Navy, 65,133.
(3) The Marine Corps, 18,311.
(4) The Air Force, 46,389.
(5) The Army National Guard of the United States, 7,467.
(6) The Army Reserve, 8,456.
(7) The Naval Reserve, 1,041.
(8) The Marine Corps, 2,835.
(9) The Air National Guard of the United States, 2,804.
(10) The Air Force Reserve, 1,405.

(b) In addition to the number of average military training student loads authorized in subsection (a), the following components of the Armed Forces are authorized a military training student load to be utilized solely for one station unit training of not less than the following:

(1) The Army, 17,732.
(2) The Army National Guard of the United States, 7,070.
(3) The Army Reserve, 2,374.

(c) The average military training student loads for the Army, the Navy, the Marine Corps, and the Air Force and the reserve components authorized in subsection (a) for fiscal year 1982 shall be adjusted consistent with the manpower strengths authorized in titles IV, V, and VI of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the reserve components in such manner as the Secretary of Defense shall prescribe.

TITLE VIII—ATTACK-RELATED CIVIL DEFENSE

AUTHORIZATION OF APPROPRIATIONS

SEC. 801. There is hereby authorized to be appropriated for fiscal year 1982 to carry out the provisions of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251-2297) the sum of $126,842,000.

INCREASE IN AMOUNT THAT MAY BE CONTRIBUTED TO STATES FOR PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 802. The third sentence of section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended by striking out "$40,000,000" in the second proviso and inserting in lieu thereof "$45,000,000".

TITLE IX—GENERAL PROVISIONS

LONG RANGE COMBAT AIRCRAFT

SEC. 901. (a) None of the funds authorized to be appropriated by this Act may be obligated or expended for the full-scale engineering development or procurement of a long range combat aircraft until—

(1) the President has submitted a written report to the Congress containing his decision on a specific program for the development or procurement of a long range combat aircraft;

(2) the Secretary of Defense has submitted to the Committees on Armed Services of the Senate and the House of Representatives a report in writing (A) justifying the decision the President referred to in clause (1), and (B) a comparison and evaluation of alternative programs to the program decided upon by the President; and

(3) sixty days have elapsed after the day on which the President's report has been received by the Congress and during which the Senate and the House of Representatives have not agreed to resolutions of their respective Houses expressing disapproval of the President's decision.

(b) For the purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the does not favor the decision of the President regarding a long range combat aircraft submitted to the Congress on ", the first blank space therein being filled with the name of the resolving House and the second blank space therein being filled with the date on which the report of the President described in subsection (a)(1) was received by the Congress.

(c) A resolution in the Senate shall be referred to the Committee on Armed Services of the Senate. A resolution in the House of Representatives shall be referred to the Committee on Armed Services of the House of Representatives.

(d) If the committee to which a resolution has been referred has not reported it at the end of seven calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution which has been referred to the committee.

(e) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(f) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution.

(g) When the committee has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(h)(1) Debate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(2) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(3) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(i) Whenever the President transmits copies of the report referred to in subsection (a)(1) to the Congress, a copy of such report shall be delivered to each House of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(j) Subsections (c) through (i) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b), and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

REPORT ON ALLIED CONTRIBUTIONS TO THE COMMON DEFENSE

SEC. 902. (a) In recognition of the growth, relative to the United States, in the economic strength of Japan, Canada, and Western Eurepean countries which has occurred since the signing of the North Atlantic Treaty on April 4, 1949, and the Mutual Cooperation and Security Treaty between Japan and the United States on January 19, 1960, it is the sense of Congress that—

(1) the burdens of mutual defense now assumed by the countries allied with the United States under those agreements are not commensurate with their economic resources; and

(2) the continued unwillingness of those countries to increase their contributions to the common defense to more appropriate levels would endanger the vitality, effectiveness, and cohesiveness of the alliances between those countries and the United States.

(b) It is further the sense of Congress that the President should seek from each signatory country (other than the United States) of the two treaties referred to in subsection (a) acceptance of international security responsibilities and agreement to make contributions to the common defense which are commensurate with the economic resources of such country, including, when appropriate, an increase in host nation support.

(c) The Secretary of Defense shall submit to the Congress not later than February 1, 1982, a report providing—

(1) a comparison of the fair and equitable shares of the mutual defense burdens of these alliances that should be borne by the United States, by other member nations of

the North Atlantic Treaty Organization (NATO), and by Japan, based upon economic strength and other relevant factors, and the actual defense efforts of each nation together with an explanation of disparities that currently exist;

(2) a description of efforts by the United States and of other efforts to eliminate existing disparities;

(3) estimates of the real growth in defense spending in fiscal year 1982 projected for each NATO member nation compared to the annual real growth goal in the range of 3 percent set in May 1978;

(4) a description of the defense-related initiatives undertaken by each NATO member nation within the real growth in defense spending of such nation in fiscal year 1982; and

(5) an explanation of those instances in which the commitments to real growth in defense spending and to the Long-Term Defense Program have not been realized and a description of efforts being made by the United States to ensure fulfillment of these important NATO commitments.

REQUIREMENT OF ANNUAL AUTHORIZATION OF APPROPRIATIONS FOR PROCUREMENT OF AMMUNITION AND FOR OTHER PROCUREMENT

SEC. 903. (a) Section 138(a) of title 10, United States Code, relating to annual authorization of appropriations, is amended—

(1) by striking out "or" at the end of clause (6); and

(2) by inserting after clause (7) the following new clauses:

"(8) procurement of ammunition for the Army; or

"(9) procurement of any items in the 'other procurement' account of the Department of Defense, any items in the 'procurement, Marine Corps' account, and any items in the 'procurement, Defense Agencies' account,".

(b) The amendments made by subsection (a) shall apply with respect to funds appropriated for fiscal years beginning after September 30, 1982.

REPEAL OF PROFIT LIMITATIONS ON CONTRACTS FOR AIRCRAFT AND NAVAL VESSELS

SEC. 904. (a)(1) Chapter 141 of title 10, United States Code, relating to miscellaneous procurement, is amended by striking out section 2382.

(2) The table of sections at the beginning of such chapter is amended by striking out the item relating to section 2382.

(b)(1) Chapter 633 of such title is amended by striking out section 7300.

(2) The table of sections at the beginning of such chapter is amended by striking out the item relating to section 7300.

INCREASING FROM $5,000,000 TO $50,000,000 THE CANCELLATION CEILING ON MULTIYEAR PROCUREMENT CONTRACTS; REPORT BY THE SECRETARY OF DEFENSE

SEC. 905. (a) Section 810 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 89 Stat. 539), relating to the obligation of funds under a multiyear procurement contract, is amended by striking out "$5,000,000" and inserting in lieu thereof "$50,000,000".

(b)(1) The Secretary of Defense shall specify in the Department of Defense request for authorization of appropriations for each fiscal year those weapons programs which in his judgment should, for sound management reasons, be procured under multiyear contracts, except that the Secretary shall not be required to include in any such report any weapons programs if the contract cancellation ceiling would be less than $50 million.

(2) Before making a determination that any weapons program to be procured by the Department of Defense, or any item to be procured in connection with any such program, is suitable for multiyear contracting, the Secretary of Defense shall consider, among other things—

(A) whether the use of multiyear contracts will yield substantial cost avoidance or other benefits when compared with conventional annual contracting methods;

(B) whether the minimum need for the items purchased for such programs is expected to remain substantially unchanged during the contemplated contract period in terms of production rate, procurement rate and total quantities;

(C) whether there is a reasonable expectation that the programs are likely to be funded at or near the required level for the entire contract period;

(D) whether there is a stable design for the item or items to be procured and whether the technical risks associated with the item or items are excessive;

(E) whether there is a reasonable assurance that the cost estimates for both contract costs and anticipated costs avoidance are realistic; and

(F) whether the furnishing of items to be procured under the contract would require (i) a substantial investment in plant or equipment by the contractor, (ii) an exposure to substantial contingent liabilities, or (iii) a substantial financial investment to assemble, train, and provide transportation for a specialized labor force.

PROHIBITION ON USE OF FUNDS TO RELIEVE ECONOMIC DISLOCATIONS

SEC. 906. (a) Chapter 141 of title 10, United States Code, relating to procurement, is amended by adding at the end thereof the following new section:

"§ 2391. Prohibition on use of funds to relieve economic dislocations

"(a) In order to help avoid the uneconomic use of Department of Defense funds in the procurement of goods and services, the Congress finds that it is necessary to prohibit the use of such funds for certain purposes.

"(b) No funds appropriated to or for the use of the Department of Defense may be used to pay, in connection with any contract awarded by the Department of Defense, a price differential for the purpose of relieving economic dislocations.".

(b) The table of sections at the beginning of chapter 141 of such title is amended by adding at the end thereof the following new item:

"2391. Prohibition on use of funds to relieve economic dislocations.".

(c) The amendments made by subsection (a) shall become effective on October 1, 1981.

PROCUREMENT OF AUTOMATIC DATA PROCESSING EQUIPMENT

SEC. 907. (a) Chapter 137 of title 10, United States Code, relating to procurement generally, is amended by adding at the end thereof, the following new section:

"§ 2315. Laws inapplicable to the acquisition of automatic data processing equipment to be used for certain purposes

"No provision of law other than the provisions of this chapter and chapter 141 of this title, shall be applicable to the procurement by the Department of Defense of any automatic data processing equipment or services if the function, operation, or use of such automatic data processing equipment or services—

"(1) involves intelligence activities;

"(2) involves cryptologic activities related to national security;

"(3) involves the command and control of military forces;

"(4) involves equipment which is an integral part of a weapon or weapons system; or

"(5) is critical to the direct fulfillment of military or intelligence missions, except that the exclusion provided for in this clause (5) shall not include procurement of any automatic data processing equipment or services if such equipment or services are to be used for routine administrative and business applications, such as payroll, finance, logistics, or personnel management.".

(b) The table of sections at the beginning of chapter 137 of such title is amended by adding at the end thereof the following new item:

"2315. Laws inapplicable to the acquisition of automatic data processing equipment to be used for certain purposes.".

REQUIREMENTS RELATING TO THE AWARDING OF SOLE-SOURCE CONTRACTS

SEC. 908. (a) Notwithstanding any other provision of law, the Department of Defense may not award a sole-source contract for more than $100,000 to any contractor unless—

(1) such department has first published in the Commerce Business Daily a notice that the Department of Defense intends to award such contract and includes in such notice all information pertaining to such contract that would be required to be published if such contract were to be awarded under a competitive bid procedure;

(2) a period of at least 30 days has expired after the date of the publication of such notice, during which contractors have been invited, and given an opportunity, to bid on such contract;

(3) such department has considered all bids received on such contract and determined that the contract should be awarded to the sole-source contractor as originally proposed; and

(4) the Secretary of Defense or his authorized designees has approved the award of such contract on a sole-source contract basis.

(b)(1) The Secretary of Defense or his authorized designees may waive the requirements of subsection (a) in the case of any contract if he determines such action is necessary because of national security reasons.

(2) The provisions of subsection (a) shall not apply in the case of—

(A) classified procurements if the synopsis cannot reasonably be worded to preclude disclosure of classified information;

(B) procurement of utility services;

(C) procurement of commercial transportation services furnished by regulated common carriers;

(D) procurement of perishable subsistence and of services related thereto whenever it is determined that it is impracticable for delivery or performance to be extended by the period required for compliance with subsection (a);

(E) procurements when only foreign sources are to be solicited;

(F) procurement of personal or professional services, to the extent that a determination is made that only one source can provide the desired service;

(G) procurement of construction services if a contractor or group of contractors is already at work on the site, and it would not be practicable to allow another contractor or additional contractors to work on the same site;

(H) procurements to be made by an order placed under an existing contract, but only if the existing contract was awarded after a notice published in the Commerce Business Daily in accordance with subsection (a);

(I) procurements to be made from or through another Government department or agency, including procurements from the Small Business Administration using the authority of section 8(a) of the Small Business Act, or a mandatory source of supply;

(J) facilities contracts when the performance required practicable can be obtained only from one source;

(K) procurements as to which competition is precluded because of the existence of patent rights, copyrights, or proprietary information;

(L) procurements from nonprofit educational institutions;

(M) procurements that are of such urgency that the Government would be seriously injured by the delay involved in permitting the date set for award to be extended by the period required for compliance with subsection (a);

(N) procurements as to which bids have been solicited and no responsive bid has been received from a responsible bidder; and

(O) procurements reimbursed by a foreign country that requires the product to be obtained from a particular source.

(c) The Secretary of Defense shall submit a written report to the Committees on Armed Services of the Senate and the House of Representatives each year not later than November 1 regarding the use by the Department of Defense of sole-source contracts during the preceding fiscal year. The Secretary shall include in each such report—

(1) a comparison of the number and total dollar amount of sole-source contracts of more than $100,000 awarded during each quarter of the fiscal year with the number and total dollar amount of such contracts awarded during the corresponding quarters of the preceding fiscal year;

(2) a comparison of the total number and total dollar amount of all procurement contracts of more than $100,000 awarded during each quarter of the fiscal year with the total number and total dollar amount of all such procurement contracts awarded during the corresponding quarters of the preceding fiscal year; and

(3) the number of sole-source contracts awarded during the fiscal year with respect to which the Secretary exercised a waiver under subsection (b) and the total dollar amount of such contracts.

The Secretary of Defense shall submit the first such report not later than November 1, 1982.

(d) As used in this section, the term "sole-source contract" does not include a noncompetitive contract awarded as a follow-on contract or contract for related supplies or services if such follow-on or related contract is awarded in connection with the procurement of any equipment or service with respect to which there was a price or design competition conducted by the Department of Defense.

CONTINGENT ONCE-A-YEAR ADJUSTMENT OF RETIRED AND RETAINER PAY

SEC. 909. (a)(1) The increase in the retired and retainer pay of members and former members of the uniformed services which but for this section would be made effective September 1, 1981, under the provisions of paragraph (2)(B) of section 1401a (b) of title 10, United States Code, shall not be made.

(2)(A) In making the determination required by the provisions of paragraph (1)(A) of section 1401a(b) of title 10, United States Code, to be made on January 1, 1982, or within a reasonable time hereafter, the Secretary of Defense shall determine the percent change in the index (as such term is defined in section 1401a(a) of title 10, United States Code) published for December 1981 over the index published for December 1980 (rather than over the index published for June 1981).

(B) The increase in the retired and retainer pay of members and former members of the uniformed services to be made effective March 1, 1982, under the provisions of paragraph (2)(A) of such section shall, in lieu of the increase prescribed by such paragraph, be the percent change computed under subparagraph (A), adjusted to the nearest one-tenth of 1 percent.

(3) The President shall by Executive Order provide for only one cost-of-living adjustment in the annuities paid under the Central Intelligence Agency Act of 1964 for Certain Employees (50 U.S.C. 403 note) during the period beginning on September 1, 1981, and ending on August 31, 1982. Such adjustment shall be effective March 1, 1982, and shall be made in the same manner and percentage as the adjustment provided for in paragraphs (1) and (2) for the retired and retainer pay of members and former members of the uniformed services.

(4) Paragraphs (1), (2), and (3) shall not take effect unless similar legislation is enacted which provides for only one cost-of-living increase in annuities paid under subchapter III of chapter 83 of title 5, United States Code, during the period beginning on September 1, 1981, and ending on August 31, 1982.

(b) Section 812(b) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 10 U.S.C. 1401a note) is amended—

(1) by striking out "August 31, 1981, but subject to paragraph (3)" in paragraph (1) and inserting in lieu thereof "August 31, 1982, but subject to paragraph (2)"; and

(2) by inserting "and until" after "unless" in paragraph (2).

DELAY OF EFFECTIVE DATE FOR CEILING ON NUMBER SENIOR-GRADE CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE

SEC. 910. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1978 (Public Law 95-79; 10 U.S.C. 131 note) is amended by striking out the first sentence of paragraph (2).

DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL MANAGEMENT CONSTRAINTS

SEC. 911. The civilian personnel of the Department of Defense shall be managed each fiscal year solely on the basis of and consistent with (1) the workload required to carry out the functions and activities of such department, (2) the funds made available to such department for such fiscal year, and (3) the authorized end strength for the civilian personnel of such department for such fiscal year. The management of such personnel in any fiscal year shall not be subject to any man-year constraint or limitation.

LIABILITY OF THE UNITED STATES UNDER CERTAIN CIRCUMSTANCES FOR TORT ACTIONS OF MEMBERS OF THE NATIONAL GUARD

SEC. 912. (a)(1) Chapter 163 of title 10, United States Code, relating to military claims, is amended by adding at the end thereof the following new section:

"§ 2738. Liability of the United States for certain tort actions of members of the Army National Guard of the United States and members of the Air National Guard of the United States

"The United States shall be liable with respect to claims for property damage, personal injury, or death caused by the act or omission of a member of the Army National Guard of the United States or the Air National Guard of the United States while such member is performing service under section 316, 502, 503, 504, or 505 of title 32, or performing service under any other provision of law for which such member is entitled to, or has waived, pay under title 37, in the same manner and to the same extent that the United States would be liable in any other action brought against the United States under section 1346(b) of title 28 and chapter 171 of such title.".

(2) The table of sections at the beginning of chapter 163 of such title is amended by adding at the end thereof the following new item:

"2738. Liability of the United States for certain tort actions of members of the Army National Guard of the United States and members of the Air National Guard of the United States.".

(b) The amendments made by subsection (a) shall be applicable to acts and omissions of members of the Army National Guard of the United States and members of the Air National Guard of the United States that occur on or after the date of the enactment of this Act.

ESTABLISHING BY LAW THE POSITION OF DIRECTOR OF THE DEFENSE SECURITY ASSISTANCE AGENCY

SEC. 913. (a) Chapter 4 of title 10, United States Code, relating to the Department of Defense, is amended by adding at the end thereof the following new section:

"§ 141. Director of the Defense Security Assistance Agency: appointment, powers, and duties

"(a) There is a Director of the Defense Security Assistance Agency, appointed from civilian or military life by the President, by and with the advice and consent of the Senate.

"(b) The Director shall perform such duties relating to security assistance as the Secretary of Defense may prescribe, including—

"(1) being the principal advisor to the Secretary on security assistance matters; and

"(2) supervising all security assistance activities in the Department of Defense.".

(b) The table of sections at the beginning of chapter 4 of such title is amended by adding at the end thereof the following new item:

"141. Director of the Defense Security Assistance Agency: appointment, powers, and duties.".

REQUIREMENT FOR ANNUAL REPORT ON NATIONAL GUARD AND RESERVE COMPONENT EQUIPMENT

SEC. 914. Section 138(b) of title 10, United States Code, relating to annual authorization of appropriations, is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary of Defense shall submit to the Congress each year, not later than February 15, a written report concerning the equipment of the National Guard and the reserve components of the armed forces for each of the three succeeding fiscal years. Each such report shall include—

"(A) recommendations as to the type and quantity of each major item of equipment which should be in the inventory of the Selected Reserve of the Ready Reserve of each reserve component of the armed forces;

"(B) the quantity and average age of each type of major item of equipment which is expected to be physically available in the inventory of the Selected Reserve of the Ready Reserve of each reserve component as of the beginning of each fiscal year covered by the report;

"(C) the quantity and cost of each type of major item of equipment which is expected to be procured for the Selective Reserve of the Ready Reserve of each reserve component from commercial sources or to be transferred to each such Selected Reserve from the active-duty components of the armed forces; and

"(D) the quantity of each type of major item of equipment which is expected to be retired, decommissioned, transferred, or otherwise removed from the physical inventory of the Selected Reserve of the Ready Reserve of each reserve component and the plans for replacement of that equipment.

The report required by this paragraph shall be prepared and expressed in the same format and with the same level of detail as the information presented in the annual Five Year Defense Program Procurement Annex prepared by the Department of Defense.".

AUTHORIZATION OF MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

SEC. 915. (a) Part I of subtitle A of title 10, United States Code, is amended by adding after chapter 17 the following new chapter:

"CHAPTER 18—MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

"Sec.
"371. Use of information obtained by members of the armed forces.
"372. Use of armed forces equipment and facilities.
"373. Training and advising civilian law enforcement officials.
"374. Regulations.

"§ 371. Use of information obtained by members of the armed forces

"The Secretary of Defense may provide to Federal, State, and local civilian law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law.

"§ 372. Use of armed forces equipment and facilities

"The Secretary of Defense may make available any equipment, base facility, or research facility of the armed forces to any Federal, State, or local civilian law enforcement official if the making of such equipment or facility available for use by such official will not adversely affect the military preparedness of the United States.

"§ 373. Training and advising civilian law enforcement officials

"The Secretary of Defense may assign members of the armed forces to train Federal, State, and local civilian law enforcement officials in the operation of military equipment made available to such officials pursuant to section 372 and to provide expert advice relevant to the purposes of this chapter if the provision of such training or advice will not adversely affect the military preparedness of the United States.

"§ 374. Regulations

"(a) The Secretary of Defense shall issue such regulations as may be necessary to insure that the provision of any assistance, or the provision of any equipment or facility, to any Federal, State, or local civilian law enforcement official does not—

"(1) impair any training or operation necessary to the military preparedness of the United States; or

"(2) include or permit direct participation by any member of the armed forces in any search and seizure, arrest, or other similar activity unless participation in such activity by members of the armed forces is otherwise authorized by law.

"(b) The Secretary of Defense shall also issue such regulations as may be necessary to insure that reimbursement for the provision of assistance, including the provision of any equipment or facility, under this chapter to any Federal, State, or local civilian law enforcement official may be obtained whenever the Secretary of Defense determines such reimbursement to be appropriate.".

(b) The table of chapters at the beginning of such title and at the beginning of part I of subtitle A of such title are amended by adding after the item relating to chapter 17 the following new item:

"18. Military Cooperation With Civilian Law Enforcement Officials.....371.".

AMENDMENTS TO THE MILITARY SELECTIVE SERVICE ACT TO ASSIST ENFORCEMENT OF REGISTRATION REQUIREMENT

SEC. 916. (a) Section 3 of the Military Selective Service Act (50 U.S.C. App. 453) is amended by inserting after the first sentence the following new sentence: "Each person required to present himself for registration under this Act shall furnish at such time and in such manner as the Director shall prescribe the social security account number of such person.".

(b) Section 10 of such Act (50 U.S.C. App. 460) is amended by adding at the end thereof the following new subsection:

"(i) The Director shall have access, in accordance with regulations prescribed by the President, to information contained in the records of any other department or agency of the Federal Government pertaining to the names, ages, and addresses of persons required to present themselves for registration under this Act. Such information may be used by the Director only for the purpose of ensuring that all persons required to present themselves for registration under this Act comply with the registration requirements of this Act.".

RESEARCH GRANTS

SEC. 917. The second sentence of section 2358 of title 10, United States Code, relating to research projects, is amended by inserting "or by grant" after "contract" in clause (1).

ASSISTANCE TO YORKTOWN BICENTENNIAL CELEBRATION

SEC. 918. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized, in connection with the observance on October 19, 1981, of the two-hundredth anniversary of the surrender of Lord Cornwallis to General George Washington at Yorktown, Virginia, which date has been proclaimed by Public Law 96-414 (94 Stat. 1724) as a National Day of Observance of that historic event—

(1) to provide logistical support and personnel services for the national observance of such event;

(2) to lend and provide equipment to officials of the Yorktown Bicentennial Committee as requested by the Secretary of the Interior; and

(3) to provide such other services as the Secretary of the Interior may consider necessary and the Secretary of Defense may consider advisable.

(b) There is authorized to be appropriated to the Secretary of Defense an amount not to exceed $750,000 for the purpose of carrying out subsection (a).

(c) No funds may be obligated or expended for carrying out the purposes of subsection (a) unless such funds have been specifically appropriated for such purpose.

Amend the title so as to read: "A bill to authorize appropriations for fiscal year 1982 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes.".

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I ask unanimous consent that the following members of the staff of the Senate Armed Services Committee be granted the privilege of the floor during the duration of the Senate's consideration of S. 815, the fiscal year 1982 Department of Defense authorization bill:

Rhett B. Dawson, William L. Ball III, James F. McGovern, Michael B. Donley, Richard D. Finn, Jr., Frank J. Gaffney, Jr., Alton G. Keel, Jr., Edward B. Kenney, Ronald F. Lehman, James R. Locher, Anthony J. Principi, Carl M. Smith, James C. Smith, Ann E. Sauer, Christine E. Cowart, Louis W. Arny III, Francis J. Sullivan, Paul C. Besozzi, Robert S. Dotson, E. George Riedel, George F. Travers, Ralph O. White, and Mary A. Shields.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, the Committee on Armed Services has reported a bill that would authorize $136.5 billion for national defense programs in fiscal year 1982. This measure would authorize funds for procurement, research and development, and operation and maintenance for each of the services, as well as prescribe the authorized active duty, civilian, Selected Reserve, and National Guard personnel strengths in each of the service components.

The President's DOD budget request for fiscal year 1982 is $222.2 billion. This is an increase of $25.8 billion in obligational authority above that proposed by the previous administration in January of this year. Of this total request, $136.4 billion was requested for procurement, research and development, and operation and maintenance. In addition, $132.8 million was recommended for civil defense.

The net effect of the committee's bill is to authorize funds which total $29.9 million more than the President's request for the Department of Defense. At the same time, the committee recommended changes to authorized personnel strengths which will reflect savings of $47 million. The net budgetary impact of this DOD authorization bill is, thus, $17.1 million less than the President's total request.

A comparison of this recommendation with last year's authorization bill requires an adjustment for operation and maintenance funds, which are being authorized for the first time this year. Last year, Congress authorized a total of $52.8 billion in procurement, research and development, and civil defense. This compares with $73.2 billion recommended for these purposes in the fiscal year 1982 bill reported by our committee.

It is this comparison which reflects the urgency our committee assigns to the requirement of modernizing, improving, and enhancing the readiness of our Nation's strategic and general-purpose forces. This increase of approximately $20 billion in the level of our overall defense investment will enable us to begin to strengthen our future land, sea, and air forces so as to establish a more credible deterrent to armed conflict in the decade ahead.

Our committee welcomes the priority assigned to our national security needs by the new administration as has been mandated by the American people. The percentage of our Federal budget used for national defense declined steadily with the dramatic growth in domestic spending during the late 1960's and early 1970's. Likewise, our defense expenditures as a percentage of gross national product declined from over 10 percent in the early 1950's to approximately 5 percent in the late 1970's.

Clearly, the adverse trends which have occurred over the past 20 years with respect to the world military balance can only be arrested and controlled by major revisions to our Federal budget priorities. The Senate's approval of the first concurrent budget resolution for the next fiscal year reflects the direction of this essential change.

While simple comparisons of defense expenditures cannot by themselves measure relative capabilities, they do offer insights into the level of resources committed to the attainment of defined military strengths. Today, Soviet military expenditures exceed those of the United States by approximately $70 billion annually. The Defense Intelligence Agency has estimated that from 1970 to 1980, the total cost of the Soviet defense program exceeded that of the U.S. program by $532 billion, including $350 billion in "investment" spending alone.

During this decade, and as a result of the massive Soviet defense buildup, the United States lost the superiority of its strategic nuclear forces and confronted the prospect of losing essential equivalence with its major potential adversary. The United States lost the superiority of its theater nuclear forces in Europe and ceased to be the predominant naval power on the high seas. Further, the United States permitted a marked shift to occur in the overall conventional military balance to the growing advantage of the Soviet Union.

These developments have already dramatically affected the international climate across the full spectrum of East-West relationships. They signal the emergence of the Soviet Union as a military superpower, though it remains a country beset by continuing economic and social difficulties. Viewed in the aggregate, these trends give clear evidence of the Kremlin's determination to become the predominant military power in the world.

The response of the industrialized nations of the West to this buildup of Soviet military power has so far been fractured and inconsistent. The Western democracies have been slow to recognize the global impact of Soviet designs and the nature of their involvement in world regions experiencing political instability and crises. More recent trends have shown the extent to which the Soviets are attempting to position themselves so as to exert disruptive influences on the stability upon which the Western economic order depends.

Events in Africa, Latin America, the Middle East, and Southeast and Southwest Asia bear the bold imprint of Soviet adventurism in each of these regions of political and military tension. The United States and its allies must continue to develop common diplomatic and economic strategies to confront the Soviets wherever their actions place Western security interests at risk. But we cannot avoid the conclusion that such remedies alone will not suffice for the decade ahead. The erosion in our military strength relative to that of the Soviet Union must be halted. We must embark now on a program to improve our overall military posture by upgrading the readiness of existing forces, modernizing those forces, and increasing the force structure where warranted.

STRATEGIC FORCES

With respect to our strategic forces, the bill reported by the committee reflects the work very ably undertaken by our Subcommittee on Strategic and Theater Nuclear Forces. Under the leadership of the Senator from Virginia (Mr. WARNER), the subcommittee held a series of comprehensive hearings on all aspects of our strategic posture and the programs recommended to modernize and strengthen our intercontinental and theater nuclear deterrent.

The committee has recommended approval of the administration's request for procurement funds for the air-launched cruise missile, the ground-launched cruise missile, and the Trident submarine-launched ballistic missile.

For strategic research and development, the committee has recommended approval of the $2.4 billion request to continue development of the MX intercontinental ballistic missile and its mobile basing system. The committee has consistently supported the development and deployment of this new ICBM in a survivable basing mode as necessary to preserve the integrity of our strategic Triad. This program affords us the only workable solution to the so-called window of vulnerability, in which a larger and larger portion of our existing land-based ICBM's may be vulnerable to attack by the increasingly accurate and sizable Soviet ICBM force.

In light of the ongoing review by the new administration of the MX basing plan, the committee has added a provision to the bill prohibiting the obligation or expenditure of these R. & D. funds until—

First. The President submits to Congress a specific MX basing program which provides for, among other things, a particular basing mode;

Second. The Secretary of Defense submits a justification for the President's decision, along with a comparison of alternatives; and

Third. Sixty days have elapsed in which both Houses of Congress do not adopt resolutions of disapproval.

An additional major strategic program included in the President's request is the long-range combat aircraft (LRCA) for which both procurement and R. & D. funds were approved by the committee. The need we believe is validated and we have given the same treatment to the funds authorized for the long-range combat aircraft as we have the MX missile.

The need for a new manned strategic bomber to replace the aging B–52 and to secure this most flexible leg of our strategic Triad is abundantly clear. However, obligation of these funds has been made subject to the President's notification and justification to the Congress of his decision on the type of aircraft to be built for this role. As in the case of the MX funds, this decision by the Chief Executive could be reversed by a resolution of disapproval in both Houses of Congress.

The request for the authorization of the 10th Trident submarine has been deferred by the committee because of the difficulties which have plagued this construction effort. However, additional longlead funds have been provided to prevent delays in the construction schedule of this submarine should this authorization be approved next year. Funds for the Trident missile procurement have been approved to support the Navy's ongoing program of backfitting this new missile into existing Poseidon submarines.

Another area of special concern to the committee this year is that of strategic command, control, and communications. We have included an additional $108.5 million in this bill to fund further initiatives in this extremely critical category of our strategic systems that were not contained in the DOD request.

SEA POWER AND FORCE PROJECTION

Navy ship construction and force projection programs were reviewed this year by the Sea Power and Force Projection Subcommittee chaired by the Senator from Maine (Mr. COHEN).

With the emergence of the Soviet Navy as an increasingly offensive and wide-ranging global fleet, the era of unquestioned American supremacy on the high seas has been brought, I am unhappy to say, to an end. From relatively humble beginnings as a coastal defense force, the Soviet Navy has grown dramatically to the point where its units now operate in waters far removed from Russian shores as a powerful instrument of Soviet political aims in distant regions of the world.

Moreover, the Soviet merchant marine, which also serves as a naval auxiliary force, has grown to the position of the seventh ranking merchant marine in the world in terms of deadweight tonnage. In contrast, the merchant marine of the United States, a nation absolutely dependent on seaborne commerce, ranks ninth. Comparing the number of ships over 1,000 gross tons, the Soviets rank 2d, while the United States ranks 11th.

The interdependence of the Western economies and their reliance on seaborne supplies of oil and other critical materials is in stark contrast to the relative self-sufficiency of the Soviet Union. The rebuilding of America's essential naval and maritime strength is, therefore, an undertaking we must vigorously pursue during the decade ahead.

Last year, our committee, under the leadership of the distinguished senior Senator from Mississippi, initiated a program to accelerate Navy ship construction by adding three new surface combatants, eight transport ship conversions, and advance procurement funds for several other ships in the fiscal year 1981 authorization bill.

This year, the committee has approved a shipbuilding program that includes the authorization of 22 new ships and 13 conversions, acquisitions, and reactivations.

Major elements of this $10.1 billion program include advance procurement for a nuclear-powered aircraft carrier to be authorized next year, two Los Angeles-class nuclear submarines, three Aegis cruisers, one fleet oiler, and the reactivation and modernization of the battleship *New Jersey*. The committee on its own initiative added three more guided missile frigates to the three requested in the budget submission, as well as one LSD–41 class amphibious ship not contained in the fiscal year 1982 request.

The committee deleted funds requested for the reactivation of the aircraft carrier *Oriskany*. This is consistent with action taken on the fiscal year 1981 supplemental authorization bill adopted by the Senate earlier this year.

In the case of the battleship reactivation, the committee is convinced that the modern weapons, communications equipment, radar, and electronic warfare systems to be installed on this ship will make it a prudent investment and a valuable addition to our surface fleet.

In addition to reviewing the Navy's shipbuilding program, the Sea Power and Force Projection Subcommittee held a number of hearings on specific force projection issues, including the present status of the rapid deployment joint task force. While the committee reaffirms its support for this concept, testimony taken by the subcommittee highlighted the importance of resolving command and control relationships essential to the readiness and effectiveness of the rapid deployment force. In this connection, the committee has welcomed the announcement last month by the Secretary of Defense that this force would evolve within several years into a separate, unified command with its own geographic responsibilities, service components, forces, and other support elements.

In its review of programs integral to the force projection mission, the committee deleted all but $1 million for the development of the C–X, a new Air Force transport aircraft. While recognizing the need for broad improvement in our strategic airlift capabilities, it was our judgment that the C–X program is not sufficiently defined to warrant a major investment of funds in the fashion recommended by the administration.

TACTICAL WARFARE FORCES

The Tactical Warfare Subcommittee, chaired by the distinguished Senator from Arizona (Mr. GOLDWATER) reviewed the administration's budget requests for all tactical warfare systems in each of the services.

Based on their findings, the committee strongly endorsed the administration's plans to procure aircraft, missiles, and other weapons systems at more efficient rates of production than have been permitted in the past. Past procurement of systems at inefficient rates has not only increased costs but has also adversely affected the preparedness of our defense industrial base.

With respect to tactical air forces, the committee has recommended major procurements of all front-line tactical aircraft now in production and has approved advance procurement funds for next year consistent with sustaining these production rates at reasonably efficient levels.

In the case of the Navy's F–18 fighter aircraft, we have reduced the procurement request by $147.1 million, which will allow for the purchase of 58 aircraft instead of the 63 that were requested. The committee continues to support the F–18 program; however, in our opinion, this reduction is warranted by the cost growth experienced in this program and by technical difficulties encountered in the aircraft's testing.

A procurement reduction has also been recommended for the Army's Patriot missile system. We have approved funds to allow for the limited production of this missile system but have deleted $373.4 million from the amended request which would have accelerated production. Certain reliability and maintainability difficulties have been encountered in this program which require additional testing before undertaking an increased production effort.

With respect to modernization of ground combat vehicles, the committee approved the request for $1.9 billion to procure 720 M–1 main battle tanks for the Army. However, because of difficulties encountered in the reliability and durability testing of this new tank, the committee has added a provision in the bill prohibiting the obligation of all of these funds until a report has been received from the Secretary of Defense addressing the results of continued testing and a plan for long-term evolutionary improvements to the M–1 tank.

The committee is recommending the procurement of 600 fighting vehicle systems requested for the Army and has added funds to permit the Army to prepare a competitive second-source producer for this vehicle.

For lightweight armored vehicles, to be used by rapid deployment force units, the committee has directed that these important programs be executed in an expeditious fashion. We have further assigned to the Secretary of the Navy the responsibility of managing and directing the acquisition of these systems in configurations that can be procured for use by both the Marine Corps and the Army.

Again this year, the committee found that the Department of Defense had failed to request sufficient funds for the modernization and equipping of our National Guard and Reserve Forces. After a careful review of Guard and Reserve requirements omitted from the administration's budget submission, the committee agreed to the addition of procurement funds to provide: 20 AH–1S Cobra attack helicopters to the Army Reserve; 12 A–7K trainer aircraft to the Air National Guard; 12 C–130 transport aircraft to the Air National Guard; 12 C–9B transport aircraft to the Naval Reserve to be procured from commercial airline excess aircraft; and 2 P–3C antisubmarine warfare patrol aircraft for the Naval Reserve.

In addition, because of critical shortages of ground combat vehicles and other weapons in the Army National Guard, the committee has recommended the addition of $50 million in procurement funds for tracked carriers, artillery and tank recovery vehicles, trucks, and other equipment items essential to the effectiveness of these units.

Mr. President, we were appalled to find that much of the equipment now being used and operated by our Reserve and National Guard units was not deployable. If we have to go to war tomorrow, it will be a come-as-you-are party. The fact that we rely on these Reserve components to back us up and to provide replacements in the event of any kind of major conflagration makes it necessary, I believe, that we make sure that their equipment is deployable and usable in a war-fighting configuration.

MANPOWER AND PERSONNEL

Requirements for all categories of defense manpower, including active duty personnel, civilian personnel, and Guard and Reserve strengths, were reviewed in detail this year by the Subcommittee on Manpower and Personnel which is chaired by the Senator from Iowa (Mr. JEPSEN).

The Department of Defense has requested a total active-duty end strength for fiscal year 1982 of 2,119,900, an increase of 44,500 over the level requested by the President in his fiscal year 1981 supplemental request. The force structure for which this active-duty manpower is requested consists of 16 Army divisions, 26 Air Force wings, 3 Marine divisions, and 493 ships.

Following a review of the justification for these additional personnel, the committee has recommended a modest reduction of 5,300 active duty military authorizations from the increases proposed in the President's budget. The basis for this reduction is addressed in detail in the committee's report.

In acting on the request for a civilian end strength of 1,024,900, the committee has recommended a reduction of 700 positions in order to promote greater efficiencies in the utilization of civilian manpower in various management and operational headquarters.

With regard to military training student loads, the committee bill recommends approval of the budget request, with the exception of an additional increment for the Air National Guard and a separate authorization for the Army's one-station unit training.

The Selected Reserve manpower strengths for each of the Reserve and Guard components were approved at the levels requested by the administration.

The committee will continue to monitor closely the performance of each of the Services in recruiting and retaining the necessary personnel in order to meet the increased active-duty strengths. This will become an increasingly difficult task as the pool of service-eligible youth in the general population continues to decline during the remainder of this decade. Each of the Services will have to refine and improve its personnel management procedures in order to achieve the very ambitious goals for recruiting and retention that will accompany efforts to upgrade the readiness and strength of currently projected forces.

PREPAREDNESS

For the first time this year, the committee's bill contains an authorization for operation and maintenance funds in each of the services. The Subcommittee on Preparedness, chaired by the Senator from New Hampshire (Mr. HUMPHREY), received testimony from each service on this year's operation and maintenance request, which totals $63.3 billion, an increase of approximately $3 billion above the revised fiscal year 1981 budget.

Critical shortages in these funds, which are utilized for fuel, maintenance activities, and logistics support items,

have adversely affected the readiness of existing forces. In recognition of serious maintenance backlogs highlighted in testimony from operational commanders we have recommended the addition of $292 million for real property maintenance, depot maintenance, and support equipment items.

The Subcommittee on Preparedness will continue to maintain careful oversight with respect to operation and maintenance expenditures in each of the services. Clearly, there are many improvements needed in the method by which readiness is assessed and in the process by which funds are allocated for operation and maintenance as well as other activities governing the readiness and sustainability of our forces.

Finally, the committee will undertake next year to authorize funds requested for ammunition production and other procurement items not presently covered in this bill. This will afford us an opportunity to consider more important readiness factors that until now have been excluded from the authorization process.

GENERAL PROVISIONS

The committee has included a number of general provisions in title IX of this bill. One specific measure which I call to the attention of my colleagues relates to the issue of multiyear contracting for defense systems.

It is clear in the defense acquisition process that expanding the application of multiyear contracts could be a significant means of achieving savings in certain categories of major defense purchases. While regulatory authority for multiyear contracting for certain supplies has been in existence since 1963, the effectiveness of this provision has been limited by a ceiling of $5 million on contract cancellation charges. The committee has proposed, therefore, raising this ceiling from $5 million to $50 million to afford the Defense Department some immediate flexibility in this area.

CONCLUSION

Mr. President, I wish to draw special attention to the efforts of Secretary Weinberger and Deputy Secretary Carlucci, who are off to an excellent start in identifying areas in the defense budget where additional efficiencies can be obtained through managerial improvements. To date, no less than seven directives have been issued outlining new policies and procedures intended to improve various aspects of program management and oversight at the Pentagon. One area worthy of special mention involves substantial changes to the defense acquisition process, and a recent memorandum from Mr. Carlucci to each of the Service Secretaries and Service Chiefs would significantly streamline the complicated procedure used in making procurement decisions.

Last month, Secretary Weinberger announced the establishment of an Office of the Assistant to the Secretary of Defense for Review and Oversight. This individual will be charged with responsibility to oversee efforts to detect waste, fraud, and abuse of DOD operations. While I have long felt that the Pentagon generally does a better job than the other executive departments in scrutinizing its expenditures, I applaud the additional focus brought to this important function by the Secretary's recent initiatives.

Mr. President, I commend the diligent and I might say heroic efforts of each of our subcommittee chairmen and ranking minority members for the work that has made possible the timely reporting of this bill to the Senate.

I especially cite the invaluable contributions and cooperative leadership exhibited by our former chairman, the very distinguished Senator from Mississippi, whose experience and judgment in all national security matters is held in such high esteem by us all. We have continued the tradition set forth by Senator STENNIS many years ago in approaching our committee responsibilities in a bipartisan way. This practice has served us well in years past, and we as a committee remain dedicated to the nonpartisan execution of our duties to the Senate.

In summary, Mr. President, we bring before the Senate today a bill that would authorize a very substantial increase in our defense expenditures. This heavy cost, however, is absolutely necessary if we are to secure the future of our country in the difficult times ahead. History holds forth clear evidence that in our imperfect world, there is no substitute for military strength as a means of preserving peace and deterring hostile aggression. I am quite confident that the American people as a whole fully recognize the unacceptable jeopardy that will confront our way of life unless we act promptly and decisively to restore the capabilities of our military and naval forces.

Clearly, we must endure certain sacrifices in order to accomplish the tasks before us. But just as clearly, there is no acceptable alternative to what must now be done.

This bill represents a balanced and comprehensive program to undertake urgent and necessary improvements in each of our Armed Forces. I urge the Senate to support the recommendations of our committee and the efforts of our President and our Secretary of Defense in assigning to these tasks the priority demanded by the very real threats we now face.

Mr. President, I move the adoption of the committee amendment to S. 815.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. TOWER. Mr. President, I ask unanimous consent that the bill be considered as original text for purposes of amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I am pleased to yield now to my old friend and mentor, a man of such distinction that we have difficulty finding words to articulate it, the distinguished Senator from Mississippi.

Mr. STENNIS. Mr. President, I have a deep feeling of warm gratitude and appreciation for Chairman TOWER of Texas. We have been on this committee a long time together, and we have never had any disagreements that did not heal in a few minutes anyway. A difference of opinion was what we had. It was not disagreements.

I commend him highly for the splendid job that he has done as chairman of the committee, the volume of work that he and his staff have handled and worked on by the members of the staff that is assigned to the minority. But the volume of work that went in by Chairman TOWER himself has been outstanding, very productive, and represents here I think just as good a bill as was possible to have had under the circumstances. The adverse circumstance was time.

It has not been long since the entire force in the Pentagon came in and assumed this responsibility.

Senator TOWER has furnished a lot of the leadership that has made their achievements possible also.

Mr. President, I have a statement here by way of review and for emphasis pointing out the various parts of the bill.

But Senator TOWER has already made a good statement on the bill as a whole and I do not go into these matters that I shall mention just for repetition's sake or just to try to improve on what he has said, not within the least.

But I did think it was well to have a review of it from each of us and comments on the policies involved as well as the general subject matter problem.

Mr. President, I will not repeat the amounts of money involved here but these are truly large sums of money.

But the problem is great. The problem has been growing and expanding. The whole world has even changed since the invasion of Afghanistan for the more recent happenings. But this trend has been going on now almost since the end of World War II, and I certainly have hope that things will be better, but I am certain that we have to have this strength.

I do not like to see the program have to move so fast and think a great deal more has to be done to really get the program on the proper base and bottom.

In January of this year in his first appearance before our committee I said to—he was then the forthcoming prospective Secretary of Defense—Mr. Weinberger, that I thought he would have no trouble, and I said: "You will have no trouble getting appropriations in the 1981 appropriation bill."

Repeating my quotation of what I had said to Secretary of Defense-to-be Weinberger when he came before our committee in January, and speaking of his problem of getting this increased amount of money, my observation to him was that, "Your trouble will be in getting your appropriations, but it will come next year and in later years not this year. It will come when the reaction sets in from the so-called social programs which are being reduced this year."

I think this military program we are launching, the added one, is one where all who have responsibilities in connection therewith in the executive branch and all of us whom the Senate depends

on to look into them and make recommendations here that that thought should well be borne in mind. It is just not going to be easy, I think, in years to come, certainly not as easy as this year, to get money for these military appropriations.

I have been to bat quite a bit when there was severe competition among the other agencies of Government and the military, even though the people as a whole in America certainly do support and want to support and will continue to support any well-run and well-operated military establishment.

So I think of those things when we look at the great number of ships that are planned and could not be made more in particular now because of this lack of time. I mention it because I think these large sums of money must not be taken lightly and loosely by the military in uniform or the civilian military, and spent at random or spent in any way except in a course of frugality. There is some kind of a feeling that permeates many people that Government money does not have to be economized, that Government money—well, it is the Government dollar and we can throw it around more freely and more generously than we would our own.

There is no reason whatsoever for that. Every tax dollar is something that was once belonging to someone else, it was earned by someone else. It belonged to someone else and was exacted from that owner by the processes of law, presumably for good purposes but, nevertheless, they took it away from the owner, which is certainly another reason why it should be spent with the greatest care and with the greatest frugality, not merely as a matter of policy, even though that is one of the reasons, but I think in future years it is going to be, as a matter of necessity, that the Government is going to have to be frugal and thrifty and careful about the way it spends the money.

These demands are going to be enormous and will continue to be when we take on the cost of health, for instance, and many of the other things we are trying to do now, which are going to run into many billions of dollars, and we should just establish a ceiling and give it a popular position of there being honor and praise and recognition for those within the Government at every level, Federal, State, city, municipal, and levels of all kinds, that they are entitled to this recognition if they are frugal with the money and careful with spending it, and that they are entitled to the censure and even scorn of the others if they do fail to exercise this degree of care. That may sound old-fashioned, but I think we have sailed along and been trying down here with easy goals and have been on a downhill ride and we have been failing to meet the Government's obligations for so many years now and for so long and in such large numbers of years and we are going to have to put on these new approaches.

Now another thing that comes to my mind in this connection, there is a limit to what we can do in military security, even for ourselves. I mean a limit to the amount of money that we can reasonably make available for those purposes.

We say sometimes recklessly that we do not care what it costs, we must have a defense and we must have military security. And that is a laudable position all right, but I do not think that it can come just endlessly. We are going to have to count the things that we can do.

When I first came to the Senate, we were planning in a big way in a great effort that was worldwide that was created to let the United Nations be formed and take over a lot of the policing and try to nip wars in their inception, if they got that far, and have an international police force and many plans of that kind. It was laudable and high-minded and seemed realistic. But things did not just work out that way. So we resorted to NATO, the unification of Western Europe and then we entered into alliances almost all over the world of various kinds. I think relatively NATO has been highly successful and I shudder to think what might have happened had we not acted.

Of course I am for it and have defended it here many times for it to be continued. But at the same time there is a limit to the amount of money that we can prudently spend in that venture, particularly in view of the fact that now we are so dependent on the Persian Gulf area for such absolute essentials as oil as a part of our essential energy, our fuel, our transportation, and every other use that we have for it. We not only have to protect our own source way over there but the source of supply to our western allies. These things were unheard of or unthought of at least when we were talking about the United Nations in those years following World War II.

Now as the membership here knows and the people know, there is a tremendous extra military effort that we have to go to and we have got to provide the weaponry. We are doing that and this bill carries a great deal of it for the future to take care of that area. And it will have to continue for a good long time. The others, even though they get the benefits of what we are doing, do not do much about it. There is no other nation that has a navy that can go very far from their own shorelines to add anything, invaluable as they are. And I do not discount them, but they just do not add to help us in keeping the ceilings open from those different energy areas that we have to protect.

We have our obligations in the Pacific, of course. I am just trying to point out here what has come on us here in the last decade, the last few years.

Before I get to the Pacific area, I just want to mention that just 3 or 4 years ago we had terrific debates here about putting some fortifications in Diego Garcia; very honest but very strong difference of opinion about it. I remember we got tied up in conference on it at one time and had a tie vote. As I recall, we had to come back in here and get an additional conferee appointed so we could break the tie and get that bill passed. We got it appropriated and we made those improvements. Look where we would be now if we did not have the benefits of Diego Garcia.

So we are not wise to all of these problems that are coming, but we were able to meet it. That is the big thing.

Now before this debate is over on this bill, I want to say a few words about the Pacific area. Certainly, I am not an expert on anything, so that permits me to go into any question. I am not considered an expert on it, but I have a lot of feelings and a lot of thought about the Pacific area, including Japan, which has been a valuable ally since the end of World War II.

I agree we waited long enough for them to get on their feet now and take care of more of their own self-defense and their own security and we will have something to say about that.

Now the point could be made here that this bill is so large and has so many new ships and prospects and other items that had not been planned out full enough that we ought to have more information, the plans ought to be more definite. I wish they could have been.

Without making any excuses for the new Department of Defense, those things just have not been possible to get the kind of planning that I would ordinarily insist on as a member of the committee. It has just been 3 or 4 months since the entire civilian organization and operation of the Pentagon came into office. That is part of our system now, and it should be a change. But the real authority there is in the civilians, Mr. Weinberger and those under him. They get their authority really by being the Presidential appointees. They just have not had time to get into these matters in depth.

I have been concerned that we did not move along in something about a bomber or something of the B–1 type and more about the situation of the Triad with reference to putting it in a forward position, and we call that now the MX. But there was not time. I knew those men did not have time to make those decisions. I never did protest because they could not be rushed and they should not have been rushed. But I hope now that—and I do not mind anyone filing amendments—we can go right on and dispose of those amendments in such a way as to give a green light to the completion of the planning about the MX and any cargo plane, if we are going to have one, an additional one, on a large scale, and other related matters.

So I think we ought to discuss those here. Senator TOWER particularly, can be asked a lot of questions about it and he will be prepared to answer it and knowledge will be disseminated among our Members here and also to the press about what these developments are and what to expect.

I do not want to be skeptical, but I am satisfied the ships, the planes and other changes in this massive military program that we are going into are going to cost far more than the feelings that we attach to them now, not that anyone is trying to mislead now. But this increased

cost, even apart from inflation, is just an increased cost there. These big increases in this money, we can show here that that does not mean so much of an increase at all, in many instances, in the number of planes or the number of weaponry that is going to be available through these added sums.

Mr. President, this is the turning point. This is a new program. I am supporting it, but I do want to put up this flag of caution and hope that this will be debated some, will be questioned some, will be challenged, to a degree. Let us be careful not to weaken the bill on these matters that are so needed.

This bill will have to go on to conference with the House and then come back and stand the test again. I know the Appropriations Committees of the House and Senate and the conferences between those two groups which are rather severe, austere, and devastating, sometimes, as to parts of a program, before the real dollars will be spent.

I really look forward to the debate here and will have additional remarks at another time.

Mr. President, a good statement on the contents of this bill has already been made by Chairman TOWER. I do not wish to repeat that but only to summarize what, in my view, are the highlights of the bill and how they may relate to the future. The Department of Defense authorization bill for fiscal year 1982 is a very significant bill when viewed from almost any perspective. It is the largest Department of Defense authorization bill in history with over $136 billion in funds authorized by this bill and another $46.1 billion indirectly authorized through the manpower strength set forth in the bill. The bill is part of the largest defense budget in the history of this country, calling for appropriations of over $226 billion for fiscal year 1982. It is the first year of a $1,488 billion—$1.5 trillion—5-year program which will see defense spending go from $146 billion in 1980 to $374 billion in fiscal year 1986. In those 5 years, we will see the portion of the Federal budget devoted to national defense grow from 23 to 33 percent. By any measure, this bill represents the first step in a process that will change the role of national defense in our peacetime life, economy, and foreign policy. It is a very significant bill and deserves our careful attention. I want to make it very clear that I support the bill as reported by the committee, and I urge my colleagues to vote for it also. It is a good bill written with a recognition of the uncertainties regarding our national security we face in this world and the need for this country to be strong and prepared to deal with those uncertainties as they unfold in the years ahead.

FUTURE UNCERTAINTY AND NEEDED FRUGALITY

Before discussing some of the details of the bill, I would like to make several general observations. Thus far, there has been little information, beyond the overall dollar figures, provided as to the future defense program beyond fiscal year 1982. This makes it difficult to assess the full future impact of the programs which are fully or in part adopted in this bill. For example, while this bill authorizes some long leadtime funds for future ships, we do not have a 5-year shipbuilding program to measure it against. Despite the lack of details, one fact is clear. We must find ways to get more real military muscle out of the defense dollar.

Inflation, the ever-rising manpower costs caused by an all-volunteer policy, and the almost exploding costs of individual weapons systems are taking a heavy toll in the real strength this defense budget will produce. I have always been for a frugal, make-do, practical approach to military programs. Now, more than ever, there must be frugality. It can only come from a frame of mind of what I will call salami tactics—actively searching out and slicing away at every opportunity, any waste, extravagance, or fraud that can be found so that the military establishment is lean, trim, and in fighting shape.

Frugality is essential for another reason—the public support of the military and the military budget will evaporate quickly if our military forces do not show real improvement without damaging the health of our economy. I support the concept of trying to tighten the Government's belt, but there is uncertainty and debate about whether or not the economy will be improved by the new economic programs.

There are serious, warning flags being raised. The Senate Budget Committee has said that large reductions beyond those already identified cuts have been identified and another $27.8 billion must be found by fiscal year 1984 to balance the budget within the administration's spending and tax program and estimates of the economy. Other professionals in the Congressional Budget Office have estimated that even with these steps, the administration's economic forecasts will not prove out and the budget deficit in fiscal year 1984 could be over $50 billion—the same as it was in fiscal year 1980.

I do not know whose economic forecasts are right. I do know that if the budget deficit is still over $50 billion in the fiscal year 1984 budget—only 2 years from now—and the economy is not doing as well as expected, there will be great pressure to restrain the defense budget. Without a clear demonstration of frugality that results in real achievements and decisive actions against waste and extravagance—it will be nearly impossible to sustain this stepped-up level of defense spending in future years.

HARD DECISIONS NEEDED TO AFFORD CURRENT PROGRAMS

There is a second area of concern that merits our attention for even if a strong economy and public support sustain a large defense budget in future years, there is serious doubt that all of the new programs being discussed are affordable. Put another way, there may not be enough money even in the proposed budgets for beyond fiscal year 1982 to buy many of the new ships, tanks, missiles, and aircraft now being advocated to strengthen our defense. Under present plans. the procurement budget would almost triple between fiscal year1980 and fiscal year 1986—going from $35 billion to $97 billion. But, if the costs of the 50 ongoing major weapons systems plus costs of all other minor procurement items are added to the costs of the MX missile, a second bomber, an airlift aircraft and the ships to achieve a 600-ship Navy by 1992, then the procurement budget reported by the administration could be some $10–$20 billion short in fiscal year 1983. This allows no money for any new major weapons systems to be started—or increased numbers of aircraft, missiles, and tanks beyond those already planned. It also assumes inflation rates which have been attacked as being too low for defense procurement. If hard decisions are not made, this could mean more stretched-out programs, uneconomic productions, and further inflation in the already very high unit costs of weaponry.

OVERVIEW OF THE BILL

The fiscal 1982 defense authorization bill as reported by the committee makes a good start on improving our military strength, and I want to urge all my colleagues to vote for it. But nobody should expect a panacea for all the military problems we face.

The bill would retain approximately the current military force structure through 1982: 16 Active Army divisions, 3 Marine Corps divisions and wings, 26 Air Force and 12 Navy tactical wings, the current numbers of strategic missiles and submarines, 487 Active Navy ships, and about 2.1 million active duty military personnel. There should be a substantially improved level of readiness in these forces as a result of substantial increases in spending for operations, maintenance, training, spare parts, and the day-to-day supplies that it takes to keep any military force up to snuff. In the procurement field—weaponry to be delivered later—the fiscal year 1982 budget of $68.8 billion is almost double the fiscal year 1980 figure. However, there is not a corresponding increase in the quantities of new weapons that it buys. The major increase is in tracked vehicles—where 500 more tanks and fighting vehicles will be bought compared to fiscal year 1980—and in antitank and antiaircraft missiles. It buys about the same number of new aircraft as in 1980, but about 90 are new trainer airplanes, so there are really fewer combat aircraft. As in 1980, the recommended shipbuilding program includes 11 new combatant ships. However, there is a substantial increase in support and cargo ships, including 11 to be newly constructed and 12 older ships to be acquired and updated, along with the reactivation of a battleship.

On balance, the fiscal year 1982 budget increases will go to improve our current military forces, particularly in the readiness area. Because the dollar buys so little as compared to the past, it will not substantially expand our forces now or in the future.

STRATEGIC NUCLEAR PROGRAMS

The main deterrent to nuclear war is our strategic triad—land-based missiles, long-range bombers. and missile-firing submarines. The SALT debates last year drew attention to Russian developments

in this field and the need to move forward with new U.S. programs to maintain our relative strength. We are moving forward in this bill with the cruise missile program to improve the bomber force, the sea-based missile program, and the command and control items for all strategic forces, but there are some difficult decisions ahead. Thus far, there has been no recommendation from the executive branch on the MX missile-basing program or the bomber program and so the committee put over $4 billion in the bill for these programs but prohibited by law the spending of money until the President recommends a program for both the MX and a bomber.

The Trident submarine program is beset with cost and schedule problems—not yet settled between the Navy and the contractor—that will take some firm executive branch leadership to resolve. In the meantime, the committee recommended cutting all but $75 million of the $1.06 billion request for the 10th Trident submarine. The $75 million was described as funds for long-lead items—a common way to handle these issues. However, after the markup it became apparent that this $75 million may be enough to fund the first year of construction—in other words, incrementally funding the submarine for 1 year's building costs. I do not believe the committee intended to either cause a delay in the Trident submarine program or to abandon the full-funding principle for ships. This full-funding principle, which originated in 1951 to help avoid cost overruns and improve contract management, is important to keeping a discipline on the budget, insuring fiscal responsibility and building an orderly program.

Some departures from full funding may be beneficial. But we should not, in my judgment, depart from full funding lightly. Departures are not justified for programs which are having cost and management problems; in my judgment, this is not an effective substitute for instilling efficiency in the procurement process. Abandonment of that principle without debate and proper precaution could lead to waste and inefficiency in the shipbuilding program and could cause a practical problem for the Appropriations Committee.

NATIONAL GUARD AND RESERVES

One way to make the defense dollar go further is to rely more fully on units in the Reserve components. In this time of shortage of talented manpower, I believe we will be driven to that approach. That is why I proposed, and the committee unanimously adopted, an amendment to require every year—for the first time—a real plan and a real consideration for the equipment in the hands of the Guard and Reserve units. We need to go bevond full dependence by the Reserve components on whatever hand-me-down equipment the Active Forces had finished with. The idea is to put good equipment with the talented manpower. I also believe that good equipment in good units with good training and a real mission will do much to attract and recruit the best young people in this country. They are not looking for just pay—they want a sense of mission and duty and this is a way to provide some for them. These amendments go beyond a plan and provide real money for this purpose.

As a first step, the committee adopted a $400 million plan to equip the best-manned two divisions and eight best-manned separate brigades of the Army National Guard; $50 million was included as a down payment in this plan—to go for trucks, radios, tractors, computers, and all the day-to-day items it takes to make a modern unit run. In the past several years, Congress had added funds for Guard and Reserve aircraft—almost $800 million over the past 4 years and almost $500 million this year alone. This has been helpful and it is well known that Guard and Reserve flying units have the best manpower situation of all. Now is the time to go beyond aircraft into all the areas needed to upgrade the real capability of the Reserve units that have talented manpower. That is the purpose—to make a start this year—of these amendments.

NAVY SHIPBUILDING

The fiscal year 1982 budget request for shipbuilding and conversion is the first step in fulfilling the goal of a 600-ship, 15 aircraft carrier Navy. The Navy request is for the building, conversion, or acquisition of 33 ships at a cost of $10.3 billion. The authorization bill as recommended by the committee includes 35 ships at a cost of $10.1 billion.

The shipbuilding program contained in this bill is the largest in recent years, but includes a large number of sealift and support ships—23 ships. It contains funds for construction of only 11 new combat ships and the reactivation of a battleship. To reach and sustain a 600-ship Navy—including battle group combatant ships—will require a much higher level of funding in the near future. It is estimated that the Navy shipbuilding account will have to be more than doubled if we are to simultaneously build up our force levels and replace our aging cruiser/destroyer, amphibious ship, and ballistic missile submarine force in the next decade. It remains to be seen if even the proposed budget levels for defense can support such an ambitious shipbuilding program.

In addition to the shipbuilding program, this bill contains several important initiatives for future ships. The most significant item included in the bill is $23 million to continue design of a light carrier. Light aircraft carriers smaller and cheaper than the *Nimitz* class CVN could be an important supplement to large deck carriers. The committee will insist on the Navy providing the option to authorize a light carrier in 1983.

ARMY PROCUREMENT

Procurement for the Army in this bill shows an increase of 127 percent over the fiscal year 1980 defense budget. This increase will continue an across-the-board modernization of our ground forces that comprises the introduction of 12 major weapons into procurement in just 6 years.

We will procure the M–1 tank and its companion M–2 fighting vehicle in large numbers—over 1,300 such new systems in fiscal year 1982 alone. Three new Army air defense program systems, Patriot, Roland, and Stinger, will be procured in quantity, the divisional air defense gun will enter procurement and improvements will continue to be made on systems now in the field. The Army's combat capability will also be increased by the first procurement of the advanced attack helicopter and Hellfire missiles in the fiscal year 1982 program. Procurement of the Black Hawk helicopter will continue. The scope of the modernization effort for Army forces proposed in this bill can be characterized enormous and unprecedented.

MANPOWER

This bill authorized 2.1 million active duty military personnel, 926,400 Reserve personnel, and 1 million civilian personnel. Manpower costs in the fiscal year 1982 budget total $91.6 billion, an increase of $21 billion—over 30 percent from fiscal year 1980, the year just completed.

Despite the large amount of money devoted to manpower, our military manpower problems must be considered the most serious of our national security problems.

We must realize that there is a basic flaw in the volunteer manpower systems—we do not have the manpower needed for mobilization, for peacetime expansion or for manning modern weaponry. According to testimony before the committee, the Army is now 249,000 people short of the trained manpower they would need at mobilization. This means after considering all sources, including active duty, reserves in units, National Guard units, and the Individual Ready Reserve, we would still be unable to fill 14 percent—about one out of every seven—military positions needed in mobilization. That is the situation now. We hear of optimistic projections about the future. I do not believe that that optimism is justified based on the history to date of the All-Volunteer Force. But even if we accept these optimistic projections the Army has testified that it will still be over 100,000 personnel short of its mobilization requirement for trained personnel from all sources in 1986. Manpower remains a major obstacle to our efforts to increase readiness and enhance our military posture. Our current and future ability to provide enough manpower in a mobilization emergency is unacceptable.

Just maintaining our current active duty personnel strengths under the current volunteer system is becoming a great strain. Apart from overall numbers, there are also acute shortages in the active forces in technical skills that are absolutely essential to the operation of our current weapons systems. The committee bill includes an amendment on minimum standards with regard to the quality of personnel who are permitted to enlist in the military. But these levels should be regarded as minimum standards. Unfortunately, the services, particularly the Army, seem unable to attract sufficient numbers of highly talented persons who welcome the discipline of military life and the privilege of serving this Nation that are so needed to operate today's complex weapons sys-

tems. There are many highly dedicated and talented people both in the active duty and Reserve components but these are not sufficient in number to fill all of the requirements of the active duty forces.

This budget provides for additional ships for our Navy and the testimony is that we will move to a substantally increased Navy. I support an increased number of ships, but it is likely that we will not be able to find the manpower necessary with the skills and talent required to man these ships under the volunteer system. The Navy has testified that it may be short 24,000 personnel by fiscal year 1985 and that the shortage of experienced petty officers could be even larger—about 35,000. The target date for increasing the numbers of Navy ships is often stated as the year 1990, but the experienced petty officers that we will have to man those ships in 1990 are now in the Navy as junior enlisted personnel.

It is clear to me that we need some different additional system beyond the All-Volunteer Force to fill the manpower needs of the services. The leaders of our uniformed services need to make this message clear to the Congress and the public. This will not be possible, though, until the President makes the need known to the people and frees the military leaders to not only give their views but also advocate a better way of providing manpower for the defense of our country.

In sum, Mr. President, this bill provides for substantal increases in the money devoted to the Department of Defense and the money devoted to military manpower. But despite these increases in funding levels, the limits on our mobilizaton preparedness, the limits on our ability to expand our Army and Navy, and the limits on our ability to operate and maintain complex weapons systems are not funds. These lmits are all in personnel. If we want to go beyond these limits and enhance our military strength, then it seems clear to me that we must return to a fair and equitable Selective Service System to provide a reliable source of manpower.

OPERATIONS AND MAINTENANCE

Although much of the public interest in the authorization bill focuses on the weapons systems included in it, $63.6 billion of the $136.5 billion authorized is for operations and maintenance—the budget for the operating and training levels and the crucial maintenance activities. This is the first year that these funds have required authorization prior to appropriation actions.

The large amount of money included should provide sufficient funds to make very desirable changes in readiness including increases in flying and steaming hours for our aircraft and ships; elimination of all depot maintenance backlogs for tracked vehicles and aircraft in the Army; and elimination of the depot maintenance backlog for aircraft engines. These programs if executed in the same way as planned will enhance the readiness of our current weapons.

I am concerned that this very important area of readiness continue to receive priority attention. A plane that cannot fly or a ship that does not sail because of maintenance problems or lack of fuel does not add to our military capability. The President's budget projections now indicate that in every year from 1982 through 1986, operations and maintenance funds will get a decreasing share of the Defense budget—dropping from 33 percent to 25 percent of the total budget. Even if fuel prices and other items do not increase in cost beyond what is projected, it may be necessary to devote more of the budget to operating and maintaining the forces at accepted levels of combat readiness.

PROCUREMENT POLICY

We are unfortunately all too familiar with the skyrocketing costs of many of our major weapon systems. The rise in unit costs for many of these systems—over just a 1-year period—is disconcerting. Some weapons, such as the Marine LVT–7A1 amphibious assault vehicle and the Army Hellfire antitank missile have more than doubled in cost in 1 year. The unit cost of the Navy's Lamps helicopter rose 40 percent between the fiscal year 1982 cost projection given to us last year and the cost in the Defense budget request. The unit cost of the Army's M–1 tank rose 75 percent during the same time period, while the fighting vehicle jumped 50 percent in cost in 1 year.

There are many reasons for these extraordinary cost increases. Underestimated inflation, stretched-out acquisition programs at uneconomical production rates, raw material shortages, production bottlenecks, lack of competition in acquiring major weapon systems, and the growing technological complexity of the systems themselves all fuel these rising unit costs. Whatever the reasons, bad management—government and contractor—must not be ruled out as a cause of inflated prices, and some concrete steps must be taken to rein in these galloping costs. In an era of budget austerity, our prime procurement policy must be frugality. Our goal must be to get the most for every defense dollar we spend.

This bill contains a couple of initiatives which are aimed at helping to meet this objective. The first is the relaxation of the restrictions on the use of existing multiyear contracting authority. Multiyear contracts, by penalizing Defense for vacillating on designs or planned procurement amounts, may instill greater stability in the way programs are funded by Congress and managed by Defense. And by giving contractors assurances of greater program stability and more economical production rates, cost savings may accrue. But multiyear contracting can, and should, only be used in connection with programs with mature design configurations, solid cost histories, and for which there is a decided and continuing need. The bill sets forth specific criteria incorporating these characteristics as mandatory guidelines for Defense's use of multiyear contracting.

Another long-lived provision which will help insure broader competition for Defense purchases is the Maybank amendment, which the committee is properly recommending be placed in permanent law. I believe the Department of Defense, even with the Maybank restrictions, already does a lot for areas of high unemployment designated as labor surplus areas by the Department of Labor. In fiscal year 1980, over $25 billion in defense procurement dollars went to those areas. Billions more defense dollars went to locales also with high unemployment rates but just below the qualifying level for labor surplus areas.

These types of legislative initiatives hopefully will at least slow the growth of unit costs. Greater use of competition, even for major weapon systems acquisitions, also could help. For example, the committee has recognized that potential this year with respect to the fighting vehicle.

While the bill takes these two positive steps which will be useful in the battle against unit cost increases, there is one other issue which, as a matter of procurement policy, I feel compelled to mention.

It relates to profit limitations on defense contractors. The bill repeals the Vinson-Trammell Act, an antiquated, outmoded statute, but the last vestige of profit limitation legislation on the books. I am not here and now attempting to make a case for such limitations. The question, like our procurement process, is a complex one which should be considered closely. The Congress made a firm commitment last year to develop an alternative profit limitation system and to make recommendations to both Houses on this important question. I, for one, believe we should live up to that commitment. We are entering an era of increased defense spending much like that which generated the Vinson-Trammell Act itself. Therefore, we would do well to examine the adequacy of our safeguards against excess profits.

CONCLUSION

In conclusion, Mr. President, I think it is appropriate to pause and consider where we are going as far as national security and defense is concerned and how this fits into the broader picture of our total national intent. Unfortunately, we have little information on the defense program beyond fiscal year 1982, other than the total dollar figure. For example, we do not have a 5-year shipbuilding program to support the 600-ship Navy. Nor do we have specific recommendations on many key programs. The strategic area is of particular ambivalence as we have no decision on two of the major programs for preserving the strength of our strategic forces, a new strategic combat vehicle and the MX land-based missile, and this bill deletes the Trident submarine requested for fiscal year 1982. So, while we are encouraged by a commitment of money in general to strengthening our defense, there are several important areas of uncertainty regarding how this will actually be carried out. I am concerned about the ability of the administration and the Congress to sustain this increased commitment to national defense.

The broad public support which de-

fense now enjoys could be eroded very swiftly if we find stepped-up defense spending causes further weakening of the national economy through added inflation. If inflation does not abate, the fiscal year 1982 defense program may not be able to be executed with this budget. If the estimated inflation rate for procurement of the planes, ships, tanks, and ammunition is too low, there may not be enough money to pay for all that in this bill. This stepped-up defense program must draw from an industrial base that has shrunk in the last 10 years. Adding more money without expanding the industrial base will not give more defense, it will be the same defense at a higher price. This bill then is just a starting point. It will require careful management attention by the executive branch to bring this program—the weapons, supplies, and manpower—into reality. But we must start somewhere, and I urge all my colleagues to support and vote for this bill.

Mr. President, again I commend the distinguished Senator from Texas. He is a tremendous worker who puts in so much time. I have been thinking he would slow down, but he does not, after all these years. It is a pleasure to work with him.

I would like to thank the staff of the committee. I do not want us to go too far in trying to divide them up.

I echo what the Senator from Texas has said when he mentioned that we wanted to keep this on a bipartisan route, that military defense is for the defense of all, in all areas. There is no other justification.

I think a great deal of the influence this committee has had over the years has been due to the fact that fellow members believe that we try to keep it on that level and the the American people who are familiar with that have thought that. It has been contributed to by many, many who have passed through these Chambers, who are not with us any more.

I am proud that the Senator from Texas is carrying on in that way, and that others are joining him.

I lean with the committee system anyway. My votes on matters such as the resolution we just passed may be contrary to the way I would vote on that matter standing alone, but I was voting with the committee system. That is the only way the Senate can operate, through our system of committees. When we let that become secondary or let it run down, we destroy the Senate.

Mr. President, that will conclude my remarks for tonight, and I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I thank my distinguished colleague from Mississippi for his very generous remarks and his supporting statement concerning the bill now under consideration.

Needless to say, his contribution to this and his cooperation in moving the bill along expeditiously have been greatly appreciated.

I share his concern about the growing cost of defense. I think it is more incumbent on our committee now than ever before to make sure that we scrutinize very carefully the requests submitted to us to make sure that the American people, to the extent we are able to exercise oversight, get their dollar's worth on the defense expenditures that we authorize.

Mr. COHEN. Mr. President, as chairman of the Sea Power and Force Projection Subcommittee of the Armed Services Committee, I would like to present several of the committee's major recommendations.

First, I can now favorably comment on the timely decision of the committee's distinguished chairman, the Senator from Texas, to establish this mission-oriented subcommittee. The ability to review sea power and projection forces as an entity has provided valuable insights into critical defense missions of the United States.

Sea power and force projection encompass two basic missions:

Gaining and maintaining maritime superiority—the ability to control vital ocean areas of the world when and where necessary.

And projecting U.S. military power ashore—the ability to rapidly deploy fighting forces to distant world areas in defense of U.S. interests.

The combined effect of the committee's recommendations for sea power and force projection was to add $570.7 million to the President's amended authorization request for fiscal year 1982. The major portion of this increase—$430.5 million—is for sea power, primarily for additions to the shipbuilding program. This does not reflect the committee's action on the Trident submarine which is included in the strategic forces. For force prejection, $140 million has been added with the biggest addition being for the LSD–41 program, offset in part by the major reduction of R. & D. funds for the C–X program.

Mr. President, before I proceed further, I believe we have to put our defense plans in a strategic perspective. We exist today as an island-nation. That is a fact of geography and economics. We are dependent on the trading nations of the world and on the free use of the seas for the daily sustenance of our commerce and industry. Without that free use of the seas, life in this Nation, as we know it today, would be starkly different. I need only remind my colleagues of the trauma we suffered during the oil embargo in 1973—an embargo that was far from complete—and during the fuel crisis some 2 years ago.

Unfortunately, the Soviet Union, our major competitor, is not faced with the same problems. While they are experiencing severe economic difficulties, their difficulties are in many ways self-induced. Indeed, the real dependence of the Soviets on overseas sources of goods is minuscule when compared with our own or that of our allies and friends. The Soviets have the potential, if their resources were exploited properly, to be dependent on almost no one.

Why then is this Eurasian continental power in the midst of a naval expansion of unbelievable magnitude? And why, for the past few years, as one of our colleagues so aptly put it, has the U.S. Navy been the step-child of America's defense programs? The only answers I can offer are neither comforting nor hopeful. I can only say that now is time for us to begin to rebuild our own maritime capabilities.

You will note, however, that in our actions, the Armed Services Committee did not forgo our responsibilities to the Congress and to the American people. Where a program was unsubstantiated or unsupportable in terms of its cost or its effectiveness, we did not hesitate to recommend its denial. And where we encountered a proven system or one that provided tremendous advantages for its cost, we did not hesitate to approve it or, in some cases, to recommend additions. Along these lines, we have recommended:

The addition of an LSD–41 class amphibious ship in fiscal year 1982—the second in its class—and advance procurement for two ships in fiscal year 1983;

A substantial reduction of R. & D. funds for the controversial C–X aircraft and a request that the Department of Defense prepare a comprehensive acquisition strategy for additional aircraft for congressional consideration;

The full approval of the requested sealift programs and bill language that will direct expenditure of fiscal year 1981 funds for programs compatible with the request for fiscal year 1982;

And the assignment to the Secretary of the Navy of program responsibility for lightweight armored vehicles to be used by rapid deployment force units.

As the chairman has already mentioned, we also recommended:

The denial of funds to reactivate *Oriskany;*

The approval of funds to reactivate and modernize *New Jersey* and the approval of advance procurement for a second battleship reactivation;

The addition of three FFG–7 class frigates;

And deletion of advance procurement for the conversion of the cruise liner, SS *United States,* into a hospital ship and a request that the Department of Defense provide the Congress with better justification and evidence that all available alternatives have been closely examined.

The net result of all shipbuilding recommendations including the committee's actions on the Trident submarine was an increase of three new construction ships and the loss of one reactivation for an increase that brought the total shipbuilding authorization to 35 ships; 22 of which are new construction, the rest being conversions, reactivations, or acquisitions.

This is the type of program that we must sustain if we expect to revitalize America's maritime and force projection strength; a program that builds our Navy, as well as our airlift and sealift forces, while it maintains a fiscally responsible oversight of the entire process.

Mr. President. we really have no choice in this matter. Given America's dependence on overseas mineral and energy resources and the trading patterns of the Nation's industries, the necessity for a strong U.S. Navy and a viable and ca-

pable rapid deployment force is absolute. It is our responsibility to insure that that is what the Nation gets; nothing less. I believe that the defense bill you have before you helps to move us in that direction.

Mr. THURMOND. Mr. President, I rise in support of the pending defense authorization bill, S. 815, which provides recommendations of $136.5 billion for fiscal year 1982.

This bill includes, for the first time, the authorization of operations and maintenance funds for the Defense Department. This account, formerly limited to action by the Appropriations Committee, totals $63.5 billion for fiscal year 1982.

Other major categories recommended for authorization in this bill include $51.7 billion for procurement, $21.1 billion for research, development, test, and evaluation, and $126 million for civil defense.

Mr. President, the total funds recommended in this bill are within a few million of the total recommended in President Ronald Reagan's budget. However, the committee has made a number of changes from the President's request.

DEFENSE GROWTH OF 15 PERCENT

First, it should be noted that this defense bill is a part of a historic and dramatic move to rebuild our defense forces. In President Reagan's revised defense budget, he has increased the fiscal year 1981 and fiscal year 1982 requests by approximately $36 billion. This has resulted in a real growth increase of about 15 percent over the fiscal year 1981 defense budget of former President Jimmy Carter. Thus, this is a watershed year and will send a clear signal that the United States intends to rebuild its defense forces and restore its ability to protect its interests throughout the world.

PROCUREMENT HIGHLIGHTS

While this bill falls short of the spending expected by the Soviet Union over a similar period, it nevertheless represents a dramatic and highly significant initiative by the United States to enhance our national security. Some of these initiatives include:

First, higher rates of procurement which increase our inventories faster and at a lower cost.

Second, funds to procure or begin procurement of a modern manned bomber, such bomber probably to be derived from the B–1.

Third, a total of $2.4 billion in funds to move forward with an MX system necessary to modernize our increasingly vulnerable land based strategic missile force.

Fourth, funds totaling $616 million in National Guard and Reserve initiatives to modernize and strengthen these forces.

Fifth, an increase of three ships to accelerate the Navy's rebuilding program, long lead funds for a new *Nimitz* class nuclear aircraft carrier and increased funds for reactivation of the battleship *New Jersey*.

Sixth, nearly $1 billion in funds to procure air launched and ground launched cruise missiles.

Seventh, around $2 billion to procure new M–1 battle tanks and infantry fighting vehicles.

Eighth, about $7 billion for aircraft procurement.

These are some of the procurement highlights of this legislation. However, it also contains important provisions aimed at stimulating our industrial base and getting the most out of the defense dollar.

KEY LEGISLATIVE ITEMS

There is a serious question as to the capability of our Nation to respond to a national emergency from the standpoint of defense production. This bill addresses that concern by providing provisions on multiyear procurement and repeal of the outmoded Vinson-Trammell Act.

It also provides for full restoration of the Maybank amendment which prohibits defense dollars from being placed in economically troubled areas when that placement increases the cost of defense goods.

Mr. President, this bill further provides funds to accelerate the reactivation of the battleship *New Jersey*, an effort which I vigorously promoted in the last Congress.

Another important feature of S. 815 is increased civilian manpower to relieve our combat soldiers in Europe from housekeeping duties which interfere with their more important training mission.

In conclusion, this legislation is a benchmark in the return of our Nation to a position of military strength. While the neglect of the last decade cannot be overcome in 1 year, we are boldly initiating in this bill the programs which will eventually enable us to better insure our national security.

AMENDMENT NO. 49

(Purpose: To require approval by both Houses of Congress with regard to the basing mode for the MX missile)

Mr. LEVIN. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) for himself, Mrs. KASSEBAUM, Mr. CHAFEE, Mr. EAGLETON, Mr. CRANSTON, and Mr. BUMPERS, proposes an amendment numbered 49.

On page 24, beginning with line 22, strike out all down through line 25 on page 28 and insert in lieu thereof the following:

MX MISSILE AND BASING MODE

SEC. 206. (a) None of the funds authorized to be appropriated by this title may be obligated or expended for the engineering development of an operational basing mode for the MX missile unless and until—

(1) the President has submitted a written report to the Congress containing his decisions on the MX missile and basing development, procurement, and construction program which specifically describes the proposed basing mode for such missiles;

(2) the Secretary of Defense submits to the Committees on Armed Services of the Senate and the House of Representatives a report in writing containing (A) a justification of the proposed basing mode referred to in clause (1), and (B) a comparison and evaluation of alternative basing mode programs; and

(3) within sixty days after the day on which the President's report has been received by the Congress, the Senate and the House of Representatives have agreed to a joint resolution expressing approval of the proposed basing mode.

For the purposes of this section, the term "resolution" means only a joint resolution of the Senate or the House of Representatives, as the case may be, the matter after the resolving clause of which is as follows:

"That the Congress of the United States approves the proposed basing mode for the MX missile as reported to the Congress on ", the blank space therein being filled with the date on which the report described in subsection (a)(1) was received by the Congress.

(c) Such resolution shall be referred to the Committee on Armed Services of the House in which the resolution was introduced.

(d) If the committee to which a resolution has been referred has not reported it at the end of twenty calendar days after its introduction, such committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House concerned.

(e) When the committee has reported, or has been automatically discharged from further consideration of such resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(f) Debate on the resolution shall be limited to not more than thirty hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, or motion to table the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(g) Motions to postpone the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(h) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(i) If, prior to the passage by one House of a resolution of that House with respect to the proposed basing mode for the MX missile, that House receives a resolution with respect to the same matter from the other House then the following procedure applies:

(1) If no resolution of the first House with respect to such matter has been referred to committee, no other resolution with respect to the same matter may be reported or (despite the provisions of subsection (e)) be made the subject of a motion to discharge.

(2) If a resolution of the first House with respect to such matter has been referred to committee—

(A) the procedure with respect to that or other resolutions of such House with respect to such matter which have been referred to committee shall be the same as if no resolution from the other House with respect to such matter had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such matter the resolution from the other House with respect to such matter shall be automatically substituted for the resolution of the first House.

(j) The vote on final passage of a resolution with respect to the President's decisions on a basing mode for the MX missile shall take place in each House not later than thirty days after that resolution is reported, or is automatically discharged from the committee.

(k) Whenever the President transmits copies of the report referred to in subsection (a)(1) to the Congress, a copy of such report shall be delivered to each House of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(l) Subsections (b) through (j) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b), and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

Mr. TOWER. Mr. President, it is my understanding that the pending business is the amendment offered by the Senator from Michigan (Mr. LEVIN). Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1154—TAXATION OF FRINGE BENEFITS

Mr. STEVENS. Mr. President, it is with pleasure that I join the Senator from Georgia in cosponsoring Senate bill S. 1154. In recent years, we have seen a continuing attempt by the Internal Revenue Service to tax employee benefits that have never traditionally been considered income.

The purpose of this legislation is to stem the IRS's enthusiasim for taxing these benefits. Proposals by the IRS to tax these employee benefits would certainly have an adverse impact of many residents in Alaska, particularly on those who work for the State's airlines.

It is unfortunate, Mr. President, that Congress must take remedial measures every time the IRS cannot restrain itself from harassing the average citizen, as demonstrated by the proposals I have mentioned here and recent incidents concerning Alaskan taxpayers in Fairbanks. It is my hope for the future that the President's philosophy on taxation will be expressed not only in law, but also in the conduct of the Internal Revenue Service.

COMMENDATION OF THE AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS ON THE OCCASION OF ITS 50TH ANNIVERSARY

Mr. THURMOND. Mr. President, this month, the American Institute of Aeronautics and Astronautics is celebrating its 50th anniversary. It is a time to reflect on the past accomplishments of this great institution and to look toward its future.

In the 78 years since Kitty Hawk, the dream of human flight has progressed from a centuries-old myth about Daedalus and Icarus through perceptive observations by Leonardo da Vinci to a well-accepted, reliable transportation system without which modern life would be impossible. Easy and comfortable air travel, available to almost everyone, has permitted rapid personal contact between people around the globe. It has changed the way we think, feel, and deal with our international neighbors.

In the 55 years since Robert Goddard launched the first liquid-propelled rocket, space flight has progressed from Jules Verne's science fiction to a point where the man in the street benefits immensely from communication, weather, resource-mapping and other types of satellites. The Space Shuttle is opening up cis-lunar space to a variety of economical commercial and military operations. Scientific spacecraft of the Voyager class reveal more of the secrets of hitherto mysterious heavenly bodies in a week than was known in all of previous human history.

Mr. President, the American Institute of Aeronautics and Astronautics can be proud that for five decades almost every idea that has advanced aviation and space technology began with an AIAA member. Their history shines with the names of men and women who have left their marks as visionary technical leaders, researchers, inventors, educators, managers and businessmen. The Institute, with its predecessors, the American Rocket Society and the Institute of the Aeronautical Sciences, provides the intellectual leadership and the unifying force which permits aerospace progress to be truly breathtaking.

The AIAA's meetings and publications often disseminate exciting information about new and important scientific and technological advances, Mr. President, thus planting seeds and cross-fertilizing other worthwhile ideas. Their members have helped to establish the new sciences of aeronautics and astronautics and the new discipline known as system engineering. They have given new dimensions to system reliability and safety, and have laid the scientific groundwork for extensive and accurate systems simulation and testing. In short, they have made a great impact on civilization, and I commend them on their noteworthy achievements.

Mr. President, I am not alone in offering congratulations and best wishes to the American Institute of Aeronautics and Astronautics. President Reagan, Vice President BUSH, and Secretary Weinberger, among numerous others, have also extended their congratulations and best wishes. I ask unanimous consent that the texts of their letters be printed in the CONGRESSIONAL RECORD following these remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, D.C., May 12, 1981.

I am delighted to extend congratulations and best wishes on the 50th anniversary of the American Institute of Aeronautics and Astronautics.

Throughout its history, the United States has been blessed with men and women who have made very significant conributions to the advancement of knowledge and the betterment of mankind. The members of the AIAA typify this great tradition in your commitment to the expansion of the frontiers of aeronautics and space. Your achievements have been and will continue to be an inspiration to the nation and to the entire world.

I applaud your accomplishments and, again offer my congratulations.

With warm personal regard,

Sincerely,

RONALD REAGAN.

THE VICE PRESIDENT,
Washington, D.C., April 16, 1981.

Mr. JAMES J. HARFORD,
Executive Secretary, AIAA,
Washington, D.C.

DEAR MR. HARFORD: May I extend my congratulations to the American Institute of Aeronautics and Astronautics on the occasion of your 50th Anniversary.

We are all aware of the contributions AIAA has made to our nation and to the world. Thanks to the vision and creativity of your members, we are constantly witnessing new marvels of flight.

All best wishes for your continued achievements and ideas that will, among other things, propel us into a new era of space transportation.

Sincerely,

GEORGE BUSH.

THE SECRETARY OF DEFENSE,
Washington, D.C., March 28, 1981.

Mr. JAMES J. HARFORD,
Executive Secretary, American Institute of Aeronautics and Astronautics, Washington, D.C.

DEAR MR. HARFORD: My congratulations to the American Institute of Aeronautics and Astronautics on its 50th Anniversary! The AIAA and its predecessors, the Institute of Aeronautical Sciences and the American Rocket Society, have stimulated professional competence throughout the development of aeronautics and space flight—surely among the most technically exciting, economically important and socially significant developments yet achieved by the human mind and hand.

The United States has led the world in aerospace capability during the past 50 years, and the AIAA has played a substantial role in that accomplishment. The competition will be stiffer during the next 50 years; the professional stimulation provided by the AIAA will be even more indispensable if we are to continue as the world's leader in aerospace. I hope and believe that we shall succeed, and I feel certain that the nation will have even better reason to thank the AIAA on its 100th Anniversary.

Sincerely,

CASPAR W. WEINBERGER.

THE DEATH OF FRANCIS HUGHES IN NORTHERN IRELAND

Mr. KENNEDY. Mr. President, the death of Francis Hughes is a new tragedy for Northern Ireland at a time when its people have already suffered too much tragedy.

It is also a death that might have been avoided by a more flexible approach of the British Government toward reforms in the administration of the Maze Prison.

Two hunger strikers have died already. Two others are now approaching critical phases of their own protests. Still another prisoner has begun a protest of his own.

I call upon the British Government to break this endless spiral of death, to end its posture of inflexibility, and to find a fair and humanitarian solution to the other hunger strikes before additional needless tragedies occur. Surely the leaders of Great Britain has a responsibility to seek a sensible and reasonable compromise on the practical issues in the hunger strikes, without compromising in any way on the basic principle of opposition to violence.

I condemn the killing and the destruction on all sides in Northern Ireland. I urge all those who care about the cause of peace to resist any calls for further violence after this latest tragedy.

The deaths of Bobby Sands last week and of Francis Hughes this week are sad testimony to the ongoing crisis in Northern Ireland and to the urgent need for leaders of good will in both parts of the community to come together in a common search for peace. If these senseless deaths are to have any hopeful meaning, let it now be seen in a firm renunciation of further violence, and a clear rededication by all the parties to the search for a peaceful settlement.

REMARKS BY PRESIDENT AT HOLOCAUST CEREMONY

Mr. PROXMIRE. Mr. President, Thursday, April 30, was Holocaust Memorial Day. President Reagan, at a "Day of Rememberance" ceremony for holocaust victims at the White House, spoke of the importance of remembering the holocaust as the years pass. He spoke movingly about the danger of such a tragedy occurring again. He is right. We must not forget.

Secretary of State Haig at his confirmation hearing confirmed this administration's recognition that we can do more than remember. We can ratify the Genocide Convention. What better way to prevent another incidence of genocide than to make genocide an international crime.

The President made his remarks very eloquently. I ask unanimous consent that the New York Times transcript of President Reagan's remarks, printed in the Friday, May 1 edition, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REMARKS BY PRESIDENT AT HOLOCAUST CEREMONY

I feel a little unnecessary because I don't know that anyone could say anything that would add to those words that we just heard. It is a particular pleasure for me to be here with you today. This meeting, this ceremony has meaning not only for people of the Jewish faith, those who have been persecuted, but for all who want to prevent another Holocaust.

Jeremiah wrote of the days when the Jews were carried off to Babylon and Jersusalem was destroyed. He said, "Jerusalem weeps in the night and tears run down her cheeks." Today, yes, we remember the suffering and the death of Jews and of all those others who were persecuted in World War II. We try to recapture the horror of millions sent to gas chambers and crematoria. And we commemorate the days of April in 1945 when American and Allied troops liberated the Nazi death camps. The tragedy that ended 36 years ago was still raw in our memories because it took place, as we've been told, in our life time. We share the wounds of the survivors. We recall the pain only because we must never permit it to come again. And, yet, today, in spite of that experience, as an entire generation has grown to adulthood, who never knew the days of World War II, and we remember ourselves, when we were younger, how distant history seemed, anything that came before our time—and so the signs do exist, the ugly graffiti, the act of violence, the act of terrorism here and there, scattered throughout the world and not quite large enough in dimension for us to rally as we once did in that war.

HORROR ON THEIR FACES

I'm horrified today when I know that in here, that there are actually people now trying to say that the Holocaust was invented, that it never happened, that there weren't six million people whose lives were taken cruelly and needlessly in that event, that all of this is propaganda. Well, the old cliche that a picture is worth a thousand words. In World War II, not only do we have the survivors today to tell us first-hand, but in World War II, I was in the military and assigned to a post where every week, we obtained from every branch of the service all over the world the combat film that was taken by every branch. And we edited this into a secret report for the general staff. We had access to and saw that secret report.

And I remember April '45. I remember seeing the first film that came in when the war was still on, but our troops had come upon the first camps and had entered those camps. And you saw, unretouched—and no way that it could have even been rehearsed—what they saw—the horror they saw. I felt the pride when, in one of those camps, there was a nearby town, and the people were ordered to come and look at what had been going on, and to see them. And the reaction of horror on their faces was the greatest proof that they had not been conscious of what was happening so near to them.

And that film still, I know, must exist in the military, and there it is, living motion pictures, for anyone to see, and I won't go into the horrible scenes that we saw. But, it remains with me as confirmation of our right to rekindle these memories, because we need always guard against that kind of tyranny and inhumanity. Our spirit is strengthened by remembering and our hope is in our strength. There is an American poem that says humanity, with all its fears and all its hopes, depends on us.

RESPONSIBILITY AS FREE PEOPLE

As a matter of fact, it was the Pope at the end of World War II when the world was so devastated, and yet, we alone remained so strong, who said, "America has a genius for great and unselfish deeds, and into the hands of America, God has placed an afflicted mankind." I think that that was a trust given to us that we should never betray. It is this responsibility as free people that we face today. It's this commitment among free people that we celebrate.

The hope of a ceremony such as this is that even a tortured past holds promise if we learn its lesson. According to Isaiah, there will be a new haven and a new earth and the voice of weeping will be heard no more. Together, with the help of God, we can bear the burden of our nightmare. It is up to us to ensure that we never live it again.

Theodore Roosevelt said that the Presidency was a bully pulpit. Well, I for one, intend that this bully pulpit shall be used on every occasion, where it is appropriate, to point a finger of shame at even the ugliness of graffiti, and certainly wherever it takes place in the world, the act of violence or terrorism, and that even at the negotiating table, never shall it be forgotten for a moment that wherever it is taking place in the world, the persecution of people, for whatever reason—persecution of people for their religious belief—that is a matter to be on that negotiating table or the United States does not belong at that table.

ALASKA IS COLD COMFORT TO JOB-SEEKING OUTSIDERS

Mr. STEVENS. Mr. President, there was a brief article in the Wall Street Journal last week that I want to bring to the attention of my colleagues, who may be getting questions on the subject.

The article is entitled "Alaska Is Cold Comfort to Job-Seeking Outsiders," and tells of the recent warning from my State to Americans in the lower 48 not to come north to Alaska this summer looking for work.

Many people do not realize that Alaska's unemployment rate is higher than the national average. There are not enough jobs for Alaskans, much less for non-Alaskans looking for summer work.

I ask unanimous consent that the Wall Street Journal article and the news release from the State of Alaska be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ALASKA IS COLD COMFORT TO JOB-SEEKING OUTSIDERS

Alaska is turning a cold shoulder to outsiders looking for work in the state.

In a statement released by the Alaska Department of Labor, officials warned job seekers to stay away this summer. "There are few jobs available in the state," says Labor Commissioner Edmund N. Orbeck, noting that construction of the Alaska Highway Gas Pipeline Project hasn't begun yet and that hiring for that project won't occur before 1983.

To back up their warning, officials add that the state's unemployment rate averaged 10% last year and note that "an excessive pool of unskilled labor" already exists in the state. "Job seekers shouldn't venture to Alaska looking for work unless they have a minimum of $2,000 and a return ticket home," says the labor agency.

JOBS ARE SCARCE IN ALASKA—JOB SEEKERS URGED TO STAY HOME

JUNEAU.—The Alaska Department of Labor has issued a warning urging job seekers not to look to Alaska for work this summer season. Commissioner of Labor, Edmund N. Orbeck, says "there are few jobs available in Alaska. The Alaska Highway Gas Pipeline Project has not begun construction in the state. Based on the most recent information from the project sponsor and governmental

agencies, no significant Gas Line hiring will take place until at least 1983."

Alaska's unemployment rate averaged 10 percent for the year which is higher than the national average of 7 percent, according to Orbeck. Alaska continues to have a high cost of living.

"This year the federal hiring situation, the cuts in public service jobs and high interest rates continue to impact Alaska jobs to a greater degree than nationally due to Alaska's limited employment base," the Commissioner said.

There remains an excessive pool of unskilled labor throughout the state. Semiskilled and skilled workers are available for the foreseeable future from those workers now residing in Alaska.

Job seekers should be warned of bogus advertisements offering high paying jobs or selling Alaska Job Kits for a certain dollar amount. This information is available for the cost of a postage stamp from the State of Alaska. Job seekers should not venture to Alaska looking for work unless they have a minimum of $2,000 and a return ticket home. Seek additional information before leaving home.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations and a withdrawal which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1127. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend Title V of the Housing Act of 1949; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1128. A communication from the Secretary of the Navy, transmitting a draft of proposed legislation to amend title 10 of the United States Code by repealing the provision limiting compensation for members of the Naval Research Advisory Committee to $50 per day; to the Committee on Armed Services.

EC–1129. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to permit the Army and Air Force to appoint physicians with at least four years of service credit to the Medical Corps Reserve in the initial pay grade of 0–3; to the Committee on Armed Services.

EC–1130. A communication from the Secretary of Transportation, transmitting, a revision to a previously submitted draft of proposed legislation relating to assistance to mass transportation systems; to the Committee on Banking, Housing, and Urban Affairs.

EC–1131. A communication from the Chairwoman of the Board of Directors of the Export-Import Bank of the United States, transmitting, pursuant to law, a report on loan, guarantee and insurance transactions supported by the Bank during March 1981 to communist countries; to the Committee on Banking, Housing, and Urban Affairs.

EC–1132. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, a summary of the study of the feasibility of collecting delinquency data for all home mortgages; to the Committee on Banking, Housing, and Urban Affairs.

EC–1133. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on certain actions taken under section 1434 of Public Law 85–804 during calendar year 1980; to the Committee on Commerce, Science, and Transportation.

EC–1134. A communication from the Secretary of Transportation, transmitting, pursuant to law, the eleventh annual report of operations under the Airport and Airway Development Act of 1970; to the Committee on Commerce, Science, and Transportation.

EC–1135. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to extend the appropriation authorization for reporting of weather modification activities, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–1136. A communication from the Chairman of the Civil Aeronautics Board, transmitting a draft of proposed legislation to terminate functions of the Civil Aeronautics Board and to transfer certain functions of the Board to the Secretary of Transportation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–1137. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize the Secretary of Commerce to plan and provide for the management and operation of a civil land remote sensing satellite system, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–1138. A communication from the Secretary of Energy, transmitting, pursuant to law, the Motor Vehicle Alcohol Usage Study Report; to the Committee on Energy and Natural Resources.

EC–1139. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on the receipt of project proposals under the provisions of the Small Reclamation Projects Act; to the Committee on Energy and Natural Resources.

EC–1140. A communication from the Secretary of Energy, transmitting, pursuant to law, a report on the receipt of project proposals under the Small Reclamation Project Act; to the Committee on Energy and Natural Resources.

EC–1141. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, a list of proposed prospectuses previously submitted to the Committee on Environment and Public Works; to the Committee on Environment and Public Works.

EC–1142. A communication from the Secretary of the Treasury, transmitting, pursuant to law, the eighth annual report on the operation and effect of the Domestic International Sales Corporation legislation; to the Committee on Finance.

EC–1143. A communication from the Assistant Secretary of the Treasury (Legislative Affairs), transmitting, pursuant to law, project performance reports prepared by the International Bank for Reconstruction and Development, special studies prepared by the External Review and Evaluation Office of the Inter-American Development Bank and project performance audit reports or project completion reports prepared by the Asian Development Bank; to the Committee on Foreign Relations.

EC–1144. A communication from the Acting Assistant Legal Advise for Treaty Affairs (Department of State), transmitting pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to May 7, 1981; to the Committee on Foreign Relations.

EC–1145. A communication from the Secretary of State, transmitting, a proposed change to previously submitted proposed legislation entitled the "International Security and Development Cooperation Act"; to the Committee on Foreign Relations.

EC–1146. A communication from the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, a report on the United States Munitions List; to the Committee on Foreign Relations.

EC–1147. A communication from the Secretary of Education, transmitting, pursuant to law, a report on administrative arrangements necessary to transfer the overseas dependents schools from the Department of Defense to the Department of Education; to the Committee on Governmental Affairs.

EC–1148. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Fraud in Government Programs: How Extensive Is It? How Can It Be Controlled?"; to the Committee on Governmental Affairs.

EC–1149. A communication from the Mayor of the District of Columbia, transmitting, pursuant to law, the annual report on the administration of the District of Columbia Unemployment Compensation Act for calendar year 1980; to the Committee on Governmental Affairs.

EC–1150. A communication from the Deputy Assistant Secretary of Defense (Administration), transmitting, pursuant to law, a report on a new system of records for the Department of Defense for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–1151. A communication from the Chairwoman of the Merit Systems Protection Board, transmitting, for the information of the Senate, a report entitled "Sexual Harassment In The Federal Workplace, Is It A Problem?"; to the Committee on Governmental Affairs.

EC–1152. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, legislation adopted by the Council on April 28, 1981; to the Committee on Governmental Affairs.

EC–1153. A communication from the Acting Deputy Assistant Secretary of the Interior for Indian Affairs, transmitting, pursuant to law, a report on the plan for the use of certain judgment funds of the Mississippi and Lake Superior Bands of Chippewa Indians; to the Select Committee on Indian Affairs.

EC–1154. A communication from the Attorney General of the United States, transmitting, pursuant to law, a report stating that the Department of Justice will not defend the constitutionality of a certain section of the Social Security Act on the case Connely v. Schweiker (D., Mass., Civil No. 80–2735–MC); to the Committee on the Judiciary.

EC–1155. A communication from the Executive Director of the Civil Air Patrol, transmitting, pursuant to law, the annual report of the Civil Air Patrol for calendar year 1980; to the Committee on the Judiciary.

EC–1156. A communication from the Chairperson of the National Advisory Council on Bilingual Education, transmitting, pursuant to law, the report of the Council; to the Committee on Labor and Human Resources.

EC–1157. A communication from the Acting Administrator of the Veterans Administration, transmitting a draft of proposed legislation to amend chapter 19 of title 38, United States Code, to permit the unrestricted assignment of a beneficiary's interest in the proceeds of a Government Life Insurance policy in cases involving contested claims, and to increase the amounts an attorney may receive for representing a claimant in such cases, and for other purposes; to the Committee on Veterans' Affairs.

EC–1158. A communication from the Acting Administrator of the Veterans Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, to provide additional flexibility within the Veterans' Administration's existing medical personnel management system; to the Committee on Veterans' Affairs.

EC–1159. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals for May 1981; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations and the Committeee on the Budget.

EC–1160. A communication from the Chairman of the National Advisory Council on International Monetary and Financial Policies, transmitting, pursuant to law, the special report of the Council on the General Capital Increase of the International Bank for Reconstruction and Development; by unanimous consent, referred jointly to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs.

EC–1161. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to consolidate Federal grants to States for social services, to eliminate unnecessary restrictions on those programs and increase flexibility in a State's exercise of its responsibility for program administration, and for other purposes, by unanimous consent, referred jointly to the Committee on Finance, and the Committee on Labor and Human Resources.

JOINT REFERRAL OF CERTAIN COMMUNICATIONS

EC–1160

Mr. BAKER. Mr. President, I ask unanimous consent that a communication from the Chairman of the National Advisory Council on International Monetary and Financial Policies transmitting a report from the National Advisory Council on International Monetary and Financial Policies be jointly referred to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

EC–1161

Mr. BAKER. Mr. President, I ask unanimous consent that a communication from the Secretary of Health and Human Services and a draft bill from the secretary concerning the Social Services Block Grant Act be jointly referred to the Committee on Labor and Human Resources and the Committee on Finance.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–99. A resolution adopted by the House of Representatives of the Legislature of the State of Hawaii; to the Committee on Appropriations;

"HOUSE RESOLUTION

"Whereas, unemployment is a major problem which has confronted the State of Hawaii together with the rest of the nation in recent years; and

"Whereas, high unemployment not only undermines the economy but also drains the State's resources in terms of increased unemployment benefits paid out, decreased tax revenues, and increased payments of public assistance benefits; and

"Whereas, while some improvements in the unemployment rate have been made in Hawaii in recent months, the number of unemployed citizens is expected to rise again because of the imminent adverse state of the economy; and

"Whereas, both the federal and state governments have addressed the problem of unemployment over the years by providing public service employment programs (the Comprehensive Employment and Training Act (CETA) and the State Comprehensive Employment and Training (SCET) program, respectively) offering temporary work to unemployed persons; and

"Whereas, in Hawaii, it is evident that the public service programs have been quite effective training and helping those in need of employment; and

"Whereas, however, in recent months the Federal Government has announced its intention to completely phase out the funding for the federal CETA public service employment program by September 30, 1981; and

"Whereas, the curtailment of the CETA program will result in over 800 layoffs statewide in the coming months; and

"Whereas, at least fifty per cent of those laid off are welfare eligibles who will return to public assistance if they fail to find employment; and

"Whereas, the individuals currently participating in the CETA program are not only providing invaluable public service throughout the State but are also receiving excellent training, experience, and preparation for future permanent employment in the public as well as the private sectors; and

"Whereas, the role of government in creating and stimulating employment is crucial since possibly only government has the necessary resources and authority to effectively deal with the problem; and

"Whereas, the most effective method to create more jobs and to boost the nation's economy during this period of high nationwide unemployment is the direct funding by Congress of public employment programs; and

"Whereas, by continuing the CETA funds thousands of individuals nationwide who are quite willing to work but are unable to find jobs can be aided and saved from the stigma of the welfare rolls and possibly from engaging in criminal activities to make ends meet; now, therefore,

"Be it resolved by the House of Representatives of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, that the President of the United States and the United States Congress are respectfully requested to reconsider the decision to phase out the CETA public service employment program and to extend and continue to fund the program until such time that the nationwide unemployment rate is improved; and

"Be it further resolved That certified copies of this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Hawaii Delegation to the United States Congress."

POM–100. A petition from a citizen of Miami, Florida, favoring congressional cooperation with the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–101. A resolution adopted by the Senate of the Legislature of the State of New Hampshire, to the Committee on Labor and Human Resources:

"SENATE RESOLUTION No. 4

"Whereas, Public Law 93–641 of the 93d Congress of the United States, known as the 'National Health Planning and Resources Development Act of 1974' mandates the establishment of a health systems agency for each health service area; and

"Whereas, Public Law 93–641 also mandates the designation of a state agency to coordinate the plans and activities of all state health systems agencies and to administer and carry out the state's health planning and development functions; and

"Whereas, the New Hampshire department of health and welfare has been designated the state agency and the office of health planning and development has been established in the department to carry out the functions of Public Law 93–641; and

"Whereas, Public Law 93–641 does not clearly delineate different responsibilities for the office of health planning and development and the health system agency in states where there is only one health systems agency; and

"Whereas, the New Hampshire health systems agency duplicates the activities and functions of the office of health planning and development; and

"Whereas, the health and welfare committee has recommended to the New Hampshire House of Representatives based on the sunset report that the health systems agency be terminated: and

"Whereas, the Congress of the United States has the power to amend P.L. 93–641 to promote savings and efficiency; Now, Therefore, Be It

"Resolved by the Senate, That the Congress of the United States is hereby urged to enact legislation terminating the requirement of a health systems agency for the state of New Hampshire; and

"That copies of this resolution be forwarded to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the Administrator of General Services of the United States, and members of the New Hampshire Congressional delegation."

POM–102. A resolution of the Private Industry Councils from the State of Texas, expressing their opinions on employment and training programs; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. Res. 119. A resolution commending Peter Salmon for his long, faithful, and exemplary service to the cause of the blind.

ORDER FOR SEQUENTIAL REFERRAL

Mr. BAKER. Mr. President, I ask unanimous consent that an original bill, the "Union Station Depletion Act for 1981," when reported by the Committee

on Commerce, Science, and Transportation be then referred to the Committee on Environment and Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

William Stewart Heffelfinger, of Virginia, to be an Assistant Secretary of Energy (Management and Administration).

Robert C. Odle, Jr., of Virginia, to be an Assistant Secretary of Energy (Congressional, Intergovernmental, and Public Affairs).

R. Tenny Johnson, of Maryland, to be General Counsel of the Department of Energy.

(The above nominations reported from the Committee on Energy and Natural Resources, with the recommendation that they be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. ROTH, from the Committee on Governmental Affairs:

Louis O. Giuffrida, of California, to be Director of the Federal Emergency Management Agency.

(The above nomination, reported from the Committee on Governmental Affairs, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

THE NOMINATION OF LOUIS O. GIUFFRIDA

SUBMISSION OF NOMINATION

The Senate formally received the nomination of Mr. Louis O. Giuffrida, of San Luis Obispo, California, to be Director of the Federal Emergency Management Agency on April 3, 1981. The nomination was subsequently referred to the Committee on Governmental Affairs.

TRAINING, EDUCATION, AND EXPERIENCE OF LOUIS O. GIUFFRIDA

Mr. Giuffrida graduated in 1947 from the University of Connecticut with a B.A. in English. He received an M.A. in International Relations from Boston University's graduate school in 1966.

Mr. Giuffrida was a career military officer. After teaching at Admiral Farragut Academy in Pine Beach, New Jersey in 1947 and Valley Forge Academy in Wayne, Pennsylvania in 1947 and 1948, he joined the Army. Mr. Giuffrida served as a platoon leader and company commander in various locations from 1948 to 1955; he was a captain and major, stationed in Europe from 1955–1959; he was then stationed in the United States from 1959–1963. In 1963, Mr. Giuffrida was promoted to Lieutenant Colonel and stationed in Europe until 1966. He returned to the United States from Europe in 1968, was promoted to Colonel, and retired from the active military in 1971.

In 1971, in cooperation with the Office of Governor Reagan, Mr. Giuffrida was selected as the Director of the California Specialized Training Institute—a position which he has held until this year. The Institute was designed to improve the capacity of state and local officials to respond to the intensified demands placed on them in civil emergency situations, including floods, earthquakes and disorders.

In 1978, the nominee created a company called "Specialized Services Management Company" based in San Luis Obispo. This company did consulting work in areas relating to emergency preparedness.

Mr. Giuffrida received the following honors and awards from his military service: Legion of Merit medal; Bronze Star medal; Meritorious Service medal; Army Commendation medal with metal pendant with cluster; Joint Chiefs of Staff badge; and Presidential Unit Citation.

The nominee has written several articles and papers on emergency preparedness and crisis management situations. These include: MIPSEF—A Partial Answer to Rear Area Security, 1960; The Fail Safe Decisions—A Study in Problem Solving at the Presidential Level, 1966; The Language of Terrorism, 1980; and Planning for Special Management Emergency—A Continuing Requirement, 1978.

Mr. Giuffrida is a member of the International Association of Chiefs of Police, the California Peace Officers Association and the Criminal Justice Administrators Association. Since 1974, he has been a member of San Luis Obispo City Human Relations Commission. And, in 1980 he was a co-editor of a book entitled Help Me, I'm Hurt, a child victim handbook.

COMMITTEE ACTION

Under procedures established by the Committee for considering nominations, a detailed biographical and financial information questionnaire was submitted to Mr. Giuffrida. The Committee also requested that the nominee respond to prehearing questions in writing. These questions concerned both substantive policy matters relating to the mission of the Federal Emergency Management Agency and specific actions Mr. Giuffrida intends to take as Director of that Agency. Both the biographical and financial information, and the responses to the prehearing questions are appendices to this report. It is the policy of the committee that a nominee's financial disclosure statement is not reproduced or published as a part of the hearing record. However, this information is retained in the Committee offices for inspection by the public.

Committee procedures call for an independent review of a nominee's background. This includes a review of any investigative reports compiled concerning the nominee, including the Federal Bureau of Investigation's summary report on the background of the nominee and an interview with the nominee. All of these requirements were met during the committee's investigation, and a confidential staff report, which concluded that no further investigation is necessary, was filed with the Chairman and the Ranking Minority Member and made available to all other Members of the Committee.

On May 5, 1981, Mr. Giuffrida appeared before the Committee on Governmental Affairs to testify on his appointment to be Director of the Federal Emergency Management Agency. Mr. Giuffrida was introduced to the Committee by the Representative from the 14th Congressional District of California, Congressman Shumway.

COMMITTEE RECOMMENDATION

On May 12 the Committee on Governmental Affairs met to consider the nomination of Mr. Louis O. Giuffrida to be Director of the Federal Emergency Management Agency. Based on its review of the nominee's responses to the biographical and financial questionnaire, the FBI investigative report, the responses to the prehearing questions, personal interview with the nominee, and the testimony and responses to questions at the hearing itself, the Committee believes that Mr. Giuffrida is well qualified by reason of training, education, experience and integrity to be the Director of the Federal Emergency Management Agency.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. LONG (for himself, Mr. BAUCUS, Mr. BENTSEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. CRANSTON, Mr. DANFORTH, Mr. DECONCINI, Mr. DIXON, Mr. DURENBERGER, Mr. EAGLETON, Mr. HATFIELD, Mr. HEFLIN, Mr. INOUYE, Mr. JOHNSTON, Mr. KASTEN, Mr. LEVIN, Mr. MATHIAS, Mr. MATSUNAGA, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. TOWER, Mr. TSONGAS, and Mr. ZORINSKY):

S. 1162. A bill to amend the Internal Revenue Code of 1954 to increase the allowable contributions to employee stock ownership plans, to provide a credit against tax for contributions to an employee stock ownership plan based upon payroll as an alternative to that based on investment in equipment and for other purposes; to the Committee on Finance.

By Mr. NUNN (for himself, Mr. RUDMAN, Mr. CHILES, and Mr. NICKLES):

S. 1163. A bill to increase the penalties for violations of the Taft-Hartley Act, to prohibit persons, upon their convictions of certain crimes, from holding offices in or certain positions related to labor organizations and employee benefit plans, and to clarify certain responsibilities of the Department of Labor; to the Committee on Labor and Human Resources.

By Mr. KASTEN:

S. 1164. A bill to amend title 38, United States Code, to expand the eligibility of former prisoners of war for certain health-care benefits provided by the Veterans' Administration, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. WEICKER (for himself, Mr. STAFFORD, Mr. EAGLETON, and Mr. KENNEDY):

S. 1165. A bill to reauthorize the low-income energy assistance program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. WEICKER (for himself, Mr. HATFIELD, Mr. HEINZ, Mr. WALLOP, Mr. BUMPERS, Mr. METZENBAUM, and Mr. MATSUNAGA):

S. 1166. A bill to provide weatherization assistance to States in the form of energy grants; to the Committee on Energy and Natural Resources.

By Mr. CHILES:

S. 1167. To amend title 5 of the United States Code to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes; to the Committee on Governmental Affairs.

By Mr. DECONCINI:

S. 1168. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to require as a condition of assistance under such Act that law enforcement agencies have in effect a binding law enforcement officers' bill of rights; to the Committee on the Judiciary.

By Mr. LAXALT (for himself and Mr. CANNON):

S. 1169. A bill to authorize the recreational use of Ruby Lake National Wildlife Refuge in the State of Nevada; to the Committee on Energy and Natural Resources.

By Mr. PELL:

S. 1170. A bill to authorize appropriations for the energy conservation program for schools and hospitals and for the energy conservation program for buildings owned by units of local government and public care institutions, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. COCHRAN:

S. 1171. A bill to repeal the residential conservation service program and the commercial and apartment conservation service program; to the Committee on Energy and Natural Resources.

By Mr. JEPSEN:

S. 1172. A bill to amend the Internal Revenue Code of 1954 to eliminate the holding period requirements for capital gains treatment; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LONG (for himself, Mr. BAUCUS, Mr. BENTSEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. CRANSTON, Mr. DANFORTH, Mr. DECONCINI, Mr. DIXON, Mr. DURENBERGER, Mr. EAGLETON, Mr. HATFIELD, Mr. HEFLIN, Mr. INOUYE, Mr. JOHNSTON, Mr. KASTEN, Mr. LEVIN, Mr. MATHIAS, Mr. MATSUNAGA, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. TOWER, Mr. TSONGAS, and Mr. ZORINSKY):

S. 1162. A bill to amend the Internal Revenue Code of 1954 to increase the allowable contributions to employee stock ownership plans, to provide a credit against tax for contributions to an employee stock ownership plan based upon payroll as an alternative to that based on investment in equipment, and for other purposes; to the Committee on Finance.

The remarks of Mr. LONG on this legislation and the text of the bill appear earlier in today's RECORD.

By Mr. NUNN (for himself, Mr. RUDMAN, Mr. CHILES, and Mr. NICKLES):

S. 1163. A bill to increase the penalties for violations of the Taft-Hartley Act, to prohibit persons, upon their convictions of certain crimes, from holding offices in or certain positions related to labor organizations and employee benefit plans, and to clarify certain responsibilities of the Department of Labor; to the Committee on Labor and Human Resources.

LABOR RACKETEERING ACT OF 1981

● Mr. NUNN. Mr. President, on behalf of myself and Senators RUDMAN, CHILES, and NICKLES, I am today introducing a bill which is designed to help ease the problems of corruption on the Nation's waterfronts. The bill increases criminal penalties for violations of the Taft-Hartley Act and provides for the immediate suspension of convicted persons from union offices.

Designated the "Labor Racketeering Act of 1981" the bill is a direct outgrowth of public hearings on waterfront corruption before the permanent Subcommittee on Investigations in February of this year. As ranking minority member and former chairman of the subcommittee, I had the opportunity to direct an extensive staff investigation of criminal activity within both the International Longshoremen's Association—ILA—and the American shipping industry.

Spurred by the success of the Department of Justice's UNIRAC investigation, the subcommittee staff interviewed numerous witnesses and reviewed countless other items of evidence in order to convey to the American public an accurate portrait of the American waterfront in the 1980's. That portrait, as presented in 2 weeks of hearings in February of this year, is, unfortunately, a dismal one.

Witness after witness described the struggle for economic survival in some ports which are riddled with a pervasive pattern of kickbacks and illegal payoffs to union officials.

My colleagues and I heard of payoffs to insure the award of work contracts, payoffs to maintain contracts already awarded, payoffs to insure labor peace, payoffs to allow management circumvention of labor strikes, payoffs to prevent the filing of fraudulent workmen's compensation claims, payoffs to expand business activity into new ports, and payoffs to accord certain companies the freedom to circumvent ILA contract requirements with impunity.

Especially distrusting is the fact that the evidence clearly suggests that, through that system of payoffs, recognized leaders of the traditional organized crime families influence and effectively dominate the International Longshoremen's Association and large segments of the American shipping industry.

Moreover, we were told that a payoff is commonly treated as a mere cost of doing business which can be, and is, routinely passed on as an added cost to the consumer. Our traditional and cherished notions of free enterprise have become nearly nonexistent in the ports of this country.

These payoffs, though illegal under current law, are punishable only as a misdemeanor.

The bill which I am introducing today makes any such violation involving an amount of money greater than $1,000 a felony, punishable by up to 5 years imprisonment or a fine of up to $15,000, or both.

The bill also attempts to rid labor organizations and employee benefit plans of the influence of persons convicted of criminal offenses. Current disbarment provisions (29 U.S.C. 504 and 29 U.S.C. 1111) are expanded in several significant ways: Enlarging the criminal offenses resulting in disbarment; enlarging the categories of persons affected by the disbarment provisions: increasing the duration of time barred from office or position from 5 to 10 years; and providing for disbarment immediately upon conviction, rather than after appeal.

The bill does provide that any salary otherwise payable shall be placed in escrow pending final disposition of any appeal.

Finally, the bill clearly delineates the responsibility and authority of the Department of Labor to actively and effectively investigate and refer for prosecution criminal activities on the waterfront.

Our hearings strongly indicated that corruption within the leadership of the ILA, as documented by the convictions of numerous ILA officers, is depriving the average longshoreman of the full benefits of his union membership.

Not only has the ILA itself failed to act to remove those officials and prevent further corruption, but ILA President Teddy Gleason himself testified, with apparent lack of concern, that the ILA may have to operate a rehabilitation center.

In light of those facts and that kind of indifference, it is imperative that Congress itself act swiftly to halt the growing corruption on our waterfronts. The Labor Racketeering Act of 1981 is one significant step in that direction. It should serve as a signal to organized crime and corrupt union leaders that the American public will no longer tolerate their manipulation of our waterfront economy for criminal ends.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1163

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be referred to as the "Labor Racketeering Act of 1981".

SEC. 2. Subsection (d) of section 186 of Title 29, United States Code, as amended, is amended to read as follows:

"(d)(1) Any person who willfully violates any of the provisions of subsection (a) or (b) of this section shall, upon conviction thereof, be guilty of a felony and be subject to a fine of not more than $15,000, or imprisoned for not more than five years, or both; but if the value of the amount of money or thing of value involved in violation(s) of the provisions of this section does not exceed $1,000, he shall be guilty of a misdemeanor and be subject to a fine of not more than $10,000, or imprisoned for not more than one year, or both."

SEC. 3. Subsection (a) of section 1111 of Title 29, United States Code, as amended, is amended to read as follows:

"(a) No person who has been convicted of any felony in any State or Federal court, or any violation of any Federal or State criminal statute which involved the use or misuse of such person's labor organization or employee benefit plan affiliation (including misdemeanors), or conspiracy to commit any such crimes or attempt to commit any such crimes, or a crime in which any of the foregoing crimes is an element, shall serve or be permitted to serve—

(1) As an administrator, fiduciary, officer, trustee, custodian, counsel, agent, employee or representative in any capacity of any employee benefit plan or,

(2) As a consultant or advisor to any labor organization or employee benefit plan,

(3) As an officer, director, trustee, member of any executive board or similar governing body, business agent, manager, organizer, employee or representative in any capacity of any labor organization,

(4) As a labor relations consultant or advisor to a person engaged in an industry or activity affecting commerce, or as an officer, director, agent or employee of any group or

association of employees dealing with any labor organization,

(5) As an individual who is able to use, sell, transfer, disburse, receive, pledge, divert, convert or influence in any manner directly or indirectly the monies, funds, assets and property of any labor organization or employee benefit plan,

(6) As an individual who is able to receive directly or indirectly the benefits, salary or other thing of value of any labor organization or employee benefit plan,

(7) As a provider of services or goods to any labor organization or employee benefit plan,

(8) As an individual who participates directly or indirectly in the selection of administrators, fiduciaries, officers, trustees, custodians, counsel, agents, employees, consultants, business agent, manager, members of governing bodies, organizers or service providers to a labor organization or an employee benefit plan,

(9) As a person who deals with any labor organization or employee benefit plan either directly or indirectly,

during or for ten years after such conviction or after the end of such imprisonment, whichever is the later, unless prior to the end of such ten-year period, in the case of a person so convicted or imprisoned, (A) his citizenship rights, having been revoked as a result of such conviction, have been fully restored, or (B) the Board of Parole of the United States Department of Justice determines that such person's service in any capacity referred to in paragraph (1) through (9) would not be contrary to the purposes of this subchapter. Prior to making any such determination the Board shall hold an administrative hearing and shall give notice to such proceeding by certified mail to the State, county, and Federal prosecuting officials in the jurisdiction or jurisdictions in which such person was convicted. The Board's determination in any such proceeding shall be final. No person shall knowingly permit any other person to serve in any capacity in violation of this section."

SEC. 4. Subsection (b) of section 1111 of Title 29, United States Code, as amended, is amended as follows:

"(b) Any person who intentionally violates this section shall be fined not more than $10,000 or imprisoned not more than 5 years or both."

SEC. 5. Subsection (c) of section 1111 of Title 29, United States Code, as amended, is amended to read as follows:

"(c) For the purpose of this section:

(1) A person shall be deemed to have been "convicted" and under the disability of "conviction" from the date of the judgment of the trial court, regardless of whether that judgment remains under appeal.

(2) The term "consultant" means any person who, for compensation, advises, or represents a labor organization or an employee benefit plan or who provides other assistance to such organization or plan, concerning the establishment or operation of such organization or plan.

"(3) A period of parole shall not be considered as part of a period of imprisonment."

SEC. 6. Section 1111 of Title 29, United States Code, as amended, is amended by adding at the end thereof the following:

"(d) Where any person, by operation of this section, has been barred from office or other position in a labor organization or employee benefit plan as a result of a conviction, upon the filing of an appeal of that conviction, any salary which would be otherwise due him by virtue of said office or position, shall be placed in escrow by the individual or organization responsible for payment of said salary. Payment of said salary into escrow shall continue for the duration of the appeal or for the period of time during which said salary would be otherwise due, whichever period is shorter. Upon the final reversal of said person's conviction on appeal, the amounts in escrow shall be paid to him. Upon the final sustaining of that person's conviction on appeal, the amounts in escrow shall be returned to the individual or organization who was responsible for payments of those amounts. Upon final reversal of said person's conviction, and person shall no longer be barred by this statute from assuming any position said person was previously barred from."

SEC. 7. Subsection (a) of section 504 of Title 29, United States Code, as amended, is amended to read as follows:

"(a) No person who is or has been a member of the Communist Party or who has been convicted of any felony in any State or Federal Court, or any violation of any Federal or State criminal statute which involved the use or misuse of such person's labor organization or employee benefit plan affiliation (including misdemeanors) or conspiracy to commit any such crimes or attempt to commit any such crimes, or a crime in which any of the foregoing crimes is an element, shall serve or be permitted to serve—

"(1) As an administrator, fiduciary, officer, trustee, custodian, counsel, agent, employee or representative in any capacity of any employee benefit plan or,

"(2) As a consultant or advisor to any labor organization or employee benefit plan,

"(3 As an officer, director, trustee, member of any executive board or similar governing body, business agent, manager, organizer, employee or representative in any capacity of any labor organization,

"(4) As a labor relations consultant or advisor to a person engaged in an industry or activity affecting commerce, or as an officer, director, agent or employee of any group or association of employees dealing with any labor organization.

"(5) As an individual who is able to use, sell, transfer, disburse, receive, pledge, divert, convert or influence in any manner directly or indirectly the moneys, funds, assets and property of any labor organization or employee benefit plan,

"(6) As an individual who is able to receive directly or indirectly the benefits, salary or other thing of value of any labor organization or employee benefit plan,

"(7) As a provider of services or goods to any labor organization or employee benefit plan,

"(8) As an individual who participates directly or indirectly in the selection of administrators, fiduciaries, officers, trustees, custodians, counsel, agents, employees, consultants, business agent, manager, members of governing bodies, organizers, or service providers to a labor organization or an employee benefit plan,

"(9) As a person who deals with any labor organization or employee benefit plan either directly or indirectly,

during or for ten years after the termination of his membership in the Communist Party, or for ten years after such conviction or after the end of such imprisonment, whichever is later, unless prior to the end of such ten-year period, in the case of a person so convicted or imprisoned, (A) his citizenship rights, having been revoked as a result of such conviction, have been fully restored, or (b) the Board of Parole of the United States Department of Justice determines that such person's service in any capacity referred to in clause (1) through (9) would not be contrary to the purposes of this chapter. Prior to making any such determination the Board shall hold an administrative hearing and shall give notice of such proceeding by certified mail to the State, county, and Federal prosecuting officials in the jurisdiction or jurisdictions in which such person was convicted. The Board's determination in any such proceeding shall be final. No person shall knowingly permit any other person to serve in any capacity in violation of this section."

SEC. 8. Subsection (b) of section 504 of Title 29, United States Code, as amended, is amended to read as follows:

"(b) Any person who willfully violates this section shall be fined not more than $10,000 or imprisoned for not more than five years, or both."

SEC. 9. Subsection (c) of section 504 of Title 29, United States Code, as amended, is amended to read as follows:

"(c) For the purpose of this section:

"(1) Any person shall be deemed to have been 'convicted' and under the disability of 'conviction' from the date of the judgment of the trial court, regardless of whether that judgment remains under appeal.

"(2) The term 'consultant' means any person who, for compensation, advises or represents a labor organization or employee benefit plan or who provides other assistance to such organization or plan, concerning the establishment or operation of such organization or plan.

"(3) A period of parole shall not be considered as part of a period of imprisonment."

SEC. 10. Section 504 of Title 29, United States Code, as amended, is amended by adding at the end thereof the following:

"(d) Where any person, by operation of this section, has been barred from office or other position in a labor organization or employee benefit plan as a result of a conviction, upon the filing of an appeal of that conviction, any salary which would be otherwise due him by virtue of said office or position, shall be placed in escrow by the individual employer or organization responsible for payment of said salary. Payment of said salary into escrow shall continue for the duration of the appeal or for the period of time during which said salary would be otherwise due, whichever period is shorter. Upon the final reversal of said person's conviction on appeal the amounts in escrow shall be paid to him. Upon the final sustaining of that person's conviction on appeal, the amounts in escrow shall be returned to the individual employer or organization who was responsible for payments of those amounts. Upon final reversal of said person's conviction, said person shall no longer be barred by this statute from assuming any position said person was previously barred from."

SEC. 11. The title of section 1136 of title 29, United States Code, is amended to read as follows:

"Coordination and Responsibility of Agencies Enforcing E.R.I.S.A. and Related Federal Laws."

SEC. 12. The first full paragraph of section 1136 of title 29, United States Code, is amended by adding the following at the beginning of said paragraph:

"(a) Coordination with other agencies and departments."

SEC. 13. Section 1136 of title 29, United States Code, is amended by adding the following subsection after subsection (a):

"(b) Responsibility for detecting and investigating civil and criminal violations of E.R.I.S.A. and related Federal laws. The Secretary shall have the responsibility and authority to detect and investigate civil and criminal violations related to the provisions of this subchapter and other related Federal laws, including but not limited to the detection, investigation and appropriate referrals of related violations of Title 18 of the United States Code.

"(1) Nothing in this subsection shall be construed to preclude other appropriate Federal agencies from detecting and investigating civil and criminal violations of this subchapter and other related Federal laws." ●

By Mr. KASTEN:

S. 1164. A bill to amend title 38, United States Code, to expand the eligibility of former prisoners of war for certain health care benefits provided by the Veterans' Administration, and for other purposes; to the Committee on Veterans' Affairs.

OMNIBUS PRISONER OF WAR ACT OF 1981

● Mr. KASTEN. Mr. President, I rise today to introduce a bill which would expand the care provided to former prisoners of war in the Veterans' Administration health care facilities with the introduction of the Omnibus Prisoner of War Act of 1981. I ask unanimous consent that at the conclusion of my remarks, the text of the bill be printed in the RECORD.

Mr. President, the problems of our former POW's are immense and current legislation is woefully inadequate. These problems have been evident for the last 30 years. Two years ago, the Congress mandated a study by the Veterans' Administration in cooperation with the Secretary of Defense, to determine and then recommend those requirements necessary which would adequately attend to the needs of our former prisoners of war. This excellent study provided the framework to determine compensation and health care benefits for those veterans who suffered as a result of their captivity.

The time has come to restore benefits to our ex-POW's, whose individual freedoms were abridged as they defended the honor of America. Their period of internment was, as everybody knows, harsh, cruel, and demoralizing. Many contracted sicknesses or began to develop mental disorders, all in addition to wounds or injuries suffered prior to captivity. With these problems in mind, our ex-POW's need additional attention to help remedy their disabilities. Treatment by the Veterans' Administration should be furnished to our POW's on a priority system, based on actual need. Currently, our Nation's ex-POW's are not furnished priority treatment nor do they receive additional consideration by our VA health care system. It is time they did.

Mr. President, the Omnibus Prisoner of War Act of 1981 seeks to address the needs of approximately 90,000 former POW's by amending certain sections of title 38 of the United States Code.

First, the bill gives the Administrator of the Veterans' Administration the authority to establish an advisory committee to provide timely information on ex-POW needs. The membership will be composed of recognized medical authorities, former prisoners of war and other members who would assess medical technology and other information.

Second, the bill eliminates the 6-month duration requirement for prisoner-of-war status. This requirement determines compensation for suffering as a result of dietary deficiencies, forced labor or inhumane treatment.

Third, the list of presumptive clauses will be expanded to include chronic respiratory ailments, frozen feet, and gastro-intestinal disorders.

Fourth, the bill eliminates the 2-year reporting period for psychosis and includes psychoneurotic disorders and psychophysiologic disorders.

Fifth, this legislation will provide for and include former prisoners of war priority with respect to inpatient and outpatient health care at VA facilities.

Mr. President, I would like to thank and commend the American ex-prisoners of war organization, their national commander, Mr. Stan Sommers, and those other groups representing the veterans community for their diligent efforts in focusing the attention of the Congress on the plight of our former prisoners of war. I have worked with the American ex-POW's organization in drafting this legislation and believe it incorporates the goals the former POW's have sought. Additionally, I believe this legislation, if enacted into law, will truly reflect the needs of our former prisoners of war. As the previous Congress set the pace by formulating the groundwork for this legislation, we must concern ourselves with the passage of legislation which will finally resolve this long-standing issue of need.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 1164

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Omnibus Prisoner of War Act of 1981".

SEC. 2. (a) Subchapter II of chapter 3 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 221. Authority to establish advisory committee on former prisoners of war

"(a) The Administrator may establish an advisory committee to assess medical and other information concerning former prisoners of war and to advise the Administrator on appropriate policies and procedures of the Veterans' Administration with respect to former prisoners of war.

"(b) The Administrator shall, to the extent possible, include in the membership of any advisory committee established pursuant to this section individuals who were prisoners of war during World War I, World War II, the Korean conflict, and the Vietnam era and individuals who are recognized authorities in fields such as psychiatry, psychology, internal medicine, nutrition, epidemiology, and geriatrics. The Administrator may include as members of any such advisory committee officers or employees of other executive departments and agencies.

"(c) The Administrator shall determine the number of and terms of service for members of any advisory committee established pursuant to this section. Members of any such committee shall be compensated in accordance with the guidelines established under section 7 of the Federal Advisory Commitee Act.

"(d) Any advisory committee established pursuant to this section shall meet on a regular basis, as prescribed by the Administrator, and shall submit a report on its activities to the Administrator at least once every two years.".

(b) The table of sections for such chapter is amended by inserting after the item relating to section 220 the following new item:

"221. Authority to establish advisory committee on former prisoners of war.".

SEC. 3. (a) Section 312 of title 38, United States Code, is amended—

(1) by striking out "for not less than six months" in subsection (b); and

(2) by inserting after the item relating to chronic dysentery in clause (1) of subsection (c) the following new items: "Chronic respiratory ailment, "Frozen feet, "Gastro-intestinal disorder,".

(b) Clause (2) of section 312(c) of such title is amended to read as follows:

"(2) Psychosis, psychoneurotic disorder, or psychophysiologic disorder which became manifest to a degree of 10 per centum or more after such service;".

SEC. 4. Section 610(a)(3) of title 38, United States Code, is amended—

(1) by striking out "and" at the end of clause (3);

(2) by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following new clause:

"(5) a veteran who, while serving in the active military, naval, or air service, was held as a prisoner of war by an enemy government or its agents during World War I, World War II, the Korean conflict, or the Vietnam era.".

SEC. 5. (a) Subsection (f) of section 612 of title 38, United States Code, is amended—

(1) by striking out "and" at the end of clause (1);

(2) by striking out the period at the end of clause (2) and inserting in lieu thereof a semicolon and "and"; and

(3) by inserting after clause (2) the following new clause:

"(3) to any veteran who, while serving in the active military, naval, or air service, was held as a prisoner of war by an enemy government or its agents during World War I, World War II, the Korean conflict, or the Vietnam era.".

(b) Subsection (i)(2) of such section is amended by striking out "subsection (f)(2)" and inserting in lieu thereof "clause (2) or (3) of subsection (f)".●

By Mr. WEICKER (for himself, Mr. STAFFORD, Mr. EAGLETON, and Mr. KENNEDY):

S. 1165. A bill to reauthorize the low-income energy assistance program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. WEICKER (for himself, Mr. HATFIELD, Mr. HEINZ, Mr. WALLOP, Mr. BUMPERS, Mr. METZENBAUM, and Mr. MATSUNAGA):

S. 1166. A bill to provide weatherization assistance to States in the form of energy grants; to the Committee on Energy and Natural Resources.

CHANGES IN CERTAIN STATE-ADMINISTERED CONSERVATION PROGRAMS

● Mr. WEICKER. Mr. President, I am introducing today two bills designed to reauthorize the low-income energy assistance program, the low-income weatherization program, and four other State-administered conservation programs. Each of these programs will expire at the end of the current fiscal year unless prompt action is taken by the Congress.

Let me say at the outset of my remarks that I had hoped to introduce one bill which would coordinate and consolidate these two extremely important programs. Due to the May 15 reporting deadline and the complexities

associated with merging the existing HHS and DOE programs, it has become necessary to offer separate reauthorization bills at this time. It is my hope however to continue to work to develop a comprehensive and coordinated energy assistance policy.

Mr. President, as a direct result of our Federal energy deregulation policy, dramatic increases have occurred in the cost of home heating fuels and the cost of home energy in general. From January 1972 through February 1980, the average retail price of natural gas rose 248 percent; the average retail price for fuel oil rose 396 percent; and the average retail price for electricity rose 162 percent. These massive increases have occurred during a period when the Consumer Price Index rose only 92 percent. In addition, reliable data projections show that the cost of home energy will continue to rise at excessive rates.

We all recognize that the cost of essential home energy imposes a disproportionately larger burden on fixed income, lower income- and lower middle-income households. In some cases the cost associated with essential home energy needs can reach 50 percent of a low-income family's total income.

Based on estimates compiled by the Northeast-Midwest congressional coalition, the average 1980 household energy bill in New England was $1,325, a more than threefold increase over the average bill of $386 in 1970. Midwest residents paid the second highest amount at $1,150. In the Mid-Atlantic States, the average was $1,100. The average for the South was $896 and the average for the West was $676. As these costs climb many low- and fixed-income Americans are forced to pay a greater and greater share of their income on energy-related expenses.

Historically, Mr. President, the Congress has recognized the need to provide assistance to low-income households. Beginning in 1973, Congress established a crisis intervention program within the Community Services Administration to help eligible households meet rising energy costs and deal with unexpected energy emergencies. This effort culminated with the enactment of the Home Energy Assistance Act, title III of the Windfall Profit Tax Act, which explicitly committed 25 percent of the basic net revenues to assist low-income households to meet rising energy costs.

In summary, Mr. President, my bills attempt to continue the Federal commitment to low-income households by providing the needed assistance required to offset rising home energy costs.

Briefly, my first bill, the Low-Income Energy Assistance Act of 1981:

First, authorizes the Secretary of Health and Human Services to make grants available to eligible households to meet rising energy costs;

Second, authorizes appropriations of $2.5 billion in fiscal year 1982 and such sums as may be necessary in the 2 succeeding fiscal years;

Third, defines an eligible household: First a household eligible for AFDC, SSI, food stamps, and certain income tested veterans pensions, second, a household with an income equal to or less than 125 percent of the poverty level;

Fourth, requires the Secretary of Health and Human Services to allot 90 percent of the funds according to the fiscal year 1981 Continuing Resolution Formula;

Fifth, requires the Secretary to set aside: first, $2,500,000 to the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, second, $200,000,000 to CSA for crisis intervention activities, and third, $3,000,000 for outreach activities designed to assure that eligible households with elderly members or handicapped members are made aware of the assistance under this Act;

Sixth, requires that each State desiring to receive assistance must submit a State plan for approval by the Secretary of Health and Human Services;

Seventh, provides that any State may reserve up to 10 percent of its allotment for weather related and supply shortage emergencies.

Mr. President, my second bill, the National Home Weatherization Act of 1981, maintains the low-income weatherization within the Department of Energy, but within a consolidated grant program which would incorporate four other existing State administered energy conservation programs.

Under my proposed program, a State would be required to use 65 percent of its funding for low-income weatherization. The balance of its funding could be allocated for needed conservation programs, such as weatherization of schools and hospitals, at the discretion of the State. In addition, the State would be required to match its Federal funding on an escalating schedule of 15 percent in fiscal year 1982, 25 percent in fiscal year 1983, and 35 percent in fiscal year 1984.

The case for energy conservation, and particularly the case for providing conservation assistance to the less fortunate, is brief and compelling. It is a case and condition to which Congress must respond. We must respond not only out of a sense of compassion, but also out of a need to ensure a balanced budget—a balanced budget which will recognize that whatever we do may still leave us vulnerable to the economic threat from OPEC.

Mr. President, the simple fact is that whatever we do to balance the budget may well still leave us vulnerable to OPEC's ability to unbalance the budget. Consider this: On a month to month comparative basis our January 1980 imports of oil were 32.2 percent below our January 1980 imports, but the cost of the January 1981 imports rose from $6.5 billion to $8 billion. That, Mr. President, is the real threat to a balanced budget.

Equally, domestic energy production does not offer an overnight panacea. Today, we have more than 3,500 rigs drilling for oil—1,000 more than we had drilling this time last year—yet, we are producing 200,000 barrels a day less than last year.

Mr. President, that does not represent the entire case for energy efficiency, nor do I maintain that energy conservation is the only means of effectively confronting and resolving our energy problems. I do say, though, that energy conservation is our best near term, clean and least expensive alternative. Further, it is critical that we create a sound energy conservation program to assist those who are least able to deal with constantly rising energy costs themselves. That is the objective of this bill, and, I believe that it is the goal of Congress.

Mr. President, I refer my colleagues to three documents which describe the need for and utility of the national home weatherization bill. The first document is a legislative summary of the bill outlining its principal provisions.

The second document is a fact sheet on State energy programs which are entered in testimony before the Energy Conservation and Supply Subcommittee during DOE authorization hearings on April 6, 1981. This fact sheet indicated that the weatherization program has improved over 860,000 homes, is presently weatherizing some 30,000 low-income homes per month and has avoided energy costs of $64.5 million.

Finally, the third document is an April 1, 1981, abstract of the Price Waterhouse & Co. survey for DOE which estimates that existing State energy conservation programs have saved over 32 million barrels of oil equivalent and will accrue savings of nearly $13 billion over the life of the programs.

Mr. President, I believe that these documents support and sustain the economic importance and effectiveness of the programs now incorporated in the national home weatherization bill.

Mr. President, I ask unanimous consent that the text of the bills and supporting materials be printed at this point in the RECORD.

There being no objection, the bills and material were ordered to be printed in the RECORD, as follows:

S. 1165

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Low Income Energy Assistance Act of 1981".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) as a direct result of Federal energy deregulation policy, dramatic increases have occurred in the cost of home heating fuels and have caused corresponding sharp increases in the cost of home energy:

(2) from January 1972 through February 1980, the average retail price for natural gas rose 248 per centum; the average retail price for fuel oil rose 396 per centum; the average retail price for electricity rose 162 per centum, while the Consumer Price Index for the same period rose 92 per centum;

(3) reliable data projections show that the cost of home energy will continue to climb at excessive rates;

(4) the cost of essential home energy imposes a disproportionately larger burden on fixed-income, lower income, and lower-middle-income households and the rising cost of such energy is beyond the control of such households;

(5) adequate home heating is a necessary aspect of shelter and the lack of home heating poses a threat to life, health, or safety;

(6) adequate home cooling is necessary for certain individuals to avoid a threat to life, health, or safety;

(7) low-income households often lack access to energy supplies because of the structure of home energy distribution systems and prevailing credit practices; and

(8) enactment of the Crude Oil Windfall Profit Tax Act of 1980 explicitly committed 25 per centum of the basic net revenues from the windfall profit tax to assist low-income households in meeting rising energy costs.

(b) It is the purpose of this Act to make grants to States to provide assistance to households in meeting rising costs of home energy that are excessive in relation to household income.

DEFINITIONS

SEC. 3. As used in this Act—

(1) "household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;

(2) "home energy" means a source of heating or cooling residential dwellings;

(3) "lower living standard income level" means the income level, adjusted for (A) family size, and (B) regional, metropolitan, and nonmetropolitan differences (or as the State at its option may select, a single level from among the levels adjusted under this clause (B) as applicable to such State), determined annually by the Secretary of Labor based upon the most recent "lower living standard family budget" issued by the Secretary of Labor;

(4) "Secretary" means the Secretary of Health and Human Services; and

(5) "State" means each of the several States and the District of Columbia.

HOME ENERGY GRANTS AUTHORIZED

SEC. 4. (a) The Secretary is authorized to make grants, in accordance with the provisions of this Act, to States on behalf of eligible households to assist such households to meet the rising costs of home energy.

(b) There are authorized to be appropriated $2,500,000,000 for the fiscal year 1982, and such sums as may be necessary for each of the next 4 succeeding fiscal years to carry out the provisions of this Act.

(c) For the purpose of affording adequate notice of assistance available under this Act, appropriations under this Act are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation. Funds appropriated under subsection (b) of this section shall remain available until expended.

ELIGIBLE HOUSEHOLDS

SEC. 5. (a) "Eligible household" means any household which the State determines is—

(1) a household in which one or more individuals are eligible for (A) aid to families with dependent children under the State's plan approved under part A of title IV of the Social Security Act (other than such aid in the form of foster care in accordance with section 408 of such Act), (B) supplemental security income payments under title XVI of the Social Security Act, (C) food stamps under the Food Stamp Act of 1977, or (D) payments under section 415, 521, 541, or 542 of title 38, United States Code (relating to certain veterans' benefits); and

(2) any other household with an income equal to or less than the lower living standard income level as determined pursuant to subsection (c) of this section or, in the case of a one person household, with an income equal to or less than 125 percent of poverty.

(b) Notwithstanding clause (1) of subsection (a), a household which is eligible for supplemental security income payments under title XVI of the Social Security Act, but not eligible under subsection (a)(1)(A), (C), or (D) of this section, shall not be considered eligible for home energy assistance under this title if the eligibility of a household is dependent upon—

(1) an individual whose annual supplemental security income benefit rate is reduced pursuant to section 1611(e)(1) of the Social Security Act by reason of being in an institution receiving payments (under title XIX of that Act) with respect to that individual,

(2) an individual to whom the reduction specified in section 1612(a)(2)(A)(i) of that Act applies, or

(3) a child described in section 1614(f)(2) of that Act (who is living together with a parent or the spouse of a parent).

(c) In verifying income eligibility for the purpose of clause (2) of subsection (a), the State shall apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act.

STATE ALLOCATIONS

SEC. 6. (a)(1) The Secretary shall, from 90 per centum of the sums appropriated pursuant to section 4(b) for any fiscal year, allot to each State an amount equal to such 90 per centum multiplied by the State's allotment percentage.

(2)(A) For purposes of paragraph (1), a State's allotment percentage is the percentage which the amount the State was eligible to receive under the allotment formulas of the Home Energy Assistance Act of 1980 bears to the total amount available for allotment under such formulas.

(B) For purposes of subparagraph (A), the allotment formulas of the Home Energy Assistance Act of 1980 shall be treated as including the rules provided by, and the rules referred to in, section 101(j) of Public Law 96-536.

(3) If the sums appropriated for any fiscal year for making block grants under this Act are not sufficient to pay in full the total amount allocated to a State under paragraph (1) of this subsection for each fiscal year, the amount which all States will receive under this Act for such year shall be ratably reduced.

(b)(1) From the remainder of the sums appropriated pursuant to section 4(b) for each fiscal year, the Secretary shall—

(A) first reserve $2,500,000 to be apportioned on the basis of need between the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, and

(B) then transfer to the Director of the Community Services Administration $200,000,000, subject to the provisions of the second sentence of this paragraph for carrying out energy crisis related activities authorized under section 222(a)(5) of the Economic Opportunity Act of 1964, or if there are no such activities then the Secretary shall reserve, subject to the provisions of the second sentence of this paragraph, $200,000,000 for an energy crisis intervention program.

The percentage of the amount transferred under subparagraph (B) of this paragraph and available for use in each State shall be the same percentage as the percentage allotted to such State under this section for the total amounts available for allotment to States under subsection (a) of this section. Twenty per centum of the total amount transferred under subparagraph (B) may be utilized without regard to the requirements of the preceding sentence.

(2) Each jurisdiction to which paragraph (1)(A) applies may receive grants under this Act upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this Act, and which are consistent with the requirements of section 8(b) of this Act.

(3)(A) From the sums appropriated pursuant to section 4(b) and made available under paragraph (1)(B) of this subsection, the Director or the Secretary, as the case may be, shall reserve a sum not to exceed $3,000,000 in each fiscal year for outreach activities designed to assure that eligible households with elderly members or handicapped members, or both, are made aware of the assistance available under this Act. The Director, or the Secretary, as the case may be, shall enter into agreements with national organizations representing the elderly or national organizations representing the handicapped to carry out the provisions of this subparagraph.

(B) No payment may be made under this paragraph to any national aging or handicapped organization unless the Director, or the Secretary, as the case may be, determines that such outreach activities will be coordinated with State outreach activities required under section 8(b)(12).

(c) The portion of any State's allotment under subsection (a) for a fiscal year, which the Secretary determines will not be required for the period such allotment is available for carrying out the purposes of this Act, shall be available for reallotment from time to time, on such dates during such period as the Secretary may fix, to other States based on need and ability to expend the funds consistent with the provisions of this Act and taking into account the proportion of the original allotments made available to such States under subsection (a) for such year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum which the Secretary estimates such State needs and will be able to use for such period for carrying out such portion of its State application approved under this Act, and the total reduction shall be similarly reallotted among the States whose proportionate amounts are not so reduced. In carrying out the requirements of this subsection the Secretary shall take into account the climatic conditions and such other relevant factors as may be necessary to assure that no State loses funds necessary to carry out the purposes of this Act. Any amount reallotted to a State under this subsection during a year shall be deemed part of its allotment under subsection (a) for such year.

(d)(1) Any allocations to a State may be reallocated only if the Secretary has provided thirty days advance notice to the chief executive and to the general public. During such period comments may be submitted to the Secretary.

(2) After considering any comments submitted during such period, the Secretary shall notify the chief executive of any decision to reallocate funds, and shall publish such decision in the Federal Register.

(e) The aggregate residential energy expenditure for each State and for all States shall be determined by the Secretary after consulting with the Secretary of Energy.

(f) The allotments made under this section shall be made on the basis of the latest reliable data available to the Secretary.

(g)(1) If, with respect to any State, the Secretary—

(A) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this title be made directly to such tribe or organization, and

(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this Act,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under this Act for the fiscal year the amount determined under paragraph (2).

(2) The Secretary shall reserve for the purpose of paragraph (1) from sums that would otherwise be allotted to such State not less than 100 per centum of an amount which bears the same ratio to the State's allotment for the fiscal year involved as the population of all eligible Indians for whom a determination under this paragraph has been made bears to the population of all eligible households in such State.

(3) The sums reserved by the Secretary on the basis of a determination under this sub-

section shall be granted to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

(4) In order for an Indian tribe or tribal organization to be eligible for an award for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe by regulation.

(5) The terms "Indian tribe" and "tribal organization" have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

USES OF HOME ENERGY GRANTS

SEC. 7. Grants made under this Act may be used for home energy assistance in accordance with plans approved under section 8.

STATE PLANS

SEC. 8. (a) Each State desiring to receive a home energy grant under this Act shall submit a State plan to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary deems necessary.

(b) Each such State plan shall—

(1)(A) designate an agency of the State to be determined by the chief executive to administer the program authorized by this Act, (B) describe local administrative arrangements, (C) establish State procedures designed to assure the coordination of low-income weatherization assistance authorized under any other provisions of Federal law and the assistance provided under this Act, and (D) provide assurances that such procedures will be carried out;

(2) provide for a State program for furnishing home energy assistance to eligible households through payments made in accordance with the provisions of the plan, to—

(A) home energy suppliers,

(B) eligible households whenever the chief executive determines such payments to be feasible, or when the eligible household is making undesignated payments for rising energy costs in the form of rent increases, or

(C) any combination of home energy supplier and eligible household whenever the chief executive determines such payments to be feasible;

(3) describe the procedures by which eligible households in the State are identified and certified as participants;

(4) describe the amount of assistance to be provided to or on behalf of participating households assuring (A) that priority is given to households with lowest incomes and to eligible households having at least one elderly or handicapped individual, and (B) that the highest level of assistance is provided to households with lowest incomes and the highest energy costs in relation to income, taking into account—

(i) the average home energy expenditure,

(ii) the proportional burden of energy costs in relation to ranges of income,

(iii) the variation in degree days in regions of the State in any State where appropriate, and

(iv) any other relevant consideration selected by the chief executive including provisions for payment levels for households making undesignated payments in the form of rent;

(5) provide, in accordance with clause (2)(A), for agreements with home energy suppliers under which—

(A) the State will pay on a timely basis by way of regular installments, as reimbursements or a line of credit, to the supplier designated by each participating household the amount of assistance determined in accordance with clause (4) and shall notify each participating household of the amount of assistance paid on its behalf;

(B) the home energy supplier will charge the household specified in subclause (A), in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this Act; and

(C) the home energy supplier, subject to subsection (f) of this section, will provide assurances that any agreement entered into with a home energy supplier under this clause will contain provisions to assure that no household receiving assistance under this Act will be treated any differently because of such assistance under applicable provisions of State law or public regulatory requirements;

(6) provide for the direct payment to households to which subclauses (B) and (C) of clause (2) applies;

(7) provide for public participation in the development of the plan;

(8) provide assurances that the State will treat owners and renters equitably under the program assisted under this Act;

(9) provide that—

(A) in each fiscal year, the State may use for planning and administering the plan an amount not to exceed 10 per centum of its allotment under this Act for such year, except that—

(i) no less than 1½ per centum of the total amount allocated to the State for such year (together with an equal amount of State or local funds) shall be used to carry out paragraph (12), and

(ii) in no case may the Federal share of the cost of planning and administering the plan exceed 50 per centum of such cost, and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the plan and will not use Federal funds for such remaining costs;

(10) provide that, of the funds the State receives for each fiscal year, the State may reserve not more than 10 per centum of the funds to be available for weather related and supply shortage emergencies;

(11) provide for outreach activities designed to assure that all eligible households, particularly households with elderly or handicapped individuals, households with working poor individuals, are aware of the assistance available under this Act;

(12) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper dispersal of and accounting for Federal funds paid to the State under this Act, including procedures for monitoring the assistance provided under the plan; and

(13) provide assurances that the State will not reduce regular benefit levels, from the levels of such benefits as of February 26, 1980, in existing federally assisted cash assistance programs, except that in a State which increases such programs solely for the purpose of energy assistance, such increase shall not be considered a part of the regular program for the purposes of this clause.

(c) The State is authorized to make grants to eligible households to meet the rising costs of cooling whenever the State establishes that such cooling is necessary.

(d)(1) The Secretary shall approve any State plan, or modification thereof, that meets the requirements of subsections (b) and (c) and shall not finally disapprove, in whole or in part, any plan, or any notification thereof, for assistance under this Act without first affording the State reasonable notice and opportunity for a hearing within the State. Whenever the Secretary disapproves a plan the Secretary shall, on a timely basis, assist the State to overcome the deficiencies in the plan.

(2) Where the Secretary determines that a waiver is likely to assist in promoting the objectives of this Act, the Secretary may waive compliance with any of the requirements of subsection (b) (other than paragraph (9)) to the extent and for the period the Secretary finds necessary to enable any such State to carry out the program assisted under this Act.

(e) Any State which makes advances available for activities relating to the development of a State plan and for other activities under this Act in substantial compliance with an approved State plan may be reimbursed for such advances from the allocation made to that State under section 6(a) when funds are appropriated to carry out the provisions of this Act.

PAYMENTS

SEC. 9. (a) From the amount allotted to each State pursuant to section 6, the Secretary shall pay to the State which has an application approved under section 8 an amount equal to the amount needed for the purposes set forth in the State plan.

(b) Payments under this Act may be made in installments in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

WITHHOLDING

SEC. 10. Whenever the Secretary, after reasonable notice and opportunity for hearing within the State to any State, finds that there has been a substantial failure to comply with any provision set forth in the State plan of that State approved under section 8, the Secretary shall notify the State that further payments will not be made under this Act until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied, no further payments shall be made under this Act.

CRIMINAL PENALTIES

SEC. 11. Whoever violates provisions of this Act or who knowingly provides false information in any report required under this Act shall be fined not more than $10,000 or imprisoned not more than five years or both.

ADMINISTRATION

SEC. 12. (a)(1) The Secretary may delegate any functions under this Act, except the making of regulations, to any officer or employee of the Department of Health and Human Services.

(2) The Secretary shall issue regulations under this Act, within sixty days after the date of enactment of this Act.

(b) In administering the provisions of this Act, the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public agency or institution, to the extent such services and facilities are otherwise authorized to be made available for such purpose, in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

(c) Notwithstanding any other provision of law, the amount of any home energy assistance payments or allowances provided to an eligible household under this Act shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, public assistance or welfare program.

(d) The Secretary shall coordinate the administration of the program established under this Act with appropriate programs authorized by the Economic Opportunity Act of 1964 and any other existing Federal energy programs administered by the Secretary of Energy.

(e) The Secretary, after consultation with the Secretary of Energy, the Director of the Community Services Administration, the Secretary of Housing and Urban Development, and the Secretary of Agriculture, shall establish procedures for referrals for participation in Federal weatherization programs under section 8(b)(1).

(f)(1) The Secretary, in cooperation with such other agencies as may be appropriate,

shall develop and implement the capacity for estimating total annual energy expenditures of low-income households in each State. The Secretary shall submit to the Congress his estimates pursuant to this subsection together with a description of the manner in which they were determined prior to the beginning of each calendar year starting with 1981.

(2) The Secretary, after consultation with the Secretary of Energy, shall provide for the collection of data, including—

(A) information concerning home energy consumption,

(B) the cost and type of fuels used,

(C) the type of fuel used by various income groups,

(D) the number and income levels of households assisted by this Act, and

(E) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this Act.

REPEALER

SEC. 13. Effective October 1, 1981, the Home Energy Assistance Act of 1980 is repealed.

S. 1166

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SEC. 101. This Act may be cited as the "National Home Weatherization Act of 1981".

FINDINGS AND PURPOSE

SEC. 102. (a) The Congress finds and declares that—

(1) the health of this Nation's economy, the welfare of its citizens and the maintenance of national security are dependent on the deployment of domestic energy resources;

(2) the application of energy efficient processes, technologies and activities are this Nation's most abundant and economic source of energy;

(3) to supplement private sector conservation initiatives, States are in a unique position to implement energy planning and essential human services of low-income citizens; and

(4) existing State grant programs include a myriad of unnecessary, costly and redundant Federal requirements which constitute an inefficient use of scarce Federal financial resources.

(b) The purpose of this Act is to eliminate unnecessary Federal requirements by consolidating existing categorical grant programs into a single energy grant for States to provide essential planning and energy assistance to low-income households.

DEFINITIONS

SEC. 103. As used in this Act the term—

(1) "Secretary" means the Secretary of Energy;

(2) "Governor" means the chief executive officer of a State, whether elected or appointed, or his designee;

(3) "State" means a State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Government of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands;

(4) "State energy plan" means a plan, including the State energy programs identified in the plan, that a State has developed or will develop and which has been or will be submitted for approval under this Act;

(5) "State energy program" means any Department of Energy program that provides financial assistance to States under an allocation formula established under Federal law, including programs authorized under parts D and G of title III of the Energy Policy and Conservation Act (42 U.S.C. 5201), the National Energy Extension Service Act (42 U.S.C. 7001), part A of title IV of the Energy Conservation in Existing Buildings Act (42 U.S.C. 6851), and part A of title II of the Emergency Energy Conservation Act (42 U.S.C. 8501);

(6) "unit of local government" means any city, county, town, municipality, or any other political subdivision that is a unit of general purpose local government of a State:

(7) "regional council" means any multijurisdictional unit established under State law, interstate compact, or interlocal agreement, to formulate policies and plans for the orderly development of a substate region or interstate region which, in the absence of a State law to the contrary, has a majority of local elected officials on its governing body;

(8) "conservation" means a reduction of energy consumption or an increase in the efficiency of energy use, including the application of solar, geothermal, wind, low-head hydroelectric, biomass and ocean energy systems; and

(9) "Act" means the National Home Weatherization Act of 1981.

GRANT APPLICATIONS

SEC. 104. (a) Notwithstanding any other provision of law, a State may submit an annual grant application requesting financial assistance under this Act—

(1) for programs authorized under part A of title IV of the Energy Conservation in Existing Buildings Act (42 U.S.C. 6851);

(2) for programs authorized under part A of title II of the Emergency Conservation Act (42 U.S.C. 8501);

(3) for programs authorized under parts T and G of title III of the Energy Policy and Conservation Act (42 U.S.C. 6201);

(4) for programs authorized under the National Energy Extension Service Act (42 U.S.C. 7001); and

(5) for any other State energy conservation program authorized by Federal law.

Not less than 65 percent of such assistance shall be utilized for programs authorized under part A of title IV of the Energy Conservation in Existing Buildings Act, except that the Secretary may waive such requirement if the Governor, after public hearings, determines that an insufficient or limited need exists for low-income weatherization services in such State.

(b) That portion of the application for each program shall be approved by the State or local official or agency officially authorized to implement that program under State law.

(c) The Secretary shall within 90 days after the date of the enactment of this Act prescribe rules providing financial assistance for weatherization grant applications described in subsection (a). To enable a State to submit a grant application for a uniform time period, the Secretary and the appropriate State official or agency, by mutual agreement, may amend the program time period and any other administrative provision associated with financial assistance awarded before the approval of the grant application, and may agree that the unexpended balance of any funds made available under such programs may continue to be available for the purposes for which those funds were appropriated.

(d) The Secretary shall review and approve, in whole or in part, an application submitted under this section unless the Secretary determines that—

(1) the application fails to meet the requirements of the regulations issued under subsection (c);

(2) the proposals for assistance are inconsistent with Federal law; and

(3) when financial assistance has been provided previously to a State under this Act, either—

(A) the State has failed to submit, in good faith, a State energy plan within the time period required by section 106(a); or

(B) the State has failed to receive an extension under section 106(c).

(e) Notwithstanding any other law, the Secretary shall approve a weatherization grant application under subsection (a) to use financial assistance for expenditure under any other State energy program covered by the same application described in subsection (a).

FINANCIAL ASSISTANCE

SEC. 105. (a) The Secretary, subject to the availability of funds, shall provide financial assistance to States to implement State energy programs covered by an application approved under section 104 of this Act.

(b) The Secretary, subject to the availability of funds, may provide—

(1) financial assistance to States to fund State energy programs and costs covered by an application submitted under section 104;

(2) financial and technical assistance to States to develop, implement, and modify State energy plans submitted under section 106; and

(3) financial and technical assistance to Indian tribes for the purposes described in section 108 (c) of this title.

REQUIREMENTS FOR STATE ENERGY PLANS

SEC. 106. (a) In order to receive assistance under this Act a State shall submit its first State energy plan not later than 9 months after the date the Secretary issues regulations under subsection (b). A State energy plan may be modified and resubmitted at any time and shall be modified and resubmitted biennially from the date of approval of the first State energy plan.

(b) The Secretary shall not later than ninety days after the date of enactment of this Act prescribe regulations for State energy plans, which plans shall contain—

(1) a management plan for, and a description of procedures to coordinate and apportion the responsibilities for development, implementation and administration of such plan with appropriate units of local government and regional councils;

(2) a management plan for implementing a low-income weatherization assistance program as authorized under part A of title IV of the Energy Conservation in Existing Buildings Act (42 U.S.C. 6851) or a waiver of such requirement pursuant to section 104 of this Act;

(3) a management plan for, and a description of, State procedures to coordinate the administration of low-income weatherization assistance and low-income energy assistance authorized under title III of Public Law 96-223, together with other low-income energy assistance programs authorized by the Economic Opportunity Act of 1964, and any other energy assistance program authorized by Federal law;

(4) a management plan for, and a description of the proposed uses of funds provided under this Act for the purpose of implementing the State energy plan. In addition, such management plan shall include—

(A) a description of the number of low-income households, their fuel source and characteristics of such dwellings to be provided weatherization assistance by such State;

(B) an identification of those major energy consumption sectors in which the State has the greatest opportunity to affect significant additional energy conservation, and a description of the State goals and objectives for energy conservation in such sectors;

(C) a description of the programs the State and units of local government will carry out to achieve their energy conservation goals and objectives; and

(D) program objectives by which the State and units of local government will periodically monitor and assess their success in implementing the State energy plan;

(5) a description of State energy supply and demand and of its energy conservation goals and policies, including a description of any data systems the State and units of lo-

cal government will use in the development, modification, or implementation of a State energy plan; and

(6) a description of how the State and units of a local government plan to implement the State energy programs established under other law, including programs covered by an application under section 101.

(c) Upon written request of the Governor, the Secretary, for good cause, may extend the time for compliance with subsection (a).

(d) The Secretary shall approve, in whole or in part, a State energy plan or modification thereto unless the Secretary determines that—

(1) the plan or modification fails to comply with the requirements of this Act; and

(2) the State energy plan, or the plan as modified, is inconsistent with Federal law.

(e) If a State so requests, each department, agency or instrumentality of the executive branch of the Federal Government that either produces or consumes significant quantities of energy within that State shall, consistent with applicable law, provide such available energy-related information as is necessary and practicable to assist the State in the development of its State energy plan.

(f) A State shall hold public hearings on the development of its first State energy plan, and on any modification thereof. Any such public hearing shall follow adequate notice, which shall be directed toward—

(1) units of local government;

(2) regional councils;

(3) Indian tribes within the State; and

(4) the public.

(g) A State shall give priority to the needs of the poor, the handicapped, and the elderly in developing and implementing a State energy plan, particularly with regard to the coordination of federally funded low-income energy assistance programs.

DISAPPROVAL

SEC. 107. (a) If the Secretary, in whole or in part—

(1) disapproves an application for assistance under this Act;

(2) disapproves a request for a waiver under this Act;

(3) disapproves a State energy plan or modification thereto; or

(4) finds that a recipient of assistance has failed to comply with—

(A) the provisions of this Act or the regulations promulgated hereunder; or

(B) the provisions of any law governing a program covered by an application submitted under section 101,

the Secretary shall provide written notice of such disapproval or finding and provide a statement of the reasons therefor.

(b) Unless corrective action has been taken, the Secretary, after providing written notice and affording an opportunity to present views, shall make a final determination in writing stating the reasons for the determination.

(c) Upon issuance of the notice referred to in subsection (a), the Secretary may suspend payments of financial assistance. If the Secretary makes a final determination in accordance with subsection (b), no financial assistance shall be provided for any part of a State energy plan or other activities determined not to comply with appropriate requirements until the Secretary is satisfied there is no longer a failure to comply.

ALLOCATION OF FUNDS

SEC. 108. (a) For the purposes of this Act—

(1) 65 percent of amounts made available shall be allocated with respect to the several States in accordance with a formula to be prescribed, by rule, by the Secretary, taking into account the relative number of low-income households in such State, the amount and availability of fuel or other energy used by such households in such States, and other such factors as the Secretary deems appropriate;

(2) 25 percent of amounts made available shall be allocated with respect to the several States in accordance with a formula to be prescribed, by rule, by the Secretary, taking into account population and climate of each State, and other factors as the Secretary deems appropriate; and

(3) 10 percent of amounts made available shall be allocated equally among the States.

(b) Notwithstanding subsection (a), the Secretary shall reserve annually for the benefit of Indian tribes some portion of the sums available for financial assistance under this Act and shall within 90 days after the date of the enactment of this title prescribe requirements for the allocation and use of the reserved portion as the Secretary, after affording reasonable opportunity for State comments, deems appropriate.

(c) Notwithstanding subsection (a), the Secretary may prescribe a maximum allocation for the Virgin Islands, Guam, American Samoa, the Government of the Northern Mariana Islands; and the Trust Territory of the Pacific Islands.

(d) No recipient shall expend funds provided under this title—

(1) to pay the costs of any construction or the purchase of real property;

(2) to pay all or any portion of the purchase price of equipment, other than office equipment, except to the extent authorized by other law;

(3) to subsidize fares for public transportation; or

(4) for such other purposes as the Secretary may prescribe.

(e) The total amount allocated for any State under subsection (a) in any year for section 101 or for section 102 shall not exceed 10 percent of the total amount allocated for all the States in such year under subsection (a) for that section.

(f) The Secretary shall prescribe rules limiting the amount of funds committed or granted to an applicant which may be expended for administrative expenses.

(g) Funds allocated under this section for a fiscal year but not obligated in such fiscal year shall be available for reallocation under subsection (a) of this section in the subsequent fiscal year.

STATE MATCHING REQUIREMENT

SEC. 109. In order to receive assistance under this Act a State shall provide funds equal to 15 percent in fiscal year 1982, 25 percent in fiscal year 1983, and 35 percent in fiscal year 1984 of the amount of funds allocated to such State under section 108 of this Act.

ASSISTANCE TO LOCAL GOVERNMENTS AND REGIONAL COUNCILS

SEC. 110. (a) A State receiving financial assistance under this Act shall provide units of local government and regional councils a portion of such financial assistance commensurate with the relative responsibilities described in the State energy plan as required in section 106 of this Act.

(b) A State may participate in interstate or multistate regional organizations that provide for the coordination of its State energy plan with the State energy plans of other participating States. Each State may make available directly to such organizations a portion of the financial assistance provided under this Act for any use consistent with the purposes of this Act.

TRANSITION TO GRANTS

SEC. 111. (a) To enable a State to submit a grant application the Secretary and the appropriate State official or State agency shall, by mutual agreement, amend existing agreements according to the provisions of section 104(c) of this Act.

(b) Nothing in this Act shall be construed to affect any financial arrangement made or entered into by the Secretary prior to the date of the enactment of this Act.

(c) Nothing in this Act supersedes any provision of existing law except to the extent that this Act is inconsistent with such provisions.

AUTHORIZATION OF APPROPRIATIONS

SEC. 112. There is authorized to be appropriated for the purposes of carrying out State energy grant programs described in section 104(a), $400,000,000 in each fiscal year 1982, 1983, and 1984, which shall remain available until expended.

NATIONAL HOME WEATHERIZATION ACT OF 1981

LEGISLATIVE SUMMARY

The National Home Weatherization Act of 1981 would retain the low-income weatherization program in the Department of Energy and would authorize the consolidation of five major energy conservation programs to be administered by states. Those activities covered by the Act include:

Low-Income Weatherization assistance as authorized under Part A of Title IV of the Energy Conservation in Existing Buildings Act (P.L. 94–385)

State Emergency Planning as authorized under Part A of Title II of the Emergency Energy Conservation Act (P.L. 96–102)

Low-Income Weatherization assistance as authorized under Part D of Title III of the Energy Policy and Conservation Act (P.L. 94–163)

Energy Audit and retrofits for schools and hospitals as authorized under Title III of the Energy Policy and Conservation Act (P.L. 94–163) and,

Technical information assistance as authorized under the Energy Extension Service Act (P.L. 95–39).

While costly and redundant federal requirements are eliminated under the National Home Weatherization Act, several important provisions are included to maintain a consistent and responsible federal assistance program. These provisions include:

A prerequisite that states utilize at least 65% of their assistance for low-income weatherization

A prerequisite that states develop a plan to coordinate the administration of low-income weatherization services with other energy assistance programs for low-income families, and

A prerequisite that states develop a management plan which includes units of local government and apportions financial assistance commensurate with those shared responsibilities

In addition, the National Home Weatherization Act of 1981 includes provisions to:

Limit authorized spending levels to an amount less than is presently appropriated for these programs, and

Require a state match of 15 per centum in fiscal year 1982, 25 per centum in fiscal year 1983 and 35 per centum in fiscal year 1984.

FACT SHEET ON STATE ENERGY PROGRAMS

Since the Oil Embargo of 1973, states have become increasingly involved in creating and undertaking programs to help deal with our nation's oil dependency. The states and localities have also become the primary delivery system for national energy conservation and emergency programs. Despite the effectiveness and pressing need for these programs, all but one of the state energy grant programs are being proposed for elimination in FY 82. Following are reasons why these programs should be maintained during this period of severe economic problems and a suggested approach to consolidating the programs, thereby eliminating some unnecessary administrative costs.

These programs are inflation-restraining. There will be a significant benefit to the economy if these programs are retained.

These programs are cost-effective. The collective energy cost avoidances for 1976–80 amounted to $22 billion with a benefit-to-cost ratio of 30 to 1.

These programs will ensure that the nation will be better prepared to cope with the dramatic impact of a major oil supply disruption.

These programs address the needs of the low-income individuals who will feel more intensely the burden of rapidly rising energy costs.

These programs will directly offset the continuing need for direct fuel assistance payments to the poor.

These programs are helping to reduce our nation's overall rate of energy consumption without sacrificing quality of life while sending signals to our allies of our commitment to reducing our oil dependency.

These programs will help cushion the impact of decontrolled oil prices on the average American homeowner and businessman. If there is one concern equal to the concern with inflation to the American citizen, it is the rising price of fuel.

THE PROGRAMS

State energy conservation program (SECP) ($47.8 million appropriated in FY 81).

SECP has established the states as the primary delivery mechanism for energy conservation programs and has provided the basic stimulus for the development of state energy policy and programs. SECP requires states to undertake certain mandatory conservation measures while developing additional conservation measures appropriate for the state. In addition, SECP has been drawn on to carry out additional national programs such as residential conservation programs and energy emergency activities.

Conservation estimates of four major SECP measures indicate that for every dollar of federal funds spent, $5.40 worth of energy was saved with a cost-benefit ratio of 1 to 5 for 1979.

Energy extension service (EES) ($20 million appropriated in FY 81).

EES provides small-scale energy users with personalized information and technical assistance on energy conservation and the use of renewable resources. Services such as energy audits and self-help workshops are tailored to the needs of homeowners, small businesses, local governments, and other public institutions. The program began as a pilot project with 10 states and, based on favorable results, was expanded nationwide. EES clients in the ten pilot states saved the equivalent of 6,400 barrels of oil per day beyond what would have been saved without the program. The cost of achieving these additional energy savings averaged $8.50 per barrel of oil equivalent. Compared to the cost of buying a barrel of imported oil ($30–$35), the EES is clearly cost-effective. For 1980 it is estimated that 6.9 million barrels of oil equivalent was saved beyond what would have been saved without the program.

Institutional buildings grant program ($181 million appropriated in FY 81).

This program administered by the states provides support in the form of matching grants to financially strapped institutions that would not otherwise have the front-end finances to pay for cost-effective efficiency measures. In FY 80 eligible institutions submitted nearly 21,000 applications for technical assistance and energy conservation measure grants. DOE made nearly 8,300 grant awards to individual institutions, totaling over $220 million and supporting approximately 21,000 institutional buildings.

Low-income weatherization ($182 million appropriated in FY 81).

The Weatherization Assistance Program is targeted toward weatherizing housing of low-income families to help them cope with rising energy costs. The need for a strong, effective, low-income weatherization program will be especially pressing given the decontrol of energy prices. Although there were significant problems in the earlier years, especially in the use of CETA labor, substantial changes have been made and the program over the past year is proving itself quite effective.

The program has weatherized 265,182 homes in FY 1980 with expenditures of $182,082,673. This compares to FY 1979 figures of 118,200 homes weatherized and expenditures of $39,937,746. Production increased by 224 percent over FY 1979. The savings per dwelling are permanent savings. The equivalent of over 2 million barrels of oil will be conserved each year in the 860,000 homes weatherized so far through the DOE program, avoiding costs of $54.5 million.

Emergency energy conservation program ($10 million appropriated in FY 81).

The Emergency Energy Conservation Act of 1979 is the major legislative authority enabling the nation to deal with energy shortages and relies heavily on states to provide the first line of defense in a supply disruption. State actions are needed to help cope with the dramatic economic impact of any future energy shortages.

RECOMMENDED APPROACH

Recognizing the need for reducing the overall budget, states are willing to take cuts in the programs but not total elimination.

FY 82 APPROPRIATIONS

Some funding cuts could be made from the combined FY 81 appropriations level of $77.8 for SECP, EES, and EECA as we move toward a more flexible block grant approach.

Separate funding for low-income weatherization should be restored to $200 million—the original proposed level for FY 81. The program will essentially be lost if it is included in the Community Development Block Grant Program without separate additional funding. In addition, under the low-income assistance program, Governors should be allowed to use some of these funds to supplement weatherization efforts, offsetting the need for future direct fuel payments.

ENERGY BLOCK GRANT

The state and local governments have supported an energy block grant which would combine the programs described above. The block grant would allow the state to target funds to the most needed and cost-effective programs for the individual state. Conservation, renewable and conventional resource development and emergency programs could all be carried out under the grant. In addition, coordinated audit and weatherization activities would be targeted to low-income groups. The block grant could be funded at approximately $300 million, representing a 33% reduction from the combined FY 81 appropriation level, and would include a 20% match requirement.

STUDY OF STATE ENERGY CONSERVATION PROGRAM 1980 ENERGY SAVINGS INDICATORS

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ABSTRACT

State energy conservation program SECP 1980 energy savings indicators

This project was designed to provide (1) a review of the amount of energy savings reported by the states attributable to SECP activities for the calendar year 1980, and (2) a more reasonable national estimate of such savings and their dollar value in 1980. The scope of the project did not include an audit or validation of energy savings reported by states. Instead it was based on analysis of state data on the type and amount of services. The general approach involved:

Reviewing evaluation methodologies for individual SECP program measures as reported in 1980 energy savings reports submitted by states:

For as many measures as possible, identifying valid and/or exemplary evaluation approaches that permit calculation of energy savings attributable to the program measure rather than to price or other factors;

Using these evaluation approaches, developing a ratio or "index" of Btu's saved per unit of service provided (e.g., audit performed, audit workbook distributed) for these measures;

Applying this index to units of service data provided by other states, thereby deriving a total savings estimate for individual program measures; and

Cumulating savings estimates by program measure to a national total.

The results of this analysis by major category are as follows:

Category	Estimated 1980 energy savings attributable [1]	BOE (millions)	Dollar value of savings over estimated life of measures [2]
Industrial	26.3	4.5	$1,694,004,000
Residential	2.6	.4	152,614,000
Thermal efficiency standards	131.3	22.3	10,084,934,000
Lighting efficiency standards	14.0	2.4	770,338,000
Transportation	16.3	2.8	151,590,000
Commercial and institutional	1.6	.3	88,012,000
Total	192.1	32.7	12,941,492,000

[1] In Btu's times 10^{12}.

[2] Discounted at 10 percent. Assumptions associated with the life of program measures and the weighted average cost of energy by sector are contained in individual sections of the report.

The 1980 energy savings attributable to SECP (i.e., that occurred above and beyond savings that would have occurred without the program) are 192.1 trillion Btu's. The total life-time dollar value of these savings was about $13 billion. This can be compared to the cumulative Federal cost of the SECP in terms of dollars appropriated from Fiscal Years 1976 through 1980 of $217 million, yielding a benefit to Federal cost ratio of 60. Not included in the comparison, however, are the costs incurred by the private sector in implementing the conservation actions promoted by the SECP. Nor does the comparison include the value of energy saved in previous years.

The following factors had a conservative impact on the energy savings estimates, and hence the dollar value of energy saved over the life of the measures:

Where units of service data were not reported by states or were not available, it was assumed that no energy conservation took place;

The measures considered in this study represent approximately seventy percent of the energy savings reported by the states; in the interests of time, the energy savings impact of miscellaneous program measures (small

compared to major energy saving measures) was not considered; and

In many cases states reported savings resulting only from conservation actions taken during 1980, and did not take credit for 1980 savings resulting from conservation actions in previous years.●

● Mr. HATFIELD. Mr. President, pending budget cuts are expected to significantly reduce Federal assistance programs, including those which support low-income weatherization services and which provide States financial assistance to undertake emergency energy planning.

In an effort to comply with the President's austere budget proposals and at the same time maintain these essential services, Senator WEICKER and I along with Senators HEINZ, WALLOP, MATSUNAGA, and BUMPERS have introduced the National Home Weatherization Act of 1981, which will: First, retain the low-income weatherization program in the Department of Energy; second, consolidate five State-administered energy programs into a single grant, and third, restrict authorization levels to an amount which is less than is presently appropriated for these programs.

In addition, the National Home Weatherization Act will: First, require States to utilize at least 65 percent of their funding for weatherization, but allow States to use the remainder of their funding according to their own priorities, and second, establish an escalating State matching requirement of 15 percent in fiscal year 1982, 25 percent in fiscal year 1983 and 35 percent in fiscal year 1984.

Mr. President, the importance of weatherization and conservation cannot be underestimated. With continuing unrest in international oil markets, and ever-increasing prices for domestically produced energy, this Nation can ill afford to abandon programs which protect the disadvantaged and which are our first line of defense in the event of an energy emergency. Particularly, in energy sectors where the private market is unable or unwilling to undertake emergency or essential human services, a strong argument can be made for a joint Federal and State role in support of these activities. The National Home Weatherization Act establishes this shared responsibility for these important programs, and at the same time satisfies our objectives of controlling Federal spending.

I ask my colleagues to support this bill which balances the economic and energy concerns of the Congress.●

● Mr. HEINZ. Mr. President, I am delighted to join so many of my colleagues on the Energy and Natural Resources Committee in sponsoring this legislation introduced by the distinguished chairman of the Conservation Subcommittee on which I serve. It is crucial that we give States and localities the resources to plan for and respond to the energy-efficiency incentives now offered by high market prices. Most important, we must provide for energy efficiency improvements in the homes of the poor and the elderly who do not have the income to make such improvements themselves.

The Department of Energy has estimated that 12 million low-income houses remain in need of weatherization in spite of the dramatic successes of the CSA and DOE weatherization effort, which have made improvements in over 800,000 homes to date. Over 20 percent of home energy consumption, and thus home energy bills, can be conserved.

Yet, these households lack the $800 to $1,200 in cash or credit which better-off families can use in order to take advantage of existing tax credits or loans. Since these households are eligible for Federal energy assistance, it is imperative that we save both Federal payments and scarce energy resources by making their residences more efficient.

This legislation contains provisions we have worked out for assuring coordination of weatherization and fuel assistance. Failure to do so in the past has been one notable shortcoming of the present DOE weatherization program.

Indeed, in hearings on energy and the aged held on April 9 by the Senate Special Committee on Aging, of which I am chairman, every witness from the public, including State officials, energy suppliers and consumer groups, urged us to insure reauthorization of the weatherization program and to mandate that its services be delivered at the local level in direct conjunction with low-income energy assistance.

Clearly it would be penny-wise and pound-foolish to continue to pour out money for energy bills of the poor and yet deny them the means to reduce their energy consumption. By contrast, this bill, especially taken together with legislation I shall be proposing for improvements in the energy assistance program, will assure an integrated approach to the acute energy problems of the past.

Mr. President, this legislation is far from perfect. It reauthorizes six conservation programs which the administration has proposed for elimination without addressing some of the imperfections we have identified in them. For example, in the weatherization program run by DOE there should be greater flexibility for States in setting maximum expenditures per residential unit, in deciding which conservation measures, including renewable resources and furnace improvements, can be used, and in conforming eligibility for weatherization to eligibility for energy assistance payments. Further, I believe Congress should set a State-by-State distribution formula which includes energy usage and cost, rather than leaving this matter to the Secretary of Energy. But I believe these details can be handled during committee consideration, and that the overall principle of the legislation, which is the preservation of critical and timely energy conservation activities, is of overriding importance to our national efforts to increase our energy productivity.●

By Mr. CHILES:

S. 1167. A bill to amend title 5 of the United States Code to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes; to the Committee on Governmental Affairs.

DEATH BENEFITS FOR FEDERAL LAW OFFICERS AND FIREFIGHTERS

● Mr. CHILES. Mr. President, I am introducing legislation today to provide lump sum death benefits for Federal law enforcement officers and firefighters who are killed in the line of duty. This bill is a companion measure to H.R. 757, introduced by Congressman KILDEE. Last year, similar legislation passed the House and Senate but was vetoed by President Carter.

This proposal will resolve inequities in the law that preclude Federal public safety officers from receiving death benefits paid under the Public Safety Officers' Benefit Act of 1976. Because of the high risk of their professions, these officers often cannot acquire sufficient life insurance protection. Under the Federal Employees Compensation Act, though, the survivors of a Federal officer who is killed in the performance of his job receive only a minimal death benefit from the Government. This legislation will give Federal officers the same protection that is afforded to their counterparts on the State and local levels, whose survivors are eligible for a lump sum payment of $50,000.

In all, about 10 Federal public safety officers are killed on duty each year. One tragic case occurred 2 years ago in my home State of Florida, where a Federal security guard, Robert L. Timberlake, was shot to death while on watch in the Tampa Federal building. Since 1976, when the families of State and local law enforcement officers and firefighters were made eligible for a death benefit payment, three Federal protective officers have died while guarding a Government building and its occupants.

The bill I am introducing today is similar to S. 491, Senator GLENN's proposal, with one major difference: It is retroactive to January 1976, in order to give fair treatment to the survivors of Federal public safety officers who have been killed in action, such as Robert Timberlake.

This bill will redress an obviously inequitable situation, without costing much money. The Congressional Budget Office estimates that it will require authorizations of $500,000 a year. This is not much to spend to provide Federal law enforcement officers and firefighters with a fair assurance of the financial security of their families, should they die in service to their country. I hope this bill will receive prompt consideration and approval by the Senate.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1167

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) subchapter I of chapter 81 of title 5, United States Code, is amended by inserting after section 8147 the following new section:

"§ 8148. Death benefits for law enforcement officers and firefighters

"(a) For the purpose of this section—

"(1) 'law enforcement officer' means an employee—

"(A) the duties of whose position include performing work directly connected with—

"(i) the control of crime or juvenile delinquency;

"(ii) the enforcement of the criminal laws; or

"(iii) the protection of Federal officials, public buildings or property, or foreign diplomatic missions; and

"(B) who, at the time the personal injury referred to in subsection (b) of this section is sustained is—

"(i) engaged in the detection of crime;

"(ii) engaged in the apprehension of an alleged criminal offender;

"(iii) engaged in the keeping in physical custody of an alleged or convicted criminal offender; or

"(iv) assaulted or subjected to the conduct of criminal activity in the line of duty;

"(2) 'firefighter' means an employee the duties of whose position include performing work directly connected with the control and extinguishment of fires and who, at the time the personal injury referred to in subsection (b) of this section is sustained, is engaged in such work in the control or extinguishment of a fire or other emergency operation;

"(3) 'child' means any natural or adopted child or stepchild, including any illegitimate or posthumous child, of a deceased law enforcement officer or firefighter who, at the time of such law enforcement officer or firefighter's death is—

"(A) 18 years of age or under;

"(B) over 18 years of age and a student; or

"(C) over 18 years of age and incapable of self-support because of physical or mental disability;

"(4) 'dependent' means substantially reliant for support upon the income of the deceased law enforcement officer or firefighter;

"(5) 'intoxication' means a disturbance of mental or physical faculties resulting from the introduction of alcohol, drugs, or other substances into the body; and

"(6) 'detection of crime' means the physical pursuit, investigation, or interviewing of any individual at a crime scene, but shall not include laboratory investigation, studies, or other similar acts of a nondangerous nature.

"(b)(1) In any case in which the Secretary of Labor determines, under regulations prescribed pursuant to this section, that a law enforcement officer or firefighter has died as the direct and proximate result of a personal injury inflicted by an outside force and in the line of duty, the Secretary shall pay a benefit of $50,000 as follows:

"(A) if there is no surviving child of such law enforcement officer or firefighter, to the surviving spouse of such law enforcement officer or firefighter;

"(B) if there are one or more surviving children and a surviving spouse, one-half to the surviving children in equal shares and one-half to the surviving spouse;

"(C) if there is no surviving spouse, to the surviving children of such law enforcement officer or firefighter in equal shares; or

"(D) if none of the above, to the dependent parent or parents of such law enforcement officer or firefighter in equal shares.

"(2) In any case in which the Secretary determines, upon a showing of need and prior to taking final action, that the death of a law enforcement officer or firefighter is one with respect to which a benefit will probably be paid, the Secretary may make an interim benefit payment not exceeding $3,000 to the individual entitled to receive a benefit under paragraph (1) of this subsection.

"(3) The amount of an interim payment to any individual under paragraph (2) of this subsection shall be deducted from the amount of any final benefit paid to such individual.

"(4) In any case in which there is no final benefit paid, the recipient of any interim payment under paragraph (2) of this subsection shall be liable for repayment of such amount. The Secretary may waive all or part of such repayment, considering for this purpose the hardship which would result from such repayment.

"(5) The benefit payable under this section shall be in addition to any compensation or other benefit that may be due under this subchapter or from any other source, but shall be reduced by payments authorized by section 12(k) of the Act of September 1, 1916, as amended (39 Stat. 718; D.C. Code, sec. 4–531(1)).

"(6) Benefits paid under this section are exempt from claims of creditors.

"(7) No benefit shall be paid under this section—

"(A) if the law enforcement officer or firefighter's death was caused by the intentional misconduct of the law enforcement officer or firefighter or by any act engaged in by such law enforcement officer or firefighting with the intention to bring about such death;

"(B) if voluntary intoxication of the law enforcement officer or firefighter was the proximate cause of death; or

"(C) to any individual who would otherwise be entitled to a benefit under this section if such individual's actions were a substantial contributing factor to the law enforcement officer or firefighter's death.

"(c) The Secretary may prescribe rules, regulations, and procedures to carry out the purpose of this section. Such rules, regulations, and procedures will be determinative of conflict of laws and issues arising under this section. Rules, regulations, and procedures prescribed under this section may include regulations governing the recognition of agents or other persons representing claimants under this section before the Secretary. The Secretary may prescribe the maximum fees which may be charged for services performed in connection with any claim under this section before the Secretary, and any agreement in violation of such rules and regulations shall be void.".

(2) The table of sections for chapter 81 of title 5, United States Code, is amended by inserting after the item relating to section 8147 the following new item:

"8148. Death benefits for law enforcement officers and firefighters.".

(b)(1) Section 8101(9) of title 5, United States Code, relating to definition of "child", is amended by inserting after "means" a comma and "except as provided in section 8148 of this title,".

(2) Section 8101(12) of such title, relating to definition of "compensation", is amended by striking out "but this does not in any way reduce the amount of the monthly compensation payable for disability or death;" and inserting in lieu thereof "except that—

"(A) this does not in any way reduce the amount of the monthly compensation payable for disability or death; and

"(B) such term does not include benefits paid under section 8148 of this title;".

SEC. 2. The authority to make payments under section 8148 of title 5, United States Code (as added by the first section of this Act), shall be effective only to the extent provided for in advance by appropriation Acts.

SEC. 3. The amendments made by this Act shall apply with respect to injuries sustained on or after September 29, 1976.●

By Mr. DECONCINI:

S. 1168. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to require as a condition of assistance under such act that law enforcement agencies have in effect a binding law enforcement officers' bill of rights; to the Committee on the Judiciary.

LAW ENFORCEMENT OFFICERS' BILL OF RIGHTS

Mr. DECONCINI. Mr. President, today I am introducing the Law Enforcement Officers' Bill of Rights. This bill would require that State and local governments, and public agencies enact a law enforcement officers' bill of rights in order to be eligible to receive funds from the Law Enforcement Assistance Administration. It is similar to S. 2301, introduced last year by Senator KENNDY and identical to a bill being introduced in the House by Congressman BIAGGI.

Our law enforcement personnel should be entitled to the same civil and procedural rights enjoyed by all other Americans. Unfortunately, this is not the case. My experience as a law enforcement official in the State of Arizona has allowed me great insight into the problems faced by law enforcement officials regarding violations of their civil rights. This bill would provide a guarantee that law enforcement personnel will be extended the civil and procedural rights to which they are entitled by compelling State and local governments, and public agencies to include a law enforcement officers' bill of rights in their plans.

In order to facilitate establishing an effective, uniform statute the following guidelines are set forth in this bill:

First, law enforcement personnel would have the right to participate in political activities while off duty and out of uniform.

Second, officers under investigation would be notified of the nature of the complaint, all complainants, including those to be present during interrogation, and their legal rights, including the right to counsel.

Third, all interrogations would be conducted in a reasonable manner and the complete proceedings would be recorded. Any threat of disciplinary action during the interrogation would be prohibited.

Fourth, a law enforcement officer would be notified and given explanation for any punitive action taken against him prior to the effective date of such action.

Fifth, no law enforcement officer would be required to disclose information regarding personal finances to be used as a basis for promotion.

Sixth, adequate representation of law enforcement personnel would be required whenever a police complaint review board is established.

Seventh, law enforcement officers would have the right to bring civil suits against all those who violate their rights under the bill of rights.

Although the concept of a law enforcement officers' bill of rights is gaining momentum throughout the Nation, few State, local, or public entities have initiated any concrete action toward this goal. It is our responsibility to insure that the rights of all Americans are protected. Let us not ignore the rights of those who are dedicated to serving this Nation as law enforcement officials. With the passage of the Law Enforcement Officers' Bill of Rights Congress can lead in demonstrating appreciation and

support of the law enforcement community.

Mr. President, I ask unanimous consent that the bil be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1168

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by redesignating parts G, H, I, and J as parts H, I, J, and K, respectively, and by inserting immediately after part E the following new part:

"PART F—LAW ENFORCEMENT OFFICERS' BILL OF RIGHTS

"SEC. 471. Beginning with the first fiscal year commencing not less than two years after the date of the enactment of this part, no grant under part B, C, or E of this title shall be made, directly or indirectly, to any State, unit of general local government, or public agency, unless there is in effect with respect to such State, unit of general local government, or public agency, a law enforcement officer's bill of rights which substantially provides as a minimum the following rights for the law enforcement officers of such State, unit of general local government, or public agency:

"'BILL OF RIGHTS "'POLITICAL ACTIVITY OF LAW ENFORCEMENT OFFICE

"'SECTION 1. Except when on duty or acting in his official capacity, no law enforcement officer shall be prohibited from engaging in political activity or be denied the right to refrain from engaging in such activity.

"'RIGHTS OF LAW ENFORCEMENT OFFICERS WHILE UNDER INVESTIGATION

"'SEC. 2. Whenever a law enforcement officer is under investigation for alleged malfeasance, misfeasance, or nonfeasance of official duty, with a view to possible disciplinary action, demotion, dismissal, or crimnal charges, the following minimum standards shall apply:

"'(1) No adverse inference shall be drawn and no punitive action taken from a refusal of the law enforcement officer being investigated to participate in such investigation or be interrogated other than when such law enforcement officer is on duty, or when exigent circumstances otherwise require.

"'(2) Any interrogation of a law enforcement officer shall take place at the offices of those conducting the investigation, the place where such law enforcement officer reports for duty, or such other reasonable place as the investigator may determine.

"'(3) The law enforcement officer being investigated shall be informed, at the commencement of any interrogation, of the nature of the investigation, the names of any complainants, and the identity and authority of the person conducting such investigation, and at the commencement of any interrogation of such officer in connection with any such investigation shall be informed of all persons present during such interrogation. All questions asked in any such interrogation shall be asked by or through a single interrogator.

"'(4) No formal proceeding which has authority to penalize a law enforcement officer may be brought except upon charges signed by the persons making those charges.

"'(5) Any interrogation of a law enforcement officer in connection with an investigation shall be for a reasonable period of time, and shall allow for reasonable periods for the rest and personal necessities of such law enforcement officer.

"'(6) No threat, harassment, promise, or reward shall be made to any law officer in connection with an investigation in order to induce the answering of any question, but immunity from prosecution may be offered to induce such answering.

"'(7) All interrogations of any law enforcement officer in connection with the investigation shall be recorded in full.

"'(8) The law enforcement officer shall be entitled to the presence of his counsel or any other one person of his choice at any interrogation in connection with the investigation.

"'REPRESENTATION ON COMPLAINT REVIEW BOARDS

"'SEC. 3. Whenever a police complaint review board has been established which includes in its membership persons other than law enforcement officers of the agencies under the jurisdiction of such board, such board shall also include a fair representation of such officers.

"'CIVIL SUITS OF LAW ENFORCEMENT OFFICERS

"'SEC. 4. Any law enforcement officer shall have the right, and shall receive public legal assistance when requested, to recover pecuniary and other damages from persons violating any of the rights established under the law enforcement officers' bill of rights.

"'DISCLOSURE OF FINANCES

"'SEC. 5. No law enforcement officer shall be required to disclose, for the purposes of promotion or assignment, any item of his property, income, assets, debts, or expenditures or those of any member of such officer's household.

"'NOTICE OF DISCIPLINARY ACTION

"'SEC. 6. Whenever a personnel action which will result in any loss of pay or benefits, or is otherwise punitive is taken against a law enforcement officer, such law enforcement officer shall be notified of such action and the reasons therefor a reasonable time before such action takes effect.

"'RETALIATION FOR EXERCISING RIGHTS

"'SEC. 7. There shall be no penalty nor threat of any penalty for the exercise by a law enforcement officer of his rights under this bill of rights.

"'OTHER REMEDIES NOT DISPARAGED

"'SEC. 8. Nothing in this bill of rights shall disparage or impair any other legal remedy any law enforcement officer shall have with respect to any rights under this bill of rights.'

"SEC. 472. As used in this part—

"(1) 'law enforcement officer' means any officer or employee of a public agency, if the principal official function of such officer or employee is to investigate crimes, or to apprehend or hold in custody persons charged or convicted of crimes, and include police, sheriffs, bailiffs, and corrections guards;

"(2) 'complainant' means the person whose information was the basis for the initiation of an investigation;

"(3) 'complaint review board' means any public body with specific lawful authority to investigate and take public action, including making reports, on charges of improper conduct by law enforcement officers, but is not a law enforcement agency, a grand jury, or other entity similar to a grand jury; and

"(4) 'law enforcement agency' means any public agency charged by law with the duty to investigate crimes, apprehend and hold in custody persons charged with crimes."

By Mr. LAXALT (for himself and Mr. CANNON):

S. 1169. A bill to authorize the recreational use of Ruby Lake National Wildlife Refuge in the State of Nevada; to the Committee on Energy and Natural Resources.

RUBY LAKE NATIONAL WILDLIFE REFUGE

● Mr. LAXALT. Mr. President, I am today introducing along with my colleague from Nevada, Senator CANNON, legislation that would authorize the recreational use of the Ruby Lake National Wildlife Refuge in Nevada and direct the Secretary of Interior to seek to balance the recreational use of the refuge with the wildlife conservation management.

Mr. President, the Ruby Lake National Wildlife Refuge, commonly known as the Ruby Marshes, covers 37,600 acres and straddles the boundaries of Elko and White Pine Counties in Nevada. The area is managed by the U.S. Fish and Wildlife Service.

The original purpose of the refuge was to provide a breeding ground for waterfowl and wildlife, and was established in 1938. However, recreational usage has increased significantly over the past decade as has the number of visitors to the area.

Several years ago the Fish and Wildlife Service completed an environmental impact assessment on boating at the refuge. The EIA maintained the boating was adversely affecting nesting canvasback and redhead ducks. The basis for this finding has been disputed by many people with knowledge of the situation.

As a result of a lawsuit filed in the District of Columbia, the Interior Department issued regulations that effectively prohibited recreational power boating and fishing on the Ruby lake. Unfortunately, both the Fish and Wildlife Service and the courts failed to consider information provided by the refuge manager, which clearly established that waterfowl production had not been adversely impacted by the increased recreational usage as claimed.

Mr. President, I believe all Nevadans agree that the wildlife at the marshes should be protected. As a matter of fact, prior to the lawsuit which I have mentioned, the Fish and Wildlife Service, after listening to State and local concerns, had drawn up regulations that would have protected the wildlife at the marshes and still allowed some recreational opportunities for northern Nevada sportsmen.

Frankly, I find it unconscionable that the desires of Nevadans to pursue a multiple use policy at the Ruby Lake were usurped by a group of out-of-State environmentalists who presented their case to an eastern judge, rather than coming to Nevada and arguing face-to-face with Nevadans.

The legislation Senator CANNON and I are introducing today would simply provide a mechanism whereby the Department of the Interior could issue new regulations that would allow reasonable recreational use as well as wildlife management. We feel that recreational boating and the maintenance of wildlife habitats are not mutually exclusive. I have high hopes that the administration will be supportive of this approach, and that Congress will permit the citizens of Nevada to once again enjoy this wonderful recreational area.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1169

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding any other provision of law, including the National Conservation Recreational Areas Act (76 Stat. 653, 16 U.S.C. § 460K), the Secretary of the Interior may allow for the recreational use of Ruby Lake National Wildlife Refuge in the State of Nevada, including use of powered watercraft.

(b) In the management of Ruby Lake National Wildlife Refuge, the Secretary of the Interior shall seek to balance the recreational use of the refuge with the wildlife conservation objectives of the Refuge.●

● Mr. CANNON. Mr. President, I join with my distinguished colleague, Senator LAXALT, in introducing a bill to provide for management of Ruby Lake Refuge to provide both wildlife protection and appropriate recreation opportunities.

This is a modest proposal. Basically, it will allow the use of powered watercraft at times and in areas consistent with the primary use of the lake as a breeding ground for waterfowl. Such use has been common in the past without any demonstrable impact on the breeding habits of the waterfowl which use the refuge. Studies conducted by the Fish and Wildlife Service have found such recreational use compatible with the basic purpose of the refuge when regulated and controlled.

This lake is one of the very few spots in the great basin area of our country where water sports are available. Unfortunately, the District Court for the District of Columbia has determined, contrary to the Fish and Wildlife Service's own evidence, that this recreational resource must be placed off limits to such recreation. This decision was taken despite this evidence and despite years of such public use without adverse impact.

The refuge can and should be managed to accommodate both goals. The bill is careful to stress the wildlife objectives of the refuge but restores a carefully regulated water recreation benefit to the public.●

By Mr. PELL:

S. 1170. A bill to authorize appropriations for the energy conservation program for schools and hospitals and for the energy conservation program for buildings owned by units of local government and public care institutions, and for other purposes; to the Committee on Energy and Natural Resources.

ENERGY CONSERVATION ASSISTANCE AMENDMENTS OF 1981

● Mr. PELL. Mr. President, I am today introducing legislation to reauthorize title III of Public Law 95–619, the National Energy Conservation Policy Act, through fiscal year 1984. Funding for the proposed legislation would be authorized at a level of $200 million each year for the 3-year period or a reduction of $100 million or one-third from the previous authorization level.

The National Energy Conservation Policy Act which I introduced as S. 701 and was enacted as title III of the National Energy Act in 1978, provides technical and matching grant assistance to States for renewable energy and conservation improvements in public buildings, including local government facilities, schools, hospitals, colleges and universities, and other public and private nonprofit health care or nursing institutions.

The legislation I am proposing today, while essentially the same as S. 701, is also similar to H.R. 8207 introduced last year in the House by Congressman DINGELL. This measure incorporates several recommendations prepared by the Department of Energy and private groups for improving title III program implementation. The proposed measure also permits local government facilities, in addition to public schools, to be eligible for matching energy conservation grant assistance.

Mr. President, when I first introduced S. 701, the Emergency Energy Assistance Act in 1977 to assist institutions, particularly schools, hospitals, colleges, and universities, I was most concerned over the escalating percentage of the budgets of these institutions that is used for energy costs rather than the human services they are designed to provide.

Traditionally, for example, local school districts spend between 12.5 and 15 percent of their discretionary funds for fuel. This year, the Department of Energy estimates they are now committing between 25 and 35 percent of their discretionary funds for this purpose. Often, these funds must come from other areas of local school district budgets which obviously has a direct impact on the quality of teaching and learning.

Furthermore, since local school expenditures are usually the largest item in every locality's budget, this means that every taxpayer in the country is paying more for the increased cost of fuel in the schools and for the presently inefficient manner in which schools are consuming fuel.

During the first year of implementation, the impact of title III programs has been significant and most encouraging. Under the first two cycles of funding for title III in 1980, the Department of Energy has obligated over $260 million in more than 8,000 grants for the installation of energy conservation measures or the extension of technical assistance and energy audit services for public buildings. The Department of Energy has estimated that approximately 50,000 buildings were audited under the program during the first year and 20,000 assisted through some form of technical assistance or energy conservation retrofit measures.

This assistance has included a variety of energy conservation grants ranging in size from the $637 grant to insulate the attic of a rural Idaho school up to an award of $975,000 to install a sophisticated heat pump and waste heat recovery system in a Virginia hospital. There have also been grants to install woodstoves in Maine, adapt solar technology in schools in California, develop geothermal resources in Idaho, and utilize hydropower in Alaska.

Although precise energy savings data is not available in this brief period of time, the Department of Energy has estimated that for every $1 million invested, 39,000 barrels of oil will be saved every year. In the first two cycles of funding, the Department of Energy estimates that the energy conservation efforts under title III should result in savings of more than 9 million barrels of oil annually. These estimates will mean a reduction in direct expenditures for energy in public buildings, schools, and hospitals during the first year of $315 million. These savings represent dollars that for the most part will not go to OPEC countries, but stay in the United States, providing jobs and easing the taxpayers' burden as well as health care costs.

Mr. President, in regard to the initial funding for the schools and hospitals program, I am particularly pleased by the enthusiastic response of many communities and institutions in Rhode Island. Under the first cycle of funding, five institutions in our State, the John E. Fogarty Memorial Hospital, St. Joseph's Hospital, Rhode Island Hospital, Brown University, and Providence College were awarded grants totaling $855,000 to institute energy conservation measures.

In the most recent round of funding, 24 grants for energy conservation measures were awarded to the State totaling more than $778,000. This cycle of funding is providing conservation and technical assistance to many communities, including Barrington, Pawtucket, Providence, Warwick, Woonsocket, Cranston, Newport, East Providence, Portsmouth, and West Warwick. Assistance under title III has also been awarded to Roger Williams, Miriam, and Womens and Infants Hopsitals.

Mr. President, while the response to title III in Rhode Island has been most encouraging, I believe my colleagues will also be interested to know that of 55 States and territories eligible to participate in the program, 54 have developed, submitted and had approved State plans for program implementation. The program has also received strong support from eligible institutions. In a recent survey, State offices reported that on the average, they received three times as many program applicants as could be supported in this last application cycle.

In addition to the enthusiasm for title III by the States, most comments and evaluations of the program have also been encouraging.

Mr. President, title III, in my view, has been remarkably effective in its first year. It has, unfortunately, barely scratched the surface of the need by States. At the full $900 million funding level authorized in 1978, it was estimated that the program would not reach more than 26 percent of the eligible buildings—and that estimate was based on 1978 dollars. At the more modest funding levels actually obligated of $260 million, it is unlikely that the program has impacted more than 5 percent of the eligible buildings.

In view of this progress, I regret that the administration has requested only $81.3 million for title III in fiscal year 1981 and $100 million in fiscal year 1982. I fully understand this decision however, because of overriding national concerns, and I am pleased that OMB and the Department of Energy have strongly supported retention of the schools and hospitals conservation program.

According to early reports from the Office of Management and Budget, title III in its first year yielded measurable benefits. Furthermore, OMB noted that local governments and hospitals would have a difficult time financing necessary energy conservation investments without the Federal-State matching grants program. Based upon these early evaluations, the initial favorable conservation results, and the enthusiastic participation by States, I hope that Federal funding will gradually be increased by the administration.

Mr. President, during this period of great economic uncertainty in our country, many worthwhile programs must face reductions in Federal assistance in order to balance the budget and strengthen our economy. That goal is absolutely essential and one I strongly support. At a time of such uncertainty, however, I also believe that there are programs which are important to maintain in terms of our national interest, cost-effectiveness, and the help they provide in easing the burden on taxpayers. The schools and hospitals program falls into this category. I hope my colleagues will recognize the immense value of this program to States and local governments as well, as well as toward our national conservation effort and support this 3-year reauthorization.

Mr. President, I ask unanimous consent that the text of my legislation, along with the newspaper articles and comments regarding the schools and hospitals conservation program, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1170

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Energy Conservation Assistance Amendments of 1981".

AMENDMENTS TO THE ENERGY CONSERVATION PROGRAM FOR SCHOOLS AND HOSPITALS

SEC. 2. (a) Section 391 of the National Energy Conservation Policy Act is amended by—

(1) striking out paragraphs (11) and (12) and by redesignating paragraphs (13) through (21) as (11) through (19) respectively;

(2) striking out "(17)" in paragraph (14) as so redesignated and substituting "(15)"; and

(3) adding the following new sentence at the end of paragraph (5): "For purposes of this paragraph, an institution leased from any person for a period in excess of 12 years by an entity referred to in subparagraph (A) or (B) shall be treated as owned by such entity and not by the person from whom such institution is leased.".

(b) Section 394 of such Act is amended by striking out ", State school facilities agency, and State hospital facilities agency," in subsection (c)(1) thereof.

(c)(1) Section 395 of such Act is amended by striking out subsection (c) thereof and redesignating subsections (d) and (e) as (c) and (d), respectively.

(2) Subsection (c), as so redesignated, of such section 395 is amended by striking out "at any time" and substituting "in a timely fashion as determined by the Secretary".

(3) The last sentence of subsection (d), as so redesignated, of such section 395 is amended to read as follows: "If, after a reasonable time following such notification, the Secretary finds that any State, school, or hospital has not corrected such failure, the Secretary may terminate financial assistance under this part to such State, school, or hospital and recover the unexpended balance of any assistance previously provided to the State, school, or hospital under this part.".

(d) Section 396(d) is amended by inserting the following before the period at the end thereof: ", except that if there are insufficient applications in any State to permit the expenditures of 30 percent of such funds for schools or for hospitals, the Secretary may, at the request of the State, allocate less than 30 percent of such funds for schools, or for hospitals, as the case may be".

(e)(1) Section 397(b) of such Act is amended to read as follows:

"(b) For the purpose of making energy conservation project grants (including technical assistance) pursuant to section 396, there is authorized to be appropriated not to exceed $200,000,000 for the fiscal year ending September 30, 1982, $200,000,000 for the fiscal year ending September 30, 1983, and $200,000,000 for the fiscal year ending September 30, 1984, such sums to remain available until expended.".

(2) Section 397(c) of such Act is amended by striking out "1980" and substituting "1984".

(f)(1) Section 398 of such Act is amended in subsection (a)(1) by striking out "Ten" in subparagraph (B) thereof and substituting "Nine" and by adding the following new subparagraph at the end thereof:

"(C) One percent of amounts made available under section 397(b) shall be allocated to States, at the discretion of the Secretary, for the alleviation of any inequities caused by the strict adherence to the priority or percentage requirements of this part as the Secretary, in his discretion, may provide. Any funds not allocated under this subsection in a fiscal year shall be available for reallocation under subparagraphs (A) and (B) of this paragraph in the subsequent fiscal year.".

(2) Section 398(b) of such Act is amended by striking out "the District of Columbia".

(3) Section 398(e) of such Act is amended by inserting the following at the end thereof: "No State shall be eligible under this subsection in any fiscal year for the reallocation of funds from a prior fiscal year unless 100 percent of the funds allocated to that State in such prior fiscal year were obligated in that fiscal year.".

AMENDMENTS TO THE ENERGY CONSERVATION PROGRAM FOR BUILDINGS OWNED BY UNITS OF LOCAL GOVERNMENT AND PUBLIC CARE INSTITUTIONS

SEC. 3. (a) Section 400A of the Energy Conservation and Policy Act (42 U.S.C. 6201) is amended by—

(1) striking out paragraphs (5), (6), and (7) thereof;

(2) inserting before "and Secretary" in paragraph (1), the following: "public or nonprofit institution,"; and

(3) adding the following new paragraph at the end thereof:

"(5) The term 'energy conservation project' means—

"(A) an undertaking to acquire and install one or more energy conservation measures in buildings owned by units of local government or public care institutions; and

"(B) technical assistance in connection with any such undertaking and technical assistance, under rules promulgated by the Secretary, to States, units of local government, and public care institutions—

"(i) to conduct specialized studies identifying and specifying energy savings and related cost savings that are likely to be realized as a result of (I) modification or maintenance and operating procedures in a building, (II) the acquisition and installation of one or more specified energy conservation measures in such building, or (III) both, or

"(ii) the planning or administration of such specialized studies.".

(b) Section 400B of such Act is amended in subsection (b) thereof by—

(1) striking out "enactment of this part" and substituting "enactment of the Energy Conservation Assistance Amendments of 1981";

(2) striking out "technical assistance programs" each place it appears and substituting "energy conservation projects";

(3) striking out "undertake technical assistance work" and substituting "implement energy conservation projects"; and

(4) adding the following new subsection at the end thereof:

"(d) The Secretary shall, by rule prescribe criteria for determining units of local government and public care institutions which are in a class of severe hardship. Such criteria shall take into account climate, fuel costs, fuel availability, ability to provide the non-Federal share of the costs, and such other factors that he deems appropriate.".

(c) Section 400D of such Act is amended by—

(1) inserting before "or such longer period" the following: "(as amended by the Energy Conservation Assistance Amendments of 1981),";

(2) striking out "technical assistance programs" in each place it appears and substituting "energy conservation projects";

(3) striking out "such programs" in paragraph (2) and substituting "such projects";

(4) striking out "applicants for technical assistance" in paragraph (5) and substituting "applicants for energy conservation projects"; and

(5) striking out "grants for technical assistance" in paragraph (6) and substituting "grants for energy conservation projects".

(d) Section 400E of such Act is amended by—

(1) striking out "GRANTS FOR TECHNICAL ASSISTANCE" in the heading thereof and substituting "FINANCIAL ASSISTANCE";

(2) striking out "grants for technical assistance under this part" in subsection (a) and in subsection (b) and substituting in each such subsection "financial assistance under this part for energy conservation projects";

(3) striking out "technical assistance proposed" in subsection (b) and substituting "energy conservation projects proposed"; and

(4) striking out the last sentence in subsection (d) and substituting: "If, after a reasonable time following such notification, the Secretary finds that any unit of local government or public care institution has not corrected such failure, the Secretary may terminate financial assistance under this part to such unit or institution and recover the unexpended balance of any assistance previously provided to the unit or institution under this part.".

(e) Section 400F of such Act is amended by—

(1) striking out "TECHNICAL ASSISTANCE" in the heading thereof and substituting "ENERGY CONSERVATION PROJECT COSTS";

(2) striking out "in payment of technical assistance program costs" in subsection (a) and substituting "for carrying out energy conservation projects";

(3) striking out "technical assistance program costs" in subsection (b) and substituting "the costs of any energy conservation project";

(4) striking out "Amounts" in subsection (b) and substituting "(1) Except as provided in paragraph (2), amounts"; and

(5) adding the following new paragraph at the end of subsection (b):

"(2) Amounts made available for the purposes of this section (together with any

amounts made available for such purposes from other Federal sources) may be used to pay not to exceed 90 per cent of the costs of an energy conservation project if the Secretary determines that a project meets the hardship criteria of section 402B(d). Grants made under this paragraph shall be from the funds provided under section 400H (a)(2).".

(f) Section 400G of such Act is amended by—

(1) striking out "preliminary energy audits and" in subsection (a);

(2) striking out "not to exceed" and all that follows in subsection (a) down through "1979" and substituting "not to exceed $30,000,000 for each of the fiscal years 1982, 1983, and 1984";

(3) striking out "technical assistance grants" in subsection (b) and substituting "energy conservation project grants";

(4) striking out "not to exceed" and all that follows in subsection (b) down through "1979" and substituting "not to exceed $100,000,000 for each of the fiscal years 1982, 1983, and 1984"; and

(5) striking out "1979" in subsection (c) and substituting "1984".

(g) Section 400H of such Act is amended to read as follows:

"SEC. 400H. (a) (1) Except as otherwise provided in subsection (b), the Secretary shall allocate 90 percent of the amounts made available under section 400G(b) in any year for purposes of making energy conservation project grants pursuant to section 400F as follows:

"(A) Eighty percent of amounts made available under section 400G(b) shall be allocated among the States in accordance with a formula to be prescribed, by rule, by the Secretary, taking into account population and climate of each State, and such other factors as the Secretary may deem appropriate.

"(B) Nine percent of amounts made available under section 400G(b) shall be allocated among the States in such manner as the Secretary determines by rule after taking into account the availability and cost of fuel or other energy used in, and the amount of fuel or other energy consumed by, units of local government and public care institutions in the States, and such other factors as he deems appropriate.

"(C) One percent of amounts made available under section 400G(b) shall be allocated to States, at the discretion of the Secretary, for the alleviation of any inequities caused by the strict adherence to the priority or percentage requirements of this part as the Secretary, in his discretion, may provide. Any funds not allocated under this subsection in a fiscal year shall be available for reallocation under subparagraphs (A) and (B) of this paragraph in the subsequent fiscal year.

"(2) The Secretary shall allocate 10 percent of the amounts made available under section 400G(b) in any year for purposes of making grants as provided under section 400F(b)(2) in excess of the 50-percent limitation contained in section 400F(b)(1).

"(b) The total amount allocated to any State under subsection (a) in any year shall not exceed 10 percent of the total amount allocated to all the States in such year under such subsection (a). Except for Puerto Rico, Guam, American Samoa, and the Virgin Islands, not less than 0.5 percent of such total allocation to all States for that year shall be allocated in such year for the total of grants to units of local government and public care institutions in each State which has an approved State plan under this part.

"(c) The Secretary shall prescribe rules limiting the amount of funds allocated to a State which may be expended for administrative expenses by such State.

"(d) Funds allocated for projects in any States for a fiscal year under this section but not obligated in such fiscal year shall be available for reallocation under subsection (a) of this section in the subsequent fiscal year.".

(h) Section 400I(b) of such Act is amended by striking out "on the technical assistance carried out" and substituting "the types of energy conservation measures implemented".

CONFORMING AMENDMENTS

SEC. 4. (a) The item relating to section 400E in the table of contents for part H of title III of the Energy Policy and Conservation Act is amended by striking out "grants for technical assistance" and substituting "grants for energy conservation projects".

(b) The item relating to section 400F in the table of contents for part H of title III of the Energy Policy and Conservation Act is amended by striking out "technical assistance" and substituting "energy conservation project costs".

THE INSTITUTIONAL BUILDING GRANTS PROGRAM: AN OVERVIEW

By Dennis R. Landsberg, Ph.D., P.E.

The National Energy Conservation and Policy Act (NEPA) of 1978 authorizes nearly $1 billion for the program. It is administered by the U.S. Department of Energy in cooperation with the energy offices of each of the fifty states, Puerto Rico, the Virgin Islands, the District of Columbia, Guam and American Samoa. At this time 54 of the 55 eligible energy offices are actually participating in the program.

Key features include:

Provide matching grants to eligible institutions for the identification and implementation of energy conservation activities in building structures owned and occupied by the institutions, prior to 20 April 1977.

The program is "state-specific." Institutions must be located in a state having an approved state plan in order to be eligible.

Grants may be awarded to schools, hospitals and public care institutions, both public and private non-profit, as well as local governments and states.

Funding can be used for four building activities: preliminary energy audits, energy audits, technical assistance analyses, and energy conservation measures.

PRELIMINARY ENERGY AUDITS

These gather data on numbers of buildings, size, type, ownership, rate of energy use, fuel sources, etc. These are usually conducted by the states to provide information for planning purposes.

ENERGY AUDITS

An energy audit is an on-site visit to gather data and to examine hours of operation, operating practices, maintenance procedures and physical characteristics to determine if there are maintenance and operating procedure changes which will lower energy use. The audit will also provide baseline information to determine which buildings have the highest priority to receive technical assistance. Financial assistance for energy audits is limited, generally the federal share will range between $150 and $300 per building.

TECHNICAL ASSISTANCE ANALYSES

These are detailed professional studies which reports the specific costs, energy savings and payback periods obtainable from installation of equipment, such as time clocks or more energy-efficient light fixtures, or physical changes to the building structure, such as additional insulation or double glazing.

ENERGY CONSERVATION MEASURES

Assistance is available to design, purchase and install equipment or make changes to the building structure which will save energy. Schools and hospitals only are eligible for financial assistance for energy conservation measures. ECM's must have simple payback periods of between one and fifteen years.

Institutions receiving funding must provide 50 percent matching, using funds or in-kind services which are not derived from other federal grants or contracts. No more than 70 percent of the funds available for schools or hospitals in a given state can be allocated to either. Funding levels in excess of 50 percent are available to qualified institutions by reason of hardship.

Participation by individual institutions is voluntary. The award of a grant necessitates the fulfilling of federal assurances and reporting requirements.

States must set up criteria to rank applications for funding in accordance with federal guidelines.

To date, $286.25 million has been appropriated for the programs, with $200 million requested for fiscal year 1981. Any funds appropriated but not expended will probably be reallocated in subsequent program cycles by state according to a pre-determined formula.

Rules governing the programs were published as 10 CFR Part 455 in the Federal Register of 2 April 1979, 17 April 1979 and 24 October 1979. However, it must be stressed that since the program is state-specific, prospective applicants should contact their state energy offices for pertinent program details.

RESULTS

The decision by DOE to make the programs state-specific should prove to have been a good one as it has enabled the states to tailor the programs to their needs. There was some confusion and disorganization in the first program cycle, but this was to be expected. The program was a new one, over 50 state plans had to be kept informed. All in all, the first cycle went better than could have been expected, and the second cycle was relatively smooth in most states.

The program is already having some definite impacts nationwide, even though implementation of energy conservation measures is only in the initial stages.

The program is aimed at the buildings of two institutions, which occupy unique positions in their communities. Both schools and hospitals are highly visible and vital to their communities' well being. For innumerable reasons, many of our nation's hospitals are not fiscally sound. Similarly, half our schools were built in an era of high enrollment and cheap energy, and are simply not designed to meet today's needs. Most of these institutions were not focusing on energy conservation prior to the program's inception, yet they were becoming financial burdens to the very people they were designed to service.

As such, the Institutional Building Grants Program is proving to be successful on three levels:

Federal funds are being used for projects whose direct result is to save energy and lower the cost of health care and education—all high national priorities.

Even those institutions which were not funded now view energy as an area where operating costs can be successfully reduced.

The concept that investment in energy conservation makes good economic sense is being demonstrated to the public.

The last factor is the most important. Most of us take it for granted. Yet without the incentive of capital funding, participation is greatly reduced despite the fact that funds are only available for a fraction of the applicants. The local government and public care sectors were added by Congress, with funding limited to technical assistance. This made sense for the initial cycles since less was known about these buildings than those in the schools and hospitals sectors. Widespread participation in the program could have resulted in the accumulation of data necessary to justify capital expenditures in future cycles. However, lack of capital funds resulted in lower participation levels (only

21 percent of available funds were awarded in Cycle 1), and this facet of the program will probably not be continued. This is an unfortunate situation, since potential savings exist which are worth investing in even without federal subsidy.

The Schools and Hospitals portion of the program has created great interest because of the possibility of federal funding. It made the program more saleable by the states and permitted strong support by associations. Gilliat Burnham of the New York State Hospital Association reports participation by over 40 percent of member hospitals. Paul E. Mehl of the American Hospital Association has co-sponsored national briefings with DOE. Many other associations have been active as well, most notably the American Institute of Industrial Engineers, the National Society of Professional Engineers, the Association of Energy Engineers, and of course ASHRAE.

The program is funding a wide variety of projects in many different types of building. Nearly $113 million was awarded in Cycle 1 encompassing 4229 grants covering 10,087 buildings. The average payback period in the first program cycle was four (4) to five (5) years. Because simple payback is, by law, the most important ranking criterion for capital funding, indications are that the average payback period for capital projects will be shorter in the second program cycle. This criterion makes it difficult for institutions when there are several good projects in a given building with varying payback periods. If too many projects are applied for, the longer payback periods may disqualify the building from funding. However, this is in keeping with the federal goal of maximizing energy saved per dollar spent. Deterrents to participation in this sector have been the assurances, which are not well defined and the odds against getting a grant.

The one year minimum on payback period is a logical choice as well. If an institution can recoup its entire investment in the same year that it is spent, a federal subsidy should be unnecessary. There is strong argument in some sectors that the minimum payback period should be increased, since many of the projects being funded should be done anyway. However, this would be contrary to DOE goals of saving the maximum amount of energy per dollar spent.

Some program changes will be announced for the third cycle. Harry Lane of DOE reports that the most notable of these will probably be a scheduling change to permit annual funding cycles. In addition, DOE will be checking on project implementation, to determine how much energy is actually being saved. A national building data base is also a distinct possibility. Eric Hirst of Oak Ridge National Laboratory is exploring the possibility of collecting nationwide preliminary energy audit data.

Program participants have suggested some changes which would improve it. William Wasserstrom of the New York State Energy Office would like to see increased funding for technical assistance studies. Capital funds are limited and the studies reach many times more buildings. Several program participants suggested a low interest loan program to assist with the many good projects which simply cannot be funded. There is concern for two time losers who will probably not apply in Cycle 3. Of course these decisions are in the hands of Congress.

The biggest challenge facing DOE in the conduct of this program will be to administer the performance of energy conservation measures. Under present regulations, all changes must be approved by DOE. This will probably slow down the program unless limited authority is given to the states.

It will also be interesting to see how estimated energy savings and installed capital costs compare with projected values. This information will have a strong bearing on whether programs such as this are instituted in other sectors.

In conclusion, the first two cycles of the Institutional Building Grants Program have shown it to be a viable means of energy conservation. Results of projects now under construction will demonstrate the full value of the capital program. The operational and maintenance savings achieved through the technical assistance studies are already documented. While some operational improvements can be made in the program, many of these are already in the works. Provisions should be made however, to extend capital funding to other building sectors. For further information concerning the Institutional Building Grants Program, contact the energy office in your state or write to: Institutional Conservation Programs, Office of State and Local Assistance Programs, CS, U.S. Department of Energy, Room 2H027, 1000 Independence Avenue, S.W., Washington, DC 20585.

[From Energy User News, Feb. 9, 1981]

DOE'S SCHOOL, HOSPITAL GRANTS PROGRAM PRAISED

(By Mitch Betts)

WASHINGTON.—School and hospital administrators recently praised the Energy Department for "fine-tuning" the federal matching grants program for energy conservation measures in schools, hospitals and other public buildings.

The praise came after DOE proposed rules that reduce the paperwork burden of applicants for grants and permit states more flexibility in allocating grant funds.

Typical of the comments at the public hearings last month was that of Charlotte Friedman, of the American Association of School Administrators. She said, "The revisions proposed are the department's concrete response to problems experienced by applicants and grantees during the energy program's first years. Drawn according to state and local needs, they seem destined to make the program more successful.

"DOE is to be commended for fine-tuning the program to actual circumstances, an effort too often lacking in the regulatory process," Friedman said.

But the school and hospital representatives asked DOE not to institute the program revisions until after the current third cycle of energy grants is completed this summer.

Christopher E. Crittenden, director of an energy task force for the Association of Physical Plant Administrators of Universities and Hospitals, said his group supports making the revisions effective with the fourth grant cycle "since DOE and the applicants have insufficient time to adjust to the final rule" during the third grant cycle, which is already in progress.

DOE will respond to the comments and issue a final rule instituting the program revisions in March or April, sources said.

While praising DOE's Office of Institutional Conservation Programs for proposing improvements to the program that would eliminate some paperwork, the school and hospital administrators suggested DOE continue to look for ways to reduce the paperwork burdens of the program.

The technical program changes which were commended by program participants include:

Deletion of several certification forms and reports;

Allowing funds to be used for certain pregrant costs incurred after the grant application is submitted;

Requiring state energy offices to explain why rejected applicants were turned down;

Allowing certain "integral parts" of an energy conservation measure, such as metering devices, to qualify for grant money even if they do not directly save energy;

And giving states more flexibility in allocating "hardship" and unobligated funds.

The program provides federal grants to match state funds for technical assistance to schools, hospitals and some other public buildings, and for energy conservation measures for schools and hospitals.

[From Energy User News, Feb. 2, 1981]

GRANTS PROGRAM EXTENSION URGED

WASHINGTON.—The Energy Department's energy conservation grants programs for schools, hospitals and institutional buildings is a useful program that should be continued about three more years, according to a report by the Environmental Protection Agency.

Participants in an EPA critique of DOE conservation efforts said the federal matching grants program "has achieved a fair measure of success, though the program was plagued by serious problems in its first two years."

Authorized by Congress to spend $900 million in its first three years, the program provides matching federal grants to schools, hospitals and units of local government for energy audits and conservation retrofits.

The program was generally praised by participants in a series of public hearings on DOE programs held by EPA, but some improvements were suggested.

According to John McMillan, energy coordinator for Hennepin County, Minn., one of the program's major weaknesses is the lack of assured funding for future years. The grants program is now funded on an annual basis, which is causing problems for local governments that need to budget their matching funds well in advance of the fiscal year they will be spent.

McMillan recommended that Congress fund the program on a multi-year basis.

McMillan and Robert Pauls, energy coordinator for Carbondale, Ill., also said the grant application procedures are too complex and expensive, especially for small units of government seeking small grants.

They suggested DOE streamline the applications process, and that forms be simplified for small grant applications.

Overall, the program is a good incentive for small government and institutions which probably would not be conducting energy audits and keeping energy consumption records without federal funds, according to EPA.

[From Energy User News, Feb. 2, 1981]

PPG WILL INSTALL NEW PLANT FURNACE TO CUT ENERGY USE

PITTSBURGH.—PPG Industries Inc. plans to install a new glass melting furnace at its Shelby, N.C., fiberglass plant which, by incorporating heat recovery techniques, should reduce energy requirements per pound of glass by more than 30 percent, according to a company representative.

The furnace is being installed as part of a more than $20 million expansion expected to increase production capacity at the Shelby plant by more than 10 percent—to 275 million pounds a year of continuous-filament fiberglass, the company said. The material is used in plastics, rubber reinforcements and textile yarns.

In addition, the project is expected to control and recycle pollutants.

PPG revealed neither its current energy consumption at the plant nor the expected payback on the furnace, the spokesman said. Since it is designing the system, and using proprietary technology, the company refuses to provide greater detail for competitive reasons, the spokesman added. Total savings will depend on production levels, he said.

The firm's staff is expected to install the majority of the project, which includes new forming and fabricating equipment as well as the single, large glass melting furnace, the spokesman said.

PPG expects to use both a scrubber and a dry, baghouse pollution control system so that emission particulates in the hot flue

gases can be reused as makeup air in the production process.

Construction work on the expansion is scheduled to begin this month with completion expected in spring 1982.

STATE OF FLORIDA,
OFFICE OF THE GOVERNOR,
Tallahassee, February 9, 1981.

Mr. TEDDY DESHAZO,
Walton County School Superintendent, Walton County Courthouse, De Funiak Springs, Fla.

DEAR TEDDY: Enclosed are several copies of the "Paxton High Success Story". As I mentioned to you in our telephone conversation yesterday, we plan to place this story in several education publications in the State. The publications targeted so far include those of the School Administrators Association, the School Board Association and the Association of School Plant Managers. The story has already been released at a statewide conference of education resource managers in Orlando. You are welcome to release the story to your local media, or we can make a release from the Governor's Office in Tallahassee. Please let me know if you would like it released by us.

It certainly was a pleasure to write the Paxton success story. The energy savings achieved in that one building should serve as an example of what other school systems in the state could achieve. Congratulations on your current 15 percent savings. I wish you success on the additional energy projects you have planned.

If you have any thoughts or suggestions about other ways to publicize your savings, please let me know. I think Paxton's story will be an important tool for publicizing the Schools and Hospitals Grants Program.

Again, good luck with the program. If you need any additional assistance, please don't hesitate to let us know.

Sincerely,

RON COSSMAN,
Governmental Analyst,
Governor's Energy Office.

SCHOOL SYSTEM REALIZES FIFTEEN PERCENT SAVINGS

What do you do with the extra money when you cut your operating expenses by more than 15 percent? The Walton County School System may face this "problem" because of their participation in the Schools and Hospitals Program administered by the Governor's Energy Office.

One example of the success of the program is the Paxton High School, a collection of buildings, some dating back to 1934. The structure is typical of buildings built in north Florida during that era, high ceilings, elevated wood floors and an entire wall of leaky double-hung wood windows. Infiltration of cold air in the wintertime was so bad the "windows were chinked (plugged) with newspapers" to keep the classrooms warm, according to Paxton Principal Zane Sunday.

Heating for the 492-student high school, an important portion of energy budgets in north Florida, was provided by an oil-burning, water radiator system. During extended periods of cold weather, below 20 degrees, the buildings had to be closed, and the pupils and staff sent home. "It (the closings) did happen occasionally", said Walton County School Superintendent Teddy DeShazo. "The buildings were not well insulated, and during any extended period of cold weather, we couldn't ask the students, or staff to freeze to death. It certainly was not a good environment for learning."

The 3,680 pupil school district was faced with the twin problems of spiraling energy costs and a not-so-spiraling operating budget. "We're no different from any other entity, such as business or government. It's difficult to cope with rising prices. It's a constant struggle in the budgetary process. Your energy usage may drop, but prices continue to go up. Without energy conservation measures and maintenance, you can't even hold your own," said DeShazo.

"One of the problems is that energy conservation wasn't addressed when these buildings were built 20 or 30 years ago. We've got to utilize the existing buildings as best we can, because we're not going to build any new ones; the demand just is not there," DeShazo continued.

In the fall of 1979, the school district began participation in the National Energy Conservation Policy Act (NECPA) Schools and Hospitals Grants Program.

Paxton High, like other schools in the district, underwent energy audits to determine energy use in the building.

After low-cost and no-cost conservation measures were identified and implemented, a technical assistance analysis (an in-depth engineering study of the buildings) was performed to determine the applicability of retrofit projects. In the case of Paxton, four specific measures were recommended by the detailed analysis of the structure.

Installation of two of the recommended measures has already produced an estimated 15.8 percent reduction in energy consumption in the building. The leaky wood windows were replaced with single-hung thermopane windows made with bronze glass, reducing air infiltration and adding a new look to the school.

Insulation was added, and a drop-ceiling was installed, reducing ceiling height from 12 feet to 9 feet and helping conserve energy in the building. Other energy-saving measures included switching to fluorescent lights; caulking and weatherstripping existing doors and windows, and adding carpeting to the suspended wood floors.

The School and Hospitals Grants Program makes 50 percent federal matching grants available to eligible participants for energy conservation measures and equipment. This program, in effect, offers to schools the opportunity to purchase costly energy equipment at "half price," with the federal government funding 50 percent of the equipment. Schools are eligible for hardship funding of up to 90 percent of total project cost.

And what has this 15 percent reduction meant for the Walton school system? "The reduction will allow us to maintain our operating budget better. At the present time, the (School) Board has approved some additional energy conservation measures for other school facilities. Later on, I'd like to think we could take that extra money, and apply it to the instructional field in the schools," said Superintendent DeShazo.

The Schools and Hospitals Program has some other intrinsic benefits—benefits that can't be tied down in an operating budget, or cut by inflation. One of the companion benefits of the program, according to DeShazo, "is a better facility. The school is more attractive and more functional for community use. It has also given the youngsters, and the citizens, more pride in their community. And it certainly has enhanced learning in the school."

Isn't that what schools are all about?●

By Mr. COCHRAN:

S. 1171. A bill to repeal the Residential Conservation Service program and the Commercial and Apartment Conservation Service program; to the Committee on Energy and Natural Resources.

REPEAL OF RESIDENTIAL CONSERVATION SERVICE PROGRAM AND APARTMENT CONSERVATION SERVICE PROGRAM

● Mr. COCHRAN. Mr. President, I am today introducing legislation to repeal the Residential Conservation Service program and the Commercial and Apartment Conservation Service program of the National Energy Conservation Policy Act (Public Law 95–619).

The administration has recommended rescission of fiscal year 1981 funding and elimination of fiscal year 1982 funding for these programs. Recent action in the Interior Subcommittee of the Appropriations Committee here in the Senate supports this action.

The legislation which mandates these programs would remain in force, however, unless we act to repeal it. The statutory requirements that the States enforce the provisions of their State plans and the requirements that utilities notify their customers and offer to audit residential and commercial dwellings and provide supportive services to those customers whose homes are audited will continue unless these programs are repealed.

The real losers in this whole affair, however, would be the American consumers. In the vast majority of the States, most if not all of the costs of this program—which would run somewhere around $7.1 billion according to DOE—are going to be passed directly to consumers. They are the ones who will have to foot the bill for State regulations, training of auditors, customer notification, and other requirements of these programs.

DOE estimates that only 7 percent of eligible customers will respond to the program. Even this presents problems, however, since the consumers most likely to benefit are the ones who can most afford to purchase and install the measures recommended by program auditors. However, the utility implementation costs and State implementation costs will, in most instances, be borne by all, including those who cannot afford to participate. Thus, it is likely that nonparticipating low-income people will subsidize the audit costs of higher income individuals who do participate.

In many States, consumers already get audits and utility assistance if they so desire. Residential and consumer programs are present in Massachusetts, Oregon, the District of Columbia, and 170 different utilities currently participate in the Edison Electric Institute conservation program. TVA utilities have insulated around 200,000 homes under its voluntary program. The key here, though, is that only those who participate pay.

Mr. President, these programs should be repealed for a number of reasons. But we need to act now in order to head off unjustified additions to what are already record high utility bills. By this fall, unless we act, 47 States and their utilities will be required to carry out these programs, even though the Federal Government will have ceased its own involvement. We should not saddle the American consumer with something the Federal Government is no longer willing to support.●

By Mr. JEPSEN:

S. 1172. A bill to amend the Internal Revenue Code of 1954 to eliminate the holding-period requirements for capital gains treatment; to the Committee on Finance.

ELIMINATION OF HOLDING-PERIOD REQUIREMENTS FOR CAPITAL GAINS TREATMENT

● Mr. JEPSEN. Mr. President, today I am introducing legislation to repeal the 12-month holding period required for capital gains treatment. There are several reasons the proposal merits serious consideration.

First, elimination of the holding period will increase Treasury receipts. Steven Seiden, in a recent Barron's article, examined the quantitative evidence and found on a random sample of blue chip stocks that current law has effectively prevented any profit taking since 1979. Consequently, the Government has lost enormous capital gains reflows as a direct result of present policy.

Second, the reverse side of this, of course, is that American investors also lose out. The Seiden article demonstrated conclusively that, in the absence of a holding period, substantial profits could have been realized on the same sample over the same period. Furthermore, Seiden points out that if such profits are reinvested in capital markets and additional gains are realized, the Treasury reaps an additional bonus. Clearly, the elimination of the holding period serves the interests of fiscal responsibility. More significantly, it serves the American people.

Third, the proposal encourages more efficient and hence less expensive capital markets. Liquidity is critical to investment efficiency. Because this bill provides for exactly that, it will facilitate capital formation in the United States.

Fourth, historical analogy lends credibilty to this measure. Just as the 1978 reduction in capital gains brackets led to an enormous increase in capital gains reflows, the repeal of the holding period will undoubtedly do the same.

Finally, the United States is almost unique in the western industrialized world in having a tax on capital, let alone a holding period. A recent monograph by Arthur Andersen and Co. underlines this fact. The Japanese, for example, have neither a holding period nor a capital tax. It is not surprising that they lead the world in rates of aggregate savings, growth, and general economic health.

The repeal of the 12-month holding period has no down side. The Treasury will receive increased revenues at a time when the Federal budget is particularly lean. The American people will be given the opportunity to realize profits on their investments when they occur; artificial delays will no longer dissipate potential gain. Capital markets and capital formation will become more efficient and less costly. Finally, the legislation will bring the United States into step with much of the rest of the world.

As simple as the legislation appears, it requires an enormous number of technical or conforming amendments to title 26.

The Congressional Research Service and the Joint Committee on Taxation are currently studying all references in the code. Should unforeseen problems come out of this research, I will offer a star print at a later date.

At a time when the United States trails every major industrialized power in capital formation, Congress must attend to all obstacles to investment presently in the code. Some should be retained. Others should not. The capital gains holding period is a case in point. I strongly urge its repeal.●

ADDITIONAL COSPONSORS

S. 47

At the request of Mr. SCHMITT, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 47, a bill to amend the Immigration and Nationality Act to establish a temporary worker's visa program between the United States and Mexico.

S. 155

At the request of Mr. SCHMITT, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 155, a bill to amend the Internal Revenue Code of 1954 to make additional interest from savings eligible for exclusion.

S. 441

At the request of Mr. NUNN, the Senator from Alabama (Mr. DENTON) was added as a cosponsor of S. 441, a bill to provide limited assistance by the armed services to civilian drug enforcement agencies.

S. 482

At the request of Mr. BUMPERS, the Senator from South Carolina (Mr. HOLLINGS) and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 482, a bill to reform the Bail Reform Act of 1966 to require the judicial officer making the bail determination to detain those persons who cannot be released without endangering the safety of other persons or the community.

S. 494

At the request of Mr. BUMPERS, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 494, a bill to amend chapter 44 of title 18, United States Code, to strengthen the mandatory penalty for the use of a firearm in the commission of a felony.

S. 517

At the request of Mr. BENTSEN, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 517, a bill to amend the Clean Air Act to provide for further assessment of the validity of the theory concerning depletion of ozone in the stratosphere by halocarbon compounds before proceeding with any further regulation of such compounds, to provide for periodic review of the status of the theory of ozone depletion, and for other purposes.

S. 814

At the request of Mr. NUNN, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 814, a bill to improve the administration of criminal justice with respect to organized crime and the use of violence.

S. 861

At the request of Mr. PACKWOOD, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 861, a bill to amend the Social Security Act to provide for a 6-year demonstration program of comprehensive community-based noninstitutional acute and long-term care services for the elderly and disabled.

S. 895

At the request of Mr. MATHIAS, the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of S. 895, a bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

S. 962

At the request of Mr. BENTSEN, the Senator from Iowa (Mr. JEPSEN) was added as a cosponsor of S. 962, a bill to amend the Federal Meat Inspection Act to allow the interstate movement of all meat food products which are processed by federally inspected establishments and which are derived from meat which has been slaughtered or processed at certain State-inspected establishments.

S. 1016

At the request of Mr. DOLE, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1016, a bill to amend the Food Stamp Act of 1977 to reduce the fraud and abuse, strengthen enforcement actions, and increase recovery of overpayments.

S. 1072

At the request of Mr. NUNN, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 1072, a bill to amend the Internal Revenue Code of 1954 to provide an exclusion from gross income of interest earned on qualified housing savings certificates.

S. 1131

At the request of Mr. DANFORTH, the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1159

At the request of Mr. THURMOND, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 1159, a bill to amend section 10 of the Clayton Act to insure effective application of antitrust principles to prevent anticompetitive action by monopoly common carriers.

SENATE JOINT RESOLUTION 46

At the request of Mr. BUMPERS, his name was added as a cosponsor of Senate Joint Resolution 46, a joint resolution declaring "U.S. Tennis Association Day."

SENATE JOINT RESOLUTION 62

At the request of Mr. DOLE, the Senator from South Carolina (Mr. HOLLINGS), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of Senate Joint Resolution 62, a joint resolution to authorize and request the President to designate the week of September 20 through 26, 1981 as "National Cystic Fibrosis Week."

SENATE JOINT RESOLUTION 74

At the request of Mr. MATHIAS, the Senator from New Mexico (Mr. SCHMITT), the Senator from Oregon (Mr. HATFIELD), the Senator from Minnesota

(Mr. DURENBERGER), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of Senate Joint Resolution 74, a joint resolution designating the week of October 4 through October 10, 1981, as "National Diabetes Week."

AMENDMENT NO. 50

At the request of Mr. MITCHELL, his name was added as a cosponsor of amendment No. 50 proposed to Senate Concurrent Resolution 19, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the U.S. Government for the fiscal year 1981.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF THE INTERIOR APPROPRIATIONS, 1982

AMENDMENT NO. 51

(Ordered to be printed and referred to the Committee on Appropriations.)

Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill (H.R. 3400) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

DEPARTMENT OF DEFENSE AUTHORIZATION, 1982

AMENDMENT NO. 52

(Ordered to be printed and to lie on the table.)

Mr. SCHMITT (for himself and Mr. ROTH) submitted an amendment intended to be proposed by them to the bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

NOTICES OF HEARINGS

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. GARN. Mr. President, on behalf of the Committee on Banking, Housing, and Urban Affairs, I am announcing that the Subcommittee on International Finance and Monetary Policy and the Subcommittee on Securities will hold joint hearings on May 20 and 21, 1981 on S. 708, the "Business Accounting and Foreign Trade Simplification Act."

S. 708 was introduced on March 12, 1981, by Senator JOHN CHAFEE; it would amend the Foreign Corrupt Practices Act of 1977 by clarifying the act's meaning and modifying some of its provisions.

The hearings are expected to explore the possibility that ambiguities, interpretive problems and administrative difficulties associated with the act have created substantial compliance problems for American business, interfered with legitimate export opportunities, and created unnecessary financial recordkeeping and reporting requirements for publicly-held companies.

Those scheduled to testify at the hearings include U.S. Trade Representative William Brock, representatives of the Securities and Exchange Commission, and the General Accounting Office, and representatives of U.S. businesses engaged in exporting.

For additional information, interested persons should contact Paul Freedenberg of the staff, Subcommittee on International Finance and Monetary Policy at 224–0891, or John Daniels, counsel to the Securities Subcommittee, at 224–1561.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate Tuesday, May 12, for the purpose of marking up S. 1100, the Northeast Rail Service Act of 1981, and S. 1155, the Consumer Product Safety Act amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Federal Expenditures, Research, and Rules of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, May 13, to hold hearings on S. 30, Late Payment Act of 1981, and S. 1131, Delinquent Payment Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Federal Expenditures, Research, and Rules of the Committee on Governmental Affairs also be authorized to meet during the session of the Senate on Friday, May 15 to hold an oversight hearing on the Federal procurement system.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the Session of the Senate today to hold a markup on the strategic petroleum reserve bill and other pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on tomorrow, Wednesday, May 13, to consider pending calendar business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate today to hold hearings on S. 1080, the Regulatory Reform Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Tuesday, May 12, through Friday, May 15, for the purpose of marking up the farm bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to hold oversight hearings on fiscal disparities during the session of the Senate on Wednesday, May 13.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

FRANKLIN DELANO ROOSEVELT COMMEMORATIVE RESOLUTION INTRODUCED BY SENATOR RANDOLPH

● Mr. RANDOLPH. Mr. President, on April 29, I introduced Senate Joint Resolution 76, a joint resolution providing for the commemoration of the 100th anniversary of the birth of Franklin Delano Roosevelt, January 30, 1982.

In the 96th Congress on October 16, 1979, I introduced Senate Joint Resolution 116, a similar resolution. On that day, Representative JIM WRIGHT, of Texas, introduced House Joint Resolution 423 in the House of Representatives which was a companion resolution to Senate Joint Resolution 116.

Senate Joint Resolution 116 was considered by the Senate Committee on Rules at a public hearing on December 12, 1979. I joined Pare Lorentz, F. D. R.'s noted documentary film maker and the author of "The Days of Franklin D. Roosevelt: A Chronicle," and Dr. William R. Emerson, director of the Franklin Delano Roosevelt Library at Hyde Park, N.Y., in testifying before the Rules Committee.

Following that hearing, the committee engaged Prof. Elmer E. Cornwell, Jr., professor of Political Science at Brown University, to evaluate the Lorentz manuscript. Dr. Cornwell submitted a detailed report on May 29, 1980.

Neither Senate Joint Resolution 116 or House Joint Resolution 423 passed during the 96th Congress.

On March 26 of this year, Representative WRIGHT, with the cosponsorship of 122 of his colleagues, introduced a revised Roosevelt centennial resolution in the

House of Representatives. This resolution, House Joint Resolution 221, provides for the acquisition of the Lorentz manuscript and its deposit in the Roosevelt Library. It also provides for a joint committee to oversee and coordinate activities relating to the proper observance of the centennial of Franklin Roosevelt's birth. My resolution is identical to Representative WRIGHTS'. These resolutions do not provide for printing the Roosevelt Chronicle due to the costs. But the fact that the Senate has just seen fit to print and issue as a Senate document (S. Doc. No. 96–63, 96th Cong. 2d sess.) a 518 page volume "Herbert Hoover Reassessed" encourages me to hope that a way will be found to print the Roosevelt Chronicle.

Mr. President, Sir Winston Churchill wrote of F. D. R.—

His life must . . . be regarded as one of the commanding events in human destiny.

Those of us who were privileged to know and work with Franklin Delano Roosevelt during his Presidency were well aware that we were in the company of one of the most extraordinary leaders our Nation has ever had. The great humanistic approach he brought to Washington were expressed superbly in his acceptance speech for renomination to the Presidency on June 27, 1936. F. D. R. said:

Governments can err, Presidents do make mistakes, but the immortal Dante tells us that divine justice weighs the sins of the cold-blooded and the sins of the warm-hearted in different scales. Better the occasional faults of a Government that lives in a spirit of charity than the consistent omissions of a Government frozen in the ice of its own indifference.

The Roosevelt administrations had heart and compassion and cared about people.

Another distinguished English historian, Sir Isiah Berlin, in his recent book Personal Impressions said:

Roosevelt's greatest service to mankind (after ensuring the victory against the enemies of freedom) consists in the fact that he showed that it is possible to be politically effective and yet benevolent and human. . . . Roosevelt's example strengthened democracy everywhere, that is to say the view that the promotion of social justice and individual liberty does not necessarily mean the end of all efficient government; that power and order are not identical with a straitjacket of doctrine, whether economic or political; that it is possible to reconcile individual liberty—a loose texture of society—with the indispensable minimum of organising and authorty; and in this belief lies what Roosevelt's greatest predecessor once described as "the last, best hope of earth."

A distinguished Republican elder statesman, Henry L. Stimson, wrote of F. D. R.—

He was an ideal war commander in chief. His vision of the broad problems of the strategy of the war was sound and accurate, and his relations to his military advisers and commanders were admirable correct. In the execution of their duties he gave them freedom, backed them up, and held them responsible. In all these particulars he seems to me to have been our greatest war President. . . . Lastly and most important, his vision and interpretations of the mission of our country to help establish a rule of freedom and justice in this world raised a standard which put the United States in the unique position of world leadership . . .

Mr. President, we do honor to our country when we honor Franklin Delano Roosevelt. I urge Senators to join in sponsoring Senate Joint Resolution 76, an appropriate tribute to Franklin Roosevelt on the 100th anniversary of his birth.●

SENATE VOTES TO POSTPONE "WAR ON WASTE" UNTIL AFTER FISCAL YEAR 1982

● Mr. DECONCINI. Mr. President, on Friday, the Senate rejected my amendment to the first budget resolution for fiscal year 1982, that would have saved $3.9 billion in travel ($750 million); consultant services ($1 billion); public affairs and public relations ($120 million); advertising ($30 million); audiovisual/filmmaking ($250 million); and debt collection ($1.750 billion). The vote was 42 to 49.

As I mentioned in my statement last Friday, this vote by the Senate tells this Senator one thing: That it is willing to postpone our war against waste, fraud, and abuse until 1983 and 1984. The budget resolution does not address waste, fraud, and abuse savings in fiscal year 1982. In fact, on page 10 of the Budget Committee report accompanying Senate Concurrent Resolution 19, the committee says:

Congress, however lacks at this time a legislative framework for cooperative action with the Administration on the problem of waste, fraud, and abuse.

My amendment would have told the administration to make cuts in specific targeted areas which have been bulging with waste for years. Although I was unsuccessful on Friday, I intend to take my case to the Appropriations Committee, on which I am proud to serve, to try to effect these savings in fiscal year 1982.

Mr. President, one of the most thorough jobs of investigating waste, fraud, abuse, and frivolous expenditures by Government agencies was done by former U.P.I. investigative reporter, Donald Lambro. His book "Fat City" highlights hundreds of examples of wasteful Government spending, many of which are addressed in a bill I introduced in February, S. 421—the General Government Expenditure Control and Efficiencies Act of 1981. Mr. Lambro has written another article in the May issue of the Washingtonian magazine which I believe merits the close review of my colleagues in the Senate.

I ask that the article be printed in the RECORD in its entirety at this point.

The article follows:

THE BEST AND WORST GOVERNMENT AGENCIES

(By Donald Lambro)

Anyone who has spent any time watching Washington spend our money knows that tens of billions of dollars are squandered every year on frivolous, extravagant, ineffective, outdated, abuse-ridden, inefficient, duplicative, and otherwise needless agencies, programs, and expenditures.

Right?

Of course. So I felt among kindred souls as I testified recently before the House Budget Committee. Government waste has been my beat for half a dozen years, and I gladly told these professional budget-cutters of the outrages I had found. I suggested that Congress set an example by getting rid of its own extravagant perks, including the subsidies that keep prices down in the House and Senate restaurants.

A tremor ran through the committee.

What subsidies?

The question came not from an innocent freshman, but from Representative Delbert Latta, an Ohio Republican who has been working, and presumably lunching, in Congress for 22 years. I suggested respectfully that food costs a lot more elsewhere.

"I don't know about the price being higher," grumped Latta, who makes do on $60,000 a year. "I can't stand more than $2.95 for a hamburger at lunch time."

Aww.

It occurred to me that if our lawmakers had no idea that taxpayers were subsidizing the very meals they ate, what else didn't they know? Furthermore, why was I, a newspaper columnist, telling these august men how they were misspending our money?

What does it take to get the point across? You don't have to be a Price-Waterhouse accountant or the world's greatest living expert on the federal bureaucracy and budget to recognize the shameful reality of federal extravagance. Even a member of Congress could do it. You could wallpaper the Washington Monument inside and out ten times over—and still have enough left over for the Capitol—with the voluminous evidence that has been uncovered in countless General Accounting Office reports, internal agency audits, and congressional investigations.

While Washington's waste and wantonness are hardly a secret, there has been an alarming degree of paralysis and impotence on the part of our national leaders to do anything about it. Last year we heard the campaign shrieks of horror at the suggestion that anyone could possibly cut the budget by a substantial amount without destroying the fabric of our society. Others argued that past budgets had been trimmed "to the bare bones" when in fact they had grown significantly.

The vision is forever imbedded in my memory of former Budget Director James McIntyre telling reporters at a budget briefing in January 1980, "I've looked through here again and again to find something we could cut without suffering adverse consequences and I can't find it." Why the assembled reporters didn't burst out laughing I will never understand.

Still, a number of notable daredevils have aspired to the presidency by promising to slay the federal behemoth and tame the bureaucracy, only to fail miserably.

Richard Nixon and Gerald Ford both talked a good game, but the growth of government skyrocketed under their administrations. For all their cost-cutting bravado, the budget more than doubled during the eight years of their combined administrations, rising from $196.5 billion in fiscal 1970 to $402.7 billion in fiscal 1977. Together they racked up cumulative deficits totaling over $238 billion, with Ford chalking up the biggest ever—$66.4 billion in fiscal 1976. May his record forever stand.

Jimmy Carter crept onto the fiscal tightrope with great expectations, promising to reduce nearly 2,000 swollen, overlapping agencies down to 200 easy-to-use concentrates. Carter's consolidations would do eevrything the Great Two Thousand Model did, he told us, but more cheaply and more efficiently. "It's a goal that I've set for myself that I think is achievable," he bravely declared in a Face the Nation interview.

He never achieved it. In the attempt, he succeeded only in placing the problem in charge of the solution. The padded payrolls, irrelevant agencies, and frivolous expenditures accompanied the mergers. The result? Bureaucratic pulp.

Ronald Reagan is pulling the budget tighter than ever before in our history. His proposals to carve $48 billion out of the budget represent the most ambitious attempt ever undertaken to retard significantly the growth of government. He brings to the task a mandate of almost historic proportions from the voters, who clearly want to cleanse the bureaucracy of unnecessary and wasteful programs and agencies.

Reagan deserves a lot of credit, and in future budgets I hope he will go further. But in too many cases so far, he is merely proposing that program budgets be trimmed, although there are excellent cases for doing away with them altogether. And the President, I suspect, knows this.

Just before he officially kicked off his general election campaign last Labor Day weekend, Reagan held a reception for the press at his rented Virginia estate near Middleburg, where we chatted briefly. I knew that the former California governor had read my book, Fat City: How Washington Wastes Your Taxes, which concludes that the government is needlessly spending at least $100 billion a year.

After a brief exchange of pleasantries, Reagan leaned closer. "Tell me," he said. "Do you still believe we're wasting $100 billion?"

I replied that it was a conservative estimate, "I think it is very likely much more," I said. Reagan nodded in agreement and said, "I do, too. From all I've seen and read and heard from the people who know, there is more waste, fraud, and just foolish and unnecessary expenditures than anyone in Washington realizes. Well, we're going to do something about it."

Whether Reagan succeeds in curbing the bureaucracy that he has spent much of his life criticizing remains to be seen. The pruning process has moved from David Stockman's list of cuts to the ponderous budget-setting, authorizing, and appropriations committees of Congress.

Unfortunately, most members of Congress know very little about the broad range of agencies, programs, and benefits for which they vote year in and year out. Like Congressman Latta, who was unaware that his meals are being subsidized by taxpayers—most of whom rarely eat as well, or as cheaply—our lawmakers have rarely taken the time to scrutinize all that they have wrought.

For one thing, the vast bureaucracy that they have created over several decades has gotten so big that even an institution the size of Congress can't keep track of it.

For another, members of Congress, with few exceptions, have no appetite for oversight. It is usually tedious, time-consuming, and politically unrewarding. Better to sponsor a new program—and then, to get it passed, bloat it so that every congressional district in the country gets something out of it.

That may change. Called upon by the administration to make nearly $50 billion in spending cuts for the coming fiscal year, Congress soon must make some painful but very necessary evaluations about where the money goes.

With the help of congressional committee aides, General Accounting Office auditors, and knowledgeable federal workers throughout the bureaucracy, I have compiled a list of what are regarded as the very worst as well as some of the very best federal agencies.

BUREAUCRATIC BASKET CASES

(1) The Immigration and Naturalization Service: "It is no secret that the Immigration and Naturalization Service is generally thought to be mismanaged and a bureaucratic mess." That's what President Reagan's transition team told the new President in a confidential report. Experts within the Justice Department, where INS is ensconced, consider that evaluation mild.

Among other things, the INS badly botched the influx of some 130,000 Cubans and thousands of Haitians into the United States. Moreover, the worsening problem of illegal aliens from Mexico seeking work in the U.S. has become a "bureaucratic nightmare," according to one INS worker. The INS has become so impotent that when the agency was called on to register and adjust the status of Iranian students, Acting Commissioner David Crosland admitted that the schools Iranian students were attending did not take the INS's requests seriously.

Justice Department sources say Attorney General William French Smith wants to overhaul the INS, but the agency's problems have been made even worse by the fact that it has been without a commissioner since October 1, 1979.

Solution: Put a tough administrator in charge and get control of the illegal-alien problem.

(2) U.S. Savings Bond Division: Most Americans are unaware that the government pays about 200 "salesmen" to travel the country promoting U.S. Savings Bonds. Their assignment: buttonhole corporate executive officers to sell companies on the payroll savings plan, and put the arm on radio and television station managers for free spots.

Employees of this obscure $16 million Treasury Department agency, a vestige of the World War II era, complain that pushing bonds "is like selling candles in an electronic age." Increasingly, people are turning instead to money-market funds and other investments that yield around 15 percent.

Savings bonds pay only 8 percent, and you get that much only if you keep the instrument for nine years. Few savers do; disenchantment is so great that 36 percent of the bonds are cashed in when they're six months old, and nearly 50 percent are redeemed within a year. To Treasury's immense embarrassment, the Federal Trade Commission told the Savings Bond Division last August that it could no longer get away with advertising its bonds as a good investment, because they are not.

All this selling and redeeming generate so much employment and paperwork that the government's overall cost of borrowing money via savings bonds runs as high as 38 percent, making savings bonds no more a bargain for the government than for the savers.

Moreover, the agency has a serious scandal brewing in its field offices. In the aftermath of a story that I broke, employees admitted under oath that they had frequently lied on their sales-performance reports—a byzantine system of make-work record-keeping—in order to meet unrealistic work quotas. Division officials insist that the investigation is continuing, but so far only two workers have been charged and dismissed. Department sources say the case has in fact been "effectively closed."

Solution: Close the Savings Bond Division as a mismanaged anachronism.

(3) General Services Administration: Knowledgeable GSA officials, auditors, and investigators say that little has been done to cleanse continuing abuses, mismanagement, and waste from this $7-billion-a-year agency. Widespread complaints persist that top officials too often have shelved audits uncovering millions of dollars in overcharges by contractors, abuses by employees, and general program mismanagement.

This inertia is particularly disheartening because the GSA scandals were widely publicized when they came to light several years ago. They involved widespread abuse of authority, circumvention of the law, mismanagement of tax dollars, and flagrant waste and extravagance. There was bribery of GSA officials, and payments to contractors for work never done or goods never delivered. The GSA paid millions of dollars for shoddily built furniture that did not meet minimum government specifications. Officials publicly estimated that at least $266 million a year was being lost through waste and fraud, but privately, auditors told me that the true total was closer to half a billion dollars.

In the last year, few cases of any consequence have been prosecuted by the Justice Department's GSA task force, and to this day no high-level GSA official has been charged in the scandal.

Old abuses, once thought to be cured, have returned. Supplies such as film, tools, and gift items, removed from GSA supply stores because of theft, have been put back on the shelves. One audit revealed that the GSA is still paying more for computers than commercial firms, in some cases nearly twice as much as retail prices.

"Our audits are usually ignored," complains a top GSA auditor. He says the agency is recouping only 26 percent of the unjustified claims that are bilked out of GSA's Federal Supply Service by unscrupulous businesses. And as if all of this weren't enough, the administration's transition team has declared in a confidential report on GSA that the agency is "bankrupt," having seriously overspent its budget during the last two years.

Solution: Another tough administrator.

WASHINGTON'S WORST SUBSIDY

HUD's Urban Development Action Grants: HUD's $675 million UDAG program represents a classic example of an idea sold as helping the poor when it is in fact an unnecessary subsidy to big corporations.

Congress enacted the UDAG program in 1977 to help redevelop severely distressed urban areas. In true bureaucratic style, HUD administrators broadened the program to satisfy the greed factor among potential urban recipients. This so distorted the original formula that 52 percent of the nation's big cities became eligible for UDAG grants—including cities like Cleveland Heights, Ohio, with only 3.2 percent unemployment and 5.9 percent poverty.

My investigation of UDAG grants over the past several years shows that they have been subsidizing the development of luxury hotels and upper-income housing around the country. The grants include $8 million for a Hilton Hotel in Chicago; $6.5 million for a Hyatt-Regency Hotel in Flint, Michigan; $6 million for a Howard Johnson's Hotel in New Brunswick, New Jersey; and $4.7 million to help develop a Marriott Hotel in Worcester, Massachusetts.

GAO auditors say that in many cases these projects would have been built without the UDAG grants. In fact, House Appropriations Committee investigators recently reported that real estate developers looked on UDAG grants "as the 'gravy' in the deal."

MOST FRIVOLOUS RESEARCH

National Institute of Education: NIE is little more than a public jobs program for academic researchers. Several years ago the Senate Appropriations Committee zero-funded it, charging that the agency's research contributed nothing to the improvement of American education. But the House refused to go along and this $80 million program continues to waste tax dollars on some of the most nebulous subjects in the field of federal research grants.

Typical of NIE's misplaced educational priorities: $80,000 to write a legal history of American colleges and universities; $34,000 to publish a catalog of eighteenth- and nineteenth-century textbooks; and $99,000 to study the political attitudes of college professors.

It is no wonder, then, that when President Reagan's transition team examined this agency, they called for its elimination. Unfortunately, Reagan didn't go along with the idea, but he has proposed cutting NIE's budget to $61 million.

MOST OVERRATED AGENCY

Federal Trade Commission: Over the years a lot of deceptive claims have been made on

behalf of this $73 million agency. It is important that consumers be given some truth-in-advertising about the FTC's own rather dismal record.

A long, hard examination I made into the FTC's claims and activities suggests that instead of "reducing prices to consumers and limiting the effects of inflation," as the agency claims, its regulatory actions have increased business costs and thus added to inflation. Rather than "fostering and preserving competition," as its rhetoric boasts, the FTC has in fact gone after highly competitive businesses such as funeral parlors, health spas, used-car dealers, and toymakers.

Economists and other scholars have studied the FTC's regulatory efforts for years, and most have found the agency wanting in virtually every regard. Former FTC attorney Alan Stone concluded after years of study that the agency "devotes considerable effort to restricting competition . . . in intensely competitive industries."

But in the field of consumer protection and education, the FTC's value is even more questionable. Indeed, a detailed examination of the FTC's surveys and research grants reveals some of the most wasteful consultant spending in Washington. A few choice examples include $8,000 to videotape children playing with toys featured in TV ads; $100,000 to examine the Japanese and European auto industries (as if we didn't know why their small and efficient cars have been so successful); $3,500 for a study of children's perception of TV ads; and $19,000 to study the snacks children eat.

The rank paternalism that permeates the FTC's consumer program was recently illustrated when the FTC ordered an aspirin maker to stop saying its product was better than other aspirin products. Said an FTC official critical of the program, "Not only does the product pose no threat to health and safety, but it is a decision consumers can, and should, make themselves." The agency has also challenged claims for mouthwashes, margarine, breakfast cereals, and other harmless products.

CONGRESS' WORST PERKS

(1) Congressional masseurs: The House and Senate gymnasiums are operated by eleven employees whose salaries total $200,000 a year. Five of them are experts in the art of massage. They regularly rub the aching backs of our lawmakers, who frequently flee to the massage tables, steambaths, and swimming pools to avoid dreary floor debates or boring committee hearings.

(2) House and Senate restaurant subsidies: This is nothing more than a subtle form of food stamps for members of Congress, who are paid $60,662.50 a year, and their employees. The subsidy in the Senate is expected to hit $1 million this fiscal year; in the House it will approach a quarter of a million dollars.

(3) Congressional florist service: Cut flowers, ferns, lush ivies, and other tropical plants from the Botanical Garden are regularly delivered to congressional offices. Their cost comes out of each member's office allowance, so this is nothing more than a taxpayer-supported florist service in the Capitol.

MOST CORRUPT DEPARTMENT

Department of Labor: In an unofficial survey I made of congressional investigators, the Labor Department won hands-down as the most corrupt of the Cabinet-level departments. For years, New Jersey Senator Harrison "Pete" Williams, former chairman of the Labor and Human Resources Committee, treated the department with velvet gloves and thus maintained the adulation and political support of organized labor.

The department's Comprehensive Employment and Training Act (CETA) jobs program has been fleeced from one end of the country to the other. Many CETA jobs have gone not to the hard-core unemployed for whom they were intended, but to the political cronies of local politicians or to pay the salaries of sheriffs' deputies and other workers providing day-to-day services that the cities used to fund themselves.

"The CETA program is without a doubt the most corrupt expenditure of public funds in the government today," said a veteran congressional investigator who has been probing the CETA program in preparation for Senate hearings this spring. Reagan, to his credit, has proposed CETA's abolition.

Moreover, Labor Department files are filled with investigative reports and audits on corruption in labor unions, their pension funds, and their relation to organized crime—problems on which high department officials refused to act in previous administrations, according to congressional investigators.

"It is a cesspool of corruption," says another Senate investigator, "and CETA and the involvement of criminal elements in the unions is only part of the story." Utah Senator Orrin Hatch, chairman of the Labor and Human Resources Committee, is expected to hold extensive hearings on the department later this year.

BUREAUCRATIC JOKES

(1) U.S. Travel Service: The Carter administration begged Congress to abolish this $10 million agency, saying it was "a waste of money," but to no avail. There isn't a scintilla of evidence that its meager promotional activities increase tourism to America. Airlines, ships, and other segments of the travel industry spend hundreds of millions of dollars annually to encourage travel to the U.S. The result: Foreign travel to the states was up nearly 15 percent last year.

(2) Federal Information Center: This $4 million creature of the General Services Administration is the Yellow Pages of the bureaucracy. Located in 38 centers nationwide and employing 157 people, it gives out phone numbers of federal agencies. Less than 3 percent of the population uses it. Where do the others go for information? The telephone book or their nearest federal office building.

(3) Consumer Information Center: Somewhere out in Pueblo, Colorado, this $1.2 million agency mails out government literature on everything from growing your own bonsai tree to selecting luggage for a trip to Europe. In fact, it is nothing more than a middleman promoter between consumers and the agencies that produce hundreds of millions of dollars in useless literature each year. Most of the stuff shouldn't be printed at all, and the few worthwhile items could be distributed by the agencies that produce them.

(4) National Board for the Promotion of Rifle Practice: This board amounts to nothing more than a subsidy of the National Rifle Association. It was created in 1903 to help train civilians to shoot straight in the event a foreign enemy invaded our borders. In reality, however, this $800,000 program provides gun enthusiasts, members of the NRA all, with many happy hours of weekend recreation on the target range.

(5) President's Council on Physical Fitness: With virtually every community in America awash with soccer, baseball, football, and any other sport you can name, this $800,000 program is superfluous at best. Its awards, badges, and promotional ads on the value of physical fitness represent nothing more than a PR program for the White House.

(6) Mexican-United States Defense Commission: Established under FDR during the war years to coordinate the defense of the southern hemisphere against a possible invation, this agency still lives. Yet Pentagon officials admit it does little to justify its existence.

(7) Overseas Private Investment Corporation: This government-run insurance company primarily benefits the Fortune 500 and the nation's 50 biggest banks. The insurance policies guard investments abroad against the risks of war and expropriation of property, something the private insurance sector can and does provide. In the event of war or some other international calamity, the U.S. taxpayers could be liable for billions of dollars in claims.

(8) Law Enforcement Assistance Administration: LEAA has not only become a perennial joke in the halls of Congress, but more to the point, it has failed to curb crime. Congress has gradually trimmed this once-half-billion-dollar agency down to about $200 million a year, but its enormous bureaucracy remains largely intact. "If it disappeared tomorrow, no one would notice," says a Senate Appropriations Committee official.

MOST SUPERFLUOUS AGENCIES AND EXPENDITURES

(1) Beekeeper Indemnity Program: The government pays for dead bees that purportedly die from federally approved pesticides.

(2) Highway beautification.

(3) Human operators for automatic elevators.

(4) Private chefs for Cabinet Secretaries and top Pentagon brass.

(5) Rural Electrification Administration: Created in 1935 to make loans to provide electric and telephone service to rural areas, a goal long since accomplished. More than 99 percent of all farms now have electricity.

(6) Congress's Office of Technology Assessment: This is another agency paying consultants to produce reports for members of Congress who do not read them. It duplicates the work of the Congressional Research Service, the General Accounting Office, and the Congressional Budget Office, among other agencies capable of similar studies.

(7) National Institute of Building Sciences: Established in 1974 to promote new building technologies, something the private sector is eminently qualified to do.

(8) Corporation for Public Broadcasting: CPB produces no programming of its own. It is an unnecessary layer of bureaucracy whose primary purpose is to distribute federal funds to public television and radio stations, a job that another existing agency of government could handle.

(9) Council on Wage and Price Stability: A failure at dealing with inflation. Reagan ended its wage- and price-guideline function. Now Congress must formally abolish it.

(10) Civil Aeronautics Board: This agency is due to be phased out of existence by 1985 because Congress deregulated the airline industry. Why wait until then?

(11) Regional Development Commissions: Formed to conduct regional efforts to improve area economies. Jimmy Carter said they were "a waste of time and money."

(12) Military commissaries: Cut-rate groceries for the middle and upper classes who have retired from the military and are in second-career jobs, or are still on active duty.

SUBSIDIES FOR THE MIDDLE AND UPPER CLASSES

(1) School lunch program: $800 million.

(2) Impact Aid to Education: $300 million.

(3) National Endowment for the Arts and Humanities: $300 million.

(4) National Public Radio and public television stations: $167.6 million.

(5) Small Business Administration: $3.1 billion.

WORST CABINET DEPARTMENT

Department of Housing and Urban Development: No agency has a more disastrous record than HUD, a department that most members of Congress don't enjoy discussing. Housing costs have skyrocketed, the building industry is anemic, and Uncle Sam is the nation's biggest slumlord. Housing experts in and out of Congress are asking themselves how it is possible that millions of Americans remain severely ill-housed despite the expenditure of more than $80 billion.

"Of all the departments, I would have to say HUD is without a doubt the worst," says a knowledgeable HUD expert on the Senate Appropriations Committee. "Their subsidy programs are often benfiting middle-class clients, loan defaults are high, and a few people plus a lot of banks are getting

wealthy from its housing [loan guarantee] programs."

Since 1965, HUD has financed the construction of more than one million housing units, in addition to bankrolling an extravaganza of other community-assistance schemes and urban-development grants. Yet had HUD spent its funds solely to buy decent housing for the poor, it could have purchased more than 1.6 million new $50,000 single-family homes instead of the public-housing slums we now have in every major city.

In the last six years, HUD has paid out more than $8 billion to banks and other lenders for defaulted loans. Billions more have been lost on massive housing fiascoes such as Model Cities, New Communities, and other HUD boondoggles that Congress would like to forget. Meanwhile, the poor in the South Bronx, Harlem, and elsewhere exist in severely substandard public housing. One GAO auditor calls HUD "a national disgrace."

MOST INCOMPETENT

(1) US Postal Service.
(2) Federal Election Commission.
(3) Consumer Product Safety Commission.
(4) Community Services Administration.
(5) Interstate Commerce Commission.

MOST DISPENSABLE

Department of Energy.

MOST RESPECTED AGENCY

National Aeronautics and Space Administration: Congressional committee staffers select NASA more than any other agency as one that has performed well under hard circumstances.

"There isn't another agency of government that we have asked to perform technical feats that have never been done before, at least not of the magnitude of the space program," says a House staffer. "It did exactly what we asked it to do, and often under severe criticisms when delays, mishaps, and the inevitable cost overruns occurred."

Tom van der Voort, a veteran Senate Appropriations Committee official who is intimately familiar with the NASA program, says that while the agency "underestimated the costs of the space shuttle," and gave "terribly optimistic schedules on a delivery date," overall he rates it "the best—not only in terms of what it has done, but for all the technological achievements and benefits that have resulted from the space program."

Says another Senate committee official, "We tend to take the Apollo mission for granted now, but it was a truly historic achievement and one that paid rich dividends for this country and the advancement of technology."

MOST UNDERRATED AGENCIES

(1) Federal Bureau of Investigation: Under the directorship of William Webster, the FBI is regaining its former prestige and reputation as the government's premier investigative agency. While past abuses earned the agency a black eye, its history is also filed with stunning successes in criminal investigation and undercover work.

Webster, a highly respected federal judge, has brought renewed credibility and respect to this $655 million agency that helps to enforce our nation's laws.

(2) National Transportation Safety Board: Operating on a very modest $18 million budget which, unlike that of most agencies, has grown very little over the years, the NTSB deserves high marks for performing a highly technical and difficult assignment. Created by Congress in 1966 as an independent agency, the NTSB investigates and determines the causes of airline, rail, highway, and marine accidents. The board responds quickly and professionally when accidents occur, and its investigations and reports are scrupulously thorough.

MERITORIOUS SERVICE

These agencies are given high marks for maintaining scandal-free administrations as well as conducting themselves with a high degree of professionalism and competence.

(1) Securities and Exchange Commission.
(2) Internal Revenue Service.
(3) Environmental Protection Agency.

General Accounting Office: "Their work is absolutely top-notch," says a chief auditor

MOST UNHEEDED AGENCY

for a major federal agency. Unfortunately, many of the recommendations the GAO has sent to Congress have fallen on deaf ears. Long before the GSA scandal broke, this watchdog agency had submitted more than 200 reports on the scandal-ridden agency, detailing many of the abuses Congress was to read about in the press.

"If Congress were to legislate their recommendations over the last few years, we could cut the budget deficit in half," says a House staffer.

Reagan is betting that his quick-strike approach to budget cutting will get his program through Congress before special interests can plead their favorite programs back into the spending stream. That makes it sound as though the decision to cut or not to cut is a close call. In many cases, it is not; rather, it is a choice between common sense and responsibility, and inertia and special pleading. In that kind of contest, Congress has too often chosen the latter.●

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

● Mr. NUNN. Mr. President, the International Brotherhood of Teamsters soon will choose a new president to succeed the late Frank Fitzsimmons. The membership must give their new leader a strong mandate to clean up their large and influential union.

The Senate Permanent Subcommittee on Investigations has conducted a number of inquiries into the Teamsters Union and its various pension and health and welfare funds. As recently as 1977 we uncovered a major insurance fraud scheme involving the central States health and welfare fund.

Just last August and September we held extensive hearings which showed that the Labor Department's 5-year investigation of the central States pension fund left much to be desired. We plan to file a report soon on this latest investigation, and I expect the subcommittee to be very critical of both the Labor Department and certain Teamsters officials, especially those who refused to cooperate with us in our investigation.

The Teamsters leadership has had a deplorable record in managing the assets of the central States funds. These assets belong to the rank-and-file membership, which relies on them for their present and future pensions and health and welfare benefits. They must be managed prudently and honestly, yet there have been questions raised about the soundness and wisdom of these assets being invested in risky real estate ventures and in gambling enterprises in Nevada.

There have been charges of conflicts of interests on the part of individual trustees involving borrowers seeking loans from the central States funds. There have been allegations that millions of dollars of these assets were invested in businesses controlled by organized crime, and that large loans were given freely to associates of known organized criminals.

I sincerely hope that the Teamsters will elect leaders who are above reproach and who will protect the members' assets from unscrupulous manipulators, corrupt union officials and trustees, organized criminals, and plain old bad management.

The members of this union have a golden opportunity to set their house in order. I hope that they will do so.●

SALE OF AWACS TO SAUDI ARABIA

● Mr. CHILES. Mr. President, I feel compelled to state again my opposition to the decision by the Reagan administration to sell sophisticated offensive weaponry to Saudi Arabia. The decision to go ahead with the sale of equipment to upgrade the F–15's, and to sell the AWACS—airborne warning and control systems aircraft—is, simply put, a bad decision.

I voted against the original sale of the 62 F–15's to Saudi Arabia back in 1978. My concern was that one day they might be used for offensive purposes against Israel, rather than for defensive purposes. The U.S. Government is now proposing to help the Saudis do just that. Assurance had been given the Congress by then-Secretary of Defense Harold Brown that "Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F–15." The Reagan administration has matter-of-factly set aside this assurance. It seems that my concerns in 1978 and the concerns of many others in the Senate, were well founded.

We now have the even more ominous threat to peace in the Middle East with the proposed sale of AWACS to Saudi Arabia. AWACS are basically flying radar stations and command posts. From an altitude of about 30,000 feet, they look across borders, scan horizons out to 250 miles and spot enemy aircraft. The AWACS planes are the most sophisticated air surveillance planes in the world. For that reason, I oppose their sale to any country.

There is no doubt that the gulf region must be protected against the weapons deployed by Russian forces to the north, and by Warsaw Pact and Cuban forces to the south. The entire region is threatened by enormous stockpiles of Russian equipment in Libya and in Syria.

But the sale of AWACS to Saudi Arabia is not the proper response to meeting the Saudi's security needs. In fact, the introduction of AWACS to the region will more likely trigger new tensions, and result in a spiraling arms race, developments which would not be in the best interests of Saudi Arabia or the United States.

The AWACS sale also represents a serious threat to the security of Israel. With the capability of monitoring Israeli defenses, the strategy of preemptive strikes is effectively eliminated. Further, by placing the AWACS into the hands of a government which has recently

called on Moslem states for a holy war against Israel, is to place in direct contradiction our commitment to the protection of Israel.

I do not believe that U.S. national security interests are served for either the short or the long run by a policy that seeks to promote peace and stability in the Middle East by reversing previous commitments and escalating the capabilities for war.●

FIFTH ANNIVERSARY OF MOSCOW HELSINKI GROUP

● Mr. DOLE. Mr. President, today the Moscow Helsinki Group celebrates its fifth anniversary: On May 12, 1976, 11 Soviet citizens, led by physicist Yuri Orlov, founded a group dedicated to advocacy of implementation of the human rights provisions of the 1975 Helsinki Final Act. As many of the Group's founding members were imprisoned or forced to emigrate, 10 other people joined the Moscow Helsinki Group.

Working under conditions of repression which are difficult for Americans to imagine—including the forced emigration of six group members and the imprisonment of eight others—the Moscow Helsinki Group continues its noble public activity.

In fact, the Group's example has proven infectious: similar citizens' groups were formed in Ukraine, Lithuania, Armenia, and Georgia and affiliated groups were formed to monitor religious and health issues. The activity of these groups, in turn, lead to the further spreading of the KGB dragnet: today, 43 members of the Soviet Helsinki Group and their affiliates are serving a total of 278 years of imprisonment.

HELSINKI GROUP RAISE PUBLIC AWARENESS OF HUMAN RIGHTS

What has the Soviet Helsinki Group done to incur such official wrath? They have produced hundreds of objective, well-researched reports on human rights problems in the U.S.S.R.: on official restrictions on all religious believers; the difficulties of people seeking to rejoin or visit relatives abroad; official policy of incarcerating people in psychiatric "hospitals" for political attitudes; deplorable conditions in Soviet forced labor camps and prisons; governmental discrimination against ethnic minorities seeking cultural and political rights in the Soviet Union; censorship control over all official publications in the U.S.S.R.; meager health and pension benefits for many Soviet citizens, and the lack of any unemployment compensation—although there is unemployment.

All monitoring activity is conducted in a peaceful and public manner by Soviet citizens who brave arrest to conduct their civic duty.

Not only in the Soviet Union has the Moscow Helsinki Group had a powerful impact in mobilizing public awareness about governmental obligations to their own citizens under the Helsinki Final Act. As a result of such awareness, charter '77 was organized in Czechoslovakia, KOR in Poland and our own Helsinki Watch in the United States.

OVER 242 ARRESTS IN 1980

Despite occasional press reports that Soviet dissent has been "crushed," the Moscow Helsinki Group continues to produce informative and objective reports. Sadly, of late the most frequent Moscow Helsinki Group topic has been arrests, imprisonments, convictions, and psychiatric imprisonments. Indeed, there is evidence to suggest that there were more arrests—242—in the Soviet Union in 1980 than in any other year in the past 15 years.

I would like to take this opportunity, then, to commend once again the courage and contributions to genuine international peace and understanding made by the peaceful and public monitoring work of the Moscow Helsinki Group. As cochairman of the Commission on Security and Cooperation in Europe, I would like—yet again—to express the desire of the American people that the Soviet Government release all 43 imprisoned members of the Soviet Helsinki Group.●

U.S. TREATMENT OF SALVADORAN REFUGEES

● Mr. KENNEDY. Mr. President, I have been concerned for many weeks over the growing problem of refugees fleeing the escalating conflict in El Salvador—those in and around El Salvador as well as those Salvadorans in the United States or reaching our borders.

Through the United Nations High Commissioner for Refugees, we are joining others in the international community in providing humanitarian assistance to Salvadorans in Honduras and other countries.

But for those Salvadorans in the United States, or reaching our shores, we have closed our doors to those who do not want to return to their country at this time because of the violence. Regrettably, this is being done by the administration contrary to past practice.

During the worst days of the Lebanese or Nicaraguan conflicts, we adopted for a temporary period of time a number of special immigration measures to deal with nationals from those countries who were in the United States or those seeking safe haven.

Basically, these measures involved the granting of stays of voluntary departure for Lebanese and Nicaraguans—with permission to work, if that was necessary—and adopting more flexible visa guidelines for the admission of those who had family or other ties in the United States.

It also meant we did not deport such nationals whose life might be endangered upon return to their countries because of civil strife.

At a hearing of the Subcommittee on Immigration and Refugee Policy on April 1, and in subsequent letters to Secretary of State Alexander Haig and Acting Immigration Commissioner David Crosland, I raised the issue of our treatment of Salvadoran refugees.

I deeply regret that the responses I have received are negative, and that the administration has rejected granting stays of voluntary departure to Salvadorans who do not want to seek permanent asylum, but simply temporary safe haven from the violence in El Salvador.

I hope that the administration will reconsider its decision, proceed on the basis of past precedents, and deal more flexibly and humanely with Salvadorans in the United States.

Mr. President, I ask that my exchange of correspondence with the Department of State and the Immigration and Naturalization Service be printed at this point in the RECORD.

The correspondence follows:

COMMITTEE ON THE JUDICIARY,
Washington, D.C., April 6, 1981.

Hon. ALEXANDER M. HAIG, Jr.,
Secretary of State,
Washington, D.C.

DEAR AL: As you know, during the worst days of the Lebanese and Nicaraguan conflicts, the United States temporarily adopted a number of special immigration measures to deal with nationals from those countries who were in the United States on non-immigrant visas or outside seeking to visit or find temporary safe-haven here.

Basically, these measures involved the granting of stays of voluntary departure for Lebanese or Nicaraguans—with permission for them to work, if that was necessary under the circumstances—and adopting more flexible visa guidelines for those who had family or other ties in the United States. These special immigration measures helped countless hundreds of families, giving them safe-haven from the violence and conflict within their own countries.

At a hearing of the Subcommittee on Immigration and Refugee Policy last week, I raised this issue with the Acting Commissioner of the Immigration and Naturalization Service relative to El Salvadorans. I was particularly concerned over reports of large-scale deportations of Salvadorans. Given the escalating violence in El Salvador, I believe we must be vigilant that we are not unnecessarily endangering the lives of Salvadorans who understandably do not want to return to their country at this time.

Considering we adopted special immigration measures for the Lebanese in 1975–76, and for Nicaraguans two years ago, why has the Department of State failed to propose such action now relative to Salvadorans? Clearly, the Immigration Service must await a formal recommendation from the Department of State prior to initiating a policy of automatically granting stays of voluntary departure.

I have asked the Immigration and Naturalization Service to provide the Subcommittee with detailed information on the processing and deportation of Salvadorans, especially since January. In the meantime, I would appreciate receiving your views on this issue, and whether the Department is prepared to recommend to INS special immigration measures for Salvadorans in the United States or at our borders.

Sincerely,

EDWARD M. KENNEDY,
Ranking Minority Member, Subcommittee on Immigration and Refugee Policy.

DEPARTMENT OF STATE,
Washington, D.C., April 17, 1981.

Hon. EDWARD M. KENNEDY,
U.S. Senate

DEAR SENATOR KENNEDY: I am replying to your letter of April 6, to the Secretary requesting that the Department of State recommend to the Immigration and Naturalization Service (INS) that Salvadorans in the United States be granted voluntary departure status in lieu of forcible repatriation to El Salvador and work authorization and a more flexible visa policy for those who have relatives in the United States.

Under the United Nations Protocol Relating to the Status of Refugees, the United

States is prohibited from undertaking the forced expulsion movement of a refugee to a country or frontier where persecution is likely to occur. In addition, the Refugee Act of 1980 obliges the granting of asylum status to those who establish a well-founded fear of persecution upon return to their country of nationality for reason of race, religion, nationality, membership of a particular social group, or political opinion. The responsibility for establishing a well-founded fear of persecution rests with each applicant. The INS does not classify Salvadorans in the United States as refugees unless they individually establish that their fear of being persecuted is a well-founded one.

While questions regarding exclusion or deportation proceedings are, of course, under the jurisdiction of the INS, the Immigration Service has informed us that no Salvadoran asylum seeker is sent back until a determination has been made that the claimant has not established a well-founded fear of persecution. It is not necessary for Salvadorans to "formally" request asylum. If a positive indication of unwillingness to return to El Salvador is made, and if the unwillingness is based on a fear of being persecuted, that is sufficient to have the case processed through asylum procedures.

Due to the so-called "final offensive" last January by the Farabundo Marti National Liberation Front, the Department believed it prudent to ask the INS to suspend action for 90 days on Salvadoran asylum requests. This 90-day period lapses April 15 at which time the Department intends to resume review of Salvadoran asylum requests. For those who establish a well-founded fear of persecution upon return to El Salvador the Department, in its advisory opinion, will so inform the appropriate INS District Office.

While civil strife and violence in El Salvador continue at distressing levels, conditions there do not, at present, warrant the granting of blanket voluntary departure to Salvadorans in the United States.

While fighting in some areas has been severe, El Salvador has not suffered the same level of wide-spread fighting, destruction and breakdown of public services and order as did for example, Nicaragua, Lebanon or Uganda at the time when voluntary departure was recommended by the Department and granted by INS for nationals of those countries.

Public order and public services, while under a serious attack, are still maintained, especially in San Salvador and the larger cities.

Moreover, Salvadorans now present in the U.S., whose number may be as high as 500,000, who were not involved in political or military activities before their departure, would not face, upon return, any more danger than is faced by their compatriots who never left the country.

We believe that the majority of Salvadorans in the United States did not depart their country solely to seek safehaven in this country.

Most traveled through third countries before entering the United States and many of them entered quite some time ago. Other countries closer to El Salvador, Honduras for example, have been generous in offering safehaven to Salvadorans who have fled.

Thus, it is not true that only the United States is a possible refuge. The Department, therefore, at this time, is not in a position to recommend to the INS the blanket granting of voluntary departure status or work authorization for Salvadorans presently in the U.S.

Similar considerations apply to the question of non-immigrant visas for Salvadorans outside our borders. As you know, the Immigration and Nationality Act provides that visa applicants must be considered to be intended immigrants until they establish that they qualify for one of the non-immigrant classifications.

Visitors establish eligibility by demonstrating economic, family, or social ties to their homelands which would induce them to depart voluntarily after a visit to the United States.

The extraordinary circumstances existing in such nations as Lebanon and Nicarauga, to which visa applicants would obviously not wish to return until circumstances returned to normal, would prevent persons who would otherwise be well qualified, from obtaining visas.

In these circumstances, we advised consular officers to take a "long-term view" of the applicants' ties to their homelands, those attachments which would induce them to return abroad when circumstances returned to normal. This policy obviously cannot assist an applicant who would not qualify for a visitor's visa under any circumstances.

As previously noted, we do not believe that the circumstances in El Salvador reach the same levels as existed in Lebanon or Nicaragua. Furthermore, we are not aware that there are Salvadoran visa applicants who in normal times could expect to receive visas who are now being denied because the current situation created questions about their intentions as tourists.

We will, of course, continue to assess Salvadoran developments closely and will inform the INS should these developments dictate a change in our position regarding voluntary departure status for Salvadorans.

Sincerely,

ALVIN PAUL DRISCHLER,
Acting Assistant Secretary for Congressional Relations.

COMMITTEE ON THE JUDICIARY,
Washington, D.C., April 6, 1981.

Hon. DAVID CROSLAND
Acting Commissioner, Immigration and Naturalization Service, Department of Justice, Washington, D.C.

DEAR MR. CROSLAND: To follow-up our discussion at last week's hearing of the Subcommittee on Immigration and Refugee Policy relative to special immigration measures for El Salvadorans in the United States, I have written the attached letter to Secretary of State Alexander Haig.

I appreciate that INS must receive a recommendation from the Department of State prior to establishing a policy of granting stays of voluntary departure for Salvadorans who do not wish to return to their country at this time because of the escalating civil strife. However, I am hopeful the Department will soon make such a recommendation, for I believe it is clearly warranted.

Again, I appreciated your testimony before the Subcommittee and I look forward to receiving whatever INS statistics you have on the recent processing and/or deportation of El Salvadoran nationals.

Many thanks for your consideration, and best wishes.

Sincerely,

EDWARD M. KENNEDY,
Ranking Minority Member, Subcommittee on Immigration and Refugee Policy.

U.S. DEPARTMENT OF JUSTICE,
IMMIGRATION AND NATURALIZATION SERVICE,
Washington, D.C., May 1, 1981.

Hon. EDWARD M. KENNEDY,
Ranking Minority Member, Subcommittee on Immigration and Refugee Policy, Washington, D.C.

DEAR SENATOR KENNEDY: In response to your letter of April 6, 1981, requesting whatever statistics we have on recent deportation of El Salvadoran nationals, the following information is available at this time: For the year October 1979 through September 1980, 8,868 Salvadorans were expelled. Since October 1980 the following expulsions have taken place, including voluntary repatriation and deportation: October 1980, 825, November 1980, 776, December 1980, 721, January 1981, 894. The statistics are not yet available for February and March.

During your questioning in the hearing you referred to previous instances in which blanket periods of voluntary departure were granted. I have enclosed, for your information, a summary of those instances, beginning with Ethiopia in May 1977.

We have received word from the Department of State that it is not in a position to recommend a blanket granting of voluntary departure for illegal Salvadorans presently in the United States. However, on April 15, 1981, the Department resumed a case by case review of Salvadoran political asylum requests. For those who can establish a well founded fear of persecution upon return to El Salvador, State will inform the appropriate Immigration and Naturalization Service district office.

I appreciate your interest in this matter Let me know if you wish additional information.

Sincerely,

DAVID CROSLAND,
Acting Commissioner.

ENCLOSURES

Aliens from the following countries have been granted blanket periods of voluntary departure.

Ethiopia—May 1977 to present.
Uganda—April 1978 to present.
Iran—April 1979 to November 1980.
Nicaragua—June 1979 to September 1980.

Similarities:

1. All grants were based upon Department of State recommendations.

2. Department of State was not recommending that any of the involved nationalities be considered as a refugee within the meaning of 203(a)(7). Ugandan and Nicaraguan aliens were ineligible for consideration under 203(a)(7), as stated by Ms. P. Derian in a letter to Commissioner Castillo concerning Ethiopians and Ugandans dated April 7, 1978. "Since Refugees from many countries, including Uganda, are ineligible for refugee status under the proviso to Section 203(a)(7) of the Immigration and Nationality Act (INA) due to geographic criteria imposed by that section, many refugees in the U.S. can only be placed in voluntary departure status." The Iranian and Ethiopians were apparently found ineligible by Department of State for reasons other than the geographic criteria.

3. All initial recommendations were made by the Department of State prior to the Refugee Act of 1980.

Differences: Ethiopians and Ugandans were granted voluntary departure in one year increments.

Nicaraguans and Iranians were granted voluntary departure to specified dates as recommended by Department of State.

LEBANON

Based upon Department of State opinions a policy wire dated July 1, 1976 (attached) was issued stating that Lebanese nationals' requests for extensions of voluntary departure should be viewed sympathetically on a case by case basis (not a blanket grant of voluntary departure).

ETHIOPIA

Per request of Patricia M. Derian, Assistant Secretary of State for Human Rights and Humanitarian Affairs (letter dated May 1977), a policy wire, dated July 12, 1977 (attached) was issued stating that voluntary departure would be granted to Ethiopian nationals in one year increments.

On July 18, 1980, Victor H. Palmieri, United States Coordinator for Refugee Affairs wrote to Commissioner Crosland and requested that INS continue to defer deportation of Ethiopians. There has been no change in policy.

UGANDA

Per request contained in Ms. Derian's letter of April 7, 1978 concerning both Ugandans and Ethiopians, a policy memorandum, dated June 8, 1978 (attached) was issued stating that Ugandan Nationals would be granted voluntary departure in one year increments.

In a letter dated June 22, 1979, Ms. Derian advised INS that conditions were too unsettled in Uganda to warrant a change of policy.

IRAN

In a letter to Mr. Michael Egan, Associate Attorney General, dated March 19, 1979, Mr. David Newsom, Under Secretary for Political Affairs, Department of State, requested that Iranians not be forced to return to Iran.

Mr. Egan responded to Mr. Newsom on April 11, 1979 and stated that departure would not be enforced until September 1, 1979.

On April 16, 1979, a policy wire (attached) was issued stating that Iranians would be granted voluntary departure until September 1, 1979. July 20, 1979 a policy wire (attached) was issued clarifying the policy regarding employment authorization. On July 28, 1979, Mr. Newsom wrote to Mr. Egan requesting an extension of the voluntary departure period to March 1, 1980.

Mr. Egan responded to Mr. Newsom on August 2, 1979 advising him that Iranians would be extended until June 1, 1980.

On August 9, 1979, a policy wire (attached) was issued extending the date to June 1, 1980. Clarification wires (attached) were issued on August 10, 1979 and September 20, 1979. On November 23, 1979, a policy wire (attached) was issued concerning the revocation of the voluntary departure period previously granted.

NICARAGUA

In a letter to Commissioner Castillo dated June 26, 1979, Mr. Warren Christopher, Acting Secretary, Department of State, requested that INS place Nicaraguan nationals in a voluntary departure status until December 31, 1979.

A policy wire (attached) dated July 3, 1979 stated that, for Nicaraguans in the U.S. as of June 27, 1979, voluntary departure should be granted until December 31, 1979.

Mr. Christopher requested, in a letter to the Commissioner dated August 17, 1979, that the policy not be limited to Nicaraguans who were in the U.S. as of June 27, 1979. A policy wire (attached) to this effect was issued on August 29, 1979. Mr. Christopher wrote again on January 4, 1980 and on June 27, 1980 requesting extensions of voluntary departure to June 30, 1980 and September 28, 1980, respectively. Policy wires (attached) were issued to that effect on January 4, 1980; January 8, 1980; and July 1, 1980. Mr. Christopher wrote on October 1, 1980 that further extensions of voluntary departure was not necessary.

A policy wire (attached) was issued on October 16, 1980 stating that Nicaraguan requests for voluntary departure would be handled on a case by case basis (no longer a blanket grant of voluntary departure).●

OIL SUPPLY REALITIES

● Mr. PELL. Mr. President, today's Washington Post has reprinted an excellent article from the National Journal written by Robert J. Samuelson on the realities of the world oil supply situation.

I believe the article is a most thoughtful and cogent explanation of our present domestic energy situation which should not go unnoticed by my colleagues and the public.

In the last 6 months, Mr. President, I believe we have become far too lax and complacent regarding our domestic energy situation or, more specifically, our domestic energy vulnerability. If we note the current uncertainty in the Mideast, our deep concern over the Libyan terrorist activities—10 percent of U.S. imported oil comes from Libya—and the fact that approximately 70 percent of our imported oil is from OPEC countries, we might do well to pause a moment and reflect on our vulnerable domestic oil situation. In this regard, we should further consider the importance of a vigorous conservation effort and review most carefully the several recommendations discussed by Mr. Samuelson in relation to the domestic oil supply and possible future interruptions.

Mr. President, the article from Mr. Samuelson is indeed timely and an excellent contribution to our current debate on energy in the Congress. His comments illustrate our urgent need not to terminate essential conservation programs and the need for standby petroleum emergency programs.

Mr. President, I submit the article by Mr. Samuelson from the Washington Post to be printed in the RECORD.

The article is as follows:

[From the Washington Post, May 12, 1981]

OIL SUPPLY DELUSION; 'GLUT' IGNORES REALITIES

(By Robert J. Samuelson)

Probably the most important nonevent of the past eight months is this: Iran and Iraq went to war, and the world didn't gasp for oil. Indeed, there's so much oil that petroleum experts and the news media have taken to describing the situation as an "oil glut."

What a dreadful choice of words.

"Glut" means "excessive supply," and that surely doesn't apply to oil. Nothing in the past year has altered the two basic realities of oil. First, it's a wasting resource that now provides nearly half the world's energy. And second, perhaps three-fourths of the known reserves are located in countries whose stability cannot be taken for granted.

To think otherwise is a delusion. But the balance of power between consuming and producing countries is shifting—just a bit. A "glut" exists in the sense that production exceeds consumption; the excess provides a buffer against large price increases and supply disruptions from political upheavals.

Our interests lie in increasing this buffer, not in yearning for a big break in oil prices. That's what the normal mechanics of supply and demand would dictate: Prices would drop until production capacity and consumption nearly matched. But a big price decline simply would ordain another ride up the roller coaster. Once demand tightened or a revolution knocked out a key supplier, prices would jump sharply again.

The history of oil since the end of World War II is that when surplus capacity doesn't exist, the world is vulnerable to such shocks. The following table is as good a way to view this history as any. Two columns list known oil reserve and annual world consumption (both in billions of barrels). The last column shows how many years reserves would last at prevailing rates of use.

	Reserves	Oil use	Exhaustion period
1950	76.5	3.4	23
1960	290.0	7.8	37
1970	530.5	16.7	32
1973	664.2	20.4	33
1979	642.0	23.8	27
1980	642.0	[1] 23.0	28

[1] Estimate.

Reserve figures are notoriously inexact, but they give a general sense of direction. Between the early 1950s and the late 1960s, discoveries generally outpaced consumption. The big international oil companies dominated the producing countries. The companies decided where production would increase and which countries would receive higher revenues.

But fast economic growth, ambitious selling by oil companies (between 1960 and 1970, oil displaced coal as the world's major fuel) and low priced doomed that. A large price increase was inevitable by the mid 1970s. Demand was simply increasing too fast in relation to known supplies.

Another source of stability vanished simultaneously: The United States lost its ability to act as supplier of last resort. It quickly shifted from a small importer—but one with the capacity to increase production during emergencies—to the world's largest importer.

Now the picture is changing modestly. High prices have slowed demand, and discoveries roughly match consumption.

In some respects, the outlook is quite favorable. Although Saudi Arabia is pumping nearly 2 million barrels daily more than its official ceiling (8½ million barrels daily), Iran and Iraq are hardly producing at all (2.5 million barrels daily against a prewar rate of about 6.7 million). If they someday restore production, even Saudi cutbacks would not jeopardize current consumption levels.

And those are still headed down. In the United States, oil consumption is running about a million barrels a day less than a year ago, although the economy has recovered the ground lost in the 1980 recession. In addition, oil companies are maintaining much higher inventories than before the Iran-Iraq war. That's an extra safety cushion.

But none of this will eliminate oil as the world's most precarious political commodity.

What changed in the 1970s was psychology. A psychology of abundance, reinforced by huge discoveries, gave way to a psychology of scarcity. A sense of stability, buttressed by the availability of U.S. oil, gave way to pervasive insecurity. And the power relationships between consuming countries (represented loosely by the giant oil companies) and producers changed accordingly.

As recently as the early 1970s the major oil companies controlled oil from the well to the pump. Now, according to the Washington newsletter Geopolitics of Energy, the oil-producing countries themselves sell about two-thirds of their oil. Developing countries receive half their oil through "direct government-to-government dealings."

The connection between oil and the Arab-Israeli conflict simply reinforces the potential for political mischance and mischief. Only two things could change today's oil psychology and politics fundamentally: either large discoveries, spread among different countries, that would redefine the earth's resource base; or the emergence of an inexpensive oil substitute. Otherwise, we are stuck with uncertainty.

The Reagan administration ought to be lunging at every opportunity to minimize that uncertainty, but it isn't.

It has squelched (possibly for good) a proposal from the World Bank to promote additional energy exploration and development in poorer nations; the more that can be done in these countries, the less pressure on world oil markets. And the same penny-pinching mentality has produced a senseless congressional squabble over how to finance additions to the strategic petroleum reserve: an emergency supply to be drawn down in crisis.

It's being filled now, but Congress and the administration are looking for ways to sidetrack spending for the reserve into an obscure off-budget account. If this causes delay, it will be a case of criminal negligence. The simple way to fill the reserve without increasing the government deficit would to be

impose a modest (say, 2 cents a gallon) tax on oil. That's a small price for a bit of sanity and safety.●

CLEARING THE AIR—KANSAS CITY'S AIR QUALITY

● Mr. EAGLETON. Mr. President, I would like to "clear the air" about Kansas City's air reputation. In the 11th annual report of the Council on Environmental Quality, Kansas City, Mo. was cited as one of the few American urban areas with deteriorating air quality. Last week, the Council on Environmental Quality vindicated Kansas City.

Upon completion of the CEQ investigation, CEQ found that an error had been made, and that the report contained an incorrect report on Kansas City's air quality.

In fact, Kansas City is among the top 40 American urban areas with clean air. Kansas Citians take pride in the air quality of the town, and I am pleased that the city has been vindicated.

On April 29, 1981, in a letter to Joanne Collins, cochairman of the Air Quality Forum of Kansas City, CEQ Acting Chairman Malcolm Baldwin wrote:

I regret that our report misrepresented the Kansas City air quality. The small number of unhealthful days in the Kansas City region places it among the best of the 40 areas reported by the CEQ. The data also represent a substantial reduction from the number of unhealthful days reported in the previous year.

The CEQ investigation found that there had been a series of mistakes on miscalibrated measurements of the ozone beginning at the local level in 1978 through the EPA National Air Data Bank. In 1979, the incorrect data was discovered, but never removed from the national air data bank. Using that erroneous data, CEQ used Kansas City as an illustration of a deteriorating city. Had CEQ taken the time to verify this charge, CEQ would have discovered that Kansas City was a city of improving air quality. Malcolm Baldwin points out in his report that "a most important lesson from this episode is that the Federal Government still needs to improve its quality assurance, data handling, and checking procedures."

I could not agree more. I hope that CEQ and EPA will indeed learn from this lesson, before other cities are victimized from bad publicity.

Kansas City is a fine and clean city, and deserves to have its reputation cleared.

Mr. President, I submit the text of Mr. Baldwin's letter to be printed in full in the RECORD.

The letter follows:

EXECUTIVE OFFICE
OF THE PRESIDENT,
COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., April 29, 1981.

MS. JOANNE COLLINS,
Cochairman Air Quality Forum, Mid-America Regional Council, Kansas City, Mo.

DEAR MS. COLLINS: Since Mrs. Katherine Gillman's note to you on April 16, the CEQ staff has investigated further the series of errors and oversights that led to our incorrect report of air quality for Kansas City for 1978 in our Eleventh (1980) Annual Environmental Quality Report, as you pointed out in your March 20 letter to Alan Hill.

CEQ staff has found that the error in our report resulted from a series of mistakes that began when a local organization, the Air Quality Control Program of the City of Kansas City, reported miscalibrated measurements of ozone levels to the State of Missouri Air Pollution Control Program and to EPA Region VII. Measurement results then were routinely entered in the EPA National Air Data Bank in Research Triangle Park, North Carolina. An audit of the high ozone levels done by the EPA Region later found the calibration errors, and the state and local governments were notified. The state then proceeded to delete part of the bad data (the 1979 data) from the EPA computerized data bank, and incorrectly assumed that EPA would delete the rest. CEQ used the data assuming that quality control and correction measures had been applied. We have recently confirmed, however, that the incorrect 1978 data have not yet been removed by the state, but probably will be deleted in the next several weeks.

CEQ, of course, is partly at fault for using data that showed unusual patterns without detailed verification that the data were valid. Occasionally, we have made such verification checks as, for example, when we went back to a source agency to check water quality data that showed unusual levels of pollution. In that case, when the source agency found that the measurements of high pollution levels could not be corroborated, the agency and CEQ concluded that the measurements were in error and references to the measurements were deleted from the CEQ report. The small size of our staff has made it impossible to oversee the accuracy of local, state, and EPA pollution data on a regular basis.

I regret that our report misrepresented the Kansas City air quality. The small number of unhealthful days in the Kansas City region places it among the best of the 40 areas reported by CEQ. The data also represent a substantial reduction from the number of unhealthful days reported in the previous year.

I believe that the most important lesson from this episode is that the federal government still needs to improve its quality assurance, data handling, and checking procedures affecting environmental data collected from all the local, state, and federal organizations.

Sincerely,

MALCOLM F. BALDWIN,
Acting Chairman.●

CONFERENCE ON NUCLEAR WAR IN EUROPE

● Mr. KENNEDY. Mr. President, one of the most difficult, but one of the most necessary, tasks for all citizens is to become aware of the reality of nuclear weapons, to think about the unthinkable. The human tragedy of loss of life and injury, of the enormity of the destruction of civilization and culture, which nuclear war would represent is truly awesome. As Under Secretary of Defense Fred Ikle has rightly pointed out, the difficulty of comprehending these terrible consequences is compounded by the fact that the uncertainties involved in any use of nuclear weapons may be even greater than the certainties of predictable death, injury, and destruction. But a sober appreciation of both the realities and the unknowns is a required beginning before seeking ways to prevent the terrible possibility from ever being visited upon mankind.

It is, therefore, welcome that the Center for Defense Information and the Polemological Institute of the State University of Groningen of the Netherlands sponsored a conference on nuclear war in Europe held in Groningen from April 22 to 24: how it could start, how it would be fought, what its effects would be, and what can be done to avoid it. Such a conference is especially timely because of the urgency of beginning negotiations to control and limit longer range tactical nuclear weapons based in Europe.

This conference is the most recent of a number of efforts to focus attention on the consequences of the use of nuclear weapons as well as the means to avoid such use. These include a similar conference on nuclear war sponsored by the Center for Defense Information and held in Washington in 1978, and the Airlie House Conference this past March sponsored by the International Physicians for the Prevention of Nuclear War. In June of last year, I sponsored hearings on the short- and long-term effects of nuclear war on the surviving population. And in May 1979 the Congress Office of Technology Assessment published a detailed analysis of the effects of nuclear war on the United States and the Soviet Union.

A thoughtful description of both the known and unknown factors consequent on the use of nuclear weapons in Europe was presented at the Groningen Conference by Prof. Henry Kendall, a physicist at the Massachusetts Institute of Technology and chairman of the Union of Concerned Scientists. The Union of Concerned Scientists is an organization with more than 100,000 members concerned with technological problems confronting society, especially the safety of nuclear power reactors and the threat posed by the nuclear arms race. Professor Kendall cogently demonstrates the utter devastation that even a relatively "small" use of nuclear weapons in Europe would cause, and the damaging long-term effects such an attack could have even outside the immediate localities where nuclear weapons were used.

I ask that Professor Kendall's statement, "Nuclear War in Europe," be printed in the RECORD, together with an article from the New York Times of April 28 reporting on the Conference.

The texts of the statement and article follows:

NUCLEAR WAR IN EUROPE

INTRODUCTION

The possibility of nuclear war remains one of the grim features of modern life. Like the air pollution we breathe, noxious substances that we cannot always see, the threat of nuclear war is a subtle but everpresent element in the atmosphere in which we live. Naturally, we prefer not to dwell on this unpleasant threat, but it will not go away merely because we feign indifference to it. Indeed, the possibility of a nuclear war seems to be growing, especially one that would involve—or take place in—Europe. The nations of the continent, by political alliance, are tied to the United States or to the Soviet Union. The two superpowers, in turn, are wedded to military policies that have resulted in an awesome nuclear arms race. Both sides have deployed thousands of nuclear weapons in Europe, and it appears probable that World War III—like World Wars I and II—would very likely be fought, at least in part, on European soil.

A few U.S. nuclear strategists, some of them with close associations with the present Reagan Administration, even believe that "limited" nuclear wars can be fought—and, in terms of American political objectives, "won." Europeans, no doubt, living as they do on one of the primary potential battlefields, must find this opinion rather unsettling. The following summary explains what the consequences might be of a major nuclear war in Europe, and it forms a basis for what I hope will be a broad public review of nuclear policies in Europe.

THE EFFECTS OF SINGLE NUCLEAR EXPLOSIONS

The nuclear bomb that destroyed Hiroshima in 1945 had an explosive yield of about 13 KT (kiloton) TNT equivalent. Today weapon yields may range to well in excess of 10 MT (megaton), with battlefield, or tactical, weapons down to as small as 1 T (ton) or less.

The explosion of a 1 MT weapon in the lower atmosphere will create a fireball some 7,000 feet in diameter: a million tons of air will be heated above 2000° C. Detonated at or near the ground, the weapon will dig a crater nearly ⅛ mile in diameter and 300 feet deep. If such an explosion occurs in an urban area, some 50 square miles will be totally destroyed by the blast effects and much of the wreckage burned out from fires started by the heat. The thermal radiation can set fires over a 150 sq. mile area and will cause 2nd degree burns, or worse, over 250 sq. miles. A ground burst will loft a large quantity of radioactive debris into the air, which will be borne by the wind to settle out minutes, hours, and days later, depositing a radioactive burden on the land and waters. Table 1 summarizes the consequences of such fallout for a typical situation.

TABLE 1.—*Radioactive fallout effects/1 MT ground burst*

[In square miles]

Lethal to unprotected persons	600
Evacuations required 1 to 3 years	200–300
Substantial risk, death or incapacitation	2,000
Contaminated past safe use (additional)	2,000
Conifers killed	250–500
Contamination of agricultural products	1,000
Contamination of milk	4,000

Of the many millions of tons of rock and soil displaced by the explosion, some 2,000 tons are injected as fine particulate matter into the upper atmosphere where it may contribute to global weather modification. The high temperatures in the fireball produce about 5,000 tons of nitrogen oxides from the combustion of atmospheric nitrogen. Some portion of these materials is injected into the upper atmosphere. There these gases can partially destroy the naturally occurring ozone which absorbs, and so protects the biosphere from, especially damaging ultraviolet rays present in sunlight.

A large weapon detonated over an urban area will result in large numbers of persons killed or injured from the combined effects of blast, thermal radiation, and, especially for lower weapon yields, prompt nuclear radiations. Estimates, based on studies of U.S. cities, of the number of fatalities and total casualties, fatal and non-fatal, from the burst of a single weapon over typical metropolitan areas are given in Table 2. Injury from radioactive fallout is excluded.

TABLE 2.CASUA IES FROM SINGLE BURST OVER URBAN AREA

	Yield (MT)		
	0.2	1.0	5.0
Area population:			
4,000,000:			
Fatalities	160,000	800,000	1,700,000
Casualties	700,000	1,700,000	2,800,000
1,000,000:			
Falities	140,000	420,000	750,000
Casualties	400,000	750,000	930,000
250,000:			
Fatalities	80,000	170,000	230,000
Casualties	160,000	220,000	250,000

Note: These numbers could vary in consequence of variations n targeting and in population densities and distributions.

INVENTORIES OF NUCLEAR WEAPONS

The numbers of nuclear warheads in the European theater nuclear forces (TNF) and in the strategic arsenals of the NATO nations and the Warsaw Pact nations are shown in Table 3. There is some uncertainty in these numbers, especially for Warsaw Pact inventories, in consequence of secrecy that is enforced. For our purposes these uncertainties are unimportant, as we shall see.

TABLE 3.—NUCLEAR WARHEAD INVENTORIES, 1980

	NATO	Warsaw Patc
Tactical nuclear warheads (Europe)	8–9,000	4–5,000
Strategic nuclear warheads	10,000	7,000

A wide variety of systems is available for the delivery of these warheads to their intended targets. A breakdown of Warsaw Pact tactical forces is given in Table 4. These systems include fighter bombers, medium bombers, carrier-based aircraft, intercontinental bombers, nuclear capable artillery, medium-, intermediate-, and intercontinental-range ground-based ballistic missiles, surface-to-air and air-to-surface missiles, nuclear and conventionally powered submarines, and, proposed for introduction into the NATO forces, unmanned air-breathing nuclear-tipped cruise missiles. Among the many types of nuclear warheads are atomic demolition munitions (ADM), which, with delayed fusing, may be set in harbors, rivers, or underground so as to destroy ports, roads, bridges, dams, and other facilities and to close passes and destroy tunnels. Nuclear depth bombs are available as well. These are air-to-surface penetrators for use where ADM placement is difficult or impossible.

TABLE 4.—WARSAW PACT TACTICAL NUCLEAR FORCES

Type	Number	Range (miles)	Yield	Warheads	Total MT
Short range land-based missiles.	1,300	10–500	10 KT, 0.5 MT.	1,300	65
Medium-long range land-based missiles.	600	to 4,000	150 KT, 1 MT.	1,450	590
Sea launched missiles.	500	to 750	20 KT, 2 MT.	500	100
Nuclear capable aircraft[1].	500	to 2,000	To MT range.	1,000	860
Total				4,250	1,615

[1] Medium range bombers. Other short range aircraft omitted.

Note: Nuclear capable artillery and atomic demolition munitions omitted.

CONSEQUENCES OF NUCLEAR WAR—EUROPEAN THEATER

Let us consider first the consequences to the NATO countries of the detonation of 1,000 Warsaw Pact nuclear weapons over military, industrial, and transport facilities in or near major urban areas, half of these being ground bursts. If these averaged 1 MT each, simple arithmetic, based on the known effects of the blasts, gives us the aggregate consequences. We assume for simplicity that the effects are additive, that is, there is no overlapping of blast or fallout. The results are shown in Table 5.

TABLE 5.—1,000 1-MT WEAPONS

Total destruction, fire and blast	50,000 mi.²
Major destruction, fire and blast	40,000 mi.² (additional).
Damaged, fire and blast	150–250,000 mi.²
Fatalities, direct effects of attack	In excess of 200,000,000.
Fallout, lethal to unprotected persons	300,000 mi.²
Fallout, significant contamination	Several million square miles.

There are about 150 urban centers in western Europe with populations above 200,000 and they contain roughly one third of the region's 350 million persons. Our example attack would include these and other centers with populations to well below 100,000.

The top ten cities in West Germany range from West Berlin (population 1.9 million) to Duisberg (population 0.57 million). The total urban area in these cities is 1250 sq. miles. Their total population of 9.5 million is 15% of that nation's 61 million persons. Twenty five 1 MT weapons will totally destroy these ten cities and nearly all their inhabitants. If half of these were ground burst the resulting fallout would be lethal to unprotected people over some 7500 sq. miles and there would be substantial risk of death or incapacitation over 25,000 sq. miles, or the equivalent of 26% of the 95,815 sq. miles area of the country. This would represent only about one sixth of the total attack on West Germany. About 150 weapons would be targetted on that nation. It would be utterly destroyed.

The top ten cities in the United Kingdom range from London (population 7.03 million) to Bristol (population 0.42 million). They contain 12 million persons, nearly one quarter of the total population, and occupy 1130 sq. miles. Twenty three 1 MT weapons are required to destroy them. Our hypothetical attack sees 140 bombs allocated to the United Kingdom.

The Warsaw Pact nations' nuclear weapons have a wide variety of yields and a major attack would in fact employ a complex mix of bombs drawn both from strategic and tactical arsenals (see Table 4). The relationship between weapon yield and area destroyed by blast, for example, tells us that five 0.1 MT bombs are about equal in respect to total blast effects to a single 1 MT. For the smaller urban targets smaller weapons are relatively much more effective than the larger ones (see Table 2). An attack with a carefully selected mix of weapons and more carefully adjusted targetting could effect the same level of urban destruction as our example 1,000 MT attack, but employing no more than 500 MT total. Less than 1,500 to 2,000 weapons would be required.

The attack we consider, or an equivalent one, is easily within the capacity of the Soviet Union to carry out. It could kill nearly all the persons in the urban centers of western Europe and subject those areas to near total destruction. Indeed one might say the attack runs out of victims and targets. The area of lethal fallout would not be, as a practical matter, large enough to put at risk all of those people outside the centers untouched by the direct effects of the attack but some fraction of them, perhaps as many as ⅓ to ⅔, might be affected, depending on the circumstances of the attack. Given the prevailing winds, western Warsaw Pact nations would very likely be seriously contaminated from radioactivity derived from

their own attack on the NATO nations, in addition to whatever damage was inflicted by NATO weapons. In all of this we have not considered the thousands of smaller, tactical nuclear weapons which might be exploded by the participating nations outside of urban areas in the course of the military operations of the war.

No single nation has ever suffered the intense, pervasive destruction that would be visited on those countries struck in such an attack. With the industrial infrastructure essentially eliminated, perhaps on a continent-wide basis, the urban centers largely gone, with transport, fuel, and key industries wholly disrupted, with much agricultural land contaminated, and with no nearby regions undamaged which could provide aid and help initiate recovery, it seems likely that the survivors would face an appalling, very hopeless, task of reconstruction. Surely the target nations could no longer function as modern industrial states, or even miniature versions of them. With their physical and cultural heritages destroyed, the national identities would be obliterated.

The survivors would include many injured. They would face a ravaged environment. They would have to compete among themselves for the remaining stores of food, fuels, medicines, and other necessities vital to their survival. As these supplies dwindled the plight of the survivors would worsen markedly. They would be in a grim race to reestablish the means of producing the foods and other materials they would need, an adequate industrial capacity along with means of transport, before critical supplies became exhausted.

Carrying out these crucial tasks would be further complicated by the immense psychological trauma visited on the survivors by the unprecedented destruction about them, by the loss of all of the familiar landmarks and easy circumstances of their preconflict life, and by the appalling prospects they would face. The extent to which this might hinder or halt recovery efforts and reduce the survivors to apathetic beings unable to do more than await death is not known with confidence. However, studies of the survivors of Hiroshima and Nagasaki and of other natural or war-induced catastrophes suggest that the trauma would be a very major complicating factor in the recovery.

It is crucially important to recognize that a smaller attack along the general lines we have set forth would still inflict on the struck nations an utterly unprecedented level of destruction. An attack in the range of 2-300 MT could produce well over 100,000,000 casualties, along with extensive long term damage to the regional environment and biota. Such an attack could still result in nearly complete destruction of the important key industrial sectors and the most important of the energy systems and links in the transportation and food sectors on which a successful recovery effort would have to depend.

CONSEQUENCES OF GLOBAL NUCLEAR WAR

There is a not inconsiderable chance that nuclear war in Europe would be accompanied by large scale nuclear conflict between the Soviet Union and the United States of America, perhaps including China. If this were so, wholly new kinds of acute damage could be done to the global environment and to the global biosphere. Following such a general nuclear war there would then arise the strong possibility that mankind, and indeed all life, could no longer continue as it always has. The specific problems of the European survivors would dissolve into the much larger calamity facing everyone.

A general nuclear war could involve the detonation of perhaps 30,000 to 50,000 nuclear bombs with an aggregate of 12,000 to 15,000 MT of nuclear yield. The principal target nations would be obliterated.

The detonations would produce some 75 million tons of nitrogen oxides which, as we have noted, would cause biologically injurious ultraviolet light to reach the ground at hazardous levels, increasing perhaps by factors of 6 to over 100 above normal. Animals and insects could be blinded, burned, or killed and crops and other plants and trees scorched or killed. Marine life would be affected. Lethal levels of sunburn in humans might occur in as short a period as 2 hours, and people could not go into the sun without being swathed and goggled. The damage would involve the entire Northern Hemisphere and to a less but still important extent the Southern one as well. It could persist for years after the attacks.

In addition to intense radioactive fallout over the target nations and some adjacent areas, globally dispersed radioactivity would increase the rates of lethal cancer worldwide.

Both the increased levels of ultraviolet radiation and the radioactivity could cause genetic damage, mutations, and some death in most species of living things. Mutation of some pathogens would possibly lead to novel virulent strains that could cause disease epidemics both of crops and animals on a global scale. Moreover in the target countries where fallout would be most intense, widespread destruction of plant and animal life could lead to major ecological imbalance, because some species are far more radiosensitive than others. The changes would very likely be unfavorable to agriculture and animal husbandry. Many trees and some plants are no more resistant to radiation than humans. Extensive forest kill would, after a year or so, allow widespread forest fires to develop, setting the stage for serious erosion.

Ground-burst nuclear explosions throw great quantities of gravel and debris into the atmosphere, as we noted earlier. In a large nuclear exchange this would involve several cubic miles of material, more than from the world's largest natural explosion, the volcano Krakatoa in 1883.

Some of the material is so fine it would remain in the atmosphere for years. Additional smoke and dust would come from huge fires, some set by the explosions themselves, others in killed forests, which in some periods of the year could encompass hundreds or thousands of square miles. Because these dusts reflect or absorb small amounts of sunlight which would otherwise warm the Earth's surface they can lead to global cooling and to changes in the distribution and amount of rainfall.

The effects of the suspended particulates as well as consequences of ozone depletion might lead to global cooling with an average temperature drop as great as several degrees centigrade, although it might be smaller or even negligible. As a result the possibility of climatic changes of a very dramatic nature can by no means be ruled out. And only one degree of cooling would, according to a National Academy of Sciences report, eliminate wheat growing in Canada. The normal ranges of crops could everywhere be altered and normally consistent weather patterns upset. For example, the monsoon in the Indian subcontinent could be altered, affecting half a billion people. Climatic alteration would directly affect the growing of food in virtually every nation on earth. With the halting of U.S. and Canadian grain exports, two-thirds of the international commerce in these critical foods would disappear, causing widespread famine in both the developing and industrial countries.

All of these consequences of a general nuclear war could thus be the cause of drastic degradation in the global circumstances in which life flourishes. Whether some especially unfortunate combination of biological or physical events would ultimately make human survival impossible is not yet known. The uncertainties are large and present knowledge is inadequate to say. It cannot now be ruled out.

If there were biological survival of the human species, the war would still have seriously prejudiced the prospects for humanity and blighted in the most abrupt and grave manner the hopes of continued betterment for the race. The scars would last for centuries or longer, and perhaps might never be erased.

[From the New York Times, Apr. 28, 1981]

SPECIALISTS ENVISION ATOM WAR IN EUROPE

(By Frank J. Prial)

GRONINGEN, THE NETHERLANDS, April 24.—The threat of a nuclear war has increased dangerously recently, and the site for that war, if it comes, probably will be Europe. This was the major theme that emerged from a two-day conference here on nuclear war.

"There is a growing feeling that we are moving inexorably toward a nuclear war in Europe," said Gene R. LaRocque, a retired American rear admiral and the keynote speaker at the conference. "It seems unfair that nuclear war will be fought over and in the nations which have nothing to say about whether nuclear weapons are to be used."

Admiral LaRocque, who is director of the Center for Defense Information in Washington, a private group, was expressing the sentiments of many of the participants here, particularly the Dutch, who are resisting the emplacement of new NATO missiles on their soil.

The meeting at the University of Groningen, called the Conference on Nuclear War in Europe, comes at a time when the more vigorous military stance in Washington is clashing with the increased reluctance on the part of some European members of the North Atlantic Treaty Organization to participate fully in modernizing the alliance's military strength on the Continent.

WHERE THE ARMIES ARE

The next war, presumably a nuclear war, according to speakers here, is likely to occur in Europe for a variety of reasons, not the least being the fact that Europe is where the armies are. "For 35 years, two enormous armies have stood breathing into each other's faces, as it were," said Michael Harbottle, a retired British Army brigadier. "It is unique in the history of the world."

Even though neither the East nor the West has pursued any new territorial goals in the area for two decades, the confrontation persists and the tension increases, Mr. Harbottle and other military specialists said. "The war could start somewhere in the third world," said one, "but it would soon develop into conflict here in Europe."

The conference is being held under the auspices of the Center for Defense Information, which is basically opposed to the spread of nuclear weapons, and by the university. It is taking place barely a month before Dutch elections that could influence the country's decision to accept or reject the new NATO missiles.

Panel groups explored the ways in which nuclear war could start and how it could be fought. While "conscious decision by a major power" and "escalation of a conventional war" were among the reasons given for an outbreak of nuclear war, so were malfunction of a weapons system, computer error in a firing system, irrational behavior by controllers, possession of nuclear weapons by irresponsible governments and/or terrorists.

As more nuclear weapons are deployed, speakers noted, chances of any of these events causing a war increase also.

MILITARY CALLED DOMINANT IN U.S.

Admiral LaRocque posed another problem. "We are moving away from political solutions," he said. "We are being driven by the military. The military in the United States is the dominant force in our society. We criticize our clergy, our judges, even our wives—but never the Joint Chiefs of Staff."

The military, he asserted, see crises in terms of military solutions, and they are having their way now. "The NATO Nuclear

Planning Group, which has the responsibility for charting the course of NATO nations on matters of nuclear war, has urged the European nations to rapidly acquire more accurate, more destructive nuclear weapons," the admiral said, "but the group offers no supporting evidence that these new weapons will make us more secure, or victory in a nuclear war more likely."

Some analysts said the Western world had been lulled by years of belief in an on-going détente. "The Russians backed down in Cuba in 1961," said one speaker. "They swore then that they would never have to do it again, and I suspect that they do not."

There is a catch phrase in England these days, Brigadier Harbottle said. "We have had 35 years of peace thanks to Polaris," he said. "We will have 30 more thanks to Trident and cruise. It's just not true. Deterrence is only a prophylactic—not a cure. It creates a false sense of security and only encourages the continued arms race."

THE NATIONAL TOURISM POLICY ACT

● Mr. PRESSLER. Mr. President, I view today's action on the National Tourism Policy Act by the House Energy and Commerce Committee with positive feelings.

The proposal of the House Energy and Commerce Committee is certainly an improvement over the course suggested by the Carter administration last year and by the Commerce Department this year. I am pleased that the House agrees with the Senate's position that operation of the Federal Government's tourism effort should not be turned over to the International Trade Administration. I would anticipate general agreement on the notion that even a renamed U.S. Travel Service is better than a program controlled by those Federal officials charged with promoting the export of manufactured goods.

With today's action the way has been cleared to finish the job started by the Senate in January. I look forward to beginning discussions with my colleagues in the House on a final version of this legislation. I am confident we can build a solid package which will improve the status and treatment of travel and tourism within the Federal Establishment.●

PROGRAM

Mr. TOWER. Mr. President, under the order previously entered, the Senate comes in at 9:30. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. TOWER. Are there any special orders?

The PRESIDING OFFICER. There are no special orders.

Mr. TOWER. At what time do we proceed to the consideration of S. 815?

The PRESIDING OFFICER. At 9:45 a.m.

Mr. TOWER. And then the amendment of the Senator from Michigan (Mr. LEVIN) will be in the pending business?

The PRESIDING OFFICER. The Senator is correct.

Mr. TOWER. I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to come before the Senate on this side. I ask the distinguished minority leader if he knows of anything.

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader is most gentlemanly to ask. I know of nothing.

Mr. BAKER. Mr. President, in that event, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 9:30 a.m. tomorrow.

The motion was agreed to and, at 9:32 p.m., the Senate recessed until tomorrow, Wednesday, May 13, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate May 12, 1981:

DEPARTMENT OF STATE

Thomas O. Enders, of Connecticut, a Foreign Service officer of the class of Career Minister, to be an Assistant Secretary of State, vice William Garton Bowdler, resigned.

Daniel J. Terra, of Illinois, to be Ambassador at Large for Cultural Affairs.

ACTION AGENCY

Lawrence F. Devenport, of California, to be an Associate Director of the ACTION Agency, vice John Robert Lewis, resigned.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Fred Joseph Villella, of California, to be an Associate Director of the Federal Emergency Management Agency, vice Frank A. Camm, resigned.

SMALL BUSINESS ADMINISTRATION

Paul Robert Boucher, of Virginia, to be Inspector General, Small Business Administration (reappointment).

FEDERAL PROCUREMENT POLICY

Donald E. Sowle, of Virginia, to be Administrator for Federal Procurement Policy, vice Karen Hastie Williams, resigned.

DEPARTMENT OF DEFENSE

Tidal W. McCoy, of Virginia, to be an Assistant Secretary of the Air Force, vice Joseph Charles Zengerie III, resigned.

DEPARTMENT OF ENERGY

Shelby Templeton Brewer, of Maryland, to be an Assistant Secretary of Energy (Nuclear Energy), vice George W. Cunningham, resigned.

FEDERAL ENERGY REGULATORY COMMISSION

Charles M. Butler III, of Maryland, to be a Member of the Federal Energy Regulatory Commission for the remainder of the term expiring October 20, 1983, vice Charles B. Curtis, resigned.

COMMODITY FUTURES TRADING COMMISSION

Philip F. Johnson, of Illinois, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring April 13, 1984, vice Gary Leonard Seevers, resigned.

Philip F. Johnson, of Illinois, to be chairman of the Commodity Futures Trading Commission, vice James M. Stone, resigned.

FEDERAL COMMUNICATIONS COMMISSION

Mary Ann Weyforth Dawson, of the District of Columbia, to be a Member of the Federal Communications Commission for a term of 7 years from July 1, 1981, vice Robert E. Lee, resigned.

CONFIRMATION

Executive nomination confirmed by the Senate May 12, 1981:

GENERAL SERVICES ADMINISTRATION

Gerald P. Carmen, of New Hampshire, to be Administrator of General Services, vice Rowland G. Freeman III, resigned.

The above nomination was approved subjection to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 1, 1981:

FEDERAL EMERGENCY MANAGEMENT AGENCY

The withdrawal of the nomination of Fred Joseph Villella, of California, to be Deputy Director of the Federal Emergency Management Agency (new position), which was sent to the Senate on May 1, 1981.

EXTENSIONS OF REMARKS

IF MR. REAGAN'S POLICIES FLOP, THEN WHAT?

HON. BRUCE F. VENTO
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. VENTO. Mr. Speaker, I want to call to the attention of the House an article by Wassily Leontief which appeared in the New York Sunday Times, entitled "If Mr. Reagan's Policies Flop, Then What?" Mr. Leontief's thoughts merit serious contemplation. He is one of our outstanding economic thinkers; a 1973 Nobel Prize winner in economic science.

Professor Leontief advised the late Senator Hubert H. Humphrey, who was, in my opinion, a giant in political economics. Humphrey was constantly conceiving new concepts in political economics. Senator Humphrey's Balanced Growth and Economic Planning Act to which Mr. Leontief contributed is one concept that holds promise for solving our current economic problems.

By contrast, I think that this administration's economic plan may well fail. It is filled with contradictions and inconsistencies. It calls for spending cuts that are not matched by tax cuts. This will increase the size of Federal deficits, which they claim to be reducing. Worse yet, this administration doesn't seem to realize that one of the greatest capital assets that this country possesses is a well educated, skilled labor force. They are asking for budget cuts in educational programs. Ten years from now these cuts will take their toll of our economy in reduced productivity.

Administration spokesmen explain their policy by saying that if the public believes that cutting the budget will lower inflation, it will. Most economists, liberals, and conservatives, believe that budget cuts in and of themselves will not have any significant effect. But this administration is counting on the public's perceptions to lower inflationary expectations. Mr. Speaker, I submit that the psychological judgments made by administration economists are an unsound basis for setting public economic policy.

If my constituents see gasoline prices rising and heating bills rising and grocery bills rising, they know that inflation is not subsiding. They will seek to increase their monthly incomes. They are not so naive as to believe that their standard of living will stay the same while costs rise faster than their wages.

At hearings held by the House Banking, Finance and Urban Affairs Committee on February 25, 1981, Paul Volcker defended the administration's policies but admitted that indexing—a serious problem in our economy—is not even addressed by the President's program. When confronted with the question of how we can lower inflation if energy prices continue to rise, all Mr. Volcker could say was that "* * * that is a contingency we must all live with." In other words, external forces, can, and probably will, prevent the President's program from being successful. Even David Stockman's famous memo asking President Reagan to declare an "economic Dunkirk," recognized that oil prices probably would continue to rise, reverberate through the economy, and cause more inflation.

Is it any wonder that many members of the committee, both Republicans and Democrats, are skeptical of the President's program?

Many people seem to realize that the collision between high unemployment, rising deficits, and a static money supply will create a shortage of capital for legitimate purposes. When Mr. Volcker was asked why he didn't allocate credit for legitimate capital needs, his answer was "we do not have the tools to do that—we cannot make decisions [about] what the legitimate and illegitimate uses are."

If this is true, it is up to Congress to provide the framework for those decisions. Congress is the policymaking body. We should decide. Most members of the committee feel, for example, that housing is a legitimate use for which capital should be allocated. However, if we look at all the potential uses for capital, housing may not have such a high priority. The sensible way to go about making such choices would be to create a congressional commission to outline priorities and make suggestions on the best mechanisms to allocate capital.

Legitimate needs for credit and capital are enormous. Retooling the automobile industry is one example. Billions are being spent to rebuild the insides of our automobile factories so we can manufacture small, energy-efficient cars. The steel industry in this country needs to replace its old open hearths with basic oxygen furnaces and even newer technologies. The capital necessary to keep our environment clean is also enormous.

The potential economic problem inherent in these massive needs is whether satisfying them with credit will inflate prices. Credit will not inflate prices if labor and material are available. On the other hand, if they are in short supply, credit will bid up their price. We must know more about labor and material availability as well as the flows of capital through our economic system. But as Professor Leontief points out, and as Senator Humphrey was saying as early as 1950, for that we need a better information system in this country. Call it what you will—reindustrialization, strategic planning, allocation of resources—we must have the information and the institutional framework that will enable us to take more precise economic actions and therefore, more successful ones, than these massive but random budget cuts and miscellaneous tax cuts. With the information from such a system, the allocation of credit can be done without creating a vast bureaucracy to tell people what they can and cannot do. We could decide ahead of time on a program of subtle reinforcements for investment behaviors so that capital flows would be almost automatic. The market which today serves to allocate capital is imperfect because it is uninformed. Today, we do not know the secondary, tertiary, and even more remote effects of our actions. We ought to.

We now doubt that Keynesian attempts to have stable prices and full employment at the same time by regulating demand can work in our current complex economic world. But neither can the so-called supply side economics, which in reality is nothing more that a new version of the old Republican trickle down theory, solve the problems we have today.

Decisions by big industries made without complete information will affect not only that company's shareholders but other industries and wage earners as well. We do not have the simple economy of 100 years ago, where businessmen took risks, went broke, and caused suffering to relatively few others. Today unnecessary and widespread suffering can occur from miscalculations that send capital to inappropriate places. As Leontief points out, we are slipping behind in developing information about our economy. Today especially, his words are worth pondering. "Having entered what is proudly called the Information Age, neither the Government nor the private sector can afford to make crucial decisions while groping in the dark * * *". We are in an era of scarcity, with our strategic materials in short supply. I suggest that capital, just as much as oil, iron, or gas, is a strategic material also. We cannot

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

afford to have it misused because of our own ignorance.

[From the New York Times, Feb. 22, 1981]

IF MR. REAGAN'S POLICIES FLOP, THEN WHAT?

(By Wassily Leontief)

President Reagan has four years to demonstrate that tax cuts, accompanied by a spectacular increase in the military budget, but balanced by sharp reductions in social and other nonmilitary spending, can put the badly listing economy on an even keel. He must prove that the engine of private enterprise, freed from the shackles of environmental laws and other restrictive regulations, will propel it full speed ahead.

Let's hope he succeeds—that the inflation rate falls to 5 percent and the unemployment rate to 4 percent, while the average family's real income will resume what was considered its normal rate of growth: at least 3 percent.

But what if the new policies do not work? What if inflation continues unabated, if unemployment is not substantially cut, and the economy does not resume its prior growth rate? After new elections, the present team of supply-side economists likely will be sent back to their corporate offices, and the old team of Keynesian demand-side experts will be called in with their familiar tool kit of fine-tuning devices to regulate fiscal and monetary policies, and precision gauges to measure full-employment gaps. They might even start by imposing a general price-and-wage freeze that would bring us back to where we were in the fall of 1971.

If the supply-siders fail, not only the politicians but even the general public might finally realize that something is fundamentally wrong with the entire process by which the United States designs, implements, and monitors its national economic policies.

Fundamentally, there can be two approaches to formulation, and implementation of national economic policies: A trial-and-error, hit-or-miss approach, or a strategic—corporate management calls it "planning"—approach.

The first consists in putting together a conventional package of policy measures, usually chosen on the basis of theoretical or doctrinal considerations; then introducing another package if the first fails; and if that fails as well, inaugurating a third. Sometimes, however, there is a tendency to stick by the original policy, even if it is obviously not working and threatens to bring the country to economic collapse.

Strategic planning, less simplistic, is more ambitious and thus more complex. To put it into practice, it is not enough to have a theoretical understanding of the principles on which the economic system works and to be possessed by a strong determination to attain certain national goals.

Trial-and-error is bound to fail because policies directed at one particular area—taxation, spending, industry, labor, the environment, foreign trade—will affect not only the areas to which they are addressed, but they are bound to have mostly unintentional and often negative repercussions in all the other fields. A modern economy is a complex body, all parts and functions of which are interdependent.

Strategic planning, on the other hand, is aimed at producing an internally consistent description of different states in which the national economy would find itself after the application of alternative combinations of economic-policy measures.

Effective implementation of such an approach is hindered by a lack of necessary factual information. The continuous unwillingness of academic economists to give up their traditional reliance on abstract mathematical formulas—linked to reality only by a very fragile bridge of indirect statistical inference—is to a large extent responsible for this. Engaged in constructing elegant theories, they fail to press for creation of a reliable systematically organized data base, which is indispensable for any empirical science.

Creation and maintenance of a comprehensive data base that would permit a marked reduction of the amount of guessing now involved in policy making is a major task that could be easily carried out by the coordinated efforts of all elements of our statistical establishment. The example of Japan demonstrates that this is not impossible.

Japan is as much ahead of America in compiling the so-called input-output tables describing in detail the structure of national economies as it is in manufacturing efficient cars. The construction of the most recent American input-output table was assigned to a small team in one of the Commerce Department's bureaus. But in Japan, it was carried out by the combined efforts of 13 different ministries under the general supervision of a special Cabinet committee. The amount of detailed information in the Japanese tables is about four times as great as in ours; its compilation took only about half as much time.

Having entered what is proudly called The information Age, neither the Government nor the private sector can afford to make crucial decisions while groping in the dark. It will take our automobile industry four years to tool up to produce an up-to-date car. It will take America at least as much time and effort to close the economic information gap. Let us not postpone that task any longer.●

HUMAN LIFE BILL IS UNCONSTITUTIONAL

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. EDWARDS of California. Mr. Speaker, as I indicated last week, I have received the learned views of several of our Nation's leading constitutional experts on the subject of H.R. 900, the human life bill. Today, I would like to share with my colleagues the comments of three additional experts, Profs. William Cohen, Thomas C. Grey, and Paul Brest, all of my alma mater, Stanford Law School.

The comments follow:

ARIZONA STATE UNIVERSITY,
Tempe, Ariz., April 9, 1981.

Congressman DON EDWARDS,
Chairman, Subcommittee on Civil and Constitutional Rights, Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN EDWARDS: I apologize for the delay in responding to your letter of March 19. It was forwarded to me here from my permanent academic home at Stanford.

To avoid further delay, I will be brief. H.R. 900 is unconstitutional insofar as it attempts to reverse and dilute a decision of the United States Supreme Court interpreting the minimal guarantees of liberty contained in the Bill of Rights and the Fourteenth Amendment. I would have supposed any school child would give that answer and many of them could even supply the proper citation of authority—Chief Justice Marshall's opinion in Marbury v. Madison.

That there should be any controversy about this in 1981 is possible only because of some confusion engendered by selective misreading of language in some cases dealing with the contentious issue of Congressional power to enforce the Fourteenth Amendment. There is indeed controversy over how far Congress can go to restrict state governments beyond the restrictions imposed by the self-executing provisions in the first sections of the thirteenth, fourteenth and fifteenth amendments. I have written on that confused topic. (The article appears at 27 Stanford Law Review 603 [1975]. I don't, I'm sorry to say, have a reprint with me at this temporary base to include with this letter.)

The controversy over the extent of Congressional power to enforce the Fourteenth Amendment would arise in the unlikely event Congress were to outlaw all state restrictions on abortion. That controversy is, however, quite simply irrelevant with reference to H.R. 900. Beneath the welter of theories, every Justice of the Supreme Court, and all of the divided commentators, agree on two bedrock principles: (1) Congress has no power to authorize states to act in ways that would otherwise be forbidden by the Fourteenth Amendment; and (2) the final arbiters of the meaning of the Fourteenth Amendment are the courts. One could elaborate the points endlessly, or could quibble as to why they are so. But no one, until now, has disputed that they are so.

I happen to be one who believes that Congress has considerable power under various clauses in the Constitution to enlarge the protections against state action contained in section one of the Fourteenth Amendment. But my conclusion, like that of everyone else, is that Congress cannot diminish those protections. In short, to the extent that the 1973 decision in *Roe* v. *Wade* protects a woman's free choice in the abortion decision, that freedom cannot be qualified by ordinary legislation at the state or federal level. To state another truism, the Constitution can be amended only by an amendment, and not by legislation.

I was rather shocked to discover that the article my Mr. Galebach introduced into the Congressional Record (Jan. 19, 1981, S. 288) to support S. 158 quotes only one commentator to support his contrary conclusion—and that was language, out of context, from my Stanford Law Review article. One should note that Mr. Galebach is careful not to note my ultimate conclusion, which is diametrically opposed to his. Mr. Galebach does the same thing with every judicial source he cites for his conclusion.

Sincerely,

WILLIAM COHEN,
Merriam Visiting Professor.

STANFORD LAW SCHOOL,
April 10, 1981.

Hon. DON EDWARDS,
Chairman, Subcommittee on Civil and Constitutional Rights, Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN EDWARDS: We have both received your request for comments on the constitutionality of H.R. 900. Since our

views on both sections of the bill are very similar, we are responding jointly.

Section 1 declares that fetuses are human beings from the moment of conception. In our view, this goes beyond the power granted to Congress by Section 5 of the Fourteenth Amendment.

This provision of the bill is an attempt to override the Supreme Court's holding, in *Roe* v. *Wade*, that fetuses are not persons for Fourteenth Amendment purposes. Such a substantive departure from the Court's interpretation of the Amendment rests on the theory that Section 5 of the Amendment grants an "interpretive" power to Congress, a theory that is doubtful at best under the case law. As the "Galebach memorandum" recognizes, *Oregon* v. *Mitchell* left the very existence of any such interpretive power in serious question. But contrary to what that memorandum asserts, neither *Fullilove* v. *Klutznick* nor *City of Rome* v. *United States* did anything to resolve that doubt. Both of these decisions were based upon Congress' power to provide remedies beyond those independently exercised by the courts against judicially recognized constitutional wrongs—in *Fullilove*, against racial discrimination in the award of public contracts; in *City of Rome*, against racially discriminatory electoral gerrymandering.

But, even under the broadest reading of *Katzenbach* v. *Morgan*, Congress' interpretive power can not sustain Section 1 of H.R. 900. The Court in both *Katzenbach* v. *Morgan* and *Oregon* v. *Mitchell* expressly denied the existence of congressional power to cut back on judicially declared Fourteenth Amendment rights under the guise of "enforcing" those rights. Section 1 of the bill would undermine the constitutional right of women to free choice in procreational decisions, as established in *Roe* v. *Wade*.

We believe that Congress can properly substitute its own reasonable and good faith reading of the Fourteenth Amendment for that of the Court so long as that reading does not undermine judicially declared individual rights. This limitation is essential if the role of the Court as a relatively detached guardian of constitutional liberty, free from the pressures of constituency politics, is to be preserved.

If *Roe* v. *Wade* can be effectively overruled by congressional erection of the values held by its many opponents to the status of constitutional rights, none of the Court's sometimes unpopular decisions protecting minorities will be safe from similar legislative reversal. Any such result would be a serious departure from a constitutional order that has its roots in *Marbury* v. *Madison*.

Finally, Section 1 is seriously misleading in its declaration that "scientific evidence" supports the status of the fetus as a human being. The question of the full humanity of the fetus is not a scientific matter at all. It does not turn on the facts of embryology. It is rather an ultimate philosophical or religious question, as to which the Supreme Court has ruled that neither itself nor the state legislatures nor Congress can impose an authoritative answer. We are confident that your committee will not be misled into thinking that enactment of H.R. 900 can be justified on the basis that it merely substitutes Congress' factual judgment for that of the Court.

Section 2 of the bill deprives lower federal courts of jurisdiction over actions challenging the constitutionality of state anti-abortion legislation. It is evident on the face of section 2, and from the context of the entire bill, that the provision is designed to curtail the enforcement of federal judicial decisions applying the Fourteenth Amendment to state anti-abortion legislation. Under these circumstances, we believe that section 2 is not a legitimate exercise of Congress' Article III authority to regulate the jurisdiction of federal courts.

Article III, section 1 grants Congress broad discretion to establish inferior federal courts and to define the scope of their jurisdiction. But even if Congress need not grant federal courts any jurisdiction to hear constitutional claims, Congress may not restrict federal jurisdiction for the purpose of impeding the enforcement of judicial interpretations of the Constitution.

Every constitutional grant of power to the Congress is limited to the purposes for which it was made. This self-evident principle was made explicit by Chief Justice Marshall in *McCulloch* v. *Maryland*. After establishing the breadth of the Congress' powers, Marshall cautioned:

[S]hould Congress, under the pretext of executing its powers, pass laws for the accomplishment of objects not entrusted to the government, it would become the painful duty of this tribunal, should a case requiring such a decision come before it, to say that such an act was not the law of the land.

Although the Supreme Court has struck down various laws on the ground of "pretext," it has hesitated to strike down others. Its hesitation has not, however, reflected doubts about Marshall's underlying premise—that congressional powers may only be exercised for the purposes for which they were delegated.

Rather, it is based on the difficulties and improprieties attending judicial inquiry into legislative motivation necessary to determine whether the exercise of power was a "pretext." This was the basis of *Ex parte McCardle*, 74 U.S. (7 Wall.) 506 (1869), in which the Court acquiesced in Congress' restriction of the Court's appellate jurisdiction in certain habeas corpus actions. Chief Justice Chase wrote: "We are not at liberty to inquire into the motives of the legislature. We can only examine into its power under the Constitution; and the power to make exceptions to the appellate jurisdiction of this court is given by express words."

However appropriate judicial reluctance to inquire into Congress' motives may be, it provides no warrant for Congress refusing to inquire into its *own* motives in enacting a law. Indeed, the very fact that the judiciary is inhibited from inquiring whether a jurisdictional statute is a pretext for pursuing objectives not entrusted to Congress, imposes a special burden on Congress to monitor the constitutionality of its own action. See Brest, The Conscientious Legislator's Guide to Constitutional Interpretation, 27 Stan. L. Rev. 585 (1975). The purpose of section 1 of Article III is to grant Congress the power to determine the need for inferior federal courts and the general scope of their jurisdiction. Neither the language of Article III, nor anything in the history surrounding its adoption, suggests that it was designed to give Congress the power to impede the enforcement of judicial interpretations of the Constitution.

The belief that the Supreme Court has ultimate authority to interpret the Constitution, however deeply ingrained in our history and tradition, is of course not incontrovertible. But even were Congress to determine that in some or all circumstances it has the ultimate authority to interpret the Constitution, we believe that to use a regulation of jurisdiction as a pretext for asserting its substantive disagreement with the Court's constitutional interpretations would be an abuse of the power delegated by Article III.

Sincerely,

THOMAS C. GREY,
Professor of Law.
PAUL BREST,
Professor of Law.●

DISC TREATMENT OF EXPORT TRADING COMPANIES

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. LaFALCE. Mr. Speaker, the Export Trading Company Act of 1981 is presently making its way through the legislative process. H.R. 1648 which I introduced on February 4 has attracted more than 75 cosponsors, and the companion bill in the Senate, S. 734, recently passed that body by a 93 to 0 margin.

The Export Trading Company Act contains a number of important features to stimulate U.S. exports and to facilitate the entry of small- and medium-sized firms into the export market. Those provisions could be the cornerstone for a far-reaching and comprehensive national export policy.

H.R. 1648 does not contain two tax provisions which were included in the original version of the Export Trading Company Act, H.R. 7310, which I had introducted on May 8, 1980. After extensive consultations, I and other supporters of an export trading company bill decided to delete the tax provisions, in order to avoid having the export trading company issue become embroiled in the whole tax cut issue. This was a reluctant, albeit necessary, decision.

However, I continue to support those tax provisions for export trading companies and today I am introducing a separate bill to accomplish that goal. This bill has two major features.

First, the Domestic International Sales Corporation (DISC) treatment should be extended to all of the income of export trading companies. That would include income from export services, which is at the present time not covered by DISC. This is very necessary, because services could be a very significant component of exporting and of export trading companies' business.

Second, there is an exemption for export trading companies from some of the subchapter S requirements of sections 1371 and 1372 of the Internal Revenue Code. This would allow these companies to use the provisions of the subchapter without limiting the foreign source income of these companies to less than 20 percent per year, as

stipulated in present law. Export trading companies simply could not comply with that existing statutory restriction by the very nature of their business, and this provision of the bill would insure that small businesses would receive fair tax treatment, if they joined together to form their own export trading company.

Mr. Speaker, my first priority, of course, is passage of the Export Trading Company Act, which would be one of the most important actions Congress could take to provide increased incentives for exports. However, I also strongly support this bill's proposed tax changes, because tax incentives for export trading companies will help make them into a much more effective tool for boosting U.S. exports.●

REAGAN BUDGET: A POOR DECISION

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BAILEY of Pennsylvania. Mr. Speaker, I rise in opposition to the Reagan budget. I have reached this decision after many hours of hard study. Though there is great political pressure to go along with the President we have a responsibility here to do what is best for the Nation. As always we need clear and earnest decisionmaking, we need to act for long-term American interests not short-term political benefits.

First of all some issues should be addressed which compare these budgets. Incidentally, I shall vote against the Reagan budget. I support the House Budget Committee resolution (the Jones budget). My reasons are best presented in a context where misconceptions are dispelled and facts are brought forward.

First. Misconception: Reagan boosts defense while Jones cuts it? Fact: Mr. Speaker, this impression is false. I was shocked to hear the President make such a reference during his nationally televised presentation here in this Chamber. I can only conclude that he was given incorrect information by his staff. Comparing the two proposals is easy. Outlays for defense, that is actual money spent, is higher in the Jones budget for fiscal 1982 than even the Reagan budget allows. The difference in budget authority for the first year is dissipated by different budget authority figures in the outyears of $4.3 billion. This assumes that Pentagon spending levels will move in to fill up the authority given. Quite honestly, Mr. Speaker, I have been personally told by some of our top military people that they are not sure they can even spend the Jones level this quickly. They are afraid of moving without proper planning. Regardless, the misinformation the administration has advanced that the Jones budget would not increase defense spending is totally incorrect. Given the President's own computational analysis it is still a great increase and not a cut—and that accounts for inflation. In any event, we have given the President the benefit of the doubt by passing the Hefner amendment—it simply gives the President his figures. It was the first amendment passed here and I will admit I worked hard for it. Now no one can argue that there is a difference among us in our strong support for defense. We are together at last. But what purpose was served in confusing the public on this vital issue? Perhaps the President should have indicated his disagreement with our figures and his desire for closing a small gap—rather than leading the American people to believe that the Jones proposal was shortchanging our defense needs. But that issue is now resolved—we are together on the defense figures.

Misconception: The Reagan budget is a balanced budget? Fact: Mr. Speaker, that impression also is false. The Reagan budget is not a balanced budget. Its projected deficit is almost twice as great as the Jones budget no matter whose figures you use. And that, Mr. Speaker, is its greatest weakness. If, as we have learned, large deficits drive monetary, interest, spending, and revenue policy, then the Reagan approach is a dangerous gamble. A perfectly balanced budget is not a panacea—but we all agree that it should be brought to heel as soon as possible. In short, the smaller the deficit the better. But the Reagan proposal abandons that approach based upon a highly questionable hope that the economy will perform exactly according to plan if certain policies are followed. However, very few people outside the President and his closest advisers feel strongly that the performance will meet those policy projections. And if the President is wrong our deficit next year could be $90 to $100 billion instead of the $45 billion which he expects under the plan before us. Furthermore, the crucial impact on interests rates under his policy—as the Government continues to compete with the private sector for credit—could be particularly frightening. We shall not be able to move forward or make strong, reliable, long-range plans until the price of money comes down. And if a tight money policy is followed by the Federal Reserve Board about 90 percent of the $45 billion deficit will be financed by borrowing—that is if you accept the Reagan deficit figures which most observers calculate to be quite low.

Misconception: There is no tax cut in the Jones proposal while the Reagan budget does cut taxes? Fact: This is also false, Mr. Speaker. It is a complete falsehood. Just as both budget recommendations request defense increases and cuts in other areas so do both of them assume tax cuts. Admittedly, this area is outside the authority of the Budget Committee and is wholly within the power of the Ways and Means Committee. But both Reagan and the Budget Committee expect significant tax changes. And here, Mr. Speaker, is the kicker. Jones hopes for approximately $38 billion in cuts and assumes significant latitude in how most of that revenue is going to be lost. Bear in mind that a revenue loss to the Government should be expected to stimulate something in the private sector. President Reagan has a specific plan for the cuts he wishes to see. This part of the Presidential plan explains why Wall Street, many leading economists and many businessmen of all political persuasians, express serious fears about the Reagan plan—which includes this budget. Most of the differences between the Jones figures and the Reagan figures, most of the controversy over "rosy" administration economic projections, are derived from the impact of this Reagan tax proposal that enjoys little congressional support and dubious credibility in business and economic circles anywhere. The problem for President Reagan is that almost all the economic assumptions which guide his budget proposal were derived from the highly speculative assumptions about the impact of a tax package that enjoys very little backing. It is sort of a chicken-egg argument, except that he is starting with neither. Neither of these ideas, not the budget proposal before us—which is based upon questionable economic assumptions, which in turn is based upon the performance of an unrealized tax proposal, that is based upon speculative econometrics that purport to justify it—nor the political base to enact it, is in place. Reagan proponents say the budget proposal will accommodate a wide variety of tax ideas including Congressman ROSTENKOWSKI's. That is difficult to accept however, when one takes into account Reagan's econometric tax cut projections that are integrated with this budget proposal. All the expectations concerning the future deficit, resulting interest, and spending priorities that are taken from those projections are written into the budget.

In short, I would not be surprised if the President lacks the votes he needs on the tax package. Yet if he lacks those votes it is because of the poor confidence in the questionable revenue impact, investment impact, sav-

ings and consumption impacts of the very same tax plan that is being used to argue for the accuracy and dependability of the figures we are being asked to accept in making this decision here today.

Mr. Speaker, the Jones budget is more realistic in its economic assumptions. It is more politically and intellectually honest about the tax package that will be accepted by this Nation needed to fund it. I hope we will put these matters into proper perspective before we vote here today. Many Democrats and a large number of Republicans have already stated their opposition to the Kemp-Roth-Reagan tax proposal saying they would not vote for it. If they have no faith in it they should at least be more conservative about this radical budget proposal and avoid its obvious pitfalls, since it is in part based upon that very questionable tax program.

Mr. Speaker, though I am quite sure this vote is lost today, I sincerely hope that we shall prove adept at writing a tax package that can avoid the high interest rates and inflationary pressures that this Presidential proposal is likely to bring.

Last then, what are the actual differences between these proposals? In a nutshell the Jones proposal—utilizing more realistic analytical methods—maintains the same defense spending support, while providing more help to the aged, the handicapped, veterans, the truly poor, the working poor, those who need educational assistance—but denies help to the underserving—by being more honest about what this Nation will accept in its need for a noninflationary tax cut. Actually, except for the deficit they are not that far apart. It is interesting, however, that by the end of fiscal year 1983 the Jones Budget Committee recommendation will report a budget surplus of $25.8 billion while the President's figures indicate less than 9. All we heard here last session was balance the budget—balance it now—and here are those same people financing an even greater deficit than we all felt we could live with. They justify that vote by arguing that a tax plan that they would not even support will perform in ways they agree will overly benefit the extremely rich at the expense of the elderly, the poor, and our large middle class. Of such things are foolish decisions made. I hope that we on the Ways and Means Committee can and will write a tax bill that will prevent the harm the approach we are apparently going to take today may cause. In spite of this proposal today, I am sure that we will meet our responsibility to do just that.●

A TRIBUTE TO MR. JACK PATTEN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. LAGOMARSINO. Mr. Speaker, in May 1981, a distinguished member of my district, Mr. Jack Patten, will be recognized by his many friends and colleagues in the Santa Maria School District for his many years as an outstanding educator and community leader.

Jack Patten has been a teacher and principal in the Santa Maria School District at Miller Street School for 31 years. During that time Jack earned the admiration and respect of his students, their parents, and his colleagues by his leadership and his dedication to quality education.

As a community leader, Jack has contributed his time and talent in many areas. He has served as president of the YMCA board, as commissioner of the parks and recreation commission, as a Cub Scout master and Boy Scout merit badge counselor, a member of the Red Cross board, president of the county outdoor science education board, and has been active in several service clubs including the Exchange Service Club and Kiwanis Club. He is the past congregational president of First Christian Church and is active as a member of the Central Coast Good News Board.

I wish to extend my congratulations to Jack, and my appreciation for his dedicated service to the entire Santa Maria community.●

THE COURT MUST STAY SUPREME

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. RODINO. Mr. Speaker, I would like to call the attention of my colleagues to a recent Washington Post column by BOB KASTENMEIER, chairman of the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice. This column addresses a serious legislative threat to the independence of the Federal judicial branch inherent in 15 bills pending in the House which seek to eliminate the jurisdiction of the Supreme Court and the Federal courts to consider cases which relate to school prayer, abortion, school desegregation, and some sex bias cases. As Mr. KASTENMEIER has pointed out, basically the proponents of these bills are saying, "we don't like the way the Federal judiciary has resolved these issues, so we are going to take away their power to make such rulings."

I find this approach to admittedly difficult legal and social policy issues to be totally without merit. The supremacy of the U.S. Constitution and the Supreme Court which interprets it cannot be altered by Members of Congress who are bent on trying to "correct" Supreme Court decisions with which they may disagree. There is an established procedure for amending the Constitution. It is intentionally a difficult procedure, not designed to permit fascile and unwise alteration of constitutional law. The back-door approach to creating change in constitutional law can only reek havoc on the rights of citizens, the role of courts, and the balance of powers between the Congress and the other equal branches.

[From the Washington Post, Apr. 16, 1981]

THE COURT MUST STAY SUPREME

(By ROBERT W. KASTENMEIER)

Congress and the nation are now facing an attack on the vital role and nature of the Supreme Court the likes of which has not been seen since FDR's court-packing plan. The current attack is even more serious because it strikes at the independence and integrity of the Supreme Court's most basic function—to review the constitutionality of state laws and actions. This current assault is embodied in 13 bills pending in the House, which are designed to eliminate the jurisdiction of the federal courts to consider any cases that relate to state laws on prayer in public schools, abortion or school desegregation plans.

Basically, the proponents of these bills are saying, "We don't like the way the federal judiciary has resolved these issues, so we're going to take away their power to make such rulings." This attitude is particularly pernicious because it is focused on three of our most precious liberties—the separation of religion and the state, the right to equal public education free of racial bias and a woman's right to personal liberty and privacy. The Supreme Court has been on the front lines on these issues.

Whatever differences one may have with the court, its role, since the enactment of the Constitution, has been to be the final arbiter of fundamental questions, the articulator of rights, the last best hope for the maintenance of our freedoms. It has served us well. To now cut away at the court's authority cannot be in anyone's interest.

The basic questions facing the Judiciary Committee are: Does Congress have the power to withdraw federal court jurisdiction over constitutional rights cases? And, if so, are there good policy reasons to do so? I believe that the answer to both of these questions is no.

At least two arguments suggest that the legislation is constitutionally flawed. First, there is the "essential role" argument, which asserts that Congress does indeed have power to regulate the court's jurisdiction, but not to the degree that such regulation impinges on the essential role of the court to maintain the supremacy of the Constitution by reviewing the constitutionality of state laws and actions. Of importance is a relevant due process/equal protection issue. An admitted premise of this legislation is that by relying on the state courts

to determine final constitutional law, persons who are similarly situated and are asserting the same constitutional right may well be treated differently in different jurisdictions, violating the tenet of equal protection under the law. The Supreme Court would, for the first time, have no authority to rectify conflicting state court judgments.

There are also policy objections to the legislation. First, the law is not a static text, but an evolving set of principles, ideas and judgments. An end of Supreme Court jurisdiction for any of these types of cases would freeze federal constitutional law in the area, eliminating the possibility of aggrieved citizens' seeking further development of the law. To cut off a full hearing of important issues cannot be a reasonable public policy goal.

Also, Congress must not offend or jeopardize the legitimate prerogatives of the other two equal branches of government. Chilling the ability of the federal courts to deal with constitutional questions suggests that the judicial branch is not competent to consider such questions.

Further, as the Carter Justice Department suggested last year, this legislation would run afoul of the public interest in affording a definitive and nationwide resolution of issues of constitutional magnitude.

It is no doubt healthful to review the nature and role of our nation's institutions. However, to attempt to emasculate the vital function of an institution as fundamental to our liberty as the federal judiciary can have only disastrous consequences.●

ANNIVERSARY OF THE AMERICAN JEWISH COMMITTEE

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, this month we honor the anniversary of the American Jewish Committee, founded in 1906. For the past three-quarters of a century the American Jewish Committee has stood strongly for freedom, for justice, and for equal opportunity, both in the United States and Israel.

The turn of this century was a bad time for Jews. They were persecuted, robbed, and murdered in Russia and Rumania. The czars used the Jews as scapegoats for revolutionary troubles. In 1903 the world was stunned by the pogrom at Kishinev, obviously held under official protection. In 1905 there was another massacre at Odessa.

Millions of Jews fled to America, from the ghettoes of Vilna, from the shtetls of the Jewish Pale. They did not know the customs of this country. They were exploited by politicians, by landlords, by sweatshop owners. Still they came, seeking a better life.

That was why the American Jewish Committee was founded. It aimed to help the Jewish immigrant, to obtain decent working conditions, a livable wage, a limit on hours. The American Jewish Committee sought better housing. It got the children of these immigrants to schools, to special classes to teach them English.

The American Jewish Committee, like other groups, helped the Zionist pioneers in Palestine. It got them tools, supplies, and seed. Later, the AJC helped mobilize American opinion to support the State of Israel.

In the darkest hour of the Jewish people—during the holocaust—the AJC aided refugees, did what it could to save a few victims from the fate in store for them.

Today the AJC continues its fight for equal opportunity, for justice under law, for an end to all discrimination.

Voluntary organizations like the American Jewish Committee are what make America great. They form the great tapestry of our diverse national existence. I offer my congratulations on 75 years—I offer them all best wishes for their next 75 years.●

A SALUTE TO BERNICE R. KRUMHANSL

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. STOKES. Mr. Speaker, I would like to bring to the attention of my colleagues in the House the achievements of Ms. Bernice R. Krumhansl of Cleveland, Ohio. Although most of my colleagues are not familiar with Ms. Krumhansl, I can assure them that her work and dedication to quality housing are almost legendary within the St. Clair-Superior Coalition and the Cleveland metropolitan area.

Mr. Speaker, this is Ms. Krumhansl's last year of service as the president of the St. Clair-Superior Coalition where she has been the guiding force in terms of resolving the housing crisis and stimulating revitalization since the inception of the organization.

Ms. Krumhansl currently serves as the president of the St. Clair-Superior Coalition which is a position she has held for three consecutive terms. Her involvement in the organization started when she became one of the founders. Since that time, Ms. Krumhansl has served as the vice president and secretary of coalition. Through her years of active service, I suppose you could sum up her contributions by saying that she has been the cornerstone for the housing revitalization that is currently flourishing in the St. Clair-Superior neighborhood in Cleveland.

As a token of their esteem and gratitude for her unflinching efforts in this regard, on Saturday, May 16, 1981, at the fourth annual convention of the St. Clair-Superior Coalition, the members of that organization will honor Ms. Bernice Krumhansl for her work and efforts on behalf of the organization. Mr. Speaker, I deem this an appropriate time to join in that salute and send my best wishes to her from every resident of the 21st Congressional District.

Incorporated in this salute, Mr. Speaker, I think that it also would be appropriate to enumerate her achievements so that my colleagues in the House of Representatives can get a clear understanding of the work of this pioneer in housing revitalization and this person of great vision.

Mr. Speaker, Ms. Krumhansl has been a lifetime resident of the St. Clair-Superior neighborhood. In her role as a founder, she has always been supportive of the coalition and has worked steadfastly with them over the years.

From limited beginnings, Ms. Krumhansl sacrificed and worked diligently to build the coalition to its current stature as one of the most active housing coalitions in the Cleveland metropolitan area. As a result of this commitment, she attended and organized local and national meetings and strategy sessions. Mr. Speaker, everywhere she went, Ms. Krumhansl spread the word about the St. Clair-Superior Coalition while also gathering the necessary tools to enhance the work of this community-based coalition.

As a result of her extraordinary determination to make the St. Clair-Superior neighborhood a model for others and a source of pride, she amassed an exhaustive list of victories. To be brief, Mr. Speaker, they include the rehabilitation of properties which were previously owned by an absentee landlord, the establishment of the Cleveland housing court, and the establishment of COHAB, a local housing rehabilitation organization. Mr. Speaker, the list goes on and on.

In conclusion, Mr. Speaker, Ms. Bernice R. Krumhansl's hard work and achievements has created a new vitality and a new beginning in the St. Clair-Superior neighborhood. Simultaneously, she has earned a special place in the hearts of not only the residents of the neighborhood but also in the hearts of the people throughout the Cleveland metropolitan area.

With those thoughts in mind, Mr. Speaker, I ask my colleagues in the House to join me in saluting Ms. Bernice R. Krumhansl, president of the Cleveland St. Clair-Superior Coalition as she enters her last year in that office.●

A REFRESHING LETTER ON THE REAGAN BUDGET

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. McDONALD. Mr. Speaker, not every recipient of Federal aid is going to roll over and play dead over the Reagan budget cuts. Some of them have even decided that the sky has not fallen in. In that connection, a letter I recently received from the American Society for the Prevention of Cruelty to Children is particularly refreshing. It mentions "voluntary" efforts and "revitalizing" existing agencies. I applaud Mr. Katz' sentiments. His letter follows:

THE AMERICAN SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN,
Princeton, N.J., April 27, 1981.

Representative LARRY P. MCDONALD,
Cannon Office Building,
Washington, D.C.

DEAR REPRESENTATIVE MCDONALD: During the past two weeks this office, like your own, has been contacted by various groups who claim to represent the interests of children in this country and who are seeking to block the President's budget cuts in the area of "social services for children."

At first I was alarmed by their stories of children who would starve, children who would die and services that would be cut thereby inflicting all forms of hardship on the children of America.

My alarm waned as I began to examine the programs, the people and the policies that were being criticized and the alternatives that were being overlooked.

After careful examination of arguments on both sides of this issue and after conceding that it is never pleasant or easy to reduce one's income or budget, I have come to the conclusion that the proposed cuts in the federal contribution to these programs need not disadvantage the children of this country.

It is important, to understand that, self-seeking and vindicting state and local bureaucrats can, and in some cases will, attempt to deprive children of necessary services rather than tighten their own belts and shape up their obese establishments.

Clearly, on the other hand, these cuts could be used as an opportunity to revitalize existing and create new voluntary services which require no government funds. Some voluntary agencies have been corrupted during the past decade by the overwhelming temptation of this "Federal Free Lunch." Others have resisted that temptation, maintained cost effective operations and provide quality community services at a small fraction of the cost of government funded services and they do so at no cost to the taxpayer.

I, therefore, urge that you support the President's recommendations in this budget area.

I and my staff would be pleased to provide any additional information in this regard that you may deem helpful.

With best regards,

Sincerely,

WILLIAM KATZ,
Executive Director.●

PENNSYLVANIA'S AMERICAN LEGION BOY SCOUT OF THE YEAR

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. MURTHA. Mr. Speaker, all of my family has been actively engaged in Boy and Girl Scouting activities over the years, and I believe it is one of the most valuable experiences that a young man or woman can have.

I am very proud to note for the RECORD that this year's American Legion Boy Scout of the Year in Pennsylvania comes from Cresson, in the 12th Congressional District.

He is Patrick J. Lenz, son of Mr. and Mrs. Raymond Lenz. He started his career in Cub Scouts and attained the Arrow of Light, the highest award in Cub Scouting. He attained the various ranks leading to the Eagle Award, which he received in 1979. Since then he has earned bronze, gold, and silver palms for additional merit badges. In 1978 he received the Ad Altare Dei Award and in 1979 the Pius XII Award, both Catholic Scouting awards, from Bishop James Hogan of the Altoona-Johnstown Diocese.

Patrick is a member of troop 92 sponsored by the Cresson Rotary Club.

I am glad to enclose a copy of the essay prepared by Patrick as part of the American Legion oratory and essay contests. He won first place in the essay contest and was runnerup in the oratorical contest.

I certainly extend my congratulations for this outstanding record in Scouting, and I am sure it has laid the framework for an outstanding future for Patrick.

MY INTERPRETATION OF GOOD CITIZENSHIP

(By Patrick J. Lenz)

Good citizenship means many thing to many people. To me, being a good citizen is something that has to be planted in an individual at a very early age, then nurtured until, like a living object, it grows and develops until it matures to its fullest.

Beginning as early as grade school, citizenship is stressed as part of the student's education. Being proud to be an American, honor of our flag, awareness of our responsibilities toward the local policeman, law and order are the basic themes stressed during this stage of development.

High School is a continuing factor in stressing the importance of citizenship. The basic rules are similar but here the awakening of broader interpretations is required. One must now realize just what our duties as a good citizen are. Young people, at this time, learn good citizenship through democratic practices. For example those who take an active part in student government, band, sports, and clubs learn how to work together in a friendly, democratic and cooperative society.

In today's fast moving society it is hardly enough to just peacefully exist. The mediocre attitude of those who let Joe do it cannot be condoned. One must be aware of what is taking place in his local, state, and national government. If one is in agreement with the politician, one must be willing to support him. If in disagreement, one must try to correct or amend his views to benefit the good of the majority. A citizen has political rights, even if he or she is not able to vote.

All have the power to make their opinions known simply by taking advantage of article one of our Constitution. This important document guarantees each of us freedom of speech. To follow through we have a second alternative. As citizens we have the option of writing our public officials and telling them what our position is on a given subject. America, being the great country she is, allows us to take such action without fear of punishment of any kind.

Locally, a good citizen is a resident who is willing to give his time and talent to better the community in which he lives. By being active in organizations one becomes involved in many local projects.

The Boy Scouts, for example, conduct a yearly clean up project to rid the litter from our surroundings. This useful activity contributes to the beautification of our environment and provides both adults and youth a chance to participate and to increase their civic pride.

The J.C.'s, a young adult group, contribute to the breeding of good citizenship with their interest in youth. The active participation of these gentlemen provide programs for the children with special needs. Their toys for tots Christmas program give underprivileged children a holiday worth remembering.

The Lions organization also exemplifies many traits of good citizenship. The many different programs for the community, the youth and the blind are most admirable.

American Legion sponsored events such as the oratorical and essay contest provide students with an opportunity to broaden their scope of knowledge about our government and our part in its working.

Being a good citizen is one of the greatest privileges we Americans possess. It provides us with the opportunity to express our gratitude for the many blessings we sometimes tend to take for granted. To fully realize how important our citizenship should be to us, we only need to attend the Naturalization ceremony held yearly at our county court house. These immigrants have labored long and hard to become citizens of our great country. Coming from a foreign land, learning a new language and becoming familiar with laws are obstacles few of us have the fortitude to overcome.

Nation wise, a good citizen is one who respects his country and the principles for which it stands. Displaying the flag properly on holidays and other occasions is one of the easiest ways anyone can show civic pride. To follow through, if one is truly sincere and dedicated to good citizenship, one must be prepared to sacrifice if necessary. Men more than women must be willing to answer the call to serve his country such as in World Wars I and II, Korea, and Viet Nam. He must perform this service without malace or complaint.

Contributions to such worthy causes as The Red Cross, Salvation Army, Cancer Society, Heart Fund, and March of Dimes are a painless way of participation.

After close examination of what activities one should perform in quest for good citizenship, each of us must then examine our own conscience. This question can only be

answered by each of us on the validity of our own actions.

To conclude I think a quote by President John Fitzgerald Kennedy best interprets my opinion of good citizenship, "Ask not what your country can do for you, but rather ask what you can do for your country."●

RESOLUTION IN SUPPORT OF PRESIDENT'S ECONOMIC PROGRAM

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. WOLF. Mr. Speaker, I would like to bring to the attention of my colleagues a recent resolution endorsing President Reagan's economic program which has been adopted by the board of directors of the American Concrete Pipe Association, an independent trade association representing more than 325 concrete pipe manufacturing plants across the United States. Support of groups such as this is especially important now that committees are working to carry out the economic blueprint for the country set forth by the fiscal year 1982 budget resolution. The American Concrete Pipe Association should be commended for its action.

The text of the resolution follows:

Whereas the growth of the Federal Government, deficit spending and excessive taxation have led the United States to the brink of economic calamity, and

Whereas the American people expressed their will in the November 1980 elections to have the scope and cost of government vastly reduced, and

Whereas President Reagan has proposed a comprehensive program to reduce the growth of government spending and the proliferation of Federal regulations, coupled with individual and business tax reductions, and

Whereas immediate action by the Congress is necessary: Therefore be it

Resolved, That the Board of Directors of the American Concrete Pipe Association endorses President Reagan's economic program; and be it further

Resolved, That the American Concrete Pipe Association urges immediate Congressional approval of this economic program.●

WHO RUNS EL SALVADOR?

HON. MATTHEW F. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. McHUGH. Mr. Speaker, there appears to be strong support among the American people for a negotiated solution of the conflict in El Salvador. Unfortunately, efforts to encourage negotiations have foundered upon the unwillingness of the Salvadoran military to engage in negotiations, and the disinterest, if not hostility, of the Reagan administration to such an approach.

On April 24, for example, President Jose Napoleon Duarte gave an interview in which he indicated that he was prepared to engage in a dialog with opposition leaders in an effort to promote a peaceful resolution of the present conflict as long as no preconditions were imposed. However, the following day Vice President Jamie Abdul Gutierrez, the commander in chief of the Salvadoran Armed Forces, flatly rejected the possibility of negotiations. Two days later his comments were reaffirmed by Col. Jose Guillermo Garcia, the Salvadoran Defense Minister, and other top-ranking officials of the Salvadoran military.

I find this very disappointing, Mr. Speaker, since it tends to confirm what critics of our policy in El Salvador have suggested all along; namely, that the real power in the present government is held by the military and that President Duarte has no effective way of enforcing his views upon the Salvadoran military forces.

Equally disappointing has been the disinterest of the Reagan administration in pursuing negotiations. As a recent article by Alan Riding that appeared in the New York Times suggests, there have been numerous efforts to move this conflict to the negotiating table since January. However, the Reagan administration appears to have done nothing to encourage those efforts, apparently convinced that El Salvador provides a good opportunity to win one small battle in what it perceives to be a larger East-West confrontation.

If such a victory is possible, Mr. Speaker, and I doubt whether it is, it is a victory that will have been won at the cost of many needless deaths in El Salvador.

For the benefit of those of my colleagues who may not have seen the various news items to which I referred, Mr. Speaker, I am inserting copies into the RECORD at this point:

DUARTE WILLING TO HOLD UNCONDITIONAL DIALOG

(By Adrian Aldana)

SAN SALVADOR, April 24 (Latin-Reuter).—President Jose Napolean Duarte today said he is willing to meet with the leaders of the guerrillas in an effort to bring peace to El Salvador as long as no preconditions are imposed.

Nevertheless, he described as a political maneuver an offer made by the Farabundo Marti National Liberation Front (FMLN) to hold talks if certain conditions were met.

Over 16,000 persons have died in the undeclared civil war affecting this country for the past 15 months.

In a telephone interview with this agency, Duarte said that the FMLN, the main guerrilla group in the country, was not really interested in peaceful negotiations. He added, however, that he was willing to dialogue without any previous conditions.

He said the FMLN offer, in the light of its reiterated claims that the revolution is the only way to gain power, shows the organization's lack of sincerity in its search for peace. He added that the guerrillas are only trying to confuse the public.

In yesterday's declaration, the FMLN said it was willing to hold peace talks whenever the government ends the alleged repression, releases the political prisoners, reopens the national university and lifts the state of siege and curfew.

The military authorities noted they were not surprised at the change of attitude of the guerrillas. "This shows that they are defeated militarily and believe peace talks are the only way to save something," they added.

These same sources said the state of siege and curfew cannot be lifted unless the conditions that prompted them disappear.

The government closed the national university, a bastion of the leftist activities, and suspended constitutional rights in 1980 in an effort to end political violence. The government has also repeatedly denied the existence of political prisoners in El Salvador.

Duarte said the only way to achieve peace in El Salvador is through a sincere dialogue between the opposing groups and through authentically free elections.

There are plans for constituent assembly elections for 1982, which will be followed by presidential elections in 1983.

When asked to comment on the reports that talks were already underway abroad between the government and leftist representatives, Duarte said: "Such reports are false. They are mere rumors."

VICE PRESIDENT'S REMARKS

SAN SALVADOR, April 25 (ACAN-EFE).—The Salvadoran Government will not accept the mediation of any state or of any domestic organization in the country's conflict, Jaime Abdul Gutierrez, vice president of the Salvadoran Government junta announced today.

Gutierrez, who also holds the post of commander in chief of the Salvadoran Armed Forces, made this statement at an event to commemorate Telecommunications Workers Day, held in the Presidente Theater in this capital.

He added that "the peoples must resolve their problems by themselves, and the Salvadoran Government's position remains unchanged in the sense that it does not permit other states to interfere in the problems of El Salvador."

He also said that "the armed forces remain loyal to the proclamation of 15 October 1979 and it is in order to fulfill that historic commitment that elections have been foreseen for 1982-83."

The armed forces published a proclamation on 15 October 1979 when Gen. Carlos Humberto Romero, who was supported by the Salvadoran obligarchy, was overthrown.

In his speech, Gutierrez indicated that "the people must seek a political and democratic solution to the Salvadoran conflict. The government has already begun taking steps in connection with the electoral process to freely elect the new rulers of El Salvador."

ARMY BACKS REJECTION OF OUTSIDE MEDIATION

SAN SALVADOR, Apr. 27 (ACAN-EFE).—Salvadoran Defense Minister Col. Jose Guillermo Garcia closed ranks with the Salvadoran Army high command to support the

position neither to negotiate nor accept mediation with the opposing leftist forces.

In this way, the Salvadoran Army is supporting the concept put forth by the commander in chief of the armed forces and vice president of the governing revolutionary junta, Col. Jaime Abdul Gutierrez.

Last Saturday Colonel Gutierrez said "the governing revolutionary junta roundly rejects mediation in the current Salvadoran conflict, because to do so would mean to play into the hands of "a maneuver of international communism, which is trying to deceive world public opinion."

The statement did not coincide with that of the junta's president, Christian Democrat Jose Napoleon Duarte, who on several occasions has expressed his willingness to hold a dialogue with the left "any way, any time and anywhere."

The position of the junta now, however, is to talk with the opposition's leftist front on Salvadoran territory and without mediators.

Meanwhile, the left had drafted a strategy, according to a document seized by the armed forces from the opposition front. It implied mediation involving several Lation American countries, since the left will not sit at the same table with the junta.

At a news conference held today at the armed forces general staff in San Salvador, the defense minister said that the intelligence services had obtained the document, that it is authentic and that they have published it so that the Salvadorans can have an exact idea of the left's intentions.

In reply to other questions, Colonel Garcia said that there is no evidence of the involvement of six members of the armed forces in the murder of four U.S. nuns last 4 December.

"If we knew who they were we would have arrested them already," Garcia said.

The murder is being investigated by a Salvadoran commission with assistance from the U.S. Federal Bureau of Investigation (FBI).

The news conference held by the defense minister was also attended by Deputy Minister Col. Francisco Adolfo Castillo, Chief of staff Col. Rafeal Flores Lima, National Guard Director Carlos Eugenio Vides Casanova, 1st Brigade Commander Manuel Edmundo Palacios, and Bigoberto Ramos, commander of the armed forces broadcasting training center.

EL SALVADOR TURNS DOWN A PLAN FOR OUTSIDE MEDIATION

(By Alan Riding)

MEXICO CITY, May 6.—A major international effort to bring El Salvador's warring factions to the bargaining table has failed with the refusal of the Salvadoran army high command to accept an offer of outside mediation.

Hopes for an early breakthrough toward a political settlement of the conflict were further dampened this week when the Reagan Administration showed little interest in the latest peace initiative.

The mediation proposal, which had been endorsed by the opposition Democratic Revolutionary Front, was made last month to the President of the Salvadoran junta, José Napoleón Duarte, by a special representative of the Socialist International, the worldwide organization of Social Democrats.

The envoy, Hans Jürgen Wischnewski, a leading West German Social Democrat, also met with President Rodrigo Carazo Odio of Costa Rica, Brig. Gen. Omar Torrijos Herrera of Panama and Fidel Castro of Cuba during his visit to the region.

In a recent speech, Col. Jaime Abdul Gutiérrez, vice president of the Salvadoran junta and commander in chief of the armed forces, said that the Government would accept no outside mediation and intended to press on with its unilateral plan to hold elections next year.

In a statement earlier this week, the Reagan Administration said that it opposed negotiations that would lead to formation of a new Government in El Salvador, although it accepted the idea of political talks aimed at working out the conditions under which next year's elections could take place.

But while Mr. Wischnewski noted last weekend during a meeting of the Socialist International in Amsterdam that he was still awaiting an official response to his proposal from Mr. Duarte, European and Latin American diplomats involved in the Salvadoran problem believe that the negotiating process has now suffered a serious setback.

Since the failure of the armed left's "final offensive" last January, numerous efforts have been made to move the conflict to the bargaining table. These have been prompted by the Democratic Revolutionary Front's call for direct talks with the United States and by growing fears that the civil war might spill over into the rest of Central America.

The governments of Mexico and Nicaragua, both traditionally sympathetic to the Salvadoran opposition, pressured the left to accept the idea of negotiating with the junta in response to Washington's refusal to talk. Then, after the Democratic Revolutionary Front insisted that outside mediation was necessary, the Socialist International's Latin American committee offered itself as intermediary.

Several other negotiating formulas have also been debated. One suggestion was for mediation by individuals—one Social Democrat, one Christian Democrat, one Latin American and one American citizen—rather than by governments. Another was built around the offer by Mexico and Venezuela to lend their "good offices" to the search for a negotiated solution.

The political scenario most frequently mentioned by optimists in the region is based on Britain's successful initiative to bring independence to Zimbabwe. According to proponents of the idea, a regional mediating group would help the warring sides to negotiate the conditions for free elections.

The armed forces would then be restricted to their barracks and the guerrillas to their camps, while the country would be policed by an international force. After the elections, a new army would be formed, eliminating undesirable elements from either side.●

LEGAL EXPERTS REVIEW OF H.R. 900

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. EDWARDS of California. Mr. Speaker, in my continuing effort to share with this body the views of distinguished legal scholars pertaining to the constitutionality of the human life bill, I submit today the comments of Prof. Louis Henkin of Columbia University School of Law.

COLUMBIA UNIVERSITY,
New York, N.Y., April 3, 1981.

DEAR REPRESENTATIVE EDWARDS, I have your invitation to comment on the constitutionality of H.R. 900, the "Human Life Statute." In my view, the proposed declaration would not be effective to achieve its apparent design: if adopted, a state abortion statute would face essentially the same constitutional obstacles as if Congress had not spoken.

In Roe v. Wade the Supreme Court held that a state cannot interfere with a woman's right to have an abortion except at certain limited times and in certain limited circumstances. That determination by the court in effect held that the woman's liberty outweighed any rights the fetus may have, or any interest the state may have in protecting the fetus. Congress, authorized to carry out the provisions of the Fourteenth Amendment, cannot deprive the woman of rights which she has under the Amendment by setting up new countervailing rights under it in the guise of interpreting the Amendment.

I add that if Congress could impose this definition of "person" on the states, the consequences might be far-reaching and baneful in other respects. For example, it might result in states having to treat every accidental miscarriage as a form of homicide as well as a tort. It might give the fetus a "right to be born" with claims against parents, doctors, the state strangers, who might interfere with it. It might vest property interests in every fetus, which the parents, others and the state itself could not modify.

Congress should not enact H.R. 900.

Sincerely,

LOUIS HENKIN.●

CATERPILLAR TRACTOR PRESIDENT SUPPORTS METRIC CONVERSION BOARD ACTION

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. McCLORY. Mr. Speaker, most Americans believe that America's current involvement with metric measurement is of relatively recent origin. In fact, voluntary conversion has been underway for many years, although the pace has been steadily accelerating over the past decade or so. In 1866, Congress authorized the use of the metric system in this country and supplied each State with a set of standard metric weights and measures.

In 1875, the United States reinforced its continuing participation in the development of an international metric system by becoming one of the original 17 signatory nations to the Treaty of the Meter. Also known as the Metric Convention, this agreement established the International Bureau of Weights and Measures in Sevres, France to standardize metric measures worldwide.

In 1893, the international standards which resulted were adopted as the fundamental measures of length and mass in the United States. Our so-

called customary measurements—the foot, pound, and so forth—have been defined in relation to the meter and the kilogram ever since.

In 1960, the United States participated in a conference held in Paris which replaced the standard meter bar with an isotopic source. This new standard was immediately adopted by the United States.

In 1975, the U.S. Congress, recognizing the increasing conversion in America, passed the Metric Conversion Act which created the U.S. Metric Board. The Board is currently active in programs of information and education to familiarize the American public with the metric system and in assisting all groups and individuals wishing to convert to the metric system to do so in the most cost efficient and least disruptive manner possible.

In recognition of National Metric Week, May 10-16, 1981, I would like to have printed in the CONGRESSIONAL RECORD the following address by Mr. Robert E. Gilmore, president of Caterpillar Tractor Co. I find Mr. Gilmore's remarks particularly interesting at a time when we in the Congress are struggling to shape legislation which will remove disincentives to American firms competing in world trade.

Surely one of our difficulties in trying to expand U.S. markets is the attempt to market abroad products labeled or manufactured in feet, ounces, and the rest. Mr. Speaker, the United States is one of only four countries in the world—the other three are Brunei, Burma, and Yemen—not using the metric system. In addition to its inherent advantages—extremely easy conversion among units within the system—the metric system is the universal, international language of measurement today. How can we expect to successfully promote our goods abroad when the packaging must be translated from our unintelligible customary system into what is everywhere else the easily understood and daily language of measurement?

Mr. Speaker, I commend to the attention of my colleagues Mr. Gilmore's address before the American National Metrics Council on April 13, 1981.

REMOVE THE HANDICAPS AND LET AMERICA COMPETE

One of our Caterpillar managers said a foolish thing to me the other day. He claimed that when he was transferred to Europe, it only took him about a week to learn metrics.

I said foolish . . . but I really mean irritating. Because if it only took him a week, I must be the biggest dunce of all time. I spent five years in Grenoble, France, and I still have difficulties.

The difference, I suspect, is that this manager didn't really have to work with metrics—except to learn the difference between three deciliters and five deciliters of wine . . . and to remember that a meter is about three inches longer than a yard, and a kilometer is about six-tenths of a mile. My job in Grenoble was to find ways to manufacture products using non-metric blueprints and non-metric standards with people who only understood metrics . . . products that had to be interchangeable with those made on non-metric standards in the United States. Believe me, there's a big difference when you're working with volume, speeds, and extremely close tolerances in a manufacturing setting. We had complex, costly, and frustrating problems—and I spent many hours working with European managers to find solutions.

I still remember, by the way, one of the most startling sights in my Caterpillar career the first day I went through the Grenoble Plant. It didn't yet belong to us—we were buying an existing facility and my job was to convert it to Caterpillar production. I should preface my comment by saying that Caterpillar is extremely safety conscious. Workers in our plants wear safety glasses, steel-toed shoes, remove rings from their fingers if operating a machine, and so on. I walked into that facility in Grenoble and there was a man working a lathe—with no safety glasses—wearing shorts and open-toed sandals—and he had a liter of wine in a goatskin shoulder flask so he could hold it up and take a squirt every once in a while. I stopped cold . . . and I know my mouth must have fallen open.

I'm sure that's not typical of other French factories—and it most certainly is not a scene you'll find in our Grenoble Plant today.

The point is, that when Americans get more involved in overseas business—as surely we must if we are to grow and prosper in this increasingly interdependent world—as we get involved in overseas business, there are many, many new and unforeseen problems we must cope with.

Metrics is one of those problems. It is difficult to adjust to metrics.

Here's an example that just happened in Peoria the other day. A visitor from Switzerland was explaining that he was planning to build a house in Geneva. Land, he said, was now selling for about 250 Swiss francs—or about $145—a square meter. That didn't seem to bother anybody. One of the men in the group asked how much a 100 foot by 200 foot lot would sell for—because, he said, that was the size lot he had in Peoria and he paid $30,000 for it. Out came the calculators to see how much a 100 foot by 200 foot lot would cost in dollars at 250 Swiss francs a square meter. The answer: about $275,000. The number suddenly had meaning. But it didn't gain meaning until it was expressed in feet and dollars, not meters and francs.

We must learn to cope with metrics. And whether we like it or not, we are the ones who have to change.

We sometimes seem to act as if we are the piper and the rest of the world will dance to our tune. That's not true today, and I suspect it never has been true.

We may be able to enforce safety regulations in an American-owned plant in France—but not all the power in this city could force Europe to drop metrics. We are the ones who have to adapt to metrics.

If we don't adopt metrics, we'll be forced to teach both systems to our children forever, because the United States cannot exist in isolation.

At Caterpillar, we started an internal metrication process in November, 1971. We did it not to make life easier for overseas plant managers, but because we had some wise, forward-thinking managers. They realized we would have to go metric to stay competitive in the world marketplace. We could not stay forever with non-metrics, nor could we permanently maintain two systems of measurement.

We set up some basic guidelines. For example: "Start metrication in Engineering by designing new parts for all new prime product, new models, and their attachments in metric." That became company policy.

In our industry, the engineering drawing triggers the chain of events that ends in a new product. It was logical, therefore, that our conversion process start with the engineering drawing. Approximately 130,000 metric engineering drawings have been released to production . . . and we are now beginning to remove non-metric equivalents from specifications whenever practical. All new Caterpillar parts are now designed in metric measurement units.

Caterpillar's primary goal is to operate worldwide in one unit of measurement—which we are convinced must be metric.

Our transition is orderly, systematic, and unhurried. We do not convert all drawings, service manuals, and so on, at one time—but phase in metrics with new product and newly required literature and drawings.

We have made great progress, but we still operate under the cost and time burden of working with two systems. As we build new plants, we attempt to make them totally metric to eliminate the two-system problem.

This requirement—to function in both metrics and non-metrics—is one more handicap on American companies trying to compete in the world marketplace. I say "one more," because the list of handicaps on U.S. industry is very long . . . already far too long for the good of the nation.

What do I mean by handicap? You golfers know. It's an artificial disadvantage imposed on a supposedly superior contestant . . . something that makes achievement extremely difficult . . . something that helps the other guy win.

It may be a good way to equalize players on the golf links. But, I assure you, American industry has too many problems with competitiveness already. We are handicapped by double-digit inflation . . . high governmental spending . . . punitive tax systems . . . energy costs . . . trade disincentives . . . and excessive regulations.

I'd like to take a few minutes to discuss two of these handicaps that affect everybody in this room. Trade disincentives and excessive regulations hinder American industry's ability to compete . . . just as the cost and time to operate two measurement systems hurt our competitiveness.

The President's Export Council clarified some trade disincentives in its report submitted last December. The Council was chaired by Reginald Jones, retiring chief executive officer of General Electric—and one of America's leading exponents of international trade. The Council listed these disincentives to trade:

First, taxation of Americans working overseas.

The United States is the only industrialized country I know of that levies taxes on personal income earned abroad. Higher tax costs for U.S. employees overseas result in increased costs for their employers. Consequently, it costs a U.S. company far more than a Japanese or West German competitor to send its employees abroad to identify and pursue sales opportunities.

To sell American products and services overseas, there must be an American presence overseas . . . but U.S. tax policy motivates Americans to stay home.

Second, anti-boycott provisions in the tax code.

These provisions, in the 1976 Tax Reform Act, were intended as an interim measure until the Export Administration Act could be amended. That amendment took place in 1977, but the "interim" measures of the Tax Reform Act are still with us. The two sets of legislation are not only inconsistent—but they force American exporters to set up compliance procedures with two separate departments of the federal government.

The Tax Reform Act is administered by the Treasury Department and the Export Administration Act is administered by the Commerce Department. This dual compliance is both costly and confusing for exporters—a true disincentive.

The President's Export Council has urged action, as well, on the Foreign Corrupt Practices Act—extraterritorial application of U.S. antitrust laws—export controls of various types.

These trade disincentives constitute a handicap on American industry—an "artificial disadvantage imposed on a supposedly superior contestant."

We are working under trade handicaps even though America's trade deficit last year was $32 billion—and $184 billion for the past ten years. We have handicaps even though the U.S. share of world trade fell from 21 percent in 1957 to 12 percent last year.

Unfortunately, there is another impending handicap: reduction in funding for the Export-Import Bank. The reduction is part of the Administration's economic plan to curb increased federal spending. It will become even more difficult to find adequate export financing—and financing is an important factor in competition for international sales. Some U.S. exports will be lost to aggressive financing plans of other countries.

The $5.9 billion for loans in the Carter budget was far below what private-sector analysts had calculated as necessary for maintaining the Eximbank's present pattern of lending. The Reagan Administration's proposal is for $5.1 billion in fiscal 1981, to be reduced to $4.4 billion in fiscal 1982. This reduction is unfortunate, but let me quickly add that we fully support the Administration's economic plan.

The fight against inflation must be the primary target of national economic policy, and that fight requires cuts in a wide variety of government programs. In the long run, bringing inflation under control and restoring the health of the U.S. economy will bring benefits that outweigh short-term sacrifices.

But lack of Eximbank funding makes it even more important that there be early action to remove trade disincentives, as recommended by the President's Export Council. Removal of trade disincentives will help offset reduced competitiveness in the financing area—and it will contribute importantly to strengthening U.S. export performance.

Another major handicap on American industry is excessive environmental regulation. A prime example is the Clean Air Act. It handicaps industry in a number of ways.

It mandates expenditures that many overseas competitors do not have to make. Caterpillar has spent some $27 million on technology to control emissions of coal-fired boilers—and now we face the possibility of spending another $55 million because the equipment falls short of completely controlling particulates. A study for the Illinois Pollution Control Board indicated the environmental benefit would be $125,000 a year—$55 million in capital investment versus $125,000 a year in benefits.

At Caterpillar, we estimate our total U.S. Government regulation price tag at about $100 million a year. Nationally, the cost by American industry to comply with regulations has been estimated at over $100 billion annually.

As it applies to mobile power sources, the Clean Air Act wastes energy at a time when the nation has a goal to seek near-independence in energy in this decade.

The Clean Air Act was first passed by Congress in response to public demand for clean air. Results have generally been good, especially in some heavily industrialized areas. But now the "law of diminishing returns" is taking effect. It's costing more and more to get less and less additional improvement.

As it now stands, the Clean Air Act will needlessly hamper industrial growth, curtail productivity improvement, feed inflation, and waste energy. It's time to amend the Act so that America can still benefit from clean air . . . but industry can operate without the handicap of excessive regulation.

Regulatory reform should require that proposed regulations be worth their cost . . . and be based on documented needs. Regulations should be periodically reviewed to identify those which should be modified or discontinued. And, in the main, regulations should establish goals—not dictate methods of compliance.

These handicaps of trade disincentives and excessive regulation are mostly imposed by government. There is little the private sector can do except aggressively pursue business in hopes the handicaps eventually will be removed.

Not so with the metrics handicap. It is true that there ought to be a government commitment for a single measurement system and a legislated timetable. But the private sector can go a long way toward removing the metrics handicap, even without governmental action.

It is to industry's advantage to remove this handicap—and, much as we need federal commitment, industry can proceed on its own.

Our experience at Caterpillar is that there are significant cost advantages to metrication.

In 1976, we began conversion to metric sizes of steel. We are well along with the worldwide transition. About 95 percent of sheet and plate, and 40 percent of flat bar, are now being purchased in standard millimeter sizes. We found that the cost of implementation has been significantly less than anticipated—and plant disruptions have been almost non-existent.

We have seen these benefits:

First, elimination of redesign in overseas plants.

Second, reduction in the number of sizes—resulting in fewer and larger steel orders, and reduced steel inventory.

Third, improved design selection results from more logical sequence of sizes.

Fourth, cost reduction between $900,000 and a million dollars a year.

Since Caterpillar adopted its policy to proceed with a gradual conversion to the metric system of measure, we have exposed all plants to a significant amount of metric production. Our new products—like the giant D10 track-type Tractor, the 992 Wheel Loader, and others—have been designed and built using metric measure. In Data Processing, we will be ready to convert to kilograms. (I understand the problem of converting tariffs to kilograms has been assigned to one of the Council's committees. We urge your speedy resolution of the problem.)

Work is proceeding in our plants and offices to achieve our goal of one system of measure throughout our worldwide organization. Our advertising people and parts and service publications people are constantly improving their ability to handle metrics.

In short, we are following our convictions with action to help achieve a metric America. I solicit your support in removing the two-measurement handicap from American business—and your support in urging government to remove those handicaps which it has imposed. We need an end to trade disincentives imposed by government—now more than ever, since a reduction in Eximbank funding will add another burden on international trade—and we need a solution to excessive governmental regulation.

Remove the handicaps and let America compete.

Thank you for your attention.●

SOLUTIONS TO ECONOMIC PROBLEMS

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. AuCOIN. Mr. Speaker, with the subject of tax cuts soon to be debated in the House, I call to the attention of my colleagues a paper written by Monford Orloff, a corporate and philanthropic leader in the State of Oregon. His views on increasing productivity and controlling inflation should be considered as the debate continues on solutions to our economic problems:

TAX CUTS COULD GIVE BUSINESS NEEDED CAPITAL

(By Monford Orloff)

The new administration has a golden opportunity through thoughtful use of the proposed $40 billion tax reduction to achieve the highly desired ends of increasing productivity, reducing the federal deficit, reducing unemployment and controlling inflation.

The key objective is the increase in productivity. Productivity only can be increased by the expenditure by the private sector of many tens of billions of dollars. The funds for such a vast program cannot be generated solely from presently foreseeable cash flow of additional funding from the already overburdened and high interest cost debt market.

Such additional funds only can come from a revival of the stock market to a level that will reflect more fairly the true economic value of the billions of dollars worth of equity that must be marketed if we are to achieve these objectives.

What type of tax program will accomplish this result? A program that will create in the investing public's mind the awareness that the purchase of stocks is an economic and profitable way of investing its savings. I believe the following program would achieve that result:

1. Enact a program that over the next four years would reduce the corporate

income tax from a 46 percent level to 20 percent. This would mean an annual cut of 6¼ percent per year. The annual reduction in tax collected from corporations would be $3 billion. Parenthetically, this program would eliminate the pressures for tinkering with present depreciation schedules, the investment tax credit and the elimination of the so-called double tax on dividends.

2. Exclude from taxable income the first $1,000 (per person) of income from dividends or interest. Cost—$3 billion.

3. Eliminate completely the capital gains tax on profits from security transactions. Cost—$2 billion.

4. Reduce the tax rate on unearned income to the same rate as that on earned income. Cost $2 billion.

5. Reduce the tax rate on individuals by an across-the-board figure of 6-8 percent. Cost—$30 billion.

It is my considered opinion that the prompt enactment of such a program would have an explosive impact on the stock market, resulting in an immediate transfer of corporate financing from the debt to the equity side of the market. The dramatic softening of the pressure on the short-, medium- and long-term debt market would result in lower rates not only as an effect of the reduced demand but because of the perception by investors that the entire program would be one to control and reduce inflation. Lower interest costs to the federal government obviously have a positive effect in controlling its deficit. Increasing productivity in the private sector resulting from the availability of lower cost equity financing will have the same positive effect.

Labor should heartily endorse such a program since the immediate result of increased expenditures for capital and related improvements would result in greater employment not only in the construction phase, but thereafter in the operations of the new or expanded productive facilities created by the program.

Increased employment broadens the tax base offering further opportunities to reduce our deficits.●

WELCOME TO HIKANATION

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BIAGGI. Mr. Speaker, we all know that saving energy is one of the primary issues affecting Americans today. The safe and efficient use of our natural resources guarantees our children and their children a secure and healthy environment in which to live.

I would like today to call your attention to a group of American citizens who have taken note of this need for saving energy and have undertaken a great task—to call our attention, and that of the entire Nation, to the size of the hiking community within our United States.

Last April 12, 65 hardy hikers left Golden Gate Park in San Francisco on a transcontinental journey called HikaNation. The purpose of this herculean trek, which is being sponsored by the American Hiking Society, the Department of the Interior, and the makers of Postum Instant Grain Beverage, is to demonstrate the popularity, problems, and potentials of hiking as a recreational pastime, a form of healthy exercise, and finally as a way of conserving our great Nation's natural resources. As we head into a low-energy future, how we recreate will have a bearing on how energy efficient we can become. The American Hiking Society, through the medium of this great adventure, is encouraging Americans to stretch their legs and hike for pleasure.

Currently, HikaNation is just outside of Washington, D.C. The journey does not officially end until the hikers set foot on the Atlantic shoreline in Delaware. However, a welcoming ceremony is to take place on the steps of the Capitol on Wednesday, May 13. Along the route, towns and cities have joined in the excitement of HikaNation, giving the hikers physical and mental encouragement, by joining them, by giving dinners for them, or by simply saying hello.

I feel very proud as these hikers, who now number 54, finally approach the end of their journey. They each have portrayed remarkable courage and determination during the last 13 months and deserve our praise for their outstanding accomplishment. To have seen America as they did during their journey through 11 States is an achievement that most of us only dream about.

The hikers are: Philip Atkins, Chico, Calif.; Dave Backus, Manasquan, N.J.; Cindy Bain, Alexandria, Va.; Gerald Benson, Englewood, Colo.; Lyle Bialk, Port Huron, Mich.; Randolph Blymire, York, Pa.; Kurt Burke, Belmost, Calif.; Robert Burns, Benicia, Calif.; Tisha Butcher, Santa Barbara, Calif.; John Cannon, Tulsa, Okla.; David Chernow, North Royalton, Ohio; Sharon Chrostowski, Centerville, Ohio; Michael A. Collins, Havre, Mont.; Scott Davis, Dearborn Heights, Mich.; Edward Deschene, Mankato, Minn.; Bruce Dolinac, San Diego, Calif.; Terry and Tim Ernst, Fayetteville, Ark.; William Ewart, Decatur, Ga.; Gayle Fisher, Las Vegas, Nev.; Reggy Flater, Holland, Iowa; Timothy S. Geoghegan, Finlay, Ohio; Howard Gilby, St. Louis, Mo.; Marceline A. Guerrein, Alexandria, Va.; Rex G. Halfpenny, Kailua, Hawaii; Michael Halm, Peru, Ill.; Jeannie Harmon, Concord, Calif.; Susan "Butch" Henly, Haymarket, Va.; Jerri Hudson, Alamogordo, N. Mex.; Linda Hull, Danbury, Conn.; Bennett Lazarus, Worcester, Mass.; Donna Lovely, Pontiac, Mich.; David Marple, Edgewater, Md.; Toni Martinazzi, Portland, Oreg.; Douglas J. Marshall, Flint, Mich.; Marika Matyas, Pacifica, Calif.; Peter McIntyre, Pierrfonas, Quebec, Canada; John Mills, Alexandria, Va.; Timothy Mingus, Lexington, Tex.; Shellie Newell, Graniteville, S.C.; Bruce Ohlson Pittsburg, Calif.; Mary L. Oswald, Kailua, Hawaii; Janet Parsons, Arlington Heights, Ill.; Jeff Paul, Haddon Heights, N.J.; James Rawlings, North Little Rock, Ark.; Robert Rowe, Bizbee, Ariz.; Al Schneider, St. Louis, Mo.; Leonard M. Joe Shute, Seabrook, N.H.; Linda Stoneman, San Francisco, Calif.; John Stout, Seattle, Wash.; Phillippe Vermeyen, Vista, Calif.; Stacey Waring, Springfield, Va.; Richard Warnick, Port Washington, N.Y.; Keith Wright, Mahomet, Ill.

I salute each one of these outstanding people as they come to the end of their own personal Odyssey. I ask you to join me in giving thanks that they have at last arrived safely. I invite you to come witness the special type of camaraderie that has developed in the last year together as HikaNation. As William Shakespeare said in "Troilus and Cressida," "One touch of nature makes the whole world kin." I can honestly say—the HikaNation family deserves our congratulations.●

REACHING THE SOVIET PEOPLE

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. COURTER. Mr. Speaker, one of the most important nonmilitary weapons of our national defense policy is the worldwide dissemination of the truth. This is so because whenever people under totalitarian rule are denied a free flow of information, their rulers can not only abuse them but can manipulate them into taking hostile actions against the United States, our allies or against the innocent Afghanistans of this world. So long as the United States supports human rights around the world, and so long as we are serious about utilizing all the effective means of national defense, we must continue to support the primary means of disseminating the truth: our international radio broadcasting capabilities. One person who understands this and has eloquently articulated such ideas is my distinguished colleague from New York, Mr. LEBOUTILLIER. Mr. Speaker, I recommend that all members of this body read his article that appeared in the New York Times on April 12.

REACHING THE SOVIET PEOPLE

(By JOHN LEBOUTILLER)

WASHINGTON.—Whatever differences of opinion there may be about President Reagan's policies, there is near-unanimous agreement that he has mastered the use of the electronic media to communicate. His entire career had been devoted to perfecting this ability. Beginning with his radio re-creations of Chicago Cubs baseball games and moving on to Hollywood movies, and finally to live televised political broadcasts, he has demonstrated one of our predominant na-

tional political skills: reaching out directly to people through the use of the electronic media.

This skill is the missing link in our policy toward the Soviet Union.

Moving from détente to confrontation, we are ignoring a hidden ally: the Soviet people. As Aleksandr I. Solzhenitsyn has said: "The Kremlin leadership is immeasurably indifferent and remote from the Russian people."

What American leaders have forgotten is this: The more repressive and brutal the Soviet Government, the more the Soviet people need spiritual and moral support; the more the regime attempts to deny the truth to the people, the more factual nourishment the people need. These citizens, walled off from the free world, are not unreachable. Through radio and television we can reach them. Most Soviet families have radio sets—it is the only form of mass communication. Television sets, too, are becoming available.

Our communications arms, Radio Free Europe and Radio Liberty, are at present incapable of reaching Soviet Central Asia, where the highest percentage of non-Russians live. We don't even have a transmitter capable of reaching east of the Urals. And our broadcasts into the Soviet Union are sloppy, timid, and poorly conceived. We are spending about $100 million a year on them. Last year, the Soviet Government spent three times that amount just to jam our transmissions!

At a time when the new Administration is rearming militarily for a possible confrontation, I propose that we use a new weapon: the mind. Through new transmission techniques, we could reach virtually every Soviet family with radio or television messages. We could broadcast the truth to a people long starved for it. Just imagine the reaction if the average laborer knew of the latest happenings inside Poland! Picture what an effect TV images of the Polish strikes would have! With radio alone, we could fill the needs of a people starved for spiritual fulfillment. Religious programs, historical accounts, and readings aloud of books banned by the Government would begin to arm the Soviet people with the information they have been denied.

One of the United States' strengths is the use of modern news-media techniques. A national skill such as this should be utilized as a tool of our defense and foreign policies. Many elected officials here in Washington and elsewhere across the country are living examples of what eight weeks of heavy radio and television advertising can do. What was unheard of one day is common knowledge just weeks later. Can you imagine what an effect 10 years of heavy transmissions into the Soviet Union would have?

The use of television can be devastating. The Soviet Government only recently began to appreciate this. Within months after it started telecasting from Moscow, where the standard of living is appreciably higher than in the rural areas, there was an unexpected migration of peasants who left their farms for the "better" life of the city. The Government was taken by surprise: It had never considered that such behavior could be triggered by images on a TV screen.

President Reagan should make one change in his new defense budget. We should substract the cost of one tank from the more-than-$200 billion budget and use that money immediately to expand our broadcast capabilities so as to reach Soviet Central Asia and to perfect the satellite-transmission techniques that we will need to reach the entire Soviet population.

I also believe that we should develop and launch a new communications satellite to broadcast directly into the Soviet Union, bypassing ground transmission and thereby escaping Soviet jamming. We could accomplish this project for the cost of four fighter jets. I believe that this would be a wiser use of that money.

It is uniquely American to believe in the power of the truth. This proposal is not one designed to destroy life; rather it is a plan to give Soviet citizens the factual information and moral support they need to live.

We in America have a duty and an obligation to provide the Soviet people with this truth. Armed with the truth, they will act accordingly.●

THE UNITED STATES MUST SUPPORT FUNDAMENTAL REFORM IN GUATEMALA

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BROWN of California. Mr. Speaker, in recent days the shift of U.S. policy toward Guatemala has raised the real concern that the United States is again beginning to make another serious foreign policy blunder. It is important that, as with El Salvador, the U.S. public and the Congress become fully involved so that we may intelligently assess the actions and proposals of the Reagan administration.

The present upheaval in Guatemala is not new. Since the early sixties Guatemala has been plagued by continued social and political violence. However, the Mayan Indians, who comprise 50 percent of the population, who live in abject poverty, and who have been traditionally apolitical, are now actively participating. And the violence and repression, from both the left and the right, has worsened considerably since the election in 1978 of President-General Romeo Lucas Garcia.

It is important that we review and establish a Guatemalan policy now before it becomes another Nicaragua, another El Salvador. At this time, Mr. Speaker, I would like to share with my colleagues an editorial from the Christian Science Monitor which recently warned of the dangers in Guatemala. I commend this editorial to my colleagues.

[From the Christian Science Monitor, May 6, 1981]

THE GATHERING STORM IN GUATEMALA

Preoccupation with El Salvador should not blind the Reagan administration nor the United States public to the potentially more explosive situation in Guatemala. Events in this larger country—five times the size of El Salvador—already portend even larger consequences. Violence, terrorism, repression are chronic. The toll in killings, bombings, and other incidents is rising sharply. A climate of fear has enveloped homes and offices, schools and factories, cities and countryside.

The violence comes from both left and right.

Leftist guerrillas, joined by their newfound Maya Indian allies, strike with deadly accuracy at the elites—including government officials, businessmen, and the security forces. Nearly as powerful as their predecessors in the 1960s who tore the country apart in a wave of violence that killed 10,000, the guerillas control important areas, particularly near the border with Mexico and in the mountainous Quiché. The successful recruitment of the long-passive Indians by the guerrillas is a major new element in the picture.

Government vendettas against opponents, in turn, have virtually eliminated potential civilian presidential candidates; weakened the once-renowned university system, leaving it without its traditionally fine core of teachers; and reduced civic organizations, particularly social action groups, to mere shells of their onetime important positions. One statistic will suffice: 76 leaders of the centrist Christian Democratic Party have been killed within the last 10 months, presumably by paramilitary rightists linked with the government of Gen. Romeo Lucas Garcia.

Underlying the national malaise is one of the most anarchic social structures anywhere in the Western Hemisphere. Descendants of the original Maya Indian inhabitants total more than half the population, and are largely excluded from the economy. The rest are a mix of European and Indian descent, sharing Guatemala's wealth in varying degrees. All are controlled by the military-dominated, minority elite.

Recent terrorism and repression have undermined the economy. Economic growth rates, which in the 1970s were good by Latin American standards, are down sharply. Tourism, which for 25 years has been a key activity, is now virtually nonexistent. About the only bright spot on the economic horizon is oil exploration in the Petén area of northeastern Guatemala. Yet Guatemala is the wealthiest nation in Central America and could easily be the region's economic leader.

For the U.S., the escalating turmoil in Guatemala comes at a time when precious little attention is being directed toward formulation of a Guatemala policy. The U.S. has not had an ambassador in Guatemala since Frank Ortiz was removed last year by the Carter administration. Many Guatemalans saw the election of Ronald Reagan as the harbinger of improved ties with the U.S., an end to the human rights criticism of the Carter years, and the resumption of U.S. military aid, suspended since 1977. Conservative Guatemalan businessmen and their allies hailed the Reagan victory and inauguration with candlelight parades around the U.S. Embassy in Guatemala City.

Such obvious applause and the ever present concern over El Salvador, however, must not cloud the Reagan admininstration's vision on Guatemala. What is needed is a sound new policy that expresses official U.S. displeasure over the repressive tendencies of the Lucas Garcia government and nudges the regime toward carrying out a more equitable distribution of land and other wealth and addressing the grievances of the majority of Guatemalans. There should be no illusion in Guatemala City that the new U.S. administration will turn it back on repression and tolerate the status quo.

The White House now reportedly is willing to resume military aid to Guatemala to

combat "major insurgency," provided the aid is not used to engage in political violence. But, as in El Salvador, such assistance is not likely to be effective unless the government undertakes fundamental reforms. The pot is boiling in Guatemala. Nothing short of a firm U.S. policy designed to foster social and economic justice is likely to stem the tide of popular unrest.●

PROBLEMS OF BUSINESS

HON. GUS SAVAGE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. SAVAGE. Mr. Speaker, I would like to bring to the attention of my distinguished colleagues an article that appeared in Sunday's Washington Post by Mark Green, an author, and the president of the newly formed democracy project.

I think this article is especially relevant now that Congress has, in it's wisdom, seen fit to approve a budget based on the Reagan administration's rose-colored view that "unleashing" the business community from the fetters of government regulations and taxes, and by providing it with more money to borrow, will cause that business community now "unleashed," to funnel its resources into wealth and jobs. The supposition that the business community, once unfettered, will be the antidote for the poison of inflation, and thus, the cure for our economic ills, is a tenuous one, indeed.

I am a member of the Small Business Committee, and I am acutely aware that business in this country is in trouble—but it is the small businessman we should be helping—not the gigantic corporate interests to which the Reagan economic plan targets its aid! I believe that it is imperative that we, in Congress, come to the aid of these small businesses which are responsible for what productivity, innovation, and creation of jobs we now have in this country. Like Mr. Green, however, I do not believe that the Reagan economic plan does anything more than to free big, corporate business to do further what it does best and cares about the most, and this is making profits. There is simply no indication that once the big business community is relieved of its share of Government regulation, is treated to large tax cuts, and has the advantage of lots more money to borrow that it will help the rest of the country out of its economic troubles by creating wealth and new jobs. I agree with Mr. Green that all indications are that any trickle down from the benefits that big business is certain to enjoy from the Reagan economic plan will be small, indeed, and not "the rising tide that lifts all boats" as it is purported to be.

The travesty of the Reagan economic program is that the poor, the hungry, and the aged of our Nation are being asked to suffer broad slashes in social programs which they so desperately need, to promote an economic program which will not create the economic revitalization that is being touted by the Reagan administration as the way to bring wealth and jobs to the Nation.

The Reagan economic plan is more likely to shift rather than share the wealth. Mr. Green pointedly states, "As designed, most of its benefits would likely end up not with the 'truly needy' but with the truly greedy."

[From the Washington Post, May 10, 1981]

THE PROBLEM WITH BUSINESS, SAYS BUSINESS, IS BUSINESS

(By Mark Green)

Americans seem so willing to suspend judgment about Ronald Reagan these days that few have even asked a central question about his economic plan. The simple question is this: What reason is there to think that an "unleashed" business community can cure our economic ills?

The simple answer: Very little. Indeed, there is growing recognition in the business world itself, as well as among its allies, that big businessmen in particular are one of the major sources of the unproductive mess we are in. Why, then, should we expect the same people to lead us to economic, social and political salvation?

"The top 1,000 corporations . . . have produced almost no net new jobs annually." Those are not the words of a business critic but of George Gilder, a new high priest of Reaganomics. In an interview in Public Opinion magazine, Gilder correctly notes, for example, that "large corporations don't introduce many truly pioneering products in our economy."

Yet the Reagan program is based on the indiscriminate notion that if only we cut businessmen loose from government regulation, slash their taxes and free lots more money for them to borrow, they will suddenly produce an abundance of wealth and jobs. The rationale for cuts in health and safety regulations, business taxes and government aid to the poor, the hungry and the aged is to transfer these extra billions to business, which chiefly means the large corporations that dominate the business world. This is supposed to create "the rising tide that lifts all boats."

But judging by the growing criticism of business by business and its boosters, don't count on too large a trickle down, much less a rising tide, from such blanket corporate aid (or, for that matter, from Democratic alternatives with their own indiscriminate business breaks).

In a widely discussed article in the Harvard Business Review, for example, Profs. Robert Hayes and William Abernathy conclude that we are "managing our way to economic decline." Reginald Jones, until recently the head of General Electric, blames the low quality of American goods on "management malaise." Businessman and former Commerce Department Under Secretary Howard Samuels believes that "inefficient management may be the factor economists have underestimated in attempting to analyze our productivity failure."

The chorus goes on. Sen. Lloyd Bentsen (D-Tex.) last year told a business seminar that "part of our problem with competitiveness and productivity resides not in public policy, but right here at this seminar—in the corporate boardroom." According to a Wall Street Journal report, 80 percent of the top managers at 221 companies cite "poor management" as a major reason for lackluster productivity. And Lewis Young, editor-in-chief of Business Week, charges that executives "are building corporate hierarchies and bureaucracies that are every bit as lethargic, obstructive and nonproductive as those in government about which business people complain so bitterly."

Those familiar with today's business world will recognize the validity of complaints about many of the managers in whose hands we are to place our fates. Top American executives are no longer so much risk-taking entrepreneurs, as much of the Reagan mythology assumes, as they are money managers who juggle accounting statements and acquisitions to show short-run paper profits.

This trend began in the 1950s with the arrival of the "whiz kids" at the Ford Motor Company—Robert McNamara, Arjay Miller and other corporate Red Adairs who could put out any fire with their brilliance and MBAs. During the go-go years of the late 1960s, the business press and business schools lavished attention on such financial conglomerateurs as James Ling (LTV) and Harold Geneen (ITT). The prevailing ethic was that if you were a professional manager, you could manage anything.

Indeed, at one hearing before the House Ways and Means Committee, Ling went so far as to have a flip chart with a page asking, "How many people in LTV know the steel business?" The answer on the next page was a big red zero. Ultimately, the joke was on Ling, who failed to make Jones & Laughlin Steel profitable and lost his entire empire.

Yet the image of the dynamic professional manager endured even as the image of the founding entrepreneurs—Thomas Watson, Robert Sarnoff, Henry Ford, Walt Disney, Edwin Land—faded into the romanticized past. By 1980, the consulting firm of Golightly & Co. reported that the number of company chairmen and presidents with financial and legal backgrounds—not exactly the chief source of creative entrepreneurs—had increased 50 percent over the past 25 years.

The costs of these interchangeable managers, often untutored in their industries, is becoming glaring.

Too many U.S. executives, for example, are more interested in shortrun profits than in long-term growth, according to J. Peter Grace of W. R. Grace & Co., former SEC chairman Harold Williams and former Commerce Department assistant secretary Frank Weil. With a top manager aware that he'll only be running things for four or five years on the average, "he'll entertain no research, no development program that won't pay off for eight or 10 years," according to Grace. And SEC reports pressure executives to show continually growing profits, quarter to quarter, even at the cost of cheating the future.

Also, many executive compensation plans tie bonuses to year-to-year returns, which encourage managers to overstate profits during their few years at the helm. Says Michael Maccoby, author of "The Gamesman," the best-seller about who gets ahead in the corporate suite, "It's like the George Allen-type football coach who trades young draft choices for 35-year-old stars who have one or two good years left. He wins immediately, but in five years he has no draft choices."

Contrast this with Japanese firms. High officials there rise through their particular business and stay at the top longer, their bonuses depend on returns over a period of years; and, compared with the United States, far more of their financing is debt than equity, so they don't have to pay dividends every year.

For these and other reasons, Japanese managers pursue long-gestating technologies and strategies despite short-run costs. Executives in America, says Julian Scheer, a senior vice president at LTV, "try to deal with long-range problems in the short run. They want to demonstrate . . . that they'll meet this year's targets this year. What gets lost is the strategy that will take the company over 25 to 30 years."

Another problem is what has been called "the rise of the paper entrepreneurs." As Robert Reich, director of Federal Trade Commission policy planning, puts it: "An ever larger portion of our economic activity is focused on rearranging industrial assets rather than increasing their size. Instead of enlarging the economic pie, we are busy reassigning the slices."

One European manager told Profs. Hayes and Abernathy, "The U.S. companies in my industry act like banks. All they are interested in is return on investment and getting their money back. Sometimes they act like they are more interested in buying other companies than they are in selling products to customers."

In fact, the value of all mergers rose from $12 billion in 1975 to $20 billion in 1976, $22 billion in 1977, $34 billion in 1978 and $40 billion in 1979. W.T. Grimm & Co., which tracks acquisition trends, reports that merger announcements were up 46 percent in the first quarter of this year, and it puts the value of the planned corporate marriages at a quarterly record of $17.5 billion.

In the 1970s many consumer activists and Senate liberals attacked large conglomerate mergers on efficiency and political-power grounds; the business press defended them by contending that the resulting combination would be more efficient than the sum of its parts. Now many business spokesmen are doing an about-face by turning against such mergers—on efficiency grounds.

Harold Williams lectures business audiences against acquiring companies they "don't have the time to understand." According to Robert W. Johnson, former chairman of Johnson & Johnson, "never acquire any business you don't know how to run." A major study of why firms succeed by the managment company of McKinsey & Co. concluded that the most successful ones were more single-industry than conglomerate enterprises—companies such as 3M, Procter & Gamble, Johnson & Johnson.

This urge to merge contributes to a growing and measurable decline in American innovation. U.S. companies in 1979, for example, spent more for acquisitions than for research and development. In fact, R&D expenditures in this country in noninflated dollars peaked in the mid-1960s, both in absolute terms and as a percentage of GNP.

We also have something of a "balance of patents" problem today, as more patents are granted here to Japanese and West German companies than to U.S. firms in those countries. While small American firms pioneered in xerography and instant photography a couple of decades ago, today our corporate research factories come up too often with feminine hygiene sprays and pet rocks.

Recent studies corroborate the assumption that expenditures for innovation—rather than for me-too products—are what lead to productivity, profits and jobs. J. Hugh Davidson in 1976 looked at the reasons 100 new consumer products succeeded or failed in the United Kingdom between 1960 and 1970. Of new products, 74 percent succeeded; of imitative products, only 20 percent did so.

Still, U.S. managers seem to shy from the risks and rewards of innovation. C. Jackson Grayson, former Nixon wage-price controller and now president of the American Productivity Center, complains that management for 20 years "has coasted off the great R&D gains made during World War II, and consistently rewarded executives from the marketing, financial and legal sides of the business while it ignored the production man."

For these "paper entrepreneurs," acquisitions are more familiar than innovations. And safer. As Joseph Schumpeter wrote four decades ago in "Capitalism, Socialism and Democracy," new technology can make existing investment obsolete. If a corporation or corporations already dominate an industry, where is the incentive to take a chance on a new and costly product?

Several examples come to mind. American tire companies wouldn't market obviously superior radial tires and thereby allowed foreign penetration here. American auto firms have not had a major innovation since the development of automatic transmission in the 1930s and wouldn't significantly reduce the size of their fleets after the 1973 oil embargo, which opened up our domestic market to a flood of fuel-efficient imports. Similarly, it took a small Austrian company, one-third the size of the average U.S. Steel plant, to introduce the path-breaking oxygen steel-making process in this country.

No government bureaucrat told American industry not to market radials, small cars, small motorcycles, small computers, small reproduction machines and small TV sets. The fault, here as elsewhere, has been more with self-immolating managers than with federal regulators.

Many small- and medium-sized companies, afer all, have been innovative and profitable regardless of government rules. Moreover, as management consultant Jewell Westerman reports in the current Fortune magazine, a study he did of hundreds of firms shows that the costs of "the bureaucracy of business management itself" are "far larger" than costs stemming from government bureauracy.

Westerman raises the neglected issue of waste, which the Reagan adminstration somehow sees everywhere in big government but nowhere in big business. The bigger the firm, the bigger the costs of bureaucracy: excessive paperwork; committees reviewing committees; undetected sloth; institutional caution and delay; and the Parkinson's Law effect of superiors creating more subordinates.

The McKinsey study of corporate successes and failures found that one firm required 223 different committees to approve a new idea before it would be put into production—and few were. John DeLorean, author of "On a Clear Day You Can See General Motors," quit the auto giant as a vice president at age 48 because on the 14th floor of the GM building in Detroit "You were too harassed and oppressed by committee meetings and paperwork. It [GM] has gotten to be a total insulation from the realities of the world."

After 86 interviews with business managers, economist F. M. Scherer concluded that "the unit costs of management, including the hidden losses due to delayed or faulty decisions and weakened or distorted incentives . . . do tend to rise with the organizational size. How typical it is for firms insulated from competition to operate with copious layers of fat can only be guessed. My own belief is that padding as high as 10 percent of costs is not at all uncommon."

There is waste not only in boardrooms but in the workplace as well. "I rarely find an analysis of a manufacturing or service industry," says J. Peter Grace, "where the potential cost reductions are not equal to 30-40 percent of the labor cost." But is labor or management really at fault here? Sony has plants in San Diego and Alabama that are about as productive as its facilities in Japan. Similarly, a General Accounting Office study showed that after a Japanese firm took over a Motorola color TV plant, defects fell from 150 per 100 sets to just 3-4 defects per 100.

It appears that U.S. labor could be competitively productive with the proper tools and motivation. Instead, our capital stock in autos and steel, for example, is aging and the equipment not the most advanced. As Fortune reports, "Japanese auto makers have achieved much higher productivity than their American rivals largely because they have invested more heavily in advanced production technology."

Moreover, management-labor tensions in the United States do not inspire the kind of loyalty and effort that seem to characterize the Japanese and West German labor markets. A recent Wall Street Journal story—"Poor Labor Relations at U.S. Steelmakers Cut Ability to Compete"—discussed the now familiar tale of how Japanese managers get more out of their workers by demonstrating greater concern for their welfare. American managers, by contrast, often treat employes with autocratic disdain.

All this is to say little of the matter of fraud in the boardroom, which has been documented in an avalanche of hearings, books, articles, criminal convictions and admissions of management-directed illegality over the past half decade. This, too makes one wonder whether aid for business will be promoting something other than productivity.

While the Reagan administration stresses "psychology" and "faith" to support its fundamental economic assumptions, a large body of evidence about managerial inefficiency contradicts its economic Peter Panism. Given companies' acquisition-mindedness and the "waste, fraud and abuse" in business bureaucracy itself, Reagan's program seems more likely to simply shift wealth than create it. As designed, most of its benefits would likely end up not with the "truly needy" but with the truly greedy.

With Congress agreeing to Part I of Reagan's economic package—huge spending cuts—it would do well now to step back and consider some longer-run alternatives for economic growth that are more realistic than merely throwing money at corporations in the form of untargeted tax breaks.

For example, stricter anti-conglomerate standards would frustrate merging and encourage investing. More worker democracy would motivate employes to produce more because they get more, as studies of workplace participation efforts demonstate. If there is inadequate savings in America, let's stop subsidizing consumption through a tax code that allows deductions for interest payments on consumer credit, life insurance policies and second and third homes.

Since there's a consistent negative correlation in advanced economies between high military spending and high economic productivity, a less extravagant defense budget would be a boon to the economy. And if managers lack the nerve to invest in risky but potentially groundbreaking technologies, perhaps we need a version of a national development bank to encourage such innovation. After all, it was more government spending than private initiative that led to such products as microprocessing, computer chips and wide-bodied airplanes.

It would be disastrous if slashes in social spending and all the consequent personal suffering ultimately fail to create the promised economic plenty. This could not only destroy this administration's political health but deeply wound the public's long-term confidence in the business community itself.●

TAX CUTS: TOO SIMPLE, TOO BIG, TOO SOON

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. LaFALCE. Mr. Speaker, as the omnibus tax reduction package nears, more and more economists, business leaders, and economic forecasters are raising objections to the administration's proposal to reduce the income tax rates by 30 percent over the course of 3 years.

Dr. Henry Kaufman, an internationally respected businessman and economist and often the most accurate economic forecaster on Wall Street, has labeled this proposal "inappropriate" because of the ensuing inflationary pressures on the economy. Many major businessmen privately share Dr. Kaufman's assessment and are hoping for a more restrained, more targeted, and a noninflationary tax cut.

From the other side, Dr. Kaufman has been joined by President Kennedy's chairman of the Council of Economic Advisers, Dr. Walter Heller. In a thought-provoking essay in the March 27 edition of the Washington Post, entitled "Tax Cuts: Too Simple, Too Big, Too Soon," Dr. Heller makes a persuasive argument against the administration's personal tax proposal. Dr. Heller is particularly well qualified to assess the merits of this proposal, because he was the architect of the 1964 tax cut, which is often used to justify the present tax cut proposal. I hope that all of my colleagues will carefully consider Dr. Heller's well-reasoned arguments, before we enact a tax cut which could push inflation through the roof and lead to unprecedented budget deficits.

The essay follows:

TAX CUTS: TOO SIMPLE, TOO BIG, TOO SOON

(By Walter W. Heller)

The Reagan-Kemp-Roth 30 percent tax cut is a prime example of "for every problem there is a solution: simple, neat and wrong." Or perhaps more to the point, too simple, too big and too soon. Let me take up those charges in reverse order.

Too soon. Putting a $142 billion personal income tax cut on the books all at once—the first-year cost of $44 billion rapidly mounts to $142 billion per year by 1985—involves unnecessary risks.

First, the Treasury might get a rude jolt on its expectations of a huge savings response to the tax cut. In recent years, inflation-wise consumers have been buying ahead to beat price rises. A huge three-year tax cut on the books is an open invitation to consumers to make a lot of purchases on the cuff. The tax cuts would be seen as "money in the bank" on which they could draw to meet future installment payments on present purchases.

Second, instead of calming inflationary fears, the all-at-once enactment may agitate them. Poll after poll shows people lukewarm about a big personal tax cut, mainly because they fear it would be inflationary. Tax cuts on the books versus budget cuts "on the come" are hardly a way to calm those fears.

Third, as this suggests, Kemp-Roth adopts a cart-before-the-horse approach. True, taxpayers deserve a tax cut as an offset to built-in tax increases, and our soft economy provides enough slack to absorb sizable personal tax cuts later this year. But beyond this, further personal tax cuts should be put in place only after they have been earned by further budget cuts and/or clear evidence of subdued inflation. That would be the path of fiscal prudence.

Too big. By 1985, President Reagan's tax cuts and defense boosts would outrun his budget cuts by about $100 billion a year. By thus perpetuating large deficits—the Congressional Budget Office projects a $50 billion deficit in 1984—the White House would put fiscal policy on a collision course with monetary policy. Much of the force of tax stimulants to investment would be blunted by tighter money and high interest rates. And much of the savings gained through lower tax rates would be absorbed by continued government borrowing. In moderation, tax cuts can strengthen the economy. In excess, they can be self-defeating.

In another sense, the 10-10-10 personal tax cut is simply too big. It preempts so much of the available tax cut money that the prime tax stimulant to investment—accelerated depreciation—has to be phased in over a five-year period. Meanwhile, many a business will postpone investments to qualify for progressively more liberal tax treatment.

By its own supply-side lights, the Reagan administration could do far more for the economy by cutting back its 30 percent personal tax cut and sharply stepping up the depreciation timetable.

Too simple. The present menu of 'across-the-board tax cuts would use up all of our elbow room for tax reduction and thus crowd out other measures that might have a far worthier claim for tax relief, for example:

Reducing the so-called "marriage penalty" would be more effective than across-the-board tax cuts in two ways: 1) it would provide relief for an obvious case of overtaxation, and 2) it would have a bigger payoff in stimulating additional work effort. Careful studies show that while tax cuts on existing earners don't have much net effect on work effort, second earners in the family do respond to lower tax rates.

Any evenhanded approach to adjusting taxes for inflation would have to boost personal exemptions and the standard deductions to overcome the erosion since 1978.

Though apparently low on today's agenda, cutbacks in payroll taxes—perhaps in the form of income tax credits on payroll taxes paid—would not only provide needed tax relief but also cut business costs.

The Kennedy cuts. Strangely enough, the Reagan tax-cut pattern reverses the approach taken in the Kennedy tax cuts, which the Treasury constantly invokes in behalf of its program. First came the supply-side thrust (or, as we called it, "tax incentives for capital formation and growth") in the form of the 1961-62 actions to initiate the investment tax credit (still the backbone of business tax incentives for growth) and liberalize depreciation.

With these supply-side cuts in place, and the economy still operating well below par, we followed through with the big demand-side tax cut of 1964. To be sure, it had beneficial incentive effects, as we were at pains to point out at the time. But there was no doubt then—and but for supply-side revisionists would not be now—about its primary purpose: to boost demand and thus put existing supply capacity—idle workers and excess plant capacity—back to work.

If the current tax cutters want to draw the right lesson from the Kennedy tax cuts, it would be this: Use much of the existing tax-cut margin for sharply focused investment incentives and then follow through with bigger personal tax cuts as budget cuts and ebbing inflation allow.

Let me add a word on the non-economic aspects of tax cuts. Nothing in the mandate for such cuts calls for suspending the rules of equity and fairness in taxation. If, in flaunting incentives, we flout equity, we will run a grave risk of undermining the domestic basis for confidence in the tax system.●

THE PEOPLE RESPOND—XII

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. GARCIA. Mr. Speaker, I am inserting into the CONGRESSIONAL RECORD a statement which exemplifies the concern people are feeling over the proposed budget cuts. President Reagan's economic plan would not affect every segment of this society equally; minorities and the poor would have to shoulder the greatest suffering while businesses and the rich would be favored disproportionately. As part of my continuing crusade against the inequities in the proposed economic plan, I am inserting today's statement to show that there are still citizens who are concerned over the impact of this plan:

NEW YORK STATE ASSOCIATION OF COUNCILS ON ALCOHOLISM, INC.,

Albany, N.Y., March 30, 1981.

Re: rescission of alcoholism formula grant funds for fiscal year 1981.

To: Members NYS Congressional Delegation

From: Art Berman—President.

The purpose of this correspondence is to urge your support to reject the President's rescission of Alcoholism Federal Formula Funds for Fiscal Year 1981.

The proposed rescission would result in New York State suffering a retroactive cut of $3.4 million back to October 1, 1980. These funds currently go to 57 programs in 37 counties and their elimination would halt prevention, intervention and treatment services to some 38,000 individuals.

Although recognizing and concurring in the need for stringency in budgeting on the part of the Federal Government, the fiscal constraints under which State and local governments presently operate will make it impossible for them to maintain the existing network of community-based alcoholism services currently funded through formula grant funds.

Federal moneys constitute an important part of the total funding system within the State and the loss of Federal Formula Funds would have a devastating impact on services.

This proposed rescission of the Formula Grant Dollars is in direct conflict with the current Administration's publicly expressed desire to promote increased responsibility and flexibility in the States in providing health and social services. The 1981-82 State budgetary decisions will be made by April 1, 1981 and the development alternatives to adjust to this retroactive cut will not be possible in this time frame. In fact, the rescission is a step away from grant consolidation, rather than a step toward increased flexibility. The alcohol and drug abuse formula grant funds represent the only tax dollars sent to Washington, D.C. which are returned to the States for the alcohol and drug abuse field, with any flexibility attached. These funds are allocated to those areas of particular need in the State; such as increasing the provision of treatment services to special populations, including minorities, women, elderly and youth.

The reduction of funds will force the elimination of services which can only result in shifting victims of alcoholism to more expensive, less appropriate health services.

You should be aware of the cost to society of inadequate, ineffective and inappropriate response to the treatment of alcoholics and their families.

Effective treatment of alcoholism, however, results in savings to the health care system, criminal justice system, social services system and in productivity in the workplace.

We ask that you take all possible actions to prevent the reduction and elimination of alcoholism services funds through the Formula Grant Program so that we can maintain an adequate system of services for all New Yorkers.

We appreciate your past support of alcoholism programs and we look forward to your voting not to approve rescission.

THE ASSEMBLY, STATE OF NEW YORK
Albany, N.Y., March 23, 1981.

Hon. ROBERT GARCIA,
840 Grand Concourse,
Bronx, N.Y.

DEAR MR. GARCIA: As you are probably aware, the Office of Management and Budget, under the direction of David Stockman, has proposed to gut the Federal Trade Commission, and effectively lay waste to 65 years of Congressional activity aimed at strengthening the American market economy. In the name of fiscal austerity, OMB is proposing to eliminate the Commission's Bureau of Competition and all ten regional offices. These proposals will emasculate the Commission's ability to enforce the anti-trust laws, and will fragment investigations and programs initiated by the regional offices at the state level. For these and the following reasons, I urge you to fight to modify the OMB proposals.

The New York Regional Office (NYRO) is the perfect example of the Commission's efficacy at the regional level. The NYRO has assisted my Committee (Assembly Consumer Affairs and Protection) in developing a multitude of pro-consumer and anti-inflationary programs, including generic drug legislation, mandatory arbitration, and product warranties. The NYRO and its sister offices across the nation have a broader impact as well:

1. Complaints received by the NYRO are usually indicative of economic abuses and illegal activity having a regional and national scope.

2. Small and medium-sized businesses are able to assess the desirability of commercial practices by consulting with the regional offices.

3. The visibility of the NYRO (and all regional offices) functions as the marketplace equivalent of the urban precinct house. The regional office, simply put, is available to all citizens of the economic "neighborhood."

The aforementioned functions of the regional offices, which accrue to the benefit of consumers and businesses alike, will disappear if the OMB proposals become reality. The OMB would have the Commission revert to being the "little old lady of Pennsylvania Avenue." This would be detrimental to the health of the business community and the people it serves, and I urge you to oppose the radical and unnecessary cuts now being proposed.

Sincerely,

JOSE E. SERRANO,
Chairman, Consumer Affairs and Protection Committee.

F.A.C.T.S. (FINANCIAL AID FOR COLLEGE AND TECHNICAL SCHOOLS),
Brooklyn, N.Y., March 26, 1981.

Hon. ROBERT GARCIA,
House of Representatives
Washington, D.C.

DEAR CONGRESSMAN GARCIA: As you will see from the enclosed article, we at F.A.C.T.S. serve thousands of New York City high school students.

Since 70 percent of our students are from minority groups, it can be assumed that the majority of students in New York City high schools have a family income which is at or near the poverty line. We can categorically state that many of these students cannot afford to attend even the most inexpensive colleges, such as the CUNY colleges or trade schools, unless substantial government financial aid is made available.

There is no future for these young people unless they have a "handle" of some sort; either a college degree or a trade school education diploma. It is obvious that leaving minority young people without an opportunity to secure a decent job is bound to worsen an already difficult situation in New York City with regard to welfare, crime, and drugs. The same is true, of course, of inner-city school populations all over the United States.

Any change in present educational funding which will deprive low income or poverty area students of the financial aid which they need will swell the already full ranks of the youthful jobless. We ask you, therefore, to use your efforts to legislate continuing aid for lower income students.

Sincerely,

MILTON HEIMLICH,
F.A.C.T.S. Advisory Chairperson.

PULLING TOGETHER THE CASH FOR COLLEGE TUITION

(By Glenn Collins)

First, the bad news: College costs are rising rapidly, many parents feel they can't cope with the financial demands, and some students never ever apply to college and vocational schools because they think they won't be able to afford them.

But the good news is that the money is there, in grants, scholarships and loans—for students of modest means, for those from middle-class families, and even for those who are not star scholars.

"You just have to know where to look and how to look," said Milton Heimlich, founder of Financial Aid for College and Technical Schools, or Facts, a nonprofit service that will help an estimated 15,000 New York City students to find money for college and vocational school this year.

"Many parents and students are not aware that there is a lot of money available," he said. "In fact, Facts can guarantee that any student in New York City can finance a college education if he or she wants to. Actually, getting kids to want to do it is something harder than finding the money."

WHERE THE MONEY COMES FROM

Mr. Heimlich's guarantee rests in part on the money available from Federal and state grants, from academic scholarships, from work-study programs, from labor unions, from religious and ethnic sources, and from Social Security and Veterans Administration benefits.

But the basis of his assurance is that both students and their parents are able to borrow up to $5,500 a year a child, regardless of need, at an interest rate of 9 percent, with the money to be paid back over a maximum of 15 years. The Federal loans apply to all college expenses. As of the 1981-82 academic year, a student and his parents will be able to borrow up to $27,500 for higher eduction over five years and $30,000 more over five years for graduate-school expenses.

"The loans are the insurance policy—even for middle-class families—that they'll have the college money they need," said Mr. Heimlich. "Paying them back is not an onerous burden, given the rate of inflation, the time of repayment, and the fact that the Government is an easy lender."

Currently, Facts is assisting 12th- and 11th-graders in 32 New York City high schools in the five boroughs, providing them with information about where and how to obtain financial aid for colleges, for vocational, technical and nursing schools, and for other training institutions.

ONLY PROGRAM OF ITS KIND

Its staff members also help students and parents fill out the extraordinarily complex application forms. They keep track of filing deadlines, correct computer-processing errors, and even furnish students with stamped postal cards so they can apply for financial aid information.

Facts is the first program of its kind in the nation, said Mr. Heimlich, "and, unfortunately, it still is." The aides in the high schools work under the auspices of the schools' college advisers and guidance coun-

selors, who because of budgetary cutbacks serve an average of 640 students each.

Mr. Heimlich, a retired New Rochelle businessman who has been involved in community work for 40 years, created the Facts program 11 years ago for students at New Rochelle High School and brought the concept to New York City in 1976. With the help of Harold Doughty, the head of undergraduate admissions at New York University, Facts began a trial run in four high schools in Manhattan and Brooklyn.

In August 1979, Facts became an official unit of the New York City Board of Education's Bureau of Educational and Vocational Guidance. The board pays the salaries of an administrator, an assistant and a secretary, and provides office space. Mr Heimlich raised $30,000 last year from private sources to pay for materials and staffing needs.

Currently there are 53 Facts aides assigned to high schools. Fourteen are unpaid volunteers, many of them retired guidance counselors from the New York City School Volunteer Program, and official arm of the Board of Education since 1962.

The others are work-study college students from New York University, the City University of New York, Pace College, Iona College, Marymount Manhattan College and Columbia University. The students are paid $3.50 an hour, 80 percent of which is provided by the federally financed College Work-Study Program. Private fund-raising by Facts supplies the rest.

AIM IS TO REACH ALL

"Our aim is to expand the program to reach 50 of New York's 100 high schools by June, to 75 by next year, and to all of them by June of 1983," said Daisy K. Shaw, director of the Bureau of Educational and Vocational Guidance. She and Dr. Amelia Ashe, a member of the Board of Education and a former guidance counselor, were instrumental in making Facts an officially sponsored unit of the city school system. "Since many of those in our student population feel that college is completely out of bounds for them. Facts is extremely important in giving them vital information about the numerous sources of financial aid," she said. "It can change their lives."

Selma Covitz, special assistant to Dr. Ashe, said: "We are very enthusiastic about the success of the program. Facts makes every high school student realize that financial inability is not a stumbing block to further education, even if they don't have a penny behind them."

The money-attracting efforts of Facts, whose aides are armed with Rolodex files of financial sources, accomplish prodigious feats. Last year, Sol Schwartz, coordinator of career and vocational education at Sheepshead Bay High School, obtained $3,569,896 in scholarships and grants for 382 of the school's graduating seniors. The Facts aide in Mr. Schwartz's office, 20-year-old Shirley Eng, a former student-government president at Sheepshead Bay High School, is in the work-study program at Brooklyn College.

"It makes all the difference to them, to know the money is there," said Mr. Schwartz of the school's largely working-class students. "And where was it our kids usually used to go, if they went to college? Brooklyn College. Now the door is opened so that even disadvantaged kids can be adventurous. They're attending schools all over the country—in Texas, California, Georgia, the Middle West."●

PRESCRIPTION FOR THE PUBLIC SCHOOLS OF AMERICA

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. MAZZOLI. Mr. Speaker, until recently public elementary and secondary education held a position of eminence in America.

Public schools need to regain their former eminence. And, Prof. James Coleman has issued a report which provides public schools with a blueprint for doing just that.

The essence of the Coleman report is that schools which produce good students have certain common characteristics. Good students come from schools which are orderly and disciplined, schools which require high attendance, schools which require homework—and lots of it—and schools where high quality curriculum is emphasized.

These elements seem simple enough. Unfortunately, they are not present in far too many of today's public schools.

Parents, educators, government officials, and private citizens must join together and make every effort to revitalize the Nation's public education system for the sake of our young people and for the future of our Nation.

Mr. Speaker, following is a column by Albert Shanker, president of the United Federation of Teachers, discussing the report of Dr. Coleman which I believe is worth reading.

The column which appeared in the New York Times follows:

WHERE WE STAND—GOOD SCHOOLS PUT PRESSURE ON STUDENTS

(By Albert Shanker)

Some people seem to be accident prone. Others always seem to be misunderstood. Sociologist James Coleman easily fits the misunderstood category. Each of his reports, starting with 1966, made big headlines, often on page one. According to the newspapers and most researchers who read the 1966 Coleman Report, Coleman said that how well children do in school does not depend on class size, how much is spent on books and supplies or what salaries teachers earn. Students do well if they come from families which are of higher socio-economic status. They do poorly if they come from poor homes. And black children do better in integrated schools than in segregated ones.

Just as the liberals in the Great Society era were about to put more and more money into education, Coleman was interpreted as saying: "Stop wasting money on schools. Spending more won't do any good. If you want to be effective, try busing." But it seems that over all these years, that's not what Coleman really meant—according to Coleman in a letter to The New York Times printed last Sunday.

Now we have another Coleman Report—and another set of headlines. Again, the report is being misinterpreted (could it be the way Coleman writes?). Let's make sure that this time we don't lose the real message. What does Coleman really say?

Coleman says: The interpretation of the 1966 report was wrong. Schools do make a difference. In "good" schools students will learn more, in "bad" schools they'll learn less. This is true no matter what kind of homes students come from.

Coleman does not say—and this is where he is misinterpreted—that private schools are good and public schools are bad. He finds good and bad private schools as well as public schools. Coleman shows that it is not whether a school is public, Catholic or independent which makes it effective—but what goes on in the school. High achieving schools have certain standards. What are they?

High achieving schools are disciplined and orderly. Action is taken against vandalism and drug abuse. Students know that some things won't be tolerated. There are fewer instances when students talk back to teachers, when they don't obey, when they get into fights with other students or engage in threats against teachers.

The more time spent in learning, the more learning will take place. Achieving schools press for good attendance. They take action when students cut classes. Each day and each period missed is time lost from learning. But there's more. The time spent learning in school is just not enough to get most students to read and write well or develop their language and math skills. Achieving schools give homework, so that student time spent in learning is increased by 10 percent, 20 percent, 50 percent or more. There was wide variation in what schools did. Some gave almost no homework, while others gave more than 10 hours a week.

High achieving schools put pressure on students. Let's face it, not all learning is fun. There's plenty of hard work, drudgery, some of it involving pure memorization or the development of habits and routines, some of it plain boring. Students resist doing unpleasant things—as we all do—unless it's more unpleasant not to do them. Some educators have the philosophy that we shouldn't put pressure on students—we should just wait until they want to do it. Or, they say, you can't really force a student to learning something. Or, it doesn't really make any difference if a student doesn't learn to read (after all, this is an age of television) or learn good handwriting (he can use a typewriter). This failure of nerve on the part of adults leads to poor learning and, worse, poor character development.

Part of the pressure comes in the form of tests and grades. Grades are not just given out because the student has been nice enough to come to school—or even as a reward for good behavior. Grades are for achievement—test results count. And, if students are learning, we can assume that teachers were not selected merely because some college awarded a degree. Some test was applied in the selection of teachers to make sure that they were competent in the subjects to be taught.

Achieving schools emphasize a tough quality curriculum. Students have fewer chances to substitute easy courses for hard ones. More students take gometry, trigonometry, calculus, chemistry, physics, foreign language. Shakespeare and Dickens are not replaced by courses in "modern media," nor is physics replaced by photography.

While there are good and bad among both private and public schools, historian Diane Ravitch concludes from Coleman's new report that "public schools have lowered

their requirements, decreased their expectations, made basic courses optional and learned to tolerate intolerable behavior."

Of course, private schools are selective—they choose their students. And parents who have chosen to pay tuition will, on the average, put more pressure on their children, Public schools are burdened with the most difficult cases, includng many who are rejected or expelled by private schools.

But it's time to stop making excuses. School boards, administrators, teachers, parents should use these results of the Coleman Report as a basis for improving the quality of public education. The American people still support public schools and oppose aid to nonpublic education. But public school support is slipping. If schools don't offer both a safe and orderly environmental and a quality program, the public will surely go elsewhere.●

OPPOSITION TO REPEAL OF THE CLARK AMENDMENT

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. WOLPE. Mr. Speaker, I would like to commend to the attention of my colleagues two informative letters I have received opposing repeal of the Clark amendment to the Foreign Assistance Act. This amendment requires congressional approval for any military or paramilitary aid to groups in Angola.

The letter from Allan Adler, legislative counsel of the Center for National Security Studies, points out that under the Clark amendment the President would be able to obtain a speedy congressional decision on a request for military aid to Angola due to expedited procedures introduced last year. Thus the Clark amendment does not impede Executive flexibility in foreign affairs.

In addition, Randall Robinson, executive director of Transafrica, argues that congressional repeal of the Clark amendment would jeopardize Western efforts to find a peaceful solution to the dangerous conflict in Namibia, would probably increase Angola's reliance on Cuba for security needs, and would seriously undermine our business and political relationships in Africa, including Nigeria which is our second largest oil supplier.

CENTER FOR NATIONAL SECURITY STUDIES,
Washington, D.C., May 8, 1981.

Representative HOWARD WOLPE,
Chairman, House Foreign Affairs Subcommittee on Africa, Washington, D.C.

DEAR REPRESENTATIVE WOLPE: We write to urge you to oppose any effort to repeal the Clark Amendment and to carefully consider the importance of its provisions as revised last year in section 118 of the International Security and Development Cooperation Act of 1980, Public Law 96-533.

Officials of the Reagan Administration insist that their desire to repeal the Clark Amendment is based simply upon "a question of principle." They assert that the prohibition against providing assistance to groups engaged in military or paramilitary operations in Angola hinders the President's ability to maintain a necessary flexibility in the area of foreign affairs. Although they deny that the repeal is sought in anticipation of an Administration decision to provide such assistance to Jonas Savimbi and the UNITA forces presently fighting in Angola, these officials contend that the repeal is necessary to give the President a broader range of foreign policy options which can be utilized without unnecessary delay.

If speed and flexibility in exercising foreign policy options were the true concerns of the Reagan Administration, satisfactory reassurances already exist through the revision of the Clark Amendment in the last Congress. The orginal Clark Amendment barred provisions of such assistance "unless and until the Congress expressly authorizes such assistance by law." The revised Clark Amendment, however, provides for Congressional approval by joint resolution under the expedited procedures provided in sections 36(b) and 601(b) of the International Security Assistance and Arms Export Control Act of 1976, Public Law 94-329, as amended. These procedures provide for rapid consideration of such resolutions by strictly limiting committee and floor action on them in both the House and the Senate.

It is our belief, however, that the Reagan Administration seeks the repeal of the Clark Amendment in order to avoid public debate over any decision by the President to authorize military and paramilitary assistance to warring factions in Angola.

As you will recall, the original Clark Amendment was enacted after it was learned that the CIA has covertly provided over $25 million in such assistance to contending guerrilla forces in Angola in 1975 without the knowledge or approval of Congress. In order to insure public debate over such decisions in the future, the Clark Amendment required that Congress must expressly authorize the specifically-requested assistance by law after the President has submitted a detailed unclassified statement explaining the reasons underlining his determination that furnishing such assistance "is important to the national security interests of the United States." Although the revised Clark Amendment still requires the President to submit such a statement, Congress deleted the requirement that the statement be "in unclassified form." Thus, the requirement for enactment of a joint resolution of congressional approval is the only safeguard against the United States government secretly "choosing sides" again in the political strife in Angola without the knowledge and approval of Congress and the American people.

Congress has been warned, both at home and abroad, of the potential adverse consequences of direct U.S. intervention in the Angolan political conflict. If our government is to embark upon such a course, it should do so only after the issues involved in the decision have been publicly aired and debated in the forum most directly accountable to the American people. The revised Clark Amendment is the only guarantee Congress has provided of its intention to fulfill its responsibilities in this regard and it must be preserved.

Sincerely,

MORTON H. HALPERIN,
Director.

ALLAN ADLER,
Legislative Counsel.

TRANSAFRICA,
May 4, 1981.

Hon. HOWARD WOLPE,
Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN WOLPE: We note that last week the Subcommittee on Africa voted 7 to 0 to retain the Clark Amendment. We strongly support the recommendation of the Subcommittee. It is the Congress' only way to prevent what could become a major foreign policy mistake with far reaching consequences.

The Subcommittee has stated, and we concur, that a repeal of the Clark Amendment at this time would be contrary to U.S. objectives in Southern Africa particularly and Africa in general. It would jeopardize the United Nations and Western Five efforts to find a peaceful solution to the conflict in Namibia; it would further add to the instability of the region as a whole, seriously threatening chances for peace and economic development; it would probably increase Angola's reliance on the Cubans for security needs; it would aline the U.S. with the oppressive regime in South Africa; it would isolate the U.S. from our NATO allies, all of whom have good relations with Angola; it would damage the good working relations enjoyed by American companies operating in Angola; and it would seriously undermine U.S. relations with the rest of Africa and perhaps draw retaliatory action from some key African states such as Nigeria, our 2nd largest oil supplier.

For these reasons, we strongly feel that your support in the Foreign Affairs Committee to retain the amendment would serve the best interest of the United States in its still developing relations with Africa.

Sincerely yours,

RANDALL ROBINSON,
Executive Director.●

ALWAYS GOOD TO HAVE A WISE COUNSEL

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. PICKLE. Mr. Speaker, when I started my service on the House Ways and Means Committee in 1975 it did not take long for me, and my staff, to learn that tax laws are not simple or easily understood. There are many reasons for this.

In those days, my staff assistant, who was trying to keep up with our very first tax bill—the Tax Act of 1975—was Barbara Ruud. Her husband is Millard Ruud, who has served for many years as one of the best and most outstanding law professors in the history of the University of Texas School of Law in Austin. Naturally, when the going got deeper and deeper into the murky waters of tax law, Bar-

bara would seek counsel from the law professors at UT. She was personal friends with these people, and thus the inquiries were always received in a spirit of friendship and nonpartisanship. And, I, too, learned that talking to these professors when I could was a good way to get a quick handle on both theory and the specifics of a matter pending.

I believe the one man on whom we relied most was Parker Fielder, who has taught for a total of 25 years. Although Barbara Ruud is no longer on my staff—and we do miss her—we will still be calling on Parker from time to time.

The student bar at the University of Texas has named Parker as the recipient of this year's award for teaching excellence. Based on my personal experience with Parker as "my" teacher, I know he deserves the award, and then some.

I want to share the press release that the University of Texas has issued to announce the award.

THE UNIVERSITY OF TEXAS,
NEWS AND INFORMATION SERVICE,
Austin, Tex., April 30, 1981.

AUSTIN, TEX.—A longtime University of Texas law professor who is known for his ability to communicate clearly the complex concepts of Federal income tax laws has been named winner of the Student Bar Association's Teaching Excellence Award.

Parker C. Fielder, who holds the William H. Francis Jr. Professorship in Law, received the honor at UT's recent Law Week observance.

He not only teaches a basic income tax course in the Law School but also an advanced course on corporate taxation and a seminar on the taxation of natural resources.

His students report he is a master at giving practical grounding in tax law and using "hypotheticals that reflect the real world." On teaching evaluations by students, he consistently rates high marks for preparation and enthusiasm for subject.

Professor Fielder gained practical experience in the "real world," for from 1953 to 1961 he was a tax attorney in Midland.

He has taught a total of 25 years in the UT Law School. His first teaching assignment was from 1948 to 1953. He returned to the faculty in 1961. Among his research interests are the Windfall Profits Tax of 1980 and Federal taxation of energy resources.

Professor Fielder is a frequent lecturer at tax institutes, bar association meetings and continuing legal education programs for practicing attorneys. He lectures in the areas of business law, oil and gas taxation law, and estate and gift tax planning.

He is a member of the American Law Institute, which for those in the legal profession is the equivalent of the National Academy of Sciences for scientists. He also is listed in Who's Who in America.

The professor earned a B.S. degree in commerce from Northwestern University in 1941 and an LL.B. degree from UT Austin in 1948. As a law student he was editor of the Texas Law Review and was elected a member of Order of the Coif and Chancellors.

In 1974-75, Professor Fielder served as consultant to the Texas Legislative Property Tax Commission.●

MEDICARE MENTAL ILLNESS NONDISCRIMINATION ACT

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. DOWNEY. Mr. Speaker, it has been estimated that 15 to 20 percent of our Nation's more than 22 million older citizens have significant mental health problems. Restrictions in the medicare program effectively prevent many of these individuals from receiving adequate mental health care.

The Medicare Mental Illness Nondiscrimination Act, which I have reintroduced today, is designed to provide access to mental health services through three basic changes in the medicare program.

First, the bill eliminates the discriminatory 50/50 copayment formula for mental health care in favor of the 80/20 copayment formula now used for physical health care. Second, the bill eliminates the discriminatory annual $250 maximum payment for outpatient care of nervous, mental, or emotional disorders. By eliminating the ceiling entirely, greater utilization of outpatient mental health services will occur. The third provision of the bill changes part A of medicare by eliminating the discriminatory 190-day lifetime limit for inpatient psychiatric care and substitutes the spell-of-illness definition employed for physical health care.

By increasing mental health care coverage this bill will actually lower the cost of other health care services. Several studies attest to this phenomenon. In a study of a single Texas county—which spanned the years 1973-77—it was demonstrated that increased access to outpatient psychiatric care reduced the average hospital stay of patients 65 and older from 111 days to 53 days. This halving of hospital time resulted in savings of $1.1 million. When multiplied out over the entire population of seniors in need of mental health care services, it is quite possible that this effect will result in a significant reduction of overall medicare costs.

Dr. Robert Butler, Director of the National Institute on Aging, helps to explain the reason for these savings in "Aging and Mental Health":

(Medicare) exclusions may actually increase the Government's bill by discouraging preventive and early rehabilitative care * * * Some old people get themselves checked into a hosptial just to get a physical examination (basing it on some physical complaint) because this will not be paid for on an out-patient basis.

The same pattern holds true for mental health coverage. Physical complaints and symptoms often mask a psychiatric illness. In many of these cases, patients are inappropriately placed in skilled nursing homes or intermediate care facilities, because reimbursement is more easily available for care in these facilities. Generally, these places lack the resources to treat the emotionally disturbed, thereby prolonging the illness. This misuse of resources raises the cost of medicare.

It has been noted that as many as 30 percent of those described as senile actually have reversible psychiatric conditions which, if treated, would allow these individuals to become more productive members of society and would save a substantial amount of medicare dollars.

In 1979, in its report to the Budget Committee, the Ways and Means Committee stated that it is seeking "improvements in medicare to close certain gaps in coverage (some of which create incentives for the use of more costly services) and to eliminate certain defects in the benefit structure that result in hardships for aged beneficiaries when they become sick."

The Medicare Mental Illness Nondiscrimination Act will achieve these goals.

It is time to make major strides to benefit the large and special population of elderly citizens in need of mental health care services. It is time to act on recommendations that have been languishing for over a decade.

At this time I am inserting the full text of the Medicare Mental Illness Non-Discrimination Act in the record to be printed following my statement.

H.R. —

A bill to eliminate discrimination with regard to mental illness under medicare

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Medicare Mental Illness Non-Discrimination Act".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds that—

(1) mental illness is more prevalent in elderly persons than in younger adults;

(2) in spite of potential benefits of treatment, elderly persons are not represented proportionately in the mental health care delivery system;

(3) medicare benefits must be equalized to better assure care in appropriate institutional settings for those elderly persons in need of such services;

(4) full outpatient care must be available for those elderly persons with mental, emotional, or nervous disorders which do not require institutional care;

(5) elderly persons comprise 10 per centum of the general population of the United States but account for 25 per centum of the suicides;

(6) 80 per centum of the elderly persons who need assistance for emotional disturbances by 1980 will not be able to receive assistance under the present system; and

(7) since its enactment seventeen years ago, those sections of title XVIII of the Social Security Act restricting coverage for

mental illness have not been revised and inflation has, in effect, further reduced the limited coverage originally envisioned by Congress.

(b) It is the purpose of this Act to provide for coverage of mental illness on an equal basis with coverage of other illness.

MEDICARE PROVISIONS

SEC. 3. (a) Section 1812(b) of the Social Security Act is amended—

(1) by striking out "(subject to subsection (c)" in the matter preceding paragraph (1);

(2) by inserting "or" at the end of paragraph (1);

(3) by striking out "; or" at the end of paragraph (2) and inserting in lieu thereof a period; and

(4) by striking out paragraph (3).

(b)(1) Section 1812 of such Act is amended by striking out subsection (c) and redesignating subsections (d), and (e), and (f) as subsections (c), (d), and (e), respectively.

(2) Section 1812(d) (as redesignated by paragraph (1) is amended by striking out "(c) and (d)" and inserting in lieu thereof "and (c)".

(c)(1) Section 1833 of such Act is amended by striking out subsection (c) and redesignating subsections (d) through (h) as subsections (c) through (g), respectively.

(2) Section 1866(a)(2)(A) is amended by striking out the last sentence thereof.●

INTERNATIONAL YEAR OF THE DISABLED PERSON

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. WIRTH. Mr. Speaker, as you know, this is the International Year of the Disabled Person. Throughout the year, several events will take place to commemorate this significant occasion and to draw attention not only to the serious problems our Nation's handicapped individuals face every day of their lives, but also to the good private and public programs and initiatives which have improved the lives of these individuals and have allowed them to become productive citizens.

One of the ways I would like to participate in this occasion would be to provide every Member of Congress the opportunity to better understand what it means to be handicapped. I am inserting in the RECORD an essay written by a constituent of mine, Mr. Charles Keller of Lyons, Colo. This essay, for which Mr. Keller received fifth prize in the national Ability Counts writing contest sponsored by the President's Committee on Employment of the Handicapped and the participating Governor's Committees on Employment of the Handicapped, is one of the best descriptions I have ever read about what a handicapped individual faces in our society.

I urge all Members of the Congress to take a moment to read the perceptive remarks of Mr. Keller, and to use the insight provided in his essay in making decisions affecting handicapped citizens throughout our Nation. I feel that this is particularly relevant at this time, as the Congress is currently examining several budget proposals which call for significant changes in some very good handicapped programs, such as Public Law 94-142 and rehabilitation programs.

MAINSTREAMING OF DISABLED STUDENTS IN MY COMMUNITY'S SCHOOL

(By Charles D. Keller)

I am a seventeen year old physically handicapped student. Most of my twelve years in a public school have been spent on crutches or in a wheelchair. My experiences are an excellent example of what my school district is doing to mainstream physically disabled students. Both my parents and I faced many difficulties in trying to see that I was able to participate as fully as possible in all activities. Most of the problems were easily overcome with the understanding and co-operation of teachers and school staff.

Transportation both to and from school and to outside field trips was the first obstacle that was removed. At first the district required my parents to arrange all transportation. The district now has four buses equipped with hydraulic lifts and specially built to handle the sixteen wheelchair students. These buses go district wide five days a week.

When I began school, curbs and steps required someone to always be on the alert to lift me up and down. It was a slow and sometimes dangerous task and was very embarrassing to me. Two years ago the curbs and steps were ramped in all buildings.

Ten years ago, the district began to build what was termed an open space building. These buildings had very few interior walls and at first seemed to be an ideal situation for a wheelchair bound student. I was transferred into one of these new buildings and attended grades two through five in the open space building. However, after four years, the total devastation of open space floors resembled what the city of Atlanta might have looked like after Sherman's march to the sea! Tables, desks, chairs, books, coats, boots, gloves, lunchboxes and toys were strewn about the floor with abandon. Electric cords plugged into safe floor sockets and running in all directions were like a never ending maze! I felt trapped and frustrated. The need for placing my name on the blackboard for help became a very real obstacle. When I could get to the blackboard, which was on wheels and moved daily, I could not reach either the chalk or the board and if someone else put my name up I frequently found myself "wiped out" by a speeding eraser.

In sixth grade I transferred, at my request, into a strictly structured classroom situation and have found it much easier. Grade seven was the last building change I needed to make until graduation and once again I was faced with a whole new set of obstacles. One of the more serious ones, for my particular handicap, was the ever present danger of being "run over" by older, larger, boistrous students. One day I was the innocent victim of a domino type chain reaction and landed in a heap beneath a football player and a star wrestler. They had fun scuffling, I had a broken shoulder.

These last few years of school have seen many changes in attitude and aid available to handicapped students. Counselors and teachers seem readily available to me at all times and have a more acute awareness of my needs. Other students are beginning to show more awareness by holding heavy doors and generally giving a helping hand when needed.

In my sophomore year, a series of fractures and surgery made homebound teaching essential. We were unable to obtain a teacher because of the distance they would have to drive, twenty-four miles round trip. A school staff member solved the problem. A retired teacher living in our community was employed by the district and with a great deal of cooperation from my regular teachers, I was able to keep up with all of my classes. Some of my teachers made it a point to stop in the afternoon for a special tutoring session when I had trouble and often brought extra reading material to supplement what I might be missing in lecture classes.

I was able to return to school on a full time basis for my junior year and found I could maintain a 3.5 average even though I had been homebound for a full year.

There are still many obstacles that must be overcome as our district begins to work for another bond issue to build more schools. Each school should have one door equipped with a smooth threshold. It is hard on teeth to be "popping wheelies" over two inch high thresholds. Telephones need to be lowered so they can be reached from a wheelchair. It is inconvenient and embarrassing to have to ask someone to insert the money, as well as dial the number, then hope the cord reaches far enough so you don't have to ask someone to talk for you too! Generally I use the office phone. Drinking fountains need better access. Two story buildings that are serviced by elevators need to have something done about the fact that the elevators are locked at all times. This could be a great hazard to a disabled student in the event of a fire or other disaster. Each disabled student has a key but there is the very real possibility the key could be dropped or lost in the rush of students evacuating a building.

The ramps in two story buildings are too steep. Portable buildings used as classrooms have ramps but very little thought has been given to where the wheelchair must travel to reach the ramp. In my case it was off a three inch drop onto the rough and bumpy grass or over a curb. Restroom usage must almost be determined on an individual basis. I have always had access to the nurse's restroom. Driver's education desperately needs one qualified instructor to teach hand control or pedal extension control. One building might also house both a shop and a home economics room designed for either regular or wheelchair use. Our homebound program could be greatly updated by our career center with the use of closed circuit TV, two way radio communication between the student's home and classroom and the use of student made films of science and other laboratory experiments.

Perhaps one of the greatest needs within our distict to help improve the mainstreaming of handicapped students is communication between parents of the students and the administration. It is the duty of each parent to make his child's needs known and then to co-operate fully to see that those needs are met on a realistic basis.●

TESTIMONY OF REVEREND HESBURGH

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. MAZZOLI. Mr. Speaker, last week, the Subcommittee on Immigration, Refugees, and International Law of the Judiciary Committee, which I have the privilege to chair, held joint hearings with the Senate Subcommittee on Immigration and Refugee Policy, chaired by the Distinguished Senator from Wyoming, ALAN K. SIMPSON, on the report of the Select Commission on Immigration and Refugee Policy.

These unique joint hearings on the important subject of immigration and refugee policy have proved to be extremely useful and productive. We were privileged to have the Chairman of the Select Commission on Immigration and Refugee Policy, Father Theodore Hesburgh, appear as the opening witness at our hearings.

Father Ted, president of Notre Dame, besides being my good friend, has no parallel among individuals willing to devote their time and energies to difficult tasks in the public service.

Certainly the ability of Father Hesburgh to bring together the divergent views of 16 members of the Select Commission, including 8 Members of Congress, into a unified final report stands as an outstanding tribute to his leadership and dedication to public service.

His excellent testimony for our joint hearings summarizes well the finding of the Select Commission in this most thorny policy area. I commend his remarks to my colleagues, and ask unanimous consent that his statement before our joint subcommittees be printed in the RECORD in full at this point.

TESTIMONY OF REV. THEODORE M. HESBURGH

My name is Theodore M. Hesburgh, and I am here as the former chairman of the Select Commission on Immigration and Refugee Policy which expired on April 30. I have with me Dr. Lawrence H. Fuchs, who served as Executive Director of the Commission and Dr. Ralph Thomas, his Deputy. I am particularly pleased to see so many members of our Commission here today.

Our Commission was unusual in two respects. First, it was initiated by the Congress and one half of its membership was from the Congress. Second, and a related point, it was intended not just to study a problem and make general long term recommendations, but to make specific recommendations to reform an extremely complicated law.

Our Commission held twelve regional public hearings, listened to seven hundred witnesses, conducted twenty-four public consultations with experts, sponsored a considerable amount of original research, systematically reviewed all existing research, and, after seven commission meetings, we reported our recommendations to the Congress and the President on February 27th.

THE REDRAFT OF THE IMMIGRATION AND NATIONALITY ACT

Within the past week, you had delivered to you the Select Commission staff draft of a new Immigration and Nationality Act based on the recommendations of the Commission. I strongly hope that members of the Congress who served on the Commission officially and Representative Mazzoli, who participated in our deliberations in December and January, will introduce this bill as a working bill. I know of no better way to get the Executive Branch, the Congress and the public generally to put this extremely important topic on their agenda than to have the particulars of a working bill to address.

I thought it might be valuable to the Congress for you to have a clear picture of just how the Commission went about its business. For the record, I would like to submit a work chart which depicts that graphically.

Within the next ten days you will receive eleven additional volumes completed by the staff last week as they worked through the nights of April 29th and 30th to ready the material for the printer.

THE STAFF REPORT

Of the volumes you will receive, the first of them is most important. It is the why and how companion volume to the final Commission report. Called the Staff Report, it is a supplement to the official Final Report of the Select Commission on Immigration and Refugee Policy, and provides a detailed analysis of the major recommendations made by the Commission and the implementation strategies and procedures for carrying them out.

Now, the final report is in your hands. But the problems raised by immigration face everyone of us; and they will not go away.

Some among us, often moved by deeply religious values, ask the question: Why should immigration be a problem? Why shouldn't people be free to move wherever they want to? We are all one species, all children of one God; and from the beginning of time, human beings have been a curious, migratory species. Why not let down the barriers of nation-states and permit people to move freely?

The questions almost answer themselves. Immigration is a problem because nearly all peoples believe in nationalism and wish to maintain the integrity of national ideologies and institutions. We believe this in the U.S., too, but not for narrow, nationalistic, selfish purposes only, but also because we believe that our nation has become a symbol of the possibilities of freedom and the potentiality for justice. The existence of our nation as a nation is tied to the realization of high goals for all of humanity.

THE THREE PRINCIPLES OF IMMIGRATION REFORM

Our nationalism is not inconsistent with internationalism. In fact, the first of three principles which undergird the Commission's important recommendations is the principle of international cooperation. As a nation, we cannot survive without international cooperation. Consequently, the Select Commission made several recommendations guided by that principle.

The second of our important principles is the rule of law. To the Commission, the rule of law meant two things. First, enforcing the limits we set for immigration in a firm, unambiguous manner; and second, doing so with high standards of due process. Dozens of the Commission recommendations are guided by the principle of the rule of law.

Our third principle is that of the open society. By the open society, we mean certain specific things. We mean that it is in the national interest of the United States to accept a reasonable number of immigrants and refugees each year to fulfill U.S. policy goals regardless of the color, nationality, or religion of those admitted. It also means that, once admitted to this country, that they should be entitled to get on a fast track to citizenship under the protection of the U.S. Constitution and the laws of this land without discrimination.

The open society does not mean limitless immigration. Quantitative and qualitative limits are perfectly compatible with the concepts of the open society as we understand them.

THE CITIZENS' COMMITTEE ON IMMIGRATION REFORM

Without first principles such as international cooperation, the rule of law, and the open society, it will not be possible to bring about fundamental immigration reform. Our efforts and yours will be picked at by special interest groups. In a letter sent to me by President Ford, who is joining me and many distinguished citizens today in forming a Citizens' Committee for Immigration Reform, he praised the work of the Select Commission and warned that we must guard against the parochialism and demagoguery of special interest groups.

THE ENEMIES OF PAROCHIALISM AND DEMAGOGUERY

We cannot defang, to use Senator Al Simpson's phrase, the emotionalism which surrounds this issue entirely but we can recognize first principles and try our best to be guided by them. If they do not overcome the four horsemen of parochialism, demagoguery, knee-jerkism and perfectionism, at least perhaps they will temper the debate and provide the necessary framework for getting on with the work.

Each of the major recommendations I will discuss this afternoon is interrelated, and I urge the Congress to take such a comprehensive approach. For example, concentration on enforcement should be matched with an equal emphasis on a sound immigration law.

Of course, the first subject on the minds of most persons who worry about immigration is illegal immigration.

This Commission not only recommended a more rational system for admitting immigrants legally and for the legalization as resident aliens of a large proportion of undocumented aliens now in the United States, but it recommended many measures to enforce consistently, firmly, and fairly the limits established by law.

EMPLOYER SANCTIONS

There is no sense in pretending enforcement will work without demagnetizing the jobs which bring illegal aliens here. A centerpiece of the enforcement measures recommended by the Commission would be an employee sanctions law with a reliable, nondiscriminatory method of certifying employee eligibility that any of us would use when applying for a new job.

Would such a measure be worth the effort and cost and would it work? Thirteen members of the Commission believe that it would. Would such a measure discriminate against certain groups or be used to violate the privacy rights of Americans? While I understand the apprehensions of the many

people who raise those questions, issues which are of concern to me also, I strongly believe the answer is no.

Employer sanctions is not a panacea but it will take away the incentive for employers to hire illegal aliens and demagnetize the magnet enough so that with comprehensive, targeted enforcement strategies we should be able to reduce illegal migration to a relatively small number.

This Commission does not want draconian measures at the border, ports of entry or in the interior. Just the opposite. We made many recommendations to improve the professionalism of the Immigration and Naturalization Service and to protect the rights of those who come in contact with its investigators, inspectors and Border Patrol Agents. But we know that without employer sanctions, enforcement efforts will not be effective.

I would ask that those who sympathize with the aspirations and the plight of illegal aliens—and I count myself among them—to think about the aspirations of Americans whose wages and standards are depressed by their presence and also to think about the aliens themselves. Not the ones who slip into the system and make a decent living while they adjust to a fugitive life in the shadows—but the ones who die in the desert or in the ballast tanks of ships and the ones who are waiting patiently in line to come to the United States through legal immigration channels.

For those who are apprehensive about discrimination resulting from the application of employer sanctions, I would point out that the only system the Commission recommended would protect against discrimination more than at present because all persons eligible to work would have to identify themselves through a reliable method of identification. Employers who turn someone away would not have the excuse that he or she looked or talked like an illegal alien. Under the employer sanctions law proposed, employers would not be penalized if they were fooled by the job applicant.

I also am persuaded that concerns about the abuse of privacy are not warranted. What protects our society and individuals against the abuse of privacy is the existence of traditions, habits, and laws which sustain our first, fifth and fourteenth amendment rights concernings freedom and due process. These constitute a national will to resist governmental control or private misuse of personal information.

In fact, the employment eligibility system should be the occasion to make explicit in legislative language the privacy protections due individuals in our society. In this case, there would be strict limitations on the use of the employee eligibility card and on the access to and use of the data base behind it.

LEGALIZATION

Effective enforcement will depend on one other major Commission recommendation which also was guided by the principle of the rule of law. We called it legalization. We unanimously recommended the legalization of a large proportion of the undocumented aliens now in this country. We specified that persons should be eligible if they could show that they were in the United States no later than January 1, 1980. I know that Congress will pay particular attention to the reasons which produced this unanimous vote.

First, new enforcement efforts to curtail the future flow of illegal aliens, which the Commission said must be instituted if we are to have a legalization program, will depend for maximum effectiveness on the knowledge which can be produced only through a comprehensive legalization program that provides information about migration channels, smuggler practices, and the characteristics of the aliens of themselves.

Second, through legalization we will learn for the first time the composition by national origin of illegal aliens and even be able to pinpoint the villages, towns, states and provinces from which they come. That knowledge will be invaluable when we try to deal with migration pressures at the source through bilateral or international cooperation.

Third, by legalizing this group, the Immigration and Naturalization Service will be able to target its limited enforcement resources where they count—in stopping future flows—instead of in the costly and ineffective cops and robber approach to catching people who already have learned how to avoid the authorities.

Fourth, these persons, while more capable of evasion than newcomers, live in an underclass outside of the protection of the law. As such, they are prey to exploitation by employers who violate labor protection laws and other more serious criminal activity—undermining the rule of law for all of us as well as depressing the wages and standards of some.

Fifth, legalization not only recognizes the fact that these people are already here, but that we will all benefit if they come out of the shadows and participate more fully in American life.

Ironically, legalization may permit many aliens to return home more frequently to their countries of origin than they now do. Rates of emigration for most immigrants have been about 30 percent of immigration. For this group, that would be higher once given a legal resident alien status in the United States since they no longer would be subject to the hazards of crossing illegally.

No one has to fear that legalization will cost the United States anything. Fees will pay for the entire program. Only those aliens who have a job and can meet the public charge requirements will qualify.

A LARGE TEMPORARY WORKER PROGRAM

Some are asking why it is necessary to confer the status of resident alien on those who qualify for legalization? Why not, they ask, give them a temporary worker status and include them as part of large scale guestworker program to be negotiated with interested countries?

The idea of a large temporary worker program is tremendously attractive. Perhaps a better word is seductive. Economists predict a large shortfall of U.S. service and agricultural workers in the decades ahead. There are certainly hundreds of thousands of people in the Caribbean Basin and in Latin American countries who would be happy to take those jobs. Some people believe that a large guestworker program might channel enough persons into the employ of ranchers, growers, garment and other manufacturers to such an extent that employer sanctions and other enforcement measures will not be necessary.

There is a superficial plausibility to this argument and the Commission gave it serious consideration for more than a year and a half. In the end, we were persuaded that it would be a mistake to launch such a program.

First, a large scale temporary worker program—say a half million or more a year—whether or not it included the newly legalized aliens already here, would have some limits which had to be enforced. Would the program be for single men only? For agricultural employment? For the southwestern states? For six months, eight or more? Would individuals be able to renew their participation?

Whatever the answers to these questions, the limits would have to be enforced. Without an employer sanctions law and a reliable means of employee identification, the rule of law would be compromised extensively as aliens tried to slip the boundaries imposed by the program.

Second, it is difficult to turn off such a program once it gets started. A large scale program would build a dependency on foreign labor in certain sectors of the economy. Certain jobs would become identified with foreigners, putting at risk one aspect of the principle of the open society, as I tried to define it a moment ago. In effect, a second class of aliens would have been established in our country who were not fully protected by the law and its entitlements and who could not participate effectively in mainstream institutions. And a large program without effective enforcement measures would stimulate new migration pressures in the long run.

Third, one of the seductive reasons for such a program is to accommodate the population pressures of other nations and thus achieve foreign policy objectives. But there are few things more dangerous to friendship between nations than to have a large body of foreign nationals working in one country with the possibility of incidents being blown up by a demagogue in either country.

MEXICO

Many have suggested that a guestworker program would be helpful to Mexico. Apart from the fact that no Mexican official represented that position to us, we did not think it wise to propose a program with potentially harmful consequences to the United States as a whole.

The Commission has been mindful of U.S. relations with Mexico and other countries as charged by Public Law 95-412. We know that it is in our national interest that Mexico be able to shape its own destiny as prosperous and stable democracy. We know that Mexico, to some extent, relies on the safety valve of migration to the United States. But we cannot shape an immigration policy for the world—with sixteen million refugees and more than one million persons registered with visa numbers to come to the United States—in response to one nation only. In fact, that would be inconsistent with the principle of the open society which does not discriminate in the admission of immigrants and refugees on the basis of nationality.

However, we made several recommendations consistent with that very principle which will have the practical effect of increasing immigration from Mexico to some extent. We estimate that at the outside about 700,000 of the one and a half million persons who might avail themselves of the legalization program would be Mexican nationals who would then be in a position to petition for their spouses and minor children to come to the United States. It is conceivable that as many as two hundred and fifty thousand Mexican spouses and/or minor children would be admitted, although the actual number is likely to be less. Such persons would, of course, have to wait in turn under the numerically restricted immigration totals imposed by the new law. But

their admission to the United States and that of other spouses and minor children of resident aliens would be expedited by the emphasis which the Commission has placed on the reunification of immediate families. The modest increase recommended for legal immigration which would facilitate both family reunification and independent immigration is another recommendation which is likely, at least in the near term, to increase immigration from Mexico slightly. Finally, the clearing of backlogs, in conjunction with the introduction of the new system, also would help to some degree.

THE NUMBER OF IMMIGRANTS AND REFUGEES TO BE ADMITTED

I know that there are persons who are wondering why the Commission recommended an increase in legal immigration. The answer is straightforward but not simple. It is clearly in the interests of the United States to do so. Once again I will summarize our findings with respect to legal immigrants.

Immigrants work hard, save and invest and create more jobs than they take. Thus, they contribute to economic growth in the United States. That is true even for refugees although the contribution takes place after a longer period of adjustment.

Immigrants rapidly pay back into the public coffers more than they take out.

Immigrants strengthen our pool of younger and middle-aged workers, thus strengthening our social security system and enlarging U.S. manpower capabilities.

Immigrants strengthen our ties with other nations.

Immigrants strengthen our linguistic and cultural resources.

Immigrants and their children embrace American ideals and public values rapidly and help to renew them.

Immigrants give a brilliant demonstration to the world of the advantages of a free society.

And finally, the children of immigrants acculturate well to American life and actually seem to be healthier and do better at school on the average than those of native born Americans.

In the face of all this, one well might ask why the Commission was so timid in recommending a modest increase in legal immigration from 270,000 to 350,000 annually.

One reason is that under the Refugee Act of 1980, whose fundamental provisions we endorsed, it is possible to admit more than the 50,000 refugees anticipated by that act as the normal annual flow.

Because refugee situations often are emergencies, we need to provide flexibility to meet them. Therefore, we must be cautious on the number of numerically restricted immigrants we admit.

A second reason is that some of our Commissioners believe that we should not increase the present ceilings at all until effective enforcement is in place. In fact, four Commissioners voted against the increase in immigration levels for that reason. The twelve who voted for it include many who are strong advocates of new, effective enforcement measures but see the value of increasing immigration modestly at this time for the good that it will do this country, and because the new system will help to reduce pressures for illegal migration slightly.

A third reason is the largely incorrect but widely held perception that immigrants take away from rather than benefit society. Because that perception is a social reality one must be cautious about numbers.

What will the numbers add up to if the Commission's recommendations are followed? If the Congress adopts the recommendations of the Select Commission, we can make population projections based on reasonable assumptions—including one about illegal immigration—which you will find discussed in two chapters of the staff report. The result is that the United States will achieve negative population growth at a level of two hundred seventy-four million persons by the year 2050, less than seventy years from now. That is based on a projection of an annual net immigration of five hundred thousand, a reasonable and perhaps conservative projection as explained in the staff report, which I hope the Congress will reprint, since it goes into such detail with respect to the background and the implications of the Commission's recommendations.

Two hundred and seventy-four million does not strike me as high by any measure. The United States, if it followed those recommendations, would go from having 6% of the world's population now to far less than 3% by the year 2050, something that may happen in only twenty-five years. The U.S. would remain the least densely populated nation in the world with the probable exceptions of Canada and Australia. And our per capita wealth relative to the rest of the world would be much greater than it is now.

THE COMPOSITION OF U.S. POPULATION

There also is concern about increasing the percentage of foreign born in our nation's population. Right now there are eight Western countries with a higher percentage of foreign born than the U.S. and we are better at absorbing immigrants than any of them. Yet, the concern is understandable. Immigration means change and change brings the possibilities of conflict.

Let us take the worst case from the point of view of those who are concerned about a rise in the percentage of foreign born. Suppose Congress does not accept the Commission's recommendations which we believe will lead to a net annual migration of no more than 500,000 a year, a number that is certainly less than in the last few years. Suppose the net migration was 750,000 a year. That would lead to a population of 300 million by the year 2080—one hundred years from now, the equivalent of 5 generations—and of that population, one-third would consist of persons who had arrived in the U.S. after 1979 or of their descendants.

Why should that be so worrisome in the light of U.S. history? The fact is that about 45 percent of the people now in this country either arrived here or are descendants of persons who came here within the last four to five generations. In fact, at least one half of the Congressional members of our Commission are descendents of persons who came to the United States within the last four generations, not even counting that distinguished alumnus of Notre Dame, Ron Mazzoli. No one questions their Americanism in the slightest although many people vigorously opposed the arrival of their ancestors, predicting dire consequences for the United States because of their admission.

In years past it was argued that German immigrants, because of their strong love for the German language and culture, would destroy the ties that bind us as a nation. Then it was the Catholics, particularly the Irish, with their devotion to Papal authority, who, it was maintained, would prove incapable of contributing to a free society. Next, the Jews, Italians, Poles, Greeks and others were scorned as unfit to become good Americans. So strong was the feeling against Asians that they virtually were excluded as legal immigrants until very recently in our history. Only the American Indians can claim to be charter members here. But all of our ancestral groups in their own way can claim to have refreshed, renewed, defended and created the United States of America.

We all are fortunate that some of our ancestors were immigrants, others refugees, some contract laborers, others indentured servants, and still others survived the slave trade and made it to this land. Most of them suffered the migration passage and the problems of adjustment here, even those who chose to come, but few of us regret that they stuck it out.

While this nation should get its house in order by regaining control over immigration policy and while it is clear that we no longer can follow George Washington's advice to open our doors to all of the oppressed of the world, this would be a horrible time to impose additional quantitative restrictions on immigration. It would be a classic case of biting off one's nose to spite one's face. And it would be a betrayal of what is best in us—what the country stands for above all else—opportunity, freedom and respect for diversity based on the dignity and worth of human beings.

THE NEED FOR LEADERSHIP

In 1939, the Congress followed the public opinion polls and refused to accept refugees beyond the number allocated under our restrictive national origins quota system. Not only did that doom those persons to a fate determined by Adolf Hitler, but the United States lost the talent, ability and gratitude of those people and their descendants.

We can and should assert our own values and traditions and our self-interest by modestly increasing levels of immigration and instituting a legalization program as well as by enforcing the law firmly and fairly. What is required is a campaign of leadership to articulate those values, traditions and interests in relationship to immigration so that the American people will support the recommendations of the Commission.

Thank you very much. It has been a privilege to serve.●

CALL TO CONSCIENCE VIGIL, 1981—THE ABRANZON FAMILY

HON. ANTHONY C. BEILENSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BEILENSON. Mr. Speaker, all of the nations which signed the Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union has failed to live up to that promise, Members of Congress are conducting a vigil on the House floor entitled "Call to Conscience" on behalf of Soviet Jewish families and individuals who are being forcibly detained in the U.S.S.R. as a result of the Soviet Government's repressive immigration policy.

Last year, I participated in a similar vigil, "Spirit of Helsinki," on behalf of Zina and Arkady Abranzon. It saddens me very deeply that my participation

in the "Call to Conscience" must again be directed toward the plight of the same family.

The Soviet police broke into Mr. and Mrs. Abranzon's apartment on October 5, 1979, confiscated all of their possessions, and incarcerated them at Ivano-Frankovsk Prison in the Ukrainian Soviet Socialist Republic, where they were held without trial for more than 1 year.

The Abranzons are Soviet Jewish citizens who had planned to apply for exit visas before this unfortunate incident.

In November of 1980, Soviet officials found the Abranzons guilty of the crime of possession of resources. Arkady Abranzon was sentenced to 14 years in prison, while his wife, Zina, was condemned to a prison term of 6 years; both sentences are currently being served at Ivano-Frankovsk.

It is my belief that by releasing the Abranzons and granting them exit visas the Soviet Union would not only indicate to the world its willingness to comply with the Helsinki accords, but would also affirm its desire to ameliorate relations between our two great nations. This action would be particularly significant, coming at a time when the new Reagan administration is considering U.S.-U.S.S.R. policy initiatives, as well as a possible summit meeting.

I am deeply concerned over the Soviet Union's disturbing treatment of its Jewish citizens and ask that it abide by its international commitments by relaxing restrictions on immigration policies. I look forward to the day when there is no longer any need for such pleas—the day when families can be reunited in Israel.●

TRIBUTE TO JIMMY DOULOS

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. MAVROULES. Mr. Speaker, funeral services were held last week in Massachusetts for James Doulos, founder of Jimmy's Harborside, one of Boston's best-known restaurants. The late Leverett Saltonstall, while Governor of Massachusetts, nicknamed Jimmy Doulos the "Chowder King," and most New Englanders agreed. Indeed, after Mr. Saltonstall's election to the Senate, he was so appalled to find tomatoes in the Senate dining room's clam chowder that he arranged for Jimmy to instruct Senate cooks in the art of making real clam chowder. As all New Englanders know, it's a sin to put tomatoes in clam chowder.

But Jimmy Doulos was more than a restaurant owner. While proud of America, his adopted country, he never forgot his humble origins in the small Greek town of Mytelene. He spent his entire life promoting improved Greek-American friendship, and eventually raised thousands of dollars for the construction of a new high school in his home town. Jimmy gave generously of his time and money to local charities in Boston as well. Mr. Speaker, this Nation of immigrants was built by men and women of courage and imagination, the qualities that made Jimmy Doulos the great man he was. Those of us who were his friends loved and respected him, and we will all miss him.

At this point, Mr, Speaker, I would like to insert in the RECORD two tributes to Jimmy Doulos that appeared in the Greek Sunday News of Boston.

JIMMY DOULOS, PEOPLE'S AMBASSADOR

(By Peter L. Caparell)

Beneath the Byzantine cupola of the N.E. Orthodox Cathedral in Roxbury, civic, educational and religious leaders, assembled for a farewell salute to the People's Ambassador of the Athens of America, James E. Doulos.

Delegations headed by House Speaker, Thomas P. O'Neill, Governor Edward J. King and the Mayor of Boston, joined ecclesiastic legates and university heads in paying final homage to a humble and benevolent Hellene, who set foot to these shores as a thirteen year old migrant, eager to earn his mark in this golden land of opportunity.

Celebrants of a high mass were the Metropolitan Meliton from Constanopli and Dean John C. Zanetos with parish pastors from surrounding communities participating. More personal and nostalgic eulogies were delivered by (interdenominational) clergy friends of the Doulos family.

This large congregation of friends, from all levels of society, shared together the tears of grief that truly revealed the measure of the man, known and beloved, simply as "Jimmy."

He was, said Dean Zanetos, a soul that was filled with:

"Goodness, Humility and Kindness."

Speaker O'Neill, who shared joyous moments with Jimmy, was surely speaking for many when he said: "We lost a fine friend."

Former Governor John A. Volpe, didn't have to utter a word. Brushing tears, from reddened eyes, conveyed his message. Michael Dukakis, another ex Governor from another party was observed leaving the Cathedral with bowed head and hands stuffed into pockets.

Veterans of the 26th (Yankee) Division and members of the Ancient and Honorable Artillery, resplendent in gold braid and maroon uniforms, served as the honor guard and stood rigidly to attention outside the Cathedral to honor a comrade they regard as a, "Genuine Patriot."

Members of the Massachusetts House and Senate, huddled about, within the reception area of the Cathedral sharing memories. Among them was House Speaker McGee and Majority Leader, Jimmy Craven, of Jamaica Plain.

A stirring eulogy delivery by the Metropolitan, summed it up best when he recounted the early struggles and priceless quality of character and cited Jimmy's charitable deeds as, "Monuments to the heart and soul of the good and decent and harmonious way of life."

Jimmy Doulos did not wish to have his name chiseled into the cold granite for marble walls of the temples of learning, the centers of research or the clinics of healing, that he personally and so generously supported. He was a day by day social activist, on a person to person basis. The legacy he leaves family and friends, is the way he lived. In his words:

"Each day is a preparation for tomorrow."

In other words, when you leave this earth, leave it a better place than when you first entered.

Interment was in Milton and the memorial repast was hosted at the family establishment, Jimmy's Harborside. The affair was prepared by an independent caterer.

Hundreds of telegrams from local and remote friends throughout the United States, Canada and Greece were received by members of the immediate family, Mrs. Irene Doulos (widow) and son Costes (Charlie) Doulos.

Many members of Congress and Greek government officials also wired their condolences.

Publisher William A. Harris and Staff of the GSN join our sister newspapers the Boston Herald American and Globe in bidding, "Godspeed" to a worthy Hellene.

Jimmy Doulos had style and class.

That grown up immigrant boy really showed a lot of us, how to live!

MILTON, MASS.—Funeral services were held at the Greek Orthodox Cathedral, Parker and Ruggles Street last Saturday for James Doulos, founder and owner of Jimmy's Harborside Restaurant, a Boston waterfront dining spot.

Mr. Doulos died last Wednesday night in his sleep at Eastwood Nursing Home Dedham. He was 75.

Jimmy, who died after suffering from Alzheimer's disease for a year, personified the American success story.

Mr. Doulos emigrated to this country from his native Greece, where he was born on August 24, 1909. When he landed in New York's Ellis Island, he had $13 in his pocket, the clothes on his back and big dreams, which he made come true.

When he died, he was a wealthy man with a fine house in Milton, a devoted family and friends in all walks of life. They ranged from his Northern Avenue restaurant's busboys and cleaning women to celebrities.

Enormous energy and drive, vision and determination, a way with people and, obviously, food, plus lots of hard work were the ingredients for his success.

Mr. Doulos never forgot the land of his birth nor failed to sing the praises of the land he adopted.

In June, 1968, Mr. Doulos was given a replica of the classical bronze statue, "Youth of Marathon". It was presented by the Greek National Tourist Office for his service in behalf of Greek-American friendship and promotion of tourism to Greece. It meant a lot to him. Four years earlier, he had organized the American Development for Lesvos Fund, which, with the aid of Boston businessmen, raised $50,000 toward building a high school for girls in his home town of Myteline, on the Greek Island of Lesvos.

But to Mr. Doulos the greatest honor of his life came, as he put it, on the day in 1925 when "I raised my hand to become a citizen of this wonderful country.

"Where in the world could all this happen to me? Only in America", he said several years ago. "This country gives more opportunities than any other country. But nothing comes easy. You have to work for it, and

then you can enjoy it better." And work, he did.

Mr. Doulos was dubbed "Chowder King" in the 1930's by the late Senator and Massachusetts Governor Leverett Saltonstall, who found Jimmy's fish chowder fit for a king. Like most dyed-in-the-wool New Englanders, "Salty" has a strong aversion to the reddish stuff that passes for the real McCoy in other parts of the country. Crime of crimes: Tomatoes were put into it.

Jimmy more than agreed. "If they want tomatoes give 'em tomato soup," he delcared. "If they want chowder, make it white." Genuine fish chowder, he explained, contains salt pork, chopped onions, sliced Maine potatoes, a dash of flour, seasoning, milk and lots of fresh haddock.

Mr. Doulos' title of "Chowder King, of the Nation" was made official in 1957 by Holiday magazine. Calling his restaurant "possibly one of the best seafood houses in America," the old travel magazine regularly gave it an annual Distinctive Dining Award, attributing its excellence to "the vivid personality of its owner and founder, the handsome, white-haired Greek-American, Jimmy Doulos."

The awards, which singled the Harborside out from thousands of restaurants sampled throughout the nation and which date annually from 1957 to 1972, are prominently displayed as one enters the restaurant lounge.

Other distinctions that came his way were White House invitations during the Kennedy and Johnson administrations: a citation naming him honorary mayor of New Orleans and commission as an admiral in the "Great Navy of the State of Nebraska", conferred on him by the state's governor.

Self taught in cooking and restaurant administration, Mr. Doulos once said: "Ninety percent of the Greeks who came to this country couldn't speak English, so they went to the restaurants to wash pots and dishes. But a Greek wants to have his freedom. So as soon as he would have $100, he would open a restaurant. That's how come so many Greeks went into the restaurant business."

It was the route he had taken. His first job was at the old soapstone sinks of the Plymouth Restaurant on Bromfield Street, where besides washing the crockery and cutlery, he kept his eyes on the cooking procedures.

"Fortunately", he later related, "the chef liked me and gave me an opportunity. The iceboxes were downstairs and when he would send me down to get something, I would fly over the stairs and be back before he started making the sauce because, I would tell him, "I want to learn this game."

Learn it he did. Two years later, he had replaced the chef. "I was making $42 a week in 1922 cooking and I thought I was the richest Greek in America," he recalled. Two years after that, Jimmy and an older brother, John, 21, started the "Liberty Lunch" on Commonwealth Pier by taking over a small store and installing a kitchen, a counter and 17 stools. Jimmy was the cook and John was the baker. They were open from 10 a.m. to 11 p.m. daily.

In 1929, the brothers moved their eatery to the site of the present restaurant, a long light gray, two-story building that has been remodeled or enlarged more than half a dozen times, so it now seats 500 diners. But never on a Sunday. "That's our day of rest," explained Jimmy. There are many succulent dishes on the bill of fare, but the real specialite du jour or nuit was Mr. Doulos. Weighing the same 142 pounds; that he weighed when he was 30, thanks to a daily set of pushups. Mr. Doulos was a familiar fixture—seating guests, moving among the crowded tables and pausing to chat with old friends, or beaming welcoming smiles to new ones.

"To me, this business will always be people" he said in an interview in 1973. "I prefer to be with our customers or preparing something special for them in the kitchen . . . I know of very few professions which permit you to meet so many people from all walks of life. I've been in this one for 48 years.

"It's been a privilege to serve presidents, film and stage stars, sports celebrities . . . I'll never retire. I've met and known them all," (The walls are peppered with photographs of Mr. Doulos posing with celebrities. "They know who I am and who Charlie is. The trouble with so many restaurants today is you seldom know who the boss is."

Charlie is Mr. Doulos' son, Charles also known as Jimmy, Jr. A graduate of Harvard, he is president of the business. Mr. Doulos had stepped down to become treasurer.

In 1976, the restaurant came under attack by members of Massachusetts Fair Share. It contended the restaurant was one of a group of Port Authority tenants in the Commonwealth Fish Pier area that owed Boston back taxes amounting to $600,000 which it said should be collected before any property tax increase for Boston was approved. Mr. Doulos said payment was deferred because of an unresolved legal question and agreed to remit his share, which amounted to $50,000 plus interest.

Three years later, Mr. Doulos and his son expanded their activities to open Jimbo's Fish Shanty, directly across Northern Avenue from the Harbor Side.

Mr. Doulos leaves his wife, Irene, a son Charles, a daughter Despina Ayers, all of Milton; two brothers Eletherios and John; a sister Anastasia Haldesou, of Greece and seven grandchildren.●

A SALUTE TO NEW JERSEY SUPREME COURT JUSTICE MARK A. SULLIVAN

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. GUARINI. Mr. Speaker, on Wednesday evening, May 13, 1981, a great citizen of New Jersey is being honored by the New Jersey Fellows of the American Bar Foundation at its 1981 annual dinner.

I have been privileged to know, through my practice of law, the high ideals and standards of the Honorable Mark A. Sullivan. He will be presented with the New Jersey Fellows of the American Bar Association 1981 Judicial Achievement Award.

Born and raised in Jersey City, he is the illustrious son of an illustrious father, Mark A. Sullivan, Sr., who also served on our State's highest court. Justice Sullivan, a graduate of St. Peter's Prep School in 1928, matriculated at Georgetown University where he graduated in 1932. A student at Harvard Law School he completed his studies there in 1935 and was admitted to the bar as an attorney in April 1936, and as a counselor in 1939.

Having distinguished himself during World War II as an officer in the U.S. Naval Reserve, Mark Sullivan, then an attorney in private practice, was appointed to the bench of the second district court of Jersey City in October 1945. He was later elevated to the Hudson County District Court in 1949.

Judge Sullivan was appointed to the superior court where he served until March 1959. He was assigned to the appellate division of the superior court. Former New Jersey Gov. William T. Cahill appointed Judge Sullivan as an associate justice of the supreme court in 1973, and he was sworn in to this high office on March 23 of that year.

Mark Sullivan's steady rise in our judicial system is a testament to the skills and probity he has always displayed, whether from behind counsel's table or from the bench itself. He is married to the former Mary Josephine Hamill, a member of a prominent New Jersey family. They have one son, Mark, and are now residents of Spring Lake, N.J.

Mr. Speaker, I extend my best wishes to Justice Sullivan and congratulate the New Jersey Fellows on their excellent choice to receive the prestigious Judicial Achievement Award.

Justice Sullivan will retire on August 11, 1981. The New Jersey and Hudson County Bar Associations will sorely miss one of their most distinguished members.

It is this group, Mr. Speaker, which is joining en masse to pay tribute to Justice Sullivan. A large delegation of officers, trustees, and members will take part in this celebration, honoring a man who has served his State and Nation so well for so many years. In his years on our States highest court, Justice Sullivan has distingished himself in his adherence to the most honored of our legal traditions: the principles embodied in our Nation's Constitution which state that "all persons are equal before the law; and anyone, rich or poor, can demand the protection of the law in the exercise of his rights, and that the Government is a Government of laws, not of men. No one is above the law. No officer of Government can use authority unless the Constitution or the law permits."

Mr. Speaker, I am pleased to bring this outstanding judicial career to the attention of this Congress, and ask you and our colleagues to join with the New Jersey Fellows of the American Bar Association in saluting this distinguished American, Justice Mark A. Sullivan. We wish him well and look forward to many productive years to come.

Justice Sullivan epitomizes the ideals and goals expressed by Thomas Jefferson, who said in his March 4, 1801, inaugural address:

Equal and exact justice to all men, of whatever state or persuasion, religious or political; peace, commerce, and honest friendship with all nations—entangling alliances with none; . . . freedom of religion; freedom of the press; freedom of person under the protection of the habeas corpus; and trial by juries impartially selected—these principles form the bright constellation which has gone before us, and guided our steps through an age of revolution and reformation. The wisdom of our sages and the blood of our heroes have been devoted to their attainment. They should be the creed of our political faith—the test of civil instruction—the touchstone by which to try the services of those we trust; and should we wander from them in moments of error or alarm, let us hasten to retrace our steps and to regain the road which alone leads to peace, liberty, and safety.●

FRANK PEPPER RETIRES FROM TV DUTIES

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. FUQUA. Mr. Speaker, a dear friend of mine and scores of thousands of others in northwest Florida, who happens also to be the kid brother of our esteemed colleague from Miami, CLAUDE PEPPER, recently retired from broadcasting after a 35-year career.

Frank Pepper, who became an institution on television station WCTV in Tallahassee, Fla., and Thomasville, Ga., switched from radio to television on September 15, 1955, when the new station went on the air. He had spent the previous 7 years as a news broadcaster on Tallahassee radio.

Frank, during those years, became as well known in the Big Bend area of north Florida as his older brother has become in Miami and Washington after his 38 years of combined service in both Houses of Congress.

We confidently hope that Frank's early retirement at age 63 will plant no similar ideas in the mind of his older brother who has so many years of valuable service left to contribute to his district, his State, and his Nation.

The following story in the Tallahassee Democrat details Frank's colorful career and I command it to my colleagues:

"GOOD MORNING" STAR IS SAYING GOODBYE

(By David Klein)

After 23 years as host of the "Good Morning Show" on WCTV-Channel 6, Frank Pepper will retire from television Thursday.

It will mark the end of a broadcasting career that began in 1946 in radio and included 26 years on television—a record only a handful of TV personalities can match.

On Tuesday morning's show, flanked by program co-hosts Paul Bryar and Anna Johnson, Pepper, 63, made the announcement that he would take early retirement.

Bryar will take over as host of the "Good Morning Show" after Thursday, and WCTV's Dan Harmon will fill Bryar's post and do the weather every morning.

Pepper said he decided to quit because he didn't want to keep making the long drive every morning to the WCTV studios 25 miles out of town.

The "Good Morning Show" goes on the air live every morning at 7, which means Pepper has to get up every morning at 4. And he's been doing the show since 1958.

"Dave Garroway wasn't on that long, neither was Ed Sullivan and neither was Hugh Downs," Pepper said proudly.

During those years Pepper interviewed a number of famous guests, including Supreme Court Justice William O. Douglas, boxers Jack Dempsey and Archie Moore, writers Pearl Buck and Rod Serling and actors Don Ameche and Helen Hayes.

He said Dempsey was his favorite. He kept trying to convince the former world heavyweight champion—a hero of his—to let him arrange a rematch with Gene Tunney.

The days of news and interviews are over now, but Pepper said he planned to stay active after leaving Channel 6.

"This is retirement from television, not retirement from work. I'll probably get some part-time job—but it won't start at 4 a.m., he said.

"It'll probably be in public relations or public information. I feel that I have as many friends as any one man around here in North Florida and South Georgia."

His friends at Channel 6 agree. The word from everybody there is that Frank Pepper is a living institution.

"And before TV, he was almost an institution in radio," said the program director, Jerry Williams.

Pepper started his career fresh out of the Navy at WTNT radio station—then known as WRHP.

He had no journalism training, but he got his break when the regular news announcer showed up drunk one day. Pepper has continued to work as a news announcer for the last 35 years.

Seven of those years were spent at WTNT, and then Pepper jumped to WTAL, a radio station owned by John Phipps.

When Phipps later put WCTV on the air to serve Tallahassee and Thomasville Pepper went with him.

In fact, Pepper read the evening news Sept. 15, 1955, WCTV's first day of broadcasting.

"Ed Sullivan had only been on for six or seven years then," he said. "We were feeling our way. Everybody was learning, and it just kept growing and growing."

When Pepper started at Channel 6, WCTV was an NBC station. But by 1957 the station managers had decided to swap allegiance to CBS, and that left them with a gap where NBC's early-morning "Today" show had been.

The solution was to create their own local early-morning news-weather-sports-talk show.

"It was done with Frank Pepper in mind," Williams said, and Pepper and Jack Ridner, another popular announcer for Channel 6 at that time, put the show on the air.

Within a few years, a female co-host was added to the show. Johnson, who currently holds this position, is the ninth co-host in the history of the "Good Morning Show."

"I can remember six of them," Pepper once said, "but I can see the faces of the other three."

With Pepper at the helm, the "Good Morning Show" has always dominated its time period locally, defeating the "Today Show" in the ratings even when that program had virtually no network competition.

"I attribute that to Frank's personality, and to the fact that viewers like to have local people telling them what's going on," Williams said.

"Frank's been an on-the-air friend, a member of the family."

The beginning of the end for Pepper came in 1976, when WCTV moved from its old location on North Monroe Street out to the wilderness near the Tall Timbers Research Station, a wearying 40-minute drive from Pepper's house.

Pepper also was bothered then by an arthritic nerve condition in his neck. He checked with doctors around the country, and one finally suggested that Pepper begin wearing a plastic brace to relieve some of the discomfort.

"It has helped tremendously," Pepper said. He doesn't wear the brace at home or around town, he said, "but I wear it for comfort at the TV station. It keeps my neck from throbbing."

Pepper has been thinking about leaving his early-morning job for some time.

Now he will have more time to play golf, his favorite hobby, and to keep up his reading of stories by Rudyard Kipling and Robert Service.

"One of the greatest satisfactions," he said, "is knowing all the good friends I've been able to meet through the medium of television, which reaches and reaches and reaches and reaches."●

FREE SCHOOL LUNCHES CAN BE MORE COST EFFECTIVE

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. GARCIA. Mr. Speaker, today I am introducing legislation to provide for a study to be conducted by the Secretary of Agriculture to determine the costs and feasibility of amending the National School Lunch Act so as to permit free lunches to be served to all children attending school under the jurisdiction of a local eduction agency, LEA, in which at least 60 percent of the children attending such school are otherwise eligible for such lunches.

In the name of efficiency, economy, and health, I think this study will be well worth the effort. I am assured by the New York officials who manage the school lunch programs that the increased costs of a universal program in New York would be outweighed by the administrative cost saved. That is, by modifying or eliminating steps 1, 2, and 4 of the assessment improvement and monitoring system, AIMS, and making other efficient recording and administrative changes and allowing universal school lunch participation, New York officials feel they could at least break even, if not, save money. It is my understanding and the feeling of

experts in the national school lunch programs that other jurisdictions can accomplish the same results if given the chance. My proposal is to study the feasibility and cost of such a concept in say, five regional targeted jurisdictions representing various school districts. I am confident the study will prove that the feasibility and costs of universal feeding can exist within the budgetary restraints dictated by today's economics. I am confident that, if nothing else, the study will show that many school districts are capable of running the school lunch program more efficiently with universal feeding and should be given the option of using that method.

Let me emphasize that my bill does not seek to expand the school lunch program. Instead, it is my intention to streamline the delivery of service to children while cutting administrative costs and paperwork.

When my staff contacted the Congressional Budget Office and USDA to confirm my suspicion that serving all children in New York or in the entire United States could actually be cheaper than the current system, we were told that no appropriate data exist.

I believe it is time we have reliable data. We should know under what circumstances, if at all, it would be cheaper and more efficient to provide a universal free lunch program to a certain limited number of LEA's in urban and rural sections of the country with high concentration of poor children.

We have no evidence to suggest that this concept would greatly expand the program. For example, in New York City, 565,973 children were eligible for free lunch, yet of those eligible to receive free lunch only 446,379 or 78.8 percent participated in the program. There will always be children who prefer to bring their lunch, eat elsewhere, or skip lunch altogether. In these times of economic belt tightening, this bill makes economic sense and I urge my colleagues cosponsor the measure.●

FOREIGN POLICY CHAOS

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BONIOR of Michigan. Mr. Speaker, amid criticisms of President Carter's foreign policy, the new administration promised us a decisive and constant foreign policy. Have they kept their promise? Like many in this House, and across the Nation, I fear not.

The administration would no doubt disagree, asserting that they have practiced a rare degree of firm strength. And there lies the rub, for behind our disagreement would lie important principles. Consider only Central America.

Is decisiveness measured by the ability to announce bold confrontations, or is it measured by the ability to see the needs of the region, and be prepared to support the halting forces of progress? Does constancy mean shifting from one perceived threat to another, in the name of some continuing menace, or does it mean the willingness to take the long view, charting a positive course over shifting sands?

Mr. Speaker, I am not concerned that we have a foreign policy which, like all policy, must at times change in the face of an uncertain future. I am not concerned that we have foreign policy leaders who, like all leaders, must occasionally recognize that they do not know what to do.

Change and occasional indecision can be the result of a bold foreign policy that harnessed to a central vision is taking prudent risks. In those cases, I welcome them. But change and indecision can also be the result of a foreign policy that committed to creating the appearance of strength is caught in the contradictions of its own bravado.

I call my colleagues attention to two articles which freeze and then reflect on the chaos of Reagan foreign policy at two different times.

[From the New York Times, Apr. 30, 1981]

FOREIGN POLICY CHAOS

(By Anthony Lewis)

WASHINGTON.—One of candidate Reagan's most telling campaign arguments was against what he called the disarray of the Carter foreign policy. It was time, he said, for the United States to stop sending conflicting signals to our friends and adversaries abroad. He promised policies that were clear, strong and above all consistent.

To recall that campaign oratory now is to laugh—or would be if the reality were not so painful. In 100 days the Reagan Administration has set a record for confusion and contradiction in foreign policy. On essential questions it has no policy at all: just rhetoric flying off at every angle and subject to daily correction.

The world was treated to an open, running debate between two members of the Reagan Cabinet on whether to continue the grain embargo against the Soviet Union. When the President lifted the embargo, the Secretary of State said it would be instantly reimposed in tougher form if the Russians intervened in Poland—only to have a White House spokesman knock that promise down.

The Secretary of Defense, in Europe for a NATO meeting, said we might respond to any Soviet intervention in Poland by selling arms to China. The remark raised a host of delicate political and security questions, none of which had been explored. The Administration has let the comment fade into hoped-for obscurity.

Will the United States voluntarily observe the limitations set in the unratified second strategic arms agreement as long as the Russians do? A Defense official said no, the Secretary of State said yes, right-wing Reaganites denounced the Secretary—and the President said nothing.

Then there is the Middle East. The Secretary of State toured the area, announcing that the leaders he saw all loved the new Administration's policy. Those leaders in turn denied any agreement whatever.

And finally we have had, and will continue to have for painful months ahead, the affair of the Awacs sale to Saudi Arabia. Agatha Christie would have called it the Mysterious Affair. Who done it? How could any serious official fail to appreciate what an uproar it would cause? The controversy in Congress may well end by offending both Israel and the Saudis.

The Administration's performance in foreign affairs has been so inept that even Reagan cheerleaders among the columnists and editorial writers have begun sounding embarrassed. The Wall Street Journal, in an editorial entitled "The Foreign Policy Vacuum," was reduced—when it tried to find some pluses—to mentioning the cancellation of Soviet Ambassador Dorbrynin's parking privileges.

But none of this should be an occasion for the scoring of partisan or ideological points. The chaos in American policy is far too serious. And the most serious aspect of it, I think, is the message being sent to the Soviet Union.

The Reagan Administration took office expressing above all a resolve to oppose Soviet expansionism. In the first concrete test, on the grain embargo, that asserted resolve turned out to be words—empty ones. The Reagan toughness amounts to keeping Ambassador Dobrynin out of the State Department garage and Georgi Arbotov off American television.

The embargo was imposed by President Carter in response to the Soviet occupation of Afghanistan. That occupation is no less brutal now, and evidently no nearer its end. An excuse for ending it is that it did not keep grain from the Russians; they were able to make up much of the shortage by purchases from Argentina. The Reagan people could have tried to reason with their great new friends in the Argentine military dictatorship. Instead, they just gave up.

The potential impact on the Polish situation is graver than the washing of hands on Afghanistan. If America's attention span is so short on the Afghan occupation, as it was a dozen years ago in Czechoslovakia, the temptation to Soviet hard-liners in Poland is that much greater.

The one real hope the West has of influencing Moscow toward restraint on Poland is to stand together on plans for economic retaliation if the worst happens. For our European allies that is a difficult thing, demanding sacrifice; they have very large sales to the Soviet Union. Now the allies see that a loud-talking American government will not sacrifice even a marginal political advantage with farm constituents.

What will Soviet leaders make of it all? Seweryn Bialer, the Columbia University specialist on Soviet affairs, says:

"It will confirm their view that there is not yet an American policy toward the Soviet Union—and they are right. There's a lot of rhetoric, but no policy. And we see more and more that the rhetoric is directed at an internal audience, the American audience, to create a political atmosphere here."

The lack of a recognizable policy on Soviet and other issues stems in part from the unresolved tension between Alexander Haig and the White House. Not a week goes by without some fresh indication of discon-

tent with Haig. At the State Department there is open talk that he cannot last. It is simply inexplicable that an Administration trying to project strength in the world should continue to tolerate such a situation.

[From the Washington Post, Mar. 20, 1981]

ZIGZAGGING THROUGH FOREIGN POLICY

(By Philip Geyelin)

It's been two months now since the Reagan administration was supposed to be ready to "hit the ground running" and more than four months since President Reagan was elected with a solemn vow to end the "zigzagging and vacillation" in American foreign policy.

Finally, this country's allies and adversaries would hear one, clear voice. There was to be no more of this business of sending mixed signals that had so eroded the prestige and power of the United States in the world. So what has there been?

The performance, zigzagwise, has been almost ludicrous, even granting that it is early on; key departments are still shot through with unfilled policymaking vacancies; the whole process is still a long way from having shaken down. You could make a case, on the face of it, of incompetence and incoherence beyond remedy.

But when you examine the zigs and zags closely, you can make a stronger case of an administration, for better or worse, struggling to work its way free of antediluvian dogma and case-hardened arch-conservative doctrine—trying to come to terms with itself and the realities. Examples:

Zig: Secretary of the Navy John Lehman takes it upon himself to propound publicly the argument that there is no legal reason for the United States to honor the provisions of both the expiring SALT I and the unratified SALT II arms control agreements. He would be against doing so, even by tacit arrangement with the Soviets.

Zag: Rightly reading this as elbow-jostling from the far right at a delicate moment in the administration's review of arms control strategy, and mindful of European sensitivities, Secretary of State Haig swiftly repudiates Lehman by name. An unusually blunt State Department statement, rushed to reporters, says Lehman's remarks "were not authorized, nor did they reflect administration policy."

Zig: Secretary of Defense Caspar Weinberger announces that he is in favor of reviving the idea of equipping American missiles and artillery shells in Europe with "enhanced radiation" warheads (otherwise known as neutron bombs).

Zag: Keenly aware of how touchy the issue is in Europe, and of where it fits into larger alliance defense planning, Haig wisely takes steps to make clear to our allies that this is by no means a final decision.

Zig: With the most elaborate orchestration, "war-torn" El Salvador is elevated to the pinnacle of East-West concern. The State Department speaks of "massive" arms flown from Cuba. Haig warns of "striking at the source." The threat, Soviet in origin, is said to be hemisphere-wide. All Europe, and all Latin America, must join in drawing the line. The U.S. military adviser force is doubled; aid is tripled. This is war.

ZAG: The president allows as how there was no real thought of "striking" at Cuba. Political solutions, and the importance of economic help and an end to repression by the U.S.-backed Duarte government, are given equal importance with military measures. Almost laughably, a State Department official complains that the whole story has been overblown by the press. It was only supposed to be a "signal" that, once delivered, should now be turned off. Be good enough, the press was told, to turn your attention elsewhere.

ZIG: The secretary of agriculture announces his undying opposition to the embargo imposed by Jimmy Carter on grain shipments to the Sovet Union.

ZAG: After examining both the effectiveness of the embargo and the effect of lifting it in return for nothing, the administration sensibly puts that decision on hold.

In extenuation, let it quickly be said that these (and other) zigs owed much to preconceptions made plain, and promises firmly offered, in the course of the Reagan campaign. The president did say that the United States should not abide by SALT II's terms "prior to ratification." He did favor the neutron bomb, oppose the grain embargo and warn of falling "dominoes" in Central America—with Mexico and, ultimately, the United States, the last in line.

So some part of the problem has to be that the administration's top figures hit the ground still running for president, so to speak, still faithful to every jot and tittle of the Reagan line. Some part of it has also to do with the president himself. Left to his own devices (in the interview with Walter Cronkite), he betrays a sort of fierce fidelity to a lot of his much earlier thinking, without much recognition of what may be new and different about today's Cold War.

And some part of it has to do with a sort of "scorched-earth" approach by long-frustrated conservatives finally come to power and determined to erase every fingerprint of the recent past: the Law of the Sea, the Carter refusal to upgrade Saudi Arabian F-15's and—above all—human rights.

There remains that part of the zigzagging that has to do with getting organized; the system, quite obviously, is not firmly in place. Meantime, there is the thing to be said for the Reagan vacillation: The second-thought zags have in every instance been an improvement over the zigs.●

AMERICAN AUTOMOBILE ASSOCIATION PRESENTATION

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. WOLF. Mr. Speaker, this month the American Automobile Association is presenting three young people the highest award given to the members of school safety patrols throughout the United States, the AAA School Safety Patrol Lifesaving Medal.

The lifesaving medal program was initiated in 1949 by the American Automobile Association to recognize and honor selected school patrol members for their heroic lifesaving contribution to their communities.

Since its inception, there have been more than 200 boys and girls from 27 States and the District of Columbia who have been honored with the lifesaving medal.

An award review board composed of representatives from active national organizations in the fields of education, law enforcement, and safety selects deserving medal recipients from those candidates who have been officially nominated for consideration.

This year one of the recipients of the 1981 award is from my district. He is Christopher S. McConnell, 13, from Woodmont Elementary School, Arlington, Va. Christopher will be honored for his quick action and heroic act.

One afternoon while on duty, he saved several children from danger when he noticed a bus beginning to roll backwards as they were boarding it. He immediately jumped into the bus and set the emergency brake that accidentally had been released.

Christopher should be recognized for his exceptional judgment and courage in a dangerous traffic situation. He serves as a model for his peers and is an inspiration to us all.●

REPROCESSING NUCLEAR FUEL MAKES GOOD SENSE

HON. CLAIR W. BURGENER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BURGENER. Mr. Speaker, this Congress will be making many decisions in the next few months which will determine our Nation's capacity to deal with our future energy needs over the decades ahead. One major issue will involve the reprocessing of spent nuclear fuel in order to recover and use a tremendous energy supply.

One view on this issue was recently the subject of a well reasoned editorial in the San Diego Tribune entitled "Reprocessing Nuclear Fuel Makes Good Sense." In the editorial, the point is clearly made that the reprocessing plant at Barnwell, S.C., is an asset our Nation should utilize fully.

I ask that the text of this editorial be printed at this point in the RECORD so that my colleagues may consider the arguments presented on this important issue.

[From the San Diego Tribune, Apr. 20, 1981]

REPROCESSING NUCLEAR FUEL MAKES GOOD SENSE

A decade ago, reprocessing of spent fuel from nuclear power plants seemed like a good idea. Today it is still a good idea, but it has fallen into disrepute.

The Reagan administration should rescue the privately owned reprocessing plant which stands nearly complete and idle at Barnwell, S.C. It should be operated by the government as part of the nation's nuclear energy program.

Each ton of spent fuel contains enough uranium and plutonium to generate, when reprocessed into new nuclear fuel elements, the energy equivalent of nearly 200,000 barrels of oil.

And reprocessing would reduce the waste disposal problem from nuclear energy plants.

The federal government persuaded Allied Chemical Co. and San Diego's General Atomic Co. to build the Barnwell plant. A permit was applied for in 1968. Construction started in 1971. The partners each invested nearly $200 million of private money in the venture. The government invested nothing, but did help make a site available.

But in 1976 President Gerald Ford, in a surprise announcement, created a task force to study the wisdom of nuclear fuel reprocessing. And the next year President Jimmy Carter suspended hearings and declared that there would be no reprocessing.

Allied Chemical and General Atomic were left with no return on their investment and no way to recover the investment. They want the government to buy the plant and operate it.

The government has operated several reprocessing plants for spent fuel elements from the government's own military reactors.

A similar reprocessing plant for civilian fuel rods is justified by economics. France and Britain have big ones. There are 17 all told around the world on this side of the Iron Curtain.

The U.S. plant was shut down primarily because of fears that the spread of reprocessing technology around the world would increase the dangers of nuclear proliferation. But the technology is spreading, whether we like it or not. And we will pay a heavy economic penalty if we don't use it.

Other nations operate their reprocessing plants as government enterprises. We should too. Government regulations and political policy changes make it impossible for private enterprise to do the job in this era of public controversy over every aspect of the nuclear power industry.

It may go against the grain of policymakers in the Reagan administration to take over a private enterprise. But the government has an obligation to Allied Chemical and General Atomic, based upon the fact that they built the plant at the government's request. And a takeover would be in the national interest.●

STUDENTS TOUR NATION'S CAPITAL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. LONG of Maryland. Mr. Speaker, on Monday, May 11, 1981, 178 young men and women from Parkville Senior High School in Parkville, Md., journeyed to Washington for a firsthand look at their Nation's Capital as part of their studies of American Government.

These students toured the Capitol Building and the Smithsonian National Air and Space Museum as part of their day's activities.

They were lead by the following teachers and parents: Ms. Majorie F. Bowerman, Mrs. Marcia Thompson, Mrs. Mary Any Opdyke, Mrs. Carol Slotke, Mr. Ray Kitz, Mrs. Karen Taneyhill, and Ms. Gerri Smith.

I am delighted they have taken an interest in our Nation's political process, and hope their interest will continue.

Students who visited us yesterday are: Robert Amos, Eric Benson, Pam Fuller, Jeanette Keller, Mike Annen, Laura Barr, Melanie Becker, Nick Bonamo, Karen Boyd, Dee Dobbins, Paul Duvall, Mike Fitzgerald, Jeff Flynn, Mark Fuhr, Michelle Gardner, Donna Gary, Debbie Gerlach, Allen Glassman, Laurie Hannibal, Dwayne Hudson, Evelyn Huth, Trisha Jackson, Tony Kelz, Stephanie Kostopoulous, Monica Leonard, Cherly Martin, Paul McDonald, John Lewis, Stevell Harrison, Bob Howser, Lisa Ricketts, Jackie Rollison, Lisa Russell, Carol Russo, Alan Schutz, Pam Slovick, Robert Soutar, Cathy Stran, Debbie Thornton, Jeff Vogtman, Diane Wills, Scott Young, Bryan Donnelly, Steve Meehan, Lee Phair.

Other students are: Yong Il Park, Young Chae Park, Yong Doo Park, Min Ja Seo, Jeong Yoon, Eun Sang Yoon, Dahvie Chhim, Helen Chhim, Chong-Sook Kim, Nang Sy, Teddy Woldeslassie, Kit Li, Robin Elliott, Dawn Haslup, Karen Hostetter, Diane Martin, Gregg Richardson, Sharon Thompson, Jackie Walters, Doris Brown, Pat Houseright, Jennifer Johns, Angela Cornias, John Huber, John Baibakis, Henry Davis, Kirk Jansy, Joe Janowiak, Susan Gilden, Jeff Schmidt, Kelly Chase, Tom Fannin, Adam Kundratic, Lou Maunner, Ed Stefan, Greg Hindle, Joe Liu, George Stratos, Deena Thorpe, Ronnie Oberender, Denise Russell.

Patty Ziegler, Caris Schoich, Gary Luber, Jim Brown, Carole Grimm, Cindy Moran, Germaine Miller, Dawn Steely, Brian Dodge, Mike McGinnity, Janice York, Leanna Boran, Jeff Speranzella, Susan Christian, Lisa Sorrentino, Diane Roesler, Michael Knight, Elaine Kokkanokos, Tina Kellner, Allison Mann, Steve Reisinger, Mike Skinner, Janna Koontz, Tim Kuchta.

Linda Cassidy, Debbie Merryman, Nancy Bonadio, Sara Lerch, David James, Earl Cassedy, Mike Denning, Robin Scott, Allison Hutchins, Teresa Blevins, Sherry Watkins, Lisa Koaneski, Tam Fels, Karen Rohr, Teresa Green, Robin Whiteside, Jenny Houston, Mark Bateman, Stephanie Bartleson, Joanne Conway, David Ellis, Kevin Earle.

John Ray, Scott Schmidt, Mary Horney, Joanne Stuart, Lori Chenworth, Pamela Hirsch, Joe Holmes, David Baker, Russ Roche, Victoria Wade, Nancy Brinkman, Mark Fuqua, Judy Emerson, Missy Gentry, Allison Kaufman, Mark Thrift, Shawn O'Neil, Susan Wade, Jay Hannon, Rosemary Reed, Bryan Kraft, Mike Lapinski, Jeff Johnson.

Janet Bodencak, Brian Freeland, Teresa Gittings, Hope Payne, Pat Doxzen, Robert Vickers, Tom Kilchenstein, Colleen McCrane, Tom Hall, Kim Raub, Becky Webb, Lisa Watson, Jeff Harrison, Kathy Schumck, Lisa White, Linda Hopkins, Dan Neidhardt, Stephanie Biles, Fred Baker, Shirley Coker, Joe DePasquale, Ray Kilchenstein.●

NORTH AMERICAN INDIAN ASSOCIATION OF DETROIT

HON. GEO. W. CROCKETT, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 12, 1981

● Mr. CROCKETT. Mr. Speaker, the year 1492 started the end of a way of life for American Indians in America. Through the years of struggle between Indians and an emerging nation many promises were made to our first American citizens, but none were kept.

Congress passed Public Law 93-638 in 1974 for the expressed purpose of restoring Indians to the vital mainstream of America, while at the same time respecting their cultures, languages, education, and unique outlook on life.

The act, known as the Indian Self-Determination Act, enabled tribes and urban Indian organizations to contract directly with the Federal Government to insure that Indians maintained their ability to participate in decisionmaking at local levels.

The budget passed by the House on May 7 includes budget cuts which will affect this important congressional policy toward American Indians. When Indian constituents from my district approach me with a solution to this termination by budget policy they urge me to ask Congress to help protect them by keeping the Federal congressional intent intact.

Relative to their concerns, the North American Indian Association of Detroit has asked that I share with my colleagues their Resolution No. 102-1981. I would like to insert the text of that resolution into the RECORD and urge my colleagues to read it:

NORTH AMERICAN INDIAN ASSOCIATION OF DETROIT, INC.

RESOLUTION NO. 102-1981

Whereas, the North American Indian Association of Detroit, Inc. provides services to American Indians in Detroit and Southeastern Michigan and;

Whereas, American Indians are among the nation's poorest citizens and;

Whereas, the Reagan Administration proposed budget cuts could have a disastrous effect upon the provision of services to Indian people in the urban as well as reservation area and;

Whereas, the special trust relationship extending to Indian people because of the numerous treaties and trust responsibilities would be jeopardized if Indian people were to be categorized as a part of the urban "ethnic" group and;

Whereas, the Intent of Congress in establishing Indian programs was to insure that Indian people, a small racial minority within states, urban area etc., should not be neglected in the provision of services due them: Now therefore, be it

Resolved, That the NAIA of Detroit, Inc. does hereby support a policy that the Federal Government should establish Indian set aside amounts if funding goes in block grants to states, to insure that Indian people continue to receive the special support indicated in the trust relationship and; be it further

Resolved, That existing Indian organizations and their proven services be given priority to insure that flow of services is not interrupted or stopped during any re-organization in federal funds and/or services.

This resolution adopted at a regular meeting of the North American Indian Association of Detroit board of directors this 7th day of March, 1981 by a vote of 7 for, 0 against, 0 abstaining.

Attest:

ELMER SEBASTIAN,
Chairman.●

TWENTY-NINTH CONGRESSIONAL DISTRICT RESIDENTS HONORED

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. HAWKINS. Mr. Speaker, the Democratic Party enjoys a long and distinguished heritage in the State of California. The strength of the party has always been the strength of character, dedication, foresight and compassion of its members.

Therefore, I am pleased to inform this House that four residents of my district have been honored as "Democrats of the Year." From California's 47th State Assembly District, Ms. Regina Render and Mr. George T. Hamilton; and from the 48th State Assembly District, Ms. Elizabeth "Pat" Eastman and Mr. McKever Toler.

In honoring these citizens, I am reassured once again that the Democratic Party will continue to prosper and foster progress for all America.●

IMPACT OF BUDGET CUTS ON THE ELDERLY

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. ROYBAL. Mr. Speaker, I want to express my most serious concern about the harmful impact the fiscal year 1981 rescission and the proposed fiscal year 1982 budget proposals relating to housing programs for the elderly will have on this Nation's senior citizens. Housing is of critical importance since the numbers of our older Americans are increasing dramatically now, and will continue to do so for many decades to come. I also understand the great need to control the impact inflation is having on the lives of every American. For many of our older citizens living on limited incomes in particular, the burden is intolerable. Yet, we must make sure that in our desire to check inflation now, we are not just postponing crisis-oriented national action that will have to be taken at a later date when our alternatives will be fewer and less cost-effective. We must make sure that in our desire to reduce Federal spending, we do not cut off necessary assistance to those people who are most in need. Before we assume that the budget proposals will not impact severely on the "safety net" of housing and related services to those older Americans most in need, let us first examine the current housing experiences of this Nation's elderly population, and also consider the growing demand this segment of the population will place on housing and related services as their numbers begin to swell in the years to come.

It is unfortunate and unpardonable that in a country such as ours, at least 30 percent of our older citizens live in substandard, deteriorating, or dilapidated housing. Many thousands of these individuals are forced to live in older units lacking some or all plumbing facilities.

In addition, two out of every five older adults cannot afford adequate housing for one-fourth of their incomes. What is worse, on the average, individuals in the over-75 age group pay 48 percent of their incomes for housing. Yet, as inexcusable as this situation in now, the housing crisis for the elderly only threatens to get much worse.

At the present time one of every nine Americans is 65 years old and over—a total of 25 million people. We are experiencing rapid increases in the numbers of individuals in the over-65 age category, and particularly among those people over 75 years of age—that segment of the population which is most likely to be in the need of some kind of assistance. By the year 2000, approximately 45 percent of the elderly population will be over age 75, of which well over half will be 80 years or older. Yet, at the same time, as the numbers of these more vulnerable Americans are increasing dramatically, the availability of units appropriate for low-income households is dropping sharply. For the first time in a century, the stock of rental housing is shrinking instead of expanding. Not counting federally assisted housing, the production of low-income rental housing has come to a virtual standstill in this country. Even without considering the significant factors of quality, suitability, and availability, the rental housing crisis is acute given the fact that there has been a net loss of at least half a million units per year at rents the lowest income households can afford.

Given these major forces at work in this country, it is easy to see that something must be done to address the housing needs of the elderly, I am happy to see that the section 202 housing for the elderly and handicapped program funding level will not be reduced in fiscal year 1982. This important program has been the vehicle through which most low-income housing for the elderly and handicapped has been built in this country. By retaining the current funding level, the administration has shown a sensitive awareness that the housing needs of many of our older citizens are indeed substantial, and that a large proportion of these individuals can be considered to be among the truly needy.

Nevertheless, it concerns me very much that the proposal to reduce the level of additional section 8 and public housing units by one-third in fiscal year 1982 will impact dramatically on many of our needy and most vulnerable senior citizens. Historically, the elderly poor have benefited substantially from Federal housing programs. In the variety of subsidized housing programs today, the elderly comprise almost half of the served; 100 percent of these older persons are low-income.

However, it is estimated that for every low-income occupant of subsidized housing, there are another three persons waiting for a unit. With the numbers of elderly Americans increasing so greatly and so rapidly now, and in decades to come, I wonder where many of the low-income elderly will find an affordable and adequate place to live. We cannot afford to put off addressing a brewing housing crisis for the sake of saving a few Federal dollars now. Sooner or later the problem of how to adequately house our rapidly growing numbers of senior citizens is going to have to be dealt with. Waiting until the crisis worsens before we react will be both inadequate and costly. Since it takes several years between the time a housing unit is planned until it is finally ready to be occupied, we do not have the luxury of waiting. In order to be the most cost-effective with our Federal housing dollars, we must be farsighted and prepared to handle the growing need before it is upon us.

I also question the necessity of raising the rent contribution of elderly residents of subsidized housing from 25 to 30 percent of their adjusted incomes. At a time when inflation has already hit the poorest of the poor particularly hard, we are asking them to absorb what amounts to a 20-percent rent increase. Let us not forget that we are already dealing with households whose incomes are well below the poverty level.

When matched against the Bureau of Labor Statistics' lower living stand-

ard, many of these elderly individuals can afford nothing for housing if they are to meet other essential needs. For the elderly living on fixed incomes, increasing the rent by even a slight amount would cut severely into the already overwhelming burden of meeting essential nutritional and medical expenses.

One argument that is often made in support of increasing rents for public housing/section 8 tenants is that those not in subsidized housing are already paying much more. However, comparing the rents of subsidized tenants with those who do not receive such a subsidy is not always accurate or valid since many public housing tenants actually pay 35 percent, 40 percent, or even more of their incomes for rent when utility costs are added in. Until we know more about the actual rent-incomes ratios, including utilities, I do not believe it is valid to assume that subsidized elderly tenants are not already carrying a severe housing burden.

In addition, I am concerned that even with the higher rents, money will not be put back into the public housing units themselves for badly needed maintenance and other operating expenses. Since each dollar of increased tenant rents will be offset by $1 less in operating subsidies, I question whether or not we are proceeding in the most cost-effective manner with this change in policy. I wonder if in the interest of reducing Federal spending in the short run, we are not just paying a more expensive cost in the escalated deterioration of our public housing stock.

Finally, I find it difficult to understand the reasoning behind the rescission of $10 million in fiscal year 1981 for the congregate housing services program, and the fact that no funding has been slated to continue this very important and crucial program in fiscal year 1982. The congregate housing services programs was adopted in 1978, with overwhelming bipartisan support, in response to the dilemma hundreds of thousands of our partially or impaired older Americans are confronted with. To remain in their residence means an almost insurmountable struggle to find the services they need to prevent further physical decline and social isolation. Yet, seeking refuge in medically oriented facilities often exposes the residents to more services than they require, resulting in unnecessary and exorbitant costs for both the senior citizens and the Federal Government.

In terms of costs, the congregate housing services program is clearly more cost-effective than nursing home care. Federal expenditures for an older person in section 202 or public housing are about $1,800 per year (1980). If we combine that with the estimated cost of the congregate services, we have a total of $3,675 per person per year. On the other hand, Federal reimbursement for skilled nursing home care under the medicaid program ranges from $6,081 for Maryland, a State with the lowest Federal matching requirement, to $7,117 for Mississippi, the State with the highest Federal match. If we compare even the lowest cost to the Federal Government for nursing home care, we see that it is almost $2,000 higher per person per year than the cost of congregate services, and if we look at the highest cost, it is almost $3,400 more per person per year.

Substantial testimony before the House and Senate committees has revealed that well over a third of nursing home residents aged 60 and over need only very little assistance in performing daily tasks, and that only 14 percent are extremely impaired physically. It is usually the lack of a friend or relative to help with these daily tasks that determines who stays in the community, and who ends up being placed in less cost-effective institutional settings. A great number of these older and handicapped people could live more independently, more satisfactorily, and at less expense to the Federal Government if they had reliable services that the congregate program provides. For these vulnerable elderly individuals, the impact of even a seemingly small reduction in program funding would be devastating.

As chairman of the Subcommittee on Housing and Consumer Interests, of the Select Committee on Aging, I have talked to many of our senior citizens living in low-income housing projects. The elderly residents in these projects have told me time and again how much they fear premature placement in institutions. They view nursing homes and similar facilities as places which rob them of their dignity and independence, and as places from which they will never leave once they are admitted. Without the congregate housing services program, many partially or temporarily disabled older Americans now, and in the decades to come, are going to have their own worst fears realized.

In sum, let us make sure that in our heartfelt desire to control the devastasting impact of inflation on every individual in this country, we do not overlook the need for caution in making sure that the most vulnerable of our older citizens are not accidentally swept aside in the process. Particular care must be taken when making budgetary decisions regarding housing production and related services, especially since budgetary decisions we make now will impact on the availability of adequate housing for the elderly for many years to come.●

SOCIAL SECURITY EARNINGS LIMITATION LEGISLATION

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. MICA. Mr. Speaker, I am today introducing two legislative measures which, if enacted, would allow the senior citizens of our Nation the incentive to continue to make great contributions to our society beyond their normal retirement age.

I offer this legislation in the hope that we would give incentives to those industrious individuals of retirement age who seek to supplement their social security benefits by working. As you know, under current law, those receiving retirement benefits have $1 deducted from their social security checks each month for every $2 they earn over $5,000 in 1981. A change in this law would encourage this industriousness and allow our country the benefits of a great storehouse of knowledge and wisdom from senior citizens that they have gained from a life of work experience.

The high cost of living fueled by inflation has a real impact on all of us, but particularly our senior citizens living of fixed incomes. Many of these citizens are willing and able to continue their jobs in the work force beyond retirement age, thereby enabling them to gain financially and also generating additional revenue for our Government. However, our current laws do not make this continued employment financially feasible.

One of the measures I am introducing today would increase to $10,000 in 1981 the annual amount of earned income that a social security beneficiary of any age may have without suffering deductions from benefits. This amount would be adjusted automatically in the subsequent years to allow for inflation.

The second measure I am introducing would remove the earnings limitation completely so that the amount of earned income would not affect in any way one's social security benefits.

I am hopeful that the Congress will see fit to seriously consider both measures and, in the end, provide our senior citizens with the dignity they deserve in being productive workers throughout the latter years of their lives.●

HUMAN RIGHTS IN ARGENTINA—"QUIET DIPLOMACY" AND ANTISEMITISM

HON. DON BONKER
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. BONKER. Mr. Speaker, last week during the markup of the foreign assistance legislation, in discussing Argentina, Reagan administration spokesmen said that quiet diplomacy as opposed to Carter's open diplomacy is working in bringing about human rights improvements in Argentina. They also said that antisemitism is not the official policy of the Government of Argentina. Any acts of antisemitism are being carried out by private groups.

I would like to call to the attention of my distinquished colleagues two items of interest.

The first concerns a letter from Emilio Mignone, president of the Argentine Center for Legal and Social Studies and one of the foremost human rights activists in Argentina. He is one of the six who were arrested recently for their human rights work. In his letter Mignone states:

I believe that an open policy on human rights matters, as the one carried out by President Carter's Administration, is the most effective toward regimes such as the Argentine government. Carter's actions were immensely valuable to restrain the crimes of my country's military dictatorship, which applies the totalitarian principles of the ideology of collective security.

The second is a review of Jacobo Timerman's book called, "Prisoner Without a Name, Cell Without a Number." Jacobo Timerman, to refresh the memory of my distinguished colleagues, was editor and publisher of a leading Buenos Aires daily newspaper, La Opinión. He was arrested in 1977 and described his treatment while in prison. Timerman said each round of questioning began in the same way: "Are you a Jew?". . . "Are you a Zionist?". . . "When did your Zionist activities begin?". . .

I commend to the attention of my distinguished colleagues the review of Mr. Timerman's book by Anthony Lewis which appeared in last Sunday's New York Times.

The review follows:

[From the New York Times Book Review, May 10, 1981]

THE FINAL SOLUTION IN ARGENTINA

(By Anthony Lewis)

PRISONER WITHOUT A NAME, CELL WITHOUT A NUMBER—BY JACOBO TIMERMAN

The prisoner is blindfolded, seated in a chair, hands tied behind him. The electric shocks begin. No questions are put to him. But as he moans and jumps with the shocks, the unseen torturers speak insults. Then one shouts a single word, and others take it up: "Jew . . . Jew . . . Jew! . . . Jew!" As they chant, they clap their hands and laugh.

Germany in 1939? No, Argentina in 1977. Were the torturers an outlaw band, a gang of anti-state terrorists? No, they were part of the state: military men from one wing of the armed forces that controlled the Argentine Government in 1977 and still do.

And the victim: Was he some unlucky social outcast? No, he was Jacobo Timerman, editor and publisher of a leading Buenos Aires daily newspaper, La Opinión. And in a sense he was lucky. For, unlike 15,000 other Argentinians who were seized by the military over the last five years, he lived.

Timerman lived. And he has used that grace to write an extraordinary book about his experience. It is the most gripping and the most important book I have read in a long time: gripping in its human stories, not only of brutality but of courage and love; important because it reminds us how, in our world, the most terrible fantasies may become fact.

Not just autobiography, or political analysis, or a victim's cry in the night, it is all these things. Timerman describes what he suffered in prison and what he thought, and how he and Argentina got to where they were. The New Yorker came close in the title it used when it published part of the text last month: "Reflections." Timerman writes with passion, but a passion controlled almost to the point of detachment. The effect is devastating.

In spare words, Timerman shows us a sophisticated society falling into irrationality and savegery—a savagery in which nearly everyone silently acquiesces. He gives an unforgettable picture of our century's special contribution to civilization: state terrorism.

It happened in Argentina. But those who read this book around the world will understand the universal application. It could happen, it has happened elsewhere. Argentine anti-semitism copied the Nazis'. The guards' behavior was much like that described by Huber Matos when he got out of Cuban prison in 1979. In some of the cells where he was kept, Timerman suffered a humiliation and torment that Soviet psychiatric prisoners have described: having to ask a guard for permission to use the toilet and often being turned down.

The methods of modern tyranny repeat themselves. With this reality compare the political-science abstraction that has served since last Jan. 20 as a premise of United States human-rights policy: the theory that right-wing governments are merely "authoritarian" and do less damage to human rights than "totalitarian" Communist regimes.

The principal author of that theory is Jeane Kirkpatrick, United States Ambassador to the United Nations. Elaborating it in 1979 in the magazine Commentary, she wrote that, unlike Communists, "traditional autocrats" observe "traditional taboos." For example, they respect "habitual patterns of family and personal relations."

I thought about Ambassador Kirkpatrick when I read Timerman's description of the Miralles family: father, two sons and a daughter-in-law. Timerman heard them tortured, and they were not the only ones.

"Of all the dramatic situations I witnessed in clandestine prisons," he writes, "nothing can compare to those family groups who were tortured often together, sometimes separately but in view of one another. . . . The entire affective world, constructed over the years with utmost difficulty, collapses with a kick in the father's genitals . . . or the sexual violation of a daughter. Suddenly an entire culture based on familial love, devotion, the capacity for mutual sacrifice collapses. . . .

"From my cell, I'd hear the whispered voices of children trying to learn what was happening to their parents, and I'd witness the efforts of daughters to win over a guard, to arouse a feeling of tenderness in him . . . in order to learn what was happening to her mother, to have an orange sent to her, to get permission for her to go to the bathroom."

The Argentine Ambassador to Washington, Jorge A. Aja Espil, writing to The New York Times recently in defense of his Government, cited the case of Jacobo Timerman as an example of its "independent judiciary." The Argentine courts, he said, "are open to him as they are to any person."

What happened to Timerman was this:

At 2 in the morning on April 15, 1977, 20 armed men in civilian clothes raided his apartment in Buenos Aires. They handcuffed him, covered his head with a blanket, threw him on the floor of his own car and drove off with him. They said they were acting on orders of the First Army Corps. When his wife telephoned that corps, she was told that no one there knew anything about it. He had disappeared.

The family next heard of him on May 25, six weeks later. Timerman telephoned and said he was now in national police headquarters and could be visited for three minutes. In June he disappeared from there—apparently, as he pieced it together later, because the United States Assistant Secretary of State for Human Rights, Patricia Derian, was coming to Argentina and would almost certainly ask to see Timerman; some in the military thought others might release him as a good-will gesture and wanted to prevent that.

In October 1977, he was taken before a military tribunal, which said there was no basis for charges against him and he should be released. He was not.

In April 1978, he was taken home and held there under house arrest: not allowed to leave the apartment, with armed guards present at all times.

In June 1978, the Argentine Supreme Court ruled that, because there were no charges against him, he must be released. He was not.

In September 1979, the Supreme Court for the second time ordered his release. The generals in the Government were divided on what to do. Under heavy pressure from the Carter Administration and members of the Congress, the generals reached a Solomonic decision. Without any authority in law, they annulled Timerman's citizenship, confiscated his newspaper and all other property, and expelled him from the country, without a chance to appeal to the courts, by taking him under guard to a plane for Israel. Timerman comments:

"Need one add that Argentine newpapers, jurists, political friends of the government, Jewish community leaders—all those who will one day claim they knew nothing, like the Germans who claimed total unawareness of the existence of concentration camps—congratulated the government for obeying a court ruling and faithfully respecting the majesty of Justice?"

He is not a forgiving man. He names names in this book: torturers, generals, anti-Semitic journalists, Jewish leaders who do not want to make a fuss. But then his role is not to forgive. It is to be a witness—for the rest of us.

Why was Timerman kidnaped, tortured, detained? There is no formal, legal answer

to that question, because no charges were ever made against him. And there is no clear explanation of any other kind.

His newpaper had printed stories the military disliked, but it had not carried on a sustained challenge to the junta; and Timerman had maintained personal relationships with some military figures. When United States officials asked the Argentine Government why he was being held, they got back only vague innuendos about his financial dealings or his connections with "Israeli terrorists."

The lack of a rational explanation is in fact an important aspect of what happened—to Timerman and thousands of others. For Argentina has been in the grip of unreason. One of Timerman's purposes is to explore the origins of that phenomenon, and he does so convincingly in terms both of Argentina's particular history and of right-wing fanaticism generally.

In the clandestine prisons where he was held, the guards and torturers were required to attend what was called "The Academy"—a weekly lecture, usually by an Army intelligence officer, on World War III. The war has already begun, they heard: an onslaught by left-wing terrorism that could not be resisted by democratic governments or democratic methods. Timerman thought the listeners might not realize it, but the logic was the same as that offered by the Nazi Party in Germany as it rose to power.

The Argentine armed forces, Timerman says, have long lived in a hermetic world, the officers linked by family with each other and with certain civilians who cooperate in intermittent military rule. They want life to be clear-cut, orderly; they resent to the point of hatred, of obsessive fantasy, the disorderly contemporary developments in science, religion, literature.

The fears and hatreds of the military were intensified in the 1970's by a real threat: widespread urban terrorism in Argentina. As the left-wing guerrillas conducted their killings and extortions, a right-wing secret organization matched those tactics, murdering not just alleged terrorists but lawyers who defended them in court and journalists who argued that the correct response to terror was not counter-terror but law. In 1976 the military took over the Government, and various military units began practicing terrorism with impunity.

The military Government indicated some of its fears of the modern world by its decrees, Timerman says. It imposed strict moral as well as political censorship. It banned sociology, philosophy and psychology as university majors. It forbade the use of Freudian techniques in hospital psychiatric services. Psychiatrists were a special target. Fifteen armed men came to abduct the president of the Argentine Federation of Psychologists from her hospital, dragging her down the hospital corridors by her hair.

"Argentina has three main enemies," one ideologue of the military regime said. "Karl Marx, because he tried to destroy the Christian concept of society; Sigmund Freud, because he tried to destroy the Christian concept of the family; and Albert Einstein because he tried to destroy the Christian concept of time and space." The enemies were three of the principal creators of the modern world—and all were Jews.

Timerman's picture of anti-Semitism at work in Argentina is especially significant. Anti-Semitic literature is studied in military academies and widely sold on the streets. Zionism is described as a more dangerous enemy than Communism. While in prison Timerman was asked about a secret trip Menachem Began supposedly made to Argentina, and about Zionist schemes to seize Patagonia and turn it into a second Zionist state, "Andinia."

When Timereman was before the military tribunal, each round of questioning was begun in the same way by its president, Colonel Clodoveo Battesti:

"Are you a Jew?"

"Yes, Mr. President . . ."

"Are you a Zionist?"

"Yes, Mr. President . . ."

"When did your Zionist activities begin?"

"At the age of 8, Mr. President. My mother enrolled me in a sports club called Macabi."

Once Timerman was unexpectedly taken from prison and brought before the Minister of the Interior. (The reason, it turned out, was that Patricia Derian had forcefully raised the issue of his imprisonment that day with President Jorge Rafel Videla.) The Minister, who had known Timerman for years, wanted to see his physical condition. Timerman asked why he was in prison.

"You admitted to being a Zionist, and this point was revealed at a meeting of all the generals."

"But being a Zionist is not forbidden."

"No, it isn't forbidden, but on the other hand it isn't a clearcut issue. Besides, you admitted to it. And the generals are aware of this."

The very first questions put to Timerman after his kidnaping were: Are you Jewish? Are you a Zionist? Is La Opinión Zionist? Curiously, Timerman reckons that his answers—yes—saved his life. The interrogators thought they had a key figure in the world Jewish conspiracy and wanted to save him for a show trial.

It is of course only Jews who have suffered in Argentina—or the Soviet Union or the other tyrannies of the earth. Indeed Timerman, really speaking to himself, warns against feeling "sorry for ourselves as Jews." Most of those killed in Argentina, he emphasizes, were not Jews. "But in the solitude of prison," he goes on, "it is so sad to be beaten for being Jewish. There is such despair when they torture you for being Jewish. It seems so humiliating to have been born."

The other factor that saved him was international attention to his case. The point about international concern is more important, much more, than a single life saved. In some ways the most terrible aspect of life in Argentina after the military took over in 1976 was the silence. Some 15,000 people were kidnaped and never seen again. Sometimes bodies would be found, or a released prisoner would report seeing someone tortured or killed in a secret prison. Mostly they just vanished. When mothers of the disappeared tried to publicize the horror, they were ignored. With a very few honorable exceptions, the newspapers printed nothing. The Government resisted all attempts even to publish the names of those who had disappeared.

The silence may be the most chilling thing in this chilling book. Before he became a victim, Timerman spoke with a naval officer who said that all suspected terrorists must be exterminated. Timerman asked, "What do you mean by all? The officer answered: "All . . . about 20,000 people. And their relatives, too—they must be eradicated—and also those who remember their names. . . . Not a trace or a witness will remain."

A Final Solution: and it depended on a silence that would eventually legitimize the new state. That in turn depended on the world's acquiescence.

Last month Argentina's Foreign Minister, Oscar Camilion, dismissed the question of "so-called human rights" in diplomacy. "We Argentines will reach our goal of national conciliation," he said. "We will create reasonable stability in our institutions, and the world will sooner or later accept the way we Argentines find to live with ourselves."

But at the crucial time the world did not accept the Argentine military's way to reasonable stability, which was the peace of death. The world, in the form of Amnesty International and the Organization of American States and the Pope and the Carter Administration, provided the essential: information.

"Only public knowledge," Timerman writes, "can alter, to some extent, the course of these events, this downward slope in the march of history." We are blessed as readers and as human beings that this witness survived.●

MAY 12, 1981: 5 YEARS OF THE MOSCOW HELSINKI GROUP

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. FASCELL. Mr. Speaker, today I would like to draw the attention of my colleagues to the work of a remarkable group of Soviet citizens: To the 11 people who, 5 years ago today, formed the Moscow Helsinki Group. Taking as their goal the implementation of the human rights provisions of the Helsinki Final Act, these Soviet citizens withstand KGB repression, including the forced exile of six group members and the imprisonment of eight others: Malva Landa, Viktor Nekipelov, Yuri Orlov, Tatiana Osipova, Anatoly Shcharansky, Vladimir Slepak, Leonard Ternovsky, Feliks Serebrov, and Aleksandr Ginzburg.

Despite press reports that the Moscow Helsinki Group no longer functions, the four members of the group still at liberty (Elena Bonner, Sofya Kalistratova, Ivan Kovalev, and Naum Meiman) continue to issue reports on the steadily deteriorating human rights situation in the U.S.S.R. The success of the Moscow Helsinki Group is evident in several ways: The information which it has provided is the basis for a good understanding of human rights problems in the U.S.S.R.; the example of the group led to the formation of similar groups in Ukraine, Lithuania, Georgia, and Armenia and of affiliated groups concerned with religious rights and health issues; the citizens' Helsinki rights movement spread to other countries with the formation of charter 77 in Czechoslovakia, KOR in Poland, and the Helsinki Watch in the United States.

Unfortunately, the Soviet authorities have reacted to the success of the

Soviet Helsinki groups by a severe crackdown against the groups: There are 43 members of these groups and their affiliates currently imprisoned in the U.S.S.R. and serving total sentences of 278 years. Thereby, the Soviets not only flout their obligations under the 1975 Helsinki Final Act, but they reveal their fear of the truth about conditions in the country they rule so ruthlessly.

All of us in the West have a debt to the brave men and women in the Soviet Union and in the Moscow Helsinki Group who speak up for the truth in the face of a government monolith. As Chairman of the Commission on Security and Cooperation in Europe, I would like to pay tribute to the many contributions which the Moscow Helsinki Group has made during the 5 years of its invaluable work.●

DEREGULATING THE AIR TRANSPORT INDUSTRY

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. MINETA. Mr. Speaker, I am today introducing, by request of the Civil Aeronautics Board, proposed legislation which would complete the process of deregulating the air transport industry, and which would sunset the CAB. We are also expecting to receive proposed legislation on the same issues from the Department of Transportation on behalf of the administration. The Members of this House can expect hearings by the Aviation Subcommittee on this subject this summer.

I also insert at this point in the RECORD the letter accompanying the proposed legislation from Marvin Cohen, Chairman of the CAB.

CIVIL AERONAUTICS BOARD,
Washington, D.C., May 7, 1981.

HON. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Enclosed for your consideration and appropriate reference is a legislative proposal "to terminate the functions of the Civil Aeronautics Board and to transfer certain functions of the Board to the Secretary of Transportation, and for other purposes."

The Board's proposal on January 1, 1983, transfers its mail rate function to the Postal Service, terminates related authority, statutorily deregulates cargo and mail transportation, and abolishes the special administrative procedures for processing airline mergers and acquisitions. On October 1, 1983, the proposal would transfer to the Department of Transportation the Board's small-community air service program, its international functions, and its public-protection powers, and to the Federal Trade Commission the Board's enforcement functions concerning unfair and deceptive practices in the air transportation industry. Upon agreement of those agencies and the Board, the transfers of such functions and termination of related non-transferring authority could occur before that date, but not earlier than January 1, 1983. Once all of the Board's functions were transferred or terminated, the Board itself would cease to exist.

In the 2½ years since the Airline Deregulation Act was passed, the process of deregulation has moved ahead according to the Congressional plan. There now appears to be no reason to continue the Board for 2 full years, as the 1978 Deregulation Act does, after its domestic route and pricing authority sunsets on January 1, 1983. We believe that the maximum time that may be needed to monitor the effects of the sunset of domestic route and pricing authority is 9 months, until October 1, 1983. If conditions warrant, the agencies concerned could agree with the Board to transfer their respective continuing functions, and terminate related non-transferring authority, earlier. Once all functions were transferred and authority terminated, the Board would sunset. This scheme will allow a high degree of flexibility in transferring functions, while ending those functions that are no longer needed and bringing about the Board's sunset without undue delay. It would keep intact the principle of a phased sunset for the Board as in the Deregulation Act, but allow the termination of the agency if conditions show it is possible.

While the sunset provisions of the Airline Deregulation Act dealt specifically with several Board functions, ending some and transferring others, it was generally recognized that more detailed decisions would have to be made in further legislation. The Board's proposal addresses those issues. In summary, the primary provisions of the Board's proposal would:

Eliminate certificates for domestic air transportation;

Leave to the FAA the responsibility of ensuring that carriers are fit to provide safe transportation;

Revise the Federal preemption provision of the Federal Aviation Act to (1) reflect the elimination of domestic certificates; (2) continue to bar the States from regulating interstate carriers and operations except those carriers that have only a minimal involvement with interstate operations; (3) clarify that the preemption provision does not exempt airport operators from the antitrust laws with respect to airport access of carriers; and (4) clarify that carriers have a private right of action if access to a public airport is unreasonably withheld;

Eliminate the Board's authority to prescribe mail rates and the carriers' duty to carry mail, as being inconsistent with the Deregulation Act's direction that the Postal Service's mail rate authority is to be exercised through negotiation and competitive bidding;

Repeal the section 406 subsidy program, as proposed to Congress earlier this year in the Administration's budget for 1982;

Eliminate the Board's authority over mergers and acquisitions, replacing it with authority to intervene in antitrust cases in the courts and with a requirement to notify the court of its view on whether the merger should be conditioned upon the release of any international routes with eventual transfer of these provisions to DOT;

Transfer the authority to approve and immunize carrier agreements to DOT, repealing such authority for domestic transportation on January 1, 1986;

Transfer the Board's authority over the carriers' duty to provide safe and adequate service, which is a primary source for public (consumer) protection, to DOT for the same limited purpose. This duty is clarified by the Board's proposal to apply it only to such service that the carrier chooses to provide. Based on Board precedent in enforcing this duty and on the Board's proposed language, there is no intent that this provision is to authorize the regulation of rates or routes of air carriers; and

Transfer the Board's authority to collect information and reports to DOT, along with the existing data systems.

The Board believes that its proposals will ensure continued progress in this first experiment in government deregulation. If it can be done, it will set an important example for future sunset of government agencies and deregulation of other parts of the economy.

Accompanying this proposal is a Section-by-Section Analysis and a Statement of Justification for its major positions, which explain the details and background of the proposed legislation.

I have dissented from the Board's approval of that part of this proposal that continues the Board in existence until October 1, 1983, as has Member Bailey. Our dissenting statements are attached at the end of the Statement of Purpose and Justification.

Sincerely,

MARVIN S. COHEN,
Chairman.●

CENTENNIAL OF THE BOSTON HOME, INC.

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. DONNELLY. Mr. Speaker, it is my great pleasure to inform my colleagues that this year marks the centennial anniversary of the Boston Home, Inc., of Dorchester, Mass., formerly known as the Boston Home for Incurables. The Governor of our State has issued a proclamation honoring the fine work of the home's staff and volunteers.

The institution was founded as a small chronic hospital in Brighton, Mass., in 1881 by Miss Cordelia Harmon, a trained nurse who had worked at the Massachusetts Hospital and recognized the difficulty of finding a place for patients who were permanently disabled and could not be properly cared for in their homes. Over the past century, with leadership from many persons including the late Charles R. Codman, the first president, to Charles E. Cotting, present honorary chairman, who has served as a trustee since 1927 and as president from 1939 to 1974, the Boston Home became one of the finest skilled nursing care, level II facilities in the Commonwealth and Nation, and is now open to women of varying ages, including many senior citizens. In 1978, as an accredited member of the American Health Care Association and the Massachusetts Nursing Home Association,

the Boston Home received the "E" for excellence Award of the Massachusetts Federation of Nursing Homes for its high professional competence.

As present president, John H. Gardiner has stated, "A centennial is a singular benchmark for any nonprofit institution * * * a time to thank our past benefactors and workers and to plan ahead." I commend the record of compassion and care of the Boston Home, and I look forward to a vibrant future for this distinctive health care facility.●

PROPOSAL FOR A MODEL NURSING HOME

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. PEPPER. Mr. Speaker, May is Senior Citizens Month and within the month 1 week has been designated as National Nursing Home Week. In keeping with this event, I think it is time we recognized the many excellent nursing homes around the Nation that are providing excellent services to their residents. Of course, serious problems remain and the House Select Committee on Aging has pledged to work with senior citizen groups and providers to bring about continuing improvement in the quality of care in America's long-term care facilities.

In its landmark series of reports, the Senate Committee on Aging in 1976 called upon the Congress to establish and fund a model nursing home to be operated in conjunction with the National Institute on Aging. This nursing home would serve as a teaching facility in which students and interns from medical schools around the Nation could serve and learn to specialize in geriatrics.

Our committee has held numerous hearings which suggest the importance of establishing the study of geriatrics more prominently in our schools of medicine. I think this is absolutely essential. We have long since recognized pediatrics as an area of specialization. It is time we recognized that the aged have unique medical problems which deserve to be treated in the same comprehensive way. I also think the model or teaching nursing home is an idea whose time has come.

Mr. Speaker, one of the strongest advocates for establishing divisions of geriatrics in our Nation's medical schools and for the establishment of a model nursing home is Dr. Robert Butler, the Pulitzer Prize winning author and Director of the National Institute on Aging. Dr. Butler has just authored an excellent article which appeared in the Journal of the American Medical Association, April 10, 1981 edition. Mr. Speaker, I ask unanimous consent that the article be reprinted in the RECORD at this point:

THE TEACHING NURSING HOME

Experiencing a rapid growth of its elderly population, the United States finds itself short of professionals trained in geriatric medicine, nursing, social work, and allied disciplines. Knowledge about aging, diseases of the elderly, and their effective diagnosis and treatment is being developed at a snail's pace.

A corrosive pessimism about later life and prejudice against the elderly still persist in many areas of our society, including the health care field. Many elderly persons and their families find scant comfort in the administrations of health care organizations. Physicians refer but tend not to follow up their patients in the nursing home. The image of the nursing home is scarred by scandal, abuse, ignorance, and fear—an image similar to that of the ancient hospital untouched by science.

It appears that the mainstream of U.S. medicine points away from its most prominent clientele. The nation's 25 million persons aged 65 years and older constitute 11 percent of the population but account for 30 percent of all personal health care spending. This older group benefits from 55 percent of all federal health dollars. Of the $200 billion spent annually for health care in this country, about $60 billion is accounted for by the elderly, chiefly those older than 75 years—the most rapidly growing segment of the U.S. population.

By "tomorrow" there will be larger numbers of the elderly in the physician's office and in the nursing home. The future contains 55 million elderly persons, or somewhere between 1 in 7 to 1 in 5 Americans in the year 2030. Twenty-five million of them, equaling today's total elderly population, will be 75 years and older.

It is time to "gear up" organizationally in research, training, an systems of health care and human services. There is a lot of catching up to do. The magnitude of the task is suggested by an estimate for 1977: based on population size and use patterns, this country then needed 7,000 physicians trained in geriatric medicine. According to a 1977 American Medical Association survey, only 629 physicians identified themselves as having a primary, secondary, or tertiary specialty in geriatrics. Few had any identification with research, and most showed none of the hallmarks of expertise in a specialty.

At about the same time, this country's nursing home expenditures were approaching $15 billion per year, rising at an annual rate of 16 percent or more, much faster than the health care economy as a whole. Today, with 1.3 million people in nursing homes, the spending level is nearing $22 billion per year. By 1990, it is forecasted to reach $75.6 billion. In that year, there will be an estimated need for 7,000 to 10,300 geriatricians, chiefly as teachers in medical schools, as medical directors in nursing homes and retirement communities, as consultants, and, in complex cases, as primary care practitioners. The current pace of training in geriatric medicine will not satisfy that forecast.

A NEW WAY

This article proposes methods to deal systematically with the treatment problems that are rooted in inadequate geriatric research and training. In the area of long-term care, our society has lacked an institutional resource as powerful as the university-affiliated teaching hospital. Thus, an organizational focus for geriatric research and training should be developed: the academic or teaching-research nursing home.

Just as 450 teaching hospitals have been paradigms for 7,000 community hospitals, teaching nursing homes can be models for 18,000 nursing homes and several thousand home-health services, some of which already are based in or associated with nursing homes.

These teaching and research facilities would be affiliated with universities. most closely with medical, nursing and social service schools. In their most complete form, they would have an outreach or home care extension. Few facilities approximate this concept today.

A physician audience may be particularly well situated to appreciate the goals of a program to establish model facilities at selected academic sites, initially involving 25 medical schools:

To foster systematic clinical investigations of disease processes in the aged, and to develop diagnostic techniques (especially comprehensive assessment procedures) and methods of treatment adapted specifically for the elderly;

To train geriatricians, physicians in traditional specialties heavily used by the elderly, geriatric and other nurses, and a variety of other urgently needed professionals;

To establish a research base for (1) improving care in nursing homes and in physician practices, (2) designing community services and clinical strategies for postponing or preventing institutionalization, and (3) rehabilitating and rapidly returning patients to their own homes; and

To devise and demonstrate cost-containment strategies.

RESEARCH

Teaching nursing homes would, if successful, bring geriatrics into the mainstream of American medicine where a thriving intellectual atmosphere exists. Senile dementia provides evidence that this is needed. Because of exclusion at the hospital and mass release from mental hospitals, patients with senile dementia of the Alzheimer's type (SDAT) are not found in "mainstream" institutions. They are concentrated in nursing homes, which have virtually no ties to academia. The SDAT patient is virtually unrepresented in clinical research.

The SDAT and other forms of senile dementia afflict 3 to 4 million Americans, including 1 million so severely that they cannot manage by themselves. Many are in nursing homes. Because death certificate and morbidity data tend to ignore or slight these diseases, it is hard to estimate their costs. However, if through research we could succeed in reducing the nursing home population by 10 percent, savings would amount to $2 billion a year.

Dementia would be one of a number of high-priority subjects for research in the teaching nursing home. Others, perhaps equally neglected at present, would be gait disorders and other problems of ambulation, proneness to thermal disorder (such as accidental hypothermia and heat exhaustion), and problems peculiar to age (such as orthostatic hypotension, nonketotic hyperosmolar coma, and nonvascular drop attacks).

Other priorities include studying the causes and management of bedsores, pain, and fecal and urinary incontinence. Special features of the aged patient would be studied, such as multiple pathological conditions, as well as polypharmacy and nutritional problems. The use of new methods of

diagnosis and the design and demonstration of prostheses developed by bioengineers would be examined.

Another class of research would involve development and testing of comprehensive patient-assessment systems. These would provide the multidisciplinary basis of recommendations for a plan of care. Currently, assessment procedures need strengthening, notably in history taking and physical examinations that are well adapted to the elderly. The examinations should reflect the medical and psychosocial changes characteristic of aging patients, their diseases, abilities, and disabilities, and the network of family, friends, and other supports for independent living. In particular, to characterize the patient fully and to prepare a well-tailored plan of care, improved neuro-psychological tests and lifestyle evaluations are needed.

The facility would study its patients in terms of adaptation to institutional life and response to interventions that may improve satisfaction with the nursing home environment on a continuing basis. One third of patients remain in a nursing home for at least three years. Such extended stays have implications for architectural design (which must differ from that of the hospital) as well as for the social and recreational dimensions of care plans. (The artificiality of dichotomizing social and medical models of care becomes clear in this context: the long-term patient must be approached holistically and flexibly.)

The facility would make studies of patient-family interactions, of the effect of nursing home environment and attitudes on behavior, of visiting patterns, of the physical and psychological aftermath of admission, and of the multiple reasons for admission and the selection of institutional or home care. The impact of death on surviving family members also would be examined.

TRAINING

Medical students always have had contact with older patients. But the contact characteristically has been narrow and prejudicial; the overwhelming impression given to medical students is that aging persons typically are sick. Actually only one in five ever is so ill or abandoned that he requires a nursing home episode and that only one in 20 aged persons is in a nursing home at any one time. Students have few opportunities to see in geriatric services anything like the well-baby clinic in pediatric services. They simply have not been able to observe healthy older people as they compensate for illness, if not recover from it.

Consequently, the teaching nursing home goes beyond its own walls. Conceived as a hub of services to the independent as well as institutionalized elderly, the teaching nursing home would show the student a spectrum of patient needs and services. It would bring the medical student into contact with peers in other professions. Because the geriatric patient often has multiple medical and psychosocial problems, interdisciplinary training patterns would be encouraged. Student physicians, nurses, pharmacists, physical therapists, social workers, and other professionals would participate in clinical teams. They would learn about health promotion as well as disease treatment.

The teaching nursing home would be most fruitful in a program having these features:

1. An established division of geriatrics in the academic medical center. The division would have the regular faculty of medical, nursing, dental, and other members, not an adjunct or secondary faculty, and an ancillary faculty drawn from health care administration, health policy, and other areas. Bringing academicians into the nursing home is essential for an effective program.

2. Required lectures and courses in geriatrics for all medical students during their clinical years, and equivalent requirements for students in other professional curricula, particularly in nursing, pharmacy, social work, and physical, speech, and occupational therapies.

3. Required rotation of house officers and of medical and other health professional students through the teaching nursing home.

4. Provisions for special grand and bedside rounds in medicine, psychiatry, neurology, dentistry, dermatology, and other disciplines.

5. Preservice and in-service training for nurses' aides.

6. Shared use of laboratories by the nursing home and teaching hospital; ties would be needed between them and a hospice program and a "well-geriatric" clinic for health promotion and disease prevention (possibly at a senior citizen's center or congregate housing project).

7. Use of the nursing home as a hub for outreach services, including home care services, nutritional and family counseling, and information and referral for health, transportation, housing, and social services.

The training effort should be tied into the development and application of comprehensive patient-assessment systems, previously noted as a research topic. Another major aspect of the training and research program would be a measured rate of postmortem examinations.

As a place of employment as well as patient care, nursing homes in general have poor reputations. They have more beds than hospitals but more difficulty in recruiting and keeping nurses and aides. Yet these are the personnel most in contact with patients. The loss of adept and skilled personnel surely impairs the effectiveness of the institution. Hence, the teaching nursing home would examine characteristics, motivations, and expectations of nursing home staffs and help develop programs that improve and capitalize on their skills.

FUNDING

We live in austere times. This fact is not necessarily an argument against monetary expenditures for teaching nursing homes. Public and private sectors must ensure that the huge sums spent on long-term care are spent effectively. As long as this service area lacks a solid research and training base, health care programs will be characterized by ineffective methods of diagnosis, treatment, prevention, and rehabilitation, to procedures less efficient and more costly than need be, and to an arid intellectual and numbing emotional climate. If one needs a model for the contribution research can make in reducing human anguish and expense, one need only recall the polio epidemics of the past and the results of mass inoculation with vaccine, a product of basic, clinical, and applied research. Vaccine replaced the iron lung. Similarly, today's nursing home—the contemporary "iron lung" of geriatrics—will be transformed by a strong research effort.

All of this argues for investment in teaching nursing homes by public and private sources. Methods that have proved useful in supporting teaching hospitals might be adapted, including those of Medicare, Medicaid, philanthropy, and insurance, to help pay for physician and institutional services.

Competitive grants to develop model teaching nursing homes among the nation's 126 medical schools merit consideration. This could be a combined effort of public and private sectors. For-profit and nonprofit organizations of nursing homes have indicated interest in participating with academic sponsors. The sums need not be astronomical for a grant program. Assuming 25 grants at $100,000 to $300,000 each annually for key teaching, logistical, and administrative arrangements between a university and a candidate nursing home to establish the appropriate research-teaching environment, the program's cost would range from $2.5 million to $7.5 million per year.

Using this resource, investigators could make research proposals to conventional funding sources, such as the National Institutes of Health (NIH). Training funds could be sought from a variety of government agencies, particularly the Health Resources Administration. The National Institute on Aging (NIA) has a Geriatric Medicine Academic Award to support the development of research faculty and curricula. A similar grant program in dentistry is conducted by NIA and the National Institute of Dental Research. In addition, the NIH operates a program within the Division of Research Resources to aid special research facilities. Already existing sources of funds could be applied to geriatric research and training once a recognized environment or laboratory was established for activities related to long-term care issues.

CONCLUSION

This article focuses on a new institution as a base for currently neglected research and training efforts in geriatrics. Affiliated with a university, teaching nursing homes would generate new knowledge about diseases affecting the elderly. They would furnish concepts and procedures for application in the nation's 18,000 nursing homes. Their effectiveness, quality, ability to attract and hold professionals, and public image would thereby be improved. The facility would serve as an educational crossroads for health and social service disciplines.

In a nation where the proportion of elders, now one in nine, is growing, an institutional focus for the growth of geriatric care grounded on research is long overdue. The entry of research and teaching forces into the nation's nursing homes would do much to counteract the general view of geriatrics as the medical-nursing nadirs, and of old age as societal abandonment.

The concept of the teaching nursing home is available. The next feasible step is for public and private sector leaders to explore it and plan for its implementation.

ROBERT N. BUTLER, MD

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BREAK RELATIONS WITH AFGHAN PUPPET GOVERNMENT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. McDONALD. Mr. Speaker, there is really no longer any sense in perpetuating the fiction that there is really an Afghan Government in Kabul that represents any sizable part, let alone a majority of the Afghan population. Babrak Karmal's hold on Afghanistan is only maintained by dint of Soviet bayonets, tanks, helicopters, and armored personnel carriers. So, today I am introducing a resolution calling for the termination of our diplomatic relations, and a forthright affirmation that we will aid the insurgents in Afghanistan in their struggle to retain their land and national identity.

We have arrived at a crucial point in the Soviet occupation of Afghanistan. To everyone's surprise, the resistance to the Soviets has emerged stronger, not weaker, from the winter period. The insurgency is now better armed and coordinated. In a demonstration of that power, Afghan insurgents took and held the large city of Kandahar for a week. A massive Soviet effort was required to retake the city that involved destroying much of the city. The road between Jalalabad and Kabul was also closed by the insurgents for a week recently. The Soviets are rapidly going to have to decide whether or not to increase their forces in Afghanistan or surrender increasing areas of the country to the insurgents. The Afghan Army, on which they count to do most of the infantry combat is unreliable and its numbers continue to shrink, in spite of Karmal's draconian measures to conscript more men.

Therefore, in my strong view, the time has come to break diplomatic relations with the Soviet installed puppet Government of Afghanistan and send all necessary aid to the Afghans who are engaged in this life and death struggle for their nation. Morale of the insurgents is all important as regards U.S. policy toward the people of Afghanistan. They were initially very heartened by Reagan administration statements of possible support. However, they are dismayed by the lifting of the grain embargo by the Reagan administration. In this connection, it was ironic to learn that the Soviets plan to deliver 300,000 tons of wheat to the Karmal regime, something the U.S.S.R. might have hesitated to do before the lifting of the U.S. embargo.

Time is short and action is indicated now, unless a very proud and independent people are to be forced to choose between slavery and genocide.●

ROY W. McDIARMID HONORED FOR BEVERLY HOSPITAL WORK

HON. GEORGE DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. DANIELSON. Mr. Speaker, on Saturday, May 16, 1981, the Beverly Hospital Foundation in Montebello, Calif., will hold its annual testimonial dinner-dance, and will be honoring Roy W. McDiarmid.

Roy McDiarmid has given of his time unselfishly for the past 32 years for the betterment of the Beverly Hospital. In 1949 he was one of the key organizers of the then-new Beverly Hospital. It all started when 19 doctors donated 5 acres of land and a 50-bed hospital to the newly formed Beverly Hospital Association. Since then dedicated hard work has produced one of the finest 212-bed hospitals found anywhere.

Roy has held the respect of his colleagues as a board member of the Beverly Hospital. They have elected him to the position of chairman for the past 28 years and a member of the board for 4 years prior to that.

Professionally, he began with Helms Bakeries in 1931 at the age of 28. In 1948 he opened the Helms Bakeries plant in Montebello. He worked his way up to vice president and general manager and, after 37 years of service, retired with a most impressive record of accomplishments.

Roy's civic activities include being on the board of directors of both the Salvation Army in Whittier and the Montebello Chamber of Commerce, and serving as president of the board of directors of the East Los Angeles YMCA for 2 years.

Mr. Speaker, I know my colleagues join me in congratulating Roy McDiarmid on the occasion of this well-deserved honor.●

SHORTSIGHTEDNESS OF THE ADMINISTRATION'S BUDGET

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. ROYBAL. Mr. Speaker, I would like to go on record as opposing the Gramm-Latta budget resolution.

My opposition to the resolution is based on and encompasses almost all of its components. I think that the shortsightedness of this measure will soon become evident as we see over the long run the adverse effects of the action that the President has proposed.

One of the most disturbing aspects of the fiscal year 1982 budget is the massive increase in defense expenditures—a 16.5-percent increase in outlays over defense expenditures in 1981. Over the next 4 years, defense expenditures will rise to $304 billion a year in fiscal year 1985, the last budget year figured by this administration. As desirable as it is to have a strong military, I find it incredible that the military buildup now being contemplated is three times as large as the one that took place during the Vietnam war. Not only is this buildup huge, it has sorely misplaced priorities. Few would argue that the most pressing need of any defense system is for effective and willing personnel. And still fewer would argue that the soldiers and sailors serving in the Armed Forces of the United States are ill-educated, poorly trained and grossly underpaid. It is curious that my colleagues across the aisle, who have so often accused us liberals of "throwing money at social problems" now find themselves in the situation of "throwing money at the Pentagon" without adequate thought of just what those billions of defense dollars will buy us in the next several years. After all, what good is complicated equipment if there is no one able or willing to run and maintain it?

Military spending on the scale proposed in the 1982 budget has another ominous component that many economists are now addressing. Simply, that such expenditures will have severe economic repercussions in years to come. Let us remember that military expenditures during the Vietnam war are now considered by many economists to be one of the main causes of today's soaring inflation rates. Interestingly, military expenditures that fueled inflation during and after the 1960's took place at a time when the annual inflation rate was less than 2 percent. If the massive military expenditures now proposed fuel the inflation juggernaut, what rates can we expect 3 years from now? I do not even wish to conjecture.

Contemplation of soaring inflation rates brought on by unprecedented military expenditures brings me to my next major objection to the Gramm-Latta proposal. These defense increases are accompanied by equally unprecedented cuts in social programs. And who do these cuts most affect? Who is being asked to bear the brunt of this "program for economic recovery"? The people least able to shoulder the burden. The so-called safety net which was supposed to assure us "bleeding hearts" that the truly needy would not be hurt by the budget cuts is now proved to be full of holes. This very day the administration is proposing large cuts in social security benefits, one of the supposedly "untouchable" programs. In my view, this

safety net has always been inadequate. Cuts proposed in school lunch programs and social services, large reductions in health programs, revisions of entitlement programs such as Aid to Families with Dependent Children, will eventually destroy the lives of many Americans.

I object to a budget that would cut 28 percent from such programs as basic education grants, school lunches, vocational education, job training—the very bridges by which many millions of Americans have escaped from the welfare rolls onto productive payrolls.

I object to a budget that would consolidate many vital health services into block grants that are 26 percent below the fiscal year 1981 funding levels for these programs, and 32 percent below the level required to maintain current services. It appears that States will not have to target benefits to the most needy under this block grant proposal, and in many cases will not be subject to any Federal regulation. The truly needy, who are the chief beneficiaries of these programs, are also the least influential politically, and will surely be the losers.

I object to a budget that provides 25.5 percent less for food and nutrition programs than was proposed by the previous administration. These cuts would particularly hit the working poor who rely on small amounts of food stamps and other Federal aid to supplement their earnings. Again, the administration is proposing the destruction of incentives to work.

Mr. Speaker, we have given the administration a fair chance to present its policies. We would, however, abrogate our responsibilities as elected Representatives if we do not critically question the assumptions on which this budget is based. It is my firm belief that these assumptions are wrong. I am confident that the American people will realize just how wrong these assumptions are when the full impact of this budget is felt in communities across the land. We will have other opportunities to reexamine these economic actions we have taken as appropriations bills come before the full House for consideration. In the interest of fairness and equity to all the American people, I urge my colleagues not to fear reexamining their economic priorities.●

CHANGING CONFIGURATION OF FEDERAL REVENUE SOURCES

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. PURSELL. Mr. Speaker, as you well know, the House Ways and Means Committee, along with its counterpart in the Senate, is deliberating some very far-reaching tax proposals, which call for significant changes in our three basic sources of Federal revenues—individual, corporate, and social security taxes. The seemingly endless supply of facts and figures that are being tossed around during these proceedings are at times mind boggling. Nevertheless, only through such analysis can meaningful decisions be made.

During a recent meeting with one of my constituents, James E. Wheeler, who teaches tax matters at the University of Michigan, I discussed an important, but often unrecognized or overlooked, aspect—namely, the drastically changing relationship among the three basic revenue sources. Among the information we reviewed was that contained in two charts that I would like to make available at this time:

FEDERAL REVENUE SOURCES [1]

[In billions of dollars and percentages]

	Actual	1965	Actual	1980	Estimated	1986
Individual income taxes	$51.2	42.8	$244.1	47.0	$439.5	46.8
Corporate income taxes	27.0	22.6	64.6	12.4	72.8	7.7
Social insurance taxes	24.6	20.6	160.7	30.9	327.4	34.8
Excise taxes and other receipts	16.8	14.0	50.6	9.7	100.5	10.7
Total	119.6	100.0	520.0	100.0	940.2	100.0

[1] Daily Tax Report of March 10, 1981.

	Percentage	1965 totals X7,8612 [2]	Estimated 1986	Annual [2]
Individual income taxes	42.8	$402.5	$439.5	$37.0
Corporate income taxes	22.6	212.2	72.8	(139.4)
Social Security taxes	20.6	193.4	327.4	134.0
Excise and other receipts	14.0	132.1	100.5	(31.6)
Total	100	940.2	940.2	0

[1] Ratio of 1965 (actual): 1985 (estimated).
[2] Annual change in tax sources in dollars since 1965.●

TRIBUTE TO DR. VINCENT E. REED

HON. WILLIAM L. CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. CLAY. Mr. Speaker, on June 19, 1981, a testimonial dinner is being given in the honor of a very good friend of many years and a former St. Louisan, Dr. Vincent E. Reed, immediate past superintendent of the District of Columbia public schools. This is a most deserving tribute to an outstanding public servant and I am honored to bring Dr. Reed's accomplishments to the attention of my colleagues in the U.S. Congress.

From October 1975 to December 31, 1980, he was the guiding force of the District of Columbia public schools. While Superintendent, he initiated many important programs which have earned him the respect and admiration of his associates and have resulted in significant improvements in the District of Columbia public schools.

During his years of service as an educator, he has served in many capacities: football line coach at West Virginia State College; teacher at Jefferson Junior High School, District of Columbia; counselor at Jefferson Junior High School and Cardozo Senior High School, District of Columbia; assistant director for manpower development and training, District of Columbia public schools; assistant principal, Dunbar and Woodrow Wilson Senior High Schools, District of Columbia; principal, Woodrow Wilson Senior High School, District of Columbia—he was the first black principal to be appointed to a major senior high school serving predominately white students—assistant superintendent in charge of safety and security, personnel and secondary schools for the District of Columbia public schools; executive assistant to the superintendent with responsibility for identifying and resolving educational problems and needs throughout the District of Columbia school system; and associate superintendent for State administration. Dr. Reed is a man who has dedicated his life to the education of the youth of this country. He has been a model and inspiration for others to follow. Dr. Reed provided the vision of an educational giant, a man of great personal courage, a teacher and a mentor. He can be called a figure with true educational vision and the tenacity and skills to realize his goals.

Beside compiling an unblemished record of service as an educator, he has participated actively as a member of various organizations, for example, American Association of School Personnel Administrators, National Education Association, Goodwill Industries, Junior Achievement, National Conference of Christians and Jews, National Cathedral School, Children's Hospital, Howard University Hospital, et cetera. In addition, he has been the recipient of numerous awards, for example, Who's Who in America (Marquis), Who's Who Among Black Americans, Catholic University's Outstanding Citizenship Award, Washingtonian of the Year Award, Education Award from Phi Delta Kappa, NAACP Community Service Award, Distinguished Leadership Award from National Association of College Admission Counselors, et cetera.

The highlight of his educational career was achieved by his recent appointment to the position of assistant secretary for elementary and secondary education, Department of Education.

Dr. Reed will be remembered by his fellow colleagues and the residents of the District of Columbia and the city of St. Louis as an outstanding citizen

and a man dedicated to improving and effecting educational excellence. I am honored to have the opportunity to express the gratitude and appreciation of the people of the District of Columbia and of my district, where he was born, to Dr. Vincent E. Reed. I know my colleagues will join me in commending this outstanding educator and in wishing him every success in his future endeavors.●

INFANT FORMULA AND THE INTERNATIONAL CODE OF MARKETING

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. GILMAN. Mr. Speaker, recently, my colleague, the distinguished gentleman from Iowa (Mr. HARKIN) and I introduced legislation urging the U.S. delegation to the World Health Organization's May conference in Geneva to vote in favor of the WHO International Code of Marketing of Breast Milk Substitutes.

It is our hope that adoption of this Code will improve the health and well-being of infants in many parts of the world where unsafe water and other unsanitary conditions combine with inadequate knowledge about the proper use of infant formula to produce a critical threat to these infants.

A Washington Post editorial of April 23, 1981, shares our concern and underscores the need for an infant formula marketing code. I request that the full text of that editorial be inserted at this point in the RECORD:

[From the Washington Post, Apr. 23, 1981]

FORMULA FOR TROUBLE

The proposal being made in the World Health Organization that member governments restrict the marketing of infant formula, to encourage breast-feeding, is a tough one for this country and especially for this administration. The proposed code, sanctioning interference in the domestic marketplace to restrict the promotion of a legal product, cuts across the grain of a free-enterprise society and of an administration with a strong anti-regulation bent and—if the truth be told—of a newspaper that lives off advertising. That some part of the anti-formula effort arises from ideological antagonism to multinational coporations makes support of the code even more distasteful. It is understandable why the Reagan administration, inheriting a pro-code position, is contemplating a revision of American policy.

It is important, however, to grasp what is behind the anti-formula campaign, which is worldwide. Some part of it unquestionably does arise from political quarters unfriendly to multinationals and to Western capitalism. As it happens, this part has been extensively publicized in the United States, most recently in connection with the appointment to a State Department post of Ernest Lefever, who as a private citizen vigorously joined that battle. He says, by the way, he is not taking part in current government deliberations on the WHO code.

The anti-formula campaign remains in essence a health issue. Study after study shows that infant formula, in the imperfect and unsanitary conditions commonly found in the Third World, is bad for babies' health. Formula requires clean water, or the means to sterlize water and bottles or to refrigerate the mixed formula, the money to buy enough formula so as not to have to overdilute it, and the information and training to manage the formula process. Breast-feeding, by contrast, works for all but a small percentage of women, even the undernourished. Typically, a malnourished woman would not have the money to buy formula anyway. Cow's milk is often a superior substitute. That is why experts would keep formula available but would expect it to be used by particular groups of women. Medical testimony puts the number of children's lives that could be saved each year by a return to breast-feeding at a million and upward.

Third World health professionals deplore the trend away from breast-feeding, but often they cannot counter commercial pressures. Students of American tobacco know the problem. Those professional and their political allies are in effect trying to make an end run. They would not try to band the export or sale of formula, but they would use the international network to apply moral pressure on the marketing activities—advertising, free samples, women in nurse-like dress peddling door to door, etc.—of the foreign formula companies. For, though changing life styles doubtless tell, marketing has been shown to help move women off breast-feeding. Switzerland's Nestle is the leader in this $2 billion-a-year global business. Sales by American firms—Abbott/Ross Labs, Bristol Myers/Mead Johnson and American Home Products/Wyeth Labs—are put in the scores of millions of dollars.

The administration is being compelled to balance its strongly felt ideology and the clearly expressed interests of a business constituency against the dimly perceived health needs of foreign countries, many of which are not particularly sympathetic to some of the administration's other policies. But can it do anything but go with the babies?●

LEGISLATION TO AMEND TITLE V OF HOUSING ACT

HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. STANTON. Mr. Speaker, today I have introduced, by request, legislation to amend title V of the Housing Act of 1949. This is the act that authorizes the basic housing programs of the Farmers Home Administration.

In addition to extending the authorization for their programs an additional 2 years, the bill provides the following:

General authorizations—the authorization to insure and guarantee loans.

Subsidized loans—the program for interest subsidized loans.

Farm labor housing loans—the authorization for appropriations for financial assistance under section 514 to individuals, broadly based nonprofit organizations, nonprofit organizations of farmworkers, and public agencies to provide housing and related facilities for domestic farm laborers.

Low-income repair loans and grants—the authorization for appropriations for loans and grants for financial assistance under section 504 for very- low-income owner-occupants to make repairs to remove health and safety hazards to their homes.

Farm labor housing grants—the authorization for financial assistance under section 516 to broadly based nonprofit organizations of farmworkers and public agencies to provide housing and related facilities for domestic farm laborers.

Authorization for approval in appropriation acts for advances under the tax escrowing system.

Authorization for approval in appropriation acts of amounts for compensation for construction defects.

Rural rental housing loans—the authority to make loans to provide financial assistance to corporations, cooperatives, public agencies, individuals and partnerships to buy, build, improve or repair rental or cooperatively owned multifamily living units for occupancy by low to moderate-income families and persons age 62 or older.

Rural housing loans—the authority to provide financial assistance to low- and moderate-income families to buy, build, improve or relocate their homes in rural areas.

Rental assistance—the authority to provide rental assistance under section 521(a)(2). The bill would extend the authorization of appropriations for this program, and rental assistance would be revised to require the low-income occupant to pay not to exceed 30 percent of their income rather than not to exceed 25 percent. The latter change is consistent with changes the administration is seeking in the Department of Housing and Urban Development's section 8 program.

Mutual and self-help housing loans and grants—the authority to make loans and grants under sections 523(b)(1) (A) and (B). Grants are made to nonprofit organizations for the purpose of acquiring land and developing sites.

The draft bill also deletes the home ownership assistance program (section 521(a)(1)(C)) which has never been funded and for which funding authorization will lapse at the end of fiscal year 1981.●

ASIAN/PACIFIC AMERICAN HERITAGE WEEK

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. HORTON. Mr. Speaker, as we have just observed Asian/Pacific American Heritage Week, I want to congratulate the Asian/Pacific American communities across the country on the occasion of the 3d anniversary of this significant week.

As one of the original sponsors of the resolution establishing the first Asian/Pacific American Heritage Week, I am proud of the response over the last years throughout the country to the celebration of this week. It has given our country an opportunity to recognize and pay tribute to those of Asian/Pacific heritage who have contribute greatly to the culture, medical, social, arts, professional, and political lives in our country.

I have been particularly aware, during these last 3 years since the first celebration, of the many accomplishments made by our Asian/Pacific American friends and have found that the celebration of this special week has not only given the Asian/Pacific American communities an opportunity to celebrate, but it has also given the country the opportunity to learn more of the contributions of this outstanding group of people to our American way of life.

I was pleased that President Reagan recently proclaimed the week of May 4–11, 1981, as Asian/Pacific American Heritage Week. It is appropriate that we recognize this group of Americans who have been overlooked in years past. I urge the continuation of this annual event and look forward to the celebration for Asian/Pacific Heritage Week next year.●

WINNING ESSAY

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. ROUSSELOT. Mr. Speaker, I would like to take this opportunity to share with my colleagues the winning essay as written by a young man from my district for entry in the DAR Constitution Week essay contest sponsored by the San Marino chapter.

Mr. William Ko is no stranger to receiving honors. On March 2 of this year Mr. Ko was lauded for his achievements in the field of science, winning the Westinghouse Electric Corp. science talent search, an honor bestowed on only 40 students in the entire United States.

Thomas Wolfe said:

If a man has a talent and cannot use it, he has failed. If he has a talent and uses only half of it, he has partly failed. If he has a talent and somehow learns to use the whole of it, he has gloriously succeeded, and won a satisfaction and triumph that few men have ever known.

Mr. Ko seems to be attaining this satisfaction at the early age of 18. Please join me in commending Mr. Ko for the patriotism shown in his essay, and for the achievements he has earned.

The essay follows:

WHAT THE CONSTITUTION MEANS TO ME

A lone bugler stands, silhouetted against the morning sun, sounding the call to awaken men in their defense of their country, the United States of America. Their primary interest is in the preservation of the American democracy, as set forth by the Constitution of the United States of America. The Constitution maintains a static democracy which has persisted despite wars, economic hardships, and political crises. The importance of the Constitution lies in the freedom of speech and of welfare it provides me.

The Constitution provides a chance for its citizens to vote, which I participated in last election year. I felt the need for a new change, a change which the Constitution provides for in an orderly fashion. It prohibits the transformation of our government into a totalitarian dictatorship. It provides for law and order and prevents an anarchy which has ruined countless other countries. Freedom of speech, in the form of books, magazines, and even the television media, enables me to comprehend what our country encompasses: I can make my own decisions with my own judgment.

The Constitution to me means freedom from fear of unlawful prosecution and malicious persecution. In court one is always innocent until proven guilty. Provided one is within the realm of law, one can speak his mind. No one is forced to believe in the religion of others. The Constitution separates state from religion for the good of all.

As the time changes, as new ideas come of age, people can make amendments to the Constitution. This flexibility allows me to help determine, in a small way, how our Constitution may be modified for the benefit of all. For example, recent amendments have been added to adapt the Constitution to changing times: the right of eighteen year old people to vote by the Twenty-Sixth Amendment, and the right of all its citizens to vote in the Twenty-Fourth Amendment.

Thus the Constitution is a very important document which has provided for the general welfare of all its citizens. I as a high school student, have, as I see, a bright future in our country, despite all obstacles and problems which grip our country. Our Constitution provides a basis from which we may strive to attain and maintain a true democracy.●

NATIONAL SMALL BUSINESS WEEK

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. SMITH of Oregon. Mr. Speaker, our Nation's small business people have special cause to celebrate during National Small Business Week. We, in Congress, offered them and all Americans the first hope from the Federal Government they have seen in years.

Passage last week of the Reagan budget put this country on a new course, a course that the shopkeepers, farmers, and manufacturers of this Nation have patiently awaited.

The new beginning is important to small businessmen, therefore to the Nation. Our Nation was built on a solid foundation of many and diverse small businesses. Small businesses employ more than 50 percent of all Americans working in the private sector—they account for more than 43 percent of our gross national product. Half of our country's inventions are credited to small business people who use their imagination and ingenuity to find better ways to produce the goods of this country. An unfettered small business community can make our economy vital again.

The need for a healthy small business climate should be obvious to Congress. We must unshackle small business by enacting the across-the-board tax revisions, regulatory reform, and budget changes proposed by President Reagan.

As a businessman, I know what it is like to meet a payroll, live within a buget even in austere times, and comply with burdensome Government regulations. I know as a Congressman that we have the ability to ease the regulations, to reduce the oppressive taxation, and to restore the incentive and opportunity that allowed this country to become the No. 1 Nation in the world.

As we salute the entrepreneurs of this Nation, let us remember that all the fine tributes we pay them must be backed up with action. The action is clearly outlined to this Congress by the President. We took the first step last week—we cannot falter now.●

IDEOLOGICAL COMPETITION IN U.S. STRATEGY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. DERWINSKI. Mr. Speaker, Mr. Jan Nowak, a consultant on international affairs to the National Security Council in the previous administration, as well as the present one, is a friend of long standing. A scholar and a keen observer of world events, he had served as director of the Polish Language Service of Radio Free Europe. By virtue of his background, Mr. Nowak is particularly well qualified to comment on Soviet imperialism and the responses of the free world and he is especially knowledgeable on

questions of international communications and international information policies.

Mr. Nowak has recently written a memorandum entitled "Ideological Competition in United States Strategy." In his memorandum, he has analyzed the sources of Soviet strengths and weaknesses, the latter point often being overlooked in Western circles. He is critical of the preoccupation with statistics and the neglect of the human factor in examining the East-West balance of power. He reaffirms the American commitment to human rights by proposing indirect and long-range strategies in support of free institutions everywhere. He calls for a dramatic expansion of the role of Radio Free Europe, Radio Liberty, and the Voice of America. "It is in the area of ideological competition that the United States and its allies have the best chance of success," Mr. Nowak claims.

I commend Mr. Nowak's views to your attention. They are affirmative. They offer encouragement to those who seek positive ways to defend Western values and strength and promote human freedoms.

SUMMARY

Under conditions of nuclear parity, the US has not so far been able to prevent unilateral Soviet gains.

In addition to other measures, it is suggested that the US could reduce Soviet capacity to pursue expansionist policies and combat Soviet influence on the ground abroad by strengthening US capabilities for ideological communication and political action.

RECOMMENDATIONS

The US should capitalize on declining Soviet ideological credibility at home and abroad with a political offensive including the following:

1) Limit trade, credits and technological sharing likely to ease deteriorating economic conditions in the USSR and thus to weaken domestic pressures against expanionist priorities.

2) Reconceptualize the human rights component of US policy to emphasize indirect and long-range strategies in support of the development of free institutions (e.g., press, business, scholarship, education, elections) everywhere while continuing direct focus on current oppressive official behavior only where tactically useful.

Abandonment of the Human Rights Policy or applying it only to Communist-ruled countries, with the loss of credibility that entails, would be disaster—not least for the dissidents and other opposition forces in the Soviet orbit.

3) Radio Free Europe, Radio Liberty, and the Voice of America should be dramatically expanded in terms of transmitter power, staff, and operational funds. Similar efforts should be extended to Cuba and other countries which serve as a proxy for the Soviet Union. Research should be undertaken to improve short wave transmitting facilities, and to explore possibilities of internal broadcasting and televised programs by satellites.

Attempts to stabilize the existing status quo through negotiated agreements have been undertaken repeatedly in the post-war period. (In Potsdam, 1945; in Moscow, 1972; in Helsinki, 1974.) Each time the Soviets took full advantage of an agreement recognizing their past gains, but continued to strive for further extension of their influence. The code of international conduct has been very differently interpreted on the two sides.

Unless the United States can find ways to prevent further expansion of Soviet influence without resorting to measures involving risk of self-destruction, the end of this decade may see a disintegration of alliances and the defeat of Western democracies without war.

SOURCES OF SOVIET STRENGTH AND WEAKNESSES

Soviet political will to implement ideological commitments and to accept necessary risks have been the main source of Soviet advantage over the United States in the post-war era.

A system based on compulsion has greater ability than any democracy to concentrate its resources on one selected target (military buildup). Spending 15 percent of GNP on defense in times of peace would be unacceptable to people under any democratically-elected government. Ruthless exploitation of Soviet society to pursue global objectives has become, however, not only the main foundation of the Soviet's military power, but in the longer run the principal cause of its internal vulnerability and weakness. In economic terms, extension of Soviet control and influence since World War II has brought more losses than profits. The Soviet people have to underwrite heavy military aid to satellites, clients and subversive forces manipulated by Moscow all over the world. Decline of economic growth compounded by increase of population and the inefficiencies of an overcentralized system are bound to cause further comparative deterioration of living conditions.

The widespread Western opinion that the endurance of the Soviet people has no limits, and that Soviet masses will remain forever submissive, is not borne out of Moscow's own perception of internal dangers. The Soviet reaction to the Polish crisis betrays deep fear of contamination. Extraordinary efforts to block Western broadcasts as the main carriers of ideological "infection" betray Moscow's sense of weakness. The Polish example may begin to undermine the self-defeating conviction, deeply rooted in the mind of Soviet people, that any resistance in whatever form is doomed and self-destructive.

At present, popular discontent in the Soviet Union finds its only manifestation in slow and sloppy work, absenteeism, and alcoholism as the main escape from the drabness of life. Compulsion cannot extract more work and better quality of goods than the absolute minimum necessary to avoid reprisals or loss of earnings. Workers have unlimited ways and means to sabotage production with impunity. Production in such crucial areas as coal and collectivized agriculture is already adversely affected. Polish developments may turn this subconscious behavior into the beginnings of passive resistance of people aware of their objectives.

NEGLECT OF HUMAN FACTOR IN UNITED STATES STRATEGIC THOUGHT

One of the main weaknesses of the United States in the present competitive relationship with the Soviet Union lies in our lack of will to accept even the minimal risks necessary to exploit the social and political vulnerabilities of the adversary. U.S. strategists tend to assess the balance of power exclusively in numerical terms of modern weaponry. The example of Poland should serve as a reminder of the role played by the human factor which has been so far largely ignored in U.S. strategy. Polish workers have challenged the superpower which dominates them with no other weapons in their hands than their own courage, solidarity, and the readiness to accept supreme sacrifices. Actually, ever since 1956 the Soviet Union, faced with a risk of confrontation with the whole Polish nation, has tolerated considerable deviation by Poland from its own orthodox model.

In the present challenge to our survival, the Soviet commitment to expansionism, inherent in the Soviet doctrine, can be eroded only by pressure from a well-informed population which has to pay its costs.

United States policy can enhance this process in two areas: 1. Trade, credits, and export of technology; 2. Ideological competition.

In the past, economic concessions followed every settlement which the Soviets had no intention to respect. Credits from the West and expansion of trade helped Moscow to avoid economic reforms and changes in the distribution of the national income. In the longer run, credits, trade, and joint investment ventures may pose a serious threat to cohesion of the NATO alliance and may weaken resistance of its members to Soviet pressure. A denial or restriction of credits, export of goods and technology is bound to have a considerable impact on the Soviet economy and may eventually slow down the Soviet military buildup as consumer pressures impinge on available resources.

THE HUMAN RIGHTS POLICY

The recent shift in the balance of advantage in the ideological competition in favor of the West calls for a reconceptualization of Human Rights Policy, a dramatic expansion of such instruments as Radio Free Europe, Radio Liberty, and the Voice of America, and the development of new capabilities for political action abroad.

Western democracies regained some initiative in the ideological competition at Helsinki. Carter's policy of human rights could have given it new impetus. Unfortunately, it was launched without any clear definition of objectives, means, or priorities.

Definition: Human Rights Policy should not mean preaching morality to others, even less imposing it by such negative leverage as denial of military and economic aid. Of necessity, such measures are restricted to U.S. right-wing allies and clients, leaving the chief violator of human rights outside its range. Selective defense of human rights geographically—and ideologically—oriented in only one direction leads to moral duplicity and loss of credibility. By helping to replace weak right-wing dictatorships by Communist totalitarian regimes supported by the Brezhnev Doctrine, the policy of human rights provides Moscow with more opportunities to further its interests.

The policy of human rights should be reconceptualized as a powerful weapon in the struggle for survival of the Western democracies. It should be defined as moral, political and economic assistance offered to individuals and groups abroad who share our democratic values and are ready to work and fight for them in their own countries by nonviolent means. Such a definition excludes any terrorist groups and Marxists who simply aim to replace one totalitarian regime by another. Only under such a defi-

nition can a policy of human rights by applied universally and consistently to people who, by the very nature of their aspirations for freedom and democracy, are supporters and allies of the United States.

Under a new human rights policy, emphasizing the growth of free institutions, help would be offered openly in a manner consistent with accepted standards of international conduct. Moral and financial support to dissidents, to nonviolent defenders of human rights, and, especially, to working journalists, teachers, civic leaders and other conscious and unconscious agents of constructive political change cannot be dependably supplied either through diplomatic channels nor covertly by the CIA. In particular, the policy of human rights should not interfere with diplomatic dialogue and negotiations with foreign governments.

The United States must develop the capability to work through unofficial as well as official channels. The Soviet organizations which promote the expansions of Soviet influence are not bound by policies of detente professed by official foreign spokesmen. Soviet organizations act on various levels, but pursue through different methods the same long-range objectives of the Soviet state and party. They are of course controlled and coordinated at the highest echelons at the center of power.

Logistical support of the forces of freedom (and defense of human rights) should be placed in the hands of a committee (commission, foundation, or institute), financed at least in part by the Congress and subject to Congressional review. It should be subject to oversight at a high level of the Administration. It should, however, enjoy the same measure of autonomy as Radio Free Europe and Radio Liberty.

The proposed Congressionally-chartered organization would perform two basic functions: It should serve as a visible symbol of concern, support and encouragement from the American people for dissidents and democratic defenders of fundamental freedoms in the Soviet orbit and for profreedom elements elsewhere in the world. In particular, it would perform the following functions:

1. Provide help to victims of political persecution and their families.
2. Assist in generating publicity about persecuted human rights activists as the best protection against their oppressors.
3. Publish works of writers, scholars and artists suppressed by censorship and assist in distribution of such works within the framework of free flow of ideas and information.
4. Encourage awards and prizes to creative people doomed to oblivion in their native countries, and provide other incentives as well to individuals, groups and organizations who distinguish themselves in the defense of human rights and the promotion of fundamental freedoms both inside and outside the Soviet orbit.
5. Enhance cooperation and meetings of private and governmental organizations engaged in activities expanding freedom around the world.

THE ROLE OF WESTERN MEDIA

Without the Western radios in recent years, Soviet dissidents would have been deprived of one of their main communication lines with the broad masses of people. The solidarity of Polish workers was made possible by Western radio.

There is at least one other programmatic and budgetary implication of the recommended approach: USICA should be beefed up by strengthening not only VOA but also the other media and exchange activities suitable for enhancing American capabilities for ideological competition inside and outside the Soviet sphere.

CONCLUSION

Soviet expansion cannot be effectively contained by nuclear deterrence, negotiated settlements or conventional diplomacy. The old policy of containment is no longer a viable option because the United States has lost the nuclear superiority on which it was based. Under conditions of parity, the Soviet Union's nuclear deterrent provides a shield for their expansionist adventures.

All of the activities reviewed in this paper should, by Presidential directive, be accorded a budgetary priority as high as any other national security enhancement project. This not only makes programmatic sense; it would go far, when suitably announced, to establish the seriousness of the Administration's commitment to the pursuit of traditional American ideals in world affairs.●

"GOLDEN LADY" AWARDS

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. RODINO. Mr. Speaker, it is with greater pride that I bring to the attention of my colleagues the outstanding achievements of Agatha Spatola O'Connor and Benedetta Giannotto of my congressional district. Their extraordinary contributions to the Essex County community and to the State of New Jersey have earned them the "Golden Lady" award of the National Women of Achievement Organization.

Mrs. O'Connor, a community leader in Newark's North ward, was honored with the Humanitarian Award for her many civic, charitable, and community services. The founder and president of the St. Gerard Ladies Guild of Newark, Mrs. O'Connor also serves as a director of social services for Villa Victoria, a housing complex in Newark. Her statewide activities include membership in the New Jersey State Funeral Directors Association and the Italian-American Federation of New Jersey.

Mrs. Giannotto, recognized for her pharmacy work at Newark's St. James Hospital, served the State of New Jersey diligently as a member of the board of trustee of Rutgers University from 1974 to 1980. Her community services also include activities for the American and New Jersey Pharmaceutical Associations.

I am honored, Mr. Speaker, to join the National Women of Achievement Organization in recognizing the numerous contributions and accomplishments of these two dedicated women.●

THOMAS HARKNESS, M.D., RETIRES FROM PRESIDENCY OF CALIFORNIA SOCIETY OF ANESTHESIOLOGISTS

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. LEWIS. Mr. Speaker, early next month, Dr. Thomas Harkness, a personal friend from my home town, will step down as president of the California Society of Anesthesiologists. I do not want to let the opportunity pass to join his many friends in wishing him well on this occasion.

For the past 20 years or so, Tom has been referred to as "the man in Redlands who you would most like to have put you to sleep." More seriously, he is a highly respected member of the local medical community.

Tom came to Redlands in 1963, after service in the U.S. Air Force and a brief stint at the University of Missouri School of Medicine as an assistant professor of anesthesiology. Prior to that, he had attended the University of California at Berkeley as an undergraduate, obtained his medical training at Yale University and his advanced specialty from the Jefferson Medical College of Philadelphia.

He is a member of both the American Medical Association and the California Medical Association. Prior to assuming his duties as president of the California Society of Anesthesiologists, he held several other posts within that organization and is also the California delegate to the American Society of Anesthesiologists.

During the past 20 years, Tom has not let his busy medical practice interfere with his participation in a wide range of community service activities in our area and he is well-known for his contributions to the city of Redlands. I am delighted to join his friends and family in congratulating him on a job well done.●

REMEMBER ANATOLY SHCHARANSKY

GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. WORTLEY. Mr. Speaker, on March 15, we marked the fourth anniversary of Anatoly Shcharansky's arrest amd imprisonment in the Soviet Union. The continued imprisonment of Anatoly Shcharansky demonstrates the total lack of freedom and justice within the Soviet Union.

For 4 long years, he has been denied the right to emigrate to Israel and to be reunited with his wife, Avital. For 4

years he has been imprisoned for joining the Helsinki Watch Group which monitored Soviet compliance with the Helsinki accords. Because of his commitment to basic human rights, he has spent 4 long years in prison. For this commitment to simple human justice, the Soviet authorities have sentenced him to 13 years in prison.

I think that the world agrees that 4 years is too long, 1 day's imprisonment would be too much for a man who sought nothing more than to have his country live up to the international agreements it consented to abide by. Shcharansky's imprisonment underscores the Soviet Union's history of picking and choosing which of its international agreements it wishes to adhere to. This history of Soviet noncompliance should be remembered in all our dealings with that country.

In September 1980, Shcharansky's mother was allowed to visit her son for the first time in more than 1 year. Her visit, which is his only contact with the outside world, was limited to a scant 2 hours. There was a guard present at all times. She was not even permitted to give him anything, not even a Jewish calendar or food. His mother, in observing him on a previous visit, described him as "looking like an Auschwitz prisoner." This is Soviet justice.

The continued holding of Anatoly Shcharansky is a mockery of justice. When Shcharansky was tried the free world stood with him, but not as "defendants". The free world found the Soviet Union guilty of violating its own international obligations.

Our response to the passing of yet another anniversary spent in prison must be that we remember Shcharansky's plight and that we will never forget him. Shcharansky's last words to the Soviet court must be repeated by us today with a slight variation, "Next year in Jerusalem."●

COMMUNITY ACTION AGENCY OVERSTEPS BOUNDS

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. GUNDERSON. Mr. Speaker, in western Wisconsin and many other parts of the country, there is increasing concern about the lobbying activities of community action agencies.

I share this concern, expressed to me by dozens of my constitutents.

Recently in Wisconsin's Third District the West Central Wisconsin Community Action program—West CAP—overstepped its bounds, in the view of many.

Numerous citizens of our district have contacted me to register their discontent over the activities of West CAP. West CAP has conducted a campaign that is clearly designed to bring pressure upon legislators to block parts of the President's economic recovery plan.

REAGAN SAYS "NO" TO HUMAN NEEDS

The West CAP campaign has included writing, publishing, and distributing a brochure titled, "Reagan Says 'No' To Human Needs."

Through public meetings in each of West CAP's seven counties, by means of its taxpayer financed toll-free number, and as a result of staff activities, this community action agency has waged an aggressive campaign among its constituents.

Because of these highly questionable activities by West CAP, I have asked the Community Services Agency to conduct an investigation of West CAP, to determine whether Federal law has been violated in its efforts to influence legislation proposed by the President.

At the present time, the CSA Acting General Counsel and the CSA Inspector General are conducting thorough investigations of West CAP.

Government funds intended to help the poor should be used for that purpose, not diverted to lobbying activities. While community action agencies by law may take an advocacy position on behalf of the poor and engage in educational activities to that end, this action goes beyond those bounds.

WEST CAP MAILING CALLED "DISGRACEFUL"

Mr. Speaker, several newspapers in my area have commented about the West CAP activities. For the review by my colleagues and as further background to substantiate the charges, I submit them for the RECORD:

[From the Colfax Messenger, Apr. 9, 1981]

WEST CAP'S RECENT MAILING IS DISGRACEFUL; INVESTIGATION IS TIMELY

Third Dist. Congressman Gunderson has charged that West CAP, based in Glenwood City, has overstepped its bounds by sending out a recent brochure "Reagan says 'No' to Human Needs."

He sees the brochure as an effort to influence legislation through direct action, labelled it as wrong and is seeking an immediate investigation. As a result, the federal Community Services Administration will investigate the matter.

We support Gunderson's position in this matter. West CAP, and the approximately 900 other community action agencies like it, are supposed to be the means through which Community Service Administration implements its programs to reduce poverty. They involve somewhere around 16 million people and that means a big chunk of tax money is needed to support them.

According to law, West CAP may take an advocacy position on behalf of the poor and engage in educational activities to that end.

However, we don't believe the brochure, admitted by West CAP spokesmen to be deliberately slanted, falls within the heading "educational activities."

West CAP personnel themselves were dubious of the propriety of the brochure. So questioning of it in fact that West CAP employees tossed money into a kitty to pay for the printing of the brochure, so public funds wouldn't be used for such a questionable cause.

Then, by circular reasoning, West CAP decided mailing the brochures out was an informational endeavor, since the brochures told people about meetings where proposed budget cuts would be discussed. Therefore, public funds were used to pay the postage.

Since the brochures asked readers to attend the meetings to protest budget cuts; write to federal legislators, urging opposition to the budget cuts; and to call West CAP's toll-free number to register opposition, we view them as being blatantly a lobbying effort. And we view the mailing of them to be an integral part of that effort since brochures not distributed would have no impact.

We see the matter as one akin to public employees attempting to feather their nests. President Reagan's budget cuts would affect West CAP, probably causing staff reductions, in our estimation. Therefore, it was clearly in the best personal interest of the staff members to pay for the brochures in an attempt to rally public support to save their jobs.

We find that to be a disgraceful use of a government sponsored agency; attempting to use the people its supposed to serve in such a way as to serve the publically funded employees by attempting to protect their jobs; using public money to pay for the mailing of such a twisted effort.

Actions such as these tend to make the public employees the masters and the working taxpayers the help. That's the reverse of what should be.

[From the Redwing (Minn.) Republican Eagle, Apr. 8, 1981]

TAX-PAID "INFO" VERSUS REAGAN

A low-income citizens' meeting tonight at Pepin (7 p.m., high school) is part of what has moved new Cong. Steve Gunderson to righteous indignation—and a request for the Washington head office to investigate.

(New Cong. Vin Weber from south-western Minnesota has gone the same indignation-investigation route, and we'd be surprised if the same thing hasn't happened fairly commonly throughout the country.)

The 7-county federal anti-poverty arm known as West CAP, officed at Glenwood City, roused Gunderson's ire initially by mailing out last month 11,000 copies of a brochure entitled, "Reagan Says No to Human Needs, What Do You Say?"

We've received a four-page article from West CAP, and its thrust is what the title above implies: strong language against productivity tax cuts for business, against Defense increases like the F-18 fighter and MX missile system, against reductions in food stamps and other welfare programs—an across-the-board assault on the Reagan economic plan that places the author leftward of Teddy Kennedy.

It's not free-speech criticism to which Gunderson objects, but to a sustained anti-administration political campaign directed by federally paid employees.

We called West CAP to hear Public Info Director Doug Drake's defense. The brochure and tonight's meeting are within the guidelines, he said. Technically, West CAP is a non-profit private corporation, although most of its funds are federal. LBJ's basic Economic Opportunity Act of 1964 directed agencies like his to be "advocates for the poor."

But tax funds and tax-paid staff time are involved in the brochure and meetings,

Drake conceded. It does run close to the prohibition on "lobbying," he added.

No, there'll be nobody at tonight's meeting to counter the anti-Reagan "information" with the pro-Reagan arguments that overcoming inflation and spurring U.S. economic growth are the best things that could happen for America's poor, that national defense must take precedence.

Curious, and assuming that the answer would be "Jimmy Carter," we inquired whom Drake backed for President last November. "Barry Commoner," he replied.

Well, Gunderson is right. There's a good case study here of how hard it is to get red-ink Big Government back under control.

On their own time, Drake and other West CAPers may do as they like. But Ronald Reagan won last Nov. 4, and he can rightly expect not to have tax-paid federal agents running around the countryside, on federal time, building backfires against his new administration.●

MARTIN LUTHER KING, JR. AND CIVIL AND HUMAN RIGHTS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. CONYERS. Mr. Speaker, on April 4, 1981—the 13th anniversary of the assassination of Martin Luther King, Jr.—the Congressional Black Caucus, the King Center for Nonviolent Social Change, and 69 national religious, civil rights, labor, and public interest organizations sponsored seminars throughout the country on the relevance of Dr. King's ideas and politics to the present day. Forty-eight Members of Congress endorsed the purposes of the seminars.

One of the purposes of the King seminars, in rediscovering his ideals, ideas, and political methods, was to confront what is wrong with the politics of the present, the priorities that now exist within the Reagan administration, and America's foreign policies. Understanding what is wrong today, it was hoped, would lead to workable concepts for making changes and for discovering the means by which constructive changes could be accomplished.

In Washington, D.C., three separate seminars explored Dr. King's concepts of economic justice, civil and human rights, and his concept of the world community. The discussion was tape recorded, and I have begun the process of transcribing portions of the dialog. In printed form, the discussions held on April 4 will be circulated to all interested citizens around the Nation, and the dialog on Martin Luther King will thereby be continued.

I want to share with my colleagues at this point a portion of the discussion of Dr. King's concept of civil and human rights, that took place at the Howard University Law School. The seminar was convened by my distinguished colleague and good friend, Congressman MICKEY LELAND, of Houston, Tex. Congressman LELAND began the discussion by acknowledging the great influence that Martin Luther King had on his life and career. As he observed, "Had it not been for Dr. King, I would not have had the commitment to my community and to the political struggle that I have now."

Participating in the discussion were Dr. Herbert Reid, of Howard University Law School, Dr. Benjamin Quarles, of Morgan State University, and Dr. Evans Crawford, of Howard University. Herbert Reid is a former dean of the law school and is known, among his other pursuits, for his extraordinary legal work before the Supreme Court and other courts that gave legal and juridical meaning to the civil rights revolution. Dr. Benjamin Quarles, in addition to his distinguished teaching career at Morgan State and other universities, is the author of "The Negro in the Making of America" and "Black Abolitionists." Dr. Evans Crawford is dean of the chapel at Howard University and a professor of social ethics in its divinity school.

Portions of their discussion on Dr. King's theory and practice of civil and human rights follow:

HOWARD UNIVERSITY SEMINAR ON MARTIN LUTHER KING, JR. AND CIVIL AND HUMAN RIGHTS

Herbert Reid: "Dr. King made a great contribution to the theory and practice of nonviolence and civil disobedience. He had a deep belief in the system and the people. He believed that if the conscience of America were informed, then Americans would react positively. Each of us has to reflect on whether or not Dr. King's belief has been vindicated. * * * He gave, of course, great impetus to the civil rights movement, and I will offer some thoughts on what is it and where it is. We have conceived of the civil rights struggle as a racial struggle. That to me gives credit to the system where credit is not due. What Americans have been dealing with in terms of Blacks and the peoples of Africa in a sense is whether or not we can or should become part of the body politic and whether or not we are human beings and should be treated as such. No other group has had that kind of treatment. Yet despite this we have made some progress over the years. * * * On the other hand, there are many ominous signs developing that we are moving backwards in terms of civil rights. The attack on civil rights now is in high gear, on all fronts. We are moving backwards at a fast rate in the courts. In *Bolden* v. *Mobile* (1980) the Court set up a premise so that we can eliminate Members of Congress like Mickey Leland by requirements approving intentional discrimination in apportionment cases, or against complaints of racial discrimination, gerrymandering, and so forth. * * *

"In legislatures there have been antibusing amendments and other amendments. Many affirmative action cases have been placed before legislative wills in a way that it appeared that what had been accomplished through legislative action and, for that matter, court action, could be taken away by legislative action.* * * In the Executive arm of government we have turned the clock back.* * * I hope out of this will come the realization among black citizens and their allies, that we have come through hard times before, and will do so again. This is not a time for despair. It is a time for planning, for strategizing and for developing how we purport to move from the point we are at. I hope the Congressional Black Caucus will convene a meeting to discuss legal strategy. What we operate under now is bankrupt.* * *"

Benjamin Quarles: "The early part of King's career was based on his seeking after citizen rights—the rights of citizenship in a particular nation. The latter part of his career was involved in seeking after human rights. Human rights is a far broader concept, that involves people all over the world beyond the boundaries of one country or one group.* * * King's career was launched in December, 1955 in the Montgomery Bus Boycott. His life ended on April 4, 1968 in Memphis where he was assisting in a bus drivers' and a garbage men's strike. In both he was engaged in civil and economic rights of Black citizens.* * * Because he was such a great leader he was able to say some frank, not-so-pleasant things to the Black community itself. He used to say, while oppression exists, of course, you can't blame everything on oppression. And he would say, there are things Blacks can do for themselves, and inner strengths can overcome external obstacles. * * * In his book, 'Stride Toward Freedom,' which he finished in 1958 and which examines the Montgomery Bus Boycott, he expresses the hope that the Negro can give new spiritual dynamic to the Western world and give the world greater spiritual power. Here he points to the larger concept of human rights. At a Lincoln University commencement in 1961 he says, all of us have to develop a world perspective if we are to survive. He also said, all of life is interrelated and we are caught in an inescapable network of mutuality tied to a single garment of destiny. * * * He traveled to India and then to Africa, and he acquired a world perspective, the highpoint of which was the Nobel Peace Prize that he received in Oslo in 1964. * * * We take strength in Martin Luther King's strength, courage in his courage, and faith from his faith. * * *"

Dr. Evans Crawford: "We studied together at the same institution in Boston. * * * Martin belonged to that school that believes, you cannot reduce everything in reality to its behavioral manifestations, to sense perceptions or what appears to be the situation. If you do that, you lose an important dimension of what people are about. When we consider the present day, the technological society in which we all live, if we don't have persons like Martin who have probed beyond the limits of technology to the human reality, then we won't be able to deal with some of the disappointments that we feel when that technology fails, or when society fails, that inevitably happens. * * * It is important to revive Martin's thoughts and understand the important place that values had for him. He used to say, the law needs help. People would say to him, let's make a law to solve this or that problem. But to him, it was not enough to just make laws, or that making laws by itself would solve all problems. He believed that individuals had to do something about the problems around them, had to take some actions. Put your own body and your own trust on the line. And individuals had to be

willing to take the consequences of challenging the law. The highest respect for the law is being willing to take the consequences of challenging it. You don't get this kind of thought about law today. * * * King's sense of values ought to be revived because we simply cannot allow other people, who have hidden agendas, to capture this business of 'law and order.' King sparked and symbolized the highest respect for the law. I like to think that great Black constitutional thinkers like Thurgood Marshall made their contribution in large part because of Martin Luther King's respect for the law and his concern for values. * * *"●

MICHIGAN SENATE ON EL SALVADOR

HON. GEO. W. CROCKETT, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. CROCKETT. Mr. Speaker, recently the Michigan State Senate passed a resolution expressing its deep concern over the U.S. involvement in El Salvador and urging an internationally supported, negotiated peaceful settlement of the civil struggle now going on in that country.

For the benefit of my colleagues, I would like to include the text of that State senate resolution at this point in the RECORD:

SENATE RESOLUTION 86

Whereas, Among the thousands of victims of terrorism in El Salvador were three nuns and a Catholic lay worker, all from the United States, who were kidnapped, tortured, and raped before being executed and thrown into a common grave; and

Whereas, The demand by the United States government for a full investigation and explanation of these recent murders still has been met with indifference; and

Whereas, The assassination of Sister Ita was a result of her work with the ever-increasing refugees, which included distributing food, medicine, and clothing to thousands of hungry, diseased, and barefoot people; and

Whereas, The horror stories grow daily of beatings, killings, burnings, stealings, and the displacement of people from their families and homes in El Salvador; now, therefore, be it

Resolved by the Senate, That the government of the United States be urged to join with international religious and relief organizations to negotiate a peaceful settlement in El Salvador in order to prevent the intellectual and political desolation that lies ahead if yet another country is plunged into the anguish of death that surrounds violent resolution of disputes; and be it further

Resolved, That America's ideological support for freedom around the world should not require the placement of American forces on foreign soil lending a perception of our ill-fated "Vietnam" posture in Latin America; and be it further

Resolved, That this legislative body shall recognize the ringing of church bells and other carillons on Good Friday, April 17, 1981, at 3:00 p.m. as an expression of hope and commitment to those who seek a nonviolent settlement in El Salvador and an end to the human suffering; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Michigan Delegation to the Congress of the United States.

Adopted by the Senate, April 8, 1981.●

MINNESOTA'S THOUGHTFUL, WRY SENATOR

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. ERDAHL. Mr. Speaker, I wish to submit for the RECORD a newspaper column written by Nick Thimmesch of the Los Angeles Times Syndicate. It is entitled, "Minnesota's Thoughtful, Wry Senator".

Now that title could refer to many Minnesotans, but in this case it's a story about Senator DAVID DURENBERGER. It is a story about a former Jesuit seminarian who came to the U.S. Senate from a State with a long history of progressive politics. It is a story about the incongruities of minority versus majority politics in the U.S. Senate. And it is more than that, but I will let Mr. Thimmesch explain:

[From the Los Angeles Times Syndicate, Mar. 18, 1981]

MINNESOTA'S THOUGHTFUL, WRY SENATOR

(By Nick Thimmesch)

WASHINGTON—Minnesota's Dave Durenberger, once a Jesuit seminarian, is one of the more thoughtful Republicans in the Senate. He seems bemused about the new sensation of being part of a majority. And he's also concerned over what the resurgent GOP should stand for.

He came to the Senate two years ago, and soon learned that as a minority member "you can't effect change unless the Democrats agree with you. If you push a new idea, when it comes, it has a Democrat's name on it. I couldn't spend a lifetime as a minority member voting for Jesse Helms' amendments, those not going anywhere. The minority has no responsibility.

"It's much more comfortable to be in the majority and have the responsiblity. It's also better not having Bob Byrd (former majority leader) keeping you here until the middle of the night. Since more than half the senators here are in their first term, they are not set in their ways and feel comfortable with responsibility.

"The old way of interpreting people as liberals, moderates or conservatives didn't have much to do with the reality of what went on here. I always voted against amendments which weren't going anywhere—cut food stamps, cut this, stop that. So I got labeled as being some kind of Teddy Kennedy, when I wasn't.

"Now we Republicans have the responsibility and are moderate as hell. We're talking about what should be done, not about what did Strom Thurmond or Jake Garn or Orrin Hatch say."

Durenberger, 46, laughs when he talks with such human propinquity. He was reared in the company of Benedictine monks at St. Johns University, where his father was athletic director. The wry humor the monks used to explain the incongruities of earthly life rubs off on people like Eugene McCarthy, Dave Durenberger, and J. F. Powers, the writer.

Durenberger solidly supports President Reagan and his program. "The Reagan today is not the Reagan of speculation," he says. "He has shown that he relies on the best people he can find. He has one helluva sense of where the American people are today. He is able to communicate and has their trust. He doesn't abuse his power, and he is honest to his convictions. He can get emotional like Hubert (Humphrey) used to, with a catch in his throat.

"The spending cuts won't be a big problem in the Senate. Food stamps, dairy supports, veterans' benefits are controversial. But if we follow the plan to vote up and down on the bill as a package, it will be difficult to determine where we are on individual programs. We can get into trouble if we start switching things around, so that only farmers and poor people get screwed.

"We're trying to prove to people that we can stop our spending here so they will respond by stopping theirs. We'll take the medicine and get inflation under control. A year from now, we'll sort out the roles of federal and state government. Then, in future years, we can do things the right way here, piece by peice."

Durenberger's favorite study subject is redefining federalism. "It's not getting the feds out and letting the states do it," he says. "That's too simplistic. It's deciding what functions the feds should take and which belong to the states. Should the feds undertake the major obligations to people—income, security and health—and leave public works, housing and education to the cities and states?"

The intergovernmental system today costs $83 billion, and while of good intent, often executes poorly. Durenberger cites the fuel assistance program for old people. Initially, these allocations were based on local fuel costs and severity of weather. Now, with two formulas, states are entitled to the greater of the two. So few assistance checks go to balmy Micronesia.

Categorical grants also go haywire. State and local government doesn't take part in deciding what they will be, only in accepting them and agreeing to match their funds. "By this mechanism," Durenberger says, "we disturb local priorities, burden local officials with reporting requirements, waste federal dollars and misallocate resources—and only sometimes achieve the goal."

Durenberger is the chief Republican sponsor of the Omnibus Small Business Capital Formation Act which: provides investment tax credit for new small businesses; reduces corporate tax rates, with small business getting the best break; cuts gift and estate taxes and eliminates taxes on estates valued at less than $600,000 so farmers and small businessmen can will their property to their spouses or children; reforms accounting procedures so inventory costs reflect the cost of inflation.

Such concern for the bourgeoisie is what probably separates Durenberger from the run of Democrats and what, in a short time, has turned Minnesota from an overwhelmingly Democratic state into one where both senators, the governor and seven of the 10 congressmen are now Republicans.

Durenberger is sensitive to Minnesota's progressive pollitical tradition, and tells GOP audiences that "while a landslide (1980) brings out the best in people," Republicans must work to enhance the notion that they are the party of hope and a better future, and not ride on negativism.

Durenberger says:

"My hope is that we will reach out beyond those who find every governmental act a threat to private property; reach out to the many, especially the young and the elderly, who because of government neglect cannot afford a home of their own."

He applied the same dictum to health care costs and the challenge of strengthening families, reminding his fellow Republicans that it is not enough to carp about socialized medicine or the "permissive" society.

"It is time that the Republican Party stood for something more than a politcal platform from which desperate, unhappy citizens and single-interest groups select candidates for president and Congress," he says. "We must not turn our backs on the poor, the elderly, the infirm, the worker or the farmer. We must not forget our God-given mandate to create a nation of equality, of authority, or personal security."

That's pretty good stuff for a freshman senator who roars with laughter when explaining that while he has delayed announcing that he will be a candidate again, "there's nobody I meet who doubts that I'm going to run."●

FUNDING FOR PLAYHOUSE SQUARE AND CONTINUATION OF EDA

HON. DENNIS ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. ECKART. Mr. Speaker, on April 30, the House Appropriations Committee restored $3.5 million to the fiscal year 1981 budget for a project that possesses a tremendous economic potential to the people of Cleveland. The Playhouse Square redevelopment project is a planned program to reclaim and energize 60 acres of downtown Cleveland, known as Playhouse Square for its heavy concentration of theaters.

This restoration of moneys was a just and proper move by the Committee, because it represents both an economic boost to this section of our industrial heartland and provides proof of the feasibility of the Economic Development Administration.

The completion of Playhouse Square means jobs; jobs in an area that is currently suffering from an 8.2-percent unemployment rate. It is estimated that over 200 new full-time jobs will be created within the center itself and over 1,500 jobs will be generated in the district.

The wheels have been put in motion. The matching funds are in place and corporate and private donations have been committed. But we need the added assistance that this $3.5 million will provide. We need this money that was committed to us once before. It is not fair to take back this money and rob Cleveland of this economic opportunity.

Neither is it fair or logical to reduce funding or eliminate an agency whose purpose is to economically revitalize this nation's distressed areas. Since 1965, the EDA has created or saved over 1.4 million direct private sector jobs. During that same time, over $9 billion in private investments has been leveraged by EDA projects. If the proposed fiscal year 1981 rescission and fiscal year 1982 budget appropriations are approved, it is estimated that over 200,000 jobs will be lost and over $2 billion in private investments will not be leveraged. We cannot allow this to happen.

I urge my colleagues to support both the retention of EDA and its funding to the Cleveland Playhouse Square project.●

WHO SAID THERE ARE NOT ANY HEROES LEFT?

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. VENTO. Mr. Speaker, I want to share with my colleagues this inspiring and heart-lifting story about how a group of caring, courageous people saved a man's life. If this story has special meaning for me, beyond the sense of rejoicing it brings, it is because I know Mr. Casber's daughter who works for the House of Representatives. I think special mention should be made of Minneapolis Star Columist Jim Klobuchar's sensitivity and insights in writing, "By Phone, She Saved His Life."

[From the Minneapolis Star, Apr. 8, 1981]

(By Jim Klobuchar)

BY PHONE, SHE SAVES HIS LIFE.

"Yes, I can get you the bus departure time for Grand Forks in a moment," the information agent told the young woman on the telephone. There was a pause. Muffled, uneven breathing followed. There were five seconds of silence. "Are you all right?" the woman was saying. His breathing became a gasp. Now another sound. Something or somebody settling to the floor? "Are you in trouble?" she asked again.

Now there was no sound.

In her apartment in south Minneapolis, Marcia Schuett, a University of Minnesota hospitals receptionist, fumbled with her mind for a moment. It might be a heart attack. In her nurses' training she had heard sounds similar to that. Who to call? The police, a hospital? A heart attack victim could die while help was enroute. She hung up, then picked up the phone again. The Yellow Pages were still open to the Greyhound Bus Terminal numbers. She dialed again, another number at Greyhound.

Dozens of times a year we are confronted with accounts of ordinary people who are either oblivious to another person's grief unfolding before them, or refuse to recognize it out of fear or futility. Sometimes a casual dispassion that shames them later deflects their eyes from the scene, or pulls their hand from the phone.

Non-involvement is safer and more convenient. It means not having to testify at a trial, getting mixed up with cops and insurance investigators. It means making it on time to the movie. And sometimes it means a person will die.

But there are other ordinary people who understand a crisis when they see it, and even when they don't, and will not walk away from it.

The phone rang in the package express department of the Greyhound Bus Terminal at 6:45 a.m. an hour when the terminal is vitually deserted. Keith Holland was near the phone and took the call. The young woman on the line said she was afraid there was something wrong with the man in the information office. They were talking, and he began breathing strangely and then stopped talking.

Holland walked into the office and found Wally Casber, 59, lying motionless on the floor. He yelled to the loading dock for somebody to call the police.

John Sipe, a 35-year-old Greyhound employee and parttime police officer in Cottage Grove, ran into the office where Casber had collapsed. Holland was trying resucitation, but he was not familiar with the method, and it wasn't working.

The blue tinge of cynosis had already crept into Casber's lips. Sipe felt for pulse. Nothing. No heart beat.

Kneeling beside the lifeless man, Sipe asked quickly if anybody else knew anything about CPR.

"Yes," a young woman's voice said tentatively.

"You take the chest," Sipe said.

John Sipe put his lips to Wally Casber's mouth and began breathing. Bonnie Frederickson began pressing down on his chest in the slow rhythmic movements that simulate heartbeat. She had learned the method in a class at Columbia Heights high school but had never used it before.

Sipe was a cop and an onetime emergency medical technician. He had done it before and, in one bizarre flashback as he began breathing into Casber's mouth, he recalled the first. It was in St. Paul Park. The man's teeth were green and laced with snuff, and when he began breathing he vomited.

Wally gave him no such problem, mercifully. He breathed again, again. Only six times. And Wally was stirring, fighting to breathe. His heart had stopped and he was within a minute or so of dying, but within 45 seconds he was breathing. His eyes opened, spinning wildly. "Stay on the floor," Sipe said.

Wally grunted. He had to get up. He was so fierce about it that Sipe couldn't restrain him. He got up and sat at his desk, and he was there, tended by Sipe and Bonnie Frederickson and a few others, when the paramedics arrived and from the hospital. They administered oxygen and took Casber to Methodist Hospital, where he is recovering today from his heart attack.

"It is almost too much to believe," he said. "That woman could have done a half dozen other things, and nobody would ever have known. She could have hung up in a panic or said it wasn't any of her business. She could have told herself it was all her imagination and left it at that. She might have called a hospital but she did the only thing that could have saved my life. She not only cared about somebody in trouble, a total stranger, but she had the good sense to do exactly what she had to do. And then John Sipe and Bonnie didn't run around waiting for the ambulance. They stayed there and saved my life."

Are these ordinary people?

Perhaps.

Ordinary enough Marcia Schuett to receive a bouquet of flowers from Wally Casber's wife, and to call this small act of gratitude "one of the nicest things anybody has ever done for me.●

WHITE HOUSE TO PROPOSE PLANE SALES TO SAUDI ARABIA

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. SKELTON. Mr. Speaker, the White House has announced its intention to propose the sale of five planes incorporating Airborne Warning and Control System (AWACS) technology to Saudi Arabia later this year. I wish to take this opportunity to register my opposition to that proposal.

Israel is an important ally to the United States in the Middle East. The sale of the AWAC system to Saudi Arabia, a country that rejects the Camp David Accords, supports the PLO, and has called for a holy war against Israel, would not be in the best interest of the United States. The surveillance capability of the AWACS would eliminate the qualitative edge which Israel has depended on for its security. In another Mid-East war, the AWACS would be capable of directing hostile activities of Saudi, Syrian and Jordanian Air Forces against Israel. In order to preclude this eventuality, Israel would either have to purchase counter measures or depend on preemptive strikes. The Israeli budget has reached the saturation point on military spending, and, because of high interest rates, they would not be able to accept U.S. compensatory offers of additional military sales credits. The result of this would be further destabilization of the Middle East.

Another important consideration, is the security of this high technology AWACS equipment. Saudi Arabia would be the first non-NATO nation to own these sophisticated planes. The Saudis suffer from internal instability and hostile neighbors. To date, they have not been able to demonstrate competency in handling these contingencies. These factors, coupled with the need for U.S. military and civilian personnel to maintain and operate the AWACS equipment, could very well inspire instability in the monarchy and feelings of resentment toward the United States. Should this happen, the AWACS technology could fall victim to espionage or may even find itself in the hands of the Soviets or other governments. A historical postscript: AWACS had been approved for sale to the Shah of Iran in 1977. The fall of the Shah in advance of the delivery date early this year prevented the consummation of the deal.

Our Middle East policy should remain openminded and long range. However, arms sales should not be used as a plecebo for diplomacy. Sophisticated weapons will not assure Saudi Arabia's stability, security, or friendship. Given their situation, I am very much opposed to providing Saudi Arabia with the AWACS.●

HISTORIC MARYLAND

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. DYSON. Mr. Speaker, Saturday, April 25, 1981, marked a historical event for the entire State of Maryland; 350 years ago, one of the first Episcopal Churches was founded on the shores of the Chesapeake Bay on Kent Island.

Maryland has undergone many changes in the last three and a half centuries, but the spirit of her original settlers still lives in the hearts and minds of their descendants and many others that have been captivated by the beauty of this land that is known as "God's Country".

Saturday's celebration and service of thanksgiving commemorating the 350th anniversary of Christ Episcopal Church was a reaffirmation of the people of Maryland's determination to carve out a life that embraces the ethics of hard work and christian spirit that has been the cornerstone of the American way of life.

In commemoration of this blessed event the Most Reverend and Right Honorable Robert A. K. Runcie, 102d Archbishop of Canterbury was gracious enough to participate in the thanksgiving service held on Kent Island. For all who attended this historic Christian event, the communion service marked a dedication to Christian principles and a unification of the people of Kent Island and Maryland. I would like to share the Archbishop's comments with my fellow members:

SERMON BY THE MOST REVEREND AND RIGHT HONORABLE ROBERT A. K. RUNCIE, 102D ARCHBISHOP OF CANTERBURY

Knowing that I was to visit Kent Island, I made a search in the archives at Lambeth to see whether there was any record of a link between my predecessors and the Church here. Among other items, I uncovered a letter dated 1726 from the Vestry of Kent Island to the Bishop of London, complaining about your Rector, Thomas Phillips. Besides other misdemeanours, he was accused of always starting services on time—inconvenient, I suppose, in a scattered agricultural community with a shortage of clocks but

(a) I am glad it is a tradition you have maintained here in Kent Island from at least the eighteenth century to the present day

(b) that is why I deliberately arrived late from Christ Church at this service, to avoid a similar censure.

But there are more personal links: Captain William Clayborn, who established a community here 350 years ago in 1631 was an Anglican from Kent, England who had studied at Cambridge and served in the Army. In the manner of St. Paul, I can say—So am I. I was delighted to be asked to take part in these celebrations and to thank God for the founding of the Clayborn settlement and the planting of the first church and Christian presence on Kent Island in 1631.

Very properly, you have chosen to celebrate this anniversary in a great act of worship which brings together Christian brothers from many different churches and representatives of every aspect of community life in this beautiful part of Maryland.

As a word and a concept, Worship has in recent times been largely confined to the ecclesiastical context. Worship is sometimes seen as the Sunday hobby of churchgoing people but it was not always so. In the old Marriage Service of the Anglican Church, one of the vows includes the phrase "with my body, I thee worship". Worship is not to be confined to hands together, eyes closed; the chanting of psalms or the use of ancient ecclesiastical rituals. I want to suggest that this kind of refined worship is just one expression of a universal aspect of human nature. Man is a worshipper. Everybody is engaged in worship every day, in the sense that human beings have so evolved that they constantly refer themselves and the things they do to someone or something which I think they regard as desirable or fearsome.

Whether we are aware of it or not, we are engaged in worship every day. Of course, the gods people worship vary very much. Most commonly, perhaps, the gods are abstract—success, security, power, wealth. These gods may be abstract but they exert a powerful influence on how we behave, how we choose our friends, who we invite to dinner, how we spend our money.

Sometimes, of course, the gods are other human beings. I once taught at a school at which some of the pupils were Americans. One of the girls worshipped a Puerto Rican wrestler called Bruno, who operated in Boston. We were both being driven rather dangerously through some country lanes and I remember her sitting on the back seat, shouting "I'll die for Bruno but I don't want to die for anyone else."

For Christians, of course, there should be no question. We worship the Father, as we see Him in Jesus Christ. As Our Lord says in that lesson from St John's Gospel we have just heard, "I have made thy name known to the men whom thou didst give me out of the world". The Father as we see him in Jesus Christ is our point of reference for all that we do and for all that we are becoming.

Granted that worship is inescapable, it makes sense for us to ask the question 'What am I worshipping? What is my dominant point of reference?' This question becomes even more significant if you accept my second proposition about worship. First, everyone is engaged in it, whether they know it or not. Second, whatever you worship puts its mark on you. You can't help giving away, often unconsciously, to others the name of the god you worship because the dominant influence on your life is going to leave a mark on you. This is true, not only of our behavior but even of our very faces. After the age of about forty, we are largely responsible for our faces. We have all registered the serene beauty of the faces of those who have devoted themselves to worship the God and Father of Our Lord Jesus Christ. We have all noted the strained and avid faces of those who really worship

money or power, whatever their formal religious allegiance might be.

We are used to looking at history as being governed basically by economic factors or by political or military events but an equally valid way of reading history is as the search for something or someone worthy of worship. In default of a worthy vision, the faculty for worship which is in all of us will attach itself to an unworthy or even dangerous vision. Who could fail to see in the Nazi rallies at Nuremberg the faculty for worship tragically misdirected? If we are all engaged in worship and if the god we worship marks us profoundly then our search for a worthy vision to inspire our worship should be urgent and strenuous.

We do not search alone, however, and it would be dangerous to do so. Human nature being what it is, visions tend to be accommodated to our convenience, their demands ironed out to a comfortable blandness. We may use the right words—Our Father, or Lord, Lord—but these words can become drained of their potency if we become their possessors and insist on interpreting them only from our own provincial experience in space and time. At present, for example, there is a danger of reducing God to something of a pal and ignoring the harder demands of his Word, which we are told is sharper than any two-edged sword, piercing even to the dividing asunder of soul and spirit and of the joints and marrow. Some Christian worship is so casual that this aspect of the God and Father of Jesus Christ would seem to have been obscured with shallow bonhomie. The awe and majesty of God, which draws from us reverence and wonder, cannot be ignored at a moment when man is beginning to chart the heavens. The neighborhood God, jogging with us through life's way, is not the whole truth about the Father of Our Lord Jesus Christ—he is a fashionable puppet, who fails our imagination as we look into the vastness of space and ponder the mystery of creation. WH Auden, in his play "For the time being", devises a prayer for the worshippers of such a diminished, comfortable God—"O God, put away justice and truth for we cannot understand them and do not want them. Eternity would bore us dreadfully. Leave thy heavens and come down to our earth of waterclocks and hedges. Become our uncle. Look after Baby, amuse Grandfather, escort Madam to the opera, help Willie with his homework, introduce Muriel to a handsome Naval Officer. Be interesting and weak like us and we will love you as we love ourselves."

The temptation to worship a god made in the image of our own fantasies and desires is ever-present, which brings me back to our worship today and our anniversary celebrations.

In the Christian Church, we are not left to search alone, or just with our contemporaries in a particular place for the most worthy object of worship. We are fellow-pilgrims with all those who have worshipped God in past centuries and who now worship him with clearer vision beyond the grave. We are also fellow-pilgrims with the hundreds of millions of Christians alive in the world today who worship the Father on every continent and island. Our fellowship with the Christian centuries that are past and with the Church throughout the world is not optional or a luxury, it is part of a fully mature Christian life. The will to keep in step with our fellow-pilgrims saves us from turning our faith into self-indulgent fantasies, a mere endorsement of some national dream or the desire to preserve some particularly cherished style of life. We depend on the Church of all the ages and throughout all the world to save us from turning our worship away from the living God to some candyfloss idol.

This service expresses that dependence. We have looked lovingly at those who brought the faith of the Father of Our Lord Jesus Christ to this place and at those who have cherished that faith over the centuries. In the ancient words of the liturgy, we have glimpsed the grandeur of the faith which inspired them and the majesty of the God we worship. This service also celebrates links with the Church throughout the world, particularly with the Church of England which now, in its turn, comes to America to learn about generosity in Christian practice and spontaneity in worship. Every age has its own contribution to make to the whole pattern and ours is no exception.

With these far horizons and a lively awareness of the communion of Christians throughout the centuries and across the oceans, we anchor ourselves in the worship of the God who is not a prisoner or the property of one time or place. In turbulent and fearful times, when the temptation is to retreat into narrowly-based, strident, even fanatical forms of worship which further divide us from one another and add fuel to the already dangerously combustible state of the world—now, more than ever before, we need to celebrate and cherish our links with the Church of all the ages and throughout all the world. The vision of that Church and its achievements gives us hope when present realities hem us in and the courage to act and work at a time when fear can immobilise us or, worse, make cynics of us. We praise thee, O God, we acknowledge thee to be the Lord. All the earth doth worship thee, the Father everlasting.

Mr. Speaker, an event of this kind can only take place through the commitment of people who care about preserving our traditional ways of life. I think it would be appropriate to name those people who played such an important role in making this occasion one which shall be entered into the annals of history:

SERVICE OF THANKSGIVING

Participants: The Most Reverend and Right Honorable Robert A. K. Runcie, 102d Archbishop of Canterbury; the Right Reverend John M. Allin, Presiding Bishop of the United States; the Right Reverend W. Moultrie Moore, Jr., Bishop, The Diocese of Easton; Bishop D. Frederick Wertz, The Washington Area, The United Methodist Church; the Most Reverend Thomas J. Mardaga, Bishop, the Roman Catholic Diocese of Wilmington; the Reverend Dr. Paul M. Orso, President, Maryland Synod, Lutheran Church in America; the Very Reverend C. Allen Spicer, Dean, Trinity Cathedral, Easton; the Reverend J. Edwin Pippin, Rector, Christ Church, Cambridge; masters of ceremony.

Diocesan Committee: The Very Reverend C. Allen Spicer; the Reverend J. Edwin Pippin; the Reverend Robert A. Gourlay, Rector, Christ Church, Kent Island; the Reverend Canon Edward N. West, O.B.E., S.T.D., Ltt. D., Sub-Dean, The Cathedral of St. John the Divine, New York, consultant.

Committee of the Parish: William D. Moore, Chairman; the Reverend Robert A. Gourlay, Ex-Officio; Lt. Col. and Mrs. Thomas B. Baker; Mr. and Mrs. Winfield F. Corriston; James F. Ewing, Sr.; Mr. and Mrs. John Eliot Kennedy; Miss Anne J. Kyle; Mrs. Arthur L. Nash; Mrs. William R. Russell, Jr.; Dr. Donald T. Walbert.●

RUBY LAKE NATIONAL WILDLIFE REFUGE

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. SANTINI. Mr. Speaker, today I am introducing a bill which will help to bring some commonsense to the management of the Ruby Lake National Wildlife Refuge in Nevada. While it is admirable to protect waterfowl, and to provide for resting and nesting areas, it is not proper or right to preclude a large portion of the recreational motorboat public from using Ruby Lake for fishing and other recreational boating.

Undue restriction on boating activity has raised a continuing concern that the intent of Congress has not been carried out by the Secretary of the Interior in his management responsibilities at the Ruby Lake National Wildlife Refuge. This bill will clarify the intent of Congress by providing increased latitude under the Refuge Recreation Act for the Secretary of the Interior to ease the unreasonable restrictions presently being imposed on the public.

This bill would only specifically affect Ruby Lake National Wildlife Refuge, and would still provide a proper wildlife sanctuary. I urge my colleagues to give it careful consideration.●

HUMAN RIGHTS AND EL SALVADOR

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. STUDDS. Mr. Speaker, the Americans for Democratic Action recently completed an analysis of the applicability of section 502(b) of the Foreign Assistance Act to U.S. military aid to the Government of El Salvador.

This is an extremely well researched piece of work, and one which I believe ought to be examined by anyone interested in the current controversy surrounding U.S. policy toward Central America.

The text of the ADA study follows:

SECURITY ASSISTANCE AND EL SALVADOR: WHAT THE LAW SAYS

ADA believes that U.S. security assistance to the present regime in El Salvador violates Section 502B of the Foreign Assistance Act of 1961. Section 502B states:

"Except under circumstances specified in this section, no security assistance may be provided to any country the government of

which engages in a consistent pattern of gross violations of internationally recognized human rights. . . .

"[The exception is triggered when] in the opinion of the Secretary of State. . . extraordinary circumstances exist which necessitate a continuation of security assistance for such country. . . and on all the facts it is in the national interest of the United States to provide such assistance. . .

THE COMPONENTS OF SECTION 502B

Security assistance is to be denied a foreign government under Section 502B, if the Administration makes two findings: first, that the government is a consistent and gross violator of human rights, as described above; second, that no national security concerns mitigate the first finding.

According to State Department officials, three criteria must be met if a government is to be shown to be a consistent and gross violator. The first criterion is the established fact of gross violations of human rights on the part of police, military, or other official forces. The second is a consistent pattern of such violations. The third is that the government itself—specifically, high and politically responsible officials—has been responsible for human-rights violations.

For purposes of the law, a government is involved in human-rights violations when high political officials "deliberately engage in or tolerate abuse." A government deliberately engages in human-rights violations when it specifically orders or plans or when one of its officials actually commits human-rights violations. A government tolerates abuses if it "willingly refrains from controlling" such abuses.

It is obvious that the law allows the Administration considerable latitude. Under the Carter Administration, Section 502B was interpreted to forbid military assistance to Guatemala. On the other hand, the "extraordinary circumstances" clause was interpreted to permit military assistance to Zaire, the Philippines, and Indonesia, despite the fact that their governments displayed a consistent pattern of gross human-rights violations.

Although or even because the Reagan Administration is unlikely to take Section 502B seriously, the law remains a useful basis for Congressional initiatives in foreign policy.

EL SALVADOR: A GROSS VIOLATOR

There is widespread agreement, among sources ranging from Amnesty International to the Legal Aid Office of the Archdiocese of El Salvador, that El Salvador's army and security forces have been guilty of substantial human-rights violations. Former Ambassador Robert White estimates that approximately 5,000 innocent people, mostly young men, were killed in 1980 on the mere suspicion that they were leftists.

The crucial issue for U.S. policy as embodied in Section 502B is whether or not the government of El Salvador bears any responsibility for these human-rights violations.

ADA has gathered evidence, also known to the State Department, that the government of El Salvador at the very least has refrained from controlling abuses of its security forces and death squads.

In the summer of 1980, National Guard Commander Vides Casanova gave names of National Guardsmen who were members of the UGB ("White Warriors' Union"—a right-wing death squad) to Minister of Defense Jose Garcia and Subminister Nicolas Carranza. In a subsequent meeting with the Defense ministers, Vides Casnova reminded them of the list and asked why they had taken no action. They sat silent.

During the period of the first junta, established by the coup of October 1979, Ruben Zamora (Secretary to the Presidency) and other civilian members of the government met with Garcia to discuss the continuing violence. Garcia admitted that he and other military commanders knew the identities of right-wing death-squad members. He then refused to arrest them unless the civilian representatives on the junta would agree to the arrests of all the leaders of popular organizations. (These confederations of peasants' and workers' organizations became the vehicles for the politics of direct action for thousands of Salvadorans when the Molina and Romero governments crushed the traditional opposition parties between 1972 and 1979.) Since these popular leaders faced no criminal charges, the government would not authorize their arrest. Ultimately, not one member of the death squads was arrested.

While these are only two examples, ADA believes that they are sufficient to demonstrate government engagement. On at least two occasions, Colonel Garcia, the top Salvadoran official charged with military responsibilities, has shown that he is unwilling to use information in his possession to control the right-wing death squads. And his power is intact despite the reorganization of the government in December. Garcia, in fact, was the only Minister in both the January and December reorganizations (1980) not required to submit his resignation.

Moreover, the very structure and history of the Salvadoran army and security forces provide additional evidence of the government's role in human-rights violations. There is reason to believe that the security forces, the army, and the government function in an integrated fashion so that it would be virtually impossible for massive human-rights violations to occur without the knowledge and complicity of the military high command. High positions in the security forces, the army, and the government—including the presidency—traditionally have been filled from the same powerful cliques of officers. These cliques derive from relationships formed within tandas, or Salvadoran military school graduating classes. In their thirty years of military service following graduation, the officers seek contacts, form alliances, and otherwise work toward their goals of political power and its associated spoils.

Army commanders on local and regional levels, owing their offices to the favor of the reigning tandas, are responsible for the activities of the armed forces. Through the chain of command and the informal ties, an army commander knows which forces are doing what and which soldiers belong to formal or informal death squads. Most of the atrocities are committed in sweeps of the countryside by armed forces engaged in indiscriminate killings or by death squads under the formal direction or informal sanction of regional or local army commanders.

The significance of these powerful officers' cliques is that they constitute an important locus of power within the military and therefore the government. Given the subtly integrated command of the varied military and security forces (the services are distinguished by insignias on their uniforms and little else), abuses on the part of the security forces reflect also on the army, specifically on its high command, thus linking the army's representatives on the junta to the violence.

While the coup of October 1979 initially appeared to promise a change in the military system of government, it is clear now that the military institution has survived with its power unchallenged. As long as the military remains unrestructured, most power will reside within the officers' network among the tandas, and the pattern of human-rights violations will persist.

EXTRAORDINARY CIRCUMSTANCES

The State Department under the Carter Administration insisted that extraordinary circumstances in El Salvador justified security assistance to its government despite human-rights violations, (satisfying the exception provided in Section 502B). The Carter Administration asserted that these extraordinary circumstances derived from the precarious position of a moderate and reformist government threatened by extremists of the right and left. The Reagan Administration continues to depict the Salvadoran situation in this way.

ADA agrees that the present government of El Salvador is reformist in one sense, genuinely committed to reform which will loosen the economic vise of the traditional oligarchy, and widen the government's base of support among workers and peasants.

But the government of El Salvador is not proved "moderate" or "centrist" merely because it is committed to reform. Economic reform serves the military, which is attempting to consolidate its political and economic control. The military has discovered that it need not rely on the oligarchy to bankroll its rule.

It is incontestable that the Salvadoran government has implemented economic reforms providing significant material benefits to the Salvadoran people. Banks and foreign trade were nationalized, improving access to credit and foreign markets for average Salvadorans. Phase one of Agrarian Reform, the expropriation of large plantations (of more than 1,235 acres), has been implemented. The "Land to the Tiller" decree, formally giving sharecroppers ownership of the land they work, was delayed for nearly a year, but has now been implemented in at least a few instances.

However, the Salvadoran government's commitment to reform does not extend so far as to include any willingness to share political power with the poor majority. Since late November 1979, following the October coup, the military has shown repeatedly that it does not tolerate and in fact aims to exterminate all political opposition. This is why the army wages a war of terror against the organized peasantry and suspected sympathizers. Even within the context of land reform, the army has used its role in the expropriation of estates as a pretext for violence against peasants in areas where the popular organizations are reputed to be strong.

The government's opposition to any meaningful political reform is further evidenced by developments within the government since the coup of 1979. After every confrontation or government reorganization, the most repressive elements of the military emerged in a stronger position:

Under pressure from the military, the junta released retired rightist Major Roberto D'Aubuisson, who led an abortive coup on May 2, 1980.

The Vice Minister of Defense, Colonel Carranza, went unpunished for his role in an attempted coup in February 1980.

Many Christian Democrats (Ruben Zamora and Hector Dada Hirezi, among

others) resigned from the government and the party in March 1980, charging that the military high command was unwilling to punish right-wing violence.

Junta progressive Colonel Adolfo Majano was deprived of his powers through a series of military decisions, beginning with his replacement by hardliner Colonel Jamie Gutierrez as Army Commander in May, and ending with his ouster from the junta in December. Majano was arrested for having refused reassignment to a post in Madrid, and has left the country.

The current reorganized government, with Christian Democrat Jose Napoleon Duarte as President, remains dominated by the military right. After a year of silence on official violence, and explicit hostility to the popular organizations, Duarte has lost much of his popular constituency and depends for support on the armed forces.

Gutierrez remains Commander in Chief of the armed forces, Garcia remains Minister of Defense. The newly appointed Chief of Staff of the armed forces is Colonel Rafael Flores Lima, who was press secretary to former President Romero.

In summary, the present government's commitment to reform is only partial. It is discarding the oligarchy without changing the oligarchic structure, especially in the political arena. There is nothing extraordinary about it to warrant provision of military aid.

NOT IN OUR INTEREST

The Reagan Administration, like the Carter Administration, defends its policy of security assistance to the government of El Salvador in terms of U.S. national interest. Specifically, the Administration makes three claims. First, the United States must respond to a "well coordinated covert effort" (by communist and allied powers) to bring about the overthrow of El Salvador's established government and to impose in its place a communist regime with no popular support. The Administration argues that this communist effort has been undertaken because of a perceived U.S. weakness. To restore credibility, the U.S. must act decisively to end this effort. This will tell the Soviet Union and Cuba what they can expect in the rest of the world.

The second argument made by Secretaries Alexander Haig and John Bushnell and President Reagan is that the issue is not only communist aggression in El Salvador, it is the threat to all of Central America and possibly Mexico. Haig has spoken about a Central America "hit list." State Department officials allege a three-stage Cuban scheme for subversion: (1) ideological support and training aid to guerrillas; (2) Cuban political leadership to unite differnent guerrilla factions and set up a political front to attract other groups; and (3) a final effort with Cuban military aid and perhaps advisers to overthrow the government. Bushnell claims this was the situation in Nicaragua, and that Cuba already has moved to stage three in El Salvador and is moving toward stage two in Guatemala.

Finally, the Administration dismisses the Revolutionary Democratic Front (FDR) as a nice bunch of people who have no power and amount to a front group for the guerrillas.

On the first point, no one can deny the fact that other states, primarily communist states, did infiltrate weapons and other military supplies into El Salvador. However, the Administration admits that it has been successful in pressuring Nicaragua, the major conduit for aid from communist states, to slow this aid to a trickle. (The Nicaraguan aid cut-off is therefore inexplicable unless Jesse Helms is the real Secretary of State.)

Furthermore, many independent authorities argue that both Cuba and Nicaragua now realize that they had dramatically overestimated the cohesion and popular support of the guerrillas in El Salvador. These authorities go on to argue that both probably would have drawn back without any U.S. effort. As some State Department documents make clear, the Nicaraguans always were reluctant to support the Salvadoran guerrillas.

Although ADA has no clear evidence, it might be said that the Nicaraguans, in allowing their territory to be used as a conduit, were trying to pay off the Salvadoran guerrillas for aid provided to the Sandinistas in their struggle. Reliable reports indicate that the Sandinistas received from $10 to $30 million in cash from the Salvadoran guerrillas. Now Nicaragua is returning to the policy, held by most of the Sandinista leadership, of providing revolutionary movements in other countries with moral support only.

In sum, ADA contends that the aid provided in December and January was extraordinary and that Cuba and Nicaragua have withdrawn direct support from the guerrillas. The Administration response—to press for an end to that aid—was justified. ADA does not believe, however, that present U.S. policy should be based on charges now outdated.

Secondly, the State Department is correct in what it has said about Cuban involvement in Nicaragua, El Salvador, and Guatemala. What this Administration consistently ignores are the internal situations which give rise to the guerrilla movements which Cuba aids.

The factors which produce a revolution are not simply social conditions—poverty and desperation—but the structure of government as well. Poverty is just as great in Honduras as in Salvador and Guatemala; on a per-capita basis it is actually greater. Honduras, like El Salvador, is a very violent society. Cuba has provided some training to Honduran leftists. Nonetheless, there is no significant insurgency. Bitter political opponents are not on opposite sides of the barricades, but drink together at the American Embassy.

The primary differences are twofold. First, in Guatemala and El Salvador, the armed forces developed a close and cosy relationship with the very wealthy. And they have been willing to use terror to keep themselves in power. Secondly, the economic elite with the blessing of the armed forces grew richer and richer, with the gap between rich and poor ever widening. In Honduras, on the other hand, there are no great wealthy families to play a dominant role in politics. The army is equally corrupt, but it has never engaged in massive terror to repress those aspiring to participate politically. In the last two years, in fact, the military government has been moving the country in a democratic direction.

If Guatemala and El Salvador are on a "hit list," it is because the governments in those countries have created their own crises. The U.S. interest should be not simply to stop the Cubans, but to ameliorate the conditions which invite Cuban involvement. In the context of Central America, that means dealing with the nature of the government.

In ADA's judgment, the present Salvadoran government is not reformable. It is therefore not in the interest of United States to strengthen the present government, especially its military components. But this is exactly what U.S. military aid does.

Finally, we must consider the consequences of a military victory. Such an outcome probably would increase the hardline sentiments in both the Honduran and Guatemalan armies. It probably would encourage all three militaries to look favorably on a military expedition to root out the "communist cancer" (sic) in Nicaragua. The Nicaraguans must certainly would erase all vestiges of pluralism and look to Cuba and the Soviet Union for protection. Such an intense regionalization of the conflict clearly is contrary to U.S. interests.

The alternative? The Reagan Administration ought to begin to take the FDR seriously. Even the most hardline Administration spokesperson admits that there are strong democratic elements in the FDR. The Administration argues, however, that the FDR is a front for the guerrillas. To some extent this is true. It is true primarily because the major tool in Salvadoran politics is now the gun. Substitute free organization and the ballot in place of violence and guns, and the guerrillas, like the army, will recede in political importance. This, and not military aid, is the only way to advance U.S. interests.

In conclusion, ADA finds that a close reading of Section 502B as it relates to El Salvador demands a termination of security assistance to the Salvadoran government.●

FIRSTHAND LOOK AT NATION'S CAPITAL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. CLARENCE D. LONG of Maryland. Mr. Speaker, on Monday, May 11, 1981, 89 young men and women from Dumbarton Junior High School in Baltimore, journeyed to Washington for a firsthand look at their Nation's Capital as part of their studies of American Government.

These students toured the Capitol Building, the Bureau of Printing and Engraving, the Federal Bureau of Investigation and the Supreme Court as part of their day's activities.

They were lead by the following teachers: Mr. Robert Flater and Mr. Ron Boone.

I am delighted these students have taken advantage of the opportunity to visit the Capital, and have taken an interest in our Nation's political process.

Students who visited us yesterday are:

Greg Calleri, Brian Cremen, Steve Haynes, Robyn Bryan, Sandy Auty, Robin Norris, Joy Hartman, Lori Little, Leslie Owen, Megan Walsh, Terri Kernan, Keith Benfer, Pat Mahoney, Trish Bonner, Mike McCullough, Mike Clark, Steve Miller, Bob Stoltzfus, Lisa Billings, Julie Murn, Gary Houk, and Bart Sarver.

Kathy Gettle, Arielle Hacker, Meg Maffitt, Lise Reno, Elinor Sparks,

Tom Carson, Mike Curtis, Tony Pirrera, Lisa Ackerman, Laurie Campbell, Clara Gardill, Sherry Jones, Judy Livingston, Laura Pitcock, Lauren Williams, Bobbie Bennett, Tom Corcoran, Steve Gerber, Laura Eger, Joe Peterson, George Cooper, and Chris Parks.

Steve Trageser, Carrie Carson, Becca Cline, Gavin Valle, Donna Deitsch, Suzanne Hill, Sandy Stoll, Keith D'Agostino, Kris Aldrich, Karen Hinson, Kathy Lynch, Julie Fisher, Kevin Kennedy, Debbie Pryor, Gus Morrison, Keith Isaacs, Barney Aburn, Kurt Spurrier, Carolyn Clarkson, Susan Gorney, Chris Rafferty, and Carol Wessner.

Scott Szeliga, Gale Dettor, Sally Smatt, Simon Noel, Chuck Schomann, Mary Caskey, Missy Gold, Cathy Pyle, Mike Cooke, Greg Zenger, Jill Eisman, Laurie Kreek, Megan Trumbore, Chris McDonald, Frank Reier, Daphne Rolfes, Joe Sprucebank, Sondra Kiser, Kevin Merriman, Amy Brune, Regine Esslinger, Kim Jones, and Julie Sameth.●

MIDEAST JOURNAL

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 12, 1981

● Mr. DERWINSKI. Mr. Speaker, Roger Simon, columnist and feature writer of the Chicago Sun-Times, recently authored a series of penetrating articles on the situation that exists in the Middle East. His articles dealt with an Israeli village located on the Lebanon border. In view of the problems in that part of the world, I wish insert these very timely and pertinent articles which appeared in the May 10 and 11 editions of the Chicago Sun-Times:

[From the Chicago Sun-Times, May 10, 1981]

MIDEAST JOURNAL: "THE DEAD AREN'T IN UNIFORM"

(By Roger Simon)

BEIRUT, LEBANON.—The snow-topped mountains glowed silver in the moonlight and the shadow of the jet skipped across them, leaping up from the valleys and onto the peaks. In less than a second, the jet crossed the face of the dimpled moon itself and began its turn.

The ghostly exhaust trail followed behind it, writing across the sky like the finger of God. Beneath it in the harbor, the ships circled or lay at anchor, waiting for the warehouses to stop burning and hoping that the shelling would not resume.

For just a moment, there was the rarest of things in this city: silence. Then the Dixie Express shattered the sky.

The Dixie Express is an Israeli Phantom fighter-bomber, but one does not say "Israel" here. Israel is to the south, so it is called Dixie. And the jets of Dixie roam at will, cracking the sound barrier to say hello.

"It is like a calling card," Dan Pattir, counselor to the prime minister of Israel, told me later. "It lets our friends know we are there."

And their enemies, too. Out near the airport, not far from where a Soviet T-34 tank was dug in up to its treads under camouflage netting, two Syrian soldiers got up from the fire where their tea had been brewing. They walked out from under the corrugated tin roof of their sandbagged, emplacement.

With weary resignation, they began tracking the plane across the sky with anti-aircraft fire, the twin barrels of the gun popping back and forth, throwing up puffs of smoke against the stars.

They did not really expect to hit it. But they had their duty. And they did accomplish one thing. From across the harbor and the city came the soft crump of the mortars, the sharp crack of artillery, the ragged tearing noise of heavy machinegun fire. The anti-aircraft guns had served as the opening baton in Beirut's nightly concert.

Once upon a time not long ago, wars like this were fought with aging Garand rifles and ancient Springfields, with Molotov cocktails and mortars made from the exhaust pipes of old cars.

Now, the boats and trucks unload tanks, howitzers, rocket launchers; bazookas, and boxload after boxload of automatic assault rifles still in their oiled wrappings and complete with instructions.

In the Mideast today, weapons are the one universally recognized symbol of friendship, whether it be AWACS for the Saudis or rocket-propelled grenades for the Lebanese Christians. And everyone wants to make friends and money: the Soviets, the French, the British, the Israelis, the United States.

Over here, nothin' says lovin' like a tank.

"Lebanon is now the battleground for all the troubles of the Mideast," Alfred Mady, a spokesman for the Christian forces, said. "It is open land, open season, for everything. For narcotics, for weapons, for terrorism. There is no such word as legal in Lebanon. Anything goes."

It has been going badly. More than 500 people were killed here last month and the fighting continues. Not only fighting between the various Lebanese factions—some students of the conflict count no fewer than 39 separate militias—which is bad enough, but also fighting between the Syrians and Israelis.

The first thing that strikes one, though, is that the dead as almost never soldiers. This is a war planned by statesmen, directed by generals and fought by militiamen, but the casualties rarely wear uniforms. They wear business suits and carry briefcases. They wear dresses and carry shopping bags. They wear Moslen robes and carry farm tools. They ofter wear diapers and carry nothing.

An unmarked but very real "Green Line" separates the Christian side from the Moslem side of Beirut. In normal times, thousands cross the line every day. But in these times, when they can cross at all, people plunge and scuttle across. Taxi drivers lean on their horns and speed across the no-man's-land drawing sniper fire.

On the day I arrived, only 30 or 40 shells had fallen so the fighting was reported as "light" or "sporadic" much as in another city the weather would be reported as "partly cloudy" or "drizzly." So to the rest of the world it was not big news, surely not as important as threats of Soviet intervention in Poland or injuries from rubber bullets in Belfast.

But this is not a village, it is a city of more than a million people, with houses and apartment blocks and shopping areas and highrises. And the shells are not so much aimed as merely fired. The Moslems know all they have to do is turn their mortars east to hit a Christian. The Chirstians merely have to fire west to hit a Moslem. The targets are no more clearly defined than that.

It is not yet all-out war. The shell-pocked hulk of the Holiday Inn still looms silent and empty over the Beirut harbor, a monument to the civil war of 1975 and 1976, where Christians and Moslems blasted each other for 19 months, leaving 37,000 dead and property damage of about $15 billion.

But even though it is not full-scale war, the shells still fall from the skies like the wrath of heaven. And after they have landed and the yellow-gray smoke has been carried away by the Mediterranean breezes, the people get up and walk about again. They buy fat red strawberries from street vendors. They sit outside their shops, slapping down the markers of their backgammon games. They buy tax-free and dirt-cheap cigarettes and go to American movies.

"Kramer vs. Kramer" is still packing them in on both sides of the Green Line. The restaurants along the sea are still open, though the owners complain that the new practice of fishing by hand grenade sometimes disturbs the customers.

Kamal Jrab meets me at the airport. He works for the Commodore Hotel, and it is his job to see that guests get from the airport to the hotel alive. The fee is very small, considering the service.

To Kamal, as to many Lebanese, the fighting is an unfortunate but not overwhelming fact of life, something that makes the traffic bad and the electricity sometimes fail.

"A beautiful country," he says, sweeping his hand over the mountains which cup the city. "The Switzerland of the Mideast." They really used to call it that, a reference to the mountains and banks, not to the peace and quiet.

The front seat of our cab is covered by a tapestry that depicts in unpleasantly real flesh tones the heads of John Kennedy, Robert Kennedy and Martin Luther King.

"For good luck," Kamal says, patting their faces. As we come to the first checkpoint and two soldiers with rifles fixed with grenade launchers come toward us, it occurs to me Kamal has picked three strange examples of good luck.

You cannot move more than a few blocks without going through a checkpoint, and they soon become a way of life. They are usually just sandbags, sometimes with a tin sheet on top and one or two bored soldiers inside. Few Westerners are bothered, although American diplomats must travel to and from the airport with bodyguards.

There are Syrian checkpoints, Palestine Liberation Organization checkpoints, Palestine Liberation Army checkpoints, Lebanese Army checkpoints, Christian checkpoints and, if one goes far enough, United Nation checkpoints, where one is stopped by red-raced Irishmen or blond-haired Swedes or black-skinned Nigerians or Fijians.

Slightly smaller than Connecticut, Lebanon is big enough for everyone to fight over.

The traffic grows heavy as we make our way toward the hotel. The traffic lights have not worked for years, and soon we are stopped in a massive traffic jam, with everyone blowing his horn furiously. Grid lock is not a dire prediction in this city, it is a way of life.

The problem is solved in the usual manner. A few soldiers wander over and start waving their rifles, forcing some cars to turn away onto other streets, letting others slip by. As soon as the soldiers appear, the horns grow silent.

The weakest element in Lebanon is the government of Lebanon. Many people don't bother paying taxes anymore. Law and order is provided by anyone who has a gun and enough armed friends to see that he keeps it. You can buy a hot Mercedes-Benz for $500. And you can drive it until someone steals it again.

Garbage lies in empty lots. Sometimes it is collected; more often someone will grow tired to the smell, douse it with gasoline and try to get rid of it that way.

The harbor is controlled by Christian forces, who extract "taxes" from each cargo, but any trucks that unload the ships and cross into Moslem territory must pay again.

Some things do work. Phones, water and electricity are interrupted only sporadically. And there is wealth here, both from traditional sources and from war profiteering.

Lebanon is a country that runs by force of habit. But that has its limits.

"The car bombs go off because nobody checks for them," an Irish journalist told me. "Have you ever been in Belfast? My God, you can't leave your car for five minutes without the police or army checking it over. Here, nobody checks and nobody cares. You can blow somebody's head off or blow up a block of flats and nobody will arrest you for murder."

On my second day in Beirut, an artillery shell came whistling into the central business district about a block from where I stood. It landed with a tremendous crack and knocked down three people. I waited for police sirens to wail, but there were none. No ambulances rushed to the scene. No fire engines clanged their way up the crowded streets to battle the small blaze that had been set off. The injured were collected in private cars and taken away.

The most recent round of fighting erupted when Christian militia forces tried to gain control of the town of Zahle in the fertile Bekaa Valley. The town lies near the road to Damascus, and the Syrians declared it vital to their own security. So they began shelling the town.

"In examining the questions of the Mideast, however, you must never rule out sheer gangsterism," a Western diplomat told me. "The Bekaa Valley is one of the great hashish producing areas of the Mideast. We are talking about an industry that measures profits in the billions. Billions. Whatever army controls the Bekaa controls that traffic and that profit."

Whatever the reason behind the fighting, it is now getting beyond the control of all parties. Israel had an informal understanding with Syria: Syria would not operate too close to the South and would not deploy missiles. In return, Israel would limit its attacks to South Lebanon and the Dixie Express would buzz but not attack close to Syria.

But the Zahle fighting shattered the understanding. Fearing a massacre of the Christians, Israeli Phantom jets shot down two Syrian helicopters that had been firing on Christian positions. Now the Syrians have moved in surface-to-air missiles to knock out the Israeli planes.

Nobody seems willing to back down and, like it or not, the United States may become involved in the conflict.

"If the United States or Israel believes that it can undermine the steadfastness of the PLO and Syria, it is mistaken," Farouk Kaddoumi, the political chief of the PLO, said in an interview. "This would lead to a much wider war than the United States imagines—a war that would cover all parts of the world.

"Regardless of the costs, American interests would not escape the hands of the Palestinians. If the United States exposes the PLO to danger, we will not hesitate to strike at American interests wherever they are."

There seem to be no small wars anymore, nor short ones. I talked to Karin Linstadis, a young Norwegian collector of handicrafts and antiques, whose apartment window had just been blasted by a car bomb, spraying her empty bed with razor-like shards of glass. She told me I must see the Syrian checkpoint near the American Embassy in West Beirut before I left.

"Go see the soldier there," she said with cold fury. "Then you'll see what the fighting in this country is all about.

"He stands there every day with his Kalashnikov rifle and his hand grenades. And he stops people or he waves them by. And do you know how old he is? Do you? He is 10. I asked him. He is 10.

"When you use the children," she asked, "what do you have left?"

On both sides of the Green Line they would tell her that she misses the point. Both sides would show her the pictures in their literature, the slick, glossy pictures of small children carrying big guns.

The point, they would tell her, is that no matter how great the losses to this generation, the struggle will be carried on by the next generation. And the next. And the next. And the next.

ORIGINS OF WAR ARE MANY

(By Roger Simon)

BEIRUT, LEBANON.—The current war in Lebanon is not only a war between Christians and Moslems, but also a war between the left and the right, as well as Syria and Israel. In a certain sense it is also a war between the United States, which supplies weapons to Israel, and the Soviet Union, which supplies weapons to Syria.

The roots of the war are religious, but in the Mideast religion is more than a set of beliefs; it is a complete social and political structure. The religions live apart and rarely intermarry.

The Lebanese constitution of 1943 sought not to ignore religious differences, but to build them into law. Parliamentary seats as well as political and administrative jobs were allocated on religious lines.

The president was always to be a Maronite Christian, the prime minister a Sunni Moslem and the speaker of Parliament a Shiite Moslem.

Civil service jobs, judgeships and teaching positions were allocated in the same manner.

The idea was to safeguard the position of Christians in an Arab world and also to recognize the power of the Moslems. Each group is roughly half the 3 million population. Somewhat surprisingly, it seemed to work for many years. Lebanese citizens enjoyed a degree of personal liberty unknown elsewhere in the Arab world.

In foreign affairs, Lebanon adopted the formula of "strength through weakness." The Lebanese army did not seek to be a match for the powerful Israeli army to the south. Lebanon was careful to offer no security threat to Israel and after 1948 was left alone in the Arab-Israeli conflicts.

But tensions between the Moslems and Christians within Lebanon increased, and the presence of 400,000 well-organized Palestinian refugees was too much for the delicate balance to bear.

With the expulsion of the Palestine Liberation Organization from Jordan in 1970, Lebanon became the only country where the PLO could train and operate openly. The Christians not only feared the Palestinians because they were Moslems, but the Christians also were afraid that PLO raids into Israel from Lebanese soil would invite Israeli counterattack.

In 1975, civil war broke out in Lebanon. The Syrians, who have never forgotten that Lebanon once was part of Syria, were asked by the Lebanese government to help establish order. This they did, but the 26,000 Syrian troops have never left.

Originally, the Syrians sided with the Christians. But the Syrians switched sides after Israel responded to PLO terror attacks by invading south Lebanon and the Christians sought Israeli aid. The Syrians found an Israeli-Christian alliance unacceptable and backed the Palestinians.

Who is currently fighting whom is even more complicated but there is basically a Leftist-Moslem-Syrian-Palestinian alliance vs. a Rightist-Christian-Israeli alliance.

When Israel withdrew from Lebanon it turned over control of border strip in the south to a maverick Lebanese Christian army officer who now calls it Free Lebanon. To the north of him are UN peace-keeping forces, and to the north of them PLO controlled territory. Syrian forces control West Beirut and the Bekaa Valley. Christian forces control East Beirut and northern Lebanon.

[From the Chicago Sun-Times, May 11, 1981]

MIDEAST JOURNAL: "ISRAEL; ROCKET FIRE AND THE BOYS ON 109"

(By Roger Simon)

SECOND OF A SERIES

METULLA, ISRAEL.—They had been in the shelter for two days. Women and children mostly, they sat and listened to the rockets fall.

The doors to the shelter were huge steel slabs. They were painted gray and were ice cold to the touch. There were two of them, placed at right angles. One is always closed before the other is opened.

The doors had air filters in case of germ or gas attack and there was a shower between them to wash off contamination. On the inner door, in Hebrew letters, were the words "The Broken Heart Club." Beneath them was a drawing of a heart torn in two.

Inside, the people sat on bunk beds and folding chairs. On the surface, the electricity had been knocked out. But down here there was the steady clatter of a generator and pale, yellow light.

Children in sunsuits and floppy terry cloth hats bounced up and down on the beds and went running between the legs of the Ping-Pong table. On the concrete walls were posters of Starsky and Hutch, Charlie's Angels and Superman. Someone had also painted a few flowers.

High on the wall, there was an escape hatch in case the unthinkable happened and the two steel doors were breached by attackers.

Liaw Belsky, age 2, sat on his mother's lap, wetly gumming a matzo. His mother, Smadar, often wonders if her child really understands what is happening when he is picked up from his playthings in the front yard and is rushed into a shelter.

"Liaw," she asked, "do you know why we are here?"

"Boom," Liaw said.

"What kind of boom?" she asked.

"Kat-oo-sha!" he said with a burbling laugh. "Kat-oo-sha!"

The Katyusha rocket is a man-killer. Manufactured by the Soviet Union, it is fired from a single or multitube launching rack. It is a favorite weapon of Palestinian guerrillas.

The Katyusha is not very accurate but can be fired over long distances. It is made to be fired into urban settlements, where accuracy is not important. When it lands, it explodes in a whirring cloud of shrapnel.

Up above the shelter where Liaw and his mother sat, hung in the crotch of a tree outside the Arazim Hotel, there is a partially exploded 3-foot-long Katyusha. It is such a familiar sight here that people don't even turn to look at it anymore.

Metulla is a resort town. It is Israel's northernmost settlement, founded by Jews nearly 90 years ago. It is a place where Israelis come for clean air and the cool breezes that blow off the mountains.

It is not large. There is one main, tree-shaded street with a few hotels. The street climbs upward toward the border with Lebanon. A longtime target of shellfire from across that border, Metulla has plenty of bomb shelters. And it is easy to forget, 33 years after independence, that some Israelis still spend the night in them.

Some refuse to, though. It is hard to stay. There is a helpless, claustrophobic feeling in the shelters. You not only hear the deep, booming bass of the shells, but you feel them through the earth and concrete.

A woman wearing sunglasses and carrying a beach bag walked along the main street in front of Israeli military headquarters.

"Incoming!" a soldier shouted at her. He meant that the blasts were Palestinian shells coming in, not Israeli shells going out.

"I grew up in Jerusalem," she shouted back, waving him off. "This is not so bad."

Reuven Weinberg, manager of the Sheleg-Halevenon Hotel, did not go down to the shelter. He expressed a common Israeli attitude. "In this country you can get killed in many places," he said with a shrug. "In the shelter, out of the shelter, there's a difference? Life is to live. So live it."

The Israeli response to such shelling is to shell back, both by artillery and gunboat. They also send planes and troops into Lebanon from time to time to attack guerrilla targets.

The Israelis know that the raids are not popular with other countries. They know that to a large part of the world, the Israelis are no longer viewed sympathetically as the scrappy survivors of the Holocaust. They know that to many they are now viewed as the villains and not the victims.

They do not care. They would rather live than be liked.

"We became the good Boy Scouts of the Middle East," Brig. Gen. Yaakov Even, the chief Israeli military spokesman, said of an earlier era. "When you do not retaliate [and] you just suffer, the world loves you. You are the permanent underdog."

Now, Israel retaliates by land, sea and air. It strikes at military targets in Lebanon, but does not deny that civilians sometimes die.

"We have pursued a simple policy with our bordering countries," a government spokesman told me. "We told them it is impossible that our people should live in shelters, that our children should die, while their killers should live freely and painlessly in the sunlight. We ask them to stop the terrorists who live within their borders. If they don't, we will."

"We are on the offensive," Gen. Even said. "We are the aggressors. We are penetrating the so-called border of the so-called sovereign state of Lebanon, and we go after [the terrorists] wherever they hide."

Someone has to translate such policy into action. So meet the boys of Hill 109.

Hill 109 is on the Golan Heights, to the south and east of Metulla. Most of the world calls this place Israeli-Occupied Territory. The Israelis call it an Israeli-Administered Area. The Syrians call it Syria.

The Syrians lost it in the war of 1967 and failed to take it back in the war of 1973. There is much debate and argument whether the Israelis are here legally and whether they can afford to give it back.

The current Israeli government, however, tends to cut through such debates.

"We control the area," Moshe Arens, chairman of the powerful Foreign Affairs and Defense Committee of the Israeli parliament, told me. "That is a simple fact. We are not defensible from our old borders. That is another fact. I say we keep what we have."

Hill 109 is a "porcupine" stronghold. To create one you take a hill, any hill, and you hollow it out. You put steel corridors inside and booby-trap them every few yards, so you can bring down the roof if the bad guys get in.

On top you pour concrete and cover that with stone blocks to absorb direct bombardment. You put in a generator, air conditioner, heater (it snows here in winter) and water supply. You put land mines around it, an armored personnel carrier mounted with a .50-caliber machinegun in the backyard, some mortars and bazookas up top and barbed wire around the whole thing.

Then you bring in the boys.

Second Lt. Alon commands the 30 or so men of Hill 109. He is 20. He has been growing a beard for three months and it looks like first beards always do. If he lived in America, you could picture him at a college fraternity smoker, wearing a crested blazer and drinking beer out of a ZBT mug. Here, because the border with Syria has been quiet lately, he has been leading patrols into Lebanon.

"It breaks up the boredom," he says. "That and athletics. I've been here three months. I leave next week, thank God."

From down a corridor comes the giggling of about a dozen gum-chewing teen-age girls. They work in army recruiting centers and have come to learn about life on the front lines.

Do the girls help break up the monotony, I ask.

Alon makes a sour face. "They are on duty," he says. "They aren't any fun."

Are there any problems in the unit? Drinking? Drugs?

"No," he says. "We really can't afford to. Syria is very close. They have more soldiers than we do. We have to stay prepared. We have to be better than them, one on one. On Passover we had a glass of wine. One glass. That was it."

Do you expect action with Syria?

"I hope not," he says with genuine seriousness. "It is not like fighting in Lebanon. Action here means war."

How do your men like staying at Hill 109?

"If we don't stay here," he says, "I can't imagine who will."

Back in Metulla, Lt. Eli Messer, who serves on the Lebanese front, sat outside the hotel where the Katyusha hung in the tree. "If we have information that the terrorists are sitting there, planning an attack on Israel, then we move against them," he said. "They hit us with a Katyusha and we hit them with our air force. This is unfair? We must always be the victims? That would be more fair? People in America would like us more?

"Without our strikes against the terrorists, do you know what would happen? All over the world, people would be watching TV and saying, 'Oh, the poor people. The poor Jews. My, my, too bad.' And what would happen? The Syrians or the terrorists would be sitting here in Metulla.

"And you think we haven't paid a price? You have heard what little Liaw said in the bomb shelter. How old is he? Two? How many words does he know? How many words does he know, but he knows the word Katyusha. He knows what a rocket is.

"When your children grow up like that, do not tell me you haven't paid a price."●

SENATE—*Wednesday, May 13, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

As the heart longs for flowing streams, so longs my soul for Thee, O God. My soul thirsts for God, for the living God.—Psalms 42 : 1–2.

Thou hast made us for Thyself O God and our souls are restless until they rest in Thee.—St. Augustine.

There is no substitute for Thee in our hearts, O God. We need Thee. Our hearts are empty without Thee. Our souls are starved when we are indifferent to Thee. Help us to seek Thee, to open our hearts to Thee, to wait upon Thee, to love Thee.

Deliver us from the secularism and materialism that denies Thee and dehumanizes us. Restore to us the reality of Thy presence. We pray in Jesus' name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the assistant majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the Senate proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following the time allocated to the two leaders under the standing order, there be a brief period for the transaction of routine morning business, not to exceed 9:45 a.m., with Senators being permitted to speak therein.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I reserve the leadership time on this side until the acting minority leader has used his time.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. INOUYE. Will the Chair recognize the Senator from Wisconsin?

The PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

PRIVILEGE OF THE FLOOR

Mr. PROXMIRE. Mr. President, I ask unanimous consent that two members of my staff, Ron Tammen and Doug Waller, have the privilege of the floor during the consideration of the Department of Defense authorization bill, S. 815, and amendments thereto.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SAM BERRY'S VOICE

Mr. PROXMIRE. Mr. President, I have already spoken on several occasions about the new Sylvia Rothchild book, "Voices From the Holocaust," which includes many testaments from the holocaust victims of World War II. These accounts are not presented so much as historical documents as they are evidence of the holocaust's wounds. They are thus not to be challenged but acknowledged, not refuted but remembered.

Sam Berry's story is one such story to remember.

Sam Berry did not believe it was going to happen. He and his family were with those who laughed at Hitler and said, "He was talking big and had paper tanks." He passed up a chance to go and live in Rio de Janeiro because he did not want to leave his mother.

"Later," he says, "he would have been happy to leave but it was too late."

Sooner than he had expected, the Germans were in Sosnowiec, Poland, the town where Berry lived with his wife and family.

After living there a short time, being shuttled from ghetto to ghetto, the Nazis sent them to Shordilla and the family was separated. Their child was taken from Berry's hands and Berry was sent to Auschwitz. Although he discusses all the emotional terror and torture of living in Auschwitz and Buchenwald, he says that the biggest loss in his life was when they took away his baby and killed it, after he had tried so hard to save it.

Aided by daring and ingenuity, and a willingness to take many risks, Berry stayed alive until the American front reached the mudhole in which he was hiding.

Berry was reunited with his wife after the war and they remained for a short time in Poland. She then wanted to go to Israel, but he chose instead to register as 1 of the 200,000 refugees permitted to come into the United States. Sam Berry explains in his chapter why he chose the United States over Israel. He says:

> Understand, I'm not a believer. I'm not an Orthodox Jew—I have to be honest, I never was. I heard it was a free country and that if you want to work you can make a life; you don't have to be afraid of your religion or your upbringing.

So many years later, Mr. President, how can we not declare to ourselves and to others our opposition to what happened to Sam Berry, and our determination to prevent another incidence of genocide?

We must ratify the Genocide Treaty in the light of our commitment to peace and our recollection of the holocaust. We must, as Elie Wiesel tells us in his introduction to Roth's book, "Listen to the Voices."

Mr. INOUYE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I yield back the leadership time on this side.

Mr. INOUYE. I yield back my time, Mr. President.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business, during which Senators may speak.

Mr. STEVENS. Mr. President, we are soon to resume consideration of the Department of Defense authorization bill. It is my understanding when that takes place that the Levin amendment will be the pending business; is that correct?

The PRESIDING OFFICER. The Senator is correct.

SHAW MUDGE, CONNECTICUT SMALL BUSINESS PERSON OF THE YEAR

Mr. WEICKER. Mr. President, as senior Senator from Connecticut, as chairman of the Small Business Committee, and as a friend, I am both delighted and proud that Shaw Mudge has been recognized as the small business person of the year for the State of Connecticut. Shaw received more nominations and more testimony in his favor from his fellow businessmen in the State than any other candidate being considered for this award.

That alone should tell you a little about the kind of man Shaw is.

In fact though, he is many men. He is the 57-year-old founder of six companies in the essential oil and fragrance industry, as well as the Pineo Point Fisheries in Maine and Columbia Air Services in Connecticut.

He is also perhaps the foremost spokesman for small business in Connecticut, working tirelessly to bring small business concerns into the public eye.

Lastly, he is a civic leader, participating regularly in local, State, and national political activities, and serving on innumerable boards, task forces, and committees.

In short, he is the epitome of the small businessmen. He has energy, determination, ingenuity, and a deep and lasting commitment to the ideals he holds close—quality, pride in workmanship and the betterment of the small businessman's lot.

Shaw started out in business 33 years ago, when, at the age of 25, he invested in a firm specializing in essential oils. In the 19 years he was with that firm, he branched out to start several other related companies and a factory in Stamford.

In 1969, he left the firm for personal reasons and started over again, opening the present Shaw Mudge and Co. with $25,000 and five employees, including his wife.

Since that inauspicious beginning, Shaw Mudge and Co. has grown to a firm of 45 employees with 26 foreign offices and 9 domestic offices. A small company by comparison to others in the field, it has nonetheless been a leader in several areas of technical achievement.

Shaw's success is all the more noteworthy because it comes in a field traditionally dominated by larger, better-financed companies. That Shaw has managed to stay level with and, in some cases, surpass these firms is a testament not only to his business skills and managerial ability, but to his courage and foresightedness, his willingness to take risks and to take the lead in bringing new ideas and innovation to the field.

Shaw was one of the first to recognize the potential for using electronic testing equipment in the production of perfumes. When he first started Shaw Mudge and Co. 11 years ago, he installed highly advanced technical equipment to maintain quality control over his products. The resulting speed and precision of his processes has allowed his company to take a leadership position in the industry.

Since the beginning of time, a willingness to take risks and try new ideas has been the hallmark of the pioneer, the successful entrepreneur. Shaw has those qualities, and they are evident not only in his work with Shaw Mudge and Co., but in his fishing and aircraft maintenance companies as well.

In whatever he does, one thing comes through: Shaw cares. And that is true whether he is working with perfumes, with politics or with the people who make up the small business community. Shaw has not limited his leadership role to his own business. Rather, he has taken it upon himself to try to improve the lot of all small business owners.

He was the first chairman of the Connecticut delegation to the White House Conference on Small Business, and has since started and served on a number of State small business task forces, including my own Connecticut Small Business Advisory Council.

He is also the Connecticut representative to the Small Business Unity Council, director of the National Small Business Association, and a director of the Smaller Business Association of New England.

In these roles, Shaw travels to Washington several times a year, and frequently makes speeches and writes articles to keep his fellow small business owners apprised of small business issues that affect them.

Mr. President, I think it is clear that Shaw Mudge is a quintessential small businessman. He is a leader not only in his industry, but in his community, his State and among his peers. He is resourceful, dynamic, and very dedicated.

He is a credit to the small business community and, Mr. President, I am proud to say he is a credit to the State of Connecticut.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The hour of 9:45 a.m. having arrived, morning business is closed.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT OF 1982

The PRESIDING OFFICER. The Senate will now resume consideration of S. 815, military procurement authorization, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

Mr. JACKSON. Mr. President, I am pleased to support the bill S. 815 as reported by the Committee on Armed Services. The Department of Defense authorization bill for fiscal year 1982 is an appropriate funding package to initiate a renewed emphasis on our defense posture in this country. If funds are appropriated to match these authorizations, it will reverse the slow but steady erosion of our national defense capabilities which has occurred over the past several years.

Offensive and defensive weapons systems for our military forces cannot remain static in their capabilities for long, because the weapons of our potential adversaries are constantly being improved. While some people may quarrel with the precise figures, it is incontestable that the Soviet Union has been outspending the United States in many areas of both tactical and strategic arms. Over the past decade, these additional funds have given to the Soviet leaders a decided superiority and flexibility of response in many important areas of tactical and strategic weapons. The time has come to begin the reversal of this significant military imbalance. We must insure that there is a strong U.S. deterrent to any desire by the Soviet Union or other potential adversaries to initiate military conflict at any level.

Also it is clear that there is a direct relationship betwen the adequacy of our military capabilities and the effectiveness of our foreign policy. I believe a robust strategic equivalence with the Soviet Union is an essential foundation for the conduct of a policy that will preserve our national security and help protect the freedom of our friends and allies. At the same time, the urgent build-up of conventional capabilities to adequate levels is vitally important to help deter Soviet adventurism around the world and to offset Soviet pressures on countries close to its periphery.

Over the past few years, the capabilities of the Soviet strategic forces have grown alarmingly. Based on information available to us, the threat from the Soviet strategic forces will continue to grow throughout the nineties. Moreover, in this same period, their defenses against our strategic forces, in particular the B–52 bomber, will be enhanced by the technology which appears to be currently under development and deployment. A major strategic imbalance will exist throughout the 1980's even with a vigorous program in the United States to upgrade existing systems and to introduce new strategic systems.

Because of the improvements in Soviet ICBM accuracy and the yield of their warheads, the land-based strategic missiles of the United States have become more vulnerable than is acceptable to maintain strategic parity with the Soviet Union. Thus, one of the legs of our strategic Triad has become too weak. While the MX missile is well developed, the basing mode is still under active review by the administration. The multiple protective shelters concept for basing the MX has been the source of considerable criticism since it was first proposed. Over the past few years, several refinements in this basing mode have been incorporated into the concept, and other refinements will undoubtedly be incorporated as well if it is chosen for deployment.

Many of the refinements in the MPS proposal have been in the nature of efforts to reduce cost. Others are to reduce the environmental impact of deployment of such a system.

The current administration's review is also evaluating alternatives which have been proposed to the MPS concept. The most frequently touted concept is the use of small submarines for deployment of one or two MX missiles each. This concept would be a clear departure from the conventional Triad concept which had guided our strategic deterrence for about 25 years. The Trial concept was predicated on insuring that if any strategic forces element was made vulnerable by technology advances, there would be a good probability that the other two legs would still be relatively invulnerable. Today our missiles in silos are already vulnerable to attack. Our existing bomber forces will become more vulnerable as time goes on. Thus, at present, only our submarine forces appear to be relatively invulnerable for the foreseeable future. However, if technology developments should permit the Soviets to find and destroy these strategic delivery systems, then no element of the Triad would be invulnerable.

Consequently, the sea-based small submarine concept for the MX missile would only offer strategic invulnerability to the same extent that existing submarine forces are invulnerable. In fact, unless sophisticated designs were used for these small submarines, they might be more easily found than strategic submarines. In order to maintain the strategic invulnerability necessary to give the Soviet leaders pause, I believe that a survivable land-based ICBM capability is essential for the viable Triad.

While it is true that the MX missile in the MPS basing mode might still be vulnerable to a massive Soviet attack, it may be necessary to augment that system with a defensive capability. For instance, a low altitude defense system could be deployed as the technology becomes available. Whether or not additional ballistic missile defense capabilities will be required or desirable is a question which has to be addressed in the not-too-distant future. In the meantime, this bill authorizes the necessary funds to provide technology options for these future decisions.

Because our B–52's are now into middle age as a weapons system, it is important that we realize today the need for a new strategic bomber to avoid the erosion of credibility for this important leg of the Triad as Soviet defensive forces grow throughout the eighties and nineties. The previous administration decided to stop the B–1 bomber. It is now time to make a decision on a strategic bomber that will meet our needs for the rest of this century and beyond. The new administration is currently reviewing the options and will propose a system shortly.

I believe that it is important to highlight the need for this new strategic bomber to serve a number of possible missions. In addition to the penetrating bomber role for delivery of nuclear weapons in the event of nuclear war, the new bomber should also provide capabilities for delivery of conventional bombs and act as a launch platform for air-launched cruise missiles. This combination of capabilities would provide a meaningful role for this new bomber over its entire lifespan and further provide flexibility to the Air Force in meeting defense needs in a number of theaters.

In light of the natural desire of the new administration to review the MX basing mode and new bomber options and to propose a course of action, the committee has taken the only responsible action open to it within the constraints of the budget process. While the committee authorized the funds for the administration for each of these strategic systems, the committee has limited the availability of such funds if appropriated until the Secretary of Defense submits a report giving a detailed explanation of his plans to the Congress. He may then only proceed if the plan is not disapproved within 30 days by a resolution of disapproval in both Houses. Thus, we have not handed the Secretary of Defense a blank check to decide how he wishes to proceed on these important decisions, but we have met the requirements of the budget process in authorizing funds.

During the committee's consideration of S. 815, I offered an amendment to continue the production of Mark 12–A warheads. The committee adopted my amendment for $53.7 million in additional funds to provide for initiation of the retrofit of the Mark 12–A warhead on an additional 150 Minuteman III missiles currently deployed. This upgrading of our existing land-based strategic deterrent will provide a meaningful near-term improvement in our offensive capabilities. There are no current plans by this administration to dismantle these Minuteman III missiles and thus, they should be equipped with the larger warheads. Since the Mark 12–A is the current candidate warhead for deployment on the MX missile, maintaining the existing production line may have significant cost advantages associated with avoiding its shutdown and restart. I believe this is a prudent management approach to our strategic weapons needs. I am told it is consistent with the wishes of the Strategic Air Command.

There is one important point that I feel necessary to stress to all those interested in the military spending question. We cannot afford to build every weapon system that can be devised. We cannot and should not attempt to match each and every weapon system that the Soviet Union is known to be pursuing. We should, however, base our weapons needs on a logic which meets the national defense needs and objectives of the United States. This logic should be based not only upon the ability to counter any military threat, but hopefully provide a sufficient concern on the part of potential adversaries that their decision will be to avoid military confrontation. While it is not necessary to have military superiority in every military area, it is essential to have credibility in the mind of a potential adversary.

There is good cause to believe that the Department of Defense, under the watchful eye of Secretary Weinberger, will be more vigilant in attempting to reduce and eliminate wasteful spending of defense dollars. Secretary Weinberger did not earn the title "Cap the Knife" in his previous Government service for anything less than penetrating review of Government-spending programs. To the extent that the administration does not provide prudent management in this regard, I believe the Congress must redouble its efforts to use our defense dollars wisely. I believe that with careful scrutiny of what programs are funded and how the funds are spent within those programs, we will be able to achieve the necessary improvements in our national defense with an allocation of Federal budgetary resources which will have continued public support.

Mr. WARNER. Mr. President, I rise to speak on behalf of S. 815, the Department of Defense authorization for fiscal year 1982. As a member of the Armed Services Committee and as chairman of the Subcommittee on Strategic and Theater Nuclear Forces I wish to express to the Senate the pride which all of the members of the committee share in this legislation. I wish to commend the chairman, Senator TOWER, and the ranking minority member, Senator STENNIS, for the spirit of bipartisan cooperation which has resulted in this significant legislation. I wish also to commend the other members of the committee for the team spirit they showed in working together to identify problems, identify possible solutions, and then come together on recommendations.

The total authorization contained in the committee's report of $136.4 billion has a budget impact some $17.1 billion less than the President's request. Not contained within the defense authorization bill of course are other important initiatives related to military construction, military compensation, and the vital Department of Energy national security programs. Legislation for these defense efforts will be considered at a later date. Although the budget impact of the committee's recommendation is at the same level as that requested by the administration, the committee has made changes in the amended budget request. In my opinion these changes are consistent with the spirit of the Reagan administration proposal and like that proposal are designed to promote efficiencies in some areas and encourage greater achievements per dollar overall.

The massive Soviet military buildup has resulted in the need for across-the-board modernization of our strategic forces. The growing vulnerability of our land-based missile force remains the

cause of serious concern. The United States has been working since the late 1960's to develop a new land-based missile which could be deployed in a survivable basing mode. The need for that new missile has become obvious now that the Soviet Union has begun the deployment of large missiles such as the SS–17, SS–18, and SS–19. We must remember that the very large SS–18 today carries as many warheads and has almost twice the throw weight that the MX missile which we are now developing will have when it is deployed in 1986. Soviet missiles such as the SS–18 and SS–19 have made our existing Minuteman and Titan forces vulnerable to a preemptive strike.

The search for a survivable basing mode for a new American ICBM has not been easy. Since the formal requirement for a survivable ICBM basing mode was established by the Strategic Air Command in 1972 numerous studies have been conducted to determine the optimal missile in the optimal basing mode. More than 30 alternative basing systems were considered, some involving missiles much larger than the MX, some involving missiles much smaller. Air mobile and sea basing options have also been examined extensively as has launch under attack. Last year the Congress directed the Secretary of Defense to proceed with fullscale development of the MX missile in an MPS basing mode in a manner that would achieve an initial operational capability for both missile and basing mode of not later than December 31, 1986. Defense Secretary Weinberger has stated that he will continue the MX program so as to protect that initial operating capability but that the administration plans to review our entire ICBM modernization program to include sea basing options and ballistic missile defense.

The committee believes that the restoration of the survivability of our land-based missile force is vital and that we should proceed with the MX program. However, the committee believes that the MX program is so important and involves such great expenditures that the Congress should have a chance to review all changes in the MX basing program which might involve the expenditure of any funds authorized; therefore the committee, while recommending full authorization of the $2.4 billion request for MX R.D.T. & E., recommends a statutory provision which would prohibit the obligation or expenditure of authorized funds until: First, the President submits to Congress a specific MX basing program which provides for, among other things, a particular basing mode; second, the Secretary of Defense submits a justification for the President's decision along with a comparison of alternatives; and third, 60 days have passed in which both Houses of Congress do not adopt resolutions of disapproval.

In my opinion the rehabilitation and modernization of our bomber force is second only to the MX program in strategic priorities. Our concern over the future of our land- and sea-based missiles makes it all the more important that our strategic bomber force be modernized. As the American strategic Triad becomes increasingly dependent upon the air-launched cruise missile to begin the process of reversing America's strategic decline, controversy continues over the reliability and prelaunch survivability of our old B–52 aircraft.

Last year Congress directed the Secretary of Defense to pursue fullscale engineering development of a strategic multirole bomber. That aircraft could be a derivative of the B–1 bomber, a modification of the FB–111 aircraft or an advanced technology design. This year the Reagan administration's amendment budget request has asked for $2.1 billion in procurement and $302 million in R.D.T. & E. for such a long range combat aircraft. The committee had hoped that a decision on a specific design for a long range combat aircraft would have been received by now but it is totally proper that a new administration review such a major investment decision. For that reason, the committee has taken action on the long range combat aircraft similar to the action taken on the MX missile. This program is too important to delay but it is also too important to write a blank check.

Although the subcommittee's recommendations on strategic programs involved a net reduction from the administration's request because of efficiencies in management decisions made, I am particularly proud of the additional authorization of $108.1 million which the committee recommends for strategic command, control, and communications. Although attracting less attention than strategic offensive and defensive systems, the communications and warning network which permits these systems to survive and execute their mission must always be viewed as an integral part of our strategic deterrent. A major part of the $108 million authorized by the committee will go to research and development related to a multimission satellite exploiting extremely high frequencies for communications and for R. & D. related to acquisition of a Pave Paws strategic warning site to be located in the Southeastern United States.

Mr. President, I was Secretary of the Navy when the great debates over the proper size of our new ballistic missile submarine took place. Out of that debate came the decision to proceed with the *Ohio*-class Trident submarine. I strongly feel that was a proper decision. At the time many observers argued that the submarine was far larger than necessary but today of course we now see that the Soviet Union is deploying a ballistic missile submarine even larger than the Trident.

The committee believes that we must proceed with the *Ohio*-clas Trident program and I can envision a program far larger than now anticipated. As important as the Trident program is we must, because of the large funding involved, demand a tight and efficient program. The committee has been concerned about delays and problems in the *Ohio* submarine program and believes that sound congressional oversight practice would be undermined by authorization of the 10th Trident prior even to the delivery of the 1st Trident. This is especially true since the Navy has recently decided not to take up the option on the ninth Trident submarine. The committee takes no position as to whether predominant blame for the problems in the Trident program falls upon the Navy or upon the contractor. It does not believe however that it can authorize the 10th Trident until it has more evidence that problems in this program will be resolved. For that reason the committee has deferred full authorization of the 10th Trident submarine for 1 year but has authorized an additional $75 million for procurement of prefabricated sections and components designed to continue the program on schedule as if it had been fully authorized. In addition, in order to achieve economies of scale the committee has authorized an additional $35 milion for procurement and prefabrication of similar items for the 11th Trident submarine.

Although we often focus our main attention on strategic offensive systems we must remember that a viable strategic posture must take into account also strategic defensive systems, both those of the Soviet Union and those of the United States. The ballistic missile defense program which is the responsibility of the U.S. Army will in fiscal year 1982 exceed half a billion dollars per year. Much progress has been made in developing the low altitude air defense system (LOADS) and the BMD systems technology program is looking at the exploitation of high technology optical sensors for ballistic missile defense systems which could be deployed outside the atmosphere. In the view of the committee ballistic missile defense offers exciting prospects for improving America's strategic deterrent posture in the years ahead.

Although the committee has identified some problems with the air-launched cruise missile program and with the ground-launched cruise missile program the committee remains committed to continuation of these programs on schedule. In particular, I would like to express my own personal and strong commitment to the NATO Alliance agreement of December 1979 which will result in 464 ground-launched cruise missiles being deployed in Europe. Although there have been some technical problems with the launchers, we have been very pleased with the manner in which the Tomahawk cruise missile has been adapted to the ground-launched role.

Although strategic forces attract perhaps the greatest attention within the defense budget it is actually but a small percentage of the total request. For example, major initiatives were taken in the seapower area. As a former Secre-

tary of the Navy I would like to note the committee's strong support for an enhanced shipbuilding program. In addition to the administration's request we have added $700 million for three FFG–7 frigates and $301 million for a follow-on ship to the LSD–41 class. We have supported the reactivation of the battleship *New Jersey* and have added $79 million to increase the number of cruise missiles and other weapons which will be installed on this ship. We have also approved the requested $88 million for advanced procurement for a second battleship. Critics of the reactivation of the battleships have sugested that we are bringing back World War II technology but I would remind my colleagues that what we are in fact bringing back are perfectly good hulls. Hulls which we can obtain cheaper than building them new and hulls which will contain the finest modern naval armaments we can obtain. However the committee has in the fiscal year 1982 bill continued its policy of the fiscal year 1981 supplement and denied the administration's request for $364 million for reactivation of the USS *Oriskany*.

Again, Mr. President, S. 815 as amended by the committee deserves the support of the entire Senate. It is a balanced combination of important initiatives and proper efficiencies.

Mr. GOLDWATER. Mr. President, it is a pleasure to speak in support of S. 815, the Department of Defense Authorization Act of 1982.

First, I commend my colleagues on the Committee on Armed Services for their thorough and expeditious consideration of the bill, and I commend the staff.

I also commend the Reagan administration for increasing defense spending at a time when it must also strive to balance the Federal budget. The administration's efforts suggest that President Reagan has read correctly the public sentiment which brought him to office last November in a landslide victory.

I am happy to report that S. 815 will begin to address many of the deficiencies which have recently impaired the capability of our Armed Forces. My enthusiasm, however, is tempered by my regret that we have allowed our defenses to erode to the point where it has required an overwhelming public mandate to restore them.

Mr. President, I want to make it abundantly clear to my colleagues and to those who read the RECORD that, in spite of what some people say on television and in the news, our military is second to that of the Soviets, and that is no place for us to be if we want peace.

In the area of tactical forces the Tacwarfare Subcommittee has made several significant recommendations. We have recommended approval of the administration's request for the XM–1 main battle tank but restricted $577 million of that request pending the outcome of additional durability testing. We have recommended against the accelerated production of the Patriot missile which must also undergo additional testing.

For the Navy we have recommended fully funding the additional R. & D. requirements for the F–18 but chose not to support the addition of five aircraft to the January budget request of 58 F–18's. We recommended approval of the full request for the Marines' AV–8B V/STOL aircraft and added $10 million for V/STOL research and development.

We endorsed the Air Force's request for 120 F–16's and 42 F–15's but deleted all but $5 million requested to enhance the F–15 air to ground capabilities.

For the Air National Guard and Reserves we added 12 C–130's, 12 A–7K's, 2 F–3C's and 20 AH–1 helicopters. We also recommended approval of an additional $50 million for ground combat equipment for the Army National Guard.

The committee also agreed on report language stressing its support for the development of manufacturing technology, but that language was inadvertently omitted from the report.

Mr. President, I ask unanimous consent to have printed in the RECORD, as part of the legislative record of S. 815, that language as agreed upon by the full committee.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NAVY RESEARCH AND DEVELOPMENT ADVANCED TECHNOLOGY MANUFACTURING TECHNOLOGY (MANTECH)

The committee has consistently supported the development of production efficiencies through the application of manufacturing technology principles. The committee endorses the January 1981 recommendation of the Defense Science Board that the budgetary emphasis on Manufacturing Technology programs should be increased.

The Committee specifically encourages the application of MANTECH principles to support the increased production of metal matrix materials and the development of improved methods for producing carbon-carbon strategic and tactical missile components.

Mr. GOLDWATER. Mr. President, as the chairman of the Tacwarfare Subcommittee I am encouraged by the initiatives represented in this defense authorization bill. S. 815 will begin to address many of the critical deficiencies which have impaired the modernization, readiness and sustainability of our Armed Forces. Overall, it provides for higher and more efficient aircraft production rates, it will expand our shipbuilding program, it will accelerate the modernization of our ground forces, and it will provide sufficient funding for spare parts and operations to permit our military personnel to train in a meaningful fashion.

These efforts are essential if we are to stop the erosion of our national defense and fulfill the public mandate which was so emphatically expressed last November. I hope that same measure of determination will be reflected today in the Senate's consideration of the 1982 defense authorization bill.

● Mr. JEPSEN. Mr. President, I strongly recommend S. 815, the fiscal year 1982 Defense Department authorization bill, to my colleagues for their approval. The funds and policy directives contained in the bill represent significant progress in our long-term efforts to strengthen our national defense.

As chairman of the Manpower and Personnel Subcommittee, I would like to take a few minutes to summarize the most important manpower provisions of S. 815. I think that everyone agrees that our country's defense will not be secure until our nagging military personnel problems are resolved. The manpower strengths and policies authorized by the legislation before us today confirm this body's commitment to our servicemen and women.

President Reagan and officials of his administration have eloquently explained the need for this Nation to strengthen its total force policy. To accommodate this expansion in capability, the Armed Services Committee recommends large increases in the strengths of the active forces, the Reserve forces, and the Defense Department civilian work force. In particular, S. 815 authorizes an increase of 39,200 active duty military personnel from the level approved by the Senate in the fiscal year 1981 DOD supplemental authorization bill. This additional manpower strength is needed to extend Army basic training by 1 week, to man the growing naval fleet and Air Force, and to support heightened readiness efforts in all the services.

The committee also recommends approval of the requested levels for Selected Reserve manpower. If these levels are accepted, the total average strength of all the Selected Reserve components in fiscal year 1982 would be 64,700 above the total level authorized for the current fiscal year. This expansion is made possible by encouraging trends in Reserve recruiting and retention.

The increase in Defense Department civilian personnel provided by S. 815 makes an especially important contribution to our renewed efforts to improve military readiness. The civilian end strength recommended by the Armed Services Committee will result in an increase in 21,300 over the original Defense Department budget submission for fiscal year 1982. This additional manpower will be mostly used for the vital purpose of returning borrowed and diverted military personnel to their operating units. In addition, the increased number of civilians is designed to improve depot maintenance, supply capabilities, and procurement for force modernization.

At the same time that the committee is recommending large increases in numbers, it is also reaffirming its commitment to the quality of the recruits represented by those numbers. The fiscal year 1982 DOD authorization bill would continue the current restriction on the number of new Army male recruits who are not high school graduates. Testimony received by the committee this year confirmed that the attrition rate of recruits who do not graduate from high school is twice the attrition rate of those who are high school graduates. Moreover, field commanders have reported that high school graduates display other characteristics of good military service. Given the proven value of the high school diploma in predicting military performance, the committee strongly believes that the existing restriction on

the recruitment of nonhigh school graduates should be continued.

The Armed Services Committee recognizes the magnitude of the manpower strengths that it is proposing for approval. The increases from the levels of fiscal year 1980 and 1981 are large simply because the problems they are meant to correct are just as large. During the past decade, the Armed Forces have suffered from constraints that S. 815 will only begin to overcome. The Manpower and Personnel Subcommittee that I chair is already working on a sizable compensation package for our service men and women. The subcommittee will soon recommend significantly improved pay and benefits for the personnel who fill the ranks authorized by this bill.●

AMENDMENT NO. 49

(Purpose: To require approval by both Houses of Congress with regard to the basing mode for the MX missile)

The PRESIDING OFFICER. The pending question is on amendment No. 49 of the Senator from Michigan.

Mr. LEVIN. I thank the Chair.

Mr. President, Senator KASSEBAUM and I offer this amendment on behalf of ourselves and Senators CHAFEE, EAGLETON, CRANSTON, BUMPERS, BURDICK, ROTH, and KENNEDY.

The amendment itself is very straightforward. It requires congressional approval of the basing mode for the MX missile to be selected by the administration later this year before the money authorized in this act can be spent on that basing mode.

The underlying motive for the amendment is equally straightforward: it seeks to acknowledge and preserve the institutional responsibility of this body to be involved, in a timely fashion, in major strategic policy decisions. The Constitution charges Congress, in section 8 of article 1, with the duty "to provide for the common Defense and General Welfare of the United States." And the choice of a basing mode for the MX missile is, indeed, a decision which has profound implications for the common defense and the general welfare of this country.

No matter how one feels about the MX missile or the various basing modes which have been discussed, it is clear that the decision later this year will have tremendous policy and fiscal implications. It will commit this Nation to an expenditure of tens of billions of dollars. It will affect the environment in which millions of our fellow citizens live. It ultimately could take tens of thousands of miles of land out of the public domain if the system is expanded or preservation of the location of the missile—a new science—is more difficult than the Air Force now believes.

And it will do more than that. Fundamental to an understanding of the significance of the MX basing mode decision is the recognition that this determination will impact on a number of other critical policy choices. Consider for a moment the impact that a basing mode can have on arms control issues. There are some deployment schemes which impede verification and thus make realistic arms limitation agreements more difficult. There are others which would at least suggest the desirability of deploying an active ABM system to protect the missile—an action which could in turn affect a number of our options when the ABM Treaty comes up for renewal next year. And almost all of the proposed basing modes will have a profound impact on strategic and crisis stability by creating or strengthening perceptions about America's first-strike capacity and nuclear war fighting ability.

The decision, to say the least, is a significant one. It is, to say the most, an epochal one—perhaps the most important one Congress will make about national defense policy and programs in this decade. It is, to say the truth, a decision rife with meanings which will shape the nature of our world for decades to come.

Given the importance of this decision, I believe that it is essential that Congress accept its responsibility to be fully informed about the decision and fully involved in its implementation. The concept of accountability requires that we have a clear voice in this final determination. And that is what this amendment provides.

It is important to understand that while the amendment provides us with the means to exercise our responsibilities, it does not deny the President the rights and prerogatives which he properly enjoys. It is his right to make a decision—and this amendment protects that right. It is his right to consider all available options—and this amendment preserves that right. And it is the President's right to have his decision acted upon promptly—and this amendment provides for a timely congressional response.

This amendment does not reduce or eliminate the funding for the missile or basing mode. This amendment does not delay any part of the MX program. All it does is require congressional approval of the MX basing mode.

This amendment does not put the Senate on record as preferring any particular basing mode. All it does is require that the Senate and House go on record when a Presidential preference is announced.

Now, to a certain extent, the committee bill now pending before us recognizes the legitimacy of these concerns. It contains language which allows the Congress to reject the basing mode choice through a concurrent resolution of disapproval within 60 days of the official notice of the Executive decision being sent to us. The committee's discussion of this issue and procedure is critical and I want to take a moment of my colleagues' time to read the appropriate section, which appears on page 101 of the committee report. The committee wrote there that—

> The critical importance of the MX program and the enormous costs involved, no matter what the basing decision, mandates that the Congress provide guidance for this vital national security program. Congress should review and evaluate all changes in the MX basing program which involve the expenditure of any authorized fund. In authorizing the funds requested for the MX program, the committee is aware that the ongoing review of the MX basing plan being conducted by the current Administration could result in a decision to pursue a basing mode other than that now mandated by Congress. Therefore, the committee recommends a statutory provision which would prohibit the obligation or expenditure of authorized funds until—
>
> (1) the President submits to Congress a specific MX basing program which provides for, among other things, a particular basing mode and a location;
>
> (2) the Secretary of Defense submits a justification for the President's decision along with a comparison of alternatives; and
>
> (3) 60 days have passed in which both Houses of Congress do not adopt resolutions of disapproval.

I want to call particular attention to the goal which the committee established in that language. They said that the critical importance of this decision "mandates that the Congress provide guidance." They wrote that the Congress should "review and evaluate all changes in the MX basing program. * * *" Now that is fairly clear—and fairly sweeping—language. Our disagreement is not with the language or with the goal that it establishes. Rather my concern is with the mechanism that the committee has created to achieve that goal. The mechanism they recommend, it seems to me, fails to provide an effective guarantee of the very kind of congressional guidance, review and evaluation which they believe the MX basing mode decision mandates.

Specifically, I find three flaws in the committee's "resolution of disapproval" approach.

First, it does not assume that the Congress will ever consider or vote on the basing mode decision. Such a vote is allowed by the committee procedure but it is neither required nor mandated. If the Armed Services Committees in the House or Senate decline to report a resolution of disapproval, or if a motion to discharge the committee from further consideration of such a resolution fails, then the House and the Senate will be denied an opportunity to debate and decide the issue. Thus, one critical difference between the committee approach and this amendment is that they allow for the possibility of a vote while the amendment requires a vote. In other words, the committee also allows for the possibility that there will not be a vote whereas this amendment does not.

Second, the language of the bill does not provide adequate time to debate an issue which the committee itself indicated is of critical importance. Under the bill language, it is possible that debate could be restricted to 1 hour and focused on a procedural motion to discharge the committee from further consideration of a resolution of disapproval. And if such a resolution does reach the floor, debate is restricted to 10 hours. When you consider the consequences of this decision it just seems to me that more time ought to be allocated to debating it. Thus, the second difference between the committee approach and the amendment is that they restrict debate to either 1 or 10 hours while the amendment allows for up to 30 hours of debate.

Third, the bill does not require that the Congress decide this issue clearly or decisively. As I have already indicated, our "ultimate" decision may come on essen-

tially procedural motions—like a motion to table a motion to discharge the committee. And even if we do get to vote on a resolution of disapproval, there is no guarantee that the vote will be up or down. That, Mr. President, is simply inconsistent with the basic obligation we have to be accountable to our constituents. It may also be inconsistent with the national interest. For both political and policy reasons, then, I believe we have an obligation to decide this issue clearly and definitively. That requires an up-or-down vote. And that is what our amendment mandates. A third difference, then, between the committee approach and the amendment is that they do not require an up-or-down vote on the merits of the basing mode, while the amendment does.

These three flaws, then, constitute my objections to the committee approach. The amendment that Senator KASSEBAUM and I offer is designed to correct the weaknesses we see in the committee approach, while retaining the strengths we see in the committee's statement of goals.

Our amendment better achieves those goals through the following procedures. First, it gives the Armed Services Committees in both Houses time to hold hearings on the preferred basing mode decision. In the 20 days allowed for those hearings, the committees should be able to explore the issue and share their expertise with their colleagues and the country. Second, at the end of 20 days, the committees are automatically discharged from further consideration of a resolution of approval, and the resolution is reported to the floor. Third, after the maximum allowed 30 hours of debate and within 30 days of the resolution being sent to the floor, the Congress must have an up-or-down vote on the basing mode. The amendment assures that a decision will be made and, as a result, clear the way for prompt implementation of the decision.

This procedure, it seems to me, is much more consistent with the goals established by the committee and much more in keeping with the responsibilities that rest on the Congress.

The procedure contained in the amendment is far from revolutionary. I requested CRS to do a brief summary of recent precedents for such an approach. They provided 16 examples of legislation which require congressional approval of proposed Presidential actions prior to their taking effect. I ask unanimous consent that their report be made a part of the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. LEVIN. Mr. President, I suspect that at least some of my colleagues might agree that the amendment offers a better procedure but be uncertain about why we need to attach so much significance to a vote on the basing mode after a decision is announced. They might suggest that there are additional opportunities—other bills which the Senate must consider—which afford us the opportunity to speak clearly on this issue. There are, for example, potential vehicles for expressing our opinion of the proposed basing mode in the military construction bill and in the appropriate appropriation acts.

But, Mr. President, such a position ignored several vital arguments.

First, it concedes the desirability of having such an up-or-down vote on this vital issue. And if it is desirable to have such a vote, then why do we not guarantee it now, by passing this amendment? What possible advantage can be found in delaying a decision to make a decision until a later bill? The committee thought that this was the right bill—that is why they attempted to give us some role through the procedures they recommend. I find those procedures, but not their purpose, inadequate. And those who suggest that we have an up-or-down vote on another bill also seem to implicitly accept the purpose of a clear congressional statement on this issue.

Given the apparent universal agreement that the Congress should directly address the issue, and given the fact that the bill before us raises the issue, I see no reason not to guarantee, in this vehicle, a clean vote. In fact, the use of this argument is an implicit recognition of the fact that the committee approach is inadequate—why else would one need another vehicle to get a clean vote?

But second, Mr. President, those who count on other vehicles serving as more appropriate places for a clear decision on this issue cannot provide a guarantee that there will, in fact, be an up-or-down vote on MX basing when they are considered. For example, there may be delays in the administration's decision—in which case we might consider the military construction bill or the defense appropriations bill before the basing mode is finally selected. And, if those bills are considered after the decision is made, and after the Congress has implicitly approved it by failing to adopt a resolution of disapproval, and we then seek to reject the basing mode—I fear that we may well be too late. The original decision—and the administration's ability to implement it in the absence of a resolution of disapproval—may have moved so far ahead that our real ability to modify it may be lost by the time we reach the military construction bill or the appropriation bill.

The argument that we ought to wait for another bill, then, seems to accept the desirability of this amendment, but it does not guarantee a clear vote or a timely vote as this amendment does.

Additionally, Mr. President, I would suggest that there is no harm—no harm—to requiring a vote as this amendment does. It does not delay the MX; it does not restrict the President's options. It simply requires that the Congress vote to approve or reject the proposed basing mode the President proposes. And the only reason I can see to vote against this amendment is if one does not wish to assure a clear record vote on that decision.

One final point. This amendment addresses not only the issue of the MX, but rather the issue of accountability. This amendment does not commit the Senate as a body, or any Senator as an individual, to any position relative to a basing mode for the MX. All it does, Mr. President, is say that we want to take a position, we want to exercise our responsibility, and we want to be assured of a vote on a critical issue to the future of this country and the world and not allow the possibility that this decision will be decided by default or decided without an opportunity to debate on the merits and have the issue resolved on the merits. That is what this amendment is about—and that is why I hope the Senate will support it.

[EXHIBIT 1]

U.S. ACTS REQUIRING PRIOR CONGRESSIONAL APPROVAL BY CONCURRENT RESOLUTION OF PROPOSED EXECUTIVE ACTIONS, 1962–80

1. Trade Expansion Act of 1962 (76 Stat. p. 872, 899; P.L. 87–794; approved October 11, 1962):

Sec. 351(a)(2). Unless the President acted within 60 days after receiving an affirmative finding from the Tariff Commission to increase or to impose a duty or other import restriction on an article causing serious injury to an industry, he was directed to report the finding immediately to Congress; if a concurrent resolution approving the increase or imposition were adopted within the next 60 days by the yeas and nays in an affirmative vote of the authorized membership of each House, the increase or imposition would become effective without the President's approval according to the Tariff Commission's finding.

2. Trade Act of 1974 (88 Stat. 1978–2076; P.L. 93–618; approved January 3, 1975):

Sec. 402. Title IV of the Act also provided for direct Congressional checks on Presidentially proposed waiver extensions through concurrent or simple resolutions passed by both Houses, either House, or one or both Houses, according to a complex set of time periods or possible contingencies. A Presidentially-recommended extension of the waiver for twelve months would become effective if both the Senate and the House of Representatives adopted before the end of the eighteen month waiver period, by an affirmative vote of a majority of the Members present and voting, a concurrent resolution approving the extension. If both Houses vote on the question of final passage of such a resolution but both failed to pass it, the waiver authority for all countries would cease at the end of the eighteen month period. If both Houses voted on the resolution and both failed to pass it, but if one or both Houses passed a concurrent resolution naming a country as being excluded from the waiver authority, that authority would cease to be effective with respect to that country.

If Congress failed to pass a concurrent resolution approving a waiver extension recommendation of the President before the end of the eighteen month extension, under certain circumstances the waiver authority (except for any country or countries specifically excluded by the procedure noted above) would be continued in effect for sixty days beyond the eighteen month period. If the Senate and House of Representatives within that sixty day period adopted, by an affirmative vote of the members present and voting in each House, a concurrent resolution approving the extension, the waiver would continue in effect for the next twelve months after the eighteen month period. If before the end of the sixty day period both Houses voted on the question of final passage of but failed to adopt such a concurrent resolution, the same contingencies noted in the previous paragraph would be applicable.

Sec. 151–54. In order to implement Congressional review of Presidential actions taken or recommendations made under the Trade Act of 1974, the rules of both the Senate and the House were amended in detail (Chapter V, sections 151–54). The special rules mandated by the act were made applica-

ble only to the consideration and disposition of implementing bills, implementing revenue bills, and approval resolutions related to trade agreements or bilateral commercial agreements submitted to Congress by the President. Prompt action was assured by procedural amendments requiring immediate introduction by the majority and minority leaders of such measures and stipulating their basic content, limiting the periods for committee consideration, providing for automatic discharge of bills and resolutions from committees, fixing time limits for debate and for voting on final passage, and limiting possible delays through the use of such parliamentary tactics as motions to postpone, motions to further limit debate, or appeals from the chair.

3. Export-Important Bank Amendments of 1974 (88 Stat. 2333–37; P.L. 93–646; approved January 4, 1975):

3. Export-Import Bank Amendments of combinations thereof in an aggregate amount exceeding $300 million could be made in connection with exports to the USSR unless the President determined that a higher limit would be in the national interest and Congress adopted a concurrent resolution (no time limit established in the law) approving such determination after the President had submitted it, along with his reasons and the amount that would be available for export for research, exploration and production of fossil fuel energy resources in the USSR.

4. Sinai Early Warning System Agreement (89 Stat. 572–73; P.L. 94–110; approved October 13, 1975):

Sec. 1. This joint resolution for the implementation of the agreement for an early warning system in the Sinai not only provided for the immediate removal of United States civilian personnel assigned to the system in case of an outbreak of hostilities but also reserved the right to Congress to order their removal by concurrent resolution if it determined their safety was in jeopardy or their role was no longer necessary.

5. Energy Policy and Conservation Act (89 Stat. 871–969; P.L. 94–163; approved December 22, 1975):

The number of Congressional review provisions required by this act far exceeded that stipulated by any other previous statute. In no less than sixteen different situations the President (or, in one case, the Administrator of the Federal Energy Administration) was directed to transmit proposed actions on energy matters to Congress for possible approval or disapproval under one of two different procedures. Despite the fact that some of these were concerned only with amendments to prior actions, each of the sixteen provided specifically for a separate review and none could become effective or be implemented during a stated period of time in which Congress had opportunity to express its approval or disapproval.

The act provided that fourteen of the sixteen proposed actions were to be subjected to a procedure permitting disapproval by either the Senate or the House of Representatives, while the other two could not become effective unless both Houses passed an affirmative resolution of approval.

Secs. 201 and 552. The second type of Congressional review procedure provided by the 1975 act (sec. 552) applied only to proposed energy conservation contingency plans and amendments proposed thereto. Within 180 days after the law was enacted, the President was directed to transmit to Congress one or more energy conservation contingency plans imposing reasonable restrictions on the public and private use of energy. Neither such a plan (Sec. 201(b)(2)) nor any amendment proposed thereto (Sec. 201(d)) would become effective unless both Houses of Congress adopted an affirmative resolution approving it within 60 calendar days of continous session after its reception (excluding adjournments for 3 days to a date certain and providing that the period was not broken by an adjournment sine die).

The act provided special rules for both types of review procedures in order to expedite disposition of both energy actions and contingent plans submitted to Congress by the President. Energy action and contingency plan resolutions would have to be referred immediately to a committee and all resolutions on the same matter would have to be sent to the same committee. Unless the committee reported on a proposed energy action within five calendar days, on a Strategic Petroleum Reserve Plan within fifteen calendar days, or on a proposed contingency plan with twenty calendar days, it would be in order to move to discharge the committee from its further consideration. Such motions to discharge were made highly privileged, debate thereon was limited to one hour, and amendments or motions to reconsider would not be in order.

6. Home Mortgage Disclosure Act of 1975 (89 Stat. 1124; P.L. 94–200; approved December 31, 1975):

Sec. 102. Prohibited the elimination or reducton of the interest rate differential for any category of deposits or accounts in effect on December 10, 1975 between any bank insured by the Federal Deposit Insurance Corporation and any savings and loan or other association insured by the Federal Savings and Loan Insurance Corporation unless written notification is given by the Federal Reserve System Board of Governors to Congress and both the Senate and the House of Representatives adopt a concurrent resolution approving the proposed elimination or reduction of interest rate differential.

7. Energy Conservation and Production Act (P.L. 94–385; approved August 14, 1976):

Sec. 305. Final energy conservation performance standards regulating new building construction were directed to be submitted by the President to the Congress for review. Before the stipulated sanctions for those standards could be enforced, a resolution of approval must be adopted by each House of Congress within 90 days after submission of the standards.

8. Department of Energy Act of 1978—Civilian Applications (92 Stat. 47; P.L. 95–238; approved February 25, 1978):

Sec. 207(b); new Sec. 19 of the Federal Nonnuclear Energy Research and Development Act of 1974. Any guarantee (for commitment to guarantee) or any cooperative agreement to finance construction of demonstration facilities for the conversion of coal, oil shale or other resources into alternative fuels which exceeds $50 million in cost, cannot be finalized unless it is first authorized either by special legislation or by a resolution of approval passed by both Houses of Congress favoring the guarantee, commitment, or agreement.

9. Petroleum Marketing Practices Act (92 Stat. 322; P.L. 95–297; approved June 14, 1978):

Sec. 301(d). Interim rules respecting the subsidization of motor fuel marketing, which the President was authorized to prescribe before January 1, 1980, must be transmitted to Congress and cannot become effective unless approved by the adoption of an affirmative resolution by both Houses within 90 calendar days of continuous session (excluding adjournments for 3 days or for sine die adjournment).

10. Airline Deregulation Act of 1978 (92 Stat. 1705; P.L. 95–504; approved October 24, 1978):

Sec. 45. No fee, charge or price for any approval, test, authorization, certificate, permit, registration, conveyance or rating related to any aspect of aviation can be collected by the Secretary of Transportation or the Administrator of the Federal Aviation Administration, if it is either in excess of the amount in effect for that purpose on January 1, 1973, or did not exist on the latter date, until such fee, charge or price is reviewed and approved by Congress.

11. Natural Gas Policy Act of 1978 (92 Stat. 3351; P.L. 95–621; approved November 9, 1978):

Sec. 122(c)(2). Maximum lawful prices for first sales of natural gas may be reimposed by Congress for a period (July 1, 1985 through June 1, 1987) by both Houses adopting after May 31, 1985, a concurrent resolution favoring such action. Such a resolution would become effective on the beginning of the first month after its adoption.

12. National Parks and Recreation Act of 1978 (92 Stat. 3467; P.L. 95–625; approved November 10, 1978):

Sec. 1301. The processing of any exchange of more than 6,400 acres of lands owned in Montana by the Burlington Northern Railroad for lands owned by the United States in Montana cannot proceed until and unless the Department of Agriculture is authorized to do so by a concurrent resolution passed by Congress.

13. Export Administration Act of 1979 (P.L. 96–72; approved September 29, 1979):

Sec. 7(d)(2)(B). Domestically produced crude oil transported by the Trans-Alaska Pipeline may be exported only if the President publishes express findings that such exports would not be contrary to certain limits and standards specified by law and if both Houses of Congress within 60 days agree to a concurrent resolution approving such exports on the basis of those findings.

14. Emergency Energy Conservation Act of 1979 (P.L. 96–102; approved November 5, 1979):

Sec. 103(b)(1). A proposed rationing contingency plan for gasoline and diesel fuel, which the President was directed to prescribe, is to be considered approved if it is transmitted to Congress in accordance with section 552 of the Energy Policy and Conservation Act of 1976 (P.L. 94–163) and is not disapproved by the adoption of a joint resolution passed by both Houses within 30 calendar days. [Note. This modifies for this purpose only the congressional veto procedure authorized by section 552 of the 1975 Act, which had provided that a proposed energy conservation contingency plan would not become effective unless both Houses adopted an "affirmative resolution" within 60 calendar days. In addition to shortening the period from 60 to 30 days, the 1979 Act permits congressional disapproval by means of a joint resolution rather than requiring approval by an "affirmative resolution," which presumably would include a concurrent resolution.]

Except for the procedure outlined below, an approved rationing contingency plan (i.e., one transmitted to Congress by the President and not disapproved by a joint resolution as above or approved by both Houses within 30 days according to the procedure in section 551 of P.L. 94–163, as amended) may be put into effect by the president only under two conditions: first, if he finds that the plan is required because of a "severe energy supply interruption;" second, if his request to put the plan into effect is not disapproved by either House or is approved by both Houses within 30 days of continuous session after it was transmitted. [Note. The length of the period for congressional review and possible disapproval of Presidentially submitted energy action plans, which had been increased in 1977 (see P.L. 95–52, section 110) from 15 days to 60 days of continuous session of Congress, was thus cut in half by this 1979 Act to only 30 days of continuous session with respect to the consideration of such a fuel rationing plan.]

The President is authorized to put such an approved rationing plan into effect, however, without a finding of severe energy supply interruption and without submitting it for review and possible disapproval by either House, if he transmits a request to waive these requirements (under section 552 of P.L. 94–163) and if both Houses of Congress approved the request for a waiver within 30 days of continuous session. The authority to put an approved rationing contingency plan into effect under this procedure will terminate on the 60th calendar day after the date on which a resolution approving the President's request for such a waiver is adopted by the second House that approves it.

15. Energy Security Act (P.L. 96–294; approved June 30, 1980):

Sec. 126(d)(3). An amendment to the approved comprehensive production strategy proposed by the Board of Directors of the Synthetic Fuels Corporation that would substantially alter the use of funds previously approved by Congress must be submitted to Congress and may not be implemented unless it is approved by passage of a concurrent resolution of approval by both Houses within 90 calendar days of continuous session (according to the procedure provided in Sec. 129).

Sec. 129. This section sets forth the procedures to be followed in considering a concurrent resolution of approval for proposals to amend the comprehensive production strategy submitted by the Board of Directors of the Synthetic Fuels Corporation under Sec. 126(d). Such a resolution is to be introduced in each House on the first day both Houses are in session after it is received and must be approved by both Houses within 90 calendar days of continuous session.

Special rules are also provided to expedite congressional action on such a concurrent resolution: a motion to discharge a committee from consideration of a resolution will be in order after 60 days; debate on a motion to discharge is limited to one hour; a motion to proceed to its consideration is highly privileged and is not debatable; debate on the resolution itself is limited to not more than five hours; and a motion to postpone a resolution as well as an appeal from a decision of the Chair are not debatable. A unique provision (subsec. i) stipulates that such a concurrent resolution passed by one House is not to be referred to or considered by a committee in the other House, and the second House is to proceed as if no such resolution has been received from the first House; however, on final passage, if the resolutions are identical, the text of the concurrent resolution of the second House is to be substituted automatically for that of the other House.

Sec. 803. The President is authorized under certain emergency conditions to seek congressional approval of the suspension of the application of the following two directives imposed by the Act that are related to the Strategic Petroleum Reserve (SPR): first, storage of crude oil in the SPR is to be increased to an average rate of at least 100,000 barrels per day until the reserve equals the storage levels set forth in the SPR Plan; second, the U.S. share of the production of crude oil from the Elk Hills reserve, with certain specified exceptions, is not to be sold or otherwise disposed of unless at least 500 million barrels are in storage in the SPR or the amount in storage is being increased at an average rate of at least 100 barrels per day. If the President finds that compliance with these two requirements might impair the ability to respond to a severe interruption in energy supply or to meet U.S. international energy obligations, he may transmit his findings to Congress and request that their implementation be suspended. If both Houses pass a resolution of approval within 60 days of continuous session (according to the procedure in the Energy Policy and Conservation Act of 1975; see P.L. 94–163, sec. 552; 89 Stat. 871; 42 U.S.C. 6240), the two provisions will be suspended for nine months.

16. Employee Retirement Income Security Act (P.L. 96–364; approved September 26, 1980):

Sec. 102. The Pension Guaranty Corporation is directed to conduct a study and report to Congress every 5 years to determine the premiums needed to maintain the basic-benefit guarantee levels for multiemployer pension plans and whether the benefits may be increased without increasing the premiums.

If the last report indicates that a premium increase is necessary, the Corporation by March 31 must transmit to appropriate congressional committees alternative revised schedules of premiums and benefits, one of which would become effective if approved by Congress by concurrent resolution.

If the last report indicates that basic-benefit guarantees can be increased without increasing the premiums for multiemployer pension plans, the Corporation by March 30 must likewise transmit alternative revised schedules of benefits and premiums that would become effective if approved by passage of a concurrent resolution by both Houses of Congress.

Mr. LEVIN. Mr. President, I am happy to yield to the Senator from Rhode Island.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER (Mr. LAXALT). The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I rise today to join my distinguished colleagues—Senators LEVIN, KASSEBAUM, EAGLETON, CRANSTON, KENNEDY, ROTH, and BUMPERS—in offering this amendment to the Department of Defense authorization bill for fiscal year 1982.

It is the purpose of this bill to require approval by both Houses of Congress with regard to the basing mode for the MX missile.

Mr. President, there can be no question that a good deal of concern has been expressed in recent years regarding the basing mode for the MX missile. We all understand that one of the major challenges of our defense establishment in the 1980's relates to the growing vulnerability of our intercontinental ballistic missile (ICBM) forces, and we all are familiar with President Carter's decision to go ahead with the multiple protective structure (MPS) basing mode as one way to deal with this challenge.

What is not clear to me, however, is that the MX in MPS basing mode is the best solution to this problem.

First, this system will be extremely expensive to deploy. Official cost estimates vary between $35–$60 billion, making it the most expensive weapons system in the history of the human race. Unofficial estimates go as high as $100 billion.

Second, defense analysts are divided as to whether the MX in MPS basing mode will really be "survivable" in a nuclear war scenario. Without passage of the SALT II treaty, the Soviet Union will be able to increase the number of warheads they can target against the MX, and saturation bombing the American Southwest may result in the destruction of most of the system.

Third, deployment of the system in Utah and Nevada is bound to present major environmental problems for the region. The 200 racetracks will permanently destroy more than 60 valleys over a 10,000 square mile area. The demand made on the region for water, cement, and human resources will also be extraordinary.

Finally, and perhaps most important, I do not see how the MX in MPS basing mode will be finished in time to meet the vulnerability problems which we anticipate. Under the best of circumstances, the systems will not be developed, tested, and fully deployed before the late 1980's. And yet, the window of vulnerability will begin to open in the early 1980's.

Mr. President, I do not presume to have a comprehensive solution to the vulnerability problems which face us in the 1980's. These are extremely complex problems.

However, it is my firm belief that a better decision will be forthcoming on this complicated issue if the procedures that the Congress adopts to address this question allow its full, open, and uncomplicated handling.

Under the proposed procedure, as outlined in the Armed Service Committee's report, both Houses of Congress are allowed 60 days to offer a resolution of disapproval following the President's submission to Congress of a specific MX basing program. The question is this: Why disapproval, Mr. President? Why should we resort to this kind of inverted legislative veto?

It seems to me that if the world's greatest deliberative body is to make a decision on what may well be the world's greatest construction project, we should make it following a period of at least 30 hours controlled debate, followed with an up-or-down vote of approval.

It is my fear that the parliamentary maneuvers which a resolution of disapproval allow will obfuscate this important issue for the American people, and will obscure the full meaning of our votes. Considering the magnitude of costs associated with this program—fiscal, environmental and, most of all, strategic costs—I do not think that this is a fair manner in which to proceed.

Mr. President, last year, the Providence Journal published a series of editorials on the MX in MPS basing mode in which they concluded that "Congress owes it a far closer look." In my judgment, the amendment which we are proposing here today will not only allow Congress to take a closer look, but will allow the people we represent to take a closer look as well.

The problem, as I see it, Mr. President, is that under the committee's proposal we come close to giving the administration a carte blanche on this extremely significant step which we are taking. Now, I know the argument will be made that we have the right to disapprove under a limited time frame. But I think we all know the intricate parliamentary maneuvers that could prevent this resolution from being voted on within the required time.

Mr. President, I think this decision is going to be made one way or the other. I do not know what the administration is going to come up with. But I have

confidence that the administration will present its arguments cogently and forcefully, and will arrive at a conclusion that in the administration's viewpoint, and undoubtedly in the Nation's viewpoint, will be the best one. It will be an argument that should stand scrutiny on this floor and should stand scrutiny on the floor of the House of Representatives as well.

Mr. President, if it cannot stand this scrutiny, then it should not be adopted. But if it can stand this scrutiny, then we can all move forward, confident that not only the administration has made its decision, but that this body and the other body has approved that decision in a fair and open deliberative process. We should expect no less for what truly is going to be one of the most significant steps that this Nation has taken in many years.

This step involves, as I mentioned, strategic implications, environmental implications, and cost implications of tremendous magnitude.

So, Mr. President, I urge my colleagues to support this important amendment.

I wish to thank the distinguished Senator from Michigan for allowing me this time.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I do not believe we are under controlled time.

The PRESIDING OFFICER. The Senator is correct.

Mr. TOWER. Mr. President, I will be very brief. I know there are others who want to speak on this matter.

What actually is being proposed here is moving from the two-House veto, which was authorized by the committee bill, to a one-House veto. It seems to me that the whole idea of this proposal is to make it easier to kill an MX system. This amendment is part of the continuing opposition to the deployment by the United States of an urgently needed hard target kill capability that we hope will ultimately close the window of vulnerability that this country will otherwise face in the decade of the eighties, making us enormously vulnerable to Soviet first attack.

I fervently hope that this amendment will be rejected. While this appears to be an argument against the MPS basing mode, it is in fact this administration's concern about the MPS that permits this debate to occur in the first place. They are now reviewing various means of deployment. The Townes Commission has been formed for the purpose of making a recommendation on this very matter. We cannot proceed here on the assumption of any particular deployment system, since the final decision on this matter has not been made.

I hope that we will not convey the clear impression that we intend to delay and perhaps ultimately fail to deploy the MX.

If this amendment is passed, the Soviets, I am sure, will take comfort that our determination and our will to maintain a military capability comparable to theirs is on the wane.

There will be other opportunities to debate this issue. There is an opportunity for that under the expedited procedure that is prescribed by the committee bill. There is no way you can prevent a debate on that portion from occurring. In fact, this debate is also going to occur on the appropriations bill.

I think that the high probability is that the Townes Commission will have reported its findings and the administration will have formulated its position by the time they begin to mark up the appropriations bill. There will be adequate opportunity to join the issue, both on the appropriations bill and through the expedited procedure prescribed by this bill once the administration makes its decision.

I would urge my colleagues to reject this amendment, which I think raises nothing but a bad omen for the future strategic capability of the United States of America.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. I would like to respond to the distinguished chairman of the Armed Services Committee with a question, because it has been a concern of mine that we have the Senate authorization bill on the floor prior to the decision of the President as to what type of basing mode would be recommended for the MX.

I would like to ask the Senator from Texas if he would have any objection to an amendment on the appropriation bill so that at such time we would assure ourselves being a participant as a body on this important debate on what kind of basing mode to have?

Mr. TOWER. We expect the administration to make a decision by the 1st of July. There is no way we can complete the appropriations bill before that time. After we act on this bill, the House will still be marking up their authorization bill. I do not know when they will have it completed.

Further, it will probably be some time before the authorization bill is acted upon on the House floor. It is conceivable that the Presidential decision would be ready even before the House takes floor action on this measure.

As a matter of fact, the House has not even taken floor action on the supplemental authorization for fiscal 1981. So there is delay over there.

There is absolutely no prospect, really, that the markup will even begin on defense appropriations until after the administration has completed its decision.

Mrs. KASSEBAUM. I yield to the Senator from Michigan.

Mr. LEVIN. The chairman has stated that a decision is expected by July 1. As I understand, that is the date for the report coming to the Secretary of Defense. According to the letter from the Secretary of Defense to the panel making these recommendations, he is requesting their advice no later than July 1. I do not know whether that was the question asked by the Senator from Kansas or whether it was when we could expect a Presidential decision on this matter.

I would agree with the chairman that the recommendations to the Secretary of Defense are due by July 1.

Mr. TOWER. I believe we can assume a position will be taken by the 1st of July, even if it is not until the 4th, 5th, or 6th of July, with the Fourth of July recess. We are not going to get to the appropriations markup until after the House authorization bill. In any case, we will not get it to the floor before that time.

The point is we have adequate opportunity to extend this debate on the appropriations bill and further question the funds on the appropriations bill if we care to do so.

Mrs. KASSEBAUM. I think there is always uncertainty as to dates. We have found that to be true. I am one who, in fact, believes we should move forward with this very important debate and decision. But I also believe that it is important for us, on a debate of this magnitude and an issue of this magnitude, to be assured that we are participants. I do not want to in any way, and I am sure that those of us who are supporting this amendment would not in any way, be dilatory, or bind the President's hands in a decision. But I would like to reiterate some of the points which have already been made by the Senator from Michigan.

The bill that has been reported by the Armed Services Committee recognizes the significance of this decision and accepts the obligation of the Congress to be involved in the decision regarding the basing mode. However, the bill, as reported, fails to protect the institutional right of Congress to equally share responsibility with the executive branch.

I believe this is not only one of the most vital issues before us militarily, but it also has economic and environmental aspects that we simply cannot ignore.

We are voting on an issue that is not just for us today, Mr. President, but for future generations. As such, I think it is imperative that we all are able to participate in this important debate.

What I think we must recognize is that the bill that has been reported by the committee fails in three areas: One, it does not guarantee that there will be a congressional vote on the proposed basing mode. It really is not a question of a one-House or a two-House veto. The question, it seems to me, is whether we have the opportunity to participate in this debate. The only power that has been given to Congress by the committee in the bill is the power to disapprove. If the Committee on Armed Services does not report out or is not discharged from further consideration of a resolution of disapproval, the proposal would become operational without further congressional action. So, Mr. President, there is a very real possibility that we would lose the opportunity to participate.

Mr. President, the bill also does not guarantee that there will be adequate time to debate the decision. If the committee reports out a resolution of disapproval, the debate is limited to 10 hours. If the committee refuses to report such a resolution, debate on the motion to discharge it from further consideration is restricted to 1 hour.

Third, it does not guarantee a clean vote on the basing mode. To me, Mr. President, this is one of the most impor-

tant parts of this amendment. It allows us to have that up-or-down vote.

The parliamentary possibilities are almost endless and a number suggest that we might well end up with a vote on a motion to table a motion to discharge the committee from some procedural action, for instance, instead of having an up-or-down vote on the merits of the proposal. I think it is such a crucial issue for us at this time that I join in this amendment because I do believe that it is one of those decisions that frequently gets away from us before we have had a chance to give it thoughtful and careful consideration.

The members of the Committee on Armed Services, because they have been involved in the highly technical aspects of this debate, are knowledgeable on the pros and cons of the different methods proposed for basing of the MX. But the rest of us have not had a chance to participate in that important debate. I think that all of us are very aware of the importance of this issue and should have the opportunity and be required to be fully informed and be able to participate in a debate on this crucial issue.

Mr. President, this amendment will assure adequate congressional debate. That is why I believe it has merit.

Mr. WARNER. Will the Senator from Kansas yield for a question?

Mrs. KASSEBAUM. I am happy to yield.

Mr. WARNER. If I understood the distinguished Senator from Kansas, she feels that she would not be able to participate because of procedural impediments placed by the Committee on Armed Services. However, I am certain that the distinguished Senator recognizes that the Committee on Armed Services would welcome her participation in its deliberations, as the committee would welcome the participation of any other Senator. Therefore, they could become involved in the process by which the committee makes its determination.

Mrs. KASSEBAUM. Mr. President, I say to the Senator from Virginia, I certainly understand and appreciate that and did not mean to infer that the Committee on Armed Services, by its actions, would be in any way deliberately trying, through parliamentary procedure, not to allow this body to have a vote on this issue. It is not just my thoughts or the thoughts of the Senator from Michigan on this. It is that I believe that we, as a body, should participate in this debate.

Mr. WARNER. But the Senator understands that she would be free to come before the Committee on Armed Services and make known her views.

Mrs. KASSEBAUM. Of course.

Mr. WARNER. And that they would be carefully considered.

Mrs. KASSEBAUM. Of course.

Mr. WARNER. I thank the Senator.

Mr. GRASSLEY. Mr. President, I take the floor at this time, and especially ask for the attention of the Senator from Michigan. He has been a leader in this area that I have been working on since I have come to the Senate. The Senator from Nevada, the present Presiding Officer, has been a leader also in this whole area of congressional reform and the congressional veto. I take this opportunity to discuss how this approach the Senator from Michigan is suggesting differs from a bill he has put in with his colleague from Oklahoma (Mr. BOREN) on the subject of congressional review of certain actions taken by the administrative branch of Government. If the Senator from Michigan would answer a question for me, I should like to ask him if, in a sense, this is not a one-House veto. I shall yield to the Senator from Michigan for a response to that, if he would do so.

Mr. LEVIN. Mr. President, I think the Senator is correct that this would require both Houses to approve, like other budget matters—like the appropriations bill, indeed, which the Senator from Texas says we could rely on—both Houses to approve the dollars for the basing mode. There is no difference in that regard.

Both Houses would be required, either under the appropriations bill which the Senator from Texas relies on or under this amendment to the authorization bill. In that sense, it is, of course, a one-House veto.

This is not a regulation, Mr. President, this is a very substantive matter of the highest magnitude and is distinguished from the regulations which are covered in the one-House veto bill.

Mr. GRASSLEY. If my colleague will permit me to say so, I do agree with that point that this is other than just a discussion of regulation. I think that brings up another point I should like to touch on.

I think the Senator is saying, in effect, what most of us realize, that this is a very tough review process. Either House of Congress could stop this administrative determination of what the basing mode would be. It is much tougher than the bill that the Senator from Michigan or the Senator from Oklahoma introduced in regard to regulations, which would say, in effect, that in order for Congress to override a regulation, the House would have to pass a resolution, the Senate would have to pass a resolution; then, even beyond the two-House veto, the Levin-Boren legislation would cause that resolution to be submitted as a presentment under the Constitution to the President of the United States for his signature or veto of it.

I am glad that in this particular instance, the Senator from Michigan is admitting that there should be a lesser review of this administrative determination—in fact, one in which a single House of the Congress could stop the particular basing mode suggested by the administration.

Frankly, Mr. President, I like one-House vetoes better than two-House vetoes—more, certainly, than the provision of review suggested by the Levin-Boren bill. But additional, and even more important to the present discussion, is whether or not, compared to the review of regulations, this is as legitimate a constitutional role for the Congress to participate in administrative determination as it would even be in the case of regulation writing.

I raise that point in a question to my colleague from Michigan: In determining the basing mode, is it not more of a constitutional prerogative of the President, something very indigenous to his being Commander in Chief, is it not more a constitutional power of the President than the drafting of regulations pursuant to a delegation of legislative authority by the Congress of the United States, which we can constitutionally do under our legislative powers?

So is not the Senator from Michigan involving Congress more in an Executive decision than even he is asking Congress to be involved in what I consider to be a constitutional question—our delegation of legislative authority and then our review of that delegation by our application of congressional veto to regulations?

I yield to the Senator from Michigan if he will comment on that. I should like to have him explain what I consider an inconsistency.

Mr. LEVIN. I believe there are a number of answers to that.

Before the Senator came to the floor, I did give about 16 examples of where an affirmative vote of both Houses of Congress had been required in recent legislation: the Trade Expansion Act of 1962, in which both Houses had been required to approve the Tariff Commission's finding; the Trade Act of 1974, in which both Houses of Congress are required to approve the finding.

Mr. GRASSLEY. If the Senator will yield, I am not disagreeing that this has been applicable to like instances in the past. As a Member of the other body, I probably even supported some of these instances.

However, I am suggesting to the Senator that he has trouble with congressional review of a one-House or a two-House veto of regulations, so he has gone to greater lengths in the Levin-Boren measure, suggesting that even the President, under the presentment clause of the Constitution, should have a review of our veto of regulations.

Here, he is willing to give Congress more power, what is a more indigenous constitutional power, than the President has as Chief Executive and, more important, as Commander in Chief of the armed services.

Mr. LEVIN. Under this amendment, there is a joint resolution which goes to the President. The resolution provides for a resolution of approval, both Houses of Congress, but it is done by joint resolution, so it goes to the President.

Mr. GRASSLEY. I also ask this of the Senator from Michigan: Does he have any concern about the constitutionality of this veto provision he is proposing in this amendment? Does he have any doubts about the constitutionality of it? He has doubts about the constitutionality of the one-House veto and the two-House veto, to the point that he even involves the President, in the Levin-Boren amendment, in review of congressional action in vetoing regulations. Does the Senator have any doubts about the constitutionality of his provision.

Mr. LEVIN. I have no doubts about the constitutionality of this provision. There is ample precedent for this kind of provision.

This is not a regulation. This is an authorization bill. We are authorizing a billion dollars for a basing mode, and we have a right to condition that authorization in the way it has been done here, according to all kinds of legislative precedents which I have made part of the record.

I should like to complete my answer to the Senator. The Levin-Boren approach is based essentially on policy matters. As I testified before the Senator's subcommittee, I have not raised the constitutional questions of the one-and-a-half-House veto. Those questions have been raised by others. I say they raise significant questions. But I would support a one-and-a-half-House veto if the mechanism of the Levin-Boren proposal were not possible or if it were rejected.

What I am saying is that the Justice Department, the U.S. attorney, is challenging the constitutionality of the one-House veto; I am not. They have challenged it on regulations. This is not a regulation, so it is different in that regard, in an important respect.

Also, this one is presented to the President because it is a joint resolution; so it does not raise a constitutional question in that regard.

Again, I have not challenged the constitutionality of the one-House veto in that regard. All I have said is that because such a significant challenge has been raised by the Department of Justice, we can avoid the constitutional question by going to a two-House legislative veto, including the President.

I will be happy to go further into the question.

Mr. GRASSLEY. I do not believe I desire to go any further, I believe that later in the year, the whole subject of legislative veto will be up for debate on the floor of this body, and we need to start making clear that, on the one hand, we are talking about a congressional check upon our own delegation to the executive branch of Government, of our own constitutional authority to legislate, to fill in the details of legislation through regulation, and then for us to review that. That is one issue.

Also, many of our colleagues become mixed up with that whole check on congressional review of our delegation of legislative authority and with some of our review of things that do not deal with regulation writing at all, but which are really a review of Executive determinations and Executive decisions. I believe that my friends who have trouble with the whole subject of legislative veto and whether it is constitutional would have even greater questions about the constitutionality of what we are doing—either what is in the armed services legislation or what is suggested by the Senator from Michigan (Mr. LEVIN).

Mr. LEVIN. Mr. President, will the Senator yield?

Mr. SASSER. I yield.

Mr. LEVIN. I am wondering whether the other side of the coin is also true. The Senator indicates his strong support for a one- or one-and-a-half-House veto. I presume, therefore, that the Senator would have no difficulty supporting what the Senator considers to be a one-House veto in this amendment.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. SCHMITT. Mr. President, I believe it is important in the discussion of this amendment to recognize two fundamental distinctions and just set aside the discussion of a legislative veto as applied to regulations, executive branch regulations.

That legislative veto is argued on the positive side under the umbrella of many decisions within the courts that they are shared legislative powers between the executive branch and the legislative branch.

Those legislative powers are ones which, under the Administrative Procedures Act, are delegated to the executive branch by the legislative branch; and therein, I believe, lies the fundamental justification for discussing the legislative veto as it relates to the making of regulatory law.

On the other hand, the idea of applying the legislative veto to executive branch administrative decisions, particularly those that come under the umbrella of the powers of the Presidency as defined in the Constitution, particularly those where the President is named Commander in Chief of the Armed Forces—that is an entirely different matter.

Therein, the application of a legislative veto, after the normal authorizing and normal appropriations process has run, I believe, would cause a very serious question of constitutional grounds. We are drawing that distinction in our debate of legislative veto as applied to regulations. I believe it must be drawn here, also.

Even when we discuss the legislative veto of the executive branch regulations, I will support its constitutionality. I cannot, in all good conscience, at this point support the constitutionality of a legislative veto over an executive branch decision that is not related to laws being promulgated or proposed under the Administrative Procedures Act. It is that simple.

I think there are two different parts of the Constitution involved here. One has to do with shared legislative power. The other has to do with clear Executive power under the Commander in Chief provisions of the Constitution.

Congress is not without influence in such decisions related to our national defense. We influence the process in the authorizing committees, as the able Senator from Texas and his committe have done in the proposal that they have put before the Senate today. We influence the process in the appropriating committees, as I, under the guidance of Senator STEVENS of Alaska, will do at a later time and have done.

I am not at all sure that the basing mode that has been proposed by the past administration is in fact the best way of deploying the MX system. However, I do believe that any amendment and any provision that would attempt to apply a legislative veto to a final decision by the executive branch once Congress has participated in that through the authorizing and appropriating committee process would, in fact, infringe on the executive branch privileges and powers as granted by the Constitution.

Mr. GRASSLEY. Mr. President, will my colleague yield?

Mr. SCHMITT. I am happy to yield to the distinguished Senator.

Mr. GRASSLEY. Mr. President, I appreciate the remarks of the Senator from New Mexico. I wish to ask him if in a sense he is saying that the constitutionality of the whole question of legislative veto is as much related to the substance of what is being vetoed as to the procedure that the veto might go through, whether it is a one-House or two-House veto.

Mr. SCHMITT. Mr. President, if the distinguished Senator means "by substance" under what portion of the Constitution does that substance fall, yes, he is entirely correct. When we are dealing with shared legislative powers, Congress clearly has not only the power but the responsibility to oversee the making of law under those shared legislative powers as are contained in the Administrative Procedures Act.

On the other hand, when we are talking about nonshared powers, namely the power of the executive branch and the President as Commander in Chief then I see no place for the legislative veto.

Our opportunities for interaction with the President on such issues come through a different process of authorizing and appropriating. If we choose to in a sense veto a President's action, we just do not give him the money. But to veto that action by putting ourselves in the position of the President on such defense-related actions I think is inappropriate, and I think the courts would find it would be unconstitutional.

Mr. GRASSLEY. Mr. President, will the Senator yield again?

Mr. SCHMITT. Yes, I am happy to yield.

Mr. GRASSLEY. I think his comments are very appropriate at this particular time as we enter the debate on the whole subject of legislative veto because there is a lot of confusion over the issue and I think maybe my colleague would agree that some of that confusion has come from the recent Chada case which has brought a whole new dimension into the issue.

Mr. SCHMITT. Interestingly enough the Chada case, although not defense related, is nonetheless an administrative action within the Immigration and Naturalization Service, as I recall, and it is one which is divorced from the shared legislative powers of Congress and the executive branch and therefore any decision in the Chada case—and even the lower court has indicated this opinion—would not bear on the issues of shared legislative power. The Chada decision was an administrative function that Congress then tried to veto, and I am not saying how the courts will finally rule on that because there are some other factors involved.

But, nevertheless, I do not think it is dispositive in the instance of a shared legislative power over rulemaking or a nonshared power in which the President, acting as Commander in Chief makes the decision,

Mr. LEVIN. Mr. President, will the

Senator from New Mexico yield for a question?

Mr. SCHMITT. I am happy to yield for a question.

Mr. LEVIN. I thank my friend.

It seems to me that the Senator is making up an argument that we cannot reserve to ourselves a veto over the funds. If that is what the Senator is saying, the committee bill contains a legislative veto. Is he saying that the committee's legislative veto over the funds is unconstitutional?

Mr. SCHMITT. I say to the Senator, I think there is serious question about that and the extension of that to what is effectively a one-House veto through mechanism proposed by the distinguished Senator from Michigan would further compound the problem that exists in this particular case. Although I respect the committee's position also, I think that from a constitutional point of view it is very difficult, and I am surprised it has not been challenged more often to support a legislative veto over something that is constitutionally in the prerogative of the President.

Mr. LEVIN. I understand what my friend is saying.

It seems to me what he is doing is arguing that one-House veto is more constitutionally infirm than a two-House veto?

Mr. SCHMITT. I am just saying that the Senator's amendment compounds the constitutional problem.

Mr. LEVIN. That seems to me very much the opposite of what my friend is usually arguing which is that his one-House veto is constitutionally very firm indeed.

Mr. SCHMITT. It is because the Senator is talking about an entirely different subject matter. He is talking about the shared legislative matter.

Mr. LEVIN. I can understand that.

Mr. SCHMITT. In this case we are not talking, in this Senator's opinion, about shared legislative power once Congress has acted through the normal authorizing and appropriations process.

Mr. LEVIN. I understand what my friend is saying. I think his argument runs against the committee bill as much as it does against the committee because the committee bill contains a two-House legislative veto in effect.

Mr. SCHMITT. This is in addition to all the theoretical discussion of constitutionality we just entered in upon. This is also a Government of compromise, and I suspect that the committee can articulate that compromise position better than this Senator can.

Mr. LEVIN. I have one other question if the Senator will yield. Is the Senator familiar with the multitude of acts which we have passed which contain this type of affirmative requirement? I tried to allude to them this morning. They are set forth in the long paper which I made part of the record of the Congressional Research Service. But there are about 16 recent ones that are referenced, and I am wondering whether or not the Senator is familiar with those mechanisms and whether he also has questions about all those mechanisms which would put everything from the Trade Act to the Energy Act to a multitude of other acts in that category.

Mr. SCHMITT. I do. However, I think indeed in the case there the courts would probably find it very interesting if not persuasive that in those acts the President has chosen again in the compromise that goes between the legislative and the executive branch to accept a legislative veto over certain clearly executive branch decisions. That has been the decision of many Presidents to do that, and having done so they have not gone into the courts in order to challenge it. The President, when he signs this bill that the distinguished Senator from Texas and members of the Armed Services Committee have worked so diligently on and so well on, may well make that same decision, and I will accept that even though in theory I could probably make the argument as President that it is unconstitutional and violates my powers as Commander in Chief.

Those are decisions the President must make himself even though the theoretical argument might go to the Constitution.

Thank you, Mr. President.

Mrs. KASSEBAUM. Mr. President, I wish to say to the Senator from New Mexico, and I am sorry the Senator from Iowa has left the Chamber, that I think we are tossing some buzzwords around here because the President as Commander in Chief still does have the opportunity and the power to make the final decision. What we are talking about here is a joint resolution and a joint resolution has to be signed by the President. So it goes to the President for final approval and if after both Houses of Congress have acted the President is not in agreement with that action, he can veto that resolution.

So it seems to me that really in no way are we attempting to usurp the powers of the President that he has as Commander in Chief and I for one would not want to do that either.

All we are saying in this amendment is that we have the opportunity and the responsibility, which I think is equally important, to that of the Commander in Chief in seeing that the public dollars are properly spent when we are talking about the amount of money, as well as we have said earlier, that there is a strategic, an environmental and an economic concern involved in this debate.

So I do not think we have by any means taken any powers away from the President he should exercise as Commander in Chief.

Mr. SCHMITT. I thank the distinguished Senator from Kansas. I certainly recognize the intention of what her proposal is. However, the net effect of the proposal is to apply a one-House veto to an executive branch decision because both Houses must act on the joint resolution, and if they do not act then the President does not get to act.

Mr. BUMPERS. Mr. President, I am a cosponsor and a warm supporter of the amendment offered by the Senator from Michigan (Mr. LEVIN) and I want to say at the outset that I have also been a supporter of the MX missile. I have voted for every appropriation that has been presented on the floor to support it.

I have also generally supported the system with the idea that it would be deployed in Utah and Nevada. I know that warms the cockles of the Presiding Officer's (Mr. LAXALT) heart to hear me say that. But the deployment of the MX is a very difficult decision, and I have never felt quite as comfortable with my support of the basing mode as I would like.

I support this amendment simply because it is too important to let Congress have some final say in whether or not we agree with the President's decision on such a very controversial issue. My guess is that even under the amendment of the Senator from Michigan the chances are 99 percent that Congress will approve whatever method the President may choose. But it is very controversial. Even the Mormon Church is now involved in the controversy, and understandably so.

However, let me just catalog some of the history of the MX missile. The Strategic Air Command first validated the need for a new mobile ICBM in 1972. Now, almost 10 years have gone by and we already have invested more than $2 billion for the development of the 190,000-pound ICBM called the MX, and we are currently spending $4 million a day to develop it.

Today more than 10,000 workers in more than 1,000 companies are involved in the project. The Air Force's ballistic missile office at Norton Air Force Base in San Bernardino, Calif., now employs 567 military and civilian personnel, divided into 36 functional divisions, such as propulsion, guidance and control, safety, and so on. In fiscal year 1982 the administration has requested $2.4 billion for research, development, testing, and evaluation for the MX, and some current estimates of the total cost of the fully deployed MX missile range as high as $100 billion. So we are talking about easily the most mammonth and expensive weapons system ever voted by the U.S. Congress.

I do not always agree with General Rowney, but I agree with him when he says the MX is the "strategic decision of the decade." It may be the strategic decision of the century.

Without a doubt the MX program will have profound effects both on the credibility of the U.S. nuclear deterrent and on the future prospects for strategic arms control.

There is just one problem. After spending several billion dollars, and currently standing on the brink of perhaps the single largest construction program the world has ever seen, one that will consume tens of billions over the next decade, we have yet to resolve this very crucial issue of exactly how and where the MX will be deployed.

Mr. President, before embarking on a program of such fundamental importance to the United States, our allies and, for that matter, our adversaries, it is absolutely imperative that the elected representatives of the American people fully consider and approve—and approve—the basing plan for this missile. To do otherwise is to abrogate our responsibility to insure that Congress provides this administration with clear and

positive guidance on this very vital national security item.

If I were the President of the United States I would demand such guidance. I would not want to assume that responsibility alone.

Unfortunately, the authorization bill we have before us denies Congress the opportunity to exercise its right and duty to consider and to approve the basing mode. Instead, implementation of whatever basing mode the administration chooses would begin automatically 60 days after the President submits his decision to Congress, unless there is a concurrent resolution of disapproval. The awkward and constitutionally questionable mechanism of a legislative veto is hardly appropriate to a decision of such magnitude. What kind of legal and political mandate would the administration have if the response to the MX proposal was merely the absence of such a resolution? You and I both know that the Committee on Armed Services of the Senate may do nothing. They may not report a recommendation to the floor of the Senate, in which case the Senate would have to vote for a discharge of the committee and even if that were the question, we would have only 1 hour of debate on what would potentially be a $100 billion item.

Our amendment seeks to correct this procedural flaw in the authorization bill by providing for thorough but expeditious congressional review of the basing plan in the form of a concurrent or joint resolution of approval within 60 days.

I want to emphasize that the amendment does not seek to advance any partisan political or military interest. This is not a Republican or a Democratic issue. This is a bipartisan amendment. The Senator from Kansas (Mrs. KASSEBAUM), the Senator from Delaware (Mr. ROTH) are both cosponsors of this amendment. It is neither antidefense nor anti-MX. Rather its purpose is very straightforward, very honest and, in my view, unassailable; it is to protect the prerogatives of Congress to determine the national security policy of the United States.

There are a lot of important reasons, Mr. President, why this amendment should garner strong support from Senators on both sides of the aisle. There is the strategic necessity to resolve the basing issue once and for all, and proceed as soon as possible to the full development and deployment of the MX. I want to remind my colleagues that until very recently the question of where and how to base the missiles appeared to have been solved. I heard some of my colleagues around here talking about that "crazy patchwork" when they looked at plans for the multiple protective shelter system.

But after reviewing dozens of alternative basing methods from seabed to air mobile to rail, highway, and offshore mobile systems, to mesa basing, even mineshaft basing, Congress last year directed the Secretary of Defense to proceed with the full development of the MX missile and the multiple protective structure, or MPS basing system. As you all know, of course, that system is 200 missiles and transporters shuttling around among 4,600 horizontal shelters on a 7,800-mile network of roads, all of which are supposed to be operational by the end of 1986. A lot of time, effort, and money has already been expended on this MPS system which, incidentally, I happen to favor, although I reserve the right to change my mind if a better alternative is submitted.

(Mr. EAST assumed the chair.)

Mr. BUMPERS. The Air Force estimates that roughly 30 percent—get this, 30 percent—of the $2.3 billion spent on MX development through 1981 has been earmarked for basing costs. The Boeing Co. right now has a $155 million contract from the Air Force to design the MPS system. So a switch to an alternative basing mode at this point would make much of that ongoing work irrelevant and would probably delay the date of the initial operational capability of the MX. It would also mean that we have wasted hundreds of millions of dollars on an abandoned scheme.

However, the administration may be considering just such a move. Secretary of Defense Weinberger has said that there is an "element of the unreal"—that is his quote—concerning some aspects of the MPS.

And as a candidate last year, President Reagan attacked MPS as the "fantastic plan of the [Carter] administration to take thousands and thousands of square miles out in the West." His views at that time were clear. He said, "I am not in favor of a plan that is so costly."

Well, whatever one's personal opinions are on the MX basing issue—and certainly the President has a right to change his mind although I am not suggesting to him that he should—I think we can all agree on two things: First, that we need to get on with the task of moving from research and development to the construction and deployment of the MX. And, second, that Congress must be a full and active participant in the decisionmaking process. Our amendment assures the accomplishment of both of these objectives.

Finally, as important as the strategic and economic reasons for supporting this amendment is the requirement for the Congress to avoid establishing the dangerous precedent of abdicating its authority to make decisions on major weapons systems affecting the vital interests of this country.

I yield the floor, Mr. President.

Mr. THURMOND. Mr. President, I rise in opposition to this amendment which would have the effect of allowing a one-House veto of one of the Nation's most important strategic programs, the MX missile program.

It would be exceedingly ill advised for the Senate to adopt this language, especially concerning a program in which the constitutional prerogative is clearly with the President.

There is ample room within the committee language for the Congress to exercise its judgment in this matter. The committee language provides three steps: First, that the President submit to Congress a specific MX basing mode program. Second, that this recommendation be fully justified by the Secretary of Defense and even provide alternative proposals. Third, that 60 days must pass before the Defense Department can proceed and only then in the absence of resolutions of disapproval by both Houses of Congress.

Public Law 96-342 states that Congress is committed to development and deployment of the MX system consisting of 200 missiles and 4,600 hardened shelters, with deployment as soon as practicable.

Therefore, I urge that the Senate support the motion to table and not place at risk a critical national security program by allowing it to rise or fall on a one-House veto.

Mr. TOWER. Mr. President, I move to table the amendment offered by the Senator from Michigan (Mr. LEVIN).

The PRESIDING OFFICER. The question is on the motion to table.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I ask unanimous consent that Senators ROTH and KENNEDY be added as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the motion to table the amendment.

Mr. LEVIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from Michigan. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 59, nays 39, as follows:

79-059 O - 84 - 73 Pt. 7

[Rollcall Vote No. 113 Leg.]

YEAS—59

Abdnor	Garn	Mattingly
Andrews	Glenn	Melcher
Armstrong	Goldwater	Nickles
Baker	Gorton	Nunn
Bentsen	Grassley	Packwood
Boren	Hatch	Percy
Byrd, Harry F., Jr.	Hawkins	Quayle
	Hayakawa	Randolph
Chiles	Heflin	Rudman
Cochran	Helms	Sasser
Cohen	Hollings	Schmitt
D'Amato	Huddleston	Stafford
Danforth	Humphrey	Stennis
DeConcini	Jackson	Stevens
Denton	Jepsen	Symms
Dixon	Johnston	Thurmond
Dole	Kasten	Tower
Domenici	Laxalt	Wallop
East	Long	Warner
Exon	Lugar	Zorinsky

NAYS—39

Baucus	Hart	Murkowski
Biden	Hatfield	Pell
Boschwitz	Heinz	Pressler
Bradley	Inouye	Proxmire
Bumpers	Kassebaum	Pryor
Burdick	Kennedy	Riegle
Byrd, Robert C.	Leahy	Roth
Chafee	Levin	Sarbanes
Cranston	Matsunaga	Simpson
Dodd	McClure	Specter
Durenberger	Metzenbaum	Tsongas
Eagleton	Mitchell	Weicker
Ford	Moynihan	Williams

NOT VOTING—2

Cannon	Mathias

So the motion to lay on the table Mr. LEVIN's amendment (No. 49) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I yield to the Senator from Colorado.

Mr. HART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HART. Is the time under which the bill is being considered controlled?

The PRESIDING OFFICER. There is no control time.

Mr. HART. I thank the Chair.

Mr. President, I generally support the bill as reported and I recommend my colleagues support it here in the Chamber.

Especially positive are the initiatives taken by the committee in the naval shipbuilding area. The bill as proposed by the administration was purely traditionalist in naval shipbuilding, emphasizing almost exclusively large carriers, cruisers, and nuclear submarines.

For a number of years, the Senate has recognized that this is not an adequate response to the Soviet naval challenge. Numbers of ships are vitally important, but we cannot have enough numbers if each ship we build is extremely expensive. We must create new shipbuilding options, options which will allow us to build the larger number of ships we need.

The committee has acted to develop such options. It has once again demanded that the Navy produce a design for a light carrier, a ship costing only about one-third as much as a *Nimitz* class nuclear aircraft carrier. Our committee has initiated a program to design a diesel-electric submarine. It has moved to give the new LHD–X amphibious assault ship a dual role as a carrier for VSTOL aircraft and has continued the R. & D. program for a VSTOL fighter aircraft to go on it, the AV–8B+. The committee has added funding to the so-called SEAMOD program to modularize naval weapons and sensors, prospectively reducing the time and cost of ship modernizations. Our committee has provided funds for the ARAPAHO program, to base Naval Reserve antisubmarine helicopters on merchant marine ships in wartime. The committee has reminded the Navy that a prime mission for the battleships is providing gunfire support for Marine operations ashore, for which mission the *Salem* class cruisers may be good alternatives to the second two battleships.

These actions continue the approach the Senate has taken for at least the last 3 years, an approach emphasizing new concepts and new technologies as means to a larger, more effective Navy.

Unfortunately, the leadership of the Navy seems to regard the Senate's concerns with an attitude bordering on contempt. Despite strong evidence that light carrier designs actually exist, the Navy refuses to provide them to the committees of Congress.

The conventional submarine study requested by our committee last year, enacted into law, due no later than March 1, 1981, so that we could use it in consideration of this year's authorization bill, still has not been presented to our committee. The committee's initiative in including a combined amphibious assault ship/VSTOL carrier in last year's bill found no echo from the Navy in its LHD–X request.

The Navy not only requested no funds for the AV–8B+—the only VSTOL fighter/attack aircraft we can hope to have in this decade—it has provided to date not 1 penny to the program out of last year's VSTOL R. & D. money.

The Navy appears to believe that if it can keep Congress from having any alternatives, it can get the ships it wants. This is both militarily and politically dangerous.

Militarily, the ships sought by the Navy are so expensive as to insure they will continue to be too few in number, at a time when trends in naval warfare suggest all ships are growing individually more vulnerable.

Politically, a growing body in both the Senate and the House of Representatives are coupling their support for increased defense spending with demands for more imaginative and effective thinking about the art of war.

Navy "stonewalling" of congressional desires for new concepts, new ship designs, and new idea for using our limited dollars effectively can only work to turn military opponents into victors and political friends into enemies.

In areas other than naval shipbuilding, the bill includes some positive actions but, from the standpoint of the Senator from Colorado also some programs which should be questioned, such as the F–18, an issue I intend to raise later in this debate.

One of the most positive actions is the strong support for the light armored vehicle program. If we are to have an effective Rapid Deployment Force, we must have mechanized units which can be transported rapidly to remote parts of the world.

Foot infantry will do us little good in conflicts against hostile mechanized forces in open terrain. But current mechanized units—the Army's armored and mechanized divisions—have equipment which is too heavy and too bulky to be readily transportable.

A potential way out of this dilemma is light armored vehicles. These vehicles have many of the capabilities of tanks and armored personnel carriers, but they are much lighter and easier to maintain.

They are absolutely essential for combat in areas such as the Persian Gulf, because they provide tactical mobility, but their small weight and volume also make them strategically mobile.

Recognizing the importance of light armored vehicles, the committee has acted to speed up the program. Specifically, it has replaced the previous joint Army-Marine Corps program with a single program under the Marine Corps.

Unfortunately, joint programs tend to involve confusion and delay—which we can ill afford in so vital a program as this.

Only by placing the program under a single service can we hope for rapid selection and procurement of light armored vehicles. The Marine Corps is the logical choice to have the program, since Marine units are the logical first line of the Rapid Deployment Force.

As the committee report states, this action is not intended to preclude subsequent Army purchase of the light armored vehicle family selected by the Marine Corps. But the Army is not to be involved in the selection of the light armored vehicle beyond monitoring the Marine program.

The great deficiency of this bill is not immediately apparent and is not the fault of the committee or the administration. It is a result of our long-standing defense debate, a debate focused largely on how much to spend and very little on what to spend it for.

The deficiency is that there is not much correlation between the actions recommended here and what history suggests is important for winning wars.

In terms of equipment, the bill provides more of the same: More of the same general kinds of ships, planes, and tanks we have been designing and buying for decades.

Further, it continues a process of equating capability on the battlefield with quantified "kill probabilities" demonstrated in highly structured tests. We seek these high "kill probabilities" with more and more technological complexity, often—as in the case of turbine engines in tanks—technology for its own sake.

In contrast, history suggests a few different characteristics we might seek in the development of new equipment:

First, emphasis on change in kind, not just change at the margin. A plane or tank which performs 10 percent better than its predecessor creates few problems for the opponent.

We need a focus on change which creates a whole new situation, change which makes many of the opponent's assets, forces, and tactics obsolete.

Historical examples include the rifled musket, quick-firing artillery, the machinegun, the submarine, and the tank.

Opportunities for this kind of innovation are hard to find, but finding them is even harder for those fixated on reproducing "more of the same" with slightly greater performance, at the cost of much more money and complexity.

The second issue is quantity. In war, numbers count. Germany had the best fighter aircraft (ME–262) and tanks, Panther and Tiger, in World War II. But she had relatively few of them. American and Soviet tanks and planes, individually inferior but far more numerous, rolled over the Germans.

With its emphasis on $3.5 billion aircraft carriers, $650 million submarines, $40 million fighter planes and $2.5 million tanks, the bill makes it unlikely we will have the numbers of any of these items that we need. Initiatives such as light carriers, diesel submarines and light armed vehicles are steps in the right direction, but such programs are still rare to find and rarer to get institutional military support.

Finally is the issue of what one might call "usability": The ability to function in bad weather, in the mud, in the hands of real soldiers, without much maintenance—in short, the ability to work in war.

Much of our equipment does well in tests, in peacetime, under controlled conditions.

But how will all this complexity, and resultant fragility, fare in the actual combat arena?

Clausewitz warned that in war all things are simple, but even the simplest thing is extremely difficult. As our poor readiness rates show, using and maintaining much of our equipment is not simple even in peacetime.

Even more fundamental is the fact that the outcomes of battles and wars are usually not determined primarily by the characteristics of the equipment of the two sides.

More important have been such things as unit cohesion, doctrine and tactics, the command system, officer selection and education, and the institutional structures of our armed services.

Our committee gives these factors little consideration. Does this mean we are satisfied with our current firepower/attrition doctrine, that we have evaluated it against maneuver doctrine and found it superior? That we truly believe an officer education system which teaches little military history and a lot of management is most likely to develop officers who understand the art of war?

That the bureaucratic organizational model of three of our four services results in the institutional behavior a successful military needs? I suspect that the answers to all these questions is no.

Or has our defense debate, in Congress and in the Pentagon, simply failed to focus on what wins wars? I think this is in fact the case. Again, no one is to blame; this is the kind of situation that develops largely unnoticed.

But a growing number of people, grouped loosely under the term "military reform," have noticed and are seeking to change the terms of the debate. I believe they will succeed, and that the debate of the eighties will be fundamentally different from the "more is better versus less is better" debate of the past decade. It will focus less on management, funding levels, and on what the services want, and more on the art of war itself.

It will be driven by those who ask in the area of defense what President Reagan asked the Congress in his recent address on the economy: "Isn't it time that we tried something new?"

Mr. President, I yield the floor.

Mr. STENNIS. Mr. President, will the Senator yield to me briefly?

Mr. HART. I yield.

Mr. STENNIS. I did not get to hear all of the Senator's remarks, but I did hear those addressed to the matter of carriers and, particularly, more smaller carriers, and to the need for some further recommendations, at least, from the Department of Defense to our committee on this matter.

I endorse entirely what he said on the subject, and with him have made efforts from year to year to get more planning activity and research, and further information, as well as ultimate inclusion in the budget for a smaller carrier, but without success. I have to say, I am afraid that somewhere in the Navy they are just not bringing forth to us all the facts they have on this subject matter. I had reason to expect more information this year than we were given on this subject of light carrier design.

I was the real author, along with others, of the so-called "big carrier" that we put in the authorization bill 2 or 3 years ago, and the bill was vetoed because of that carrier. Now things are altogether different. When we look at the price of a large carrier, which I have always supported, and when we look upon the globe, and see all the places where we must be, Diego Garcia, for example, and the Pacific area, we know we are going to have to have greater numbers of carriers, and we cannot have those numbers if carriers are going to cost $3.7 billion each.

Aside from the cost, it is very clear to me just from a commonsense viewpoint that we need a better type of smaller carrier that will save money plus have other advantages.

So I commend the Senator again for his very fine, constructive work in this field over the last several years. I think he has made some headway. But the cards are set against this situation now in the Navy, and I must very respectfully say to them that I believe they are making a mistake.

But, at the same time I want to encourage them. They are capable people, and I want to encourage them to come forth with more information for the consideration of our committees and the Congress in this particular field.

It is not new for me to be supporting the Navy. I do not say they are my favorites, but I say their mission is certainly up front and will continue to be for a good long time.

I thank the Senator for yielding to me.

Mr. HART. Mr. President, if I may respond briefly, it is a tribute to both the tolerance and the open-mindedness of the Senator from Mississippi that he, as the former chairman of our committee, and a very distinguished member of it for so many years, has been tolerant with this Senator in listening to my arguments over the years on this issue, and has come to support these initiatives.

As I say, I think that is a tribute to his willingness to listen and to appreciate changing circumstances. Obviously, the great respect in which he is held in this body underscores his support for a program of this sort. I want to thank him for that support.

I also want to extend these remarks to the distinguished current chairman of the committee who has demonstrated the same qualities of willingness to listen, to be open-minded, to approach these subjects with a clear view and a willingness to hear other arguments, to tolerate the view of those of us who are in the minority not just politically but also in terms of some of these issues.

I want to thank him for his support in some of these initiatives we have in the bill this year. I want him to know that.

I want the distinguished Senator from Maine (Mr. COHEN), who chairs our subcommittee to know how much I appreciate his work and his willingness to hear these arguments and adopt some of these initiatives once again in this year's bill.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. TOWER. I want to thank the Senator from Colorado for his generous remarks, and also thank him for the great contribution he has made to the work of our committee and for his splendid cooperation.

He is, I think, one of the greatest assets we have on the committee. He does a fine job, and whether I agree with him or disagree with him on various issues, he certainly has a very creative mind, one that I think brings forth some very good ideas from time to time. I thank him for his generous remarks.

POPE JOHN PAUL

Mr. GOLDWATER. Mr. President, will the Senator yield? Before I make the comments I want to on the Senator's statement, I have a sad statement that I should report to my colleagues, and that is that an attempt has been made on the Pope's life in Rome. We have no further news on that at this time.

MILITARY PROCUREMENT

I would like to thank the Senator from Colorado for his long efforts in a par-

ticular field of the Navy and the general view of trying to get the Pentagon to start thinking in terms of this century.

I think we need to start looking at the possibilities of the next conflict, not as we fought it in the last war or the war before that, but we have to realize that changes have been made. We have to realize that there will be terrain we might have to fight on which is different, there are different oceans we might fight on, and I subscribe to many of the suggestions the Senator has made relative to lighter carriers, V/STOL type aircraft to take off from smaller carriers.

Mr. President, I do not subscribe to the idea that we can afford to pay $5 to $8 billion for a large carrier. That is about what I think it is going to come out to, not $3 billion but closer to $5 billion or even $7 or $8 billion.

Instead of renovating ancient battleships I would much rather spend that amount of money on building fast cruisers with heavy firepower, not conventional firepower necessarily but even nuclear tactical-type weapons.

So I urge my friend from Colorado not to give up, not to feel the least bit discouraged because some of us have been slow in realizing what he is saying to be the truth. I hope that in the committee deliberations in the coming years we will spend as much time helping the Pentagon work out the way they are going to handle themselves as we do on weapons.

I just conclude by saying thank you to my friend from Colorado.

Mr. HART. Mr. President, I want to thank the Senator from Arizona for his kind and cordial remarks. I appreciate the Senator's remarks, particularly coming from someone with his distinguished background in military and national affairs. I thank him, I thank the Senator from Texas, and I thank the Senator from Mississippi.

Mr. TOWER. Mr. President, we seem to be in a bit of hiatus here. I wish the respective cloakrooms would notify Senators who have amendments to please come to the floor and offer those amendments.

For my part, I am perfectly willing to go to third reading right now, but I will wait another 5 minutes or so before I suggest that.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SHOOTING OF POPE JOHN PAUL II

Mr. BAKER. Mr. President, it is my sad duty to advise the Senate that, based on press accounts which appear to be accurate, the Pope was shot in Rome, perhaps twice, at least once. He has been taken to a hospital in Rome where his condition is unknown. I am sure every Member of the Senate joins with me in expressing our outrage at this event and offering our prayers and hopes for the Pope's full recovery.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SASSER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SASSER. Mr. President, while the work of the Senate goes on today, I am deeply saddened by the news of an attempt to take the life of Pope John Paul II. As we await news of the Pope's condition, these are particularly trying hours, not only for members of his church but for all of us as well.

Pope John Paul II is far more than a spiritual leader for his church. He is a world statesman as well. He is a man of demonstrated compassion and a strong advocate of peace among all people.

So I join in prayer and hope that his wounds are not serious and that recovery will be full and swift, so that he will be able to continue his role as a world leader.

Mr. HEFLIN. Mr. President, let me join with the distinguished Senator from Tennessee in deploring the attempted assassination of Pope John Paul II. I am shocked and saddened at the news. It seems to me that this senseless act is yet another example, a symptom, if you will, of a strange malaise which seems to be gripping the world today.

On March 30 the leader of one of the largest and most powerful countries in the world was struck down by a would-be assassin's bullet. Now the leader of one of the largest and most influential religious groups in the world has been struck down by a would-be assassin's bullet. Those most deplorable acts of terrorism are universally condemned by people of good will the world over regardless of their political or religious view. I hope and pray for John Paul's quick recovery.

Mr. SIMPSON. Mr. President, it was my deep personal privilege to meet this remarkable man, Pope John Paul II, at the White House during the administration of President Carter, and to feel his presence. He was a person you did not know; you simply felt. He had that capability of humane communication that is rare in this day and age.

I express my deep prayer: God bless him and sustain him in this most critical time.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, is there an order before the Senate to proceed to another matter at 12:30?

The PRESIDING OFFICER. The sense-of-the-Senate resolution.

Mr. BAKER. Is it the intention of the Chair, in response to that order, to lay before the Senate the resolution at this time?

The PRESIDING OFFICER. It is not the intent of the Chair.

Mr. BAKER. Mr. President, will the Senator from Tennessee send the resolution to the desk?

MONETARY POLICIES OF THE FEDERAL RESERVE BOARD—SENATE RESOLUTION 132

Mr. SASSER. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 132) concerning the monetary policies of the Federal Reserve Board.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield for a question?

Mr. SASSER. I yield.

Mr. HARRY F. BYRD, JR. Is the resolution which the distinguished Senator from Tennessee has sent to the desk the same as the copy that has been distributed?

Mr. SASSER. It is identical.

Mr. BAKER. Mr. President, I designate the distinguished Senator from Utah (Mr. GARN) to manage the time on my behalf in opposition to this resolution.

Mr. PRESIDING OFFICER. (Mr. WEICKER). The Senator from Tennessee is recognized.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. SASSER. I yield.

Mr. HARRY F. BYRD, JR. Will the Chair state the time situation? As I understand it, the Senator from Virginia has 1 hour on this resolution.

The PRESIDING OFFICER. Debate on this resolution will be limited to 2 hours, with 1 hour under the control of the Senator from Virginia (Mr. HARRY F. BYRD, JR.), one-half hour under the control of the Senator from Tennessee (Mr. SASSER), and one-half hour under the control of the majority and minority leaders. In the case of the majority leader, that duty has been assumed by the Senator from Utah (Mr. GARN).

Debate on any amendment, which must be germane, will be limited to 20 minutes. Debate on any amendment in the second degree or on a point of order or appeal will be limited to 10 minutes.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. SASSER. I yield.

Mr. HOLLINGS. I ask the Senator from Utah (Mr. GARN) whether I may have 5 minutes. I do not know when that agreement was made, but I requested it last night.

Mr. GARN. Mr. President, I understand that I have control of one-half hour.

The PRESIDING OFFICER. The Senator from Utah is correct. Under the order, he has one-half hour under his control, in the place of the majority leader.

Mr. GARN. I am happy to yield 10 minutes to the distinguished Senator from South Carolina.

Mr. HEFLIN. Mr. President, I should like about 10 minutes.

Mr. SASSER. Mr. President, I will be delighted to yield 10 minutes to the able Senator from Alabama.

Mr. President, I offer this resolution today together with the following cosponsors: Mr. PRYOR, Mr. ANDREWS, Mr. MITCHELL, Mr. EXON, Mr. FORD, Mr DECONCINI, Mr. RANDOLPH, Mr. SARBANES, Mr. MELCHER, Mr. HEFLIN, Mr. BAUCUS, Mr. BENTSEN, Mr. METZENBAUM, Mr. HART, Mr. MOYNIHAN, Mr. BOREN, and Mr. ZORINSKY.

The resolution makes a very simple statement. It urges the Federal Reserve Board, with the support of Congress, to restrain the current level of interest rates and seek a long-term policy of providing lower interest rates that will insure our economic recovery. This is a goal which is sought by this administration.

Indeed, in their economic projections provided with their budget submissions, the administration expects that the interest rates on 90-day Treasury bills, which were averaging 11.5 percent in 1980, will drop to 7 percent by 1984 and then decline to 5.6 percent in 1986.

Curiously enough, Mr. President, when it became obvious that the first phase of the administration's economic recovery proposal would pass in the House of Representatives, interest rates went up instead of going down.

However, the administration makes the projection that interest rates will go down because they believe that the litmus test of their economic recovery program will be its impact on interest rates and on the bond market. They expect inflation to decline, and they expect interest rates to decline as well. However, the fact is that interest rates today are at almost record highs. We have had extremely high and volatile interest rates ever since the Federal Reserve Board adopted their new monetary policies in October of 1979, and it is these high and volatile interest rate swings that can hurt an economic recovery in 1981, just as they precipitated an economic recession in 1980. These high interest rates will just as surely stop the economic recovery hoped for by the Reagan administration.

High interest rates, I say to my colleagues, is not a Republican problem, and it is not a Democratic problem. High interest rates are a national problem.

What have high interest rates done to this country since October 1979? They have decimated the housing industry. They have crippled the domestic automobile industry at a time when it was struggling diligently to meet international competition. They have created a major financial crisis in the bond market.

They have virtually wiped out the ability of American business to have sound, long-range capital financing plans, just at a time when we are attempting to modernize the means of production in this country to make American industry more competitive not only on the domestic level but also on the international level.

Consider, if you will, the following statistics:

Mortgage rates on new homes averaged 9.3 percent in 1978. Now they average 13 percent. We need to be building 2,100,000 new housing units in this country a year. We presently build 1,100,000, primarily because of the depression in the housing industry caused by high interest rates.

The National Association of Home Builders estimates that as much as one-third of the homebuilding work force has left the field due to the housing depression caused by high interest rates.

Automobile sales tell the same story. The sales in calendar year 1980 were 11-percent lower than they were in calendar year 1979, and 1979 was a bad year for the automobile industry—a year in which Chrysler Corp. was saved from bankruptcy only by the action of the U.S. Government. All three major automobile companies are running record losses, and in 1980 1,600 automobile dealers went out of business all because of high interest rates.

What does it look like in the realm of small business? In the world of small business the statistics are just as bleak. In February 1981 there were 4,037 business and farm bankruptcies on file with the administrative office of the U.S. courts, a full 82 percent above the year earlier. And Dun & Bradstreet reports that the business failure rate skyrocketed to 42.1 firms per 10,000 in 1980, up substantially from 27.8 per 10,000 in 1979 and 23.9 per 10,000 in 1978.

So who is really hurt by high interest rates? It is homebuilders and home buyers. It is realtors. It is people who produce, sell, and buy automobiles. It is small business people all across this country. It is farmers when they have to borrow the money to try to put their crops in the ground. And ultimately, Mr. President, it is the consumer who foots the bill and ultimately the taxpayer foots a large portion of the bill for high interest rates.

Big business is not immune from suffering from high interest rates. The distinguished economist, Henry Kaufman, in his recently celebrated speech before the National Press Club the other day noted that high interest rates have virtually put the long-term bond market out of existence. He noted that American corporations now earmark 45 percent of their pretax profits for interest rate expenses and this at a time when we are beginning shortly to deliberate a tax bill in this body which will have as one of its primary objectives encouraging business to reinvest their capital in modernizing their means of production. He notes that the ratio of corporate long-term debt to corporate short-term debt is at the lowest rate ever in the last several years.

We have this situation because the Federal Reserve Board has felt that it could control high inflation through high interest rates, but this policy has simply not worked.

We had testimony before the Budget Committee from none other than the distinguished former Chairman of the Federal Reserve Board, Dr. Arthur Burns, and Dr. Burns said that the recession of 1980 had virtually no impact on slowing the rate of inflation. Mr. President, the recession of 1980 had as its proximate cause the policies pursued by the Federal Reserve Board in pushing interest rates up to the highest levels since the Civil War.

In October 1979 the inflation rate was running at 13.4 percent. It has gone up and down since then, and it is still at 11.2 percent.

In between we have seen the prime rate go over 20 percent twice and it is poised to go over that rate again shortly and I hear talk in this Chamber and in these corridors of interest rates going as high as 24 or 25 percent.

We have had more volatile swings in the interest rates than ever before and even many "nonpolitical" economists are judging the current Federal Reserve policy of controlling monetary aggregates to be a mistake because of the impact it has had in swings in the interest rates since October 1979.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Tennessee has 10 minutes remaining.

Mr. SASSER. Mr. President, may I yield 5 minutes to the distinguished Senator from Alabama?

Mr. HEFLIN. Yes.

The PRESIDING OFFICER. Is the Senator from Tennessee yielding 5 minutes to the distinguished Senator from Alabama?

Mr. SASSER. I will yield 5 minutes to the distinguished Senator from Alabama in 2 or 3 minutes. Is that satisfactory with him?

Mr. HEFLIN. That is satisfactory.

The PRESIDING OFFICER. The Chair notifies the Senator from Tennessee that someone, and the Chair believes the Senator from Tennessee had already yielded 10 minutes to the distinguished Senator from Alabama. Is that correct?

Mr. SASSER. The Chair is correct. I am seeking the acquiescence of the Senator from Alabama in cutting his time down from 10 minutes to 5 minutes.

The PRESIDING OFFICER. The Chair understands and thanks the Senator from Tennessee.

Mr. SASSER. So what this amendment does is call on Congress, through its committees of jurisdiction, to study this interest rate situation and in consultation with the Federal Reserve Board seek to adopt monetary policies that will prevent further increases in the level of interest rates and consider the feasibility of setting up a "dual prime rate" policy that will help our financial system channel credit to those sectors that are so dependent on credit in our economy—the homebuilders and realtors, automobile producers and automobile dealers, and automobile consumers, farmers, and small businessmen—because they are the victims of high cost credit.

In conclusion, Mr. President, we must follow sensible policies that will help

bring interest rates down, and in large measure, we have started to do that. We are restraining Federal spending.

We are embarking on a course of large-scale regulatory reform, which I might say, Mr. President, was begun last year. And we are again committing ourselves to a policy of balancing the budget by 1984.

All these goals are good and will help us bring down interest rates, but we cannot and should not avoid this opportunity to make a clear statement that will put Congress foursquare against high interest rates and on a course that will permit us to work with the Federal Reserve Board in promoting policies that will ease the economic burdens caused by high interest rates.

My resolution is good economic policy for the country and fits in with the overall economic program of this administration which has consistently gone on record in favoring of a lowering of interest rates to help promote economic recovery.

Mr. President, I yield 5 minutes to the distinguished Senator from Alabama and I reserve the remainder of my time.

Mr. HEFLIN. Mr. President, I support Senator SASSER's resolution because I think it is timely, it is needed, and it does not place blame or fault by saying that the Federal Reserve System has failed to do its duty or has done anything that is improper.

This resolution calls for a study. It calls for the Committee on Banking in conjunction with the Joint Economic Committee to study the advisability of seeking institutional reforms in the structure and operation of the Federal Reserve System. Moreover, it calls for a study as to whether or not it would be feasible to implement a dual prime rate system, and whether it would be advisable to increase congressional supervision of policies affecting the Nation's monetary system.

If this were to be a resolution condemning the Federal Reserve System, I would not support it.

But all this resolution does is to call for a study that I think is now timely and needed. I will not take the time to recite the multitudinous problems that homebuilders, and the construction business generally face, or the problem of automobile dealers, and our farmers everywhere, but I do want to mention dire situations the savings and loan institutions are now faced with.

Recently Alan Greenspan made a speech in which he said the U.S. Government may have to bail out the savings and loan institutions of this country. Why, in this day and time, should yet another bedrock U.S. industry be in need of a Government bailout.

I think the answer lies in the wildly fluctuating interest rates which have plagued us for the last 2 years. If we go back to 1979, toward the end of the year 1979, the prime interest rate was on the rise and approaching what was then record level. In 1980 in the spring the prime interest rate reached 20 percent and no one could believe it. Then within 3 months the prime interest rate went down to 10¾ percent. Within 3 months after that the rate had soared back to 22½ percent. Since that time it dropped in 1981 to about 17 percent or somewhat lower, and it is now back to 19½ percent. Roller coasters are fine for amusement parks, but I can assure you there is nothing amusing about watching the prime rate run such a course.

The wide variance, the peak of 22½, and the valley of 10¾, when there were no corresponding peaks and valleys in relation to the inflation rate causes one to wonder what was going on in regard to our monetary policies.

In my judgment, we need to look at the President's program, look at the future, look at the monetary policy. I think Senator SASSER's approach of having a study by the Senate Banking Committee in conjunction with the Joint Economic Committee is valid. We are not condemning, we are not stating any condemnation, but we are saying that the wide fluctuations in rates over such a short time, justify a study, and because of that I support the sense-of-the-Senate resolution.

I yield back my time to the distinguished Senator from Tennessee.

Mr. SASSER. Mr. President, may I inquire how much time we have remaining?

The PRESIDING OFFICER. The Senator from Tennessee has 12 minutes remaining.

Mr. SASSER. I thank the Chair.

The PRESIDING OFFICER. To be precise, 12 minutes and 2 seconds.

The Senator from Utah.

Mr. GARN. Mr. President, I yield myself 5 minutes and then I would like to yield to the Senator from Virginia on his own time.

To respond only briefly at this point, as chairman of the Banking Committee, I wish to advise my distinguished colleagues that there is a study going on now. My first act as chairman of the Banking Committee was to conduct 2 days of hearings in January, before I was officially the chairman, on the state of the economy and high interest rates. We had some very extensive hearings, the record of which may be interesting to all of our colleagues.

I shortened a hearing today, the fourth of a series of seven hearings on the entire spectrum of financial issues, very detailed, comprehensive hearings, that are probably the most comprehensive in the 6 years I have been on the committee.

The testimony has been comprehensive from the highest levels of the Fed, to the administration, to private witnesses. So I would say that the intent of this resolution to create a study is unnecessary. The Banking Committee, all of our members on both sides of the aisle, is certainly not blind to the problem of high interest rates, and the process is ongoing. I do not believe we need a formal resolution at this time, and I would invite any of my colleagues who would like to, to attend those hearings. There are still 3 days more, and I would invite them to read the hearing record on this problem.

At this point I reserve the remainder of my time for specific comments in opposition to this resolution, but I did want to make my colleagues aware of what the Banking Committee has been doing since January on the problem of high interest rates.

The PRESIDING OFFICER. Who yields time?

Mr. HEFLIN. Mr. President, will the Senator yield for a question? Is there objection on the part of the chairman of the Banking Committee for the participation by the Joint Economic Committee? This is in effect what the resolution does.

Mr. GARN. Well, the Joint Economic Committee is certainly entitled to hold any hearing they want to. There have, in the past, been joint hearings held, but the hearings are proceeding at this time, as I say, in a very detailed and comprehensive manner.

The PRESIDING OFFICER. Who yields time? The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I yield myself 15 minutes.

I must say at the outset I feel that this is a very unwise and unsound piece of legislation. Everyone, I suppose, agrees that interest rates, the very high interest rates to which our country is subjected now, are having a very bad effect on the economy of our Nation. I do not know of anyone who takes a view different from that.

I agree with the first part of this resolution which states that high interest rates, sustained as they have been since October 1979, are having a disastrous impact on the investment which is needed for future noninflationary growth. Most certainly, that is correct.

I read again from the resolution:

> High interest rates have a disproportionate and unfair impact on the housing and construction industry, the auto industry, farmers, home financing institutions, realtors and small business generally. High interest rates have ended the American dream of home ownership for all but a tiny percentage of the American people.

All of that is correct. The Senator from Virginia has been saying that, making that assertion, for several years now—even before the rates became as high as they are now.

The problem with this resolution comes when you get beyond the first part of it. This resolution directs the Committee on Banking and the Joint Economic Committee to study the advisability of seeking institutional reforms in the structure and operation of the Federal Reserve System.

It further calls for an investigation as to the feasibility of implementing a dual prime rate.

It further mandates a study of the advisability of increased congressional supervision of policies affecting the Nation's monetary system.

Mr. President, this is a very far-reaching resolution; it could further destabalize the financial markets. The problem is not with the Federal Reserve System. The problem is with the Congress of the United States.

These high interest rates which the American people are experiencing today result from the irresponsible policies, the irresponsible acts, of the Congress

of the United States over a period of some 15 years.

There is no way the Congress can legislate a reduction in interest rates. I now pause for a moment. There are 100 Members of the Senate. If anyone disagrees with that assertion I will yield time for that individual to make his case.

I say again there is no way that Congress can legislate a reduction in interest rates. Interest rates have reached their alltime high, or nearly alltime high, because of the accumulated and accelerated deficits of the Federal Government.

Through the years, many of my colleagues have told me privately and have stated on the floor, "Do not worry so much about deficit spending. All one needs to do is to add it to the debt; no one is going to pay the national debt anyway, so why worry about it?" Well, the fact is that in the budget which is being considered right now, there is $100 billion just to pay the interest on the national debt.

In addition, this Government must go into the money markets to get the funds from the investors to finance the national debt which now exceeds $900 billion.

So it is the Congress itself which has created and brought about these exorbitant interest rates.

And I submit—and I believe this very strongly—that we are not going to get interest rates down until we get Government spending under control and until we convince the American people that we are getting inflation under control. It is the expectation of more inflation which is forcing up interest rates.

The Federal Reserve Board—and I am not an apologist for the Federal Reserve Board—but the Federal Reserve Board has been fighting the battle of inflation, up to this point at least, single-handedly.

The Federal Reserve Board is in a very awkward dilemma. If it permits the printing of more money to finance the huge deficits approved by the Congress, that adds to the fires of inflation. If it holds down the expansion of the money supply, it tends to increase the interest rate. In any case, it gets back to the Congress itself.

Now we are in a bad fix in this country economically, in my judgment. We are in a bad fix, the Government is, financially. But if we let 535 Members of the Congress of the United States become involved in the operations and the deliberations and in the formulation of policy by the Federal Reserve Board, then if you think this country is in bad shape today you just wait and see what happens at that point.

The way to bring interest rates down is to follow the recommendations of President Ronald Reagan in his efforts to restrain spending. There is no way this Congress can go out and direct a bank in a particular part of the country anywhere to loan money. They cannot dictate what rates money might be loaned at.

The Congress could put a ceiling, I suppose, on interest rates. But let me give you some examples of that.

Until recently, virtually every State in the Union had a usury law. It prevented the loaning of money above a certain rate of interest. And then we come to 1974 and 1975 and more recently in 1977, 1978, 1979, and 1980, and money could not be loaned at those rates. No one would loan money. Transactions came to a halt.

As a result of that, in just the last few years, 42 States have had to either take off the ceiling or vastly increase the ceiling on which money could be loaned. The reason they had to do that was that without doing that—and Maryland faced this right at our back door, faced this not long ago—money was just not available to be loaned. No one could borrow money. You could not operate.

So there is no way—and I submit again if anyone in the Senate who knows a way that Congress can legislate a reduction in interest rates, I hope he will so inform us.

It gets back to the fiscal problems of the Federal Government. The Government is spending more than it takes in over a long period of time.

It gets back to the fact that the American people are not yet convinced that the Government will control inflation. The Federal Government itself—the best risk, I suppose, that a person could take with their money is to loan it to the Federal Government—the Federal Government itself is paying 16 percent for money. The prime rate is 19.5 percent. All of that is dreadfully high.

And it gets back, as I say again, to the irresponsibility of the Congress of the United States over a period of 15 or more years. The people recognize that. The people recognized that last November. They recognized the irresponsibility of the Carter administration when they threw out the Carter administration and brought in Ronald Reagan. I applaud them for it.

The Carter administration piled up greater deficits than during any 4 years in our history.

Early last year when interest rates were around 15 percent, I believe it was, about 20 of those who sit on the Democratic side were requested to meet in room 206. And present were seven members of the Carter administration, the top officials, including the Secretary of the Treasury, the Director of the Office of Management and Budget, and others; seven top officials. And they were concerned about that 15-percent interest rate.

I expressed the view then that unless the Congress drastically changed its spending policies, interest rates, in my judgment, would go to 20 percent. And interest rates did go to 20 percent somewhere around April or May of last year.

But as a result of that meeting an effort then was made to restrain spending, realizing that only by doing that could interest rates be restrained. Unfortunately, after a few months, that resolve to curtail spending was soon either forgotten or overlooked or something happened. Spending as the deficit soared—and so did the interest rate.

This resolution is an undesirable one, I think, because it tends to involve the Congress in the independent operation of a very delicate agency, the Federal Reserve Board. I think this resolution will do more harm than good. This will say to those who have funds to invest, that we must be very careful how we act now because the Congress is beginning to involve itself into the policies of the Federal Reserve Board.

This resolution mandates a study the advisability of seeking institutional reforms in the structure and operation of the Federal Reserve System. It wants to consider the possibility of a dual prime rate. It wants to consider the advisability of increased congressional supervision of policies affecting the Nation's monetary system.

What the Congress needs to do is to spend its time, its talent, and its efforts in the field in which it is directly involved. That is fiscal policy.

If the Congress would do its job on fiscal policy, then we would not be faced with the problem the Nation is faced with today.

I am strongly opposed to this resolution. I think it goes in totally the wrong direction. It is a very undesirable piece of legislation.

None of us know, of course, whether President Reagan's spending restraint program will succeed. Only a few steps have been taken. Up to this point, the President has won victories on the budget resolutions, but he has a long way to go before he wins the fight to restrain spending.

As I see it, the key to our problem, the major problem facing the Nation today, is the unrestrained Federal spending. That, in turn, has led to these huge increases in the interest rate.

Mr. GARN. Mr. President, I yield 10 minutes to the distinguished Senator from South Carolina.

The PRESIDING OFFICER (Mr. TOWER). The Senator from South Carolina is recognized.

Mr. HOLLINGS. I thank the distinguished chairman of our Banking Committee.

Mr. President, let me bring this debate into sharp focus. The distinguished Senator from Virginia and I agree most of the time. He asks whether or not President Reagan's program can work. We hope that the Reagan-Kemp-Roth across-the-board tax cut with a substantial loss of revenues does not work, because that is really what is bringing about the inflation and the high interest rates. It has not been the Congress for the past 15 years.

Everybody likes to talk about the last 15 years. Let us talk about now. President Reagan came, President Reagan saw, and he conquered. He got his spending cuts. He has been cutting regulations. Increases in defense are provided for. Those interest rates were coming down.

But what caused rates to rise in the last 2 weeks is the success of the President. On this score, Mr. President, this amendment shows a complete misunderstanding of the workings of the Fed-

eral Reserve, financial markets, and the reasons why we have high interest rates.

It is the Federal Reserve's announced policy of trying to keep the growth of the money supply to less than 7.5 percent. When you have deficit spending, and admittedly you are going to have a high deficit, the Government, as the Senators have pointed out, must go into the capital market to borrow the money. The Government now spends nearly $100 billion of a $700 billion budget on interest, and could easily spend a lot more if deficit spending is not removed. Such borrowing will crowd other borrowers out of the market.

The Federal Reserve can monetize part of the debt. It can buy some of that debt, but this increases the money supply, and you have added to inflation and reduced the value of the dollar, that is the very same dollar you or I have in the savings account, and on the other hand the Federal Reserve could hold tight to that goal of 7.5-percent growth in the money supply. I can tell you right here and now that interest rates must go up significantly to make it attractive enough for the public to come in and buy that extra Government debt after the administration of Congress grants that large Roth-Kemp tax cut.

Either the Fed will monetize the debt and inflate the currency, or the Federal Reserve will try not to inflate the currency. That latter course will require a high enough interest rate to attract people to come in and buy that debt.

That is the way it works.

But the beginning of that inflation and that high interest rate is in the resolution adopted yesterday evening. That is why I resisted this amendment being put on the very end of the resolution. The real kicker is after you have already created the extra debt by the choice of fiscal policy, after you have unbalanced the budget, after you have at least a $50 billion deficit in 1984, we engage in this political rhetoric saying, "The Congress should implement a fiscal policy which will permit a balanced budget as soon as possible but in no case later than 1984."

That is what they were doing in passing that resolution by an overwhelming majority on last evening.

We now have a high rate of inflation and could add to that by throwing fire on it with a higher deficit for next year. We do not head it in the right direction to bring down the deficit. The Congressional Budget Office has projected not the $50 billion deficit that the resolution states, but a $70 billion deficit for next year. That is a higher deficit in fiscal year 1982 under President Reagan's policy as adopted yesterday evening in Senate Concurrent Resolution No. 19 than for fiscal 1981. It will be higher than President Carter's. This amendment is just like taking a raging fire and throwing gasoline on the fire and then saying, "By the way, let us investigate the fire department."

The Federal Reserve has been, as the Senator from Virginia said, the only act in town trying to keep the fires out, trying to moderate the growth in the money supply. It certainly was not fiscal policy. Fiscal policy set us in the other direction. I agree that that was the message on November of last year, to balance the budget and not to cause more inflation and higher interest rates. That is why I did not vote for the resolution.

I certainly do not want this copout to blame higher interest rates on the Federal Reserve. This is what you might call the Volcker ouster resolution. We are going to get rid of the head of the Federal Reserve. Everybody says the administration's program will not reduce inflation and give balanced budgets. It will not work. But when the Congress votes for it and it does not work, then it is the Federal Reserve that is not cooperating with the President, not working with the Government. This is something more than laying the groundwork to blame Volcker and the Federal Reserve. That is exactly what it is.

This amendment shows no understanding whatever for the working of the Federal Reserve, nor an appreciation for their attempts to restrict the growth of money and arrest inflation in this country.

I cosponsored with Senator DOMENICI $3 billion more in spending cuts than recommended by President Reagan. But spending cuts alone of only $36.9 billion will not yield a balanced budget if you are going to increase defense spending by nearly an equal amount for next year and reduce revenues with an across-the-board tax cut of some $54 billion.

This is a demand-side tax cut. I hope private citizens will buy some of the additional Federal debt, rather than buying a new car, a refrigerator, or other consumer goods. However, the only thing that would attract the public into buying some of the debt we are creating is a higher interest rate.

The Federal Reserve either has to monetize the debt and then inflate the currency, or they have to slow the growth in the money supply and let the interest rates go up so the public will come in and buy the debt that you and I created last evening with that fiscal policy.

This amendment wants to engage the Congress even more into private credit markets by advocating a two-tiered or dual prime rate. Rather than the free market determining the flow of capital, we are going to politically determine in Washington what you can get credit for and what you cannot get credit for. That is pure political financial monkeyshines. There is no better description for it.

Mr. President, I hope we defeat this resolution and get back to the fundamentals, that is, the fiscal policy as enunciated in the resolution of last evening.

That resolution made good provision for defense. It also included other spending cuts. But it also included a revenue cut of some $54 billion. And ask, where did the deficit come from? Those deficits will cause increased Federal borrowing and higher interest rates.

Do not vote for that resolution of last evening and then blame the Federal Reserve in the resolution here today.

I thank the distinguished Senator from Utah.

(Mr. ABDNOR assumed the chair.)

Mr. SASSER. Mr. President, I want to make one thing crystal clear today. This resolution does not legislate the rate of interest, nor does it direct the Federal Reserve Board to set a particular rate of interest. This resolution simply states that the current interest rate seriously threatens to damage certain sectors of the American economy. It directs certain committees of Congress to undertake certain studies in an effort to make recommendations back to Congress.

I know the distinguished Senator from Virginia has long been concerned about deficit spending and he has been on this floor time after time to call his colleagues' attention to the problems of deficit spending. But I respectfully suggest to my colleague from Virginia and also to my colleague from South Carolina that there are other factors working than Federal deficits that raise interest rates.

Now, Mr. President, the highest deficit this Government has run in peacetime was $66 billion in 1975 under the administration of President Gerald Ford. I do not recall interest rates in 1975 getting up in the range of 19.5, 20, and 21 percent, as we have seen over the past few months. So there are other factors operating.

The most significant factor, or certainly one of the most significant factors, in Federal deficits has to do with unemployment and a sluggish economy. In 1975, when we ran the largest deficit under the Ford administration that we have ever run in peacetime, we had a major recession. And, last year, when we ran a heavy deficit, it was not that the Senate Budget Committee and Congress did not try to do their duty. The ranking member of the Senate Committee on the Budget stated, as he voted with many of us to cut down on spending, that cutting out some of these programs is almost like killing your own children. I remember distinctly his saying that.

No less an expert than Mr. David Stockman, Mr. President, has appeared before the Senate Committee on the Budget and stated that the problem with the Federal deficit this year and last year was that the economy collapsed out from under it. When the economy collapses out from under the Federal budget, then you have horrendous deficits.

The deficits, in my judgment, Mr. President, are caused by a number of factors. Government spending is one of them, but one of the most significant factors is a sour economy, people out of work, not paying taxes, and sluggish business activity. All this leads to increased Federal borrowing as the Federal Government tries to meet its various responsibilities.

How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator from Tennessee has 8 minutes remaining.

Mr. SASSER. I yield 3 minutes to the Senator from Montana.

Mr. BAUCUS. I thank the Senator from Tennessee.

Mr. President, for nearly 2 years, interest rates have been over 12 percent. The interest rate roller coaster has gone from 12.9 percent to over 20 percent, stopping several times in between. The

prime rate, the interest charged the banks' best customers, has changed 47 times in less than 20 months.

High interest rates affect all of us. They increase the cost of producing essentials like food and clothing. They add hundreds of dollars to monthly mortgage payments. And, they increase the costs of keeping your local supermarket shelves stocked.

Nowhere has this surge in interest rates had a more dramatic affect than in the housing and construction industries. Residential and commercial building has dropped off so much that bankruptcy is becoming a real threat and often a reality.

Part of the blame for this devastating problem can be laid at the doorstep of the Federal Reserve System. It began driving interest rates up in 1979 in an effort to curb inflation. But, in fact, the higher rates did not put a lid on rising prices. Instead, they have stifled economic growth and productivity.

About 1 year ago, several other Members of the Senate and I sat in a meeting with Mr. Volcker. We asked him what the Fed is doing to bring interest rates down. We all understand that the Fed is not the only cause of high interest rates; there are all kinds of reasons. But certainly, the Fed plays a very large role.

During this meeting, I explained to Mr. Volcker that I had been talking to a lot of farmers, ranchers, small businessmen, wage earners, people in the forestry industry, and auto dealers in Montana—about the degree to which high interest rates are causing even greater problems for them. I asked Mr. Volcker if he really understood that.

I pointed out that he, as other members of the Fed, tend to travel in circles where they rub shoulders with bankers and people in the financial community who may have an overall view of the economy but who may not actually understand, the actual practical effects that high interest rates have on individual people.

The answer I got from Mr. Volcker was completely inadequate. It was a nonanswer. I am forced to go so far as to say I do not think he fully understood the degree to which high interest rates are actually hurting a lot of Americans in our country.

Mr. President, Senate Resolution 132 calls on the Federal Reserve to bend in its high interest rate policy. It also calls for a study of restructuring the Federal Reserve Board to include members from a broader range of society. Dual prime rates are also to be studied.

But I believe the most important thing this resolution does is show to the Federal Reserve Board that the Congress is deeply concerned about its policies. It also shows the American people that Congress is not ignoring the situation and is anxious to bring about more realistic interest rate policies, and a balanced budget.

We are not alone in this desire. The administration has frequently indicated publicly and privately that it is very concerned about monetary policies pursued by the Federal Reserve Board. If those policies do not work in harmony with overall economic policy, there is mutual self-destruction. The economic policy will fail and the monetary policy will fail.

Our country is in a productivity slump for right now. Soaring interest rates and soaring inflation rates are destroying our economic well being. The Federal Reserve Board must become more responsive to the needs of the country and interest rates must be responsive to the needs of the people, as well as to the needs of bankers.

Mr. President, I urge passage of this resolution since it sends the clear message that the Senate is concerned. It wants realistic interest rate policies. That is critically important.

The Senator from South Carolina, the ranking member of the Budget Committee, said:

> Now, don't go blame the Fed for high interest policies; we in Congress should blame ourselves because the Congress seems to be enacting inflationary Kemp-Roth and so forth.

The practical matter is that, to some degree, the Senator from South Carolina is correct in that he said the Fed is the only game in town; that is, the Fed is trying to control inflation. It has some success in doing so because it can have a very direct effect on interest rates.

My problem, Mr. President, is that that is just the problem; that is, that they are basically the only game in town; they are the only agency that is trying to lower rates of inflation. I think that, therefore, they have to be more sensitive.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. BAUCUS. Will the Senator yield me 30 additional seconds?

Mr. SASSER. How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. Five minutes.

Mr. SASSER. I yield 30 seconds, then I shall yield to the Senator from Oklahoma for 2 minutes and then the Senator from Nebraska for 2 minutes.

Mr. BAUCUS. I thank the Senator.

Mr. President, essentially because the Fed is the only effective tool we have now in trying to lower inflation—that is, by raising discount rates and reserve requirements—I think it is incumbent upon us in Congress to, at the very least, send a signal to the Fed that they have to be cognizant of how their policies affect average Americans. Also, that would force us in Congress to take direct action to help bring down inflation—that is, with a kind of tax policy that makes sense, a noninflationary tax cut as well as all the other matters before the Fed.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. Mr. President, I support this resolution. I am in agreement with much of what has already been said.

I understand what the Senator from Virginia said and what the Senator from South Carolina said. I have great respect for what they said, and I have great respect for the distinguished chairman, the Senator from Utah.

I know that the only long-term solution to the high interest rates is to bring Federal spending under control, to reduce the size of the deficit, to balance the budget, to get the Federal Government out of the credit markets. I could not agree more. That is the one and only long-term solution to the problem.

We also have to look at the short range, and I believe we need to send a message to the Federal Reserve that they must be cognizant in the short range, in the immediate future, of the possible devastating effect of high interest policies on certain critical areas of the economy.

In all sincerity, I urge the administration to consider the adoption of some kind of emergency, short-term program to combat high interest rates. I strongly support what this administration is trying to do. The President is absolutely right in trying to cut spending, and I voted for those spending cuts. He is right in trying to reduce the deficit, to shift the funds to the private sector.

The long-range cure is absolutely right, it is the one we need; but something should be done in the short run, in the next few months, before the long-range cure has time to take effect.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

The Senator from Nebraska is recognized for 2 minutes.

Mr. EXON. I thank the Senator from Tennessee.

Mr. President, I support the sense-of-the-Senate resolution that has been offered by the distinguished Senator from Tennessee.

I dare say that I probably have had more experience with balanced budgets than any other Member of this body. In the State of Nebraska, where I served 8 years as Governor, we had a record 8 years of balanced budgets, and I would be the first to say that a helpful part of that was the fact that it was required by the constitution. But we got the job done.

I believe some people are trying to get something out of this sense-of-the-Senate resolution that simply is not there, if they will read it. All it says is that appropriate bodies of the Senate should study what the Federal Reserve Board is or is not doing.

I listened to the comments of my friend and colleague, the Senator from South Carolina, the ranking minority member of the Budget Committee. I come with clean hands, Mr. President. The Senator from South Carolina made quite a bit of the fact that anyone who supports this resolution and voted last night for the first concurrent budget resolution did not come with clean hands. I voted against that resolution because I sincerely believe that the Kemp-Roth tax policies incorporated therein are inflationary and are going to drive up interest rates, or certainly not bring them down significantly.

All we are trying to do here is to say that perhaps the people of this country are right when they think that the Feds are contributing to the high interest rates. I do not blame them entirely.

I point out that there is a widely held belief inside the Fed itself that the Fed

overreacted last year when they raised the discount rate more than was necessary.

Mr. SASSER. Mr. President, I reserve the remainder of my time.

Mr. GARN. I yield myself such time as is necessary.

Mr. President, I recognize that this resolution only calls for a study, but there are some very distinct directions that the resolution suggests we study.

I want to repeat what I said earlier as chairman of the Banking Committee.

I note that no Members who have spoken on this resolution or are cosponsors of it are members of the Banking Committee. It is almost an indication that this is not being studied.

I assure my colleagues, as chairman of the Banking Committee, that I agree with the first two sections in the resolving section. We understand the problem. The Banking Committee has to understand it more than anybody else.

I became chairman of the Banking Committee the day the prime rate was 21.5 percent, and 3 days later people were calling on me: "Why hasn't it gone down yet? You have been chairman for 3 days."

So I hear about it day after day after day.

My first act as chairman of the committee was to hold oversight hearings on this problem with the Fed.

The resolution is unnecessary and preempts responsibilities clearly allocated to the Banking Committee. Besides all those hearings and dozens of meetings with all sorts of groups and high administration officials and Fed officials—and we just completed and in fact shortened a bit, to come to the floor, the 4th day of hearings on the industry—we have had the vice chairman of the Fed testify. We had the chairman of the SEC. We had people from the thrift industry and the housing industry.

Nobody in this body could be more painfully aware of the problems high interest rates are causing than the chairman of the Banking Committee. I agree with the Senators on that. It is the direction of the resolution and its solutions with which I disagree.

I can shorten my speech by saying "Amen" to the Senator from Virginia and the Senator from South Carolina. It does not matter who the Chairman of the Federal Reserve Board is. We could resurrect Marriner Eccles, from my State, who was the distinguished Chairman under Franklin Roosevelt, and make him Chairman of the Fed today, or bring back Arthur Burns or keep Paul Volcker. It simply does not matter who is Chairman or who the other Board members are, so long as this irresponsible body, Congress, is spending $50 or $60 billion more than taxes bring in. The Federal Reserve must monetize the debt. While that is not the only reason interest rates are high; it is a primary reason. The Federal Reserve has to monetize that debt.

I recognize, as I go around the country giving speeches, that the most popular thing for politicians to do, particularly in Congress, is to find a scapegoat—and have we found one! It is the Federal Reserve Board.

Let us cover up the $985 billion debt. Let us cover up the $60 billion deficit this year. Let us cover up the 22 percent of GNP we are taking off the backs of the American people. Let us cover up all our irresponsible spending policies through several administrations and several Congresses and try to indicate that inflation and high interest rates are the fault of the Federal Reserve.

I want to be fair. I am sure it is not the intention of the sponsors of this resolution today to put the entire blame on the Fed. But it is the general feeling around the country that it is the Fed's fault and that all we have to do is to pass a law.

I came to the Banking Committee in 1975 as a freshman Senator. One of the first issues we talked about was a bill that would require the Fed to set certain monetary targets. Arthur Burns sat there and chewed on his pipe and said to the chairman, "You know better than that, Senator."

The committee wanted to set monetary targets of 13 or 14 percent. Arthur Burns wanted 5 to 7 percent.

If we had allowed Congress to pass a bill to dictate those money supply growth rates, we would think inflation today was moderate compared to what it would have been.

With respect to two points the Senator from Virginia and the Senator from South Carolina made: When I was Mayor of Salt Lake City and needed a new fire chief, I did not go to the prison and hire an arsonist to be head of the fire department.

In this situation, we have been too fiscally irresponsible to even suggest that more supervision of the Fed by Congress will solve the problem. I suggest that that would only make it worse. I can imagine, the way we have been running the fiscal policy of this country, how we could foul up the monetary policy.

You cannot separate monetary and fiscal policy. They do go together.

There is no mention in this resolution of the primary reason why interest rates are high. If we look at 1960, we see that the inflation rate was 1.4 percent and the prime was 5.16 percent.

In 1979 we had a 13.3-percent inflation rate and a 13-percent prime rate.

Look at the money supply. In 1960 there was 0.5-percent increase, and in 1979 there was a 7.6-percent increase.

To try and relate this primarily to the Fed, and again not accusing my colleagues here, but the general approach of blaming the Fed is simply wrong. I sat there on the Banking Committee for 6 years listening to the best economists in the world—liberals, Republicans, conservatives, Democrats. You know what was consistent about most of the economists is that they were consistently wrong with their econometric models and guesses and their computers. Most anyone's guess is about as good as theirs, as I have listened to them over the years.

So it is wrong to try and indicate that we can direct the Fed no matter how much I may disagree with the Fed, and I am hardly a great advocate of a lot of their policies. In fact, in committee I have been very critical this year of some of the management of the money supply and the borrowed and nonborrowed reserves and the discount window.

The point I wish to make most strongly is I will be darned—no matter how much I may disagree with the day-to-day policies—if I want to take away their independence and make monetary policy a political decision of this body or of the President, as would be done by those who would like to make the term of the Chairman of the Fed concurrent with that of a President.

We think we have problems with the Fed now. Let us just politicize it. Let us just put in more supervision by this body or this administration or any administration and then, boy, we will want to separate it again and give them their independence back.

I cannot tell the Senate how much I sympathize with my colleague presenting this resolution as far as the nature of the problem. But more supervision is not the way to go. It simply seems to me that would only compound the problem tremendously.

Let me make one additional comment on the suggestion that we look at a dual prime to channel credit to sectors of the economy that have suffered chronic credit shortages as a result of the Fed's current monetary policies.

We need less, not more, governmental intervention in the credit markets. Allocation of credit, as allocation of any fungible commodity is completely unsatisfactory when compared to allowing the marketplace to make these decisions. Why can we not finally realize in this body that we in Washington simply are not smart enough to make these kinds of decisions. How can we advocate positions which will either force savers to accept submarket returns or force hard pressed financial institutions to lend at artificially low rates? No. The answer is to correct the illness, not treat the symptom.

We must put a stop to inflation, and reduce the size of Government. We must move toward balanced budgets. When these actions are taken, interest rates will move down to levels which can more easily be afforded by the various sectors of the economy.

Credit allocation has never worked, and it will not work now.

The resolution advocates increased supervision by Congress of policies affecting the Nation's monetary system.

The Banking Committee, acting under the Humphrey-Hawkins Act has adequate supervisory authority. There is no need for more. The problems seem to be in the implementation of agreed upon policies. Improvements are necessary, but additional supervision will not bring them about.

The resolution calls on Congress to implement a fiscal policy which will permit a balanced budget as soon as possible but in no case later than 1984, and thereby permit the Board of Governors of the Fed to adopt policies to reduce the current unacceptably high level of interest rates.

The budget resolution does precisely this. The Fed's response should be, and

perhaps will be, to restrain the growth of money and credit.

The inflation of today is the root cause of high interest rates. This is essentially a result of too fast growth of the money stock in the past. The expectations of future inflation have been built into today's interest rates and that is why they are so high, not because of the restraint of the Fed.

The appropriate monetary policy is to continue to restrain the monetary growth in order to reduce inflationary pressures in the economy. When inflation recedes, interest rates will fall.

This resolution is unnecessary and preempts responsibilities already clearly allocated to the Banking Committee.

I submit to the Senate that if we were doing our job, balancing the budget and reducing taxes, everyone would say, "Is the Fed not doing a marvelous job of controlling the money supply? Why, it is stable and it is consistent."

The members of the Board of Governors cannot do it all by themselves. We simply must cooperate with them and give monetary and fiscal policy an opportunity to work together.

Until we do that we are going to continue to see high interest rates. We have a perfect example of Government interference and the repercussions it causes right now in the discussion over money market funds. We have one segment of the economy, that of depository institutions—the banks, the credit unions, and the thrift institutions—that by law we say cannot pay more than 5.5-percent interest, and money market funds out there are paying anything the market will bring. Fine. I understand the difference between 5 and 15 percent. Even a Senator is smart enough to understand the difference between 5 and 15 percent.

If it is a fair competitive marketplace, that is fine, but when we have Government creating the disparity, and this is an example of getting involved in the credit market, of all these years telling the depository institutions that they can only pay so much and then outside of that regulatory framework we have Merrill Lynch and the securities dealers paying anything that the market will bear.

So a suggestion that we get more involved in more supervision I think flies in the face of all the evidence of the troubles of the economy right now.

We should have less regulations. We should move to take those ceilings off and let the financial institutions compete fairly without Government interference.

So I hope the Senate will defeat this resolution and recognize that we need to clean up our own act first right here in our own body before we push the blame to someone else.

Mr. HARRY F. BYRD, JR. Mr. President, I yield myself 5 minutes.

First, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HARRY F. BYRD, JR. Mr. President, having been on the ballot successfully 10 times, I have at least had the opportunity to sort of figure out what is not too popular, and I wish to say, frankly, that it is neither pleasant nor popular to stand here today to defend the Federal Reserve Board.

Everywhere the Federal Reserve Board is condemned for the high interest rates.

But I think it is important that the American people not be misled. We can only fight inflation by doing it in two ways: One, through the monetary system which the Federal Reserve Board is attempting to do, and the other through the fiscal system, namely the expenditures of the Federal Government. If inflation is to be curbed it must be done by utilizing both of these tools.

Until now, this Congress, none of the Congresses in recent years, has distinguished itself in handling the public funds.

I am not one of those who feels that the Federal Reserve Board is beyond criticism. I myself have been critical of its judgment from time to time. But it is important, I think, that its independence be maintained. I question whether the Nation would benefit by having the Congress involving itself in the delicate operation of determining the money supply.

The problem we face is that over a period of time the Government has spent too much money. We have doubled our national debt in 7 years. Just think of that—doubled our national debt in 7 years. Thus, one-half of our debt has been created in 7 years, the other half in almost 200 years.

Is it any wonder we have this inflation? Is it any wonder we have the inflation? If we have the inflation, we inevitably have an increase in interest rates. One follows the other. We must get inflation down. We have to get the expectations of the public down insofar as inflation is concerned, if we are going to be successful in bringing interest rates down.

The Congress cannot bring interest rates down directly—it can do it only indirectly by following sound financial policies—by restraining spending and balancing the budget.

The Congress can put a ceiling on interest just as did virtually all the States, but each had to change or eliminate the ceiling on interest rates because the ceiling eliminated all transactions.

So, Mr. President, the reason I feel passing this resolution would be an unwise thing for the Senate to do today is it would tend to make more difficult the problem of controlling interest rates; it would add confusion and instability throughout our Nation; and it certainly strikes at the independence of the Federal Reserve Board.

I say again it is not pleasant or popular to defend the Board. I do not say that the Board is perfect; I do not think it is.

But I do believe very strongly that the American people are better off to have these very delicate monetary matters determined by an independent Board than it would be if we take action which tends to impinge on the independence of the Board and to politicize the decisions affecting money supply by bringing 535 Members of Congress into the act.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, I am prepared to yield back the remainder of my time if others are.

Mr. HARRY F. BYRD, JR. Mr. President, I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I do not want to detain the Senate for any length of time here. I think I know that all of us are indebted to the Senator from Tennessee (Mr. SASSER) who has really worked on this subject matter. He has been at it not for days or weeks but for months, and he has taught me some of the facts that I rely on now in my own mind.

I commend him and I thank him and I know we all do.

I really have in my mind though, I remember when the Federal Reserve Board Act was passed—I was a young boy, but I remember, in the Woodrow Wilson administration, and the idea was independence. I was old enough to be interested in government and in studying new trends, and the idea was to have an independent board, independent even of the President of the United States—not altogether but in part, and the idea was to also transfer the control of credit, in part, the management of money and the availability of money from Wall Street to Washington. That was the term that was used then.

Well, time rocked on, and it became law. It has been used, and since I came here I have had no affiliation with any members of that Board, but I did learn, I have learned, to know some of them and to observe their work. Certainly they have not been successful in holding down the interest rates, but I cannot put any fault on them specifically on matters.

I believe in keeping the responsibility—I will abbreviate this—on those who are in office and in position here to at least try to do something about these things. I have always voted to keep responsibility on the President of the United States on matters with which he is charged.

So I have just been unable to, in spite of his good intentions, those of the Senator from Tennessee, and with my great concern about the interest rates, I have not been able to see where it would be best for me to support the resolution. Everyone has to judge it as best he can.

I do put number one through the interest rates as the first step in what we have got to improve. The President of the United States gave me a chance soon after he was elected to say what I thought was the most urgent point about the economy, and I said it was these high interest rates, and I still say that.

So I would have a leaning toward supporting this resolution if I did not think it would invade a province here that would destroy the independence, perhaps—tend to—of this board. That is the reason why I cannot support it.

I thank the Senator for yielding.

Mr. HARRY F. BYRD, JR. Mr. President, I will yield back my time, but before doing that I ask unanimous con-

sent to have printed in the RECORD a table of the national debt in the 20th century and a table showing unified budget receipts, outlays, and surplus or deficit for fiscal years 1958–81, inclusive.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

NATIONAL DEBT IN THE 20TH CENTURY [1]—TOTALS AT THE END OF FISCAL YEARS

[In billions of dollars]

[Prepared for Senator Harry F. Byrd, Jr., Virginia]

Year	Debt	Year	Debt	Year	Debt
1900	1	1928	18	1956	273
1901	1	1929	17	1957	272
1902	1	1930	16	1958	280
1903	1	1931	17	1959	288
1904	1	1932	19	1960	291
1905	1	1933	23	1961	293
1906	1	1934	27	1962	303
1907	1	1935	29	1963	311
1908	1	1936	34	1964	317
1909	1	1937	36	1965	323
1910	1	1938	37	1966	329
1911	1	1939	48	1967	341
1912	1	1940	51	1968	370
1913	1	1941	58	1969	367
1914	1	1942	79	1970	383
1915	1	1943	143	1971	410
1916	1	1944	204	1972	437
1917	3	1945	260	1973	468
1918	12	1946	271	1974	486
1919	25	1947	257	1975	544
1920	24	1948	252	1976	632
1921	24	1949	253	1977	709
1922	23	1950	257	1978	780
1923	22	1951	255	1979	834
1924	21	1952	259	1980	914
1925	21	1953	266	1981 [2]	993
1926	20	1954	271	1982 [2]	1,075
1927	19	1955	274		

[1] Gross Federal debt.
[2] Estimated in F.Y. 1982 Budget Revisions

Source: Office of Management and Budget.

UNIFIED BUDGET RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT FOR FISCAL YEARS 1958–81, INCLUSIVE

[In billions of dollars]

[Prepared for Senator Harry F. Byrd, Jr., Virginia]

	Receipts	Outlays	Surplus (+) or deficit (−)
Fiscal year:			
1958	79.6	82.6	−3.0
1959	79.2	92.1	−12.9
1960	92.5	92.2	+9.3
1961	94.4	97.8	−3.4
1962	99.7	106.8	−7.1
1963	106.6	111.3	−4.7
1964	112.7	118.6	−5.9
1965	116.8	118.4	−1.6
1966	130.8	134.6	−3.8
1967	149.5	158.2	−8.7
1968	153.7	178.8	−25.1
1969	187.8	184.6	+3.2
1970	193.8	196.6	−2.8
1971	188.4	211.4	−23.0
1972	208.6	231.9	−23.3
1973	232.2	247.1	−14.8
1974	264.9	269.6	−4.7
1975	281.0	326.2	−45.2
1976	300.0	366.4	−66.4
1977	357.8	402.7	−45.0
1978	402.0	450.8	−48.8
1979	465.9	493.7	−27.7
1980	520.0	579.6	−59.6
1981 [1]	605.0	632.4	−27.4
1981 [2]	600.3	655.2	−54.9
1982 [2]	650.3	699.3	−49.0

[1] Estimates—2d Concurrent Budget Resolution.
[2] Estimates—Fiscal year 1982 budget revisions.

Source: Office of Management and Budget; fiscal year 1981 2d Concurrent Budget Resolution.

Mr. JEPSEN. Mr. President, no one can be opposed to reducing interest rates. The question is how do we achieve this result? Some may think that the way to do it is for the Federal Reserve to step on the monetary accelerator.

Nothing could be further from the truth. What that would do is increase future inflation and raise interest rates now in expectation of that result. The fact of the matter is that fast money growth causes fast inflation and fast inflation causes high interest rates.

In the last several months, the Nation's money supply (M1B) has grown at an annual rate of more than 15 percent. If this astonishing growth were to continue, it would in time produce 15 plus percent inflation.

Portfolio managers know this. Therefore, in recent weeks, they have been selling securities and these sales have pushed interest rates up.

Clearly, it would be counterproductive for the Federal Reserve to continue on the course of the last several months. The goals of this resolution can be achieved only if money growth is reduced. The Federal Reserve must do so promptly and sharply and when it is down, must keep it down.

Mr. MITCHELL. Mr. President, I strongly support the resolution now before us which would require a prompt and comprehensive report from the Banking Committee on the feasibility of action to restrain the impact that today's interest rates are having on our economy.

The resolution instructs the committee to consider a dual prime rate which could help channel credit to those sectors of the economy that are most interest-sensitive. It would review the advisability of closer congressional supervision of the monetary system.

There is no question that the economic effect of prevailing interest rates—and the long-lived phenomenon of rates at and near 20 percent—is a massive squeeze on the smaller and medium-sized corporations in the country.

While large corporations have the economic clout to demand prompt payment and to delay payment to their smaller creditors in a period of tight money, smaller firms have no one to pass the squeeze to.

The housing industry is facing another bleak year because of this; 321,000 homes are sitting unsold around the country today, $15 billion worth of housing stock, because home buyers simply do not have the capital to make the huge down payments needed or the income to maintain the exorbitant mortgages.

Savings and loan associations cannot offer lower interest rates on long-term mortgages at a time when their own earnings are far outstripped by the costs of the low-interest loans they are being forced to carry. The savings and loan industry incurred a net loss of $200 million last year. The outlook for this year is no better.

Auto dealers cannot order and keep new cars on hand when the cost of 1 month's carrying charges wipes out their profit from sales. And unless the auto industry decline is reversed, our national economy will continue to experience slow growth, stagnation, and unemployment.

The need to restrain the growth in money supplies is clear: The administration is relying on this as its principal anti-inflation tool. At the same time, Congress can and should help by moving to a balanced budget as promptly as possible. The economy cannot endure the continued effects of interest rates at current levels without suffering severe and long-lasting dislocation.

In the meantime, it is essential to investigate the feasibility of providing some relief to the most intensely affected sectors of the economy. This resolution would have that effect, and it merits the support of everyone anxious to get our economy back to healthy, productive growth.

● Mr. KENNEDY. Mr. President, I support this resolution, introduced by Senator SASSER, to deal with the disastrous impact of high-interest rates on the economy and on the daily lives of each and every American citizen. This resolution is particularly timely in light of the increase this week in the prime rate to 19½ percent, the fourth such increase in only 1 month. A young couple who wants to buy a home today must pay as much as a 16-percent mortgage rate. Our small businesses are also hurt by these soaring interest rates. They cannot afford to borrow money at reasonable rates. They must often pay two or three points above even the prime rate. In short, the spiraling interest rates have damaged every sector of the American economy and have stultified our economic growth.

Mr. President, in recent years, we have been searching for ways to deal with the dual challenges of spiraling inflation and high unemployment. I have long believed that we must not rely on monetary policy alone to fight inflation, particularly where this policy has its most devastating impact on low- and middle-income Americans, and on small businesses. We can restrain the growth of the money supply without generating endless credit crunches that will keep interest rates high or send them even higher than they are today. One area of competition our economy does not need is competition promoted by the administration and the Federal Reserve Board to see which bank can charge the highest rate.

Senator SASSER's proposed study of the role of the Federal Reserve Board in managing the Nation's monetary structure is a critical first step toward improving the health of our economy, and fully understanding the ramifications of dealing with inflation through monetary policy. As we examine various tax alternatives in the coming months, I believe that we should also consider ways to decrease high-interest rates, which place such a heavy burden on American citizens and businesses. Senator SASSER's resolution does not specify a solution to our monetary problems; it merely asks our congressional committees to undertake a study on the Federal Reserve Board. I would like to commend Senator SASSER for his leadership in this area and urge my fellow Senators to approve this resolution.●

Mr. HARRY F. BYRD, JR. Mr. President, I yield back my time.

Mr. GARN. Mr. President, I am prepared to yield back my time with just one closing comment. Although I do oppose this resolution I would like to make one comment in reference to a statement made by the Senator from Tennessee, that I fully support and did last year in an extended debate not only in committee but on the floor, about the makeup of the Federal Reserve Board.

I do believe it should be more representative not only geographically, not only with Washington economists who may have attended college in California and, therefore, have a tie to be appointed from that district, and I advised the Carter administration of this at their last appointment that I would not oppose it but in the future I put them on notice that I expected to have a better balance on that Board.

I suppose at this time I am putting the Reagan administration on notice of that same fact that we will look very carefully at the geographical and philosophical balance, and I do not mean philosophical in the term of politics but in terms of economic thought.

I yield back the remainder of my time.

Mr. SASSER. Mr. President, I wish to commend the distinguished chairman of the Senate Banking Committee for his statement in support of a more balanced representation on the Federal Reserve Board.

I am delighted today to hear the distinguished chairman put the Reagan administration on notice that we do indeed, influential Members of this Chamber do indeed, wish to move as rapidly as possible in the direction of a better balance on the Federal Reserve Board itself.

If that balance were there, if that balance existed, then I think the American people would have more trust in the Federal Reserve Board.

The PRESIDING OFFICER (Mr. GOLDWATER). All time has expired on the resolution. The yeas and nays have been ordered. The question is on agreeing to the resolution of the Senator from Tennessee. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Florida (Mrs. HAWKINS) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), would vote "yea."

The PRESIDING OFFICER. Are there Senators in the Chamber who desire to vote who have not voted?

The result was announced—yeas 37, nays 57, as follows:

[Rollcall Vote No. 114 Leg.]

YEAS—37

Andrews	Exon	Melcher
Baucus	Ford	Mitchell
Bentsen	Hart	Nunn
Biden	Heflin	Pell
Boren	Huddleston	Pryor
Bradley	Inouye	Randolph
Bumpers	Jackson	Riegle
Burdick	Johnston	Sarbanes
Byrd, Robert C.	Kennedy	Sasser
Cranston	Leahy	Williams
DeConcini	Levin	Zorinsky
Dodd	Long	
Eagleton	Matsunaga	

NAYS—57

Abdnor	Gorton	Pressler
Armstrong	Grassley	Proxmire
Baker	Hatch	Quayle
Boschwitz	Hatfield	Roth
Byrd, Harry F., Jr.	Hayakawa	Rudman
	Heinz	Schmitt
Chafee	Helms	Simpson
Cochran	Hollings	Specter
Cohen	Humphrey	Stafford
D'Amato	Jepsen	Stennis
Danforth	Kassebaum	Stevens
Denton	Kasten	Symms
Dixon	Laxalt	Thurmond
Dole	Lugar	Tower
Domenici	Mattingly	Tsongas
Durenberger	McClure	Wallop
East	Murkowski	Warner
Garn	Nickles	Weicker
Glenn	Packwood	
Goldwater	Percy	

NOT VOTING—6

Cannon	Hawkins	Metzenbaum
Chiles	Mathias	Moynihan

So the resolution (S. Res. 132) was rejected.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the resolution was rejected.

Mr. INOUYE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT OF 1982

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 815.

The Senate continued with consideration of the bill.

Mr. TOWER. Mr. President, I ask unanimous consent that I may yield to the Senator from Nebraska for 3 minutes without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, as I address the military appropriations authorization measure before us, we anxiously await the latest news from the Vatican on the condition of His Holiness, Pope John Paul II. We hope and pray for his recovery. The tragic events in St. Peter's Square today, coupled with the attempt on the life of the President only 6 weeks ago, should tell us something about the troubled world in which we live and in which we hope to survive.

While some might scoff at drawing a parallel between assaults on political and spiritual leaders with this Nation's defense needs, there is a lesson here that should not go unheeded. We, as individuals and as a nation, live in a very troubled time. While our security is not guaranteed by instruments of destruction, it is indeed perilous without them.

Mr. President, as a member of the Committee on Armed Services, I support the fiscal year 1982 defense authorization bill as presented to the Senate by the Committee on Armed Services.

While there have been legitimate differences of opinion over which specific areas of our defense structure need improvement and the emphasis to be placed on them, there is no doubt in my mind that this overall enhancement is necessary.

There has been a lot of discussion lately regarding U.S. foreign policy and strategy—or a lack thereof. The national consensus, with which I happen to agree, is that our defense posture must be strengthened in light of our worldwide national interests and the growing Soviet threat. However, we must also have a viable and coherent foreign policy and strategy upon which to base our military needs. Simply throwing more money at defense will not make us more secure unless this strong foreign policy underpinning is enunciated and understood.

That foreign policy must take into account many factors—the foremost of which is our relationship with the Soviet Union. Without downplaying the other very important parts of our foreign policy—relations with Europe, the Third World, our Western hemisphere neighbors, our Asian friends and the question of African relations—I believe our first responsibility is proper management of our relationship with the Soviets, the only other major superpower. This emphasis is in our own best interest and that of the rest of the world because we and we alone bear that mantle of responsibility. Soviet adventurism and their interest in possible nuclear superiority, chemical and biological weapons, and space warfare make this responsibility all the more awesome.

Mr. President, with respect to the strategic nuclear balance, it is essential that the United States maintain a balance in this area to insure that the horror of nuclear war be deterred through the maintenance of strong, nuclear forces, and, as a consequence, be successful in negotiating equitable and adequately verifiable arms control agreements.

We are currently in the process of modernizing all three legs of our strategic nuclear Triad. Through this planned modernization, I am hopeful that we can dissuade even the most radical of the Soviet planners, real or imagined, that a nuclear exchange is a risk that no nation can afford. Under such a scenario, the goal must be to impress on the Soviets the futility of a spiraling arms race so that a verifiable limiting agreement can be worked out. Frankly, our spotty arms control record of the last two decades exemplifies how difficult this task will be to accomplish. Yet there is no choice but to pursue it with the best effort our Nation can muster.

In this regard, Mr. President, I believe we must continue with the modernization of our sea-based deterrent leg by continuing with the Trident submarine and missile programs, the introduction of cruise missile, command, control, communication, and intelligence improvements, enhancements to our bomber force, and deployment of the MX missile in a survivable basing mode.

These last two programs have been the subject of much debate. We are awaiting the President's decision on the best way to move ahead with each of them and those decisions are expected shortly. I am concerned over some of the possible solutions to these two modernization needs which have been discussed. I believe that the development of a so-called "advanced technology" bomber is in our best interest and should proceed as rapidly as is technically feasible. The closely related issue of whether to deploy an interim bomber will soon be decided by the President and a recommendation made to the Congress. These two programs are intertwined.

Mr. President, with regard to the MX missile, my colleagues are well aware of the issues and alternatives involved. Once again, we are faced with the difficulty of awaiting a Presidential decision by a new administration. The committee has attempted to make a provision for congressional action on that recommendation once it is made. I am concerned here over the prospect of eroded congressional review over executive branch decisions and programs. Yet we are faced with this reality.

I believe that the MX missile should be deployed as soon as possible in a survivable basing mode at the currently planned location. To me, that does not mean deploying it in existing, now or soon-to-be vulnerable silos; it does not mean putting it onboard surface ships or airplanes or small, coastal submarines; and it does not mean committing the United States at this time to an antiballistic missile defense system. I happen to believe that the sooner we decide to deploy the MX missile in the basing mode I have described, the sooner the President will be in a position to begin the process of sitting down with the Soviets and beginning serious arms limitations talks.

Our strategic force decisions must satisfy two criteria, Mr. President. They must, first and foremost, deter attack but they must also spur and be compatible with arms control initiatives. Strategic programs can and must be designed with these two goals in mind. I want the President to be in the position of being able to say to the Soviets, "Look, here is our position. We are modernizing our strategic forces. The nuclear arms race is futile and I want to stop it. Our planned modernizations will enable us to defend ourselves through deterrence and are not intended for a first strike against you. If you are not serious about controls and reductions, here is what you will face—highly accurate Minuteman missiles, an MX missile deployment, a Trident II missile with hard-target kill capability, thousands of cruise missiles, a new bomber and the possibility of an ABM defense. Isn't it time to stop?"

Our U.S. programs must be designed to serve their purpose of deterrence as well as arms control. If arms control can be successful, then the world will be better for it. If it fails, we must not be in a position of having to make major changes.

Mr. President, with regard to the other main portion of our national strategy, we must be able to deter and, if not successful, wage conventional warfare. Currently, our strategy is to be able to wage, simultaneously, one-and-one-half wars.

I have far more confidence in our ability, along with our allies, to defend Western Europe than I have in our ability to fight that other, so-called half war somewhere else. There has been much discussion about development of a U.S. rapid deployment force to handle contingencies such as this and its formation was and is necessary. Great strides have been made, yet so much more needs to be done. Fighting a war 7,000 miles away in the Persian Gulf—the Soviet Union's back porch—is no easy task. Yet, when one looks at the dependency of the western world or Middle East oil, it quickly becomes apparent that we must enhance our capability to deter conflict or actively protect our vital interests there. The lack of resolve on the part of our military and economic allies whose interests are directly involved in the troubled oil areas, is underplayed. While we need gulf oil, we are not reliant upon it to the near-total extent of our friends. Yet, they seem to feel it is our responsibility to assume near-total protection of that troubled section of the world.

Mr. President, in order to fulfill our conventional strategy, several things must be accomplished and our allies must meaningfully assist in these endeavors more than previously; our naval forces must be expanded rapidly because of our dependency on overseas resources and trade routes; we must use innovative technology and methods to overcome the historical Soviet quantitative advantage and ascending qualitative capability; and, we must insure that we have military personnel adequate to carry out these tasks.

One of our highest priorities must be to enhance our naval capability. I support the much-needed expansion of our Navy. Yet how we accomplish this goal is highly important. Calculations show that to achieve a 600 ship, 15 carrier battle group Navy by 1992, using the Navy's current planned mix of ships, will require a shipbuilding budget of over $25 billion annually for the next 5 years. Even if we are content to wait until the year 2000 to achieve this capability, it will still require a shipbuilding budget of approximately $18.5 billion for the next 13 years. As ambitious as the 1982 shipbuilding program is, it totals just over $10 billion. This comparison should give my colleagues an idea of how difficult it will be to achieve this goal. However, it also points out the need for the Navy to examine more innovative ways to get there. Lower cost ships coupled with new technologies to enhance striking power, such as cruise missiles, V/STOL aircraft and smaller, yet more numerous air-capable platforms at sea must be pursued aggressively. For example, if the Navy cannot build a new DDGX guided missile destroyer in large numbers at a reasonable cost, I do not believe we will be able to achieve a 600-ship Navy. The committee has taken important initiatives in this regard and must keep the pressure on to maintain this momentum.

As it is with the Navy, Mr. President, the other aspects of our military capability must be and are being strengthened. But as we move along this path, extreme care must be exercised. During times of military buildups, oversight is more important and necessary than ever. The Secretary of Defense has pledged his best efforts to carry out this responsibility and the Congress must help. His recently unveiled plan for reducing cost overruns, inefficiency and waste is a big step in the right direction. The committee's action this year in recognizing the difficulties with the proposed CX program and, in effect, delaying it shows that we will do our part in this endeavor. Initiatives such as multiyear procurement should be helpful, provided they are well managed. In this regard, we must also pursue initiatives such as lightweight armored vehicles and we must devise ways to make high-technology work to enhance our capability without also driving up costs to unacceptable levels.

The administration, while attacking some of these problems, has given mixed signals on others. I became very concerned when, in March, the Secretary of Defense pledged to the Armed Services Committee to come back to Congress and update his spending estimates to make up for higher-than-predicted inflation—and then in April pledged to the Budget Committee that the original spending estimates represent, in effect, the upper limits on spending. This type of "double talk" represents one of the quickest ways to erode the confidence of the American people in the need for defense improvement. I hope we have seen the last of this type of activity.

Mr. President, one final, major issue I wish to address today is personnel—a topic to which I have devoted a great deal of my time this year.

Our military manpower situation is rapidly approaching that of an emergency. While we are coming close to making our overall numerical personnel goals, the military services today are not representative of the society they are supposed to protect.

The Navy concedes shortages of 22,000 career petty officers and the education level and trainability of those who are joining the services under the All-Volunteer Force raise doubts about the overall quality needed to meet today's and tomorrow's modern military—especially in the Army. Even with the newly reinstituted draft registration program, our national mobilization capability is sorely lacking because of low reserve strength.

Mr. President, I am very concerned about the great disparity between the actual end strengths of the various Se-

lected Reserve components and the wartime requirement. It is very conceivable that a future military conflict will begin with little or no warning. Indeed, there may be very little time to augment from our authorized peacetime manpower strength to a wartime strength. Many Selected Reserve units are already earmarked for early deployment in a NATO or rapid deployment force contingency. Half of the Nation's combat capability and two-thirds of the support capability of our Armed Forces is with our Reserve and National Guard units. The total force policy has been jeopardized because the overall Selected Reserve forces would simply not be able to meet their requirement on M–Day and the system would fall apart.

Currently, based on the Defense Department's best estimates of the total Army requirement for trained manpower in a mobilization scenario, we are 249,000 people short. This means that if we had to mobilize tomorrow and the Army Reserve, National Guard, Individual Ready Reserve and other Reserve Forces were all mobilized, we would still be 249,000 people short of the manpower needed to fight a conventional war before a wartime draft would deliver the first new soldier to the battlefield. This situation would arise because of current Reserve and Guard shortages.

What disturbs me even further is that, under the Defense Department's current plan, by 1986, this personnel shortage will still be 111,000—including the recall of 120,000 retirees. This situation is unacceptable and will lead to the undesirable practice of utilizing Selected Reserve assets as fillers rather than cohesive units. This is not sound national policy and the Defense Department must address this issue as the Congress has directed in this bill.

The quality and representativeness of our Armed Forces is of great concern to me. As the ranking member from this side of the aisle on the Manpower and Personnel Subcommittee, I note disturbing trends. Because the Defense Department has been reluctant to do so, the Congress has had to write into law minimum acceptable recruiting standards. We are experiencing great difficulty in attracting enough of the right kind of young people into our armed services—especially the Army. The Defense Department's solution seems to be to throw more money at the problem—$10,000 enlistment bonuses for infantrymen, $15,000 engineer bonuses, GI bills and across-the-board pay raises. It is of concern to me that we are slipping back to the practices of earlier centuries, where gladiators were hired from the ranks of the less affluent of the social structure. This is not the traditional American way.

Unless there is a major turnaround in this situation in 1 year, we must think seriously about a return to a form of conscription—one more equitable than earlier versions. While I am not ready yet to scrap the all-volunteer service, there has to be concern that it is not working and I am yet to be convinced that throwing large amounts of dollars at the manpower problems will, in itself, solve them.

During the remainder of this year, I intend to work on solutions to these and other problems such as our inefficient and haphazard military compensation system, the military draft laws as they exist in current law in the event conscription becomes necessary, and military educational incentives.

Nevertheless, even with these manpower difficulties, we can be proud of our military personnel and there are none better. We must plan for the maintenance of high standards in the future as we dramatically advance in weapons and defense systems technology.

One last point I wish to make concerns how we present ourselves to the world and to the American people. Mr. President, the election campaign is over. The effort to justify the need to enhance our defense efforts by illuminating problem areas has led, unfortunately, to a tendency to undersell this Nation's defense readiness.

Yet if there is a false illusion today that receives all too much play, it is that the United States is the superpower with the monopoly on problems and that all is well within the Soviet bloc. That is dangerous nonsense.

There is no seasoned military man today I know of who would agree that, on balance, they would trade our overall posture with that of the Soviets. Sure, we are rightfully concerned about the potential "window of vulnerability" in the mideighties on ICBM's. We are not now, nor will we be after completion of our present buildup, all powerful in all areas of weapons, real or imagined. Our goal should be for parity at a minimum in all areas and clear superiority in some. We must always fit into our equations the support and resources of our allies. Compared with the Warsaw Pact countries and the other Soviet surrogates, the United States and its allies and potential allies are superior to any possible pro-Soviet alinement. They know that and we should not forget it.

As we proceed, we must not be mesmerized by an unreasonable fear of the Soviets. The Kremlin masters are currently undergoing the most crucial review of their system and it has been undergoing its most severe test since the revolution. They or their influence has been literally kicked out of Egypt, Somalia, the Sudan, and other African nations. They remain at sword's point with their neighbor, world conventional military power and Communist nation, the People's Republic of China. Their invasion of Afghanistan has soured what influence they had in most of the Arab world. The situation in Poland is essentially not a labor strike but standard of living unrest as the Communist system fails to produce as advertised. Poland is their major crisis today. It is dangerous because any significant degree of defection from Moscow dominance there will collapse their European Soviet stronghold. Although not fully understood, they have food and standard of living problems mounting from within, right there in the homeland.

In short, we are getting back on the right course. Our foreign and defense policy must be consistent and innovative and, with such a policy, our way of life will be protected.

So, Mr. President, I urge support for this bill as well as a companion dedication to and plea for effective management of our defense improvement lest the consensus we have fought for so hard evaporates.

UP AMENDMENT NO. 95

(Purpose: To increase the maximum amount of servicemen's group life insurance and veterans' group life insurance from $20,000 to $35,000)

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) for himself, Mr. GLENN, and Mr. DURENBERGER, proposes an unprinted amendment numbered 95.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert the following new section:

SERVICEMEN'S GROUP LIFE INSURANCE AND VETERANS' GROUP LIFE INSURANCE

SEC. . (a) Section 767 of title 38, United States Code, relating to the servicemen's group life insurance program, is amended—

(1) in the first sentence of subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000," after "(B) to be insured in the amount of";

(2) in the first sentence of subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000", before "$20,000, $15,000, or $10,000"; and

(B) by inserting "$35,000, $30,000, $25,000", before $20,000, $15,000, or $10,000"; and

(3) by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who, on the effective date of this subsection, is assigned to, or who upon application would be eligible for assignment to, the Retired Reserve of a uniformed service, may obtain increased insurance coverage under this subchapter up to a maximum of $35,000 in increments of $5,000, if the member (1) is insured under this subchapter on such effective date or, within one year after such effective date, reinstates insurance which lapsed before such date for nonpayment of premiums, and (2) submits within one year after such effective date, a written application for increased coverage to the office established pursuant to section 766(b) of this title."

(b) Section 777(a) of such title, relating to Veterans' Group Life Insurance, is amended—

(1) by striking out "or $20,000 only" in the first sentence and inserting in lieu thereof a comma and "$20,000, $25,000, $30,000, or $35,000 only";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" each place it

appears in the fourth sentence and inserting in lieu thereof "$35,000".

(c) The amendments made by subsections (a) and (b) shall become effective on the first day of the first month which begins at least sixty days after the date of the enactment of this Act.

Mr. PROXMIRE. Mr. President, I offer this amendment on behalf of Senator GLENN, Senator DURENBERGER, and myself. This amendment would increase the maximum amount of coverage to $35,000. The beauty of the amendment is that it will not cost the Government an extra dime. The cost of the insurance program is covered by the premiums servicemen pay.

What this amendment does is bring the Servicemen's Group Life Insurance and Veteran's Group Life Insurance more in line with the higher cost of living our men and women in uniform face.

The increase in insurance coverage also would help the Armed Forces in their vitally important recruiting and retention efforts.

Currently, the most insurance a serviceman on active duty can buy is $20,000 worth of insurance under SGLI. When a soldier leaves active duty, he can convert this insurance to a 5-year policy worth $20,000 under the veterans' group life insurance program. After that, the person can elect to convert the insurance to a commercial policy offered by one of the participating companies.

SGLI is a bargain for the serviceman on active duty. He only pays $3 a month now for the $20,000 maximum coverage.

The problem is, that $20,000 coverage is not nearly enough.

The $20,000 ceiling was established in 1974—7 years ago.

Since then, the Consumer Price Index has jumped more than 67 percent. So the value of that ceiling is only about $13,000 today.

To the GI out in the field considering whether he should reenlist, to the applicant in the recruiting station deciding whether he should sign up, this devaluation of the coverage ceiling does not add to the attractiveness of military benefits.

The Defense Department believes that the coverage ceiling for SGLI and VGLI should reflect today's prices. The Department, therefore, has proposed that the coverage be increased to $35,000.

The Veterans' Administration, which runs the insurance program, also favors increasing the ceiling to $35,000.

The $35,000 ceiling also is the least we can do for men and women in the military—seeing as how Congress just voted a big insurance increase for itself and civilian Federal employees.

A person entering the civil service is now offered a life insurance ceiling that is about four times higher than what he would get in the military. For example, a new GS–3 clerk making about as much as a new private in the Army can buy up to $84,000 in Federal employee group life insurance. The private can now buy only $20,000.

Mr. President, this amendment merely brings the military's insurance ceiling into the 1980's.

Who supports increasing the insurance ceiling?

A good many military associations support it.

The list includes: National Guard Association of the United States, Association of the United States Army, Retired Officers Association, National Association of Uniformed Services, Veterans of Foreign Wars, Navy League of the United States, Fleet Reserve Association, Air Force Association, the Marine Corps League, American Legion.

Mr. President, I am very hopeful that the distinguished Senator from Texas and the Senator from Mississippi will be willing to accept the amendment.

Mr. TOWER. Mr. President, the amendment of the Senator from Wisconsin has great merit. I am prepared to accept his amendment. I support it. It is my understanding that the administration supports it.

I have discussed the matter with Senator STENNIS, and it is my understanding that he has no objection. I am prepared, therefore, to accept the amendment on behalf of the committee.

I note, however—and I believe Senator PROXMIRE is aware of this—that in conference, the House could raise a point of order which would lie against this amendment. The Armed Services Committees do not have jurisdiction over this matter, and it could, of course, be brought up as a separate bill and considered by the Veterans' Committee.

Mr. PROXMIRE. I thank the Senator from Texas.

I appreciate that there may be objections in the House for strictly jurisdictional reasons. I understand there is no objection on substance. In the event they do object—I hope they do not—I expect to put it on a veterans bill. I understand that they will accept it.

Mr. STENNIS. I have no objection to the amendment, Mr. President.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. TOWER. I move to reconsider the vote by which the amendment was agreed to.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 96

Mr. SIMPSON. Mr. President, I send to the desk an amendment to the Defense authorization bill.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wyoming (Mr. SIMPSON) proposes an unprinted amendment numbered 96.

Mr. SIMPSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page , line , insert the following: At the appropriate place in the bill insert the following new section:

REVISION OF SECTION 977 OF TITLE 10, UNITED STATES CODE, RELATING TO DENIAL OF CERTAIN BENEFITS TO PERSONS WHO FAIL TO COMPLETE AT LEAST TWO YEARS OF AN ORIGINAL ENLISTMENT

SEC. . (a) Section 977 of title 10, United States Code, relating to the denial of certain benefits to persons who fail to complete at least two years of an original enlistment, is amended to read as follows:

"§ 977. Denial of certain benefits to persons who fail to complete at least two years of active duty

"(a) Notwithstanding any other provision of law and except as provided in subsection (b), any person who is originally appointed or enlisted in the armed forces after September 7, 1980, whose initial obligated period of active duty is two or more years, and who fails to complete at least twenty-four months of such person's obligated period of active duty, shall not be eligible, nor shall the dependents or survivors of such person be eligible, for any right, privilege, or benefit for which any individual becomes eligible under any Federal program by reason of serving on active duty in the armed forces, or by reason of being a dependent or survivor of any such individual, if the claim for the eligibility for such right, privilege, or benefit is based upon all or any part of the service performed by such person during such period of active duty.

"(b) Subsection (a) shall not apply to any person (1) who dies in the line of duty or is discharged under section 1171 or 1173 of Chapter 61 of this title, or (2) if it is later established that such person is suffering from a compensable disability which resulted from an injury or disease incurred in or aggravated during the period of active duty completed by such person and is not the result of the person's intentional misconduct and was not incurred during a period of unauthorized absence.".

(b) The table of sections at the beginning of chapter 49 of such title is amended by striking out the item relating to section 977 and inserting in lieu thereof the following:

"977. Denial of certain benefits to persons who fail to complete at least two years of active duty.".

Mr. SIMPSON. Mr. President, last year, Congress approved an amendment to the 1981 authorization bill that denied certain Federal benefits to individuals who failed to complete at least 2 years of an original enlistment. This measure was enacted as a part of Public Law 96–342 on September 8, 1980, and is presently a permanent part of title 10.

I think we might agree that individuals who by their conduct express an unwillingness to accept at least the minimum obligations of military service should not share in any benefits that this Nation bestows upon those who honorably meet their service obligation. This was our intent last year and, I assume, is again our intent this year. But, as is not unusual in our hurried efforts to craft our intent into legislation, we are perhaps guilty of creating some ambiguity in both the letter of the law itself and the legislative history of that law. My purpose in offering this amendment is to remove such ambiguity and to make quite clear the intent of both the Senate and House in enacting this provision of law.

As originally written, the denial of benefits was limited in its application to only any person who "originally en-

lists in a Regular component of the Armed Forces." The problem of early attrition in the Armed Forces is almost exclusively limited to first-term enlisted personnel who enter upon active duty for 2 or more years under an enlistment contract. Thus, the provision was narrowly constructed to address the specific problem.

I have been convinced that there is a basic inequity in limiting the application of this law to just enlisted personnel in the Regular components of the Armed Forces. Officers and warrant officers who accept initial appointments and agree to serve on active duty for 2 or more years should also be included in the coverage of this provision. Therefore, I have reworded the amendment to expand its scope to include:

> Any person who is originally appointed or enlisted in the Armed Forces after September 8, 1980, whose initial obligated period of active duty is two or more years. . . .

Thus, this provision now applies to officers, warrant officers, and enlisted personnel who assume an initial active duty obligation of 2 or more years. The coverage, therefore, includes individuals who have been appointed as officers or warrant officers or enlisted voluntarily or involuntarily under our laws and is not dependent upon the component of service—that is, Regular or Reserve—as long as it is an initial commitment for active duty of 2 or more years. I might add that any change in status—for example, discharges to accept immediate appointments or reenlistment—will have no possible effect on this provision as long as there is no break in service.

Mr. President, last year in developing this legislation, I am certain we were all under the assumption that the denial of Federal benefits for early termination of active duty was total. For reasons that are not entirely clear to me—or perhaps to them—some agencies have interpreted the denial of benefits to apply only to the individual who terminates his or her active duty obligation and not to apply to his or her survivors or dependents. I hardly think that was our intent and have amended the provision to more clearly reflect that the disqualification is quite complete.

I have also been informed, Mr. President, that the Army had certain reservations about the strict requirement for 2 years of continuous active duty as it applies to 2-year enlistments. There may be good and sufficient reason to grant administrative drops of up to 90 days in some circumstances. Consequently, I have amended the provision to include as an exception to coverage those individuals who receive up to a 90-day drop in their enlistments under section 1171 of title 10.

The final changes in this provision, Mr. President, are two minor modifications to the final exception clause. The first removes any ambiguity by clearly exempting service members who die in line of duty and their survivors and dependents from denial of benefits in the event such service members die before completing the required 24 months of active duty. The second modification insures that individuals who terminate their service early and are later determined to have service-connected disabilities are excepted from the denial of benefits, only if such disabilities are compensable. This will remove entirely the possibility that individuals who drop out of the military early might receive benefits only because they possess physical evidence of a service caused abrasion or some other minor noncompensable physical defect.

I urge adoption of the amendment.

Mr. TOWER. Mr. President, I have discussed the amendment with the Senator from Wyoming. It is an amendment with considerable merit. For my part, I am prepared to accept it. I would not want to act on it until Senator STENNIS returns to the Chamber. It is my understanding that he is prepared to accept it, but he will have to speak for himself.

Mr. STENNIS. Mr. President, this amendment has merit. Even though it may require some tightening up or change in the language, not only for clarity, but also to include some other interpretations, that can be done in conference. We are prepared to recommend and do recommend the adoption of the amendment.

Mr. SIMPSON. I thank the managers of the bill for their courtesy. I appreciate that.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, although I generally support this bill, as I have indicated earlier today, there is one program included in it that I do not support, and that is the F/A–18 aircraft program.

Mr. STENNIS. Mr. President, may we have not silence but reasonable quiet so we may hear?

The PRESIDING OFFICER. Will the Senate provide a little quiet so that we can hear the Senator from Colorado.

Mr. HART. Mr. President, I do not intend to offer an amendment to strike funding for the F–18 this year, because the smokescreen around this aircraft's deficiencies is still too thick to penetrate. But I strongly believe the program should be cancelled, and I do intend to bring before the Senate once again the fact that the aircraft is a failure.

In two earlier years, I did offer amendments to cancel the program. At that time, I pointed out that even if the F–18 met its performance and cost specifications, it would be a failure. It is simply the wrong aircraft for the missions we need fulfilled.

First of all, it is a naval fighter, when the need is for a naval interceptor such as the F–14. The threat to the carriers is not enemy fighter-bombers coming in close to drop iron bombs. Against such a threat the F–18 might be appropriate—if it worked. But that is not the threat. The threat is long-range bombers launching antiship missiles in coordinated, mass strikes. The appropriate aircraft for meeting that threat is an interceptor, an aircraft which can take on a number of targets simultaneously with long-range missiles. We have such an interceptor in the F–14. It is equipped with the long-range Phoenix missile. It can engage about half a dozen targets at once. In contrast, the F–18 can engage targets only one at a time, and it cannot carry the Phoenix missile.

I pointed this out several years ago, here on the floor of the Senate. Now, the Navy has reportedly agreed with me. The Secretary of the Navy, Mr. John Lehman, has reportedly decided that the carriers will have all F–14 fighter forces. The naval fighter version of the F–18 is dead, if this report is correct. The failure of the F–18 as a naval fighter has been recognized.

As a naval attack aircraft, it is no improvement over the existing A–7. It does have a supersonic capability, which the A–7 does not. But if it uses its afterburners to go supersonic, its range decreases very rapidly. And most cannot be carried supersonically, which makes the capability somewhat irrelevant.

The F–18 fighter for the Marine Corps contradicts the Marines' desire to eliminate dependence on larger carriers and long runways. Unlike the AV–8B VSTOL aircraft, the F–18 cannot fly from amphibious assault ships. Ashore, it depends on long runways, which are highly vulnerable. It will tie the Marines to big carriers and vulnerable runways for another 20 years.

The previous administration tried to foist the A–18 attack version off on the Marine Corps. Both the Congress and the current administration saw the folly in this, since, again, it would have tied Marine aviation to big carriers and long runways. The administration has dropped plans for the Marine A–18.

One by one, the conceptual inadequacies of the F/A–18 are being recognized. Two of the four roles planned for the aircraft seem to have evaporated. How much more money will we spend waiting for the other two roles to be abandoned?

These inherent deficiencies should have led to the cancellation of the F–18 even if the program has succeeded technically and kept within its planned costs. But it has done neither.

Technically, the aircraft continues to encounter serious problems. The Armed Services Committee report states:

> Aircraft range in the attack configuration has yet to be demonstrated and solutions are being sought to resolve software problems associated with the radar and aircraft computer.

I fear this is but a very cursory listing of the F–18's technical failures. The

Defense Systems Acquisition Review Council (DSARC) review of March 17, which was expected to approve full production funding of the F–18, refused to do so. It instead demanded a new review of the program. According to one report, a series of tests conducted earlier this year—

Concluded that 39 failures, such as excessive fuel leaks at cold temperatures, adversely affect the aircraft's ability to accomplish its primary and secondary missions. The failures present a "real probability of injury, damage or aircraft loss."

A report prepared by the Naval Air Test Center states that:

Failure or degraded performance of individual systems and maintainability-related deficiencies were encountered that will potentially limit the overall operational effectiveness of the weapons system under various environmental conditions.

Yet we are approving production money for this airplane.

What about costs? How many Senators are aware that at this time, according to Pentagon figures, the F/A–18 is the single largest defense procurement program, costing $38 billion? And remember—this is now for an aircraft which will not serve as either a Navy fighter, if Secretary Lehman's action is as reported, or as a Marine Corps attack aircraft. $38 billion is to be spent just for a Marine fighter and a Navy attack plane.

The cost growth of the program has been steep, and there is no sign it is stopping. Not only does the F/A–18 now cost about five times as much as the A–7 attack aircraft, it costs almost as much as the F–14. It is hard to remember that the F–18 was supposed to be the "low" end of the "high-low mix."

Even as the Senate prepares to approve $1.743 billion in procurement for the F–18, the Defense Department is actively considering cancellation of the program. In mid-April Deputy Secretary of Defense Carlucci ordered a study to determine the costs and feasibility of canceling the F–18, substituting F–14's, A–7s, and/or AV–8B's for it. I applaud this action by the Defense Department. It is overdue. The failure of the F–18 program has been glaringly obvious for some time. But one must wonder why the Senate goes blithely ahead supporting the program?

As Secretary Carlucci has noted, we do have alternatives to the F–18. These alternatives can give us better capability at lower cost. The A–7 can be substituted for the A–18, with an increase in capability at much lower cost. The Marine F–4's can be continued in service for at least a decade, while a fighter version of the Harrier is developed. Israel plans to keep its F–4's in service well into the 1990's, and the Germans are considering doing the same, despite the fact these are already somewhat older aircraft.

Again, I do not plan to offer an amendment which we all know does not stand a chance of passage. But that does not mean I believe the program should go forward. It is a tragedy that it continues to go forward, a tragedy not only for the taxpayers, but for our Naval and Marine aviation, which are being saddled with an inferior, problem-plagued aircraft. I urge the administration to conduct a full, fair, and nonpolitical review of this program. Such a review can only result in cancellation of the F/A–18, in view of the overwhelming conceptual, technical, and financial failure of the program.

Mr. President, I thank the Senator from Texas for yielding.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I am sure there has been brought to the attention now of every Member of the Senate the unhappy circumstance that occurred earlier today in Rome, the assassination attempt on Pope John Paul II. I am about to propound a unanimous-consent request and I invite the attention of all Senators in respect thereto.

Mr. President, I ask unanimous consent that the Senate now temporarily suspend consideration of the pending business and proceed to the consideration of a resolution to be offered by the Senator from New Mexico (Mr. DOMENICI) and the Senator from Massachusetts (Mr. KENNEDY) relative to the attempted assassination of Pope John Paul II.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I further ask unanimous consent that, following the reporting of the resolution by the clerk, Senator DOMENICI and Senator KENNEDY be recognized to speak thereon and that, following the recognition and speeches of those two Senators, the Senate immediately proceed to vote on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I further ask unanimous consent that, following the adoption of the resolution, the Chaplain deliver a prayer, as authorized by the resolution if the resolution is so adopted, and that the resolution remain at the desk for the remainder of the calendar day for additional cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I further ask unanimous consent that, after the Chaplain's prayer, the Senate immediately return to the consideration of the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Mexico is recognized.

EXPRESSION OF THE SENATE'S DEEP CONCERN OVER THE ATTACK ON HIS HOLINESS POPE JOHN PAUL II AND OFFER OF PRAYERS FOR HIS RECOVERY

Mr. DOMENICI. Mr. President, in behalf of myself and the distinguished senior Senator from Massachusetts (Mr. KENNEDY) I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 133) to express the deep concern of the Senate over the attack on His Holiness Pope John Paul II, and to offer prayers for his recovery.

Whereas, His Holiness Pope John Paul II has been a sign of hope for all people of every faith, a true messenger of the Gospel and of human justice, a good shepherd for the whole world;

Whereas, This man of peace has now been struck down by the latest act of violence to stain our time; and

Whereas, His brave life and his shining example are a rare gift in a troubled and turbulent era, a vivid signal of that love for each other which surpasses all human understanding.

Resolved by the Senate of the United States of America, That we join now in common concern and we pause in prayer to God for the life, the health, and the recovery of Pope John Paul II.

The Senate proceeded to consider the resolution, which was submitted by Mr. DOMENICI for himself and Mr. KENNEDY, Mr. ABDNOR, Mr. ANDREWS, Mr. ARMSTRONG, Mr. BAKER, Mr. BAUCUS, Mr. BENTSEN, Mr. BIDEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BRADLEY, Mr. BUMPERS, Mr. BURDICK, Mr. HARRY F. BYRD, JR., Mr. ROBERT C. BYRD, Mr. CANNON, Mr. CHAFEE, Mr. CHILES, Mr. COCHRAN, Mr. COHEN, Mr. CRANSTON, Mr. D'AMATO, Mr. DANFORTH, Mr. DECONCINI, Mr. DENTON, Mr. DIXON, Mr. DODD, Mr. DOLE, Mr. DURENBERGER, Mr. EAGLETON, Mr. EAST, Mr. EXON, Mr. FORD, Mr. GARN, Mr. GLENN, Mr. GOLDWATER, Mr. GORTON, Mr. GRASSLEY, Mr. HART, Mr. HATCH, and Mr. HATFIELD.

Mrs. HAWKINS, Mr. HAYAKAWA, Mr. HEFLIN, Mr. HEINZ, Mr. HELMS, Mr. HOLLINGS, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. INOUYE, Mr. JACKSON, Mr. JEPSEN, Mr. JOHNSTON, Mrs. KASSEBAUM, Mr. KASTEN, Mr. LAXALT, Mr. LEAHY, Mr. LEVIN, Mr. LONG, Mr. LUGAR, Mr. MATHIAS, Mr. MATSUNAGA, Mr. MATTINGLY, Mr. MCCLURE, Mr. MELCHER, Mr. METZENBAUM, Mr. MITCHELL, Mr. MOYNIHAN, Mr. MURKOWSKI, Mr. NICKLES, Mr. NUNN, Mr. PACKWOOD, Mr. PELL, Mr. PERCY, Mr. PRESSLER, Mr. PROXMIRE, Mr. PRYOR, Mr. QUAYLE, Mr. RANDOLPH, Mr. RIEGLE, Mr. ROTH, Mr. RUDMAN, Mr. SARBANES, Mr. SASSER, Mr. SCHMITT, Mr. SIMPSON, Mr. SPECTER, Mr. STAFFORD, Mr. STENNIS, Mr. STEVENS, Mr. SYMMS, Mr. THURMOND, Mr. TOWER, Mr. TSONGAS, Mr. WALLOP, Mr. WARNER, Mr. WEICKER, Mr. WILLIAMS, and Mr. ZORINSKY.

Mr. DOMENICI. Mr. President, Pope John Paul II, a truly remarkable spiritual and world leader, who has done

more to promote peace and brotherhood in the world today than any other person, has himself been a victim of the crazed violence of an assassin's bullets. I cannot come up with any words to describe the latest assassination attempt. I know we live in a crazy and violent world, but why would anyone want to try to end the life of this gentle man, who has done so much good in his lifetime? All we can do now is simply pray for him and ask if it be God's will, that his life be spared and he may have a quick and full recovery. There is a great feeling of mourning here. I do not know how we can end this hate and violence that now appears to be a permanent part of this world and has the power to attempt to end the lives of good and spiritual leaders. But I do believe, as does the Pope, in God's love overcoming this hate and violence and by the Pope's humble example, the world may come to see an answer to this seemingly unanswerable problem.

Mr. President, I yield to the distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, first, I thank the majority leader and the Democratic leader for their cooperation with Senator DOMENICI and myself in giving the Senate the opportunity to act on this resolution.

I am grieved at the shooting of His Holiness Pope John Paul II. The greatest symbol of peace in the world has been struck down by this latest act of mindless violence. Those of us who have had the privilege of meeting the Holy Father know him as a warm and caring person. He is a good shepherd; the whole world is his flock. His aura has moved the Earth; his sensitivity has reached the hearts of so many individual human beings in need.

This is a shot that has gone to the soul of the world. Let us pray for the Pope and for ourselves, as people and nations now united in concern for him, that we may heed his words to the United Nations and help to advance "the human dimension of peace."

Mr. HATCH. Mr. President, it is unbelievable that this has happened. Pope John Paul II is a peace-loving man—a man I met personally just last month during the congressional Easter recess. I carried with me a message from the first presidency of the Mormon Church—a message of peace and working together. We talked of world issues, peace being the main topic. He is a man who has prayed for peace in many languages.

Just prior to the personal audience he granted to my wife Elaine and me, he addressed a student audience of 3,000, in 7 languages. Wherever he has gone, his message has been one we all embrace—peace—and for this sort of thing to happen, well it is just unbelievable. Our prayers go out at this time to a very kind and gracious, spiritual, remarkable man.

ATTEMPTED ASSASSINATION OF POPE JOHN PAUL II

Mr. THURMOND. Mr. President, I rise in horror and indignation at the news of the attempt today on the life of Pope John Paul II by an assailant whose motivations, at this time, are unclear.

This was a cowardly and despicable attack on a man of peace.

Mr. President, I offer my prayers, along with the prayers of millions of others around the world, for the Pope's speedy and complete recovery. It is also my hope that the apprehension and prosecution of the person or perhaps persons responsible for this ugly deed be swift and just.

Mr. METZENBAUM. Mr. President, it is indeed with a heavy heart and a deep sense of grief and shock that I join in statements of prayer and hope for Pope John Paul II's recovery from the bullet wound of an assassin.

Mr. President, across the world individuals of all faiths are praying for the recovery of this fine man and leader. The Pope has traveled the world and in each place he visited brought his smiling face, his outreached hands, and his words of love and compassion to lift the spirits of all who saw him. We in the United States were fortunate to have the Pope as our guest just last year, and from the East to West thousands gathered to see him and listen to his words.

To the members of the Catholic faith, the Pope is an exemplary leader who inspires members of his church to strengthen their faith. But regardless of our faith, the Pope represents an example of love, compassion, and devotion that is well worth emulating.

Mr. President, Pope John Paul II prayed for our society. He prayed that throughout the world all men and women of different races, nationalities, and faiths would work harmoniously together to overcome their differences. I join in prayer that the Pope will recover soon from his wounds so that he can continue to spread this message of love throughout the world.

But Mr. President, I must add another prayer to that. Less than 2 months ago this body was so saddened to learn of the assassination attempt of our own country's leader, President Reagan. And none of us need to be reminded that there were other times as well—times when our leaders' lives have been taken—or attempted to be taken—by an assassin's bullet.

Mr. President, each time such an attempt is made our society as a whole feels the sting of the bullet.

I pray that an end come to hate and hostility, that we overcome our differences and live in a peaceful society, and that as leaders we provide the direction needed to insure that peaceful society.

Let us all live by the example of peace and love set forth by Pope John Paul II. Let us realize, as he does, that peace is the ultimate goal to be reached. And let us pray that very soon the Pope will be able to continue to spread his words of love and compassion throughout the world.

● Mr. DENTON. Mr. President, I, like many of my colleagues, find it difficult to express the great sense of indignation caused by the abominable attempt on the life of His Holiness Pope John Paul II.

Once more, we are awakened to the empty feeling of helplessness as we witness another pernicious act of violence. This senseless deed, along with the recent assassination attempt on President Reagan are symptomatic of the presently existing threat to civilization, freedom, and our security posed by the monster of immorality and lawlessness abroad today.

Pope John Paul, II, a kind and gentle man, is the most inspirational moral leader in the world. I had the distinct honor of meeting the pontiff during his last visit to this country. At that time, I presented him a book of messages from many friends and fellow Alabamians and asked that he pray for our Nation.

Today, I join this Nation and the people of the world in a prayer for him. We ask that the Almighty Father grant Pope John Paul II, a complete and rapid recovery so that he may return to his hallowed duties as the world's spiritual leader.●

● Mr. MITCHELL. Mr. President, I join my colleagues today in cosponsoring a resolution of concern at the tragic shooting of Pope John Paul II.

This resolution expresses the sense of shock and sorrow that all of us feel at the shooting of this man of faith, whose voice has been raised for the cause of peace and mankind since his elevation. The Pope's visit to this country was an historic and meaningful experience for Americans of all faiths. The Pope's role in helping protect the freedom of religion in his native land has been an inspiration to all who value peace and liberty. The Pope's message of good will to the people of Africa, Asia, and Latin America has given hope for the future to millions of people around the world.

That the life of this man should be threatened by a senseless act of violence is a tragic commentary on our world.

As we join in prayer for the full recovery of the Pope, this tragedy should reaffirm for all of us the importance of pursuing the goals to which Pope John Paul II has dedicated his life.●

● Mr. DOLE. Mr. President, once again the world is shocked, angered, and bewildered by an act of total insanity. Little can be said to explain the feeling of sympathy and distress that every civilized person must share, and nothing can be done to ease the despair.

Sadly, this measure is all we can do. We can only institutionalize what we all already know—that this act is condemned by all mankind.

To the pontiff, we can send our best wishes, and the prayers of our Nation.●

● Mr. WILLIAMS. The Pope was shot, we were told. Was it a rumor? Could this really have happened? The news was numbing.

With a disturbing frequency, we hear of shootings, bombings, mass murders; sometimes they are calculated and politically motivated; other times they are just random acts of violence. It is ludicrous to even ask why anyone would want to shoot Pope John Paul II, and it is nearly impossible to imagine the motivation behind such a heinous act.

Perhaps the shooting seems more horrific because he is the Pope. As with the recent shooting of our own President, the crime is removed from among the

ranks of countless other attempted murders because of the victim's station in life. Pope John Paul II is a natural diplomat, a dedicated missionary and a loving statesman. He has fought for justice and human rights in countries far from Vatican City, and exposed himself to personal danger at each step of the way. Thinking not of himself, but only of those he is here to serve, he has worked tirelessly to foster world peace and encourage spiritual unity. He is loved and admired by people throughout the world, regardless of their religious beliefs, and his actions have left their indelible imprint on countless lives.

So once again, we ask ourselves why? And today's events force us to face once again the troubled state of the world. We have been rocked by a shock wave set off in a corwded square halfway around the globe. Senseless and barbarous actions by tormented individuals, driven by voices only they can hear, change the course of history and deprive us of the company and leadership of great men and women.

I do not have solutions to propose. And I do not want to make this occasion a forum for a discussion of the subject of violence and its control. I do need, however, to share my profound sadness over today's distressing news about the attempt on the life of Pope John Paul II. And I hope and pray that the Pope is able to make an early recovery from his wounds. I have no doubt that his spirit remains undaunted, because his faith is strong. And I have no doubt that today's events will not dampen his drive and enthusiasm for walking among the people of the Earth to spread God's word. He is a man with a mission and I am confident that nothing so temporal as personal danger will keep him from it.●

Mr. DECONCINI. Mr. President, in a brutal and senseless attack, Pope John Paul II was gunned down today in Rome. This is a man of peace; a man of God whose life is dedicated to helping others; a man who has used both his personal energies and the prestige of his position to help bring about a healing of mankind's many wounds. Yet, not even he is immune from the random violence that mars our world.

Once the cycle of violence begins, it feeds upon itself. Just a few short weeks ago, the President of the United States and his party were gunned down in another senseless and random act of violence. Perhaps we will never eradicate violence, but I believe that the institutions of our society and other societies as well are inadequately training young people to accept the values of humanity and kindness that so characterize the life of Pope John Paul II. Too many men and women come of age feeling that violence will resolve their inner conflicts.

I pray that the cycle of violence will be broken. I pray that Pope John Paul II will recover quickly and fully from the wounds he suffered today. I can only hope that this terrible incident will bring mankind closer together. Pope John Paul II speaks not only for the millions of Catholics throughout the world, but his compassion, his wit and his quintessential humanity have made him a spokesman for all men and women of good will.

I think this incident is a time for all men and women of good will, certainly those of us in this country who have recently experienced a similar incident, to reflect about life itself; we need to remember that Almighty God has given us this brief time on Earth and it is a fragil existence. It is important to remember our neighbors and to remember the Judeo-Christian principles upon which this Nation was founded. We should use this sad time to think about kindness, friendship, and love instead of the anger, hatred, and vindictiveness that so often permeates our everyday lives if we do not discipline ourselves and reflect properly upon life.

Mr. DOMENICI. Mr. President, I ask, if the leader has no objection, that the Apostolic delegate to Washington be notified of our action.

Mr. BAKER. Mr. President, I am happy to do that. I wonder if the Chair would put the question on the resolution at this time.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the resolution.

The resolution (S. Res. 133) was agreed to.

Mr. BAKER. Mr. President, on the suggestion of the distinguished minority leader and the Senator from New Mexico and the Senator from Massachusetts, I think it would be entirely appropriate to ask, and I do ask unanimous consent, that the Secretary of the Senate be directed to supply to the Apostolic delegate to the United States, the Pope's representative in Washington, an engrossed copy of this resolution.

The PRESIDING OFFICER. Without objection, that will be done.

With passage of the resolution, I ask the Chaplain to come forward.

The Chaplain, the Reverend Richard C. Halverson, offered the following prayer:

Let us observe a moment of silent prayer. (Pause.)

Our Father in Heaven, our hearts are heavy within us at the news of the attempt on the life of Pope John Paul II who has radiated such confidence and love to the whole world.

We are unspeakably grateful that the attempt failed and that the news is good concerning his condition.

While millions in every nation repair to their churches and synagogues to pray, we in the Senate pause in the midst of our work out of respect and love for this magnificent servant of God. We join the peoples of the Earth in intercession for a rapid and total recovery.

We pray for long life for this uncommon man who has elevated the hopes and aspirations of all people and who symbolizes the world's deepest longings for peace and unity and love.

Grant to all who serve with him in the Vatican and in the church throughout the Earth every blessing and encouragement.

In the name of the Father and the Son and the Holy Spirit. Amen.

THE SHOOTING OF POPE JOHN PAUL II

Mr. BAKER. Mr. President, I am heartened and thankful for the news from Rome that Pope John Paul II is resting now with some comfort and that the prognosis for his recovery appears to be good. He is as decent and as sainted as any mere mortal who has ever trod this Earth.

That Pope John Paul's life has been spared is a blessing from our God.

That he has been assaulted is an abomination, not only to our God, but to all men and women of faith and decency.

In the 2½ years of his papacy, as the vicar of Christ to hundreds of millions of Roman Catholics throughout the world, Pope John Paul has not only stabilized and counseled the Catholic Church as an institution, but he has also most truly been the best of shepherds to his flock.

On those of us not of his faith, Pope John Paul has had no less an impact. In his travels across the world, he has spread a message of hope, of faith, and of compassion to millions of people whose spirits yearned for hope, for faith, and for compassion. All of us recall the remarkable atmosphere of joy and good will which swept across this city and this Nation when John Paul was among us in the autumn of 1979.

Mr. President, I suppose we should somehow become accustomed to these wanton and despicable acts in this day and time. Surely, they have been perpetrated on our society and our time with a sad regularity.

However, one cannot be incredulous that a man of such all-encompassing love, of such stalwart faith, of such marvelous good will should be the target of an assassin. How is it in our world that this Pope of peace can be visited by such violence?

I am certain, Mr. President, that in the councils of the Vatican and the Italian Government, there shall be much discussion in this very regard in the days to come—as to how this happened and how it can be prevented or at least deterred in the future.

Those discussions will not be unlike our own of recent days. And while there may well be some material and physical precautions that we all might take in the future, I suggest we must look much deeper into our lives.

For this violence is but an abhorrent symptom of a sickness of the spirit of so many in our world. And that is what we must cure. We simply must.

There is a prayer, Mr. President, which I find appropriate for this day. It was written by Saint Ignatius Loyola in 1548 and it reads:

Teach us, good Lord, to serve Thee as Thou deservest;
To give and not to count the cost;
To fight and not to heed the wounds;
To toil and not to seek for rest;
To labor and not ask for any reward save that of knowing that we do Thy will.

I find that prayer to be the essence of Pope John Paul II. I pray for him and I pray for us all.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT OF 1982

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 815.

The Senate continued with consideration of the bill.

Mr. BAKER. Mr. President, I am advised that there are a number of amendments yet to be dealt with on this measure, and I have already indicated to Senators on this side and I believe perhaps the Democratic cloakroom has done the same that we are going to be in late tonight. Even with that, we are going to work hard to clear this bill.

I agreed on this side to an agreement for time certain to vote at 5 p.m. tomorrow.

There are certain amendments that must be dealt with that have been negotiated, I believe, and I would be pleased to yield to any Senator who wishes to speak on that.

Before I do, I yield to the distinguished minority leader and ask for his views on such a request, if I may make that request.

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader and I have discussed an order by the Senate providing for a final vote on the bill at no later than 5 p.m. tomorrow.

I have caused to be contacted various offices of Senators on my side of the aisle.

There have been no objections to such a request and, therefore, I am not prepared to express no objection to such a request.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, I see that the distinguished Senator from Oregon is in the Chamber. Before I make the request, I yield to him.

Mr. HATFIELD. Mr. President, if the distinguished majority leader will yield, I reserve the right to object, but I do wish to make certain that the purpose for which I have indicated earlier a no-time-agreement position was predicated on the question that I believe has been resolved at least between the leader on the majority side and myself.

But I would have to impose an objection on any time agreement until this question has been thoroughly resolved and some of the deletions to which he has agreed.

I appreciate the fact that any Senator can come to the Chamber and in spite of what the majority leader may agree to enter an objection and ask for a debate, make a motion, and so forth and so on.

But I do not want to preclude that possibility that is always mine for extended debate, unlimited debate, on an issue I feel very strongly about.

So I just have that kind of a concern about agreeing to any time certain until we have actually resolved this particular amendment.

Mr. BAKER. Mr. President, I thank the Senator.

I yield to the distinguished chairman of the Armed Services Committee.

Mr. TOWER. Mr. President, as I said to the distinguished Senator from Oregon, I am prepared to accept his amendment. However, I do not function in a vacuum, and there are other members of my committee, particularly the chairman of the Subcommittee on Manpower and Personnel, who have the primary responsibility for this, and I will be remiss if I did not counsel with them before we act on this.

As I say, I am personally prepared to support the Senator from Oregon.

May I ask him at this point—it is my understanding he intends to offer an amendment addressed to page 56, section 916. I wonder if it was the entire section that he wanted stricken or just a subsection thereof?

Mr. HATFIELD. If I may respond, it would be the entire section beginning on page 65, line 8, striking all language through page 66, line 5.

Mr. TOWER. The Senator gives some consideration to leaving that first paragraph intact.

Mr. BAKER. Mr. President, let me interrupt for a moment.

I was under a misimpression. I thought that this had all been worked out, and I thought we were prepared now to get the unanimous-consent request. I had advised the minority leader to that effect.

I withdraw my request. I have not yet made it. I will not now make it until the details are attended to.

I offer my apologies for the interruption to those Senators engaged in the colloquy.

Mr. TOWER. Mr. President, if the distinguished majority leader will permit me, it may be that I have misled the distinguished majority leader. If I did, I apologize for that.

Mr. BAKER. No. The Senator from Texas did not mislead me. I just misunderstood.

Mr. TOWER. I believe that this matter can be resolved expeditiously and if we can withhold the request perhaps in just a few minutes we can clarify it.

Mr. BAKER. I am happy to.

Mr. STENNIS. Mr. President, if the Senator will yield to me now, we are expecting Mr. JEPSEN to come in, and I am going to ask that Mr. EXON come in.

Mr. BAKER. Senator STENNIS has not indicated whether he accepts it.

Mr. STENNIS. I am going to ask the Senator from Nebraska.

Mr. ROBERT C. BYRD. I thank the majority leader.

Mr. BAKER. I thank the minority leader.

At the very least it appears that my impending request was premature. I am still optimistic.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

UP AMENDMENT NO. 97

Mr. HART. Mr. President, I send to the desk an amendment in the nature of a sense-of-the-Senate resolution. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Colorado (Mr. HART) proposes an unprinted amendment No. 97.

At the end of the bill, add the following new section: Section —(a) The Congress finds that:

(1) the President of the United States has stated his willingness to pursue and negotiate legitimate nuclear arms control agreements with the Soviet Union, and

(2) the Foreign Ministers of a number of European governments have urged the government of the United States to resume nuclear arms limitation talks with the Soviet Union, and

(3) the Secretary of State of the United States recently negotiated a communiqué with the Foreign Ministers of the North Atlantic Treaty Organization which stated that "the allies stress the value of stabilizing, equitable and verifiable arms control through limitations on Soviet and U.S. strategic arms,"

(b) It is hereby declared to be the sense of the Senate that the Senate supports the President in reopening nuclear arms control talks to enhance our national security, and that the Senate and the President should work together and take every step possible to achieve the President's goal of resuming nuclear arms control talks.

Mr. HART. Mr. President, the amendment speaks for itself. That is why I have permitted the clerk to read the entire text.

Each Member of the Senate has received in his or her office today a copy of this amendment. It is simple and straightforward. As I have indicated, it speaks for itself.

The President of the United States has stated personally his willingness to pursue and to negotiate legitimate nuclear arms control agreements with the Soviet Union.

At a press conference in January, he said, for example,

I am willing for our people to go into negotiations—that we could start negotiating on the basis of trying to effect an actual reduction in the numbers of nuclear weapons.

Mr. STENNIS. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. Will Senators please be quiet?

Mr. HART. I thank the Chair.

During Secretary of State Haig's recent trip to Rome for a meeting of the North Atlantic Treaty Organization, the foreign ministers of a number of European governments urged the United States to resume nuclear arms limitations talks with the Soviet Union. Secretary Haig negotiated a communique with the NATO foreign ministers which stated that:

The allies stress the value of stabilizing, equitable and verifiable arms control through limitations on Soviet and U.S. strategic arms.

Mr. STENNIS. Mr. President, may we have a better situation here, so that the Senator can be heard?

The PRESIDING OFFICER. The Chair has asked for order before. If it is necessary to call the Sergeant at Arms to achieve quiet, that will be done.

Mr. HART. In testimony before the Senate Armed Services Committee in March, Secretary of Defense Weinberger explained as follows:

This administration remains committed to equitable and verifiable arms control. . . . We must work harder now to design a realistic approach to the limitation of armaments, an approach that will help preserve the peace.

Mr. President, based upon these statements by our NATO allies, by the Presi-

dent of the United States, and by the Secretary of Defense before the Senate Armed Services Committee, I hope the distinguished manager of the bill and the distinguished Senator from Mississippi, who is managing the bill for the minority side, can see their way clear to supporting this resolution. It simply puts the Senate of the United States on record as supporting the administration's aims and goals in terms of negotiated limitations of nuclear weapons. These goals were shared by the past three or four administrations. They are supported by both political parties and the vast majority of the American people.

This amendment, in the nature of a sense-of-the-Senate resolution, would put us solidly behind the President on a nonpartisan, bipartisan basis, urging and supporting the goals this administration already has stated.

I am sure that, given the events that were just remarked on here in the Senate, involving the tragic attempt on the life of the Pope, a servant of peace who has strongly urged all nations to do what they can to limit the threat of nuclear war—the spirit of the events of today and the resolution which this body just adopted, it is entirely appropriate for the Senate to go on record as supporting the administration, supporting the policy of this country for the past 10 or more years, and urging that we proceed, on a timely basis, with the continued negotiation of a verifiable and legitimate arms control agreement.

Mr. COHEN. Mr. President, I would be happy to join in a bipartisan effort to support this type of resolution, particularly if we made it consistent exactly with President Reagan's declared policy.

What I would propose to do would be to add a phrase or paragraph which would make thic clear. I commend the Senator from Colorado for his effort to reinstitute at least consideration of arms control policy. I would join him in this provided it is, in fact, consistent with President Reagan's stated declaration.

So I would propose the following substitute for his resolution. It would read as follows:

Whereas, the President of the United States has stated his willingness to pursue and negotiate equitable and verifiable nuclear arms control agreements with the Soviet Union, and

I believe those are the words the Senator from Colorado used—

Whereas, the Foreign Ministers of a number of European governments have urged the government of the United States to resume nuclear arms limitation talks with the Soviet Union in parallel with the NATO theater nuclear force modernization plan of December, 1979, and

Whereas, the Secretary of State of the United States recently negotiated a communique with the Foreign Ministers of the North Atlantic Treaty Organization which stated that "the allies stress the value of stabilizing, equitable and verifiable arms control through limitations on Soviet and U.S. strategic arms," and

here. I believe, is the difference in the resolution—

Whereas, the proper timing and format for such arms control negotiations are of necessity linked to the overall status of Soviet-American relations and trends in the military balance,

this, I believe, is also a fundamental part of President Reagan's approach to arms control, that there in fact be consideration of the overall military balance between the Soviet Union and the United States—

Now, therefore, be it resolved, that it is the sense of the Senate to support the President in reopening nuclear arms control talks to enhance our national security, and that the Senate and the President should work together and take every step possible to achieve the President's goal of resuming nuclear arms control talks when the world situation permits.

With that modification, I would be happy to join my good friend from Colorado in sponsoring such a resolution, and I am sure we could secure the support of a majority of our colleagues on both sides of the aisle.

Mr. HART. Mr. President, I have a couple of observations.

First, the addition of the theater nuclear force negotiation is contemplated in the phrase in the resolution I have submitted and obviously was included under the category of nuclear arms control talks.

Frankly, it is the last phrase suggested by the Senator from Maine that troubles me. I believe he read something about "When the world conditions permit" or something of that sort. Frankly, that is not what the President of the United States said or the Secretary of Defense said, or Secretary Haig said.

I believe the resolution stands on its own. It does not condition the resumption of those talks, as the President himself did not presume. So I believe that what the Senator from Maine is proposing is somewhat different from what I have suggested.

Mr. COHEN. I would be happy to strike the phrase "when the world situation permits," but I do believe it is consistent with what Secretary of Defense Weinberger testified before the Senate Armed Services Committee—that, in fact, we had to have some sort of clarity of policy so far as what the U.S. position is going to be. He needed several months at least to see what course we should be taking.

So I think it is consistent, but I will be happy to strike that portion of the resolution that I would offer so that it would be in fact consistent with the Reagan administration's articulated policy.

Mr. HART. Mr. President, as I have indicated the phrase in my resolution "nuclear arms control talks" includes and contemplates the theater nuclear force negotiation. So essentially all the Senator from Maine does, I think, is expand and clarify the pending resolution.

I would be more than happy to move to amend my own resolution with those additions and accept the Senator from Maine as a cosponsor if that is his wish.

Mr. COHEN. As I understand it, the Senator from Colorado would be willing to accept the suggestion of the Senator from Maine that we include the phrase: "Whereas, the proper timing and format for such arms control negotiations are of necessity linked to the overall status of Soviet-American relations and trends in the military balance."

I think as far as I am concerned, that is the critical paragraph. I would be happy to drop the reference to the "theater nuclear force" and also "the world situation permits."

Mr. HART. Mr. President, I am sorry I did not understand. The Senator read his resolution. Would he repeat it?

Mr. TOWER. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HART. Mr. President, I did not hear the Senator from Maine read that language when he first delivered it.

Mr. COHEN. Mr. President, I have a copy I will send to the Senator. I will read it over again.

Mr. HART. Mr. President, I suggest the absence of a quorum.

Mr. SCHMITT. Mr. President, will the Senator withhold that?

The PRESIDING OFFICER. The Senate will be in order please.

The Senator from Colorado has the floor.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. HART. I am trying to sort out and straighten out a confusing situation here.

Yes, I yield.

Mr. SCHMITT. If we may, could we lay the amendment aside briefly and while that is done we could take care of an amendment that I understand will be acceptable to the committee?

Mr. TOWER. We are currently considering an amendment of the Senator from Colorado, and I think it can be disposed of.

Mr. SCHMITT. He was asking for a quorum call as if he would take time. I thought I would save time.

Mr. HART. No. It will just be a couple minutes.

Is that all right?

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from New Mexico.

Mr. SCHMITT. Mr. President, as the distinguished Senator from Texas and the chairman of the Committee on Armed Services is aware, for some time I and a number of other colleagues have been working to decrease the short-term vulnerability of our intercontinental ballistic missile force to the increasing threat of a preemptive first strike on the part of the Soviet Union.

I emphasize, italicize, and underline "the increasing threat," because it is the existence of that threat that causes difficulties not only in our national defense policy but also in the conduct of our foreign policy.

Through the assistance of the distinguished Senator from Texas over the last 2 or 3 years it has been possible to make some significant steps that have contributed, I believe, to decreasing this

vulnerability. I do not expect it to disappear completely but I think we are making some real progress.

We have seen an acceleration of the airborne launch control system procurement; we have seen an acceleration of the development of long-life batteries for our missile forces, and we have gradually seen progress toward replacing some of the older Minuteman II missiles with the more capable Minuteman III's.

The background of this at this point is as follows: The Senate Committee on Armed Services authorized the substitution of 100 Minuteman III's for the Minuteman II system in the fiscal year 1981 authorization bill. The level of authorization was cut in half in conference, but the language read, "up to 100 such substitutions."

In tnat sense, at least in that bill, Congress had committed itself to this particular approach to further decreasing our vulnerability to a Soviet first strike.

The Senate Appropriations Committee funded in fiscal year 1981 the beginning of this replacement, but this funding was dropped in conference.

The Senate Defense Appropriations Subcommittee has moved, under the authorization in fiscal year 1981, to add $5 million for this purpose.

The purpose of the amendment which I will be sending to the desk will be to complete that funding, which brings the total cost up to $18 million.

UP AMENDMENT NO. 98

(Purpose: To provide $13 million for the deployment of 50 Minuteman III missiles as substitutes for Minuteman II missiles)

Mr. SCHMITT. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. I remind the Senator that there is an amendment pending.

Mr. SCHMITT. Mr. President, I ask unanimous consent that the amendment be temporarily laid aside in order to act on this amendment which, I understand, is acceptable to the committee.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. SCHMITT) proposes an unprinted amendment numbered 98.

Mr. SCHMITT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 8, strike out "$4,718,746,000" and insert in lieu thereof "$4,731,746,000".

Mr. SCHMITT. The bottom line is this would add a little over $13 million to complete the replacement of 50 Minuteman II's with Minuteman III's out of our assets.

It has the advantage of at a very low cost increasing by 100 the additional reentry vehicles available, plus it provides the available assets of Minuteman II's for the normal testing purposes which they must undergo.

Mr. TOWER. Mr. President, this is a matter which has been discussed in the committee, and I think it is an approach that has caught the interest of many people as a means of narrowing the gap in the open window of vulnerability through the decade of the 1980's to the extent that we can. It is a relatively inexpensive, what we might call quick-fix idea.

I cannot say to the Senator from New Mexico how the matter will be viewed by the Appropriations Committee. I imagine they will consider it very carefully before appropriating these funds.

I am prepared to accept the amendment of the Senator from New Mexico. I have discussed it with the Senator from Mississippi and it is my understanding that he is prepared to accept it, too.

Mr. SCHMITT. I thank the Senator from Texas.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. The Senator from Mississippi has come to the floor. As I explained earlier, I am prepared to accept the amendment of the Senator from New Mexico. It is an attempt to minimize our vulnerability during the period of the 1980's by substituting the Minuteman III's for the Minuteman II's. I know the Appropriations Committee will want to have a hard look at it and scrutinize it. But I think it is proper for us to go ahead and authorize it and leave the matter in the hands of the Appropriations Committee.

Mr. STENNIS. Mr. President, I take quite seriously anything the Senator from New Mexico says, particularly in this field. It certainly would be worth looking at further. I would be glad to yield on the amendment with that understanding.

The PRESIDING OFFICER. Is there objection to the amendment?

Mr. SCHMITT. Mr. President, I want to thank both Senators on the floor for their leadership in this area and for accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico (Mr. SCHMITT).

The amendment (UP No. 98) was agreed to.

Mr. SCHMITT. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 97

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Colorado (Mr. HART).

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, the Senator from Maine has, of course, raised a key element of the continuing dialog and debate about the terms and conditions under which this Nation ought to negotiate and will continue to negotiate limitations on strategic arms. I certainly respect the point of view which he has taken in the past and which his proposal here today represents.

Let me, by way of assuring him, state that neither in word nor in thought does the resolution before the Senate now introduced by the Senator from Colorado attempt to state the conditions under which this administration or any other administration ought to conduct negotiations, for obvious reasons. Because it is the intent of the author of the resolution to seek, for all practical purposes, unanimity in support of the administration's position.

I have not addressed what some have called linkage, conditioning the negotiations either on Soviet behavior of one kind or another or any other state of affairs between our nations. That would necessarily involve the Senate in, I think, protracted and prolonged debate in what we should negotiate, what the terms of the agreement ought to be, and what is in the best interest of the United States. And we would end up here for hours, if not days, in effect, reconducting the debate over SALT II.

I want to assure the distinguished Senator from Maine not only that I understand and appreciate and respect his position, but that, in his case, as in the case of those on this side of the aisle, others who have taken rather strong positions for or against SALT II agreement or how negotiations are to be undertaken, that this resolution does not address that issue.

It does not address the issue of linkage. It does not address the question of whether you are in the linkage school of thought or the antilinkage school of thought. In fact, the Senator from Colorado has taken the point of view that there is linkage, but it is a rather reverse kind of linkage under which we should negotiate these agreements precisely because of the way the Soviets behave not in spite of, or not to postpone while, but rather because the Soviets behave the way they do that we need, in fact, limitations on the nuclear weapons.

All I can say to the Senator from Maine is the resolution is pure, it is simple, and it is straightforward. It does not prejudice, condition, or otherwise affect in any way one individual Senator's views on the terms or conditions for conducting nuclear arms limitations. It is merely to put the Senate, as an institution, behind the administration and, more importantly, behind the policy of this country for the past number of years and several administrations and both political parties that it is in our interest to go forward, under whatever conditions, with these negotiations.

Mr. COHEN addressed the Chair.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from Maine.

Mr. COHEN. Mr. President, let me just

mention a few of the concerns that I had initially which I think have been removed.

First of all, it was my reaction that we might, in fact, be lending our support to a resolution endorsing the President's articulated policy and yet implicitly rejecting the underlying method of achieving that particular goal of arms control.

I was concerned that such a resolution could be interpreted as Senate dissatisfaction with the pace of the formulation of the Reagan arms control policy; that it might be interpreted as a sign of frustration with U.S. rearmament and desire to substitute negotiations; as a sign of impatience that it could undermine U.S. negotiating strategy and positions; that it did not mention and stress the importance of theater nuclear force modernization and other efforts to reestablish the military balance in conjunction with the efforts to seek arms control agreements; and that we did not mention, and I thought we should mention, that the Senate resolution would also at least take into account that arms control cannot be negotiated in a vacuum and that we cannot ignore Soviet behavior around the world.

Now, after discussing this are some length with Senator HART, I think he has alleviated my own concerns in this regard.

It is this Senator's position that I could certainly lend support to President Reagan's approach to arms control, which this resolution does do. It does also show that the United States is committed to rearmament in the face of Soviet military buildup and that rearmament does not preclude arms control discussions; that it, in fact, could ease some of the pressure that our European allies currently feel in the way of a commitment to theater nuclear force modernization and under what circumstances.

So if it is, in fact, the intention of the Senator from Colorado to allow each individual Senator to reserve his own judgment as to under what circumstances arms control should go forward at what time, at what point in time, and nonetheless lend his support to the ultimate goal of achieving arms control limitation. I certainly could lend my support to that and be happy to join him in cosponsoring this amendment.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, the Senator from Maine has absolutely stated the effect of this resolution or this amendment. Clearly, there is no implicit agenda or implicit meaning or understanding about what the terms of the agreement stand for. It is a doctrine of law that I think speaks for itself, as it says what it says. It is a resolution for the Senate to support the efforts of this administration to go forward. The administration will have to determine its own policies and under what conditions they are going forward on.

This is not an attempt on the part of the sponsors of this resolution to insinuate any hidden agenda on the part of this Senator, who strongly believes in this effort, or any other Senator.

On that basis, I would certainly welcome the cosponsorship of the Senator from Maine. I urge the support of the manager of the bill and the spokesman for the minority side. I think it does put the Senate on record as supporting the policy of this country for the past number of years.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I have no objection to the amendment offered by the Senator from Colorado.

Mr. STENNIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. I understood the Senator to have offered a substitute to the amendment.

Mr. COHEN. No.

Mr. STENNIS. We are satisfied with the Hart amendment, Mr. President.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, I ask unanimous consent that the Senator from Maine (Mr. COHEN) be added as a cosponsor, as well as the Senator from California (Mr. CRANSTON), the Senator from Michigan (Mr. LEVIN), and the Senator from Massachusetts (Mr. KENNEDY).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I have a question of the Senator from Colorado.

The proposed amendment does not contain any reference to linkage. As I understand it, during my absence from the floor, there was a discussion of a clause which reads:

> Whereas, the proper timing and format of such arms control negotiations are, of necessity, linked to the overall status of Soviet-American relations and the trends in military balance.

Would the Senator care to put into the RECORD his feelings with respect to the addition of that clause?

Mr. HART. As the colloquy between the Senator from Colorado and the Senator from Maine indicated, it was not necessary, in fact, to insert that language because the amendment does not prejudice the case one way or the other. What the Senator from Colorado intended to do in offering this amendment was to avoid prolonged debate in the body about the terms under which negotiations should take place. There are separate points of view and there are divisions.

I view linkage as somewhat different. It is the linkage of Soviet behavior that necessitates negotiation of limitations. It is what causes the Soviets to behave the way they do that we negotiate instead of that we not negotiate.

By inserting that language, what would be invited is a prolonged debate about under what conditions we should negotiate and when we should not.

Mr. TOWER. A Senator who does believe in linkage would not be inconsistent in supporting the Senator from Colorado.

Mr. HART. That is correct.

Mr. COHEN. My view of linkage is entirely different from that of Senator HART's. I think we look at it as, Is the glass half full or half empty? I believe I am saying this correctly, that the Senator would favor resuming arms negotiation because of their interventionist behavior and arms expansion. I would argue to the contrary. I think what has been arrived at here is simply a statement that we support the President's ultimate goal of resuming arms control negotiations.

As far as this Senator is concerned, that should not be done until such time as the President is satisfied that the conditions and climate are ripe for a productive discussion with the Soviet Union. The Senator from Colorado would take a different view. This amendment is broad enough to cover the somewhat inconsistent and contradictory viewpoints.

Mr. HART. The Senator is correct.

Mr. WARNER. For the RECORD I will submit a draft of a substitute amendment which would take care of my concern. However, in view of the willingness of the managers to accept Senator HART's amendment I will not press mine but will vote "no" on the voice vote. While I commend the Senator from Colorado for urging the Senate to consider the subject, I believe that a hurried consideration of this important matter during consideration of the defense authorization bill is inappropriate.

This matter deserves a fuller debate. It should be the subject of hearings before the appropriate committees and subcommittees and then it should be considered by the full Senate.

A sense-of-the-Senate resolution or amendment, if it is to mean something should be the result of careful consideration. It should be the result of Senate action after Senators have reviewed the issues and heard the arguments.

Mr. President I ask that my draft of a substitute amendment be inserted in the RECORD at this point.

There being no objection, the draft language was ordered to be printed in the RECORD, as follows:

> Whereas, the President of the United States has stated his willingness to pursue and negotiate equitable and verifiable nuclear arms control agreements with the Soviet Union, and
>
> Whereas, the Foreign Ministers of a number of European governments have urged the government of the United States to resume nuclear arms limitation talks with the Soviet Union in parallel with the NATO theater nuclear force modernization plan of December 1979, and
>
> Whereas, the Secretary of State of the United States recently negotiated a communique with the Foreign Ministers of the North Atlantic Treaty Organization which stated that "the allies stress the value of stabilizing, equitable and vertifiable arms control through limitations on Soviet and U.S. strategic arms", and
>
> Whereas, the proper timing and format for such arms control negotiations are of necessity linked to the overall status of Soviet-American relations and trends in the military balance.
>
> *Now, therefore, be it resolved*, That it is the sense of the Senate to support the President in reopening nuclear arms control talks to enhance our national security, and that the Senate and the President should work together and take every step possible to achieve the President's goal of resuming nuclear

arms control talks when the world situation permits.

Mr. HART. Mr. President, I ask unanimous consent that the name of the Senator from Illinois (Mr. DIXON) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that my name and that of Senator GARN be added as cosponsors of the amendment adopted earlier which was cosponsored by Senator HART and Senator COHEN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 97) was agreed to.

Mr. HART. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, it is 4:35 p.m. The last hour or more, we really have not accomplished very much. I understand that negotiations have been underway in an attempt to arrive at a time certain for a vote tomorrow.

Notwithstanding that, I am advised by people on both sides that they are having great difficulty in obtaining consent of Senators to call up amendments. There are 25 amendments on this list, and it is our hope that we will be able to finish this bill tomorrow. I believe it is absolutely imperative that we do that. However, in order to do it, we will have to have Senators come to the floor and offer their amendments.

Mr. President, I certainly do not intend to be arbitrary or to press unduly, but at some point, if we do not have Senators offer their amendments this afternoon, I am going to ask the Chair for third reading on this bill—if not today, then tonight some time—because it is absolutely essential that we get on with the business of the Senate.

Perhaps I made a mistake yesterday when I granted consent for committees to meet during the course of the day today. It is important for committees to meet as well—and I recognize that—if they are to do the business of the Senate for the remainder of this year.

Mr. President, we have to have an amendment called up, and in a moment I am going to suggest the absence of a quorum. It is my present intention to let that quorum go live, in order to have Senators on the floor so that we can try to arrange a sequence of amendments.

We have now wasted about 2 hours. The time has not actually been wasted, because negotiations are going on in both cloakrooms and in offices around the Capitol; but we have not accomplished as much as we must accomplish if we are to try to finish this bill tomorrow.

Mr. President, I suggest the absence of a quorum, and it may very well be a live quorum before it is concluded.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I observe that the Senator from Maine is in the Chamber, and I have been told that he has an amendment to offer. I believe we are prepared now to proceed to the consideration of his amendment.

I hope that Senators who hear me will now make arrangements to be on the floor and offer their amendments this afternoon. As soon as the Senator from Maine finishes with his amendment, if there is no other amendment available, I will once again suggest the absence of a quorum and permit it to go live, if necessary.

The PRESIDING OFFICER. The Senator from Maine.

UP AMENDMENT NO. 99

(Purpose: To prohibit the Department of Defense from entering into contracts with any offeror or contractor who has been debarred or suspended by any other agency)

Mr. COHEN. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maine (Mr. COHEN) proposes an unprinted amendment numbered 99.

Mr. COHEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:

PROHIBITION AGAINST DOING BUSINESS WITH CERTAIN OFFERORS OR CONTRACTORS

SEC. 806. (a) The Department of Defense shall not solicit offers from, nor award contracts to, nor extend contracts with, nor, when approval of the award of a subcontract is required, approve the award of a subcontract to an offeror or contractor which to its knowledge has been debarred or suspended by another agency unless—

(1)(A) the debarment of such offeror or contractor by all other agencies has been terminated or the period of time specified for such debarment has expired; or

(B) the period of time specified by all other agencies for the suspension of such offeror or contractor has expired; or

(2) the Department of Defense determines that there is a compelling reason to solicit an offer from, award a contract to, extend a contract with, or approve a subcontract with such offeror or contractor and transmits a notice to the Administrator of the General Services Administration at the time of such determination describing such determination.

(b) The Administrator of the General Services Administration shall maintain each notice received pursuant to subsection (a) in a file available for public inspection.

(c) For purposes of this section—

(1) the term "debar" means to exclude, pursuant to established administrative procedures, from Government contracting and subcontracting for a specified period of time commensurate with the seriousness of the failure or offense or the inadequacy of performance.

(2) the term "suspend" means to disqualify, pursuant to established administrative procedures, from Government contracting and subcontracting for a temporary period of time because a concern or individual is suspected of engaging in criminal, fraudulent, or seriously improper conduct.

(3) the term "offeror" means any person which submits or intends to submit an offer on a contract;

(4) the term "contractor" means an offeror which has submitted an offer on a contract and has entered into a contract with the Department of Defense;

(5) the term "contract" means a written agreement for the procurement of goods or services, including amendments and modifications thereto, between the Department of Defense and a contractor; and

(6) the term "person" has the same meaning as in section 551(2) of title 5, United States Code.

Mr. COHEN. Mr. President, I ask unanimous consent that Miss Susan Collins, of my staff, have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COHEN. Mr. President, the Defense Department will spend more than $70 billion on procurement during fiscal year 1982. To help safeguard the taxpayers' investment in these procurements, my amendment prohibits DOD from knowingly—and I stress the word "knowingly"—contracting with businesses that have performed badly on previous Federal contracts unless there is a good reason for doing so.

This amendment is cosponsored by my distinguished colleague, Senator LEVIN, who has been in the forefront of efforts to evaluate and strengthen Federal contracting procedures. In fact, this proposal stems from hearings, initiated by Senator LEVIN, which were held in March before the Senate Oversight of Government Management Subcommittee, which I chair.

I wish to recognize the diligent and thoughtful efforts of the Senator from Michigan in reviewing Federal procurement policies. I am also pleased to have Senator PRYOR as a cosponsor.

Our amendment would simply require the Department of Defense to recognize actions taken by other agencies against contractors because they have defrauded the Government, performed poorly on Federal contracts, or have been indicted or convicted. It would prohibit DOD from soliciting offers from, awarding contracts to, or extending contracts with a contractor that DOD knows has been suspended or debarred by another Federal agency, unless a compelling reason warrants the contract.

I emphasize the latter condition—un-

less a compelling reason warrants the contract.

A debarment excludes a contractor from Government contracting for a specified period, usually not exceeding 3 years, while a suspension temporarily disqualifies a contractor, pending an investigation. The purpose of these procedures is not to punish the contractor, but rather to protect the Government.

There are, of course, cases in which the Defense Department would be justified in contracting with a business, despite the fact that another agency has found the firm to be an unsatisfactory performer. In such cases, the Department of Defense could proceed with the award of the contract as long as there is a compelling reason to do so.

Certainly, reasons of national security or sole source would be compelling, and either would be sufficient justification for awarding a contract to a firm suspended or debarred by another agency. Defense Department officials would merely have to file a statement with the General Services Administration outlining their reasons for contracting with the firm.

Mr. President, I believe that two questions concerning this amendment should be addressed.

First, why is this amendment needed? It is needed because the evidence clearly demonstrates that the Government does not adequately protect itself from undesirable contractors, thus jeopardizing its investment in millions of dollars and contracts each year.

Although the vast majority of contracts and contractors perform both honestly and admirably on Government work, there is a small minority which do not. To assure the best performance and fullest return on its investment, the Government must effectively eliminate those contractors who have defrauded the Government, proven to be irresponsible, or demonstrated in other ways that they are bad actors with whom the Government should refrain from doing business.

Administrative debarment and suspension procedures are supposed to protect the Government from these irresponsible parties. However, the Oversight Subcommittee's examination of these procedures revealed that the Federal Government has not acted efficiently nor vigorously to cease its business relationship with firms that clearly have lacked integrity in their past dealings with the Government. The failure of some agencies, such as DOD, to accord presumptive validity to other agencies' debarments and suspensions contributes to this very problem.

Testimony before the subcommittee indicated that the Defense Department sometimes disregards the findings of other Federal agencies that a contractor is in fact a poor performer. Let me give one such case. In one such case, the Army and the Air Force awarded more than $12 million in contracts to a company that had been suspended by the National Aeronautics and Space Administration. And now, DOD is experiencing its own problems with the company—problems that could have been avoided, had DOD honored the NASA determination of the firm's undesirability.

It is important to understand that agencies do not invoke their suspension and debarment procedures very lightly. In every agency, these procedures are used as a last resort and are employed infrequently. In fact, over half of the agencies surveyed by the subcommittee had not suspended a single contractor during the last 5 years. The firm that DOD contracted with subsequent to its suspension by NASA was the only contractor NASA suspended during the last 5 years.

So, I mention this to underscore the point that it is not a procedure that is lightly invoked, but it is one that should be given presumptive validity by all departments, by all agencies in this Government.

To underscore how serious a debarment or suspension is, I shall briefly list some of the grounds for these procedures. A firm may be debarred for: Embezzlement, theft, forgery, bribery, falsification or destruction of records, an offense indicating a lack of business integrity directly affecting the question of present responsibility to perform on the contract, or serious violations of contract provisions, including a willful failure to perform.

That is for debarment. Those are pretty serious offenses.

A firm may be suspended while an agency investigates any of the charges that are grounds for debarment. So, we are not discussing very minor problems that would lead to a firm's disqualification for bidding on contracts.

The second question that needs to be addressed is: Will this amendment impose an onerous burden on the Defense Department and interfere with its legitimate and desirable procurements?

Mr. President, this amendment is not burdensome. If DOD decides to go ahead with a contract, despite the presence of a suspension or debarment, it can do so. All that would be required is for the Department to explain its reasons in a written statement filed with the General Services Administration. There is nothing in this amendment that precludes DOD from awarding a contract to a firm of its choice as long as it is justified.

The amendment will, however, insure that DOD grant presumptive validity to the debarments and suspensions of other agencies. I think, frankly, that it is ironic that the Defense Department refuses to honor other department's debarments and suspensions when, recognizing the importance of avoiding undesirable contractors, it currently requires that suspensions and debarments by one of its own services be binding on all of the others. For example, a firm debarred by the Navy cannot receive a contract from the Air Force.

Mr. President, no one is more cognizant of the urgent need to rebuild our national defense than am I. I strongly favor the increases in the defense budget necessary to insure that our defense posture is second to none. The increased levels of spending requested by the President and recommended by the Armed Services Committee in this bill are absolutely imperative in my judgment.

We who believe in a strong national defense, however, have a special obligation to insure that these extra dollars are not wasted because of inefficient and undesirable contracting procedures. In my judgment, Secretary Weinberger shares this concern as is indicated by his emphasis on improving and strengthening DOD's procurement policies.

The constituency in this country for increased defense spending will be lost if the Defense Department is exempted from the scrutiny that is applied to other agencies in our search for waste and fraud.

In my judgment, this amendment will benefit the Defense Department by alerting its contracting officials to the dangers of contracting with proven irresponsible or fraudulent contractors and by providing them with the statutory authority to avoid such contracts unless compelling reasons justify their award.

I urge acceptance of the amendment.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. Mr. President, I thank the Chair.

First of all, let me commend Senator COHEN for the strong position he has taken in this matter and for his kind words relative to my role.

On March 12 and 13 of this year, the Governmental Affairs Subcommittee on Oversight of Government Management held hearings on the adequacy of the Federal debarment and suspension procedures and practices in protecting the Federal Government from fraudulent or badly performing contractors. Senator COHEN who so eloquently described the need for this amendment chairs that subcommittee and I am ranking minority member on that subcommittee.

Those 2 days of hearings culminated a year's investigation into several cases where one Federal agency debarred or suspended fraudulent or misperforming contractors, but where other Federal agencies continued to contract and do business with those very same contractors.

In one instance, an instance which Senator COHEN also alluded to, NASA had suspended a company from doing further business with it for a period of 18 months, pending a criminal investigation, and had even instituted a civil suit against the company for fraud claiming over $800,000 in damages. During our hearings, NASA described in detail the painstakingly thorough and professional investigation it conducted before suspending that company.

Yet, the Department of Defense proceeded to award three contracts worth over $12 million to that same firm after the NASA suspension and in full awareness of it. On each of these contracts, there were other eligible, capable bidders. Nonetheless, the Army and the Air Force sat in front of us during those hearings, and offered no reason whatsoever for refusing to heed the clear warning the NASA suspension should have triggered.

I was amazed by the cavalier treatment the Defense Department gave that NASA suspension, and presumably, any debarment or suspension by another

Federal agency. I find this treatment especially ironic because the Defense Department treats a debarment or suspension by any of its services as automatically binding throughout the Defense Department.

As a result of this and other evidence at the hearing, the subcommittee arrived at several specific recommendations to address this and other concerns raised. One of the subcommittee's principal findings and recommendations was that all Federal agencies should consider suspensions and debarments by other Federal agencies presumptively valid. Accordingly, agencies would refuse to consider the award of any contracts to a debarred or suspended contractor unless written reasons are stated showing that the services of that particular contractor are necessary and in the best interests of the Government.

The amendment which Senator COHEN and I are offering today is intended to create that presumption. Nothing in this amendment is intended to curb the Defense Department's existing authority to do business with a debarred or suspended contractor where, for example, national security so requires, or where that contractor is the sole source for a particular product or service.

This amendment's requirements are simple and straightforward. Where the Defense Department knows of an existing debarment or suspension, but considers itself compelled to contract with that contractor nonetheless, the Defense Department simply notes the reason for that decision and makes the reason available, through the GSA, for public knowledge.

Nothing in this amendment is intended to compromise or endanger the Defense Department's interest in protecting and fortifying the Nation's security. On the contrary, this amendment provides the Department with a statutory tool to further protect itself from contracting with fraudulent or misperforming firms. Our national security is only as strong as the quality of the goods and services we procure to fortify ourselves. The need for honest and high quality workmanship can be no more compelling than where the effectiveness of our military hardware and the lives of our armed personnel are at stake.

It is out of this concern for efficient procurement methods and for an effective national security effort that we offer this amendment. It is our belief that better use of our defense procurement dollars will lead to a better effort to protect our Nation's defenses.

Mr. President, again I commend the Senator from Maine for his strong position in this matter, and I yield the floor.

The PRESIDING OFFICER. Does the Senator from Texas wish the floor?

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, the Senate is about to approve $136 billion for military procurement in fiscal year 1982.

The bill authorizing this sum is the principal component of a defense budget which, if the President's request is followed, will amount to $226 billion in budget authority and will result in $189 billion in actual outlays during the year beginning October 1, 1981.

Actual spending will increase in increments ranging from $26 billion to $45 billion over the next 5 years and will reach $343 billion in fiscal year 1986—again assuming approval of the plan put forth by the President.

In budget authority—which provides funds to be obligated and spent over several years, and which is the amount actually voted by the Congress—the 1982 total of $226 billion represents an increase of $45 billion, or 25 percent, over the figure for fiscal year 1981, the current year.

These are enormous figures.

I shall vote in favor of passage of this legislation. I do so because it is imperative that we not permit the United States to fall into a position of military inferiority vis-a-vis the Soviet Union, which has been conducting and is continuing the most massive program of armament in human history.

However, as we approve this legislation to upgrade the defenses of the United States, we must bear in mind that the economy of this Nation is an integral part of our national security.

Military strength must go hand in hand with economic strength. The weapons we are approving today will do little good if we permit the continuing deterioration of America's economic strength. I say again that our military and economic strength must go hand in hand.

Over the course of history, nations have been destroyed from within as well as from without. In some cases military defeat has only confirmed an economic dry rot which already was a fact.

So in rebuilding our defenses, we cannot neglect the necessity to rebuild our economic strength.

In all honesty, we must recognize that the defense program we are launching today carries with it certain economic risks.

I believe that with good management these risks can be minimized—but they must not be ignored.

First, there is the risk of increased inflationary pressures. As defense industry competes with other sectors for scarce materials, capital and skilled labor, some tightening in these markets will inevitably take place. Extremely careful management will be needed to avoid huge price and wage increases.

Second, there is the risk that the Congress, while approving an expansion in defense, will fail to enact the necessary reductions in the growth of other Federal spending. The result of that would be an acceleration of deficit financing. That, in turn, would mean more inflation.

Third, there is the risk that a huge infusion of funds into defense programs will result in inefficiencies, waste, mismanagement and even outright fraud. This point needs to be stressed.

The Director of the Office of Management and Budget, Mr. David Stockman, has said that there is a huge waste in the Department of Defense, and that his agency soon will go after it.

At the same time, the Deputy Secretary of Defense, Mr. Frank Carlucci, has announced a program to combat waste at the Pentagon.

I welcome the initiatives of Mr. Stockman and Mr. Carlucci. The record shows that there have been huge cost overruns in many defense procurement programs—far exceeding the general inflation rate—so it is clear that close vigilance is needed.

In fact, I believe there should be a thorough review of Defense Department procurement practices.

The Secretary of Defense and his associates, and the officials of each of the services, must realize that in being granted huge new sums to safeguard our national security, they are being given a trust by the American taxpayer.

It is the solemn duty of these officials to spare no effort to guard against any squandering of the funds that have been entrusted to them.

By the same token, the Congress—and particularly the members of the Committees on Armed Services and Appropriations—must accept the responsibility for close oversight of the program now being authorized.

As a member of the Senate Armed Services Committee, I accept my share of that responsibility.

We must have a strong defense.

But a strong defense is one which is efficient and effective.

Our security must not be measured in dollars spent on defense, but rather on what these dollars buy.

I say again, weapons will not defend this Nation if we do not have economic strength.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

Mr. TOWER. Mr. President, I am prepared to accept the amendment of the Senator from Maine. I do have some concerns about it. I understand the thrust of it, and I think the thrust is absolutely correct and one with which no one quarrels. However, despite whatever reservations I might have, I am prepared to accept the amendment offered by the Senator from Maine.

I have discussed the matter with the distinguished Senator from Mississippi, and I believe he is disposed to accept it also. I will yield to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator. This is the amendment that we were talking about. Does it have a number?

Mr. COHEN. If the Senator will yield, it is an unprinted amendment to this bill and it is entitled Prohibition Against Doing Business with Certain Offerers or Contractors.

Mr. STENNIS. That is the one that Senator LEVIN is a cosponsor of?

Mr. COHEN. That is correct, and Senator PRYOR.

Mr. STENNIS. We have been over that, Mr. President. Senator PRYOR is on that amendment, too. I think in its present form, we can take the amendment, and I so recommend.

Mr. PRYOR. Mr. President, I appreciate the statement of the Senator from Mississippi.

If the Senator will yield to me for one moment, I would like to commend the Senator from Maine for bringing this matter to the attention of the Senate. I applaud him for his effort in this area.

I also commend the distinguished Senator from Michigan (Mr. LEVIN) for his initiative in this matter. Senator COHEN and Senator LEVIN have explored this issue as chairman and ranking minority member of the Subcommittee on Oversight of Government Management of the Governmental Affairs Committee on which I serve. They have been in the forefront of congressional efforts to protect the American taxpayer from wasteful, unnecessary Government spending. In the last Congress they worked vigorously to eliminate the fourth quarter spending problems that have plagued the Federal procurement system, not for the last few years but for the last few decades. Today they are proposing legislation in an area of procurement and management which can only be characterized as the primary means the Government has to protect itself from irresponsible and dishonest contractors. I am proud to join them in this effort.

During the last Congress, I had an opportunity to carefully review the Government's procurement of consultant services as well as work with Senator LAWTON CHILES in an investigation of Federal agency purchases of office equipment and supplies. I am convinced that the Federal Government has not lived up to its responsibilities to the taxpayers. Federal contract expenditures, which now exceed $100 billion are not merely issues for Federal agency managers to handle—the Congress must take action if we are to bring the Federal Government under control.

I believe that proper and well thought-out procurement procedures can go far in making sure that most firms the Government chooses to contract with are reputable and capable. Nevertheless, there must also exist an effective means to prevent the further award of contracts where this process has failed or where the contractor has not lived up to his obligations. It is important to have such remedies available to the Government because my investigation and those of Senators CHILES, COHEN, and LEVIN last year have shown that unacceptable contracting practices are more widespread than any of us might have imagined.

Today, more and more firms apparently consider the Government to be easy pickings for overbillings, fraudulent substitution, misperformance, or even nonperformance. While no system can totally prevent such activities, it is appalling that the Government literally ties its own hands through inaction, inconsistent treatment by different agencies, and lack of communication. These problems were fully explored in hearings earlier this year by the Oversight of Government Management Subcommittee. We found that despite suspension of companies by a Federal agency, the Department of Defense continued to award contracts and spend taxpayer dollars by doing business with those same companies. This must end.

I am pleased that this amendment is before the Senate and I urge its adoption.

Mr. STENNIS. Mr. President, I add that it appears to me to be a good amendment and I commend the Senators for it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP 99) was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 100

Mr. TOWER. Mr. President, Senator JEPSEN has an amendment.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Mr. President, I send an amendment to the desk and ask that it be immediately considered.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Iowa (Mr. JEPSEN) for himself and Mr. EXON, proposes an unprinted amendment numbered 100.

Beginning on page 65, line 8, strike out all through line 5, page 66, and renumber the following sections accordingly.

Mr. JEPSEN. Mr. President, I yield to the distinguished Senator from Nebraska (Mr. EXON).

Mr. EXON. Mr. President, I thank my friend from Iowa. I have joined Senator JEPSEN in this amendment. We have discussed this and feel that the subject of this amendment might more appropriately be placed in some other legislation at another time. Therefore, to allow the bill to move along, I have agreed to the amendment that Senator JEPSEN just offered.

Mr. TOWER. Mr. President, I am prepared to accept this amendment. The reason that I am prepared to accept it is that some Senators have raised the question of the suitability of this provision regarding the selective service and access to social security records appearing in this bill. I think, out of deference to Senators who feel that this should perhaps be considered as an independent issue, this is the proper course for us to take. Therefore, I am prepared to accept the amendment offered by the Senator from Iowa and the Senator from Nebraska.

Mr. STENNIS. Mr. President, may I ask what was said about the proposition that this proposal belong more properly on some other bill? I thought I caught that.

Mr. TOWER. Mr. President, it is my view that it could be an independent bill, or could be part of another bill dealing with similar matters; that is, personnel matters.

Mr. EXON. If I could be recognized or someone will yield to me, Mr. President, I should be glad to respond to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, after discussion with members of the Committee on Armed Services, it was our feeling that to move this bill along, the subject of the amendment could well be handled in a separate bill or in some other manner. That was the recommendation of the chairman of the committee. We decided to go along with him.

Mr. STENNIS. I thank the Senators for working on the matter. That is entirely agreeable to me. That language to which the Senator from Oregon objected comes out of the bill onto this amendment. I have no objection to the amendment.

Mr. TOWER. Mr. President, before we act on the amendment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum cal be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, what is the pending question?

The PRESIDING OFFICER. The amendment of the Senator from Iowa, which is cosponsored by the Senator from Nebraska.

Mr. TOWER. Vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 100) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I have been authorized to express the appreciation of the distinguished Senator from Oregon (Mr. HATFIELD) for the action just taken in striking this section of the bill. This was a section that was of special concern to the Senator from Oregon and has been for a long, long time. Extensive negotiations were undertaken during the course of this day, and they resulted in the action just taken by the Senate, which has now been reconsid-

ered and tabled. The effect of that is to make that decision of the Senate permanent and irrevocable on this measure.

Mr. President, the Senator from Oregon could not be present on the floor because he is presently in the Energy Committee, engaged in the offering of an amendment to a bill now pending in that committee. I talked with him on the telephone, and he asked me to make these remarks on his behalf, expressing his thanks to the Senator from Iowa (Mr. JEPSEN), to the Senator from Nebraska (Mr. EXON), to the minority manager of the bill, the ranking minority member of the committee, Senator STENNIS, and to the distinguished chairman of the committee, Senator TOWER. Without that action, it would not have been possible to move to attempt to find a time certain to dispose of this measure.

Mr. President, I express my personal appreciation to all Senators, but I especially give my appreciation to the Senator from Oregon for permitting us to proceed in this way in his absence, while he was necessarily in the Energy Committee attending to other details.

Mr. HATFIELD subsequently said: Mr. President, I understand that the distinguished majority leader, Senator BAKER, has already honored my request to thank those who participated in the negotiations regarding my original amendment. I would like to take this opportunity to reiterate my gratitude for the fairness and flexibility which was demonstrated by my good friends, Senators BAKER, JEPSEN, EXON, and TOWER. It is precisely this kind of cooperative spirit which enables the U.S. Senate to travel through the stormy waters of political disagreement and emerge with its structural integrity. Few governments are worthy of comparison; far fewer can even claim that civility and tolerance have a place in their system.

The amendment to withdraw language requiring that draft registrants submit their social security numbers and to give the Selective Service virtually unlimited access to other Government data banks may seem insignificant upon initial examination. I submit that it is such seemingly small steps which threaten the erosion of basic liberties the most. We tend to engage in extended debate and discussion when the issues require constitutional modification or the creation of a new act. Yet we take a rather casual view of giving this director or that person a special exception. This is why I indicated that inclusion of this language would compel me to offer many amendments and to engage in extended discussion. I am pleased that my colleagues, including those who disagree with my position, have agreed to allow this matter to have the discussion and proper attention that it deserves.

Mr. STENNIS. Mr. President, if the Senator will yield, I thank the Senator for handling this matter in our major committee and in our hearings. He had this matter very much on his mind.

Mr. BAKER. Mr. President, I see that the distinguished minority leader is in the Chamber. The action that was just taken removes the section of the bill which created difficulty for the Senator from Oregon, as I have just explained. He now has indicated that he has no objection to the unanimous-consent request to proceed to establish a time certain to dispose of this bill on final passage tomorrow.

Mr. President, so far as I know, that is the last remaining clearance on this side, and I ask the distinguished chairman of the committee whether he has any other requirements or requests.

I inquire of the minority leader whether he would be agreeable to a time certain, to vote at 5 p.m.

Mr. President, the Senator from Texas (Mr. TOWER) indicates to me that he has no further clearance requirements.

I ask the distinguished minority leader if he is in a position now to hear the unanimous-consent request that I wish to make in that respect.

Mr. President, I now ask unanimous consent that the Senate vote on final passage of this bill tomorrow, no later than 5 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, that request was cleared earlier on this side of the aisle, and I know of no change on the part of any Senator's viewpoint in that respect. Therefore, there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank all Senators, and I especially thank those who have worked diligently in the course of the last 2 hours to arrive at this agreement and in taking the actions necessary to make the agreement possible. It is evidence of diligence and a concern for the general business of the Senate which reflects credit on every Member.

I thank the Senator from Nebraska, the Senator from Iowa, the chairman, the ranking minority member of the committee, and all others who were involved in these negotiations.

Mr. President, according to the list I have available to me, there still are some 15 amendments to be dealt with which have been made known to the leadership on both sides.

I announced earlier that we are going to be in late tonight, but now that we have a time certain to vote on this measure, tomorrow at 5, I put Senators on notice that if they do not come to the floor and offer their amendments within the next half hour or so, I see no point in the Senate remaining in session late. I do not want to cut anybody off. We have waited around most of the afternoon for Senators to present their amendments.

I hope that those who hear me in the Chamber and those who may hear these remarks in their offices, on the communication system, will notify their Members that it is urgent that they come to the floor and offer their amendments; because if those amendments are not offered within a reasonable time, by 6:15 or 6:30, and if we are not going to get other amendments and make good progress, I do not intend to ask the Senate to remain in session late.

I urge all Senators who have amendments remaining to come to the floor and offer them at this time.

Mr. TOWER. Mr. President, I hope we can at least clear up a couple of more amendments tonight. Could we try to get a couple of amendments before we quit?

Mr. BAKER. We are not going to set a time for quitting. I still hope we can stay in session late. But I am not going to keep the Senate in session late just to have quorum calls until the next speaker arrives.

Members will have a problem tomorrow if they do not offer their amendments tonight, because with 15 amendments still on the list, if we go out at 6:15 or 6:30, there is going to be pandemonium tomorrow when Senators try to offer their amendments.

I hope Senators will come to the floor now, or as soon as reasonably possible, and offer those amendments, because it is very difficult to expect the Senate to wait around for that.

I observe that the minority leader is smiling, and all I can say is that all I know about trying to make the Senate perform I have learned from him. [Laughter.]

Mr. STENNIS. Mr. President, while the leaders are here and the managers of the bill are here, they can be very persuasive about these amendments.

There is an amendment by the Senator from New Mexico (Mr. SCHMITT), relating to the MX, in which there is a great deal of interest. It would take some time to argue, but there is a great deal of interest in it, and I think it would go to a rollcall vote if it were called up.

Senator NUNN has an amendment that I do not believe will be complicated, although the language has been difficult to put together, and it is going to have some appeal.

I am bold enough to suggest that if those two amendments are set for tomorrow morning, it will assure that those who have to leave later in the afternoon will be here to vote on those two amendments, which I consider the major amendments.

Mr. TOWER. Mr. President, I will talk to Senator SCHMITT and see if we can get him to act on his amendment at the earliest possible time.

There is also another amendment by Senator WALLOP which is of some significance.

The PRESIDING OFFICER. If Senators will kindly use those microphones, those not in the Chamber cannot hear.

Mr. TOWER. I am hopeful we can dispose of Senator WALLOP's amendment this evening.

Mr. BAKER. Mr. President, I report to the distinguished chairman and ranking minority member that in the course of my frustration this afternoon in trying to get amendments offered I talked, I believe, to every Member on this side whose name appears on the list, and let me make this report if I may.

The distinguished Senator from Wyoming (Mr. WALLOP) is probably going to be in a position to offer his amendment yet this afternoon. I have urged him to

do so, and I believe he may be in the Chamber before very long.

I have talked to the distinguished occupant of the chair and to other Senators associated with the amendment that he may offer, and I hope that that might be possible to dispose of yet this afternoon or this evening.

I have talked to the distinguished Senator from New Mexico (Mr. DOMENICI) and I hope that he might be able to proceed with his amendment as well. I think there is some possibility that the committee might be even favorably disposed to accepting that amendment.

Mr. ROBERT C. BYRD. Mr. President, which amendment is that?

Mr. BAKER. I urge the Senator to come to the Chamber.

Mr. ROBERT C. BYRD. Which amendment is that?

Mr. BAKER. That is the Domenici amendment No. 10 on my list.

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. I urge him to come to the Chamber before something bad happens to that predisposition.

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. And the Senator from Rhode Island (Mr. CHAFEE) is here in the Chamber.

Mr. CHAFEE. I am just here for a colloquy.

Mr. BAKER. I urge him to consider his amendment as well.

Mr. CHAFEE. I am waiting patiently.

Mr. TOWER. The Senator from Rhode Island and I are going to engage in a colloquy.

The Senator from Arkansas is prepared to offer his amendment.

Mr. BAKER. I end my report then with the hope that the Senator from Arkansas might offer his amendment.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. I join the distinguished minority leader in expressing the hope that Senators who have amendments will come to the Chamber and call up their amendments because as the Senator from Tennessee has stated time tomorrow will end at no later than 5 p.m., and if Senators have not called up their amendments by then there will be a crush on the time, and in order that Senators might have adequate time for debate of their amendments I hope that they will take advantage of the hour now. The majority leader has indicated that the Senate could be in late tonight, reasonably late, and on this side of the aisle we have informed Senators of that possibility. Se they are prepared I am sure.

So in order that Senators will have an opportunity to get their amendments up, have adequate time to debate them before the final vote on the measure tomorrow, it would be well if they took advantage of this particular hour today and the Senate could act on an amendment or on amendments.

So I join the distinguished majority leader in expressing the hope that Senators will act accordingly.

I am ready to yield the floor.

Mr. BAKER. Mr. President, I thank the minority leader, and I am especially grateful for his assistance and admonition to all Senators.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. PRYOR and Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. PRYOR. Mr. President, I am glad to yield to my friend from Rhode Island.

Mr. CHAFEE. Mr. President, I have a colloquy that I wish to engage in with the chairman of the Armed Services Committee which will take about 4 minutes.

Mr. PRYOR. I am proud to yield.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

THE 10TH TRIDENT

Mr. CHAFEE. Mr. President, I wish to address these remarks to the distinguished chairman of the Senate Armed Services Committee.

As the chairman knowns my constituents from Rhode Island and my colleagues from the neighboring State of Connecticut are, of course, deeply concerned about the situation involving the partial authorization of the 10th Trident ballistic missile submarine. Electric Boat is the largest private employer in my State and the second largest private employer in the State of Connecticut.

In the committee's report, and I wish to read to the distinguished chairman, it says as follows on page 67 with regard to the 10th Trident:

> The committee is . . . recommending the deferral of authorization for the tenth Trident submarine. The committee is, however, authorizing an additional $75 million for procurement of prefabricated sections and components for this vessel. Authorization of these funds, together with the $207.8 million previously authorized for long-lead items, should insure that this ship could be delivered to the Navy at approximately the same time as if it had been fully authorized in fiscal year 1982. This additional funding will also maintain the integrity of the present work force and subcontractor structure. The committee also recommends a further $35 million for procurement and prefabrication of similar items for an 11th Trident submarine in order to preserve the currently planned submarine construction schedules and achieve economies of scale.

Mr. President, the failure to fully authorize the 10th Trident, as I mentioned, has us deeply concerned and may pose a number of extremely undesirable consequences, such as the disruption in production at the shipyard's two principal facilities, Quonset Point in my State and Groton, Conn., the possibility of layoffs of skilled workers at these sites; and, most importantly, a delay in delivery to the Navy of the Trident ballistic missile submarines.

I ask my distinguished colleague from Texas if it is his understanding that these undesirable consequences are not likely to be experienced?

Mr. TOWER. I thank my friend from Rhode Island for his remarks and the questions he has raised.

Our committee was extremely concerned in its deliberations on the 10th Trident that we not compound the existing problems with the Trident construction program as we took whatever steps were deemed necessary to insure that the enormous sums involved in the *Ohio*-class submarine program were efficiently and wisely managed.

As a result, the committee has provided the funds the Senator has described for the 10th Trident—expressly for the purpose of maintaining the currently planned delivery date for this submarine of May 1988. These funds are to be expended for the procurement of those important components and prefabrication of necessary elements of a Trident submarine normally undertaken at this point in the ship's construction. It was the committee's intention in authorizing these additional funds that work would proceed on the 10th Trident submarine in basically the same way and at the same pace as would have been the case had it been fully funded in fiscal year 1982.

Furthermore, the committee has recommended the authorization of an additional $35 million in long-lead funds for procurement of similar items for the 11th submarine, to permit the realization of economies of scale as materiel for two submarine are bought simultaneously.

The committee feels these steps will insure that the Trident submarine program moves forward at a pace consistent with sound program management and will help to minimize the chance of a recurrence of the many problems which have been encountered in the course of construction of other ships of this class. But most importantly, the committee has been assured by the Navy that, if this level of funding is provided, in the absence of other difficulties, the action taken by the committee should not result in any delay of delivery of the 10th Trident submarine to the fleet.

May I say that if it should happen that we are off the mark on this, I am certainly prepared to go through the supplemental process for any additional funding that might be required.

Mr. CHAFEE. I thank the distinguished chairman of the Senate Armed Services Committee for those remarks.

I ask him one further question.

In the committee report it says in the quote which I read that "this additional funding will also maintain the integrity of the present work force and subcontractor structure." As the distinguished chairman knows, it is absolutely essential in order to get maximum efficiency and the lowest cost in these yards that a consistency in the level of the work force be maintained.

So I ask my distinguished colleague if it is his judgment that the funding which has been provided for this 10th Trident will indeed maintain the integrity of the present work force and the subcontractor structure?

Mr. TOWER. That is certainly the intent of the committee, and I can say to the Senator from Rhode Island that I personally would not want to do anything to jeopardize the integrity of that work force because it is a vital part of our defense industrial base. By the same

token, the Trident program is vital to our national security. Therefore, the committee's intent has been properly read by the Senator from Rhode Island.

Mr. CHAFEE. I appreciate very much those remarks. They are reassuring. I would like to amplify a little bit on the final comment made by the distinguished chairman a few minutes ago regarding the possibility of a supplemental if the funding now authorized proved to be inadequate or incorrect. It is my understanding that the House Armed Services Committee intends to place language in their committee report to the effect that if their projections with regard to the level of this funding proved to be incorrect, then they would expect to use the supplemental authorization process as a means of adding to the moneys currently authorized.

Do I understand that that is the distinguished chairman's intent also, should this situation arise?

Mr. TOWER. Yes, that is my intent and, incidentally, I made that commitment to the Secretary of the Navy personally. I might note further that the contract will not be let until about October 1982 so we will have ample time to act if it is required that we do so.

Mr. CHAFEE. Again I want to thank the distinguished chairman for these remarks. I believe, and it is my hope, that the problems which may have arisen as a result of the decision not to fully authorize the 10th Trident will be taken care of by the committee's decision to authorize a smaller sum of money and to depend on the supplemental authorization process in the event of future difficulties. Again, I thank the chairman.

Mr. TOWER. I thank the Senator from Rhode Island.

Mr. CHAFEE. I want to thank the distinguished Senator from Arkansas for permitting me to intervene.

The PRESIDING OFFICER. The Senator from Arkansas.

UP AMENDMENT NO. 101

(Purpose: Relating to sole source contracting)

Mr. PRYOR. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. PRYOR) proposes an unprinted amendment numbered 101:

On page 53, strike lines 18 through 20 and reletter all subsequent subparagraphs of subsection (b)(2).

Mr. PRYOR. Mr. President, the amendment I have today is an amendment striking subparagraph (F) of section 908(b)(2) which relates to sole-source contracting of the Department of Defense.

This amendment would simply delete one subparagraph that I feel is very detrimental to the spirit not only of good business, but also to the spirit of this whole section 908 that relates to sole-source contracting by the Department of Defense. I think that if this subparagraph remains in the committee bill, if it becomes the law, it is going to open a door that is going to be very large, and we are going to find ourselves basically destroying the intent of the contracting and bidding procedure that should be carried out, even in the Department of Defense.

Under the proposed requirement for contracts in section 908(a) of the legislation, sole-source contracts over $100,000 may only be awarded after: First, notice of intent is published in the Commerce Business Daily; second, expiration of 30 days; third, consideration of bids received during those 30 days; and fourth, a Secretary of Defense designee approval.

Mr. President, section 908(b)(1)—I do not want to get too technical here—provides for a waiver for national security reasons. This section is not the section I object to because I think under certain conditions we do have to impose national security requirements if the Department of Defense is going to run its business properly and keep the defense network of this country strong.

But, Mr. President, where I do find great concern is in section 908(b)(2). It provides additional exceptions, and one of those additional exceptions is 908(b)(2)(F) which provides an exception for:

Procurement of personal or professional services, to the extent that a determination is made that only one source can provide the desired service;

Mr. President, that language, I think, is much too broad. I think this language is going to give the Department of Defense too much leeway in sole-source contracting, especially very large sole-source awards which are given constantly not only by this Department, but by departments and agencies throughout the Federal Government.

I think this exception should be deleted for two reasons: First, there is a substantial problem in this area of contracting, as we have learned from our investigation over the last few years into the Government's use of consulting services, in contracts to purchase personal and professional services. In fact, a recent GAO report, which came out on March 31, 1981, has confirmed the seriousness of these problems at the Department of Defense, and the overuse of sole-source awards.

The second reason why I feel section (F) should be deleted, Mr. President, is because I find this section to be totally inconsistent with the purposes of the entire section 908. Section 908(a) provides very wisely that sole-source awards should be tested by the market, and if a better proposal comes forward, then the Government's interest is served.

Section 908(b)(2)(F) removes the market and returns the authority to procurement and program officials to determine how many sources can provide the service.

I think this section is inconsistent with the spirit of proper contracting, and I think it gives entirely too much leeway for the Department of Defense to award sole-source contracts when it is not in the area of national security matters.

Mr. President, we have also found in this recent GAO report of March 31, 1981, that sole-source awards are the rule rather than the exception. In a study prepared by GAO reviewing several hundred contracts in the Department of Defense, GAO found that 82 percent of the contracts reviewed at random were awarded sole source without any competition whatsoever. The primary factors cited by GAO in this particular situation were—and I will list three of those—continuous contractual relations; second, large numbers of unsolicited proposals; and third, the involvement of former employees in contract performance.

The fact that 82 percent of the contract awards were sole-source awards is, I think, a very sad commentary on DOD's commitment to cost minimization, and I consider it, and I think many of our colleagues consider it, to be a great disservice to all taxpayers, especially when it has been stated that an average of 20 percent of a contract's cost can be saved by competition, and 20 percent at DOD represents a substantial amount of taxpayer money.

When we see these facts and these figures, Mr. President, it gives me great concern that section (F) appears to be left in this particular legislation authorizing Department of Defense appropriations.

If this section remains in the legislation I think it will really take the lid off contracting by DOD; it will give them a blank check to get around the requirements relating to sole-source contracting.

In fact, Mr. President, I think if section (F) remains we are not going to have very many competitive bids in the Department of Defense because this section is a hole big enough, I think, to drive a Mack truck through.

We have the provision in there, once again, Mr. President, that would protect our national security interests, and that designation, of course, would come from the Secretary of Defense, and I have no problem whatsoever with that section. But it is section (F) that I attempt to eliminate with this amendment, and I certainly hope my colleagues will look favorably upon this attempt to save the taxpayers what I believe to be millions and millions of dollars.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BAKER). Without objection, it is so ordered.

Mr. PRYOR. Mr. President, I believe my amendment is pending at this time. I want to introduce a clean amendment, changing a few words. I ask unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER (Mr. ARMSTRONG). Unanimous consent is not required. The amendment is withdrawn.

UP AMENDMENT NO. 102

Mr. PRYOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. PRYOR) proposes an unprinted amendment numbered 102.

On page 53, line 19 after "ices," insert the following: "in an amount less than $500,000".

Mr. PRYOR. Mr. President, basically, what this amendment does is to help restrict the number of sole-source awards in the area of personal and professional services that the Department of Defense can authorize and can implement.

I would like to say, Mr. President, that in the last several moments we have had the total cooperation of the distinguished chairman of the Armed Services Committee, Senator TOWER, and his staff in working out the change in this amendment.

Mr. President, I would also like to state to my colleagues that the chairman of the Armed Services Committee, Senator TOWER, has also acknowledged the need to tighten up in this particular area of sole-source contracting, and that he will hold hearings later in this session of Congress relative to this specific issue.

I want to say how grateful I am to the distinguished chairman for that accommodation. I think it will be something most worthwhile. I hope the chairman will notify me when such hearing does occur.

Mr. TOWER. Mr. President, I would like to confirm what my distinguished neighbor from Arkansas has said. It is our intent to hold hearings on this matter. We certainly welcome the suggestions of the distinguished Senator from Arkansas who has maintained an intense interest in this matter, I believe ever since he has been in the Senate. I believe he started getting into this matter on the first day he was here.

We are all aware of his good work in this area. We look forward to cooperating with him when the time comes.

Mr. PRYOR. Mr. President, if the chairman would allow me, I would also commend Senator LEVIN, who has done a great deal of work on this entire section 908, which relates to the awarding of sole-source contracts. Senator LEVIN has taken an intense interest in this area, as has the distinguished chairman of the committee.

I also commend the ranking minority member, Senator STENNIS of Mississippi. He has done a magnificent job in bringing this to our attention once again and accommodating us in the effort to tighten up on some of these contracts that not only the Department of Defense is awarding on a sole-source basis but, of course, are awarded throughout the entire Federal Government.

I thank my distinguished colleague for accommodating us.

Mr. TOWER. Mr President, I am prepared to accept the amendment of the Senator from Arkansas. I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I think the alterations which have been made here are helpful and highly desirable in this section of the law. I am glad to support the amendment.

The PRESIDING OFFICER (Mr. CHAFEE). The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (UP No. 102) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PRYOR. Mr. President. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WALLOP. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 103

(Purpose: To authorize $30 million for the Air Force and $20 million for DARPA for space-based laser weapons research and to direct the Air Force to establish a Program Management Office and to provide a detailed systems definition report to the Armed Services Committees)

Mr. WALLOP. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wyoming (Mr. WALLOP), for himself and Mr. Schmitt, proposes an unprinted amendment numbered 103.

Mr. WALLOP. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 22, line 10, strike out "$9,130,100,000" and insert in lieu thereof "$9,160,100,000".

On page 22, line 11, strike out "$1,935,550,000" and insert in lieu thereof "$1,955,550,000".

On page 28, after line 25, insert the following new section:

SPACE-BASED LASER WEAPONS

SEC. 207. The Secretary of the Air Force shall establish a Program Management Office for air-borne and space-based laser weapons programs. Such office shall conduct a detailed systems definition of the space-based laser weapons program which shall include costs, schedule, and identification of risks. Upon completion of the systems definition study, the Secretary shall submit a report to the Committees on Armed Services of the Senate and the House of Representatives containing the results of such study.

Mr. WALLOP. Mr. President, I ask unanimous consent that, in addition to Senator SCHMITT, the names of the following Senators be added as cosponsors of this amendment: Senators WARNER, GOLDWATER, SYMMS, EAST, HELMS, HATCH, ARMSTRONG, DOLE, LAXALT, SIMPSON, INOUYE, HAYAKAWA, and TOWER.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WALLOP. The amendment that is at the desk represents a compromise on the part of Senators TOWER, WARNER, SCHMITT, and myself to try to accelerate the program to build a space laser weapon, and to accentuate the consciousness of the U.S. Defense Establishment with regard to the need for laser weaponry.

The committee did not decide what to do about laser weaponry. It purposely left this question for the full Senate to decide.

In addition to my cosponsors, many others in this body feel that we should put a laser weapon in space as soon as possible.

We in this body are not alone in thinking a laser weapon should be rushed to completion. President Ronald Reagan has expressed a similar wish to two Members of this body: Senator TOWER and Senator SCHMITT.

We learned from a four-column headline in the Washington Post on December 26, 1980, that President-elect Reagan "expressed a strong interest in the possibility of developing a laser defense against ballistic missiles attack." I have written to the President, asking him to reaffirm his position. But due to the press of time and other matters, we have not yet had a direct response and must rely on the newspaper reports of his favorable reaction to it.

The reason President Reagan reportedly gave for favoring space lasers is precisely the reason I gave this body last year when I proposed an amendment nearly identical to this. The importance of ballistic missiles defense: the Government of the United States does not now have either the intention or the means to protect the American people in case of missile attack. Even the worst detractors of laser weaponry agree that laser weapons—of the type we know how to build—based in space could destroy any missiles the Soviets have ever built or now know how to build. This Government owes it to this country's citizens to try its utmost to protect their lives. Therefore, in the name of our cosponsors, and of the President, I urge my colleagues to make a commitment to the goal of space laser defense, and to authorize the money to back up that commitment. The moneys represented by this compromise are a token of that commitment.

The original amendment that I had proposed to offer was an advanced and cohesive program to support both DARPA and the Air Force in order to accelerate the development of these weapons as soon as possible. The original amendment sought $250 million. By compromise we have now scaled back that request to around $50 million. I happen to think that is too little, but I think it is better to have a commitment and a token amount than to leave the question lie for another year.

The goal of space defense is within our grasp—if we will seize it. Unfortunately it is also within the Soviet Union's grasp, and we know that while we are not doing our utmost to seize it, they are. Last year the New York Times quoted a national intelligence estimate to the effect that

the Soviets were expected to test a laser weapon in orbit by the middle of this decade. As of today our own space laser program still aims at a possible on-orbit demonstration by as far out as 1992. Unless Congress mandates otherwise, the bureaucracy, true to its habits, will stay on this course—until of course the Soviets actually put a laser in orbit. Then there will be a commotion bigger than the one which followed the launching of Sputnik almost 24 years ago. But by that time we may well be too far behind in this vital field.

And the public will take great umbrage at a body which had knowledge of the advanced state of this technology and decided on a political basis not to develop an accelerated program, knowing that we had that option laid in front of us.

By the time a Soviet weapon would be orbited certain choices before us will be terribly unpleasant. Seymour Zeiberg who was one of the Carter administration's great detractors of this concept nonetheless felt that if the Soviets were to put such weapon in space the only thing we could do is to shoot it down.

I fail to understand why we would risk going to war to destroy a weapon when we can shoulder a much smaller risk and indeed orbit our own in advance of the Soviet weapon. Our technology is in my estimation that far advanced.

The other option we would have in addition to shooting it down is simply to acquiesce to Soviet dominance in space, an equally unlikely and unpalatable concept.

But today we have a much better choice and another one, and that is to build our own laser system as fast as possible in the hope of being there first or at least not far behind.

It is possible for this country to meet or beat the Soviets' schedule in space laser weaponry. Indeed, high technology is this country's great strength. All experts agree that in order to kill a liquid-fueled missile—made of aluminum—a chemical laser of the type we propose building must deliver some 200 to 600 joules per second. To do that at a range of 3,000 to 5,000 miles the laser must put out at least 5 megawatts of power. Well, the laser, the building of which we want to accelerate, was designed to put out 5 megawatts of power. But, along the way, so many improvements have been made that the engineers working on it confidently project that it will put out perhaps double that amount of power.

To kill a missile 3,000 to 5,000 miles away, plain mathematics says that one must be able to point the weapon to an accuracy of two-tenths of a millionth of a degree. But I have seen with my own eyes a machine that routinely does much better than that. To kill a missile 3,000 to 5,000 miles away with a chemical laser one must focus the beam with a laser-resistant mirror at least 4 meters in diameter. There has never been any doubt about our ability to build such a thing. Most of the research has gone into ways of doing it more cheaply and with a set of materials far more easily manageable than glass. The research has paid off to the point that a major aerospace company has proposed a fixed-price contract for delivery of a segmented 10-meter laser mirror in 5 years.

The point I am trying to make here is that we are at a crossroads in this country. We have spent money, dollars after dollars and billions and billions, for weapons whose only consequence is to kill people. Now we have within our capability the possibility of developing weapons whose only real role in the world is to kill the things that kill people.

The American public might be well distressed to find out that all the billions and billions we spend on defense provides us with no defense but only offense. On the other hand, this is an opportunity to put into space a laser weapon to destroy the things that do damage to our people. Here we have the chance to make a commitment to the American people at last to try to defend them against some of the horrors of the nuclear holocaust. To do less than this is an irresponsible act.

Those who have opposed the accelerated development of laser weapons cite the risk. When you ask them the risk, the risk is that there would be a few dollars spent that might not be retrievable. But no one talks about the other risk, the risk of not being able to get there and not being able to defend our people against the kinds of attack that we know is within the technical capability of the Soviets to mount.

The lasers which we propose to build with this money are not going in space to melt down Moscow, Kiev, or Leningrad or anything else in space. The only and sole function they will have is to destroy missiles as they leave the atmosphere of the Earth and enter space.

Space is the ideal environment for a laser weapons system. It has so many advantages over the earthbound, too numerous to enumerate here. Also, the system that I have proposed in the "Dear Colleague" letter which Members have, could provide us with a significant capability for air defense. This would not be a partial defense, but a significant ability to eliminate long-range aircraft as threats to the people of the United States. In addition, even a few laser stations in orbit would begin to attenuate the missile threat, sea launched and land launched as well.

So in my offering this amendment I wish to thank Senator WARNER, Senator TOWER, and Senator SCHMITT for working with me to achieve at least this minimal acceleration over the proposals that were there.

In the year's time that this budget will be in operation, I hope that the Defense bureaucracy will have come back to us fully more ready to make recommendations in the ultimate interest of the defense of the United States than they have hitherto made.

My own disappointment is that we were not able to get our recommendations out and under consideration fast enough to go the full route that we originally proposed.

I understand where we are now. My disappointment is tempered by the fact there has been good-faith bargaining on the part of the managers of the bill, both the majority and minority, and I hope that the Members of the Senate will see fit to add this most important contribution to the defense of the United States.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. WALLOP. I am happy to yield to my colleague from New Mexico.

Mr. SCHMITT. Mr. President, I do not think there are words enough to compliment the distinguished senior Senator from Wyoming for his initiatives and efforts along this line, which is not just a technological initiative but is one of the most fundamental philosophical initiatives to be taken by anyone in the U.S. Senate in matters related to the defense of the United States and, in fact, the defense of mankind, because what he is dealing with is an alternative to what Sakharov, the famous Russian dissident, has referred to as essentially the insane policy of holding innocent hostages in order to prevent war.

What the Senator from Wyoming and this Senator and many others are increasingly aware of is that the technological revolution through which we are passing is providing new strategic policy options that, as the President himself fully recognizes, will in the not too distant future make it possible to make weapons of mass destruction obsolete, to provide a strategic policy option based on the principles of the protection of human beings rather than their mass destruction.

Clearly a major component of this technological revolution that bears on this matter is that of laser weapons technology in the broadest sense of that expression as it relates to spaceborne and airborne systems, and as it relates to the very broad base of space transportation technology we have seen so spectacularly and flawlessly demonstrated in the last month with the flight of the spaceship and the aircraft combined named *Columbia*.

When one puts in a general intuitive way all of these new technological efforts, which have been amazingly preserved in a declining defense budget over the last few years, one begins to see at least intuitively that we are on the verge of the kinds of technological policy breakthroughs that the Senator from Wyoming is referring to.

However, if I would pick one thing that has been lacking it is an administration up until now that fully perceives the opportunity in front of mankind, and certainly in front of the United States of America, and has laid out in a systematic way, in a way that we are more than capable of doing, a program by which we get from here to that time in which truly all mankind will be better served than it is today by the proliferation of weapons of mass destruction.

So the amendment, the compromise amendment, that has been agreed to, I think, although the funding level is not where the Senator would desire or even feel that could be absorbed within the current technological efforts, does take another step that is extremely important, and it directs the Department of Defense to prepare the kind of program

plan that has been lacking that makes it so difficult for the committee of jurisdiction as well as the Senate as a whole to know in their own heart that these funds can be well spent and are aimed at a conclusion and not just a continuing and indefinitely advancing certain technological initiatives.

I can tell you in my own home State of New Mexico, the center of the laser weapons for research by the Air Force and a locus of a great deal of the laser weapon research being done by the Navy, that great progress is being made, remarkable progress.

The test program for the airborne laser system is on schedule, is doing very well, and the test objectives are being achieved in each test.

I expect that to continue, and under the proposal of the Senator from Wyoming I think can be accelerated.

Mr. President, this is an extremely important initiative, and I hope at this time next year we will be in a position not discussing this issue on the Senate floor and in the cloakrooms but having persuaded and having them persuade themselves on the Armed Services Committee that, indeed, this is the direction that we must proceed in.

Mr. TOWER. Mr. President, as has been indicated, this amendment has been worked out, I think, in a spirit of goodwill with all of us appreciating the objectives of Senator WALLOP's amendment. Again I want to join others in commending him for all of his intense efforts on this. He has worked on this for a long time and devoted more effort and energy than anyone else in the Senate on this particular issue, and I think we all owe him our thanks for that.

In that it has been worked out, we are prepared, or I am prepared, certainly to accept it, and I believe that Senator STENNIS has been consulted. I might say that there will be a rollcall vote on this matter so I would suggest if we could bring the debate to a conclusion fairly early Senators can have some idea of when to call their wives and tell them to put the soup on.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. What evidence does the Senator have now or of what official approval in backing and in money from the Department of Defense or some agency of Government? Just go over that brefly, please.

Mr. WALLOP. Well, I have been a visitor to many of the space contractors that have been working on the various segments of this weapon. We have had other conversations with the defense plants.

Mr. STENNIS. Pardon me, I mean it is not in the budget, as I understand, but do you have some evidence or assurance from some Department of Defense——

Mr. WALLOP. We have had conversations with the Defense Science Board.

Mr. WARNER. Mr. President, if the Senator will yield I can answer the question.

Mr. STENNIS. The RECORD ought to show it.

Mr. TOWER. Mr. President, if the Senator will yield, we cannot put everything in the RECORD because there has been some classified information transmitted to us, but we will try to assure the Senate.

Mr. WARNER. Mr. President, if the Senator will yield, the space-based laser task force headed by Dr. Foster has considered the precise issues presented by Senators WALLOP and SCHMITT.

The head of it, Dr. Foster, met with me and with Senator WALLOP and others several days ago, at which time we basically defined the parameters of a program designed to meet the objectives as set forth by the Senator from Wyoming.

I ask unanimous consent that a certain paragraph that I have marked here be printed in the RECORD, which describes basically Dr. Foster's viewpoint with respect to the program, and also a memorandum containing my own points.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

In our view, it is too soon to attempt to accelerate SBL development toward integrated space demonstration for any mission, particularly for ballistic missile defense. We do find good progress, and promise that SBL will prove to be of use for some missions. All of these require further R&D, and a push toward integrated on-orbit demonstrations would seriously endanger this necessary work. Finally, we feel that the Services should be more strongly involved, and particularly that the Air Force should be in charge of space component experiments, such as TALON GOLD. A great deal of mission analysis and full systems study must be done, in concert with technical developments, before we will know the potential for accomplishing SBL missions; we strongly suggest that these be performed by competing teams, again with Service involvement.

SPACE-BASED LASERS

High energy laser weapons research has received extensive funding in the last two years and lasers will inevitably be deployed as weapon systems in the near future.

Space-based ballistic missile defense has captured much public attention but the earliest applications for high energy laser weapons are likely to ground- and air-based.

In the 21st Century directed energy weapons such as space lasers are almost inevitable, but achievement of an effective space-based ballistic missile defense system is far more difficult and expensive than the most extreme enthusiasts admit.

Numerous technical, doctrinal and weapon systems difficulties need to be resolved. Concerning the space-based BMD mission, critical deficiencies in our ability to determine technical feasibility exist in laser power optics, pointing and tracking, integration and beam control, laser lethality, fire control size and weight constraints, field availability/vulnerability and cost and cost effectiveness. For the least demanding space-based missions of ASAT and DSAT laser power and optics present major uncertainties as to technical feasibility but not critical deficiencies.

In FY81 the SASC requested a space laser feasibility study. That study was conducted by the Office of the USDR&E, reviewed by Bill Perry and Dick DeLauer, reviewed again by a Defense Science Board appointed by the Reagan Administration. The Defense Science Board has concluded that the potential utility of space-based lasers is significant and that an average of $50 million per year should be added to the space-based laser program. However, the DSB concluded unanimously that it is too soon to attempt to accelerate space-based laser development towards integrated space demonstration for any mission, particularly for ballistic missile defense.

Concerning space-based laser options, the space laser study considered four options:

(1) Continue present program.

(2) Across-the-board increase in technology investment.

(3) Early space demonstration of concept plus additional advanced laser research.

(4) Restructured program to deploy ruggedized, weaponized prototype of limited capability space laser weapon by end of decade.

The Defense Science Board's conclusions support a program between Options 1 and 2. That is, address most critical technology concepts first to determine feasibility and approach.

The Defense Science Board concluded many attractive space-based laser missions such as ASAT and air defense can be performed more cheaply by other technologies such as miniature homing devices and ground-based lasers.

Commitment to Manhattan-type projects or maximum acceleration requires commitment to chemical lasers when shorter wavelength lasers such as eximer lasers may offer far more cost effective approaches only a few years later.

Once technical problems for space-based BMD lasers are resolved tremendous systems and operational considerations remain. For example, space laser sensors and weapons are vulnerable to the measure/countermeasure syndrome.

Some advocates have suggested that space lasers will make offensive weapons obsolete thus providing a new arms control regime. In fact offensive and defensive weapons always work together and in this case adversaries, unwilling to live without an offensive capability, would undoubtedly plan to attack space lasers with ASAT systems including other space lasers so as to free their offensive forces.

First space laser deployments will have a powerful psychological effect, but are likely to have less revolutionary military effect for some years to come. However, it should be recognized that the other technologies for space warfare will arrive long before space lasers are deployed.

Mr. WARNER. So I wish to assure the distinguished Senator from Mississippi that we have been in consultation with the Department, there is documentation in the RECORD. It is for that reason that the chairman of the committee has indicated that the committee desires to incorporate it in the legislation.

Mr. STENNIS. Well, that puts it in the RECORD to that extent, and I accept that. I want the Senator from Wyoming to hear this. You have been in all these negotiations and you have got a figure now. What are you asking for?

Mr. WALLOP. The figure now is $50 million.

Mr. STENNIS. I see. Very well. I believe I have some other questions, Mr. President, but I look with favor on this project, as I understand it.

Where are you going to get the money though? Let me ask the chairman, Senator TOWER, where is it going to come from in the bill? Are you going to make room for it somewhere else?

Mr. TOWER. We have had some discussions on this. We believe we can identify some areas. We have also discussed

this with DOD so we can identify areas where we can achieve offsets so that we can keep our bill under the budget mark.

What I would like to do at some point tomorrow is to discuss with the distinguished former chairman of the committee some of these offsets, and we will probably come in with an amendment later in the consideration of the bill that will keep us under the budget amount.

Mr. STENNIS. I thank the Senator. I like the project. I think there is justification for it. I am willing to support it. I feel that I can speak for the others, although if others show up on this side who are opposed to it they can freely express themselves.

Mr. WALLOP. I thank the Senator.

Mr. President, I ask unanimous consent that Senator COHEN be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. And Senator GARN, I think, is already a cosponsor of the amendment, but I ask unanimous consent that he be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. I ask unanimous consent that two pages of my "Dear Colleague" letter or four pages of the letter which I sent around be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. WALLOP. I ask unanimous consent that the Senator from Rhode Island (Mr. CHAFEE) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

[EXHIBIT 1]

EXCERPTS

Let me explain in detail what the amendment I was to have proposed was about.

DESCRIPTION OF THE AMENDMENT

The additional money would be spent as follows:

DARPA

$60 million—to accelerate and redirect the main ongoing space laser programs for cylindrical chemical lasers, pointer trackers, and large optics, in order to achieve space-qualified hardware by FY 1985.

$45 million—to accelerate the following efforts, which are currently barely funded: (a) develop computers and software for c³ and fire control, (b) develop sensors for acquisition of targets using ongoing DARPA and Air Force programs, (c) large, segmented adaptive metal-carbon-silicon mirrors, (d) advanced resonators, and optical coating facilities, and (e) development of follow-on advanced, high-brightness chemical lasers.

$40 million—to accelerate development of free-electron lasers, excimer lasers, X-ray lasers, and visible lasers.

$7.5 million—to fund DAPRA's role in sub-scale and full-scale testing of ballistic missiles and strategic aircraft (with and without countermeasures) to determine the precise interaction between lasers and targets.

Subtotal—$152.5 million.

Air Force

$7.5 million—to fund the Air Force space division's role in sub-scale and full-scale testing of ballistics missiles and aircraft (with and without countermeasures) to determine the precise interaction between lasers and targets.

$40 million—to fund efforts subsequent to the current SITT to integrate the elements of the DARPA triad into battle-capable system, leading to a design decision as early as practicable.

$30 million—to design and develop a battle management system for space-based lasers, ground support systems, and the means by which the laser spacecraft will interact with the launch vehicle.

$20 million—to initiate design for measures to enhance the survivability of space lasers, including preparation for underground testing for nuclear effects.

Subtotal—$97.5 million.

WHY THIS IS NECESSARY

By all rights, the Department of Defense should have asked for this money and this authority. The fact it did not is a reflection of a historic bias built into bureaucracies against doing new things. In recent years, the tendency in DOD has been to drag out innovation, to be terribly careful, to study problems to death. (The MX is a perfect example. We started talking about a 10 warhead counterforce missile in 1966, about the time the Soviets started on the SS-18. The SS-18 was fully deployed last year. Our MX may make it in 1990, by which time many say it will be obsolete.) In our defense establishment there is also a long-standing bias against defensive weapons. For fifteen years, our national strategy has been Mutual Assured Destruction. We have intentionally avoided doing anything serious about the Soviet Union's ability to wreak destruction on the United States. Ten years ago we had a good, though imperfect, ABM system. Instead of expanding and improving it, we abandoned the field. Today, antiballistic missile technology is much, much superior to what it was ten years ago. Today also there is solid evidence that the Soviet Union is doing everything it can to prepare for fighting, surviving and winning a war. Its programs in ABMs and lasers are several times as big as ours. It makes no sense for us to persist in our foolish concentration on spending money to kill Russians while wholly neglecting preparations to save American lives in the event of war.

The bureaucracy, true to form, is dragging its feet on this matter. But this should not deter us from doing our duty.

HOW SPACE LASERS WOULD WORK

If our laser satellites could hover over the Soviet missile fields and the submarine patrol areas, only a few would be needed. But since they must orbit the earth, we must put into space enough satellites so that at any given time the right number will be in the right position. What that number is depends on how much protection we want, and on the actual power of the lasers we actually put into orbit. (We can afford to discuss openly what satellites of any given power would do. Of course once we determine precisely what we will do, we should exercise the greatest secrecy about the lasers' actual capability.) For example, as few as four "primitive" 5 megawatt/4 meter lasers would destroy every single long-range bomber launched against us, and a significant proportion of Soviet submarine-launched ballistic missiles. But they could only kill some 50 ICBMs. Twenty-four 5/4s would give us protection against just about all SLBMs, protection against all SS-18s, plus a few other missiles. But twenty-four ten-megawatt, ten meter lasers would kill Soviet ICBMs—even assuming they were twice as hard as they are—at a rate of two per second. That would mean that we would kill one thousand boosters during a coordinated 5-minute launch (plus 250 second burn time). If Soviet missiles are made like normal liquid fueled missiles, that is, painted or anodyzed aluminum, we would get them all.

Chemical lasers work best in space. The laser light is produced by a chemical reaction (no external power is needed) under extremely low pressure. On earth we need huge machines to create such an environment. In space it is there for free. Also, in space there is no turbulence to affect the perfect stillness the platform needs for accuracy, and no impediment whatever to the beam which, of course, propogates at the speed of light.

WHEN WE CAN EXPECT RESULTS

As with anything new, there are no facts concerning final completion dates, only projections. Moreover, almost everything depends on how hard one tries.

Recall the Ballistic Missile Program of the late 1950s and early 1960s. In those days the U.S. government did things differently. The technical unknowns were far greater then than they are now in the case of space lasers. Yet the first Thor squadron and the first Polaris boat were in operation respectively three and a half and just over four years after contracts were let. The moon program, a much more complex thing, took eight years.

Today, DARPA's very cautious estimate is that the first weapon could fly by 1987. People in industry who are familiar with the ways things used to be done believe we could squeeze a year or possibly more out of that. At that point we might have a five megawatt laser or a ten megawatt laser, or somewhat more, or—though unlikely, somewhat less. We could have a four meter mirror or a ten meter mirror. The technology is that far along.

The worst detractors, the people in DOD who have been fighting against accelerating laser weapons, estimate that a fleet of ten megawatt, ten meter lasers could be in orbit in fifteen years. I believe ten or eleven years is more likely, but only if we really work at it.

COST

Last year DARPA estimated the total cost of the first 5/4 laser battle station at $2.2 billion. Today, I understand a study done by a group headed by the opponents of the system cites $5 billion. I do not think the truth lies in between. Last year the chief opponent, Dr. Seymour Zelberg, handed me a similar cost estimate, based on an incompetent method—comparing the weight of the proposed lasers with the weight and cost of other high-technology satellites. But 40% of a laser's satellite weight can be cheap fuel. A significant percentage will be relatively cheap structures, and not-prohibitively-expensive optics. Highly expensive electronics will form the smallest part of the system. I will stick to the $2 to $3 billion range. By the way, one can tell the intentions of the DOD bureaucracy by noting that they quote the scary cost of $50 billion for the system's whole "life cycle." We do not quote the price of a submarine that way. If it costs a billion to develop it and buy it, that is what it costs. If we start adding in the salaries of maintenance workers twenty years from now we are talking about something else.

ARGUMENTS

There is no argument about how space lasers would affect the ABM treaty. That treaty states explicitly that when weapons based on "other physical principles" "are created", the U.S. and the Soviet Union will discuss how they might be limited. We are only obliged to talk.

The detractors in the defense bureaucracy (like the Englishmen who argued against radar almost a half century ago on the ground that "the bomber will always get through") believe that the Soviets could always insulate their missiles against laser radiation. They admit that the lasers we are building could destroy any missile the Soviets have already built or are now planning to build. But they suggest that we not build lasers until we can build them powerful enough to destroy missiles 100 times as hard as the Soviet's missiles are now. Well, simple

insulation will not work. Recall how the insulation on the shuttle fuel tank ripped off in flight. As for building missiles out of the same materials that warheads are made of, let them try. I doubt they will succeed. But if they do, I hope we will have developed better lasers by then. And even if somehow we have not, we will have made obsolete the Soviet Union's strategic rocket force which has taken that poor country one generation of hard labor and privation to provide. That alone would be worth the cost.

However, the main reason for building space lasers is that they are purely defensive weapons we need to safeguard our lives and homes. We know the Soviets are working harder than we are on lasers. We dare not let them win.

Mr. WALLOP. Mr. President, I am prepared to yield the floor.

Mr. HAYAKAWA addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. HAYAKAWA. Mr. President, I would like the privilege of asking the Senator from Wyoming and the Senator from New Mexico some questions about this development that is being encouraged by this appropriation and this program.

It is often said that the answer to problems created by technology is more technology. According to the descriptions of this new laser technology, as described to me by Senator SCHMITT and Senator WALLOP, this is really not a weapon to be directed against human beings or human construction and human buildings, so much as a weapon directed against other weapons, is it not?

Mr. SCHMITT. The Senator from California is entirely correct and, certainly, philosophically, it makes a lot more sense than what we have been doing.

Mr. HAYAKAWA. That gives me a great sense of relief. I have not had this laser weapon described to me, but it is kind of a mistake in calling it weaponry, because you think of weaponry as something you use against human beings. Essentially, it is a weapon to be used against other weapons, weapons of the second order and, therefore, it is not a weapon at all in the first sense of the word "weapon," is that correct?

Mr. SCHMITT. Yes; the Senator is far more able at semantics than the Senator from New Mexico, who is somewhat more at home in the language of rocks. But he is exactly correct.

I do not know what the right term is, but it is a defensive weapon. These kinds of systems are designed primarily to make obsolete the principal weapons of mass destruction. Now, that does not mean that some of those weapons of mass destruction might not be carried in manned craft, such as airplanes, as they are today.

But, nevertheless, the intent is far more in the direction the Senator from California describes than what has been the intent of the weapons produced under a policy that is commonly referred to as "mutually assured destruction," which is the son of massive retaliation.

Mr. HAYAKAWA. And the whole concept of mutually assured destruction always seemed to me, as the initials imply, M-A-D, as mad; total madness.

But I wonder if it is not my obligation to put my semantic mind on the question of a new terminology to describe an antiweapon weapon?

Mr. SCHMITT. Mr. President, I hope that the Senator can come up with a word other than "weapon." I think that would be very helpful.

Mr. HAYAKAWA. Because, if I may call attention to journalistic labels in this respect, the headlines can very well say that another more sophisticated weapon is being authorized by the legislation, which I have had the honor to cosponsor, and, therefore, I think we should use a term such as "antiweapon weapon" to describe exactly the purpose of this laser technology.

Mr. SCHMITT. The Senator is correct. I hope that this dialog has helped others to understand what we, and particularly the Senator from Wyoming, are trying to embark upon is a whole new framework in dealing with the problems of national defense and, in fact, the defense of mankind.

Mr. HAYAKAWA. I thank the distinguished Senator from New Mexico for helping to clarify this whole concept to me.

Mr. WARNER. Mr. President, will the Senator from California yield?

Mr. HAYAKAWA. Yes, I yield the rest of my time.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I would not want our colleagues to come to the floor under any misapprehension. This is a weapons system which can be used offensively and defensively and human life can be lost as they use it. Let there be no mistake about it.

Mr. SCHMITT. If the Senator would yield, I think the point the Senator from California is trying to make is that it is not a weapon that is directed against large numbers of people; it is not a weapon of what one would call mass destruction. That is not its intent and design. And certainly in that regard he is correct.

The Senator from Virginia is also correct in that some weapons of mass destruction are carried by manned craft and everybody should be aware of that.

Mr. WARNER. Mr. President, if the Senator will yield, this is in the research and development stage and at this time the full extent of it cannot be judged.

PLANNING FOR THE FUTURE

Mr. DOLE. Mr. President, the Senator from Kansas supports this amendment because it addresses the long-term problems our national security must deal with and will provide the future flexibility that will give us options when it comes time to make the kind of difficult and costly decisions we face this year. This amendment would add to the total DOD budget, but the Senator from Kansas has supported it on the assurance that this cost will be offset by other items in the DOD authorization bill to be worked out by the distinguished chairman of the Armed Services Committee, and that the administration will be including this program in the next budget request for follow-on years. The space laser is a technologically sound system that can be made available by the end of the decade at enormous and positive implications for our strategic posture.

The proposed amendment would allow a greater coordination and better development of ongoing laser and space-related programs. It looks toward a system that would place lasers into orbit, under the most basic scenario as few as four primitive 5-megawatt lasers, which would destroy every single long-range bomber launched against the United States and a significant proportion of Soviet submarine-launched ballistic missiles. If a system using 24 10-megawatt lasers were employed, it would kill Soviet ICBM's—even assuming that they were twice as hard as they are now—at a rate of 2 per second. Such a capability would make nuclear ballistic attack much more remote, and would go a long way toward ending a senseless missile arms race.

Laser systems placed in a space orbit have significant advantages of reliability and performance. Chemical lasers work best in space. The laser's light is produced by chemical reaction under extremely low pressure. In space there is no turbulence to affect the perfect stillness that the platform needs for accuracy, and no impediments to the speed-of-light beam. For the same system on Earth to create such an environment, huge and enormously expensive machines must be used.

Time and cost are essential questions. The defense advanced research projects agency (DARPA) estimates that the first 5 to 10 megawatt laser with a 4 to 10 meter mirror weapon could fly by 1987. To develop and purchase the first "5/4" laser battle station, DARPA estimates that that cost will be $2 to $3 billion. The Department of Defense estimates a whole life cycle cost of $50 billion for a fully deployed system.

SOVIET LASERS DEVELOPED

Today, there is solid evidence that the Soviet Union is doing everything it can to prepare for fighting, surviving, and winning a strategic ballistic missile war. Its programs in ABM's and lasers are several times as big as our own. There is even some indication that they may have developed an operational land-based laser weapon capable of putting low-orbiting U.S. spy satellites out of action.

Ten years ago the United States had a good, though imperfect, ABM system; instead of expanding and improving it, we abandoned the field. Today, antiballistic missile technology is much more superior to what it was 10 years ago. Yet, our practical capabilities are severely limited by our failure to keep our ABM current. The devices that will generate the laser power and the pointing devices are being built and are exceeding technical expectations. The lasers being proposed can shoot down any current or planned Soviet missiles. Today, the political situation is changed. President Reagan has spoken favorably of

space lasers. Twelve of the 52 Senators who opposed this amendment last year were swept away in President Reagan's mandate last November.

It is time for this country to move ahead with the research, development, and planning for the modern systems we will require over the long term. If we do not make efforts for logical contingencies and systems flexibility now, we will be faced with huge catchup costs, fewer options, and serious weakness to our national security posture in the future, just as we find ourselves today after years of procrastination and delay over the B–1 bomber, the MX, Trident, and other national security proposals.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming (Mr. WALLOP). The yeas and nays have been ordered and the clerk will call the roll.

Mr. BAKER. Mr. President, before the first name is answered, there will be no more rollcall votes tonight after this one.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New York (Mr. D'AMATO), and the Senator from Maryland (Mr. MATHIAS), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), and the Senator from Lousiana (Mr. JOHNSTON) are necessarily absent.

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 91, nays 3, as follows:

[Rollcall Vote No. 115 Leg.]

YEAS—91

Abdnor	Glenn	Moynihan
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Bentsen	Hatch	Pell
Biden	Hawkins	Percy
Boren	Hayakawa	Pressler
Boschwitz	Heflin	Pryor
Bumpers	Heinz	Quayle
Burdick	Helms	Randolph
Byrd, Harry F., Jr.	Hollings	Riegle
Byrd, Robert C.	Huddleston	Roth
Chafee	Humphrey	Rudman
Cochran	Inouye	Sarbanes
Cohen	Jackson	Sasser
Cranston	Jepsen	Schmitt
Danforth	Kassebaum	Simpson
DeConcini	Kasten	Specter
Denton	Kennedy	Stafford
Dixon	Laxalt	Stennis
Dodd	Leahy	Stevens
Dole	Levin	Symms
Domenici	Long	Thurmond
Durenberger	Lugar	Tower
Eagleton	Matsunaga	Wallop
East	Mattingly	Warner
Exon	McClure	Weicker
Ford	Melcher	Williams
Garn	Metzenbaum	Zorinsky
	Mitchell	

NAYS—3

Hatfield	Proxmire	Tsongas

NOT VOTING—6

Bradley	Chiles	Johnston
Cannon	D'Amato	Mathias

So Mr. WALLOP's amendment (UP No. 103) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 104

(Purpose: To adjust funds authorized for certain purposes and to authorize the Air Force research and development account to be credited with $60,000,000 realized from the foreign sale of aircraft)

Mr. TOWER. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 104.

Mr. TOWER. Mr. President, I ask unanmious consent that reading of the amendment be dispensed with, and that the Senate may proceed to consider the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 22, line 9, strike out "$6,155,001,000" and insert in lieu thereof "$6,163,401,000".

On page 22, line 10, strike out "$9,160,100,000" and insert in lieu thereof "$9,195,300,000".

On page 22, line 11, strike out "$1,955,550,000" and insert in lieu thereof "$1,958,650,000".

On page 22, between lines 20 and 21, insert the following new subsection:

(c) In addition to the funds authorized to be appropriated in subsection (a) for the Air Force, there is authorized to be credited to the Air Force account for research and development, to the extent provided for in appropriation Acts, the sum of $60,300,000 realized before the date of the enactment of this Act from the sale certain aircraft to the Arab Republic of Egypt. Any such funds so credited shall remain available for obligation by the Air Force until September 30, 1983.

On page 29, line 10, strike out "$17,490,300,000" and insert in lieu thereof "$17,474,300,000".

On page 29, line 13, strike out "$21,929,949,000" and insert in lieu thereof "$21,917,749,000".

On page 29, line 16, strike out "$19,274,420,000" and insert in lieu thereof "$19,256,420,000".

On page 29, line 18, strike out "$4,881,551,000" and insert in lieu thereof "$4,883,851,000".

Mr. TOWER. Mr. President, the amendment that I am offering on behalf of Senator GOLDWATER, Senator STENNIS, Senator JACKSON, and myself accommodates the recommendations of the Senate Select Committee on Intelligence on the fiscal year 1982 intelligence budget.

Normally recommendations made by the Intelligence Committee are incorporated routinely in the defense procurement authorization bill during markup by the Senate Armed Services Committee. However, this year the Armed Services Committee completed its markup somewhat ahead of the Intelligence Committee and this amendment is necessary to adjust certain amounts within the bill to accommodate the final action of the Intelligence Committee.

The net effect of the amendment is to add $2.8 million to the bill which still leaves us under President Reagan's budget recommendation. The details of the changes are classified and I would be pleased to discuss them in detail—in private—with any Senator who wishes.

Mr. STENNIS. Mr. President, I believe this matter has been settled satisfactorily. I concur in the way it was done by the chairman of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas (UP No. 104).

The amendment was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MELCHER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

IMPORTANCE OF TRIDENT PROGRAM

Mr. PELL. Mr. President, as we consider the 1982 defense authorization bill, I would like to share some concerns I have about our shipbuilding program, concerns I believe are shared by many of my colleagues.

The bill before us today does not contain the authorization for a 10th Trident nuclear submarine that was requested by the administration. I believe it is a mistake to delete this funding from the 1982 defense authorization bill.

Even though the delivery date for the 10th Trident lies at the end of this decade, there is too much at stake for our Nation to let this important program slip back. Our strategic weapons "Triad" of missiles, bombers, and Polaris/Poseidon nuclear submarines is becoming outdated, and the Trident submarine is the only strategic modernization program currently in the construction phase. The Trident is the most survivable and effective submarine ever built—the true capital ship of the future. We need to get the Tridents into service as quickly as possible, and deleting the authorization for the 10th Trident does not advance that purpose.

I am encouraged, at least, that the committee added an additional $75 million in "longlead" funding for this ship. This amount, along with previously authorized long-lead funding, will allow some work to begin on the hull sections for the 10th Trident, and hopefully will prevent a breakup of the highly skilled work force which builds these ships.

Wide fluctuations in employment levels at our shipyards, created by changing signals on the part of the administration or the Congress, have a devastating effect on productivity. The time that is spent reassembling a skilled work force after huge layoffs prevents the shipbuilder from staying on delivery schedules expected by the Navy, and drives up the ultimate cost to the taxpayers.

As my colleagues know, the Trident program has had its problems in the past, but I am encouraged that recent reports from the Navy indicate that these problems are fully capable of resolution,

and that prospects are good for delivery of the lead Trident, the USS *Ohio*, before the end of this year. Delaying the authorization of future Tridents is not an answer to problems which have occurred in the past, and I regret the action which has been taken by the committee in regard to the 10th Trident. In my view, there is no single issue more important to our national defense than the expansion of our nuclear-powered submarine fleet.

I hope the committee, in any supplemental bills this year and in next year's authorization bill, will insure that the Trident program moves ahead. The signal that we should be sending to the rest of the world is that we are prepared to get on with the important work of building submarines, and advancing a critical strategic modernization program.

Mr. TOWER. Mr. President, I do not believe there is anything else we can deal with on S. 815. Therefore, I am prepared to yield the floor.

The PRESIDING OFFICER. The Chair recognizes the distinguished majority leader, the Senator from Tennessee.

TIME LIMITATION AGREEMENTS

Mr. BAKER. Mr. President, there are two unanimous-consent requests with respect to the limitation of time on amendments that will be offered to this bill on tomorrow which I would like to propose and which have been cleared.

I ask unanimous consent that on an amendment to be offered by Mr. LEVIN to reduce O. & M. funds there be a time limitation of 1½ hours, to be equally divided.

Mr. ROBERT C. BYRD. Mr. President, that request has been cleared on this side of the aisle.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that on an amendment to be offered by the Senator from Georgia (Mr. NUNN), to add language on notification of unit cost increase, there be a 1-hour time limitation, to be equally divided.

Mr. ROBERT C. BYRD. There is no objection on this side of the aisle to that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I should like to report that today the Senate has really done a very good job in moving this bill. I know of only six more amendments to be offered to this measure on tomorrow.

It appears very likely that, in view of the progress we have made today, we can meet, without any difficulty, our time for final passage of not later than 5 o'clock.

In that view, Mr. President, in a few moments I am going to ask unanimous consent that the Senate recess until tomorrow morning, and I do not anticipate that we will be in Friday.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. TOWER. It was our intention to ask unanimous consent that an amendment to be offered by either Senator NUNN or Senator LEVIN be made the pending business in the morning. Has that matter been resolved?

Mr. BAKER. I believe it has not been resolved.

The minority leader informed me a moment ago that we have tried and it cannot be resolved.

Mr. ROBERT C. BYRD. That is correct.

Mr. BAKER. Mr. President, I am advised that the distinguished Senator from New York and the distinguished Senator from Michigan will offer an amendment perhaps tomorrow on Maybank and are willing to accept a 1-hour time limitation.

I inquire of the minority leader if that is correct.

Mr. ROBERT C. BYRD. That is agreeable.

Mr. BAKER. Mr. President, I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, we have made good progress, and I believe there is now no practical difficulty in obtaining final passage, without crush of time, by 5 o'clock tomorrow. In that view, it is not my expectation that we will be in on Friday.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. STENNIS. We have made fine progress today, with splendid cooperation from all sources. However, we need something certain now with respect to these amendments being taken up. We cannot just wait tomorrow and keep waiting. If the leadership will continue to urge Senators to come in in the morning and get started, that will help.

Mr. BAKER. Mr. President, I assure the distinguished Senator from Mississippi that I will do my best to find some amendments we can make the pending question before the Senate at 10 o'clock tomorrow.

ORDERS FOR THURSDAY

ORDER FOR A RECESS UNTIL 9:15 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 9:15 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I wonder if the distinguished minority leader would be agreeable to reduce the time for the two leaders under the standing order or would he prefer to leave it as it is.

Mr. ROBERT C. BYRD. That is quite all right.

ORDER FOR THE REDUCTION OF THE LEADERSHIP TIME

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow the time allocated to the two leaders under the standing order be reduced to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR JEPSEN ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, as modified, the distinguished Senator from Iowa, the present occupant of the chair (Mr. JEPSEN), be recognized for not to exceed 15 minutes on a special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RESUMPTION OF CONSIDERATION OF S. 815 NOT LATER THAN 10 A.M. ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of the pending measure not later than 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business during any time available for that purpose after the recognition of the two leaders under the standing order and fulfillment of the special order heretofore ordered and in that routine morning business Senators may be permitted to speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS, AT THE CONCLUSION OF BUSINESS ON THURSDAY, UNTIL 12 NOON MONDAY, MAY 18, 1981

Mr. BAKER. Mr. President, when the Senate completes its business on Thursday I ask unanimous consent that it stand in recess over until 12 noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. I yield.

THE SENATE'S AGENDA

Mr. BAKER. Mr. President, under these circumstances, then, the Senate will not be in session on Friday and we do expect a number of votes on Thursday and there is at least a possibility of votes then on Monday.

Mr. President, I yield to the minority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader.

May I inquire as to whether or not the majority leader is in position to state what the business of the Senate on Monday will be?

Mr. BAKER. Mr. President, I cannot at this time. There are a number of measures that might be eligible and I will confer with the minority leader at the first opportunity to try to arrange a schedule of the Senate on which we can both agree.

It had been my intention to proceed to the reauthorization of the Federal Election Commission, but after consulta-

tion it is mutually agreed, I believe, that we should not proceed to that at this moment.

So I would not expect that to be an item of business before the Senate on Monday.

I would hope that the supplemental appropriations bill would be eligible on Tuesday. I have conferred with the distinguished chairman of the Appropriations Committee, the Senator from Oregon (Mr. HATFIELD), who indicates that he hopes to be able to file that bill and the report tomorrow.

I will later explore with the distinguished minority leader the possibility of trying to make that eligible on Tuesday because I think it is essential that we deal with that measure before we recess over for the Memorial Day recess at the end of that week.

But other than the appropriations bill, the supplemental appropriations bill which includes the continuing resolution, supplemental appropriations and a recession package, other than that for next week I do not foresee major legislation which will be dealt with by the Senate.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader.

Mr. BAKER. Mr. President, I modify that statement to one extent.

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. Mr. President, I hope by now we could have an agreement on the time certain and circumstances under which we can consider by consent the Crowell nomination. I still hope we can reach that agreement on tomorrow and that, of course, would be a measure that we would hope to dispose of next week as well.

There may be other items on the Calendar of General Orders and on the Executive Calendar that we can reach and if we can, I hope that we will agree to do so.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, may I inquire of the distinguished minority leader if he is in position to clear items on the Executive Calendar which we might be able to deal with this evening?

Mr. ROBERT C. BYRD. Mr. President, the nominations under Department of State are cleared on this side of the aisle; the nominations under Department of the Interior are cleared on this side of the aisle; one nomination under Department of State is cleared, that being John H. Holdridge, to be an Assistant Secretary of State; nominations under Department of Energy, the first two, are cleared on this side of the aisle.

Mr. BAKER. Mr. President, I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering certain nominations on that calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask that the Senate proceed to the consideration of the nominations appearing under Department of the Interior on page 2 of the Executive Calendar.

DEPARTMENT OF THE INTERIOR

The assistant legislative clerk read the nomination of Kenneth L. Smith, of Oregon, to be an Assistant Secretary of the Interior.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The assistant legislative clerk read the nomination of G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife.

NOMINATION OF RAY ARNETT

Mr. McCLURE. Mr. President, the Senate Energy and Natural Resources Committee held a hearing on the nomination of G. Ray Arnett to be Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior on April 8, 1981. The witnesses on behalf of Mr. Arnett were Senators TED STEVENS of Alaska and S. I. HAYAKAWA of California and Representative NORMAN SHUMWAY of California.

Mr. Arnett is nominated to fill a key line position in the Department of the Interior, responsible for management and policy for the National Park Service, Fish and Wildlife Service, historic preservation and the other recreation functions of the Department.

As will be presented, Mr. Arnett has made a considerable personal sacrifice in the steps he has taken to avoid any conflict of interest, or appearance of conflict of interest. Mr. Arnett is in compliance with the Ethics Act and committee rules on financial disclosures. Let me be specific.

Mr. Arnett spent 20 years as an area geologist for ARCO before becoming the director, California Department of Fish and Game under then-Governor Reagan. He has served as president of the National Wildlife Federation.

Mr. Arnett has taken the following actions to avoid conflicts of interest:

First, sold stock in Columbia Gas Co., Standard Oil of California, Cities Service and Conoco;

Second, recused himself from any decision regarding Appalachian Power Co. pending before the Department because he owns stock in the parent company, American Electric Power.

Third, recused himself from any lawsuits or administrative decisions involving the National Wildlife Federation and the Department which were initiated while he was a director of the organization.

Fourth, agreed to resign as an officer in the National Wildlife Federation, the National Rifle Association, and the Wildlife Legislative Fund of America.

Mr. President, I ask unanimous consent to have the documentation of these points printed in the RECORD at this time. This includes all pertinent copies of the committee form, financial disclosure statement, and letters.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Name: Arnett, George Raymond.

Position to which Department of the Interior nominated: Assistant Secretary, Fish, Wildlife and Parks.

Date of nomination: March 23, 1981.

Date of birth: 14 June 1924.

Place of birth: Quantico, Virginia.

Marital status: Divorced.

Name and ages of children: Charlene Louise Parkinson, 31, G. R. "Chip" Arnett, Jr. 29; Sharon Elaine Arnett, 24; James Randall Arnett, 17.

Education: U.C.L.A., 1941–42; U.S.C., 1945–49.

Employment record: U.S.G.S. (Summers 1946–47–48) Geological Field Assistant, Alaska and Pacific Northwest, 1949–69 ARCO (nee Richfield Oil Corporation) Area Geologist, Division Geologist, P.R. Director; Western Region; 1969–75 Director; Department of Fish and Game, State of California; 1975–Dec. 1980 Executive V.P.; World Beefalo Association, Dec. 1980–Jan. 1981 Executive V.P.; International Beefalo Association; Jan. 1981, Present Staff Assistant, Immediate Office of the Secretary of the Interior.

Military service: Enter all military service if not included above: service, dates, rank, type of discharge. 1942–46 U.S.M.C.—1st Lieutenant, Honorable; 1946–52 U.S.M.C.—Captain, Honorable.

Honors and awards:

Sigma Gamma Epsilon (Honorary Earth Science Fraternity).

Society of the Sigma XI (Honorary Research Fraternity).

Skull & Dagger, University of Southern California. All Men's Honor Society.

Boy Scouts of America, Eagle Scout.

Sportsmen Council of Southern California, Award of Merit.

Izaak Walton League, California Division, Award of Merit.

City of Bakersfield (CA), Proclamation "December 2, Ray Arnett Day".

City of Bakersfield (CA), Meritorious Service Award.

County of Kern (CA), Sportsman Service Award.

County of Sacramento (CA), Special Citation of Merit.

California State Legislature, Resolution of Commendation

California Department of Fish and Game, 1967 Certificate of Appreciation.

Bakersfield (CA) Chamber of Commerce, Outstanding Service Award.

California Rifle & Pistol Association, Award of Merit.

California Rifle & Pistol Association, Outstanding Public Service Award.

California Wildlife Federation, 1975 Sportsman Conservationist of California.

Memberships:

Professional:

California Department of Fish and Game, Director (1969–1975).

American Association of Petroleum Geologists, Reg. No. 1258.

American Institute of Petroleum Geologists.

California Advisory Commission on Marine and Coastal Resources.

California Board of Registration for Geologists, Reg. No. 1500.

California Condor Advisory Committee.

California Environmental Quality Study Council.

California Marine Advisory Committee.

California Institute of Marine Resources.

California-Oregon Goose Lake Compact Commission.

California State-Federal Interagency Group (Water Development).

California Wildlife Conservation Board.

Colorado River Wildlife Council (7 states).

International Association of Fish and Wildlife Agencies.

International Oceanographic Foundation.

Pacific Flyway Council.

Pacific Marine Fisheries Commission.

The Wildlife Society.

San Diego-La Jolla (CA) Underwater Park Advisory Committee.

Society of Exploration Geophysicists.

U.S. Department of Agriculture, Agricultural Conservation Practices Committee.

U.S. Department of State Fishing Industry Advisory Committee.

U.S. Department of State International North Pacific Fisheries Commission.

U.S. Department of State International Trawl Fisheries Committee.

Western Association of State Game and Fish Commissioners (13 states and 2 Canadian provinces).

Zoological Action Committee.

Conservation/Sportsmen organizations:

National Wildlife Federation; President, Vice President, Regional Director, Life Member.

National Wildlife Federation Foundation, Board Member.

Wildlife Conservation Fund of America, Chairman of the Board.

Wildlife Legislative Fund of America, Chairman of the Board.

Mzuri Safari Foundation, Conservation Projects Advisory Board Member.

Game Conservation International, Director.

Wilderness Leadership School, Board of Governors.

World Wilderness Congress; President, International Committee.

Kern Wildlife Federation, Director.

Kern County (CA) Fish and Game Protective Association, Director.

Californians for Conservation and Recreation, Director.

California Wildlife Federation, Director-at-Large.

Ducks Unlimited Advisory Board, Kern County (CA); member.

California State Chamber of Commerce, Natural Resources Committee; member.

International Order of St. Hubert, Knight Commander.

National Rifle Association of America, Life member.

California Rifle and Pistol Association, Life Member.

National Rifle Association of America, Hunting and Conservation committee; member.

Civic:

Bakersfield (CA), Police Department, Commissioner.

Children's Home Society of California, Director.

Kern County (CA), Taxpayers Association, Director.

Kern County (CA), Cancer Society, Director.

Kern County (CA), Tax Coordinating Council, Director.

A.I.D. United Givers, Director.

Trade Club of Greater Bakersfield (CA), Director.

Kern County (CA), Y.M.C.A.; Chairman, Special Gifts.

Kern County (CA), Council B.S.A.; Director and Organization Extension Chairman.

Petroleum Club of Bakersfield (CA), President and Director.

Greater Bakersfield (CA), Chamber of Commerce, President and Director.

B.S.A., Sierra Council, Special Interest Exploring, Chairman.

Junior Achievement of Bakersfield (CA), Board of Governors.

R. M. Pyles Boy's Camp, Director.

S.P.E.B.S.Q.S.A., Inc., Bakersfield (CA), Chapter, President.

Social:

Free and Accepted Masons of California, Libertas Lodge No. 466.

Ancient and Accepted Scottish Rite of Freemasonry, Bakersfield (CA), Consistory.

A.A.O.N.M.S., Al Makikah Temple, Los Angeles (CA).

Royal Order of Jesters, Court No. 119.

Kappa Sigma Fraternity, Delta Eta Chapter (University of Southern California).

University of Southern California Alumni Association, Life Member.

Arkansas Traveler, State of Arkansas Governor Award.

Honorary Okie, State of Oklahoma Governor Award.

Kentucky Colonel, State of Kentucky Governor Award.

Saints and Sinners.

Silver Dollar Club.

Published writings:

"Geology of Lytle Creek" (M.S. Thesis).

"The Compass" (technical journal).

Weekly newspaper column carried in numerous newspapers and sportsmen publications submitted from 1969–1975.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate. Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization. No.

3. Has anybody made you a commitment to a job after you leave government? No.

4. (b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future? No.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated. None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated. None.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated. None.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy.

As California Director, Department of Fish and Game, there were occasions where I testified before Senate/House committees to influence legislation affecting my area of responsibility. Also, as an executive officer in various organizations (NWF, WCFA, etc.) there may have been occasions when another member testified on issues, reflecting the views of the organization.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. By whatever appropriate measures are available to me.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. By recognizing the laws and regulations and complying fully.

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A. Atlantic Richfield Retirement Plan—$249.49/mo. after age 65

3. Are any assets pledged? No.

4. Are you currently a party to any legal action? No.

5. Have you ever declared bankruptcy? No.

6. Have you filed a Federal income tax return for each of the last 10 years? Yes.

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit? Yes. Satisfactorily resolved.

BIOGRAPHY

G. RAY ARNETT

G. Ray Arnett is an avid sportsman and outdoorsman who has devoted much of his life to the conservation, preservation and enhancement of wildlife. As a geologist, he roamed America's wild country and foreign countries exploring for petroleum. Later he was appointed by Governor Ronald Reagan to head the California Department of Fish and Game, where he served with distinction for seven years. He has served as a director of the National Wildlife Federation for 17 years, and two terms as president, retiring from that position in 1978. He has been affiliated with numerous state and national conservation organizations. He was one of the founders, and currently serves as Chairman of the Board of the Wildlife Legislative Fund of America, and its companion organization, the Wildlife Conservation Fund of America.

Personal data: Office address—Department

of the Interior, Office of the Secretary, Assistant Secretary for Fish and Wildlife and Parks, 18th and C Streets, Room 3156, Washington, D.C. 20240, phone: 202–343–4416.

Birthdate and place—June 14, 1924; Quantico, Virginia.

Children—Charlene Louise Parkinson, daughter, age 31; G. R. "Chip" Arnett, Jr., son, age 29; Sharon Elaine Arnett, daughter, age 24; James Randall Arnett, son, age 17.

Grandchildren—G. R. Arnett III, age 2 yrs. 8 months.

Military service: 1942–1946, U.S.M.C. Joined as a Private at outbreak of WW II, served in South and South Central Pacific theater of operations; received field commission and returned from overseas to Officer's Candidate School (University of Southern California V–12 Program); awarded 2nd Lieutenant commission; honorable discharge, 1946. USMCR 1946–1950; 1950–1952 recalled to active duty during the Korean Conflict. Honorable discharge, 1952; resigned Captain commission, 1952.

Hobbies: Hunting, Fishing, Dog Training, Skin Diving, S.P.E.B.S.Q.S.A., Inc.

Education: Grade schools in Virginia and California, Graduate of Point Loma High School, San Diego, California, 1941–1942 U.C.L.A., Basic Engineering, 1945–1949 U.S.C., Undergraduate and Graduate School.

February 19, 1981.

MEMORANDUM

To Director, Office of Government Ethics.
From Acting Department Ethics Counselor.
Subject Opinion Memorandum for Mr. George Ray Arnett, Nominee for Assistant Secretary—Fish and Wildlife and Parks.

The following four statutory prohibitions are extended by Departmental regulations (43 CFR § 20.735–13(c)) to the Assistant Secretary—Fish and Wildlife and Parks and to other Secretarial officers:

(a) the Bureau of Mines (30 U.S.C. § 6),

(b) the Bureau of Land Management (43 U.S.C. § 11),

(c) the U.S. Geological Survey (43 U.S.C. § 31(a)), and

(d) the Bureau of Indian Affairs (18 U.S.C. § 437).

This regulatory extension is made to encompass those Department level officials who may exercise supervision over or influence decisions made by employees and officials in each of the affected bureaus. Four of the financial security interests held by Mr. Arnett—Columbia Gas Company, Standard Oil of California, Cities Services and Conoco—are therefore subject to the prohibitions set forth in 43 U.S.C. § 11 and 43 U.S.C. § 31(a). These companies and their subsidiaries conduct extensive operations on federal lands leased from the Department of the Interior. To comply with Departmental regulations, Mr. Arnett has agreed to sell or transfer these securities upon confirmation by the Senate. Evidence of such sale or transfer has been requested and will be made a part of Mr. Arnett's file.

The Appalachian Power Company is a subsidiary of American Electric Power Company, Inc. Appalachian Power Company currently is suing the Department of the Interior on a matter related to the Wild and Scenic Rivers Act Amendments of 1976. This matter is within the purview of the position for which Mr. Arnett is being nominated. To avoid conflicts of interest under 43 CFR § 20.785–15 and in U.S.C. § 208. Mr. Arnett is recusing himself from any participation in the suit involving Appalachian Power. Mr. Arnett is preparing a letter of recusal for issuance to his staff. A copy of that letter will be made a part of his official file.

Mr. Arnett's statement states that he is an officer in six national or international organizations. The following three of the six organizations are frequently involved in activities which overlap with and are directly related to the work performed by the Assistant Secretary—Fish and Wildlife and Parks:

(a) the National Wildlife Federation (NWF)

(b) the National Rifle Association (NRA)

(c) the Wildlife Legislative Fund of America (WLFA)

As an officer in these organizations Mr. Arnett would be expected to actively support and work for the positions advocated by each organization. However, these organizations are often involved with suits against the Department of the Interior or with campaigns advocating points of view which are opposite to those of the Department.

We have advised Mr. Arnett that, in our opinion, his continued membership in these organizations is appropriate but that retention of his officership positions will create the appearance of giving preferential treatment to special interest groups, and being complete independence or impartiality, contrary to 43 CFR § 20.735–31(b) (2) and (4). Mr. Arnett agreed that continued participation as an officer in each of these organizations may adversely affect the confidence of the public in the integrity of the Government. Therefore, Mr. Arnett has agreed to resign his officer positions in the NRA and the WLFA upon confirmation by the Senate. He also will resign his officer position in the NWF effective April 1, 1981. Mr. Arnett has agreed to recuse himself from serving as an officer in the NWF on matters related to the Department of the Interior and from participating on matters involving the NWF as the Assistant Secretary—Fish and Wildlife and Parks between now and April 1, 1981.

Based on the actions of resolution stated in this memorandum I have signed the certification block of Mr. Arnett's SF–278. Please call me at 343–3932 should you have any questions.

GABRIELE J. PAONE.

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., April 7, 1981.

Recusal Statement of G. Ray Arnett, Nominee for Assistant Secretary for Fish and Wildlife and Parks.

If confirmed as Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, I would recuse myself from litigation and administrative proceedings where Appalachian Power Company is a party or applicant, other than the formulation or promulgation of a ruling of general application.

G. RAY ARNETT.

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., May 1, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I will recuse myself from participation in any aspect of litigation in Federal or State Court and any administrative proceedings, other than the formulation or promulgation of a rule of general application, involving the adjudication or decision of a specific matter such as an application or appeal within the Department of the Interior or any other Department or agency of the Federal Government when the National Wildlife Federation is a party or applicant, provided that such litigation or proceeding was initiated during the time I was a Director of the Federation.

Sincerely,

G. RAY ARNETT,
Assistant Secretary-designate for Fish and Wildlife and Parks.

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., March 24, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by George R. Arnett. President Reagan has nominated Mr. Arnett for the position of Assistant Secretary for Fish and Wildlife and Parks at the Department of the Interior.

We have reviewed the report and have also obtained advice from the Department of the Interior concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. We have been advised that Mr. Arnett has agreed to dispose of his interests in Columbia Gas Company, Standard Oil of California, Cities Service and Conoco, Inc.

Appalachian Power Company, a subsidiary of American Electric Power Company, Inc., in which Mr. Arnett holds an interest, is currently suing the Department of the Interior on a matter within the purview of the position for which Mr. Arnett is being nominated. We have been informed that Mr. Arnett will disqualify himself from any participation in the suit involving Appalachian Power Company.

Finally, we have been advised that, upon confirmation, Mr. Arnett will resign as Chairman of the Board of the Wildlife Legislative Fund of America and as Director of the National Rifle Association. He will also, on April 1, 1981, resign his position as Director of the National Wildlife Federation (NWF), and he will disqualify himself from serving as an officer in the NWF on matters related to the Department of the Interior and from participating, as the Assistant Secretary for Fish and Wildlife and Parks, in matters involving the NWF, between now and April 1, 1981.

Subject to the above conditions, we believe that Mr. Arnett will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely yours,

J. JACKSON WALTER,
Director.

FINANCIAL DISCLOSURE REPORT

Name: Arnett, George R.

Title of position: Assistant Secretary for Fish and Wildlife and Parks.

Department or agency: Department of the Interior.

Address: 2714 Country Club Blvd., Stockton, Calif. 95204.

Name of congressional committee considering nomination: Energy and Natural Resources.

Title of position(s) and date(s) held: None.

Comments of the agency ethics official are provided in the February 19, 1981 opinion memorandum to the Director, Office of Government Ethics.

Valuation methods on Sched A per Gabe Paone (DOI); also checkmarks on page 2, Sched A means ditto. World Beefalo Association Salary for 1980 was $29,250.

INCOME AND INTERESTS IN PROPERTY—GEORGE R. ARNETT (SCHEDULE A, P. 1)

Identification	Income					Interests in property—valuation of assets	
	Type of income		Category of amount or value				
	Dividends	Other (specify)	None (for less than $101)	$101–$1,000	Actual amount only if "other" specified	Valuation method	$1,001–$5,000
International Beefalo Association		Salary			$3,000		
World Beefalo Association		Salary			29,250		
Amer. Electric Power	X			X		H	X
Armstead	X			X		H	X
Bendix	X			X		H	X
Borden	X		X			H	X
CSX Corp	X		X			H	X
Cities Service	X		X			H	X
Columbia Gas	X			X		H	X
Community Public Power	X			X		H	X
Conoco	X		X			H	X
Gen. Tel. & Electronics	X			X		H	X
Household Finance	X		X			H	X
Ingersall Rand	X		X			H	X
Inter. Tel. & Tel., $8.00 convertible preferred	X			X		H	X

ARNETT, GEORGE R., ASSISTANT SECRETARY, FISH, WILDLIFE AND PARKS, DEPARTMENT OF INTERIOR, (SCHEDULE A, PAGE 2)

	Type	Amount	Value
Mid Continent Tel	Dividends	Less than $1,000	(H) $1,000–$5,000.
Nevada Power	do	do	(H) $1,000–$5,000.
Norfolk & Western	do	Less than $100	(H) $1,000–$5,000.
Phila. National Corp	do	do	(H) $1,000–$5,000.
Quaker Oats	do	do	(H) $1,000–$5,000.
Security Pacific	do	Less than $1,000	(H) $1,000–$5,000.
Southwestern Pub. Service	do	do	(H) $1,000–$5,000.
Standard Oil of Calif.	Dividends	Less than $1,000	(H) $1,000–$5,000.
Telefonos de Mexico	do	Less than $100	(H) Less than $1,000.
Union Electric	do	do	Do.
Estero Calif. 5½ bonds due Aug 1, 2000.	do	Less than $1,000	(C) $5,000–$15,000.
La Mesa, Calif. 6 percent bonds due Feb. 1. 1991.	do	do	Do.

POSITIONS HELD

Name and address of organization, type of organization, position held, from (mo. yr.):

National Wildlife Federation, conservative education. Past President and Director from 1962 to March 1948 to present.

Wildlife Legislative Fund of America, Sportsman, Chairman of Board from May 1978 to present.

National Rifle Association, Sportsman, Member and Director from 1979 to present. World Breeders Association, Inc., Cattle Breed Registry, Exec. V.P. and Director from 1975 to Dec. 1980.

World Wilderness Congress, International Comm., Conservation, President from 1977 to present.

Wilderness Leadership School, Con. Edu., Director from 1977 to present.

Mr. STEVENS. Mr. President, it is my distinguished honor to offer this statement of introduction and support for Ray Arnett as Assistant Secretary for Fish and Wildlife and Parks at the Department of the Interior.

Ray has had some 30 years of experience in conservation management and environmental concerns. He is a strong supporter of States rights. He has been especially supportive of Alaska's problems and concerns.

Ray has been president of the National Wildlife Federation, and has served as director of the California Department of Fish and Game. Further, Ray has been chairman of the Wildlife Legislative Fund of America and has served on the board of the National Rifle Association.

I have known and associated with Ray Arnett for many many years. I am proud to call him my friend. It would be difficult to find another as well qualified for this job. I hope that the Senate will move expeditiously on his confirmation. It is essential that we get Ray in place quickly to insure conscientious handling of our Nation's wildlife and parks resources.

We are experiencing a crucial juncture in the history of our natural resources. The Department of the Interior is striving to truly implement the multiple-use doctrine in land management. Clearly, such an effort requires a strong sense of propriety and balance at the top of the land management hierarchy.

Ray Arnett is the type of individual possessing the ideal combination of skills and background to enable circumspect consideration of each of the various resources under the purview of Assistant Secretary for Fish and Wildlife and Parks.

Again, it is my honor to introduce Ray and I trust that the Senate will provide the broad support that Ray Arnett deserves.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF ENERGY

The assistant legislative clerk read the nomination of William Stewart Heffelfinger, of Virginia, to be an Assistant Secretary of Energy (Management and Administration).

Mr. McCLURE. Mr. President, the Committee on Energy and Natural Resources on May 12 favorably reported the nomination of William S. Heffelfinger to be Assistant Secretary for Management and Administration. The vote was 18 to 0. Mr. Heffelfinger appeared before the committee at the nomination hearing held on April 30.

The position of Assistant Secretary for Management and Administration is a new position within the Department of Energy. The major functional responsibilities to be included in this office are personnel management, organization and systems analysis, manpower planning and analysis, budget and financial management, contracting and procurement, administrative services, management information and ADP systems, equal employment programs and the activities of the Technical Information Center located at Oak Ridge, Tenn.

Mr. President, I ask unanimous consent to have some material printed in the RECORD on Mr. Heffelfinger.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NOMINATION OF WILLIAM S. HEFFELFINGER

The nominee has responded to the written questions submitted by Members of The Committee and has complied with the Committee rules on financial disclosure and other matters. I believe that all questions regarding the nominee's qualifications have been resolved satisfactorily and I am prepared to recommend his nomination favorably to the Senate for prompt confirmation.

Mr. Heffelfinger has complied with all requirements of the Committee and I am satisfied that the information he has provided the Committee is accurate and complete.

Testimony of one outside witness raised several allegations against Mr. Heffelfinger regarding his conduct as a Federal Official. Each of these allegations and several others have been the subject of formal investiga-

tion and review by the Department of Energy Inspector General and the Justice Department's Public Integrity Section in the Criminal Division.

Each of these past allegations was dismissed without any formal criminal or administrative sanctions being applied to Mr. Heffelfinger.

I have carefully reviewed the various reports and correspondence related to this matter. I have also reviewed information provided by the White House Legal Counsel, including the FBI summary report.

I am satisfied that the decisions of the Justice Department and the Energy Department not to apply any sanctions was based on a substantial and thorough review of all the past allegations made against Mr. Heffelfinger, including those of the witness in the hearing. The witness also introduced an alleged statement of a White House official regarding Mr. Heffelfinger.

I am satisfied that there was no prejudice to Mr. Heffelfinger in the actual statement of the official, based on an interview of the official.

Finally, the witness suggested that the committee contact a lengthy list of individuals regrading Mr. Heffelfinger's activities.

The staff has reviewed the list and indicates that many of the individuals actually support Mr. Heffelfinger's nomination while most of the rest have been involved in the past allegations against Mr. Heffelfinger, which have been disposed of by the Justice Department review.

In conclusion, I am fully prepared to recommend Mr. Heffelfinger's confirmation without any reservation, based on all the information available to the Committee at this time. Additionally, our review supports the conclusion that Mr. Heffelfinger is a worthy public servant.

Mr. McCLURE. In his testimony before the committee, Mr. Heffelfinger described his experience as an administrator and expressed his belief that he is prepared to effectively carry out the responsibilities of the Assistant Secretary for Management and Administration.

I note that Mr. Heffelfinger has served as Director of Administration at the Department of Energy since October 1977 when DOE was established.

In this position, he has been the Secretary of Energy's principal adviser on the Department. Mr. Heffelfinger is also responsible for providing leadership in the following areas: Personnel management, administrative services, automatic data processing, telecommunications management, facility planning and support, and industrial relations.

Prior to his DOE appointment. Mr. Heffelfinger served briefly as Associate Administrator for Management and Administration at the Federal Energy Administration, one of the Department's predecessor agencies. He also served as Director of the Transition Administrative Operations Office during the establishment of the Department.

In 1969, Mr. Heffelfinger joined the Department of Transportation as Deputy Assistant Secretary for Administration. In 1971, he became Assistant Secretary for Administration at DOT, a post he held until 1977.

Early in 1969, he served as staff assistant to the Assistant Secretary for Water and Power Development at the Department of the Interior.

Mr. President, on behalf of the Committee on Energy and Natural Resources, I recommend Senate approval of the Presidential nomination of William S. Heffelfinger for the position of Assistant Secretary for Management and Administration of the Department of Energy.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The assistant legislative clerk read the nomination of Robert C. Odle, Jr., of Virginia, to be an Assistant Secretary of Energy (Congressional, Intergovernmental, and Public Affairs).

Mr. McCLURE. Mr. President, the Committee on Energy and Natural Resources on May 12 favorably reported the nomination of Robert C. Odle, Jr. to be Assistant Secretary of Energy for Congressional, Intergovernmental, and Public Affairs. The vote was 18 to 0. Mr. Odle appeared before the committee at the nomination hearing held on April 30.

Mr. Odle, for the past 5 years, has been employed by International Paper Co., as its Washington Corporate Affairs Representative. During the Nixon-Ford administrations, he served from 1973 to 1976 as Deputy Assistant Secretary at the Department of Housing and Urban Development.

Mr. President, I ask unanimous consent that certain material be printed in the RECORD with respect to Mr. Odle.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NOMINATION OF ROBERT ODLE

The nominee has responded to the written questions submitted by Members of the Committee and has complied with the Committee rules on financial disclosure and other matters. I believe that all questions regarding the nominee's qualifications have been resolved satisfactorily and I am prepared to recommend his nomination favorably to the Senate for prompt confirmation.

Mr. McCLURE. In past years, the Department of Energy has been the subject of substantial and virtually constant criticism from the Congress. If the Department of Energy is to function effectively, it must improve its performance in a number of areas, including communication with the Congress. That point was addressed by Mr. Odle in his testimony before the committee. He stated:

I want to assure you, that if confirmed, I will manage my organization. I have managed before, and I want to assure you that your telephone calls will be returned, your mail answered, your inquiries promptly handled, and that we will be available to you and your staffs at your convenience. And if you or your staffs ever have any problem of any kind in dealing with us, I would hope you would let me know quickly. There is simply no excuse for sloppy work, unnecessary delay, lethargy, or failure to follow up on the part of those in Congressional Affairs at the Department, and neither the Secretary nor I will tolerate it.

Mr. President, on behalf of the Committee on Energy and Natural Resources, I am pleased to recommend Senate approval of the Presidential nomination of Robert C. Odle for the position of Assistant Secretary of Energy for Congressional, Intergovernmental and Public Affairs of the Department of Energy.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR ALL COMMITTEES TO FILE REPORTS ON MAY 15 BETWEEN 9 A.M. AND 7 P.M.

Mr. BAKER. Mr. President, I believe these requests have been cleared with the other side.

I ask unanimous consent that all committees have the authority to file reports on Friday, May 15, between the hours of 9 a.m. and 7 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE BUDGET COMMITTEE TO HAVE UNTIL 7 P.M. ON MAY 15 TO FILE CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 115

Mr. BAKER. I ask unanimous consent that the Committee on the Budget have until 7 p.m. on Friday, May 15, to file a conference report on House Concurrent Resolution 115, the first concurrent resolution on the budget for fiscal year 1982.

AUTHORIZATION FOR CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 115 BE PRINTED AS A SENATE REPORT

I ask unanimous consent that the conference report on House Concurrent Resolution 115 be printed as a Senate report.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL SPENDING

Mr. PERCY. Mr. President, last night the Senate passed the first concurrent budget resolution for fiscal year 1982 by a vote of 78 to 20. I supported this landmark budget resolution which is the second step the Senate has taken toward

implementing the President's economic recovery program.

On April 2, the Senate passed—with my full support—the reconciliation instructions resolution which directs congressional committees to report back to us with $87 billion in savings over a 3-year period. The reconciliation resolution is our way of getting a handle on spending and setting an overall goal and lid on spending for fiscal years 1981, 1982, and 1983. Congressional committees have the leeway to decide which specific programs they will cut, but they will not be allowed to spend more than the limits we set in the reconciliation resolution.

Since our April 2 vote, Senate committees have proceeded to package the spending cuts as directed by the reconciliation resolution. The Governmental Affairs Committee on which I sit, for example, voted to make a number of changes in civil service retirement and other Government spending programs, saving the taxpayers nearly $5 billion. Our committee actions include limiting Federal retirees to one cost-of-living adjustment a year, instead of two, thereby saving $510 million; reducing Postal Service subsidies by $632 million; limiting Federal employee pay raises to 4.8 percent, saving $3.7 billion and reducing the District of Columbia's loan authority, saving taxpayers $74 million.

Our governmental affairs savings will be packaged with those made by other committees and will be considered by the Senate as one bill. It is the major implementing legislation for the President's budget cuts and I am optimistic that it can be sent to the President by early summer.

Now we are embarked on the second leg of the budget: The fiscal year 1982 budget resolution. Unlike the reconciliation instructions resolution, which is a one-time reduction in spending over 3 years, this fiscal year 1982 resolution sets targets for committees as they work on next year's spending. This resolution is mandated by the Budget Reform Act of 1974 and is prepared annually by Congress as part of its budget process. The reconciliation instructions are reflected in the target spending figures in the resolution, showing the $36.9 billion that will be saved in fiscal year 1982. In other words, this resolution shaves off nearly $37 billion in spending, reducing the projected fiscal year 1982 deficit by that much.

Furthermore, this budget puts us on the track to the balanced budget that President Reagan has requested for 1984. This will not be a budget balanced through tax increases. It will reduce spending and the role of the Federal Government in the economy, as revealed in the following figures, which show Federal spending in terms of gross national product.

Federal spending as percent of GNP

	Percent
Fiscal 1981	23.3
Fiscal 1982	21.9
Fiscal 1983	20.3
Fiscal 1984	19.3

In short, we will move forward with reduced spending as we move forward with sequentially smaller deficits each year. This is the appropriate way to balance the budget, not through tax increases. This budget makes the Federal Government pull in its belt at a time when all Americans are doing the same. To show the significance of this budget, we have only to look at the fiscal year 1981 budget, which grew by 14.3 percent over the previous year. The budget before us charts a different course, and grows by only 5.5 percent. This is key, because it is the first time in recent years that the Federal budget has not grown faster than the rate of inflation itself. This fiscal year 1982 budget is a signal that we intend to halt inflation at its source: Federal spending.

Mr. President, I want to point out that an important part of this budget is the room it allows for the Finance Committee to shape a tax cut that will spur productivity and reduce inflation. This budget allows the full tax cut that President Reagan has recommended.

I have voted during the course of debate against amendments that would have constrained the Finance Committee from recommending the kind of tax cut that is best for the country. These amendments—offered by my distinguished colleagues from South Carolina and New York—would have limited us to a very small tax cut and would have precluded the Senate from enacting the Reagan program. We need to have the space to forge the type of tax cut the economy needs and it is surely premature to determine the size and shape of the tax cut now.

In supporting the Budget Committe's resolution, I would like to note that there is room for some improvement in the distribution of budget cuts. I twice voted for amendments that would have made the budget reductions more equitable vis-a-vis my own State of Illinois. One of the amendments I supported would have cut $200 million in spending from water projects and transferred it to mass transit and education programs. This was a sensible amendment that reduced an area little impacted by budget cuts—the water projects program—and redistributed the funds to two areas heavily impacted by the budget cuts. Unfortunately, this amendment did not pass, but had it been accepted by the Senate, it would have had absolutely no impact on total spending; it only rearranged the priorities of the Budget Committee.

Mr. President, one of the most significant amendments that the Senate debated in the past week was Senator RIEGLE's amendment regarding social security. The Senate Budget Committee's resolution assumes that Congress will change the cost-of-living adjustment (COLA) for social security, SSI, railroad retirement, veterans' pensions, and civil service retirement. The committee also assumes that Congress will change the timing of COLA payments. The committee's preference for making savings was to base COLA payments on either the Consumer Price Index or a wage index, whichever is lower. The Budget Committee projected annual savings of nearly $8 billion a year from this change.

During debate on this amendment, it was made quite clear that many Senators did not agree with the specific change assumed by the Budget Committee. What was clear was the nearly universal view that the social security system could not remain solvent in the present form.

There is a pending financial breakdown in the social security system and Congress will have to address it during this session. Present benefit and contribution formulas are seriously out of line and reform is needed. Over this point there is little debate.

What is a matter of debate is the way in which the system will once again be put on a sound footing. We in Congress would shirk our responsibility if we did not face the fact that reforms must be made. Senator RIEGLE's amendment did not assume this kind of reform in the future and I voted against it for this reason. I would like to avoid cutting the social security budget as much as any other Senator, but this is no longer a realistic goal and it would be untruthful to take such a stance.

Let me say that the administration endorses the savings required by the Senate Budget Committee's resolution, but opposes an adjustment in the COLA. In other words, the President agrees that these reforms must be made, but disagrees with the Budget Committee over the specific changes. The President will send to Congress in the very near future his own recommendations for social security reform which will, in turn, meet the targets set by this resolution.

Furthermore, the Senate Finance Committee will hold extensive hearings on social security, sounding out all groups that have an interest in its sound management. I am reserving judgment on particular proposals until Congress has made a thorough study of the impact each will have on our senior citizens. It is only fair, however, to acknowledge that changes must be made. This resolution makes this truth clear.

Mr. President, in summary, I want to note that this budget resolution sets targets to guide committees through their legislative proceedings this summer. It is not the end of the budget process, but only the beginning. It is a good, solid step toward fiscal responsibility and it is an important part of the anti-inflation program the President presented us in March. The tax cut has yet to be reported from any congressional committee and this resolution leaves its shape and size open to debate. In a similar vein, social security reforms and their shape have yet to be determined. Other, specific programs will be remolded during the normal legislation process, guided by this resolution but not constrained to any one proposal.

I congratulate my good friend from New Mexico, the chairman of the Budget Committee, for bringing this resolution

forward. It is a strong resolution stemming from the Budget Reform Act of 1974. That law originated in the Governmental Affairs Committee and I am proud to have been a coauthor of that law. It is moving us toward a balanced budget, under the able leadership of Chairman DOMENICI.

A NEW ASSESSMENT OF TV PRODUCERS

Mr. PRESSLER. Mr. President, last weekend I was privileged to attend the "Proliferation of Pressure Groups in Primetime Symposium." This symposium was comprised of a discussion group of approximately 50 to 60 persons. It was composed of leading television and movie producers, writers, television advertisers, and other officials involved in the production and distribution of movie and television programing in the United States. The symposium addressed the effect of pressure groups on what is shown on TV during prime time. Two Members of Congress participated—my distinguished colleague, Congressman PETER RODINO of New Jersey and myself. As a member of the Senate Communications Subcommittee, I considered myself more of an observer than a participant because the field of prime time TV programing is essentially new to me.

My impressions of TV prime time producers and programers was somewhat vague when I went to this conference. I suppose, like the image of Congress, a few bad apples have spoiled the image of the majority. Nevertheless, as a result of the symposium, I was reassured that these producers and writers are sincere people who are trying their best to produce the kind of programing that is appropriate for America. I was absolutely impressed at the sincerity, objectivity, intelligence, and sensitivity that came forth in our workshops and discussions. The writers and producers want to do what is right. The advertisers want to do what is right. None favors any type of Government censorship. But they want to work out the problems within the industry and with the pressure groups. I left with a totally new view of the dedication and quality of people who are involved in television programing. Sometimes we in the U.S. Senate feel we have to struggle a great deal over our decisions. I found that these producers struggle as much as we do over what to put or not to put on TV, to show life as it is or life as it should be, or life as it is in some segments and various other options that they have to consider.

I was also impressed at the candor of the persons in this symposium. There was almost universal agreement that there is a problem in terms of certain displays of sex and violence on TV. This symposium hopefully will be a first step in resolving the problem of TV programing.

The conference speakers ranged from such diverse persons as William Rusher, editor of the National Review to my old Harvard Law professor, Alan Dershowitz—who is certainly one of the most distinguished constitutional lawyers in the country. I was pleased to meet and get better acquainted with people such as John Mitchell, the president of the Academy of Television Arts and Sciences and Grant Tinker, chairman of the Caucus of Producers, Writers, and Directors. I was also able to talk in depth with persons such as television producer, Lillian Gallo. I do not meet people in their fields of work in my normal day's work. Thus the symposium was refreshing for me.

I went away reassured that in the private sector there are many people struggling to make the right decision. I wish the symposium that I witnessed could be duplicated in the current struggle between A.T. & T. and the publishers' groups over who gets to distribute the new technologies in communications. I also wish that the private owners of cable, newspapers, and TV could get together on the issue of cross-ownership, monopolies and diversity of distribution. I was so reassured that there are many people out there who can solve these problems better than having Government intervention. I am opposed to Government regulation and Government intervention except where it is drastically needed.

Mr. President, I wanted to share the experience of this symposium with my fellow Senators. I went to this particular symposium as a skeptic, very frankly, thinking I might be hearing self-serving statements from the industry. Instead, I heard very sincere, dedicated Americans struggling with some of the most complex issues of our time in a very intelligent manner. I returned to Washington reassured that we are going to solve and meet the problems of the communications explosion we are now experiencing.

Also, it reassured my conviction that in our work, the Senate Communications Committee should urge private groups and private individuals to work out the problems that are facing the communications industry rather than passing laws and getting the Government more involved. I hope there are more symposiums such as the one sponsored last weekend by the Academy of Television Arts and Sciences and the Caucus of Producers, Writers and Directors. I urge my colleagues to listen in whenever possible.

NATIONAL SMALL BUSINESS WEEK

Mr. HAYAKAWA. Mr. President, President Ronald Reagan proclaimed the week of May 10 as National Small Business Week in recognition of the importance of small business to our national economy. In a special ceremony today at the White House, he will personally congratulate small business award winners from every State who are here to represent their fellow small business men and women in weeklong activities. Representing a broad spectrum of businesses—manufacturing; nurseries; recycling plants; franchisers' laundries; and a fashion emporium, they exemplify the highest achievers in the small business sector who started their businesses with little capital; a Federal loan—in some cases—and a lot of ambition and hard work.

Among the winners are several small innovators who developed creative new processes or who expanded their existing businesses through ingenuity. For example, the California Small Business Person of the Year is Frank Cobb, president of Sandyland Nursery, in Carpinteria. With the help of his wife and a partner, Mr. Cobb founded this firm in 1966, specializing in chrysanthemum plants. These plants normally blossom in the fall. By controlling the sunlight in his greenhouse with dark panels, Mr. Cobb was able to produce plants that bloom year around. Production is now 54,000 plants per week; they are marketed through 10 grocery chains with outlets in every State, and sales amounting to about $4 million a year.

Another California winner is David Powless, named as the 1981 innovation advocate of the year. President of Oneida Materials Co. in Fontana, Mr. Powless presents a classic example of how the private sector and Government can work together to develop important innovation. With a creative idea from a committed individual, cooperation and assistance from three Federal agencies, and financial assistance from the private sector, the process of recycling hazardous steel production waste was developed. The process converts iron oxide waste from steel mills into fines or briquettes that can be used again in steelmaking furnaces. The Oneida plant can process 50,000 tons of waste per year and is the only plant in the Nation recycling its iron oxide waste.

The Senate Small Business Committee held a hearing this morning on the need for continued Federal assistance to innovators. Under discussion was the Small Business Innovation Research Act of 1981 (S. 881), which I am pleased to cosponsor. Since small, innovative businesses have been shown to be the most efficient users of research and development funds, as well as the most prolific source of major innovations, this legislation would require qualifying Federal agencies to spend at least 1 percent of their total R. & D. budget to fund small innovators. It requires no additional Federal money, and the proposal is modeled after the National Science Foundation small business innovation research programs.

Mr. President, I congratulate all the small business award winners participating in Small Business Week, and I ask unanimous consent to have printed in the RECORD the winners from my State of California:

There being no objection, the names were ordered to be printed in the RECORD, as follows:

WINNERS

STATE SMALL BUSINESS PERSON

Mr. Frank Cobb, president, Sandyland Nursery Company, Inc., Carpinteria, California.

ADVOCATE WINNER

Mr. Cecile Scaglione, financial writer, the San Diego Union, P.O. Box 191, San Diego, California 92112.

Ms. Frances J. Grice, executive director, Operation Second Charge, 341 West 2nd Street, San Bernardino, California 92401.

Mr. David Powless, president-founder, Oneida Materials Company, Fontana, California.

CONTRACTOR OF THE YEAR

Willa Brokenbaugh Parties, Inc., 4853 South Crenshaw Boulevard, Los Angeles, California 90043.

Ms. Willa Brokenbaugh, president.

Nominated by: Sacramento Air Logistics Center, Sacramento, California.

MESSAGES FROM THE HOUSE

At 1:50 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3376. An act to authorize appropriations for the Federal Election Commission for fiscal year 1982.

At 5:34 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. JONES of Oklahoma, Mr. SIMON, Mr. MINETA, Mr. MATTOX, Mr. SOLARZ, Mr. PANETTA, Mr. GEPHARDT, Mr. HEFNER, Mr. GRAMM, Mr. LATTA, Mr. REGULA, Mr. SHUSTER, Mr. FRENZEL, Mr. KEMP, and Mr. MARTIN of North Carolina as managers of the conference on the part of the House.

HOUSE BILL PLACED ON CALENDAR

The following bill was read twice by unanimous consent, and placed on the calendar:

H.R. 3376. An act to authorize appropriations for the Federal Election Commission for fiscal year 1982.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1162. A communication from the Acting Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Navy's proposed letter of offer to Japan for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1163. A communication from the Acting Director of the Federal Emergency Management Agency, transmitting a draft of proposed legislation to extend the national flood insurance program under the National Flood Insurance Act of 1968; to the Committee on Banking, Housing, and Urban Affairs.

EC–1164. A communication from the Vice President for Government Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers and the on-time performance of each train operated by the Corporation for the month of March 1981; to the Committee on Commerce, Science, and Transportation.

EC–1165. A communication from the Secretary of the Interstate Commerce Commission, transmitting, pursuant to law, notice that the Commission will be unable to render a decision in Investigation and Suspension Docket No. 9179, Cancellation of Intermediate Routing, Michigan Northern Railway, and requesting a 60 day extension of the deadline; to the Committee on Commerce, Science, and Transportation.

EC–1166. A communication from the Acting Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, a report entitled "Demonstrated Reserve Base of Coal in the United States on January 1, 1979"; to the Committee on Energy and Natural Resources.

EC–1167. A communication from the Vice President of the Federal Land Bank of Columbia and Federal Intermediate Bank of Columbia, transmitting, pursuant to law, the annual report of the Farm Credit Retirement Plan, Columbia District, for the year ended August 31, 1981; to the Committee on Governmental Affairs.

EC–1168. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to authorize appropriations for alcohol abuse and alcoholism research; to the Committee on Labor and Human Resources.

EC–1169. A communication from the Secretary of the Senate, transmitting, pursuant to law, a statement of the receipts and expenditures of the United States Senate for the period October 1, 1980 through March 31, 1981; ordered to lie on the table and be printed.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–103. A resolution adopted by the Assembly of the Kenai Peninsula Borough, Alaska, urging the Congress to amend the Federal Bankruptcy Act to make the filing of bankruptcy more difficult and to minimize the potential for abuse; to the Committee on Banking, Housing, and Urban Affairs.

POM–104. A concurrent resolution adopted by the Legislature of the State of Indiana; to the Committee on the Judiciary:

"RESOLUTION

"Section 1. The General Assembly of the State of Indiana requests the Congress of the United States to propose the following amendment to the Constitution of the United States:

"ARTICLE

"Section 1. The Government of the United States shall not engage in any business, professional, commercial, financial or industrial enterprise except as specified in the Constitution.

"Section 2. The constitution or laws of any State or the laws of the United States shall not be subject to the terms of any foreign or domestic agreement which would abrogate this amendment.

"Section 3. The activities of the United States Government which violate the intent and purpose of this amendment shall, within a period of three years from the date of the ratification of this amendment, be liquidated and the properties and facilities affected shall be sold.

"Section 4. Three years after the ratification of this amendment the sixteenth article of amendments to the Constitution of the United States shall stand repealed and thereafter Congress shall not levy taxes on personal incomes, estates, or gifts."

"Section 2. The Secretary of the Senate is instructed to transmit a certified copy of this resolution to the President of the Senate of the Congress of the United States, the Speaker of the House of Representatives of the Congress of the United States, the presiding officer of each chamber of each state legislature in the United States, and each member of the Indiana congressional delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HEINZ, from the Special Committee on Aging: Special Report entitled "Developments In Aging 1980, Parts 1 and 2."

PROBLEMS OF THE AGED AND AGING

Mr. HEINZ. Mr. President, under the authority of Senate Resolution 353, agreed to March 5, 1980, I am submitting the annual report of the Senate Special Committee on Aging, entitled "Developments In Aging 1980, Parts 1 and 2."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

W. Kenneth Davis, of California, to be Deputy Secretary of Energy.

Rosslee Green Douglas, of South Carolina, to be Director of the Office of Minority Economic Impact.

Joseph J. Tribble, of Georgia, to be an Assistant Secretary of Energy (Conservation and Renewable Energy).

Edward E. Noble, of Oklahoma, to be Chairman of the Board of Directors of the U.S. Synthetic Fuels Corporation.

(The above nominations reported from the Committee on Energy and Natural Resources, with the recommendation that they be confirmed, subject to the nominees' commitment to respond to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PROXMIRE:

S. 1173. A bill for the relief of Faustina Mactangay Radloff and Dennis Radloff; to the Committee on the Judiciary.

By Mr. ARMSTRONG:

S. 1174. A bill to encourage enlistment and service in the military Reserve Forces of the United States; to the Committee on Armed Services.

By Mr. BOSCHWITZ:

S. 1175. A bill to amend the Internal Revenue Code of 1954 to exclude fringe benefits from the definition of gross income; to the Committee on Finance.

S. 1176. A bill for the relief of Mr. Edmundo and Neddie Cox; to the Committee on the Judiciary.

S. 1177. A bill for the relief of Ms. Afsaneh Naimollah; to the Committee on the Judiciary.

S. 1178. A bill for the relief of Mr. John Dimitrios Efstathiou; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 1179. A bill to amend the Internal Revenue Code of 1954 to repeal the excise tax on trucks and tractors and parts and accessories for such vehicles; to the Committee on Finance.

By Mr. MITCHELL:

S. 1180. A bill to amend the Internal Revenue Code of 1954 to provide simplification in accounting rules related to inventory; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ARMSTRONG:

S. 1174. A bill to encourage enlistment and service in the military Reserve Forces of the United States; to the Committee on Armed Services.

STRENGTH IN RESERVE ACT OF 1981

● Mr. ARMSTRONG. Mr. President, today I am introducing a two-part measure designed to encourage enlistment in the National Guard and the military Reserves.

The bill establishes no new programs and will impose no additional burden on the taxpayers.

What this bill does is provide guardsmen and guardswomen and reservists preferential treatment in existing Government educational assistance programs and Federal hiring.

Title I of the Strength in Reserve Act would put members of the National Guard and the Ready Reserve at the head of the line for the guaranteed student loan (GSL) and the national defense student loan (NDSL) programs now administered by the Department of Education. This bill provides for Federal repayment or loan forgiveness of up to $2,000 a year—or the unpaid amount, whichever is smaller—for each year of honorable service to the Guard or Reserve, for a maximum of 4 years.

Title II of the Strength in Reserve Act would extend to members of the National Guard and the Ready Reserve the same number of preference points in Federal hiring accorded newly discharged veterans from the Active Forces.

The point preference would be granted to persons who complete at least 2 years of honorable service with a National Guard or Reserve unit.

I am convinced that the enactment of the Strength in Reserve Act will markedly increase the number of persons who enlist in the National Guard and the Ready Reserve and will provide a higher quality enlistee for these vital services.

I truly believe that this beefing up of our forces in reserve, coupled with the retention qualities of the new pay bill for Active Forces I have introduced and the enlistment incentives of a new GI bill I have introduced, can and will solve the military manpower shortage we suffer from today.●

By Mr. BOSCHWITZ:

S. 1175. A bill to amend the Internal Revenue Code of 1954 to exclude fringe benefits from the definition of gross income; to the Committee on Finance.

EXCLUDING FRINGE BENEFITS FROM GROSS INCOME

Mr. BOSCHWITZ. Mr. President, as part of the effort to get our Government and economy under control, the administration has pledged not to raise taxes. In fact, the administration has proposed major tax cut legislation which the Senate Finance Committee is considering this week and in the near future. Even with such good prospects of tax reduction, we must not overlook a part of the tax laws which could creep up on millions of working Americans.

Today, I am introducing legislation which will prevent the specter of additional taxation from creeping up on millions of taxpaying workers. The bill I am introducing will settle, once and for all, the conflict between Congress and the IRS.

My bill provides that fringe benefits are not gross income, and therefore not subject to income tax. By so providing, Congress will be required to specifically decide what, if any, fringe benefits should be taxed. As a result, tax policy decisions will rest appropriately with the Congress, rather than the IRS.

A brief history of the taxation of fringe benefits will illustrate the need for my legislation. For over 20 years, the IRS and the Congress have wrestled with this most difficult question of how, if at all, to tax fringe benefits. In all that time, no regulations have ever been actually proposed by the IRS.

Rather, some years ago, a draft of proposed regulations was published in the Federal Register which indicated the approach the IRS would take. In response to this draft, Congress enacted a moratorium which expires May 31, 1981.

While the present moratorium appears to have worked well, I believe that the issue must be addressed directly. In the past, the IRS has occasionally ignored congressional prohibitions of publishing regulations on the basis that only the enabling legislation is binding. My bill amends that enabling legislation to clearly define the roles of Congress and the IRS, as well as providing stability and certainty in this area of our tax law.

There are many compelling reasons for requiring Congress to act, instead of allowing the IRS to tax through fringe benefit regulations. Such regulations would be inflationary because when fringe benefits are taxed by the Government, the workers will seek greater wages to offset the tax.

As wages increase, employers pass on this additional cost to the consumers in the form of higher prices.

Additional regulations would also create additional paperwork burdens on employers, who would have to analyze such regulations and apply them to the specific employer-employee policies.

The employer would also have to report the amount of income to both the employee and the Government.

In addition to reporting the fringe benefit, a determination would have to be made as to the value of the fringe benefit. The valuation issue raises more questions than it provides answers.

Furthermore, I seriously question whether there would be sufficient revenue generated from such taxation to offset the costs of implementation and enforcement by the IRS.

Finally, the most compelling reason to enact this legislation is the practical effect of issuing fringe benefit regulations. As regulations are proposed, strong special interest groups will seek exemption from the regulations, or better yet, specific statutory exclusion for their specific fringe benefits.

While there are as many fringe benefits as there are creative employers, I would like to share with you a few fringe benefits which are specifically excluded from taxation by sections of the Internal Revenue Code:

Section 105. Amounts received under accident and health plans.

Section 106. Contributions by employers to accident and health plans.

Second 119. Meals or lodging furnished for the convenience of the employer.

Section 120. Amounts received under qualified group legal services plans.

Section 124. Qualified transportation provided by employers.

Section 125. Cafeteria plans.

Section 127. Educational assistance programs.

This list shows how strong some special interest groups really are. There is no doubt in my mind that additional regulations would attract other strong special interests, and result in further exclusions from taxation.

My legislation provides an exclusion for that greatest special interest group of all, working Americans. It also eliminates the need for many sections of the tax laws and the vast regulations which accompany them.

As taxes increase, fringe benefits are more desirable to workers than additional wages. The result of our increasing tax burden has been a proliferation of fringe benefits. With the real possibility of meaningful tax reduction, fringe benefits will be less desirable and additional regulation unnecessary.

In conclusion, I would like to point out that there are millions of working Americans—who already carry a heavy tax burden—who receive taxable and nontaxable fringe benefits as a part of their employment. Fringe benefit regulations would further increase this burden. Creative and innovative employers would no doubt expend considerable time and effort to develop fringe benefits which would fall outside of any regulations.

My bill would eliminate this unnecessary and unproductive effort, while preserving existing authority to curb abuses and tax avoidance. I urge my colleagues on the Finance Committee to give prompt consideration to this legislation, and swift passage by the Senate.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1175

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 61 of the Internal Revenue Code of 1954 is amended by renumbering subsection (b) as subsection (c), and inserting a new subsection (b), as follows:

"(b) Except as otherwise provided in this subtitle, gross income shall not include fringe benefits."

By Mr. RIEGLE:

S. 1179. A bill to amend the Internal Revenue Code of 1954 to repeal the excise tax on trucks and tractors and parts and accessories for such vehicles; to the Committee on Finance.

MOTOR VEHICLE TAX REPEAL ACT OF 1981

● Mr. RIEGLE. Mr. President, today, I am introducing the Motor Vehicle Tax Repeal Act of 1981. This bill would eliminate the 10-percent Federal excise tax on trucks, tractors, and truck trailers, and the 8-percent tax on truck parts and accessories. The act would provide rapid relief to truck manufacturers and truck operators and open the door to increased investment in more productive, safe, and fuel-efficient vehicles.

This excise tax is an inequitable burden on truck manufacturers and truck operators. The taxes on cars and car parts were repealed in 1972. Then in 1978 the Federal excise tax on buses and bus parts were repealed. Yet we continue to impose a Federal excise tax on trucks, tractors, truck trailers, and the parts used to build them. The time for repeal of this tax is long overdue.

A number of factors is depressing sales in the trucking industry. Congress is addressing some of these problems through its efforts to work with the President to put in place an economic recovery program. We must take actions to cope with inflation, provide incentives to save and invest, and reduce interest rates. But, we must go beyond general economic goals and provide more targeted help to the trucking industry.

Domestic truck manufacturers experienced a severe decline in sales during 1980. For example, motortruck factory sales were down 47 percent in 1980 as compared to 1979 and truck trailer shipments dropped 41 percent during the same period. In the truck trailer industry alone this resulted in a 26-percent drop in employment.

We cannot afford a tax that discourages production and depresses employment in the truck manufacturing industry. At least three-quarters of a million jobs are at stake; that is not small potatoes. And it is not a local or regional problem; truck and bus production is nationwide in scope.

I ask my colleagues to support repeal of the excise tax to stimulate demand for trucks, tractors, and truck trailers, and equipment. This higher level of demand would increase employment in both production and distribution in the truck manufacturing industry. Investment in new trucks will yield benefits to the American people.

Currently the tax drives up the cost of doing business. It creates inflationary pressures on all goods that are shipped by truck. This increases prices for all consumers and puts the trucking industry at a competitive disadvantage relative to other modes of transportation. Repeal of the tax would result in lower costs for consumers and a more favorable competitive environment for truck operators.

Providing this additional incentive to invest in newer trucks and replace aging vehicles will also result in safer, more energy-efficient trucks. In this way my bill would also contribute to safety on our highways; as older, less safe trucks are replaced with newer, safer, and cleaner burning trucks. This would mean fewer accidents, less pollution, and lower energy costs.

To continue the Federal excise tax on trucks, tractors, truck trailers, and truck parts and accessories is to discourage investment in more efficient truck transportation. If we do not address this situation we are prolonging the problems I mentioned. This is an unacceptable situation when we seek to increase investment, improve productivity, and cope with inflation.

My bill offers an efficient and equitable solution to the difficulties being experienced by truck manufacturers and provides an incentive to invest in newer, more productive equipment. I urge my colleagues to join me in support of the Motor Vehicle Tax Repeal Act of 1981.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF THE MOTOR VEHICLE TAX REPEAL ACT OF 1981

INTRODUCTION

The Motor Vehicle and Tax Repeal Act of 1981 is intended to repeal the current 10 percent tax on trucks, trailers and tractors and the 8 percent tax on truck parts and accessories.

TITLE: MOTOR VEHICLE TAX REPEAL ACT OF 1981

Section-by-section analysis

Section 2. This section repeals sections 4061, 4062 and 4063 of the Internal Revenue Code of 1954 and makes conforming amendments to the table of sections.

Section 4061 imposes a 10 percent excise tax on automobile truck chassis, automobile truck bodies, automobile bus chassis, automobile bus bodies, and truck and bus trailer and semitrailer bodies and chassis. Vehicles with gross vehicle weight of under 10,000 pounds are exempted. An 8 percent excise tax is imposed on parts and accessories to the taxed vehicles.

Section 4062 classifies spark plugs, storage batteries, leaf springs, coils, timers and tire chains which are suitable for use in connection with a vehicle taxed under § 4061 as parts for purposes of § 4061.

Section 4063 exempts specified vehicles, parts, and transmissions from taxation under section 4061. Exempted vehicles include camper coaches, feed, seed and fertilizer equipment, house trailers, ambulances, hearses, concrete mixers, local transit buses and trash containers. Rebuilt parts and accessories are exempt. Sales to manufacturers and after certain modifications are not taxed.

Section 3. This section conforms other sections of the Internal Revenue Code of 1954 to the repeal of sections 4061, 4062 and 4063. The sections affected include sections 4216 (definition of "price"), 4218 (use by manufacturer or importer considered sale), 4221 (certain tax free sales), 4222 (registration of manufacturers and purchasers), 6412 (floor stock refunds) and 6416 (certain taxes on sales and services).

Section 4. This section repeals the parts of the Highway Revenue Act of 1956 which transferred to the Highway Trust Fund certain percentages of the revenue taken in under section 4061 of the Internal Revenue Code of 1954. The section also calls for the Secretary of the Treasury to transfer from the Highway Trust Fund to the general fund amounts equal to the refunds under Section 5 (b), (c) and (d) of this act.

Section 5(a). This subsection sets out the effective dates for sections 2, 3 and 4 of this act. Sections 2 and 3 shall apply to sales after the date of enactment of this act. Section 4 shall take on the date of enactment.

(b) This subsection grants a refund to a manufacturer, producer, or importer who has proper documentation that a tax was imposed under section 4061 before enactment of this act and that the article was held for sale by a retailer on the day after enactment. A request must be made for the refund and a credit is given to the retailer within 10 months of enactment.

(c) This subsection grants a refund to a manufacturer, producer, or importer for any tax imposed by section 4061 after January 1, 1981 on articles sold to an ultimate consumer if the manufacturer, etc. has proper documentation of the sale, claim for the refund is made within 10 months of enactment of this act, and reimbursement is made to the ultimate consumer in an amount equal to the tax imposed.

(d) This subsection treats any tax imposed after January 1, 1981 by section 4218(c) of the Internal Revenue Code of 1954 (which would be repealed by section 3(b)(1) of this act) as an overpayment of such tax.

(e) This subsection defines "dealer" and "held by a dealer." "Dealer" includes a wholesaler, jobber, distributer or retailer. An article is considered "held by a dealer" if title has passed to such dealer, without reference to delivery, and if for purposes of consumption, title or possession to such article has not at any time been transferred to any person other than a dealer.●

By Mr. MITCHELL:

S. 1180. A bill to amend the Internal Revenue Code of 1954 to provide simplification in accounting rules relating to inventory; to the Committee on Finance.

INVENTORY SIMPLIFICATION AND REFORM TAX ACT OF 1981

● Mr. MITCHELL. Mr. President, I am introducing today a tax measure which will greatly simplify inventory accounting for small businesses. It is a counterpart to Congressman NOWAK's legislation, H.R. 2319.

I believe the principles embodied in this bill merit support as we consider tax relief and incentives for the business community—particularly the small business community.

The centerpiece of the forthcoming business tax cut will consist of a radical simplification and streamlining of the depreciation schedules and depreciation tax treatment for American businesses.

At the same time reform of the tax treatment of inventory accounting is so vital to the health of small businesses that I believe it merits a place in any tax bill.

Depreciation reform, of course, is long overdue. The effects of inflation have helped overstate the paper profits of most companies today, while the historic prices used to depreciate the assets that are a cost of producing company income have been rendered less and less valuable. Estimates are that business taxable income may have been overstated—and taxed—by as much as $15.6 billion in 1979.

Proper reform of depreciation allowances will therefore have my strong support in the Senate Finance Committee.

At the same time, the benefits of depreciation reform are concentrated on larger corporations, and on the most capital intensive corporations.

For many smaller firms, which are more labor intensive and which have substantial amounts of operating capital tied up in inventory, the reform of depreciation allowances will be less meaningful.

A modification of tax law to simplify the accounting procedures that now cost small businesses excess tax liability and lost workhours for compliance is as important for this sector of our economy as the depreciation changes are for the business community as a whole.

Smaller firms, which have a larger share of their capital tied up in inventory, may not use the most simple and straightforward method of accounting to report their expenses and income for tax purposes: Cash accounting. For the one-man business or the family operation, cash accounting is the simplest and most straightforward way to account for income, expenses and operating costs. The principles of cash accounting are the same most taxpayers use in filing individual returns for salary and wage income, but current law prohibits the use of this simple method to report tax liability by any business except some smaller farm operators.

Not only does the need for the more complex accrual accounting method to satisfy tax requirements impose a needless and time-consuming burden on small businesses, the accrual method of accounting that is easiest for small businesses to use—the so-called first-in-first-out method—also overstates income, understates the cost of earning that income, and forces small businesses to pay taxes on inflated earnings that do not represent real increases in profits but rather price increases forced up by inflation.

The overstatement of corporate taxable income from current depreciation rates is $15.6 billion. But even this huge figure pales in comparison to the costs incurred because of the requirements that limit the accounting methods most firms can use to assess their tax liability. The widespread use of FIFO may have overstated business income by as much as $41.9 billion in 1979.

The simple fact is that the first-in-first-out inventory accounting method overstates the earnings derived from any given sample of inventory. It does so by requiring that the original cost of inventory be directly measured against its selling price. So although operating costs may have risen, and the replacement cost of inventory may have greatly increased, this method of accounting forces businesses to declare larger earnings from sales than can be justified by either real operating or replacement costs.

There is an alternative accrual accounting method, the so-called last-in-first-out method which permits the use of the most recent cost of inventory as an offset against earnings. This relates the cost of earning income more closely to the real costs incurred. But current law hedges the use of this form of accounting with so many restrictions and complications that it is all but inaccessible for small businesses.

And some of the complications make it less than attractive for large businesses as well, although firms that have made the costly accounting change report substantial tax savings and increased cash flow.

At present, less than 4 percent of manufacturers, 3 percent of wholesalers, and barely more than 1 percent of the retailers in the country use LIFO. IRS statistics disclose the fact that many small businesses have extreme difficulty maintaining inventory records for tax purposes. In 1976, 25 percent of retailers reported no inventory, 34 percent of corporate wholesalers reported no inventory, and 28 percent of manufacturers reported no inventory. This reflects the complexity of current tax requirements and leads to massive overstatement of business income and the subsequent massive overtaxation of that income.

Capital formation in smaller businesses will be retarded as long as our tax laws discriminate against businesses which cannot afford the costly accounting expertise needed to fully utilize the provisions of the law.

For instance, the last-in-first-out accounting procedure requires retailers and wholesalers to use "pools" of goods, containing products similar in nature. Manufacturers may use a single pool as a "natural business unit." This regulatory provision means that if a grocery store wanted to use the LIFO accounting system, it would have to create and maintain records for more pools of goods than a manufacturer the size of General Motors.

As well, the law demands that the vast majority of businesses establish and maintain their own pricing indexes to value inventory if they want to use LIFO accounting. The obvious expense and complexity involved is a serious barrier to its use.

If a company does determine that the long-term benefits of using LIFO outweigh these difficulties, the first-year costs of changing from the FIFO to the LIFO systems can be crippling: The full amount of inventory revaluation must be applied against income in the year the change is made, meaning that a company faces a substantial tax penalty for "income" due purely to an accounting change.

Additionally, a provision of tax law takes effect next January that makes any company using LIFO "recapture" the tax benefits of that accounting usage on liquidation. This is a massive and unwarranted tax penalty facing any small businessman who wants to sell his company. There is no rational basis for treating this form of accrual accounting as some sort of subsidy that should be recaptured. LIFO should be recognized as a legitimate method of inventory accounting, which it is.

The use of LIFO has been discouraged for larger firms as well as smaller ones because of the requirement that earnings as reported for tax purposes under the LIFO accounting method be used in financial reports to stockholders as well. It has been widely recognized that this conformity-in-reporting requirement serves no useful purpose and represents an administrative burden for the IRS.

Although inventory accounting reform does not have the immediate public appeal of more easily understood tax reforms and incentives, the need for this reform is clear.

The overtaxation of corporate income has not only contributed to a slowdown in economic growth and retarded productivity in the larger corporate world, it has crucially affected the ability of smaller businesses to survive and prosper. Our smaller firms remain today, as they always have been, the vital innovative force in our economy. If the capital formation needs of this sector are constantly shortchanged by inflationary forces, and if the principal thrust of tax reforms is geared to the most easily comprehensible and largest corporate tax inequities, this sector will remain the stepchild of the business community and our Nation and our economy will be deprived of the rich resources of inventiveness, productivity, and growth that the small business community has traditionally represented.

This problem of overtaxation warrants immediate attention, along with efforts to reduce the overtaxation represented by the existing depreciation schedules.

My bill would permit firms with less than $5 million in gross receipts to use a single product pool for LIFO accounting. It would permit all firms to use the Consumer or Producer Price Index instead of forcing them to create their own price indexes. It would permit retailers and wholesalers to use pools determined by the Consumer Price Index product components. It would repeal the reporting conformity requirement and the tax penalty for liquidation, as well as modifying the tax consequences of changing to LIFO accounting.

In addition, for truly small enterprises, those with gross sales of $1.5 million or less each year, my bill would permit the use of cash accounting to establish tax liability. This is a major simplification of tax requirements that Congress has already extended to small farmers. There is no reason to deny the same benefits of saving time, trouble, and human resources to the thousands of small businesses and family enterprises which do not happen to be farmers. This reform would truly aid in getting the Federal Government off the back of small businessmen, and I believe it should be enacted.

The following analysis describes in more detail the changes my bill would make, and I ask unanimous consent that the analysis be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SUMMARY OF LEGISLATION

Section 1. Title.

Sec. 2. Repeal of LIFO conformity requirement: Current law requires firms that use LIFO for tax accounting to also use LIFO in financial reports. This means that the use of LIFO for financial reporting cannot be used by firms which use LIFO to establish taxable income.

Sec. 3. Reduce tax penalty for LIFO election: Current law requires the entire value of inventory write-down to be treated as income in the year a company changes its accounting method, providing a grossly overstated income and tax liability for that year. The bill would permit this tax liability to be spread over ten years.

Sec. 4. Simplification of LIFO pooling regulations: Current law requires retailers and wholesalers to pool inventory items by major lines, classes or types of goods. Manufacturers may use a single pool, representing a natural business unit.

Sec. (a) Small businesses with less than $5 million in gross sales would be permitted to use a single pool for LIFO accounting.

Sec. (b) Wholesalers and retailers would be permitted to pool their goods according to the categories in the CPI Detailed Report. These are generally as follows:

1. Food and beverages,
2. Housing maintenance and repair commodities,
3. Fuels (except gasoline),
4. House furnishings and housekeeping supplies,
5. Apparel commodities,
6. Private transportation (including gasoline),
7. Medical care commodities,
8. Entertainment commodities,
9. Tobacco products,
10. Toilet goods and personal care appliances, and
11. School books and supplies.

Sec. 5. Use of government price indexes: Current law permits only department stores to use government price indexes. Other businesses must generate internal indexes.

This provision would permit businesses to use either the Consumer Price Index or the Producer Price Index for the categories of inventory.

Sec. 6. Use of internal indexes: Current law limits the kinds of internal price indexes a company may use. This bill would permit the use of internally generated indexes without requiring a showing that other methods of indexing are unsuitable.

Sec. 7. Repeal of Sec. 403(b) of the Crude Oil Windfall Profits Tax Act of 1980: Current law requires that the benefit of LIFO inventory accounting be recaptured as ordinary income, liable to taxation, when a corporation liquidates LIFO inventory in a partial or complete liquidation of the business. It would affect liquidation plans taking effect after December 31, 1981. The bill repeals this provision.

Sec. 8. Cash accounting: Current law prohibits the use of cash accounting for tax purposes by all businesses except certain farm operators.

The bill would permit any company with gross receipts of less than $1.5 million to use cash accounting if it meets the "active participant" test. An active participant is one actively involved in management and whose principal business activity is the trade or business in question.●

ADDITIONAL COSPONSORS

S. 3

At the request of Mr. PRYOR, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 3, to reduce paperwork in the administration of certain construction contract provisions of law relating to wage rates.

S. 290

At the request of Mr. MELCHER, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 290, a bill entitled the "Reye's Syndrome Act of 1981."

S. 653

At the request of Mr. THURMOND, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 653, a bill to amend title 28 of the United States Code to modify habeas corpus procedures.

S. 682

At the request of Mr. RIEGLE, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 682, a bill to place a moratorium on decisions by the Federal Trade Commission in shared monopoly proceedings until the Congress establishes the existence of the violation and defines its elements.

S. 719

At the request of Mr. PRYOR, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 719, a bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, to provide statutory guidelines concerning the award of contracts for the procurement of consulting services, management and professional services, and for other purposes.

S. 842

At the request of Mr. HAYAKAWA, the Senator from Texas (Mr. TOWER) was added as a cosponsor of S. 842, a bill to provide for stability and certainty in planning and management of certain National Forest lands.

S. 873

At the request of Mr. BENTSEN, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 873, a bill to strengthen Federal programs and policies for combating international and domestic terrorism.

S. 1030

At the request of Mr. MCCLURE, the Senator from Montana (Mr. BAUCUS), the Senator from Oklahoma (Mr. NICKLES), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 1030, a bill to protect firearms owners' constitutional rights, civil liberties and rights to privacy.

S. 1072

At the request of Mr. BOREN, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 1072, a bill to amend the Internal Revenue Code of 1954 to provide an exclusion from gross income of interest earned on qualified housing savings certificates.

S. 1080

At the request of Mr. LAXALT, the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of S. 1080, a bill to amend the Administrative Procedures Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs; to provide for a periodic review of regulations; and for other purposes.

S. 1163

At the request of Mr. HATCH, his name was added as a cosponsor of S. 1163, a bill to increase the penalties for violations of the Taft-Hartley Act, to prohibit persons, upon their convictions of certain crimes, from holding offices in or certain positions related to labor organizations and employee benefit plans, and to clarify certain responsibilities of the Department of Labor.

S. 1171

At the request of Mr. COCHRAN, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 1171, a bill to repeal the residential conservation service program and the commercial and apartment conservation service program.

SENATE JOINT RESOLUTION 78

At the request of Mr. COCHRAN, the Senator from Mississippi (Mr. STENNIS), the Senator from Nevada (Mr. LAXALT), the Senator from Alabama (Mr. HEFLIN), the Senator from Georgia (Mr. NUNN), the Senator from Indiana (Mr. LUGAR), the Senator from South Dakota (Mr. ABDNOR), the Senator from New Mexico (Mr. SCHMITT), the Senator from Kentucky (Mr. FORD), and the Senator from Arkansas (Mr. PRYOR) were added as cosponsors of Senate Joint Resolution 78, a joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day."

AMENDMENT NO. 49

At the request of Mr. LEVIN, the Senator from Delaware (Mr. ROTH), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of amendment No. 49 proposed to S. 815, a bill to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

SENATE RESOLUTION 134—RESOLUTION RELATING TO ACCESS OF THE RURAL ELECTRIFICATION ADMINISTRATION TO THE FEDERAL FINANCING BANK

Mr. PRESSLER submitted the following resolution; which was referred to the Committee on Agriculture, Nutrition, and Forestry.

S. RES. 134

Whereas the 1,000 rural electric systems provide electric service to about 25,000,000 persons residing in rural areas and small towns in 2,600 counties located in 46 States;

Whereas the cost of providing electric service to sparsely settled areas is significantly greater than in urban areas;

Whereas the revenue per mile line in rural areas is significantly less than in urban areas;

Whereas major capital investments are

necessary for rural electric cooperatives to meet existing regulations; and

Whereas the Rural Electrification Administration has a repayment record of no defaults in the history of the guaranteed loan program: Now, therefore, be it

Resolved, That it is the sense of the Senate that continued access of the Rural Electrification Administration to the Federal Financing Bank be assured.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretaries of Treasury and Agriculture.

Mr. PRESSLER. Mr. President, today I am submitting a resolution expressing the sense of the Senate that the Rural Electrification Administration be assured continued access to the Federal Financing Bank. This resolution is in response to the Reagan administration's proposed discontinuation of the FFB's financing of REA guaranteed loans.

The 1,000 rural electric systems provide electric service to about 25 million persons in rural areas and small towns in 2,600 counties located in 46 States. The proposed administration action would cause a rapid increase in their already high electric rates. Department of Energy and REA statistics show that rural electric consumers already pay 12 percent more than urban consumers for their electricity. Most of these rural people are already having a difficult time paying their increasing power bills. This would just add another burden.

It is true that about 99 percent of our farms presently enjoy electric power service, but the job of the REA is far from complete. The cost and major capital investment required to maintain the power lines and other facilities to meet existing regulations is incredible. In addition, if the American farmer is to continue to be the most productive sector of the American economy, he must be able to use the most advanced technology and farming methods. To assure this continued growth in farm productivity, the rural electric cooperatives must provide farmers with adequate electric power and other needed technology. To fulfill these needs, the REA must have access to sufficient credit, and continued FFB financing is needed for this.

Finally, the present FFB financing of REA guaranteed loans does not really cost the Federal Government any money. Presently, REA guaranteed loans are made to rural cooperatives at the prevailing Treasury rate plus one-eighth percent service fee, and the repayment record is one of having no defaults throughout the history of the guaranteed program. Why, then, should the REA be the only Government agency to have their access to the FFB totally discontinued?

Mr. President, I urge my colleagues to join me in supporting this resolution as many of them recently did in sending a letter to President Reagan on this issue.

AMENDMENTS SUBMITTED FOR PRINTING

VETERANS' CARE IN PUERTO RICO AND THE VIRGIN ISLANDS

AMENDMENT NO. 53

(Ordered to be printed and referred to the Committee on Veterans' Affairs.)

Mr. PROXMIRE submitted an amendment intended to be proposed by him to the bill (S. 921) to extend authority to provide contract hospital care and medical services in Puerto Rico and the Virgin Islands, and for other purposes.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources. A full committee hearing on standby oil controls is currently scheduled for Tuesday, May 19, at 10 a.m. The hearing will continue on Wednesday, June 3, at 9:30 a.m. in room 3110 of the Dirksen Senate Office Building.

For further information regarding this hearing, you may wish to contact Mr. David Doane at 224–7144.

Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources to consider the nomination of Charles M. Butler III, to be a member of the Federal Energy Regulatory Commission.

The hearing has been scheduled for Thursday, May 21, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing, you may wish to contact Mr. Charles Trabandt at 224–7141.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate today for the purpose of marking up foreign aid legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Wednesday, May 13, to hold markup hearings on the tax cut legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Thursday, May 14, to hold markup hearings on the tax cut legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Monday, May 18, to hold markup hearings on the tax cut legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON REGULATORY REFORM

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Regulatory Reform of the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, May 14, to mark up S. 1080, the regulatory reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

CARE WEEK

○ Mr. DOLE. Mr. President, just 6 days ago, this Chamber approved a joint resolution requesting President Reagan to designate this week, May 10–16, 1981, CARE Week, in recognition of that organization's 35 years of service to people around the world. We all know that success stories are not at all uncommon among the people of this Nation. However, I am grateful that the time has come to recognize care as one of the outstanding examples of those stories, and as a source of pride for its work in behalf of the world's impoverished and underprivileged.

CARE, the cooperative for American relief everywhere, began its work more than 46 years ago by supplying food packages to millions in France left homeless by World War II. It has since grown into the Nation's second largest nonprofit, nonpolitical, nonsectarian, nongovernmental agency, and has expanded its services far beyond the food packages that were its trademark during the Second World War.

Of course, CARE was originally conceived to help the millions of people affected by that war. Twenty-two major American organizations—made up of relief agencies, religious groups, labor, and cooperatives—joined in a venture that would provide aid and assistance to the men, women, and children left destitute in Europe.

Today, CARE does much more than just feed hungry people. It provides for the education and training of farmers in underdeveloped countries so that they can successfully farm their own land. It provides tools and technical assistance for the development and implementation of 5-year agriculture plans, and it provides training and education programs in nutrition, child development, and health care to enable the next generations of those nations to insure for them a better future.

Throughout all of these efforts, CARE has maintained perhaps the most outstanding record of any organization in utilizing contributions of food and money from private citizens and business organizations. Since 1945, more than 46 million Americans have contributed to CARE, and for every dollar given, $5 worth of aid has been returned.

With continued support, CARE can continue its fine efforts of assistance to the world's underprivileged. I am hopeful that during CARE Week, all Americans will recognize the need for, and the value of, supporting this organization, whose name is truly synonymous with its work.●

THE REAUTHORIZATION OF THE LEGAL SERVICES CORPORATION

● Mr. JACKSON. Mr. President, the Legal Services Corporation needs to be reauthorized. I have cosponsored S. 939 to extend the LSC for 3 years. It also encourages the private bar to deliver increased local legal services to the poor.

I do this knowing of the strong support the Legal Services Corporation has in Washington State. The Washington State Bar Association, as well as 11 county bar associations, has passed resolutions of support. The Young Lawyers section of both the Washington Bar Association and the Seattle-King County Bar Association have indicated their support, along with the black lawyers' Loren Miller Bar Association, the Washington Women Lawyers Association and the La Raza Lawyers Association.

The Seattle City Council has expressed its support, and I have heard from the Washington State Labor Council, various prosecuting attorneys in the State, several State and Federal judges, law professors, senior citizen groups, tribal courts, and a large number of private practice attorneys.

It was the intent of Congress in creating the LSC to aid the poor in need of legal services, and I believe that without the LSC these much needed services would not otherwise be available to the 30 million poor of our country.

The administration has proposed to abolish totally funding for the LSC beginning October 1, 1981. I cannot support those efforts. I believe in the work of the LSC, and I am committed to doing what I can to assure continued legal services to those who cannot afort it. "Equal justice for all" has no meaning if it is unavailable to some for want of the cost.

In 1980, 1.2 million poor people were served with $300 million with 2 lawyers for every 10,000 poor people. In Washington State in 1980, the Legal Services Corporation distributed $4,116,-183 to legal services programs serving tens of thousands of Washington's poor.

While I believe the private bar has a role to play in serving the legal needs of the poor, I do not believe it is currently in a position to meet those needs now being met by legal service programs.

In 1965 on the eve of Federal involvement in a legal services program, Theodore Voorhees, then-president of the National Legal Aid and Defender Association said:

> The heart of the new national effort to combat poverty has to be the providing of legal services. The whole bundle of rights that the poor ought to share with the rest of us is utterly meaningless unless legal representation is provided to give those rights reality.
>
> The anti-poverty drive to bring new opportunities for employment, health and education into the immediate neighborhood of the poor will inevitably fall short of its mark unless lawyers and legal service programs are in the vanguard. They should spearhead the whole program.

In an administration which is cutting back on those community programs of opportunity for employment, health and education, legal services take on added importance. The kind of assistance lawyers are uniquely qualified to give can help people find their way out of poverty, out of frustrations with the system and into making use of the law as it applies to their rights and responsibilities.

Representation of indigents was an accepted part of the practice of law in many European countries long before the United States came into existence. In England, the ideal of equal justice for all can be traced back to the Magna Carta, and court-appointed attorneys to a 1495 statute.

The first American version of legal aid came after the Civil War when the Freedman's Bureau paid private attorneys to represent destitute black persons in some States.

Then, in 1876 the German Society of New York began providing lawyers to help new arrivals from the homeland.

We are not talking about a Great Society program which has gotten out of control. We are talking about rights of people who happen to be poor. Free access to our legal system must be considered fundamental. Without it, other rights cannot be enforced.●

MAINE'S TASK FORCE ON HOMEOWNERSHIP

● Mr. MITCHELL. Mr. President, one of the most difficult problems facing Americans today is their inability to afford to buy a home of their own. Soaring interest rates in home financing coupled with rising construction and heating costs have contributed greatly to this problem. The result is that fewer and fewer persons can purchase the housing of their choice.

When Congress passed the Housing Act of 1949, it affirmed as a national goal the provision of "a decent home and a suitable living environment for every American family." Those individuals living on a low or fixed income have always had difficulty affording this basic necessity of life. But after years of Federal assistance in the field of housing, we find that the problem of affordable and available housing has only become exacerbated and touched the lives of more individuals and families than ever before.

It was in light of this dilemma that I established last December in my home State of Maine a task force on homeownership. I invited individuals from many walks of life to participate—builders, bankers, real estate agents, attorneys, public officials and others. The goal I set out for them was to discuss the multifaceted nature of the housing problem and to prepare specific recommendations for me on ways in which to make housing affordable again.

Mr. President, these individuals worked intensely over a 2-month period, studying mortgage instruments, housing costs, Federal assistance programs, the secondary mortgage market, and other issues.

The conclusions of the task force are embodied in a report which I would like to have printed in the RECORD at this point.

The report follows:

TASK FORCE ON HOME OWNERSHIP REPORT TO SENATOR GEORGE A. MITCHELL

INTRODUCTION

The ever increasing cost of home ownership is due primarily to one major economic phenomenon—inflation. The cost of housing has risen dramatically in the last decade. Just in the last five years, the average cost of previously occupied homes has risen from $38,200 to over $74,000.[1] It is estimated that over 25% of the potential first time home owners are priced out of the market. In addition to the basic price of the house, taxes, insurance, maintenance and the cost of utilities are an ever increasing burden on the American home owner, and those costs are rising faster than his ability to pay. It would be simplistic enough to say that if we could hold inflation, more Americans would enjoy home ownership. But the reality of the situation, for whatever causes, is that there is little likelihood in the next several years that inflation will be halted or that incomes will stay current with the cost of home ownership.

But in spite of these ever-increasing costs, it has to be admitted that Americans are the best housed people in the world. There is no other country that houses as large a percentage of its citizens in as appropriate housing stock as we have, so much so that it has been stated by a number of economists that our inflation in some part has been caused by the amount of capital and the amount of borrowing placed in our housing stock.

It has been further argued that what emerged in the 50's and 60's as an increasing political concern for housing Americans became a significant contributing factor in the money supply growth and was in some sense responsible for the inflation which the United States now experiences.

The Housing Task Force in seeking to define ways in which more Americans might properly be housed, attempted to balance the great many concerns which impact our study.

As the Committee attempted to define more precisely its objective, the Committee wrestled with the problem of trying to be all things to all persons. In the last analysis, the Committee moved far off of that proposition and more precisely identified its objective as "How can we make housing available to more first time buyers."

Clearly it appeared to the Committee that if that problem could be solved, then solving the general problems for housing Americans would more neatly fall into place. Thus, this paper addresses itself to the question regarding the first time buyer and leaves for other discussions matters dealing with the general overall housing problems. This kind of approach, then, places significant weight upon the ability of the first time buyer to set aside the necessary funds for his original purchase, to find housing within his income limits and to deal with matters affecting the containment of maintenance costs. In terms of recognizing the totality of the economic pressures of home ownership, the Committee wrestled with the problem as to whether or not it may be inappropriate to hold out the goal of home ownership to everyone. The Committee further recognized the conflict between the desire of communities to lower density to protect and minimize tax burdens and the policy at the level of federal government to increase the density and thereby lower overall building costs.

The Committee in its work clearly enunciated for itself some basic propositions. They are as follows:

1. The Committee members were particularly sensitive to the philosophical changes affecting the economy which are taking place at this time and to the cost implications to

[1] Federal Home Loan Bank Journal.

the Treasury. There was a sensitivity to a limitation in the amount of funds which would become available. Therefore, much of the effort was given to fine tuning the programs which are already in existence to make them more compatible with the issue before the Committee, namely how to get more people into their first house. In instances where it was appropriate, programs having a cost to the government were recommended where there appeared to be a paycheck.

2. As a general perception, it was felt that the indices of home ownership more and more were taking the characteristics of a rental particularly so as we examined the new mortgage instruments and the way in which the equity other than the home owners is being handled. As that equity is being placed in the hands of an investor, the home owner will by necessity have less and less to say about how he manages his home investment. At the same time, we are seeing an increase of regulations pertaining to the landlord-tenant relationship. The concern of the group was that these two issues would at some point collide—that is, the right of the homeowner-tenant versus the financer-landlord. This proposition was left as merely a matter for some further philosophical discussion, but it has some very real impact as we take a look at the new mortgage instruments which bring new partners into the traditional mortgagor-mortgagee relationship.

3. While rental vacancy rates are less than 5% on a national average, it is estimated that one-quarter of the American households coming on the market simply cannot afford to buy a home, or that home ownership for the group may be clearly inappropriate. We are aware of too many instances in which the home owner found himself unable to cope with the cost of home ownership. This resulted not only in a loss of his home, but also his equity and credit. We feel that not recognizing these facts merely raises false expectations, false hope, and does more injury in the long run. This points up the need to look at the whole issue of adequate rental shelter. This paper does not deal with that aspect specifically, but it was a re-occurring theme as we addressed our problems.

A general statement at this point may be in order. In dealing with this entire report, the Committee addressed itself to the narrow issue of the first time buyer. The Committee perceived that much of the decision to purchase on the part of the first time buyer involved the matter of the buyer's expectations. It was conceded that the buyer's expectations today are greatly in excess of those expectations which were held even a decade ago, and which if not changed will lead to considerable frustration. The Committee also dealt with the question whether the purchase of the property by this same buyer was viewed in terms of meeting his shelter requirements only, or if in addition it was also viewed as a capital investment. It was clear that if viewed as shelter only, the expectations would be different than if the purchase was viewed more in the light of an investment.

In that regard, the Committee attempted to narrowly define that expectation as oriented solely to the shelter question, recognizing the difficulty of separating the two objectives. In the last analysis, the question of expectation had to be limited by the ability to pay. The cost of the product in any discussion, then, becomes critical. No longer is the ability to purchase a neatly landscaped Cape Cod on an acre of land plus a two car garage viable as an expectation in terms of the issue of first shelter. In fact, it was felt by many of the members of the Committee that we may well be retreating to an earlier period in our history in which the children stayed with their parents for considerably longer periods after they became adults. Realistically, our municipalities may have to re-examine the whole question of single family zoning.

This becomes particularly critical in terms of the ever increasing maintenance costs such as heat, light, and taxes. The first time buyer may well have to delay the purchase until he can accumulate sufficient capital or earn a sufficient income to purchase his own shelter. The interaction of original costs, buyer's expectations and the buyer's earning ability all impinge on the question of how long the delay before the original purchase.

By and large, in spite of the philosophical differences between the various Committee members, there was a general consensus on the matters included in this report. Lastly, no one doubted the need to overcome the inflationary spiral. It is the writer's personal belief that the Committee probably would not be asked to confront the issue if the inflationary problem were not present.

Regardless of the findings and recommendations, there can be no permanent solutions or even reasonable solutions if we cannot resolve the inflationary problem itself. All the new mortgage type instruments have a basis in inflationary expectations. They are in some manner merely an indexing device. The recognition of the need for an indexing device may presume a surrender to the battle of fighting inflation itself. We do not believe we need to surrender to inflation. We believe, however, that we need to take reasonable actions which will encourage home ownership while at the same time attempting to contain costs. This paper does not pretend to be a panacea for home ownership, but it is hoped that it will be some kind of reference document to guide the reader in making his longer term decisions regarding this very complicated subject.

I. INCREASING THE SAVINGS BASE FOR LENDING OBJECTIVES

There are two major overriding concerns in the area of savings deposits. The first is based on the fact that Americans are saving less than any other national group representing a major industrialized economy. Americans now save something in the area of 4% of their disposable income, compared to Japan at almost 20% and Germany at around 18%. It is argued that the level of savings and our country's overall inability to create capital has a definite role to play in this country's economic malaise.

Secondly, it is clear that there is a direct relationship between the amount of deposits in the thrift institutions and the thrift institutions' ability to finance the housing market. The effect shows up in matters of term, stability, and the cost of loanable funds. The Committee believes that a significant increase in savings deposits would significantly lower the cost of lendable funds and would ameliorate interest rates pressures through the system.

It was further recognized that there was an advantage to be gained by creating deposits which would directly affect the housing market as well as encourage savings in general. The Committee members tried to weight the incentives in terms of cost, not only to the depositor but to the thrift industry itself and the U.S. Treasury. The Committee asked itself what kinds of deposits and what kinds of incentives were needed to effect a dramatic change in the rate of savings.

The Committee was sensitive to those savings deposit concerns which would directly affect the housing market, not only in terms of cost and availability, but in terms of creating incentives for the production of savings used as down payment. There was a certain belief that having one program which encouraged home ownership and savings on a broad scale rather than numerous individualized programs would accomplish far more in that direction in the long run. Further, those most in need would not be able to separate their savings into different types of accounts and still accomplish their housing and retirement objectives. From this position, it follows that it may make some sense to tie in the home ownership concerns with the extension of the IRA or Keogh account, i.e., not only would that account be available as a retirement vehicle, but also as a home ownership vehicle.

Weighing the above, the Committee makes two strong recommendations.

1. Extension of the IRA—Keogh—Other Tax Deferred Retirement Plans.—

It is recommended that the IRA program be enlarged to include all individuals whether they are covered by their own retirement program, and increase the maximum deductible contribution from the present $1,500 to at least $3,000.

This recommendation would do a number of things: (a) it would have an impact on the national savings base; (b) it would motivate individuals to prepare more for their own retirement; and (c) it would increase overall the national savings base which is bound to have an impact on inflation.

2. Home Ownership Savings Plan.—

It is recommended that there be created some type of home ownership savings plan, or individual home ownership account (IHA). The savings plan would be specifically oriented to the final objective of providing the funds for down payment. We recommend a time limit—three to five years. The dollars flowing into the account would be tax exempt. The certificate might provide for either a variable interest plan or a non-variable contract interest payment. With regard to the variable rate, there should be a relationship between that rate and the variable mortgage rate. The term of the instrument might reflect directly the average term of the variable mortgage term. This would result in a better matching of the assets and liabilities held by the savings institution.[2]

The interest lost by the government would be made up by the income stream generated by a more vibrant housing market.

These types of accounts would have a side effect of stabilizing the savings dollar and lengthening the term of deposit, both objectives which the thrift industry needs to achieve.

II. EDUCATION OF THE CONSUMER

The necessity for educating the homeowner in all aspects of home ownership from purchase to maintenance to sale is a matter which can almost be taken for granted. But because so many members of the Task Force identified the lack of education or educational tools as a concern, we felt this report should address the problem. This, however, is not to deny that many of the federal and state agencies have material directed to the education of the homeowner. In addition, the Savings and Loan industry and the Mutual Savings Banks have provided such material. The concerns involve the fact that there appeared to be no single knowledgeable source or effective delivery system.

Recommendation

We understand that HUD has developed a manual dealing with all aspects of home ownership. We encourage broad delivery of that material, including real estate brokers, bankers, insurance agents, and any others who form a part of the total delivery system. We urge that such manuals be available prior to the time of purchase so that individuals

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[2] Copy of registered Home Ownership Plan of Canada enclosed.

contemplating home ownership can better make their decisions, and we encourage as broad an information base as possible informing the public that such manuals are available.

The Federal Government through its agencies is developing and supporting various alternative mortgage instruments.

Recommendation

That there be an adequate system to educate the consumer as to the meaning of these new mortgage instruments. The instruments are being developed rapidly and the consumer needs to make a knowledgeable choice about his alternatives.

The most rapidly rising cost in maintaining the home deals with those involving energy matters. The Committee felt it critical that as broad a base of information and education regarding energy costs be made available to the public.

Recommendation

That government encourage the dissemination of material dealing with the importance of energy costs and how those costs can be kept at a minimum.

There is included herewith a report from the Subcommittee on Operating Costs which in more detail outlines the above.

III. LOWERING HOUSING COSTS—BUILDING CODES

The Committee spent a considerable amount of time analyzing some of the housing costs which reflect on the total cost of home ownership. These matters dealt with the manner in which homes are built, questions of clustering, building materials and other like concerns.

The Committee recognized the basic cost savings in higher density, clustered housing, particularly in the area of services such as roads, sewer, water, etc. On the other hand, the communities, sensitive to taxpayers' demands in minimizing municipal costs, have incorporated policies which tend to discourage home construction.

Recommendations

The Committee recommends that federal policy fostering higher density and clustering of units resulting in lower costs be encouraged. At the same time, the Committee recognizes and endorses the concept of local option to participate in any such Federal policy or program.

The Committee recommends that the government encourage further research and development not only in the identification and recreation of different types of acceptable building materials, but in their use. Further, that the government encourage demonstration programs incorporating new techniques of cost containment. Out of such research and development, new minimum property standards might well be developed. This is important particularly in those cities and towns which may not have local building codes, for it is in those cases that the minimum property standard becomes the yardstick. Such R. & D. obviously will have a long-term impact on local building codes as more experience and knowledge generate from the use of these materials. Obviously, the result is that the cost savings in new materials will be passed on to the buyer, thereby reducing the cost of the final product.

One to Four Family Units—Owner Occupied

As has been pointed out before, the Committee feels that higher density units are a much more effective way to lower the cost of home ownership. In some cases, ownership itself may only be possible if the cash flow from other units is available to support the owner's unit. In addition, ownership of these kinds of units more effectively increases the owner's equity over time. The Committee felt that individuals ought to be encouraged to purchase these owner-occupied multi-family units by incentives such as lower down payments, higher interest subsidies, etc. The by-product obviously is the maximization of clustering and more effective use of land space.

Although there is no specific recommendation in this area, it is felt strongly that programs carrying through the sense of the above be supported.

IV. ENERGY

The Committee dealt at some length with all aspects of energy. It was a continual reoccurring theme. The report has already addressed itself to the matter of the need to expand the educational base and the need for the further dissemination of information in this area. That is not to say that a great deal of information is not already available from myriad sources, but as pointed out before, we feel that government should continue to stimulate as much further information as possible.

Insofar as the energy costs may reflect most significantly on the ability of the home owner to maintain and hold the unit, it is

Recommended

That government encourage lenders to look at the energy cost ratios as well as the loan to value ratio, or to put it another way, that government encourage programs through lenders which make additional funds available at the closing to accomplish a reduction in the perceived energy costs.

V. FINANCING CONCERNS

The Federal Housing Administration and the Farmers Home Administration each have a housing program. Many of the aspects are similar. The distinctive difference between the two rests on the question of rural versus urban loans. There is a strong feeling among the Committee members that costs are duplicated.

Recommendation

That the Farmers Home Administration Housing Program and the Federal Housing Administration housing program (HUD) be consolidated, with the understanding that any such consolidated program remain sensitive to the distinctive housing problem in both the urban and rural areas.

VI. REHABILITATION

While it is recognized that the American housing stock is aging, it is also recognized that in many cases it is far cheaper to rehabilitate or retrofit existing housing rather than create new housing.

It is suggested that where the emphasis of the federal government has been on the creation of new housing, it redirect its energies to the matters dealing with retrofitting, rehabilitation, and in general making better use of the housing stock which we now have. In that regard, the federal government should re-examine its programs dealing solely with new housing (a specific recommendation regarding the 235 Program follows) and concentrate on programs rehabilitating our existing stock.

The recurrent theme concerning rehabilitation flows through this report. Obviously, the need for rehabilitation addresses several problems:

1. The contribution to the reversal of urban decay.

2. The conservation of the current housing stock.

3. Increased housing stock at a lower cost than new construction.

4. The opportunity for reconstruction through "sweat equity."

There is an ongoing program which promotes the revitalization of existing units in the urban setting. The program is carried out by the Neighborhood Reinvestment Corporation, which is the parent of the Neighborhood Housing Services Program.

That kind of program should be encouraged, as it generates local participation and uses local capital for the most part in accomplishing its objectives. The Ferry Village Program in South Portland is the only operational Neighborhood Housing Service program in New England.

Recommendation

It is recommended that other such programs be encouraged and be funded, as such programs can highly leverage federal dollars with local private capital and private labor.

A further treatise concerning this program is enclosed.

VII. SECONDARY MARKET ISSUES

The Committee recognizes the importance of the secondary market in providing necessary capital for housing finance. Maine, like most of New England, is quickly becoming a capital-short state. The rate of savings and the amortization and payoff of existing loans simply is not sufficient to fund the new demand for loans. If Maine is to have a sufficient capital supply of funds, it must generate additional funds from outside the State. In order to do that, mortgages offered to national investors must be in a form and at a yield attractive to such investors. It is critical, therefore, to continue successful secondary market programs and to stimulate new programs which will attract additional financing capital to Maine. As investors change their requirements (such as demanding interest rate variability), it is essential that those originating mortgages not be precluded by regulation from offering mortgage forms attractive to investors.

Another source for capital is the sale of mortgages to agencies such as the Maine State Housing Authority which raises the funds through the issuance of bonds. The price for those bonds must be reflective of the market place. This dramatic change in the way in which capital for mortgage lending is now acquired will have lasting effects on the total market place. One of the side effects of this activity is that the servicing of those sold loans will be done by entities outside the State and foreign to the mortgagor. The Committee wishes to underline its concern that the relationship between the mortgagor and the servicing agent be maintained at the highest level of ethical practice. This concern needs to be monitored.

Recommendations

1. In the Committee's opinion, the Maine State Housing Authority has functioned exceedingly well, serving (through the benefit of its lower interest rate), a segment of the housing market which could not be served by traditional lending institutions. It has made optimum use of the existing lending network and has significantly freed up lendable capital so it could be used for additional home lending and other investments. The Mortgage Subsidy Bond Act of 1980 ("The Ullman Bill") defines limits which severely limit the Maine State Housing Authority's ability to continue to assist lower-income homebuyers who will otherwise be unable to afford home ownership. The Committee specifically recommends that the Mortgage Subsidy Bond Tax cut be amended to:

Increase the arbitrage limit from 100 to 150 basis points to assure a reasonable spread to cover necessary issuance, servicing, and administrative costs;

Simplify the Area Purchase Price Limitation to allow use of the Federal Home Loan Bank Board's data, which will base the limitation on more realistic data than that currently prescribed.

2. The Committee recommends that congressional oversight encourage all aspects

of secondary market development and in general encourage the creation of alternative mortgage instruments which meet the requirements of the secondary market.

3. The Committee recommends that congressional oversight encourage that bank regulators and executive agencies respond promptly to evolutionary developments in the mortgage area (i.e. new "alternative mortgage" forms), balancing consumer interests with the need to assure adequate capital on terms acceptable to mortgage investors. (As an example, the Federal Home Loan Mortgage Corporator's Pledged Account Graduate Payment Mortgage Program, which will provide attractive financing to first-time buyers particularly, is still being delayed by the need for a long-awaited IRS ruling.

VIII. ALTERNATIVE MORTGAGE INSTRUMENTS

As we seek and need a mortgage instrument which will be more attractive in the market place, we begin to see an endless array of proposals. The major proposals are outlined in the Appendix.

The housing industry has by and large been financed by borrowing short (deposits) and lending long. The impact of inflation has resulted in an enormous erosion of the value of those assets, not only in terms of the market value of the mortgages being held, but in the yield necessary to support the costs of funds on the deposit side. That phenomenon is not only true of the mortgage instrument, but it is true of all long-term instruments. In general, the market place is seeking to address that specific problem by mortgage instruments such as the Variable Rate and the Renegotiable Rate mortgages.

On the other hand, the market place is attempting to find a way to address the inability of many home purchasers to afford the cost of the high mortgage rate itself. The objective here is simply to find a mechanism to lower the effective cost to the consumer while at the same time providing the purchaser of that mortgage with a return commensurate with other market instruments. An example is the Graduated Payment mortgage. And then there are some alternative instruments which attempt to address both issues, such as the Shared Appreciation mortgage.

The difficulty in attempting to find a reasonable solution lies in an uncertainty between meeting social needs and the real financial needs in the market place. It was observed, however, that all of the instruments tended to push the incidence of home ownership toward the incidence more normally associated with rentals. This obviously is particularly true when others than the homeowner have an equity interest in the residence.

Recommendation

That there be a continuing Congressional monitoring of these instruments, particularly in view of the fact that the new mortgage instruments tend to result in a curtailment of the traditional indices of home-ownership—any curtailment results in the relationship between the parties of interest as taking on the characteristics of landlord-tenant.

IX. TAXES AS A TOOL FOR HOME OWNERSHIP

It is recognized that the original concept for the taxation was based on the need to raise revenue. Over the years, taxation has become a vehicle for advancing social objectives. There is the suggestion in all of this that taxes lost to meet social goals may not necessarily induce the kind of behavior expected, and that direct government activity in this area may be more effective than the indirect approach involving tax incentives.

Be that as it may, there is still a strong perception that a tax deduction given for interest paid on mortgage loans and for real estate taxes paid may well encourage home ownership as well as reduce the overall after tax cost on the part of many.

Therefore, in line with this approach, alternative tax recommendations are made in the Appendix. The Committee as a whole did not fully review these tax alternatives. As a result, the recommendations therein contained are not necessarily agreed to by all of the members. We agree, however, that there are certain tax vehicles which should be examined in light of the above, which will by their enactment reduce the cost of home ownership, bearing in mind that the cost of this reduction will be spread among all taxpayers. These proposals should be carefully evaluated for their cost implications to the Treasury.

X. THE FHA 235 PROGRAM

The 235 Program is a deep subsidy (4%) available only to buyers of new homes. There are restrictive guidelines.

The Committee recommends that the following changes be effected. The Committee feels that these changes will result in a more appropriate use of the available funds.

Recommendations

1. That the program be broadened to include new and all existing housing.[3]

2. That it be available only to first time buyers.

3. That the income limits, the subsidy limits, and the mortgage limits be continually examined to see that the benefits of the program and the objectives sought will be achieved or maximized.

Moreover, in light of the above, we urge Congress to re-examine all the housing programs to consolidate where appropriate, and to re-examine the objective for which the programs were developed. We believe that within the existing parameters, such an examination will result in a much better and much more effective use of the dollars available. That examination, we feel, should be continued in response to the concerns which this paper addresses.

Mr. MITCHELL. As is obvious, Mr. President, the recommendations of the task force cover a broad spectrum of issues bearing on the housing problem. I am at this time working to implement the recommendations and will solicit the assistance of my colleagues on the Senate Finance Committee in dealing with the savings and tax incentive measures.

This report acknowledges the need to take reasonable actions to encourage homeownership and, at the same time, to contain costs. However, it also asserts that there are no real solutions unless we can resolve the problem of inflation itself. There is no question but that inflation is the prime factor behind the upward climb in housing costs, real estate values, and home financing.

In that regard, Mr. President, I believe our efforts to restrain Federal spending and bring the budget under control are an essential component of any solution to the housing problem. Unless we put our fiscal house in order, the inflationary spiral will continue to distort the housing market and put the dream of a decent home beyond the reach of most Americans.

[3] The program is presently restricted to existing housing having certain characteristics.

I applaud the members of Maine's Task Force on Homeownership for the time and attention they devoted to this critical national problem. I hope the Congress will act positively, on the Federal budget and on individual legislative proposals I will make, to make that dream a reality for the citizens of Maine and the Nation.●

A UNIVERSAL HOPE AMONG MEN OF GOOD WILL

Mr. ROBERT C. BYRD. Mr. President, I am sure that I speak for all our colleagues in expressing shock, indignation, and horror at today's assault on and wounding of His Holiness Pope John Paul II.

Few men in the modern world and but a handful of religious leaders have wielded an influence equal to Pope John Paul's. He is not only the leader of millions of Roman Catholics around the world; he is himself a unique spiritual force. By dint of his courage, candor, and moral strength, he has become a powerful advocate in world affairs for peace, justice, and human dignity.

Millions of Americans will join in offering prayers for the Pope, and all men of good will are at this moment united in sorrow at this senseless act of violence and infamy. The world cannot afford to lose Pope John Paul's wisdom and vision. May he have a speedy recovery.

THE PROGRAM

Mr. BAKER. Mr. President, the Senate will shortly recess. We will convene at 9:15 a.m. tomorrow. The time for the two leaders under the standing order will be reduced to 5 minutes each to be followed by a special order of 15 minutes in favor of the distinguished Senator from Iowa.

After the special order is executed there will be a time for the transaction of routine morning business to extend not beyond 10 a.m. in which Senators may speak for not more than 2 minutes each.

At 10 a.m. the Senate will return to the consideration of the pending business.

There is a time certain for the final passage of the pending measure at not later than 5 p.m. tomorrow.

Mr. President, I know of no further business to be transacted by the Senate on this side. I inquire of the minority leader if he has any further business to transact.

Mr. ROBERT C. BYRD. Mr. President, the majority leader is most gracious. I know of no further business on this side of the aisle.

Mr. BAKER. Mr. President, I thank the minority leader.

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. BAKER. Mr. President, in view of that, I now move that the Senate stand

in recess until the hour of 9:15 a.m. tomorrow under the order previously entered.

The motion was agreed to; and at 7:55 p.m., the Senate recessed until Thursday, May 14, 1981, at 9:15 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 13, 1981:

DEPARTMENT OF THE INTERIOR

G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife, Department of the Interior, vice Robert L. Herbst, resigned.

DEPARTMENT OF ENERGY

William Stewart Heffelfinger, of Virginia, to be an Assistant Secretary of Energy (Management and Administration), vice William Walker Lewis, resigned.

Robert C. Odle, Jr., of Virginia, to be an Assistant Secretary of Energy (Congressional, Intergovernmental, and Public Affairs), vice Ruth M. Davis, resigned.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF THE INTERIOR

Kenneth L. Smith, of Oregon, to be an Assistant Secretary of the Interior, vice Thomas W. Fredericks, resigned.

HOUSE OF REPRESENTATIVES—*Wednesday, May 13, 1981*

The House met at 3 p.m.

The Right Reverend Anthony, bishop of San Francisco of the Greek Orthodox Archdiocese of North and South America, San Francisco, Calif., offered the following prayer:

This is the day the Lord has made: Let us be glad and rejoice in it.

Within the radiance yet of the Easter spirit, when all is made new, make us again mindful, Lord, that we are called to be a new creation

Where we cling to the old order, give us a creative reforming will.

Where we have been prodigal with our great material blessings, give us compassion to use them as instruments of grace, to enrich graceless lives.

Guide us to fashion laws wisely, to serve all men fairly; for only thus is society renewed, redeemed, and reconciled to Your will.

We also ask You, Lord, to liberate us from violence and disorder, which even at this hour, threaten the life of Your beloved servant, Pope John Paul. We pray You spare him that he might continue to serve mankind, as we are pledged to do. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 115. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

The message also announced that the Senate insists upon its amendments to the concurrent resolution (H. Con. Res. 115) entitled "Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOMENICI, Mr. ARMSTRONG, Mrs. KASSEBAUM, Mr. BOSCHWITZ, Mr. HATCH, Mr. TOWER, Mr. ANDREWS, Mr. HOLLINGS, Mr. CHILES, Mr. BIDEN, Mr. METZENBAUM, and Mr. EXON, be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 79. Joint resolution to designate the second week in May beginning with Mother's Day, May 10, 1981, as "Senior Center Week."

HIS GRACE, BISHOP ANTHONY OF SAN FRANCISCO

(Mr. RUDD asked and was given permission to address the house for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, I would like to extend my utmost thanks to His Grace, Bishop Anthony of San Francisco, for his thoughtful words of prayer as we begin the Nation's business in the House of Representatives this morning.

Bishop Anthony ministers to all Greek Orthodox parishes in the far western part of our country, including the great States of California, Nevada, Oregon, Washington, Hawaii, Alaska, and my home State of Arizona. He is a monumental figure in the Greek community, who in his short 2 years in the San Francisco Diocese has traveled over 200,000 miles to serve his flock, with special emphasis on the youth and elderly.

He has held several youth rallies in various areas in his jurisdiction and has established two major camps for youth retreats. His interest has been very intense toward the youth. In his very first youth rally in San Diego, over 1,000 young people were in attendance.

A native of Avgeniki, Heraklion, Crete, Bishop Anthony studied theology at the internationally renowned School of Halki of the Ecumenical Patriarchate and in 1960 graduated with a degree in orthodox theology. He was ordained a deacon in 1958 at Halki and a priest 2 years later.

Following Bishop Anthony's move to the United States, he took graduate courses in theology at the Yale University School of Divinity, and was awarded a masters degree in 1964. In addition to receiving the title of Archmandrite, or celibate priest, in Milwaukee, Wis., in 1971 while he pursued his doctoral studies, His Grace served several parishes in the country. In early 1974, he was appointed dean of the St. George Cathedral in Montreal, Canada, where he remained until his elevation to the Episcopate in 1978.

His Grace, Bishop Anthony was enthroned as Greek Orthodox bishop of San Francisco on June 7, 1979 at the Annunciation Cathedral in San Francisco. He is the youngest bishop in the Archdiocese of North and South America.

Due to his enthusiasm and efforts, he was instrumental in securing as a donation a large working ranch of 185 acres located in the foothills of the Sequoia Mountains. He is presently in the process of raising funds to build new facilities on the ranch grounds.

Bishop Anthony was also instrumental in bringing about and building a senior citizen's complex in Sacramento and Northridge, Calif., and has a number of others on the drawing board. Under his leadership, 5 new communities are being established, which will be added to the 43 existing parishes comprising the San Francisco Diocese. He was a driving force in bringing the 1982 Clergy-Laity Congress to San Francisco. Usually over 400 parishes of North and South America participate in this biannual gathering.

I am proud to mention, also, that he has many strong friends and ties to the Fourth District of Arizona, with such outstanding Americans and community leaders as my friend George P. Kokalis, who is an active member of the Greek Orthodox Diocese. Bishop Anthony is a distinguished gentleman who has been instrumental in the betterment of all aspects of our society, and I am honored by his presence today.

BISHOP ANTHONY OF SAN FRANCISCO

(Mr. LEWIS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. LEWIS. Mr. Speaker, all of us today were shocked by an example of violence once again in the world, with His Holiness, the Pope, being shot down. I was reminded of his visit to this country, when, at a time when the world was looking for hope, the Pope literally communicated to all of us the humanness of the man, his warmth, and his love for humanity which were immediately apparent to all Americans.

We have with us today the privilege of getting to know another leader of a great church of the world who shares with the Pope those same qualities. Bishop Anthony is known in California, and particularly in my district as the hugging bishop. He is a marvelous human being who really cares about people, and the dynamics of his personality have caused his congregation to explode, both in terms of their enthusiasm for him and their commitment to the Lord and their commitment to their own community.

Bishop Anthony is a person to whom you and I, each of us, should take a moment just to say, "Hello" and get to know. He truly reflects the best that there is among us.

Mr. Speaker, it is a privilege to join with you in greeting the bishop in the House today.

OLDER AMERICANS THREATENED BY PROPOSED SOCIAL SECURITY CUTS

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, this administration has sent a confusing and frustrating message to older Americans. In proposing massive cuts in the social security retirement system, it has told them they must work more years and then expect lower benefits once they retire.

This administration has proposed raising the retirement age and reducing benefits retirees may receive. Its followers in the Senate have proposed a new formula for computing cost-of-living parity, aimed at saving some $8 billion in annual costs at the expense of the elderly.

I do not believe that Congress can break its promise to the American worker who has contributed to this program throughout a working lifetime. Despite what the administration's budget advisers say, I do not believe the correct way to handle the social security system's financial difficulties is to take the money from senior citizens. They have worked the better part of their lives, and their social security benefits are what millions have counted on to help cover the cost of living in their final years.

We have a good faith agreement with these Americans. Others may propose to break this agreement, but the Congress simply must not permit that it be done.

THE SHOOTING OF POPE JOHN PAUL II

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, I am deeply shocked and saddened by the shooting of the Holy Father. Once again, an irrational act is trying to deprive us of a distinguished world leader and spiritual head of millions of Roman Catholics.

First and most important, we must pray that the Pope's life will be spared and that he will have a full and prompt recovery.

Certainly, his attacker must be brought to justice. But in the spirit of Christian love which Pope John Paul II represents and embodies, his attacker must be treated fairly.

To all those throughout the world who love the Holy Father, but especially to his countrymen in Poland, this tragic and despicable act is beyond reason.

It has been my happy but humble honor to have had a personal, special relationship with the Holy Father over the years. I warmly recall meeting in Poland for the first time with then Karol Cardinal Wojtyla while I attended the dedication of the American Children's Hospital at Pokrocim, Krakow; we renewed our friendship again in 1976 when he attended the Eucharistic Congress in Philadelphia and at Catholic University in Washington, D.C. In 1978 it was my great privilege to be a member of the official U.S. delegation in Rome under the leadership of our Speaker, Hon. THOMAS P. O'NEILL at the Pope's elevation to the papacy; and, most recently, I also had the pleasure of meeting with him during his visit to the United States last year when President Jimmy Carter received His Holiness at the White House.

On all those occasions, I found him to be a man of true warmth, great intellect, and keen insight into the problems of the world. He is, in every sense, a man for all seasons, for all people.

I know, Mr. Speaker, that our colleagues and, I hope, everyone will pray for the speedy recovery of Pope John Paul II.

SOCIAL SECURITY CUTS WOULD BREAK FAITH WITH AMERICAN VOTERS

(Mr. SHANNON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHANNON. Mr. Speaker, the Republicans have surprised every working man and woman in America. We were led to believe that social security recipients would not have to fear a loss of benefits. President Reagan said earlier this year that reports of social security cuts were "exaggerated and inaccurate stories," that "have disturbed many people, particularly those dependent on grant and benefit programs for basic needs." He said;

Those, who through no fault of their own * * * must depend on the rest of us, the poverty stricken, the disabled, the elderly, all those with true need, can rest assured that the social safety net of programs they depend on are exempt from cuts.

But now that President Reagan has just scored a major victory in Congress, he believes he can alter a program that millions of Americans depend on to retire in dignity. He has gone too far, and it is time we stood up and flatly opposed these cuts that break faith with those who elected him—and us.

Two of the changes President Reagan has proposed are going to hit people who depend on the social security system hard. He is asked that we cut future benefits by 10 percent, and that we penalize, with a 30-percent benefit reduction, those workers who planned to retire next year at 62.

The administration is attempting to finance its defense spending at the expense of programs for people with "true need"—like the elderly, who truly need social security benefits.

This is one aspect of Reagan economics that I sincerely hope the Congress is not going to endorse.

AMERICANS SPEAKING OUT ON PROPOSED SOCIAL SECURITY REDUCTIONS

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, during the budget process which was concluded on the first budget resolution last week, my office here in Washington and those in Arkansas did not hear from our senior citizens, but yesterday, after the announcement of the President to reduce the social security benefits, we began receiving hundreds and hundreds of calls, both yesterday and today, for fear those reductions would affect the lives of people who benefit from their retirement income that comes to them from social security.

I say to the older Americans of this country, Mr. Speaker, that it is time for them to speak up so Congress can hear the voices of older America before the proceedings in the Ways and Means Committee begin on the review of the President's program.

□ 1515

NEW ECONOMICS OR BROKEN PROMISES?

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, it is kind of hard for a President or a Member of Congress to understand what it is like for a senior citizen who is trying to get along in

life with nothing but a social security check of $200 or $300 per month.

But I will tell you the retired people I visit with are frightened by trying to chase cost-of-living increases they cannot catch, and are confused by the talk about a social security system that may not pay them the benefits they have been promised.

Yesterday the President said we should postpone the scheduled July cost-of-living increase the retired people living on social security were expecting. I think that is a serious mistake; those folks who are living on $300-a-month social security checks need their cost-of-living increases. I am not going to support the President on this.

I agree that we need to shore up the social security system. I think we should take the welfare portions out and charge them to the general fund, and I think we should broaden participation in the system.

But I cannot support the President when he says we should break our promise to the retired people of America who count on and who need their social security payments.

Most retired folks just do not have enough money to get along on.

Most retired folks are trying to pedal up an economic hill, and the President has his foot on the brake.

If this is part of the new economics we keep hearing so much about, it is not getting my support.

WHAT HAPPENED TO THE SAFETY NET?

(Mr. KOGOVSEK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOGOVSEK. Mr. Speaker, I do not often rise to make strong statements against the administration. But I feel compelled to denounce the plans of the President to save the social security system by cutting benefits to retirees. What happened to the safety net? It has unraveled very rapidly.

Conveniently, one day after the President celebrated his budget victory, it was publicly announced that social security cannot be immune from budget cuts forever and the safety net was only for 1 year. From that point on, people who have paid into the system all of their working years are threatened. We will balance the budget on the backs of those who can least afford it, because balancing the budget has once again become the top priority of the administration after it lobbied to defeat a budget proposal that had a smaller deficit than its own. And we will ask those who are hurt most by inflation to wait 3 months for a cost-of-living increase in their meager benefits. Can the administration—with its pipe dream of solving all of our economic ills with its magical program—promise that inflation will stop rising for that 3 months? I know there is no guarantee and so do the Nation's senior citizens.

We are constantly reminded that the future of our social security system is dim unless revisions are made, and I agree a change is past due. But we must constantly remind the administration of its promise to protect the truly needy—and protect them for more than just 1 year. The elderly depending on social security checks for survival are among the most truly needy in our country. But the administration is breaking one campaign promise to accomplish the other of balancing the budget.

The President's plan fires real bullets into the economic crisis, the administration's supporters say. But if I may quote the gentleman from Texas, our distinguished majority leader, at whom are your firing? It is pretty obvious, is it not?

SOCIAL SECURITY—A BROKEN PROMISE

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, as chair of the Task Force on Social Security and Women for the Aging Committee, I want to certainly strongly react to the administration's proposed social security changes. Clearly, it is a broken promise to our Nation's older Americans. This is the most serious attack, let us make no mistake about it, on the social security system since the program's inception in 1935. The administration's proposals radically undermine the basic idea of social security as an income security system for American workers and their families.

More than half of our older Americans and 90 percent of single older women depend on social security as their sole source of income. Inflation has ravaged their savings, and most elderly have no private pension. The average social security benefit for women over 65 is only $220 a month, and for men, they do not do much better, it is only $350 a month. To gut the social security program, as the administration proposes, is nothing less than a full-scale assault on our elderly who depend on it for their survival.

One provision announced would reduce early retirement benefits for workers between the ages of 62 and 65 and their dependents. This provision would eliminate benefits for children of early retirees. It will hurt the unemployed elderly and the elderly with medical problems. It will especially hurt survivors of workers.

Mr. Speaker, more than half of these who take the early pension retirement requirement are widows who are 62 or over. Their average monthly payment is $189 per month. The administration believes that this check can be cut 25 percent further. Truly they have broken their promise on this issue.

WE PRAY FOR HIS HOLINESS POPE JOHN PAUL II

(Mr. CORRADA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORRADA. Mr. Speaker, I would like to express the shock and anguish of the people of Puerto Rico and my own sadness and disbelief as a result of the attack against the life of His Holiness Pope John Paul II. We pray for his prompt recovery as well as the prompt recovery of the other persons who were injured in this abominable attempt.

As the successor of the chair of St. Peter and spiritual leader of the Catholic Church, Pope John Paul II is a symbol of goodness and brotherly love. Anyone attempting against his life could only be motivated by the forces of evil, hate, violence, or mental derangement. At times like this we should rededicate ourselves to the great values of respect for human life, love for our neighbors and the search for peace and understanding between human beings rejecting hate, evil, terrorism, and violence, which have brought so much suffering upon humanity.

A BILL TO ESTABLISH REGIONAL PRESIDENTIAL PRIMARIES

(Mr. SWIFT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SWIFT. Mr. Speaker, every 4 years, we hear complaints about the increasingly cumbersome, time-consuming, dollar-consuming process through which we go to select Presidential nominees.

And every 4 years following the election, we forget about it.

We should not. While Congress is understandably focused on the economy, we should not forget the widespread dissatisfaction that accompanied last year's primary election. Only just over half of the eligible voters chose to exercise their franchise.

Today, along with my distinguished colleague, JOEL PRITCHARD, I am introducing a bill to establish regional Presidential primaries with increased participation by each political party. It will simplify and clarify our primary system.

It is a bipartisan and bicameral effort. Senator PACKWOOD has introduced a virtually identical bill in the other body.

This is a beginning. A chance to make sense out of the present system of endless, costly confusing and often meaningless Tuesday nights. I urge my colleagues to join me in this much-needed reform.

POPE JOHN PAUL II, A MAN OF PEACE, LOVE, AND NONVIOLENCE

(Mr. BIAGGI asked and was given permission to address the house for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, Pope John Paul II—a man of peace, love, and nonviolence—a religious statesman and ambassador of good will lies wounded in a Rome hospital at this hour—the victim of two bullets fired by an assassin who is in custody.

Prayer and not words are in order for this House—the Nation and the world. We need to pray for the Pope's quick and complete recovery from his wounds. We need to pray for an end to the cancer of violence which is permeating our world. In a period of less than 2 months—two heads of state have been the targets of murder. President Reagan has made a remarkable recovery—Pope John Paul's condition we can only pray will improve as well.

On December 21, 1980, while on a mission to the earthquake ravaged regions of Italy, I had the honor of having a private audience with this great man. I had met him earlier in Washington. He is a man of compassion and commitment. His life is too valuable to our world to be taken from us. Let us pray that the Almighty will agree.

PRESERVATION OF PRODUCTIVE AGRICULTURAL LAND

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, the preservation of productive agricultural land must be a priority for all Americans. A major way to accomplish this is to be aware of the dangers of soil erosion. This problem is very evident in my home State of Missouri. Erosion is the greatest threat to our State's agriculture economy and to our total environment. Cropland erosion in Missouri now averages 11 tons per acre, per year, the second highest rate in the Nation. Five tons per acre, per year, is about all the erosion land can stand. University of Missouri agronomists estimate that the nutrients in a ton of soil are worth about $4. This means that Missouri agriculture is losing the productive equivalent of nearly $1 billion each year to erosion.

If erosion is allowed to continue at this rate, combined with the loss of prime farmland to nonagricultural uses, we may see the end of surplus cropland in the United States. In these days of urban emphasis, we must not forget not only our roots, but our very livelihood—the Nation's farmland.

GETTING THE FACTS STRAIGHT ON SOCIAL SECURITY

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I have been listening to several Members on the Democratic side criticizing the social security changes the President has proposed in order to make absolutely sure in the years ahead that there will be a solvent social security fund. Insuring the financial soundness of the social security system simply has to be the bottom line we work toward.

One Member made mention of the fact that we are going to delay cost-of-living adjustments for this year's social security benefits. That is not what the President proposed. It is next year, in 1982, where the July cost-of-living adjustment would be delayed until October 1.

Before any of that is done, of course, the Congress will have to act. If we want to make an adjustment in what the President proposes we will have ample opportunity.

Other than the 3-month delay, there is absolutely no diminution of benefits for any of the 36 million people currently on social security. We are talking about a prospective change. When we liberalized the system back in 1962 to allow early retirement, we never dreamed that upwards of 70 percent of the people would opt for early retirement. The system simply can no longer afford to finance early retirement for 70 percent of the people at 80 percent of the regular benefit level. We can either do what the President has proposed, or we can reduce the cost-of-living increases for everybody on social security or we can increase the already high social security tax. There is no good solution, but I think the more thoughtful people in this House, Democrats and Republicans alike, recognize that something must be done to make sure that the social security fund is viable and secure for the future of our elderly people.

ECONOMIC DEVELOPMENT CONFERENCE IN PENNSYLVANIA

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLINGER. Mr. Speaker, I want to report an interesting event that occurred in my district this past week. I had planned an economic development conference in my district for about the past 8 months. This was a conference to bring together community and county leaders, local government and business people, to discuss economic development. The purpose was somewhat in jeopardy in view of the fact that so many of the programs are being cut back for this purpose.

I frankly went to the conference fearful that there would be great wailing and gnashing of teeth and lamentation because of the fact that we were losing so many Federal dollars to help in these efforts. To my great surprise and great delight, that was not the case. The 2-day conference actually found people saying, "We are challenged now. Maybe we can spend more time working on our own programs and less time filling out Federal forms to get on the Federal dole."

Mr. Speaker, perhaps we have underestimated the spirit of our people to roll up their sleeves and solve their own problems. Perhaps we have overestimated our people's dependence on the Federal dole.

Mr. Speaker, I came away from the conference with great hope for our future.

A SHROUD OF SADNESS

(Mr. CARMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARMAN. Mr. Speaker, the world is shrouded in sadness because Pope John Paul has been struck by senseless violence. Let us all pray for the Holy Father and those injured with him. Only 5 weeks ago, the same kind of violence struck President Reagan. We all pray that the Pope and those injured with him will be returned to us, soon, strong and healthy, like our President.

Let us further pray that mankind may recover from the sort of madness that permits this kind of violence to happen.

□ 1530

THE SHOOTING OF HIS HOLINESS, POPE JOHN PAUL II

(Mr. COUGHLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COUGHLIN. Mr. Speaker, I rise today to express my shock over the shooting of His Holiness, Pope John Paul II. Just 2 months ago, the world stood vigil and waited to learn the outcome of the attempted assassination of President Reagan. Today, the world again watches, waits, and prays for yet another man who has been shot and is in serious condition. It is appalling when we consider that in just a little more than 6 months, three of perhaps

the world's best known individuals have been shot by crazed individuals. I can only pray and hope that His Holiness survives this assassination attempt.

No one knows what prompts a person to shoot another. Yet, I cannot help but wonder whether or not the massive publicity which surrounds an assassination attempt does not provide a powerful stimulus to sick minds. The instant notoriety which an individual receives could be just the final factor pushing a sick person from thinking about an assassination attempt to actually purchasing a gun and shooting another.

I am also concerned that in the mass media's desire to provide speedy coverage, it turns speculation and "unconfirmed" reports into facts. In doing this, the media ignores its mandate to provide accurate coverage of news events and I cannot caution the media strongly enough to avoid such speculation and report only what actually happens.

Finally, the absence of any visable swift justice following such acts vitiates any deterrent affect on would-be criminals. Our judicial process sorely needs overhaul.

Once again, millions of people are waiting. We do not know the Pope's condition but around the world people are praying for his complete recovery. Having met the Pope during his visit to our country, I join in their prayers so that his mission of peace can proceed.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. COUGHLIN. I will be happy to yield to the gentleman from Arizona.

Mr. RUDD. I thank the gentleman for yielding.

Mr. Speaker, His Holiness Pope John Paul II, has been struck down. This is a moment of stark tragedy for the world, a time of numbness for people of all religions.

No words will express the horror we feel in the wake of this act. Such actions are taking place all too frequently in our society.

We can express our love for Pope John Paul and we can pray for him.

And we can do more. We can resolve, each of us, once again to redouble our efforts to oppose violence and to affirm those principles by which the Pope sought to carry out his ministry.

NEW YORK STATE COURT OF APPEALS SAYS FILM DEPICTING CHILDREN ENGAGED IN SEXUAL ACTIVITY IS NOT OBSCENE

(Mr. BEARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD. Mr. Speaker, I rise to express total outrage at a decision reached yesterday by the New York State Court of Appeals saying—in effect—that a film depicting children engaged in sexual activity is not obscene.

Mr. Speaker, to apply the first amendment to such a depraved act makes a mockery of our judicial system, and should sound a clear signal that unless the legislative branch exerts leadership, we will allow a handful of very sick individuals to wreak havoc on our society.

I would like to point out that child pornography is no longer a rare phenomenon. In New York City, for example, it is a large and very profitable business. How could any of us in this Chamber who have children of our own accept the court's majority opinion which states that—

> The severe emotional and psychological damage to our children which will result from the base and degrading sexual exploitation is outweighed by the first amendment.

This is a sick statement by what I consider totally misguided irresponsible judges.

Do any of us believe for 1 minute that James Madison, when he wrote the first amendment to our Constitution, could have possibly imagined that even the least able of our judges would apply the first amendment to the protection of such filth? I do not think so, and I intend to do what I can to make sure this morally corrupt decision will not be allowed to stand.

WHEN WILL IT END?

(Mr. YOUNG of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Florida. Mr. Speaker, in March we prayed for President Ronald Reagan. Today we pray for Pope John Paul; both men of peace. When will all of the senseless violence end?

The answer is it will end when our Nation, and all nations of the world, decide that criminals will no longer get off without proper payment for their crimes. We must demand that our laws be enforced, that lenient sentences become a thing of the past, and that we cease catering to murderers and terrorists.

We can no longer tolerate bargaining with terrorists or plea bargaining with criminals. Whether it be here in the United States or abroad, the sick people of our society who commit these brutal acts of hostility must be forewarned that they will pay dearly for their actions.

The judges of the world should review films of this year's tragic assassination attempts. Then maybe they will not be willing to let criminals off so lightly.

It is time to reaffirm our commitment to protecting the innocent from the criminal. Let us not wait until another of our leaders lies bleeding in the street to get started.

THE SHOOTING OF HIS HOLINESS, POPE JOHN PAUL II

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOLDWATER. Mr. Speaker, I am sorrowed and distressed over the shooting of Pope John Paul.

Although I am not a Roman Catholic, I do not think you have to be to appreciate the goodness and the love and the charm that seems to eminate from this man.

I remember well his very moving message here on the mall about life being a gift and a very precious one that should not be despised regardless of its trials and tribulations. Perhaps it is this belief that gives him such a special affinity for children and the less fortunate.

His goodness and kindness have touched the lives of millions, and I would like to add my prayer to that of those millions around the world for his recovery and health.

THE EXPORT-IMPORT BANK AND THE 97TH CONGRESS

(Mr. EVANS of Delaware asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Delaware. Mr. Speaker, the decision by the House yesterday to reduce spending for the Export-Import Bank was wrong and amounted to unilateral economic disarmament. It was wrong because it was counterproductive in terms of our balance of trade and wrong because it impacts negatively on American jobs and ultimately the Federal Treasury.

The facts are that major U.S. companies which, incidentally, have thousands of small business firms as suppliers employing tens of thousands of workers are competing in the world market not only against corporations but their governments as well. Those governments are helping to provide favorable financing for buyers.

In an effort to end predatory financing practices, the United States has begun meeting with other nations in Paris. That is why the action yesterday was so spectacularly ill timed. We have taken away a substantial bargaining chip almost before we reached the table.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding. I would like to rise in support of the gentleman's statement and

to inform the gentleman that there may be an opportunity for the House later today to correct that mistake. I think the gentleman has made an excellent statement, and I want to associate myself with it.

Mr. EVANS of Delaware. I thank the gentleman for his contribution. The action yesterday should not be the final word and we should send a message to the French and Japanese and any others not to misinterpret our resolve to end unfair competition.

THE SHOOTING OF HIS HOLINESS, POPE JOHN PAUL II

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend is remarks.)

Mr. WYLIE. Mr. Speaker, as I sat in my office and watched news reports, I felt compelled to come to the House floor and use the public forum which I have to express my concern and anguish and anger at the shooting of His Holiness, Pope John Paul II, in Vatican City this morning. Once again a public figure, a world leader, has been the target of an assassination attempt.

The latest reports I have received list the Pope in grave condition and indicate that he was struck by three bullets, which have been apparently successfully removed. According to those same reports, two women, one an American from Buffalo, N.Y., were also struck by gunfire related to the assassination attempt.

I join with people of all faiths in praying for the health of the Pope and the others who were injured, and in condemning this unconscionable act of violence and terrorism.

It is my fervent hope that the perpetrators of this terrible act be caught and fully punished.

SOCIAL SECURITY ALTERNATIVES OFFERED

(Mr. CAMPBELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CAMPBELL. Mr. Speaker, the administration has proposed sweeping changes in the social security system designed to reduce skyrocketing costs without putting an extra burden on wage earners. All of us know the social security system is in real trouble, deep enough trouble that its very existence is threatened as early as the fall of 1982, along with the 36 million Americans currently on the system.

Coupled with the imminent financial collapse is the fact that the social security tax burden is fast becoming unbearable on wage earners. Without changes, the average worker will be paying over 7 percent of their salary in these payroll taxes in the next few years. The Reagan program would halt that escalation and save the average young person about $33,600 over a working lifetime.

Something clearly must be done about social security to maintain the absolute commitment of this Government to the program. But, Mr. Speaker, we must be very careful to make sure that the solutions called for meet the simple test of equity.

For one important group, the administration proposal does not meet that test and, Mr. Speaker, I am speaking of those who are approaching age 62 and have already made important decisions about retirement based on the current rules.

Today, I asked the administration OMB Director David Stockman to go back and rethink that part of the program. Specifically, I asked him to look at the following options:

Consider a more equitable starting percentage for those who retire at 62 and perhaps offset that by slowing down incremental raises between 62 and 65.

Allow early retirees 80 percent, but consider postponing cost-of-living increases for some period, perhaps until age 65.

Postpone the effective date of the early retirement provision to reduce the impact on those who have already planned retirement.

These are reasonable proposals which would still save money and encourage people to remain in the work force until they reach 65. They are important, however, in that they would bring more equity to the administration proposals by cushioning their impact on the people hurt most by the administration plan—those on the brink of retirement.

HIS HOLINESS POPE JOHN PAUL II

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, My prayers for Pope John Paul II's speedy recovery are joined, I am sure, all around the world by Catholics and non-Catholics alike after the senseless attack on his life in the Vatican City late this morning.

His Holiness Pope John Paul II is a man of his people and a man with a great love and respect for life. I remember one of the two times I met His Holiness during his visit here, when I was asked by former President Jimmy Carter to see him off at Dulles Airport. Pope John Paul II left his red carpet and all of the VIP's gathered there to go over to the side and be with the crowds of people. They had heard his message on the Mall on the dignity of human life and his quest to foster love and understanding throughout the world. He was truly one with them.

At this point, it seems, thankfully, that there is no apparent danger to his life or the lives of the two Americans injured in the fray. We cannot help but draw comparisons between his and our own President's love of their people—a love that placed their very lives in danger of personal attack.

I would ask that my colleagues join in my prayers that the three injured in Rome this morning will recover quickly and that the world once again will be reminded of the uselessness of violence for any gain, personal or political.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Massachusetts.

Mr. BOLAND. I thank the gentleman for yielding.

Mr. Speaker, I associate myself with the remarks of my distinguished colleague, the gentleman from Massachusetts (Mr. CONTE).

Mr. Speaker, I was stunned and saddened by the reports received shortly before noon today of the shooting of His Holiness Pope John Paul II.

Few individuals in recent history have been as actively and openly committed to the pursuit of peace as Pope John Paul II. He has proven himself to be a dynamic leader whose appeal transcends the bounds of religion and nationality. Millions of people throughout the world have been touched by his message, by his compassion, and by his courage. For this man of peace to be the target of an act of mindless violence is an affront to humanity.

As my colleague from Massachusetts (Mr. CONTE) has indicated, the Pope has achieved a unique relationship with the people of the United States. His presence among us on his triumphal tour of our country in the fall of 1979, gave many of us a chance to establish or renew a personal acquaintanceship with him. No one who was present when President Carter and Pope John Paul II met will ever forget the special spirit and feeling that seemed to fill the White House on that historic day.

Mr. Speaker, the world has seen too many senseless tragedies in recent weeks. The shock of today's events adds to that list. I know I join with people of all religious denominations in praying that the Pope's wounds are not serious and that he recovers quickly.

THE SHOOTING OF HIS HOLINESS, POPE JOHN PAUL II

(Mr. LATTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, the attempt on the life of Pope John Paul II

is to be condemned by all people throughout the world. This outstandingly popular religious leader and man of good will has made an extraordinarily favorable impact on the lives of millions in a comparatively short time. We all pray for his quick and complete recovery.

THE SHOOTING OF HIS HOLINESS, POPE JOHN PAUL II

(Mr. FISH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FISH. Mr. Speaker, I am shocked and outraged at the attempt today on the life of Pope John Paul II. My hopes and prayers are for the quick recovery of this remarkable man.

Pope John Paul is one of the great men of our day. He has taken his cause of peace and love to all parts of the world. The reception to his message—as we well know from his visit to America—has been very warm and open. People everywhere have been touched by his good will and compassion.

It is a sad commentary on our time that Popes and Presidents are the targets of violence. That the leader of a great religion and a man of peace is the victim of a vicious attack is both shocking and outrageous.

Again, my prayers are with Pope John Paul. May he recover completely and carry on with his mission of peace and love.

THE SHOOTING OF HIS HOLINESS, POPE JOHN PAUL II

(Mr. DE LUGO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LUGO. Mr. Speaker, the shooting of His Holiness, Pope John Paul II, although it took place thousands of miles from our shore, is indicative of the insanity that prevails throughout the world today. Terrorist attacks, mass murderers, and political assassinations are now commonplace occurrences.

Perhaps we cannot eradicate this problem on a worldwide basis, but we can do something about it here at home.

That is why I am very pleased to note that the distinguished chairman of the House Committee on the Judiciary, the gentleman from New Jersey (Mr. RODINO) has introduced legislation, which I have cosponsored, that is a rational and reasonable attempt to put an end to America's handgun war.

The bill's main provisions include:

Banning the manufacture, importation, and assembly or sale of Saturday night specials;

Requiring a 21-day waiting period before the purchase of any other type of handgun to allow the FBI and local police to check that the intended purchaser is not a criminal, a minor, or a mental incompetent; and

Providing for mandatory minimum sentences of at least 2 years for the first offense and 5 years for subsequent offenses for using or carrying a firearm during the commission of a felony.

Passage of this legislation would not preclude the law-abiding citizen from obtaining a weapon for his or her protection. We would merely be applying the same kind of regulations that we calmly apply to cars, boat trailers, and CB radios. Hopefully, the Congress will consider this important legislation that is literally a matter of life and death to some Americans.

REPORT ON RESOLUTION AUTHORIZING PRINTING OF STATEMENTS IN TRIBUTE TO THE LATE REPRESENTATIVE OLIN E. TEAGUE

Mr. GAYDOS, from the Committee on House Administration, submitted a privileged report (Rept. No. 97-35) on the resolution (H. Res. 127) authorizing the printing of a collection of statements in tribute to the late Representative Olin E. Teague, which was referred to the House Calendar and ordered to be printed.

APPOINTMENT OF CONFEREES ON HOUSE CONCURRENT RESOLUTION 115—FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1982

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

□ 1545

The SPEAKER pro tempore (Mr. ALEXANDER). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

MOTION OFFERED BY MR. LATTA

Mr. LATTA. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LATTA moves that the managers on the part of the House at the committee of conference on House Concurrent Resolution 115 be instructed to insist on the House-passed numbers for the defense function for fiscal year 1982.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. LATTA) is recognized for 1 minute in support of his motion.

Mr. LATTA. Mr Speaker, I move the previous question on the motion to instruct.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to instruct.

Mr. YATES. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 247, nays 162, not voting 21, as follows:

[Roll No. 41]

YEAS—247

Albosta	English	Lewis
Anderson	Erlenborn	Livingston
Andrews	Ertel	Loeffler
Applegate	Evans (DE)	Long (MD)
Archer	Evans (IA)	Lott
Ashbrook	Fiedler	Lowery
Atkinson	Fields	Lujan
Badham	Fish	Luken
Bafalis	Flippo	Lungren
Bailey (MO)	Foley	Madigan
Bailey (PA)	Fountain	Marks
Barnard	Fowler	Marlenee
Beard	Frenzel	Marriott
Benedict	Frost	Martin (IL)
Bennett	Fuqua	Martin (NC)
Bereuter	Gaydos	Martin (NY)
Bethune	Gibbons	Matsui
Bevill	Gilman	McClory
Biaggi	Gingrich	McCollum
Bliley	Ginn	McCurdy
Boggs	Goldwater	McDade
Boner	Gore	McDonald
Bouquard	Gradison	McEwen
Bowen	Gramm	McKinney
Breaux	Gregg	Mica
Brinkley	Grisham	Michel
Brooks	Hagedorn	Miller (OH)
Broomfield	Hall (OH)	Mitchell (NY)
Broyhill	Hall, Ralph	Molinari
Burgener	Hall, Sam	Montgomery
Butler	Hammerschmidt	Moore
Byron	Hance	Moorhead
Campbell	Hansen (ID)	Morrison
Carman	Hansen (UT)	Mottl
Carney	Hartnett	Murtha
Chappell	Hatcher	Myers
Cheney	Heckler	Napier
Clausen	Hefner	Natcher
Clinger	Hendon	Neal
Coats	Hightower	Nelligan
Coleman	Hiler	Nelson
Collins (TX)	Hillis	Nichols
Conable	Holland	O'Brien
Corcoran	Holt	Parris
Courter	Hopkins	Pashayan
Coyne, James	Horton	Peyser
Craig	Hubbard	Pickle
Crane, Daniel	Huckaby	Porter
Crane, Philip	Hunter	Pritchard
Daniel, Dan	Hutto	Ratchford
Daniel, R. W.	Hyde	Regula
Dannemeyer	Jeffries	Rhodes
Daschle	Jenkins	Rinaldo
Daub	Johnston	Roberts (KS)
Davis	Jones (NC)	Roberts (SD)
de la Garza	Jones (TN)	Robinson
Deckard	Kazen	Roemer
Dickinson	Kemp	Rogers
Dicks	Kindness	Roth
Dornan	Kramer	Rousselot
Dougherty	Lagomarsino	Rudd
Dreier	Latta	Santini
Duncan	Leach	Sawyer
Dunn	Leath	Schulze
Dyson	LeBoutillier	Sensenbrenner
Edwards (AL)	Lee	Shaw
Emerson	Lent	Shelby
Emery	Levitas	Shumway

Shuster	Stratton	Whitley
Siljander	Stump	Whittaker
Skeen	Tauzin	Williams (OH)
Smith (AL)	Taylor	Wilson
Smith (NE)	Thomas	Winn
Smith (NJ)	Trible	Wolf
Smith (OR)	Udall	Wortley
Snowe	Vander Jagt	Wylie
Snyder	Walker	Yatron
Solomon	Wampler	Young (AK)
Spence	Watkins	Young (FL)
Stangeland	Weber (MN)	Young (MO)
Stanton	Weber (OH)	Zeferetti
Staton	White	
Stenholm	Whitehurst	

NAYS—162

Addabbo	Ford (MI)	Panetta
Akaka	Ford (TN)	Patterson
Alexander	Forsythe	Paul
Annunzio	Frank	Pepper
Anthony	Garcia	Perkins
Aspin	Gejdenson	Petri
AuCoin	Gephardt	Price
Barnes	Glickman	Pursell
Bedell	Gonzalez	Railsback
Beilenson	Goodling	Rangel
Benjamin	Gray	Reuss
Bingham	Green	Richmond
Blanchard	Guarini	Ritter
Boland	Gunderson	Rodino
Bolling	Hamilton	Roe
Bonior	Harkin	Rostenkowski
Bonker	Hawkins	Roukema
Brodhead	Heftel	Roybal
Brown (CA)	Hertel	Russo
Brown (CO)	Howard	Sabo
Burton, Phillip	Hughes	Savage
Chisholm	Jacobs	Scheuer
Clay	Jeffords	Schneider
Coelho	Jones (OK)	Schroeder
Collins (IL)	Kastenmeier	Schumer
Conte	Kildee	Seiberling
Conyers	Kogovsek	Shamansky
Coughlin	LaFalce	Shannon
Coyne, William	Lantos	Sharp
Crockett	Lehman	Simon
D'Amours	Leland	Smith (IA)
Danielson	Long (LA)	Solarz
Dellums	Lowry	Stark
DeNardis	Lundine	Stokes
Derwinski	Markey	Studds
Dingell	Mattox	Swift
Dixon	Mavroules	Synar
Donnelly	Mazzoli	Tauke
Dorgan	McCloskey	Traxler
Dwyer	McHugh	Vento
Early	Mikulski	Volkmer
Eckart	Miller (CA)	Walgren
Edgar	Mineta	Washington
Edwards (CA)	Minish	Waxman
Erdahl	Mitchell (MD)	Weaver
Evans (IN)	Moakley	Weiss
Fary	Moffett	Whitten
Fascell	Mollohan	Williams (MT)
Fazio	Murphy	Wirth
Fenwick	Nowak	Wolpe
Ferraro	Oakar	Wright
Findley	Oberstar	Wyden
Fithian	Obey	Yates
Florio	Ottinger	Zablocki

NOT VOTING—21

Brown (OH)	Edwards (OK)	Pease
Burton, John	Evans (GA)	Quillen
Chappie	Foglietta	Rahall
Cotter	Hollenbeck	Rose
Derrick	Ireland	Rosenthal
Downey	McGrath	Skelton
Dymally	Patman	St Germain

□ 1600

Messrs. CONTE, RITTER, and HUGHES changed their votes from "yea" to "nay."

Mr. DICKS and Mr. McCURDY changed their votes from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. JONES of Oklahoma, SIMON, MINETA, MATTOX, SOLARZ, PANETTA, GEPHARDT, HEFNER, GRAMM, LATTA, REGULA, SHUSTER, FRENZEL, KEMP, and MARTIN of North Carolina.

There was no objection.

PERMISSION TO HAVE UNTIL MIDNIGHT, FRIDAY, MAY 15, 1981, TO FILE CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 115, FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1982

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent that the managers may have until midnight Friday, May 15, 1981, to file a conference report on the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981 and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

Mr. MOFFETT. Mr. Speaker, I reserve the right to object. I should, I suppose, congratulate the gentleman from Ohio and the minority for their cleverness in offering the last motion. I see the distinguished minority leader standing in the Chamber. I guess he should get a fair amount of the credit as well.

What I had intended to do, had not the minority, under the tradition of the House, as I understand it, been recognized for the motion to instruct, was to offer a motion to instruct with regard to social security cost-of-living adjustments. I had intended to instruct the budget conferees to reject Senate amendment No. 64, which proposes some dramatic changes in the calculation of the cost-of-living adjustments for social security.

It is well known that the distinguished gentleman from Texas (Mr. PICKLE), is addressing this problem in his subcommittee. I think many of us feel that the budget conference is not the place to change the cost-of-living adjustments for social security recipients. I think there is a great deal of sentiment in that regard.

I would hope that, despite the fact that I was not allowed to offer my motion to instruct, both the majority and minority will be sensitive to that serious situation when the budget conference takes place.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma (Mr. JONES)?

Mr. WRIGHT. Reserving the right to object, Mr. Speaker, and of course I shall not object, I simply want to add one word of emphasis to what has been said by our colleague from Connecticut (Mr. MOFFETT).

It seems to me that it would be outrageous in the extreme for us to permit our conferees to agree in conference to any arrangement which would put this House on record as favoring a recomputation of the basis for determining parity in the payments to social security recipients in such a way as to predetermine that we would reduce benefits to those social security recipients by some $8 billion a year.

That, I am advised, is the sole purpose and intent of the provision adopted in the other body. It purports to achieve equity by changing the formula so that social security recipients no longer would be allowed to receive benefits based upon increases in the cost of living, but would be required to receive benefits based either upon increases in the cost of living or increases in average wages and salaries, whichever were the lesser.

Those who have come to this conclusion, that it will save $8 billion, quite obviously intend that in the coming fiscal year wages and salaries shall lag far behind increases in prices.

Upon that nefarious proposition, they base their expectation of saving some $8 billion at the expense of those who have already served their time, labored and faithfully paid into the social security system throughout their working lifetimes in the prospect of receiving in their retirement years the deserved fruits of a good-faith agreement from their Government.

I think it would be outrageous if we were to break that agreement at this point. I simply want to underscore the caution that has been voiced by the gentleman from Connecticut.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma (Mr. JONES)?

There was no objection.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 3512, and to include extraneous and technical matters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE SUPPLEMENTAL APPROPRIATIONS AND RESCISSION ACT, 1981

Mr. WHITTEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi (Mr. WHITTEN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3512, with Mr. STUDDS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, May 12, 1981, the Clerk had read through line 21 on page 63. Pending was an amendment offered by the gentleman from Oklahoma (Mr. JONES), and a substitute amendment offered by the gentleman from Pennsylvania (Mr. McDADE).

The Chair recognizes the gentleman from Pennsylvania (Mr. McDADE) for 5 minutes in support of his substitute.

□ 1615

Mr. McDADE Mr. Chairman, I ask unanimous consent to withdraw my substitute amendment which is pending at the desk.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. DINGELL. Mr. Chairman, reserving the right to object, I thought that the amendment offered by my good friend from Pennsylvania was one that had considerable merit. I had rather hoped that it would be debated. I wonder, can my good friend from Pennsylvania tell us why he wishes to withdraw this amendment so suddenly?

Mr. McDADE. Indeed I can. I thought it would expedite the procedures of the House.

Mr. DINGELL. Can the gentleman tell us why he is withdrawing this meritorious amendment?

Mr. McDADE. I am withdrawing mine because I do not believe it will any longer expedite the procedures of the House. In fact, I believe it will lead to debate and continuations of debates we had yesterday that really are not relevant. I want to get on with the job of the House and complete the bill.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. CONTE. I tell my good friend from Michigan that I hope he will go along with the gentleman from Pennsylvania. He and I have talked about it. There is one thing about the gentleman from Pennsylvania, he knows how to count.

Mr. DINGELL. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, before we discuss some key features of this bill, I would like to join my colleagues in their references to Pope John Paul. Surely all of us in the House of Representatives pray for his recovery and recognize the outstanding humanitarian contribution this man has made to world peace.

Now, Mr. Chairman, I would like to have the attention of the membership. I would like to tell them that our Committee on Appropriations had before it some 500 items. We had 123 items proposed to be rescinded, and almost as many to defer. We worked day and night in an effort to be ready to handle this matter so that final enactment can be achieved before June 5.

We are not going to fall out with anybody; we are not going to dislike anybody; we are not going to have anything unkind to say about anybody, but before the Members punish themselves by delaying consideration on this bill, remember that we have a number of major departments and agencies that will close on June 5 if we have not completed action on this bill.

In our Committee on Appropriations we have 13 subcommittees and 55 members, we dealt with some 500 items that we had to cut of necessity. Many Members who were here will remember in the last Congress that we passed a budget resolution with ceilings that we knew were not sufficient. It was unrealistic in that we were $20 billion in excess when we passed it. We had to go to conference on the morning of the day that they would have had to close four departments of Government.

So, I am urging the Members in defense of themselves to let us go ahead and get this completed so that it can go to the Senate. Otherwise, Members are going to have to work day and night if we are going to meet the deadline, and the committees know from the last time that the Attorney General has held that if we have not completed this part of the bill, if it is not signed and sealed by the President prior to midnight of June 5, they will have to close these departments.

So, I am urging the Members to protect themselves by letting us go ahead and get through with this. We have done our share. It is up to the Members whether they want to work day and night the last week before the continuing resolution. We will respect everybody regardless of what they do.

Mr. BOLLING. Mr. Chairman, I move to strike the last word.

(By unanimous consent, Mr. BOLLING was allowed to proceed for 5 additional minutes.)

Mr. BOLLING. Mr. Chairman, I would like to take a little of the time of the committee to deal with two subjects. One is the Budget Act itself, its origins and its development, and I will try to do it briefly; the other is the issue before us at the moment, the issue of the strategic petroleum reserve.

I was the House author of the Budget Act as it went through the House in 1973 and 1974, and I guess a majority of the House were not here at that time, so they have no experience of the difficulty of passing that act or of the debate, but I do not think any Member of this institution deliberately wants to flaunt the intent of that act. The act has changed over time, and I have shared the responsibility for initiating most of those changes. I do not know whether all the Members are aware, but the Budget Committee really has virtually no enforcement powers, and the enforcement that the House exercises in enforcing the Budget Act stems from the committee that I have the privilege of chairing, the Committee on Rules.

As an individual Member who was very much concerned for more than 15 years before the Budget Act came into being that we rationalize and coordinate, the importance of this act, the Budget Act, is that for the first time it made it possible for the House as a whole to look at what it was doing as a whole instead of taking the product of 13 subcommittees of the Appropriations Committee and adding them up and saying that that was our product; we instituted a method whereby we systematically looked at the overall macroeconomic problems, made decisions in large terms on targets for the budget for the year, for the fiscal year.

The actions of the Budget Committee and the House were to establish targets; the actions of the second resolution was to resolve what was going to be done and spent. The second resolution was binding; the first resolution provided targets.

Last year, as a step forward in the process, it was decided to move reconciliation up to the first resolution. It could have been argued then, and was argued, that was not what was in the intent of the law and the House when it passed the law, and through the operation of the Rules Committee and

the process of the House that major change was made in the Budget Act. But, it still provided for a reconciliation that dealt with functions, that dealt with the overall major figures to which the legislative committees were supposed to adhere.

It was not ever pretended that that was a final act. All it was was a set of targets, and it was not a straitjacket. As soon as that budget resolution, the first budget resolution, was finalized, the Appropriations Committee had every right to bring in anything that even changed that. There was no limitation on the right of the Appropriations Committee to function as soon as the resolution is in place.

The reason for the targeting in the first resolution, the reason for not impairing the right of the Appropriations Committee to work and the legislative committees to work, was that the Budget Act did not try to take over the whole function. It tried to make use of the organization of this institution, the committee organization, to see to it that we ended up with a rational process, and it pains me greatly, having reviewed all that debate, to have come to the conclusion that the position taken by the people I most admire, or who are among the people I most admire, on the Budget Committee, I find in total error in their argument over the strategic petroleum reserve.

I do not think an action by the House on the merits to deal with the forward funding of this critical issue is in any way against the spirit of the Budget Act or the process of the Budget Act. I think it clearly increases the amount of expenditure on SPRO as outlined in the targeting, very specific, of the Latta bill.

There is very serious question as to whether, under the Budget Act, there was any intention to reconcile authorizations, but the Rules Committee brought out a rule and provided an opportunity for the House to deal with that. I think that any fairminded person will say that the Rules Committee was fair to the minority and the majority in dealing with the first budget resolution.

Now, to move from the process to the substance, I cannot think of anything except the outbreak of war that is as important to this country and its people, in business, its workers, whomever they may be, than that we have a full strategic petroleum reserve. It is designed to give us a 6-months' supply so that if there is another cutoff in the Middle East or in any other fashion we are not totally at the mercy of OPEC.

I am not going to debate how OPEC came into being or the funding of the strategic petroleum reserve. It may be done with mirrors; it may be done legitimately off budget. There are all kinds of arguments there, but the first issue that comes before us of major consequence is whether we are going to do something to enhance, to speed up, to make less expensive, the filling of that strategic petroleum reserve.

□ 1630

I am not going to bore the members of the committee by going through the same territory that the distinguished gentleman from Illinois addressed, but I have taken the trouble to read the hearings and the report, and there is absolutely no question that forward funding will enhance the probability of filling that strategic petroleum reserve more quickly and at a lower price. That is the testimony of the administration witnesses.

So I submit that what the House is undertaking when it accepts the Yates proposal of the Appropriations Committee proposal, by rejecting the amendment offered by the gentleman from Oklahoma (Mr. JONES), in absolute good faith, provides an opportunity for this House to do a creative, important thing in the interest of everybody on the globe and in particular in the interest of the people of the United States. I think clearly, with the kind of contracts that may be signed, time contracts, at a time when there is a glut of oil, it will save the people money and it will speed up the process by which we get oil in the strategic petroleum reserve.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. BOLLING) has expired.

(On request of Mr. YATES, and by unanimous consent, Mr. BOLLING was allowed to proceed for 5 additional minutes.)

Mr. BOLLING. Mr. Chairman, I do not think there will be a more important issue before the House this year unless we are unlucky and have to face a war. This is the most important thing that the House can do in the defense of the country.

The military cannot operate without oil. It is the most important thing that the House can do in the defense of the economy. The economy cannot stand a third oil shock.

Just a word about that: Nobody in this country thought we could handle the first oil shock, and because of the enormous vitality of this country's economy, we did. We then survived the second oil shock, and we are really sort of filled up with our capacity to survive it.

We have to have this pad, this 6 months; we must have this strategic petroleum reserve, and I submit that the action of the Appropriations Committee is absolutely correct and the Jones amendment should be defeated.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield briefly to me?

Mr. BOLLING. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, may I say that I appreciate very much the splendid statement made by the gentleman from Missouri (Mr. BOLLING). I do not know of anyone who is more knowledgeable or covers the subject more thoroughly.

If I may add this, there is one thing that I do not believe that the membership realizes, that the change last year on ordering reconciliation was made in the budget resolution and not in the Budget Act. I have reference to the change that was described, but it was in the resolution, it was not a change in the Budget Act.

If the gentleman will yield further, may I say that all these changes that are brought about are claimed to be coming from two lines in the Budget Act that I have studied. It is from section 301(b)(2) of the Budget Act which states:

"(2) Any other procedure which is considered appropriate to carry out the purpose of this Act."

I would like further to read a decision that was rendered many, many years ago by Thomas Jefferson:

It is an established rule of construction, where a phrase will bear either of two meanings, to give to it that which will allow some meaning to the other parts of the instrument and not that which will render all the other parts useless.

Mr. Chairman, I will respectfully submit that we should not take these two lines and override all the intent of the act, which is what I consider they are doing.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Tennessee, who has done so much to make the Members acquainted with this problem of the strategic petroleum reserve.

Mr. GORE. Mr. Chairman, I appreciate my colleague's advice and counsel throughout this procedure. It is noteworthy that when this body finds itself confronted with a knotty, puzzling, procedural problem that is important to the country, it talks to the gentleman from Missouri (Mr. BOLLING).

Let me address a more mundane aspect of the gentleman's statement, and that is the mechanics of reconciliation. I think it is important for those members of the Committee on Energy and Commerce who will be directly affected by a vote against the Jones amendment to adopt this forward-funding measure.

Now, assuming that the Commerce Committee adds $3 billion, the amount included in excess of the first budget resolution by the measure of the gentleman from Illinois here today, and the Commerce Committee reports out legislation that is $3 billion in excess of the target set by the reconciliation instructions included in the Latta bill,

the only way that that measure can be enforced down to the lower level is by going to the Committee on Rules chaired by the gentleman from Missouri (Mr. BOLLING) and seeking a rule. The Budget Committee would have to seek a rule to subtract $3 billion from the amounts reported out by the Commerce Committee. And if the House has acted with constructive knowledge of that resolution, with actual knowledge that that will be the result, and the gentleman from Missouri as chairman of the Rules Committee is faced with a request by the Budget Committee to come in and enforce that $3 billion item included here, I am sure the gentleman will view it carefully, with full knowledge of the fact that the House has indeed acted to add the $3 billion in the national interest by voting for this forward funding and against the Jones amendment.

Would that be a correct surmise?

Mr. BOLLING. The gentleman will certainly give it every consideration.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. BOLLING) has again expired.

(On request of Mr. YATES, and by unanimous consent, Mr. BOLLING was allowed to proceed for 2 additional minutes.)

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I want to congratulate the gentleman from Missouri (Mr. BOLLING) on a magnificent speech. I think he has placed the issue exactly in context, both with respect to the Budget Act and with respect to the issue under present consideration.

The point is one that I think has been overlooked by various gentlemen on the Budget Committee and perhaps by the House itself. This is a unique opportunity in the economy of the world. There is a glut of oil on the market, and it is not just a question of being able to buy the oil at some time in the future, as was discussed by the gentleman from Texas (Mr. GRAMM) yesterday when he said we could buy it now from Texas with all the money we have.

But that is not the point. We have to put a much larger amount of money into the hands of the administration at this time so that they can execute term contracts to permit immediate contracting for future oil requirements, and because of the reduced costs and the availability of oil it is the reasonable, it is the prudent, it is the businesslike way to deal with it.

I just cannot understand why a reasonable and prudent group of members such as we have on the Budget Committee should oppose this kind of action.

Mr. WIRTH. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Colorado.

Mr. WIRTH. Mr. Chairman, I thank the gentleman for yielding.

I want to, if I may, briefly review the two points made by the gentleman in the well. The first was the relationship between the Budget Committee and the Appropriations Committee, and I think that we are in complete agreement on the goals of the Budget Act which the gentleman outlined so clearly.

There is no issue of the conflict between the two in the Budget Committee, attempting to take over jurisdiction or whatever, nor do I believe that there is any difference on the substance or the value of the strategic petroleum reserve, as the gentleman from Illinois (Mr. YATES) suggested, and he is absolutely correct. Those of us on the Commerce Committee and on the Budget Committee worked as hard as we could to maintain the strategic petroleum reserve, but we lost on the floor of the House with the Gramm-Latta amendment.

The issue before us is not at this point one of the virtues of SPRO, with which I agree, but, rather, the importance of filling it now, which I think we should do and should have done a long time ago. The issue is one of the procedures that we have gotten ourselves into with Thursday's vote on Gramm-Latta.

Thursday's vote on Gramm-Latta in effect, if that is compounded by the appropriation's advanced funding, removed the capacity of the Committee on Energy and Commerce to reconcile the $4.8 billion without reference to SPRO.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. BOLLING) has again expired.

(On request of Mr. WIRTH, and by unanimous consent, Mr. BOLLING was allowed to proceed for 3 additional minutes.)

Mr. WIRTH. Mr. Chairman, if the gentleman will yield further, we either have to take that $3 billion out of other Energy and Commerce Committee programs or we have to come back, as the gentleman from Tennessee (Mr. GORE) has outlined, and ask for a waiver of the ceiling set in Gramm-Latta and effectively break the budget. Those are the choices, are they not?

Mr. BOLLING. Mr. Chairman, it does not seem so to me. It seems to me that this is a reasonable institution. It does not allow itself to get into the position that has been described.

There were, I am sure, some totally unintentional misrepresentations of the facts yesterday with regard to the importance of these funds now. It seems to me that if this is a reasonable institution and if we understand the facts and we recognize that the process allowed for this kind of thing to happen, there should be an adjustment all the way along the line.

If by the time the money starts to be spent, the mirrors have come into play or in fact a legitimate method of keeping SPRO off budget comes up—and there is one, by the way, not a narrow one but a legitimate one—then there can be a correction in the second budget resolution. But preliminarily, I should say that we should take this action and adjust to that in the reconciliation in one of a variety of ways that are well within the capacity of the Budget Committee, the Rules Committee, and the House to act.

I do not see any reason why we should lose this almost unique opportunity to deal with term contracts simply because of the essential technicality of the difficulty of accommodating this $3 billion. There is nothing sacred, sacrosanct, or final about the events of the last week. I opposed what I thought were the unwise and extreme positions taken in the Latta bill, but I think this clearly demonstrates our ability to go beyond it and to use our good sense today, just as a majority thought they were using their good sense the other day.

Mr. WIRTH. Mr. Chairman, will the gentleman yield further?

Mr. BOLLING. I will be glad to yield, if I have sufficient time.

Mr. WIRTH. Mr. Chairman, as usual the gentleman in the well makes patently good sense, that we want to accomplish something beyond the goals we set in Gramm-Latta, and we want to fill the strategic petroleum reserve, which is what the gentleman is saying. That is what hopefully we will end up doing.

Now, the question that comes back is: What does the Energy and Commerce Committee do and what do the chairman of the committee, the gentleman from Michigan (Mr. DINGELL) and the various members of that committee do in terms of the reconciliation instructions? They are told under the reconciliation instructions to find $4.8 billion in reconciliation and to change the accounts dictated by the legislation in that committee.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. BOLLING) has again expired.

(On request of Mr. WIRTH, and by unanimous consent, Mr. BOLLING was allowed to proceed for 3 additional minutes.)

Mr. WIRTH. Mr. Chairman, will the gentleman yield further?

Mr. BOLLING. I yield to the gentleman from Colorado.

Mr. WIRTH. Mr. Chairman, assumed in that was $3 billion, from all of the discussions during Gramm-Latta and the discussion on the amendment offered by the gentleman from Texas which got us to this point, and it was assumed that $3 billion was

to be in the strategic petroleum reserve. Now, it is not going to be.

Mr. BOLLING. I understand the question.

Mr. WIRTH. So that is the problem we face. How do we get around that one?

Mr. BOLLING. Mr. Chairman, I think it illustrates the very serious danger of the kind of rigidity that was present in the Gramm-Latta approach, but I do not want to debate that. The House decided on that. I think the House now has to face up to a reality.

If the House turns down the proposal of the Appropriations Committee, then inevitably, barring a miracle, there will be a slower filling of the strategic petroleum reserve or there will be a more expensive filling. I have already conceded that there can be a way of keeping it off budget, and so forth. But that being the case, the Budget Committee, the Energy and Commerce Committee, the Rules Committee, and the House itself have to work out the accommodation.

I think we are in a terribly awkward position because of this rigidity in Gramm-Latta, but I think it is something that is worth doing because I cannot think—and I am not exaggerating; I do not think I very often come to the floor and exaggerate—I cannot think of anything as important to this country's future, except peace, than the ability to have a 6-month supply of oil. If we do not have it and we have the kind of oil shock that we have had before, I think in about 3 or 4 months we could be in a most serious kind of economic condition here in this country and in the world, and I think this is a supremely important matter that the House has to accommodate itself with.

□ 1654

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. Yes, I will.

Mr. GRAMM. I would like to make a point that I think is somewhat misleading in terms of directing the debate away from the issue. No matter what we do on the Jones amendment, none of this $3 billion can be expended or contracted for before September 30.

Mr. BOLLING. If the gentleman will allow me to respond to that, that is exactly the point I thought he would make. I am delighted to respond to it. I will not even have to yield to the gentleman from Illinois, except for a minute, and in a minute I will do so.

If the gentleman has, and he may have, read the testimony before the Appropriations Committee, the question is to deal with the negotiation of contracts and to satisfy the concern of the suppliers. The testimony there is explicit and clear and absolute that time can be saved and advantage can be taken of the glut.

All I do is yield to the gentleman from Illinois to comment on that as a fact or not a fact.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(At the request of Mr. YATES, and by unanimous consent, Mr. BOLLING was allowed to proceed for 1 additional minute.)

Mr. YATES. If the gentleman will yield, the gentleman is exactly correct. The contracts can be signed, but the suppliers of oil want to be sure at the time the contracts are signed that the money will be forthcoming. That was the reason that the committee forward funded the money that would become available for 1982 so that contracts could be signed with the provision that that money would be available with certainty for payment during the year 1982.

It is an eminently businesslike procedure that the Appropriations Committee has followed. We asked the Rules Committee for a rule and the gentleman and his committee in complete wisdom gave us that rule to bring this matter to the Members of the House so that they could pass on the question themselves.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as one who was here at the time the Budget Act passed and who served on the Budget Committee, I want first of all to agree with every word that the gentleman from Missouri said, but I want to add a couple other comments that I think might be appropriate at this time.

It was said here yesterday that this is a truth-in-budgeting amendment. In a way it is, for this reason. It helps to bring out the truth that the budget resolution does not deal with individual programs. It deals only with function levels.

Then it was said, well, the American people think it does. Well, they think it does because some Members of Congress have been saying that it does. Members of the Budget Committee have been letting on as if they are dealing with individual programs. They talk about putting some programs in and taking some out and even deciding the levels at which individual programs will be funded. The Budget Act does not provide making decisions on individual programs. I challenge anyone to look in the Gramm-Latta substitute and find in there any mention of the strategic oil reserve. There is just a function level maximum that includes many programs and can be appropriated against and even that can be waived.

Now, what should the Budget Committee have been doing these last 6 years? The Budget Committee framework did establish a framework under which some progress could have been made on developing better budgeting but instead of doing that, it has been used to tie Congress in knots.

Now, this is what has happened. To start with, beginning from the start 6 years ago the Budget Committee has become another joint economic committee; they call up these economists every year and hear what they have to say, the same thing they told the joint economic committee the week before, 50 percent of which are excuses for why they were wrong the year before. The difference is that the joint committee makes no pretense that it has legislative responsibility. It is a talk committee, with the Budget Committee, there is some other work that needs to be done.

In addition to that, they spend a lot of time talking about individual programs, instead of function levels and they cannot act on individual programs.

Now, this is one thing we need to do. We need to revise our budgeting process so that we distinguish between investments and expenditures; not one thing has been done about that.

In this amendment we are talking about an investment in a salable valuable product. If an oil company bought oil and put it in reserve or if a bank or anybody else did, they would treat it as an investment. They would increase assets and offset the expenditures which either increase liabilities or reduce cash assets.

The Federal Government considers an investment in $3 billion worth of oil, that might be worth $4 billion 2 years from now, just the same as if it were an expenditure that goes down the rathole at the end of 6 months. The way we keep books it does not make any sense at all. Some of the most successful corporations would appear to be in bad shape if they kept books like the Government does. No company, no business in this country would keep books like that; but the Budget Committee has not done one solitary thing about getting some sense into budgeting for this Government. Instead, they have spent time, including the 2 years I was on it, I was not able to get them to change their ways, wasting days listening to economists making excuses for why they were wrong the year before and pretending to deal with individual programs concerning which they cannot eliminate, increase or determine the level for funding.

I say now is the time and this is the opportunity to really seriously consider revising the budgeting in this Government so that we distinguish between valuable investments and operating expenses. We also have such investments to sell in the coming year, for example, we are going to be selling over 1 billion dollars' worth of grain, that is coming back into the Treasury. Perhaps this is a good time now that

we are selling some assets, to use that money to buy oil or something else. We should have a separate category for these investments in salable, marketable assets and treat them like businesses do. I ask Members to not get all tied up in knots dealing with an individual program here that is not even dealt with as an individual program in the budget resolution.

Mr. ALEXANDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not agree with those in the Chamber that have said that the only responsible thing to do is to provide the funds that are necessary to continue the establishment of a strategic oil reserve. I would support doubling the strategic oil reserve, but it seems to me there is a higher responsibility—fiscal responsibility.

I applaud those who called attention to the fact that this serious and important strategic matter, a matter which is vital to the defense of this Nation was literally ignored by the action which we took last week on the budget resolution.

I was talking to a very erudite constituent just yesterday about the process that we have just concluded on the budget and I asked him his opinion about people's response to the outcome.

He said people are confused.

Mr. Chairman, I believe that people are confused and I believe that they will continue to be confused until we focus clearly on what we did last week when we enacted that budget resolution. When we enacted that budget, we cut $3 billion from the strategic reserve.

For that reason, and in order to inform the people I represent, I intend to vote for the Jones amendment because I do not think there is any other way to focus attention properly on an issue that should rightfully concern every American—an issue like energy independence.

In so doing, I believe that wisdom and light will illuminate this body and that some of it might shine upon the Office of Management and Budget and the advisers to the President who through misdirection have caused us to neglect important matters like the strategic oil reserve.

I urge my colleagues to vote for the Jones amendment, because if we pass up this chance to inform, people will continue to be confused, thinking that the Congress will take care of the important things, when in fact, in our zeal to satisfy the Presidential demand for compliance on the Budget Resolution, we have neglected a major component of our drive for energy independence.

If we pass this amendment—which will demonstrate our resolve to conform to the spirit of the President's budget—it will not foreclose the option of providing adequate funding for carrying out the strategic petroleum reserve program.

Mr. DINGELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have listened at length to the debate that has been conducted here. I think it has been very informative and very useful.

I want to commend the gentleman from Illinois, the chairman of the subcommittee (Mr. YATES). He has done a good job and what he has done would be, in any other year, in any other circumstance, exactly right and would have my full approbation. Indeed, the gentleman from Illinois has my respect at all times and in all matters.

Mr. YATES. Mr. Chairman, will the gentleman from Michigan yield?

Mr. DINGELL. of course, I yield.

Mr. YATES. The gentleman has given my committee his full approbation for taking this act only 2 days ago.

Mr. DINGELL. The gentleman is correct and I hope the gentleman will not take offense at what I am about to say, because I want to explain a little bit about how this matter now affects the House and where the Committee on Energy and Commerce is.

I also would like to commend my old friend, the gentleman from Missouri (Mr. BOLLING). I cannot disagree with a word said by the distinguished gentleman from Missouri. His comments about the impact of oil shocks on the U.S. economy are absolutely correct. His comments with regard to the urgent need for filling the strategic petroleum reserve are absolutely correct. The concerns which have been expressed in hearing held by both the Committee on Energy and Commerce and by the distinguished chairman of the Appropriations Committee make it abundantly clear that if this Nation is to have military and economic security, it must fill the strategic petroleum reserve. A massive increase in armament expenditures will do little for this country if we do not have oil available to provide adequate supplies of fuel for our military. Our economy is absolutely dependent on imported oil. Remember, we still import approximately one-half of the oil that is used in the United States.

One error made by my good friend, the gentleman from Missouri, was when he said we cannot take the third oil shock. We already have. It is the fourth shock that scares the living hell out of me. We have had three already. We had the first with the Arab-Israeli war and the shutoff of oil supplies to the United States. The consequences of that were that this country went into the worst period of economic downturn since 1929, and that was accompanied with the first double-digit inflation that we have had in peacetime in this country.

The second was in the Iranian oil crisis that resulted in a doubling of the oil costs to the United States, again accompanied by massive inflation and economic downturn.

The third was in the Iranian-Iraqi war; that resulted, fortunately, in no major economic impact on this country or on the world. The only reason was that we were enormously lucky. The free world happened to have a 500-million-barrel overhang of petroleum supplies and we also had a major economic downturn that was in large part induced in this country and elsewhere by the earlier oil shocks. The result was that remarkable market discipline and the reduced market prevented large oil price increases.

Now, each of the last four administrations has pointed out that the security of this Nation is absolutely dependent upon the successful filling of the strategic petroleum reserve. Too many times this Nation has set aside its opportunities on the basis of economic concerns.

Now, I simply want this body to know where I find myself as one Member and where the Committee on Energy and Commerce probably is going to find itself as a result of the action we take today and the actions which were taken in the vote on the budget earlier this week.

I will not refight the budget fight, but you should know where we have placed ourselves by that earlier vote, because we are going to continue to find ourselves in a place where we are bound so that we cannot make rational judgments with regard to the future needs of the country, simply by reason of the fact that we misinterpreted the Budget Act.

Remember that the Budget Act was passed with the idea that the first resolution would be advisory, that it might be later followed by reconciliation and rescissions; such actions as might be necessary to balance out expenditures with income, in accord with the will of Congress.

The binding action of this body was to take place in the October 1 resolution.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent, Mr. DINGELL was allowed to proceed for 5 additional minutes.)

Mr. DINGELL. Regrettably, we chose to take a different course in connection with the Gramm-Latta proposal.

Now, I had a little fun with my good friend, the gentleman from Pennsylvania, for whom I have the greatest affection and respect (Mr. MCDADE), by asking him why he was withdrawing the amendment which he offered. I happened to think it was an amendment of great merit. I am aware of why my good friend withdrew it and I

do not criticize him for having withdrawn it. I want him to be clear in understanding that.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Of course, I yield.

Mr. McDADE. Mr. Chairman, I always enjoy having fun with my friend, the gentleman from Michigan, as well, and I have the greatest respect for him.

Mr. DINGELL. Well, the gentleman from Pennsylvania is a very valuable Member of this body and I do have great respect for him.

But the adoption of that amendment might very well have taken us out of the deep thicket in which we floundered because of our actions on the budget resolution earlier.

Now, regardless of how the House acts, the Committee on Energy and Commerce, as a servant of this body, is going to try to carry forward its responsibilities and we are also going to try to see to it that the strategic petroleum reserve is filled, because the security of this Nation requires it. Four Presidents have told us so, President Reagan is the fourth; before him President Carter and before him President Ford and before him President Nixon, all have said that this is an inseparable aspect of the U.S. security, both economic and military. The military security issue is clear, but remember that in the event of a major shutoff each barrel of oil represents a loss of $350 to the gross national product of this country.

□ 1700

If the simple existance of the strategic petroleum reserve means that this country is no longer susceptible to the panicky kind of buying which takes place in a restricted oil market, buying which drives the spot market crazy, causes massive jumps in the spot market, and causes a final long-term increase in the long-term oil market with a doubling on each and every one of these oil increases that takes place——

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to my good friend, the gentleman from Illinois.

Mr. YATES. I thank the gentleman for yielding. I appreciate the gentleman's intention and his committee's intention to fill the strategic petroleum reserve. The point is that the time to fill it is now.

Mr. DINGELL. The gentleman is fully correct in the point he makes. This is the time. There is a glut. We should be filling it at this time, but we have gotten ourselves in a box with the actions which were taken earlier this week.

Mr. YATES. The gentleman is wrong.

Mr. DINGELL. No, I am not wrong.

Mr. YATES. Will the gentleman yield further?

Mr. DINGELL. Certainly.

Mr. YATES. The gentleman overlooks the speech that the gentleman from Missouri made.

Mr. DINGELL. No, I have not.

Mr. YATES. And the gentleman is considering that the passage of that budget resolution placed the House and the Congress in a straitjacket, and we cannot move when an emergency situation presents itself.

Mr. DINGELL. I do not disagree with the gentleman from Illinois, and I have not disagreed and do not disagree with the gentleman from Missouri, both of which gentleman have my deepest and most profound respect. I would like to go a little bit further and have the House see where we are by reason of these actions. I tell you this not by way of complaint about what has transpired but simply so that the House will see the position in which its committees are being placed because of the interpretation of the action which was taken during the past week.

If after this proposal is passed the Committee on Energy and Commerce comes forward with what essentially would be an off-budget item, we would then be faced with the prospect that we would have either to come forward with an additional authorization or perhaps an authorization and an appropriation which might have the effect of essentially doubling the amount of petroleum. If we introduced legislation to achieve the end of off-budget financing, we might not inconceivably find that we had introduced legislation which would not come to our committee but which would not inconceivably, go to the Appropriations Committee, because it would probably be essentially an appropriation.

If we tried to pass a rescission, the probability is that it would be subject to a point of order on the floor. The probabilities are that it would essentially be an appropriations action which would fall within the jurisdiction of the Appropriations Committee and so not be within the jurisdiction of the Committee on Energy and Commerce.

Let me go a little bit further. I will yield to my friend from New York, but I have just got to deal with these points. Let me go a little bit further.

If we later come out with some legislation, the probabilities are that we would have to get a special ruling which would cure the defects of our committee having attempted to appropriate something which the legislative committee cannot do, although the Rules Committee or the Appropriations Committee does it not infrequently.

The CHAIRMAN. The time of the gentleman has expired.

(By unaminous consent, Mr. DINGELL was allowed to proceed for 3 additional minutes.)

Mr. DINGELL. In any event, the probabilities of the Committee on Energy and Commerce being able to cure what has transpired by coming forward with an off-budget resolution for the procurement of oil is very small, indeed. My colleagues should know that we have maintained on the Committee on Energy and Commerce, and particularly under the leadership of the distinguished Member from Indiana, (Mr. SHARP), who chairs very ably the subcommittee which deals with those matters, a continuing supervision over the strategic petroleum reserves. The gentleman from Indiana very wisely conducted some hearings well in advance of the time that we found ourselves under the gun in this budget process, hearings to inquire as to the question of the need for off-budget filling, and the question as to how it should be done.

His most recent hearings were held just after the House had acted on the question of off-budget in the Budget Resolution.

The administration's top officials, Mr. Regan and Mr. Stockman, and the Secretary of Energy, Mr. Edwards, were before the committee. They stressed the urgent need that the Strategic Petroleum Reserve be filled. In a response to a question from me as to whether there was any difference between on-budget or off-budget filling of the Strategic Petroleum Reserve in terms of inflation, in terms of the money market, and in terms of the economy, they said the answer was that there is no difference.

The point that I really want my colleagues to understand is that the budget which we adopted is being interpreted as something which was delivered by an angel engraved in golden letters by the finger of God on stone tablets. The consequence is that your committees are faced with the ugly prospect of having to deal with these questions within that particular climate, and this is only the first instance where this body is going to be compelled to address that kind of question.

But I want this body to understand clearly what we have done, and I want them to understand clearly what we face in the future because our Committee on Energy and Commerce is going to have to come forward by reason of those actions with a reconciliation of approximately $4.8 billion.

If we reject this proposal by my good friend, the gentleman from Illinois, on the question of filling the Strategic Petroleum Reserve on-budget, we will engage in what will essentially be a fiction by going out and procuring the oil off-budget, with all of the economic consequences that the

administration says we will have. But if we accept his proposal it may very well be that the Committee on Energy and Commerce will be compelled to cut an additional $3 billion out of its other programs.

Mr. GORE. Mr. Chairman, will the gentleman yield on that?

The CHAIRMAN. The time of the gentleman from Michigan (Mr. DINGELL) has expired.

Mr. GORE. I ask unanimous consent that the gentleman have 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. WHITTEN. Mr. Chairman, I reserve the right to object. I shall not object. I have been asked to do everything I could to get through tonight. The Senate would like to deal with this appropriation bill tomorrow. We face a real emergency. I shall not object at this time, but I am asking my colleagues to cooperate with me.

Mr. DINGELL. I am trying to cooperate. This is not, I assure my friend, a frivolous discussion. It is of some importance to his committee.

Mr. WHITTEN. I said I was not going to object. I am not objecting; I am asking for cooperation from all our colleagues.

Mr. GORE. Mr. Chairman, I ask unanimous consent that all debate on the Jones amendment end at 5:20.

Mr. DINGELL. I do not yield for that.

Mr. GORE. Will the gentleman yield for a question?

Mr. DINGELL. I yield to the gentleman.

Mr. GORE. I understand the gentleman's concern is principally that aside from the questions affecting the national interests, about which we, of course, are all concerned, the gentleman is concerned about what the effect on the Commerce Committee's prerogatives will be.

Mr. DINGELL. It does not have to do with the prerogatives of the Commerce Committee. What I am talking about is what the Commerce Committee is going to have to do if we take this. My colleagues are going to have to understand that if we do not take the amendment that is offered by the gentleman from Oklahoma, what we are going to have to do is come up with an additional reduction of the program under the jurisdiction of the Energy and Commerce Committee which will amount to $3 billion, $3 billion which is going to have to come from other things.

If we take the amendment that is offered by the gentleman from Oklahoma, we will already have been able to take credit for $3 billion through this curious fictional behavior that we are engaging in. I admit it is sort of a form of fiction. It is not nice.

Mr. GORE. Will the gentleman yield further?

Mr. DINGELL. I will, but I just want to finish this point. If we do not, we have got to come up with $3 billion, and I do not know where in God's name we are going to extract that amount of money from other undertakings under the jurisdiction of the committee. It does not have to do with prerogatives; it has to do with what we have to do under the mandates given by the House.

Mr. GORE. I will simply say there is another alternative clearly outlined by the presentation of the gentleman from Missouri. The Commerce Committee will take the action of this body rejecting the Jones amendment.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. GORE, and by unanimous consent, Mr. DINGELL was allowed to proceed for 1 additional minute.)

Mr. GORE. The Commerce Committee can take the action of this body on the Jones amendment and interpret it as saying that we believe the Strategic Petroleum Reserve should be funded, that we should take advantage of this opportunity. Then when the Commerce Committee, following the advice of this body, adds that $3 billion on top of the money in the functional category in reconciliation, the Rules Committee has the option of saying to the Budget Committee, no, you cannot have a rule to take that money back out of the Commerce Committee's category.

Mr. DINGELL. I cordially agree with the gentleman. I had not gotten that far. But I just want the House to understand the consequences. The next consequence is that if the House does reject the gentleman's amendment, I want it very clearly understood that the Committee on Energy and Commerce is going to come back to this body and is going to go up to the Rules Committee, and we are going to say, we are simply responding to later mandate by the House in which the House has instructed more wisely.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. DINGELL) has expired.

(By unanimous consent, Mr. DINGELL was allowed to proceed for 1 additional minute.)

Mr. DINGELL. We are going to come back, and we are going to say to our colleagues that we have carried out your mandate, the second mandate as opposed to the first, which is the reason that I am rising to make the kind of ambivalent comments to the House that I have made indicating how it is that I propose to vote, although I want to make it very plain to my colleagues I will not criticize anyone who exercises the more fiscally responsible vote of voting against the Jones amendment.

Mr. WHITTEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end at 5:25.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was agreed to will be recognized for 20 seconds each.

(By unanimous consent, Mr. PEYSER yielded his time to Mr. PANETTA.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, this is not an issue that should focus on the merits of the law or on the budget concerns that have been raised. It is a question that focuses on process. We passed a budget resolution last week that demands a lawful consideration of funding for SPRO. It should be done in the committees of jurisdiction, in the Committee on Energy and Commerce, and it can be done in the appropriations committees in line with the budget process. This is a future appropriation into 1982 that literally takes the legs out from under the resolution that was adopted last week.

It does violate the process and it violates reconciliation. We ought to stand by the resolution that was adopted last week and provide the committees with the opportunity to look at this issue in depth with hearings and then report back to the House. This should not be done through an appropriations supplemental for 1981 tying a 1982 appropriation to it. Let us do it in an orderly procedure on the 1982 appropriation and on the authorizing and reconciling legislation to be considered by the committee.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. LATTA).

□ 1715

(By unanimous consent, Messrs. WALKER, NELLIGAN, and PARRIS, Ms. FIEDLER, Messrs. JOHNSTON, STATON of West Virginia, and MCEWEN yielded their time to Mr. LATTA.)

Mr. LATTA. Mr. Chairman, at the outset I want to thank my friends for yielding their time to me.

Let me say that I have enjoyed this debate, in hearing all of the arguments that we have made over the years for the need for a strategic reserve. I concur in that need, and I support that need.

The question before us is not if we are going to do it; it is how we are going to do it.

The chairman of our committee has offered an amendment that I support, because to do otherwise we would immediately, 5 days after we have gone on record for a budget that is supported by the people of this country, be

telling them that we did not mean what we said.

We are asking for a waiver of the Budget Act for 1982 in a 1981 supplemental. I think that is wrong.

The Senate has already gone on record for putting SPRO off budget the same as the House did last week. Legislation has already been introduced in the Senate to set up the mechanism for selling bonds to finance it.

So it is not a question of whether we are going to fund it; it is a question of how we are going to do it. There is already $1.3 billion on this budget for fiscal year 1981. And they are asking for an additional $3.6 billion for some time after October. I think that is ridiculous. We either mean what we did or we repudiate it. And I have heard the Members have been arguing for the position of the gentleman from Missouri say on this floor before that we have to save the budget process and make it work. Well, let us save it. Let us do what we have voted for and go along with the chairman of the committee. That is the only thing we can possibly do.

This is not an emergency situation, as has been pointed out. We are already funded for 1981 up to October 1.

We are talking about 1982.

So I urge the Members that if they meant what they did last week—and I am sure they did—they will support the amendment of the chairman of the Budget Committee.

(By unanimous consent, Mr. WEISS yielded his time to Mr. YATES.)

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Chairman, the issue is the budget, not SPRO. We have adequate funding not only through September 30, but we have $900 million in fiscal year 1982 on budget for SPRO.

I believe off-budget funding can work. Under five Presidents with on-budget financing we have not made significant progress in putting oil into storage.

Any advantage in long-term contracting that can be done by appropriating in advance can be expanded manyfold by going off budget and taking the appropriations process out altogether.

Mr. Chairman, I urge my colleagues to support the amendment offered by the gentleman from Oklahoma (Mr. JONES).

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Chairman, I think that today we should take no risks in financing the purchase of a strategic petroleum reserve, and I urge support for the Appropriations Committee.

I understand what the gentleman from Oklahoma is trying to accomplish. Those who wish to be consistent should obviously vote for his amendment if they voted for Gramm-Latta.

The subcommittee I chair is in the process of developing legislation to provide an off-buget alternative to finance SPRO, but I still think wisdom suggests that at this point we should make sure the money is available to purchase oil.

The CHAIRMAN. The Chair recognize the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Chairman, I just want the committee to know about the fiscally responsible action of the Senate in passing legislation to take SPR oil purchases off budget.

The bill that they just passed would permit the Secretary of Energy to obligate funds in the amount of $21,932 million, plus large unspecified and unidentified sums, for the purpose of oil acquisition from any source in any fashion that he wishes within any time framework he desires. If that is fiscal responsibility, I am the Queen of the May.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. GORE).

Mr. GORE. Mr. Chairman, ultimately the issue is quite simple: if you wish to protect the national security to the utmost by filling the strategic petroleum reserve in the cheapest and quickest possible way, rather than by adopting some unknown, untried, untested concept, vote against the Jones amendment and in favor of the supplemental appropriation to fill the strategic petroleum service.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, the correct national security vote is to vote with the Appropriations Committee and vote no on the Jones amendment; but I must say to those who voted for the Latta amendment that a vote for the Latta amendment last week, followed by a vote against Jones this week, would be an institutionalization of hypocrisy.

What this really shows is the necessity to amend the Budget Act so that we end the practice of dealing with these ethereal first budget resolutions, which mean all kinds of different things to all kinds of different people.

The budget process itself is defective. This is one of the reasons we are in this position today.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Chairman, the gentleman from Ohio (Mr. LATTA) said: The question is how do we fill the strategic petroleum reserve. That is only part of the question.

It is not only how we do it, but when we do it. Where is important, too.

The opportunity to fill it is now. Everybody who has spoken on this issue, both for and against the Jones amendment, has agreed that they support filling the strategic petroleum reserve.

My good friend, the gentleman from California (Mr. PANETTA) said, "Follow the process." We are following the process. We recognized that we might be in violation of the Budget Act when we went to the Rules Committee. We asked the Rules Committee for a rule to let the House pass on this important question. That is the process. The Rules Committee gave us the rule in order to let the House pass on this question.

I see my good friend, the gentleman from Florida (Mr. BENNETT), sitting here. He is in charge of supervising the strategic metals reserve for the Armed Services Committee. The strategic petroleum reserve is just as important as the strategic metals reserve, may I point out. It is important that we fill this reserve promptly, and the opportunity is now upon us. Vote down the Jones amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. As I said at the outset of the debate on May 12:

> This bill represents the best judgment of your Committee on Appropriations and it deserves the support of the House as reported. Once we start to amend this bill the entire package will come untied. I will strongly oppose any amendments, and I urge the Members to do likewise.

Therefore I must oppose the Jones amendment or any other amendments to this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN) to close debate.

Mr. WHITTEN. Mr. Chairman, the statement by the gentleman from Ohio (Mr. LATTA) that the question is how to finance the strategic petroleum reserve was in error. It is when do we finance the reserve.

I respectfully submit that we should do it now.

Let me point out that we passed the budget resolution last week and we just appointed conferees this afternoon; so we do not have any final action on that resolution. Therefore, there is no final action that we can violate on a budget resolution because it is not in place at this time.

So I say the question is when do we finance the petroleum reserve, and I contend the time is now.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. JONES).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. JONES of Oklahoma. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 260, noes 152, not voting 18, as follows:

[Roll No. 42]

AYES—260

Albosta	Dreier	Hutto
Alexander	Duncan	Hyde
Anderson	Dyson	Jacobs
Anthony	Eckart	Jeffries
Archer	Edwards (AL)	Jenkins
Ashbrook	Edwards (OK)	Johnston
Aspin	Emerson	Jones (NC)
Atkinson	Emery	Jones (OK)
Badham	English	Jones (TN)
Bafalis	Erdahl	Kazen
Bailey (MO)	Erlenborn	Kemp
Barnard	Ertel	Kindness
Beard	Evans (DE)	Kramer
Benedict	Evans (IA)	Lagomarsino
Benjamin	Evans (IN)	Lantos
Bennett	Fascell	Latta
Bereuter	Fenwick	Leach
Bethune	Fiedler	Leath
Bliley	Fields	LeBoutillier
Boner	Findley	Lee
Bonker	Fithian	Lent
Bowen	Flippo	Lewis
Breaux	Forsythe	Livingston
Brinkley	Fountain	Loeffler
Brodhead	Frenzel	Lott
Brown (CO)	Frost	Lowery
Broyhill	Fuqua	Lujan
Burgener	Gephardt	Luken
Byron	Gingrich	Lundine
Campbell	Ginn	Lungren
Carman	Glickman	Madigan
Carney	Goldwater	Marks
Chappie	Gonzalez	Marriott
Cheney	Goodling	Martin (IL)
Clausen	Gradison	Martin (NC)
Clinger	Gramm	Martin (NY)
Coats	Gregg	Mattox
Coleman	Grisham	Mazzoli
Collins (IL)	Gunderson	McClory
Collins (TX)	Hagedorn	McCloskey
Corcoran	Hall (OH)	McCollum
Coughlin	Hall, Ralph	McCurdy
Craig	Hall, Sam	McDonald
Crane, Daniel	Hammerschmidt	McEwen
Crane, Philip	Hance	McGrath
Crockett	Hansen (ID)	McKinney
Daniel, Dan	Harkin	Mica
Daniel, R. W.	Hartnett	Michel
Danielson	Hatcher	Mikulski
Dannemeyer	Hawkins	Mineta
Daub	Hefner	Mitchell (NY)
Davis	Hendon	Molinari
DeNardis	Hightower	Montgomery
Derrick	Hiler	Moore
Derwinski	Hillis	Moorhead
Dickinson	Holland	Morrison
Dingell	Holt	Napier
Donnelly	Hopkins	Nelson
Dorgan	Horton	Nichols
Dornan	Huckaby	Nowak
Dougherty	Hunter	O'Brien
Oberstar	Shelby	Udall
Panetta	Shumway	Vander Jagt
Parris	Shuster	Volkmer
Pashayan	Siljander	Walker
Patterson	Simon	Wampler
Paul	Skeen	Washington
Petri	Skelton	Watkins
Peyser	Smith (AL)	Weber (MN)
Pickle	Smith (NE)	Weber (OH)
Pritchard	Smith (NJ)	White
Railsback	Smith (OR)	Whitehurst
Rhodes	Snowe	Whitley
Ritter	Snyder	Whittaker
Roberts (KS)	Solomon	Williams (OH)
Roberts (SD)	Spence	Wilson
Robinson	Stangeland	Winn
Roemer	Stanton	Wirth
Rogers	Staton	Wolf
Rose	Stenholm	Wolpe
Roth	Stratton	Wortley
Rousselot	Stump	Wyden
Rudd	Tauke	Wylie
Santini	Tauzin	Yatron
Schulze	Taylor	Young (FL)
Sensenbrenner	Thomas	Young (MO)
Shaw	Trible	

NOES—152

Addabbo	Early	Marlenee
Akaka	Edgar	Matsui
Andrews	Edwards (CA)	Mavroules
Annunzio	Fary	McDade
Applegate	Fazio	McHugh
AuCoin	Ferraro	Miller (CA)
Bailey (PA)	Fish	Miller (OH)
Barnes	Florio	Minish
Bedell	Foglietta	Mitchell (MD)
Beilenson	Foley	Moakley
Bevill	Ford (MI)	Moffett
Biaggi	Ford (TN)	Mollohan
Bingham	Fowler	Mottl
Blanchard	Frank	Murphy
Boggs	Garcia	Murtha
Bolling	Gaydos	Myers
Bonior	Gejdenson	Natcher
Bouquard	Gibbons	Neal
Brooks	Gilman	Nelligan
Broomfield	Gore	Oakar
Brown (CA)	Gray	Obey
Burton, Phillip	Green	Ottinger
Butler	Guarini	Pepper
Chappell	Hamilton	Perkins
Chisholm	Heckler	Porter
Clay	Heftel	Price
Coelho	Hertel	Rangel
Conable	Howard	Ratchford
Conte	Hubbard	Regula
Conyers	Hughes	Reuss
Courter	Jeffords	Richmond
Coyne, James	Kastenmeier	Rinaldo
Coyne, William	Kildee	Rodino
D'Amours	Kogovsek	Roe
Daschle	LaFalce	Rostenkowski
de la Garza	Lehman	Roukema
Deckard	Leland	Roybal
Dellums	Levitas	Russo
Dicks	Long (LA)	Sabo
Dixon	Long (MD)	Savage
Dunn	Lowry	Sawyer
Dwyer	Markey	Scheuer
Schneider	Stark	Weaver
Schroeder	Stokes	Weiss
Schumer	Studds	Whitten
Seiberling	Swift	Williams (MT)
Shamansky	Synar	Wright
Shannon	Traxler	Yates
Sharp	Vento	Zablocki
Smith (IA)	Walgren	Zeferetti
Solarz	Waxman	

NOT VOTING—18

Boland	Evans (GA)	Pursell
Brown (OH)	Hansen (UT)	Quillen
Burton, John	Hollenbeck	Rahall
Cotter	Ireland	Rosenthal
Downey	Patman	St Germain
Dymally	Pease	Young (AK)

□ 1730

Messrs. TRAXLER, BROOMFIELD, HERTEL, BUTLER, and FORD of Michigan, and Mrs. BOUQUARD changed their votes from "aye" to "no."

Mr. NICHOLS and Mr. DAN DANIEL changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CHAPTER VIII

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TEMPORARY EMPLOYMENT ASSISTANCE

(RESCISSION)

Of the funds made available under this head in Public Law 96-536, as amended, and in previous years, any unobligated balances remaining available as of September 30, 1981, are rescinded: *Provided*, That fiscal year 1981 allocations made pursuant to section 604 of Public Law 95-524 shall be reduced in the amount of $234,475,000.

EMPLOYMENT STANDARDS ADMINISTRATION

BLACK LUNG DISABILITY TRUST FUND

For an additional amount for "Black Lung Disability Trust Fund", for transfer to Employment Standards Administration, Salaries and expenses, $3,700,000.

Mr. NATCHER. Mr. Speaker, I insert in the RECORD a table showing the supplementals and rescissions approved for items under the jurisdiction of the Labor, HHS, and Education Subcommittee:

H.R. 3512, RESCISSIONS AND SUPPLEMENTALS, FISCAL YEAR 1981, CHAPTER VIII: LABOR, HHS, EDUCATION, AND RELATED AGENCIES

	Fiscal year—		Proposed rescissions and deferrals	House allowance	Proposed supplementals	House allowance
	1980 actual [1]	1981 appropriation [1]				
SUMMARY						
Title I—Department of Labor:						
Federal funds			−$234,475,000	−$234,475,000	$24,290,000	$3,700,000
Deferrals (nonadd)			(−751,155,000)	(751,155,000)		
Trust funds					(26,285,000)	(1,485,000)
Title II—Department of Health and Human Services:						
Federal funds			−745,357,000	−533,629,000	217,683,000	75,707,000
Trust funds			(−15,643,000)	(−12,322,000)	(211,541,000)	(90,000,000)
Title III—Department of Education:						
Federal funds			−1,897,312,000	−785,891,000	669,197,000	661,497,000
Deferrals (nonadd)			(−25,000,000)			
Title IV—Related Agencies:						
Federal funds			−10,221,000	−20,034,000	7,304,000	5,492,000
Trust funds					(1,044,000)	(1,044,000)
Total, direct appropriations all titles:						
Federal funds			−2,887,365,000	−1,574,029,000	918,474,000	746,396,000
Deferrals (nonadd)			(−776,155,000)	(−751,155,000)		
1982 advance			−43,000,000			

H.R. 3512, RESCISSIONS AND SUPPLEMENTALS, FISCAL YEAR 1981, CHAPTER VIII: LABOR, HHS, EDUCATION, AND RELATED AGENCIES—Continued

	Fiscal year—		Proposed rescissions and deferrals	House allowance	Proposed supplementals	House allowance
	1980 actual [1]	1981 appropriation [1]				
1983 advance			−$52,000,000	−$60,000,000		
Trust funds			(−15,643,000)	(−12,322,000)	($238,870,000)	($92,529,000)
TITLE I—DEPARTMENT OF LABOR						
Employment and Training Administration						
Employment and Training Assistance						
Public Service Employment (title II–D):						
(Deferral, nonadd)	($1,485,000,000)	($2,195,175,000)	(−606,672,000)	(−606,672,000)		
Young adult conservation corps (title VIII):						
(Deferral, nonadd)	(250,254,000)	(200,000,000)	(−58,054,000)	(−58,054,000)		
Summer youth employment program (CETA, title IV):						
(Deferral, nonadd)	(608,567,000)	(839,008,000)	(−39,548,000)	(−39,548,000)		
National programs (CETA, title III):						
(Deferral, nonadd)	(528,678,000)	(308,897,000)	(−46,881,000)	(−46,881,000)		
Subtotal, CETA deferrals			(−751,155,000)	(−751,155,000)		
Temporary employment assistance (CETA, title VI)	1,627,000,000	729,000,000	−234,475,000	−234,475,000		
Grants to States for Unemployment Insurance and Employment Services						
Trust funds, unemployment service (contingency)	(423,010,000)	(507,721,000)			(24,800,000)	
Employment Standards Administration Black Lung Disability Trust Fund						
Employment Standards Administration, salaries and expenses	22,227,000	20,970,000			4,000,000	3,700,000
Pay Raise Supplementals						
Employment and Training Administration:						
Federal funds					5,064,000	
(By transfer)						(5,064,000)
Trust funds					(1,425,000)	(1,425,000)
Labor Management Services Administration					1,915,000	
(By transfer)						(1,915,000)
Occupational Safety and Health Administration					3,090,000	
(By transfer)						(3,090,000)
Mine Safety and Health Administration					4,475,000	
(By transfer)						(4,475,000)
Bureau of Labor Statistics					4,917,000	
(By transfer)						(4,917,000)
Departmental Management:						
Federal funds					829,000	
(By transfer)						(829,000)
Trust funds					(60,000)	(60,000)
Subtotal, pay raise supplemental:						
Federal funds					20,290,000	
(By transfer)						(20,290,000)
Trust funds					(1,485,000)	(1,485,000)
Total, Labor Department			−234,475,000	−234,475,000	50,575,000	5,185,000
Federal funds			−234,475,000	−234,475,000	24,290,000	3,700,000
Trust funds					(26,285,000)	(1,485,000)
TITLE II—DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Public Health Service						
Health Services Administration						
Health Services						
Community Health Services:						
Primary care research and demonstrations	10,000,000	7,000,000	−6,524,000	−3,524,000		
Home health care/demonstrations and training	5,000,000	4,000,000	−4,000,000	−2,000,000		
Maternal and child health:						
MCH training	26,043,000	25,200,000	−4,457,000			
MCH research	4,800,000	4,800,000	−1,500,000			
Subtotal	30,843,000	30,000,000	−5,957,000			
Family planning	162,000,000	166,047,000	−4,000,000	−4,000,000		
Public health service hospitals and clinics:						
Operations	171,572,000	162,485,000	−34,086,000	−34,086,000		
Buildings and facilities	3,000,000	4,769,000	−2,069,000	−2,069,000		
Total, Health Services	382,415,000	374,301,000	−56,636,000	−45,679,0000		
Pay raise supplemental					7,729,000	
Center for Disease Control						
Preventive Health Services						
Basic preventive health programs:						
Health incentive grants (314(d))	68,000,000	36,000,000	−27,000,000	−27,000,000		
Risk reduction and health education	23,500,000	23,717,000	−1,976,000	−1,976,000		
Control of chronic conditions:						
Chronic diseases	18,184,000	19,284,000	−494,000	−494,000		
Environmental hazards	3,681,000	5,223,000	−1,348,000	−1,348,000		
Occupational safety and health:						
Research	62,195,000	62,383,000	−6,407,000	−6,407,000		
Training	13,882,000	14,252,000	−11,543,000	−5,500,000		
Program support	4,305,000	4,546,000	−467,000	−467,000		
Subtotal	80,382,000	81,181,000	−18,417,000	−12,374,000		
Technology development and application	26,033,000	26,823,000	−369,000	−369,000		
Program management	3,851,000	3,894,000	−414,000	−414,000		
Unobligated swine flu funds				−11,400,000		
Total, Preventive Health Services	223,631,000	196,122,000	−50,018,000	−55,375,000		
Pay raise supplemental (by transfer, nonadd)					(6,659,000)	
National Institutes of Health [2]						
National Cancer Institute	999,191,000	1,001,330,000	−25,386,000	−7,730,000	6,957,000	
National Heart, Lung, and Blood Institute	527,682,000	560,264,000	−23,868,000	−10,131,000	2,750,000	
National Institute of Dental Research	68,428,000	71,206,000	−1,985,000		839,000	
National Institute of Arthritis, Metabolism, and Digestive Diseases	341,415,000	371,993,000	−11,179,000	−2,316,000	2,248,000	
National Institute of Neurological and Communicative Disorders and Stroke	242,175,000	253,838,000	−6,484,000	−2,456,000	1,587,000	
National Institute of Allergy and Infectious Diseases	215,573,000	232,355,000	−3,884,000		1,904,000	

H.R. 3512, RESCISSIONS AND SUPPLEMENTALS, FISCAL YEAR 1981, CHAPTER VIII: LABOR, HHS, EDUCATION, AND RELATED AGENCIES—Continued

	Fiscal year—		Proposed rescissions and deferrals	House allowance	Proposed supplementals	House allowance
	1980 actual [1]	1981 appropriation [1]				
National Institute of General Medical Sciences	$317,479,000	$335,676,000	−$21,050,000	−$2,757,000	$299,000	
National Institute of Child Health and Human Development	209,059,000	223,565,000	−7,748,000	−3,335,000	1,331,000	
National Eye Institute	113,031,000	120,254,000	−4,696,000	−2,619,000	488,000	
National Institute of Environmental Health Sciences	83,896,000	97,269,000	−6,056,000	−3,455,000	853,000	
National Institute on Aging	70,063,000	76,091,000	−2,213,000	−598,000	563,000	
Research Resources	169,228,000	184,439,000	−10,745,000	−8,623,000	87,000	
John E. Fogarty International Center	8,989,000	9,138,000			116,000	
Subtotal, Research Institutes	3,361,209,000	3,537,418,000	−125,294,000	−44,020,000	20,022,000	
National Library of Medicine	43,979,000	44,730,000	−341,000		799,000	
Office of the Director	20,248,000	22,549,000	−360,000		1,047,000	
Total, National Institutes of Health	3,425,436,000	3,604,697,000	−125,995,000	−44,020,000	21,868,000	
Alcohol, Drug Abuse, and Mental Health Administration						
Alcohol, Drug Abuse, and Mental Health						
General mental health:						
Research	144,103,000	151,058,000	−8,368,000	−8,368,000		
Training	90,354,000	93,854,000	−20,908,000	−12,000,000		
Community programs:						
Community mental health centers, new	25,681,000	24,967,000	−24,967,000	−24,967,000		
Demonstrations, chron. mental illness	7,600,000	15,000,000	−7,400,000	−7,400,000		
Other services (Systems Act)	260,662,000	67,783,000	−6,175,000	−6,175,000		
Subtotal, Services	293,943,000	107,750,000	−38,542,000	−38,542,000		
Subtotal, Mental Health	528,400,000	352,662,000	−67,818,000	−58,910,000		
Drug abuse:						
Research	45,972,000	46,000,000	−1,211,000	−1,211,000		
Training	8,680,000	7,644,000	−192,000	−192,000		
Community programs:						
Project grants and contracts	161,000,000	161,000,000	−755,000	−755,000		
Grants to States	38,000,000	30,000,000	−30,000,000	−6,000,000		
Subtotal, Drug abuse	253,652,000	244,644,000	−32,158,000	−8,158,000		
Alcoholism:						
Research	22,229,000	22,251,000	−540,000	−540,000		
Training	6,880,000	5,821,000	−374,000	−374,000		
Community programs:						
Project grants and contracts	78,706,000	73,000,000	−2,262,000	−2,262,000		
Grants to States	54,800,000	50,000,000	−50,000,000	−10,000,000		
Subtotal, Alcoholism	162,615,000	151,072,000	−53,176,000	−13,176,000		
Total, Alcohol, Drug Abuse and Mental Health	944,667,000	748,378,000	−153,152,000	−80,244,000		
Pay raise supplemental					2,786,000	
St. Elizabeths Hospital:						
Construction and renovation		1,500,000	−1,500,000	−1,500,000		
Pay raise supplemental	89,084,000	94,273,000			4,591,000	$4,591,000
Total, ADAMHA	1,033,751,000	844,151,000	−154,652,000	−81,744,000	7,377,000	4,591,000
Health Resources Administration						
Health Resources						
Health planning and resources development:						
Health planning:						
Local Planning and implementation	124,717,000	101,717,000	−24,000,000	−24,000,000		
Program support	9,622,000	9,685,000	−215,000	−215,000		
Subtotal, health planning	134,339,000	111,402,000	−24,215,000	−24,215,000		
Health professions education:						
Institutional assistance:						
Capitation:						
MOD	57,721,000	55,613,000	−55,613,000	−55,613,000		
VDPP	9,397,000	9,815,000	−9,815,000	−9,815,000		
Subtotal, capitation	67,118,000	65,428,000	−65,428,000	−65,428,000		
Startup assistance	2,700,000	1,790,000	−1,790,000			
Subtotal	69,818,000	67,218,000	−67,218,000	−65,428,000		
Health professions education and services:						
National Health Service Corps: Scholarships	79,500,000	79,500,000	−16,100,000	−16,100,000		
Health professions student assistance: Loans	16,500,000	16,500,000	−16,500,000			
Dental health education:						
Team grants	2,000,000	2,000,000	−1,000,000	−1,000,000		
EFDA (dental extenders)	2,000,000	2,000,000	−1,900,000	−1,900,000		
Gen. dentistry residences & training	4,050,000	4,050,000	−4,050,000	−2,025,000		
Subtotal, dental health education	8,050,000	8,050,000	−6,950,000	−4,925,000		
Public health and Health Administration:						
Capitation	6,450,000	6,450,000	−6,450,000			
Special projects	5,000,000	5,000,000	−2,200,000	−2,200,000		
Health administration grants	3,000,000	3,000,000	−3,000,000	−3,000,000		
Public health traineeships	7,000,000	7,000,000	−3,300,000			
Health administration traineeships	2,000,000	2,000,000	−1,500,000	−1,500,000		
Subtotal	23,450,000	23,450,000	−16,450,000	−6,700,000		
Allied health	6,700,000	6,700,000	−5,700,000	−5,700,000		
Primary care:						
Family med/gen. dental res. and training	36,450,000	36,450,000	−16,000,000	−8,000,000		
General internal medicine and pediatric	19,500,000	19,500,000	−6,000,000	−1,500,000		
Subtotal, Primary care	55,950,000	55,950,000	−22,000,000	−9,500,000		
Special manpower initiatives:						
Physicians extenders	9,100,000	9,100,000	−1,000,000	−1,000,000		
Emercency medical training	3,000,000	3,000,000	−3,000,000	−3,000,000		
Health profession education improvement and development	8,500,000	8,500,000	−8,500,000	−8,500,000		
Subtotal, special initiatives	20,600,000	20,600,000	−12,500,000	−12,500,000		
Nursing programs:						
Capitation grants	24,000,000	24,000,000	−24,000,000	−14,000,000		
Advanced nurse training	12,000,000	12,000,000	−11,243,000	−3,000,000		
Nurse practitioner	13,000,000	13,000,000	−3,000,000	−3,000,000		
Special projects	15,000,000	15,000,000	−3,000,000	−3,000,000		
Traineeships	13,000,000	13,000,000	−13,000,000	−3,000,000		

H.R. 3512, RESCISSIONS AND SUPPLEMENTALS, FISCAL YEAR 1981, CHAPTER VIII: LABOR, HHS, EDUCATION, AND RELATED AGENCIES—Continued

	Fiscal year—		Proposed rescissions and deferrals	House allowance	Proposed supplementals	House allowance
	1980 actual [1]	1981 appropriation [1]				
Scholarships	$9,000,000	$9,000,000	−$9,000,000	−$9,000,000		
Subtotal, nursing programs	86,000,000	86,000,000	−63,243,000	−35,000,000		
Program support, health professional and nursing	14,823,000	20,775,000	−740,000	−740,000		
Subtotal, Health professions and nursing	381,391,000	384,743,000	−227,401,000	−156,593,000		
HRA program management	12,429,000	14,261,000	−126,000	−126,000		
Total, health resources	528,159,000	510,406,000	−251,742,000	−180,934,000		
Pay raise supplemental (by transfer)					($3,062,000)	($3,062,000)
Office of the Assistant Secretary for Health						
Salaries and Expenses						
Health services research	22,449,000	23,177,000	−728,000	−728,000		
Health maintenance organizations development activities	43,813,000	43,813,000	−28,094,000	−35,000,000		
Special health initiatives:						
Smoking and health	2,519,000	2,995,000	−933,000	−933,000		
Health promotion	1,664,000	3,275,000	−969,000	−969,000		
Public Health Service termination cost					120,729,000	40,000,000
Total, Assistant Secretary for Health	70,445,000	73,260,000	−30,724,000	−37,630,000	120,729,000	40,000,000
Pay raise supplemental					2,124,000	
Total, Public Health Service			−669,767,000	−445,382,000	159,827,000	44,591,000
Health Care Financing Administration						
Professional Standards Review Organizations:						
Hospital review (payments account):						
Medicaid, direct appropriations	33,250,000	40,120,000	−8,693,000	−4,346,000		
Medicare, nonappropriated funds	(63,320,000)	(78,180,000)	(−16,940,000)	(−8,470,000)		
Non-hospital activities:						
Federal funds	29,050,000	22,372,000	−5,992,000	−2,996,000		
Trust funds	(29,600,000)	(32,996,000)	(−6,643,000)	(−3,322,000)		
Total, PSRO budget	(155,220,000)	(173,668,000)	(−38,268,000)	(−19,134,000)		
Research, demonstration, and evaluation:						
Federal funds	30,490,000	30,000,000	−1,000,000	−1,000,000		
Trust funds	(16,292,000)	(20,000,000)	(−3,000,000)	(−3,000,000)		
Subtotal, Research and evaluation	46,782,000	50,000,000	−4,000,000	−4,000,000		
State Certification: Medicare certification, trust funds	(27,782,000)	(29,760,000)	(−6,000,000)	(−6,000,000)		
Total, Program management:						
Federal funds	59,540,000	52,372,000	−6,992,000	−3,996,000		
Trust funds	(73,674,000)	(82,756,000)	(−15,643,000)	(−12,322,000)		
Pay raise supplemental:						
Federal funds					2,500,000	
Trust funds					(4,174,000)	
Social Security Administration						
Supplemental Security Income:						
Pay raise supplemental	614,741,000	691,891,000			38,192,000	25,000,000
Limitation on Administrative Expenses:						
Contingency reserve increase for new legislation					(67,667,000)	
Pay raise supplemental	(2,444,791,000)	(2,654,864,000)			(139,700,000)	(90,000,000)
Assistant Secretary for Human Development Services						
Adoption assistance					5,000,000	5,000,000
Administration on Aging:						
Grants for State and community activities	630,907,000	691,720,000	−10,000,000	−5,000,000		
Federal Council on Aging	450,000	581,000	−100,000	−100,000		
Subtotal, Human Development Services	631,357,000	692,301,000	−10,100,000	−5,100,000	5,000,000	5,000,000
Pay raise supplemental					1,420,000	
Refugee Assistance (General)						
State administration services:						
Cash assistance	182,251,000	271,252,000	−9,424,000	−9,424,000		
Medical assistance	90,514,000	139,400,000	−4,938,000	−4,938,000		
State administration	31,210,000	46,600,000	−1,638,000	−1,638,000		
Social services	101,110,000	93,678,000	−4,000,000	−4,000,000		
Pre-1978 Cuban program (phasedown)	53,308,000	44,800,000	−8,000,000	−8,000,000		
Subtotal, States	458,393,000	595,730,000	−28,000,000	−28,000,000		
Voluntary agency programs	25,000,000	24,000,000	−14,400,000	−14,400,000		
Federal administrative expense	4,000,000	6,600,000	−405,000	−405,000		
Services for asylum applicants		12,000,000	−7,000,000	−7,000,000		
Additional savings because of lower number of Indochinese arriving				−25,000,000		
Subtotal, Refugee Assistance	487,393,000	638,330,000	−49,805,000	−74,805,000		
Departmental Management						
Pay raise supplemental:						
General departmental management					7,416,000	
(By transfer)					(1,700,000)	(8,300,000)
Office of the Inspector General					2,212,000	
Office for Civil Rights					1,116,000	1,116,000
Total, Department of Health and Human Services:						
Federal funds			−745,357,000	−533,629,000	217,683,000	75,707,000
Trust funds			(−15,643,000)	(−12,322,000)	(211,541,000)	(90,000,000)
TITLE III—DEPARTMENT OF EDUCATION AND SPECIAL INSTITUTIONS						
Elementary and Secondary Education						
Grants for disadvantaged, Title I:						
Basic grants:						
Grants to local educational agencies	2,630,022,000	2,824,880,000	−706,220,000	−282,488,000		
State agency programs:						
Migrants	245,000,000	288,000,000	−72,000,000	−28,800,000		
Handicapped	145,000,000	165,000,000	−41,250,000	−16,500,000		

H.R. 3512, RESCISSIONS AND SUPPLEMENTALS, FISCAL YEAR 1981, CHAPTER VIII: LABOR, HHS, EDUCATION, AND RELATED AGENCIES—Continued

	Fiscal year—		Proposed rescissions and deferrals	House allowance	Proposed supplementals	House allowance
	1980 actual [1]	1981 appropriation [2]				
Neglected and delinquent	$35,571,000	$37,750,000	−$9,438,000	−$3,775,000		
Subtotal	425,571,000	490,750,000	−122,688,000	−49,075,000		
State administration	47,000,000	47,000,000	−11,750,000	−4,700,000		
Evaluation and studies	13,000,000	10,000,000	−2,550,000	−1,000,000		
Subtotal, Basic grants	3,115,593,000	3,372,630,000	−843,208,000	−337,263,000		
Concentration grants	100,000,000	142,142,000	−35,536,000	−14,214,000		
Subtotal, grants for disadvantaged, title I	3,215,593,000	3,514,772,000	−878,744,000	−351,477,000		
Support and innovation grants:						
Improving local educational practice	146,400,000	91,400,000	−41,400,000	−9,140,000		
State agency management	51,000,000	51,000,000	−12,750,000	−5,100,000		
Bilingual education	166,963,000	174,963,000	−43,741,000	−17,496,000		
General assistance for the Virgin Islands	3,000,000	3,000,000	−3,000,000	−300,000		
Territorial teacher training assistance	2,000,000	2,000,000	−2,000,000	−200,000		
Ellender fellowships	1,000,000	1,000,000	−750,000	−100,000		
Total, Elementary and secondary education	3,585,956,000	3,838,135,000	−982,385,000	−383,813,000		
School Assistance in Federally Affected Areas						
Maintenance and operations:						
Payments for "a" children	399,000,000	401,000,000	−40,100,000	−20,050,000		
Payments for "b" children	277,000,000	251,000,000	−25,100,000	−12,550,000		
Special provisions	14,000,000	13,000,000	−1,300,000	−650,000		
Total, impacted area aid	690,000,000	665,000,000	−66,500,000	−33,250,000		
Equal Educational Opportunities						
Emergency school aid:						
General grants to school districts	107,800,000	107,800,000	−26,950,000	−16,475,000		
Nationally competed funds:						
Special programs and projects	92,019,000	83,583,000	−20,896,000	−10,448,000		
Magnet schools, pairing and neutral site schools	36,302,000	30,000,000	−7,500,000	−750,000		
Grants to nonprofit organizations	5,000,000	7,500,000	−1,875,000	−937,000		
Educational television and radio	6,450,000	6,450,000	−1,613,000	−807,000		
Evaluation	1,000,000	1,000,000	−500,000	−500,000		
Subtotal, emergency school aid	248,571,000	236,333,000	−59,334,000	−29,917,000		
Training and advisory services	45,675,000	45,675,000	−11,419,000	−5,709,000		
Women's educational equity	10,000,000	10,000,000	−2,500,000	−1,250,000		
Total, Equal education opportunities	304,246,000	292,008,000	−73,253,000	−36,876,000		
Libraries and Learning Resources						
School libraries and instructional resources	171,000,000	171,000,000	−42,750,000	−21,375,000		
Education for the Handicapped, Gifted and Talented						
Education for the handicapped:						
State grant program	874,500,000	922,000,000	−230,500,000	−47,500,000		
Preschool incentive grants	25,000,000	25,000,000	−6,250,000	−3,125,000		
Severely handicapped projects	5,000,000	5,000,000	−1,250,000	−625,000		
Early childhood education	20,000,000	20,000,000	−5,000,000	−2,500,000		
Regional, vocational, adult and postsecondary programs	2,400,000	4,000,000	−1,000,000	−500,000		
Innovation and development	20,000,000	20,000,000	−5,000,000	−5,000,000		
Media and resource service:						
Media services and captioned films	19,000,000	19,000,000	−2,000,000	−1,000,000		
Regional resource centers	9,750,000	9,750,000	−2,438,000	−1,219,000		
Special education personnel development	55,375,000	58,000,000	−14,500,000	−7,250,000		
Total, education for the handicapped	1,031,025,000	1,082,750,000	−267,938,000	−68,719,000		
Rehabilitation Services and Handicapped Research						
Rehabilitation services:						
Service projects	28,348,000	32,860,000	−6,572,000			
Independent living	15,000,000	18,000,000	−3,600,000	−1,800,000		
Training	28,500,000	25,500,000	−5,100,000	−2,550,000		
Subtotal	71,848,000	76,360,000	−15,272,000	−4,350,000		
National Institute for Handicapped Research	31,488,000	35,000,000	−7,000,000	−3,500,000		
National Council on the Handicapped	25,000	256,000	−51,000	−25,000		
Total, Rehabilitation and handicapped research	103,361,000	111,616,000	−22,323,000	−7,875,000		
Vocational and Adult Education						
Vocational education:						
State grants and innovative programs:						
Basic grants	562,266,000	562,266,000	−141,871,000	−34,127,000		
Program improvement and supportive services	124,817,000	124,817,000	−31,494,000	−31,494,000		
Programs of national significance	10,000,000	10,000,000	−2,523,000	−2,523,000		
Special programs for the disadvantaged	20,000,000	20,000,000	−5,046,000	−2,000,000		
Consumer and homemaking education	43,497,000	43,497,000	−10,975,000	−4,350,000		
State advisory councils	6,500,000	6,500,000	−1,640,000			
Bilingual vocational training	4,800,000	4,800,000	−1,200,000	−480,000		
State planning	5,000,000	5,000,000	−1,262,000	−1,262,000		
Subtotal, vocational education	776,880,000	776,880,000	−196,011,000	−76,236,000		
Adult education, grants to States	100,000,000	120,000,000	−30,000,000	−15,000,000		
Community schools	3,138,000	10,000,000	−6,862,000	−4,431,000		
Career education incentive	15,000,000	15,000,000	−5,000,000	−2,500,000		
Consumer's education	3,617,000	3,617,000	−904,000	−904,000		
Total, vocational and adult education	898,635,000	925,497,000	−238,777,000	−99,071,000		
Student Financial Assistance						
Basic grants (Pell program):						
Program funds	2,441,328,000	2,159,000,000			$403,000,000	$403,000,000
One time funding for 1980 deficit					258,000,000	258,000,000
Subtotal, Pell grants	2,441,328,000	2,159,000,000			661,000,000	661,000,000
Student Loan Insurance						
Guaranteed student loan program	1,609,344,000	1,950,296,000	−103,270,000	−103,270,000		

H.R. 3512, RESCISSIONS AND SUPPLEMENTALS, FISCAL YEAR 1981, CHAPTER VIII: LABOR, HHS, EDUCATION, AND RELATED AGENCIES—Continued

	Fiscal year—		Proposed rescissions and deferrals	House allowance	Proposed supplementals	House allowance
	1980 actual [1]	1981 appropriation [1]				
Higher and Continuing Education						
Veterans cost of instruction	$14,380,000	$12,039,000	−$12,039,000			
International education and foreign language studies:						
Domestic programs	17,000,000	21,800,000	−4,800,000			
Overseas programs	3,000,000	6,200,000	−3,200,000			
Education outreach programs:						
Educational information centers	3,000,000	3,000,000	−3,000,000			
University community services and continuing education	9,000,000	9,000,000	−6,800,000			
State postsecondary education commissions	3,000,000	3,000,000	−3,000,000			
Public service grants and fellowships	4,000,000	4,000,000	−2,000,000			
Mining fellowships	4,500,000	2,150,000	−1,150,000			
Law school clinical experience	4,000,000	4,000,000	−3,000,000			
Law-related education	1,000,000	1,000,000	−250,000			
Architectural barriers removal		10,000,000	−10,000,000	−$10,000,000		
Total, higher and continuing education	62,880,000	76,189,000	−49,239,000	−10,000,000		
Higher Education Fac. Loan Insurance Fund:						
Deferral, (nonadd)		(25,000,000)	(−25,000,000)			
College housing loans	13,645,000	14,271,000	−14,271,000			
School Improvement						
School improvement programs:						
Basic skills improvement	35,000,000	35,000,000	−8,750,000	−3,500,000		
Speical projects and initiatives:						
Arts in education	3,500,000	3,500,000	−875,000	−350,000		
Metric education	1,840,000	1,840,000	−460,000	−184,000		
Cities in schools	3,050,000	3,050,000	−763,000	−305,000		
PUSH for excellence	1,000,000	1,000,000	−250,000	−100,000		
Subtotal, special projects and initiatives	9,390,000	9,390,000	−2,348,000	−939,000		
Alcohol and drugs abuse education	3,000,000	3,000,000	−750,000	−300,000		
Ethnic heritage studies	3,000,000	3,000,000	−750,000	−300,000		
Dissemination and professional development programs:						
Teacher corps	30,000,000	30,000,000	−7,500,000	−3,000,000		
Teacher centers	13,000,000	13,000,000	−3,250,000	−1,300,000		
Precollege science teacher training	2,500,000	2,500,000	−625,000	−250,000		
Follow through	44,250,000	44,250,000	−11,063,000	−4,425,000		
Gifted and talented	6,280,000	6,280,000	−1,570,000	−628,000		
Total, educational improvement	146,420,000	146,420,000	−36,606,000	−14,642,000		
Research and Related Activities						
National Institute of Education	74,111,000	74,111,000		−7,000,000		
Pay Raise Supplementals						
Departmental management, salaries, and expenses					$7,700,000	
Office of the Inspector General					497,000	$497,000
Subtotal					8,197,000	497,000
Total, Department of Education			−1,897,312,000	−785,891,000	669,197,000	661,497,000
TITLE IV—RELATED AGENCIES [3]						
Action (domestic programs):						
Volunteers in Service to America:						
VISTA operations	32,850,000	34,050,000	−1,727,000	−1,727,000		
Citizen Participation and Volunteer Demonstration Programs	3,364,000	3,364,000		−1,480,000		
Older Americans Volunteer Programs:						
Senior Companion Program	10,200,000	12,783,000	−1,480,000			
Total, Action			−3,207,000	−3,207,000		
Pay raise supplemental					920,000	
Community Services Administration:						
National youth sports program	6,000,000	6,000,000	−6,000,000			
Local initiative	381,800,000	394,300,000		−12,500,000		
Economic development	44,500,000	48,500,000		−4,000,000		
Rural Development Loan Fund:						
(Limitation on direct loans)	(20,000,000)	(8,000,000)		(−2,500,000)		
(Limitation on guaranteed loans)		(2,000,000)		(−2,000,000)		
Community Development Credit Union Loan Fund:						
(Limitation on direct loans)	(5,000,000)	(1,000,000)		(−1,000,000)		
Pay raise supplemental, CSA					791,000	
Corporation for Public Broadcasting:						
Fiscal year 1982 (advanced in fiscal year 1980)	162,000,000	172,000,000	−43,000,000			
Fiscal year 1983 (advanced in fiscal year 1981)	172,000,000	172,000,000	−52,000,000	−60,000,000		
Federal Mediation and Conciliation Service	23,820,000	25,919,000	−687,000			
Federal Mine Safety and Health Review Commission	4,582,000	4,617,000	−273,000	−273,000		
National Commission on Libraries and Information Science		691,000			4,000	
National Commission on Student Financial Assistance					750,000	750,000
National Labor Relations Board		116,635,000			2,913,000	2,913,000
National Mediation Board		4,780,000			52,000	
Presidential Commission on Ethical Problems in Medicine		1,500,000			45,000	
Railroad Retirement (limitation)		(36,750,000)			(1,044,000)	(1,044,000)
Occupational Safety and Health Review Commission	7,450,000	7,860,000	−54,000	−54,000		
Soldier's and Airmen's Home (trust fund appropriation):						
Operation and Maintenance	19,516,000	20,326,000			755,000	755,000
Pay raise supplemental					1,074,000	1,074,000
Total, Related Agencies:						
Federal funds			−10,221,000	−20,034,000	7,304,000	5,492,000
Trust funds					(1,044,000)	(1,044,000)
1982 advance			−43,000,000			
1983 advance			−52,000,000	−60,000,000		

[1] Prior year appropriations are included for individual programs with supplementals or rescissions in the bill; totals have not been included as this comparison is not applicable to a rescission/supplemental bill.
[2] Supplementals for the National Institutes of Health are for the Oct. 1, 1980 pay raise.
[3] All of the supplementals for title IV, related agencies are for the Oct. 1, 1980 pay raise, except for the Soldier's Home and the National Commission on Student Financial Aid.

□ 1745

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH SERVICES ADMINISTRATION

HEALTH SERVICES

(RESCISSION)

Of the funds provided for "Health Services", for fiscal year 1981 in Public Law 96-536, as amended, $45,679,000 are rescinded.

Mr. CONTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want you to know, and I am sure you can appreciate that the Labor, Health and Human Services, and Education chapter of this bill was a particularly tough one to mark up.

All year long we have heard the media express the concern that this budget would be balanced on the backs of the poor—on the backs of the very people who need a helping hand the most in this great Nation. I know that all of the members of the Labor-HHS and Education Subcommittee have shared those same concerns. We went through an agonizing markup and there were a lot of hard decisions. But we now have here a good bill that strives to attain equitable treatment for all persons.

Our chairman, BILL NATCHER, did a tremedous job as always. We all know BILL is an extraordinarily fair man and he did a remarkable job of leading us through many challenging decisions. I was proud of the entire subcommittee on both sides of the aisle for the effort that was made to be both humanely sensitive and fiscally responsible.

The subcommittee's markup includes $1,634,000,000 in rescissions as compared with the President's request for $2,887,000,000 in rescissions. Yes; the President asked for more than the committee recommends, but in our judgment these were the right and proper cuts—and they go a long way toward helping the President's economic recovery program.

Our recommendations also include $751 million in deferrals requested by the President. In addition to these rescissions and deferrals the subcommittee required that the agencies absorb many of the pay supplementals they were requesting. In that regard we approved supplemental requests totaling $749 million and denied requests totaling $172 million.

I will give you a quick breakdown by agency. In Labor we rescinded $234 million in CETA programs as requested by the administration. In addition we deferred $751 million as recommended in the budget request.

In Health and Human Services we are recommending rescissions totaling $533.6 million as compared with the requests of $745.4 million.

In Education we are recommending $785.9 million in rescissions as compared with the President's request of $1.9 billion in rescissions. This was one of the toughest areas for us because the budget called for many vital programs to be cut 25 percent across the board and we did not believe that such dramatic cuts were proper in all cases.

For example, in the area of handicapped education the President called for cuts totaling 25 percent of all 1981 funds. The committee could not recommend that level and ultimately chose to take savings elsewhere while allowing cuts of only 6 percent in handicapped education.

In education we did provide the requested supplemental of $661 million for the Pell grants program to keep it operating.

There are many other areas that concerned everyone of us and I am proud to say we did our best work in preparing this bill. We have all had to tighten our belts and we have done that here. We must now recognize the larger needs of the Nation and the economy and support this chapter intact.

Before closing, I would like to take just a minute to touch on the National Institutes of Health. The President requested rescissions totaling $126 million for fiscal 1981 and the committee is recommending rescissions totaling $44 million. The committee did not provide the requested $21 million in pay supplementals requested for NIH.

Allow me to turn for just a moment to the National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases. With respect to the way in which this Institute allocates its research funds, the committee discussed its concerns that funds should be dispersed solely on the basis of quality of research based on priority scores. We do not believe or expect that cutoff scores which represent ceiling for investigator-initiated research grant awards should differ significantly from one program area of the Institute to another, nor among the four clusters of the Institute.

Furthermore, I am concerned that the funding of the multipurpose arthritis centers, which should certainly continue to receive a high priority by the Institute, not be made at the expense of arthritis research. These program elements must both receive continued support for advancements in the treatment of arthritis.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SOCIAL SECURITY ADMINISTRATION

REFUGEE ASSISTANCE

(RESCISSION)

Of the funds provided for "Refugee Assistance" for fiscal year 1981 in Public Law 96-536, as amended, $74,805,000 are rescinded.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, if I can have the attention of the gentleman from Kentucky (Mr. NATCHER), the chairman of the subcommittee, on this: This subject has come up because of some concern expressed by those dealing with the refugee programs in the various States as to why we have this rescission. It is my understanding that this rescission is based on the fact that the initial funding we had forecast was based on a larger number of refugees coming into the country on a regular basis than has actually transpired. I would direct this question to the chairman of the subcommittee, Is that in fact the basis for the rescission?

Mr. NATCHER. Mr. Chairman, if the gentleman from California would yield to me at this point——

Mr. LUNGREN. I would be happy to yield.

Mr. NATCHER. Mr. Chairman, I would like to direct the attention of my friend from California to that part of the report which appears on page 216, and I quote as follows:

Approval of this rescission does not reflect any change in refugee policy on the part of either the President or the Congress. These savings accrue because of lower than anticipated costs in several of the refugee programs—principally because fewer refugees are arriving than was anticipated. . . . The President's rescission proposal assumes that 168,000 Indochinese would arrive during 1981. Only 60,000 have arrived during the first 6 months of the year and the Committee believes it is unlikely that more than 140,000 will actually arrive this year.

I would further like to say to my friend from California that the committee recommendation does not in any way restrict the number of refugees who can be admitted to this country. It does, however, reduce the estimates for public assistance since it is clear that the number of refugees needing assistance will be lower than originally anticipated. The committee recommendation is based on testimony by the Department of Health and Human Services on April 28, and I would like to further state to my friend from California that in our subcommittee we believe that, based on this testimony, that the $74.8 million rescission can be approved without harming the refugees or the States.

Further, the Department testified that should the amounts remaining be inadequate to fully fund cash and medical assistance costs, they would recommend a supplemental or additional appropriations to the 1982 budget, which the gentleman knows is now under consideration in our subcommittee.

We believe on our subcommittee that our current estimates are accurate, but if they turn out to be wrong,

we will have an opportunity to provide more funds at a later date.

Mr. Chairman, I think I should make that statement not only to the gentleman from California but to the gentleman from Minnesota and several others who have inquired. If this bill contains inadequate money, then a supplemental would have to be sent up. We would take the matter up either in the supplemental request or during the hearings on the regular 1982 fiscal year budget, and we would recommend additional money.

Mr. LUNGREN. I appreciate the statement from the chairman. If I could just clarify for the record what the situation is; it is this: Under the Refugee Act of last year, we gave the authority to the Federal Government to allow a flow of 14,000 refugees a month to come in. That flow has been reduced to about 8,000 to 9,000 over the last several months. However, the State Department believes, in its interpretation of the law, that they have the right to make up the monthly difference within any 1 year, and in the event they do that, it would require us to come in for additional funding. I think it is important to know that the State Department makes the determination as to the numbers coming in, but HHS has to pick up the cost so that local and State governments do not have to pick this up.

I thank the chairman for clarifying that point.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, I too want to thank the gentleman from Kentucky for his statement, because I think it is terribly important that the House realize that the justification for this rescission is the change in the amount of refugees coming into this country. As the gentleman well knows, one of the most effective programs we have is the matching grants program under which the private sector and public sector work together for the entry of Soviet Jewish refugees.

I just want to point out and underscore what the gentleman said. In January, the numbers were way down. In February and early March they started to go up again, and then they were down. We are at the mercy of the spigot in the Soviet Union.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. FISH and by unanimous consent, Mr. LUNGREN was allowed to proceed for 2 additional minutes.)

Mr. FISH. In the event that spigot is opened again, we certainly will be back to the committee asking for a supplemental appropriation.

Mr. DANIELSON. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from California.

Mr. DANIELSON. Mr. Chairman, I wish to thank the gentleman from Kentucky for his explanation of this cut. The southern California area, which I have the honor of representing along with Mr. LUNGREN and others, becomes the final place of location for the bulk of the Indo-Chinese refugees. We have about 200,000 of them down in southern California now, and they are working to assimilate. We are trying to bring them into our economy and society, but there is still a very great financial burden for aid to many of these people which will fall upon our local taxpayers if Federal help is not available. These people came here as the guests of the U.S. Government.

I trust that the chairman will, in his future hearings, ask his most inquisitive and penetrating questions, to probe deeply into the need, because these are the guests of the United States of America, and should not be a burden on the local taxpayers.

I thank the gentleman.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Louisiana.

Mr. VENTO. Mr. Chairman, I thank the gentleman from California for raising this point and the chairman for his response, because indeed for those of us that have refugees in our area and those of us who do not have such circumstances maintain an interest hopefully in providing adequate funding, although the number of refugees may be reduced, the spend-out program is very questionable in terms of any appropriation reduction. So, it looks like we will be back, to engage the chairman, Mr. NATCHER's commitment. I wish I had the faith of the chairman and the administration in reduced cost figures in this particular program, but I am very pleased, and I hope the gentleman would yield to the chairman of the committee so that he might further respond to my concern that even though the number of refugees may be down, the dollar amount in terms of spend out is actually exceeding, and it looks like a shortfall in terms of our State and in terms of revenue from the Office of Refugee Resettlement.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. VENTO and by unanimous consent, Mr. LUNGREN was allowed to proceed for 2 additional minutes.)

Mr. NATCHER. Mr. Chairman, will the gentleman yield further?

Mr. LUNGREN. I am happy to yield.

Mr. NATCHER. I would like to say both to the gentleman from California and the gentleman from Minnesota that if the occasion arises that he has just described to the committee, certainly every consideration will be given to his request either in a supplemental or in the regular bill for fiscal year 1982.

Mr. VENTO. I thank the gentleman, and I appreciate that support for what I think is a very serious problem in the commitment and dedication shown to this problem. I thank the gentleman from California.

Mr. Chairman, while H.R. 3512, the fiscal year 1981 supplemental appropriations and rescissions legislation contains many necessary legislative actions, it also contains many shortsighted and unjustified reductions in Federal programs. In some areas, the committee has reviewed the rescissions proposed by the administration and found the rescission requests counterproductive. I especially want to commend the subcommittee for their action to propose rescissions in Federal education aid which are substantially less than the administration's request.

I am very concerned about the committee's request for rescissions above the President's request for refugee services. President Reagan requested rescissions totaling $50 million in fiscal year 1981. The committee increased the rescission by $25 million for a total rescission of almost $75 million for this fiscal year.

The refugee assistance programs are critically important for many areas of the country which have large concentrations of refugees. In my district, Ramsey County, Minn., with a population of less than 450,000 persons, we have more than 10,000 Indochinese refugees. The Federal reimbursement for services provided to these refugees by the county and State has been essential to insure that the needs of our new residents are being met.

In combination with the Reagan rescissions, the committee's proposal will reduce Federal reimbursement for cash assistance by approximately $24.1 million, medical assistance will be reduced by $12.6 million, and Federal reimbursement for social services will be reduced by $4 million.

The effect of this action upon communities with large numbers of refugees will undoubtedly be adverse. If the administration's and the committee's estimation of the projected need for Federal funds are incorrect, local governments will be forced to pay for these services from their own limited budgets. The importance of these funds can be demonstrated by a recent action of the Ramsey County Board of Commissioners. This week the board passed a resolution expressing the sense of the board that because of the financial difficulties facing the county and the difficulty in obtaining adequate Federal reimbursement, further initial resettlement of refugees should

take place in other jurisdictions. I cannot endorse this action, but it does demonstrate the level of concern that many communities have about these Federal funds. These rescissions will only serve to aggravate this situation.

Federal policy has been to reimburse fully the costs borne by local governments in serving refugees. This policy should continue and Congress must insure that adequate funds are available for that purpose. For that reason, this legislation leaves me in a quandary. On one hand, I am cognizant of the fact that the vast majority of funding for refugee programs remains intact. On the other hand, I must deplore the actions of the administration and the committee in reducing these funds.

The administration and the committee support these rescissions because they believe that the number of refugees entering this country will decrease and that reallocation of funds can be made between States. I certainly hope that these projections are correct. I note that the administration has testified that if there are not sufficient funds, they will request a supplemental appropriation. I am also mindful that the Labor-Health, Education and Welfare Subcommittee has acted with compassion on these requests in the past.

The chairman of the subcommittee is aware of my concern, and I wish to let him know that I am willing to work with him in his oversight efforts to be sure that sufficient funds are available to assist the refugees in making a difficult transition to our country.

Mr. LIVINGSTON. Mr. Chairman, I move to strike the last word.

I would like to engage in a colloquy with the gentleman from Kentucky, the distinguished chairman of the subcommittee, relating to page 66 of the bill.

I would like to state for the record to the chairman of the subcommittee that I am very concerned about the rescission of approximately $36 million related to the closure of public health hospitals and clinics. Under the rule, an amendment cannot be offered to restore funding, but I am pleased that the distinguished chairman of the full committee and the able and respected chairman of Labor, Health, Human Resources and Education Subcommittee have not recommended the elimination of the entitlement of free medical care to eligible beneficiaries.

This matter is better left to the proper authorization committees. If the gentleman would comment further on the action our committee took, I would greatly appreciate it.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. LIVINGSTON. I would be delighted to yield to the distinguished chairman.

Mr. NATCHER. First, before answering the gentleman's question I want the gentleman from Louisiana to know that as one of the new members on our subcommittee, we are certainly delighted to serve with him, and consider it an honor and privilege to have him on our subcommittee.

The gentleman is exactly correct, Mr. Chairman, in his understanding as to the committee action. I would like to call the gentleman's attention, as he well knows, to that part of the report which appears on page 207, and I quote as follows:

> Approval of this request does not affect the entitlement of the merchant seaman to Federally subsidized health care which the President has proposed be eliminated. This issue is outside of the jurisdiction of the Appropriations Committee * * *

That is the way we held at the markup, and as the gentleman knows, in addition to that, when the question was raised as to Public Law 93-155, we emphatically stated that under no circumstances could we on our subcommittee change that law.

Mr. LIVINGSTON. I thank the gentleman for his comment. It has been a real pleasure to work with the gentleman in the committee. I might also thank him for his assistance in this particular bill and for his outstanding leadership on the committee with respect to this matter.

The language as I understand it in the report binds our committee to seriously consider a request to add funds to the 1982 bill to upgrade a particular facility if a community makes a firm commitment to take over a hospital. Such language is vital to those areas which are impacted by the decision to close these public health facilities. Could the gentleman from Kentucky clarify for me if, under this bill, future funding is possible in the event a community is working closely with a private concern for the taking over of a hospital?

Mr. NATCHER. I would like to say to the gentleman that he is correct, and certainly every consideration would be given to such a request.

Mr. LIVINGSTON. I thank the gentleman for his clarification. This is extremely important to me because such an interest could arise in several of these locations. My own city, the city of New Orleans, had a similar problem some years ago with another Federal hospital, and with the magnificent help of the gentlewoman from Louisiana (Mrs. BOGGS) who has been a champion for the cause of public health hospitals since she has entered office, we were able to work out an arrangement with private concerns to take over the hospital. Hopefully, if it is feasible and if indeed the hospital is closed as a public health facility, we may be able to do the same in this case.

Mrs. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. LIVINGSTON. At this time I would be delighted to yield to the gentlewoman from Louisiana.

Mrs. BOGGS. Mr. Chairman, I am delighted to have the gentleman yield. I thank the gentleman for his leadership in this regard, and as he also knows, of course, the New Orleans Hospital is an areawide hospital. There are seven clinics in seven different cities, including one in San Juan, Puerto Rico, that are within the satellite area of the New Orleans Hospital.

□ 1800

Mr. Chairman, I would hope that in any consideration of the closing of any public sector arrangements, we would consider those satellite facilities as well.

Mr. LIVINGSTON. Mr. Chairman, I agree with and thank the gentlewoman from Louisiana (Mrs. BOGGS) for her comments.

Mr. CLAY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise for the purpose of engaging in a colloquy with the distinguished chairman of committee, the gentleman from Kentucky (Mr. NATCHER).

The legislation we are considering rescinds $751.2 million from the Comprehensive Employment and Training Act (CETA) program; and $234.5 million from the CETA countercyclical public service jobs program. Both of these rescissions have been requested by the administration and as this body acts to rescind these funds, Mr. Chairman, I think it is of the utmost importance that we insure that the Department of Labor act fairly and responsibly in implementing the changes that will occur as a result of the enactment of this bill.

Mr. Chairman, I am aware that the Department of Labor has already moved to reduce the staff of the Employment and Training Administration by 160 slots; however, it is planned that 50 percent of this staff reduction, or 80 positions, will be taken from the Bureau of Apprenticeship Programs. This action cannot be called responsible and can be expected to severely cripple one very important aspect of the CETA operation by denying local apprenticeship councils the services of the Bureau.

Given that this body cannot reasonably be expected to oversee all of the changes that are likely to occur as a result of this legislation; I recommend that the Department of Labor be instructed to equally disperse all staff reductions so as to prevent any single bureau, administration, or other structural unit, from experiencing a disproportionate share of staff reductions.

Mr. NATCHER. Mr. Chairman, will the gentleman from Missouri (Mr. CLAY) yield to me at this point?

Mr. CLAY. I will be pleased to yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, as the distinguished gentleman from Missouri (Mr. CLAY) has stated to the House, this is an important matter.

This is a matter that can be brought to the attention of our subcommittee during the markup of the bill on the fiscal year 1982 appropriations. We are now in the process of holding hearings. We are just about through the hearings on this particular bill.

Mr. Chairman, I say to the gentleman from Missouri that every consideration will be given to his request during the hearings and at the markup of the bill.

Mr. CLAY. Mr. Chairman, I thank the gentleman from Kentucky (Mr. NATCHER).

(By unanimous consent, Mr. ALBOSTA was allowed to speak out of order.)

A LETTER TO POPE JOHN PAUL II

Mr. ALBOSTA. Mr. Chairman, I have a letter that I am going to send to the Pope on Monday, May 18, and any Member who would like to sign that letter wishing him well is invited to sign. It is a very short letter, and I will not even bother to read it now.

One of my staff people is out in the Rayburn room right now taking signatures, and I would hope that all the Members would get their names on this letter. We are going to get it out to the Pope on Monday.

I thank the Chair.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SOLDIERS' AND AIRMEN'S HOME

OPERATION AND MAINTENANCE

For an additional amount for "Operation and maintenance," $755,000, to be paid from the Soldiers' and Airmen's Home permanent fund.

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: On page 79, after line 25, insert the following:

No part of any appropriation contained in this chapter shall be used in connection with the issuance, implementation, or enforcement of any rule, regulation, standard, guideline, recommendation, or order which includes any ratio, quota, or other numerical requirement related to race, creed, color, national origin, or sex, and which requires any individual or entity to take any action with respect to (1) the hiring or promotion policies or practices of such individual or entity, (2) the admissions policies or practices of such individual or entity.

Mr. WALKER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALKER. Mr. Chairman, the amendment that I am offering here would not, I would hope, have to take the time of the committee for a lot of debate, because it is precisely the same language that this House has included in appropriation bills for the last several years and which places antiquota language in the Health and Human Services and Education and Labor budgets. This amendment would stop the use of discriminatory quotas in education and employment. The language is exactly the same as that which the House has previously put in continuing appropriations and regular appropriations bills. I would ask its adoption.

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. WALKER. I am glad to yield to the chairman of the subcommittee.

Mr. NATCHER. Mr. Chairman, we ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 102. No part of the funds appropriated by this or any other Act or resolution shall be available for planning or administering any user-reimbursement program or policy that requires reimbursement for computer services and equipment provided by the House Information Systems to the committees of the House of Representatives or the House Leadership offices.

AMENDMENT OFFERED BY MR. GONZALEZ

Mr. GONZALEZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GONZALEZ: On page 81, after line 7, add the following new section:

SEC. 103. No part of the funds appropriated by this or any other Act or resolution shall be available for payment of subsidies for operation of either the Senate or House restaurants.

Mr. WHITTEN. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Mississippi (Mr. WHITTEN) reserves a point of order against the amendment.

The gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes in support of his amendment.

Mr. GONZALEZ. Mr. Chairman, this is a very simple amendment. It is what I call an equal-sacrifice amendment.

It has always been very interesting to me to see how consistent all of those who are asking other Americans to be frugal and to make sacrifices themselves seem quite reluctant to participate in that sacrifice. Last week we enacted a budget that calls upon poor people to make great sacrifices in the name of a sound economic national policy. Yesterday in obedience to that call, the Agriculture Committees on both sides of the Capitol approved plans that would knock about 1 million people off the food stamp rolls.

So we are asking the poor to give up something very substantial in this war against inflation, namely, their assistance for buying food. Yet we in the higher salaried brackets, we who are well paid, are enjoying subsidized food. In fact, we have our food stamps or equivalent in our subsidized facilities, and I find that to be interesting enough. Although the House side has been pretty good, it still is subsidized, and it still even has a deficit. I find a pretty big deficit on the other side.

We do not even know how much it takes to operate the White House mess. Why should dedicated Presidential knife wielders eat subsidized meals, with no question of reduction, when millions of poor people are in line to lose their food assistance?

All I am suggesting is that when we demand that the poor lay their stomachs on the line, we can also put our stomachs on the line. If they can pay their own way, then I think we should also. If the restraurants on either side are enjoying a million-dollar subsidy, I think they can give that up in the name of equal sacrifice.

The way I calculate it under this amendment is that the sacrifice would amount to $1 for every person who is thrown off the food stamp program. Let us say $1 billion would be saved by the food stamp reduction. My equal-sacrifice amendment would require the Congress to give up $1 for every $1,000 given up by the poor. I can see the accounting now, $1 from us, $1,000 from the poor.

They give up the possibility of buying chicken; we cut out subsidized T-bone steaks and maybe a couple of beers, maybe only one beer, the way the prices are going up. They give up the possibility of buying milk; we give up the subsidy on custards. They give up fresh fruits and vegetables; we give up our subsidized Scarsdale diets.

I am not asking that we give up much, only that if we are moving to kill food stamps for 1 million people and if we are moving to kill subsidized school lunches for 1 million more, why can we not pay the full price of our own lunches? If a first-grader can pay the going rate, then I think we can pay the full tab, too.

Mr. Chairman, if some sacrifice is required from the stomachs of people in need, surely we who are not in that need can give up a little bit of a subsidized meal.

The CHAIRMAN. Does the gentleman from Mississippi (Mr. WHITTEN) insist on his point of order?

Mr. WHITTEN. Mr. Chairman, I would like to have the attention of my colleagues. I hesitate to proceed, but I reserved the point of order, as the gentleman will recall.

The CHAIRMAN. Does the gentleman from Mississippi (Mr. WHITTEN) move to strike the last word?

Mr. WHITTEN. Yes, Mr. Chairman.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. WHITTEN. Mr. Chairman, I hesitate to make this point, but the Committee on Appropriations this last week worked through the lunch hour many times. I went 3 days without any lunch. I am serious about this, because when we did get through, the lines were so long everywhere we went around this Capitol that we just simply could not get in and we did not have the time.

Folks do not realize that there are 40 or 50 Members who get so busy that they have this problem. I know, too, that the gentleman from Texas (Mr. GONZALEZ), is one of the harder workers in this Congress, but this is the situation. Let me say that there is no way or hardly any way to break even on a restaurant that serves the public one meal a day, and that is approximately what happens. But if the work of this Congress is delayed, the extent of the delay is lessened if we have some kind of food available here to eat and to continue to work.

On the bill that we have before us, we met at 9:30 and we went until 2:30 without break, considering over 500 items. I am just saying that to have this food available around here is highly necessary.

Mr. Chairman, my point of order is that the gentleman proposed to include language in the bill that funds made available in other appropriation acts are not to be covered by this one, and that is clearly subject to a point of order. I have, therefore, to insist on my point of order at this point.

Mr. Chairman, I hope that my friend, the gentleman from Texas, understands that everybody's work is not as regulated as that of some of us on committees. When they wish to eat, they can eat, but we have to eat when we can. I insist on my point of order.

□ 1815

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. GONZALEZ. If the chairman please, I did not quite grasp the basis of the point of order. I wonder if I could have a very brief summation of the reason for the point of order—the basis for it.

Mr. WHITTEN. On the basis that it is essential and economical, economical for the country and for the Congress to have food available around here. That is the reason I make it; but the point of order is that it goes to other provisions in the act which are not before the Congress, which clearly is reaching out and amounts to legislation, changing the existing act.

Mr. GONZALEZ. Well, I am addressing the amendment to this title.

Mr. WHITTEN. It is clause 2, rule XXI, is the reference to which I make this, but that in everyday language is the reason.

I hope the gentleman will withdraw his amendment. The gentleman sees his experience and I am telling the gentleman what some of the rest of us have.

Now, the prices are out of this world that you pay if you are conscious of that, and I know the gentleman is.

The CHAIRMAN. Does the gentleman from Texas wish to be heard further on the point of order?

Mr. CONTE. Mr. Chairman, will the gentleman yield to me?

Mr. GONZALEZ. Well, I will be glad to yield, even though I have not had a chance to address the point of order.

The CHAIRMAN. The Chair will recognize the gentleman from Massachusetts if he desires to be heard on the point of order.

Mr. CONTE. I will be very, very brief. The point of order is that it goes beyond this bill, to use the words "funds appropriated by this or any other act."

The CHAIRMAN. The Chair is prepared to rule.

The Chair would cite Deschler's Procedures, chapter 26, section 3.3, which reads as follows:

An amendment to a general appropriation bill in the form of a limitation which is applicable also to funds appropriated in other acts is legislation and not in order.

That is the point of order made by the gentleman from Mississippi and the Chair, therefore, sustains the point of order.

Mr. FAZIO. Mr. Chairman, I would like to clarify a false impression that this amendment creates. There is no subsidy being paid or appropriated in this or any other appropriation bill to subsidize the operation of the House restaurant system. The restaurant system is under the control and able leadership of the gentleman from Tennessee, Mr. ED JONES, and his Services Subcommittee of the Committee on House Administration. That Committee has supervised the restaurant system since 1971, as was directed by House Resolution 317.

House Resolution 317 of the 92d Congress sets up a revolving fund to insure that the restaurant system would operate on a self-sustaining basis. The operation of the fund as well as the restaurants, and related activities, are managed by the Services Subcommittee.

According to the most recent audit of the restaurant fund by the General Accounting Office, the system earned an $11,000 profit in fiscal year 1980, the latest year for which financial data are available. Not 1 cent of appropriated money was used.

Since 1977, the restaurant system has earned a profit of $449,320.03. These profits have all been turned over to the U.S. Treasury.

The Clerk will read.

The Clerk read as follows:

URBAN DISCRETIONARY GRANTS

(DEFERRAL)

Of the funds appropriated under this head in the Department of Transportation and Related Agencies Appropriation Act, 1981, $210,000,000 shall not become available for obligation until October 1, 1981: *Provided,* That this deferral shall consist of $23,000,000 from bus and bus related projects, $28,000,000 from existing rail systems modernization and extensions, $67,000,000 from new systems and downtown people movers, $52,000,000 from urban initiatives, $15,000,000 from planning, $15,000,000 from innovative techniques and $10,000,000 from technology introduction.

Mr. GINN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the committee has recommended in this chapter funding of $221,402,000, which is a cut of $112,960,000 from the request of $334,362,000. Additional funding of $17,938,000 was also approved for the family housing pay raise and appears in that section of the bill. A deferral of $92 million has also been recommended in the bill.

In my first appearance on the floor as a subcommittee chairman, I am pleased to present these recommendations which were unanimously approved by the committee. I also wish to thank my distinguished colleague, Mr. REGULA, of Ohio, for his diligent work, generous support, and participation in our subcommittee's deliberations.

I wish first to note that although the committee strongly supports defense spending, it is vitally interested in assuring that only necessary funds are appropriated. The committee takes very seriously its responsibility to review these large program increases to assure that, in these times of budgetary decreases in other areas, we get the best use of our dollar.

The committee has approved $90 million for additional planning and design funds to allow for an anticipated expansion of the fiscal year 1982 and fiscal year 1983 programs. It has also approved an additional $112 million for family housing to improve the quality of life for our military. In addition, $19 million has been approved for project starts to meet operational dates for the Army, Marine Corps, and Air Force.

Reductions have been made for projects that were not of an urgent nature, could not be obligated in an orderly fashion in fiscal year 1981, or were not fully justified.

The major reductions include a deferral of $92 million and a reduction of $26.5 million for MX planning and design. This was done because of the President's ongoing review of the MX plan and delays in the environmental impact statement. This action is recommended to assure that planning and design funds are not used for any

contracts until final decisions on the MX basing mode have been resolved.

Also, a reduction of $26 million from Air Force and Army rapid deployment force planning has been recommended.

The Secretary of Defense's request for contingency funds has been reduced by $10 million because of the availability of sufficient funds. Various other reductions have been made because of the lack of urgency or the inability to obligate funds in fiscal year 1981.

Mr. Chairman, I heartily recommend that the recommendations of the committee on the military construction chapter be adopted as reported to the Committee of the Whole.

AMENDMENT OFFERED BY MS. FIEDLER

Ms. FIEDLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. FIEDLER: On page 93, strike lines 15-24 and substitute in lieu thereof:

Of the funds appropriated under this head in the Department of Transportation and Related Agencies Appropriation Act, 1981, $238,500,000 shall not become available for obligation until October 1, 1981: *Provided,* That this deferral shall consist of $23,000,000 from bus and bus-related projects, $28,000,000 from existing rail systems modernization and extensions, $95,500,000 from new systems and downtown people movers, $52,000,000 from urban initiatives, $15,000,000 from planning, $15,000,000 from innovative techniques, and $10,000,000 from technology introduction.

Ms. FIEDLER. Mr. Chairman, I rise to amend H.R. 3512 to further delete $28.5 million. The specific project I am moving to defer is the "downtown people mover" in Los Angeles. Beyond the fact that this project is an attempt to undo the President's economic program and the Latta-Gramm amendment, this project is an utter waste of tax dollars.

Let me explain briefly what I mean. First, this project will end up costing millions of tax dollars. When originally conceived, it was supposed to cost $124 million. Recent estimates put the price tag for the full system at $259 million, although proponents are now willing to scale that back to $175 million; so we are actually saving many more millions by deferring this $28.5 million today.

The project would place a Disney Land monorail around 2.9 miles of downtown Los Angeles. This is an area that is virtually deserted except during business hours. This is not a mass transit system. It will not take cars off the Los Angeles Freeway because in order to get to this monorail, you would have to travel either by bus or vehicle to reach it.

The GAO says this area would be better off served by bus rather than by rail transit and there is already a minibus service operating very successfully.

Furthermore, every independent group that has looked at this project has recommended that it not be built. For example, a citizens advisory committee was formed to study it and they spent 1 year doing so. The advisory committee recommended that the Los Angeles people mover not be built.

The Society of Professional Engineers recommends against it as do the League of Women Voters and the city's major papers and radio and television stations.

In short, except for a small group of special interests, no one wants this project.

Los Angeles has severe transportation problems and this particular project would do nothing to alleviate them. It does not take our disadvantaged citizens from where they live to where they can find jobs, so what we have is a project that does not make economic sense. It does not make transportation sense.

We are going to be making some extremely difficult decisions in the House in the next few months concerning funding for various projects and programs. Why should we spend this $28.5 million today and eventually millions of dollars more to fund a project that every independent observer says is not a good idea. I believe each project must be looked at individually. There may be places in this country where a people mover project would be viable. In Los Angeles it is not.

The taxpayers in this country do not need to have their money wasted, so I ask you to join with me today in voting in favor of deferring this additional $28.5 million from H.R. 3512. The taxpayers who pay the bills and the people who need real transportation solutions will thank you.

Mr. ROYBAL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to tell you the true facts with regard to this project. The downtown people mover is all located in my district. I have represented this area since 1949. I was then a member of the Los Angeles City Council. I was involved in the redevelopment plans for that area and I know its needs better than anyone in this House or any bureaucrat in the Federal Government.

The people mover will run from the convention center to Union Station, each of which will have a satellite parking area so that people coming from all over the city can park there and then take the people mover to their destination in the downtown section.

There are 147,000 employees, 12,000 residents, and 1,500 businesses located in this area. The system will provide mobility, and reduce air pollution because the cars parked in these satellites will not be coming into the downtown section of Los Angeles.

The system will require no Government subsidy once it is operational.

Buildings have been and are being constructed to accommodate the downtown people mover. For an example, $3 billion of private construction have been predicated on the system and businesses have already started to spend money for tunnels and other things that are needed to accommodate the general public that will come into this area.

It is said that there is no support for this project, but that is not true. This project has been supported by the Los Angeles Civic Council since 1947.

It is supported by the board of supervisors and the Southern California Rapid Transit District.

It is supported also by the Southern California Council of Governments, and by the Los Angeles Chamber of Commerce.

Every union in Los Angeles that I know of supports this program and it is also heavily supported by the business community.

I do not understand how anyone can take the position that no one wants this project when the truth of the matter is that it has broad support.

Mr. Chairman, I would like to read parts of a letter sent to me by the mayor of the city. The mayor has this to say:

I am disturbed to hear that those who oppose a continuing Federal commitment are portraying our own efforts as those of a "small number of special interest groups."

□ 1830

Not only have the city council and I supported this project continuously over the past 5 years, but the project is an integral part of the Los Angeles County Transportation Commission's four-part program to bring a comprehensive transportation system to our city and to our area.

I am further distressed—

The mayor goes on—

that a total project cost figure of $250 million is being used by those opposing the project. The project has always been estimated to cost approximately $175 million, and despite inflationary pressures that have forced some adjustments in the scope of the project, we anticipate the cost remaining at that level.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. Not at this point—

This is an important project for the City of Los Angeles. It is an integral part of our downtown revitalization program where over $3 billion in development is currently under construction and/or committed. Furthermore, based on the commitment of the Federal Government to the DPM, developers along the DPM route have already invested millions of dollars in improvements linked directly to the construction of the DPM.

The CHAIRMAN. The time of the gentleman from California (Mr. ROYBAL) has expired.

(By unanimous consent, Mr. ROYBAL was allowed to proceed for 3 additional minutes.)

Mr. ROYBAL. Mr. Chairman the mayor goes on—

A portion of the DPM tunnel is presently under construction as part of the Crocker Center complex and easements over the DPM were provided by Security Pacific Bank and the World Trade Center developers as part of their development plans.

Again indicating that the business community is behind this project.

Mrs. FENWICK. Will the gentleman yield?

Mr. ROYBAL. Not at tnis point.

The mayor says—

For those who have criticized the need for this type of major downtown circulation system, I question when they last have visited downtown or the depth of their knowledge of overall transportation plans.

He goes on to say:

I need not tell you of the new spirit in downtown Los Angeles where a 1,100-unit apartment senior center is nearing completion on one of the planned DPM stations and where the first element of a 4,000-unit mixed income complex is soon to get under construction.

These are people who would be served by this unit. In addition, the mayor says:

The system is an integral part of a major proposed retail complex. While there are already 1,500 businesses and 140,000 employees in the DPM corridor, we have plans for even greater community revitalization. The system makes both economic and long-term mobility sense for the Los Angeles community.

Mr. Chairman, this comes from a mayor that was just recently reelected to a third term by the largest majority ever received by anyone ever elected mayor in the city of Los Angeles. The downtown people-mover project was on his program when he was campaigning for reelection, so I can assure you that it has the overwhelming support of the people of Los Angeles. I hope that every Member of this House takes a position based on facts, and on the true need for this project in the downtown section of Los Angeles.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding, just to establish the facts.

The CHAIRMAN. The time of the gentleman from California (Mr. ROYBAL) has expired.

At the request of Mr. ROEMER, and by unanimous consent, Mr. ROYBAL was allowed to proceed for 2 additional minutes.

Mr. ROEMER. If the gentleman will continue to yield, is this the first or the last in a series of payments for this project? Where does it stand?

Mr. ROYBAL. There has already been a payment made in the past of approximately $16 million. This is the second payment that is being requested. There is a program almost completed whereby the business community has agreed to establish an assessment district to defray operational and maintenance costs. This is something that is unique for the private sector, as the gentleman knows.

Mr. ROEMER. I thank the gentleman. My question, though is to the point: Are there any additional Federal funds needed to complete the project?

Mr. ROYBAL. Probably to complete the project there will be additional funds needed not to exceed $116 million.

Mr. ROEMER. $116 million in addition?

Mr. ROYBAL. That will probably be the total.

Mr. ROEMER. I see. I have one final question. What about the report we have heard from the well just a minute ago, trying to establish the facts, that a citizens' group in Los Angeles studied it for 1 year and reported unfavorably on the project?

Mr. ROYBAL. The citizens' group did not report unfavorably on that project. The citizens' group made recommendations with regard to the project, and their recommendations have been incorporated in the new revised project now being presented to this House.

Mr. ROEMER. I thank the gentleman.

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentlewoman from California.

Ms. FIEDLER. I thank the gentleman for yielding. I would like to dispute the statement the gentleman made regarding the citizens' study. I have it right here with me and would be happy to show it to anybody who would like to see the specific language where they clearly state that they do not support it, that they do not feel it is the best form of transportation, that it is not as cost effective as they would like to see, and that they have many grave concerns about it.

But further regarding the issue that there has been a commitment on the part of the Federal Government, I inquired of the Department of Transportation today to check out whether or not that is true.

The CHAIRMAN. The time of the gentleman from California (Mr. ROYBAL) has expired.

(At the request of Ms. FIEDLER, and by unanimous consent, Mr. ROYBAL was allowed to proceed for 3 additional minutes.)

Ms. FIEDLER. If the gentleman would continue to yield, I received a letter from the Department of Transportation, the Policy Department, where it says:

* * * let me emphasize that the Federal Government has never legally or morally obligated itself to this project by the issuance of the appropriate legal document (letter of intent).

It further goes on to say:

I must reiterate that our letter of intent procedure, as mandated by congressional appropriation and authorizing legislation is the only sure commitment of Federal funds (subject, of course, to actual appropriations) other than an actual grant itself. Local officials and businesses have always been aware of this legislatively imposed requirement.

We, therefore, do not feel that Los Angeles has a commitment from us to construct a DPM, and oppose its specific inclusion in our program because of the serious financial pressure it would put on our efforts to control spending.

I will simply state that I believe there is a small special-interest group that would surely be benefited by this project.

Mr. ROYBAL. May I respond to that. I have already read a large list of groups and organizations supporting the program including the chamber of commerce, the unions, the downtown businessmen.

The chamber of commerce is, of course, involved through its business members, from all over the city, so the gentlewoman is mistaken when she even suggests that only a small special-interest group is backing the project. This is something that the city of Los Angeles desperately needs and something that was committed, I think, under the Nixon and Ford administration. The Los Angeles proposal was accepted in competition with other cities and the entire country. It has broad support, not just from a few individuals, but a cross section of people in the city of Los Angeles.

With regard to this so-called citizens' committee, I do not know who appointed the citizens' committee. My understanding is that they were self-appointed.

Ms. FIEDLER. Will the gentleman yield?

Mr. ROYBAL. I will yield at this point.

Ms. FIEDLER. That citizens' committee was appointed specifically by the mayor of the city to study the issue. They were roughly the citizens who participated, and I just needed to clarify that.

Mr. ROYBAL. That is not the information I have at all. The information is that it was a self-appointed committee that volunteered its service. The recommendations made by the committee, however, are now in this plan. They did not turn it down. They criticized it, and the plan was corrected to meet criticisms that were advanced by members of that committee.

The CHAIRMAN. The time of the gentleman from California (Mr. ROYBAL) has expired.

Mr. BURGENER. Mr. Chairman, I move to strike the requisite number of

words, and I rise in support of the gentlewoman's amendment.

Mr. Chairman, there are a lot of people of good will and proper motivation on both sides of this very controversial issue, but I think the best time to stop a project of this nature is before it is begun. I would remind my colleagues that we are talking about 2.9 miles of people mover at a cost of some $250 million. My arithmetic tells me that is about $80 million a mile to go from the train station to the convention center.

Most people going to conventions do not go by train to Los Angeles. But undoubtedly commitments have been made by past administrations, both Republican and Democratic, and, indeed, commitments may have been made by this Congress. But I feel, Mr. Chairman, that a lot of commitments have been made that cannot and should not be kept, in the public interest. There is not unanimity of support in the local community at all. The community is divided.

There has been a very critical GAO report of the people mover business in general, and I believe that an expenditure of $250 million in these critical times for what I consider to be a questionable operation of 2.9 miles in downtown Los Angeles is not in the interests of the taxpayers of this country. What I think would come under the jurisdiction of transportation and of much more importance would be the Los Angeles to San Diego corridor which would serve 11 million people on Amtrak. We are going to have to find every nickel we can lay our hands on to support those sections of Amtrak that are heavily used and ought to be supported.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I would be pleased to yield to the gentleman.

Mr. FAZIO. I thank the gentleman for yielding. I appreciate his interest in the San Diego-Los Angeles Amtrak corridor and share his enthusiasm for increased ridership on that route. I would simply point out that the people mover will be the connecting link between the Los Angeles-Wilshire corridor subway system and the Union Rail Station. For those people who wish to take a transit system in order to travel to a major rail link between other major cities and downtown Los Angeles, this system will provide an integral link. It will permit them to make that connection without getting into their automobiles and that is very important for the low-income people.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding. Did I understand the gentleman to say that this is going to cost $80 million a mile?

Mr. BURGENER. That is correct.

Mr. WALKER. I guess we can be thankful it is only a couple of miles long.

Mr. BURGENER. I thank the gentleman for his contribution.

Mr. DIXON. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I yield to the gentleman from California.

Mr. DIXON. I thank the gentleman for yielding. The gentleman from California continues to use the figure of $250 million. That in fact was the figure reported in the paper, and at one time the figure estimated, but it is a fact that the figure now is $163 million, not $250 million. So in the statement, although at one time that figure was used, those who are opposed obviously would like to continue to use that figure, but the fact is that it is 40 percent less than the original figure.

Mr. BURGENER. I thank the gentleman for his contribution. Even assuming that it is $150 million in round figures, that comes to $50 million a mile. I think we have to consider once in awhile around here not only what might be nice but what we can really and truly afford. In my best judgment, I think we cannot afford this, and I urge my colleagues to adopt the amendment.

Mr. BENJAMIN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would first clarify the containment of this section of the supplemental appropriations bill within the framework of the Gramm-Latta amendment. The President requested $900 million of supplemental appropriations; the committee recommends $780 million. The President recommended two rescissions for $36.2 million; the committee provides three rescissions for $69.2 million. The President recommended deferrals of $210 million; the committee provides deferrals of $210 million.

Planning for the Los Angeles downtown people mover began in 1969 as an integral part of the improvement of its regional freeway and transit system.

Los Angeles has a critical traffic congestion problem that will increase with developments in process that add almost 60,000 employees and $3 billion of new construction before 1990—predicated in major part on the downtown people mover.

Unfortunately, additional buses and street improvements alone will not solve the problem and would probably exacerbate the already critical air pollution problem.

The DPM, planned and partially initiated, is a system of automated vehicles operating on a 2.9-mile grade-separated guideway. It will include 11 stations and facilities for transferring to other modes of travel at both ends. It will run from the convention center to Union Station, serving an area of 147,000 employees, 12,000 residents, and 1,500 businesses. Around 70,000 passengers per day will ride the system by 1990. The system will provide mobility, reduce air pollution, and will permit the heart of the Los Angeles region to operate. It can be expanded easily.

Implementation of a downtown people mover was adopted by the Los Angeles City Council in 1974 as part of the official plan for the city. The downtown people mover program was supported by the Nixon, Ford, and Carter administrations. In 1976 it competed with 38 other communities to be a part of our national policy. It was selected as a tier 1 city and is the only tier 1 city which has a viable project.

In 1976, Transportation Secretary William Coleman committed $11 million for engineering of the project. He further stated that subject to environmental clearances and other statutory conditions, it was UMTA's intention to provide up to $100 million from the discretionary capital grant fund to the project.

In April 1980, Transportation Secretary Neil Goldschmidt advised that DOT would provide the full Federal share of the estimated $175 million cost if the environmental requirements were met. The environmental impact statement for the project was satisfactorily completed on July 14, 1980.

As a consequence, the 96th Congress approved $41.5 million for the start of construction with $70 million projected for 1982. However, because of Federal spending reductions, the supplemental bill before you reduces the $41.5 million to $28.5 million for fiscal year 1981. The consideration for fiscal year 1982 will not be $70 million but $13 million which represents the portion your committee deferred from the fiscal year 1981 spending. At this time, there is no commitment beyond the 1981 appropriations and no projection beyond 1982 for this project.

To date, Los Angeles taxpayers have helped pay for construction of rapid transit systems in every major U.S. city except their own. The funding in the 1981 appropriations bill for the downtown people mover now proposed to be struck by the pending amendment, is the first Federal tax dollars to be returned to Los Angeles for construction of a transit project.

A thousand feet of people mover tunnel construction has been completed through the Crocker Center; 500 more feet of tunnel will get underway with the construction of the billion dollar California Center development. Core borings have been completed at numerous locations along the route.

Today, cost is a key concern on the public's mind. Five years ago when alternatives for downtown transporta-

tion were being evaluated, planners recognized that cost would become an increasingly important factor. It was concern about rising costs in all transportation sectors—cars, buses, and parking, that attracted attention to people mover technology. People movers are extremely cost effective. Low operating costs are possible through automation. Drivers are not required on board vehicles. People movers operating in airports and at other locations show excellent public acceptance and safe operation with automated transit vehicles. Construction costs are also very reasonable.

Today, more than $15 million in private sector construction has gone into the Los Angeles downtown people mover. The Federal Government has spent $18.7 million and other public agencies have contributed $6 million.

The $3 billion of new construction in Los Angeles adding 60,000 people to downtown's employment population will otherwise require more than 30,000 additional parking spaces. The cost of these parking spaces is well over $500 million—a cost which eventually must be paid by downtown employees, shoppers, and visitors in the form of rapidly escalating parking fees. Just as important is the fact that downtown streets and freeways will not accommodate the additional cars and traffic.

The people mover will allow parking facilities to be built on the fringe of downtown and provide a quick, safe, and efficient method of transfer into the downtown area. It will also tie in with regional transit service at the Convention Center and Union Station and encourage commuters to use Amtrak, commuter rail, freeway express buses and carpools, thereby reducing traffic congestion on approaching freeways. Over 47 percent of people mover riders will be transferring from regional rail and bus lines.

These figures and the Federal Commitment demonstrate the importance of the Los Angeles downtown people mover to that area and the Nation. I urge the rejection of the amendment.

□ 1845

Mr. COUGHLIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will be very brief. It has been said that this people mover was to take people from the train station to the Civic Center in Los Angeles, and I guess what we should be worrying about is whether any people will be coming into the train station.

The administration opposes this earmarking of funds for this people mover. I opposed this earmarking in the subcommittee, this proposed earmarking of funds for this people mover.

Let us make no mistake about it. What this is the camel's nose under the tent. It is the first installment, and you can argue about the amount of dough, but it will be $250 million, you can bet on that, and you can bet it will be more before we are through.

It has been said that there is a commitment to proceed with this project. Let me be clear that there is no commitment to proceed with this.

I have in my hand a letter from the Administrator of the Urban Mass Transportation Administration, Mr. Teele who, and I quote, says:

Pursuant to my recent testimony, it should be noted that these letters are not binding instruments nor do they obligate the Department of Transportation in any way.

So there is no commitment to this project.

This is the time to stop considering this project. If we start funding it, we will never stop funding it, as we have so many other things.

Mr. Chairman, I urge adoption of the amendment.

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from Texas.

Mr. GRAMM. Mr. Chairman, I would just like to associate myself with the remarks of the gentleman and with the statements of the gentlewoman from California.

I support this amendment. I think it is imperative that we made cuts to bring the deficit down to affect interest rates. I am concerned about the out years, whether this expenditure is within budget or not.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from California (Ms. FIEDLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Ms. FIEDLER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 244, noes 156, not voting 30, as follows:

[Roll No. 43]

AYES—244

Albosta	Burgener	Daniel, R. W.
Applegate	Butler	Dannemeyer
Archer	Byron	Daub
Ashbrook	Campbell	Davis
Atkinson	Carman	de la Garza
Badham	Carney	DeNardis
Bafalis	Chappie	Derrick
Bailey (MO)	Cheney	Derwinski
Beard	Clausen	Dickinson
Bedell	Clinger	Dornan
Beilenson	Coats	Dougherty
Benedict	Coleman	Dreier
Bennett	Collins (TX)	Duncan
Bereuter	Conable	Dunn
Bethune	Corcoran	Dyson
Bliley	Coughlin	Eckart
Boner	Courter	Edwards (AL)
Bouquard	Coyne, James	Edwards (OK)
Breaux	Craig	Emerson
Brinkley	Crane, Daniel	Emery
Broomfield	Crane, Philip	English
Brown (CO)	D'Amours	Erdahl
Broyhill	Daniel, Dan	Evans (DE)
Evans (IA)	Lent	Roth
Fenwick	Lewis	Roukema
Fiedler	Livingston	Rousselot
Fields	Loeffler	Rudd
Findley	Long (MD)	Russo
Fish	Lott	Santini
Flippo	Lowery	Sawyer
Forsythe	Lujan	Schneider
Fountain	Luken	Schulze
Frenzel	Lungren	Sensenbrenner
Frost	Madigan	Sharp
Gephardt	Marks	Shaw
Gibbons	Marlenee	Shelby
Gilman	Marriott	Shumway
Gingrich	Martin (IL)	Shuster
Glickman	Martin (NC)	Siljander
Goldwater	Martin (NY)	Skeen
Goodling	Mazzoli	Smith (AL)
Gradison	McClory	Smith (NE)
Gramm	McCloskey	Smith (NJ)
Green	McCollum	Smith (OR)
Gregg	McCurdy	Snowe
Grisham	McDade	Snyder
Gunderson	McDonald	Solomon
Hagedorn	McEwen	Spence
Hall (OH)	McGrath	Stangeland
Hall, Ralph	McKinney	Stanton
Hall, Sam	Michel	Staton
Hammerschmidt	Miller (OH)	Stenholm
Hance	Mitchell (NY)	Stratton
Hansen (ID)	Molinari	Stump
Hatcher	Montgomery	Tauke
Heckler	Moore	Taylor
Heftel	Moorhead	Thomas
Hendon	Morrison	Traxler
Hightower	Mottl	Trible
Hiler	Murphy	Vander Jagt
Hillis	Myers	Volkmer
Holt	Napier	Walgren
Hopkins	Neal	Walker
Horton	Nichols	Wampler
Hubbard	O'Brien	Weaver
Huckaby	Oakar	Weber (MN)
Hughes	Parris	Weber (OH)
Hunter	Pashayan	White
Hyde	Paul	Whitehurst
Jacobs	Petri	Whitley
Jeffords	Porter	Whittaker
Jeffries	Pritchard	Williams (OH)
Jenkins	Railsback	Winn
Johnston	Regula	Wolf
Kemp	Rhodes	Wortley
Kindness	Rinaldo	Wyden
Kramer	Ritter	Wylie
Lagomarsino	Roberts (KS)	Yatron
Latta	Roberts (SD)	Young (FL)
Leach	Robinson	Young (MO)
Leath	Roemer	
Lee	Rogers	

NOES—156

Addabbo	Danielson	Harkin
Akaka	Daschle	Hawkins
Alexander	Dellums	Hefner
Anderson	Dicks	Hertel
Andrews	Dingell	Holland
Annunzio	Dixon	Howard
Anthony	Donnelly	Hutto
Aspin	Dorgan	Jones (NC)
AuCoin	Dwyer	Jones (OK)
Bailey (PA)	Early	Jones (TN)
Barnard	Edwards (CA)	Kastenmeier
Barnes	Ertel	Kazen
Benjamin	Evans (IN)	Kildee
Bevill	Fary	Kogovsek
Biaggi	Fascell	LaFalce
Bingham	Fazio	Lantos
Blanchard	Ferraro	Lehman
Boggs	Fithian	Leland
Boland	Florio	Levitas
Bonior	Foglietta	Long (LA)
Bonker	Foley	Lowry
Bowen	Ford (TN)	Lundine
Brodhead	Fowler	Markey
Brooks	Frank	Matsui
Brown (CA)	Fuqua	Mavroules
Burton, Phillip	Garcia	McHugh
Chappell	Gaydos	Mica
Chisholm	Gejdenson	Mikulski
Clay	Ginn	Miller (CA)
Coelho	Gonzalez	Mineta
Collins (IL)	Gore	Minish
Conte	Gray	Mitchell (MD)
Conyers	Guarini	Moakley
Coyne, William	Hamilton	Moffett

Mollohan	Reuss	Stokes
Murtha	Richmond	Studds
Natcher	Rodino	Swift
Nelson	Roe	Synar
Nowak	Rose	Udall
Oberstar	Rostenkowski	Vento
Obey	Roybal	Washington
Ottinger	Savage	Watkins
Panetta	Scheuer	Waxman
Patterson	Schroeder	Whitten
Pepper	Schumer	Williams (MT)
Perkins	Seiberling	Wilson
Peyser	Shannon	Wirth
Pickle	Simon	Wolpe
Price	Skelton	Wright
Pursell	Smith (IA)	Yates
Rangel	Solarz	Zablocki
Ratchford	Stark	Zeferetti

NOT VOTING—30

Bolling	Evans (GA)	Pease
Brown (OH)	Ford (MI)	Quillen
Burton, John	Hansen (UT)	Rahall
Cotter	Hartnett	Rosenthal
Crockett	Hollenbeck	Sabo
Deckard	Ireland	Shamansky
Downey	LeBoutillier	St Germain
Dymally	Mattox	Tauzin
Edgar	Nelligan	Weiss
Erlenborn	Patman	Young (AK)

□ 1900

Mr. HUTTO changed his vote from "aye" to "no."

Messrs. CLINGER, LONG of Maryland, NEAL, and TRAXLER changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

AMERICAN BATTLE MONUMENTS COMMISSION

"Salaries and expenses", $797,000;

□ 1915

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask, on the American Battle Monuments Commission, the chairman or the subcommittee chairman responsible, what the details are behind these $797,000 that we are appropriating in the legislation for the American Battle Monuments Commission.

Mr. CONTE. Mr. Chariman, will the gentleman yield?

Mr. WALKER. I will be glad to yield.

Mr. CONTE. These are American battle monuments that we have all over the world. We have cemeteries in France, in Italy, and in the Philippines. This is for the salaries and expenses for maintaining the graves of our fallen American soldiers.

Mr. WALKER. Am I correct that the money that is being appropriated here, however, is for the purpose of making cost-of-living increases to the staff, and that the total amount of money here is for cost-of-living increased for staff?

Mr. CONTE. That is right.

Mr. WALKER. So we are spending $800,000 to pay them just cost-of-living increases for the staff of this Commission?

Mr. CONTE. This money is to maintain cemeteries for America's fallen soldiers. This money is for maintaining the grounds and buildings.

Mr. WALKER. I thank the gentleman for his explanation. The only thing that bothers me is, when I look at that figure and compare it with the Civil Aeronautics Board, which does very fine work, money for the Civil Aeronautics Board is lower than it is for this Commission. I go down the list in the bill and find in the Commission on Civil Rights, which does very important work in our society, it is half that amount.

Mr. CONTE. I hope the CAB will be a lot lower in the future. As the gentleman knows, we have deregulated the airlines and they are dropping down on employees, and let us hope they will be out of business in a couple of years.

Mr. WALKER. I thank the gentleman. I still cannot understand how the American Battle Monuments Commission, which certainly has some vital work to do, has a staff increase for cost of living which exceeds the Commission on Civil Rights by almost 200 percent.

Mr. CONTE. We make sure that they absorb every dollar possible.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield.

Mr. TRAXLER. In order to assist the gentleman, the American Battle Monuments Commission has responsibilities overseas for the maintenance of our cemeteries in the various nations around the world where our honored and hallowed dead are interred. These are foreign nationals, and these pay costs primarily go in those areas for those people. There are some here in the United States, but very few, so essentially those are pay cost increases that go for foreign nationals in order to maintain those cemeteries and pay prevailing wage rates. That is what the gentleman sees.

Let me say that the American Battle Monuments Commission is very frugal. They do an excellent job, in my opinion. I appreciate the gentleman asking the question, and I sincerely hope this assists him in understanding what it is.

Mr. WALKER. I thank the gentleman. I still raise the question as to whether or not we ought to be spending $800,000 for cost-of-living increases for the American Battle Monuments Commission when the Commission on Civil Rights is receiving $300,000. It seems to me to be a rather large discrepancy between the two.

Mr. EVANS of Delaware. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I certainly support the supplemental appropriations. However, we took some action yesterday in reducing funding for the Export-Import Bank that was wrong and amounted to unilateral economic disarmament. It was wrong because it was counterproductive to our favorable balance of trade. It was wrong because it impacts negatively on American jobs.

The Export-Import Bank does provide subsidies to some large companies doing business in the United States, and on the surface it might appear to be politically popular to support a reduction in funding for so-called big business. But, I want the Members to keep in mind that in those major companies they are supplied by thousands and thousands of small suppliers who are employing tens of thousands of American workers.

Those major U.S. companies like Boeing and General Electric and Westinghouse, so very easy to vote against, are competing in the world market. They are competing internationally, and they are competing against foreign corporations; but they are also competing against foreign governments. American workers can compete successfully against workers anywhere in the world if the competition is fair and equitable.

There are predatory financing practices going on at the present time by many countries, that hurt American business and American jobs. Just today, my friends, just today we entered into negotiations with the French and the English and the West Germans and others to end unfair credit practices. What have we done by our vote yesterday to reduce funding for the Eximbank? We have taken away our chips before we have gotten to the table for bargaining.

That vote was spectacularly ill timed. We do not need to take away the competitive position that we have in American business in competing in that world market because we are not willing to meet some of the problems that American business faces, and American workers face.

Consequently, I am going to ask for a separate vote on the amendment by the gentleman from Wisconsin (Mr. OBEY). I hope very much that the Members will support strongly that separate vote, and send a clear signal to any country that we are willing to compete in the world market, but we want to eliminate unfair government subsidies. We need to send that message now. If we do not we are depriving our negotiators of a chip that we should not take away. I urge a no vote on the Obey amendment for American jobs and American business.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from Maryland.

Mr. LONG of Maryland, Mr. Chairman, let me say that I support the gentleman's statement. I hope very much his suggestion prevails.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. EVANS. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I compliment the gentleman on his position. I support that position. I will not take additional time, but I urge my colleagues to reconsider the action of this body yesterday and vote against the amendment.

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Mr. Chairman, I would hope that we would sustain the position taken in the Obey amendment yesterday. I think it is very important for us to understand that one of the prime uses of the Export-Import Bank over the years has been the spread of nuclear technology around the world. It has allowed nuclear companies in this country to give the very unstable Third World countries the ability, not to produce electricity, but rather to build bombs to destabilize this world. If we can use this as an opportunity to send a signal that we are no longer going to allow balance-of-payment arguments, export arguments, to allow the spread of nuclear technology, and I think we will have accomplished a very great deal.

Mr. GIBBONS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the vote on the Obey amendment yesterday was a mistake. The whole issue is jobs. The Obey amendment will cost American workers jobs. One-third of all the agricultural workers in the United States have their jobs because of exports. One out of every eight American workers in the United States have their jobs—industrial workers—have their jobs because of exports. If you want to give away jobs to foreign competition, you vote aye on Obey. If you want to save American jobs, you will vote no.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I will be glad to yield.

Mr. FRENZEL. Mr. Chairman I thank the gentleman for yielding. I want to congratulate him and the gentleman from Delaware for raising the question of a second vote on the Obey amendment. With the gentleman from Florida and the gentleman from Delaware, I think the House made a mistake.

If we really want to protect American jobs, to build American exports, provide opportunities for the future, we ought to vote no on a separate vote on the Obey amendment.

Mr. BONKER. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Washington.

Mr. BONKER. Mr. Chairman, just one final word. The House Task Force on Export, which I chair, consists of 85 members, and we have identified export financing as the major issue for this session of the Congress. We feel contributions to the Export-Import Bank, particularly as they relate only to lending authority, is an important issue for this House to support.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I am prepared to change my vote on this. I voted for the Obey amendment, but I would just like to make a couple of points. Some of the same businesses that were affected by the Obey amendment were in here lobbying last week for the Gramm-Latta substitute.

Mr. GIBBONS. I am not going to try to defend everybody in this country. All I am saying is, if you vote for Obey it is going to cost us jobs.

I yield back the balance of my time.

□ 1930

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will not take my full time, but if the gentleman will permit me, I would just like to make a couple of other points.

We are in the Eximbank underwriting sales for big business at lower than the interest rates the American people are paying to buy homes, which is one consequence of the kind of monetary policy that is contained in the administration's budget.

What is more, it was the administration that was supporting the Obey amendment, and I think it is time that business interests began to realize that they cannot have their cake and eat it too.

I am for jobs, and I am going to vote for this motion to reconsider, but I am getting sick and tired of being told that we have to cut spending, we have to quit subsidizing the poor and the disadvantaged, and at the same time we are going to have more subsidies for big business.

Mr. Chairman, I think we had better start thinking about those things.

Mr. MARKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, just briefly, there are over 12,000 men and women in the city of Erie, Pa., whose lives depend on being able to work in a locomotive plant of General Electric and who depend on help from Eximbank. I would appreciate it very much if we would follow the lead of the gentleman from Delaware (Mr. EVANS) at this time.

Mr. DICKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I support this effort.

Mr. OBEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the quieter it is, the faster we can get finished. I really have no personal interest, Mr. Chairman, in how Members vote on this issue. I simply want to make clear what it is we are voting on.

The action that you took yesterday in supporting my amendment reduced in this bill the request for the Eximbank to the amount requested by the President. The committee bill originally was $376 million above the President's request in direct assistance and $500 million above in guarantees.

This bill cuts programs for medical schools, for health, for education, for sewage treatment plants, and for science. If you change your vote from yesterday, what you are saying is that it is all right to do that, but that we ought to increase spending above the President's request for the Eximbank.

Those who make the argument on exports ought to remember this point: Less than 5 percent of American exports are underwritten by the Eximbank. Sixty-seven percent of the funding under the Eximbank goes to Boeing, Westinghouse, McDonnell-Douglas, Lockheed, Western Electric, and General Electric. All of those corporations, as far as I know, were supporting the President last November and they were supporting the President last Tuesday.

Another point: If you are United Airlines, you cannot buy a Boeing aircraft on concessional interest rates, buy if you are a Japanese airline, you can but it on concessional interest rates, which means that the Japanese airline is going to be flying at a competitive advantage against American corporations. That is not fair either.

If you vote no on the amendment, you are voting to say that we can cut health, education, science, and transportation, and payment in lieu of taxes, but you are going to exempt several of the largest "big boys" in this country from sharing the sacrifice. That is the choice. What you are doing is saying to those seven "big guys": "We are going to exempt you."

The gentleman from Delaware said we have to send a message. A message had been sent. You have all been getting a lot of calls from the corporations affected, and that is fine, I understand that. But what they are really saying, in light of their position last week, is: "Don't cut me, cut that fellow behind the tree," as Senator LONG used to say.

All I want to suggest to you is that I understand it if you want to do a favor for a Member, and if you are getting calls from corporations and want to change your vote, that is not going to bother me any. I offered the amendment to illustrate a point, and how the House votes today will also illustrate a point.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield briefly?

Mr. OBEY. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, the gentleman's amendment just basically took it back to the President's original request; is that not correct?

Mr. OBEY. That is what this amendment does. I am surprised at the gentleman from Delaware, who is one of the strongest supporters of the President on this floor, and since in this case he is not supporting the President, I just thought somebody had to.

Mr. VOLKMER. Mr. Chairman, I thank the gentleman from Wisconsin (Mr. OBEY).

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 133, after line 2, insert:

SEC. 305. No funds appropriated by this Act shall be available to pay for an abortion or the administrative expenses in connection with any health plan under the Federal employees health benefit program which provides any benefits or coverage for abortions under such negotiated plans after the last day of the contracts currently in force.

Mr. ASHBROOK. Mr. Chairman, on August 20, last year, I offered this identical amendment, a point of order was raised, and it was held in order by the Chair. There were 8 pages of debate, and it resulted in a 228-170 affirmative vote. I believe I need to say little else. The debate appears on page 22171.

Mr. Chairman, I would ask for support for this amendment again.

Mr. ROYBAL. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from California.

Mr. ROYBAL. Mr. Chairman, I would like to ask the gentleman a question. Did I understand him to say that this is the identical language that was used last year and adopted by this House?

Mr. ASHBROOK. Mr. Chairman, I say to my colleague that it is the exact language, with a section change. It is section 305 this year, and it was section 614 last year.

The identical language appears on page 22171, if my colleague would like to look at it.

Mr. ROYBAL. Mr. Chairman, if this is the identical language, we have no other recourse but to accept it.

Mrs. FENWICK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not going to take much of the time of this House—we have heard the list numbers—but I do want to say something. Let us think before we keep doing these things to human beings.

Life is not easy. With amendments such as this, you are putting people's heads on the block. People are suffering. This is not something that anybody does lightly. We are dealing here with one of the saddest and most tragic parts of human life, and we are treating people in this way, denying funds.

I have the highest respect for those who object on principle; they are talking about a moral principle, and they are moved on principle. But this is money, and there is something very ugly in denying help through money to those who ask for a procedure which is legal for the rich.

I cannot believe that this House is again and again and again going to do these cruel things. I think it is perhaps because one does not understand what position people are put in. That is what we are talking about—human beings without very much money, not knowing where to go, and being denied help because they have no money. It is not worthy of the House to act in this way.

Mr. Chairman, I am sorry to have taken the time of the House, but I do plead for some more serious and considered vote on this measure.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 242, noes 155, not voting 33, as follows:

[Roll No. 44]

AYES—242

Albosta	Courter	Gradison	Livingston	Nichols	Smith (NJ)
Annunzio	Coyne, William	Gramm	Loeffler	Nowak	Smith (OR)
Applegate	Craig	Gregg	Long (LA)	O'Brien	Snyder
Archer	Crane, Daniel	Grisham	Lott	Oakar	Solomon
Ashbrook	Crane, Philip	Gunderson	Lowery	Oberstar	Spence
Aspin	D'Amours	Hagedorn	Lujan	Parris	Stangeland
Atkinson	Daniel, Dan	Hall, Ralph	Luken	Pashayan	Stanton
Badham	Daniel, R. W.	Hall, Sam	Lungren	Paul	Staton
Bafalis	Dannemeyer	Hamilton	Madigan	Perkins	Stenholm
Bailey (MO)	Daub	Hammerschmidt	Markey	Petri	Stratton
Bailey (PA)	Davis	Hansen (ID)	Marlenee	Porter	Stump
Barnard	de la Garza	Heckler	Marriott	Regula	Tauke
Bedell	DeNardis	Hendon	Martin (NY)	Rhodes	Taylor
Benedict	Derwinski	Hertel	Mavroules	Rinaldo	Thomas
Benjamin	Donnelly	Hightower	Mazzoli	Ritter	Traxler
Bereuter	Dorgan	Hiler	McClory	Roberts (SD)	Trible
Bethune	Dornan	Hillis	McCollum	Robinson	Vander Jagt
Bevill	Dougherty	Holt	McCurdy	Roemer	Vento
Biaggi	Dreier	Hopkins	McDade	Rogers	Volkmer
Bliley	Duncan	Hubbard	McDonald	Rostenkowski	Walker
Boggs	Dwyer	Huckaby	McEwen	Roth	Wampler
Boland	Dyson	Hunter	McGrath	Rousselot	Watkins
Boner	Early	Hutto	McHugh	Rudd	Weber (MN)
Bonior	Edwards (OK)	Hyde	Mica	Russo	Weber (OH)
Bouquard	Emerson	Jacobs	Michel	Santini	White
Bowen	Emery	Jeffries	Miller (OH)	Sawyer	Whitehurst
Breaux	English	Johnston	Minish	Schulze	Whittaker
Broomfield	Evans (IA)	Jones (OK)	Moakley	Sensenbrenner	Whitten
Byron	Evans (IN)	Jones (TN)	Molinari	Sharp	Williams (OH)
Campbell	Fary	Kazen	Montgomery	Shaw	Winn
Carman	Fields	Kemp	Moore	Shelby	Wolf
Carney	Fish	Kildee	Moorhead	Shumway	Wortley
Chappell	Fithian	Kindness	Morrison	Shuster	Wright
Chappie	Fuqua	Kramer	Mottl	Siljander	Wylie
Cheney	Gaydos	Lagomarsino	Murphy	Simon	Yatron
Clausen	Gephardt	Latta	Murtha	Skeen	Young (FL)
Coats	Gibbons	Leach	Myers	Skelton	Young (MO)
Coleman	Gingrich	Leath	Napier	Smith (AL)	Zablocki
Collins (TX)	Goldwater	Lee	Natcher	Smith (IA)	Zeferetti
Conte	Goodling	Lent	Nelson	Smith (NE)	
Corcoran	Gore	Lewis			

NOES—155

Addabbo	Florio	Mineta	Flippo	Miller (CA)	
Akaka	Foglietta	Mitchell (MD)	Fiedler	Mikulski	Yates
Alexander	Foley	Moffett	Fazio	Martin (NC)	Wilson
Anderson	Ford (MI)	Mollohan	Fascell	Martin (IL)	Williams (MT)
Andrews	Ford (TN)	Neal	Evans (DE)	Marks	Whitley
Anthony	Forsythe	Obey	Ertel	Lundine	Weiss
AuCoin	Fountain	Panetta	Erdahl	Lowry	Weaver
Barnes	Fowler	Patterson	Edwards (CA)	Long (MD)	Washington
Beilenson	Frank	Pepper	Edwards (AL)	Levitas	Walgren
Bennett	Frenzel	Peyser	Eckart	Leland	Udall
Bingham	Frost	Pickle	Dunn	Lehman	Synar
Blanchard	Garcia	Price	Dixon	Lantos	Swift
Bonker	Gejdenson	Pritchard	Dicks	Kogovsek	Studds
Brinkley	Gilman	Pursell	Dingell	LaFalce	Stokes
Brodhead	Ginn	Railsback	Dickinson	Kastenmeier	Stark
Brooks	Glickman	Rangel	Derrick	Jones (NC)	Solarz
Brown (CA)	Gonzalez	Ratchford	Dellums	Jenkins	Snowe
Brown (CO)	Gray	Reuss	Daschle	Jeffords	Shannon
Broyhill	Green	Richmond	Danielson	Hughes	Shamansky
Burgener	Guarini	Rodino	Coyne, James	Howard	Seiberling
Burton, Phillip	Hall (OH)	Rose	Conyers	Horton	Schumer
Butler	Hance	Roukema	Coughlin	Holland	Schroeder
Chisholm	Harkin	Roybal	Coelho	Hefner	Schneider
Clay	Hatcher	Sabo	Collins (IL)	Heftel	Scheuer
Clinger	Hawkins	Savage	Clinger	Hawkins	Russo
Coelho	Hefner	Scheuer	Clay	Hatcher	Roybal
Collins (IL)	Heftel	Schneider	Chisholm	Harkin	Roukema
Conyers	Holland	Schroeder	Butler	Hance	Rose
Coughlin	Horton	Schumer	Burton, Phillip	Hall (OH)	Rodino
Coyne, James	Howard	Seiberling	Burgener	Guarini	Richmond
Danielson	Hughes	Shamansky	Broyhill	Green	Reuss
Daschle	Jeffords	Shannon	Brown (CO)	Gray	Ratchford
Dellums	Jenkins	Snowe	Brown (CA)	Gonzalez	Railsback
Derrick	Jones (NC)	Solarz	Brooks	Glickman	Rangel
Dickinson	Kastenmeier	Stark	Brodhead	Ginn	Railsback
Dicks	Kogovsek	Stokes	Brinkley	Gilman	Pursell
Dingell	LaFalce	Studds	Bonker	Gejdenson	Pritchard
Dixon	Lantos	Swift	Blanchard	Garcia	Price
Dunn	Lehman	Synar	Bingham	Frost	Pickle
Eckart	Leland	Udall	Bennett	Frenzel	Peyser
Edwards (AL)	Levitas	Walgren	Beilenson	Frank	Pepper
Edwards (CA)	Long (MD)	Washington	Barnes	Fowler	Patterson
Erdahl	Lowry	Weaver	AuCoin	Fountain	Panetta
Ertel	Lundine	Weiss	Anthony	Forsythe	Obey
Evans (DE)	Marks	Whitley	Andrews	Ford (TN)	Neal
Fascell	Martin (IL)	Williams (MT)	Anderson	Ford (MI)	Mollohan
Fazio	Martin (NC)	Wilson	Alexander	Foley	Moffett
Fenwick	Matsui	Wirth	Akaka	Foglietta	Mitchell (MD)
Ferraro	McCloskey	Wolpe	Addabbo	Florio	Mineta
Fiedler	McKinney	Wyden			
Findley	Mikulski	Yates			

NOT VOTING—33

Beard	Erlenborn	Patman
Bolling	Evans (GA)	Pease
Brown (OH)	Hansen (UT)	Quillen
Burton, John	Hartnett	Rahall
Conable	Hollenbeck	Roberts (KS)
Cotter	Ireland	Roe
Crockett	LeBoutillier	Rosenthal
Deckard	Mattox	St Germain
Downey	Mitchell (NY)	Tauzin
Dymally	Nelligan	Waxman
Edgar	Ottinger	Young (AK)

□ 1945

The Clerk announced the following pairs:

On this vote:

Mr. Young of Alaska for, with Mr. Hollenbeck against.

Messrs. OBEY, FOUNTAIN, and JAMES K. COYNE changed their votes from "aye" to "no."

Mr. MICA changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

● Mr. BIAGGI. Mr. Chairman, I rise in support of H.R. 3512 and wish to address myself specifically to the provision in the legislation which will have the effect of providing an additional $5 million in funds for title IIIB of the Older Americans Act.

A $10 million rescission was proposed for title IIIB, which is responsible for the various social services provided by the Older Americans Act. This was an especially significant action because at the same time funding was being reduced for the program—the 1978 Older Americans Act had mandated that title IIIB assume a number of new responsibilities. These included the provision of transportation services for the all important nutrition program. It had been conservatively estimated that 20 percent of overall nutrition funds were being spent on transportation. Based on fiscal year 1981 appropriations, this would involve more than $64 million. Meanwhile funds for title IIIB were being reduced by $10 million.

This partial restoration of funds will avert service delivery in a number of areas across the country. Corresponding with this action was last week's vote in the House Education and Labor Committee which reported out H.R. 3046, a bill to extend the various programs of the Older Americans Act for 3 years. Included were increased but defensible authorizations for title IIIB.

I wish to praise Chairman NATCHER on the Labor-HHS Subcommittee for his leadership in this small but important area. In February I sent a letter cosigned by some 20 of my colleagues on the House Select Committee on Aging urging that this rescission not be approved. The actions taken by the committee are reflective of a commitment to the social and human service needs of our seniors.●

● Mr. HAMMERSCHMIDT. Mr. Chairman, I would like to join with the chairman of the Committee on Veterans' Affairs in his recent comments regarding this supplemental appropriations and rescission bill as it affects the Veterans' Administration. I believe that the chairman and ranking minority member of the full Appropriations Committee, and also the chairman and ranking member of the Subcommittee on HUD and Independent Agencies, have done an admirable and sympathetic job in steering appropriations toward their areas of greatest need within the VA.

Both I and Chairman MONTGOMERY have been deeply concerned for several years over the personnel levels within the Veterans' Administration, and particularly the levels of hospital care staffing. It was for this reason that we and the other members of the Veterans' Affairs Committee strongly supported language in last year's appropriations measure that would legally bind the Office of Management and Budget to staff those positions that the congressional appropriations process funds. I am pleased that the Appropriations Committee continues to place this matter in the same priority that we on the Veterans' Committee do.

In this regard, Mr. Chairman, I was also gratified to see the clarification provided Chairman MONTGOMERY with respect to the limitation language on page 125 of the bill. Legislation which places a cap on part-time medical employees could be interpreted by the unknowing as an effort to cut back on medical care at a time when the Veterans' Administration hospital system has its back to the wall. However, when the limitation of part-time employees is read together with the mandate that the Administration hire the number of full-time equivalent employees dictated under the appropriations process, it clearly follows that the part-time limitation is intended to require greater hiring of full-time personnel. I am not certain that this is the best way to go about obtaining such a result, but I do applaud the committee for its concern. We are, indeed, seeking the same guarantees. Hopefully, however, once the viability of the appropriations mandate is accepted by OMB as legally binding, we can explore methods that will be less restrictive of the discretion of the VA's Chief Medical Director to create his best mix of full- and part-time employees.●

● Mr. HAWKINS. Mr. Chairman, I rise in opposition to the fiscal year 1981 supplemental appropriations and rescissions bill (H.R. 3512).

This bill represents another goosestep in the direction of Reaganomics and another giant leap backward for humankind.

While this bill contains some increases for some programs that are vital for meeting some pressing human needs, it also contains cuts in many more critical programs and giant increases in defense spending. Consider our sense of priorities when Congress votes to destroy food stamps and student loans while increasing defense spending without regard for a demonstrated need.

And consider the attitude and environment of defeatism, despair, and hopelessness when Congress votes to cut housing programs by $5.2 billion and slash education, employment and training, health, human services, and economic development by over $1.7 billion—all of these cuts to be achieved before October 1 of this year.

The issue before us is not a question of who wins or loses in political terms. The real issue that is being debated here on the floor of the House is whether or not the hopes and dreams of the American people will be defeated by our actions.

If my Democratic colleagues feel demoralized and discouraged about their prospects for the next election, I suggest that they put themselves in the shoes of the young family hoping to buy a house, or the 13 million unemployed, underemployed, and discouraged workers in this country.

What are the hopes and dreams of these people? Are they worried about losing their plush offices of influence in Congress? Are they worried about not being able to have lunch with the President?

No; they are worried about much more modest things, like a simple home for their families, food for the table, affordable health care, utility bills, a good education for their children, and the opportunity to be a productive participant of our society.

But what hope does the bill before us give to the American people?

It does not reduce inflation; it does not improve the housing market, lower health costs, improve education, or even balance the budget—even if that would help. And it most certainly does not create jobs and economic growth, as the President has so eloquently promised.

No; what this bill really does is to: cut professional health training; cut alcohol, drug abuse, and mental health programs; cut refugee assistance; cut preventive health services; cut elementary and secondary education; cut student loans and financial assistance; cut vocational education; cut education for the handicapped; cut minority education assistance; and, finally, it will cut employment and training programs for the disadvantaged and hard-to-employ.

This bill will not "put America back to work," it will eliminate over 100,000 jobs before October 1.

Mr. Chairman, I submit that this bill represents a bipartisan compromise of our moral commitment to social decency and justice. It is the fiscal equivalent to child pornography.

I cannot and will not be a party to this compromise of Democratic principles.●

● Mr. PORTER. Mr. Chairman, in January 1790 the first Congress of this new Nation met its second session.

The first session had been largely devoted to organizing the Houses and their relationships with one another and with the executive branch, confirming appointments, and establishing some of the ceremonial functions that we follow even today.

Now it was down to substantive business.

The first order was the huge national debt, owed not only to American citizens who had loaned millions to the Confederation Government to fight the British, but to France and Spain, and to Dutch banking interests which had advanced many additional millions and now held American indebtedness.

Alexander Hamilton, our first Secretary of the Treasury, was directed by the House of Representatives to prepare a financial plan.

It was his intent that the fledgling United States establish itself above all as a worthy credit risk.

He knew more loans would be necessary to our developing Nation, and nothing would be of greater disadvantage than the perception of our country as one unable to pay its debts and put its financial house in order.

Hamilton proposed to pay all indebtedness and all interest accrued in full.

There were many then in the Congress, though recognizing instantly the wisdom of Hamilton's plan, who felt it would be unfair to the poor, many of whom had sold their "Continentals" to speculators at 10 or 20 cents on the $1 because they had needed the cash and now would suffer extreme inequity.

This first great debate of the Congress raged back and forth for 6 months.

Even James Madison of Virginia, the leader in the House of Representatives and Hamilton's ally in the Congress, could not come to grips with the battle within him.

His heart said to pay off a portion only and provide protection to those who had to sell.

His head said the Nation must have unquestioned credit if its future was to be secure.

He finally proposed a weak compromise, listening to the dictates of his heart.

It lost.

Two months later Congress finally adopted full funding and agreed to raise the money to pay off all the debt in full.

The measure brought a new climate of economic stability and confidence to the country.

It strengthened the National Government, established its credit, and encouraged business optimism and growth.

It drew capital to America to assist in the Nation's development.

It was a critical moment in our Nation's history and the Congress acted with courage and wisdom.

We are again at such a juncture of history.

Our dollar is weak.

Inflation is high.

Our economy is stagnant.

Foreign competition threatens the very existence of our basic industries.

Our heads tell us instantly what we must do.

Yet the needs of our Nation's children, the poor, the handicapped, the disadvantaged minorities all beckon our hearts.

We are faced with a choice of heart or head.

Obviously, there are times in our history for each.

I believe this is a time that the wisdom of our heads must prevail.

They are telling us that former policies simply have not worked and have, in fact, brought us to this low position.

And they are right.

They are telling us that new policies are needed:

To control the rate of increase in Federal spending;

To remove the tremendous burden and pressures on money markets for ever higher rates of interest;

To lower marginal tax rates to encourage personal savings and business investment and to increase incentive and productivity;

To squeeze waste and fraud and abuse out of our programs;

To end unnecessarily costly regulations that burden our business enterprises;

To control the expansion of money and credit and curb inflation.

And our heads are again right.

Let us be steadfast in our belief that wise judgment now will ultimately lead to a revitalized and newly vibrant and strong economy, one growing and creating jobs and competing successfully on world markets.

And one producing ever-increasing amounts of revenue to finance those times when our hearts will prevail.

That first Congress had the courage to decide upon the right course, not just for that day, but for the future of a new country dedicated to the freedom of mankind.

We must have that same courage and remember that the principles we believe in and our country embodies must exist not just in our place and time, but, we would hope, for all time.●

● Mr. WEISS. Mr. Chairman, the supplemental appropriations bill we are considering today duplicates the priorities of the 1982 Reagan budget this House had the poor judgment to approve last week. In short, this bill's priorities are the opposite of what this country needs.

Like the Reagan budget, the supplemental bill is distinctly unbalanced in favor of defense. Fully one-half of the nonmandatory costs included in the supplemental authorizations are slated for defense, $6 billion.

The bill cuts almost as large a figure, $5.2 billion, from housing assistance programs. But the slashes in social programs do not stop there. Other significant rescissions and deferrals are made in education, jobs, economic development, health, and alternative energy programs. Assistance for refugees; minority education; health professionals' training; alcohol, drug abuse, and mental health programs; energy conservation; alcohol and biomass fuel; urban waste fuel conversion, and the Solar Energy and Energy Conservation Bank, are all cut back. In many cases, the committee would rescind smaller amounts than the administration requested, but the damage remains. Indeed, the largest rescission exceeds the administration's request by $120 million—the housing assistance cut—and would reduce assisted units by 45,000 nationwide.

The rescission of a total $985 million in CETA programs for both the structurally unemployed and for countercyclical public service jobs is a particularly inappropriate step. At this time of economic hardship, it is important to expand Government's role in providing employment and training, not reduce it. Certainly the costs of providing for the many workers who will be forced to go on unemployment and food stamps will far exceed the costs of providing these worthwhile programs.

Mr. Chairman, the budget priorities of this Nation are dangerously out of whack. Nothing more aptly illustrates this imbalance than the continuing emphasis on overspending for defense. Such excessive spending will only fuel inflation, accelerate the arms race, and concentrate Federal dollars in a sector of our economy that produces fewer jobs than almost any other. We run the grave risk of even worse inflation than we already have by persisting in this pattern of spending; yet no voice is raised asking how we can afford to pay for it.

I urge my colleagues to oppose this ill-considered bill, and return it to committee to be fashioned in a manner more appropriate to our Nation's real needs.●

● Mr. AuCOIN. Mr. Chairman, I rise in support of the supplemental appropriations bill for fiscal year 1981. This is my first appropriations bill as a new member of the committee and I be-

lieve that my fellow committee members should be commended for fashioning a bill which provides for the needs of this country in every critical area and does so in a manner which is well within the President's budget request.

I am particularly proud of two items found in the chapter on Interior and related agencies, one of the two subcommittees of which I am a member. Included in this chapter is a $15.9 million addition to the Forest Service supplemental request for timber salvage on Mount St. Helens and the restoration of $250 million for the land and water conservation fund.

Mr. Chairman, next Monday will be the first aniversary of the devastating eruption which occurred on Mount St. Helens. None of us, particularly those of us from the Pacific Northwest, will ever forget that incredible tower of smoke and ash which rose some 63,000 feet in the sky. All of us were overwhelmed by this act of nature. It took a day or two, however, for most of us to realize just how devastating the eruption of Mount St. Helens had been.

The loss in life and property was enormous. Thirty-four people lost their lives—27 are still missing. The eruption leveled all vegetation in a 150-square-mile area north of the mountain.

The damage to the Gifford Pinchot National Forest was particularly acute. Twenty thousand acres of national forest were devastated and another 200,000 acres were heavily damaged or covered by 4 inches or more of ash. Approximately 1.6 billion board feet of timber, 100 miles of streams, 2,300 big game animals, 27 recreation sites, 63 miles of road, 12 bridges, 97 miles of trails, and 15 Forest Service buildings were destroyed. The estimated loss was $134 million.

Those facts prompted me to seek an additional appropriation for timber salvage. Anyone familiar with our Nation's forests knows the inherent danger associated with downed timber. The damage caused by the eruption of Mount St. Helens can only be compounded by bug infestation or a disastrous fire.

The $15.9 million add-on, coupled with Forest Service reprograming of approximately $26 million, will result in timber salvage of 449 million board feet by 1983. Just as important is the fact that the additional $15.9 million will allow for the basic road system to be established which will result in an additional 322 million board feet of timber salvage. If we do not approve this funding, the Forest Service will lose the upcoming summer construction season. This would push back the road program and dangerously increase the risk of bug infestation and fire.

I did not offer this amendment adding money to the Forest Service lightly. All of us are concerned about the budget and the need to cut Federal spending. But it is important to look at the other side of the current economic equation which is to increase revenue. Mr. Chairman, this $15.9 million add-on will generate net revenues to the U.S. Treasury estimated at $103 million. The expenditure of these funds will increase revenues as well as seek to avoid spending even more money to eradicate disease and fire.

I am also pleased with the action of my colleagues in restoring $250 million for the land and water conservation fund. Too often we in Congress are told that we must make a choice between production and the environment, between a timber salvage operation and parks. Mr. Chairman, both are necessary and can be accommodated within today's budgetary realities.

In 1965, Congress passed the Land and Water Conservation Fund Act. The purpose of the legislation was to increase the outdoor recreation opportunities for the American people. The Congress envisioned a 20-year period of land acquisition in order to accomplish this goal—its success is well known. More Americans are visiting the Nation's parks than ever before. The fact that there is a land and water conservation fund has meant that more parks and recreational areas have been established to accommodate the remarkable increase in visitation.

The Federal portion of the land and water conservation fund has been used to acquire wildlife refuges, national parks, wild and scenic rivers, seashores and wilderness areas. The State portion of the fund, about 60 percent of the total, has been used by the States and their political subdivisions to acquire and develop public recreational facilities. The land and water conservation fund has been successful because it is flexible. Just as you cannot place a value on the experience of visiting an area like the Oregon Dunes, neither can you quantify the value of a playground or a swimming pool to a small town.

The Appropriations Committee has rejected the notion offered by the administration that land acquisition should be put on a 5-year moratorium. I also hope that the committee will see just how inappropriate it is to use the land and water conservation fund for uses other than acquisition.

Let me add a personal note to my support for the land and water conservation fund. In my district there is an area known as the Cascade Head Scenic Research Area. Cascade Head was set aside in 1974 to insure that the rivers, streams, estuaries, and ocean headlands of the area would be available for use by present and future generations. The legislation instructed the Forest Service to acquire property critical to the preservation of Cascade Head. If acquisition through negotiations could not be achieved, the Forest Service was mandated to enter into condemnation.

Such a condemnation proceeding would have been started had not the funding for the land and water conservation fund for fiscal year 1981 been restored. The Forest Service sought to acquire 134 acres, known as the Dilworth property, by reprograming funds from its portion of the land and water conservation fund. That reprograming request was denied by Secretary Watt. If the Appropriations Committee had not agreed to earmarking $1.5 million out of the amount restored to the Land and Water Conservation Fund, the Secretary's decision would have held. If the rescission for the land and water conservation fund had been approved, the Forest Service would have been forced to enter into a condemnation proceeding. Such a proceeding would cost the Treasury at least $3 million.

In conclusion, Mr. Chairman, let me again commend my colleagues on the Appropriations Committee for shaping a bill which is mindful of our budgetary constraints and at the same time sensitive in those areas to which only the Federal Government can respond.●

Mr. WHITTEN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. STUDDS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. DICKS. Mr. Speaker, I demand a separate vote on the so-called Obey amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: On page 43, line 1, strike out "$5,524,000,000' and insert "$5,148,000,000".

On line 3, strike out "$8,059,000,000"and insert "$7,559,000,000".

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. OBEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 162, noes 237, not voting 31, as follows:

[Roll No. 45]

AYES—162

Anthony	Gradison	Napier
Ashbrook	Gramm	Natcher
Aspin	Gregg	Nelson
Bafalis	Gunderson	Nichols
Benedict	Hagedorn	Obey
Bennett	Hall (OH)	Panetta
Bereuter	Hall, Sam	Paul
Bethune	Hansen (ID)	Petri
Bonior	Harkin	Pickle
Brinkley	Hatcher	Rangel
Brodhead	Heckler	Reuss
Brown (CO)	Hefner	Ritter
Broyhill	Hendon	Roberts (SD)
Campbell	Hiler	Roemer
Carney	Hopkins	Rogers
Cheney	Huckaby	Roth
Coats	Hughes	Rousselot
Coleman	Jacobs	Roybal
Collins (TX)	Jeffries	Sabo
Conyers	Jenkins	Schroeder
Corcoran	Johnston	Sensenbrenner
Courter	Jones (OK)	Shannon
Coyne, James	Kastenmeier	Sharp
Crane, Daniel	Kazen	Shaw
Crane, Philip	Kemp	Shelby
D'Amours	Kildee	Shumway
Daniel, R. W.	Kindness	Shuster
Dannemeyer	Kramer	Siljander
Daub	Latta	Smith (AL)
Davis	Leach	Smith (NE)
de la Garza	Lott	Smith (NJ)
Deckard	Lujan	Smith (OR)
DeNardis	Madigan	Snowe
Derwinski	Markey	Snyder
Dreier	Marlenee	Solomon
Dunn	Martin (IL)	Spence
Early	Martin (NC)	Stark
Eckart	Martin (NY)	Staton
Edwards (CA)	Mazzoli	Stenholm
Edwards (OK)	McCloskey	Studds
Emerson	McCollum	Stump
Emery	McCurdy	Udall
English	McDonald	Volkmer
Evans (IN)	McEwen	Walgren
Fascell	Michel	Walker
Fiedler	Miller (OH)	Watkins
Fields	Mineta	Weaver
Fithian	Minish	Weber (MN)
Fountain	Mitchell (MD)	Weiss
Fowler	Molinari	White
Frost	Montgomery	Whitley
Gephardt	Moore	Wirth
Goodling	Moorhead	Wolf
Gore	Myers	Young (FL)

NOES—237

Addabbo	AuCoin	Biaggi
Akaka	Badham	Bingham
Albosta	Bailey (MO)	Blanchard
Alexander	Bailey (PA)	Bliley
Anderson	Barnard	Boggs
Andrews	Barnes	Boland
Annunzio	Bedell	Boner
Applegate	Beilenson	Bonker
Archer	Benjamin	Bouquard
Atkinson	Bevill	Bowen
Breaux	Green	Pashayan
Brooks	Grisham	Patterson
Broomfield	Guarini	Pepper
Brown (CA)	Hall, Ralph	Perkins
Burgener	Hamilton	Peyser
Burton, Phillip	Hammerschmidt	Porter
Butler	Hance	Price
Byron	Hawkins	Pritchard
Carman	Heftel	Pursell
Chappell	Hertel	Railsback
Chappie	Hightower	Ratchford
Chisholm	Hillis	Regula
Clausen	Holland	Rhodes
Clay	Holt	Richmond
Clinger	Horton	Rinaldo
Coelho	Howard	Roberts (KS)
Collins (IL)	Hubbard	Robinson
Conte	Hunter	Rodino
Coughlin	Hutto	Rose
Coyne, William	Hyde	Rostenkowski
Craig	Jeffords	Roukema
Daniel, Dan	Jones (NC)	Rudd
Danielson	Jones (TN)	Russo
Daschle	Kogovsek	Santini
Dellums	LaFalce	Savage
Derrick	Lagomarsino	Sawyer
Dickinson	Lantos	Scheuer
Dicks	Leath	Schneider
Dingell	Lee	Schulze
Dixon	Lehman	Schumer
Donnelly	Leland	Seiberling
Dorgan	Lent	Shamansky
Dornan	Levitas	Simon
Dougherty	Lewis	Skeen
Duncan	Livingston	Skelton
Dwyer	Loeffler	Smith (IA)
Dyson	Long (LA)	Solarz
Edwards (AL)	Long (MD)	Stangeland
Erdahl	Lowery	Stanton
Ertel	Lowry	Stokes
Evans (DE)	Luken	Stratton
Evans (IA)	Lundine	Swift
Fary	Lungren	Synar
Fazio	Marks	Tauke
Fenwick	Marriott	Taylor
Ferraro	Matsui	Thomas
Findley	Mavroules	Trible
Fish	McClory	Vento
Flippo	McDade	Wampler
Florio	McGrath	Washington
Foglietta	McHugh	Waxman
Foley	McKinney	Weber (OH)
Ford (MI)	Mica	Whitehurst
Ford (TN)	Mikulski	Whittaker
Forsythe	Miller (CA)	Whitten
Frank	Moakley	Williams (MT)
Frenzel	Moffett	Williams (OH)
Fuqua	Mollohan	Wilson
Garcia	Morrison	Winn
Gaydos	Mottl	Wolpe
Gejdenson	Murphy	Wortley
Gibbons	Murtha	Wright
Gilman	Neal	Wyden
Gingrich	Nowak	Wylie
Ginn	O'Brien	Yates
Glickman	Oakar	Yatron
Goldwater	Oberstar	Young (MO)
Gonzalez	Ottinger	Zablocki
Gray	Parris	Zeferetti

NOT VOTING—31

Beard	Evans (GA)	Quillen
Bolling	Hansen (UT)	Rahall
Brown (OH)	Hartnett	Roe
Burton, John	Hollenbeck	Rosenthal
Conable	Ireland	St Germain
Cotter	LeBoutillier	Tauzin
Crockett	Mattox	Traxler
Downey	Mitchell (NY)	Vander Jagt
Dymally	Nelligan	Young (AK)
Edgar	Patman	
Erlenborn	Pease	

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Messrs. HERTEL, KOGOVSEK, SAVAGE, and DASCHLE changed their votes from "aye" to "no."

Mr. SAVAGE, Mrs. HECKLER, Mr. CAMPBELL, and Mr. HANSEN of Idaho changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GLICKMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 329, nays 70, not voting 31, as follows:

[Roll No. 46]

YEAS—329

Addabbo	Davis	Hammerschmidt
Akaka	de la Garza	Hance
Albosta	Deckard	Hansen (ID)
Alexander	DeNardis	Hatcher
Anderson	Derrick	Heckler
Andrews	Derwinski	Hefner
Annunzio	Dickinson	Heftel
Anthony	Dicks	Hendon
Applegate	Dingell	Hertel
Archer	Dorgan	Hightower
Ashbrook	Dornan	Hiler
Aspin	Dougherty	Hillis
Atkinson	Dreier	Holland
AuCoin	Duncan	Holt
Badham	Dunn	Hopkins
Bafalis	Dwyer	Horton
Bailey (MO)	Dyson	Howard
Bailey (PA)	Eckart	Hubbard
Barnard	Edwards (AL)	Huckaby
Bedell	Edwards (OK)	Hughes
Benedict	Emerson	Hunter
Benjamin	Emery	Hutto
Bennett	English	Hyde
Bereuter	Erdahl	Jacobs
Bethune	Ertel	Jeffords
Bevill	Evans (DE)	Jeffries
Blanchard	Evans (IA)	Jenkins
Bliley	Evans (IN)	Johnston
Boggs	Fary	Jones (NC)
Boland	Fascell	Jones (OK)
Boner	Fazio	Jones (TN)
Bonior	Fenwick	Kemp
Bonker	Ferraro	Kindness
Bouquard	Fiedler	Kogovsek
Bowen	Fields	Kramer
Breaux	Findley	Lagomarsino
Brinkley	Fish	Lantos
Broomfield	Fithian	Latta
Brown (CA)	Flippo	Leach
Brown (CO)	Foley	Leath
Broyhill	Ford (MI)	Lee
Burgener	Ford (TN)	Lehman
Butler	Forsythe	Lent
Byron	Fountain	Levitas
Campbell	Fowler	Lewis
Carman	Frenzel	Livingston
Carney	Frost	Loeffler
Chappell	Fuqua	Long (LA)
Chappie	Gaydos	Long (MD)
Cheney	Gephardt	Lott
Clausen	Gibbons	Lowery
Clinger	Gilman	Luken
Coats	Gingrich	Lundine
Coelho	Ginn	Lungren
Coleman	Goldwater	Madigan
Collins (TX)	Goodling	Marks
Conte	Gradison	Marlenee
Corcoran	Gramm	Marriott
Coughlin	Green	Martin (IL)
Courter	Gregg	Martin (NC)
Coyne, James	Grisham	Martin (NY)
Coyne, William	Guarini	Matsui
Craig	Gunderson	Mavroules
D'Amours	Hagedorn	Mazzoli
Daniel, Dan	Hall (OH)	McClory
Daniel, R. W.	Hall, Ralph	McCloskey
Dannemeyer	Hall, Sam	McCollum
Daub	Hamilton	McCurdy

McDade	Regula	Stangeland
McDonald	Rhodes	Stanton
McEwen	Rinaldo	Staton
McGrath	Ritter	Stenholm
McKinney	Roberts (KS)	Stratton
Mica	Roberts (SD)	Stump
Michel	Robinson	Swift
Miller (OH)	Roemer	Synar
Mineta	Rogers	Tauke
Minish	Rose	Taylor
Moakley	Rostenkowski	Thomas
Molinari	Roth	Traxler
Mollohan	Roukema	Trible
Montgomery	Rousselot	Udall
Moore	Rudd	Walgren
Moorhead	Sabo	Walker
Morrison	Santini	Wampler
Mottl	Sawyer	Watkins
Murtha	Scheuer	Weber (MN)
Myers	Schneider	Weber (OH)
Napier	Schulze	White
Natcher	Sensenbrenner	Whitehurst
Neal	Shamansky	Whitley
Nelson	Sharp	Whittaker
Nichols	Shaw	Whitten
O'Brien	Shelby	Williams (MT)
Oakar	Shumway	Williams (OH)
Oberstar	Shuster	Wilson
Obey	Siljander	Winn
Parris	Simon	Wirth
Pashayan	Skeen	Wolf
Pepper	Skelton	Wortley
Perkins	Smith (AL)	Wright
Petri	Smith (IA)	Wyden
Peyser	Smith (NE)	Wylie
Pickle	Smith (NJ)	Yates
Porter	Smith (OR)	Yatron
Price	Snowe	Young (FL)
Pritchard	Snyder	Young (MO)
Pursell	Solarz	Zablocki
Railsback	Solomon	Zeferetti
Ratchford	Spence	

NAYS—70

Barnes	Gejdenson	Paul
Beilenson	Glickman	Rangel
Biaggi	Gonzalez	Reuss
Bingham	Gore	Richmond
Brodhead	Gray	Rodino
Brooks	Harkin	Roybal
Burton, Phillip	Hawkins	Russo
Chisholm	Kastenmeier	Savage
Clay	Kazen	Schroeder
Collins (IL)	Kildee	Schumer
Conyers	Leland	Seiberling
Crane, Daniel	Lowry	Shannon
Crane, Philip	Lujan	Stark
Danielson	Markey	Stokes
Daschle	McHugh	Studds
Dellums	Mikulski	Vento
Dixon	Miller (CA)	Volkmer
Donnelly	Mitchell (MD)	Washington
Early	Moffett	Waxman
Edwards (CA)	Murphy	Weaver
Florio	Nowak	Weiss
Foglietta	Ottinger	Wolpe
Frank	Panetta	
Garcia	Patterson	

NOT VOTING—31

Beard	Evans (GA)	Pease
Bolling	Hansen (UT)	Quillen
Brown (OH)	Hartnett	Rahall
Burton, John	Hollenbeck	Roe
Conable	Ireland	Rosenthal
Cotter	LaFalce	St Germain
Crockett	LeBoutillier	Tauzin
Downey	Mattox	Vander Jagt
Dymally	Mitchell (NY)	Young (AK)
Edgar	Nelligan	
Erlenborn	Patman	

□ 2030

The Clerk announced the following pairs:

On this vote:

Mr. Hollenbeck for, with Mr. LaFalce against.

Mr. Vander Jagt for, with Mr. Mattox against.

Until further notice:

Mr. Pease with Mr. Hansen of Utah.

Mr. Rahall with Mr. Quillen.

Mr. St Germain with Mr. Young of Alaska.

Mr. Roe with Mr. Mitchell of New York.

Mr. Patman with Mr. Nelligan.

Mr. Rosenthal with Mr. LeBoutillier.

Mr. Ireland with Mr. Beard.

Mr. Tauzin with Mr. Conable.

Mr. Evans of Georgia with Mr. Brown of Ohio.

Mr. John L. Burton with Mr. Erlenborn.

Mr. Crockett with Mr. Dymally.

Mr. Edgar with Mr. Hartnett.

Mr. Downey with Mr. Cotter.

Mr. MILLER of California changed his vote from "yea" to "nay."

Mr. ROUSSELOT changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR THE COMMITTEE ON GOVERNMENT OPERATIONS TO HAVE UNTIL MIDNIGHT, FRIDAY, MAY 15, TO FILE REPORTS ON H.R. 1526, H.R. 2098, H.R. 2979, AND H.R. 2811

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight, Friday, May 15, 1981, to file four legislative reports on the following bills: H.R. 1526, the Federal Managers' Accountability Act of 1981; H.R. 2098, the Inspector General Act Amendments of 1981; H.R. 2979, to reauthorize the National Historical Publications and Records Commission; and H.R. 2811, the Debt Collection Act of 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING CONCERTS BY NATIONAL SYMPHONY ON CAPITOL GROUNDS

Mr. YATES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 133) authorizing concerts by the National Symphony on Capitol Grounds, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 133

Whereas the National Symphony Orchestra has expressed a desire to perform free concerts on the United States Capitol Grounds for the entertainment of the citizenry of our Nation; and

Whereas these performances would be similar to those presently given by the service bands under authority of 40 U.S.C. 1931: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the National Park Service shall be permitted to sponsor a series of four National Symphony Orchestra concerts on the Capitol Grounds annually, such concerts to be free to the public and arranged not to interfere with the needs of Congress, under conditions to be provided by the Architect of the Capitol. For the purposes of this resolution, the National Park Service and the National Symphony Orchestra are authorized to erect upon the United States Capitol Grounds, subject to the approval of the Architect of the Capitol, such bandstand, sound amplification devices and other related structures and equipment as may be required for performance of the concert series.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR ALL COMMITTEES TO HAVE UNTIL 5 P.M., TUESDAY, MAY 19, 1981, TO FILE REPORTS WITH RESPECT TO FISCAL YEAR 1981 AUTHORIZATIONS

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all committees may have until 5 p.m. on Tuesday, May 19, 1981, to file reports, and that reports filed by that time be considered to have been filed within the time permitted by section 402(a) of the Congressional Budget Act of 1974, with respect to fiscal year 1981 authorizations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

Mr. LOTT. Mr. Speaker, I rise for the purpose of inquiring what the schedule for next week might be.

I will be glad to yield to my distinguished whip on the other side, the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I am not prepared to make any final announcement for the program of next week, but I think I can give the gentleman some general guidance.

When the House adjourns tonight it will adjourn to meet tomorrow morning at 11 o'clock in pro forma session.

The House will then adjourn tomorrow to meet on Monday at 11 a.m. There will be no session on Friday. The meeting of the House at 11 a.m. will be for the purpose of recessing until noon to receive former Members of Congress.

Following that, the House will reconvene and it is expected that there

may be several, one or more suspension bills, votes on which will be postponed until Tuesday.

Mr. LOTT. The votes will be postponed until Tuesday?

Mr. FOLEY. Yes.

Mr. LOTT. Does the gentleman have any indication of what the schedule might be on Tuesday, Wednesday, or Thursday next week?

Mr. FOLEY. Well, of course, as the statement usually goes, conference reports may be brought up at any time and if the conference on the first budget resolution reaches a conclusion, it is expected that that would be brought up quite promptly within the scope of next week, if possible.

Mr. LOTT. The hours of meeting next week have been changed. It is 11 a.m. on Monday. What about the time of meeting Tuesday?

Mr. FOLEY. Tuesday the House would be expected to meet at noon. The possibility is that the House will meet at 10 a.m. on Wednesday and Thursday, but I would rather reserve that for later announcement. But the House will meet at 11 a.m. on Monday.

Mr. LOTT. I believe our schedule indicates that beginning May 15 until the end of the session we would change to a meeting at noon on Monday and Tuesday and 10 a.m. on Wednesday, Thursday and Friday.

Mr. FOLEY. That is correct and that is the regular procedure at this stage in the legislative year, as the gentleman knows.

Mr. LOTT. Mr. Speaker, I thank the gentleman.

SELECTION OF MEMBERS AS OFFICIAL ADVISERS TO U.S. DELEGATIONS TO INTERNATIONAL CONFERENCES, MEETINGS, AND NEGOTIATION SESSIONS RELATING TO TRADE AGREEMENTS

The SPEAKER pro tempore. Pursuant to the provisions of section 161(a), title I, Public Law 93-618, and upon recommendation of the chairman of the Committee on Ways and Means, the Speaker has selected the following members of that committee, to be accredited by the President, as official advisers to the U.S. delegations to international conferences, meetings, and negotiation sessions relating to trade agreements during the 1st session of the 97th Congress:

Mr. ROSTENKOWSKI of Illinois; Mr. GIBBONS of Florida; Mr. JONES of Oklahoma; Mr. VANDER JAGT of Michigan; and Mr. FRENZEL of Minnesota.

APPOINTMENT AS ADDITIONAL MEMBER OF SELECT COMMITTEE ON AGING

The SPEAKER pro tempore. Pursuant to clauses 6 (e) and (g) of rule X, and without objection, the Chair appoints as an additional member of the Select Committee on Aging the gentleman from Tennessee, Mr. BONER.

There was no objection.

"NOW" ACCOUNTS NO BOON TO BANKS

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Speaker, in the past I have talked with the Members of this body about the shortcomings of NOW accounts. Many letters have come to my attention and it appears that consumers are not the only ones having problems. Banks, too, are finding out that NOW accounts might not be for them either.

Typical of the many letters I have received is one from H. Phelps Brooks, Jr., president of the Peoples National Bank in Charleston, S.C. In his opinion NOW accounts are not only a ripoff for the consumers, but they are also a "ripoff to the thousands of small regulated financial institutions throughout the Nation."

Mr. Brooks states:

> It has been necessary for us to spend enormous amounts of money and time, in a defensive attitude, to provide the public with what much of the press led them to believe was interest on checking account balances and free service charges.

In his letter, Mr. Brooks presents some facts that reflect the plight of small financial institutions in many States. His bank is located in a small county that ranks 20th out of 46 counties in per capita income in a State that ranks 48th in the Nation.

Quoting again from Mr. Brooks' letter:

> There are very few families in our service area that, with combined incomes of two, would produce as much as $30,000 income a year. We need NOW accounts like the Eskimos need television sets.

I do not know about Eskimos, but for over 35 million depositors in this country with balances of $200 or less, NOW accounts have nothing to offer. I am very concerned that many consumers are being unfairly penalized because of misleading information. It also concerns me that banks such as Mr. Brooks' are also being hurt.

I question the banking industry's representation in the media of NOW accounts as the "ultimate account." The advertising claim that suggests that this is a boon to all consumers is just not the case.

A number of banking officials, in addition to Mr. Brooks, have also voiced concerns that NOW accounts do not provide any advantage or benefit to consumers with incomes under $20,000. Even the United States League of Savings Associations has cautioned that NOW accounts might not be for everyone.

It is evident that there is confusion and a lack of understanding by consumers regarding NOW accounts. The fact of the matter is that consumers are in many cases paying more in service charges and fees for this service and would be better advised to stick with regular checking accounts.

The letter from Mr. Brooks is yet another statement by a member of the banking community speaking out against NOW accounts. I regret that the Congress is finding out the hard way that this legislation should have never been passed as written.

LEGISLATIVE REMEDIES ARE NEEDED TO RESTORE FAITH IN SOCIAL SECURITY SYSTEM

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I rise today to offer recognition of the Reagan administration's contribution to the congressional debate on the future of the social security system. Its proposals deserve our very careful consideration along with alternative legislative remedies now under review by the Ways and Means Subcommittee on Social Security.

I think that we will all agree that there will be no easy votes on social security for this Congress. Indeed, the financial condition of the trust fund is precarious at best, with most analysts agreeing that the retirement fund will deplete its reserves used to pay out benefits by mid-1982. Prominent national pollsters have found that the vast majority of current workers have little or no confidence that there will be funds available to pay their retirement benefits. Clearly, this Congress must enact comprehensive long-term solutions to the financial conditions that plague the system, but these must be forged in an equitable fashion and must not endanger the benefits of those about to retire and current beneficiaries.

The recent trend toward early retirement has resulted in great pressures on the trust funds. It now appears that more than 60 percent of the Nation's work force retires early or before age 65. When a worker should retire depends on multiple factors that vary greatly among individuals. Studies have shown us that a large majority of workers who retire early do so involuntarily, the result of either poor health or because of layoffs and discontinuation of jobs.

As was the original charge of the early retirement option when enacted in 1962, we must continue to extend adequate protection to the victims of these problems. In that spirit, we must reject one of the administration's primary proposals that would impose a

severe penalty on early retirement in an effort to dissuade many workers from seeking early retirement. The administration's proposal to reduce early retirement benefits at age 62 from 80 percent to 55 percent of full retirement benefits would pose a severe hardship on those many who are forced into early retirement with little or no other means of financial support.

Since the implementation of the early retirement option some 18 years ago, many workers have planned to leave the work force at age 62. To tell these individuals now, as they near that date, that their benefits will be cut sharply would be a grave injustice for those who have contributed to the system during their working years in expectation of early retirement benefits. Yes, our collective goal must be to maintain the solvency of the system and restore full public confidence, but we must do so in a way that guarantees for those nearing retirement or now out of the work force that their retirement years need not be ones of economic despair.

THE DANGERS OF AWACS SALES TO SAUDIS

(Mr. FORD of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Speaker, I rise at this time to express my deep concern over the Reagan administration's plan to sell advanced AWACS (airborne warning and control system) aircraft to Saudi Arabia. Although Congress has been concentrating its efforts on budget matters during the past few months, this issue is of significant importance and should not be forgotten.

Opposition to the sale is growing by the day and many of our leading newspapers throughout the country have questioned the administration's proposal. The New York Times offers a simple message: "Cancel this mission."

I am pleased that many Members of the House of Representatives have also commented on this ill-advised plan. The grounds for concern are clear and I join in opposing the sale.

The implications of the addition of yet another of the world's most sophisticated military devices to Saudi Arabia's arsenal are extremely dangerous. Once operational within Saudi airspace, these systems will be able to detect high-flying objects within a 350-mile radius and low-flying objects within a 250-mile radius. These detection systems can differentiate between 600 targets, analyze the data, and relay commands to ground forces or to other aircraft. With this equipment, Saudi Arabia will be able to monitor all of Israel's military activities, including locating troops, aircraft, tanks, and artillery pieces. Such information in Saudi Arabia's hands would bring an entirely new and serious dimension to the Arab-Israeli conflict.

There are additional reasons I must question the wisdom of supplying the Saudi Arabian Government with this equipment. I must question the ability of the Saudi military to operate and maintain this equipment. I also have to question whether this sale is in the best interests of the United States. In 1977, Congress voted in favor of selling high-technology AWACS aircraft to Iran. Only the fall of the Shah in advance of the delivery date prevented the airplanes from falling into the hands of the present Iranian Government, or conceivably one still less congenial to U.S. interests.

In conclusion, let me say that the sale of AWACS aircraft will not enhance the security of Saudi Arabia, which is threatened by internal instability, nor is there any possibility that it will enable Saudi Arabia to defeat a Soviet thrust. This sale, in fact, will increase instability within Saudi Arabia and the region.

The sale will not strengthen the Arab-Israeli peace process, since Saudi Arabia has been, and continues to be, a leading opponent of the Camp David accords.

The sale will not lead to oil price moderation or increased Saudi production. If anything, the sale will appear to be appeasement in the face of Saudi threats to cut oil production.

Finally, this sale can only serve to undermine the security of our one steadfast democratic ally in the Middle East—the State of Israel. Providing offensive weapons of this magnitude to Saudi Arabia is ill-advised and should be halted.

ADMINISTRATION'S PROPOSED SOCIAL SECURITY CUTS

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, the administration's new proposals to improve the social security system threaten to decimate the benefits millions of American workers have counted on for their retirement. It would change the system from a social safety net to a plan for social Darwinism—the survival of the fittest. I think all working Americans should be outraged by this breach of faith.

The seemingly innocuous technical changes proposed by the administration really serve to mask a plan that will create disparities in the way people of different income levels and health are treated by the social security system. High income people who are in good health, stand to benefit greatly from the proposal to phase out the earnings test. With no earnings test, persons of retirement age will be able to have unrestricted earnings and still draw on social security.

But for a worker in poorer health or hoping to retire before age 65, the Reagan plan spells disaster. It places them in the position of having to continue to work past age 62 or face drastically reduced benefits. For example, a 57-year-old worker planning to retire in 5 years will receive a 40-percent cut in benefits under this plan and his wife's benefits would be slashed by more than one-half.

And for those disabled workers whose benefits would be delayed or denied through tightened disability insurance requirements, where will we come up with the money to help them? Through SSI and welfare funded out of general revenues?

The administration's proposals are predicated on mean spirited assumptions. By discouraging workers from taking early retirement benefits when they had planned, the social security system will be less taxed. But the sad truth is that most people choosing to take early retirement do so because they need to. If workers are now discouraged from retiring until age 65, many may not survive to enjoy the social security benefits they have earned through their years of work.

I think that most Members of Congress have been aware of the serious financial situation that the social security system now faces. But what we really need to improve the financing of the system is a strong commitment to full employment policies by the administration, not a lopsided paring of the benefits promised American workers through past commitments.

We need a social security tax credit to help ease the double taxation burden on American working men and women and we also need to promote better tax equity for workers. Congress also ought to look at the total income, both earned and unearned, including interest, dividends, and private and public pensions, and consider returning to the insurance nature of the social security retirement annuity program.

The administration's economic and tax policies have received great attention in the past months. But now, ironically, in the wake of their big budget victory, the administration finally seems to be admitting that their economic assumptions and actions are inadequate to meet the needs of a fundamental government program. How many more surprises will the total Reagan economic program finally embrace?

EARLY OBSERVATIONS ON THE ENVIRONMENT

(Mr. PARRIS asked and was given permission to address the House for 1

minute and to revise and extend his remarks and include extraneous matter.)

Mr. PARRIS. Mr. Speaker, I doubt today there exists an American who is not familiar with the terms ecology and environment. This was not the case too many years ago when it seemed that America was set on a course of explosive expansion without concern for what the effects of that expansion might be on our fragile ecosystem.

Much has changed since then. Most of that change would best be described as progress on the part of modern man while some of it unfortunately could best be described as obstructionism to progress.

Many of us were concerned about the future of our environment before it became popular to be concerned and I am worried today about the methods being used to achieve some of the better environmental goals we all seek. On December 2, 1964, 6 years before the first Earth Day I delivered a speech to the League of Women Voters on the subject. I believe my remarks are still pertinent, and hope my colleagues will find them of interest.

The remarks follow:

STANFORD E. PARRIS—STATEMENT ON CONSERVATION, DECEMBER 2, 1964

I congratulate the League of Women Voters of Fairfax County for their timely concern and for their continued program in the interest of conservation of all of our invaluable natural resources.

This may be the era and the generation and perhaps even the very year that the United States of America, in all its natural glory, goes down the drain, and with it inevitably will go our particular concern, Fairfax County. From New York to California, much of what is lovely, rich and real about the U.S. is scheduled for wholesale destruction or defacement. Almost everywhere America the beautiful is becoming America the ugly, the wasted, the blasted and the blighted, the home of the neon sign, the superduper highway (leading from no place to nowhere), the billboard, foaming detergents, the used-car lot, the useless dam, the monotonous housing tract, the hot dog stand and stinking pollution galore. Indeed, according to a recent book by Peter Blake, the U.S. can now lay proud claim to the title of God's Own Junkyard. If this be true, then we must protect Fairfax County from this trend.

It is true that Congress, at its last session, passed the Wilderness Bill, but such legislation—by no means perfect—has next to no effect on the bulk of 190 million Americans. As William H. Whyte, the author of The Organization Man and now an associate of the American Conservation Association, remarked in The Exploding Metropolis, "The fact that there will remain thousands of acres of, say, empty land in Wyoming is not going to help the man living in Teaneck, New Jersey."

Apart from esthetic or ethical considerations, there are valid reasons why this carnage should cease.

For one, there is a desperate need for recreation land, not only as playgrounds for father and son or for fishermen or bird watchers, horsemen or hikers, but as ties to reality, to the biological reality of the world, to the essence of life itself. In many sections of the country too many Americans are becoming alienated from the reality that only parks, natural areas, clean streams and rivers, open spaces and unblighted seashore can give. Take Mr. Whyte's man in Teaneck or Palo Alto, or Springfield for that matter. He has been described roughly as follows: He lives at 424 Elms Dell Acres (there are no elms, there is no dell and the acre is 50 by 100). To his company, he is employee No. 2784, to the post office he is ZIP Code 94350, and if you want to call him, you must dial 415 322-3099. Instead of being an individual, a human being, an immortal soul, he is part of the anonymous mass, a consumer, a member of the viewing audience, a driver in a 3-mile traffic jam, a statistic.

He is separated from life not only by numbers but by middlemen and packagers. His wife buys food in plastic cartons and polyethylene bags from a supermarket that is identical to thousands of others, and he dines on year-old "garden-fresh" peas that came out of a freezer. His kids think milk is something that is made in a machine, and his idea of a vacation is a trip to a "reconstruction" like Williamsburg or an artificial carnival like Disneyland. He is told that he belongs to the Pepsi generation, and his image of nature is Marlboro Country. In sum, he has little conception of life, the world, nature, values or proper judgments. He is a faceless number occupying a plywood house on a barren plot fronting an asphalt strip. Instead of being a rational creature enjoying the use of our dwindling natural resources, he is subjected to all sorts of advertising dished out by packagers who want to make him buy more garden-fresh peas that have been dyed green, while everything in his neighborhood that is really green gets paved over.

There is no use just sitting by and mourning and allowing the continuing ruin of our country and our County, our waters and our heritage. We must get out and do something to stop it. If we try, we may even succeed.

NATIONAL SMALL BUSINESS WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MCDADE) is recognized for 5 minutes.

● Mr. McDADE. Mr. Speaker, this week is National Small Business Week. It is most appropriate that we pause to recognize the contributions that small business makes to our economy.

The importance of small business is clear when we remember that small business—

Employs more than half of the private sector labor force;

Generates the vast majority of all new jobs;

Is the source of half of all new inventions and innovations; and

Produces half the gross national product.

There is no doubt that small business is the foundation of our economy.

Small business also represents many of the traditional values which we hold dear. It provides the opportunity for entrepreneurship and economic self-determination which are unique to our society. Personal service, merchant accountability to customers, and community involvement are hallmarks of small business. With these attributes, small businesses make much more than an economic contribution to the communities in which they are located.

During these difficult economic times, small business has been under great pressure. Business failures are high, and many firms which once thrived are now struggling for survival. High interest rates are especially damaging to small businesses in all parts of the economy. They also have been hurt by the many problems associated with the inflation and sluggish growth we are experiencing. Congress must do more than merely make statements of support for small business. In acting on legislation, we must consider the needs of small business and make certain that they are reflected in the legislation we ultimately enact.

In spite of these problems, small business looks forward to the decade of the 1980's with great hope. Thus, the theme for Small Business Week this year is "1980's: The Small Business Decade." I share this optimism because of the remarkable ability of small businesses to respond to changing circumstances, no matter how difficult they may be. This trait is especially strong in those men and women who will be honored this week for their accomplishments in small business. These outstanding citizens and their achievements are proof of the vitality of small business. They demonstrate that small business deserves our respect and support.●

HELSINKI AND MADRID MUST NOT BE ALLOWED TO BE FORGOTTEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. PORTER) is recognized for 15 minutes.

● Mr. PORTER. Mr. Speaker, House Concurrent Resolution 121 calls for prompt congressional hearings at the termination of the Madrid Review Conference to determine future American policy regarding Soviet failures to live up to the human rights provisions of the Helsinki accord.

I am reintroducing the resolution today with the following 20 cosponsors:

LIST OF COSPONSORS

Congressman Jack Kemp.
Congressman Benjamin A. Gilman.
Congressman Silvio O. Conte.
Congressman Jim Leach.
Congressman Vic Fazio.
Congressman James J. Florio.
Congressman Barbara A. Mikulski.
Congressman Daniel E. Lungren.
Congressman Bill Frenzel.
Congressman Thomas M. Foglietta.
Congressman James M. Collins.
Congressman Larry McDonald.

Congressman James L. Oberstar.
Congressman Lawrence Coughlin.
Congressman Donald J. Albosta.
Congressman Robert J. Lagomarsino.
Congressman Don Bailey.
Congressman James H. Scheuer.
Congressman Brian J. Donnelly.
Congressman John LeBoutillier.

These Members and I are concerned that when the Madrid Conference finally closes and numerous repeated and clear Soviet violations have been documented in full for all the world to see, Helsinki will go on the shelf.

It is our belief that we bargained for far more at the conference table in Helsinki 6 years ago than the right to publicly chastise the Soviets and their Eastern European allies for their failures to provide basic human rights to their citizens. We bargained for the granting of those rights. We bargained in behalf of those people and the principles we believe in that are being denied to them. We bargained not just for propaganda, but for change.

Mr. Speaker, this Congress must make a strong commitment after Madrid to follow policies that will maximize pressure on the Soviet Union to grant those rights they agreed to grant in 1975—that the beatings, harassment, and exiles stop, that incarceration of dissidents in mental institutions end, that the flow of information from the West to the East be allowed unimpeded, and that emigration rights be secured for all people.

Mr. Speaker, Helsinki and Madrid cannot be allowed to be forgotten.●

FINANCIAL DISCLOSURE STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● Mr. KASTENMEIER. Mr. Speaker, although Public Law 95-521, the Ethics in Government Act of 1978, requires public financial disclosure reporting, I am continuing my practice, begun in 1963, of placing in the CONGRESSIONAL RECORD a report on my financial condition since this disclosure, through its more precise reporting, does differ in important respects from the report which we are required by law and by House rules to file.

My report covers the calendar year 1980, and also includes the amount of Federal, State, and real estate taxes paid for 1980:

STATEMENT OF FINANCIAL CONDITION—DECEMBER 31, 1980

Cash account with the Sergeant at Arms, House of Representatives	$3,053.30
Cash	99.18
Securities	(1)
Residential real estate: Arlington house and lot (1979 assessment)	153,100.00
Less mortgage	18,977.55
Equity	134,122.45

STATEMENT OF FINANCIAL CONDITION—DECEMBER 31, 1980—Continued

House, Sun Prairie, Wis.	29,000.00
Plus improvements	1,766.00
Back lot	1,200.00
Sewer and water improvements	4,789.00
Total	36,755.00
Less mortgage	15,149.78
Unpaid sewer and water assessments	3,453.70
Total	18,603.48
Equity	18,151.52
Household goods and miscellaneous personalty	8,000.00
Miscellaneous assets, deposits with the U.S. civil service retirement fund through Dec. 31, 1980, available only in accordance with applicable laws and regulations	64,293.15
Additional retirement fund deposit	1,130.00
Cash surrender, value of life insurance:	
On the life of Robert W. Kastenmeier	(1)
On the life of Dorothy C. Kastenmeier	544.00
Deposit, Donaldson Run	400.00
Automobiles:	
1976 Oldsmobile	1,000.00
1978 Mercury	3,400.00
Total assets	243,063.60
Taxes paid:	
1980 Federal income tax	14,996.50
1980 Wisconsin State income tax	4,730.00
1980 Federal self-employment tax	546.75
1980 Federal form 2210 tax	32.02
1980 Federal employers tax	130.57
1980 Arlington County real estate tax	2,044.00
1980 Sun Prairie real estate taxes billed late (1979 taxes paid $1,832.62)	
Total taxes paid	22,479.84
Income for 1980:	
Gross rent, Sun Prairie, Wis., house	3,120.00
Net honorariums and per diems	6,856.00

(1) None.

I also am reporting on the separate estate of my wife, Dorothy C. Kastenmeier which is not subject to my control and thus, not necessarily required to be reported. Fair values are estimated and certain interests in property are subject to life estates in others:

Unimproved land, 129 acres, Chireno, Tex.	$10,000.00
Unimproved land, 160.5 acres, Nacogdoches, Tex.	10,000.00
Frame House and lot, 413 Myrtle Street, Nacogdoches, Tex.	12,000.00
Lot and building, 106 Marilyn St., Nacogdoches, Tex.	12,000.00
158 shares, Fredonia State Bank, Nacogdoches, Tex.	6,320.00
Total	50,320.00
Total all interest in minerals and timber subject to life estate of others: rental income	690.00

●

CRIME PROBLEM COMPOUNDED BY THE LAW'S DELAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 5 minutes.

● Mr. DANIELSON. Mr. Speaker, an issue which we should be addressing which is the ever-present concern of every person whom I meet in my district is the problem of the high rate of crime. People are scared to death of the possibility of becoming victims of crime.

We talk about gun control, stricter criminal laws, longer sentences, the death penalty, and many other approaches. These are controversial and new legislation is difficult to enact. But there are some things on which we should be able to reach agreement easily and quickly, and which would have a strong deterrent effect on those who would break our laws. These actions would also help in the enforcement of our criminal laws and restore public confidence in our courts and our system of criminal justice.

Recently, several important suggestions were made by Chief Justice Warren E. Burger. Basically, his point was that one of the greatest deterrents to crime is the knowledge that there will be swift and certain consequences—swift arrest, prompt trial, certain penalty, and, at some point, finality of judgment instead of endless appeals.

Among the points he made, and I agree wholeheartedly, we can:

First, restore to all pretrail release laws the critical element of dangerousness to the community;

Second, provide for trial within weeks of arrest;

Third, review on appeal within 8 weeks of a judgment of guilt; and

Fourth, following appellate review, confine all subsequent judicial review to claims of miscarriage of justice.

There are massive safeguards for accused persons, but we fail to provide even elementary protection for our law-abiding citizens.

As just one example of the law's delay, the failure of our courts and prosecutors to bring cases to trial, the following story from the Los Angeles Herald Examiner of February 24, 1981, is a perfect illustration of how delays in our courts is destroying public confidence in the administration of justice:

[From the Los Angeles Herald Examiner, Feb. 24, 1981]

THEY'RE STILL WAITING FOR THAT SPEEDY TRIAL—COUPLE WAS BURGLARIZED 5½ MONTHS AGO

(By Timothy Carlson)

Last Labor Day weekend, Phil and Susan Branson returned from vacation to their home in the Silver Lake district to encounter a burglary in progress.

A quick phone call to police, relayed to a police spotter helicopter, led to the apprehension of a man and a female companion within 15 minutes. Phil Branson and three neighbors made a positive identification of the suspects. The pair were arraigned Sept. 11 and released on bail.

Tomorrow—5½ months after the Sept. 5 robbery—defendants Edward and Loretta Sykes are scheduled for the fifth time to appear for their preliminary hearing in the Criminal Courts Building on Temple Street.

Defense attorneys have been granted four continuances: Oct. 17, Dec. 5, Jan. 28 and Feb. 13.

Once the attorneys requested more time because they were attempting to consolidate the Branson burglary with 12 additional counts of burglary pending against Edward Sykes in the San Fernando Valley. The other continuances were requested either because the attorneys needed more time to prepare the case because they were engaged in other cases at the time.

"The last time one of the attorneys was in Houston, the other attorney was not there and an associate at the law firm knew enough about the case to get a continuance," said Los Angeles County Assistant District Attorney Loren Naiman.

Each time, Branson and his witness neighbors, all hard-working professionals, were subpoenaed to testify at the four canceled preliminary hearings.

If on any of those four occasions the hearing had been held and the witnesses had not been present, the Sykes couple would have gone free. Furthermore, police assert that Sykes has been responsible for at least one other burglary since the Sept. 5 arrest.

Los Angeles Police Department Detective Sam Capuano of Northeast Division said that on Sept. 12—the day after Sykes was released on bail in the Branson case—he was tailing Sykes, who was driving the same battered green Karmann Ghia.

Capuano said Sykes managed to lose him in traffic. One hour later, Sykes' car was identified at the scene of a burglary in the San Fernando Valley and Sykes was charged with the crime, bringing to 12 the counts of burglary he faces in the San Fernando Valley, Capuano said.

"Of course the defendants feel differently, but from our point of view the judicial system indeed favors the defendant and does present difficulties to the victims, the witnesses and the prosecution in regard to the practice of granting continuances," said Naiman.

"I can tell you that the police were fantastic in making the arrest," Branson said recently on a quiet night in his modest home in the hills overlooking Los Angeles. "And the investigating officer (Capuano) has done an extraordinary job in making sure all the witnesses will be available to testify every time a preliminary hearing is scheduled. But four continuaces!

"The way it's going, the day they finally have the hearing there'll be no witnesses and that sucker'll get off. One of the witnesses is a doctor and he has a full load of patients every day. These are hard-working people."

Sykes' defense attorney, Gerson Horn of Beverly Hills, said he, too, has sympathy for the witnesses' plight, but claimed there have been unusual extenuating circumstances.

"I empathize with the witnesses," Horn said while on a brief break from a murder trial yesterday. "And I don't feel that the prosecution's complaints about the four continuances is unjustified. But this case is unusual for several reasons. One, the defendants each have a lawyer, so problems with conflicts in court calendars are multiplied. Second, I am currently involved in a death penalty case and this has taken a majority of my time.

"And in regard to the last continuance, my co-counsel, Robert Sarno (Loretta Sykes' attorney), had told the district attorney's office prior to the hearing that he might not be able to return from a case he was trying in Houston by the Feb. 13 date and asked that the hearing be scheduled for Feb. 20. When the DA insisted on the earlier date, Mr. Sarno tried to get back in time but his trial took longer than anticipated. So, if witnesses were forced to go downtown on that date, the prosecution is at least partially responsible."

For one of the scheduled hearings, all four witnesses got notices in their mailboxes the night before that they were supposed to show up at 8:30 in the morning. The doctor pleaded for and got the privilege of being on one-hour call to testify. Another witness was out of town, and Branson and the woman neighbor had to wait all morning before the defendant's lawyers waived their right to a trial within 60 days and requested additional time to prepare their case.

Capuano says that a burglary is typically "very very frustrating for the victim." In the vast majority of cases the burglars are not observed and the loot is never recovered.

Naiman, the prosecutor at the Feb. 13 granting of continuance, could not comment specifically on this case, but contended "many attorneys make a career out of delaying trials until a case is ancient history in order to make a better deal for their client."

"Most witnesses are very conscientious about doing their duty for society the first few times they are asked to appear as witnesses," Naiman said. "But after you've been to court eight or nine times, the result is you get fed up and stop wanting to help."

Said Capuano: "If they wait long enough, the witnesses might move away. Or the victims might just die. No victim, no crime, charges dropped."

Defense attorney Horn feels that despite increased worries about the rising crime rate, this is no time to begin reducing the myriad legal strategems available to a defendant. "If all we wanted from the system was instant justice," said Horn, "we could all look to Ayatollah Khalkali or to Idi Amin. There you have trial and sentencing with no waiting period. And no standards of evidence and more often than not—no survivors. Delays are part of the price we must pay for a fair system of presenting evidence."

Naiman feels the problem of an overloaded American judicial system has several key knots which need to be untangled.

"Some trial judges are just too liberal in their interpretation of the law in allowing continuances," said Naiman. "A good judge has to be smart enough to manipulate lawyers to keep his calendar rolling along with reasonable speed."

Furthermore, Naiman said that legal technicalities too often invalidate evidence, which leads to lighter sentences than the crimes deserve. And California's determinate sentencing law, Naiman said, also contributes to sentences that are too light.

Horn asserts that such arguments can cut both ways, however. "It depends on whose ox is being gored," said Horn. "In the case I'm now working on, the prosecution has asked for several continuances, and the defense has insisted on beginning trial since March of last year. The truth is, continuances can shorten the actual time involved in a trial and lessen the cost to the state. For example, a lot of times witnesses are contacted who couldn't have been contacted before. Or more investigation is done to resolve the case. And cases are disposed of because of negotiations with the DA. When all parties are really ready to go to trial, it shortens the time witnesses have to be available. And it shortens the time defense lawyers and prosecutors are actually in court."

Branson said representatives of the district attorney's office have assured him that his trip to the Criminal Courts Building tomorrow will not be in vain.

Horn said he is confident that both he and cocounsel Robert Sarno will be ready for action tomorrow. But there's always the specter of an emergency in his murder case.

"In our imperfect legal system, nothing under the control of human beings is a sure thing." Horn said.

Except waiting.●

INTRODUCTION OF LEGISLATION REESTABLISHING EMERGENCY UNEMPLOYMENT COMPENSATION ACT

(Mr. FORD of Michigan asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. FORD of Michigan. Mr. Speaker, together with the entire Michigan Democratic congressional delegation, I am introducing legislation today to reestablish the Emergency Unemployment Compensation Act, whose authorization expired in 1978. The legislation would provide an additional 13 weeks of unemployment benefits, funded by the Federal Government, to individuals who have exhausted the maximum entitlement to extended benefits and who reside in States with an insured unemployment rate of 5 percent or more.

Michigan is in the midst of an economic depression unrivalled in the last 40 years. For the past 16 months our unemployment rate has exceeded 10 percent and currently exceeds 14 percent. Each month, nearly 20,000 Michiganites exhaust their maximum unemployment insurance entitlement and are forced either to seek welfare or the charity of their friends, or to sell their homes, leave their friends, and move to a new State. Only 300,000 of Michigan's 600,000 unemployed are receiving unemployment compensation.

This depression is not about to disappear. In fact, with the passage of the Reagan budget, the situation in Michigan, Missouri, Illinois, Ohio, and the other States of our northern industrial belt will be aggravated and may well be made permanent.

The principal cause of the horrendous unemployment problem in Michigan is the downturn in domestic automobile sales. Auto sales continue to lag far behind the levels of 1979 and earlier, and the market share of imported vehicles is now 30 percent. The administration has done very little to stem the flow of imports; according to the Japanese manufacturers, the voluntary restriction recently agreed to by the Japanese will do no more than cap Japanese imports at the level to which they would have fallen anyway.

Interest rates are rising again and will rise even higher as the Fed, with Mr. Reagan's support, tightens the money supply and the Federal budget

deficit, swollen by defense spending, consumes an increasing share of available credit. Clearly, this will mean a disaster for industries such as the automobile and construction industries, which depend on the availability of consumer credit. It is a wonder that auto manufacturers and dealers survive at all with the prime rate at 19 percent. The Reagan economic program will not provide a quick recovery for the auto industry or an end to the unemployment that plagues the industrial States.

Michigan and the auto industry are not alone in experiencing economic trauma. Twenty States now have insured unemployment rates of 5 percent or more, and Alaska's IUR now stands at 9.93 percent, the Nation's highest. All of these States and their unemployed workers would benefit from the extension of unemployment insurance benefits that this legislation will provide.

Unemployment of the magnitude we are now experiencing is not a local problem. It is a national problem, created and exacerbated by national policies such as monetary and international trade policies, oil, and gas pricing, and our tax laws. The Federal Government has a responsibility to help mitigate the suffering of the long-term unemployed, those most severely affected by these national policies. I hope my colleagues will join with us in sponsoring this legislation which will provide assistance to millions of our citizens who have lost their jobs through no fault of their own.

The text of the bill follows:

H.R. 3571

A bill to provide a program of emergency unemployment compensation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Unemployment Compensation Act of 1981".

FEDERAL-STATE AGREEMENTS

SEC. 2. (a) Any State, the State unemployment compensation law of which is approved by the Secretary of Labor (hereinafter in this Act referred to as the "Secretary") under section 3304 of the Internal Revenue Code of 1954 which desires to do so, may enter into and participate in an agreement with the Secretary under this Act, if such State law contains (as of the date such agreement is entered into) a requirement that extended compensation be payable thereunder as provided by the Federal-State Extended Unemployment Compensation Act of 1970. Any State which is a party to an agreement under this Act may, upon providing thirty days' written notice to the Secretary, terminate such agreement.

(b) Any such agreement shall provide that the State agency of the State will make payments of emergency compensation—

(1) to individuals who—

(A)(i) have exhausted all rights to regular compensation under the State law;

(ii) have exhausted all rights to extended compensation, or are not entitled thereto, because of the ending of their eligibility period for extended compensation, in such State;

(B) have no rights to compensation (including both regular compensation and extended compensation) with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law; and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of Canada,

(2) for any week of unemployment which—

(A) begins in—

(i) an emergency benefit period (as defined in subsection (c)(3)), and

(ii) the individual's period of eligibility (as defined in section 5(a)(2)); or

(B) begins in an individual's additional eligibility period (as defined in section 5(a)(4));

except that no payment of emergency compensation shall be made to any individual for any week of unemployment which begins more than two years after the end of the benefit year for which he exhausted his rights to regular compensation.

(c)(1) For purposes of subsection (b)(1)(A)(i), an individual shall be deemed to have exhausted his rights to regular compensation under a State law when—

(A) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to him based on employment or wages during his base period; or

(B) his rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(2) For purposes of subsection (b)(1)(A)(ii), an individual shall be deemed to have exhausted his rights to extended compensation under a State law when no payments of extended compensation under a State law can be made under such law because such individual has received all the extended compensation available to him from his extended compensation account (as established under State law in accordance with section 202(b)(1) of the Federal-State Extended Unemployment Compensation Act of 1970).

(3)(A)(i) For purposes of subsection (b)(2)(A), in the case of any State, an emergency benefit period—

(I) shall begin with the third week after a week for which there is a State "emergency on" indicator; and

(II) shall end with the third week after the first week for which there is a State "emergency off" indicator.

(ii) In the case of any State, no emergency benefit period shall last for a period of less than thirteen consecutive weeks.

(iii) When a determination has been made that an emergency benefit period is beginning or ending with respect to any State, the Secretary shall cause notice of such determination to be published in the Federal Register.

(B)(i) For purposes of subparagraph (A), there is a State "emergency on" indicator for a week if the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks equaled or exceeded 5 per centum.

(ii) For purposes of subparagraph (A), there is a State "emergency off" indicator for a week if the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks is less than 5 per centum.

(d) For purposes of any agreement under this Act—

(1) the amount of the emergency compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowances) payable to him during his benefit year under the State law; and

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall (except where inconsistent with the provisions of this Act or regulations of the Secretary promulgated to carry out this Act) apply to claims for emergency compensation and the payment thereof.

(e)(1) Any agreement under this Act with a State shall provide that the State will establish, for each eligible individual who files an application for emergency compensation, an emergency compensation account with respect to such individual's benefit year.

(2) The amount established in such account for any individual shall be equal to the lesser of—

(A) 50 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation; or

(B) thirteen times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(f) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week beginning before whichever of the following is the later:

(1) the week following the week in which such agreement is entered into, or

(2) the first week which begins after the date of the enactment of this Act.

PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF EMERGENCY COMPENSATION

SEC. 3. (a) There shall be paid to each State which has entered into an agreement under this Act an amount equal to 100 per centum of the emergency compensation paid to individuals by the State pursuant to such agreement.

(b) No payment shall be made to any State under this section in respect of compensation to the extent the State is entitled to reimbursement in respect of such compensation under the provisions of any Federal law other than this Act.

(c) Sums payable to any State by reason of such State's having an agreement under this Act shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

FINANCING PROVISIONS

SEC. 4. (a) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this Act.

The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the funds appropriated pursuant to subsection (b) to the account of such State in the Unemployment Trust Fund.

(b) There are hereby authorized to be appropriated from the general fund of the Treasury, without fiscal year limitation, such sums as may be necessary to carry out the purposes of this Act.

DEFINITIONS

SEC. 5. (a) For purposes of this Act—

(1) the terms "compensation", "regular compensation", "extended compensation", "base period", "benefit year", "State", "State agency", "State law", and "week" shall have the meanings assigned to them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970;

(2) the term "period of eligibility" means, in the case of any individual, the weeks in his benefit year which begin in an extended benefit period or an emergency benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period or in such emergency benefit period;

(3) the term "extended benefit period" shall have the meaning assigned to such term under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970;

(4) the term "additional eligibility period" means the thirteen-week period following the week in which an emergency benefit period ends in a State, as determined under section 2(c)(3); but no individual shall have an additional eligibility period unless there was payable to him in such State, for the week in which such emergency benefit period ended, either emergency compensation under this Act or extended compensation under the Federal-State Extended Unemployment Compensation Act of 1970;

(5) the term "rate of insured unemployment" means the percentage arrived at by dividing the average weekly number of individuals filing claims (including claims for extended compensation and additional compensation) for weeks of unemployment with respect to the specified period (as determined on the basis of the reports made by the State agency to the Secretary) by the average monthly covered employment for the specified period;

(6) the rate of insured unemployment for any thirteen-week period shall be determined by reference to the average monthly covered employment under the State law for the first four of the most recent six calendar quarters ending before the close of such period; and

(7) determinations with respect to the rate of insured unemployment in a State shall be made by the State agency in accordance with regulations prescribed by the Secretary.

For purposes of any State law which refers to an extension under Federal law of the duration of benefits under the Federal-State Extended Unemployment Compensation Act of 1970, this Act shall be treated as amendatory of such Act.

(b)(1) If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of emergency compensation under this Act to which he was not entitled, such individual—

(A) shall be ineligible for further emergency compensation under this Act in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(B) shall be subject to prosecution under section 1001 of title 18, United States Code.

(2)(A) In the case of individuals who have received amounts of emergency compensation under this Act to which they were not entitled, the State is authorized to require such individuals to repay the amounts of such emergency compensation to the State agency, except that the State agency may waive such repayment if it determines that—

(i) the payment of such emergency compensation was without fault on the part of any such individual, and

(ii) such repayment would be contrary to equity and good conscience.

(B) The State agency may recover the amount to be repaid, or any part thereof, by deductions from any emergency compensation payable to such individual under this Act or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date such individuals received the payment of emergency compensation to which they were not entitled, except that no single deduction may exceed 50 per centum of the weekly benefit amount from which such deduction is made.

(C) No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(3) Any determination by a State agency under paragraph (1) or (2) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCEWEN) to revise and extend their remarks and include extraneous material:)

Mr. MCDADE, for 5 minutes, today.

Mr. LIVINGSTON, for 60 minutes, Thursday, May 28.

Mr. MCCOLLUM, for 60 minutes, Wednesday, May 20.

Mr. PORTER, for 15 minutes, today.

Mr. COLLINS of Texas, for 30 minutes, Thursday, May 14.

(The following Members (at the request of Mr. FAZIO) to revise and extend their remarks and include extraneous material:)

Mr. KASTENMEIER, for 5 minutes, today.

Mr. BLANCHARD, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. DANIELSON, for 5 minutes, today.

Mr. MAVROULES, for 30 minutes, Thursday, May 14.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. FAZIO, to insert his remarks in the RECORD immediately following those of the chairman of the full committee, in chapter IX.

Mr. NATCHER, and to include extraneous remarks immediately following the reading of chapter VIII of H.R. 3512, in the Committee of the Whole today.

(The following Members (at the request of Mr. MCEWEN), and to include extraneous matter:)

Mr. BROWN of Ohio in two instances.
Mr. WEBER of Minnesota.
Mr. MICHEL in two instances.
Mr. BETHUNE.
Mr. CONTE.
Mr. FINDLEY.
Mr. SHUSTER.
Mr. PARRIS.
Ms. FIEDLER.
Mr. LIVINGSTON.
Mr. NAPIER in three instances.
Mr. WEBER of Ohio.
Mr. GRISHAM.
Mrs. HOLT.
Mr. LAGOMARSINO in two instances.
Mr. PORTER.

(The following Members (at the request of Mr. FAZIO) and to include extraneous matter:)

Mr. FORD of Michigan.
Mr. GUARINI in two instances.
Mr. STOKES in three instances.
Mr. EDWARDS of California.
Mr. DIXON.
Mr. SCHEUER.
Mr. HAMILTON.
Mr. AUCOIN.
Mr. NOWAK.
Mr. CONYERS in two instances.
Mr. MINISH.
Mr. YATRON.
Mr. BOLAND.
Mr. FAUNTROY.
Mr. WEISS.
Mrs. SCHROEDER.
Mr. STUMP.
Mr. WOLPE.
Mr. MILLER of California.
Mr. FRANK.
Mr. MCDONALD.
Ms. OAKAR in three instances.
Mr. OTTINGER.
Mr. FOGLIETTA.
Mr. FOLEY.
Mr. DANIELSON.
Mr. SOLARZ in two instances.
Mr. GEPHARDT.
Mr. BENNETT.
Mr. DELLUMS.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 79. Joint resolution to designate the second week in May beginning with Mother's Day, May 10, 1981, as "Senior Center Week"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. FAZIO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Thursday, May 14, 1981, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1337. A letter from the Deputy Secretary of Defense, transmitting a report on real and personal property of the Department of Defense as of September 30, 1980, pursuant to 10 U.S.C. 2701; to the Committee on Armed Services.

1338. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend title 10 of the United States Code by repealing the provision limiting compensation for members of the Naval Research Advisory Committee to $50 per day; to the Committee on Armed Services.

1339. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of various construction projects proposed to be undertaken by the Army Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

1340. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of various construction projects proposed to be undertaken by the Air Force Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

1341. A letter from the Deputy Assistant Secretary of Defense (Military Personnel Policy), transmitting reports filed covering fiscal year 1980 by former military and civilian employees of the Defense Department currently employed by defense contractors, and current Defense Department employees formerly employed by defense contractors, pursuant to section 410(d) of Public Law 91-121; to the Committee on Armed Services.

1342. A letter from the Chairman, Board of Governors of the Federal Reserve System, transmitting the Board's first annual report on the Electronic Fund Transfer Act, pursuant to section 918 of the Consumer Credit Protection Act, as amended; to the Committee on Banking, Finance and Urban Affairs.

1343. A letter from the Chairman, Board of Governors of the Federal Reserve System, transmitting his first annual report on the activities of the Depository Institutions Deregulation Committee, pursuant to section 206 of Public Law 96-221; to the Committee on Banking, Finance and Urban Affairs.

1344. A letter from the Mayor of the District of Columbia, transmitting the annual report for calendar year 1980 on administration of the District of Columbia Unemployment Compensation Act, pursuant to section 313(c) of title 46 of the District of Columbia Code; to the Committee on the District of Columbia.

1345. A letter from the Secretary of Education, transmitting proposed final regulations to govern the Education Appeal Board, pursuant to section 431(d)(1) of the General Education Provisions Act; to the Committee on Education and Labor.

1346. A letter from the Secretary of Energy, transmitting a report on the electric reliability study, along with the final report and executive summary, pursuant to section 209 of Public Law 95-617; to the Committee on Energy and Commerce.

1347. A letter from the Acting Administrator, Energy Information Administration, transmitting a report on the demonstrated reserve base of coal in the United States as of January 1, 1979, pursuant to section 801 of Public Law 95-620; to the Committee on Energy and Commerce.

1348. A letter from the Acting General Counsel, Department of Energy, transmitting notice of various meetings relating to the international energy program to be held on May 12-15 in Tokyo; to the Committee on Energy and Commerce.

1349. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the month of March 1981, on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Energy and Commerce.

1350. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Australia for permission to transfer certain U.S.-origin military equipment to Malaysia, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1351. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Australia for permission to transfer certain U.S./origin military equipment to New Zealand, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1352. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Italy for permission to transfer certain U.S.-origin military equipment to Morocco, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1353. A letter from the Secretary of the Interior, transmitting notice of the receipt of an application for a loan under the Small Reclamation Projects Act of 1956 from the Ak-Chin Indian Community, Arizona, pursuant to section 10 of the act; to the Committee on Interior and Insular Affairs.

1354. A letter from the Secretary of the Interior, transmitting notice of the receipt of an application for a loan under the Small Reclamation Projects Act of 1956 from the Yuba County Water Agency, California, pursuant to section 10 of the act; to the Committee on Interior and Insular Affairs.

1355. A letter from the Acting Deputy Assistant Secretary of the Interior for Indian Affairs, transmitting a proposed plan for the use and distribution of certain judgement funds of the Mississippi and Lake Superior Bands of Chippewa Indians for the Leech Lake Reservation group in Minnesota, pursuant to section 2(a) and 4 of Public Law 93-134; to the Committee on Interior and Insular Affairs.

1356. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports covering visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

1357. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting a copy of an order suspending deportation under the authority of section 244(a)(2) of the Immigration and Nationality Act, pursuant to section 244(c) of the act; to the Committee on the Judiciary.

1358. A letter from the Acting Administrator, Veterans' Administration, transmitting a draft of proposed legislation to amend chapter 19 of title 38, United State Code, to permit the unrestricted assignment of a beneficiary's interest in the proceeds of a Government Life Insurance policy in cases involving contested claims, and to increase the amount an attorney may receive for representing a claimant in such cases; and for other purposes; to the Committee on Veterans' Affairs.

1359. A letter from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to authorize the setoff of annuity payments or refunds payable from the Civil Service Retirement and Disability Fund to former employees of the government of the District of Columbia in order to liquidate debts owed to the government of the District of Columbia; jointly, to the Committees on the District of Columbia, and Post Office and Civil Service.

1360. A letter from the Acting Comptroller General of the United States, transmitting a report on the Federal role in dealing with major, long-term electrical emergencies resulting from terrorism, (EMD-81-50, May 12, 1981); jointly, to the Committees on Government Operations and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FUQUA: Committee on Science and Technology. H.R. 1520. A bill to authorize appropriations for activities for the National Science Foundation for the fiscal year 1982; with amendment (Rept. No. 97-34). Referred to the Committee of the Whole House on the State of the Union.

Mr. GAYDOS: Committee on House Administration. House Resolution 127. Resolution authorizing the printing of a collection

of statements in tribute to the late Representative Olin E. Teague (Rept. No. 97-35). Referred to the House Calendar.

Mr. PERKINS: Committee on Education and Labor. H.R. 3337. A bill to extend the authorization for youth employment and demonstration programs, and for other purposes (Rept. No. 97-36). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ZABLOCKI (for himself, Mr. FASCELL, Mr. ROSENTHAL, Mr. HAMILTON, Mr. BINGHAM, Mr. YATRON, Mr. SOLARZ, Mr. BONKER, Mr. MICA, Mr. BARNES, Mr. WOLPE, Mr. LANTOS, Mr. BROOMFIELD, Mr. WINN, Mr. GILMAN, Mr. PRITCHARD, Mrs. FENWICK, Mr. LEACH of Iowa, and Mr. ERDAHL):

H.R. 3566. A bill to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BINGHAM (for himself, Mr. ZABLOCKI, Mr. FASCELL, Mr. HAMILTON, Mr. YATRON, Mr. SOLARZ, Mr. BONKER, Mr. IRELAND, Mr. MICA, Mr. BARNES, Mr. WOLPE, Mr. LANTOS, Mr. DERWINSKI, Mr. WINN, Mr. GILMAN, Mr. LAGOMARSINO, Mr. GOODLING, Mr. PRITCHARD, Mrs. FENWICK, Mr. LEACH of Iowa, and Mr. ERDAHL):

H.R. 3567. A bill to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FLORIO:

H.R. 3568. A bill to amend the Rail Passenger Service Act to authorize additional appropriations for the National Railroad Passenger Corporation, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BEREUTER:

H.R. 3569. A bill to modify the flood control project for the town of Niobrara, Nebr.; to the Committee on Public Works and Transportation.

By Mr. BIAGGI:

H.R. 3570. A bill to amend title IV of the Social Security Act to provide for a demonstration program to test the States' ability to develop functional alternatives to the current work requirements of the aid to families with dependent children; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. FORD of Michigan (for himself, Mr. DINGELL, Mr. CONYERS, Mr. TRAXLER, Mr. BRODHEAD, Mr. BLANCHARD, Mr. KILDEE, Mr. BONIOR of Michigan, Mr. WOLPE, Mr. ALBOSTA, Mr. CROCKETT, and Mr. HERTEL):

H.R. 3571. A bill to provide a program of emergency unemployment compensation; to the Committee on Ways and Means.

By Mr. GOODLING:

H.R. 3572. A bill to make certain amendments to the act of September 30, 1950 (Public Law 874, 81st Congress) and Pub. L. 93-380; to the Committee on Education and Labor.

By Mr. GUARINI:

H.R. 3573. A bill to provide that the U.S. District Court for the Judicial District of New Jersey shall be held at Jersey City, N.J., in addition to those places currently provided by law; to the Committee on the Judiciary.

By Mr. HEFTEL:

H.R. 3574. A bill to amend the Service Contract Act of 1965 to extend its geographical coverage to contracts performed on Midway Island; to the Committee on Education and Labor.

By Mrs. HOLT:

H.R. 3575. A bill to provide for the issuance of a postage stamp to commemorate the 70th anniversary of the founding of the Girl Scouts of the United States of America; to the Committee on Post Office and Civil Service.

H.R. 3576. A bill to amend the Internal Revenue Code of 1954 to exclude certain service performed on fishing boats from coverage for purposes of unemployment compensation; to the Committee on Ways and Means.

By Mr. McCLOSKEY:

H.R. 3577. A bill to amend the Merchant Marine Act of 1920; to the Committee on Merchant Marine and Fisheries.

By Mr. McCLOSKEY (for himself, Mr. BARNARD, Mr. HARTNETT, Mr. JOHNSTON, Mr. JACOBS, Mrs. FENWICK, Mr. WHITEHURST, Mr. FORSYTHE, Mr. BEDELL, Mr. FRENZEL, Mr. JEFFRIES, Mr. PORTER, Mr. TAUKE, Mr. BEARD, and Mr. BURGENER):

H.R. 3578. A bill to amend the Shipping Act of 1916; to the committee on Merchant Marine and Fisheries.

By Ms. OAKAR:

H.R. 3579. A bill to modify the project for the Cuyahoga River Basin, Ohio, to provide for relocation of certain utilities in the vicinity of the Cleveland Zoo; to the Committee on Public Works and Transportation.

By Mr. RAILSBACK (for himself and Mr. KASTENMEIER):

H.R. 3580. A bill to amend title 28, United States Code, to reduce the service of process by U.S. marshals in private civil actions; to the Committee on the Judiciary.

By Mr. RUSSO:

H.R. 3581. A bill to amend the Internal Revenue Code of 1954 to exclude certain foreign commodity income from treatment as foreign personal holding company income; to the Committee on Ways and Means.

By Mr. SAVAGE:

H.R. 3582. A bill to direct the U.S. Postal Service to provide and sell a postage stamp issue to commemorate the life and achievements of former world heavyweight boxing champion Joe Louis; to the Committee on Post Office and Civil Service.

By Mr. SWIFT (for himself and Mr. PRITCHARD):

H.R. 3583. A bill to provide for a series of regional Presidential primary elections; to the Committee on House Administration.

By Mr. WEAVER:

H.R. 3584. A bill to authorize the President to establish a National Security Oil and Gas Reserve, consisting of undeveloped public lands (including coastal zones) owned or controlled by the United States, to insure that the Nation has adequate oil and natural gas resources available to it during times of national emergencies; to the Committee on Interior and Insular Affairs.

By Mr. HANCE:

H.R. 3585. A bill to assure that sales of agricultural commodities by the United States are made at prices which are not less than the cost of production; jointly, to the Committees on Agriculture and Foreign Affairs.

By Mr. LUJAN:

H.R. 3586. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. PETRI:

H.R. 3587. A bill to extend and amend programs under the Older Americans Act of 1965, and for other purposes; to the Committee on Education and Labor.

By Mr. RANGEL (for himself, Mr. DUNCAN, Mr. LUKEN, and Mr. WHITTAKER):

H.R. 3588. A bill to amend the applicable provisions of the Social Security Act and the Public Health Service Act to assure that any individual who is eligible to receive eye or vision care services or foot care services which are covered under such a program will be effectively guaranteed the right to select a person licensed to practice medicine, osteopathy, optometry or podiatry to render such services for which he is legally authorized to perform; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. SKEEN (for himself and Mr. LUJAN):

H.R. 3589. A bill to authorize the exchange of certain land held by the Navaho Tribe and the Bureau of Land Management, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. PHILIP M. CRANE:

H.J. Res. 254. Joint resolution to designate the week beginning October 4, 1981, as "National Respect Life Week"; to the Committee on Post Office and Civil Service.

H.J. Res. 255. Joint resolution to designate the second week in October of each year as "National Respect Life Week"; to the Committee on Post Office and Civil Service.

By Mr. BEARD:

H. Con. Res. 134. Concurrent resolution expressing the sense of the Congress with respect to Syrian aggression; to the Committee on Foreign Affairs.

By Mr. CONTE:

H. Con. Res. 135. Concurrent resolution expressing the hope of the Congress that Pope John Paul II will recover promptly from the wounds suffered by him during an attempted assassination on May 13, 1981; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

74. By the SPEAKER: A memorial of the House of Representatives of the State of Kansas, relative to health and safety warnings on alcoholic beverage containers; to the Committee on Energy and Commerce.

75. Also, a memorial of the Legislature of the State of Indiana, relative to personal income, estate and gift taxes; to the Committee on the Judiciary.

76. Also, a memorial of the Legislature of the State of California, relative to investment tax credits; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLAND:

H.R. 3590. A bill for the relief of Guillermo Enrique Sayan; to the Committee on the Judiciary.

By Mr. DYSON:

H.R. 3591. A bill for the relief of Hyung Joo Kim; to the Committee on the Judiciary.

By Mr. EDWARDS OF California:

H.R. 3592. A bill for the relief of Uili Tuifua, Talameafoou Tuifua, Heta Tuifua, Sateki Tuifua, Ilaisaane Tuifua, and Ofa Hemooni Tuifua; to the Committee on the Judiciary.

By Mr. McHUGH:

H.R. 3593. A bill for the relief of Chong Suk Zeilnhofer; to the Committee on the Judiciary.

By Mr. MOTTL:

H.R. 3594. A bill for the relief of Lt. Cmdr. Frederick R. Marlin, Jr., U.S. Navy; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 160: Mr. GINN.

H.R. 231: Mr. D'AMOURS and Mr. HUTTO.

H.R. 232: Mr. BEREUTER.

H.R. 476: Mr. ROTH.

H.R. 501: Mr. DAUB, Mr. DREIER, Mr. BREAUX, Mr. ERDAHL, Mr. FIELDS, Mr. FORD of Tennessee, Mr. GUNDERSON, Mr. BROWN of California, Mr. HAMMERSCHMIDT, Mr. JONES of Tennessee, Mr. MAZZOLI, Mr. MOORE, Mr. MILLER of Ohio, Mr. MCKINNEY, Mr. ROGERS, and Mr. SCHULZE.

H.R. 560: Mr. LONG of Maryland, Mr. EDGAR, Mr. MAVROULES.

H.R. 790: Mr. LOWERY of California.

H.R. 822: Mr. MARKEY.

H.R. 1463: Mr. GRAY.

H.R. 1554: Mr. RATCHFORD.

H.R. 1711: Mr. LANTOS.

H.R. 1778: Mr. HANSEN of Idaho and Mr. STANGELAND.

H.R. 1864: Mr. FAZIO.

H.R. 2104: Mr. FORSYTHE, Mr. CORRADA, Mr. FISH, Mr. DUNCAN, Mr. LUNGREN, Mr. LAGOMARSINO, and Mr. EDWARDS of Oklahoma.

H.R. 2402: Mr. HAGEDORN, Mr. PICKLE, and Mr. VANDER JAGT.

H.R. 2472: Mr. BEDELL and Mr. SIMON.

H.R. 2473: Mr. MITCHELL of Maryland, Mr. PRITCHARD, Mr. LAGOMARSINO, Mr. PETRI, and Mr. FORSYTHE.

H.R. 2488: Mr. PANETTA.

H.R. 2512: Mr. COURTER.

H.R. 2606: Mr. BEDELL, Mr. BEILENSON, Mr. BRODHEAD, Mr. CONYERS, Mr. ECKART, Mr. EDGAR, Mr. EDWARDS of California, Mr. FLORIO, Mr. LEHMAN, Mr. MITCHELL of Maryland, Mr. STARK, Mr. STOKES, and Mr. VENTO.

H.R. 2646: Mr. BENJAMIN, Mr. SMITH of Iowa, Mr. BROOMFIELD, Mr. DUNCAN, Mr. PEPPER, Mr. WILLIAMS of Montana, Mr. DANNEMEYER, and Mr. PHILIP M. CRANE.

H.R. 2797: Mr. BAFALIS, Mr. BARNARD, Mr. FORSYTHE, Mr. FROST, Mr. GLICKMAN, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LOTT, Mr. LUNGREN, Mr. MCCLOSKEY, Mr. MATSUI, Mr. MOTTL, Mr. NEAL, Mr. PANETTA, Mr. PRITCHARD, Mr. ROUSSELOT, Mr. WHITEHURST, Mr. WHITTAKER, Mr. WILSON, Mr. WINN, and Mr. WON PAT.

H.R. 2813: Mr. CORCORAN, Mr. DE LUGO, Mr. DERWINSKI, Mr. LELAND, and Ms. OAKAR.

H.R. 2934: Mr. LOWERY of California.

H.R. 2936: Mr. EDWARDS of Oklahoma.

H.R. 2983: Mr. YOUNG of Alaska, Mr. FORSYTHE, Mr. FISH, Mr. LEBOUTILLIER, Mr. BAILEY of Pennsylvania, Mr. OTTINGER, Mr. DOUGHERTY, Mr. EDWARDS of Oklahoma, and Mr. KINDNESS.

H.R. 3021: Mr. YOUNG of Alaska, Mr. BEDELL, Mr. JONES of North Carolina, and Mr. LEWIS.

H.R. 3022: Mr. BEILENSON, Mr. EDWARDS of California, Mrs. FENWICK, Mr. HUGHES, Mr. MITCHELL of Maryland, Mr. VENTO, and Mr. WEISS.

H.R. 3045: Mr. AUCOIN, Mr. GEJDENSON, Mr. BROWN of California, Mr. STOKES, and Mr. MITCHELL of Maryland.

H.R. 3046: Mr. DWYER, Mr. MCEWEN, Mr. WYDEN, Mr. WILLIAM J. COYNE, Mr. MINETA, Mr. GRAY, and Mr. ROYBAL.

H.R. 3083: Mr. ARCHER.

H.R. 3122: Mr. FORSYTHE.

H.R. 3269: Mr. SANTINI, Mr. BONER of Tennessee, Mr. GREGG, and Mr. COLLINS of Texas.

H.R. 3353: Mr. NELLIGAN, Mr. WINN, Mr. DOUGHERTY, Mr. ROE, Mr. LEBOUTILLIER, Mr. CORRADA, and Mr. SOLOMON.

H.R. 3380: Mr. DOUGHERTY.

H.R. 3442: Mr. MINETA.

H.R. 3520: Mr. EDGAR, Mr. GAYDOS, Mr. HAMILTON, Mr. SMITH of Alabama, and Mr. WALKER.

H.J. Res. 68: Mr. FOGLIETTA.

H.J. Res. 94: Mr. ZEFERETTI.

H.J. Res. 176: Mr. GRAY, Mr. FORD of Michigan, Mr. CORRADA, Mr. CONYERS, and Mr. BEREUTER.

H.J. Res. 213: Mr. DREIER, Mr. SPENCE, Mr. HENDON, Mr. MITCHELL of New York, Mr. PRITCHARD, Mr. DWYER, Mr. HARTNETT, Mr. TAUZIN, Mrs. ROUKEMA, Mr. GREEN, Mr. WILLIAMS of Ohio, Mr. LEHMAN, Mr. GAYDOS, Mr. SAM B. HALL, JR., Mr. STENHOLM, Mr. HANSEN of Utah, Mr. SABO, Mr. LEACH of Iowa, Mr. GINGRICH, and Mr. MINETA.

EXTENSIONS OF REMARKS

AN ANALYSIS OF REGULATORY REFORM LEGISLATION

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BETHUNE. Mr. Speaker, while I was home during the April district work period, I had the pleasure of reading a very good analysis of regulatory reform legislation written by Mr. N. M. "Mac" Norton, Jr. Mr. Norton is currently chairman of the Arkansas Public Service Commission and was formerly an attorney for the U.S. Department of Justice where he represented Federal regulatory agencies. His work at the Department of Justice eminently qualifies him to comment on the current debate on regulatory reform, and I strongly recommend his analysis to my colleagues for their review.

I hope Mr. Norton's article, which appeared in the April 17 edition of the Arkansas Gazette, may be of benefit to my colleagues:

"REGULATORY ANALYSIS" LEGISLATION

(By N. M. Norton Jr.)

In a recent article in "Other Views" Senator Dale Bumpers recommended two ideas for dealing with federal regulatory sprawl. He favors "regulatory analysis" legislation, which would require agencies to perform a cost/benefit study before changing a regulation and to consider less imposing ways of achieving the rule's goal.

The senator himself has the Bumpers amendment, an idea he has promoted for years and whose time appears to be coming at last. Under this proposal the burden of proof in litigation over a regulation would flip. In other words, the agency would have to convince the court that its rule was proper, rather than, as things stand now, the opponent having to prove it improper. Also, the present "deference" paid by courts to agency interpretation of statutes would be prohibited. The aim, more or less, is to let both sides start even in court.

The senator believes that regulatory analysis and the Bumpers amendment will become law this year. Indeed, it is hard to be against this kind of thing even as we recall that it was George Wallace and his diatribes against "pointy-headed bureaucrats" that first got the ball rolling. (The Alabama governor may not have phrased things as politely as our senior senator but he, too, had a good sense of where to hammer to hit the stud.) The legislation Senator Bumpers outlined certainly has merit. Federal regulation today is awesome and it does seem somehow more "American" to even up the courtroom odds.

The task, however, is greater than even he has reckoned and involves more than straightening out the agencies after the fact. If he is to succeed, the senator must approach regulatory reform like John Jones attacking the *Serapis*. He has not yet begun to fight.

Senator Bumpers' expectation that regulatory analysis will pass Congress this year has a high probability of fulfillment, but for reasons that he does not mention. In a Republican administration, such a bill can be expected to pass a Republican Senate because it is antigovernment legislation, and that is the way Republicans are. It can equally be expected to pass a Democratic House because it limits the regulatory flexibility of the Republican administration, and that is the way Democrats are. (This is one of the reasons Republican presidents can work well with Democratic Congresses. Republicans don't like the government, and Democrats don't either when the Republicans are running it.)

Observers keener than I have seen a mild irony in this situation. Mostly, it is the Republicans who want to change, trim and abolish regulations. If that is your goal, regulatory analysis just gets in the way. Regulatory analysis makes change more difficult and so favors the status quo. From the Republican point of view, the status quo is all that bloated regulation that the Democrats gave us. A vote for regulatory analysis is a vote for the bloat, but this detail will probably go unnoticed once the fervor of regulatory reform takes hold.

Aside from the obvious fact that regulatory analysis will slow things down and give lawyers more arguments, a potential boobytrap in the program is that it counts too much on studies, cost/benefit or otherwise. Studies are nothing new to regulation. There is a saying among regulatory lawyers that if you win the study, you win the case. That motto speaks volumes about the objectivity of studies. A regulatory analysis requirement may well move the regulatory give-and-take process backward from the current notice-comment-hearing process into the study process where there will be less due process.

Leaving those problems aside, let us consider the fate of regulatory analysis in the hands of the accomplished bureaucrat, the seasoned pro who can spot a Bumpers amendment coming a mile away. He will be ready for regulatory analysis and is probably already drafting new forms that will accommodate the concept on paper and gut it in reality. And who is going to have to fill out those forms? The same one who wants a rule changed, or left alone. That person had better be prepared to do some "regunalysis" for the federal agency. The upshot could be a Mongol horde of lawyers and consultants with attendant delay and consequent litigation, which is where the Bumpers amendment comes in.

Senator Bumpers criticizes the courts for giving great weight ("deference") to the regulatory agency's interpretation of statutes governing it. If courts have carried that idea too far, they have anticipated the criticism. Countless judicial opinions throw the problem back at Congress with this sort of reasoning: "We have read this statute this way for quite some time during which Congress has re-enacted the thing at least once and has passed a dozen or so more like it. Congress has never said our interpretation did not reflect its intent, though it has had a wealth of opportunity in that direction. Thus, we must be on the mark." No matter how doubtful this reasoning is, there is only so much of it that Congress can ignore before the courts become right by default. What Senator Bumpers proposes—to reverse the burden of proof and eliminate traditional deference to the agency—may be too little and too late now that judges have got comfortable with things the other way around.

What he calls for on the part of courts is not work they like to do. My own experience in this kind of law has been that most judges loathe it. Reviewing agency decisions is a complicated job, and they have to do it alone with no jury to help. Under the whip of the "too hard" rule—"this stuff is just too hard"—they have created burdens and deferences in favor of the agency that has to fool with the stuff every day. This is all very practical and has little to do with law, though it has a lot to do with judging.

I do not mean to be overly critical of courts here. "Deference" is not judicial sleight-of-hand; it is legal realism. Senator Bumpers fails to consider the dilemma judges might face without deference and other traditions. To begin with, Congress' product is often ambiguous and occasionally inconsistent. When these flaws surface in court, judges can apply some common-law mechanics to the problem or they can throw the Constitution out the window and try to decide how they would have voted on the bill if they had been in Congress.

Tools like deference allow the judiciary to mind the separation of powers doctrine even when the evidence in a case is in perfect balance. Such tools have their practical points, too. Congress has a fair amount of control over regulatory agencies while it has little over the courts. Judicial deference to agency interpretations leaves the problem, when there is one, at the agency where Congress can get at it more directly. And that brings us to the taproot of the issue.

What is fundamentally disquieting about regulatory analysis and the Bumpers amendment is their substitution of a bureaucratic or a judicial response for what should be a political one. These proposals are only another attempt to compel the agencies to do what they should already be doing: Sensibly balancing means and ends and providing fair hearings. Nothing in the present procedural law is incompatible with those goals and much of what is there commands that they be met. The best solution is to put the right people in the right places to see that the law is carried out the way it was written. That is the responsibility of Congress and the President, and there is not much that studies and courts can do to help.

The role of Congress is especially important, for it is truly larger than the executive's. The right people in the right places must have a coherent plan to work from, and that must come from Congress. Of course, no one can expect Congress to audit the tumult of federal regulation as it occurs. Even with other measures Senator Bumpers proposes, such as budgeting two years at a time, Congress will never be able, in his words, "to tackle the massive task of review-

ing the whole complex of administrative actions." What Congress should do, instead, is learn from the past and resolve to do better next time.

While we cannot call upon Congress to oversee all the daily doings of the bureaucracy, we should be able to expect some congressional fortitude at the outset of a regulatory program. Congress should recognize regulatory issues before a statute is passed and make the hard decisions legislatively, giving the regulatory agencies firm, clear guidance. Too often the legislative process sidesteps the resolution of tough issues, leaving regulation to fill the vacuum. The inevitable result is the current state of regulatory affairs. Senator Bumpers acknowledges this problem, but he should also recognize that it will continue until Congress amends its attitude, as well as its legislation. If he is to succeed, and we should wish him well, Senator Bumpers must remind Congress of how Pogo identified the enemy.●

ABOLISH THE DAVIS-BACON ACT

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. HAGEDORN. Mr. Speaker, I commend to my colleagues the following article by Hubert Harris, executive vice president of the Associated Builders & Contractors, which adds strength to an already powerful case for repeal of the Davis-Bacon Act. The article recently appeared in the Washington Star and the Chamber of Commerce Washington Report.

Mr. Harris rightly argues that repeal of this costly and inflationary law ought to be dealt with as part of the ongoing budgetary process, thereby saving the taxpayers billions of dollars. In this year alone, with the Davis-Bacon Act in place and operating in full force, the Government's $35 billion construction program will cost the American taxpayers $5.2 billion more than it ought to.

Mr. Harris develops this and other arguments for including repeal of the Davis-Bacon as part of the budget process in this article and I am pleased to have the opportunity to share it with my colleagues.

[From the Washington Report]

ABOLISH THE DAVIS-BACON ACT

(By Hubert L. Harris)

As the Reagan administration continues its assault on inflation and the bloated federal bureaucracy, the budget-cutters would be wise—especially while the president enjoys broad public support—to look at those laws, rules and regulations that govern federal procurement. One is the Davis-Bacon Act, which tends to increase the cost of government construction unnecessarily.

Not only are there real tax savings to be gained from eliminating the 1931 law—which guarantees a premium (usually union) wage for anyone working on a federally financed project—but such a move would enhance the administration's credibility in the fight against inflation.

ACT COSTS BILLIONS YEARLY

Some estimates put the cost of federal-government construction at nearly 15 percent higher than that of private-sector construction. If this is true, then the government's $35-billon construction program this year will cost the American taxpayers $5.2 billion more than it ought to. And if the "trickle-down" theory of other experts is true, then the total cost of Davis-Bacon—its impact also extends to local-government construction programs and private construction—may well be more than $15 billion a year in excess construction costs.

The reasons, of course, why this outrage has been allowed to continue is a lesson in influence—organized labor's influence. Back in 1931, during the depths of the Depression, Congress passed Davis-Bacon as a way to prevent itinerant contractors from undercutting bids on federal projects by employing mostly black, non-union labor. The government decreed that henceforth, it would be illegal to use wage rates as a factor in competitive bidding.

A lot has changed since 1931. And even though the average construction worker's wage is nearly twice that of the average wage of all workers, we still have Davis-Bacon, which sets minimum wage sometimes as much as $7 more than the prevailing wage.

Not only is the act out of step with the growing demand for more modern government practices, it has been found to shut out classes of people such as minorities, women and youths—to the extent that most of these people are not fortunate enough to have high-paying skilled jobs in the construction building trades unions.

Because the law specifies that generally high wage rates be paid workers in rigid work classifications, the disincentive is strong for contractors not to hire entry-level people. Many contractors who do hire entry-level workers for many tasks refuse to bid on federal work. Such a policy protects no one and deprives the public of a more competitive bid situation.

DEMOCRATS ENDORSE REFORM

Recently, however, the Conservative Democratic Forum, a group of 40 or so Democrats in the House, recognized the folly of Davis-Bacon and called for its repeal as a way to save billions of tax dollars. Others Democrats, too, are reportedly considering breaking their historic endorsement of the law and suggesting, at the minimum, substantial reform. Many of them openly acknowledge that the federal government has been successful in protecting the standard of living of construction workers—at government's expense.

Because the president now has the advantage of having public support for his economic program, he has unprecedented opportunity to reform substantially the federal government and its bureaucracy by controlling the federal budget.

The best way to deal with Davis-Bacon in the current environment is as a budget issue, which it is, and not as a labor issue, which it is not. It is time for Congress to recognize that its past good deeds have accomplished their intended results, especially in the case of Davis-Bacon. It's one of those items that has been on the government's shelf too long. The time to remove it is now, while the public sentiment for change runs deep.●

RESHAPING THE FEDERAL SYSTEM

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. HAMILTON. Mr. Speaker, I insert my Washington report for Wednesday, May 13, 1981, into the CONGRESSIONAL RECORD:

RESHAPING THE FEDERAL SYSTEM

While public attention is focused on the budget battle in Congress, another critical fight—one which may be just as important to the future role of the federal government—is going on behind the scenes. This other fight will determine the shape of the vast network of federal social programs.

President Reagan wants to eliminate 86 federally supervised "categorical" grant programs which provide a wide array of social services, from education for the handicapped to energy assistance for the elderly. In their place the President hopes to create seven "block" grant programs under which the federal government would transfer money to state and local governments, allowing them to use the money as they see fit in broad areas such as education and health. Mr. Reagan also wishes to trim total spending for social programs by 25 percent.

The concept of the block grant is not a new one. Such grants have been proposed from time to time as devices to counteract an excessive concentration of power in Washington. The President's proposal is, in its basic elements, similar to the "new federalism" advocated by President Nixon in 1969.

People who have an interest in categorical grant programs are now contacting members of Congress in large numbers. They usually say that they are willing to bear their fair share of the spending cuts, but they add that they do not want to see the categorical grant programs dismantled. They are fearful that block grant programs might result in hardship for the poorest and most vulnerable Americans. They argue that the needs of these Americans might be unmet altogether, or else might be met in some states but not in others. They point out that many of the programs marked for extinction were set up just because state and local governments had failed to respond to needs. Also, they contend that total administrative costs would increase as states and localities took on extra responsibilities.

Over the years the governors of the states have tended to favor Mr. Reagan's approach. They have almost always asked for greater influence and less red tape in the management of federal funds. Nonetheless, the governors are concerned about the possibility of a sharp decline in spending for federal social programs. They say that they could stand a cut of 10 percent if they were given more control. At the same time, however, they call on Washington to assume responsibility for all welfare programs. They note that states and cities would make a disproportionate sacrifice if Mr. Reagan's suggested reductions went through. High on the list of presidential proposals that disturb them are the "cap" on medicaid, the elimination of public service jobs, less money for highways, and cutbacks in the food stamp program. If the President's plan is approved by Congress, the states will be

faced with the choice of raising taxes to pick up where the federal government leaves off, scaling back programs to lower levels of activity, or ending some services. The governors are concerned, too, that changes in intergovernmental relations not occur too rapidly. Most of the cuts proposed by Mr. Reagan would become effective this October and would affect three-quarters of the July-to-June fiscal year in the majority of states which have such a fiscal year, but in most instances budgets have already been approved and legislatures have adjourned.

It is too early to tell how Congress will respond to the call for far-reaching changes in the federal system. Early votes on the budget—which have been won by the President—do not appear to translate into sure support for block grants. I find that the typical legislator recognizes the administrative complexity of categorical grants. He recognizes as well that the programs have grown too large. They totaled about $104.8 billion in 1980, account for 25 percent of all state and local outlays, and impose on states and localities nearly 1,500 mandates. Yet, the typical member is aware that there are pitfalls in the shift to block grant programs. He may also worry that there has not been time to prepare for it.

The political aspects of the President's "new federalism" cannot be overlooked. By moving huge sums of money out of Washington to the states and cities, Mr. Reagan would dilute the power of the federal government. Some legislators (I am not among them) have complained that if the President had his way, Congress would do little more than collect taxes.

We should not approach the choice between categorical grant and block grant programs with preconceived ideas. In each instance, Congress should try to make the program work better. At times the categorical grant program may be necessary, but in other cases the block grant program may be better. Congress should weigh each of the President's requests carefully, keeping in mind the difficulties of the categorical grant program but making sure that change promotes efficiency. Overall, my feeling is that we will not see a quantum change in the federal system. I do think that major changes will evolve piecemeal in the years ahead. State duties will grow as states become larger actors in the federal system.●

NUTRITION PROGRAMS FOR THE ELDERLY

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. SCHEUER. Mr. Speaker, over the course of the continuing debate on the major issue before this Congress—the state of the economy and an appropriate fiscal policy—many Members have had an opportunity to speak their minds and cast their votes. Regrettably, the outcome has been unfortunate in many respects. Particularly upsetting is a basic failure to keep faith with our obligations to the elderly people of this Nation.

Last week, Congress voted down a budget amendment offered by our thoughtful and distinguished colleague from Wisconsin, Mr. OBEY. His amendment would have restored $100 million for senior citizens' nutrition programs. That money would practically have made up for the loss to elderly nutrition programs resulting from the termination of CETA employees and the failure of the Reagan budget to account for increased food and energy costs.

Specifically, Mr. Speaker, 33 million meals nationwide will never be served because the House of Representatives, by an embarrassingly substantial margin, turned its back on our Nation's elderly and defeated the Obey amendment. As a result, 600,000 senior citizens will be eliminated from nutrition programs they desperately need because of the meat-ax approach to budget cutting that the House has chosen to take.

In my own great State of New York, 2,660,000 meals will not be served and 47,200 elderly will be eliminated from nutrition programs.

Mr. Speaker, I have seen with my own eyes how useful the Meals-on-Wheels and other nutrition programs for the elderly really are. They often literally mean the difference between life and death for seniors who, for fear of violent crime, or for lack of money to go out and buy food, are prisoners in their own homes.

We bear a heavy responsibility for the actions this House has taken. Congress has let down our Nation's finest citizens who have built this Nation and are now trying their best to get by on social security and what little savings they may have accumulated over a lifetime of hard work.

Unfortunately, costs today are higher than ever before, and we, in an act of indifference and political expediency, have sent the message to our elderly that they must fend for themselves and can expect little help from the great country they worked so hard all their lives to build.

Mr. Speaker, the day will come when Members of Congress will regret the actions of last week. In the months to come, I intend, along with many of our colleagues, to fight a determined battle to preserve and protect the programs we have set up to serve the basic needs of our senior citizens. One battle has been lost, but more battles lie ahead.●

TRIBUTE TO BOB VAN DER MEID

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. ANDERSON. Mr. Speaker, on May 19, 1981, the Wilmington, Calif., Chamber of Commerce is hosting an Adios Roast at the Persian Room to honor the retirement of one of Wilmington's longtime supporters, Robert Wayne Van der Meid.

Robert was born and raised in Livonia, N.Y. He was elected president of his class at Livonia High School, and then continued his education at Cornell University where he graduated with a B.S. in hotel management.

After serving with the U.S. Army in England during World War II, Robert became director of dormitories at the University of Kansas. He then moved to the Los Angeles Harbor area, and has lived there ever since.

Robert has been tireless in his involvement with community activities. He has been a member of the Wilmington Chamber of Commerce since 1958—serving as chamber president in 1977—he has presided as president of the Wisteria Festival since 1977; he was on the Port of Los Angeles Beauty Pageant Committee from 1977 to 1980; and he has served on the Installation Dinner Committee. The Rotary Club of Wilmington had Robert as its president from 1971 to 1972 and from 1979 to 1980. Additionally, Robert belongs to the Boys' Club of Wilmington; the Independent Insurance Agents' Association of Wilmington/San Pedro; the Harbor Area Police Community Council; the Banning High School Boosters' Club; and the Rolling Hills Methodist Church.

Mr. Speaker, a man who gives so extensively of his time to serve his community deserves to one day enjoy every bit of the fruit that his labor returns. Robert has now chosen to take his retirement in Santa Maria, Calif., with his wife, the former Miss Diane Songmire.

My wife, Lee, joins me in wishing the very best in the years ahead for Robert, his wife Diane, his children Robert Jr. and Lynne Van der Meid Ramsey, and grandchildren Shannon, Kelley, and Robert III.●

NEW STYLE IN BANKING

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. PARRIS. Mr. Speaker, I am certain that most of my colleagues have received large volumes of mail from their constituents opposed to any change in the operation of money market funds.

This grassroots lobbying effort not only represents an increased awareness of Americans to the various new banking services now being offered, it also represents a revolution in the financial industry and of what we have come to know as the traditional services and functions of banking.

These changes are being brought about in response to the high and ever-changing interest rates which

have forced consumers and businessmen alike to seek out the greatest return possible on their capital resources.

It should be fairly obvious to even the most casual observer that an investment which returns a yield below the rate of inflation is in fact not an investment at all. This realization has led to the creation of new financial instruments and to an ever-increasing trend toward mergers by large insurance companies and brokerage firms or other financial intermediaries for the purpose of accumulating large pools of capital. This development has clouded the differences between what is or should be considered under the law as a bank and what is not, with all the considerations of the prohibitions against interstate branching by financial institutions, reserve requirements of banks, limitation of securities transactions, and the like.

A recent Washington Post editorial provided an excellent insight into this development. I believe my colleagues would find this information useful.

The editorial follows:

NEW STYLE IN BANKING

Banking and the country's financial system are now changing with a speed not foreseen by Congress when it rewrote the basic law last year. The emerging pattern is merger, bridging the traditional divisions in financial services. It's raising unexpected questions for bank regulators. For the people who guide the country's monetary policy, the questions are even sharper. Conventional monetary policy assumes that only banks can create money. But currently that assumption only starts a debate over what you mean by banks, and what you mean by money.

Congress thought it was taking a rather daring step when it voted a year ago to phase out the interest rate restrictions on banks, and to authorize the accounts that automatically transfer money from savings to checking. But those are very modest innovations compared with the transformation that's now under way. The driving force is, of course, the high and volatile interest rates that press not only large businesses but also private savers and investors to keep their money moving smartly.

The country's largest insurance company, Prudential, has just merged with a securities broker, the Bache Group. American Express is talking about a merger with another broker, Shearson Loeb Rhoades. The money market funds have been growing phenomenally, and some are run by brokers who offer investment in order kinds of securities as well. And some take the next step of letting you write checks on your account, which may be a variety of money market shares, stocks and bonds. The credit card provides an instant checking account that creates negative deposits. Now one of the credit cards, Visa, proposes—if the banking authorities permit it—giving its customers direct access to money market funds.

It's not yet possible to foresee the full range of issues that this development will raise for public policy. But some of them are already evident. For example, federal law—with a few narrow exceptions—forbids banks to operate across state lines. But the big brokerage houses, not to mention American Express, have branches all over the country. As the brokerage and credit card operations turn themselves into quasi-banks, the prohibition against interstate banking becomes increasingly unfair, obsolete and harmful.

But these mergers have implications that reach far beyond the banking business. One of the key points in President Reagan's economic program is the need for firm control of the money supply and unremitting restriction of its growth. But less money available from the traditional banks means greater incentives for the creation of quasi-money from the quasi-banks. What's quasi-money? It comes in the form of credit card accounts, money-fund overdrafts and all the other forms of credit available outside the banking system. It looks like money, it behaves like money and—subversive though—maybe it actually becomes money in every sense but that of the formal definition. The controversies over theory are not going to be resolved for quite a while. But it's beyond dispute that something very much like a parallel banking system is rapidly taking shape, without waiting for Congress' approval, just outside the existing structure of bank regulation and control.●

INCENTIVE FOR SAVINGS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. LaFALCE. Mr. Speaker, there is a growing consensus in this country that the savings rate is an unmitigated disaster and that more effective and meaningful tax incentives must be provided to increase the savings rate, in order to provide a bigger pool for investments in the private sector of the economy. In addition, there is a growing consensus that those tax incentives must be targeted to directly encourage a higher level of personal savings.

There are major ways of providing those targeted tax incentives for increased personal savings. First, individual retirement accounts could be broadened in scope and extended to those on employer-sponsored pension plans, because they may not establish those accounts under existing law. Second, the existing exemption from taxation for interest income could be significantly increased from its present $200 to $400 in the case of a joint return.

The case for the latter has been made in a very well reasoned and pithy editorial in the May 4 edition of the Tonawanda News entitled "Incentive for Savings." I want to emphasize the soundness of their conclusions: "Part of the Reagan tax reduction package should be a generous exemption of interest income for American taxpayers." I hope that all of my colleagues will carefully examine these arguments.

The editorial follows:

INCENTIVE FOR SAVINGS

There is no mystery about the failure of Americans to save.

The government, through its tax and regulation policies, has given Americans every incentive to go into debt and little or no incentive to save and invest.

In the last quarter of 1979, the American savings rate as measured against an individual's after-tax income, dropped to its lowest level in 30 years—3.3 percent. It was the first time it has been under 4 percent in any quarter since 1951.

In West Germany, the rate was 14 percent. There the government adds a bonus to special savings accounts that are frozen for six or seven years.

In Japan, the rate was 20 percent. The Japanese government exempts from taxes virtually all interest income earned by the average Japanese citizen.

Part of the Reagan tax reduction package should be a generous exemption of interest income for American taxpayers.●

STATEMENT UPON INTRODUCTION OF BILL TO AMEND TITLE IV OF THE SOCIAL SECURITY ACT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BIAGGI. Mr. Speaker, today I am introducing a bill to amend title IV of the Social Security Act to create a demonstration program to test alternatives to the current work requirement in the aid to families with dependent children program.

This bill addresses a major functional problem with the work incentive program (WIN) under this title. The WIN program was designed to provide AFDC recipients with work training experience and supportive services to assist in the transition to employment. However, the per person cost of this program has been quite simply, exorbitant, and its impact, minimal. Of the 148,783 persons available for work in New York State in fiscal year 1980, only 15,413 actually found employment and 60 percent of those found work on their own. The cost per job attained in New York State is $2,205. When one looks at those actually assisted by WIN, this cost increases to $5,668 per person.

Our collective experience with the work incentive program has been most disappointing. While conceptually sound, the program does not work in large, industrial States. There are two serious flaws in the operation of the WIN program—dual agency administration: Health and Human Services and the Deparment of Labor, and inflexibility within the system. Such a lack of administrative flexibility has resulted in a lack of agency accountability, cumbersome administrative rules and regulations, high costs, and poor performance. While many small

States have been able to overcome these problems through informal systems, the industrial States have been singularly unsuccessful in making the program work.

This bill provides us an opportunity to utilize State and local units of government which are the most responsive and best equipped to develop and administer programs to meet the needs of families with children. What we seek in this legislation is to allow any State to submit a plan to the Secretary of Health and Human Services to conduct a 3-year, single-agency administration demonstration of welfare work programs by utilizing the same funding proposed by the administration for WIN for fiscal year 1982 and beyond.

Within the plan, there must remain the same eligibility requirements for participation in existing programs for AFDC recipients. The plan must clearly define and describe the workfare techniques to be used. The Secretary is required to conduct evaluations of the program and may also disapprove of proposed plans if it is determined that such a plan would be less effective than currently operating programs.

The intent of this legislation is consistent with the desire of the administration to seek viable methods of employment for AFDC recipients. The fiscal year 1982 Reagan budget proposes changes in work expense and child care deductions and recommends creation of a workfare program, whereby recipients of Federal funds would work off their benefits. We would like to urge Congress to build upon this concept by designing a program which combines the goals of WIN, workfare, and a rational incentive system for clients so that they can find employment and remove themselves from the cycle of poverty and unemployment. Central to this effort is reform of the WIN program.

A clear interest in Congress at this time in various approaches to welfare employment makes this legislation particularly pertinent. By attempting to set up WIN demonstration projects, we can provide States the opportunity to try this approach and see if it results in a more effective employment service for disadvantaged, low-income citizens. In an era of decreasing Federal resources for employment and training programs, this bill could be a sound alternative to the current program which has been thus far unsuccessful in placing people who want to work in jobs and removing them from the public assistance rolls.

I would like to invite any of my colleagues who are interested in this legislation to join me as a cosponsor. This legislation has been introduced on the Senate side by Senator DAVID BOREN of Oklahoma and Senator DANIEL MOYNIHAN of New York.●

FLUID ECONOMICS

HON. CHARLES PASHAYAN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. PASHAYAN. Mr. Speaker, I wish to respond to a statement placed in the RECORD the other day by our colleague from California (Mr. MILLER).

Mr. MILLER, in introducing the Water Pricing Reform Act of 1981, said that studies have shown that water priced at $1 to $3 is used at 40-percent efficiency, but that if the price is increased to $10 an acre foot, efficiency increased to 50 percent.

Mr. MILLER's reasoning is similar to that of the fellow who observed that when it rained people appeared on the streets carrying umbrellas. He also observed that when it quit raining, people put their umbrellas away.

He mistakenly argued, therefore, the way to make it stop raining is to fold up your umbrella.

If Mr. MILLER believes that increasing the price of water causes a more efficient use of water, then he is a piker for not providing for an even greater increase than his bill provides, because obviously we would all want to see 100-percent efficient use of water, and the way to bring that about is to continue to increase the price until absolute efficiency is achieved.

Of course, the American people may starve to death in the process because there will be no farmers to grow their food—but some think that food comes out of tin cans so we really do not need farmers anyway.●

THE ST. CLAIR-SUPERIOR COALITION

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. STOKES. Mr. Speaker, I would like to take this opportunity to applaud and salute the St. Clair-Superior Coalition of Cleveland, Ohio, for their extraordinary achievements in the areas of housing rehabilitation and neighborhood revitalization. As we approach the Fourth Annual Neighborhoods Convention on Saturday, May 16, in Cleveland, I thought that this would be an appropriate time to bring to the attention of my colleagues the achievements of the St. Clair-Superior Coalition.

Mr. Speaker, the members of the coalition unequivocally deserve this salute for their courage in forming such a community housing coalition and for their unfaltering commitment to quality housing for all neighborhood residents. Mr. Speaker, in a time when urban renewal has often meant displacement and in the midst of economic uncertainty, the St. Clair-Superior Coalition has paved the way for residents to secure funds to rehabilitate their houses and create better neighborhoods. In every way, the St. Clair-Superior Coalition has been the catalyst for positive change in that particular neighborhood in Cleveland.

By undertaking this task and succeeding, Mr. Speaker, the St. Clair-Superior Coalition has set a positive example for other community-based organizations to follow. Simultaneously, they have given a strong challenge to those who either abandoned neighborhood houses or attempted to deny current residents an opportunity to rehabilitate their houses.

The list of achievements of the St. Clair-Superior Coalition is exhaustive. By looking at last year's achievements of the organization, my colleagues can get a good idea of the gigantic strides the coalition has made in terms of making quality housing and nice neighborhoods a norm in the Cleveland metropolitan area. Mr. Speaker, those achievements include getting a new housing court in Cleveland and securing additional community development block grant funds for site improvements and recreational facilities.

Further, the coalition was instrumental in increasing the availability of insurance for homes in the St. Clair-Superior neighborhood. The members have established their own local housing rehabilitation corporation which provides housing counseling and technical assistance.

Mr. Speaker, with these achievements in mind, I would like my colleagues to join me in formally commending the St. Clair-Superior Coalition in Cleveland for their outstanding work in the areas of housing rehabilitation and neighborhood revitalization.●

APPROPRIATE QUESTIONS ABOUT JOURNALISM'S RESPONSIBILITIES

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BROWN of Ohio. Mr. Speaker, the disturbing falsification which recently won a Pulitzer Prize for the Washington Post and Janet Cooke was the subject of an incisive editorial published recently in The Hill Rag.

Authored by Mike McClory, the piece raises serious and highly appropriate questions about the use of unidentified sources and the responsibili-

ty of newspapers to verify the truthfulness of reporters' work.

As a newspaper publisher and journalist, I deeply resent the excesses of those in my profession who make it harder for the rest of us to be accepted as credible reporters of the day's events. The very survival of our free democratic republic depends on the ability of the people to have access to complete and accurate knowledge about the world around them.

I therefore commend to my colleagues' attention the following editorial from The Hill Rag, which I will ask to be reprinted in the RECORD at this point.

RAG TIMES—SHOULD BEN BRADLEE AND BOB WOODWARD RESIGN?

(By Mike McClory)

One thing is clear about the Pulitzer Prize-winning story, "Jimmy's World." The Washington Post published it.

But too much remains unclear. The Post's official line is that Janet Cooke, a reporter with only one year's experience on the paper and acting completely on her own, simply put one over on everybody, including redoubtable editors Ben Bradlee and Bob Woodward, of Watergate renown. The Post editors were taken in, but of course they had nothing to do with the nasty business of false reporting. It was just a "systems breakdown."

So much remains unclear that it's hard to know where to begin asking questions.

When Janet Cooke turned the story over to her editors, was their first concern with the truthfulness of the piece or with the effectiveness of the piece? According to the Post, Ben Bradlee's reaction was that it was "a front page story."

Did Bradlee or Bob Woodward, the man in charge of Washington Metro news for the Post, press Cooke for the validity of all her facts and sources? They admit they did not.

When Dr. Alyce Gullattee, the director of Howard University's Institute for Substance Abuse and Addiction, who had been interviewed by Cooke in the preparation for "Jimmy," and Vivian Aplin-Brownlee, editor of the Post's District Weekly, insisted that the story had been made up, they were ignored. Wasn't Woodward alarmed? Apparently not—his position was simply "to dismiss the doubters," even though the District of Columbia government was conducting what a police department spokesman has described as the "most massive and expensive" investigation in its history, for a child who didn't exist.

Is there any substantive difference between the National Enquirer's story about a drunken Carol Burnett and the Washington Post's story about an addicted Jimmy?

The parallels between Watergate, and what may soon become Jimmygate, are inescapable. Was Janet Cooke solely responsible for her actions, as the Post claims? Or was she, like Watergate figure Jim McCord, given direction and encouragement from above? Is Cooke, like McCord, supposed to take the rap while Bradlee and Woodward, like Haldeman and Ehrlichman, do business as usual? Did anyone connected with the Post pay Cooke in return for her sudden resignation, mysterious disappearance, and silent acceptance of full responsibility? Does the Post's lengthy April 18 feature on "Janet's World" really amount to "full disclosure," or is it, like Nixon's "not a crook" statement, just part of a sophisticated cover-up? Are we to be satisfied with no more than an internal investigation? What might happen to potential whistle blowers at the Post? Have any Post employees been encouraged, implicitly or explicitly, not to discuss the matter, to "stonewall?"

Even more disturbing is the possibility that "Jimmy's World" is not an isolated case, that countless other carefully crafted but largely fictional stories have been published as true accounts. According to a report on CBS television, the word around the Washington Post is that they finally found out where Jimmy lives—next door to Deep Throat. And in a recent appearance before the American Society of Newspaper Editors, former White House press secretary Jody Powell pointed out that some people in the news business are making "a hell of a lot of money" out of "stuff that they know is untrue." Powell went on to describe a piece by Jack Anderson, whose column appears regularly in the Post, as a "fabrication." Are marketing principles, based on sensationalism and negativism, bringing about the extinction of honest reporting?

It is time to question the validity of that most sacred of cows, the unidentified source. In other disciplines, such as science and law, the unidentified source is regarded as no source at all. The naming of responsible sources is the very heart of all research. Can we imagine the scientific community taking seriously a report in which the author refuses to indicate how he came by the information? In a court of law, information provided by second-hand or unidentified sources is treated as gossip or hearsay and is not admissible evidence.

The publication of "Jimmy's World" raises many other questions of ethics and professional standards. But the fundamental questions are simple. Did the Washington Post editors—like Richard Nixon—demonstrate a reckless disregard for the truth? And if so, what does the public have a right to expect?●

OTA PAYS OFF

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. FUQUA. Mr. Speaker, 15 years ago the concept of technology assessment first surfaced in the Committee on Science and Astronautics, now the Committee on Science and Technology which I have the privilege to chair. Six years later, after intensive ground work, the Technology Assessment Act of 1972 was signed into law. This act created the Office of Technology Assessment; I am proud to have had a part in the formulation of that act. Unlike its sister service agencies in the legislative branch, OTA had no institutional framework already existing where it could reasonably be placed. The Office and its methods of operation had to be built from the ground up; its path was often rocky but time has proved that both the concept and the Office are significant not only to the Congress but to the political framework of our National Government.

Mr. Speaker, I am attaching an editorial which appeared in Science magazine, May 15, 1981, written by William D. Carey. Mr. Carey has unusual qualifications for his observations, having been a senior officer in the Bureau of the Budget, a senior executive with Arthur D. Little Co., and serves presently as both executive director of the American Association for the Advancement of Science and publisher of Science magazine.

SCIENCE POLICY AND CONGRESS

Some institutional innovations pay off. That is something to rejoice about, especially when they involve the performance of government in a public opinion climate that has made up its mind to be negative.

The Technology Assessment Act of 1972, fathered by then-Representative Emilio Q. Daddario, called for the creation of a professionalized center for studying the potentialities and impacts of emerging technologies. The Office of Technology Assessment (OTA) was established as an arm of Congress, designed to provide new depth and expertise to the work of committees of the House and Senate in dealing with technological controversy and risk, and complementing the efforts of the Congressional Research Service and the General Accounting Office.

Eight years later, OTA stands on its own feet as an effective and respected center of scientific and technological policy analysis. Its agenda is determined primarily by the questions put to it by committees and subcommittees charged with legislative responsibilities, although OTA has modest latitude to initiate studies under its own power. Quality control is seen to by a ten-member advisory council and an array of credentialed advisory panels, while a bipartisan congressional board of 12 members of the Senate and the House keeps OTA on target.

The roster of advisory panels provides a glimpse of the range of OTA's homework for Congress. The panels number 47 and cover a mind-boggling spectrum. There are panels on Advanced High-Speed Aircraft, Radio Frequency Use, Space Technology, Electronic Funds Transfer, National Information Systems, Technology and Oceanography, Strategies for Medical Technology, Population, Impacts of Applied Genetics, U.S. Industrial Competitiveness, MX Missile Basing, Soviet Energy, Nuclear Powerplant Standardization, and Energy from Biological Processes. All this produces an enviable knowledge base into which the responsible committees of Congress can dip when confronted with near-term and long-range problems of policy choice. Considering that the appropriation for OTA comes to eight-tenths of 1 percent of the congressional operating budget, it would seem a modest enough investment in legislative capacity building.

A further point of interest is that there is no pretense that OTA is in business to make policy. This is a distinction better understood and practiced in Congress than in the Executive Branch, where presidential staff units come to believe that they are policy instruments of the President and behave accordingly. A very good reason for this difference is that Congress remains emphatically pluralistic and has nothing of the policy discipline that is so admired by the Executive Branch. An Office of Technology Assessment in Congress would not last long if it were to push a line of its own.

For most of our constitutional history, the Presidency has had the advantage over Congress in depth of resources for policy research and initiative. More recently, the institutional capacities of Congress have become steadily more comparable. The striking modernization of the General Accounting Office, the solid performance of the Congressional Research Service, and the impressive outputs of the Congressional Budget Office and OTA are healthy signs for all who value the principle of separation of powers. Although there are critics of the growth of the legislative payroll, Congress is aware that guess and hunch make for flawed policy.

Within the present decade we will observe the bicentennial of the Constitution, an occasion for some festivities, perhaps, but even more an occasion for examining the workings of our political technology in an age of danger and risk. Institutions in good working order reflect the better side of government.●

LEGISLATION TO REFORM IMMIGRATION LAWS

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 13, 1981

● Mr. DIXON. Mr. Speaker, I have joined 24 of my colleagues in introducing H.R. 3524, legislation to amend section 212(a)(4) of the Immigration and Nationality Act of 1952, to eliminate the provisions which require the exclusion of aliens solely on the basis of the sexual orientation. Identical legislation, H.R. 6303, was introduced by Representative BEILENSON last session, and a companion measure, S. 2210, was introduced by Senator CRANSTON.

The 1952 McCarran-Walter Act included 31 classes of individuals who could be denied admission into the United States. In addition to various categories of criminals, public health and national security risks, the act excluded "aliens afflicted with a psychopathic personality, epilepsy, or a mental defect." In 1965, "sexual deviation" was substituted for "epilepsy" in order to exclude homosexuals, who were then thought to possess a disease or mental disorder. However, the American Psychiatric Association, on whose determination the original exclusion was largely based, has long since ceased to regard homosexuality as a mental illness, and in 1973 dropped it from its psychiatric nomenclature altogether. However, the Justice Department has consistently concluded that it is statutorily obligated to enforce this exclusion. Despite the adoption of a saner, more rational INS policy last year, one which ceased secondary examinations except in cases where individuals made a voluntary, unsolicited admission of homosexuality, the problem remains. Our bill would remove the problem in the quickest, most efficient means available, by simply repealing this outdated, discriminatory provision.

There are several reasons behind our decision to offer a legislative remedy to this problem. First and foremost, the exclusion is offensive to the basic American standards of justice and fair play. Unless violent or criminal, one's sexual conduct should not be used as a criteria for determining one's fitness to enter this country. An individual's private, personal sexual preference is utterly irrelevant to this issue, and ignores the contributions which such an individual might otherwise make to this country. As the late Justice William O. Douglas so eloquently put it, to continue to exclude aliens based on sexual preference "would be tantamount to saying that Sappho, Leonardo da Vinci, Michelangelo, Andre Gide, and perhaps even Shakespeare, were they to come to life again, would be deemed unfit to visit our shores."

In addition, there are some very practical reasons for eliminating this exclusion. Besides being unfair and discriminatory, this provision is virtually impossible to enforce. Only 31 persons between 1971 and 1978 were denied entry under all the categories specified under section 212(a)(4), indicating the unevenness and unworkability of this policy. However, a good number of individuals, homosexual and otherwise, have been subjected to embarrassing and humiliating examinations, based on the most flimsy of evidence, such as their attire or the contents of their luggage. Recognizing the absurdity of using Federal officials to enforce what the Washington Post called "medieval barriers at the border," the Surgeon General in 1979 issued a directive forbidding Public Health Service personnel from undertaking scientific examinations to determine a person's sexual orientation. Similarly, an INS spokesman indicated that "obviously, no INS inspector nor anyone in the agency has the expertise to determine homosexuality."

Perhaps the most compelling reason for the elimination of the exclusion is the undue burden it places on INS personnel, resulting in the waste of scarce INS resources. Presently, several hundred thousand individuals a year join the already burgeoning ranks of illegal immigrants, and there is universal agreement that the INS is woefully understaffed. It is imperative that a comprehensive review of immigration law seek to focus INS resources on those areas of most direct concern. Our bill is a modest contribution to that effort.

Finally, the continuation of this exclusion is an unnecessary impediment to the conduct of American foreign policy. As one of the signatories to the Helsinki accords insuring free travel among nations, we do ourselves and the world community a disservice by insisting on this antiquated policy. A petition to the U.S. Congress, signed by 135 of the 150 members of the Dutch Parliament, urged repeal of this exclusion, stating that "a country which claims to value so dearly a respect for human rights all over the world, by acting this way, is acting contradictory to that same necessary respect for human rights."

Recently, the Select Commission on Immigration and Refugee Policy called for a comprehensive revision of the exclusionary grounds in the 1952 act. Supporting this conclusion, the Commission Chairman, the Rev. Theodore Hesburgh, stated that—

> All exclusions should be such as to protect public safety, national security, public health (as defined in modern times) and public welfare * * * the rest are extraneous and offensive.

Other individual Commissioners, including former Judiciary Immigration Subcommittee Chairwoman Elizabeth Holtzman, cited testimony of persons questioned, and in some cases harassed, about private sexual conduct, and specifically urged repeal. Support for remedial legislation has also been voiced by the Justice Department, the American Civil Liberties Union, the Washington Post, the Los Angeles Times, and the National Immigration and Naturalization Service Council, the union representing INS service employees.

Mr. Speaker, our bill is narrowly drawn. It does not affect the other 30 existing exclusionary grounds, nor does it constitute approval or disapproval of any particular lifestyle. It merely seeks to assure that our adherence to the Biblical admonition, "judge not, that ye be not judged," does not stop at the water's edge. As Congress explores the overall issue of immigration policy in the context of the Select Commission's report, I hope it will see fit to end this unfair, discriminatory, and outdated law.●

INDUSTRIAL REVENUE BONDS

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. NOWAK. Mr. Speaker, on May 6, 1981, I introduced H.R. 3461, which would revise the use of small issue industrial revenue bonds—IRB's. Small issue revenue bonds make low-cost capital available to small- and medium-sized firms—the very same firms that are suffering from high and erratic rates of interest. IRB's are overwhelmingly used by smaller companies. For example, the Congressional Budget Office reported that over 90 percent of the firms using IRB's in 1978 and 1979 were not listed on any national or regional stock exchange.

As chairman of the Small Business Subcommittee on Tax, Access to Equity Capital and Business Opportunities, I am all too aware of small business' need for low-cost capital and the effect that high and erratic rates of interest have on smaller companies. While larger companies enjoy access to internally generated funds and ample, external sources of capital such as the bond market, the commercial market, and below prime bank financing, smaller firms are forced to pay several points above the prime rate. Yet, these same small firms collectively produced roughly 90 percent of the new jobs over the last decade and proved themselves 24 times more innovative than their larger counterparts. We in Congress need to address this important supply-side problem.

Access to low-cost capital is critical to the future of our Nation's small business community. If our smaller firms do not have an opportunity to grow and compete, we will continue to suffer high rates of unemployment. Low rates of productivity will continue because firms will not have the opportunity to develop new technologies. And we will continually suffer high rates of inflation as smaller firms will not be able to establish new, or enter existing markets. Overall competition will be dampened. Without it, the discipline of the free market system becomes lax and ineffective. Clearly, Congress must provide special financing tools, such as industrial revenue bonds, which will allow the small business community to continue to be our Nation's greatest job producing-entity.

DISTRESSED AREAS NEED TO BE REVITALIZED

We need to fashion economic development tools to help rebuild our distressed areas. Proposed cutbacks in the urban develoment action grant program, the Economic Development Administration, the Community Development block grant program, and the Small Business Administration, will hamper revitalization efforts. The Congressional Budget Office concluded that if Congress were to eliminate IRB's smaller firms would be the ones most affected. Moreover, investment in distressed urban areas might decline because of the large number of UDAG projects that also recieve IRB financing.

A comprehensive enterprise zone program may pick up some of the slack, but will not do the whole job, and one wonders when and if the administration plan will be introduced. Tax incentives alone cannot, and will not, work. We need finance mechanisms which will lower the cost of capital, as well as programs which will rebuild our aging infrastructure and retain our work force. Smaller and medium-sized firms, the type of firms the enterprise zone concept is designed to attract to distressed areas, frequently cannot utilize tax breaks or increased tax credits. They tend to generate little or no taxable income, and when they do, generally find themselves in the lower tax brackets. Small- and medium-sized firms need low-cost, up-front capital and working capital, in order to prosper. Since many of these distressed areas have worn out and depleted infrastructure, funds must be allocated for street and sewer improvements, as well as water and power transmission improvements.

A more comprehensive approach than the pending enterprise zone proposals, I believe, is embodied in my recently introduced bill, H.R. 2965, the Enterprise Development Act of 1981, which, coupled with H.R. 3461, will help to assure that firms located in distressed areas will receive adequate capital to create the jobs we need.

H.R. 3461—A NEW APPROACH

One of the major criticisms of small issue revenue bonds is that the program is being abused. Companies, such as fast food outlets, and others, are being financed, when clearly they were not intended by Congress to benefit from the proceeds of IRB's. What has been lacking is a clearly defined purpose behind the issuance of small issue IRB's.

My bill, H.R. 3461, provides for such a purpose. First of all, it limits the use of proceeds to firms which have an industrial use for the funds. Second, it raises the limit and capital expenditure rule for small issue IRB's from $10 to $20 million if the firms are located in areas of chronic unemployment. The bill eliminates the often abused $1 million safe harbor limit.

In conclusion, industrial revenue bonds would be used only for proscribed purposes. Distressed areas would benefit from the higher limit and both large and small businesses would be attracted to the areas which most desperately need jobs and capital investment. The targeted approach provides for a rational public purpose and would result in a cost effective solution to shortcomings of the present small issue industrial revenue bond program. For these compelling and important reasons, I ask my colleagues to support H.R. 3461.●

BUSINESS TAX CUT ALTERNATIVES

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. LaFALCE. Mr. Speaker, although the administration's proposed personal tax cuts have received the overwhelming portion of attention, there is growing discussion about the equity and effectiveness of the so-called 10-5-3 accelerated cost recovery system (ACRS) which has been endorsed by the administration.

A number of arguments have been made against ACRS. Some commentators view it as having too much of an impact on the budget through large-scale revenue losses. Others assert that it will lead to substantially negative effective tax rates for some large businesses. Others believe that ACRS will disproportionately benefit large businesses and will not be of much use to this country's many small businesses. Still others have raised the difficult question of neutrality toward different sectors of the economy and different types of companies.

In a thought-provoking article in the New York Times entitled "10-5-3: 'Deeply Flawed'," Dr. Dale Jorgenson and Dr. Peter Navarro of Harvard University raise a number of disturbing points about this now controversial tax proposal. They also discuss the merits of a new alternative, known as the first year capital recovery system, which would avoid a number of the problems in ACRS and would provide significant tax incentives for investments in the private sector of the economy. I hope that my colleagues wil read this article, because we must carefully examine the business side of the omnibus tax bill, in order to insure that the business tax cut will be the most effective and equitable possible incentive for investments. If the ACRS is flawed, we must either modify it, as the Senate Finance Committee did last year, or find a new and innovative approach, such as Dr. Jorgenson's, to achieve that important goal.

The article follows:

10-5-3: "DEEPLY FLAWED"

(By Dale W. Jorgenson and Peter Navarro)

CAMBRIDGE, MASS.—There is now bipartisan consensus on Capitol Hill that business needs a tax cut to stimulate capital investment in order to improve productivity and generally revitalize America. Unfortunately, that consensus is coalescing around the Reagan Administration's highly touted, but nonetheless deeply flawed, "10-5-3" tax write-off program.

Ostensibly, 10-5-3 removes the crippling "inflation penalty" that the current business tax imposes. The penalty arises because businesses must deduct depreciation expenses according to original, rather than replacement, costs. At higher inflation rates, these deductions are worth less, so inflation in effect levies an additional tax.

The 10-5-3 approach seeks to lift this penalty through a super-accelerated depreciation plan that would allow businesses to write off depreciation on structures over 10 years, equipment over 5 years, and vehicles over 3 years. To further stimulate investment, 10-5-3 would also substantially increase the investment tax credit.

It is clear, however, that 10-5-3 does not really sever the link between inflation and investment. Instead it merely tries to "outrun" inflation. However, when 10-5-3's super-depreciation interacts with the souped-up investment tax credit, the per-

verse result is to transform the corporate income tax into a very large corporate subsidy. For example, at today's double-digit inflation, 10-5-3 would provide businesses with an 85 cent deduction on every dollar invested in a "5-year asset" period. The souped-up investment credit would add the equivalent of another 20 cents in write-offs so that the total tax deduction would be worth $1.05, or a 5-cent *subsidy!* Moreover, this subsidy would rise as inflation fell. Indeed, if the Administration reached its low-inflation target, the subsidy would balloon. That in turn would mean either higher personal income taxes, or a bigger budget deficit and renewed inflation.

The failure to sever inflation's capricious link with investment is not the only drawback of 10-5-3. The proposal also significantly widens the gaps that now exist between tax burdens for different investments. These gaps arise because the current system provides better tax breaks for some assets and industries than for others. That encourages a channeling of funds toward tax shelters and away from economically sound investments. Under 10-5-3, these gaps would approximately double, resulting in an even less-productive application of investment.

It is clear then that 10-5-3 confuses the real purpose of a business tax cut, which is not capital formation *per se* but rather improved productivity. In doing so, it raises the prospect of large-scale, unfair, and inefficient business subsidies that would rise and fall with the inflation rollercoaster.

But can a business tax be designed that neither penalizes nor subsidizes business, is inflation-neutral, and encourages the best use of capital?

We think that these objectives can be obtained by using the first-year capital-recovery system.

Under this system, businesses would deduct a first-year allowance in the year that an asset is acquired. Depreciation write-offs that would normally stretch out over the entire life of an asset would be converted into a single deduction, taking into account different lives of assets and the time value of money. For example, the allowance for a computer would be 82 cents on each dollar, while the allowance on a longer-"lived" building housing that computer would be 29 cents.

The advantages of the first-year system are obvious.

First, by allowing businesses to depreciate assets in the same dollars they are purchased in, it completely eliminates the inflation penalty.

Second, by matching tax write-offs with the economic cost of depreciation, it would equalize tax burdens among all assets, allowing investors from all industries and regions to compete on equal terms. That would be fairer and enlarge the economic pie by making the most productive use of every investment dollar.

Third, the first-year system is even simpler than 10-5-3 and would provide businesses with another important kind of tax relief—namely, freedom from complex reporting requirements. Indeed, the first-year allowance would be the only deduction that a taxpayer would ever have to report.

The primary disadvantage of the first-year system is, of course, its novelty.

While 10-5-3 has been kicking around Congress for more than a year and has the Reagan Administration's endorsement, the first-year system is still a relatively new idea germinating in Congressional committees.

Despite its low profile, the system does represent a constructive alternative to the seductively simple, but ultimately error-prone, super-depreciation dance of 10-5-3.●

ANTI-SEMITIC INCIDENTS IN NEW YORK ARE OF GRAVE CONCERN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BIAGGI. Mr. Speaker, an explosion of antireligious, expecially anti-Semitic activities are being recorded in New York and the Nation. According to the Anti-Defamation League of B'nai B'rith, 1980 saw the greatest outbreak of anti-Semitic behavior in some 20 years. Specifically, a total of 377 anti-Semitic cases were reported as compared to only 129 in 1979. These include firebombings, swastika daubings, arson, and cemetery desecrations.

In a Monday article in the New York Post it was reported that the number of sacred Torahs stolen from synagogues thus far in 1981 are more than the number taken all of last year.

In response to this growing national problem in February I introduced H.R. 2085, a bill to impose stiff new Federal penalties against those who seek to injure, intimidate or interfere with the free exercise of religious beliefs as secured by the Constitution.

My legislation adds a new section 13 to title 18 making the following subject to felony criminal penalties of at least 5 years in prison or $10,000 in fines.

Any person or persons who willfully vandalizes, defaces, sets fire to, tampers with, or in any other way damages or destroys any cemetery, any building of other real property used for religious purposes, or any religious article contained therein or any religious article contained in any cemetery or any building or other real property used for religious purposes. Similarly anyone who attempts to do any of the aforementioned acts would be subject to the same penalties.

What is critical to my legislation is the fact that it is not necessary to establish intent in order to be subject to the penalties in my bill. Those who commit acts of this magnitude should not be provided with loopholes from which to escape prosecution.

It is my intent to have the following be subject to the penalties in my legislation:

Painting of swastikas or other offensive emblems on religious buildings;

Stealing of religious articles such as Torahs, which would interfere with the ability to conduct religious services;

Vandalizing in any fashion, religious buildings, grounds or cemeteries;

Arsons or firebombings of religious facilities or property including cross burnings;

Bodily assaults and harassment;

Any other activity which interferes with the free exercise of religious beliefs including efforts to intimidate individuals from worshiping.

It should also be noted that my legislation imposes a graduated series of penalties dependent on whether the given action results in bodily injury or death. Life imprisonment can be imposed in the most severe of cases.

I have prepared this legislation after extensive consultations with legal officials and representatives of major Jewish organizations. It is critical that we remember that first amendment freedoms, especially freedom of religion, are considered the most fundamental of all in this Nation. Therefore we must be prepared to protect them from those who would threaten the free exercise of religion—any religion.●

A SALUTE TO U.S. ATTORNEY JAMES R. WILLIAMS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. STOKES. Mr. Speaker, thank you for providing me with this opportunity to address the House for the purpose of bringing to your attention the accomplishments of an outstanding lawyer, U.S. District Attorney James R. Williams.

Mr. Speaker, James Williams has served as the U.S. district attorney for the northern district of Ohio for the last 3 years. As he prepares to enter a new phase of his legal and public service career, I take this opportunity in this forum to congratulate him for a job well done.

Mr. Speaker, our honoree is known to most of his friends as Jim Williams. He was born and raised in Mississippi. He once aspired to become a major league baseball player like the late great Jackie Robinson. Even though that dream was not realized, he has gone on to great heights in the field of law and public service. The people of Ohio are the beneficiaries of that.

Mr. Speaker, U.S. District Attorney Jim Williams conducted the business of the office in the same competent and dignified manner which has come to be a part of his style. Throughout his positions as an attorney, city councilman in Akron, schoolteacher, and leader of various social and civic organizations, Jim Williams has clung steadfastly to his dedication and concern for people.

Mr. Speaker, Jim Williams is a lawyer and public servant for whom I

have great respect. He is also a good friend.

At this juncture, Mr. Speaker, I enter in the RECORD an article which appeared in the Cleveland Plain Dealer which discusses the achievements of Jim Williams. At this time, I ask my colleagues to join with me in an expression of appreciation to Jim Williams for his fine work and service as the U.S. attorney for the northern district of Ohio and extend to him our best wishes for a bright future.

U.S. ATTORNEY MAY BE A SWITCH-HITTER AGAIN

U.S. Atty. James R. Williams' office in the Old Federal Building is a long way from the baseball field where he once thought he would earn his living.

As a teen-ager in Columbus, Miss., Williams wanted to follow in the footsteps of his hero, Jackie Robinson, the first black major leaguer.

"When Jackie went into the majors, he was the person I idolized," Williams recalled recently. "He showed courage and a devotion to his people. Jackie going to the majors provided an avenue for me."

After leaving the Army in 1955, Williams, who had been a good high school and semi-pro ballplayer, went to several baseball tryout camps.

"I went to one camp in Toledo," he said, "but they were looking for 17-year-olds who could run like a deer and throw the ball through walls."

Williams was told to find another career, and he did. He attended college, then law school.

He went on to direct the Akron Planning Department, and was a city councilman, school teacher and partner in the law firm of Parms, Purnell, Stubbs & Williams before becoming U.S. attorney for the northern Ohio district three years ago.

Many consider the position political, because the President usually fills it with a party loyalist.

Williams, a smooth-talking, ambitious Akron Democrat who was appointed by former President Carter, probably will be replaced soon by J. Williams Petro, a Republican.

Williams, 47, is not bitter about that. He is unruffled as he awaits the naming of his successor and considers his next career challenge.

During a recent interview, Williams discussed his achievements, and said he may enter the race next year for Ohio attorney general, because he is concerned about violent crime.

"From 1970 to 1979, there was a 60% increase in violent crimes across the country," Williams said. "What is happening in our major urban areas distresses me."

He cited several recent crimes in Cleveland, recalling that a lawyer was shot at a downtown parking garage, and an East Side storekeeper was killed.

"Those things seem so senseless and unnecessary," he said. "Crime has reached an intolerable level, but we (officials) won't be able to do anything about it unless we get communities involved. There has to be a revival of concern at both the state and local levels."

Regardless of whether he becomes a candidate, Williams said he will publicly voice his views on how to fight violent crime. He believes a new attitude must be adopted, by police and community residents, if the fight is to succeed.

The community must be willing to play an active role, said Williams: "That means cooperating by pointing out suspects and testifying in court. And police must become sensitive by hiring more black police and promoting black police, who not only work in the community, but understand the community's problems."

Although generally considered a liberal, Williams supports use of the death penalty in some cases.

"I think some murders are skillfully planned and carried out by intelligent people who know better," he said. "Others are hired to kill, and some commit crimes against law enforcement officials. These people should know that they may pay with their own lives."

However, Williams is concerned that in the past, capital punishment has been used disproportionately against minorities and the poor. "That cannot be tolerated if capital punishment is to be used," he said.

Williams was raised in Mississippi by his mother, Lillian, and grandmother, Fannie, after his father died when he was 5.

He spent two years in the Army before his discharge. After marrying his childhood sweatheart, Catherine, he went to the University of Akron, graduating in 1960. He then taught in public schools while attending law school.

After accepting the job as U.S. attorney, Williams went to work beefing up the staff. He said the district, which runs south to Mansfield, is the sixth largest in the country, but the staff ranked only 20th in size, with 23 assistant U.S. attorneys.

Through intense lobbying in Washington, said Williams, the staff was increased to 33 assistants. The number of black assistants jumped from two to nine, and the number of women assistants from one to nine.

Williams promoted a woman, Nancy C. Schuster, to head the department's criminal division, and made a black, Solomon Oliver, head of the civil division.

As U.S. attorney, Williams decides with his staff of lawyers which criminal cases investigated by the FBI and other federal law enforcement agencies should be prosecuted. They also defend federal agencies that have been sued.

During his term, his office has organized conferences on general cooperation among different levels of government, white-collar crime and arson prosecutions.

Williams has polished manners, wears tailored shirts and suits and neatly combs his curly, graying hair.

When he is not working, Williams contributes time to social and civic organizations. He has been president of Alpha Phi Alpha fraternity, the area Federal Bar Association and the Akron Metro-YMCA, and vice president of the Ohio NAACP.

Williams also organized Alpha Phi Alpha Homes Inc. of Akron, which has developed nearly 700 low-income housing units for area residents.

In the little spare time he has, Williams said, he enjoys watching professional baseball and basketball games. He is active in the Wesley Temple AME Zion Church in Akron. He and his wife have two children: Jacqueline, 20, and Michael, 24.

Williams said his chief concern in any position he takes is: "Can I make a difference?"●

SAVING SOCIAL SECURITY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. MICHEL. Mr. Speaker, it may well be that when history records the story of the administration of Ronald Reagan, his decision to take courageous and difficult steps to save the social security will be seen as his finest hour.

With this in mind I want to insert in the RECORD an editorial from the New York Times entitled "Bravery, at Last, on Social Security," published Wednesday, May 13, 1981.

[From the New York Times, May 13, 1981]

BRAVERY, AT LAST, ON SOCIAL SECURITY

Sometimes sacred cows lose their halos. Just a few months ago no Congressman who valued the view from Capitol Hill would dare admit publicly that Social Security costs had to be contained. Now, thanks to bold challenges from the House and Senate—and an equally bold response by President Reagan—there is a real opportunity for change. The three initiatives deserve a speedy and sympathetic hearing.

Social Security began as a modest insurance program paid for with modest payroll taxes. But in the last two decades it has been transformed by a potent mixture of politics, inflation and demographics. Social Security has become both an inducement for the productive to leave the work force and an incredibly expensive substitute for personal retirement savings.

Next year the system will spend $175 billion to cover the benefit checks and medical bills of some 36 million Americans. And steadily, inflation and growth in the retired population are pushing the totals higher. Unless something changes, the rate of payroll taxes needed to fund the system fully will probably double by the turn of the century.

Despite these alarming numbers, President Reagan made an early tactical decision to exempt most of Social Security from this year's budget cuts. One fiscal revolution at a time, he figured.

That, however, did not satisfy some House Democrats. They offered a plan for reducing future budget outlays by raising the retirement age to 68. Nor did it satisfy the Senate, which last week directed its Finance Committee to cut $8 billion next year by limiting cost-of-living increases. So yesterday, struggling to regain the budget-cutting initiative, the President announced his own reforms to save about $46 billion over the next five years.

Mr. Reagan would delay next year's cost-of-living increases by three months. He would tighten eligibility requirements for disability benefits. And, to limit the incentive for early retirement, he would reduce the benefits of people who retire at age 62—from 80 percent to 55 percent of the amounts they would receive by retiring at 65.

The White House plan is fashioned to honor Mr. Reagan's campaign pledges. People already retired, even those with large incomes, are not asked to give up cost-of-living increases, even where these exceed

the average wage increases of the workers who pay the current cost of Social Security.

Nor, despite his desire to keep older Americans in the work force, is Mr. Reagan proposing to raise the retirement age above 65. But the President is ready to take a mighty whack at the disability program, making it even harder to qualify than many critics of the program think justified.

Some of Congress's ideas are preferable, but it would be tragic to let the Congressional best become the enemy of the Presidential good. This rare opportunity for reforming Social Security should not be lost.●

GOODBY GRAIN EMBARGO

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. WEBER of Minnesota. Mr. Speaker, like most Americans, I was glad to see President Reagan end the Soviet grain embargo. For more than a year, farmers in the Sixth District of Minnesota have told me they wanted the embargo lifted. They said it was the least the Federal Government could do to help ease the economic squeeze on the farmer. In the past year alone, farmers watched their cost of production increase by over 13 percent. They saw interest rates rise to over 17 percent in some cases. They saw income taxes rise by 16 percent. Farmers were very concerned about the future of American agriculture in this time of economic stagnation.

I shared their concern. Our only hope for the continued economic growth of this Nation is through agriculture. We have got to get inflation and interest rates down. We have got to market more food and fiber abroad, rather than undermine our credibility with future buyers through senseless embargoes. I firmly believe that as the world demand for agricultural products increases—to double by the year 2000—American farmers will be price makers rather than price takers. Our farmers will be in a position to increase the profitability of their farm operation without having to increase their soaring debt burden.

I believe that the following editorial from the April 28 Wall Street Journal best describes the position on the embargo held by sixth district farmers. While it applauds the need to get tougher with the Soviet Union, it also recognizes that the Soviet grain embargo was a case of America's beating its head against the wall.

The editorial follows:

GOOD RIDDANCE

We're hearing some cluck-clucking about President Reagan's decision to end the grain embargo against the Soviet Union. The complaint is that the decision dilutes the administration's tough line against the Russians, and is sometimes voiced even by those not previously conspicuous in favoring toughness.

As one source seldom accused of softness on national security, we say good riddance to the embargo. Our reaction is nothing new. The embargo was President Carter's notion of getting tough with the Russians, and we opposed it at the time as an empty substitute for meaningful action. President Reagan has now moved to the only meaningful response to Soviet provocation, which is to increase the defense budget. Ending the embargo is simply cutting the loss from an embarrassing policy blunder, for its emptiness is even more apparent now than it was originally.

The idea, you remember, was to punish the Russians for their intervention in Afghanistan by curtailing their grain consumption. Specifically, the embargo cut off 17 million metric tons of feed grain promised to the Soviets between January and June of last year. (We continued to honor our six million-to-eight million-ton commitments under a five-year contract which was in its fourth year.) Unfortunately, the declaration of an embargo doesn't make it so. Granted the U.S. is the world's premier granary; that is not the same, however, as having a monopoly position. Thus, all that really happened was that the embargoed 17 million tons created some temporary dislocations until the world market could rearrange itself.

The process of that rearrangement is instructive: The Soviets conserved grain by curtailing exports to the Eastern Europeans, who then made up their shortfall by importing from a new supplier—the U.S. The Soviets also got grain from the Argentinians, who cut off their regular customers, the Japanese and the Italians. Luckily, though, the Japanese and Italians could make up their shortfall by buying from—guess who—the U.S.

Essentially, then, the embargo meant that the Soviets found new sources and the U.S. new customers. After all this rerouting was accomplished, the best that can be said for the embargo is that it caused a short-fall of about 1 percent for the Soviets—a lot less than the 10 percent originally claimed.

The bad news is that there were other losses from this grain round robin. The extra transportation costs functioned, in economic terms, much like an excise tax: While some of the burden was borne by the Soviets as higher grain prices, some of the burden fell, too, on U.S. grain farmers as reduced income. American taxpayers got stuck with some of the bill, also. The government bought up 14.5 million tons of grain for $2.5 billion, which it then sold at a loss of about half a billion. (Which could have been spent, say, to increase military pay.)

Bad economics can make bad politics. Food supplies are taken very, very seriously by importing countries. The abrogation of trade contracts, no matter how sincere the reasons, can give the impression of unreliability. And since the U.S. exports the product of one out of every three acres, we ought to be mindful of our reputation as a supplier. Nervous customers might start shopping around for more stable provisions: Witness the five-year grain contract the Soviets signed with Argentina last year.

It's also bad politics to predict that others will buy your bad economics. Our call for unity from the other grain-producing nations was met, variously, with outraged refusal (Argentina), patent lip service (Canada) and sulky "compliance" (France). Nobody likes to play follow the leader when the leader declares a policy of punishing the enemy by beating yourself over the head.

It has to be admitted that when you are stuck with a nonsensical symbol, there is some symbolic cost in backing off. This is an excellent reason for not allowing symbols to substitute for policy. But President Reagan was wise to end the embargo as gracefully and quickly as he could, and get on with measures that really will enhance national security.●

AID CUTS STRANGLE FLOW OF GRADS

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. EDWARDS of California. Mr. Speaker, I would like to direct my colleagues' attention to the following article from the Pioneer, a news daily in the San Francisco Bay area. This excellent analysis of the Reagan administration's proposals to reduce student financial aid predicts the eventual and longlasting decline in U.S. superiority in the areas of social, scientific, and industrial advancement.

AID CUTS STRANGLE FLOW OF GRADS

The Reagan administration's attempts to cut the budget by reducing federal financial aid for students are misguided and foolish.

Higher education is vital to the economic health of the United States; cuts in higher education can only backfire.

To maintain its position of economic strength, the United States needs more and better—not fewer—college graduates to lead the way into the future. The United States needs to be at the forefront of scientific and social advancement. To be world leaders, we need brains.

By the administration's own assessment, proposed cuts in financial aid programs will cost America approximately 100,000 college educated people. College lobbyists estimate that nearly 750,000 students will be unable to attend college next year if the proposed cuts are adopted. That would reduce the number of college students in the United States by nearly 6 percent.

California is an example of the beneficial effects a cheap, widely available system of higher education can have on an economy. With its yearly crop of college graduates, California has been able to attract a wide variety of industries to the state. It is no coincidence that the Silicon Valley is surrounded by a profusion of engineering schools.

Reagan says he wants to "reindustrialize" the United States. The industry of the future will be advanced technology. The steady advancement of technology requires a steady supply of fresh, innovative young minds. Reduction of the number of young minds coming out of America's institutions of higher learning can only undermine Reagan's professed goal of re-industrialization.

The cuts will have other effects on the economy. College graduates are more readily employable than those who do not have college educations, and they make more money. Hence, they drain less money from social service programs such as welfare, food stamps, and unemployment benefits, and contribute more in tax dollars than non-college students.

There are other objectionable aspects to the proposed cuts. They are directed to the lower and lower-middle class college student. By tightening up eligibility requirements and reducing the maximum awards for Pell Grants, and by attempting to eliminate National Direct Student Loans, the administration directs the effects of the cuts at low-income students.

Excluding a higher percentage of low-income students than high-income students from the higher education system will result in the widening of the gap between rich and poor. As the rich get richer and the poor get poorer, social tensions will be exacerbated.●

FORMER VICE PRESIDENT MONDALE SPEAKS OUT AGAINST PROPOSED SALE OF AWACS MISSILES TO SAUDI ARABIA

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BIAGGI. Mr. Speaker, much opposition has been registered in both the House and Senate to the proposal by the Reagan administration to sell sophisticated AWACS airplanes to Saudi Arabia. I have based my opposition to the proposal on the basis that it poses a direct and serious threat to the security of our ally and beloved friend—Israel. In addition, one of the rationales offered in defense of this sale is that we are rewarding Saudi Arabia for their moderate oil pricing policies. Yet the inescapable fact is that the price of oil in Saudi Arabia has tripled since 1978.

The former Vice President's contention is that the decision is wrong, taken in the wrong way and has been made at the wrong time. We can overlook the fact that we are offering these very advanced weapons to a nation which has not even endorsed the Camp David accords—the blueprint for peace and stability in the Middle East.

I call this article to the attention of my colleagues and urge them to give it their closest consideration.

NEEDED: A MIDEAST SOLUTION—NOT INSTANT AWACS

(By Walter F. Mondale)

Selling AWACS planes to Saudi Arabia is the wrong decision, done in the wrong way at the wrong time.

It is the wrong decision. It has been clear for some time that the security of the Persian Gulf is vital to the United States. About one-sixth of our oil comes from there (while Western Europe gets about two-thirds of its oil from the Gulf and Japan four-fifths). It is also clear that Persian Gulf security must begin with regional countries, which means Saudi Arabia must have the ability to defend itself and, if need be, to help defend its immediate neighbors on the Gulf as well. But how should this be done? One key element is air defense, as dramatized by the potential Iranian threat to the Gulf oil fields last fall and the dispatch of four U.S. AWACS to Saudi Arabia to warn of attack and to coordinate operations of U.S. aircraft based on carriers in the Arabian Sea.

That was a good stopgap effort, centered upon what we might have had to do militarily. But going from there to say that Saudi Arabia needs these highly sophisticated aircraft under its own control is another issue entirely.

It is realistic to believe that in an Arab-Israeli crisis, the Saudi AWACS would point the other way and ignore information, over the entire battlefield, about Israel's combat preparations or operations in its own defense? Would the Saudis permit the U.S. to have a veto on how this information could be used? The answer to these questions must be "no".

In fact, in my judgment the same answer applies to our agreement to increase the range and effectiveness of the 62 high-performance F-15 aircraft we will begin delivering to Saudi Arabia next year. The legitimate requirements of Saudi defense do not justify introducing such sophisticated equipment which can only complicate—and in the case of AWACS perhaps confound—Israel's ability to provide for its own security. Overall regional security would go down; tensions in any Arab-Israeli crisis would be immeasurably increased.

The decision has been taken in the wrong way. To permit the Saudis to believe that we will accede to every new weapon they put on their wish list—whether or not it makes sense for either Saudi or overall regional security—is wrong. To permit a particular weapons sale to become the litmus test of American friendship for Saudi Arabia is wrong. When this happens, it is inevitable that considerations other than regional security come into play, badly skewing the decision-making process. The upshot is deep questioning in both Israel and Saudi Arabia about our true intentions, steadfastness and wisdom in judging America's overall interests in regional security.

The right way to approach difficult issues like these is to start at square one with broad and deep discussions about the true nature of Middle East security problems. Both the U.S. and Saudi Arabia must first understand our mutual interests in meeting the threats to Persian Gulf security, whether from the Soviet Union (where clearly we, not the Saudis, have to take the lead), from local conflict or from internal instability. It means long-term planning for Gulf security, not a yearly ad hoc thumbing through the U.S. weapons catalogs. If this approach were followed, carefully and thoroughly, there would be no Saudi litmus tests, and we would not continually be faced with Saudi demands to prove our friendship in ways that make no sense—for them or for us. We would also have a chance to compare notes with Israel in advance of making any commitments to ensure that its security interests are not being endangered.

The decision has been made at the wrong time. The U.S. government is trying to take decisions in the Middle East as though Persian Gulf security and the Arab-Israeli conflict are in different worlds. With the AWACS deal what is being damaged is the Israelis' confidence that we truly have their interests in mind as they look to the day when the peace process will again get under way—entailing some of the most difficult issues Israel has ever had to face. We are also losing the chance to seek Saudi support in resolving the Arab-Israel conflict. There is an inconsistency here: the Saudis want to be trusted with responsibility in using modern American weapons for common purpose but they are not yet prepared to share responsibility for helping with the other key element in regional security—finding a way to Arab-Israeli peace that provides for Israel's need for secure and recognized borders.

It is certainly not unrealistic for us to press Saudi Arabia on peace issues, as a critical element in advancing security for the entire region. Without such peace any weapons proposal becomes a two-edged sword. Wouldn't this require political courage in Riyadh? Certainly it would. But the alternative is more of the same: more Saudi litmus tests and questioning of our friendship; more undermining of Israeli confidence in the United States; and less security for everyone. Enhancing the capabilities of the Saudi Air Force, in the hope that Riyadh will then face responsibilities for Arab-Israeli peace, puts the issues the wrong way around. And getting the Saudis to understand that point needs to be our litmus test of a truly mature and stable relationship.●

DISAPPOINTMENT EXPRESSED IN PROPOSAL TO CUT EDUCATIONAL FUNDING

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. FORD of Michigan. Mr. Speaker, Mr. Thomas J. Yack, a trustee from the Plymouth-Canton Community Schools in my congressional district, recently provided me with a copy of a letter he sent to President Reagan outlining his disappointment with the administration's proposals for cutting Federal education funding. I was very impressed with his logic and explanation of why he believes this is an unwise direction for us to be taking. I thought my colleagues should have the benefit of Mr. Yack's thinking and am pleased to insert his letter for the RECORD.

PLYMOUTH-CANTON
COMMUNITY SCHOOLS,
Plymouth, Mich., April 22, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

MR. PRESIDENT: I feel compelled to write and share my views on your proposed Economic Program. I am a local School Board Member who shares your view that government has gotten too large, spends beyond its means, and is involved in areas where it doesn't belong; however, I do have some concerns and questions relative to the Economic Program.

I realize that you believe that education is the responsibility of state government. I don't disagree; however, I do believe two things need to be reviewed. First, for your Administration to be consistent, vast numbers of federal programs need to be eliminated if the sole criterion is going to be a constitutional direction. Second, it seems to me that the federal role should be the identification of a manageable number of national educational priorities; third and fourth, to fund them accordingly.

You have said, as well as a number of your spokespersons, that the country needs to put dollars into our defense program because it is perceived to be, or is, in a poor state of readiness. If one uses that same logic and looks to the Gallup Pool on education as a measure of the public's perception of education you make a similar argument for increased educational funding. I am sure that wouldn't wash with your thinking, or mine; however, it does highlight a glaring inconsistency in your Economic Program. Also, to expect states like Michigan to find additional dollars to support education is a dream! We are hard pressed to make it locally from one month to the next.

Another inconsistency that I see in your Economic Program is in the area of defense spending. You have said on many occasions that there is tremendous waste in government. I can not disagree. In fact, on a local level we spend considerable time trying to identify inefficiencies. On the national level you have used waste in government as your battle cry for reducing budgets and ultimately expenditures in many areas; however, you have not used this same standard with the military. It is commonly held by the public that the waste in the military far exceeds that in government in general. I really can't remember you, or other Administration spokespersons acknowledging this circumstance. Instead what I've heard is that the military is in need of immediate large-scale help. This may be the case, I will have to rely on your advisors for an appropriate program evaluation. I would, however, appreciate and expect a consistent approach to establishing program budgets. It would have been reassuring to hear you say that you were going to take a two-step approach to defense spending. First, all program elements would have to be evaluated to identify waste and inefficiencies. Second, where required, additional funds would be provided to enhance programs. This approach would result in a perception somewhat different from the one now shared by the public—that the military is now being measured by a different standard.

My final thought concerns the block grant concept of federal educational funding. Care should be exercised in determining the method used in disbursing these funds. Establishing a few national priorities and a number of manageable regulations would be my preference. To date, the Administration has offered little insight into how the block grant program would be designed—more information is needed!

One additional thought—I believe that as we move into a new era of federal monetary responsibility that there be some semblance of equity in the ratio of tax dollars collected and spent with the states. For too long, Michigan has received a disproportionate share of tax dollars back from Washington. With your heavy emphasis on additional defense spending, and, severe cutbacks in social programs, this situation could be exacerbated. Funds should be redistributed, if necessary, to insure an equitable situation exists! Anything short of this goal would be unfair and potentially dangerous to our national interests.

Let me thank you for your consideration of my comments and assure you that I would be interested in your reaction.

Respectfully yours,

THOMAS J. YACK,
Trustee, Plymouth-Canton Board of Education.●

PERSONAL EXPLANATION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. McDONALD. Mr. Speaker, on May 12, 1981, I unavoidably missed a vote on an amendment to H.R. 3512, the supplemental appropriations and rescissions bill for fiscal year 1981. If I had been present I would have voted in favor of Roll No. 40, an amendment to reduce by $376 million the limitation of the principal amount of direct loans and by $500 million the total commitment to guaranteed loans made by the Export-Import Bank in fiscal year 1981. A live pair was received on this vote.●

RECONCILIATION: AMERICA'S NIGHTMARE

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. FAUNTROY. Mr. Speaker, as the authorizing committees of this body begin to consider implementing reconciliation, I thought it was important for my colleagues to reflect upon the severe damage done to social programs, particularly those programs which are entitlements. I have, therefore, included the testimony of the Congressional Black Caucus before the House Ways and Means Subcommittee on Public Assistance and Unemployment Compensation, offered by my colleague, SHIRLEY CHISHOLM of New York.

TESTIMONY OF HON. SHIRLEY CHISHOLM

Mr. Chairman and Members of the Subcommittee; the Congressional Black Caucus sincerely appreciates this opportunity to present testimony on the Administration's proposed spending reductions and changes in public assistance and unemployment compensation programs.

Early last month the Caucus met with President Reagan regarding the then contemplated approaches of his economic recovery program. At that time, we urged the President not to balance the budget on the backs of the poor and place additional burdens on those who already have been hardest hit by inflation and unemployment. Upon reviewing the budget proposals outlined by the President in his message to the Nation, the Congressional Black Caucus concluded that the Administration's economic recovery program will have a devastating impact on the poor, the disadvantaged, the elderly, and those with limited incomes. The Caucus has gone on record, and we reiterate today, our fundamental disagreement with the administration's program.

The President has proposed reductions of approximately $3.3 billion in public assistance and unemployment programs within the subcommittee's jurisdiction, and a number of major program modifications. We must keep in mind the effect that modest cuts of only a few dollars a month can have on the elderly living at the margin of their fixed income; a mother with young children who is trying to feed and clothe them properly; and on others, who through no fault of their own, lack sufficient income to meet their basic needs. Spending cuts of $3.3 billion can only rip gigantic holes in the "social safety net" to which the President has referred.

The Caucus is presently developing an alternative budget and legislative initiatives which will outline our analysis of the true causes of our nation's social and economic ills. When the proposals regarding public assistance and unemployment compensation are completed, we will submit them to you for your consideration. The Caucus feels compelled to undertake this task; regardless of what Administration spokesmen are saying, the proposed spending cuts are hacking away at the programs that are the lifelines to millions of the poorest families and children who will become hungrier, colder, and sicker than they already are. Within this context, our purpose today is to raise a number of fundamental issues about the President's proposals that we hope will guide the Subcommittee in its deliberations.

Does the Reagan proposal take assistance away from the truly needy? Mistakes in this area, considering the programs within the Subcommittee's jurisdiction, could be disastrous for some of the elderly, disabled, and others who cannot provide for themselves. The President has assured us repeatedly that his proposals will not hurt the "truly needy". In his speech to Congress, President Reagan said that those individuals and families "with true need can rest assured that the social safety net of programs they depend on are exempt from any cuts." In another place, he said that the "government will not continue to subsidize individuals . . . . where real need cannot be demonstrated."

In 1980, the poverty line for a family of four was $7,500. The general concensus is that even this amount is far below what a family really requires to live out of poverty. I think we can safety assume that any family of four at this income level or below would be classified as truly needy. Following that assumption, the Administration's rhetoric concerning its "social safety act" appears far less palatable, or in other words, a little hard to swallow.

For instance, while the Administration is proposing a $520 million reduction in Aid to Families with Dependent Children (AFDC), the program is not currently meeting the needs of the truly needy in 12 states where the combined AFDC and food stamp benefits for a mother and 3 children is less than two-thirds of the poverty level. We believe the President's commitment to the "truly needy" should lead him to support an increase in the assistance received by families with children in these 12 states. In fact, the Children's Defense Fund indicates that there is not one state where even the combined benefits of AFDC and food stamps brings a family of four up to the official poverty level of $7,500.

To achieve savings in the AFDC program, the Administration proposes to make a number of changes with respect to limiting AFDC earnings disregards with the stated objective of "assuring that the resources available to a family are fully taken into account in determining the family's need for a public assistance cash payment"—code language for reducing benefits. Not only are

present benefits inadequate, the Administration's proposals are the equivalent to increasing the "tax" rate on the earnings of the working poor at a time when tax cuts are advanced for more well-off workers. Benefit reduction rates in public assistance programs are already higher than tax rates that apply to many others. The Administration's proposals exacerbate this problem, especially considering the cumulative effect of the changes proposed in a number of programs for the working poor. The same families who will experience a reduction in low-income energy assistance and AFDC benefits, will also face cutbacks in food stamps, Medicaid and CETA. Thus, the truly needy will, contrary to the President's statements, be severely hurt by budget reductions in these areas.

Not only will the cumulative effect of the Administration's proposal adversely impact upon needy recipients, but they may also act as disincentives for those individuals who are working, trying to become self-sufficient, but require some level of cash or medical assistance to supplement their income. The proposed spending reductions are in interrelated programs from which many families receive assistance from more than one. In his zeal to reduce the roles of dependent individuals, the President may push those now marginally eligible for the programs into complete dependence on public assistance. With the federal assistance to supplement their income gone, they may actually find themselves better off if they stop working. If already unemployed, they have less incentive to find a job.

The Administration proposes to consolidate the Title XX social services program and over 30 health and service programs into one or more block grants—to be funded in fiscal year 1982 at 75 percent of fiscal year 1981 expenditures. How can the Administration demonstrate to senior citizens, working AFDC mothers, the handicapped and the disabled that a 25 percent reduction in Federal funds will not result in significant program cut-backs? A 25 percent reduction, or over $2.5 billion, for social services will undoubtedly reduce services to low-income families, the handicapped, the very poorest of the aged, and abused and neglected children. In my own state of New York, the impact of reductions on the Title XX day care programs would be particularly severe. Further, the efforts to reform various social service programs would be stymied as a result of the budget cuts.

With respect to the block grant approach, it is the firm belief of the Caucus that Federal programs should meet certain criteria: they should be national in scope, accountable, efficient and equitable. It is clear to us that the block grant approach violates all of these criteria.

Many of the programs in the proposed block grant provide services to targeted populations because of a national recognition of their special needs. The President's block grant proposal contains no method by which assistance will be specifically provided to these special needs populations. We would urge the Committee to remember that the poor would clearly be endangered by a block grant system of social service funding. The probability that funds will be shifted from survival programs into programs that appeal to middle-class voters or local power structures is all too great. These fears are confirmed by the history of the community development block grant program, and by the historic vulnerability of poor people to local pressure groups.

As a specific example, the inclusion of the Adoption Assistance and Child Welfare Act, in one or more of the social service block grants, is particularly troublesome to the Congressional Black Caucus. We were very pleased to see the efforts of our colleagues on the other side of the aisle, lead by a distinguished member of this Subcommittee, Mr. Rousselot, in discouraging the Administration from including this program in a block grant.

As this Committee is aware, many of the children covered by the Act have special needs stemming from physical, mental or emotional handicaps; some are victims of parental abuse and neglect; others have been involved with the juvenile court. Approximately 60 percent of these children are white. Over 40 percent are preadolescents and adolescents. Fewer than 30 percent actually come from AFDC families.

The Department of Health and Human Services estimates that the Act will save over $4 billion in out-of-home care costs over the next five years. It would reduce the number of children in foster care by 30 percent. These savings in budgetary and human costs will never be realized if the Act is gutted. These children and thousand of others like them are victims of the very state and local child welfare systems that would have total responsibility for their care under block grant funding. The Act has only been in existence for eight months, let's give it a chance to work.

The Administration has also proposed significant changes in the unemployment compensation system. We understand that one of the changes would establish a new Federal unemployment compensation standard and would require States to make a major change in their current laws and procedures. Generally, States would have to require all unemployed workers who have received 13 weeks of State benefits to accept any job that pays at least minimum wage, if the wage equals the person's unemployment benefits.

This proposal undermines the central purpose of unemployment insurance—to provide partial replacement of wages to the unemployed until they get back their old job or find new employment suitable in terms of education, training, and experience. Does the Administration have evidence that there are unfilled low-wage jobs available to overqualified workers? I think the answer is no. Employers are reluctant to hire overqualified individuals, knowing that they are likely to leave as soon as they find a job with the wages and skill requirements closer to their previous work. And it is possible that by forcing better trained workers to take low-wage jobs, employment opportunities for younger less skilled individuals will be taken away, forcing them to go on unemployment compensation and public assistance.

Let me emphasize that the Caucus is deeply concerned about the elimination of unemployment compensation for ex-service personnel. The Administration has argued that since states either disqualify or reduce benefit amounts to civilian employees who quit their jobs voluntarily, service personnel who quit the military voluntarily, refusing reenlistment offers, should be treated in the same manner. We must recognize that this policy directly penalizes the military personnel who can least afford to remain in the military. Currently twenty to thirty thousand service personnel are eligible for food stamps. Servicemen at this income level can hardly be expected to have a "nest-egg" at the end of their tour of duty. In fact, many of them feel that they cannot afford to reenlist in the armed services. We cannot hope to retain trained military personnel by creating economic disincentives for leaving the service. The problem should be attacked at its core through increases in military pay.

Mr. Chairman, much of the President's program has the stated objective of reducing waste, eliminating "unintended" or "unneeded" benefits, and improving "program efficiency". Unfortunately, such phrases are not very illuminating. Who in America is for waste, fraud, and inefficiency? The real issue is whether the President's proposals are justifiable in terms of their impact on people's lives. We think they are not.

The President's proposed changes in the programs under this Subcommittee's jurisdiction stem from a series of untenable assumptions about their purposes and effectiveness. The major programs contained in the Social Security Act are designed to provide individuals with a level of economic security against conditions beyond their control that limit their ability to provide for themselves. This is true for unemployment compensation and welfare. Proposed changes should be considered and evaluated within this context. While the existing programs may have particular deficiencies, they have been successful in reducing poverty. A study by the Congressional Budget Office revealed that, without existing social insurance and welfare programs, 27 percent of all families in the United States—one out of every four families—would have income below the poverty line.

Even at current program levels, poverty has not been eliminated. Everyone is not insured against total deprivation, and some go without necessary food, shelter, and health care because of gaps in current programs. These are the pressing issues to be addressed, not program cut-backs.

Thank you.●

THE AMERICAN'S CREED

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. STUMP. Mr. Speaker, the spirit, determination, and commitment to the founding principles of this country are what have seen us through the rough times in our relatively short history.

Recently, Frank Cole of Glendale, Ariz., sent me information on, and a copy of the "American's Creed".

As we proceed with the many difficult decisions which face this country, I would commend to you a review of the "American's Creed," as written by one of the clerks in the House in 1918:

MISPLACED FOR TOO MANY YEARS

Ask yourself these three questions—

1. Why has the patriotic American's Creed been hidden from the public for so many years?

2. Would it be possible through better publicity and the frequent repeating of the Creed at the start of public meetings—to awaken the public to the need for a declaration of a stronger loyalty to our Nation and to the People's Government?

3. How can I help advance this cause?

On April 6, 1917 the United States of America declared war against the forces of the Kaiser William II because German submarines had been blockading and sinking American ships in the Atlantic Ocean. Soon after this a Clerk in the House of Representatives in Washington wrote the American's Creed. On April 3, 1918 the House accepted this Creed, written by William Tyler Page, as the official pledge to support our Nation's Constitution, Laws and Government and vow to defend these principles against all enemies.

Let us see how well William Page has expressed the sincere feelings of all loyal Americans.

THE AMERICAN'S CREED

"I believe in the United States of American as a government of the people, for the people, whose just powers are derived from the consent of the governed; a democracy in a republic; a sovereign Nation of many sovereign States; a perfect union, one and inseparable; established upon those principles of freedom, equality, justice, and humanity for which American patriots sacrificed their lives and fortunes.

"I therefore believe it is my duty to my country to love it; to support its Constitution; to obey its laws; to respect its flag, and to defend it against all enemies."

FRANK J. COLE.●

FEDERAL FUNDING OF BIG CREEK FLOOD CONTROL PROJECT

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Ms. OAKAR. Mr. Speaker, I am today introducing a bill to provide for Federal funding of $3,083,000 for the relocation of utilities in the vicinity of the Cleveland Zoo, as part of the Big Creek flood control project. Under this bill, Cleveland Metroparks, as the local sponsor, would be responsible for 10 percent of the cost of relocation of the utilities.

It is my hope that the House will act expeditiously on this legislation because there is a genuine need for the construction of a diversion channel to prevent the flooding of the Big Creek Basin in the low-lying areas of the Cleveland Zoological Park. The Army Corps of Engineers has studied this problem since 1959 and has developed plans for the construction of this channel. What is critically needed now is Federal funding to assume most of the cost of utility relocation based on the financial inability of the local sponsor to shoulder a share of the cost larger than originally agreed upon. My legislation would secure the necessary funds and expedite completion of this very important project.

The bill is as follows:

H.R. 3579

A bill to modify the project for the Cuyahoga River Basin, Ohio, to provide for relocation of certain utilities in the vicinity of the Cleveland Zoo

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the project for the Cuyahoga River Basin, Ohio, authorized by section 108 of the River and Harbor Act of 1970 is hereby modified to provide for relocation of utilities in the vicinity of the Cleveland Zoo, generally in accordance with the recommendations of the Buffalo District Engineer, Army Corps Engineers, contained in paragraph 94 of the Phase II General Design Memorandum, dated August 1979, at an estimated Federal cost of $3,083,000. Non-Federal interests shall pay 10 percent of the total cost of such relocation.●

DR. LEONARD A. GRANDY RETIRES

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. GRISHAM. Mr. Speaker, a distinguished 40-year career in education will come to an end on July 1, 1981, when Dr. Leonard A. Grandy retires as superintendent/president of Rio Hondo College, Whittier, Calif. I am pleased to take this opportunity to join with Dr. Grandy's friends, colleagues and associates in paying tribute to him for his many years of extraordinary and effective service.

Dr. Grandy holds a B.A. from New Jersey State College, an M.A. from Columbia University, and earned his doctorate at the University of Southern California. Prior to his association with Rio Hondo College, Dr. Grandy was a high school and college teacher, and served for 10 years as assistant superintendent of the Whittier Union High School District.

Mr. Speaker, Dr. Grandy is a founding father of Rio Hondo College, and has the distinction of being the first employee of that institution. In 1962, he was appointed assistant superintendent and vice president for administrative affairs, a position he held for 14 years. During that time, he was twice called upon to serve as the acting superintendent/president and, in 1976, was appointed by the board of trustees to permanently fill that position. In addition to his extensive involvement in community affairs, Dr. Grandy is a founder of the Association of Chief Business Officials, California Community Colleges, and was recently appointed to the Commission on Finance of the California Community and Junior College Association.

When Dr. Grandy's retirement was announced, his successor as president of the board of trustees, Dr. Clifford Dobson, issued a moving statement. He said, "Rio Hondo College was not built by assembling concrete, steel, wood, and bricks. Rio Hondo College was built by the dedicated service of people * * * a lot of people. Among these, no other individual has contributed as large a measure as President Grandy."

Mr. Speaker, Dr. Grandy will be missed, and I want to extend to him and the Grandy family my very best wishes for the future.●

TMI UPDATE

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. WEISS. Mr. Speaker, the consequences of nuclear power have not faded from public awareness, although debate over our energy future has been overshadowed recently by discussion of the Nation's budget. Millions of people in this country continue to be concerned about the radioactive hazards of the nuclear fuel cycle.

The accident at the Three Mile Island nuclear plant on March 28, 1979 revealed many significant impacts of nuclear plant accidents. One frightening problem which apparently resulted from the accident was a rise in mortality rates among infants in the 10-mile area surrounding the plant.

Dr. Ernest Sternglass, a noted radiological physicist, analyzed this occurrence in a series of articles that appeared this spring in The Nation. The full text of Dr. Sternglass' detailed documentation is too long to include here, but what follows is the third, and final, article of that series. This piece provides a useful summary of Dr. Sternglass' analysis.

I commend this and other articles in the series (The Nation, February 28, 1981; The Nation, March 7, 1981) to my colleagues.

TMI UPDATE

(By Ernest J. Sternglass)

Just one week before the second anniversary of the nuclear accident at Three Mile Island, Dr. George Tokuhata, director of the Pennsylvania Bureau of Epidemiological Research, announced, according to a March 20 story by United Press International, that "final figures now indicate that there had been no rise in the infant mortality rate in the ten-mile radius of the plant."

A closer look at the data cast serious doubt on Dr Tokuhata's comforting conclusion. A key support for it was his finding that the infant mortality rate within a ten-mile radius of the plant was the same—19.3 deaths per thousand live births—in the three-month period after the accident on March 28, 1979, as it was in the January-March period just before it.

This comparison is misleading, however. January, February and March are winter months, when babies are more vulnerable to infectious diseases like influenza and pneumonia, and to diarrhea. Consequently, the infant morality rate during these months is generally higher than during the spring and the summer. And indeed Dr. Tokuhata's own tables show this was the case for the ten-mile zone around T.M.I. during the previous years.

In 1978, the infant mortality rate was 14.0 in the first quarter and declined to only 9.8 in the spring; a similar decline had taken place in 1977—from a high of 14.7 in the winter quarter to 11.7 in the spring. The point is that the normal spring decline in babies' deaths did not occur after the accident in March. This contradicts Dr. Tokuhata's claim that "there is no evidence that radiation from the nuclear power plant influenced the rise or fall of death statistics."

Indeed, other evidence in the report suggests that radioactive iodine-131 released in a gas cloud after the accident did affect the infant mortality rate. The most striking indication is the fact that the southern portion of Harrisburg, which, according to the power company's own monitoring devices, received the most intense radioactivity, showed the greatest increase in infant deaths in the entire ten-mile radius. [See Sternglass, "The First Casualty at T.M.I.," The Nation, February 28, and "The Lethal Path of T.M.I. Fallout," The Nation, March 7.] According to Dr. Tokuhata's report infant mortality in this area was 29.7 per thousand live births in the three months after the accident. In April, May and June of 1977 it was only 8.1; in 1978, it was 11.5. Thus there was a rise of 158 percent between 1978 and 1979, and 267 percent between 1977 and 1979. In contrast, the infant mortality rate for Pennsylvania rose much less than it did in the ten-mile radius around T.M.I., suggesting that the Harrisburg rise was related to the accident.

Table 4 of the state's report also shows a marked rise in the number of neonatal deaths—babies who die in the first twenty-eight days after birth. Typically, such infants are born underweight and are much more likely to be physically and mentally retarded, an effect that is produced by, among other things, damage to the thyroid gland. Iodine-131 taken into the body tends to concentrate in this gland, so there is a strong probability that the rise in neonatal deaths resulted from the babies' mothers' exposure to iodine-131. The figures show that in the most heavily exposed area of southern Harrisburg, neonatal deaths during April, May and June rose progressively from none in 1977 to 7.6 in 1978, to 29.7 in 1979—a rise of 290 percent in the last year. Both infant mortality rates and neonatal deaths were higher in southern Harrisburg during the three-month period after the accident than in the state as a whole and in upstate New York, where radiation exposure was less.

As for the reason why infant mortality rates in the ten-mile radius around T.M.I. were higher than elsewhere in the state before the accident, the figures for nearby Maryland provide a clue. Milk produced in the area between the Three Mile Island plant and the reactors at Peach Bottom, Pennsylvania, forty miles to the south along the Susquehanna River, is shipped all over southern Maryland. The Susquehanna River also supplies drinking water to southern Maryland. Before 1974, when the large reactors went into operation, the infant mortality rate in Baltimore was falling, as it was elsewhere in the nation. But after the two plants began releasing radioactive iodine, strontium and cesium into the air and water of the river and Chesapeake Bay, infant mortality rates dramatically reversed their downward trend. After reaching an all-time low of only 37 deaths in July 1974, or 8.7 per thousand, the rate climbed to 16.4 in July 1978, and then shot up to a ten-year high of 124 deaths—29.0 per thousand births—in July 1980.

The recent report is only the latest of a series of misleading statistics and unexplained omissions from Dr. Tokuhata's office. First, there was the discovery of an "error" in the U.S. Vital Statistics for July 1979. The number of infant deaths in Pennsylvania was revised downward from the original 271 to 185. This "correction" brought the Pennsylvania rate down from the highest in the entire Eastern United States to the national average. Then the Pennsylvania Department of Health failed to report a sharp increase in hypothyroidism among newborn babies near the T.M.I. plant. The department also did not make post-accident studies of the concentration of iodine-131 in the thyroid glands of animals and stillborn infants and in newborn infants who died shortly after birth. This is the most sensitive test of possible deleterious effects and is recommended by most health experts. Nor did the Health Department release early data showing a sevenfold rise in infant mortality rates within a five-mile radius of the plant in the six months after the accident over the previous year.

A preliminary report on the infant mortality rate within ten miles of the T.M.I. plant issued by the state Health Department in April 1980 was flawed by a series of internal inconsistencies and errors, which served to reduce the number of deaths reported. Still more recently, there was a strange and unprecedented seven-month delay in the publication of the state's annual vital statistics report for the year of the accident. When the report finally came out in February 1981, a key table listing congenital birth defects by county and city was omitted. So were detailed infant mortality, leukemia and cancer data for a number of cities, including the city of Aliquippa, located near the Shippingport and Beaver Valley reactors where infant deaths, cancers and leukemia had earlier risen to record heights following releases from the Shippingport nuclear plant.

Finally, the information on how many babies were born weighing under 1,500 grams was deleted from the annual report. This key information is needed to study the possible effects of radioactive iodine from the release of T.M.I., or the other large reactors in the state of Pennsylvania.

The pattern is clear. Two years after the T.M.I. accident, the nuclear industry and the state of Pennsylvania continue to mislead the public about its adverse effects on human health.●

SMALL BUSINESSES, PUBLIC-PRIVATE PARTNERSHIPS ARE HELPING TO REBUILD OUR NATION

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. WOLPE. Mr. Speaker, we are in the midst of the season for tornados, the most destructive storm in nature. I am sure all of you here today share in offering your sympathies and your support to those areas across our land which have been or will be stricken by tornados. If anything can be gained from these disasters, it is hope and a renewal of faith in the goodness and inner strength of the American people.

I cite the city of Kalamazoo, in my home State, as an example. Just 1 year ago today, Kalamazoo was devastated by its first tornado in 146 years. I personally surveyed the disaster created. Five persons were killed, 84 required hospital treatment. Churches, homes, schools, stores, shops, offices, banks, and plants were severely damaged or destroyed. The loss in property was in excess of $50 million. Governor Milliken designated it as a disaster area.

But, by the morning after what now is recalled as Tornado Tuesday, the rebuilding of the city already was well under way. It is traditional of our people uniting in times of severe trials. That is not being jingoistic; it is a truism in which I believe we all take pride. Today, thousands of people in Kalamazoo will be recalling where they were exactly 1 year ago. Everyone has his own story to tell: The waitresses in the restaurants, the newsstands, car dealers, the members of the police, fire, and civil defense departments, city, township, and county officials, the members of the print and electronic media, among many others.

The point I make is that almost all of them are still there. They have rebuilt their facilities and their businesses. They were determined to stay in the city and, in some cases, literally start over again, instead of fleeing the city. This spirit is reflected by a sign that appeared following the tornado which read: "It takes more than a big wind to do Kalamazoo in." And, naturally, the T-shirt business flourished.

The small businesses are leading the way. That is not surprising since small business is the foundation upon which our free enterprise system was built. In just the last few years, small business has created more than 7.5 million jobs in this country. The majority have come from private capital investment, not city, county, State, or Federal funding. They are contributing substantially in Kalamazoo and across the country in attaining our national goal of reversing the trend of declining productivity and decreased innovation and are initiating programs which put more people to work without using additional Government funds that can be expended for other critical programs.

Although the restoration is still going on, the uninformed visitor would not be able to tell that a tornado struck the city 1 year ago. In fact, the downtown area looks better than ever. A reporter from a Detroit newspaper said that he was amazed at how quickly Kalamazoo had made its recovery.

I see public-private partnerships as a wave of the future in continuing to build our country. Business leaders are joining elected officials in forming en-

trepreneurially oriented, nonprofit associations to help plan and develop—or redevelop—downtown areas. These public-private partnerships represent a new approach in the long-neglected rebuilding of our cities. In Kalamazoo, five electrified gaslamps which were donated by a private enterprise to the city as part of the restoration effort stand as a symbol of this cooperative spirit. And we can see this spirit alive in a growing number of cities such as Atlanta, Baltimore, Minneapolis, Philadelphia, San Diego, and Seattle.

I offer the city of Kalamazoo as an example of what can be done when the public and private sectors pull together and what can be done following a disaster when the community unites to rebuild for an even greater future, and I ask that you join in congratulating everyone in the community on this anniversary day.●

POPE JOHN PAUL II

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. MINISH. Mr. Speaker, millions of Americans, of all faiths, are shocked by the attempt today on the life of Pope John Paul II. His Holiness touched the hearts of Americans and people everywhere in a special way during his visit to our country in 1979, and he retains a special place in our affections. It is particularly galling that this great and gentle man, who has tirelessly preached the message of peace throughout the world, should himself fall victim to the violence which has become so deplorably common in our time. I hope that all Americans will join us in our prayers on behalf of His Holiness.●

NO TO AWACS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. MILLER of California. Mr. Speaker, in recent weeks there has been considerable debate in this body about the administration's proposed sale of five AWACS to Saudi Arabia. I would like to bring to the attention of my colleagues a Washington Post article by Stansfield Turner, former Director of the CIA, in which he warns against the dangers of such a sale, and I certainly hope the administration will reconsider its proposals.

The article follows:

NO TO AWACS

(By Stansfield Turner)

For more than 20 years, the United States helped the shah of Iran to build that country into the strongest military power in the Middle East. The shah's taste for the most sophisticated military hardware in our inventory was legend, and his shopping list was long, although Iran, a nation of 36 million, lacked the technical expertise to maintain and fully use the equipment it bought. Accordingly, it also had to purchase foreign technical help and support to keep its military machine running. We all know what happened.

In 1978, the Carter administration, with the consent of Congress, agreed to sell our newest and most advanced fighter aircraft, the F15, to Saudi Arabia. Because of the potential threat to Israel, Congress was explicitly promised that we would not also sell the Saudis the external fuel tanks that would extend the F15's range, or bomb racks that would turn it into an attack aircraft. By the spring of 1980, the Saudis were back asking for these external equipments as well as the super-sophisticated Airborne Warning and Command Aircraft, AWACS. AWACS is a Boeing 707 with a large rotating radar antenna on top and a vast complex of computer systems inside. It detects other aircraft at great distances, and tracks all air activity within its zone of coverage.

The Saudi rationale for their need for these additional F15 equipments and AWACS was that their situation had changed since they contracted for their F15s in 1978. Specifically, Iran had fallen into less friendly hands, and the Soviets had invaded Afghanistan. It would, therefore, be in the best interest of both the United States and Saudi Arabia—unquestionably a pro-Western force in the Middle East—for the Saudis to strengthen their ability to counter any other hostile moves in the region.

Their real concern, which was not a part of their argument, was that two years had elapsed and the Saudis had not seen enough progress on the Israeli-Palestinian issue. To test our resolve to push for a solution acceptable to the Arabs, the Saudis were asking us to take an action that would be opposed by Israel. It was one way to test whether we would eventually pressure Israel into making concessions on the Palestinian question. The Saudis were also buying time for themselves with the radical Arabs. By obtaining such a visible symbol of U.S. support, they could demonstrate to the radicals that their limited association with the United States had value. They thereby hoped to ward off additional pressures from the Arab radicals to break with the United States or even to use the oil weapon as a means of pressuring the United States to force concessions on Israel.

Having given the Saudis the F15s in 1978, it would be difficult to deny them the extra equipments under the present circumstances. Admittedly, long-range F15s and the AWACS in Saudi hands will present some added risk to the Israelis, but they are fully capable of handling it.

Whether we should permit the Saudis to purchase AWACS is another question. The Saudis are our friends. Providing them with AWACS would not be a friendly act because it would not be in their best interests. It is such a complex piece of military equipment that there is no way the Saudi military establishment could operate or maintain a fleet of them on its own. Saudi Arabia has only 4 million people on which to draw and has a lesser level of education than Iran. Even with extensive outside technical assistance, sustaining the AWACS would be a severe drain on the Saudi military technical resources. In the long run, they would resent the fact that they could not operate the AWACS and that they remained dependent on us.

More important, it would distract the attention of the Saudi leadership from more urgent military tasks. The most likely threats to Saudi Arabia are internal disorder or rebellion and guerrilla warfare, encouraged and supported by its neighbors. It would be wishful thinking to believe that a nation in as great a state of flux as is Saudi Arabia today would not be subject to domestic unrest or subversion. When such troubles develop, the Saudi security forces must have the capability of grappling with them.

In November 1979, Saudi military and domestic security forces proved themselves quite inept in quelling a minor disruption at the Great Mosque in Mecca. This was apparently a purely domestic matter, but in the future the Saudis must worry about subversion fomented by South Yemen, where the Soviets have a strong foothold; disorders in the vital oil fields, where there are large numbers of Shia Muslims who may be responsive to the Khomeini revolutionary movement; and perhaps even armed clashes with neighboring Iraq. The Saudis are not well prepared for any of these contingencies today. They have turned to Pakistan to supply mercenaries to help them, but the monarchy should have military and internal security forces of its own that are loyal and under its full control.

Against this background, it would be irresponsible for us to help them prepare to defeat a sophisticated air threat, for which the AWACS was designed and which has a low probability of occurring, when they are incapable of handling the more elementary threats of insurrection and guerrilla warfare that are highly probable. As friends, we should try to draw their attention to the realities of their situation. They do not need the AWACS nearly as much as they need other forms of military equipment and training. There is no way they can absorb AWACS into their military structure without detracting from their primary concerns. Even if there are short-term advantages to the United States in establishing some continuing military presence on the Arabian peninsula through the provision of AWACS, we should forgo that in favor of doing what a genuine and long-term friend would do: Be frank and put the friend's interests up front. That is the only way to protect our interests, anyway. Clearly this will not be an immediately popular response, but friends should not aspire to popularity.

We can mitigate the impact on the Saudis of turning them down on AWACS. We could give them a squadron of F15s immediately, several years ahead of the delivery of those they are purchasing. The U.S. Air Force would have to maintain and operate these for them for several years while Saudi pilots and mechanics complete their training. The Saudis, however, would see that we are serious about helping them all we can. They would also see, in time, that the way to be a friend is to be honest and frank rather than to say yes to an ill-advised request.●

TRIBUTE TO JOSEPH G. JOSEPH OF CLEVELAND

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Ms. OAKAR. Mr. Speaker, the greater Cleveland community has lost one of its most caring citizens. Mr. Joseph showed great love and devotion particularly to our unemployed youth. I enclose an article which appeared in our Cleveland paper:

JOSEPH GORDON JOSEPH, HELPED YOUNG PEOPLE

Joseph Gordon Joseph (Yeghi) helped young people through his work with Cleveland's CETA Comprehensive Youth Services Program, as a trustee of Chance for Change Home for Boys and as regional chairman of Aiding Leukemia Stricken American Children.

Mr. Joseph, 61, who once operated several restaurants here, died Friday at University Hospital. He used the name Joseph, but his name in Arabic was Yeghi.

Mr. Joseph was a consultant for the Greater Cleveland Salvation Army and founder of a Lebanese Syrian radio program. He was a member of the St. Maron Church Council, and was a member of that church's Holy Name Society.

Mr. Joseph graduated from John Adams High School in 1937 and attended Western Reserve University.

Survivors include his wife, Berenice, six children, Raymond, Loretta Holzheimer, Michael, Ramona, Theresa and Rose, and one grandson.

Services were in St. Maron Church, 1245 Carnegie Ave.●

PRISONER WITHOUT A NAME, CELL WITHOUT A NUMBER

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD an article written by Anthony Lewis which recently appeared in the New York Times Book Review. It concerns the brutal abuses suffered by Argentine editor and publisher Jacobo Timerman, who detailed his experiences in an extraordinary book: "Prisoner Without a Name, Cell Without a Number."

Mr. Timerman's ordeal attests to the vicious, Nazi-like regime of Argentina's General Roberto Viola. It adds to the strength of my protest against the administration's proposal to legitimize Argentine terror by selling them arms and cordially receiving General Viola in Washington last month.

Indeed, Mr. Timerman's experiences disprove Ambassador Kirkpatrick's theories of benign rightwing tyrannies which the administration seeks to pacify. A regime such as Argentina's, which engages in massive human rights violations and official anti-Semitism, merits no warm reception from the United States. As I have said before, how can we legitimately protest Soviet repression of Jewish dissidents while at the same time we condone the official anti-Semitism of Argentina?

I commend Mr. Lewis' review to the attention of my colleagues:

The prisoner is blindfolded, seated in a chair, hands tied behind him. The electric shocks begin. No questions are put to him. But as he moans and jumps with the shocks, the unseen torturers speak insults. Then one shouts a single word, and others take it up: "Jew . . . Jew . . . Jew! . . . Jew!" As they chant, they clap their hands and laugh.

Germany in 1939? No, Argentina in 1977. Were the torturers an outlaw band, a gang of anti-state terrorists? No, they were part of the state: military men from one wing of the armed forces that controlled the Argentine Government in 1977 and still do.

And the victim: Was he some unlucky social outcast? No, he was Jacobo Timerman, editor and publisher of a leading Buenos Aires daily newspaper, La Opinión. And in a sense he was lucky. For, unlike 15,000 other Argentinians who were seized by the military over the last five years, he lived.

Timerman lived. And he has used that grace to write an extraordinary book about his experience. It is the most gripping and the most important book I have read in a long time: gripping in its human stories, not only of brutality but of courage and love; important because it reminds us how, in our world, the most terrible fantasies may become fact.

Not just autobiography, or political analysis, or a victim's cry in the night, it is all these things. Timerman describes what he suffered in prison and what he thought, and how he and Argentina got to where they were. The New Yorker came close in the title it used when published part of the text last month: "Reflections." Timerman writes with passion, but a passion controlled almost to the point of detachment. The effect is devastating.

In spare words, Timerman shows us a sophisticated society falling into irrationality and savagery—a savagery in which nearly everyone silently acquiesces. He gives an unforgettable picture of our century's special contribution to civilization: state terrorism.

It happened in Argentina. But those who read this book around the world will understand the universal application. It could happen, it has happened elsewhere. Argentine anti-Semitism copied the Nazis'. The guards' behavior was much like that described by Huber Matos when he got out of a Cuban prison in 1979. In some of the cells where he was kept, Timerman suffered a humiliation and torment that Soviet psychiatric prisoners have described: having to ask a guard for permission to use the toilet and often being turned down.

The methods of modern tyranny repeat themselves. With this reality compare the political-science abstraction that has served since last Jan. 20 as a premise of United States human-rights policy: the theory that right-wing governments are merely "authoritarian" and do less damage to human rights than "totalitarian" Communist regimes.

The principal author of that theory is Jeane Kirkpatrick, United States Ambassador to the United Nations. Elaborating it in 1979 in the magazine Commentary, she wrote that, unlike communists, "traditional autocrats" observe "traditional taboos." For example, they respect "habitual patterns of family and personal relations."

I thought about Ambassador Kirkpatrick when I read Timerman's description of the Miralles family: father, two sons and a daughter-in-law. Timerman heard them tortured, and they were not the only ones.

"Of all the dramatic situations I witnessed in clandestine prisons," he writes, "nothing can compare to those family groups who were tortured often together, sometimes separately but in view of one another. . . . The entire affective world, constructed over the years with utmost difficulty, collapses with a kick in the father's genitals . . . or the sexual violation of a daughter. Suddenly an entire culture based on familial love, devotion, the capacity for mutual sacrifice collapses. . . .

"From my cell, I'd hear the whispered voices of children trying to learn what was happening to their parents, and I'd witness the efforts of daughters to win over a guard, to arouse a feeling of tenderness in him . . . in order to learn what was happening to her mother, to have an orange sent to her, to get permission for her to go to the bathroom."

The Argentine Ambassador to Washington, Jorge A. Aja Espil, writing to The New York Times recently in defense of his Government, cited the case of Jacobo Timerman as an example of its "independent judiciary." The Argentine courts, he said, "are open to him as they are to any person."

What happened to Timerman was this:

At 2 in the morning on April 15, 1977, 20 armed men in civilian clothes raided his apartment in Buenos Aires. They handcuffed him, covered his head with a blanket, threw him on the floor of his own car and drove off with him. They said they were acting on orders of the First Army Corps. When his wife telephoned that corps, she was told that no one there knew anything about it. He had disappeared.

The family next heard of him on May 25, six weeks later. Timerman telephoned and said he was now in national police headquarters and could be visited for three minutes. In June he disappeared from there—apparently, as he pieced it together later, because the United States Assistant Secretary of State for Human Rights, Patricia Derian, was coming to Argentina and would almost certainly ask to see Timerman; some in the military thought others might release him as a good-will gesture and wanted to prevent that.

In October 1977, he was taken before a military tribunal, which said there was no basis for charges against him and he should be released. He was not.

In April 1978, he was taken home and held there under house arrest: not allowed to leave the apartment, with armed guards present at all times.

In June 1978, the Argentine Supreme Court ruled that, because there were no charges against him, he must be released. He was not.

In September 1979, the Supreme Court for the second time ordered his release. The generals in the Government were divided on what to do. Under heavy pressure from the Carter Administration and members of the Congress, the generals reached a Solomonic decision. Without any authority in law, they annulled Timerman's citizenship, confiscated his newspaper and all other property, and expelled him from the country, without

a chance to appeal to the courts, by taking him under guard to a plane for Israel. Timerman comments:

"Need one add that Argentine newspapers, jurists, political friends of the government, Jewish community leaders—all those who will one day claim they knew nothing, like the Germans who claimed total unawareness of the existence of concentration camps—congratulated the government for obeying a court ruling and faithfully respecting the majesty of Justice?"

He is not a forgiving man. He names names in this book: torturers, generals, anti-Semitic journalists, Jewish leaders who do not want to make a fuss. But then his role is not to forgive. It is to be a witness—for the rest of us.

Why was Timerman kidnapped, tortured, detained? There is no formal, legal answer to that question, because no charges were ever made against him. And there is no clear explanation of any other kind.

His newspaper had printed stories the military disliked, but it had not carried on a sustained challenge to the junta; and Timerman had maintained personal relationships with some military figures. When United States officials asked the Argentine Government why he was being held, they got back only vague innuendos about his financial dealings or connections with "Israeli terrorits."

The lack of a rational explanation is in fact an important aspect of what happened—to Timerman and thousands of others. For Argentina has been in the grip of unreason. One of Timerman's purposes is to explore the origins of that phenomenon, and he does so convincingly in terms both of Argentina's particular history and of right-wing fanaticism generally.

In the clandestine prisons where he was held, the guards and torturers were required to attend what was called "The Academy"—a weekly lecture, usually by an Army intelligence officer, on World War III. The war had already begun, they heard: an onslaught by left-wing terrorism that could not be resisted by democratic governments or democratic methods. Timerman thought the listeners might not realize it, but the logic was the same as that offered by the Nazi Party in Germany as it rose to power.

The Argentine armed forces, Timerman says, have long lived in a hermetic world, the officers linked by family with each other and with certain civilians who cooperate in intermittent military rule. They want life to be clear-cut, orderly; they resent to the point of hatred, of obsessive fantasy, the disorderly contemporary developments in science, religion, literature.

The fears and hatreds of the military were intensified in the 1970's by a real threat: widespread urban terrorism in Argentina. As the left-wing guerrillas conducted their killings and extortions, a right-wing secret organization matched those tactics, murdering not just alleged terrorists but lawyers who defended them in court and journalists who argued that the correct response to terror was not counter-terror but law. In 1976 the military took over the Government, and various military units began practicing terrorism with impunity.

The military Government indicated some of its fears of the modern world by its decrees, Timerman says. It imposed strict moral as well as political censorship. It banned sociology, philosophy and psychology as university majors. It forbade the use of Freudian techniques in hospital psychiatric services. Psychiatrists were a special target. Fifteen armed men came to abduct the president of the Argentine Federation of Psychologists from her hospital, dragging her down the hospital corridors by her hair.

"Argentina has three main enemies," one ideologue of the military regime said. "Karl Marx, because he tried to destroy the Christian concept of society; Sigmund Freud, because he tried to destroy the Christian concept of the family; and Albert Einstein because he tried to destroy the Christian concept of time and space." The enemies were three of the principal creators of the modern world—and all were Jews.

Timerman's picture of anti-Semitism at work in Argentina is especially significant. Anti-Semitic literature is studied in military academies and widely sold on the streets. Zionism is described as a more dangerous enemy than Communism. While in prison Timerman was asked about a secret trip Menachem Begin supposedly made to Argentina, and about Zionist schemes to seize Patagonia and turn it into a second Zionist state, "Andinia."

When Timerman was before the military tribunal, each round of questioning was begun in the same way by its president, Colonel Clodoveo Battesti:

"Are you a Jew?"

"Yes, Mr. President . . ."

"Are you a Zionist?"

"Yes, Mr. President . . ."

"When did your Zionist activities begin?"

"At the age of 8, Mr. President. My mother enrolled me in a sports club called Macabi."

Once Timerman was unexpectedly taken from prison and brought before the Minister of the Interior. (The reason, it turned out, was that Patricia Derian had forcefully raised the issue of his imprisonment that day with President Jorge Rafael Videla.) The Minister, who had known Timerman for years, wanted to see his physical condition. Timerman asked why he was in prison.

"You admitted to being a Zionist, and this point was revealed at a meeting of all the generals."

"But being a Zionist is not forbidden."

"No, it isn't forbidden, but on the other hand it isn't a clearcut issue. Besides, you admitted to it. And the generals are aware of this."

The very first questions put to Timerman after his kidnapping were: Are you Jewish? Are you a Zionist? Is La Opinión Zionist? Curiously, Timerman reckons that his answers—yes—saved his life. The interrogators thought they had a key figure in the world Jewish conspiracy and wanted to save him for a show trial.

It is of course not only Jews who have suffered in Argentina—or the Soviet Union or the other tyrannies of the earth. Indeed Timerman, really speaking to himself, warns against feeling "sorry for ourselves as Jews." Most of those killed in Argentina, he emphasizes, were not Jews. "But in the solitude of prison," he goes on, "it is so sad to be beaten for being Jewish. There is such despair when they torture you for being Jewish. It seems so humiliating to have been born."

The other factor that saved him was international attention to his case. The point about international concern is more important, much more, than a single life saved. In some ways the most terrible aspect of life in Argentina after the military took over in 1976 was the silence. Some 15,000 people were kidnapped and never seen again. Sometimes bodies would be found, or a released prisoner would report seeing someone tortured or killed in a secret prison. Mostly they just vanished. When mothers of the disappeared tried to publicize the horror, they were ignored. With a very few honorable exceptions, the newpapers printed nothing. The Government resisted all attempts even to publish the names of those who had disappeared.

The silence may be the most chilling thing in this chilling book. Before he became a victim, Timerman spoke with a naval officer who said that all suspected terrorists must be exterminated. Timerman asked, "What do you mean by all?" The officer answered: "All . . . about 20,000 people. And their relatives, too—they must be eradicated—and also those who remember their names. . . . Not a trace or a witness will remain."

A Final Solution: and it depended on a silence that would eventually legitimize the new state. That in turn depended on the world's acquiescence.

Last month Argentina's Foreign Minister, Oscar Camilion, dismissed the question of "so-called human rights" in diplomacy. "We Argentines will reach our goal of national conciliation," he said. "We will create reasonable stability in our institutions, and the world will sooner or later accept the way we Argentines find to live with ourselves."

But at the crucial time the world did not accept the Argentine military's way to reasonable stability, which was the peace of death. The world, in the form of Amnesty International and the Organization of American States and the Pope and the Carter Administration, provided the essential: information.

"Only public knowledge," Timerman writes, "can later, to some extent, the course of these events, this downward slope in the march of history." We are blessed as readers and as human beings that this witness survived.●

FATHER DRINAN ON HUMAN RIGHTS

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. FRANK. Mr. Speaker, one of the administration's most dramatic foreign policy changes has been in the area of human rights. The past policy of vigorously and openly supporting human rights around the globe has been replaced by a "selective approach" which turns a blind eye on abuses in authoritarian regimes.

Next week the Senate Foreign Relations Committee will consider the nomination of Ernest Lefever for Assistant Secretary of State for Human Rights, once again raising the issues that the administration's dramatic change in policy have brought. It is fitting that we turn to Father Drinan, a leading human rights advocate and former member of this body, for an assessment of this new approach to human rights.

It is regrettable but unfortunately true that, as Father Drinan indicates, the administration's policies may well "* * * wipe out the hopes of Soviet re-

fuseniks, dissidents in Eastern Europe, insurgents in Latin America and friends of freedom everywhere."

Father Drinan's article which appears in the spring 1981 issue of Present Tense follows:

IN DEFENSE OF HUMAN RIGHTS

(By Robert F. Drinan)

When I realize that the Reagan administration is systematically undercutting the human rights program created over the past five years by the Congress and the Carter administration, I think of all the people in oppressed lands who rejoiced in America's moral leadership in the area of human rights.

I wonder and worry about what the 100,000 recent refuseniks in the Soviet Union think when they hear that Ernest W. Lefever, who is vehemently opposed to any emphasis on human rights, will be the new Assistant Secretary of State for Human Rights. And I recall an evening in Leningrad when I was introduced by a dissident who told an audience of about two dozen that all those present would be in Siberia if it were not for the Congress of the United States.

When I learn that the new administration is in the process of wiping out the very existence of a positive program on behalf of human rights around the world, I think of the anxiety which this must bring to the 300,000 Jews in Argentina. On a mission there for Amnesty International, I spoke with many Jews who—sometimes guardedly—expressed their belief that a firm policy on human rights by the United States would enhance the possibility of fewer "disappearances" and more freedom in their country.

The 118,000 Jews in South Africa are also undoubtedly concerned about the impact which the demise of human rights as an element in U.S. foreign policy will mean. Pretoria has recognized over the past five years that the Congress and the Carter administration were vigorous opponents of apartheid.

The regime in South Africa is embarrassed at its defeat in Rhodesia and deeply troubled by the emergence of Zimbabwe under Robert Mugabe. Absent any pressure from the United States on human rights, will South Africa continue even more blatantly its defiance of international law by continued occupation of Namibia? And will South Africa, freed from U.S. pressure, extend the segregation and repression of its non-white population?

For the first time in American history, the Carter administration established a policy of emphasizing human rights, created an office for the implementation of this policy and thereby won the admiration and gratitude of the Third World. In some instances economic aid to certain governments was terminated because of their dismal record on human rights. The argument is now made that this embarrassed our friends and allies, who, though they had authoritarian regimes, were nonetheless in our camp. This alleged embarrassment is one of the reasons why the new administration wants to return to quiet diplomacy and abandon open advocacy on behalf of human rights. Such abandonment will be seen by the people in authoritarian countries as an abdication of a policy which gave them hope that at last the United States would live up to the pledge made in Articles 55 and 56 of the United Nations Charter where our country and all the other signatories of that treaty agreed to promote human rights.

The Reagan administration's interest in human rights seems to be limited to the concept that only those dissidents whose views are totally compatible with a cold war, anti-Soviet attitude are worth defending. It was not so under the previous administration, where the emergence of America's accent on human rights was bipartisan and relatively uncontroversial and where the Congress recognized a truth which I hope the Reagan administration will also recognize. That truth was stated brilliantly by President John F. Kennedy when he wrote that "Those who make peaceful revolution impossible make violent revolution inevitable.

I also hope that history will not record that in the months from January to June 1981 a creative and successful American program emphasizing human rights was dissolved. If this dissolution occurs it will wipe out the hopes of Soviet refuseniks, dissidents in Eastern Europe, insurgents in Latin America and friends of freedom everywhere.●

CONGRESSMAN ROSENTHAL'S NEWSLETTER ON THE BUDGET

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. CONYERS. Mr. Speaker, newsletters are a major channel of communication between Members and citizens. My esteemed colleague and very dear friend, Congressman BENJAMIN ROSENTHAL of New York, published this spring a newsletter on the Reagan administration's 1982 budget proposal that is exceptional in its informativeness, clarity of analysis, and the forthright value-statements the Congressman offers that underlie his point of view. The newsletter entitled, "The Federal Budget and Its Consequences," is lucid, thorough, and honest, and because it is an excellent example of public communication at its best, I wish to share it with my colleagues at this point in the RECORD:

THE FEDERAL BUDGET AND ITS CONSEQUENCES

I am writing you at a moment of historic decision for America: how shall we control inflation and bring about economic recovery? And if sacrifice is necessary, who shall be called upon to make it?

President Reagan has now presented his answer to the Congress and the American people. The key to recovery, he has told us, is a program entailing tax reductions to encourage investment, decontrol of oil and gas prices to stimulate energy independence, and drastic cuts in social and other services to help balance the budget and offset a huge increase in military spending.

The President's program represents the most significant change in American public policy in the past fifty years. It must be studied and discussed by every American. And I am writing you, and every constitutent in our Congressional District, because this program, if passed, will affect your daily life, your budget, your savings, your future. You're going to feel it, one way or another.

So I believe I should share may views concerning the Reagan program in order to encourage you to reach your own position and to make it known. Decisions of such consequence cannot be left to Washington alone. Now that we can see specifically what the Reagan plan will mean for the way Americans live, the people must speak and be heard.

Since its beginning, I have wished the Administration well as it set about considering new steps to strengthen our economy. In all honesty, I had misgivings. But as an American, not just a Democrat, I do want to see conditions improve, whatever the source and to whichever party's credit. We know what inflation is doing to people like you and families like yours. Things do have to change. We do need new approaches. I myself have been a strong critic of national economic programs—which has meant opposing policies advanced by a President and other leaders of my own Party, not always easy to do. I do not enjoy opposition for opposition's sake, nor criticizing policies without careful study leading to firm conviction.

But I must tell you, now that I have studied President Reagan's plan, that I believe it is deeply flawed, likely to increase rather than reduce inflation, and insensitive to the needs of precisely those Americans who are already bearing the heaviest burden of inflation and economic stagnation.

I wish it were otherwise. I have made an effort to consider the President's proposals as objectively as possible. To some, the easiest course would simply be to sit back and wait. Others, who oppose the Administration plan and believe it will not work, counsel us to "let it fail". Both approaches seem irresponsible. If I believe the proposed program will be bad for the country, and for hard-working Americans like you and those close to you, I have a responsibility to present that argument to my constituents, and to work for policies more likely to reduce inflation and distribute sacrifices more equitably among all the people of our Nation.

INFLATION AND ENERGY

More than anything else, Americans want to see inflation brought under control. Those who voted for President Reagan and those who are willing to give him a chance feel as they do because they are ready for tough new measures to stop inflation. Fine, let that be the standard by which his proposed new program must be judged.

Americans understand, by now, that the deepest cause of inflation has been the ever-rising cost of oil, and our Nation's dependence on energy from abroad. The figures are staggering. More than $100 billion a year flow out of this country for oil imports. At the current rate, America will be paying to OPEC, over the next five years, nearly half the market value of all companies listed on the New York Stock Exchange—the equivalent of half the productive capacity we have built-up over 200 years.

If these large numbers seem too abstract or distant, simply consider your own budget over the last few years—how much more you've had to pay for gasoline, home heating oil, rent increases, food prices (which jump partly as a result of higher transportation costs)—to say nothing of all the other petroleum-based consumer products. From 1975 to 1981 the price of home heating oil has risen from $0.38 per gallon to $1.31 per gallon—345%! From 1975 to 1981 a gallon of gasoline has risen 150%.

Energy price increases account for more than one-third of the total inflation rate and are a principal contributor to double-

digit inflation. And yet, President Reagan has now decontrolled the price of oil and is urging the immediate decontrol of natural gas—two outrageously inflationary actions.

Rising oil prices have already reduced the average real spending earnings of American working families below 1972 levels, an erosion which will only be intensified by decontrol. The impact of natural gas decontrol will be even more inflationary to our personal and national budgets. Residential consumers will pay hundreds of dollars more for natural gas every year. For every dollar increase we pay in our heating bills, we will pay three dollars more for price increases in goods and services that consume natural gas. Across the country industries and many small businesses will be hurt by the sharp and unavoidable price increases.

Decontrol will also cause an increase in unemployment and a decline in productivity. It will accelerate and intensify the drain of billions of dollars from energy-consuming states ($275 billion from the 16 Northern states) to the producing states and to other producing nations.

Decontrol will bring enormous hardship to users, but it will be another bonanza for the major oil companies. Since 1972 profits from the top 20 oil companies have increased 404%! If natural gas is decontrolled immediately, oil company profits will increase to the point that the combined profits of a dozen giant oil companies will equal the combined profits of at least 900 of the Fortune 1000 Industrials. The President's decisions to decontrol oil and gas make one wonder just who his program is intended to benefit.

Tax Cuts: Who will they help and what will they achieve?

The issue of who will benefit from the Reagan tax program and whether or not it will really control inflation also arises regarding the President's proposed tax cuts. The answers appear equally distressing.

In dollar terms, close to 50% of the savings made possible by the proposals will go to the top 10% of American income-earners—who already benefit from extraordinary tax loopholes and shelters.

The other 90% may never really feel the benefit of the Reagan tax cut at all. Many families will actually be paying more taxes in 1982 as a result of Social Security tax increases. And for many more Americans, particularly in New York City, what is gained in tax relief may well be lost as a result of social service budget cuts and the inflation caused by oil decontrol. How much will you be saving, for example, if subway fares go up as a result of decontrol, to say nothing of food and health care?

The across-the-board tax cuts the President has proposed sound equitable, but in reality they slant strongly in favor of the wealthy.

A family with an income of $200,000 a year stands to save $30,000 under the Reagan tax plan. The benefits to most middle-class families will essentially be offset by inflation coupled with effect of being pushed into a higher tax bracket.

The Administration justifies this approach by assuming that upper income taxpayers will invest their tax windfalls in projects which create economic growth and new jobs. But isn't it just as likely that the well-to-do will decide to spend their additional income on leisure activities—a video cassette recorder, an extra vacation—or a second house (for additional tax breaks)? If this does happen, which many economists believe is probable, the result will be still more inflation and a still greater federal deficit. What then? More budget cuts from programs to help those already suffering most from inflation?

Not only are these tax cuts going to help the wealthiest Americans, but the theory which seeks to justify this approach is entirely untested. No one knows where the additional income for the rich will end up. No one, even the Administration's strongest supporters, can give us any concrete economic data to assure the policy's success. The President's own Counsellor, Edwin Meese, has only been able to say, "it's 80% psychological". What we have then is not a prudent economic policy but a risky psychology experiment, underwritten by those who will bear the burden of its cost and would suffer the disaster of its failure.

If there is to be a tax cut, it should be targeted more carefully to help the most needy regions and groups of the nation. Decontrol of oil, for example, will provide windfall revenues for the oil-producing states of the Sunbelt at the expense of the oil-consuming states of the Northeast and Middle West. Tax cuts should be directed to offset such inequities and to encourage investment in energy-efficient new enterprises. Tax cuts can be sophisticated instruments for equity and investment. But the Reagan approach fails to take advantage of these possibilities, so single-minded is its intention simply to provide more disposable income for the well-to-do.

When combined with the policy of oil-decontrol, the tax program increases still further the evidence that the Reagan tax plan will work less to ease the burden of inflation on hard-working Americans than to provide windfall profits to the wealthy.

The defense of this approach, made by Administration economists, is that benefits to upper tax bracket Americans will ultimately "trickle down" to the more needy. (That's a little like saying, if there's more cake for the few, there'll be more crumbs for the many.)

In my view, hard-working and hard-pressed Americans need more than a "trickle" of relief, anyway. So perhaps you can begin to understand why I am having such misgivings about the President's new economic plan.

THE DEFENSE BUDGET

The situation only appears more grave when you consider the Administration's plan for increasing defense spending.

If, as the President believes, government spending is the prime cause of inflation, what exactly is one to make of his proposal to increase military expenditures by around 200 billion dollars over the next five years? The sum is staggering—the most expensive, peace-time military buildup in our history, more money than we spent for the entire Vietnam War. By 1986, under this plan, Americans will be paying 1.4 trillion dollars in taxes for defense! Is this really what we need at a time when inflation is barely under control?

Military spending is not only inflationary, it offers no long-term socially useful investments for Americans. Whatever one thinks about government spending on social programs, they do have the effect of helping hardworking citizens deal with the cost of basic necessities—food, health care, housing and energy. Military spending has no such broad social consequences. And its major beneficiaries, as with oil decontrol and the tax cut programs, are once again the largest corporations.

I have supported military appropriations in the past—after fighting to cut waste and senseless systems of nuclear overkill. Our conventional forces do need to be strengthened. Security at home and legitimate ideals and interests abroad make national defense a necessity. But we are already spending too much on the wrong kind of defense—bringing us no greater real security. It's hard to justify additional military spending to Americans whose lives are getting more and more burdened as our economy falters—quite apart from the incredible danger to the entire world posed by the number of nuclear super-weapons already in place and targeted.

BUDGET CUTS FOR SOCIAL SPENDING

Oil decontrol . . . tax cuts for the affluent . . . massive increases in military spending—all of it likely to increase inflation, all of it likely to increase the economic burdens on hard-working Americans.

I think you can understand why, given all this, I find the President's plans to cut social spending so unjust.

I do not believe the President is heartless; his intentions are honorable. But the theory behind his proposed budget cuts is, in my view, deeply misguided. Government spending for social programs is not the basic cause of inflation. It is being sold that way to the American people, (even while military and energy spending is allowed to increase). But it's just not true.

As Chairman of a House Government Operations subcommittee, I know a good deal about government waste, studied it for years . . . documented it . . . done something about it. It's a problem. It's got to be controlled. There are budget cuts which would do that, and I would support them.

Huge increases in the price of oil and food have produced a vicious circle of price and wage hikes. The Federal Reserve Board, in turn, has tightened credit, thereby inhibiting investment. As a result, people's doubts about the future have increased dramatically, encouraging them to spend and borrow as much as they can as long as they can.

This too is a simplified explanation of a complex problem. But it does take into account a number of inflationary conditions which have nothing to do with federal spending for social programs. Cutting the budget won't stop oil prices from going up as a result of decontrol or OPEC price hikes. It won't stop runaway health care costs. It won't offset the inflationary effect of military spending, or greater consumer spending if the beneficiaries of the President's tax program choose to spend rather than invest their windfalls. In fact, the Congressional Budget Office has calculated that cutting $20 billion from the federal budget would bring down inflation by only one half of one percent, at best. Hardly the answer.

The budget cut cure is the wrong medicine, being administered to the wrong patients. Who presently suffers most from inflation? The poor, the ill, the elderly, the jobless, the working class citizens of big cities. How does President Reagan intend to ease their burden? By cutting those very programs which are barely making it possible for these same groups to hold on at all. It's just not right.

THE UNKINDEST CUTS OF ALL

The President has proposed 83 major program cuts. After careful study, it is clear that a number of these programs are absolutely necessary for the well-being of millions of Americans. Necessary to bare subsistence. No frills. Simple human needs,

without which whole families could just go under.

What are we talking about? Enough to eat, for oneself and one's children. A room or two to live in. Some kind of job, or a minimum income for those who can't find one. Health care, if you become ill. Affordable transportation, to get to work, or look for work, or send the kids to school. In short, the means to secure food, housing, energy, health care—the very areas of life where inflation has hit the hardest, and where the Reagan budget will hit harder still.

A careful look at the President's budget cuts reveals an attack on that most basic human right of all—"Freedom from want", in the words of President Franklin Roosevelt.

These, then, are the programs I intend to fight to save, as the Congress prepares to consider Ronald Reagan's budget cuts.

Mass Transit. The high cost of oil has made clear the need for inexpensive, energy efficient transportation—particularly mass transit. Yet the President would eliminate operating subsidies and grants for such systems. Elimination of this aid will mean a major fare increase for New York City with no improvement in services.

Conservation. The high cost of fuel hits the poorest citizens the hardest. Oil will never get cheaper. Yet the President would cut funds for research and development and conservation, while allowing the price of oil and natural gas to increase through decontrol.

Subsidizing Housing and Rent Contributions. The Reagan plan would reduce the number of federally subsidized housing units by 13 percent—and increase tenant contributions from 25 to 30 percent of their income. This would affect as many as 30,000 New Yorkers.

Medicaid. Millions of people are healed and lives saved because Medicaid helps pay health care costs for those who simply cannot afford them when stricken with illness. At the very time when such costs are going though the ceiling from inflation, President Reagan would put a cap on Medicaid grants to the states. The result will be that poor people will be denied medical treatment by hospitals and doctors until their conditions deteriorate critically. This simply can't be allowed to happen in the world's wealthiest and presumably most humane nation.

CETA. Jobs produce revenue and reduce welfare costs. Yet President Reagan would entirely abolish the Comprehensive Employment and Training Act—the nation's largest public service job program. The result in New York City for example, will be to add approximately 11,500 people to the welfare rolls, at the cost of nearly $20 million for the city and state.

Disability Insurance. The Social Security System provides payments for disabled workers. The President's program would reduce eligibility and cut benefits by $2.75 billion over the next five years.

Food Stamps. President Reagan would deny 400,000 Americans this most basic form of assuring minimum nutrition.

Child Nutrition. Since 1946 the government has been committed to eliminating child malnutrition. School lunch programs are essential to that effort.

I will listen carefully as the case for balancing the budget is made in Congress. To aim for such a goal in the future is sensible, but not if the burden is to fall on those who can least afford it, while energy, tax and defense policies benefit giant corporations.

If cut we must, there are other areas the Congress might look at more carefully: military spending, above all; synthetic fuels and nuclear energy; interstate highway construction; certain farm subsidies; water projects; and a whole range of tax subsidies for multinational corporations, particularly the oil companies.

What is at stake, finally, are the priorities of social policy. And what is clear is that the Reagan Administration's budget is giving lowest priority to programs to help Americans in need, and highest priority to building weapons of war. I intend to fight against this decision.

PROSPECTS IN CONGRESS

Let me close with some straight talk about how the Reagan budget will be treated in Congress. Many Democrats also favor major budget cuts. Even if some are skeptical about their overall economic effect, they believe such action is psychologically and politically necessary. So cuts there will be, and people will hurt.

On the other hand, there will be strong fights on a number of the proposed cuts I have singled out as my own priorities for strong opposition. We have a chance with some. And Congress will probably not accept major elements of the Reagan tax plan, either in its emphasis on tax breaks for the most wealthy Americans, or in its three-year mandate.

Finally, there will be those of us who will be working to put forward elements of an alternative plan for recovery—a long-term plan to relieve inflation, rebuild our industrial base, create secure jobs, and see to it that benefits and sacrifices are distributed more fairly amongst the people of this country.

But there are alternatives to the Reagan plan. And they must be developed further and articulated more effectively by men and women who are looking to the future without despair or a failure of nerve.

Among these promising avenues of reform are such policies as: mandatory energy conservation and development of safe new alternatives to petroleum; price and wage controls to hold down the cost of food and health care; a tax-based income policy which relates prices and wages generally to productivity and long-term investment; efforts to rebuild our older cities and industries; greater commitment to equality for women and minorities; credit allowances to stabilize and expand the supply of housing; new use of pension funds for investment in socially useful projects; a new concept of national security, emphasizing arms control and reduction in spending for strategic nuclear weapons; above all, a recognition that government, despite its shortcomings and recent failures, need not inevitably be the enemy of the people but rather an instrument of national unity and economic planning.

I hope these remarks on so broad and complex a subject will give you a sense of how I will be approaching this session of Congress. An historic debate is beginning over the future of the American economy and domestic policy.

I have let you know my feelings about the current economic and budget proposals. Now I would like to listen to your ideas on these issues which really do affect your lives and our country's future.

I want you to write and give me the benefit of your thinking on these vital issues. It is important to me to hear your views.

I will also be holding town hall meetings in Queens during the middle of April. I encourage you to attend these meetings, speak out and to write me specifically what you think.●

A "NEUTRAL" LEBANON

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Ms. OAKAR. Mr. Speaker, the prospects for an early and lasting peace in the country of Lebanon grow dimmer each day. As tensions appear to be mounting, it is important to express our concern about the recent events there and to express our strong desire that all parties involved remain neutral and calm. The following two articles point out the problem for this peace-loving country—it is caught in the middle of its own internal conflicts as well as other nations' interests. While we may not agree with all the points in these articles, they are certainly worth our noting. I ask unanimous consent that they be included in the RECORD.

[From the Washington Star, May 5, 1981]

OUR NAME HAS NO PLACE IN THE WAR IN LEBANON

(By Georgie Anne Geyer)

As Lebanon sinks deeper into its gathering night, still another dangerous incongruity of our foreign policy emerges.

On the one hand, Congress is discussing holding up the sale of the sophisticated AWACS radar reconnaissance planes to Saudi Arabia. The major argument is that the Saudis might use them against Israel instead of for legitimate defense—i.e., use them "illegally."

On the other hand, over the last three weeks Prime Minister Menachem Begin's government has launched more bombing raids over all parts of Lebanon than in all of 1980, this time not only along the border but also in the north.

U.S. WEAPONS USED

All of these were launched with U.S. weapons given under our mammoth aid program to Israel under the 1952 mutual defense assistance agreement. This states that "Israel assures the U.S. government that the arms will be used only for 'internal security,' legitimate self-defense of areas of which it is part". . . and "that it will not undertake any act of aggression against any other state."

Can these constant raids into Lebanon, in which 29 civilians were killed in one day alone, really be considered "defensive"? One is hard pressed to believe this.

In 1979, the excellent U.S. ambassador to Lebanon, John Gunther Dean, got from the Lebanese government detailed and meticulous information showing that the majority of people actually killed that year in the Israeli raids, which started in January, were Lebanese civilians—969.

In addition, 175,000 Lebanese civilians have fled the south since April of that year to escape the Israeli forces who had set up a free-wheeling Lebanese Christian major, Saad Hadad, to form a cordon sanitaire between the Israeli border and the PLO forces.

1954 MEETING CITED

Indeed, in the recent memoirs of former Israeli Prime Minister Moshe Sharett, he told of a 1954 meeting in which then chief of staff Moshe Dayan suggested finding some such Lebanese Maronite (Christian) major.

"Then," he quoted Dayan, "the Israeli army will enter Lebanon, will occupy the necessary territory, and will create a Christian regime which will ally itself with Israel. The territory from the Litani (River) southward will be totally annexed by Israel and everything will be all right."

Several salient facts need to be clarified at this point. The Lebanese "civil war," if it is that and not sheer anarchy, has nothing to do with Christians or Moslems or Jews. It is a war for sheer power, which began when the Palestinian refugees upset the religious balance so carefully nurtured there.

Second, nobody is more moral or less cruel than the others. It is a war with no heroes, and no amount of modern political alchemy can create them.

Third, although the occupying forces of the Syrians have more than enough blood on their hands, they did not start this go-round. It was started when some of the rabid Phalangist Christians attacked a Syrian guard post a month ago.

HAIG'S VISIT A SIGNAL

Fourth, Secretary of State Alexander Haig's visit to Jerusalem certainly gave the Begin regime the unofficial go-ahead to enter Lebanon in force. By refusing to criticize the illegal and provocative settlements on the West Bank and by bitterly criticizing Syria (when what Syrians wanted was the secretary to dignify them with a visit), Haig left the way open for what is happening now.

As a couple of hundred more (the numbers are not yet exactly known) innocent people are killed by Israeli and Haddad's raids and artillery, the State Department is having some heated conversations with the Israelis—but they are private and, of course, they are too late.

None of this is to excuse the senseless bloody brutality of the various Arab forces in Lebanon (at last count, there were at least six full armies fighting indiscriminately).

Nor is it to say that the AWACS planes should be or not be sold to the Saudis, for that is a complicated decision.

Nor is it to say that the Israelis do not have the right to bomb and fight in Lebanon, if that seems in their defensive interest against Palestinian terrorism.

But it is to say that it is time to make one distinction crucial to future peace and the U.S. role in the area: The bombing and fighting should not be done in our name.

[From the Washington Post]

A NEUTRAL LEBANON

It is a strange scene in the Mideast. Israel and Syria could go to war, in or over Lebanon, but the prevailing assumption is that any conflict would be contained, launched more to show steel than to alter the regional balance of power. The leadership in both Jerusalem and Damascus has engaged its prestige in a confrontation that seems accidental, even verging on unnecessary, to outside parties; but neither has geared up for full-scale combat. The United States and the Soviet Union have both dispatched ranking emissaries to the area, but, in Washington at least, there is little evident disposition to lend reality to the resulting air of superpower showdown.

Not that some Israelis and some American hardliners are not calling upon the administration to accept the crisis as the first Soviet-inspired test of Ronald Reagan's will. They see Syria, a Soviet client, flexing its muscle in Lebanon and moving into a new position that challenges Israel's previous command of the skies and support of the Christians, and they demand that Mr. Reagan respond in a way showing the stuff he is made of.

It could come to that, but so far, to Mr. Reagan's credit, it has not. He has implicitly accepted that there is more to the crisis than a Soviet-Syrian probe of his mettle. There is, for instance, some Christian elbowing in Lebanon and some pre-election pulling and hauling in Israel. Mr. Reagan got Mr. Begin, the Israeli prime minister, to put off attacking the new Syrian missile positions in Lebanon. He summoned rumpled and reliable Philip Habib out of retirement and sent him to try to turn the clock back a month or two.

This is well. The longtime design of Syria's President Assad, as of his predecessors, appears to be to tuck Lebanon into a "Greater Syria"—a development that Israel would be justified in regarding as strategically disadvantageous. At the same time, the instinct of Prime Minister Begin is to strengthen Israel's connection to Lebanese Christians, in order to keep Syrians and Palestinians on edge, and this is a development that Syria is justified in regarding as to its strategic disadvantage.

To frame the problem this way is to suggest the solution: a neutral Lebanon. It is necessarily a long-term goal, but all outsider diplomacy must be measured by how well it succeeds in loosing Syria's and Israel's grip on a country whose sovereignty both have flouted shamelessly. "At the end of the day," a Beirut diplomat told James MacManus of The Manchester Guardian, "no one gives a damn about Lebanon except Syria, for historical reasons, and Israel, for security reasons." That's not exactly so. Lebanese give a damn. But others have gotten in the habit of denying them the right to sort out their own painful affairs.●

WHEN THE ANSWER IS NOT A BOTTLE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mrs. SCHROEDER. Mr. Speaker, "When the Answer Is Not a Bottle," by Patricia Jelliffe, presents many good arguments for the approval of the World Health Organization Code of Marketing of Breastmilk Substitutes. I am a cosponsor of House Resolution 122, the infant nutrition resolution, introduced by Congressman TOM HARKIN of Iowa, which expresses congressional support for the code.

WHEN THE ANSWER IS NOT A BOTTLE

(In many parts of the developing world the incidence of infant malnutrition and diarrhea can be directly linked with a decline in breastfeeding, and its replacement by wrongly and unhygienically constituted bottle-fed formulas. Patricia Jelliffe describes the factors behind this trend, the efforts to evolve a code of conduct for the marketing of infant formula, and some of the campaigns underway to re-establish breast as best.)

The problem of malnutrition among infants and young children has been emphasized by concerned health workers and nutritionists for many decades. However, the problem of marasmus linked with the use of improperly administered infant formulas has only begun to attract world-wide interest in recent years. Careful scrutiny of the mechanisms leading to mounting morbidity and an increasing death toll among young children has underlined the need for action programs both at international and national levels to counteract faltering trends in breastfeeding in many areas of the world.

Around 10 million cases of infant malnutrition, often accompanied by diarrhea, occur yearly in the developing countries as a direct or indirect result of a mother ceasing to breastfeed her child. A number of social and economic trends have contributed to the problem. These include rapid urbanization and its accompanying disruption of family life-styles, unemployment and the low purchasing power among the poorest strata in society which prevents families from being able to obtain enough of the right food to provide a suitable diet for mothers and infants. But three main influences have accelerated the decline in breastfeeding and the parallel, and unprecedented, increase in infant malnutrition.

THE HEALTH PROFESSION

Health professionals' lack of training in nutrition has now been recognized worldwide, and breastfeeding especially has been neglected. The physiology of lactation and emphasis on the important prolactin and sensitive letdown reflexes are not stressed. Nor are the dangers of separating the mother and child at birth, and of introducing pre-lacteal feeds such as glucose water or formula, which satiate the newborn's appetite and thereby discourage the vigorous suckling needed to assure successful breastfeeding.

Training programs have equally omitted to point out the wide differences between the composition of bovine and human milk, and that the latter is adapted to fit the needs of each individual baby; that the absorption of minerals such as iron, zinc and calcium is superior from human milk; and that breastfeeding has child spacing and anti-infective effects. In the light of this lack of training and of the lack of resources available for health care, the health services have failed to assume their responsibilities in the context of breastfeeding and its relationship to sound infant feeding practice. Thus they have left open the field—a field into which the infant food industry has energetically stepped.

THE FOOD INDUSTRY

For many years the manufacturers of infant food products have been vigorously promoting milk formulas as well as juices, cereal products and pureed food for use in the early months of life throughout the developing world. Marketing practices have included using company employees to distribute free samples of milk to mothers in hospital and on home visits, as well as booklets, leaflets, and free feeding bottles. These items are also distributed to members of the health profession, although the literature varies for each audience in terms of the sophistication of the messages and the type of advice given. Many infant products are advertised in medical and paediatric journals, and milk firms have a high visibility at paediatric congresses. In certain quarters, the

overall impression reinforces the idea that bottle feeding may be a simpler, more modern and convenient method of child feeding, and nutritionally equivalent to biological feeding.

It is recognized by the health profession that under certain conditions, bottle feeding may be necessary. If the infant is an orphan and no surrogate lactating relative exists, if a mother is severely ill or does not wish to breastfeed, there may be no alternative. But among the poorest and least knowledgeable strata within many societies, bottle feeding is hazardous for the very young. Environmental sanitation standards may be very low, and the importance of cleanliness and sterilization ill-appreciated. It may also prove impossible for a low-income family to afford to buy sufficient formula to bottle feed a three-month old infant with the mix at an adequate nutritional concentration. This can cost between 25 and 93 per cent of the father's daily working wage. Even in situations where the family may be able to afford adequate supplies of formula, it may be unhygienically administered. A recent study by Autret and Miladi in wealthy Arab countries has shown that the frequent incidence of marasmus is related to the increased availability of foreign milk products on local markets, and that cases of infant diarrhea are now prevalent as infants do not benefit from breastmilk's protective effect.

WORKING WOMEN AND LEGISLATION

In some developing countries, increasing numbers of women are entering the work force, professional women with skills as well as others employed in factories, in paid agricultural jobs, in the construction industry or as domestic servants. Some countries have adhered to the International Labour Organization Coventions related to working women. These allow 12 weeks maternity leave, intended as six weeks prepartum and six postpartum, but which in many cases can be taken at the woman's discretion, after delivery if preferred, to ensure the establishment of lactation. The conventions also establish lactation benefits, which entitle a working woman to take two half hour remunerated nursing breaks during the day in breastfeeding facilities (crêches) on the premises or nearby.

Many of these requirements although legislatively enacted are not adhered to by employers. Crêches may not be provided, or may be far away from the workplace, or preferential hiring of male employees may become the rule. When crêches are provided, mothers may be hesitant to leave their children in the unhygienic surroundings of an understaffed facility. Alternatively they may not want to travel for several miles in an overcrowded bus in which the risk of infection for the child is high.

THE CLAMOUR ABOUT BREASTFEEDING BEGINS TO GROW

The difficulties encountered by pregnant and nursing women have been much emphasized in the last decade. Health professionals and nutritionists have drawn attention through numerous publications to the perilous condition of the bottlefed infant in poor communities within developing countries. For 20 years (1950-1970) their work did not receive wide support, but by 1973/74 the World Health Organisation (WHO) had begun to give a much needed impetus to the continuing battle to promote the age-old method of biological infant feeding.

During the 1970s mounting concern began to be expressed both by members of the health profession and by consumer groups and voluntary activists about the marketing practices used in developing countries to promote infant formula and other foods. The inducements to use infant feeding products offered to members of the health profession, such as the distribution of free samples for use by disadvantaged mothers, were among the targets of the criticism. Some of the critics confronted the companies in court, notably the Swiss activist group *Arbeitsgruppe Dritte Welt* v. *Nestlé* (1974) and the *Sisters of the Precious Blood* v. *Bristol Myers* (1976). These cases attracted wide-scale publicity. Clearly the time had come to try and reach a consensus on the marketing of infant formulas which could be agreed to both by the health professionals and by the food industry.

The first joint meeting to discuss the issue had been convened in 1970 under the auspices of UNICEF and the Pan-American Health Organization of the UN system, and was held in Bogota. It was followed by similar encounters sponsored by the UN Protein Advisory Group, in Paris, New York, Singapore and India. At the 27th World Health Assembly (1974) a resolution was passed which urged: "all member nations to review the promotional activities of baby food companies, to introduce appropriate remedial measures including a new look at promotion by advertising and the need to devise a code of ethics for the firms." Ross Laboratories had already devised its own code; ten other companies now formed an International Council of Infant Food Industries (ICIFI) and formulated another. Both these codes of ethics are general in nature, and permit wide interpretation in their application.

By the end of the decade the promotion of breastfeeding as one strategy to combat increasing infant malnutrition had become a subject, therefore, of international concern. This led WHO and UNICEF to co-sponsor an international "Meeting on Infant and Young Child Feeding", which was held in Geneva in October 1979 and attended by over 150 participants. These included representatives from UN agencies, from governments, the scientific community, non-governmental agencies, and the organizations and companies of the food industry. The recommendations made at this meeting have been carefully reviewed in further consultations with the groups concerned, and as a result, the fourth version of a WHO/UNICEF Code of Conduct on the marketing of infant formulas has been forwarded by WHO's Executive Board with its endorsement to the 34th World Health Assembly to be held in May 1981. It will be the prerogative of the governments at the Assembly to accept the document as a set of recommendations.

THE PROMOTION OF BREASTFEEDING

In many countries programmes to promote breastfeeding are being instituted with varying degrees of effectiveness. Much depends on factors such as the existing legislative measures in force, the opportunities available for training, the resources and personnel a country has available for the programme, and the existence of voluntary organizations such as mothers' support groups and consumer advocates.

Before a breastfeeding campaign can be effectively mounted, a community diagnosis is needed as to prevailing infant feeding practices. The necessary information can be obtained in conjunction with other on-going surveys, into fertility or the prevalence of diarrhoea, for example. A number of prevalence studies on breastfeeding have been undertaken in industrialized countries and in developing countries, as part of WHO's collaborative study on breastfeeding, or as part of national or community studies.

Many variables have been examined, including pre-natal care, type of delivery, time of the first breastfeed, the use of pre-lacteal feeds, rooming-in, and the management of breastfeeding. Negative factors, which may inhibit successful lactation, have also been studied: unnecessary sedation of the mother, drugs given routinely to stop lactation, the attitude of health professionals, the role of food aid which interferes with breastfeeding, and family planning advice particularly where lactation-inhibiting oral contraceptives are involved.

In programmes dating from 1946-76, workers concentrated their efforts on testing the effectiveness of changing certain hospital procedures. The care of breasts (nipple retraction, prevention of engorgement) was encouraged, as was rooming-in, the education of parents and midwives, and early skin-to-skin contact. All of these proved beneficial in helping mothers achieve a more successful, and a longer, lactation period.

TOWARDS A CO-ORDINATED INFANT NUTRITION POLICY

In order to promote breastfeeding effectively, a co-ordinated infant nutrition policy is required at government level. This should include four main components: a public education and information campaign for professionals and the general public, using both mass media and material locally developed for distribution to mothers' groups; advisory services for mothers in all relevant health facilities such as pre- and post-natal clinics and maternity and paediatric wards; legislation in favour of pregnancy and lactation benefits; and monitoring of the food companies' activities by government agencies and consumer groups.

In some countries, efforts are already underway to introduce some or all of these components. A wide variety of information and educational literature has been developed in various countries. As part of Thailand's national programme, for example, competitions have been held to select posters, songs, and poems which have been widely disseminated throughout the country. The Paediatric Associations of certain countries (USA, Philippines) have strongly endorsed breastfeeding, and new textbooks have been developed for health cadres.

Mothers' Support groups have played an important role in mobilizing women who wish to breastfeed but need information, encouragement and support. Many such groups exist—La Leche League International (USA), The Nursing Mothers of Australia, Ammenhjelpen (Norway), PPI (Malaysia), Susu Mama (Papua-New Guinea)—working closely with physicians, and are well informed on clinical problems which may arise in the management of breastfeeding.

Some governments have banned the advertising of infant formulas and no longer allow milk company personnel to visit hospital premises. In Papua New Guinea, the sale of feeding bottles, formula, nipples (teats), pacifiers (comforters) is prohibited, and these items can only be obtained on prescription by a suitably qualified practitioner. Only breast milk is advertised.

The code of behaviour of both personnel from the food industry as well as that of health professionals must be scrutinized. Careful decisions must be made at the highest political level regarding the importation

and marketing of milk foods, fully realizing the important losses that a country incurs when women of reproductive age, not appreciating the benefits of breastfeeding, elect to bottle feed. There is no question that a considerable economic loss is sustained by their decision, not to mention the costs of rehabilitation of untold numbers of unnecessarily malnourished children. A multiple strategy must be put into effect to reverse the declining incidence of breastfeeding, not least important in which is the adherence of the food industry to the WHO/UNICEF Code of Conduct. All these measures will play a significant part in whether "Health for All by the Year 2000" becomes a reality for the youngest among us, or remains only a dream.●

MARTIN LUTHER KING'S THEORY AND PRACTICE OF CIVIL DISOBEDIENCE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. CONYERS. Mr. Speaker, early this year when the Congressional Black Caucus and the Martin Luther King, Jr., Center for Nonviolent Social Change decided to hold nationwide seminars on the intellectual and political legacy of Dr. King, we consulted with as many scholars and persons who were associated with Dr. King and the civil rights movement as we could find. As a result, the seminars took place on April 4—38 of them throughout the country—and the discussion that ensued reflected all aspects of King's life and thought—his theological training and religious commitments; the development of his basic concepts; his theory and practice of nonviolence; his social and economic ideas; and his leadership in the civil rights movement.

Among the scholars who have studied Dr. King's life, whom we consulted, was Dr. Peter J. Paris, professor of ethics and society at Vanderbilt Divinity School. In 1978 Dr. Paris published a major study of contemporary black American leaders, "Black Leaders in Conflict"—Pilgrim Press. His study examined four leaders—Joseph H. Jackson, the distinguished president of the National Baptist Convention, U.S.A. and pastor of Chicago's Olivet Baptist Church; Malcolm X; Adam Clayton Powell, Jr.; and Martin Luther King, Jr.—and the differences that arose among them with respect to their opposition to racism. The four differed in their conception of the racial problem in America, the uses of political action, the methods employed in opposing racism, and in their views of the possibilities for social change. It is Paris' belief that the disagreements among them ultimately proved constructive, and that out of the differences came a healthy, pluralistic perspective that a variety of approaches to combating racism was necessary.

The chapter on Martin Luther King in Dr. Paris' book is filled with valuable insight into Dr. King's political ideas, and I commend to my colleagues a portion of that chapter, that discusses Dr. King's practice of civil disobedience and boycotts.

Excerpts follow:

BLACK LEADERS IN CONFLICT

CIVIL DISOBEDIENCE

Martin Luther King's respect for the law is well known. He constantly sought to convince his followers that nonviolent direct action did not imply any disrespect for the just laws of the land, inasmuch as it was always practiced for the sake of legal justice. Further, the method is justified by the American Constitution, which provides for legal protest as the means for the redress of grievances. King opposed all forms of anarchy with a passion similar to that with which he opposed tyranny. Since he considered the fundamental problem in America to be the moral cleavage between the national practice and the law of the cosmos, and since the civil rights movement was intended to be the agent for moral reform, he advocated a method for that reform that he could justify by an appeal to the moral law of the universe. He deemed it significant that the Constitution was a document that described truths in accord with that moral law. However, he viewed the nation's customs and practices as contradictions of that law, and consequently, he had no difficulty in appealing to the Constitution as a source for justifying many of his actions since that law was commensurate with the universal moral law. In his estimation, just laws ought always to be obeyed.

But during the Birmingham campaign King came face to face with the attempt of the legal enforcement agencies to use the moral arm of the law for immoral practices, namely, to impede the progress of a moral social reform movement. Such a tactic had been used before (most effectively in Albany) and had crippled the movement to such a degree that virtually none of its goals could be realized. The movement frequently searched for a means of counteraction injunctions that were cloaked in legal framework but that were aimed at the perpetuation of injustice. Therefore, when the decision was finally made to take an audacious new step in the history of the movement, much prayer and deliberation preceded such a move. That is to say, King did not undertake acts of civil disobedience in a casual way.

"We did not take this radical step without prolonged and prayerful consideration. Planned, deliberate civil disobedience had been discussed as far back as the meeting at Harry Belafonte's apartment in March. There, in consultation with some of the closest friends of the movement, we had decided that if an injunction was issued to thwart our demonstrators, it would be our duty to violate it. To some, this will sound contradictory and morally indefensible. We, who contend for justice, and who oppose those who will not honor the law of the Supreme Court and the rulings of federal agencies, were saying that we would overtly violate a court order."

The reasons King gave for justifying such civil disobedience are, in the first place, practical.

"The injunction method has now become the leading instrument of the South to block the direct-action civil-rights drive and to prevent Negro citizens and their white allies from engaging in peaceable assembly, a right guaranteed by the First Amendment. . . . This has been a maliciously effective, pseudo-legal way of breaking the back of legitimate moral protest."

Second, the justification was based on the conviction that the injunction served immoral ends and, therefore, was itself immoral. At the same time King insisted on a distinction between anarchy and incidental civil disobedience. The former represents a political philosophy, while the latter is contextually strategic. "We were not anarchists advocating lawlessness, but . . . it was obvious to us that the courts of Alabama had misused the judicial process in order to perpetuate injustice and segregation. Consequently, we could not, in good conscience, obey their findings."

Later, in the "Letter from Birmingham Jail," King appealed to Augustine as an authority for offering a theological justification for civil disobedience. "The answer lies in the fact that there are two types of laws: just and unjust. I would be the first to advocate obeying just laws. One has not only a legal but a moral responsibility to obey just laws. Conversely, one has a moral responsibility to disobey unjust laws. I would agree with St. Augustine that 'an unjust law is no law at all.'"

Since King had advocated time and again that those who acquiesce to evil participate in promoting evil and are, therefore, as much the agents of evil as the initiators themselves, he concluded that one could not be moral by obeying immoral laws. But the troublesome question for many who have debated the issue is:

"How does one determine whether a law is just or unjust? A just law is a man-made code that squares with the moral law or the law of God. An unjust law is a code that is out of harmony with the moral law. To put it in the terms of St. Thomas Aquinas: An unjust law is a human law that is not rooted in eternal law and natural law. Any law that uplifts human personality is just. Any law that degrades human personality is unjust. All segregation statutes are unjust because segregation distorts the soul and damages the personality. It gives the segregator a false sense of superiority and the segregated a false sense of inferiority. Segregation, to use the terminology of the Jewish philosopher Martin Buber, substitutes an 'I-it' relationship for an 'I-thou' relationship and ends up relegating persons to the status of things. Hence segregation is not only politically, economically and sociologically unsound, it is morally wrong and sinful. Paul Tillich has said that sin is separation. Is not segregation an existential expression of man's tragic separation, his awful estrangement, his terrible sinfulness? Thus it is that I can urge men to obey the 1954 decision of the Supreme Court, for it is morally right; and I can urge them to disobey segregation ordinances, for they are morally wrong.'"

In the above passage, which represents his best reasoning on the subject, King appealed to the authority of Catholic, Protestant, and Jewish theologians to support his understanding of how one identifies unjust laws. He gave certain examples:

"An unjust law is a code that a numerial or power majority group compels a minority group to obey but does not make binding on itself. * * *

"A law is unjust if it is inflicted on a minority that, as a result of being denied the right to vote, had no part in enacting or devising the law. * * *

"Sometimes a law is just on its face and unjust in its application."

King contended that the breaking of unjust laws must be done in the spirit of love and with a willingness to accept the penalty. The latter attitude demonstrates a high regard for law in principle.

"One who breaks an unjust law must do so openly, lovingly, and with a willingness to accept the penalty. I submit that an individual who breaks a law that conscience tells him is unjust, and who willingly accepts the penalty of imprisonment in order to arouse the conscience of the community over its injustice, is in reality expressing the highest respect for law."

Occasionally, King called upon biblical and historical examples to strengthen his justification of civil disobedience—the refusal of Shadrach, Meshach, and Abednego to obey the laws of Nebuchadnezzar because of their loyalty to a higher moral law; the refusal of the early Christians to compromise their faith with the laws of the Roman Empire; the refusal of the Greek philosopher Socrates to compromise his principles with the conflicting laws of the state; the refusal of the American revolutionaries to be taxed without representation.

SCHOOL BOYCOTTS

Most of the common arguments opposing school boycotts were based on the premise that school children should not be encouraged to oppose the school system, lest they lose respect for school authorities and become disillusioned about the educational process. King, on the contrary, supported school boycotts that were undertaken self-consciously in the spirit of love and nonviolence. In his understanding, nobody, including children, should be encouraged to cooperate with evil. It was, he believed, that quiet acquiescence in which Black folk had been nurtured since childhood that has given them a false sense of inferiority. He thought it infinitely more noble to stand up and resist evil. Characters formed in that mode of action, if guided by love and aimed at the realization of kindredship, would manifest the kind of dignity and worth and freedom that all persons ought to embody. The use of children in demonstrations also had a practical effect; it aroused sympathy on the part of national observers, who often saw them harassed and beaten by the perpetrators of racism. King was able to say, "Looking back, it is clear that the introduction of Birmingham's children into the campaign was one of the wisest moves we made. It brought a new impact to the crusade, and the impetus that we needed to win the struggle."

In King's mind, the movement represented the embodiment of the moral law. He could conceive nothing evil in children participating in such a moral struggle. Rather, he praised those who did and strongly heartened others. The only alternative they had was to go on submitting to an evil system and, in the process, to have their characters formed by immoral and self-defeating action. Children going to jail for a righteous cause was a manifestation of morality itself.

"A significant body of young people learned that in opposing the tyrannical forces that were crushing them they added stature and meaning to their lives. Negro and white youth who in alliance fought bruising engagements with the status quo inspired each other with a sense of moral mission and both gave the nation an example of self-sacrifice and dedication."

Over and over again King reminded his audiences that children have often been used for evil purposes in history, and they have usually been the most damaged victims of social injustice. The civil rights movement chose to employ the energies and imaginative creativity of children and young people for constructive, moral purposes. King was convinced that the efforts of Black children inspired the emergent white youth to take to the streets to protest immorality. Further, he viewed the participation of Black youth in the movement as a source of inspiration for the founding of the Peace Corps. The movement provided a channel for the anger of youth to be utilized constructively and afforded a vehicle for the development of discipline and moral virtue. The youth know that the Black and the poor live in a cruelly unjust society. If their anger is not channeled positively, it will explode in the form of violence. But if they be committed to the use of nonviolence, they will aim their attack against injustice and not against the lives of the persons who are their fellow citizens. They will fight against structures of injustice and not against people.

King had no problem supporting school boycotts in New York or in Chicago once he became convinced that the problem was segregation and/or discrimination and that the participants in the boycotts were committed to the philosophy of nonviolence as the principal mode of action.●

THE 33D ANNIVERSARY OF THE STATE OF ISRAEL

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. MICA. Mr. Speaker, last week Israel celebrated the 33d anniversary of her declaration of independence. I appreciate having the opportunity to acclaim the sovereignty of a people whose determination and accomplishments are unmatched in modern times.

The birth of Israel was not an easy one. Over a century ago, a group of young courageous Jews left the lives they had known to return to the faraway land of their forefathers. Waves of Jewish immigration followed. These individuals came from all corners of the world. They were driven by common desires: To escape from an existence marked by discrimination and hate; to build a home where they would be able to live with their heritage and religion; to live in peace.

The land on which they settled was barren and arrid. Early settlers were faced with the task of revitalizing an area that had been dormant for centuries. With unwavering determination, the early Israelis laid the groundwork for the vibrant and fertile Israel of today.

Following years of suppression and discrimination, the Israelis worked hard to obtain their sovereignty, develop a democracy in the Middle East, and protect their borders. Israel is still plagued by unwarranted aggression. Hostile neighbors, antisemitism in many pockets of the world, and concerted opposition by members of the United Nations, make it all too clear that Israelis still cannot take their sovereignty for granted. I am distressed that this aggression has not ended.

With the creation of Israel came the realization of the dreams of generations of Jews. I am pleased to pay tribute to the independence of Israel, a country made of a strong and unique fabric.●

COMPETITIVE EQUITY IN FINANCING GOVERNMENT TRANSPORT OUTLAYS

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. GEPHARDT. Mr. Speaker, one of the most complex questions we are dealing with this year involves the interrelationship between Government and the business community. In no area is the question more difficult than in transportation where a collection of regulations, taxes, and subsidies have made the Government a virtual senior partner in making serious policy decisions.

A lot of us believe that the Government should take a less significant role, but there is some disagreement on how we can best achieve that goal. I believe the recent remarks by Thomas J. Barta, president of the Valley Line Co., that were delivered in Jefferson City, Mo., last month make a significant contribution to that debate.

COMPETITIVE EQUITY IN FINANCING GOVERNMENT TRANSPORT OUTLAYS

I appreciate the opportunity to join with the Missouri Highway and Transportation Department to discuss current transportation issues.

This ought to be a session with few complaints.

In the first place, as a state, Missouri has one of the most highly developed networks of highways, railroads, and pipelines of any state in the union. It is, in addition, bordered by the Mississippi and Missouri Rivers and therefore enjoys the competitive pressures of barge transportation.

If Missouri's agricultural and industrial economy are flourishing, one reason may be that its underlying transport facilities provide shippers with so many choices and with the efficiencies which come from so much healthy competition.

There is, I think, something else to celebrate. While rail and barge traditionally have been and still are vigorous competitors, in recent years, we are noticing an increasing trend to rail-water cooperation. We tend to be each other's best customers. Railroads bring coal and grain to the river banks and barges take it from there. Chemicals, fertilizers and many other commodities come up

from the Gulf by barge and the railroads take the traffic from the river bank.

The consumer gains from transportation at a low rate. The barge lines get a healthy chunk of the business. The railroads make more money out of better utilization of their equipment.

Missouri is seeing heavy private investment going into transport facilities. We are all familiar with the steady growth of grain exports. I read this week that, according to a new study barges provide more than 50 percent of the transportation for corn to all export points in the U.S., while rail accounted for another 36.7 percent. Barges were even more dominant for soybeans, providing more than 60.8 percent of the transportation for all export shipments. Grain exports are growing at the rate of 7 percent a year.

The rising price of OPEC oil and the urgent desire of European and Asian nations to liberate themselves from too great a dependency on oil has created a boom in coal. Along the Mississippi River and its tributaries lie enough coal reserves to keep the lights burning in Europe and Asia far into the foreseeable future.

Export coal has been mostly used in steelmaking up to now. But last year we began to see a brand new market for steam coal—coal to be used by electric utilities for generating electricity for homes and industry.

The United States is being called the "Saudi Arabia" of coal reserves and the prospects are for new markets for U.S. coal amounting to hundreds of millions of tons. And tens of millions of tons of new traffic for the Mississippi River.

In response to the steady expansion of grain exports and the new markets for coal exports, the barge industry is pouring new money into barge facilities, rail-to-water transfer facilities, new fleets of barges and everything that goes with continued expansion. My own company has on order 240 barges for $78,000,000.

Our session this morning is intended to aid in future planning. You will be glad to know that the barge lines at least—and I believe the railroads too—are committing investment to meet future demands for the traffic.

Whatever private enterprise can do to meet demand, it will do.

But there is one issue which I believe will require the best thinking of all of us in the coming decade and I would like to share with you some of my thoughts on the subject.

It is simply the extent of the role of government—the Federal government particularly—in transport and how that role will be financed in the future.

I don't suppose there are many in this room who do not support the President's program to reduce the budget, to rely more heavily on the market place rather than on government regulation, and to release the private energies of the people to solve our problems.

We've all been talking long enough about reducing the role of government and certainly yesterday—the deadline for income tax filing—was a reminder if any were needed of the heavy weight of government on all of us. And now the Reagan Administration has given us an opportunity and a program. We may think the details can be improved, but we can agree with the trust.

As I read what the Administration is saying, they are open to having their program improved. They are also committed to being even-handed in their approach.

Most of the transport modes have been given substantial Federal assistance from time to time. Certainly the economy of Missouri has been a major beneficiary of the development of the Mississippi River System. We have all known since the dispute over the reconstruction of Locks and Dam 26 at Alton, Illinois above St. Louis, Mo. that the government would be seeking increased taxes from users of the waterways.

Waterway user charges were adopted in 1978 and began late in 1980 with a fuel tax of 4 cents a gallon. This was to escalate to 10 cents a gallon by 1985. Any further escalation would come only after Congress had a chance to consider and evaluate the results of a comprehensive study of impacts of such taxes on local and regional economies and also on the question of competitive equity between modes.

Now the proposal is to eliminate any Federal aid to commercial barge traffic this year. A bill has been introduced which would require user fees to "provide for full recovery of operation and maintenance and construction costs" on the inland waterways after Oct. 1, 1981.

Let me assume the role of someone trying to sell this proposition to the barge industry and to the State of Missouri. It seems to me I have to have assurances on a number of points if I am to have any chance of success.

The objective is for barge commercial traffic to pay a much heavier tax, one that is 7 to 8 times the present tax. In an economy full of a variety of Federal aids, all of which have a competitive effect, there is no justification for barge commercial traffic paying a heavy tax and not competitive rail commercial traffic. If I say to my friends in the barge industry that all traffic will pay and competitive equity will be assured, I remove a natural objection. If I say your traffic will pay beginning in October of this year, but aids to your competitors may or may not be eliminated some time in the future or their traffic may or may not be required to pay as well, then I have a considerable problem.

Clearly there must be firm linkage between a charge on barge commercial traffic and a charge on rail commercial traffic for federal aids if the pledge of even-handed treatment is to be observed.

Next, I will have to assure my friends in the barge industry that commercial barge traffic will not be charged for more than its proper share of the costs of building and maintaining the waterways. Navigation is one product in a multi-purpose Federal program to manage the nation's water resources.

Congress set out on its water resource development program with many broad national interest objectives. One of these is national defense. Another is regional development, a purpose which has been highly successful. Besides these are the more mundane objectives such as recreation, environmental protection, fish and wildlife preservation, water supply and quality, power production, flood control, irrigation and industrial cooling.

It would be difficult to be precise about making allocations, but a reasonable approximation is certainly possible and necessary to convince those willing to pay a heavier tax that they are not being unfairly burdened by costs which should be assigned elsewhere.

We have become accustomed to the fuel tax, but the legislation introduced gives the Secretary of the Army authority to prescribe fuel taxes, license fees, lockage fees, congestion fees, and charges related to segment costs among other different types of taxes as well as an unspecified combination of such taxes.

This is no small matter. It costs about $5 million a year for operations and maintenance of the Missouri River. Traffic is light on the Missouri—only 1.5 billion ton miles were performed in the latest year for which we have figures. Recovery of that cost would require a charge roughly equivalent to $4.95 per barge mile. Traffic is far heavier on the Lower Mississippi and the charge there would have to be only 27 cents a barge mile to recover all operations and maintenance costs.

Some in the government believe that a number of rivers, the Missouri included, would be closed to traffic under the segment charge approach. Far away in Washington, they have no problem with closing the Missouri.

But clearly some more thought should be given to the discriminatory effect of the segment approach before the executive branch is allowed to make such a judgment. At the same time, the alternative, requiring commercial traffic on the lower Mississippi to cross-subsidize the Missouri poses questions I would have difficulty in answering.

I doubt anyway, as a practical matter, if anyone can sell a proposal to delegate to the executive branch the power of establishing specific amounts and levels and types of taxes. The Congress has never given the executive branch a blank check of this kind and it may even be unconstitutional for it to try to do so.

In the original waterway tax program was a provision for an extensive study to get a handle on what the impact on localities, regions, industries and agriculture would be of various tax levels. These studies are in progress but will not be completed until late in the year. They should be expedited and made available for local and regional comment and evaluation as soon as possible.

The fact is of course that the American genius is for combining principles and pragmatism. Increasing Federal revenues through charges for Federal activities has many supporters. At the same time, pragmatism will tell us that long range goals of national defense, regional development and over-riding need to contain inflation must also be considered. It would not help the public much to find that barge rate increases due to a heavy tax led to rate increases by all their competitors. The consumer might save something in government outlays from the barge tax but lose may times that amount from price hikes elsewhere—a penny-wise and pound-foolish proposition if ever there was one.

If we were to come out for a much heavier tax, what would we get for it? That's a very good question. In the White House before Christmas, there was a conference on coal exports. Customers from all over the world wanted to know how soon the U.S. Seaports could be improved to take ships capable of carrying 150,000 tons of coal. New expedited procedures might produce 55-foot channels in three years, the conference was told. The head of the French delegation said he thought three years was much too long.

He doesn't know us very well. Navigation projects take so long to complete—15 to 25 years—as to be a national scandal.

If I tried to sell a much heavier tax, my friends in the barge industry would want to know how to expedite the needed projects and eliminate those costly years of delay.

These are the questions that someone willing to pay more would naturally ask

about a proposal that increases the tax seven or eight times.

But by far the most difficult question is the one over competitive equity. A tax that is demonstrably inequitable is not only difficult to sell, but gathers many enemies.

It is not so far clear from the legislation just how much the Administration hopes to collect from commercial barge traffic. One figure mentioned on February 18th was $325 million.

Federal subsidies take many forms, but they have one thing in common—they all require Federal outlays and all have a competitive effect.

One rail program alone, officially labelled a subsidy in the Reagan budget, and clearly having a competitive effect of relieving the railroads of substantial labor costs, is a provision for $350 million in 1981 and in 1982 to save the pension program of the railroad industry from bankruptcy. The $350 million subsidy applies indefinitely and the amounts could even be $100 million or more higher a year.

The revised Administration budget for 1981 includes appropriations for $510 million for operational assistance to Conrail, which serves a region accounting for over 40 percent of total U.S. manufacturing activity. Conrail exchanges over 70 percent of its traffic with western, southern and other eastern railroads. Hence the true beneficiary of the Conrail subsidy is the rail system as a whole.

There are many other Federal subsidy and subsidy-effect programs involving railroads. But these two alone are in the revised budget for $860 million with no provision for recovery.

From the standpoint of sound economic and public policy, there is no more reason to recover one form of Federal outlay than the other. But if Federal outlays benefitting barge commercial freight are to be recovered, the same policy should apply at the same time to rail commercial freight.

The fuel tax applied to waterways, now at the rate of 4 cents a gallon and rising to 10 cents a gallon by 1985, should also be applied to railroads.

Any escalation of the tax on each mode should keep pace.

If a fuel tax of 10 cents a gallon were applied to rail freight, it would yield about $400 million, an amount far less than the annual subsidies of $860 million now flowing to railroads from only two Federal programs.

In the huge Federal budget, a barge tax linked to a rail tax would provide evenhandedness and consistency and open up a new source of revenues that the budget had not contemplated. All to the good.

We see many benefits all round. For the railroads, the pension deficit is more securely funded and a reasonable interim solution is provided for the Conrail problem.

For the barge lines, a heavier tax which leads to expediting needed river improvement projects would certainly have merit. We hope never again to see the costly delays we experienced in the replacement of Locks and Dam 26.

Clearly, in the 1980's, we must come to grips with the financing of Federal participation in commercial transportation. At the same time, the program must be evenhanded.

At the moment, a few more months of factual research and evaluation are needed.

It is more important to get it right than start it in October.●

AMBASSADOR TO MEXICO

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. LAGOMARSINO. Mr. Speaker, one of the newspapers in my district, the Lompoc Record, recently published an editorial praising the nomination of John Gavin as U.S. Ambassador to Mexico.

The editorial, I believe, speaks for itself, and I commend it to the attention of my colleagues.

AMBASSADOR TO MEXICO

Off his performance before the Senate Foreign Relations Committee, John Gavin, 49, President Reagan's nominee to be U.S. Ambassador to Mexico, appears to be among the "best qualified."

He is far better prepared to represent the United States in the country to which he is being sent than most political and many Foreign Service appointees.

His appointment has drawn criticism as "insulting" from elements in Mexico which seize on any chance to derogate the United States.

Friends in this country of Mexico's anti-American left have repeated the charge that, as an actor (in 40 films) and because of his appearance in a run commercial on Mexican television, his effectiveness was compromised.

U.S. voters last fall decided that having been a movie actor was no bar to high office.

We suspect that those in Mexico opposed to Gavin fear that he is too well qualified for the ambassadorship. His mother was Mexican. He speaks not only English but also French, Italian, Portuguese and Spanish fluently. He graduated from prestigious Stanford University with a degree in Latin American economic history and has kept his knowledge current. He is a man who will not be easily misled through lack of understanding about events in the country in which he is to serve us.

We hold no special brief for Ambassador-designate Gavin. But when we consider the inability of others named to such positions during the last 50 years even to speak the language of the country in which they were named to represent American interests, his choice by Reagan appears outstanding.

The United States would be far better served if all our envoys were similarly prepared.

The failure of the American Government to require Foreign Service officers to be at least qualified in the culture, economics, history and law of the nation to which assigned is a serious deficiency, unparalleled in the envoys of other countries, to the United States or elsewhere.

Our interests require direct as well as official contact with other peoples.●

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT TO CONVENE IN NEW ORLEANS

HON. BOB L. LIVINGSTON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. LIVINGSTON. Mr. Speaker, each year, the State of Louisiana, and most particularly our great city of New Orleans, is proud to host conventions, sales meetings, seminars, and other gatherings for many of America's leading companies and organizations. It is unusual, therefore, that a reason can be found to single out any one group for special recogntion. But I feel I must make an exception this year.

On May 17, the 66th Annual International Conference of the National Association of Purchasing Management will convene in New Orleans. Thousands of top purchasing executives from throughout North and South America, Europe and the Far East will meet to discuss topical issues affecting the profession. I think we all know and most of us believe that "as business goes, so goes our economy," and I'm sure few would disagree with the preamble to that adage; "as purchasing goes, so goes business." It is appropriate, therefore, and particularly encouraging in light of the severe economic challenges that face this Nation today, that the theme of this year's NAPM Conference is "Purchasing in a Changing Economy."

But what I want to bring to your attention, Mr. Speaker, is the fact that the NAPM, for more than 60 years, has been an active, innovative, and highly positive force in American business. Its programs, and in fact, its very charter have acted as a first line of defense against one of our deadliest economic enemies; wasteful spending. It is by professionalizing the purchasing function in business; by fostering the careful procurement of vital capital goods and raw materials by our manufacturers that the NAPM has helped stave off the damaging effects of inflation and made a significant contribution to the stability of our economic system.

There are two particular NAPM programs which I believe deserve special acknowledgement.

One of these is a monthly report called the Purchasing Managers' Report on Business. With the exception of a brief interruption during World War II, this report has been published continuously, every single month, since the early thirties. Compiled from information supplied by purchasing managers in key industries in selected areas of the country, this report has proven to be the most accurate near-term economic barometer

available. In the nearly 50 years it has been issued, it has never failed to accurately assess the current state of America's economy.

An indication of just how highly this survey is regarded can be found in the regularity with which national media, business and government leaders look to it for guidance. The U.S. Department of Commerce recently began incorporating data from the report in its own monthly issuances. Opinion-shaping business publications such as Business Week, the Wall Street Journal and the New York Times anxiously await the arrival of each month's report and consistently include it among the major economic news of the day.

In addition to making this important information available, the NAPM has addressed another important issue; purchasing standards. Through a unique certification program, the NAPM assures that its members, which now number 27,000 possess the very latest knowledge available in the field. Only those purchasing managers who have passed a demanding examination, completed a 4-year course at a recognized college or university, made significant contributions to the profession, and have had at least 3 years experience in purchasing, can obtain the certified purchasing manager designation. Those three letters, CPM, demonstrate to employers and peers that the designee has attained the highest level of expertise possible in the profession.

I think it is evident that this certification program helps fight inflation by enhancing the skills with which our Nation's businesses buy their goods, and this will ultimately mean lower prices for consumers.

There is one other important point I would like to make about the NAPM. It deals with an issue that concerns all of us, and to which many of us in Government have been exposed in recent years. It is the subject of ethics in business. This is an area that most business organizations choose to ignore, but that is much like playing the ostrich with its head in the sand. The NAPM, on the other hand, has taken a totally responsible view and addressed business ethics directly. It has, for many years, actively and openly sought the aid of business and industry management in formulating a unified ethical code to govern the buying and selling of goods and services. In doing so, it has courageously faced up to an incredibly sensitive issue, and has helped all of business take giant steps toward finding solutions to this inherent problem.

Mr. Speaker, the National Association of Purchasing Management is, indeed, a very special organization. Its efforts within the purchasing profession, the positive impact of its programs on our Nation's economy and general welfare, and the individual contributions of many of its members as leaders in business and government, are highly commendable. I want to take the opportunity of its 66th Annual International Conference in New Orleans to voice my support for the purpose and programs of the NAPM.●

HERITAGE FOUNDATION ARTICLE

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. SHUSTER. Mr. Speaker, I am inserting in the RECORD for my colleagues' consideration an article that recently appeared in the Heritage Foundation's Backgrounder. The article, "The Reagan Economic Program: Selected Budget Cuts," outlines budget reforms in many entitlement programs as a necessary and important step in reducing uncontrolled growth of Government spending. I ask careful consideration of the article by Mr. Germanis.

THE REAGAN ECONOMIC PROGRAM: SELECTED BUDGET CUTS

Several income maintenance programs now considered largely by Washington budget-cutters could be substantially revised to eliminate many unintended and duplicative benefits, without harming the truly needy, according to a Heritage Foundation economist.

In a recently released study of President Reagan's economic program and selected budget cuts, Peter G. Germanis examines the uncontrolled growth in recent decades of such programs as Social Security, Disability Insurance, Black Lung Benefits, Unemployment Compensation, and Trade Adjustment Assistance. He points out how many of them no longer meet their initial objectives, duplicate other social programs, and funnel benefits to recipients who have not even demonstrated genuine need.

Among Germanis' recommendations are:

Elimination of the Social Security "minimum benefit." This benefit currently stands at $122 a month and is paid regardless of the beneficiary's past earnings history. Many recipients have had short work periods in covered employment or low earnings histories because they were employed for many years in the federal government, thus qualifying for big civil service pensions. Since those who legitimately qualify for aid under the Supplemental Security Income program (the aged, blind, and disabled) almost always receive more than this $122, elimination of the minimum benefit, Germanis says, could remove the "double-dippers" who draw both Social Security and civil service pensions—at an estimated savings of $1.3 billion in 1982.

The Social Security "Student benefit" should be eliminated. As of 1965, Social Security payments have been payable to unmarried students between ages 18 and 21 (in 1972 the upper limit was extended to 22) whose parents are Social Security recipients. These benefits were added at a time when the Social Security fund had adequate reserves.

Germanis says that payments to adult students are neither fair nor necessary, since they are not based on a student's ability to pay for education costs, but on the earnings histories of his parents. "This perversion of the system results in inversely relating benefits to need. Moreover, (it) may have the adverse effect of inducing a number of older workers to retire earlier, allowing their children to become eligible for these benefits."

Since federal aid to college students has grown enormously in recent years, Germanis says, the Reagan Administration is justified in proposing to eliminate the benefit by refusing any new participants and by reducing current student payments by 25 percent a year. "Savings of $1 billion could be realized by 1982, and as much as $7 billion by 1986," he says.

Disability insurance restrictions should be tightened. Payments of disability benefits have grown dramatically since 1970, with costs rising by 500 percent and the number of cases by 800 percent. A study by L. Scott Muller reported in 1972 that 44 percent of disability beneficiaries also received benefits from other sources as a result of their disability. Furthermore, the General Accounting Office reports that more than 500,000 current beneficiaries may be receiving payments despite no longer being disabled.

The Reagan Administration proposes requiring a claimant to have worked at least six of the last 13 quarters, and would create a "megacap" that would limit the benefits from public sources to a level not exceeding the worker's prior after-tax earnings, adjusted for inflation.

Germanis notes, "A disabled worker should not be limited by the amount of benefits he receives from other sources. If a worker is receiving extra benefits, it is presumably because he has given up part of his income in the past to insure against possible disability. A 'magacap' may be denying the worker benefits rightfully due him. The (disability insurance) formula, however, does contain a redistrubative element, which should be replaced by a proportional benefit structure, thereby ensuring an equitable return on all contributions. If this were applied to all public programs providing compensating for disability, a 'megacap' would not be necessary."

Black Lung benefits should be financed entirely by the coal industry. The fund is theoretically financed by a tax on coal production, which is 50 cents per ton for underground coal production and 25 cents per ton for surface mined coal. The claims against trust fund, however, have produced a three-year deficit of $956 million at the end of Fiscal Year 1980, which are currently financed by loans from the Treasury.

"The trust fund's insolvency is largely due to liberalized eligibility standards that allow coal miners to receive benefits even if X-rays show no signs of black lung disease," Germanis points out. "A study by the General Accounting Office reported that in one sample, 88 percent of the claimants were either not disabled or could not prove they had a disease." He says that consumers and producers of coal should be made to carry the full burden of the trust fund, internalizing the tax in order to ensure that the optimal quantity of coal is produced.

Unemployment compensation should be reconstructed so that "extended benefits" are provided only to areas plagued by high unemployment. The Federal-State Ex-

tended Unemployment Act of 1970, enacted to give additional assistance to unemployed workers during periods of high state or national unemployment, authorizes the extension of benefits at the regular weekly amount for an additional 13 weeks whenever the unemployment rate among insured workers rises above some state or national "triggering level." When the national trigger is "on," all states, even those with relatively low unemployment, become eligible for the extended benefits.

The Reagan Administration has proposed eliminating the national trigger and raising the state trigger level. Although the proposed changes are desirable from an equity and efficiency standpoint, Germanis says, "they do not go far enough. The extended benefits program should be eliminated entirely. The original purpose of unemployment compensation was to provide temporary relief. The Program is not suited to correct long-term structural problems."

Trade adjustment assistance eligibility should be determined by the International Trade Commission, instead of the Department of Labor. Trade Adjustment Assistance (TAA) was introduced in 1962 to assist workers suffering from increased imports, which were a direct result of government policies aimed at the liberalization of international trade. TAA benefits supplement unemployment insurance benefits by providing 70 percent of a worker's former average weekly wage, and tend to discourage workers from seeking employment in more stable industries.

"Since employers pay no supplemental tax for laying off workers who would receive TAA benefits, an employer may find it profitable to lay off workers during a slack demand, assuming that relatively generous TAA benefits will induce a worker to wait to be rehired rather than actively search for a new job," Germanis says.

Germanis endorses the Reagan Administration proposal to extend TAA benefits only to those workers who have exhausted their regular unemployment compensation and to limit the size of payments. But he further suggests that workers be required to show that U.S. international trade liberalization (as opposed to market inefficiencies or escalating wage demands) was the single most important cause of their layoff.

"To further this goal, the role of determining eligibility should be returned to the International Trade Commission. The Department of Labor has all too often demonstrated a bias in favor of organized labor, many of whose members are TAA recipients," Germanis suggests.

"Several programs now considered 'untouchable' by the administration often award large, unearned benefits to recipients regardless of need," Germanis concludes. "As a result, many of the beneficiaries of these programs may be even better off than the taxpayers financing them. For this reason, the administration should extend its budget reform to these areas as well, while maintaining its present position of protecting the truly needy."

A recent poll conducted by Sindlinger and Company, Inc., of Media, Pennsylvania for The Heritage Foundation appears to support this call for additional budget reform. This poll revealed strong support for the Reagan economic program, particularly in the area of spending cuts. In fact, a substantial number of those polled said they thought the administration's proposed reductions in government spending were "too low."

The Heritage Foundation is a non-partisan public policy research institute.●

CITY HONORS MS. IRENE SARGENT

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. DELLUMS. Mr. Speaker, on May 27, the citizens of Oakland will pay tribute to one of its community leaders and goodwill ambassadors: Ms. Irene Sargent. In fact, Mayor Lionel Wilson and the Oakland City Council have declared that date "Irene Sargent Day."

I am pleased to join with the mayor, the council, and the civic and community leaders in paying tribute to this individual. I would like to briefly recap, for the benefit of my colleagues, some of the tremendous strides she has taken in her many years of civic and business activity.

A native Californian, Ms. Sargent is the owner of Irene Sargent's Coutier Fashions. Aside from directing this very prosperous business, she has devoted substantial amounts of her time to community service. She has served on the boards of Providence Hospital, the Oakland Symphony Association, and the Oakland Ballet, and the community relations board of the U.S. Army. She has also been a tremendous asset to the San Antonio (Oakland) area youth project. Starting as a volunteer for this community-based group, she is now a member of its board of trustees and executive board.

On her many business trips, she has taken the opportunity to promote the virtues of Oakland, and she has been called upon to play hostess to visiting dignitaries because of her experiences internationally. I call upon my colleagues to study this record of active community involvement and join with the residents of Oakland in honoring Ms. Irene Sargent.●

AIRMEN MEMORIAL BUILDING DEDICATED

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mrs. HOLT. Mr. Speaker, on the occasion of the 20th anniversary of the founding of the Air Force Sergeants Association, I was proud to be a participant in the dedication of its Airmen Memorial Building on May 3, 1981.

The Air Force Sergeants Association, once a dream, has long since become a reality. A reality with a membership of over 156,000. Although now a highly recognized member in the league of military associations, I think it is important to take a look back at how AFSA came into existence 20 years ago, and its phenomenal growth over the past 10 years.

The association had its start on May 3, 1961, when a group of sergeants incorporated AFSA as a nonprofit corporation here in Washington. With borrowed funds, they obtained offices in the Nation's Capitol and immediately began recruiting enlisted members, thus organizing the first association open to all enlisted grades. Everything started falling in place for the association by early 1973. For the first time, they had a headquarters manager and a working lobbyist on Capitol Hill and in the halls of the Pentagon. At this time AFSA became a strong member of the Council of Military Organizations, which represents 600,000 military members and the Uniformed Services Retired Group, an ad hoc committee made up of veterans' organizations representing more than 3 million members. Wives and dependents were brought into AFSA in 1974 with the adoption of the auxiliary and they now number more than 27,000. I am pleased to say that the Air Force Sergeants Association's international headquarters now rests on 2 acres of land just inside the beltway, in suburban Maryland within my congressional district.

A miniature United Nations-like building, surrounded by flags representing the United States, U.S. Air Force, AFSA, Auxiliary, Maryland, Air National Guard, Air Force Reserve and the major air commands is a most impressive site.

Planning is currently underway for a first floor Airmen Hall of Fame. Once completed it will house a comprehensive museum of artifacts and other historical items reflecting the history of enlisted men and women.

As AFSA President Lewis J. Spence proudly pointed out, "This is the first monument dedicated to the enlisted men and women who have served our Nation and placed their lives on the line for its defense."

Just two figures need be mentioned to measure the success of an association founded just 20 years ago. The Air Force Sergeants Association's membership now numbers 156,000, their annual budget is nearly $3,500,000 and I applaud AFSA's success.●

POPE JOHN PAUL II

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. GUARINI. Mr. Speaker, for the second time in a very short period the people of America and the world anx-

iously await as another world leader fights for his life.

If such a thing can be measured, the assassination attempt on Pope John Paul II, one of the greatest leaders of mankind, continues the disturbing trend of violence against our international leaders. It is unbelievable that someone would attempt to end in violence a life devoted to peace.

Mr. Speaker, no matter what religion a person might follow, there is universal agreement that John Paul II is a man of concern, a man of conviction, a man of respect, a man of God. His message to the world is not one of discord and violence, but one of harmony and love. Let us all unite as we did when tragedy struck our leader, President Reagan, and pray for the sanctity of life and for a renewed commitment to world peace for all individuals.●

FIVE YEARS AFTER THE METRIC CONVERSION ACT, WHERE DO WE STAND?

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BROWN of Ohio. Mr. Speaker, as in past years, this week, May 10–16, 1981, has been designated National Metric Week.

This annual observance is a week used to educate the public and call their attention to the reality that the metric system is being used more and more in our country.

In observance of National Metric Week and in an effort to make the Congress and public aware of how voluntary metric conversion is proceeding, I would like to place in the RECORD at this time a recent U.S. Metric Board executive summary of a larger study entitled, "Five Years After the Metric Conversion Act, Where Do We Stand?"

The report follows:

FIVE YEARS AFTER THE METRIC CONVERSION ACT, WHERE DO WE STAND?

HISTORY OF METRICATION IN THE UNITED STATES

The United States is the only major industrial nation that does not formally use a metric system of measurement as the primary system. Prior to World War II, over one-half of the world's nations employed metric measures. Then, most of the remaining nations followed, with Japan and Great Britain the last large industrial nations which have converted entirely or committed themselves to a metric system.

Use of metric measures has been authorized in America since 1866. Through the Treaty of the Meter (late 1800s), the U.S. declared the new metric standards to be the Nations' "fundamental standards." Yet, the topic of metric usage and particularly the principle of a national policy requiring the use of metric measurement units have continued to be controversial. In 1968, the U.S. Congress authorized a study of the metric system and its role in the U.S. The report of that study, published in 1971, states that, since the nation is already "drifting to metric with no national plan to help the sectors of our society and guide our relationships abroad, a carefully planned transition in which all sectors participate voluntarily is preferable."

Partially as a result of the National Bureau of Standards study and a spirit of compromise and sensitivity, coupled with considerable debate and discussion, the U.S. Congress enacted and President Ford signed into law the Metric Conversion Act of 1975. The principal operative concept of the Act is its focus and emphasis on a process of voluntary conversion to and voluntary use of the metric system. No timetable is established by the Act, nor is there the implication of a national policy supporting conversion. The Act does, however, established a national policy of coordinating and assisting in the planning for the voluntary use of the metric system.

The U.S. Metric Board, established by the Metric Conversion Act of 1975, is directed by the Congress to coordinate voluntary conversion activities in the United States. Since one of its charges is to collect, analyze and publish information about the extent to which metric measurements are used throughout U.S. society, the Board initiated a survey of large businesses which was finished in early 1980. This survey determined the status and intentions of the largest U.S. manufacturing and mining firms, designated as the Fortune 1000. Two hundred and two firms were selected through a probability sampling process to be representative of the Fortune 1000. Of the 202 surveyed, 130 (64 percent) responded with useful data. Not all questions were answered by all 130 respondents; thus, the basis for each issue discussed below varies somewhat. However, throughout the analysis, the basis is adequate. The overall response rate is good for a survey of this type. This response rate coupled with the probability sampling procedure support inferences derived from the sample data and applied to the population of the Fortune 1000 firms.

The survey covered a range of topics, including the number of companies producing metric products and providing metric services, the proportion of total sales (foreign and domestic) that are of metric products, the extent of planning underway for the use of the metric system in industry, inhibitions affecting metrication, and expectations for the future. This summary provides an overview of the survey results more complete information is available from the U.S. Metric Board.

The summary contains discussions of three forms of metric products: "hard," referring to products that are designed and/or manufactured using metric dimensions; "soft," referring to products that are designed and/or manufactured using customary dimensions but for which the metric equivalents are provided (soft metric is also called "dual labeling"); and "hybrid," referring to products that use combinations of metric and customary parts or components. The phase "metric product" is reserved in this summary for unspecified products that are either soft, hard, hybrid, or a combination of any two or all three.

THE LEVEL OF METRIC CONVERSION VARIES WIDELY

In terms of sales, products displaying metric equivalents (soft metric) are the most common, far outweighing the sale of products manufactured in metric units only (hard metric) or in a combination of metric and customary units (hybrid metric).

Of the firms that produce at least one metric product (estimated to be 62 percent of all large firms), almost one-half indicate that at least some of their products are designed and/or manufactured as hard metric. A larger proportion of these firms, nearly three-fourths, provide soft metric products. About one-fourth of the firms producing at least one metric product provide hybrid products. Since firms can produce soft, hard, hybrid, or any mix of products, the percentages overlap.

METRICATION ACTIVITY AMONG LARGE MANUFACTURERS

The sale of metric products accounts for 32 percent of the total net sales of the firms' products. Manufacturing companies seem to have found that metrication is important in order to compete in foreign markets since 48 percent of their exported sales involve metric products, compared to 29 percent of domestic sales. The first 500 firms have converted somewhat more extensively to metric than have the second 500. For the largest 500 firms, one-third of sales involve metric products, compared to 24 percent of sales for the second 500 firms.

PLANNING AND COORDINATION BEGINS, BUT AT A LOW LEVEL

Over half of the companies have begun planning or coordination for metrication in the form of at least one metric related activity such as: Corporate planning (e.g., issuing a metric policy, appointing a metric coordinator); coordination with industry and government (e.g., cooperative planning); and operational activities (e.g., training employees).

The number of companies involved in individual planning and coordinating activities is limited. About one-third of the firms have begun coordinating metrication with others in their industry (36 percent) appointed a metric coordinator (35 percent), or are conducting R&D activities in metric language (33 percent). At the other extreme, the least often mentioned activity (of the set of 18 activities chosen for investigation) was budget funds for metric activities (11 percent).

The data suggest that corporate metric planning and coordination activities have not changed much over the past few years. The U.S. General Accounting Office (GAO) earlier (1978) identified 11 (as compared to 18 in this study) specific metric activities that appear to be useful in preparing for conversion. Extent of involvement increased in four of the nine activities analyzed by both the GAO and this study. Conversely, implementation of the remaining five activities either decreased (three) or remained constant (two).

Companies that sell metric products also appear to have low involvement in the metric coordinating and planning activities. A small number of metricating companies either have no plans for conducting any metric activities (17 percent) or have activities planned but not in progress (6 percent). Most of the non-metricating companies have no plans (60 percent) or some planning (19 percent). It is possible that planning and coordination are not perceived to be necessary for metric conversion, particularly since soft metric conversion is the mode.

WHAT ABOUT NEW PRODUCTS, NEW EQUIPMENT?

About 34 percent of new products are using metric designs, of which about 16 per-

cent are soft metric, 13 percent are hard, and the remainder hybrid.

Also, overall estimates suggest that equipment and facilities with metric production capability are planned for future acquisition.

The data suggest that acquisitions of equipment and facilities with metric capability will increase over time. Over 50 percent of the firms plan on adding some metric capability within the next five years. Beyond 1985, all new equipment and facilities acquired by about 41 percent of the firms are expected to have metric production capability.

LAWS AND GOVERNMENT REGULATIONS ARE SEEN AS IMPEDIMENTS TO METRICATION

About a third of the firms perceive laws and regulations as inhibiting voluntary conversion to the metric system. When compared with the GAO data, the perceptions of legal impediments to metrication has, at least for the Fortune 500, increased somewhat in the past few years. Likewise, coordination with government bodies about metrication has increased in the same period. These two trends suggest that perceptions of legal impediments may be directly related to government coordination; i.e., increased coordination may create or influence increased perceptions of legal impediments.

It is worth noting that previous work of the U.S. Metric Board is supported by the observations of the present study. The Board found that an "analysis of the nature of measurement units as they are imbedded in laws and regulations indicates that generally legal barriers . . . do not exist. However, there are many cases where measurement units imbedded in laws and regulations appear, superficially, to present legal barriers to the use of metric units or to the introduction of metric sizes." This study confirms that perception of the existence of barriers.

REASONS TO METRICATE

There are a variety of reasons companies decide to begin metric conversion. Many of these are reflected by the large proportion of metric foreign sales. Companies who export, convert products to meet international standards and the demands of foreign customers. Domestically, some industry wide groups, such as health related industries, traditionally use metric measurements, or are becoming metricated via industry standards or coordination. For instance, one executive said his company has converted as part of an industry effort coordinated by a trade institute. Another simply gave "industry practice" as the reason for metrication. Other companies find the metric system to be more efficient. "We acknowledge the simplicity of metric dimensioning" said one official, "and believe it will ultimately reduce engineering and manufacturing errors and design time."

Finally, some firms are looking to the future. Specifically, an executive whose company uses dual labeling stated, "soft metrication can be beneficial as a first step in familiarizing our operators with the metric system." One company "anticipates future requirements of customers in the U.S."

FACTORS INHIBITING METRICATION

Nearly nine of ten firms refer to at least one inhibiting factor. Customers not making the demand is the most important factor (about 51 percent of the firms cite it). One executive stated that his firm is waiting because "our customers show no desire for a metric product." Industry-wide standards was the next most important factor, cited by almost 30 percent. A respondent indicated that "until changes are made in our industry and with others we work with, a change is not feasible." In short, the general feeling seems to be expressed by a representative of a leading firm who said: "We will go metric when everyone else does."

Metrication is perceived by many as a costly and time consuming venture because employees are not now trained to use the metric system, equipment will have to be replaced, and numerous other operational concerns are involved.

Although much of the metrication occurring now is in an effort to compete on foreign markets or in response to customer demand, coordination on metric matters between customers and suppliers, at both the individual firm and industry-wide levels, appears limited. For example, most of the firms seeing customer demand as an inhibiting factor have not queried customers to determine their interests. Alternatively, most of those who have surveyed their customers report customer concern as an inhibiting factor. Similarly, about half of the companies querying suppliers report suppliers as an obstacle to metrication. (It is not possible to state whether perceptions of inhibiting factors preceded or followed customer and supplier surveys.)

Much of the domestic metric activity seems to be in response to customer demand or industrywide practice. The matter of coordination at these levels may play a major role in the future of metrication, not only in terms of the practice itself, but the pace at which it will occur.

WHEN MIGHT METRIC CONVERSION TAKE PLACE

Ten years is the estimated median time frame for conversion under current voluntary conditions. Many firms feel that this period could be shortened to about three years if considerable pressure were to be applied by customers, suppliers, or industry groups, although metrication within eight years is the time period preferred by one-half of the companies. Some companies say that even under pressure they will never become metric, suggesting that metrication may never fully reach across all industries.

IN CONCLUSION

Metrication is taking place in industry and indications are that there will be a gradual increase of the production of metric goods over time. More new products are being designed in metric units and more equipment and facilities capable of metric production are expected to be acquired. These changes seem to be occurring concurrently with little pressure from suppliers and customers, a lack of industry-wide standards, and concerns for legal and other impediments. All things considered, it seems that 10 years will see a notable increase in metricated companies. The apparent limited planning and coordination activities for the increasing use of the metric system is perplexing and, if true may result in increased costs, disruption, inefficiencies, and other manifestations of disutility.●

GEN. OMAR BRADLEY—GREAT AMERICAN

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. NAPIER. Mr. Speaker, the death of Gen. Omar Bradley was mourned by people across our Nation. He served his country admirably throughout his life and career, as a military leader, Administrator of the Veterans' Administration, and private citizen and we have been weakened by his loss. As a commander, he was concerned for the safety and well-being of his men. He was known for developing strategies that minimized casualties and the title "doughboy's general" was a tribute to the feelings his men felt for him.

In addition to being a military man, he was also a man of much thoughtfulness and wisdom. He attempted to steer us from those paths which would lead our Nation to war. Although he was a grand soldier, he was a man who believed in peaceful solutions to our problems.

General Bradley won an endearing place in the hearts of his soldiers and fellow countrymen through his professional achievements and the warmth of his personality. Such a man will not be easily forgotten. I rise to join my colleagues in tribute to Gen. Omar Bradley.

I would like to submit an editorial which appeared in the State Newspaper, Columbia, S.C., on General Bradley which offers insight to his wit and wisdon, and challenges us to be conscious of our actions. I commend the editorial to the attention of my colleagues, and ask unanimous consent that it appear in the RECORD at the conclusion of my remarks.

BRADLEY DEATH THINS AMERICAN HERO RANKS

The ranks of authentic American heroes of World War II, 1941-45, are thinned once more with the death of Gen. Omar N. Bradley. He died of a heart attach Wednesday night in New York City at the age of 88.

A plain-spoken, unimposing figure, he did not physically fit the hero's mold. He came from Clark, Mo., and sounded a lot like Harry Truman. And like the late President, Omar Bradley was decisive, tough and commanding.

General Bradley graduated in the Class of 1915 from West Point, and was a classmate of Dwight D. Eisenhower, who was later to give him command of the greatest American force in history. As a young Army officer, Bradley missed combat in World War I, and once said he spend the rest of the years until World War II apologizing for that.

The media have been full of General Bradley's biography, so we'll not repeat it except to note the high point of his career was command of American forces in Operation Overload, the landing in Europe on June 6, 1944. He was subsequently given

command of the 1,300,000-man 21st U.S. Army Group that helped to liberate Europe.

Woven into those events is a fascinating story of personal and professional conflicts between Eisenhower and the British hero, Field Marshal Montgomery. Ike was the Supreme Allied Commander, but Montgomery believed a Briton should have the leading role in the battle of Europe.

Ike sent a list of 12 generals to Gen. George C. Marshall, the army chief of staff in Washington, to select a principal commander in Europe, and Marshall picked Bradley. Ike was later to say, "What a Godsend it was to me to get that man."

General Bradley did not have much to say after he retired in 1953 from a military career of 42 years, but he often spoke out for military preparedness and wrote brilliantly on the art of leadership. On Jan. 9, 1971, when he addressed the S.C. State Chamber of Commerce here at Carolina Coliseum, he scrapped a prepared speech to praise U.S. Rep. L. Mendel Rivers, the colorful Charleston Democrat who had just died.

General Bradley lauded Mr. Rivers, who was chairman of the U.S. House Armed Services Committee for many years, saying the nation had lost a "tremendously strong voice for preparedness." It was a theme he repeated to the end: "In war, there is no second prize for the runner-up." That advice is sound today.

General Bradley was the last of the nation's five-star generals. He ranked with General Marshall, Air Corps Gen. H. H. "Hap" Arnold, Gen. Douglas MacArthur, General Eisenhower, Adms. Chester W. Nimitz and Ernest J. King and Gen. John J. Pershing of World War I fame, also wore five stars.

The nation never knows where its next heroes will come from. God willing, we will have men like Omar Bradley if and when we need them.●

TIME FOR THE FACTS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. LAGOMARSINO. Mr. Speaker, two recent editorials in the Lompoc Record, a newspaper in my district, deal with issues I believe are of serious concern to my colleagues. These commentaries, on two unrelated subjects, present cogent arguments for a more active policy condemning Soviet adventurism around the world in one editorial and greater incentives in combating government fraud and waste in the other.

I want to publicly commend the Lompoc Record for its clear, convincing statements, and I urge my colleagues to read and consider carefully these opinions.

The articles follow:

[From the Lompoc (Calif.) Record, Apr. 29, 1981]

TIME FOR THE FACTS

It is time for the United States to go on the "propaganda offensive," using facts as ammunition, against the inhumanity of Soviet adventurism in other nations.

We must demonstrate that we are not the fools that many Third World countries appear to think us. Too many condone Soviet ruthlessness toward human suffering. They know they will get no profit or benefit from criticizing Soviet support of terrorism . . . whose "destabilization" tactics play into the hands of local communist minorities.

Instead they look for aid and power by appealing to the compassionate and gullible in the non-communist industrial world.

Charging "U.S. economic imperialism" with causing human misery and oppression, they try to exploit the "sense of guilt" they say we should feel. Yet the worst oppressors of the suffering are these self-same rulers in semi-developed Third World nations, who put their personal self-interest ahead of the good of those of whom they are supposed to be the beneficent leaders, as they repeatedly tell others they are.

The latest case in point involves the recent meeting in Geneva, Switzerland, on the problem of the millions of refugees in Africa.

The U.S. offer of $285 million in aid was refused recognition as generous because "it should be the largest since there are so many blacks in America."

It was criticized as not enough, although it was more than the combined pledges of all the other participants in the conference.

It was called political, an attempt to buy approval by the Reagan administration which has angered "black Africa" by realistically recognizing that South Africa has the strongest influence of any nation in the southern half of the continent.

By contrast the Soviet Union and its clients worldwide boycotted the Geneva refugee conference. They pledged no funds.

Yet Soviet adventurism, not only supplying arms but also training the terrorists it calls "freedom fighters" in guerrilla strategies and supplying advisers is largely responsible for creating the refugee problem.

Communist guerrilla doctrine calls for so terrorizing a community that its members will not betray bases, hideouts and camps to the authorities for fear of guerrilla retaliation.

By overloading a nation's internal structure, its roads, water supply and security forces and occupying otherwise useful land, thus consuming its natural resources, refugee masses destabilize the country for exploitation by Soviet trained provocators. The Kremlin welcomes the creation of refugee problems for making vulnerable an area to its goals.

These facts the U.S. must declare through every available means. They must be stated by the president, the secretary of state, our spokesmen at the United Nations and the meetings of its agencies and by our envoys in other countries.

They should be repeated in Congress, in our overseas broadcasts, formally sponsored by the government and informationally supported, and domestically in newspapers, by radio and on television.

Every country in the world, our friends, our adversaries and those who want to be counted as "uncommitted" but who seek to exploit our compassion and "guilt," must learn that we are fully aware of how others seek to take advantage of us and that we are not fooled.

Until their judgments of us are based on our deeds, not others' claims, and their conduct toward us and the Soviet Union is based on such realities, we will continue to be compassionate toward the world's suffering people but not toward those, foreign or domestic, who are the proximate cause of their misery, including a nation's legally recognized leaders.

Where governments are more concerned with self-perpetuation and their rulers with self-agrandizement, we will "play power politics."

Where leaders govern for the good of their people without seeking personal advantage, our humanitarianism will control our policies in dealing with them.

[From the Lompoc (Calif.) Record, Apr. 28, 1981]

REWARD OR PUNISHMENT

Before President Reagan can save the $10 billion to $20 billion a year which critics say abuse, fraud and waste cost the federal government or even the $5 billion a year lost to the same causes which Chairman James Jones (D., Okla.) of the Budget Committee of the House of Representatives requires be saved in his program to cut federal spending, some realities need to be considered having to do with people.

Hundreds of thousands of government employes involved in the disbursement of funds in one way or another, who resist temptation because they are honest and are not tempted, are aware of abuse, fraud and waste but won't report it.

We are concerned that government is so managed, mostly by elected or appointed, not by career officials, that honest civil servants won't report the dishonesty they are aware of or the improvements they know how to make.

To do so makes them unprotected "whistle-blowers" or the suspects of investigators who want to know, for example: "Well, if there is a better way to do this, why didn't you suggest it? Don't you realize that that makes you negligent or guilty of nonfeasance?"

Until the millions of civilian and military employes of the federal government are persuaded that the reductions in abuse, fraud and waste and the increases in efficiency they might suggest will lead to reward, they will keep quiet.

This is only partly to preserve their careers until retirement. Job security is not all that important to the best and most skilled on the federal payroll. Many of them could be secure in the private sector, as the number of employed civil service and military retirees testifies. But they are not going to blow whistles or suggest improvements if doing so makes them victims.

There's nothing like a little reward and compensation, commendation instead of punishment, a carrot instead of a stick, to motivate.

Until this simple fact is understood, the bureaucracy will remain apathetic about abuse, fraud, waste and inefficiency.●

JACKSONVILLE'S NEWEST HERO

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. BENNETT. Mr. Speaker, in a time when too many in our country say there are no heroes, an event occurred last month in Jacksonville, Fla., which proves that they really do exist. On Easter Sunday, 11-year-old Keith Keller risked his own life in 12-foot

waves to save the life of his drowning friend. A recent article in the Florida Times-Union details Keith's heroic act:

11-YEAR-OLD BATTLES 12-FOOT OCEAN WAVES TO RESCUE FRIEND

(By Nancy Powell)

ST. AUGUSTINE.—Easter Sunday will be a day of thanks for two families after the heroic efforts of an 11-year-old boy to save his drowning friend.

"It is a miracle that both the boys survived and a fantastic Easter gift for both our families," Mrs. Mike Keller, mother of Keith Keller, said yesterday. "Only this morning—I finally stopped shaking."

Last Wednesday, 11-year-old Keith battled 12-foot ocean waves about 100 yards off Crescent Beach for more than 15 minutes to save Jerry TenPow from drowning.

TenPow is 22 and weighs 185—almost 100 pounds more than Keith. Both are considered better than average swimmers and both were familiar with ocean swimming.

"It was very lonely, really," TenPow said yesterday.

"If it hadn't been for Keith to keep me company, I surely would have gone down, I think," he said.

TenPow was released from St. Augustine General Hospital yesterday to spend the weekend with his parents, Mr. and Mrs. Len TenPow of Palatka.

The Kellers, who live at 1043 Holly Lane in Jacksonville, were spending the week at their Crescent Beach condominium. Keith's father, who is in real estate, had just left for Jacksonville with the TenPows to show them some property.

Jerry TenPow stayed behind to swim in the surf with Keith and some other youths visiting the Kellers.

Keith said it was a nice afternoon and the ocean seemed calm enough when he, TenPow and another guest, Steven Lee, went for a swim. Mrs. Keller said she stayed behind to put a turkey in the oven for dinner.

"Jerry and Steven and I went up to our waist in the water and began diving in the waves," Keith said.

Steven returned to the condominium to get a camera.

"We were playing around in the tide," said TenPow. "I was still standing on the sand, then suddenly there wasn't a bottom, you know.

"We decided we had gone too far out and decided to swim back."

He said that on the way back, the undercurrent was too strong for him.

". . . [I] underestimated myself in my swimming capabilities and couldn't cope with it," TenPow said.

Keith said there was a lot of confusion.

"I managed to kind of float on top of the waves, but the undercurrent was taking Jerry farther and farther away from the shore. Steven had come back and tried to reach Jerry, but he couldn't make it and swam back in to get help."

By that time, TenPow was face down in the water, the wind was getting stronger and the waves were crashing over him, Keith said.

"I knew I had to get to him and get his face out of the water," Keith said. "I knew I might drown, but I had to do it for two reasons. First of all, he was a friend. Second, I go to Bible School and I believe in doing unto others what you'd have them do for you."

Meantime, Mrs. Keller said, she and two other adults had come on the beach and were in the water trying to reach the boys.

"But the wind and the undercurrent were too strong," she said. "We all just stood there watching two heads bobbing around and praying that the rescue unit we had called would get there in time to save the boys.

"Keith had managed to turn Jerry over and was pushing him in by his shoulders. The rescue units arrived just as they reached shallow water. I barely recall helping Keith drag Jerry in to shore."

Mrs. Keller said TenPow was unconscious when he reached the hospital.

"He had swallowed a lot of salt water," she said. "But when he came around he grinned at us. I asked him how he felt and he said, 'Smashing, just smashing.'"

The TenPows moved to Florida from England last year, their son said. He arrived a few weeks ago and was planning to spend Easter with his parents before taking a job as an apprentice printer. His father is a retired printer.

The Kellers, who are members of All Saints Episcopal Church in Jacksonville, said they will spend Easter in St. Augustine and attend a flowering-of-the-cross service at Trinity Episcopal Church in downtown St. Augustine.

"It's going to be our finest Easter," Mrs. Keller said.

Jerry TenPow said he will spend the weekend recuperating and taking it easy.●

JOINT RESOLUTION TO RECOGNIZE THE PAUSE FOR THE PLEDGE

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Ms. MIKULSKI. Mr. Speaker, I am today introducing a joint resolution which urges all Americans to pause at 4 p.m. e.d.t. on June 14 to say the Pledge of Allegiance to the flag as part of the National Flag Day celebration. This idea, the pause for the pledge, is the dream of a group of dedicated volunteers from the Star Spangled Banner Flag House in Baltimore; and I share that dream.

In these troubled and uncertain times, we urgently need to reassess our values and remind ourselves of what we really stand for and who we are as a nation. We need to remember the social contract we made together when the Declaration of Independence and the Constitution were written—a contract this body has lived by for more than 200 years.

The Star Spangled Banner Flag House Association in Baltimore has been the official sponsor of the National Flag Week festivities since 1952. Their headquarters is the house where Mary Young Pickersgill sewed the flag that flew over Fort McHenry in 1814 and inspired Francis Scott Key to write the national anthem.

This project, this dream, is now 1 year old and the work of the Star Spangled Banner Flag House volunteers has yielded them the enthusiastic support of business organizations, veterans groups, Government agencies, service clubs, and sports associations. I think they deserve our support also in their efforts to continue to inspire patriotism and pride in our country.

The joint resolution I have introduced calls on Congress to recognize the Pause for the Pledge as an official part of National Flag Day and to encourage Americans to recite the Pledge of Allegiance at Flag Day ceremonies across the country. This resolution has also been introduced in the other body by Senator MATHIAS.

I join him and Senator SARBANES in seeking passage of this resolution that will encourage the active participation of Americans in the recreation and commemoration of our history and of our freedom, as well as acknowledge the important efforts of the volunteers who seek to remind us of our commitment.●

LOU BABIC—STANDARDBRED BREEDERS & OWNERS "MAN OF THE YEAR"

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. GUARINI. Mr. Speaker, it gives me great pleasure to note that Louis J. Babic, Sr., whose foresight, dedication, and untiring hours of work have been key factors in helping New Jersey become a leader in standardbred racing, has been chosen 1980's Man of the Year by the Standardbred Breeders & Owners Association of New Jersey.

This award, which is so fitting and appropriate, should come as no surprise to anyone who has watched standardbred breeding and racing in New Jersey grow from its early days into the major, multimillion dollar industry it is today. The development and expansion of this industry has become synonymous with the life and times of Lou Babic. Lou's willingness to help his friends, his boundless energy and his dedication to improving the industry have always made him stand tall among his peers.

Lou Babic was one of the driving forces who brought construction of the New Jersey Sports Complex in the Meadowlands to a reality and has served on the Standardbred Breeders & Owners Association executive committee for a number of years. Under the leadership of the SBOA and Lou, issues benefiting horsemen in the form of higher purses, better insurance programs, a viable driver-trainer pension program and improved backstretch conditions have been realized.

These many achievements have indeed taken a lifetime of purposeful dedication uncommon in today's world.

Lou's love affair with harness horses began just about two-thirds of a centuty ago—in 1915—when 6-year-old Lou would go down to watch horses on the frozen Winooski River in Montpelier, Vt. Lou's passion for horses continued over the next 44 years—even as the more pressing realities of work, love, and war occupied most of his time. In 1930, Lou married his wonderful wife, Egle, and they began their full-time partnership which has included the raising of three sons.

By 1959, Lou Babic was ready to translate his interest in horses to a reality, and he became an owner. This modest beginning was an auspicious one for Lou—and for horsemen throughout New Jersey. By 1966, Lou was involved with his beloved horses on a full-time basis.

Even as Lou was having the time of his life breeding and racing horses, he was putting in more and more hours trying to improve racing conditions in New Jersey. He was constantly seeking ways to improve the sport and the safety conditions for those involved in it. It was for his untiring efforts that the Standardbred Breeders and Owners Association of New Jersey gave him their "Good Guy Award" in 1968. And the following year, 1969, Lou was elected to the organization's board of directors, a position he has held ever since.

In a sense, the Standardbred Breeders and Owners Association is Lou's extended family. And they have gathered to honor him under the able direction of association president Anthony Abbatiello and vice presidents Thomas N. D'Altrui and John Grabovetz. They have been joined by treasurer Irving Blau and secretary Martin Kraven. The breadth and quality of leadership in the SBOA is underscored by its illustrious board of directors which includes: Wilmer Butler, Paul Consol, Ronald Dancer, Norman Goldman, Bernard Mann, Esther Marks, David Meirs III, Ralph Morano, William Ordille, Ralph Pocaro, Howard M. Schoor, Charles Smith, Jr., Robert Tucker and Kenneth Huebsch who is also serving as chairman for the association's annual awards dinner. These outstanding men and women represent the more than 2,500 members of the Standardbred Breeders and Owners Association.

Mr. Speaker, I would be remiss if I did not also inform the House that Lou Babic is already widely known throughout our State as "Mr. Sire Stakes," a sobriquet he has earned by his successful efforts in transforming an idea in 1971 into one of the richest and most prestigious racing events in the Nation. In fact, when the New Jersey Sire Stakes was formed it seemed only logical that Louis J. Babic, Sr., be a member of its board of trustees; so logical, in fact, that Lou has served as the board's chairman or vice chairman seven times.

The New Jersey Sire Stakes, largely through Lou's unflagging efforts, has had an enormous impact on New Jersey's economy. In 1971 there were only 20 stallions and 145 mares involved in breeding in New Jersey. Today there are more than 100 stallions and over 3,000 mares who form the basis of New Jersey's Standardbred breeding industry. Breeding and racing horses has attracted many millions of investment dollars and jobs to our State. The breeding industry is credited with the expansion of much needed farmland in our State. The successes of the New Jersey Sire Stakes is another feather in Lou's crowded cap.

Yes, Mr. Speaker, Lou Babic has seen many of his dreams, projects and predictions come true—the New Jersey Sire Stakes has become a national leader, the Meadowlands is a vibrant economic reality, and, as he predicted to skeptics in 1973, the Hambletonian Stakes, the crown jewel of harness racing, has become a New Jersey event.

Lou Babic has an active career crowded with noteworthy and admirable events. That is the career that the Standardbred Breeders & Owners Association are so rightly honoring. That is the career that his peers have judged deserving of this highest honor.

Mr. Speaker, I wanted to share with you and our colleagues in the Congress the inspiring story of Lou Babic because his is a story of pride, success, and achievement. His is the story of a humble man, a loving family man, a spectacularly successful businessman and a respected community leader. His peers are proud of him and his State is proud of him.

Lou Babic has climbed to the highest peaks. Now is the time for him to bask in the well-deserved acclaim.●

CHAMPION OF THE UNLIKELY

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 13, 1981

● Mr. FOLEY. Mr. Speaker, I would like to take this opportunity to share with my colleagues a most eloquent article about the late Director of the National Museum of American Art, Joshua C. Taylor, who died suddenly on April 26.

The words of Paul Richard, the distinguished critic and commentator of the Washington Post, in an article which appeared in that newspaper on April 28, express what so many of those of us who knew him thought of a truly remarkable man and his work.

I am proud to have known Joshua Taylor, Mr. Speaker, and am pleased to share this thoughtful tribute to him with my colleagues.

[From the Washington Post, Apr. 28, 1981]

CHAMPION OF THE UNLIKELY—JOSHUA C. TAYLOR: EXPLORER OF THE BYWAYS OF ART IN AMERICA

(By Paul Richard)

Part Scholar and part soldier, part seer and part drudge, Joshua C. Taylor, the director of the National Museum of American Art who died Sunday, blended in his person qualities so contradictory that in retrospect he seems not one man but many.

He was an egalitarian aristocrat. He came to pictures as a populist, to works as an elitist. His prose was always elegant, never common or pedantic. While exhibition catalogues are often unreadable, Taylor's sparkled. One of his, in fact, his "America as Art," won a nomination for a National Book Award. But while Taylor, in his writings, battled unrelentingly for the perfect word, Taylor, in the gallery, forgave imperfect pictures.

Taylor, 63, was a gray and gentle man whose soft-voiced mumbling could not disguise the brilliance of his speech, whose graciousness and wit never quite concealed his underlying toughness. Though colleagues in his field were at times dismayed by what they regarded as his quirky connoisseurship, Taylor did not fear a fight. His taste was not the usual. He was as fond of minor works as he was of masterworks. He liked byways more than highways. During the Bicentennial, when most great museums were fighting to display such American immortals as John Singleton Copley, Winslow Homer and Thomas Eakins, Taylor's show excluded them. He preferred to call attention to the sentimental pictures of Lily Martin Spencer, the spooky ones of Elihu Vedder, or the near-grotesque ones of David Gilmour Blythe. He fought for the unlikely. "We're up to our old tricks," he would say of his exhibits, "looking at what nobody else is looking at." Lesser American paintings, and lesser American painters, have never had a better friend.

He cared nothing for "blockbuster" shows. "More than five people in front of one painting is a mob," he used to say. Though a showman of a sort, he did not yearn for crowds. As a young man in the 1930s he had designed sets for the stage, and that theatrical experience informed his installations. He did not like white walls. When he displayed the brightly colored oils of the American Impressionists at his G Street museum—in those days it was called the National Collection of Fine Arts—he had the pictures' frames painted the same hue as the dove-gray walls. That made their colors jump. And his hangings weren't symmetrical. Big pictures in the middle with little ones on either side were almost never seen in Taylor's exhibitions. The precisely ordered wall, he felt, lulled museum visitors. He did not want to soothe our eyes. He wanted us to think.

He was lousy at delegating authority. Running a museum involves loads of donkey work, but Taylor seemed to like to do most of it himself. Yet he was in many ways a

superb museum director. Unlike many of his colleagues he never gave up writing. He was a teacher to the end. His museum here seemed part picture gallery and part university. Taylor was a teacher first, and teaching was his love. Two directors of the Corcoran Gallery of Art—Walter Hopps and Peter Marzio—were among his students at the University of Chicago. "More than anyone I know, he worked to bridge the gap between academia and the world of the museum," says the National Gallery's director, J. Carter Brown.

Though Taylor seemed to tower at the center of his field—American art history—he always loved its corners. "He would grow livid," Marzio remembers, "at the idea that American art was uniquely American. He always called attention to the debts it owed the art of other nations." In time Taylor came to feel that the most American thing about American art was its special subject matter. He once traced the image of "the American cousin," the strong plain-speaking Yankee, from the 18th century to the films of Humphrey Bogart, explaining, as he did so, the attributes connecting Davy Crockett and Uncle Sam. He loved to call attention to the Northeast and the Southwest. Taylor was at much at home in Oregon and Taxco as he was in Georgetown; and he was as fond of Italy and Mexico as he was of his own land. "His eye was very good," Marzio observes. "But his ear might have been better." Taylor was a linguist whose languages included Italian, Spanish, French, as well as some German and a little Dutch.

He built a grand museum here. When he came to Washington in 1970, the National Collection of Fine Arts was in many ways a struggling institution. Its identity seemed smudged. Instead of competing for the high road with the National Gallery, the Metropolitan or the Boston Museum of Fine Arts, he focused his attention on artists they'd ignored.

"Taylor in Washington did what the Whitney Museum of American Art might have done, but didn't," said John Wilmerding, the curator of American art at the National Gallery. "He forced others in his field to consider art and artists we'd previously neglected. He somehow maintained his position as both scholar and museum director. In an age, which breaks museum directors, which chews them up and spits them out. Taylor was a model. He served the public. He served graduate students, college students, high school students, too. His contributions—to the Archives of American Art, to the College Art Association, to the Bicentennial Inventory of American Art—are, by any measure, great."

"His talents crossed so many boundaries, it is as if, in his death, we have lost more than a single friend," said Abram Lerner, director of the Hirshhorn Museum and Sculpture Garden.

"It is time for the historian," Taylor wrote, "to shake up his thinking, to define a method based not on national or historical assumptions with their packages and compartments but on a free spirit of expoloration, on scholarly humility in the assembly of facts, and on the audacity of carefully reasoned individual judgment." Joshua C. Taylor (1917-1981) practiced what he preached.●

DR. JULIAN PRICE—DISTINGUISHED PHYSICIAN

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. NAPIER. Mr. Speaker, I would like to take the opportunity to call to the attention of my colleagues an honor recently bestowed on an outstanding physician. Dr. Julian P. Price was named the recipient of the William Weston Distinguished Service Award for Excellence as presented by the University of South Carolina School of Medicine for his 53 years of service to the State.

Dr. Price is known throughout the area as a tireless healer and servant of the health system in South Carolina. Dr. Price was born in China in 1901, the son of missionary parents and attended Davidson College in Davidson, N.C. He received his medical degree from Johns Hopkins Medical School and served his residency at Bellevue Hospital in New York. Dr. Price came to Florence in 1928 to open his practice in pediatrics, where he established the pediatric department at what is now the McLeod Regional Medical Center.

In service to his profession and his community Dr. Price has served as superintendent and medical director of the South Carolina Home for Crippled Children in Florence for 36 years. He has also been the secretary-editor for the South Carolina Medical Association as well as a former president of that group. In 1960 Dr. Price served as the chairman of the American Medical Association and from 1953 to 1961 as a trustee. He has been a member and chairman of the Joint Commission of Accreditation of Hospitals in South Carolina. He has served on the Advisory Committee on Polio Vaccine to the Department of Health, Education, and Welfare and was a dean of the southern pediatric seminar. Dr. Price has also been a member of the Florence School Board.

His record of service, dedication, and hard work to his profession deserves recognition. He is one of the outstanding physicians in the State and has served as a model of selfless service to others and continues to do so. I ask that you join with me in extending congratulations to Dr. Julian P. Price on receiving this award. I know of no citizen who is more devoted to his profession and his community than Dr. Julian P. Price—one of the great men of South Carolina.●

A MAN OF PEACE, POPE JOHN PAUL, A VICTIM OF VIOLENCE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 13, 1981

● Mr. SOLARZ. Mr. Speaker, today the leader of Christendom, His Holiness Pope John Paul II was shot as he entered St. Peter's Square for a general audience.

The crowd had come to see a beloved figure, a man of conviction and a man of peace. Instead, they saw the work of an assassin bent on destroying, with bullets, a man who as Cardinal of Poland had devoted his life to building and protecting the Catholic Church in a Communist country, and today serves as the head of the 563 million members of the worldwide Roman Catholic Church.

It is somewhat incongruous that a man who has traveled so much and touched the hearts of all he met whether in India or Ireland the United States or Africa, should be assaulted, within his own Vatican City, among a friendly crowd of visitors to Rome.

This attack today was a frightening reminder of how fragile our existence really is, and how quickly one can lose the most precious gift of life itself at the hands of anyone armed, and determined to kill. World leaders, and famous citizens, have unfortunately become attractive targets for crazed individuals who seek, by destroying a prominent person, to gain an infamous fame and place in history. To date, there seems to be little that we can do to protect our leaders from such attacks.

As we meet tonight it is not clear why this man attempted to kill the Pope. But what is shockingly apparent is that an attack on a respected and prominent religious leader like the Pope is an assault on civilization and on our ability to live with one another in a peaceful and productive manner.

Tonight I join with millions of other Americans whether Christian, or Jew, or of any belief, in expressing my sincerest wishes for a prompt recovery for his holiness, John Paul, and in expressing my outrage on this vicious attack on a man of God.

The Pope has been a man of peace, deeply committed to improving the conditions of the poor and the oppressed throughout the world. So, let us too, not allow the bullet of an assassin or the crazed attacks of terrorists to detract in any way from his mission and from our own commitment to work together to build a more just and peaceful world.

Let us hope, too, that in the expressions of sorrow and shock that accompanied today's news, men and women of good will everywhere will pause to

reflect on the role of Pope John Paul and his accomplishments as a leader of the Catholic Church in giving hope and comfort to the poor and oppressed of the world.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, May 14, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 15

8:30 a.m.
Small Business
To hold oversight hearings on the implementation of the Small Business Administration's disaster loan programs and other cost-sharing proposals.
424 Russell Building

9:00 a.m.
Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To hold hearings on S. 1160, authorizing funds through fiscal year 1986 for the Urban Mass Transportation Administration.
5302 Dirksen Building

Select on Indian Affairs
Business meeting, to mark up S. 262, providing for the payment of a specified sum to a named individual in full satisfaction of a claim against the United States, S. 478, providing for the partition or sale of certain restricted Indian lands in the State of Kansas, S. 547, providing for permanent improvements to certain lands belonging to the Siletz Indian Tribe in the State of Oregon, and S. 563, authorizing the States and Indian tribes to enter into mutual agreements and compacts respecting jurisdiction and governmental operations in Indian country.
6226 Dirksen Building

9:30 a.m.
Finance
Savings, Pensions, and Investment Policy Subcommittee
To hold hearings on the President's Commission on Pension Policy's report on the national retirement income policy.
2221 Dirksen Building

Judiciary
Agency Administration Subcommittee
To hold hearings on section 5, modifying current law governing judicial review of Federal agencies actions of S. 1080, proposed Regulatory Reform Act.
5110 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending Calendar business.
4200 Dirksen Building

Governmental Affairs
Federal Expenditures, Research, and Rules Sucommittee
To hold oversight hearings on the operation of the Federal procurement system.
3302 Dirksen Building

MAY 18

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the defense establishment, receiving testimony on Air Force operations and maintenance programs.
1223 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume oversight hearings to review major banking and consumer protection laws, focusing on consumer credit regulators and consumer group and industry representatives.
5302 Dirksen Building

Finance
Taxation and Debt Mangement Subcommittee
To hold hearings on S. 230, permitting the withholding of State income tax from certain seamen's wages on a voluntary basis, S. 644, liberalizing certain personal holding company provisions as applied to consumer finance companies, S. 978, permitting an employer to provide W-2 forms for terminated employees at the end of the year, S. 979, providing that interest on obligations of certain volunteer fire departments be exempt, S. 1039, making permanent the exclusion from gross income of the value of employer contributions to or services provided by a qualified group legal services plan.
2221 Dirksen Building

Judiciary
Courts Subcommittee
To resume hearings on S. 21, to establish a U.S. Court of Appeals for the Federal Circuit, and to establish a U.S. Claims Court, S. 839, to alleviate the hardships created for farm producers when a commodity warehouse in which their crops are stored files a petition in bankruptcy, and S. 537, to establish the State Justice Institute to strengthen and improve the judicial administration in U.S. State courts.
2228 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Guard and Reserve Forces construction program.
1224 Dirksen Building

Environment and Public Works
Business meeting, to mark up proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

*Foreign Relations
To hold hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
1202 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings on S. 186, authorizing funds through fiscal year 1988 for the Department of Justice to provide assistance to State and local governments for the improvement of the States' criminal justice system.
1318 Dirksen Building

2:00 p.m.
*Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
1202 Dirksen Building

MAY 19

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue oversight hearings to review major banking and consumer protection laws, focusing on former thrift industry regulators and academicians.
5302 Dirksen Building

*Labor and Human Resources
Business meeting, to mark up proposed reconciliations in relation to proposals which fall within the committee's jurisdiction.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To hold hearings on proposed standby oil controls.
3110 Dirksen Building

Environment and Public Works
Business meeting, to continue mark up of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building

Finance
To resume hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
4221 Dirksen Building

*Governmental Affairs
To hold hearings on alleged fraud practices within certain Federal programs.
3302 Dirksen Building

2:00 p.m.
Foreign Relations
To continue hearings on the nomination of Ernest W. Lefever, of Maryland, to be Assistant Secretary of State for

Human Rights and Humanitarian Affairs.
4221 Dirksen Building

MAY 20

9:00 a.m.
*Governmental Affairs
To resume hearings on S. 10 providing for creation of a Commission to design a blueprint for improving governmental performance at the Federal level and throughout the intergovernmental system.
3302 Dirksen Building
Select on Indian Affairs
To hold oversight hearings to review the final report of the Navajo and Hopi Indian Relocation Commission.
457 Russell Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.
1224 Dirksen Building
Banking, Housing, and Urban Affairs
International Finance and Monetary Policy, and Securities Subcommittees
To hold joint hearings on S. 708, clarifying the intent and modifying certain provisions of the Foreign Corrupt Practices Act of 1977.
5302 Dirksen Building
Commerce, Science, and Technology
Science, Technology, and Space Subcommittee
To hold hearings on certain activities of the Department of Commerce, focusing on strategic materials and minerals policies.
235 Russell Building
*Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building
Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings to review the special prosecutor provisions of the Ethics in Government Act.
4200 Dirksen Building
Judiciary
Constitution Subcommittee
To hold hearings on S. 583, limiting the jurisdiction of the lower Federal courts in certain cases involving abortion.
2228 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building
Judiciary
Separation of Powers Subcommittee
To resume hearings on S. 158, establishing a congressional finding and declaration that human life begins at conception.
1202 Dirksen Building

2:00 p.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on the implementation of community development block grants.
5110 Dirksen Building

2:30 p.m.
Judiciary
Constitution Subcommittee
To hold hearings on matters relating to balancing the Federal budget.
2228 Dirksen Building

MAY 21

9:00 a.m.
*Veterans' Affairs
Business meeting, to mark up numerous legislative proposals limiting funds of certain services and benefits for veterans, including S. 916, S. 918, S. 919, S. 920, S. 636, S. 1058, S. 1059, S. 1060, S. 1061, S. 1062, S. 1063, S. 1064, S. 1065, and S. 1066.
412 Russell Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and the Neighborhood Reinvestment Corporation.
1224 Dirksen Building
Banking, Housing, and Urban Affairs
International Finance and Monetary Policy, and Securities Subcommittees
To continue joint hearings on S. 708, clarifying the intent and modifying certain provisions of the Foreign Corrupt Practices Act of 1977.
5302 Dirksen Building
Judiciary
Constitution Subcommittee
To continue hearings on S. 583, limiting the jurisdiction of the lower Federal courts in certain cases involving abortion.
2228 Dirksen Building
Judiciary
Security and Terrorism Subcommittee
To hold hearings on S. 66, to include within the definition of a predatory act against the U.S. as contained in the Alien Enemy Act the seizure of a diplomatic mission, or the seizure of such premises together with the taking of diplomatic hostages.
5110 Dirksen Building
Small Business
Business meeting, to consider proposed reconciliations in relation to cost-savings proposals which fall within the committee's jurisdiction.
424 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building
Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold oversight hearings on the progress of the national cancer program.
4232 Dirksen Building
Environment and Public Works
Business meeting, to resume markup of proposed reconciliations of those programs which fall under the committee's legislative jurisdiction, and other pending calendar business.
4200 Dirksen Building
Finance
To continue hearings on the tax reduction proposals in the administration's program for economic recovery.
2221 Dirksen Building

10:30 a.m.
Appropriations
*District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony from public witnesses.
1114 Dirksen Building
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Geological Survey, Department of the Interior.
1223 Dirksen Building

1:30 p.m.
Judiciary
Separation of Powers Subcommittee
To continue hearings on S. 158, establishing a congressional finding and declaration that human life begins at conception.
2228 Dirksen Building

2:00 p.m.
Appropriations
District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on certain governmental direction and support programs.
1114 Dirksen Building
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the MX construction program.
1318 Dirksen Building

MAY 22

9:30 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To resume oversight hearings to review the special prosecutor provisions of the Ethics in Government Act.
3302 Dirksen Building
*Labor and Human Resources
Business meeting, to continue markup of proposed reconciliations in relation to proposals which fall within the committee's jurisdiction.
4232 Dirksen Building

10:00 a.m.
Judiciary
Separation of Powers Subcommittee
To hold hearings on S. 528, to prohibit a Federal court from ordering any student to be assigned or transported to a

public school other than that which is nearest to the student's residence.
2228 Dirksen Building

11:00 a.m.
Governmental Affairs
To hold hearings on proposed legislation providing for the collection of debts owed to the Federal Government.
1114 Dirksen Building

JUNE 1

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on overall intelligence matters.
1223 Dirksen Building

JUNE 2

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.
1224 Dirksen Building
Commerce, Science, and Transportation
To hold hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building
Labor and Human Resources
Employment and Productivity Subcommittee
To hold oversight hearings on the implementation of the Farm Labor Contractor Registration Act, and to hold hearings on S. 922, clarifying the meaning of "migrant worker", and to insure the proper administration and enforcement of the Farm Labor Contractor Registration Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JUNE 3

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on programs of the Central Intelligence Agency.
1223 Dirksen Building

9:30 a.m.
Energy and Natural Resources
To resume hearings on proposed standby oil controls.
3110 Dirksen Building
Labor and Human Resources
Employment and Productivity Subcommittee
To continue oversight hearings on the implementation of the Farm Labor Contractor Registration Act, and to hold hearings on S. 922, clarifying the meaning of "migrant worker", and to insure the proper administration and enforcement of the Farm Labor Contractor Registration Act.
4232 Dirksen Building
Veterans' Affairs
To hold oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, to provide for limited judicial review of the administration action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
Enrivonment and Public Works
To continue oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

2:00 a.m.
Enrivonment and Public Works
To continue oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JUNE 4

9:00 a.m.
Appropriations
*Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on programs of the National Security Agency.
1223 Dirksen Building

9:30 a.m.
Veterans' Affairs
To continue oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
Environment and Public Works
To continue oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JUNE 8

9:00 a.m.
Appropriations
*Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on defense intelligence programs.
1223 Dirksen Building

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold oversight hearings on the implementation of the municipal wastewater treatment construction grants programs of the Clean Water Act, and to hold hearings on S. 975, revising and extending for one year certain provisons of the Federal Water Pollution Control Act, and other related proposals.
4200 Dirksen Building

2:00 p.m.
Environment and Public Works
Water Resources Subcommittee
To hold hearings on proposals for the development of water resources.
4200 Dirksen Building

JUNE 9

9:00 a.m.
Office of Technology Assessment
The Board, to hold a business meeting on pending business matters.
Room to be announced

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold oversight hearings on the implementation of family planning programs.
5110 Dirksen Building
Labor and Human Resources
*Labor Subcommittee
To hold oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JUNE 10

9:15 a.m.
Appropriations
Defense Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment receiving testimony on special programs of the Air Force.
1223 Dirksen Building

9:30 a.m.
Labor and Human Resources
*Labor Subcommittee
To continue oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume oversight hearings on the implementation of the municipal wastewater treatment construction grant programs of the Clean Water Act, and to hold hearings on S. 975, revising and extending for one year certain provisions of the Federal Water Pollution Control Act, and other related proposals.
4200 Dirksen Building

2:00 p.m.
Environment and Public Works
Transportation Subcommittee
To resume hearings on S. 841 and S. 1024, bills authorizing funds through fiscal year 1986 for the construction and safety of Federal highways.
4200 Dirksen Building

JUNE 11

9:00 a.m.
Appropriations
*Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Defense Establishment, receiving testimony on command, control and communication programs and intelligence related activities of the Department of Defense.
1223 Dirksen Building
*Veterans' Affairs
To hold hearings on the prospective nomination of Robert P. Nimmo, of California, to be Administrator of the Veterans' Administration.
412 Russell Building

9:00 a.m.
Commerce, Science, and Transportation
To resume hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building

10:30 a.m.
Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JUNE 12

10:00 a.m.
Environment and Public Works
Water Resources Subcommittee
To hold hearings on proposals to provide for the development of ports and harbors and inland waterways in the United States, including S. 809, S. 810, S. 68, S. 202, S. 576, S. 828, and S. 1094.
4200 Dirksen Building

JUNE 15

9:30 a.m.
Commerce, Science, and Transportation
To resume hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume oversight hearings on the implementation of the municipal wastewater treatment construction grant programs of the Clean Water Act, and to hold hearings on S. 975, revising and extending for one year certain provisions of the Federal Water Pollution Control Act, and other related proposals.
4200 Dirksen Building

JUNE 16

9:30 a.m.
Commerce, Science, and Transportation
To continue hearings on S. 898, proposed Telecommunications Competition and Deregulation Act.
235 Russell Building

10:00 a.m.
Environment and Public Works
Water Resources Subcommittee
To hold hearings on S. 810, proposed Inland Waterway User Fee Act.
4200 Dirksen Building

Labor and Human Resources
Education Subcommittee
To resume hearings on S. 1103, authorizing funds through fiscal year 1986 for elementary and secondary education programs, and providing educational support at the State and local level.
4232 Dirksen Building

JUNE 17

9:30 a.m.
Veterans' Affairs
To hold hearings on the substance of S. 266, implementing procedures and guidelines for the interagency sharing of health resources between the Department of Defense and the Veterans' Administration.
412 Russell Building

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume oversight hearings on the implementation of the municipal wastewater treatment construction grant programs of the Clean Water Act, and to hold hearings on S. 975, revising and extending for one year certain provisions of the Federal Water Pollution Control Act, and other related proposals.
4200 Dirksen Building

Labor and Human Resources
Education Subcommittee
To continue hearings on S. 1103, authorizing funds through fiscal year 1986 for elementary and secondary education programs, and providing educational support at the State and local level.
4232 Dirksen Building

JUNE 18

10:00 a.m.
Environment and Public Works
Water Resources Subcommittee
To hold hearings on S. 621, authorizing funds for the development of certain water resources projects.
4200 Dirksen Building

JUNE 19

10:00 a.m.
Environment and Public Works
Transportation Subcommittee
To resume hearings on S. 841 and S. 1024, bills authorizing funds through fiscal year 1986 for the construction and safety of Federal highways.
4200 Dirksen Building

JUNE 22

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume oversight hearings on the implementation of the municipal wastewater treatment construction grant programs of the Clean Water Act, and to hold hearings on S. 975, revising and extending for one year certain provisions of the Federal Water Pollution Control Act, and other related proposals.
4200 Dirksen Building

JUNE 23

10:00 a.m.
Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JUNE 24

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume oversight hearings on the implementation of the municipal wastewater treatment construction grant programs of the Clean Water Act, and to hold hearings on S. 975, revising and extending for one year certain provisions of the Federal Water Pollution control Act, and other related measures.
4200 Dirksen Building

JUNE 25

9:00 a.m.
*Veterans' Affairs
Business meeting, to mark up S. 349, to provide for limited judicial review of the administrative action of the Veterans' Administration, and to provide reasonable fees to attorneys representing legal counsel for veterans, and the substance of S. 266, implementing procedures and guidelines for the interagency sharing of health resources between the Department of Defense and the Veterans' Administration.
412 Russell Building

10:00 a.m.
Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

JULY 7

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on the primary intervention in addressing societal problems.
4232 Dirksen Building

JULY 8

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 917, increasing the rates of disability compensation for disabled veterans, and the rates of dependency and indemnity compensation for their survivors, S. 911, authorizing the payment of a special pension to the survivor of persons awarded the Medal of Honor, and S. 915, S. 779 and S. 112, bills providing for memorials to honor the memory of certain deceased members of the Armed Forces.
412 Russell Building

JULY 15

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 917, increasing the rates of disability compensation for disabled veterans, and the rates of dependency and indemnity compensation for their survivors, S. 911, authorizing the payment of a special pension to the survivors of persons awarded the Medal of Honor, and S. 915, S. 779, and S. 112, bills providing for memorials to honor the memory of certain deceased members of the Armed Forces.
412 Russell Building

JULY 22

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

JULY 23

9:00 a.m.
Veterans' Affairs
To continue hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

JULY 28

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on adoption services in the United States.
4232 Dirksen Building

SEPTEMBER 16

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
412 Russell Building

CANCELLATIONS

MAY 14

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for territorial affairs programs of the Department of the Interior.
1223 Dirksen Building

10:30 a.m.
Appropriations
District of Columbia Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia, receiving testimony on human support service programs.
S-126, Capitol

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

MAY 19

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government for the District of Columbia.
1114 Dirksen Building

MAY 26

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the activities of the National Cancer Institute, relating to contracts and procurement policies.
4232 Dirksen Building

MAY 27

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the activities of the National Cancer Institute, relating to contracts and procurement policies.
4232 Dirksen Building